
# FINANCIAL STATEMENTS 2021


Eldorado Brasil

## Dear Shareholders,

We hereby present the Management Report and the Financial Statements of Eldorado Brasil Celulose S.A. ("Eldorado" or "Company") for the year ended December 31, 2021. This report and the parent company and consolidated financial statements were prepared under the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), according to the accounting practices adopted in Brazil (BR GAAP), and accompanied by the Independent Auditor's Report.

## Message from Management 2021

Still under the strong influence of the effects of the Covid-19 pandemic, the pulp and paper industry underwent several adjustments and transformations in 2021. As the main economies returned to levels before the health crisis because of the expansion of vaccination, demand adjusted and warmed up market niches previously shrunk. Over the year, Eldorado Brasil took advantage of this scenario and the overall context of exchange rate appreciation to improve its financial structure and make investments that will support the Company's sustained growth in the future.

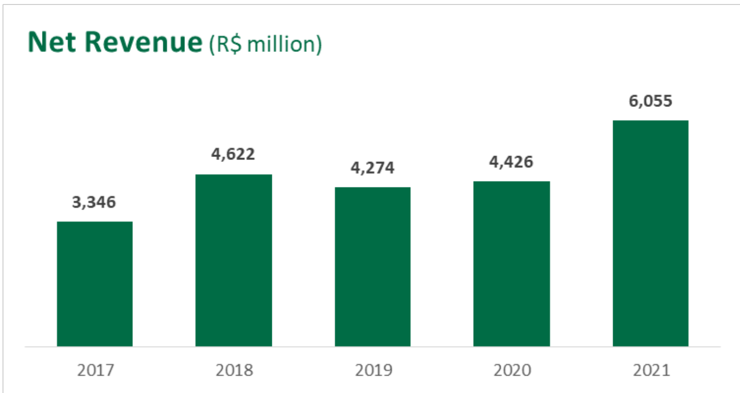
On the first front, the Company's first thermoelectric power plant became operational, running based on biomass produced from stumps, roots, and unsuitable material from eucalyptus trees used in the production of pulp. At the same time, the Company paid off 2021 Bonds and carried out operations in the Brazilian capital market, totaling R$500 million and R$700 million, which helped to lengthen debt and dilute short-term financial commitments.

This year, the Company also started building a new terminal in the Port of Santos, with a pulp volume capacity of 125,000 tons, or four times the current installed capacity.

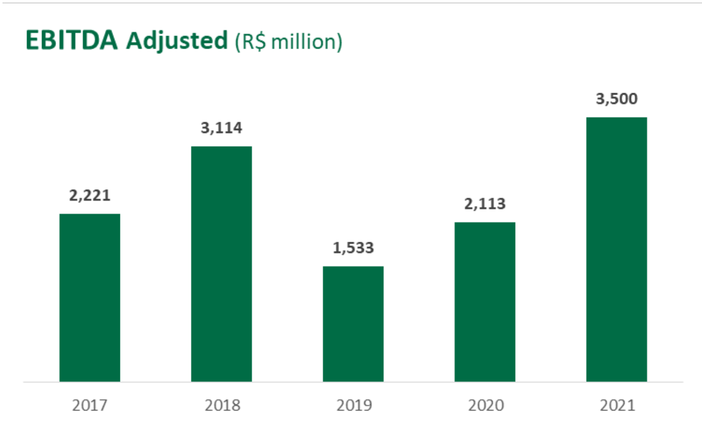
These advances happen in the midst of successive production records, which contributed for the Company to exceed the goals projected for the year, recording all-time high Net Revenue, EBITDA, and Free Cash Flow in 2021.

At the end of 2021, we had 5,334 employees distributed across the Brazilian states of Mato Grosso do Sul, São Paulo, and in its units abroad.

Eldorado's gross revenue totaled R$7.8 billion in 2021, up by 47% over 2020, mainly due to the 34% rise in pulp prices in the period. In 2021, net income came to R$6,055 billion, up by 37% over 2020.

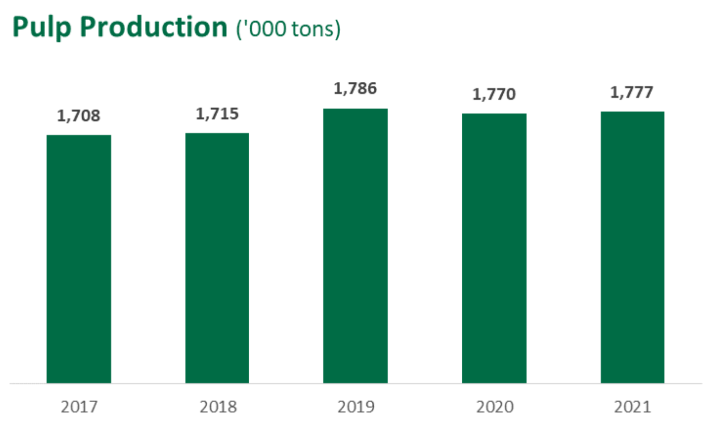



EBITDA adjusted (earnings before interest, taxes, depreciation, and amortization) ended the year at R$3,500 billion, with an EBITDA adjusted margin of 58%, a 66% rise over 2020, mainly due to higher pulp prices, which ended the period at US$614/t, up by 34% over the US$460/t recorded in 2020.

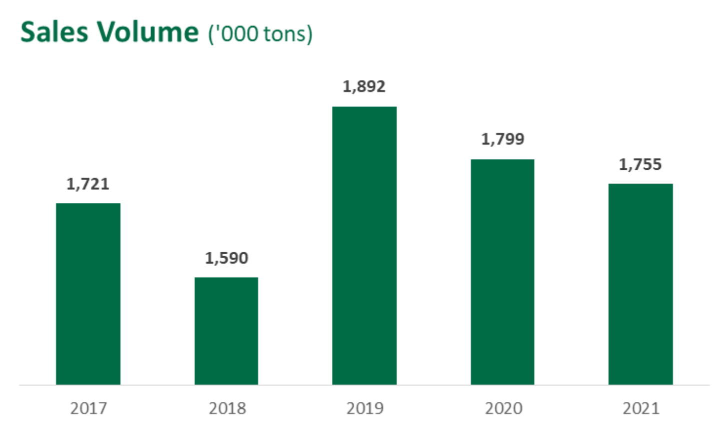



Eldorado closed the year with a net income of R$880 million, compared to the R$108 million recorded in 2020.

The production volume was 1,777 thousand tons, in line with that recorded in 2020, maintaining production 18% higher than the nominal capacity of Eldorado's industrial plant – 1.5 million tons of pulp per year.

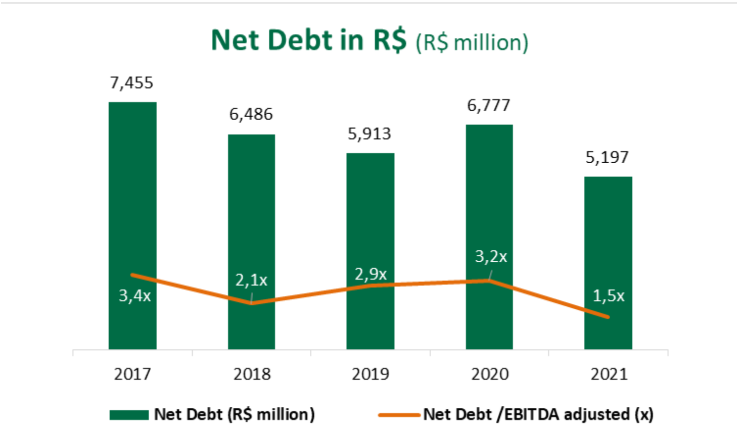



The Company maintained its excellent commercial performance in 2021, with a sales volume of 1,755 thousand tons of pulp, down by 2% from 2020, maintaining inventory levels.




Eldorado's cash cost of production closed 2021 at an average of R$725/t (US$134/t), including the effect of the scheduled maintenance stoppage. The average annual cost excluding the scheduled stoppage was R$713/t (US$132/t).

The net debt-to-EBITDA adjusted ratio closed the year at 1.48x in Brazilian reais (ND 5,197/EBITDA 3,500= 1.48) and 1.43x in U.S. dollars. The net debt totaled R$5,197 million in 2021, down by 23% from 2020, while the net debt in U.S. dollars totaled US$931 million, maintaining the trend and focusing on the gradual reduction of the dollar-denominated debt.




The Company ended the year with stable cash and cash equivalents of R$947 million.

Management.

## Industry overview

Various factors impacted the pulp supply throughout 2021. Over the entire year, international markets experienced maritime supply shortage, port overcrowding, and, in some specific geographic regions such as Nort America, reduced truck supply. These factors led to higher transportation times and delays in pulp deliveries.

The pulp market grew over 2021 in general, but at different levels depending on the segment. The Printing and Writing market, which was strongly affected in 2020 because of the pandemic, saw a partial recovery in 2021, mainly in Europe, North America, and Latin America, where local producers faced less competition from Asian products, due to the restricted availability of containers at competitive prices.

After the strong growth boosted by higher domestic consumption caused by the lockdown measures implemented in 2020, the demand of the toilet paper market was flat in 2021. The packaging market, in turn, continued with a positive growth trend that was reinforced by the development of the e-commerce segment. Toilet papers and packaging consume 57% of the bleached chemical hardwood pulp sold in the market, according to Hawkins Wright.

On the other hand, the market pulp shipping figures did not reflect the same growth recorded in fiber consumption. According to Hawkins Wright estimates, market pulp demand shrunk by 1.8% in 2021, because the general logistics impacts made it impossible for volumes to flow normally. Paper producers are estimated to have reduced their inventories of this raw material.

Over the year, availability problems related to the recovery and growth of paper markets led to price increases in all regions compared to the average price recorded in 2020.

## Relevant information for 2021

### Industrial

The production of bleached eucalyptus pulp totaled 1,777 tons in 2021, 18% higher than the plant's nominal capacity of 1.5 million tons, and the highest ever annual production despite the general stoppage.

In 2021, Eldorado recorded a record-breaking daily production of 5,586 tons on July 18.

Eldorado’s operational efficiency reached 93.6% in 2021, the highest level since the startup of the plant. This result was due to improvements in innovation and technology management, operational management, and asset management.

The quality of the final product reached 99.1% and was classified as Prime Export, maintaining the excellence from previous years.

The cash cost of production closed the year at R$725/t (US$134).

Sustainability is one of Eldorado’s main pillars. Since the beginning of operations, the Company has been improving its environmental indicators. Every year, Eldorado produces a ton of pulp using less water, less electricity, and fewer chemical products, thus generating a smaller volume of effluents. One example is the reduction in the specific use of water, reaching 25.1 $m^3$/aDt, compared to the projected 34 $m^3$/aDt.

The plant is self-sufficient in green energy, produced from biomass arising from pulp production unused materials (such as lignin and wood waste). In 2021, we generated 1,549 MWh of energy, 788,000 of which consumed by the plant; 440,000 MWh sold to chemical input partners located within Eldorado’s industrial complex; and 321,000 MWh allocated to the grid (national electricity system), generating revenue of R$152 million for the Company.

In 2021, 240,988 thousand MWh of energy was generated at the Onça Pintada Thermoelectric Power Plant, with revenue of R$76 million in the period.

## Commercial

Eldorado's commercial strategy is mainly focused on the continuous development of a solid and diversified portfolio of clients from various segments and regions, as well as the establishment of long-term relationships, to ensure flexibility and limit risk effects related to each market and segment.

According to reports from PPPC, demand in the Printing and Writing segment grew in all regions, globally increasing by 2.7% in 2021, due to the partial recovery of demand after 2020, a year greatly affected by the pandemic.

Demand for Toilet Paper is expected to globally grow by 0.1% in 2021, after a year of strong growth in 2020 (4,5%), given that, in the first year of the pandemic, the demand for inputs related to home hygiene boosted. After 2022, Toilet Paper demand should return to normal levels, with an annual average growth of 2.4% until 2025 (TACC), led by China.

Thus, following its commercial strategy, in 2021 Eldorado increased the share of volumes intended for toilet papers in its portfolio, which is aimed at one of the markets with the greatest growth prospects. The share of sales of this segment increased from 55% to 60% in 2020. On the other hand, the share of sales to the P&W segment fell from 17% to 16% in 2021.

In 2021, the Company sold 1,756 thousand tons.

The average pulp price sold by Eldorado in 2021 was US$614/t, up by US$154/t, or 34%, over 2020, in line with international pulp price increases.

## Logistics

2021 was marked by the structuring of Eldorado Brasil Celulose Logística - EBLog, holder of the rights and obligations of the lease agreement in the

STS14 area, in the Port of Santos. For the implementation of the new terminal, located in the primary area of the port, EBLog has a dedicated team of professionals specialized in port works.

At the end of the year, in line with Provisional Presidency Decree 1065 of August 30, 2021, and with the Company's long-term strategy, Eldorado was authorized by the Ministry of Infrastructure to build a railway bypass connecting its plant in Três Lagoas/Mato Grosso do Sul, in the North/São Paulo network (connection to Santos/São Paulo), to Aparecida do Taboado/Mato Grosso do Sul.

The difficulties inherent to the pandemic worsened in the operation due to the global maritime transportation crisis, decreasing the pace of vessels and overcrowding ports. This scenario directly impacted services in Brazil and the failure of these vessels to comply with their schedules led to a lack of shipping availability and high freight costs. In addition, the rise in oil barrel prices also pushed up charter prices, both in Container and Break Bulk.

The situation above also impacted the availability of port terminals along the Brazilian coast, given the constant delays of vessels, which increased the time of storage of products by shippers, allowing terminals to demand price increases for the services provided by them.

Regarding land transportation, the opening of new pulp plants, the return of companies closed during the pandemic, and the rise in diesel prices strongly pressured costs on carriers.

Despite this complex scenario, Eldorado worked strategically to reduce the impacts on non-recurring costs and maintain the level of services provided. The measures have ensured record shipping and container shipments, fully meeting the 2021 delivery commitments.

## Forestry

2021 was marked by a strong expansion of Eldorado Brasil's forest production base, which reached 249,000 hectares of eucalyptus forests and 148,000 hectares of preservation and conservation areas, and other land use areas.

This expansion was accompanied by investments in infrastructure on the farms in which the Company operates, such as the construction of 1,458 km of new roads and the maintenance of another 1,600 km. These investments are important to keep the continuous flow of wood and machinery transportation to assist the harvesting and transportation operations. With the "New Routes" project, we have permanently sought to reduce the average transportation distance (DMT) between the forests and the plant, recording an approximate gain of R$1 million in 2021.

We also expanded the harvested volume, with 6.2 million cubic meters of wood in the period. Since Eldorado began operations in 2012, we have already produced over 50 million cubic meters of planted eucalyptus wood.

By operating with 100% of our fleet, the volume of wood transported grew by 4% regarding the projections for the year. Due to training actions aimed at operators and drivers, fuel consumed in the logistics process fell by 5%.

These advances occurred during a twice as challenging scenario, with the continuation of the Covid-19 pandemic and the "La Niña" climate effect. Regarding the former, we maintained strict health and safety protocols. The latter increased rainfall by over 30% in the region where the Company operates with temperatures above the historical average, increasing the appearance of pests and the risk of forest fires.

To respond to climate changes, the Company expanded its actions to detect and fight fire. The advances included the automation of forest monitoring with monthly satellite images; daily measurement of tree growth through digital sensors; daily measurement of rainfall through weather stations and satellites; and use of artificial neural networks for the correlation with forest growth.

The operations were also renovated with the use of automatic pilots in the tractors that open forest roads and the use of drones to measure woodpiles. Telemetry of forestry equipment and machinery was implemented in the Monitoring and Artificial Intelligence Center (IRIS), with around 132 pieces of equipment transmitting in real time remote sensing information from the harvesting, loading, roads, and biomass machines, 24 hours per day.

Research in the Genetic and Biotechnology Improvement area continued progressing with the implementation of the experimental network of the Genetic Improvement Program (PMGF). 35 new tests were implemented with the planting of 459 clones and 624 pure and hybrid progenies. In the Hybridization Orchard, more than 18,000 buds were pollinated, generating 112 different hybrid progenies, increasing genetic variability for the selection of future new clones. Among the actions taken, the PIZARRO project, a partnership between Eldorado, Senai, and Embrapii, has been helping in the characterization and construction of NIRS models and in vitro cloning of 1,000 progenies that will be used in the development of our genomic selection program, which aims to reduce the time needed to generate and introduce new genetic materials.

In 2021, we received from MAPA/SNPC (Ministry of Agriculture, Livestock and Supply / National Service for Plant Variety Protection) the approval for definitive protection of two new proprietary clones, ELD0005 and ELD0006, both Eucalyptus urophylla x Eucalyptus grandis species, which are now part of the list of Eldorado clones.

## Financial

2021 was marked by the restructuring of the Company's indebtedness, with a reduction in the share of short-term debt from 73% in 2020 to 15% at the end of 2021.

The Company also sought to contract and renew its debts, remaining focused on the liability management process and reduction of financial expenses.

In the capital market, we paid Bonds totaling US$350 million and carried out the first issue of CRA and the 3rd debenture issue. In this environment and with rising interest rates, the Company reduced its cost of debt in foreign currency from 5.7% at the end of 2020 to 4.4% in 2021.

The Company early amortized higher-cost debts, mainly with the BNDES, using free cash generation.

Despite the volatility of the exchange rate, leverage (net debt/EBITDA adjusted) closed 2021 at 1.48x, the lowest level ever recorded in the Company.

| Indebtedness | 4Q21 | 3Q21 | 4Q20 | 4Q21 vs. 3Q21 | 4Q21 vs. 4Q20 |
|---|---|---|---|---|---|
| Gross Debt | 6,144 | 7,116 | 7,727 | -13.7% | -20.5% |
| Cost of Debt in US$ | 4.40% | 4.34% | 5.70% | 1.4% | -22.8% |
| Short-Term Debt | 927 | 3,340 | 5,646 | -72.2% | -83.6% |
| Cash and Financial Investments | 947 | 1,397 | 950 | -32.2% | -0.3% |
| Net Debt | 5,197 | 5,719 | 6,777 | -9.1% | -23.3% |
| Net Debt in US$ | 931 | 1,051 | 1,304 | -11.4% | -28.6% |
| Net Debt/Adjusted EBITDA (R$) | 1.48x | 1.74x | 3.21x | -0.26x | -1.73x |
| Net Debt/Adjusted EBITDA (US$) | 1.43x | 1.71x | 3.19x | -0.28x | -1.76x |

On the operating cash generation front, Eldorado maintained its operating efficiency, which translates into continuous free cash generation, even in an environment of continuous investments in industrial and forestry activities, and made new investments in the Onça Pintada Thermoelectric Power Plant, which started generating power in April 2021.

## ESG (Environmental, Social and Governance)

### Social and Environmental

Eldorado Brasil's growth strategy and value creation continued aligned with the pillars of competitiveness, innovation, sustainability, appreciation for people. Sustainability is a fundamental pillar of the business and permeates all the Company's actions. Environmental, Social, and Governance (ESG) criteria create extremely positive social, environmental, and governance values.

In 2021, the Company maintained excellence in the external audits of the forest and custody chain certifications FSC® (FSC-C113536 and FSC-C113939) – Forest Stewardship Council®, which certifies the adoption of good and responsible forest management practices in an environmentally appropriate in a socially beneficial and economically viable way, as well as the traceability across the production chain; and the Brazilian Forest Certification Program (CERFLOR), which guarantees sustainable forest management under the best practices in terms of prevention and mitigation of environmental and social impacts.

We also maintained our certification issued by the Programme for the Endorsement of Forest Certification – PEFC. This NGO identifies the adoption of good practices that promote sustainable forest management.

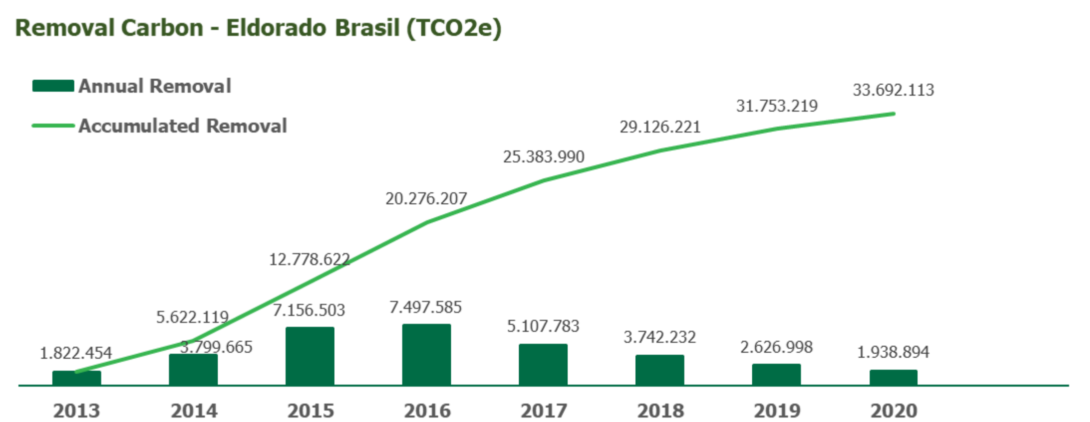
We ensured the maintenance of the HALAL certifications, which confirm that our procedures and production processes comply with the religious rules of the Islamic countries; and the KOSHER certification, which confirms that our manufactured products comply with Jewish dietary laws. This seal is recognized worldwide and attributed as a synonym for maximum quality control.

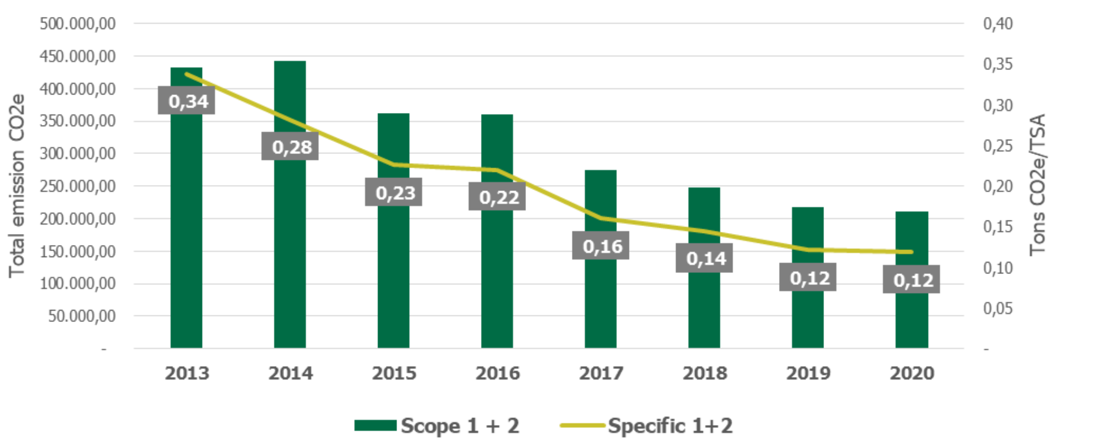
It is worth noting the release of the 8th Sustainable Report for 2020, which prioritized seven important topics that defined the scope of the quantitative and qualitative data published in the report. These results were consolidated based on the Global Reporting Initiative (GRI) principles for defining stakeholder inclusion content, sustainability context, materiality, completeness, and adherence to the Sustainability Accounting Standards Board (SASB) disclosure standards.

In 2021, it was also published the 10th edition of the Public Summary of the Forest Management Plan, which has the purpose of making available concise information regarding the activities, resources, and responsibilities involved in Forest Management performed by the Company.

We also published the 8th Greenhouse Gas (GHG) Inventory under the GHG Protocol methodology.

The Company's specific GHG emissions (scopes 1 and 2) are lower than those of the industry, while carbon removed from the atmosphere by its native and planted forests captured CO2 in a volume significantly higher than those of the emissions released from the Company's operations.






*The 2021 numbers will be released in the Sustainability Report in the 2nd quarter.

Eldorado Brasil carbon chain is, therefore, negative, i.e. carbon removals are greater than carbon emissions, reaffirming the Company's commitment to fighting global climate change. Still on the global agenda, we participated in the 26th UN Climate Change Conference in Glasgow, United Kingdom, following several discussions related to global climate urgency.

Since its inception, Eldorado has been at the forefront of technological innovation in its production processes. The culture guiding the Company's actions encourages quality monitoring and the protection of its forests against fires and trespassing.

Thus, the Company maintains monitoring systems, such as state-of-the-art cameras with HD image quality. The system automatically detects fire outbreaks through automated alarms and a 360° view of the area, providing real-time monitoring and operating 24 hours a day. In 2021, Eldorado Brasil expanded its monitoring coverage to 22 observation towers. All fire brigades are made up of several employees who are periodically trained in fire prevention, firefighting, and wildfire practices. The property security department also contributes to the prevention of fires by monitoring areas mainly through security guards, who periodically inspect farm areas and report any event. After expanding its monitoring systems and implementing prevention measures, Eldorado continues annually reducing the loss of forest areas caused by fires, which correspond to less than 0.5% of the Burned Area of the Forest Base.

In addition, for being aware of its socio-environmental responsibility, the Company has an environmental education program – PES (Eldorado Sustainability Program), which consist of Environmental Education works aimed at society, surrounding communities, and employees, and its environmental programs cover the importance of conservation of natural resources and their sustainable use.

Since 2020, the Company has been a signatory of the Global Compact, a United Nations program to encourage and foster sustainable and fair corporate practices throughout the world. By making the Global Compact and its principles part of our strategy and culture, we engage in cooperative projects that further the broader development goals of the United Nations, especially SDG – Sustainable Development Goals.

Over the year, the Company maintained relationships and engagement practices with stakeholders, either directly or indirectly, to create positive value based on programs and actions conducted by Eldorado Brasil, providing shared sustainability between the Company, society, and local communities.

In 2021, the operations of the Onça Pintada Thermoelectric Power Plant, located in Três Lagoas (MS), started. Power is generated from forest waste, such as roots, stumps, and other eucalyptus byproducts that do not result in pulp, making better use of trees, generating clean energy from renewable sources, in line with the value creation proposal linked to social and environmental responsibility.

The good practices and results achieved by Eldorado Brasil in 2020 and 2021, were important to support the Company in its actions to fight the Covid-19 pandemic, a virus that has deeply affected the daily lives of citizens, governments, and companies across the world. Since the beginning of the pandemic, Eldorado Brasil has worked to mitigate the negative effects of Covid-19 on its employees, the communities where the Company operates, and society as a whole. Also in 2021, the Company's entire workforce was given safety assurance to perform their activities, through investments in personal protective equipment (PPE) and the adoption of biosafety protocols prepared with specialists in the field, and compliance with the guidelines issued by public authorities.

## Corporate Governance and Compliance

In line with the best market practices, Eldorado's Corporate Governance structure is composed of the Board of Directors, Fiscal Council, Executive Board. Eldorado adopts several measures to constantly improve its integrity program, listed below.

Additionally, although not being listed on B3, the Company is registered with the Brazilian Securities and Exchange Commission (CVM) as a category B publicly held company and follows corporate governance standards determined for companies part of the Novo Mercado segment:

The Company's share capital is exclusively made up of common shares, and the issue of preferred shares is prohibited, under the Bylaws.

We have a statutory provision that includes an arbitration clause stating that the Company, its shareholders, management, and members of the fiscal council, undertake to resolve, through arbitration at the Market Arbitration Chamber, any disputes or controversies that may arise between them related to the Bylaws, the Brazilian Corporation Law, and other applicable corporate and capital market regulations.

The Company continued to invest in several compliance actions in 2021, reinforcing its commitment to ethics and compliance with the rules and standards applicable to its activity. Throughout the year, the Company continued to improve its Compliance Program, with a focus on actions to prevent, detect, and correct potential irregularities, as well as to promote ethical values, integrity, compliance, and transparency of its business.

In addition to continuing to encourage the use of the whistleblowing channel (Eldorado Brasil Ethics Line), the Company maintained its regular communication plan regarding compliance issues, conducted training on its internal policies and the principles of the Code of Ethical Conduct, created and updated specific internal policies and procedures, and carried out internal communication campaigns to constantly reinforce the behaviors that senior management expects from all employees.

Eldorado Brasil maintained the annual compliance training, held between July and August 2021, to more than 2,000 employees – with the entire participation of the Company's management and senior management, who were updated regarding the company's policies and were evaluated on their understanding of the content.

Eldorado Brasil not only is concerned about training and monitoring compliance with the laws and its internal regulations but is also responsible for constantly spreading its values and rules on transparency and ethics. For this reason, the Company created the Ethics Multipliers program in 2021, in which Eldorado Brasil employees, from the most diverse sectors of the Company, were trained to disseminate and propagate the Compliance Program.

The support given by the Company's management to compliance functions has been increasingly evident. The results achieved by the Ethics Line prove the trust employees and third parties have in the channel's efficiency and the importance the Company has given to address reported issues, seeking to act impartially, maintain confidentially, and provide feedback to the whistleblower. This advance was also proved by the result of the Ethical Culture and Compliance Perception survey conducted in 2021 with employees, which showed high internal perception levels as to Eldorado's ethical culture.

The Company continues to adhere to the transparency and integrity standards of the Ethos Institute of Companies and Social Responsibility: Business Movement for Integrity and Transparency and Business Pact for Integrity and Against Corruption, which carries out actions aimed at raising commitment within the Brazilian private sector to promote a socially responsible and sustainable business environment. Eldorado also participates in the *Cadastro Agroíntegro* registration initiative of the Ministry of Agriculture aimed at recognizing agricultural companies and cooperatives that implement integrity, ethics, and transparency practices. Eldorado is a signatory of the Global Compact, a United Nations program to encourage and foster sustainable and fair business practices throughout the world. The Company's joining the Global Compact confirms its commitment to the environmental, social, and governance sustainability agenda (ESG).

## Stock Purchase Agreement

On September 2, 2017, J&F, Eldorado Brasil's parent company, executed a stock purchase agreement for the sale of up to all of its direct and indirect interest in the Company to CA Investment (Brazil) S.A., a company of the Paper Excellence group ("CA Investment"), for the total amount of R$15 billion, to be adjusted according to working capital and net debt, under the agreement ("Agreement").

The Agreement provided that the transfer of Eldorado's control, from J&F to CA, could occur within up to twelve (12) months if certain conditions precedent were met, which did not occur.

The parties questioned the reasons for Eldorado's control not being transferred as provided for in the Agreement, and an arbitration dispute was initiated in September 2018 before the International Chamber of Commerce (CCI).

On February 3, 2021, the arbitration proceeding's judgment was rendered, granting CA Investment the right to conclude the transaction, provided that the seller's guarantees are effectively released and the payment made.

As of March 21, 2021, the Company was subpoenaed with a preliminary injunction decision rendered by the 2nd Corporate and Arbitration-Related Disputes Court of the District of São Paulo, in the scope of a declaratory action to nullify the arbitration award, filed by J&F Investimentos S.A. against the Company and CA Investment (Brazil) S.A., determining the suspension of the effects of the arbitration award of February 3, 2021, until the defendants' statement and the Court decision on the matter.

As of March 25, 2022, CA Investment held an interest of 49.41% in the Company, while J&F held 50.59%, being the only shareholders of Eldorado.

## Closing Remarks

Despite the challenges posed by the second year of the Covid-19 pandemic, Eldorado Brasil was able to maintain its trajectory of permanent operational and financial improvement in 2021, without losing sight of its commitments to social development and environmental protection in the communities where it operates.

These advancements are the result of the daily effort of the Company's more than 5,000 employees in Mato Grosso do Sul, São Paulo, and its offices abroad. All these professionals work motivated by our values of Ownership; Determination; Discipline; Availability; Simplicity; Honesty; and Humility.

Eldorado Brasil also thanks its customers, suppliers, and other partners for the results achieved, which are indicators of the Company's determination and strength, and its potential to remain on the right path of development, benefitting society as a whole and the environment.

# ELDORADO BRASIL CELULOSE S.A.

## Individual and consolidated financial statements

## As at December 31st, 2021

*(Free translation from the original previously issued in Portuguese)*

# ELDORADO BRASIL CELULOSE S.A.

**Individual and consolidated financial statements**

**As at December 31st, 2021**

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# Independent auditors' report on the individual and consolidated financial statements

*(A free translation of the original report in Portuguese)*

**To the Shareholders, Board of Directors and Directors of Eldorado Brasil Celulose S.A.**

*São Paulo – SP*

## Opinion

We have audited the individual and consolidated financial statements of Eldorado Brasil Celulose S.A. ("Company"), identified as Individual and Consolidated, respectively, comprising the statement of financial position as of December 31, 2021 and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Eldorado Brasil Celulose S.A. as of December 31, 2021, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

## Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the following section denominated "Auditors' responsibilities for the audit of the individual and consolidated financial statements". We are independent of the Company and its subsidiaries, in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics ("*Código de Ética Profissional do Contador*") and in professional standards issued by the Federal Accounting Council ("*Conselho Federal de Contabilidade*"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not provide a separate opinion on these matters.

| Biological assets fair value measurement | |
|---|---|
| See notes 4.f and 10 of the individual and consolidated financial statements | |
| **Key audit matter** | **How our audit addressed this matter** |
| The Company measures its biological assets at fair value and this measurement requires significant judgment in the determination of assumptions, which include, among others, average cycle of forest formation until depletion, average annual increase in wood volume, average sale price of wood in foot and discount rate (WACC) and consequently in the application of the discounted cash flow method that considers the tax amortization benefit - TAB.<br><br>Due to the degree of complexity and level of judgment used in measuring the biological assets fair value, as well as the impact that any changes in the assumptions and significant estimates used could have on the individual and consolidated financial statements, we consider this a significant matter in our audit. | Our audit procedures included, but were not limited to:<br>▪ We evaluated the design and operating effectiveness of the Company's key internal controls related to the calculation of the biological assets fair value.<br>▪ With the assistance of our corporate finance specialists, we have evaluated, the main assumptions used to measure the biological assets fair value, comparing with internal and external historical information available, evaluating the sources used in the calculation and comparing with market information and valuation practices for the biological assets fair value, as well as the application of the discounted cash flow method that considers the tax amortization benefit- TAB.<br>▪ assessment of the adequacy of the related disclosures in the explanatory notes to the financial statements<br><br>Based on the evidence obtained through the audit procedures summarized above, we consider that the biological assets measurement, as well as the related disclosures, are acceptable, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2021. |

| Impairment of recoverable taxes (ICMS) | |
|---|---|
| See note 9 of the individual and consolidated financial statements | |
| **Key audit matter** | **How our audit addressed this matter** |
| The Company has recoverable taxes related to VAT (ICMS) accumulated over the prior years from credits for the acquisition of raw materials applied in the production process, acquisition of fixed assets and incentives granted by the government of the Mato Grosso do Sul state.<br><br>The assessment of the recoverable amount of these recoverable taxes involves significant judgments and | Our audit procedures included, but were not limited to:<br>▪ Assessment, with the assistance of our tax specialists, of the judgments made by the Company in relation to the expectation of using the credit and considered in the projection of the generation of debts that make it possible to use ICMS credits (ICMS monetization plan), considering the beginning of the Vanguarda 2.0 |

| | |
|---|---|
| uncertainties, which include, among others, the expectation and timing of the Vanguarda 2.0 project for the construction of a new production line, which would make it possible to offset the credit balance of the existing benefits from the state of Mato Grosso do Sul and the evaluation of the uncertainties related to obtaining the approval of the credit by that state.<br><br>Due to the degree of judgments and uncertainties used in assessing the recoverable value of these recoverable taxes, as well as the impact that any changes in the judgments used could have on the individual and consolidated financial statements, we considered this a significant matter in our audit. | project;<br><br>▪ assessment, with the assistance of our tax and legal specialists, of the impact of events and legal and tax aspects that occurred in 2021, regarding the right to the tax credit and the possible ways of recover this tax credit;<br><br>▪ Assessment of the adequacy of the related disclosures in the explanatory notes to the financial statements<br><br>Based on the evidence obtained through the procedures summarized above, we considered that the impairment to the recoverable amount of ICMS recoverable taxes, as well as the related disclosures, are acceptable, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2021. |

## Other matters

**Statements of added value**

The individual and consolidated statement of added value (DVA) for the year ended December 31, 2021, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of Company's individual and consolidated financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

## Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the management report and we do not express any form of assurance conclusion on that report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and subsidiaries financial reporting process.

## Auditors’ responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company`s and its subsidiaries internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.

– Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March, 25, 2022.

KPMG Auditores Independentes
CRC 2SP014428/O-6
*(Original report in Portuguese signed by)*
Leslie Nares Laurenti
Accountant CRC 1SP215906/O-1

# ELDORADO BRASIL CELULOSE S.A.

## Statements of financial position
## As of December 31, 2021 and December 31, 2020
## (In thousands of Reais - R$)

**Assets**

| | | Individual | | Consolidated | |
|---|---|---|---|---|---|
| | **Note** | **2021** | **2020** | **2021** | **2020** |
| **Current** | | | | | |
| Cash and cash equivalents | 5.1 | 301.889 | 183.292 | 789.944 | 888.014 |
| Short term investments | 5.2 | 24.555 | - | 24.555 | 62.392 |
| Trade receivables | 6 | 832.577 | 490.832 | 928.009 | 712.377 |
| Inventories | 8 | 521.459 | 371.712 | 678.435 | 544.885 |
| Tax receivables | 9 | 67.146 | 182.101 | 70.098 | 184.317 |
| Current income tax | | 8.178 | - | 3.837 | - |
| Derivative financial instruments | 26.a.ii | 56.848 | - | 56.848 | - |
| Other current assets | | 48.608 | 82.482 | 49.950 | 83.573 |
| **Total current assets** | | **1.861.260** | **1.310.419** | **2.601.676** | **2.475.558** |
| **Non-current** | | | | | |
| Long term investments | 5.2 | 132.396 | - | 132.396 | - |
| Tax receivables | 9 | 1.728 | 1.040.225 | 1.759 | 1.040.225 |
| Advances to suppliers | | 182.173 | 149.762 | 182.173 | 149.762 |
| Deferred income tax | 18 | 50.066 | 286.114 | 50.066 | 286.114 |
| Derivative financial instruments | 26.a.ii | 70.141 | - | 70.141 | - |
| Loans and borrowings with related parties | 7 | 48.605 | 9.944 | - | 10.786 |
| Other non current assets | | 4.546 | 2.245 | 5.312 | 2.289 |
| **Total long-term assets** | | **489.655** | **1.488.290** | **441.847** | **1.489.176** |
| Biological assets | 10 | 3.493.833 | 3.004.369 | 3.493.833 | 3.004.369 |
| Investments | 11 | 1.976.640 | 1.278.786 | - | - |
| Property, plant and equipment | 12 | 4.860.549 | 683.532 | 4.881.888 | 927.413 |
| Right of use | 14 | 675.008 | 14.188 | 920.423 | 77.847 |
| Intangible assets | 13 | 30.221 | 4.726.008 | 100.005 | 4.737.854 |
| | | **11.036.251** | **9.706.883** | **9.396.149** | **8.747.483** |
| **Total non-current assets** | | **11.525.906** | **11.195.173** | **9.837.996** | **10.236.659** |
| **Total assets** | | **13.387.166** | **12.505.592** | **12.439.672** | **12.712.217** |

**Liabilities and shareholders' equity**

| | | Individual | | Consolidated | |
|---|---|---|---|---|---|
| | **Note** | **2021** | **2020** | **2021** | **2020** |
| **Current** | | | | | |
| Loans and borrowings | 16 | 927.423 | 3.765.168 | 927.423 | 5.645.612 |
| Trade payables | 15 | 287.584 | 281.300 | 289.846 | 266.603 |
| Lease liabilities | 17 | 186.080 | 186.742 | 209.928 | 212.489 |
| Loans and borrowings with related parties | 7.3 | 3.412 | 1.887.692 | - | - |
| Social tax and payroll payables | | 165.863 | 122.474 | 172.925 | 129.045 |
| Tax payables | | 11.082 | 24.295 | 11.677 | 26.995 |
| Current income tax | | - | 4.746 | - | 1.272 |
| Accounts payable to related parties | 7 | 141 | 2.968 | 141 | 1.716 |
| Other current liabilities | | 26.470 | 11.432 | 120.260 | 55.560 |
| **Total current liabilities** | | **1.608.055** | **6.286.817** | **1.732.200** | **6.339.292** |
| **Non-current** | | | | | |
| Loans and borrowings | 16 | 5.216.569 | 2.081.345 | 5.216.569 | 2.081.345 |
| Trade payables | 15 | - | 523 | - | 523 |
| Loans and borrowings with related parties | 7.3 | 1.227.710 | - | - | - |
| Lease liabilities | 17 | 574.506 | 555.118 | 730.043 | 708.797 |
| Derivative financial instruments | 26.a.ii | 113.543 | - | 113.543 | - |
| Provisions for lawsuit | 19 | 34.382 | 31.379 | 34.916 | 31.850 |
| Other non current liabilities | | 17.434 | - | 17.434 | - |
| **Total non-current liabilities** | | **7.184.144** | **2.668.365** | **6.112.505** | **2.822.515** |
| **Shareholders' equity** | | | | | |
| Share capital | | 1.788.792 | 1.788.792 | 1.788.792 | 1.788.792 |
| Income reserves | | 2.350.806 | 1.471.044 | 2.350.806 | 1.471.044 |
| Equity valuation adjustments | | 455.369 | 290.574 | 455.369 | 290.574 |
| **Total equity** | 20 | **4.594.967** | **3.550.410** | **4.594.967** | **3.550.410** |
| **Total liabilities and shareholders' equity** | | **13.387.166** | **12.505.592** | **12.439.672** | **12.712.217** |

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

# ELDORADO BRASIL CELULOSE S.A.

## Statements of income (loss)
## Year ended December 31, 2021 and 2020
## (In thousands of Reais - R$)

| | Note | Individual 2021 | Individual 2020 | Consolidated 2021 | Consolidated 2020 |
|---|---|---|---|---|---|
| **Net revenue** | 21 | 4.159.001 | 3.508.619 | 6.054.774 | 4.426.139 |
| Cost of sales | 23 | (1.928.806) | (1.740.569) | (1.980.030) | (1.872.732) |
| **Gross profit** | | **2.230.195** | **1.768.050** | **4.074.744** | **2.553.407** |
| **Operating income (expenses)** | | | | | |
| General and administrative | 23 | (212.925) | (218.715) | (229.875) | (234.230) |
| Selling and distribution | 23 | (313.139) | (259.622) | (752.646) | (666.500) |
| Fair value adjustment of biological assets | 10 | 173.782 | 187.006 | 173.782 | 187.006 |
| Share of income in controlled companies | 11 | 1.378.350 | 333.487 | - | - |
| Bad debit provision | 6 | 4.138 | (6.135) | 4.733 | (27.103) |
| Other income | 25 | 40.258 | 6.146 | 40.530 | 6.296 |
| Other expenses | 25 | (1.148.071) | (64.813) | (1.148.441) | (66.084) |
| **Earnings before net financial income (expenses) and taxes** | | **2.152.588** | **1.745.404** | **2.162.827** | **1.752.792** |
| **Net financial income (expenses)** | 24 | | | | |
| Financial expenses | | (558.853) | (588.700) | (553.828) | (598.400) |
| Financial income | | 13.029 | 10.199 | 17.861 | 14.390 |
| Derivative financial instruments | 26.a.ii | 154 | - | 154 | - |
| Foreing exchange variation, net | | (465.888) | (1.461.652) | (469.773) | (1.462.235) |
| **Income (loss) before income tax and social contribution** | | **1.141.030** | **(294.749)** | **1.157.241** | **(293.453)** |
| **Income tax and social contribution** | 18 | | | | |
| Current | | (29.740) | (48.958) | (45.951) | (50.254) |
| Deferred | | (231.528) | 235.296 | (231.528) | 235.296 |
| **Net income (loss) for the year** | | **879.762** | **(108.411)** | **879.762** | **(108.411)** |
| **Earnings (loss) per share - basic and diluted - in R$** | 20 | | | **0,5767** | **(0,0711)** |

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

# ELDORADO BRASIL CELULOSE S.A.

## Statements of comprehensive income (loss)
## Year ended December 31, 2021 and 2020
## (In thousands of Reais - R$)

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Net income (loss) for the year** | **879.762** | **(108.411)** | **879.762** | **(108.411)** |
| **Items that are or may be reclassified subsequently to the income (loss):** | | | | |
| Foreign exchange variation | 156.023 | 209.403 | 156.023 | 209.403 |
| Net gain on cash flow hedge | 8.772 | - | 8.772 | - |
| **Total of comprehensive income** | **1.044.557** | **100.992** | **1.044.557** | **100.992** |

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

## ELDORADO BRASIL CELULOSE S.A.

### Statements of changes in equity
### Year ended December 31, 2021 and 2020
### (In thousands of Reais - R$)

| | | Income reserves | | | | | Equity valuation adjustments | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Legal reserve | Tax benefits reserve | Reserve for expansion | Special reserve | Reserve of minimum mandatory dividends withheld | Hedge accounting | Translation adjustment | Retained earnings | Total |
| **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 year | - | - | - | - | - | - | - | - | (108.411) | **(108.411)** |
| Absorption of losses | - | - | - | - | (108.411) | - | - | - | 108.411 | **-** |
| Foreign exchange variation | - | - | - | - | - | - | - | 209.403 | - | **209.403** |
| **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 year | - | - | - | - | - | - | - | - | 879.762 | **879.762** |
| Foreign exchange variation | - | - | - | - | - | - | - | 156.023 | - | **156.023** |
| Net gain on cash flow hedge | - | - | - | - | - | - | 8.772 | - | - | **8.772** |
| Legal reserve | - | 43.988 | - | - | - | - | - | - | (43.988) | **-** |
| Tax benefits reserve | - | - | (9.837) | - | - | - | - | - | 9.837 | **-** |
| Reserve of minimum mandatory dividends withheld | - | - | - | - | (26.634) | 238.037 | - | - | (211.403) | **-** |
| Expansion reserve | - | - | - | 634.208 | - | - | - | - | (634.208) | **-** |
| **Balance as at December 31, 2021** | **1.788.792** | **80.486** | **992.943** | **1.039.340** | **-** | **-** | **8.772** | **446.597** | **-** | **4.594.967** |

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

## Statements of cash flows
## Year ended December 31, 2021 and 2020
## (In thousands of Reais - R$)

| | Note | Individual 2021 | Individual 2020 | Consolidated 2021 | Consolidated 2020 |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| **Net income (loss) for the year** | | **879.762** | **(108.411)** | **879.762** | **(108.411)** |
| **Adjustments:** | | | | | |
| Depreciation and amortization | | 261.448 | 233.444 | 266.807 | 246.279 |
| Depletion | | 158.372 | 282.422 | 157.238 | 286.527 |
| Income (loss) on disposal fixed assets and biological assets | 12.2, 14.2 and 17.2 | (10.482) | 34.123 | (10.504) | 34.313 |
| Change in fair value of biological assets | 10 | (173.782) | (187.006) | (173.782) | (187.006) |
| Deferred income taxes | 18 | 231.528 | (235.296) | 231.528 | (235.296) |
| Current income taxes | 18 | 29.740 | 48.958 | 45.951 | 50.254 |
| Financial results - interest - lease | | 258 | 364 | 793 | 873 |
| Financial results - interest and foreign exchange variation | 16.2 | 702.676 | 1.559.187 | 733.306 | 2.188.227 |
| Financial results - interest and foreign exchange variation - related parties | | 195.345 | 629.042 | 160.280 | - |
| Financial results - interest on short and long term investments | | (7.093) | - | (7.872) | - |
| Foreign exchange on customers | | (1.177) | 7.905 | (1.177) | 7.905 |
| Provision for lawsuit | 19 | 18.271 | 16.824 | 18.429 | 17.295 |
| Net gain with derivatives | 24 and 26.a.ii | (155) | - | (155) | - |
| Reversal of tax credits | 9 | 1.087.288 | 14.605 | 1.087.288 | 14.605 |
| Share of income in controlled companies | 11 | (1.378.350) | (333.487) | - | - |
| Bad debt provision | 6 | (4.138) | 6.135 | (4.733) | 27.103 |
| | | **1.989.511** | **1.968.809** | **3.383.159** | **2.342.668** |
| **Decrease (increase) in assets** | | | | | |
| Trade receivables | | (336.429) | (69.709) | (171.051) | (161.577) |
| Inventories | | (33.820) | (7.475) | 6.677 | 106.763 |
| Tax receivables | | 66.164 | 20.620 | 63.081 | 29.668 |
| Advances to suppliers | | 8.643 | 37.470 | 8.648 | 39.661 |
| Other current and non-current assets | | 41.517 | (9.706) | 41.557 | (8.215) |
| **Increase (decrease) in liabilities** | | | | | |
| Trade payables | | 5.761 | 29.118 | 10.597 | (131.790) |
| Accounts payable to related parties | | (4.160) | - | (2.950) | - |
| Social tax and payroll payables | | 43.389 | 13.437 | 43.535 | 15.735 |
| Tax payables | | (13.213) | (9.149) | (12.717) | (17.943) |
| Provisions for lawsuit | | (15.268) | (6.713) | (15.363) | (6.713) |
| Other current and non current liabilities | | 32.471 | 354 | 82.327 | (8.250) |
| **Cash from operating activities** | | **1.784.566** | **1.967.056** | **3.437.500** | **2.200.007** |
| Dividends received | 11 | 843.432 | - | - | - |
| Income tax paid | | (42.663) | (42.989) | (51.378) | (58.027) |
| **Net cash from operating activities** | | **2.585.335** | **1.924.067** | **3.386.122** | **2.141.980** |
| Cash flows of investing activities: | | | | | |
| Additions to biological assets | | (387.658) | (230.006) | (387.658) | (230.006) |
| Additions to property, plant and equipment and intangible assets | | (463.457) | (543.625) | (487.594) | (546.311) |
| Cash received from disposal of property, plant and equipment | | 28.133 | 13.564 | 28.199 | 13.564 |
| Paid-in capital of controlled companies | 11 | (3.298) | (66.133) | - | - |
| Related parties loans | | (53.400) | - | - | - |
| Cash invested on short and long term investments | | - | - | (31.678) | - |
| Cash redeemed from short and long term investments | | - | - | 33.258 | 15.518 |
| **Net cash used in investing activities** | | **(879.680)** | **(826.200)** | **(845.473)** | **(747.235)** |
| Cash flows of financing activities: | | | | | |
| Proceeds from loans and borrowings | 16.2 | 3.889.741 | 651.035 | 3.899.858 | 651.035 |
| Payment of loans and borrowings - principal | 16.2 | (3.968.190) | (1.258.846) | (5.811.003) | (1.385.374) |
| Payment of loans and borrowings - interest | 16.2 | (326.748) | (374.892) | (405.126) | (539.415) |
| Cash invested on short and long term investments | | (160.628) | - | (910.456) | - |
| Cash redeemed from short and long term investments | | 10.770 | - | 786.902 | - |
| Payment of loans and borrowings - principal - related parties | 7.3 | (741.137) | (81.238) | - | - |
| Payment of loans and borrowings - interest - related parties | 7.3 | (109.445) | (209.439) | - | - |
| Payment of lease liabilities | 17 | (181.421) | (161.699) | (184.395) | (227.455) |
| **Net cash used in financing activities** | | **(1.587.058)** | **(1.435.079)** | **(2.624.220)** | **(1.501.209)** |
| Foreign exchange variance on cash and cash equivalents | | - | - | (14.499) | 154.468 |
| **Net increase (decrease) in cash and cash equivalents** | | **118.597** | **(337.212)** | **(98.070)** | **48.004** |
| Cash and cash equivalents at the beginning of the year | | 183.292 | 520.504 | 888.014 | 840.010 |
| Cash and cash equivalents at the end of the year | | 301.889 | 183.292 | 789.944 | 888.014 |
| **Net increase (decrease) in cash and cash equivalents** | | **118.597** | **(337.212)** | **(98.070)** | **48.004** |

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

# ELDORADO BRASIL CELULOSE S.A.

## Statements of value added
## Year ended December 31, 2021 and 2020
## (In thousands of Reais - R$)

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Revenues** | | | | |
| Sales of goods, products and services | 4.382.670 | 3.642.864 | 6.279.845 | 4.561.764 |
| Other operating income (expenses) | 167.931 | 147.841 | 168.398 | 147.014 |
| Transfers related to the construction of own assets | 45.182 | 49.013 | 45.182 | 49.013 |
| Bad debt provision | 4.138 | (6.135) | 4.733 | (27.103) |
| | **4.599.921** | **3.833.583** | **6.498.158** | **4.730.688** |
| **Goods and services acquired from third parties** | | | | |
| Cost of sales | (902.659) | (662.527) | (941.454) | (769.639) |
| Third party services, supplies, energy and other | (589.774) | (561.371) | (1.022.408) | (965.246) |
| Provision for loss af assets | (1.030.760) | - | (1.030.760) | - |
| **Gross value added** | **2.076.728** | **2.609.685** | **3.503.536** | **2.995.803** |
| **Depreciation, amortization and depletion** | (419.820) | (515.866) | (424.045) | (532.806) |
| **Value added created** | **1.656.908** | **2.093.819** | **3.079.491** | **2.462.997** |
| **Value added received as transfer** | | | | |
| Share of income in controlled companies | 1.378.350 | 333.487 | - | - |
| Financial income | 13.185 | 190.294 | 18.017 | 196.422 |
| **Total value added created** | **3.048.443** | **2.617.600** | **3.097.508** | **2.659.419** |
| **Value added distribution** | | | | |
| **Personnel** | | | | |
| Salary compensation | 211.602 | 190.607 | 226.761 | 203.957 |
| Benefits | 125.520 | 118.433 | 134.309 | 126.480 |
| FGTS (Severance Pay Fund) | 23.663 | 19.616 | 25.319 | 20.950 |
| | **360.785** | **328.656** | **386.389** | **351.387** |
| **Taxes, fees and contributions** | | | | |
| Federal | 461.519 | (56.421) | 480.078 | (53.214) |
| State | 184.478 | 95.666 | 184.871 | 95.960 |
| Municipal | - | - | 1.402 | 1.380 |
| | **645.997** | **39.245** | **666.351** | **44.126** |
| **Borrowed capital return** | | | | |
| Interest | 1.013.746 | 2.231.955 | 992.490 | 2.225.283 |
| Lease | 147.879 | 126.008 | 152.244 | 127.995 |
| Other | 274 | 147 | 20.272 | 19.039 |
| | **1.161.899** | **2.358.110** | **1.165.006** | **2.372.317** |
| **Equity capital return** | | | | |
| Net income (loss) for the year | **879.762** | **(108.411)** | **879.762** | **(108.411)** |
| **Total value added distributed** | **3.048.443** | **2.617.600** | **3.097.508** | **2.659.419** |

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

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

## 1. Operations

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 process by both Eldorado and its wholly owned subsidiaries in Austria, United States of America and China.

### (a) Coronavirus 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

| | | Equity interest | |
|---|---|---|---|
| **Subsidiaries - Direct Control** | **Country of Incorporation** | **12/31/2021** | **12/31/2020** |
| Cellulose Eldorado Austria Gmbh | Austria | 100% | 100% |
| Rishis Empreendimentos e Participações S.A. | Brazil | 100% | 100% |
| Eldorado Brasil Celulose Logistica Ltda. | Brazil | 100% | 100% |
| **Subsidiaries - Indirect Control** | | | |
| 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 financial statements

### a. Statement of compliance (in respect to IFRS and CPC standards)

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), issued by the Pronouncements Committee Accounting.

The individual and consolidated financial statements were revised and approved by Executive Board on March 25th, 2022.

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

### b. Basis of measurement

The individual and consolidated financial statements are based on historical costs, except for:

**(i)** Derivatives are measured at fair value; and

**(ii)** Biological assets are measured at fair value.

### c. Use of estimates and judgments

In the preparation of individual and consolidated financial statements, in accordance with IFRS and CPC standards, management uses judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized prospectively when necessary.

#### (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 financial statements is included in the following notes:

- **Note 9** – ICMS: The approval, by the State of Mato Grosso dos Sul, to offset credits of Value Added Tax on Sales and Services (ICMS) with both, own and third parties ICMS debits, within the tax credit realization plan period;
- **Note 12 and 13** – Impairment: External and internal evidences that the assets may be impaired.

**(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 year ended at December 31st, 2021 is included in the following notes:

- **Note 9 -** Provision for losses of ICMS credits: the litigation timeline and the outcome of the lawsuit on ICMS credits expiration;
- **Note 10** – Fair value of biological assets: cash flow discount rate, market selling prices of eucalyptus, averaged annual timber increment and tax amortization benefit – TAB;
- **Note 17** – lease liability: discount rate;
- **Note 18** – deferred tax assets: probability that future taxable profits will be available against which the tax loss carryforward and temporary differences can be utilized;
- **Note 19** – provisions for lawsuit: main loss probability assumptions and sufficient amount to cover probable losses.

**(iii) Fair value measurement**

When measuring the 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 10 -** biological assets;
- **Note 26 -** financial instruments.

**d. Functional and presentation currency**

The individual and consolidated 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.

**(ii) Foreign operations**

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

The foreign currencies 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.

**e. Restatement**

The management identified that certain transactions were misstated in its individual and consolidated statements of cash flows and statements of value added for the year ended at December 31st, 2020, originally issued on March 31st, 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 statements for the year ending December 31st, 2020, management decided to restate these financial statements to better reflect the Company's economic and financial situation.

The amounts reclassified refer to:

**(i)** Depletion of the fair value of biological assets reclassified to a net income (loss) adjustment because it is a non-cash event;
**(ii)** Current income tax and social contribution reclassified to a net income (loss) adjustment because it is a non-cash event;
**(iii)** Tax credits reversal reclassified to a net income (loss) adjustment because it is a non-cash event;
**(iv)** Provisions for lawsuit individually presented as an increase (decrease) in liabilities;
**(v)** Adjust of the double counted payment of lease liabilities.

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

| | Statement of cash flow - 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Individual | | | | | | |
| | Previously reported | (i) | (ii) | (iii) | (iv) | (v) | Restatement |
| **Cash flow from operating activities:** | | | | | | | |
| **Net loss for the year** | **(108,411)** | - | - | - | - | - | **(108,411)** |
| **Adjustments:** | | | | | | | |
| Depletion | 146,074 | 136,348 | - | - | - | - | 282,422 |
| Current income taxes | - | - | 48,958 | - | - | - | 48,958 |
| Reversal of tax credits | - | - | - | 14,605 | - | - | 14,605 |
| Others | 1,731,235 | - | - | - | - | - | 1,731,235 |
| | **1,768,898** | **136,348** | **48,958** | **14,605** | - | - | **1,968,809** |
| **Decrease (increase) in assets** | | | | | | | |
| Inventories | 122,026 | (136,348) | - | - | - | 6,847 | (7,475) |
| Tax receivables | 35,225 | - | - | (14,605) | - | - | 20,620 |
| Advances to suppliers | 6,303 | - | - | - | - | 31,167 | 37,470 |
| **Increase (decrease) in liabilities** | | - | | | | | |
| Trade payables | 185,973 | - | - | - | - | (156,855) | 29,118 |
| Tax payables | 39,809 | - | (48,958) | - | - | - | (9,149) |
| Provisions for lawsuit | - | - | - | - | (6,713) | - | (6,713) |
| Other current and non current liabilities | (6,359) | - | - | - | 6,713 | - | 354 |
| Others | (108,967) | - | - | - | - | - | (108,967) |
| **Net cash from operating activities** | **2,042,908** | - | - | - | - | **(118,841)** | **1,924,067** |
| **Cash flows of investing activities:** | | | | | | | |
| Additions to biological assets | (348,797) | - | - | - | - | 118,791 | (230,006) |
| Additions to property, plant and equipment and intagible assets | (543,675) | - | - | - | - | 50 | (543,625) |
| Others | (52,569) | - | - | - | - | - | (52,569) |
| **Net cash used in investing activities** | **(945,041)** | - | - | - | - | **118,841** | **(826,200)** |
| **Net cash used in financing activities** | **(1,435,079)** | - | - | - | - | - | **(1,435,079)** |
| Foreign exchange variance on cash and cash equivalents | - | - | - | - | - | - | - |
| **Net increase (decrease) in cash and cash equivalents** | **(337,212)** | - | - | - | - | - | **(337,212)** |
| Cash and cash equivalents at the beginning of the year | 520,504 | - | - | - | - | - | 520,504 |
| Cash and cash equivalents at the end of the year | 183,292 | - | - | - | - | - | 183,292 |
| **Net increase (decrease) in cash and cash equivalents** | **(337,212)** | - | - | - | - | - | **(337,212)** |

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

Statement of cash flow - 2020
Consolidated

| | Previously reported | (i) | (ii) | (iii) | (iv) | (v) | Restatement |
|---|---|---|---|---|---|---|---|
| **Cash flow from operating activities:** | | | | | | | |
| **Net loss for the year** | **(108,411)** | - | - | - | - | - | **(108,411)** |
| **Adjustments:** | | | | | | | |
| Depletion | 150,179 | 136,348 | - | - | - | - | 286,527 |
| Current income taxes | - | - | 50,254 | - | - | - | 50,254 |
| Reversal of tax credits | - | - | - | 14,605 | - | - | 14,605 |
| Others | 2,099,693 | - | - | - | - | - | 2,099,693 |
| | **2,141,461** | **136,348** | **50,254** | **14,605** | - | - | **2,342,668** |
| **Decrease (increase) in assets** | | | | | | | |
| Inventories | 236,264 | (136,348) | - | - | - | 6,847 | 106,763 |
| Tax receivables | 44,273 | - | - | (14,605) | - | - | 29,668 |
| Advances to suppliers | 8,494 | - | - | - | - | 31,167 | 39,661 |
| **Increase (decrease) in liabilities** | | - | | | | | |
| Trade payables | 25,065 | - | - | - | - | (156,855) | (131,790) |
| Tax payables | 32,311 | - | (50,254) | - | - | - | (17,943) |
| Provisions for lawsuit | - | - | - | - | (6,713) | - | (6,713) |
| Other current and non current liabilities | (14,963) | - | - | - | 6,713 | - | (8,250) |
| Others | (212,084) | - | - | - | - | - | (212,084) |
| **Net cash from operating activities** | **2,260,821** | - | - | - | - | **(118,841)** | **2,141,980** |
| **Cash flows of investing activities:** | | | | | | | |
| Additions to biological assets | (348,797) | - | - | - | - | 118,791 | (230,006) |
| Additions to property, plant and equipment and intagible assets | (546,361) | - | - | - | - | 50 | (546,311) |
| Others | 29,082 | - | - | - | - | - | 29,082 |
| **Net cash used in investing activities** | **(866,076)** | - | - | - | - | **118,841** | **(747,235)** |
| **Net cash used in financing activities** | **(1,501,209)** | - | - | - | - | - | **(1,501,209)** |
| Foreign exchange variance on cash and cash equivalents | 154,468 | - | - | - | - | - | 154,468 |
| **Net increase (decrease) in cash and cash equivalents** | **48,004** | - | - | - | - | - | **48,004** |
| Cash and cash equivalents at the beginning of the year | 840,010 | - | - | - | - | - | 840,010 |
| Cash and cash equivalents at the end of the year | 888,014 | - | - | - | - | - | 888,014 |
| **Net increase (decrease) in cash and cash equivalents** | **48,004** | - | - | - | - | - | **48,004** |

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

| | Statements of value added - 2020 | | | | | |
|---|---|---|---|---|---|---|
| | | | Individual | | | Consolidated |
| | Previously reported | (i) | Restatement | Previously reported | (i) | Restatement |
| Revenues | 3,833,583 | - | 3,833,583 | 4,730,688 | - | 4,730,688 |
| Goods and services acquired from third parties | | | | | | |
| Cost of sales | (798,875) | 136,348 | (662,527) | (905,987) | 136,348 | (769,639) |
| Third party services, supplies, energy and other | (561,371) | - | (561,371) | (965,246) | - | (965,246) |
| **Gross value added** | **2,473,337** | **136,348** | **2,609,685** | **2,859,455** | **136,348** | **2,995,803** |
| Depreciation, amortization and depletion | (379,518) | (136,348) | (515,866) | (396,458) | (136,348) | (532,806) |
| **Value added created** | **2,093,819** | **-** | **2,093,819** | **2,462,997** | **-** | **2,462,997** |
| Value added received as transfer | 523,781 | - | 523,781 | 196,422 | - | 196,422 |
| **Total value added created** | **2,617,600** | **-** | **2,617,600** | **2,659,419** | **-** | **2,659,419** |
| **Value added distribution** | | | | | | |
| Personnel | 328,656 | - | 328,656 | 351,387 | - | 351,387 |
| Taxes, fees and contributions | 39,245 | - | 39,245 | 44,126 | - | 44,126 |
| Borrowed capital return | 2,358,110 | - | 2,358,110 | 2,372,317 | - | 2,372,317 |
| Equity capital return | (108,411) | - | (108,411) | (108,411) | - | (108,411) |
| **Total value added distributed** | **2,617,600** | **-** | **2,617,600** | **2,659,419** | **-** | **2,659,419** |

## 4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of this individual and consolidated financial statements are set out below. These policies have been applied consistently to all presented periods.

### a. Basis of consolidation

#### (i) Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the consolidated financial statements from the date the control is obtained till the date the control ends.

#### (ii) Transactions eliminated in the consolidation

Intragroup balances and transactions, as well as any unrealized income or expenses arising from intragroup transactions, are eliminated in the consolidated financial statements.

### b. Revenue recognition

Net revenues are net of the follow trade discounts and rebates:

**Trade discount**: deduction from a list price to reach a final billing price. Volume, delivery costs and payment terms are usually take in consideration to define the discount levels;

**Performance rebate**: discount related to a minimum volume achievement in a given period. The discount is accrued during the agreed period and paid upon confirmation of volume achievement;

**Agent commission**: is the amount of compensation paid to a sale representative based on a percentage (market average) of the sales generated. Agents are used in situations where there is customer credit restrictions, limit physical presence, cultural or language barriers. Commissions are paid upon collection of the related sale.

**c. Financial instruments**

**(i) Recognition and initial measurement**

The Company recognizes the loans and borrowings and the accounts receivable on the date they are originated. All other financial instruments are recognized initially on the negotiation date in which the company becomes part of the contractual arrangements of the instrument.

A financial asset or financial liability is initially measured to its fair value, increased, except for those items not measured at fair value through income or loss, by the transaction costs that are directly attributed to its acquisition or issuance. Accounts receivable that do not contain a significant financial compound are initially measured on the transaction price.

**(ii) Classification and subsequent measurement**

**a. Financial assets**

On the initial recognition, a financial asset is classified as measured at amortized cost or measured at fair value through income or loss.

After the initial recognition the financial assets are not reclassified unless the Company changes the businesses model of the financial assets management. In that case, all the affected financial assets are reclassified on the first day of the presentation period subsequent to the change in the business model.

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

- it is held within a business model that aims to hold assets to collect contractual cash flows; and

- its contractual terms produce, on specific dates, cash flows that are solely payments of principal and interest on principal outstanding.

All financial assets not classified as measured at amortized cost, are classified at fair value through income or loss.

**b. Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

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

The Company takes into consideration the contractual terms of the instrument to evaluate if the contractual cash flows are only payments of the principal and interests. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that modify the amount or timing of the cash flows;
- terms that may adjust the contractual rate, including variable rates;
- prepayment and extension features; and
- terms that limit the Company claim to the cash flows of specific assets.

**c. Financial assets - subsequent measurement and incomes and losses**

The transaction costs of the financial assets measured at fair value through income or loss, after the initial recognition, are recognized on the result when incurred.

The transaction costs of financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income. Any gain or loss on derecognition is recognized in the income statement.

**d. Financial liability - classification, subsequent measurement and incomes and losses**

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

### (iii) Derecognition

#### a. Financial assets

The Company writes-off a financial asset when the contractual rights on the assets cash flows expire or the rights to receive the contractual cash flows are transferred during a transaction in which substantially all the risks and benefits of the financial asset's property are transferred, or doesn't transfer nor retain substantially all risks and benefits of property and doesn't maintain control over the transferred asset.

#### b. Financial liabilities

The Company writes-off a financial liability when it has its contractual obligations removed, cancelled or expired. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, if there's a new financial liability based on the modified terms it's recognized at fair value.

On the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including transferred assets that don't transit through cash or assumed liability) is recognized on income (loss).

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented on the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The Company doesn't have any financial instrument that could be reclassified or compensated.

### (v) Impairment of financial assets

#### a. Measurement of expected credit losses

The Company manages its customer' portfolio through specific rules for accept the customer and establish the credit limit, which is consistently realized through credit analysis that are periodically reviewed and approved by the credit committee. The Company has guarantees and financial instruments to mitigate the risk of default of its customers located in higher risk markets. In addition, supported by its policies and credit committee, it constantly analyzes and monitors all credit limits and actively collects outstanding and/or overdue amounts in all markets where operates.

The bank deposits and financial investments are contracted with financial institutions considered by the Company as highly rated institutions.

Estimated credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (meaning, the difference between the cash flows due to the company in accordance with the contract and the cash flows the company expects to receive).

Receivables present the need for the creation of expected credit loss not only for customers in collection or judicial recovery, with low probability of credits recovery, but also considering the real and future probability of default on the entire portfolio.

**b. Presentation of provision for expected credit losses on the balance sheet**

The provision for financial assets losses measured at amortized cost is deducted from the assets' gross book value.

**c. Write-off**

When the Company considers that there's no reasonable expectations of recovering, the uncollectible balance is written-off. Afterwards write-off recognition, this could be reversed or reduced if can be objectively related to an event that occurred. This reversal is recognized is into income (loss). The Company doesn't expect any significant recovery of the written-off amounts. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

**(vi) Derivative financial instruments and hedge accounting**

The Company uses the cash flow hedge, methodology in which the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity, in the "Hedge accounting" account within the "Equity valuation adjustments" group. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. When a hedge instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and will be recognized in the income statement when the hedged transaction is recognized in the income statement.

According to the Accounting Standard CPC 48 / IFRS 9 Financial Instruments - the Company can separate the forward element and the spot element of a forward contract and designate only the change in the spot element as the hedge instrument (IFRS9 6.2.4 Item b). The Company designates the foreign exchange component of currency and interest rate swaps for cash flow hedge accounting.

### d. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

### e. Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at historical cost of acquisition or construction less accumulated depreciation and any accumulated impairment losses.

Any gains or losses arising on the disposal or write-off of an item of Property, plant and equipment are recognized in income or loss.

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalized as part of the costs of these assets. These costs are amortized over their estimated useful lives.

Scheduled maintenance downtime costs are capitalized and depreciated over the estimated period of time until the next shutdown.

#### (ii) Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in income or loss. Property, plant and equipment useful life is shown at note 12.

The Company depreciates its fixed assets in its entirety because its assets are acquired with the intention of use throughout its useful life, so the expected residual value for its fixed assets is zero at the end of its useful life.

It is not part of the Company's business strategy to sell fixed assets, if they occur, the assets are in the condition of unusable (non-operational), without conditions of use due to the severity of the operation (forestry, carrier and logistics).

The estimated useful life, residual values and depreciation methods are reviewed annually on each reporting date, and the effect of any changes in estimates is accounted for prospectively.

#### (iii) Impairment

On each reporting date, the balance of fixed assets and other assets is reviewed annually to identify evidence of non-recoverable losses, or whenever events or changes in circumstances indicate that the book value may not be recoverable. If there is such an indication, the recoverable amount of the asset is estimated.

For impairment tests, assets are grouped together into the smallest asset in the group, which generates cash inflows from use that are largely independent of cash inflows from other assets or CGUs.

The recoverable amount of an asset or CGU is the higher of the value in use and its fair value less costs to sell. The value in use is based on future cash flows, discounted at their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in income or loss.

### f. Biological assets

Biological assets consist of eucalyptus forests from renewable plantations for the production of pulp used in paper manufacturing.

These assets are measured at fair value less cost to sell - the impact of which is reflected in the statement of income for the year.

The Company revaluates the value of its biological assets every six months or when there are indications of significant changes in the main assumptions.

Depletion is measured based on the amount of wood harvested in relation to the projected amount of forests that were valued at their fair value.

### g. Intangible

#### (i) Recognition and measurement

Terminal concession, software and the goodwill of right-of-use on port concession (difference between book values and the fair value calculated at the time of the negotiation), acquired by the Company have designated useful lives and are measured at cost, less accumulated amortization and any accumulated impairment losses.

**(ii) Amortization**

The amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual value, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in income or loss. Intangible useful life is show on note 13.

**h. Provisions**

A provision is recognized as a liability when the Company has present obligations that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation.

**i. Income tax and social contribution tax**

Income tax and social contribution includes current and deferred income taxes, which are recognized in income or loss unless they are related to business combinations or items directly recognized in equity or in other comprehensive income.

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus a 10% surtax on taxable profit exceeding R$ 240 for income tax and 9% on taxable profit for social contribution, and consider the offset of losses carry forwarded up to 30% of the taxable profit.

**(i) Current taxes**

Current tax is the estimated tax payable or receivable on the taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. It is calculated based on the tax rates enacted at the reporting date.

**(ii) Deferred taxes**

Deferred taxes are recognized for tax losses and temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for income tax purposes.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred tax assets are recognized as non-utilized tax losses, tax credits and deductible temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will be realized.

The deferred tax is measured at the rates which are expected to be applied to temporary differences when they reverse, based on enacted or substantively enacted laws by the date of the individual and consolidated financial statements.

**(iii) Uncertainty about the treatment of taxes on profit**

The interpretation, in force from January 1st, 2019, clarifies how to apply the recognition and measurement requirements when there is uncertainty about the treatment of taxes on profit.

Uncertainty should be reflected in the measurement to provide the best forecast of uncertainty resolution, based on the approach of (i) the most likely value or (ii) the expected value.

ICPC 22 / IFRIC 23 – *Uncertainty about the treatment of taxes on profit*, does not introduce new disclosures but reinforces the need to comply with existing disclosure requirements on (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties not reflected in the financial statements.

Management did not identify impacts arising from the implementation of this interpretation.

**j. Leases**

**(i) Right to use leased assets**

The Company and its subsidiaries adopted IFRS 16 / CPC 6 (R2) – Leases on January 1st, 2019, considering as a basis of analysis the contracts with identifiable assets, whose control of the use of the asset, economic benefits, as well as other aspects provided in the pronouncement, are exclusive to the Company and its subsidiaries, regardless of the legal form given to the contract. Service contracts and supply agreements were treated as leases when there is an identifiable asset.

At the date of the initial adoption, the Company and its subsidiaries used the modified retrospective approach, choosing to measure the cost of the right-of-use to the amount equivalent to the present value of the lease liability payable as from January 1st, 2019, without restating comparative information.

The depreciation of the right-of-use is calculated based on the term of validity of each lease.

Lease agreements with a term of less than twelve months and an identifiable asset with a market value of less than twenty thousand Brazilian Reais were not included at the initial adoption of IFRS 16/CPC 6 (R2) – leases.

**(ii) Lease liability**

At the initial measurement date, the lease liability was calculate based on the present value of the fixed lease payments that were not made until that date. The renewal period was considered for leases that has automatic renewal periods. The amounts of the installments payable were discounted by the incremental rate on loan (discount rate), plus other contractual obligations set forth in the lease agreements adjusted to the present value.

The Company and its subsidiaries opted to define a single discount rate for leases with similar characteristics, considering as a criterion for the definition of the discount rate the financial costs of loans and borrowings for the acquisition of similar assets.

The discount rate used for the calculation of the identified assets present value and, consequently, for the monthly appropriation of financial interest, is between 9.5% and 12.44%, in accordance with the term of each lease.

The value of the adjustment to the present value will be appropriated monthly as financial interest in the income (loss).

**k. New standards, revisions and interpretations not yet adopted**

There are no other standards that are not yet effective that would be expected to have a material impact on the Company's individual and consolidated financial statements.

**l. Operating segments**

Pulp is the only reportable segment. Revenue from the electric energy surplus from the pulp production process are considered into pulp segment and represent less than 10% of the total net revenue.

Reportable segment: Pulp - cultivation and management of forest resources, purchase of wood and pulp manufacturing.

**m. Government grants**

The Company set up a tax incentive reserve for a portion of the net profit resulting from government subsidies, through ICMS credits, resulting from a tax incentive package granted by the Government of Mato Grosso do Sul. The incentives were granted due to the investments made in the construction of line 1, the formation of biological assets, the generation of new direct and indirect jobs, promoting an increase in the state's economy. The recognition of credits is presented in the Company's income (loss).

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

## 5. Cash and cash equivalents, short term investments

### 5.1. Cash and cash equivalents

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Cash | 38 | 41 | 51 | 44 |
| Bank deposits (a) | 62,969 | 18,747 | 518,942 | 553,739 |
| Bank certificates of deposit - CDB (b) | 238,882 | 164,504 | 270,951 | 334,231 |
| | **301,889** | **183,292** | **789,944** | **888,014** |

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

| | Bank deposits and Bank certificates of deposit | | | |
|---|---|---|---|---|
| | Individual | | Consolidated | |
| Risk classification (1) | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| AAA | - | - | 5,460 | 1,925 |
| A | 301,838 | 19,961 | 784,420 | 24,679 |
| A- | - | 54,807 | - | 581,367 |
| BBB | - | - | - | 1,916 |
| BB | 11 | - | 11 | - |
| BB- | | | | |
| B+ | - | 107,347 | - | 276,946 |
| B- | 2 | 1,136 | 2 | 1,137 |
| | **301,851** | **183,251** | **789,893** | **887,970** |

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

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

### 5.2. Short term investments

| | Individual | | Consolidated |
|---|---|---|---|
| | 12/31/2021 | 12/31/2021 | 12/31/2020 |
| Bank of Brasil - Paris(a) | - | - | 62,392 |
| Time deposit (b) | 55,899 | 55,899 | - |
| Bank certificates of deposit - CDB (c) | 101,052 | 101,052 | - |
| | **156,951** | **156,951** | **62,392** |
| Current | 24,555 | 24,555 | 62,392 |
| Non-current | 132,396 | 132,396 | - |
| | **156,951** | **156,951** | **62,392** |

(a) Bank deposits held at Banco do Brasil AG, Succursale France, as a collateral for the Term Loan agreement presented in note 16.3 (iv), settled in April 2021.

(b) Interest-bearing bank deposits held as collateral for Advance on Exchange Contracts (ACC) presented in note 16.3 (i), which will be released upon repayment;

(c) 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 16.3 (iii), which will be released upon repayment.

## 6. Trade receivables

### 6.1. Balance composition

| | | Individual | | Consolidated |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Domestic | 123,997 | 142,002 | 124,003 | 142,002 |
| Foreign | 716,128 | 360,513 | 834,127 | 603,672 |
| | **840,125** | **502,515** | **958,130** | **745,674** |
| Expected credit loss (ECL) | (7,548) | (11,683) | (30,121) | (33,297) |
| | **832,577** | **490,832** | **928,009** | **712,377** |

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

Balance by maturity:

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Current | 806,094 | 478,301 | 808,738 | 634,159 |
| From 1 to 30 days past due | 14,451 | 2,980 | 75,507 | 43,925 |
| From 31 to 60 days past due | 9,889 | 97 | 38,579 | 24,324 |
| From 61 to 90 days past due | 476 | - | 1,795 | 246 |
| Over 90 days past due | 1,667 | 9,454 | 3,390 | 9,723 |
| | **832,577** | **490,832** | **928,009** | **712,377** |

The Company entered into a financing arrangement in which received financing capital related to a portion of its accounts receivable. The Company has derecognized the negotiated receivables since it has transferred all related risks and returns to the financial agreement counterpart. These financial transactions can be discontinued anytime without negative impact to the Company' operations. The portion of the accounts receivables negotiated in the period ended at December 31st, 2021 amounts for R$ 81,964 (no similar transactions at December 31st, 2020).

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

## 6.2. Expected credit loss transactions:

| | Individual | Consolidated |
|---|---|---|
| **Balance December 31, 2019** | **(5,548)** | **(5,888)** |
| .Additions | (6,445) | (27,413) |
| .Reversal | 310 | 310 |
| .Foreign exchange variance | - | (306) |
| **Balance December 31, 2020** | **(11,683)** | **(33,297)** |
| .Additions | (5,555) | (5,853) |
| .Reversal | 9,693 | 10,586 |
| .Foreign exchange variance | (3) | (1,557) |
| **Balance December 31, 2021** | **(7,548)** | **(30,121)** |

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

# 7. Related parties

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

## 7.1. Balance composition

| | | | | | Receivable (payable) |
|---|---|---|---|---|---|
| | | | Individual | | Consolidated |
| Subsidiaries | Transaction | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Cellulose Eldorado Áustria GmbH | Pulp sale | 166,628 | 42,808 | - | - |
| Cellulose Eldorado Áustria GmbH | AFE (ii) NE 7.3 | - | (45,590) | - | - |
| Cellulose Eldorado Áustria GmbH | Costs transfer | - | (111) | - | - |
| Eldorado EUA Inc. | Pulp sale | 488,593 | 277,441 | - | - |
| Eldorado EUA Inc. | Costs transfer | - | (1,110) | - | - |
| Eldorado Intl. Finance GmbH | AFE (iii) NE 7.3 | (1,231,122) | (1,842,102) | - | - |
| Eldorado Intl. Finance GmbH | Costs transfer | - | (31) | - | - |
| Rishis Empreend. e Partic. | Services | (37,958) | (31,499) | - | - |
| Eldorado Brasil Logística Ltda. | Costs transfer | 48,605 | - | - | - |
| **Net total payable to subsidiaries** | | **(565,254)** | **(1,600,194)** | **-** | **-** |
| Shareholders | | | | | |
| J&F Participações S.A. | Guarantee fees (i) | (56) | (1,631) | (56) | (1,631) |
| J&F Participações S.A. | Other (vi) | (202) | (85) | (202) | (85) |
| **Total payable to controlling shareholders** | | **(258)** | **(1,716)** | **(258)** | **(1,716)** |
| Other related parties | | | | | |
| JBS S.A. | Other (iv) | (78) | (80) | (78) | (80) |
| Seara Alimentos Ltda. | Meals (v) | (894) | (536) | (894) | (536) |
| **Total payable to group companies** | | **(972)** | **(616)** | **(972)** | **(616)** |
| | | **(566,484)** | **(1,602,526)** | **(1,230)** | **(2,332)** |
| Assets | | | | | |
| Trade receivables | | 655,221 | 320,249 | - | - |
| Trade receivables with related parties | | 48,605 | - | - | - |
| Liabilities | | | | | |
| Trade payables | | (39,047) | (32,115) | (1,089) | (616) |
| Loans and borrowings with related parties | | (1,231,122) | (1,887,692) | - | - |
| Accounts payable with related parties | | (141) | (2,968) | (141) | (1,716) |
| **Total** | | **(566,484)** | **(1,602,526)** | **(1,230)** | **(2,332)** |

## 7.2. Period transactions

| | | | | | Income (expenses) |
|---|---|---|---|---|---|
| | | | Individual | | Consolidated |
| Subsidiaries | Transaction | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Cellulose Eldorado Áustria GmbH | Pulp sale | 1,657,982 | 1,963,890 | - | - |
| Cellulose Eldorado Áustria GmbH | AFE (ii) | (1,845) | (10,493) | - | - |
| Eldorado EUA Inc. | Pulp sale | 1,287,553 | 801,582 | - | - |
| Eldorado Intl. Finance GmbH | AFE (iii) | (101,622) | (162,711) | - | - |
| Rishis Empreend. e Partic. | Services | (24,702) | (24,513) | - | - |
| **Net revenue with subsidiaries** | | **2,817,366** | **2,567,755** | **-** | **-** |
| Shareholders | | | | | |
| J&F Participações S.A. | Guarantee fees(i) | (1,375) | (13,891) | (1,375) | (13,891) |
| **Total expenses with shareholders** | | **(1,375)** | **(13,891)** | **(1,375)** | **(13,891)** |
| Other related parties | | | | | |
| JBS S.A. | Others (iv) | (9,696) | (13,453) | (9,696) | (13,453) |
| Seara Alimentos Ltda. | Meals (v) | (1,113) | (220) | (1,113) | (220) |
| Flora Prod. Higiene e Limp. S.A. | Supplies (vii) | - | (520) | - | (520) |
| **Total expenses with group companies** | | **(10,809)** | **(14,193)** | **(10,809)** | **(14,193)** |
| **Total income** | | **2,805,182** | **2,539,671** | **(12,184)** | **(28,084)** |

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

**(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 was settled 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;

**(viii)** 5 year loan agreement with the subsidiary Eldorado Brasil Logística Ltda.

## 7.3. Period transactions of related parts loans

| | | **Individual** |
|---|---|---|
| | **12/31/2021** | **12/31/2020** |
| **Opening balance** | 1,887,692 | 1,547,141 |
| **Provisions** | | |
| .Interest | 103,569 | 179,174 |
| .Foreign exchange variance | 90,443 | 452,054 |
| **Payments** | | |
| .Principal | (741,137) | (123,976) |
| .Interest | (109,445) | (166,701) |
| **Ending balance** | **1,231,122** | **1,887,692** |
| Current | 3,412 | 1,887,692 |
| Non-current | 1,227,710 | - |
| | **1,231,122** | **1,887,692** |

The reclassification from current liabilities to non-current liabilities is in accordance to the extension referred in the note 7.2 (iii).

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

### 7.4. 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 profit and loss, were as follows:

| | | Individual | | Consolidated |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Benefits (a) | 27,530 | 24,154 | 33,864 | 29,835 |
| Private pension | 368 | 296 | 444 | 351 |

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

## 8. Inventories

| | | Individual | | Consolidated |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Seedlings | 264 | 3,523 | 264 | 3,523 |
| Raw materials - wood | 187,273 | 112,309 | 187,273 | 112,309 |
| Pulp | 70,930 | 47,562 | 227,663 | 220,544 |
| Operating supplies | 56,774 | 38,861 | 56,774 | 38,861 |
| Maintenance supplies | 206,218 | 169,457 | 206,461 | 169,648 |
| | **521,459** | **371,712** | **678,435** | **544,885** |

Wood raw material have increase due to higher volumes available for production. The increase in the maintenance supplies balance are related to additional supplies to support forestry activities and biomass production for the Thermoelectric Power Plant. It is also related to an increase in the safety stock levels of the operational spare parts as well as the nominal value of overall items due to inflation and exchange depreciation.

In the year ending December 31st, 2021 and 2020, there are no inventories pledged.

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

## 9. Recoverable taxes

| | Individual | | Consolidated | |
|---|---|---|---|---|
| **VAT tax** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| State value added tax - VAT (i) | 1,030,760 | 1,109,054 | 1,032,600 | 1,110,837 |
| VAT loss provison (ii) | (1,030,760) | - | (1,030,760) | - |
| **VAT, net** | **-** | **1,109,054** | **1,840** | **1,110,837** |
| **Other recoverable taxes** | | | | |
| Federal VAT (PIS and COFINS) (iii) | 52,167 | 95,952 | 52,874 | 95,958 |
| Reintegra tax credit (iv) | 14,759 | 16,621 | 14,759 | 16,621 |
| Income tax and social contribution - IRPJ/CSLL | 191 | 503 | 201 | 535 |
| Other | 1,757 | 196 | 2,183 | 591 |
| **Total recoverable taxes** | **68,874** | **1,222,326** | **71,857** | **1,224,542** |
| Current | 67,146 | 182,101 | 70,098 | 184,317 |
| Non-current | 1,728 | 1,040,225 | 1,759 | 1,040,225 |
| | **68,874** | **1,222,326** | **71,857** | **1,224,542** |

### (i) State value added tax - VAT (“ICMS”)

ICMS credits arise from the acquisition of consumed production materials, fixed assets and tax incentive, granted, under the law, by the Government of *Mato Grosso do Sul - MS*, for investments in the industrial plant located in city of *Três Lagoas*.

The ICMS realization plan was mainly supported by the Company's expansion project, which is part of the strategic planning previously approved by the Board of Directors, for an investment in a new pulp mill with an estimated capacity of 2.3 million tons of pulp per year.

### (ii) VAT loss provision

In November 18th, 2021, the Company was notified by the Internal Revenue Service of the State of Mato Grosso do Sul - MS, and required to reverse an amount R$ 505,054 of the accumulated ICMS credits, under the allegation that such credits have been expired according to the article 68 of the state Law No. 1810 (1997).

The Company, supported by its legal advisors, took the legal measures to ensure its right to maintain the accumulated ICMS credits and obtained a preliminary injunction that compels the tax authorities to refrain from a tax penalty.

Considering the new circumstances brought by the IRS-MS notification, also considering that: (a) the credit realization depends on the authorization of the tax authorities; (b) the tax authorities authorization to offset the tax credits against tax debits must be at the time the tax debits are due; (c) it is not probable that the authorization to offset tax credits will be granted during the litigation; and, (d) it is not possible to predict how long the litigation will last; the Company understands that is no longer possible to ensure that it will obtain the authorization from the tax authorities to realize the tax credits within the timeframe planned in its ICMS realization plan (item "i"). Therefore, considering that it is no longer possible to establish that the ICMS credits will be monetized in the timeframe foreseen in its ICMS realization plan (item "i"), and considering the absence of other monetization plans, the Company determined that the recoverable value of the ICMS tax credits as of December 31st, 2021, whether at its value in use or fair value, is equal to zero. Hence, the Company recorded an ICMS loss provision in the amount of R$ 1,030,760, which represents the totality of the ICMS credits as of December 31st, 2021.

**(iii) PIS and COFINS**

PIS and COFINS are the excess of non-cumulative credits related to:

a. Favorable decision, in June 28, 2019, of the legal action filed by the Company claiming the exclusion of ICMS from the tax basis of PIS and COFINS owe in domestic sales, which became final on June 28, 2019, and was recognized in other operating income (expenses) in 2019.

b. Acquisition of raw materials and operating supplies consumed in the production of pulp sold overseas;

c. Acquisition of equipment used on pulp and electric energy production as well as forestry activities.

The realization assumptions includes:

a. Offset with other federal tax, such as withhold income tax, social security contributions – INSS, reintegra and corporate income tax;

b. Tax refunds.

**(iv) Reintegra**

Reintegra is tax incentive program created in 2011 by the federal government to exporting companies to eliminate remaining tax liabilities in the production chain and preserve the competitiveness of Brazilian export prices. The program allows exporting companies to return the paid federal taxes, such as PIS, COFINS, and IRRF.

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

The Reintegra credits are calculated by applying a specific rate determined by Brazilian tax authorities (currently 0.1%) on the export revenues.

The credits can be offset to other federal taxes upon the tax authority authorization or refunded in cash.

## 10. Biological assets

The biological assets have the follow changes in the 12-month period ended December 31st, 2021:

| | Individual and consolidated | |
|---|---|---|
| | **12/31/2021** | **12/31/2020** |
| Beginning balance | 3,004,369 | 2,745,146 |
| Forest formation cost | 544,080 | 374,462 |
| Forest depletion | (220,276) | (273,891) |
| Disposals | (8,122) | (28,354) |
| Fair value adjustment, net of selling expenses | 173,782 | 187,006 |
| **Ending balance** | **3,493,833** | **3,004,369** |

Considering the applied measurement methodology, the fair value of the biological assets calculation falls under Level 3 in the hierarchy.

In order to recognize the fair value of its biological assets, the Company uses the Discounted Cash Flow - DFC, whose methodology can be summarized as the projection of growth and depletion of the working forests within a period of 6 to 10 years, supported by the operational restrictions and annual demand of wood.

The volume of trees to be harvested is estimated on the average productivity of the wood produced for each working forest, calculated per hectare and measured in cubic meters, at the time of the tree felling. It is represented by the Average Annual Timber Increment (IMA) in cubic meters per hectare/year. The working forest costs include fertilization, weed control, ants and other pests' control, construction and maintenance of access roads and fire breaks, and all other necessary services.

Wood prices, cash flow discount rate and Tax Amortization Benefit – TAB, are the main assumptions for fair value calculation. The average selling price of eucalyptus wood was estimated for the local market and adjusted to reflect the standing timber price for each working forest of the Company, which changes according to the road distance to the Company's plant. The discount rate is the Company's Weighted Average Cost of Capital – WACC.

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

Significant increases (decreases) in the prices used in the valuation would result in an increase (decrease) in the measurement of the fair value of biological assets.

The weighted average price of Eucalyptus wood, calculated by Pöyry and disclosed quarterly in the Radar bulletin, is the regional market price of standing timber that the Company uses for both, the valuation of biological assets and the price reference for rural partnership agreements. The Radar bulletin is the one that better reflects the conditions of the regional market of Mato Grosso do Sul - MS, the location where the Company has its industrial operations.

Significant increases (decreases) of WACC would result in a decrease (increase) in the fair value of biological assets.

The main assumptions on fair value calculation were as follows:

| | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Harvest area (hectare) | 233,252 | 213,446 |
| Average annual timber increment (AATI) - $m^3$/hectare | 30.28 | 32.16 |
| Discount rate - WACC (%) | 5.61 | 4.75 |
| Timber market price - R$ / $m^3$ | 79.50 | 67.50 |

Changes in the fair value of biological assets are recognized in the profit or loss of the period, under fair value adjustment, and are mostly related to the follow variables:

| | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Price | 174,291 | 308,807 |
| Physical changes | (509) | (121,801) |
| | **173,782** | **187,006** |

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. Despite the risks, there was not any significant impact on wood supply that can affect that pulp production in the short or long term.

During the year of 2021, there were extraordinary expenses with firefighting due to atypical weather conditions (note 25). Additionally, there is exposure related to climate change, which can affect the ecosystem environment and consequently the productivity of plantations.

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

# 11. Investments

## 11.1. Investment composition and controlled entity's information

| | Equity interest | Total assets | Share capital | Equity | Net revenue | Net income (loss) |
|---|---|---|---|---|---|---|
| Cellulose Eldorado Austria Gmbh | 100% | 2,709,262 | 111 | 1,801,825 | 4,813,723 | 1,404,137 |
| Rishis Empreendimentos e Participações S.A. | 100% | 100,155 | 108,979 | 91,301 | 23,341 | 40 |
| Eldorado Brasil Celulose Logística Ltda. | 100% | 297,954 | 69,431 | 74,178 | - | (48) |

## 11.2. Transactions in investments - individual

| | Balance at 12/31/2020 | Additions (disposals) | Dividends | Fair value intercompany mutual | Cumulative translation adjustment | Unrealized income on inventories | Equity accounting results | Balance at 12/31/2021 |
|---|---|---|---|---|---|---|---|---|
| Cellulose Eldorado Austria Gmbh | 1,110,876 | | (843,432) | - | 156,023 | (25,779) | 1,404,137 | **1,801,825** |
| Rishis Empreendimentos e Participações S.A. | 101,777 | (1,180) | | - | - | - | 40 | **100,637** |
| Eldorado Brasil Celulose Logística Ltda. | 66,133 | 3,298 | | 4,795 | - | - | (48) | **74,178** |
| **Total** | **1,278,786** | **2,118** | **(843,432)** | **4,795** | **156,023** | **(25,779)** | **1,404,129** | **1,976,640** |

### Subsidiaries

### Cellulose Eldorado Austria GmbH

Both, Cellulose Eldorado Austria GmbH (Austria) and Eldorado USA Inc. (United States), were incorporated in December 2012. The two units are strategically located abroad and were created to attend to the international customers as well as to prospect new sales. In 2013, a commercial office was opened in China (Shanghai), continuing the expansion of the Company's presence in foreign markets.

Eldorado Intl Finance GmbH is a company created with the objective of issuing bonds in the international market, keeping segregation to the commercial activities carried out by Eldorado's subsidiaries. The company was incorporated in February 2016 and the issued bonds initially in June 2016.

### Rishis Empreendimentos e Participações S.A.

Rishis Empreendimentos e Participações S.A. holds the rights and obligations related to a public port facility area specialized in export pulp handling in the "breakbulk" mode. It operates under a contract with Santos Port Authority – SPA, signed on December 2nd, 2005, and expiration date in November 4th, 2029. It is located in the polygonal area of the organized port of Santos, in the region known as Outeirinhos. The permission to operate was published in the DOU (see "Executive Declaratory Act No. 30" on May 20th, 2013).

**Eldorado Brasil Celulose Logística Ltda.**

Eldorado Brasil Celulose Logística Ltda was incorporated in November 2020 and holds the rights and obligations related to the area and public infrastructure for handling and storage general merchandise, especially pulp. It is located at Terminal STS14 in the Port of Santos, a public concession supported by the agreement with the Federal Government of Brazil, the National Agency of Waterway Transport - ANTAQ, and the Santos Port Authority – SPA, signed at November 17th, 2020. It is a twenty-five (25) years agreement that can be extended successively, at the Federal Government's sole discretion, to up to seventy (70) years.

**(i) Goodwill of right of use on port concession**

The goodwill related to the right of use of public port facility area of its subsidiary Rishis amounts for R$ 9,336 in December 31st, 2021 (R$ 10,516 on December 31st, 2020), for the right to use the area in the port area, subject to a contract of lease that is being amortized over the right-of-use period, valid until November 4, 2029.

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

## 12. Property, plant and equipment

### 12.1. Property, plant and equipment composition

| | Weighted annual depreciation rates | 12/31/2021 Cost | 12/31/2021 Accumulated depreciation | 12/31/2021 Net cost | 12/31/2020 Cost | 12/31/2020 Accumulated depreciation | 12/31/2020 Net cost |
|---|---|---|---|---|---|---|---|
| **Individual:** | | | | | | | |
| Buildings and facilities | 3.4% a 5.6% | 1,752,706 | (427,698) | 1,325,008 | 1,494,859 | (368,636) | 1,126,223 |
| Machinery and equipment | 6.5% | 4,282,963 | (1,304,190) | 2,978,773 | 3,948,638 | (1,220,596) | 2,728,042 |
| Vehicles and vessels | 13.3% a 20.0% | 187,283 | (109,671) | 77,612 | 148,892 | (107,949) | 40,943 |
| IT equipments | 19.3% | 103,135 | (69,552) | 33,583 | 84,982 | (62,967) | 22,015 |
| Assets under construction | - | 325,327 | - | 325,327 | 693,131 | - | 693,131 |
| Others | 9.3% a 20.0% | 136,165 | (15,919) | 120,246 | 129,054 | (13,400) | 115,654 |
| | | **6,787,579** | **(1,927,030)** | **4,860,549** | **6,499,556** | **(1,773,548)** | **4,726,008** |
| **Consolidated:** | | | | | | | |
| Buildings and facilities | 3.4% a 5.6% | 1,753,831 | (427,824) | 1,326,007 | 1,495,979 | (368,680) | 1,127,299 |
| Machinery and equipment | 6.5% | 4,287,761 | (1,305,598) | 2,982,163 | 3,953,580 | (1,221,554) | 2,732,026 |
| Vehicles and vessels | 13.3% a 20.0% | 187,283 | (109,671) | 77,612 | 148,892 | (107,949) | 40,943 |
| IT equipments | 19.3% | 105,334 | (71,366) | 33,968 | 87,085 | (64,476) | 22,609 |
| Assets under construction | - | 341,530 | - | 341,530 | 698,901 | - | 698,901 |
| Others | 9.3% a 20.0% | 137,099 | (16,491) | 120,608 | 129,972 | (13,896) | 116,076 |
| | | **6,812,838** | **(1,930,950)** | **4,881,888** | **6,514,409** | **(1,776,555)** | **4,737,854** |

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

### 12.2. Property, plant and equipment transactions

| | Balance at 12/31/2020 | Additions | Disposals | Transfers | Depreciation | Foreign exchange variance | Balance at 12/31/2021 |
|---|---|---|---|---|---|---|---|
| | | Transactions for the year ended 12/31/2021 | | | | | |
| **Individual:** | | | | | | | |
| Buildings and facilities | 1,126,223 | - | - | 257,847 | (59,062) | - | 1,325,008 |
| Machinery and equipment | 2,728,042 | 72,256 | (9,441) | 397,178 | (209,262) | - | 2,978,773 |
| Vehicles and vessels | 40,943 | 32,600 | (812) | 23,986 | (19,105) | - | 77,612 |
| IT equipments | 22,015 | 259 | (5) | 18,301 | (6,987) | - | 33,583 |
| Assets under construction | 693,131 | 336,573 | - | (704,377) | - | - | 325,327 |
| Others | 115,654 | 478 | (421) | 7,065 | (2,530) | - | 120,246 |
| | **4,726,008** | **442,166** | **(10,679)** | **-** | **(296,946)** | **-** | **4,860,549** |
| **Consolidated:** | | | | | | | |
| Buildings and facilities | 1,127,299 | - | - | 257,848 | (59,140) | - | 1,326,007 |
| Machinery and equipment | 2,732,026 | 72,256 | (9,483) | 397,090 | (209,726) | - | 2,982,163 |
| vehicles and vessels | 40,943 | 32,600 | (812) | 23,986 | (19,105) | - | 77,612 |
| IT equipments | 22,609 | 284 | (7) | 18,301 | (7,245) | 26 | 33,968 |
| Assets under construction | 698,901 | 346,919 | - | (704,290) | - | - | 341,530 |
| Others | 116,076 | 478 | (421) | 7,065 | (2,594) | 4 | 120,608 |
| | **4,737,854** | **452,537** | **(10,723)** | **-** | **(297,810)** | **30** | **4,881,888** |

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

| | | Transactions for the year ended 12/31/2020 | | | | | |
|---|---|---|---|---|---|---|---|
| | **Balance at 12/31/2019** | **Additions** | **Disposals** | **Transfers** | **Depreciation** | **Foreign exchange variance** | **Balance at 12/31/2020** |
| **Individual:** | | | | | | | |
| Buildings and facilities | 1,127,539 | - | - | 51,887 | (53,203) | - | 1,126,223 |
| Machinery and equipment | 2,695,308 | 54,872 | (4,703) | 172,372 | (189,807) | - | 2,728,042 |
| Vehicles and vessels | 49,914 | 4,282 | (1,496) | 4,222 | (15,979) | - | 40,943 |
| IT equipments | 8,063 | 752 | (9) | 16,481 | (3,272) | - | 22,015 |
| Assets under construction | 472,256 | 483,360 | - | (262,485) | - | - | 693,131 |
| Others | 112,019 | 385 | - | 5,295 | (2,045) | - | 115,654 |
| | **4,465,099** | **543,651** | **(6,208)** | **(12,228)** | **(264,306)** | **-** | **4,726,008** |
| | - | - | - | - | - | | - |
| **Consolidated:** | | | | | | | |
| Buildings and facilities | 1,127,561 | - | - | 52,942 | (53,208) | 4 | 1,127,299 |
| Machinery and equipment | 2,697,016 | 54,872 | (4,893) | 175,078 | (190,047) | - | 2,732,026 |
| vehicles and vessels | 49,914 | 4,282 | (1,496) | 4,222 | (15,979) | - | 40,943 |
| IT equipments | 8,556 | 883 | (9) | 16,611 | (3,539) | 107 | 22,609 |
| Assets under construction | 481,297 | 484,343 | - | (266,739) | - | - | 698,901 |
| Others | 112,414 | 386 | - | 5,371 | (2,112) | 17 | 116,076 |
| | **4,476,758** | **544,766** | **(6,398)** | **(12,515)** | **(264,885)** | **128** | **4,737,854** |

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

### 12.3. Expenditures on scheduled maintenance downtime

The expenses related to the scheduled maintenance to be depreciated is R$ 70,847 as of December 31st, 2021 (R$ 44,277 as of December 31st, 2020) - note 4(e)(i).

### 12.4. Construction in progress and advance payments

Refers mainly to structural improvements of the pulp mill and its surroundings, as well as expenses for basic engineering, environmental licensing and infrastructure work for the construction of the new pulp production line "Vanguarda 2.0 Project".

### 12.5. Provision for impairment

In the year ending December 31st, 2021, the Company did not identify any indication of impairment of its property, plant and equipment.

### 12.6. Assets pledged as colateral

Property, plant and equipment can be pledged as collateral up to the related loan amount (note 16).

## 13. Intangible assets

### 13.1. Intangible assets composition

| | Weighted annual amortization rates | 12/31/2021 | | | 12/31/2020 | | |
|---|---|---|---|---|---|---|---|
| | | Cost | Accumulated amortization | Net cost | Cost | Accumulated amortization | Net cost |
| Individual: | | | | | | | |
| Software | 19.6% | 53,241 | (23,020) | 30,221 | 31,741 | (17,553) | 14,188 |
| Consolidated: | | | | | | | |
| Goodwill of right-of-use on port concession | 6.9% | 17,002 | (7,666) | 9,336 | 17,002 | (6,486) | 10,516 |
| Software | 19.6% | 54,007 | (23,752) | 30,255 | 32,507 | (18,253) | 14,254 |
| Terminal concession | 8.6% | 105,847 | (45,433) | 60,414 | 92,082 | (39,005) | 53,077 |
| | | **176,856** | **(76,851)** | **100,005** | **141,591** | **(63,744)** | **77,847** |

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

### 13.2. Movements of intangible assets

| | Balance as at 12/31/2020 | Period of 12-months ended 12/31/2021 Additions | Transfers | Amortization | Balance as at 12/31/2021 |
|---|---|---|---|---|---|
| **Individual:** | | | | | |
| Software | 14,188 | 21,500 | - | (5,467) | 8,721 |
| **Consolidated:** | | | | | |
| Goodwill of right-of-use on port concession | 10,516 | - | - | (1,180) | 9,336 |
| Software | 14,254 | 21,500 | - | (5,499) | 30,255 |
| Terminal concession | 53,077 | 13,765 | - | (6,428) | 60,414 |
| | **77,847** | **35,265** | **-** | **(13,107)** | **100,005** |

| | Balance as at 12/31/2019 | Period of 12-months ended 12/31/2020 Additions | Transfers | Amortization | Balance as at 12/31/2020 |
|---|---|---|---|---|---|
| **Individual:** | | | | | |
| Software | 3,732 | 24 | 12,228 | (1,796) | 14,188 |
| **Consolidated:** | | | | | |
| Goodwill of right-of-use on port concession | 11,695 | - | - | (1,179) | 10,516 |
| Software | 3,870 | 24 | 12,265 | (1,905) | 14,254 |
| Terminal concession | 57,683 | 1,571 | 250 | (6,427) | 53,077 |
| | **73,248** | **1,595** | **12,515** | **(9,511)** | **77,847** |

(i) Goodwill of the right of use to on port concession - explanatory note 11.2.

## 14. Right of use of leased properties

### 14.1. Right of use composition

| | | | 12/31/2021 | | | 12/31/2020 |
|---|---|---|---|---|---|---|
| | Cost | Accumulated depreciation | Net cost | Cost | Accumulated depreciation | Net cost |
| **Individual:** | | | | | | |
| Land | 935,722 | (292,659) | 643,063 | 851,157 | (181,697) | 669,460 |
| Buildings | 5,306 | (3,208) | 2,098 | 5,092 | (2,675) | 2,417 |
| Vehicles | 59,225 | (30,707) | 28,518 | 27,805 | (21,565) | 6,240 |
| Machinery and forestry equipment | 5,679 | (4,350) | 1,329 | 13,581 | (8,166) | 5,415 |
| Facilities and improvements | 201 | (201) | - | 201 | (201) | - |
| | **1,006,133** | **(331,125)** | **675,008** | **897,836** | **(214,304)** | **683,532** |
| **Consolidated:** | | | | | | |
| Land | 935,722 | (292,659) | 643,063 | 851,157 | (181,697) | 669,460 |
| Buildings | 12,107 | (5,678) | 6,429 | 10,606 | (4,330) | 6,276 |
| Vehicles | 59,420 | (30,796) | 28,624 | 27,987 | (21,596) | 6,391 |
| Machinery and forestry equipment | 5,679 | (4,350) | 1,329 | 13,581 | (8,166) | 5,415 |
| Facilities and improvements | 241,180 | (202) | 240,978 | 240,073 | (202) | 239,871 |
| | **1,254,108** | **(333,685)** | **920,423** | **1,143,404** | **(215,991)** | **927,413** |

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

## 14.2. Transactions of right of use

| | Balance as at 12/31/2020 | Period of 12-months ended 12/31/2021 Additions | Disposals | Deprecia-tion | Price index adj. | Exchange rate variation | Balance as at 12/31/2021 |
|---|---|---|---|---|---|---|---|
| **Individual:** | | | | | | | |
| Land | 669,460 | 51,693 | (9,803) | (111,827) | 43,540 | - | 643,063 |
| Buildings | 2,417 | 123 | - | (688) | 246 | - | 2,098 |
| Vehicles | 6,240 | 49,065 | - | (10,983) | (15,804) | - | 28,518 |
| Machinery and forestry equipment | 5,415 | 7 | (2,544) | (2,369) | 820 | - | 1,329 |
| | **683,532** | **100,888** | **(12,347)** | **(125,867)** | **28,802** | **-** | **675,008** |
| **Consolidated:** | | | | | | | |
| Land | 669,460 | 51,693 | (9,803) | (111,827) | 43,540 | - | 643,063 |
| Buildings | 6,276 | 123 | - | (1,476) | 1,483 | 23 | 6,429 |
| Vehicles | 6,391 | 49,065 | - | (11,032) | (15,804) | 4 | 28,624 |
| Machinery and forestry equipment | 5,415 | 7 | (2,544) | (2,369) | 820 | - | 1,329 |
| Facilities and improvements | 239,871 | - | - | - | 1,107 | - | 240,978 |
| | **927,413** | **100,888** | **(12,347)** | **(126,704)** | **31,146** | **27** | **920,423** |

| | Balance as at 12/31/2019 | Period of 12-months ended 12/31/2020 Additions | Disposals | Deprecia-tion | Price index adj. | Exchange rate variation | Balance as at 12/31/2020 |
|---|---|---|---|---|---|---|---|
| **Individual:** | | | | | | | |
| Land | 588,285 | 92,764 | (50) | (95,721) | 84,182 | - | 669,460 |
| Buildings | 2,077 | 2,085 | - | (1,567) | (178) | - | 2,417 |
| Vehicles | 18,939 | 4,350 | (82) | (13,246) | (3,721) | - | 6,240 |
| Machinery and forestry equipment | 5,282 | 25 | (3,053) | (4,923) | 8,084 | - | 5,415 |
| | **614,583** | **99,224** | **(3,185)** | **(115,457)** | **88,367** | **-** | **683,532** |
| **Consolidated:** | | | | | | | |
| Land | 588,285 | 92,764 | (50) | (95,721) | 84,182 | - | 669,460 |
| Buildings | 5,188 | 2,085 | - | (2,437) | 1,390 | 50 | 6,276 |
| Vehicles | 18,939 | 4,531 | (82) | (13,278) | (3,730) | 11 | 6,391 |
| Machinery and forestry equipment | 5,282 | 25 | (3,053) | (4,923) | 8,084 | - | 5,415 |
| Facilities and improvements | | 239,871 | | | | | 239,871 |
| | **617,694** | **339,276** | **(3,185)** | **(116,359)** | **89,926** | **61** | **927,413** |

R$ 85,051 at December 31st, 2021 (R$ 78,723 at December 31st, 2020) out of the depreciation was considered part of the formation cost of biological assets (note 10) and R$ 30,472 at December 31st, 2021(R$ 25,388 at December 31st, 2020) was considered as advance to suppliers.

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

## 15. Trade payables

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Materials and services | 89,243 | 86,727 | 83,852 | 71,029 |
| Raw material | 187,390 | 176,490 | 187,391 | 176,489 |
| Other | 10,951 | 18,606 | 18,603 | 19,608 |
| | **287,584** | **281,823** | **296,904** | **267,126** |
| Current | 287,584 | 281,300 | 289,846 | 266,603 |
| Non-current | | 523 | | 523 |
| | **287,584** | **281,823** | **289,846** | **267,126** |

## 16 Loans and borrowings

### 16.1 Loans and borrowings composition

| Financial category | Average annual interest rate and commissions | Maturity | Individual 12/31/2021 | Individual 12/31/2020 | Consolidated 12/31/2021 | Consolidated 12/31/2020 |
|---|---|---|---|---|---|---|
| FINAME - Project Finance | 2.70% to 3.69% p.a | January/2022 to July/2023 | 1,077 | 3,739 | 1,077 | 3,739 |
| ACC - Exchange Contract Advance (i) | (*)Trade finance | January/2022 to Sept./2023 | 2,361,908 | 2,156,406 | 2,361,908 | 2,156,406 |
| BNDES (ii) | TJLP + 2.83% p.a. | - | - | 179,266 | - | 179,266 |
| BNDES (ii) | BNDES rate + 3.52% p.a. | - | - | 1,127,878 | - | 1,127,878 |
| NCE (iii) | (*)Trade finance | February/2022 to Jan./2023 | 819,124 | 426,681 | 819,124 | 426,681 |
| Term loan (iv) | LIBOR + 5% a.a | - | - | - | - | 57,871 |
| Bond (v) | 8.625% a.a | - | - | - | - | 1,822,573 |
| FINEM Florestal (vi) | TJLP + 3.48% p.a./ selic + 3.58% p.a. | - | - | 214,629 | - | 214,629 |
| Leasing (vii) | CDI + 5.02% p.a. | March/2024 to March/2025 | 20,376 | 26,702 | 20,376 | 26,702 |
| CCB (viii) | Pre-fixed - 8.97% p.a. | August/2022 | 75,436 | 75,192 | 75,436 | 75,192 |
| PPE (ix) | * Trade finance | August/2022 to Nov./2022 | 1,665,127 | 1,636,020 | 1,665,127 | 1,636,020 |
| CRA (x) | IPCA + 7.1945% p.a. | September/2027 | 506,729 | - | 506,729 | - |
| Debentures (4th. issue) (xii) | CDI + 3.00% p.a) | September/2024 | 694,215 | - | 694,215 | - |
| | | | **6,143,992** | **5,846,513** | **6,143,992** | **7,726,957** |
| Current | | | 927,423 | 3,765,168 | 927,423 | 5,645,612 |
| Non-current | | | 5,216,569 | 2,081,345 | 5,216,569 | 2,081,345 |
| | | | **6,143,992** | **5,846,513** | **6,143,992** | **7,726,957** |
| **The maturity of non-current liabilities is as follows:** | | | | | | |
| 2023 | | | 4,036,539 | | | |
| 2024 | | | 682,020 | | | |
| 2025 | | | 484 | | | |
| 2026 | | | 257,261 | | | |
| 2027 | | | 240,265 | | | |
| | | | **5,216,569** | | | |

(*) Trade finance (ACC, NCE and PPE) has an average dollar cost from 1.4% to 5.22% p.a.

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

### 16.2 Transactions of loans and borrowings

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| **Beginning balance** | **5,846,513** | **5,270,029** | **7,726,957** | **6,812,484** |
| Loans and borrowings raised | 3,889,741 | 651,035 | 3,899,858 | 651,035 |
| Accrued interest | 335,231 | 379,124 | 414,843 | 548,293 |
| Accrued foreign exchange variance | 367,445 | 1,180,063 | 318,463 | 1,639,934 |
| **Repayments of:** | | | | |
| .Principal | (3,968,190) | (1,258,846) | (5,811,003) | (1,385,374) |
| .Interest | (326,748) | (374,892) | (405,126) | (539,415) |
| **Ending balance** | **6,143,992** | **5,846,513** | **6,143,992** | **7,726,957** |

Interest repayments are presented as financing activities in the statements of cash flows since they are financing related costs.

### 16.3 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. The loan was fully prepaid in October 15th, 2021.

**(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, fully repaid in June 2021for a total of R$ 1,848,652;

**(vi)** Financing granted by BNDES to invest in eucalyptus' forest; In October 15th, 2021 the company settled the financing with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in advance.

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

**(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 (3rd issuance), 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;

**(xii)** On October 14, the Company issued simple, non-convertible debentures (4th issuance), in the amount of R$ 700,000 due in September 2024 and interest rate indexed to the CDI + spread;

## 16.4 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 debt[1] to EBITDA[2] 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 December 31st, 2021 the Company has complied with all covenants.

## 16.5 Loan guarantees

Loans and borrowings agreements with BNDES, FINEM Florestal and part of the ACC, Finame and NCE modalities are guaranteed by bank guarantees and pledge of forests. Some debt are guaranteed by short and long term investments pledged as collateral, (note 5.2), as well as lien on equipment and bank guarantees.

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

## 17 Lease liabilities

### 17.1 Lease liabilities composition

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Lease liabilities | 1,139,597 | 1,103,855 | 1,509,886 | 1,400,636 |
| Net present value - NPV, adjustment | (379,011) | (361,995) | (569,915) | (479,350) |
| | **760,586** | **741,860** | **939,971** | **921,286** |
| Current | 186,080 | 186,742 | 209,928 | 212,489 |
| Non-current | 574,506 | 555,118 | 730,043 | 708,797 |
| | **760,586** | **741,860** | **939,971** | **921,286** |

### 17.2 Transactions of lease liabilities:

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| **Beginning balance** | **741,860** | **645,952** | **921,286** | **649,164** |
| New lease contracts | 100,888 | 99,224 | 100,888 | 339,276 |
| Payments | (181,421) | (161,699) | (184,395) | (227,455) |
| Interest accrued (a) | 83,953 | 73,640 | 86,150 | 73,927 |
| Write-off/termination | (13,496) | (3,624) | (13,496) | (3,624) |
| Contract modifications (b) | 28,802 | 88,367 | 29,511 | 89,926 |
| Foreign exchange variance | | | 27 | 72 |
| **Ending balance** | **760,586** | **741,860** | **939,971** | **921,286** |

(a) R$ 71,371 at December 31st, 2021 (R$ 65,732 at December 31st, 2020) out of the accrued interest was considered part of the formation cost of biological assets (note 10) and R$ 10,582 at December 31st, 2021(R$ 6,519 at December 31st, 2020) was considered as advance to suppliers.

(b) Refers to changes in the existing contracts.

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

### 17.3 Lease liabilities payment schedule:

| | Individual | | Consolidated | |
|---|---|---|---|---|
| Estimated lease payments | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| 2021 | | 160,286 | | 202,524 |
| 2022 | 190,732 | 153,645 | 231,639 | 195,811 |
| 2023 | 182,686 | 143,409 | 223,433 | 185,414 |
| 2024 | 166,527 | 137,874 | 208,598 | 179,828 |
| 2025 | 155,467 | 130,768 | 197,533 | 173,509 |
| 2026 and thereafter | 444,185 | 377,873 | 648,683 | 463,550 |
| Net present value - NPV, adjustment | (379,011) | (361,995) | (569,915) | (479,350) |
| | **760,586** | **741,860** | **939,971** | **921,286** |

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

| **Cash flows** | **Individual** | | **Consolidated** | |
|---|---|---|---|---|
| **12/31/2021** | **Nominal** | **Net present value - NPV** | **Nominal** | **Net present value - NPV** |
| Lease liabilities | 1,139,597 | 760,586 | 1,509,886 | 939,971 |
| Potential PIS and COFINS credits (9.25%) | 67,312 | 40,608 | 67,987 | 41,003 |
| **12/31/2020** | | | | |
| Lease liabilities | 1,103,855 | 741,860 | 1,400,636 | 921,286 |
| Potential PIS and COFINS credits (9.25%) | 60,315 | 36,162 | 60,878 | 36,503 |

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

# 18 Income tax and social contribution – current and deferred

## 18.1 Effective tax rate reconciliation:

| | | Individual | | Consolidated |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| **Income (loss) before income tax and social contribution** | 1,141,030 | (294,749) | 1,157,241 | (293,453) |
| Income tax – nominal rate of 34% | **(387,950)** | **100,215** | **(393,462)** | **99,774** |
| Tax effect on permanent differences: | | | | |
| Share of profit in controlled companies | 468,639 | 113,386 | - | - |
| Non-deductible expenses | (351,510) | (25,008) | (351,630) | (15,614) |
| Government grants | 2,469 | 981 | 2,469 | 981 |
| Lease expenses - IFRS16 | 354 | (6) | 286 | (57) |
| Foreign subsidiaries income | (4,497) | (4,134) | (4,497) | (4,134) |
| Income tax rate difference of foreign subsidiaries | - | - | 119,826 | 24,017 |
| Rulling tax - foreign subsidiaries | - | - | 337,839 | 74,083 |
| Other | 11,227 | 904 | 11,690 | 5,992 |
| **Income tax and social contribution - current and deferred** | **(261,268)** | **186,338** | **(277,479)** | **185,042** |
| | | | | |
| Current | (29,740) | (48,958) | (45,951) | (50,254) |
| Deferred | (231,528) | 235,296 | (231,528) | 235,296 |
| | **(261,268)** | **186,338** | **(277,479)** | **185,042** |
| | | | | |
| **Effective tax rate** | **(22.90%)** | **(63.22%)** | **(23.98%)** | **(63.06%)** |

## 18.2 Deferred income tax and social contribution transactions:

| Individual and Consolidated | 12/31/2020 | Additions | Deductions | 12/31/2021 |
|---|---|---|---|---|
| Tax loss carryfoward (i) | 644,454 | - | (12,985) | 631,469 |
| Unrealized exchange rate variance | 463,735 | - | (64,490) | 399,245 |
| Accrued expenses | 30,974 | 27,437 | - | 58,411 |
| Hedge accounting | - | (4,572) | - | (4,572) |
| Fair value adj. of biological assets | (171,993) | - | (30,189) | (202,182) |
| Accelerated depreciation - tax incentive | (681,056) | (151,249) | - | (832,305) |
| | **286,114** | **(128,384)** | **(107,664)** | **50,066** |
| | | | | |
| Temporary differences - assets | 1,139,163 | 27,437 | (77,475) | 1,089,125 |
| Temporary differences - liabilities | (853,049) | (155,821) | (30,189) | (1,039,059) |
| | **286,114** | **(128,384)** | **(107,664)** | **50,066** |

**(i)** On December 31st, 2022, the total of losses carryforward amounted to R$ 1,857,262.(R$ 1.895.454 on December 31ST2020).

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

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

| Individual and Consolidated | 12/31/2021 |
|---|---|
| 2022 | 25,208 |
| 2023 | 258,292 |
| 2024 | 353,439 |
| 2025 | 190,151 |
| 2026 | 195,478 |
| 2027 | 66,557 |
| | **1,089,125** |

## 19 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** | **12/31/2021** |
| Environmental | 328 | - | - | 10 | 338 |
| Civil | 6,872 | 3,424 | (7,048) | (163) | 3,085 |
| Labor | 22,963 | 10,639 | (10,278) | 2,624 | 25,948 |
| Tax | 1,216 | 2,654 | (238) | 1,379 | 5,011 |
| | **31,379** | **16,717** | **(17,564)** | **3,850** | **34,382** |

| | **12/31/2019** | **Addition** | **Write-off** | **Adjustment** | **12/31/2020** |
|---|---|---|---|---|---|
| Environmental | 320 | - | - | 8 | 328 |
| Civil | 6,832 | 74 | (3,368) | 3,334 | 6,872 |
| Labor | 12,976 | 16,197 | (5,899) | (311) | 22,963 |
| Tax | 1,140 | | (24) | 100 | 1,216 |
| | **21,268** | **16,271** | **(9,291)** | **3,131** | **31,379** |

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

| | | | | | Consolidated |
|---|---|---|---|---|---|
| | 12/31/2020 | Addition | Write-off | Adjustment | 12/31/2021 |
| Environmental | 328 | - | - | 10 | 338 |
| Civil | 6,872 | 3,424 | (7,048) | (163) | 3,085 |
| Labor | 23,434 | 10,669 | (10,373) | 2,752 | 26,482 |
| Tax | 1,216 | 2,654 | (238) | 1,379 | 5,011 |
| | **31,850** | **16,747** | **(17,659)** | **3,978** | **34,916** |

| | 12/31/2019 | Addition | Write-off | Adjustment | 12/31/2020 |
|---|---|---|---|---|---|
| Environmental | 320 | - | - | 8 | 328 |
| Civil | 6,832 | 74 | (3,368) | 3,334 | 6,872 |
| Labor | 12,976 | 16,668 | (5,899) | (311) | 23,434 |
| Tax | 1,140 | | (24) | 100 | 1,216 |
| | **21,268** | **16,742** | **(9,291)** | **3,131** | **31,850** |

The company has contingencies in the estimated amount of R$ 633.961 at December 31, 2021 in the Individual and R$ 634,139 in the Consolidated at December 31, 2021(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:

| | | Individual | | Consolidated |
|---|---|---|---|---|
| **Possible** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| Environmental | 10,745 | 9,693 | 10,745 | 9,693 |
| Civil | 469,885 | 389,290 | 469,885 | 389,300 |
| Labor | 38,991 | 32,987 | 39,169 | 33,415 |
| Tax | 6,806 | 7,724 | 6,806 | 7,724 |
| Regulatory | 107,512 | 97,028 | 107,512 | 97,028 |
| Administrative | 22 | 45 | 22 | 45 |
| | **633,961** | **536,767** | **634,139** | **537,205** |

## Description of major contingencies

### (i) Sanctioning Administrative Process - CVM

On December 08, 2017, the CVM opened the Administrative Sanctioning Process CVM No. 5388/2017 aimed at investigating the purchase of dollar derivative contracts on behalf of Eldorado Brasil S.A. and other companies integrating its economic group, between May 05 and 17, 2017 with the use of unfair practices, in alleged violation of item II, line "d" of CVM Instruction No. 8/1979. A proposal for a term of commitment and defense was presented in May 2018. The process is currently awaiting examination of the defense, which aims to rule out the application of the fine, estimated at R$84,900. At the current stage of the process, the classification of the likelihood of loss is possible, without a provision being recorded.

**(ii) EGTM X Eldorado Brasil Celulose S.A.**

EGTM Navegações Ltda, filed lawsuits against Eldorado Brasil Celulose, whose objects are contracts signed between the parties, seeking compensation for damages due to alleged breach of contract: (i) minimum monthly volume of pulp cargo that Eldorado should make available for transportation; (ii) losses and damages arising from the early termination of the Pulp Transportation Contract, (iii) infrastructure that would have been installed at the site at its expense, as well as the application of the penalties of bad faith litigation against Eldorado.

Eldorado has also filed a lawsuit against EGTM seeking the rescission of the Investment, Wood and Pulp Transport Contracts, due to the occurrence of an act of God or force majeure, consisting of the unavailability of the Tietê-Paraná waterway, as well as reimbursement for advances made, which were not offset by EGTM's services.

The Eldorado lawsuit was dismissed, and those of EGTM were upheld in part. Eldorado filed an appeal, which was distributed to the 12th Chamber of Private Law of the São Paulo Court of Justice and is awaiting judgment

At the current stage of the process the probability of loss is possible, in the amount of R$ 454,295.

## 20 Shareholders' equity

### 20.1 Share capital

The subscribed and paid-in capital on December 31st, 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.

### 20.2 Legal reserve

Under the article 193 of Brazilian Corporate Law 6,404/76, the Company is required to record a legal reserve of 5.0% of net income for each fiscal year up to 20.0% of the share capital.

### 20.3 Tax benefits reserve

The Company has recorded tax benefit reserves for the portion of the net income related with tax incentives granted, under the law, by the Government of Mato Grosso do Sul - MS, for investments in the industrial plant located in city of Três Lagoas. The incentives were recognized in profit or loss.

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

### 20.4 Reserve for expansion

Under the Company’s articles of association the totality of net income remaining after the deduction of the legal reserve, tax benefits reserve and mandatory minimum dividends, shall be allocated to an expansion reserve for investing in operating assets. The reserve amount is limit to 100% (one hundred percent) of the subscribed share capital.

### 20.5 Dividends

Under the Company’s articles of association, the net income remaining after the deduction of the accumulated losses and the recorded legal reserve, tax benefits reserve and expansion reserve, shall be allocated to the payment of the minimum mandatory dividends, which should not be less than 25% of the adjusted net income. The minimum mandatory dividends are allocated in the Company's special reserve, pursuant to article 202, paragraph 4 and paragraph 5 of Law 6,404/76. The minimum mandatory dividends for the fiscal year ended December 31st, 2021 were allocated in the "Retained Minimum Mandatory Dividends Reserve (article 202, paragraph 3, item I, of Law 6404/1976)". In addition to that, the amount previously classified in the special reserve was relocated to this reserve.

### 20.6 Cumulative translation adjustments

The Cumulative Translation Adjustments – CTA, represents the foreign currency differences (functional currency of foreign subsidiaries) arising from the translation to the reporting currency, Reais (R$). CTA were increased by R$ 155,071 for the year ended December 31st, 2021.

### 20.7 Earnings per share – basic

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

| | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Shareholders' income (loss) | 879,762 | (108,411) |
| Weighted-average number of ordinary shares – thousands | 1,525,558 | 1,525,558 |
| Earnings (loss) per share in Reais | 0.5767 | (0.0711) |

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

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

## 21 Net revenue

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| **Gross sales** | | | | |
| Domestic | 1,252,911 | 694,946 | 1,252,911 | 694,946 |
| Overseas | 3,146,525 | 2,957,502 | 6,497,875 | 4,616,415 |
| Discount and rebates | (16,766) | (9,584) | (1,470,942) | (749,597) |
| | **4,382,670** | **3,642,864** | **6,279,844** | **4,561,764** |
| Tax on sales | (223,669) | (134,245) | (225,070) | (135,625) |
| **Net revenue** | **4,159,001** | **3,508,619** | **6,054,774** | **4,426,139** |

## 22 Operating Segments

### 22.1 Geographic information

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

| **Net revenue** | **12/31/2021** | **12/31/2020** |
|---|---|---|
| Brazil | 1,023,952 | 558,680 |
| China | 2,433,303 | 1,894,082 |
| USA | 1,085,721 | 717,932 |
| Italy | 433,632 | 211,956 |
| Mexico | 268,773 | 147,775 |
| Canada | 193,080 | 141,467 |
| Germany | 139,449 | 132,005 |
| Argentina | 81,694 | 96,317 |
| Bolívia | 62,619 | 36,469 |
| Slovenia | 59,143 | 50,420 |
| Other | 273,408 | 439,036 |
| | **6,054,774** | **4,426,139** |

### 22.2 Information about the major customers

Two customers, individually, concentrated more than 10% of the Company's net revenue for the 12-month period ended December 31st, 2021. Only one customer, individually, concentrated more than 10% of the Company's net revenue in December 31st, 2020.

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

### 22.3 Information about non-current assets

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

| Non-current assets | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Brazil | 9,836,739 | 10,234,997 |
| Austria | 824 | 1,072 |
| United States of America | 374 | 463 |
| China | 59 | 127 |
| | **9,837,996** | **10,236,659** |

## 23 Cost and expenses by category

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Cost of good sold | 1,928,806 | 1,740,569 | 1,980,030 | 1,872,732 |
| General and administrative expenses | 212,925 | 218,715 | 229,875 | 234,230 |
| Selling and distribution expenses | 313,139 | 259,622 | 752,646 | 666,500 |
| | **2,454,870** | **2,218,906** | **2,962,551** | **2,773,462** |
| Personnel expenses | 446,215 | 403,326 | 474,051 | 427,969 |
| 3rd party services, supply and logistic expenses | 677,990 | 605,355 | 1,108,520 | 1,007,165 |
| Depreciation, amortization and depletion | 413,527 | 514,688 | 417,580 | 531,628 |
| Raw material and operating supplies | 883,038 | 662,527 | 921,638 | 769,639 |
| Other | 34,100 | 33,010 | 40,762 | 37,061 |
| | **2,454,870** | **2,218,906** | **2,962,551** | **2,773,462** |

The variation in cost of goods sold is mainly related to inflation and currency devaluation.

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

## 24 Net interest income (expenses)

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Interest proceeds | 469 | 1,899 | 531 | 2,571 |
| Short and long term investments | 12,560 | 3,287 | 17,328 | 6,806 |
| Other financial income | - | 5,013 | 2 | 5,013 |
| **Financial income** | **13,029** | **10,199** | **17,861** | **14,390** |
| Bank charges | (130) | (140) | (371) | (536) |
| Interest expenses | (541,881) | (559,021) | (517,052) | (549,808) |
| Guarantee fees | (2,511) | (25,770) | (2,511) | (25,770) |
| Other financial expenses | (14,331) | (3,769) | (33,894) | (22,286) |
| **Financial expenses** | **(558,853)** | **(588,700)** | **(553,828)** | **(598,400)** |
| Income | 4,037 | - | 4,037 | - |
| Expenses | (3,883) | - | (3,883) | - |
| **Derivatives** | **154** | **-** | **154** | **-** |
| Loans and borrowings | (369,446) | (1,180,063) | (369,446) | (1,180,063) |
| Other assets and liabilities | (96,442) | (281,589) | (100,327) | (282,172) |
| **Foreign exchange variation, net** | **(465,888)** | **(1,461,652)** | **(469,773)** | **(1,462,235)** |
| | **(1,011,558)** | **(2,040,153)** | **(1,005,586)** | **(2,046,245)** |

## 25 Other operating income (expenses)

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Tax credit reversal(a) | (1,087,288) | (14,605) | (1,087,288) | (14,605) |
| Indemnities expenses | (15,887) | (3,282) | (16,014) | (3,679) |
| Forest write-off | (8,122) | (28,354) | (8,122) | (28,354) |
| Non-recoverable ICMS | (8,036) | (3,941) | (8,430) | (4,235) |
| Provisions for lawsuit | (3,002) | (10,111) | (3,066) | (10,582) |
| Leasing proceeds | 8,048 | - | 8,048 | - |
| PP&E proceeds | 17,547 | 10,451 | 17,569 | 10,695 |
| Other | (11,073) | (8,825) | (10,608) | (9,028) |
| | **(1,107,813)** | **(58,667)** | **(1,107,911)** | **(59,788)** |
| Other income | 40,258 | 6,146 | 40,530 | 6,296 |
| Other expenses | (1,148,071) | (64,813) | (1,148,441) | (66,084) |
| | **(1,107,813)** | **(58,667)** | **(1,107,911)** | **(59,788)** |

**(a)** In 2021 is mainly related to the provision for ICMS credit losses referred in the note 9.

## 26 Financial instruments

### 26.1 Financial risk management

The Company has a Financial Risk Management Policy updated and approved by the Board of Directors in 2020. The policy defines guidelines and best practices to be followed by the Company and its subsidiaries, on funding, foreign exchange, interest rate and related risks ("Financial Risks"). The policy also defines the Company's risk management framework and gives authority to management to implement the necessary processes to monitor, measure and report the financial risks to which the Company is exposed on its normal course of business.

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 Company uses derivative instruments to hedge its exposure against the market risks arising from operating, financing and investment activities. These financial instruments are monitored for both, financial results and cash flow impact, in a daily basis. Currently, the Company applies the cash flow hedge accounting for foreign currency fluctuation on sales revenues.

**a. Market risk**

Market risk is the risk that changes in market prices (foreign exchange rates, interest and inflation rates, commodities and equity prices) will affect the Company's incomes or the value of its financial instruments.

The objective of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return.

During the year, markets were severely impacted by the coronavirus health crisis, resulting in great volatility in financial assets, such as interest rates, foreign exchange and market liquidity. By the end of the year the liquidity has normalized to pre-crisis period. As for the foreign exchange rate, the foreign exchange variation have been presented in a quarterly basis and are indicating the Company's exposure is appropriate to its position as an exporter.

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

### (i) Interest rate risk

Is the potential for economic losses that the Company and its subsidiaries may incur from a change in interest rates. The Company is exposed to interest rate risk since it has assets and liabilities linked to indexes such as the Interbank Deposit Certificate (CDI), Long Term Interest Rate (TJLP) and LIBOR (London Interbank Offer Rate). A fundamental review and reform of key interest rate benchmarks is underway globally. There is uncertainty in both timing and transition methods of the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates (IBOR) with alternative benchmark rates.

The Company keeps in touch with counterparties that have their financial contracts tied to Libor and understands that the contracts allows the replacement to a transaction-based rate such as SOFR (Secured Overnight Financing Rate). The Company has not identified significant impacts on its financial instruments.

Finally, the Company tries to mitigate the interest rate risk by diversifying the underlying index of its financial contracts and, eventually, using derivatives. Below is a description of the current financial contracts and its hedged risks:

- CDI x Fixed (US$) Swap: Conventional swaps exchanging the Interbank Deposit rate ("DI") variation for a fixed rate in United States Dollars ("US$").

- Swap IPCA x Fixed (US$): Conventional swaps exchanging IPCA variation for a fixed rate in US$.

In addition to the interest rate risk, the Company also swaps the denominated currency of a portion of its debts, exchanging Reais to US$, which is currency denominating most of its account receivables.

The Company's loans and borrowings exposure on interest rate risk as of December 31st., 2021 and December 31st., 2020, is as follows:

| | | Individual | | Consolidated |
|---|---|---|---|---|
| **Financial category** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| Loans and borrowings | 6,143,992 | 5,846,513 | 6,143,992 | 7,726,957 |
| Loans and borrowings with related parties | 1,231,122 | 1,887,692 | - | - |
| Cash and cash equivalents | (301,889) | (183,292) | (789,944) | (888,014) |
| Short and long term investments | (156,951) | - | (156,951) | (62,392) |
| | **6,916,274** | **7,550,913** | **5,197,097** | **6,776,551** |

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

**Sensitivity analysis**

Information about the interest rate risk to which the company is exposed and the possible impacts in the result are presented below. The probable scenario is based on market indicators projected to December 2021 and the possible variations are classified as possible and remote, respectively 25% and 50% of the probable scenario. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

The Company uses the percentages of 25% and 50% due to the high volatility, either in the foreign exchange or in domestic and international interest rates, that emerging economies are normally exposed.

The net results between the results of the exposures are presented below:

| | | | | Individual |
|---|---|---|---|---|
| 12/31/2021 | Balance (R$) | Probable | Possible (25%) | Remote (50%) |
| Net exposure to interest rates | (6,916,274) | (2,407) | (40,151) | (80,302) |
| 12/31/2020 | Balance (R$) | Probable | Possible (25%) | Remote (50%) |
| Net exposure to interest rates | (7,550,913) | (6,644) | (6,307) | (12,615) |

| | | | | Consolidated |
|---|---|---|---|---|
| 12/31/2021 | Balance (R$) | Probable | Possible (25%) | Remote (50%) |
| Net exposure to interest rates | (5,197,097) | 13,959 | (20,483) | (40,967) |
| 12/31/2020 | Balance (R$) | Probable | Possible (25%) | Remote (50%) |
| Net exposure to interest rates | (6,776,551) | (6,856) | (6,765) | (13,530) |

### (ii) Foreign exchange rate risk

The Company is exposed to foreign exchange risk to the extent that there is a mismatch between the currencies in which sales, loans and part of the costs are denominated and the functional currency of the Company.

The Company is mainly exposed to the fluctuation of the US Dollar against the Brazilian Real.

As of December 31st, 2021 and December 31st, 2020, the exchange variation risk is concentrated in cash and cash equivalents, short and long term investments, trade receivables, trade payables and loans and borrowings.

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

In order to protect against foreign exchange volatility, the Company seeks to balance its assets and liabilities denominated in foreign currency. In 2021, the Company engaged to derivative contracts of foreign exchange swaps to protect some of its sale revenues. These transactions are supported by the revenue hedge program and recognized in the accounting as cash flow hedge under the hedge accounting methodology.

The Company's assets and liabilities exposed to exchange variation risks, expressed in both, thousands of Reais and Dollars, are presented below:

**Individual and Consolidated**

| | US$ | | R$ | |
|---|---|---|---|---|
| **Exposure** | **12/31/2021** | **12/31/2020** | **12/31/2021** | **12/31/2020** |
| Cash and cash equivalents | 11,184 | 6,405 | 62,406 | 33,284 |
| Short and long term investments | 10,017 | - | 55,899 | - |
| Trade receivables | 131,778 | 69,373 | 735,388 | 360,513 |
| Advance to suppliers | 90 | - | 501 | - |
| Trade payables | (50) | (2,050) | (279) | (10,653) |
| Loans and borrowings - related parties | (220,611) | (363,248) | (1,231,123) | (1,887,692) |
| Loans and borrowings | (721,725) | (946,813) | (4,027,587) | (4,920,304) |
| **Net exposure to foreign exchange fluctuation** | **(789,317)** | **(1,236,333)** | **(4,404,795)** | **(6,424,852)** |
| Derivatives | (212,865) | - | (1,200,000) | - |
| | **(1,002,182)** | **(1,236,333)** | **(5,604,795)** | **(6,424,852)** |

In December 31st, 2021, the US dollar exchange rate was R$ 5.5805 (in December 31st, 2020 the US dollar exchange rate was R$ 5.1967).

**Sensitivity analysis**

The information about the exchange rate risk to which the company is exposed and the possible impacts in the result are presented below. The probable scenario is based on the consensus of the Focus report issued at January 14th, 2022 that projects an exchange rate of R$ 5.60 per US$ 1.00 on December 31st., 2022. Possible changes to the probable scenario are classified as possible and remote, and represents respectively 25% and 50% of the probable scenario. This analysis assumes that all other variables, in particular the interest rates, will remain constant and ignores any impact of forecasted sales and purchases.

**Individual and Consolidated**

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

| | Balance (USD) | Balance (R$) | Probable | Possible (25%) | Remote (50%) |
|---|---|---|---|---|---|
| **12/31/2021** | | | | | |
| Foreign exchange net exposure | **(792,669)** | **(4,423,502)** | **(15,457)** | **(1,125,195)** | **(2,234,933)** |
| **12/31/2020** | | | | | |
| Foreign exchange net exposure | **(1,236,333)** | **(6,424,852)** | **243,187** | **(1,302,230)** | **(2,847,646)** |

| **Derivatives** | Notional (USD) 12/31/2021 | Notional (R$) 12/31/2021 | Probable | Possible (25%) | Remote (50%) |
|---|---|---|---|---|---|
| Maturity date: 09/01/2027 | | | | | |
| Net position | **(212,865)** | **(1,200,000)** | **13,446** | **(310,737)** | **(634,919)** |

## Hedge accounting

The Company uses the cash flow hedge accounting, a methodology in which the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the shareholder's equity, in the "Hedge accounting" account within the "Equity valuation adjustments" group. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. When a hedge instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognized in the income statement in the same period the hedged transaction is recognized.

According to the Accounting Standard CPC 48 / IFRS 9 Financial Instruments - the Company can separate the forward element and the spot element of a forward contract and designate only the change in the spot element as the hedge instrument (IFRS9 6.2.4 Item b). The Company designates the foreign exchange component of currency and interest rate swaps for cash flow hedge accounting.

| | Individual and Consolidated | |
|---|---|---|
| **12/31/2021** | **Shareholder's equity (OCI)** | **Income Statement (MTM)** |
| Swap CDI x Fixed (US$): | 4,741 | 4,037 |
| Swap IPCA x Fixed (US$): | 8,550 | (3,882) |
| | **13,291** | **154** |

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

### (iii) Price risk

The Company is exposed to the volatility of wood prices, which can be affected by non-controlled external factors such as climate changes, volume of supply, transportation costs, silvicultural policies and others. In order to guarantee raw material for its operations, the Company has been purchasing wood for future delivery with partial down payments. The Company is not exposed to price volatility for such contracts.

| Individual and Consolidated | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Estimated value of contracts signed | 1,647,241 | 1,685,873 |
| Payments/down payments | (676,698) | (436,233) |
| | **970,543** | **1,249,640** |

The risks of not receiving wood are mitigated by the constant monitoring of forest development by the Company specialists

## b. Credit risk

Credit risk is the risk of a loss resulting from a customer's, or a counterparty in a financial instrument, failure to meet a contractual obligation. Basically it is the customer's risk of default.

The customer's credit risk is managed based on specific rules for accepting customers and establishing their respective credit limits, consistently performed through periodically reviewed credit analyses, collegiate discussions with the credit committee and the presentation of guarantees by customers. The Company controls its account receivables through frequent monitoring of default customers. Letter of credit and other financial instruments are also used to guarantee the account receivables.

As of December 31st, 2021, the book value of the accounts receivable from the Company's two most relevant customers (located in Asia and Europe) is R$ 171,039 (R$ 155,708 as of December 31, 2020 referring to two customers located in Asia and Europe).

### Exposure to credit risk

The book value of the financial assets represents the largest credit exposure and has the follow composition at the end of each year:

| | Individual | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2021 | 12/31/2020 | 12/31/2021 | 12/31/2020 |
| Cash and cash equivalents | 301,889 | 183,292 | 789,944 | 888,014 |
| Short and Long term investments | 156,951 | - | 156,951 | 62,392 |
| Trade receivables | 832,577 | 490,832 | 928,009 | 712,377 |
| | **1,291,417** | **674,124** | **1,874,904** | **1,662,783** |

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

### c. Liquidity risk

Liquidity risk is the ability of the Company to pay its debts by delivering cash or other financial assets.

The Company maintains cash and short term investments necessary to meet its obligations. The cash on hands is intended to honor the expected disbursements in the normal course of its operations, while the surplus is invested in highly liquid financial investments contracted with highly rated financial institutions.

The Company's long-term debt are in the represented by CRA with an average maturity of 5.3 years, ACC of 1.3 years, Leasing of 1.3 years and NCE of 1.04 years.

The presented cash flows consider that financial and non-financial covenants are not and will not be breached. In case there is a covenant breach, payments may be accelerated at the discretion of creditors.

The table below presents the amount of the Company's net financial liabilities classified by its contractual maturities. These amounts are the estimated expected cash outflows:

| Individual | 1 year or less | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| **As of December 31st, 2021** | | | | | |
| Loans and borrowings | 1,215,983 | 4,290,775 | 2,030,301 | 636,477 | 8,173,536 |
| Trade payables | 287,584 | - | - | - | 287,584 |
| Loans and borrowings with related parties | 57,019 | 57,019 | 1,225,177 | - | 1,339,215 |
| Accounts payable to related parties | 141 | - | - | - | 141 |
| Other current liabilities | 26,470 | 17,434 | - | - | 43,904 |
| | **1,587,197** | **4,365,228** | **3,255,478** | **636,477** | **9,844,380** |
| **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** |

| Consolidated | 1 year or less | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| **As of December 31st, 2021** | | | | | |
| Loans and borrowings | 1,215,983 | 4,290,775 | 2,030,301 | 636,477 | 8,173,536 |
| Trade payables | 289,846 | - | - | - | 289,846 |
| Accounts payable to related parties | 141 | - | - | - | 141 |
| Other current liabilities | 120,260 | 17,434 | - | - | 137,694 |
| | **1,626,230** | **4,308,209** | **2,030,301** | **636,477** | **8,601,217** |
| **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 |
| | **5,266,091** | **1,912,086** | **1,120,557** | **161,874** | **8,460,608** |

### d. Operational risks

**Right of use of the port handling concession**

Operations at the subsidiary Rishis, located in Santos, state of São Paulo – SP, are subject to operational and environmental risks, such as fire, loss of the concession, non-adherence to the international security plan (ISPS Code) and to the environmental protocol, as well as fortuitous or force majeure cases.

In order to mitigate risks, Rishis has contracted insurance coverage for operational risks (Property) and civil liability (Directors and Officers and General Liability). In addition to that, Rishis is subject to permanent supervision of the intervening authorities such as the Santos Port Authority - SPA (former CODESP), Federal Regulatory Agency "ANTAQ State Environmental Agency "CETESB", ISPS Code (International Ship and Port Facility Security Code), Santos City Hall (operation permit), and the São Paulo Military Police Fire Department (AVCB). Rishis complies with all legal regulations.

**Fortuitous events or force majeure**

The Company has a very diversified logistics operation and Rishis is being responsible for 30% of the total volume shipped.

To mitigate the risk of a fortuitous events or force majeure in Santos, the Company has also a breakbulk operation in the ports of São Francisco do Sul and Imbituba, both in Santa Catarina - SC, and containers operations in the ports of Santos, Itajaí -SC, Navegantes - SC, Itapoá - SC and Paranaguá, in Paraná - PR.

## 26.2 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).

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

## Composition of financial instrument balances by fair value category:

| | | 12/31/2021 | | 12/31/2020 | |
|---|---|---|---|---|---|
| **Individual** | **Hierarchy Level** | **Book value** | **Fair value** | **Book value** | **Fair value** |
| **Assets** | | | | | |
| **Assets at amortized cost** | | | | | |
| Cash and cash equivalents | | 301,889 | 301,889 | 183,292 | 183,292 |
| Trade receivables | | 832,577 | 832,577 | 490,832 | 490,832 |
| | | **1,134,466** | **1,134,466** | **674,124** | **674,124** |
| **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 | 126,989 | 126,989 | - | - |
| | | **1,418,406** | **1,418,406** | **674,124** | **674,124** |
| **Liabilities** | | | | | |
| **Liabilities at amortized cost** | | | | | |
| Loans and borrowings | Level 2 | 6,143,992 | 5,857,157 | 5,846,513 | 5,904,693 |
| Trade payables | | 287,584 | 287,584 | 281,823 | 281,823 |
| Lease liabilities | | 760,586 | 760,586 | 741,860 | 741,860 |
| Loans and borrowings - related parties | | 1,231,122 | 1,183,285 | 1,887,692 | 2,171,922 |
| Accounts payable - related parties | | 141 | 141 | 2,968 | 2,968 |
| Other current liabilities | | 43,904 | 43,904 | 11,432 | 11,432 |
| | | **8,467,329** | **8,132,657** | **8,772,288** | **9,114,698** |
| **Liabilities at fair value through other income (loss)** | | | | | |
| Derivatives | Level 2 | 113,543 | 113,543 | - | - |
| | | **8,580,872** | **8,246,200** | **8,772,288** | **9,114,698** |

| | | 12/31/2021 | | 12/31/2020 | |
|---|---|---|---|---|---|
| **Consolidated** | **Hierarchy Level** | **Book value** | **Fair value** | **Book value** | **Fair value** |
| **Assets** | | | | | |
| **Assets at amortized cost** | | | | | |
| Cash and cash equivalents | | 789,944 | 789,944 | 888,014 | 888,014 |
| Trade receivables | | 928,009 | 928,009 | 712,377 | 712,377 |
| | | **1,717,953** | **1,717,953** | **1,600,391** | **1,600,391** |
| **Assets at fair value through income (loss)** | | | | | |
| Short and long term investments | Level 2 | 156,951 | 156,951 | 62,392 | 62,392 |
| **Assets at fair value through other income (loss)** | | | | | |
| Derivatives | Level 2 | 126,989 | 126,989 | - | - |
| | | **2,001,893** | **2,001,893** | **1,662,783** | **1,662,783** |
| **Liabilities** | | | | | |
| **Liabilities at amortized cost** | | | | | |
| Loans and borrowings | Level 2 | 6,143,992 | 5,857,157 | 7,726,957 | 7,823,970 |
| Trade payables | | 289,846 | 289,846 | 267,126 | 267,126 |
| Lease liabilities | | 939,971 | 939,971 | 921,286 | 921,286 |
| Accounts payable - related parties | | 141 | 141 | 1,716 | 1,716 |
| Other current liabilities | | 137,694 | 137,694 | 55,560 | 55,560 |
| | | **7,511,644** | **7,224,809** | **8,972,645** | **9,069,658** |
| **Liabilities at fair value through other income (loss)** | | | | | |
| Derivatives | Level 2 | 113,543 | 113,543 | - | - |
| | | **7,625,187** | **7,338,352** | **8,972,645** | **9,069,658** |

The fair value of financial assets and liabilities refers to the amount for which the instrument could be exchanged in a current transaction between interested parties and not in a forced sale or liquidation transaction. The methods and assumptions used to estimate the fair value are described below.

- The fair value of receivables/payables from/to related parties are closed to their carrying amounts due to the short-term maturity of these instruments.

- The fair value of loans and borrowings is the current value of its future cash flows, estimated based on yield curve, discounted at its average interest rate. The fair value is calculated in each reporting date and demonstrates the loans replacement cost.

## 27 Take or pay agreements

### 27.1 Chemical plants and gas distribution branch

The Company has entered to take-or-pay contracts for two chemical plants and a natural gas distribution pipeline to support the operational supply needs for pulp production.

The 15-year term take-or-pay contract for Chlorine Dioxide plant, effective December 2012, has a price composition consisting of fixed and variable production costs and price review terms generally applied to this type of contract.

The 15-year term take-or-pay contract for the Oxygen plant, effective October 2012, is denominated in US dollars and paid in fixed monthly installments adjusted by the PPI - Producer Price Index on the first day of every December.

The price of the 12-year take-or-pay contract for natural gas, effective May 2016, is based on the follow items, applied to the consumed gas measured in cubic meters (m3):

a) natural gas prices quarterly adjusted based on the arithmetic averages of the natural gas daily prices in the Spot Price Assessments table, published in the Platt's Oilgram Price Report;

b) pipeline transport fare, adjusted on May each year, based on General Price Index – IGPM, variance;

c) distributor's fixed margin, adjusted on the first day of each year, based on Extended National Consumer Price Index - IPCA Amplo.

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

On December 31, 2021 and December 31, 2020, the non-cancelable future minimum payments are as follows:

| Individual and Consolidated | 12/31/2021 | 12/31/2020 |
|---|---|---|
| 2021 | - | 72,539 |
| 2022 | 100,679 | 72,082 |
| 2023 | 100,679 | 72,082 |
| 2024 | 100,679 | 72,082 |
| 2025 | 100,679 | 72,082 |
| 2026 and thereafter | 247,469 | 175,040 |
| | **650,185** | **535,907** |

The amounts recognized in the income statement are as follows:

| Individual and Consolidated | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Expenses** | **184,959** | **158,027** |

## 27.2 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 MWm monthly electric energy generation.

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

## 28 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 | New contracts | Write-off | Contract adjustment | Depreciation of right of use | Lease interest | Fair value of financial asset |
|---|---|---|---|---|---|---|
| Inventories | - | - | - | (8,731) | (1,705) | - |
| Advance to suppliers | - | - | - | (30,472) | (10,582) | - |
| Biological assets | - | - | - | (85,051) | (71,371) | - |
| Right of use | (100,888) | 12,347 | (28,802) | - | - | - |
| Property, plant and equipment | - | - | - | (173) | (36) | - |
| Lease liabilities | 100,888 | (13,496) | 28,802 | - | - | - |
| Investments | - | - | - | - | - | 4,795 |
| Loans receivable from related parties | - | - | - | - | - | (4,795) |

| Consolidated | New contracts | Write-off | Contract adjustment | Depreciation of right of use | Lease interest |
|---|---|---|---|---|---|
| Inventories | - | - | - | (8,731) | (1,705) |
| Advance to suppliers | - | - | - | (30,472) | (10,582) |
| Biological assets | - | - | - | (85,051) | (71,371) |
| Right of use | (100,888) | 12,347 | (28,802) | - | (1,634) |
| Property, plant and equipment | - | - | - | (173) | (36) |
| Lease liabilities | 100,888 | (13,496) | 29,511 | - | - |

## 29 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.

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.

## Statutory Board

**Carmine de Siervi Neto**
President

**Germano Aguiar Vieira**
Director - Forest

**Carlos Roberto de Paiva Monteiro**
Director – Pulp Operation

**Rodrigo Libaber**
Director – Commercial

**Fernando Storchi**
Director - Finance and Investor Relations

## Board of Directors

**Raul Rosenthal Ladeira de Matos**
Member

**João Adalberto Elek Júnior**
Member

**Sérgio Longo**
Member

**Mauro Eduardo Guizeline**
Member

**Francisco de Assis e Silva**
Member

**Marcio Antonio Teixeira Linares**
Member

**Aguinaldo Gomes Ramos Filho**
Board of Directors President

## Accountant

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