

1Q23 RESULTS

Net income reached R\$892 million with adjusted free cash flow of R\$675 million.

NET REVENUE

Revenue was R\$1,535 million in 1Q23, down by 20% from 4Q22 and up by 6% over 1Q22.

ADJUSTED EBITDA

Adjusted EBITDA was R\$950 million in 1Q23, with a margin of 61.9%, 22% lower than in 4Q22 and 13% higher than in 1Q22.

NET INCOME

Net income was R\$892 million in 1Q23, 30% higher than in 4Q22 and 16% lower than in 1Q22.

ADJUSTED FREE CASH FLOW

Quarterly free cash flow of R\$675 million, up by 29% over 4Q22 and by 60% over 1Q22.

NET DEBT

Net debt ended 1Q23 at R\$2,310 million, 23% and 47% lower than 4Q22 and 1Q22, respectively.

LEVERAGE

All-time low leverage ratio of 0.49x compared to 0.65x in 4Q22 and 1.20x in 1Q22.



Indicators	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Pulp Production	375	463	428	-19.0%	-12.4%
Pulp Sales	387	395	426	-2.0%	-9.2%
Net Revenue	1,535	1,916	1,444	-19.9%	6.3%
Cash Cost	893	880	803	1.5%	11.2%
Adjusted EBITDA	950	1,217	840	-21.9%	13.1%
EBITDA Margin	61.9%	63.5%	58.2	-1.6%	6.4%
Net Financial Expenses (including derivatives)	107	(92)	(59)	-216.3%	-281.4%
Foreign Exchange Variation	77	112	694	-31.3%	-88.9%
Net Income (Loss)	892	689	1,056	29.5%	-15.5%
Investments	331	394	188	-16.0%	76.1%
Adjusted FCF	675	522	421	29.3%	60.3%
Net Debt	2,310	2,984	4,376	-22.6%	-47.2%
Net Debt w/ MTM Derivatives	2,055	2,774	4,129	-25.9%	-50.2%
Net Debt w/ MTM Derivatives in US\$	404	531	872	-23.9%	-53.7%
Net Debt/Adjusted EBITDA (R\$)	0.49x	0.65x	1.20x	-0.16x	-0.71x
Net Debt/Adjusted EBITDA (US\$)	0.50x	0.65x	1.35x	-0.15x	-0.85x
Net Debt w/ MTM/ Adjusted EBITDA (R\$)	0.44x	0.61x	1.28x	-0.17x	-0.84x

MARKET OVERVIEW

In the first quarter of 2023, the demand for hardwood pulp varied between regions and the end-product markets. The sanitary paper market remained generally resilient, especially in North America, which has seen a positive economic performance so far. There has been a low appetite for inventory replenishment in China and Europe due to adverse economic conditions, with Europe seeing a slowdown in economic activity, and China a yet incipient economic rebound. The printing and writing papers segment had a historical performance as expected. Additionally, in Europe, this segment was impacted by the destocking of finished products in the supply chain. The performance of the packaging market – which is also linked to the economy and the commercial flow – was also impacted, including in China, where there are major producers in the capacity expansion phase.

According to PPPC statistics, producers' inventories across the supply chain have seen higher levels, as also reported in the ports of China and Europe. The greater availability of fiber contributed to the pressure on market price levels in the quarter.

Because of such a scenario, as a pillar of its commercial strategy, Eldorado continued to focus on the profitability and diversification of its customer portfolio both in the segments and regions where it operates to ensure strong and predictable sales.



In the first quarter of 2023, the company sold 387 thousand tons. The average net price of pulp sold by Eldorado in the period was US\$/t 798, an adjustment of US\$/t 82 or -9% compared to the fourth quarter of 2022, in line with international pulp prices in the changing market.

PRODUCTION AND SALES

Pulp production totaled 375 thousand tons in 1Q23, down by 19.0% from 4Q22 and by 12.4% from 1Q22, mainly due to the scheduled maintenance shutdown occurred in the period and was successful.

Volume ('000 tons)	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Production	375	463	428	-19.0%	-12.4%
Sales	387	395	426	-2.0%	-9.2%

Sales volume totaled 387 thousand in 1Q23, down by 2.0% from 4Q22 and by 9.2% from 1Q22, due to the lower production volume, and mostly, the lower demand from European and Asian customers, reflecting the changing pulp market.

NET REVENUE AND GROSS PROFIT

Net Revenue (R\$ million)	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Total Net Revenue	1,535	1,916	1,444	-19.9%	6.3%
Foreign Market	1,240	1,600	1,229	-22.5%	0.9%
Domestic Market	295	316	215	-6.6%	37.2%
COGS (Cost of Goods Sold)	(531)	(551)	(523)	-3.6%	1.5%
COGS/ton (R\$/ton)	1,372	1,396	1,228	-1.7%	11.7%
Gross Profit	1,005	1,365	921	-26.4%	9.0%
Gross Margin (%)	65.4%	71.2%	63.8%	-	-

Net revenue closed 1Q23 at R\$1,535 million, 19.9% lower than in 4Q22, mainly due to the 9% reduction in pulp prices in the first quarter of the year and the lower sales volume. Compared to 1Q22, the increase was 6.3%, due to higher pulp prices, which closed the period at US\$/t 798, 18% higher than the US\$/t 678 recorded in the same period of the previous year, but offset by the lower sales volume in the period.

The cost of goods sold per ton fell by 1.7% from 4Q22, due to lower wood costs. Compared to 1Q22, the increase was 11.7%, mainly due to inflationary pressure in the prices of wood and some chemical and energy inputs.

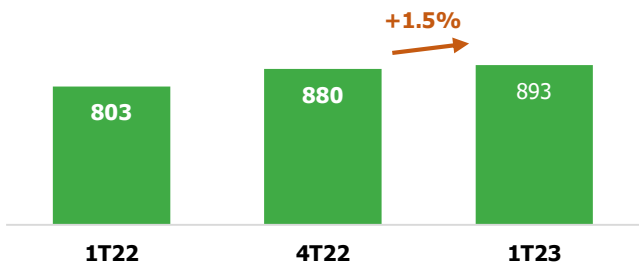


Gross profit ended the quarter at R\$1,005 million, down by 26.4% from 4Q22, owing to lower pulp prices, as previously mentioned. The gross margin closed at 65.4% in the period, against the 71.2% reported in the previous quarter. Year on year, the increase was 9.0%, mainly driven by higher pulp prices.

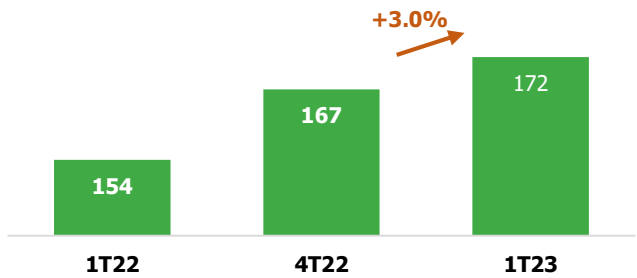
CASH COST

The cash cost of production without shutdown in 1Q23 was R\$/t 893 (USD/t 172), up by 1.5% over 4Q22 and by 11.2% over 1Q22, mainly due to lower energy revenue and the inflation effects in the personnel, services, and chemical and energy inputs lines.

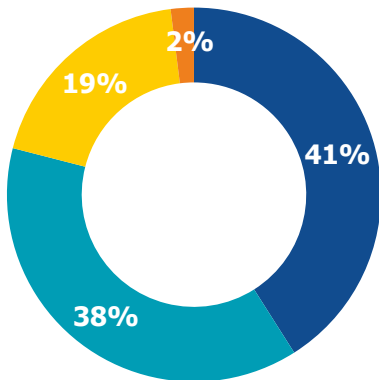
Cash Cost (excluding shutdown) R\$/Ton



Cash Cost (excluding shutdown) (US\$/ton)



1Q23 Cash Cost



■ Wood ■ Inputs and Utilities ■ Fixed Cost ■ Other



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Operating income/expenses (R\$ million)	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
General and Administrative	(76)	(83)	(53)	-8.4%	43.4%
% of Net revenue	5.0%	4.3%	3.7%	14.3%	34.9%
Selling and Logistics	(135)	(214)	(209)	-36.9%	-35.4%
% of Net revenue	8.8%	11.2%	14.5%	-21.3%	-39.2%
Total	(211)	(297)	(262)	-29.0%	-19.5%

In 1Q23, general and administrative (SG&A) expenses totaled R\$76 million, 8.4% lower than the previous quarter. Compared to 1Q22, G&A expenses were 43.4% higher, due to inflationary effects over payroll and charges and additional third-party service expenses.

Selling and logistics costs totaled R\$135 million in 1Q23, down by 36.9% and 35.4% from 4Q22 and 1Q22, respectively, due to lower petroleum prices and adjustments to the availability of containers and vessels, which were gradually mitigated in the year.

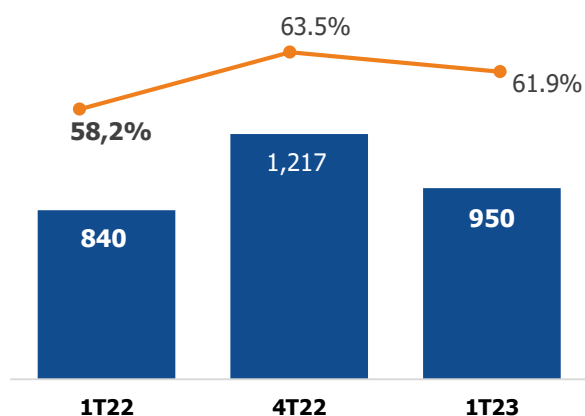
ADJUSTED EBITDA

Adjusted EBITDA ended 1Q23 at R\$950 million, with a margin of 61.9%, 21.9% lower than the previous quarter, due to lower pulp prices and volume sold. Year on year, it was 13.1% higher, due to higher pulp prices in the period. Adjusted EBITDA per ton in the quarter was R\$/t 2,452, down by 20.4% from 4Q22 and up by 24.5% over 1Q22.

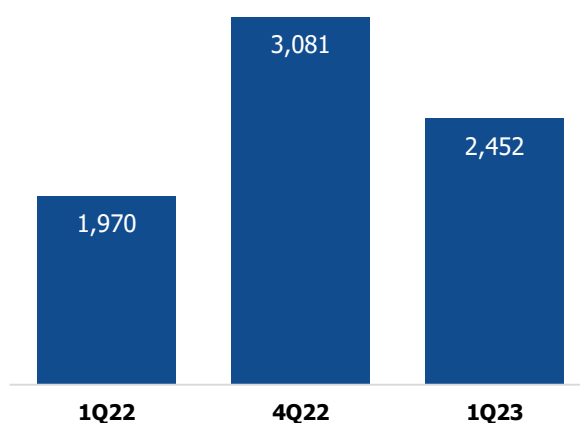
Adjusted EBITDA	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
EBIT	804	823	667	-2.3%	20.5%
Depreciation, amortization, and depletion	154	134	176	14.9%	-12.5%
Fair value adjustment on biological assets	-	311	-	-100.0%	n/a
Tax credit adjustments	(8)	(50)	(2)	-84.0%	300.0%
Adjusted EBITDA	950	1,217	840	-21.9%	13.1%



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



Adjusted EBITDA (R\$/t)



FINANCIAL RESULT

Net financial expenses, including the market value of derivatives, totaled a positive R\$107 million in 1Q23 vs. net expenses of R\$92 million in 4Q22 and of R\$59 million in 1Q22. The QOQ decrease was due to the higher mark-to-market contributions of derivative transactions. The YOY improvement also reflects lower indebtedness.

The monetary and foreign exchange variation was positive by R\$77 million in 1Q23, due to the X% appreciation of the BRL against the USD this quarter.

Financial Result (R\$ million)	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Net Financial Expenses	(103)	(100)	(131)	3.2%	-21.4%
Derivative Financial Instruments¹	210	8	72	2520.6%	191.2%
Net Financial Expenses (including derivatives)	107	(92)	(59)	-216.2%	-281.4%
Foreign Exchange Variation	77	112	694	-31.3%	-88.9%
(=) Financial Result	184	20	635	809.0%	-71.0%
Debt Cost in U.S. Dollars² (% p.a.)	6.18%	6.43%	4.77%	-	-

1- Considers interest rate swap and currency

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



NET INCOME

In 1Q23, the Company recorded a net income of R\$892 million vs. R\$1,056 million in 1Q22. The decline in net income was mainly due to the lower and positive foreign exchange variation this quarter compared to the previous one.

OPERATIONAL CASH GENERATION

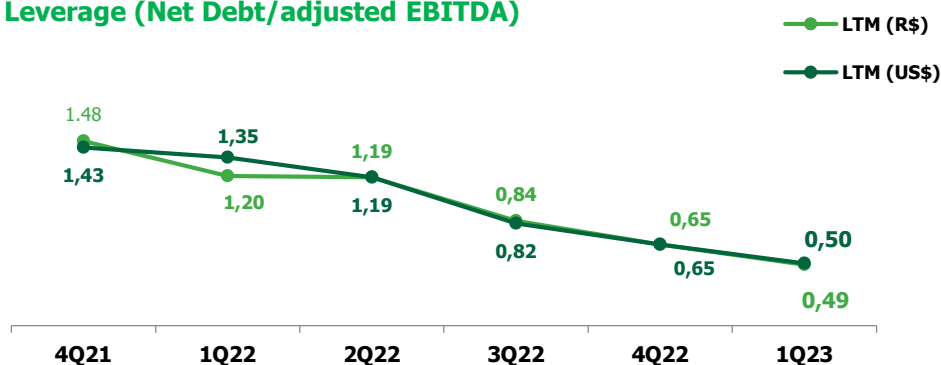
Operating Cash Flow (R\$ million)	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Adjusted EBITDA	950	1,217	840	-21.9%	13.1%
Maintenance CAPEX ¹	240	329	117	-27.1%	105.1%
Operating Cash Generation	710	888	723	-20.0%	-1.8%
Cash Generation per ton (R\$/ton)	1,834	2,248	1,695	-18.4%	8.2%

1-Considers investments in the industrial and forestry areas.

INDEBTEDNESS

The Company reduced the financial leverage (net debt/adjusted EBITDA), reaching the lowest level ever in 1Q23, closing at 0.49x, compared to 0.65x in 4Q22, and 1.20x in the same period of the previous year.

Leverage (Net Debt/adjusted EBITDA)





The Company contracted derivative operations to change the debt index from Brazilian reais to U.S. dollars and hedge the export cash flow. The fair value of the derivative operations totaled R\$256 million in 1Q23, compared to R\$211 million in 4Q22. The leverage ratio in 1Q23 would fall to 0.44x if we considered the market value of these derivatives.

On March 31, 2023, net debt was R\$2,310 million, down by 23% from 4Q22 and by 47% from 1Q22, due to the settlement of debts in recent periods. By adding derivatives, net debt totaled R\$2,055 million.

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

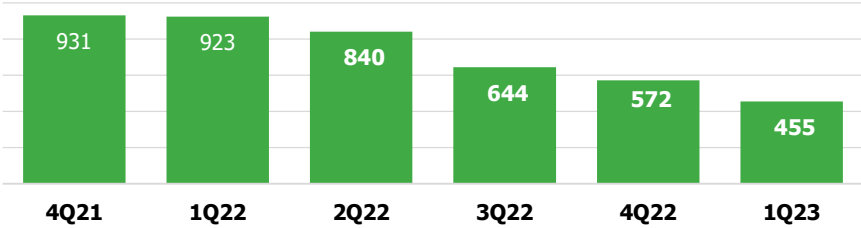
Indebtedness	1Q23	4Q22	1Q22	1Q23 vs. 4Q22	1Q23 vs. 1Q22
Gross Debt	4,040	4,331	5,405	-6.7%	-25.3%
Short-Term Debt	1,384	1,726	1,721	-19.8%	-19.6%
Cash and Financial Investments	1,730	1,347	1,029	28.4%	68.0%
Net Debt	2,310	2,984	4,376	-22.6%	-47.2%
Net Debt in U.S. dollars	455	572	923	-20.5%	-50.7%
MTM Derivatives	256	211	247	21.3%	3.6%
Net Debt w/ MTM Derivatives	2,055	2,774	4,129	-25.9%	-50.2%
Net Debt w/ MTM Derivatives in US\$	404	531	872	-23.9%	-53.7%
Net Debt/Adjusted EBITDA (R\$)	0.49x	0.65x	1.20x	-0.16x	-0.71x
Net Debt/Adjusted EBITDA (US\$)	0.50x	0.65x	1.35x	-0.15x	-0.85x
Net Debt w/ MTM/ Adjusted EBITDA (R\$)	0.44x	0.61x	1.28x	-0.17x	-0.84x

In 1Q23, the cash position totaled R\$1,730 million, or US\$341 million, up by 68.0% YOY, due to the company's strong cash generation in the period.

Our net debt ended the quarter at US\$455 million, maintaining a downward trend in the U.S. dollar-denominated debt. The consolidated net debt position considering the market value of derivatives was US\$404 million. The debt breakdown (considering derivative transactions) ended the year at 95% denominated in U.S. dollars and 5% in Brazilian reais.



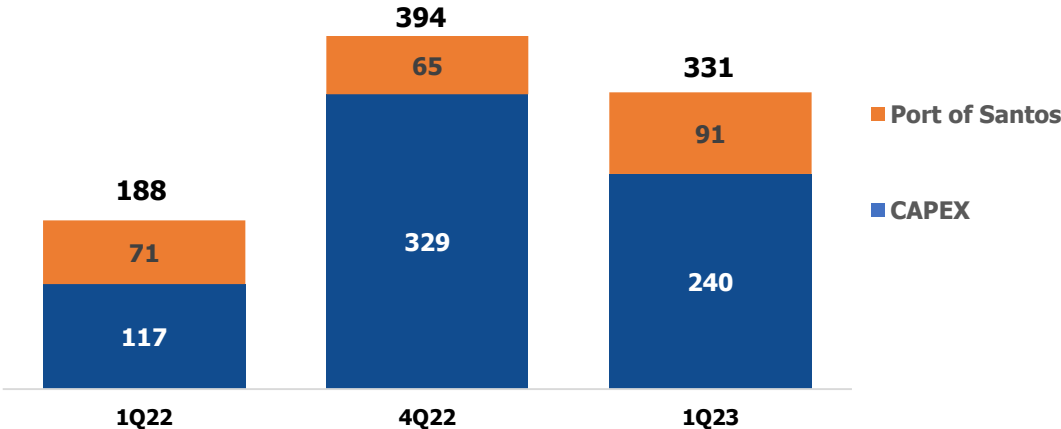
Net debt in US\$ million



INVESTMENTS

Investments in industrial and forestry maintenance and other project totaled R\$331 million, 16% lower than the previous quarter and 76% higher than in 1Q22, mainly due to more investments to conclude works at the Port of Santos and the scheduled maintenance shutdown occurred in the period.

The works at the new terminal port is one of the company’s main projects, with completion expected by the end of the first half of 2023. With total investments of around R\$500 million, the start-up of the new terminal will allow Eldorado to transfer up to 3 million tons of pulp per year in the Port of Santos – 3x more than the current volume.





FREE CASH FLOW

At the end of 1Q23, free cash flow was R\$675 million, up by 29% over 4Q22 and by 60% over 1Q22. Free cash flow generation is still used to reduce gross debt.

Free Cash Flow (R\$ million)	1Q23	4Q22	1Q22
Adjusted EBITDA	950	1,217	840
(-) Total CAPEX	(331)	(394)	(188)
(-/+) Working capital	113	(288)	(41)
(-) Net interest paid	(135)	(33)	(110)
(+) Realized gains with derivatives	188	6	25
(-) Lease agreements – IFRS 16*	(118)	(62)	(100)
(-) Income tax and social contribution	(85)	(50)	(3)
(-/+) Other	2	60	(74)
Free cash flow	584	457	350
(+) Onça Pintada Project / Port of Santos (Eblog*)	91	65	71
(=) Adjusted free cash flow	675	522	421

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



APPENDIX I

Balance sheets (in thousands of Reais)

	Assets			Liabilities and shareholders' equity		
	31/03/2023	Consolidated 31/12/2022	31/03/2022	31/03/2023	Consolidated 31/12/2022	31/03/2022
Current				Current		
Cash and cash equivalents	1.730.027	1.347.256	922.739	Loans and borrowings	1.384.428	1.725.644
Short term investments	-	-	79.703	Trade payables	270.986	297.175
Trade receivables	1.279.706	1.538.739	766.244	Lease liabilities	234.335	234.768
Inventories	933.238	832.361	669.414	Social tax and payroll payables	146.834	218.359
Tax receivables	20.572	85.862	80.955	Tax payables	19.649	46.248
Current income tax	22.762	46	-	Current income tax	57.000	72.458
Derivative financial instruments	98.213	92.874	87.291	Derivative financial instruments	-	6.108
Advances to suppliers	83.273	65.323	-	Other current liabilities	99.661	117.939
Other current assets	49.405	55.370	107.991			
	4.217.196	4.017.831	2.714.337		2.212.893	2.718.699
Non-current				Non-current		
Long term investments	-	-	26.650	Loans and borrowings	2.656.017	2.604.721
Tax receivables	42.903	32.550	7.598	Lease liabilities	1.095.218	1.019.222
Advances to suppliers	290.021	249.151	199.451	Deferred income tax	337.202	258.612
Derivative financial instruments	157.391	123.531	159.815	Provisions for lawsuit	33.696	31.140
Other non current assets	3.730	5.158	5.999	Other non current liabilities	23.110	22.378
	494.045	410.390	399.513		4.145.243	3.936.073
Biological assets	3.859.173	3.802.426	3.591.357	Shareholders' equity		
Investments	4.968.188	4.894.360	4.844.110	Share capital	1.788.792	1.788.792
Right of use	1.312.898	324.192	1.004.795	Income reserves	5.889.613	5.885.074
Intangible assets	384.427	1.230.311	127.006	Equity valuation adjustments	312.117	350.872
	11.018.731	10.661.679	9.966.781	Retained earnings	887.269	-
					8.877.791	8.024.738
Total assets	15.235.927	14.679.510	12.681.118	Total liabilities and shareholders' equity	15.235.927	14.679.510
					5.431.188	12.681.118



APPENDIX II

Income statement and Adjusted EBITDA (In thousands of Reais)

	Consolidated				
	1Q23	4Q22	1Q22	1Q23 vs 4Q22	1Q23 vs 1Q22
Net revenue	1.535.357	1.916.203	1.444.308	-19,9%	6,3%
Cost of sales	(530.849)	(551.215)	(522.864)	-3,7%	1,5%
Gross profit	1.004.508	1.364.988	921.444	-26,4%	9,0%
Operating income (expenses)					
General and administrative	(76.752)	(83.227)	(52.809)	-7,8%	45,3%
Selling and distribution	(134.565)	(214.458)	(209.263)	-37,3%	-35,7%
Fair value of biological assets	-	(310.523)	-	-100,0%	n/a
Bad debit provision	5.580	(5.520)	1.310	-201,1%	326,0%
Other income	27.122	86.465	14.451	-68,6%	87,7%
Other expenses	(21.670)	(15.608)	(7.943)	38,8%	172,8%
Earnings before net financial income (expenses) and taxes	804.223	822.117	667.190	-2,2%	20,5%
Net financial income (expenses)					
Financial expenses	(128.008)	(118.068)	(138.457)	8,4%	-7,5%
Financial income	25.035	18.274	7.143	37,0%	250,5%
Derivative financial instruments	209.646	7.576	72.138	2667,2%	190,6%
Foreing exchange variation, net	77.161	112.129	694.129	-31,2%	-88,9%
Income (loss) before income tax and social contribution	988.057	842.028	1.302.143	17,3%	-24,1%
Income tax and social contribution					
Current	(24.994)	(126.541)	(8.619)	-80,2%	190,0%
Deferred	(71.255)	(26.803)	(237.299)	165,8%	-70,0%
Net income for the period	891.808	688.684	1.056.225	29,5%	-15,6%
Earnings per share - basic and diluted - in R\$	0,58	0,45	0,69		
Earnings before financial income/(expenses) and taxes					
Depreciation, amortization and depletion charges	153.337	134.139	175.537	14,3%	-12,6%
Fair value of biological assets	-	310.523	-	-100,0%	n/a
Reversal of extemporaneous tax credits	(7.623)	(12.027)	(2.271)	-36,6%	235,7%
PIS_COFINS extemporaneous	-	(37.519)	-	-100,0%	n/a
Adjuted EBITDA	949.937	1.217.233	840.456	-22,0%	20,5%



APPENDIX III

Cash flow statements (in thousands of Reais)

	Consolidated				
	1Q23	4Q22	1Q22	1Q23 vs 4Q22 vs	1Q23 vs 1Q22 vs
Cash flows from operating activities:					
Net income for the period	891.808	688.684	1.056.225	29,5%	-15,6%
Adjustments:					
Depreciation and amortization	83.194	63.938	70.588	30,1%	17,9%
Depletion	70.143	70.201	104.949	-0,1%	-33,2%
Income (loss) on disposal fixed assets and biological assets	(11.952)	7.614	(2.479)	-257,0%	382,1%
Fair value of biological assets	-	310.523	-	-100,0%	n/a
Deferred income taxes	71.255	26.803	237.299	165,8%	-70,0%
Current income taxes	24.994	126.541	8.619	-80,2%	190,0%
Financial results - interest - lease	185	238	163	-22,3%	13,5%
Financial results - interest and foreign exchange variation	41.318	(5.757)	(484.423)	-817,7%	-108,5%
Financial results - interest and foreign exchange variation - related parties	(13.036)	(42.139)	(187.209)	-69,1%	-93,0%
Financial results - interest on short and long term investments	-	-	5.816	n/a	-100,0%
Foreign exchange on customers	11.255	102.902	28.645	-89,1%	-60,7%
Provision for lawsuit	6.020	9.603	2.476	-37,3%	143,1%
Net gain with derivatives	(209.646)	(15.348)	(46.981)	1265,9%	346,2%
Net loss on derivative financial instruments	-	3.974	-	-100,0%	n/a
(Reversal) / provision for loss of tax credits	(7.623)	(12.027)	(2.271)	-36,6%	235,7%
Tax credits	-	(62.683)	-	-100,0%	n/a
Estimated inventory loss	(388)	4.576	-	-108,5%	n/a
Bad debt provision	(5.580)	5.520	(1.310)	-201,1%	326,0%
	951.947	1.283.163	790.107	-25,8%	20,5%
Decrease (increase) in assets					
Trade receivables	226.077	(344.136)	30.294	-165,7%	646,3%
Inventories	(58.421)	(19.508)	(56.873)	199,5%	2,7%
Tax receivables	65.912	44.785	(6.302)	47,2%	-1145,9%
Advances to suppliers	(14.461)	13.235	(62.543)	-209,3%	-76,9%
Other current and non-current assets	12.193	10.454	3.855	16,6%	216,3%
Increase (decrease) in liabilities					
Trade payables	(16.325)	24.505	99.401	-166,6%	-116,4%
Accounts payable to related parties	-	-	(141)	n/a	-100,0%
Social tax and payroll payables	(71.458)	(17.229)	(31.437)	314,8%	127,3%
Tax payables	(6.789)	9.796	2.189	-169,3%	-410,1%
Provisions for lawsuit	(3.464)	(10.756)	(2.630)	-67,8%	31,7%
Other current and non current liabilities	(20.213)	28.014	(17.076)	-172,2%	18,4%
Cash from operating activities	1.064.998	1.022.323	748.844	4,2%	42,2%
Income tax paid	(84.632)	(50.394)	(2.774)	67,9%	2950,9%
Net cash from operating activities	980.366	971.929	746.070	0,9%	31,4%
Cash flows of investing activities:					
Additions to biological assets	(118.841)	(157.564)	(110.412)	-24,6%	7,6%
Additions to property, plant and equipment and intangible assets	(212.278)	(235.804)	(78.068)	-10,0%	171,9%
Cash received from disposal of property, plant and equipment	15.612	1.434	2.237	988,7%	597,9%
Financial investments, net	-	(79.703)	44.781	-100,0%	-100,0%
Net cash used in investing activities	(315.507)	(471.637)	(141.462)	-33,1%	123,0%
Cash flows of financing activities:					
Proceeds from loans and borrowings	578.279	166.303	42.678	247,7%	1255,0%
Payment of loans and borrowings - principal	(774.653)	(582.618)	(186.926)	33,0%	314,4%
Payment of loans and borrowings - interest	(134.864)	(33.013)	(110.079)	308,5%	22,5%
Cash invested on short and long term investments	-	79.703	-	-100,0%	n/a
Resgate de aplicações financeiras	-	-	-	n/a	n/a
Receipt of operations with derivatives	185.916	5.933	-	3033,6%	n/a
Payment of lease liabilities	(118.235)	(61.613)	(99.809)	91,9%	18,5%
Net cash (used in) / from financing activities	(263.557)	(425.305)	(354.136)	-38,0%	-25,6%
Foreign exchange variance on cash and cash equivalents	(18.531)	(34.147)	(117.677)	-45,7%	-84,3%
Net (decrease) increase in cash and cash equivalents	382.771	40.840	132.795	837,2%	188,2%
Cash and cash equivalents at the beginning of the period	1.347.256	1.306.416	789.944		
Cash and cash equivalents at the end of the period	1.730.027	1.347.256	922.739		
Net (decrease) increase in cash and cash equivalents	382.771	40.840	132.795		



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