

ELDORADO BRASIL CELULOSE S.A.

**Parent Company and consolidated interim
financial information**

June 30, 2023



Contents

Report on the review of quarterly information.....	3
Balance sheets.....	5
Interim statements of income.....	7
Interim statements of comprehensive income.....	8
Interim statements of changes in shareholders' equity.....	9
Interim statements of cash flows.....	10
Interim statement of added values.....	11
Notes to the Parent Company and consolidated interim financial information.....	12



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Report on review of interim financial information
(A free translation of the original report in Portuguese)

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

Introduction

We have reviewed the accompanying parent Company and consolidated interim financial information of Eldorado Brasil Celulose S.A. (the "Company") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2023, which comprises the balance sheets as of June 30, 2023 and the respective statements of income, comprehensive income for the three and six-month period then ended, statements of changes in shareholders' equity and statements cash flows for the six-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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



Other matters

Statements of Value Added

The interim financial information as referred to above includes individual and consolidated statements of added values (DVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34. The financial information were submitted to the review procedures followed together with the review of the Quarterly Information, in order to form our conclusion whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that Statement of added values has not been prepared, in all material respects, in accordance with requirements described at the Technical Pronouncement and consistent with the parent Company and consolidated interim financial information taken as a whole.

São Paulo, August 11, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP-014428/O-6

Original report in Portuguese signed by

Leslie Nares Laurenti
Accountant CRC 1SP215906/O-9

Balance sheets

As of June 30, 2023 and December 31, 2022.
(In thousands of reais)



ASSETS	Notes	Parent Company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current assets					
Cash and cash equivalents	5.1	726,562	173,122	1,200,018	1,347,256
Interest earning bank deposits	5.2	680,857	-	680,857	-
Trade accounts receivable	6	799,929	803,220	1,263,884	1,538,739
Inventories	8	566,922	585,501	792,806	832,361
Recoverable taxes	9	38,574	84,073	43,622	85,862
Income tax and social contribution - current		-	-	7,538	46
Derivative financial instruments	4.4.1	205,637	92,874	205,637	92,874
Advances to suppliers		101,546	65,323	101,865	65,323
Other current assets		50,224	53,900	51,696	55,370
Total current assets		3,170,251	1,858,013	4,347,923	4,017,831
Non-current assets					
Recoverable taxes	9	21,419	31,956	22,125	32,550
Advances to suppliers		327,969	249,151	327,969	249,151
Derivative financial instruments	4.4.1	263,338	123,531	263,338	123,531
Loans with related parties	7.1	249,715	160,110	-	-
Other non-current assets		3,524	4,697	4,052	5,158
		865,965	569,445	617,484	410,390
Biological assets	10	4,308,094	3,802,426	4,308,094	3,802,426
Investments	11	2,407,014	3,396,895	-	-
Property, plant and equipment	12	4,981,572	4,869,614	5,023,802	4,894,360
Intangible assets	13	28,670	29,901	423,194	324,192
Rights-of-use	14.1	1,243,516	952,070	1,522,486	1,230,311
		12,968,866	13,050,906	11,277,576	10,251,289
Total non-current assets		13,834,831	13,620,351	11,895,060	10,661,679
Total assets		17,005,082	15,478,364	16,242,983	14,679,510

Balance sheets

As of June 30, 2023 and December 31, 2022.
(In thousands of reais)



	Notes	Parent Company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
LIABILITIES					
Current liabilities					
Suppliers	15	221,717	293,058	244,651	297,175
Loans and financing	16	1,038,417	1,725,644	1,038,417	1,725,644
Leases payable	14.3	227,043	202,594	250,653	234,768
Loans with related parties	7.3	1,063,171	3,191	-	-
Labor and social security obligations		183,276	210,906	189,331	218,359
Tax obligations		9,487	19,358	14,813	46,248
Income tax and social contribution - current		31,766	40,647	88,647	72,458
Derivative financial instruments	4.4.1	-	6,108	-	6,108
Other current liabilities		14,810	21,854	64,334	117,939
Total current liabilities		2,789,687	2,523,360	1,890,846	2,718,699
Non-current liabilities					
Loans and financing	16	2,599,119	2,604,721	2,599,119	2,604,721
Loans with related parties	7.3	-	1,147,894	-	-
Leases payable	14.3	1,170,609	865,969	1,306,916	1,019,222
Deferred income tax and social contribution	17.2	596,288	258,612	596,288	258,612
Provision for legal risks	18	35,328	30,692	35,764	31,140
Other non-current liabilities		26,342	22,378	26,341	22,378
Total non-current liabilities		4,427,686	4,930,266	4,564,428	3,936,073
Total liabilities		7,217,373	7,453,626	6,455,274	6,654,772
Shareholders' equity					
Share Capital	19	1,788,792	1,788,792	1,788,792	1,788,792
Retained earnings reserves		5,889,613	5,885,074	5,889,613	5,885,074
Equity valuation adjustments		234,429	350,872	234,429	350,872
Retained earnings		1,874,875	-	1,874,875	-
Total shareholders' equity		9,787,709	8,024,738	9,787,709	8,024,738
Total liabilities and shareholders' equity		17,005,082	15,478,364	16,242,983	14,679,510

Interim statements of income

Three and six-month periods ended June 30, 2023 and 2022

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



	Notes	Parent Company				Consolidated			
		04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Net revenue	20	955,619	1,083,568	1,688,945	1,810,052	1,491,316	1,833,894	3,026,673	3,278,202
Cost of products sold	22	(753,019)	(629,888)	(1,291,324)	(1,152,818)	-764,203	(571,705)	(1,295,052)	(1,094,569)
Gross income		202,600	453,680	397,621	657,234	727,113	1,262,189	1,731,621	2,183,633
Operating revenues (expenses)									
Administrative and general	22	(76,878)	(71,865)	(149,484)	(120,049)	(81,825)	(75,078)	(158,577)	(127,887)
With sales and logistics	22	(69,230)	(92,418)	(124,727)	(178,319)	(195,381)	(256,196)	(329,946)	(465,459)
Fair value of biological assets	10	368,877	248,708	368,877	248,708	368,877	248,708	368,877	248,708
Expected credit losses	6	250	(862)	565	436	(4,198)	(4,399)	1,382	(3,089)
Equity in net income of subsidiaries	11.2	397,352	646,719	1,126,216	1,242,442	-	-	-	-
Other operating revenues, net	23	680	8,360	6,331	14,957	561	20,120	6,015	26,628
Operating income (loss) before financial income (loss)		823,651	1,192,322	1,625,399	1,865,409	815,147	1,195,344	1,619,372	1,862,534
Net financial income (loss)									
Financial revenues	24	23,112	10,425	37,135	16,371	37,409	7,207	62,444	14,350
Financial expenses	24	(124,487)	(162,939)	(263,249)	(310,973)	(113,430)	(154,775)	(241,440)	(293,232)
Derivative financial instruments	24	431,543	52,887	641,188	125,025	431,543	52,887	641,188	125,025
Net exchange-rate change	24	140,504	(367,363)	218,924	323,024	139,445	(367,300)	216,607	326,829
Income before taxes		1,294,323	725,332	2,259,397	2,018,856	1,310,114	733,363	2,298,171	2,035,506
Income tax and social contribution									
Current	17.1	(66,217)	-	(68,228)	-	(82,008)	(8,031)	(107,002)	(16,650)
Deferred	17.1	(240,500)	(22,219)	(311,755)	(259,518)	(240,500)	(22,219)	(311,755)	(259,518)
Net income for the period		987,606	703,113	1,879,414	1,759,338	987,606	703,113	1,879,414	1,759,338
Basic and diluted net earnings per share - in reais (R\$)	19.8					0.6474	0.4609	1.2320	1.1532

See the accompanying notes to the individual and consolidated interim financial information.

Interim statements of comprehensive income

Three and six-month periods ended June 30, 2023 and 2022

(In thousands of reais)



Notes	Parent Company				Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Net income for the period	987,606	703,113	1,879,414	1,759,338	987,606	703,113	1,879,414	1,759,338
Items that can be subsequently reclassified to income (loss):								
Foreign exchange differences on translation of foreign operations	(113,765)	199,544	(166,761)	(143,669)	(113,765)	199,544	(166,761)	(143,669)
Adjustment of cash flow hedge	54,662	(109,707)	76,238	76,972	54,662	(109,707)	76,238	76,972
Deferred income tax/social contribution on cash flow hedge	(18,585)	37,300	(25,920)	(26,170)	(18,585)	37,300	(25,920)	(26,170)
Other comprehensive income for the period, net of income tax and social contribution	(77,688)	127,137	(116,443)	(92,867)	(77,688)	127,137	(116,443)	(92,867)
Total comprehensive income for the period	909,918	830,250	1,762,971	1,666,471	909,918	830,250	1,762,971	1,666,471

See the accompanying notes to the individual and consolidated interim financial information.

Interim statements of changes in shareholders' equity

Period ended June 30, 2023 and 2022

(In thousands of reais)



	Share Capital	Profit reserves					Equity valuation adjustments		Retained earnings	Total shareholders' equity
		Legal reserve	Tax incentive reserve	Expansion reserve	Reserve for retained minimum mandatory dividends	Profit retention	Hedge accounting	Accumulated translation adjustments		
Balances at December 31, 2021	1,788,792	80,486	992,943	1,039,340	238,037	-	8,772	446,597	-	4,594,967
Net income for the period	-	-	-	-	-	-	-	-	1,759,338	1,759,338
Other comprehensive income for the period	-	-	-	-	-	-	50,802	(143,669)	-	(92,867)
Comprehensive income for the period	-	-	-	-	-	-	50,802	(143,669)	1,759,338	1,666,471
Balances at June 30, 2022	1,788,792	80,486	992,943	1,039,340	238,037	-	59,574	302,928	1,759,338	6,261,438
Balances at December 31, 2022	1,788,792	257,199	1,004,037	1,039,340	238,037	3,346,461	58,982	291,890	-	8,024,738
Net income for the period	-	-	-	-	-	-	-	-	1,879,414	1,879,414
Other comprehensive income for the period	-	-	-	-	-	-	50,318	(166,761)	-	(116,443)
Comprehensive income for the period	-	-	-	-	-	-	50,318	(166,761)	1,879,414	1,762,971
Tax incentive reserve	-	-	4,539	-	-	-	-	-	(4,539)	-
Balances at June 30, 2023	1,788,792	257,199	1,008,576	1,039,340	238,037	3,346,461	109,300	125,129	1,874,875	9,787,709

See the accompanying notes to the individual and consolidated interim financial information.

Interim statements of cash flow

Periods ended June 30, 2023 and 2022.

(In thousands of reais)



	Notes	Parent Company		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cash flow from operating activities:					
Net income for the period		1,879,414	1,759,338	1,879,414	1,759,338
Adjustments to reconcile income (loss) to cash and cash equivalents generated by operating activities:					
Depreciation, amortization and depletion	22and 23	383,986	308,851	394,165	309,752
Income (loss) from disposal of property, plant and equipment and biological assets		(12,342)	(10,774)	(12,342)	(10,740)
Fair value of biological assets	10	(368,877)	(248,708)	(368,877)	(248,708)
Deferred income tax and social contribution	17	311,755	259,518	311,755	259,518
Income tax and social contribution - current	17	68,228	-	107,002	16,650
Financial charges - interest and exchange-rate change		(18,284)	(60,647)	(19,020)	(81,022)
Yield on interest earning bank deposit		(8,770)	(1,514)	(8,770)	(1,514)
Equity in net income of subsidiaries	11	(1,126,216)	(1,242,442)	-	-
Net gain with derivatives	24	(641,188)	(106,749)	(641,188)	(106,749)
Provision for legal risks	18	12,745	(1,049)	12,778	(1,074)
Reversal of loss of ICMS credits	23	(7,623)	(7,982)	(7,623)	(7,982)
Reversal of estimated losses on inventories	8	(929)	-	(929)	-
Reversal of expected credit losses	6	(3,912)	(436)	(22,996)	3,089
		467,987	647,406	1,623,369	1,890,558
Decrease/(increase) in assets and liabilities:					
Trade accounts receivable		(33,624)	(54,929)	176,277	(190,064)
Inventories		27,309	(48,517)	16,898	(113,203)
Recoverable taxes		54,843	(10,301)	51,909	(11,653)
Advances to suppliers		(32,852)	(1,158)	(33,171)	(1,158)
Other current and non-current assets		4,849	(114,448)	9,671	(114,636)
Suppliers		(71,341)	4,424	(18,315)	(2,113)
Labor and social security obligations		(27,630)	5,769	(28,849)	3,963
Provision for legal risks		(8,109)	-	(8,155)	-
Tax obligations		(9,871)	(1,012)	(9,608)	935
Other current and non-current liabilities		(3,063)	8,206	(49,142)	(10,918)
Cash generated by operating activities		368,498	435,440	1,730,885	1,451,711
Income tax and social contribution paid		(68,293)	-	(107,088)	(3,666)
Net cash generated by operating activities		300,205	435,440	1,623,797	1,448,045
Cash flow from investment activities:					
Increase in biological assets		(243,196)	(228,568)	(243,196)	(228,568)
Additions to property, plant and equipment and intangible assets		(304,439)	(119,744)	(405,332)	(208,308)
Cash received upon disposal of property, plant and equipment		17,395	11,705	17,395	11,705
Loan agreements granted to related parties		(127,000)	(100,500)	-	-
Capital increase in subsidiaries		-	(569)	-	-
Dividends received	11.2	1,986,150	768,749	-	-
Net cash generated (used) by/in investment activities		1,328,910	331,073	(631,133)	(425,171)
Cash flow from financing activities:					
Loans and financing obtained	16	589,738	188,847	589,738	188,847
Amortization of loans and financing - principal	16	(1,140,243)	(1,048,057)	(1,140,243)	(1,048,057)
Amortization of loans and financing - interest	16	(147,456)	(176,201)	(147,456)	(176,201)
Interest earning bank deposits, net		(672,087)	158,465	(672,087)	158,465
Receipt of operations with derivatives	24	460,751	-	460,751	-
Amortization of related party loans - interest	7	(25,641)	(25,657)	-	-
Payment of lease agreements	14	(140,737)	(107,354)	(188,443)	(152,461)
Net cash invested in financing activities		(1,075,675)	(1,009,957)	(1,097,740)	(1,029,407)
Exchange-rate change on cash		-	-	(42,162)	(37,324)
Increase (decrease), net of cash and cash equivalents		553,440	(243,444)	(147,238)	(43,857)
Cash and cash equivalents at the beginning of the period		173,122	301,889	1,347,256	789,944
Cash and cash equivalents at the end of the period		726,562	58,445	1,200,018	746,087
Increase (decrease), net of cash and cash equivalents		553,440	(243,444)	(147,238)	(43,857)

Interim statements of added-value

Periods ended June 30, 2023 and 2022.

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



	Parent Company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Revenues:				
Sale of goods, products and services	1,807,685	1,914,334	3,146,191	3,383,366
Transfers from construction of own assets	33,884	9,506	33,884	9,506
Expected credit losses	565	436	1,382	(3,089)
Other operating revenues	369,141	265,184	369,058	259,947
	2,211,275	2,189,460	3,550,515	3,649,730
Inputs acquired from third parties:				
Costs of products, goods, and services rendered	(430,303)	(448,304)	(424,738)	(360,968)
Materials, energy, outsourced services and other	(405,892)	(349,353)	(565,226)	(612,214)
Reversal of provision for impairment of asset values	7,623	7,982	7,623	7,982
	(828,572)	(789,675)	(982,341)	(965,200)
Gross added value	1.382.703	1.399.785	2.568.174	2.684.530
Depreciation, amortization and depletion	(383,986)	(308,851)	(394,165)	(309,752)
Net added value produced by the Entity	998,117	1,090,934	2,174,009	2,374,778
Added value received as transfer:				
Equity in net income of subsidiaries	1,126,216	1,242,442	-	-
Financial revenues and foreign exchange gain	897,248	511,489	920,999	515,009
Total added value payable	3,022,181	2,844,864	3,095,008	2,889,788
Distribution of added value:				
Personnel:				
Direct remuneration	149,311	132,506	151,344	140,270
Benefits	93,889	87,388	96,543	92,661
FGTS	12,261	12,657	12,261	13,420
	255,461	232,551	260,148	246,351
Taxes, rates and contributions:				
Federal	480,313	374,718	520,063	393,335
State	66,772	46,906	67,009	30,286
Municipal	-	-	772	12
	547,085	421,624	587,844	423,633
Third-party capital remuneration:				
Interest and exchange-rate change	251,786	354,083	226,167	329,537
Rentals	87,761	77,211	136,223	122,391
Other	674	57	5,212	8,538
	340,221	431,351	367,602	460,466
Remuneration of own capital:				
Net income for the period	1,879,414	1,759,338	1,879,414	1,759,338
Total added value paid	3,022,181	2,844,864	3,095,008	2,889,788

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



1. Operations

Eldorado Brasil Celulose S.A. ("Eldorado"), jointly with its subsidiaries ("Company"), is a publicly-held company incorporated under Brazilian law, registered with the Brazilian Securities and Exchange Commission (CVM), under category B, and headquartered in city of São Paulo, state of São Paulo.

The Company is mainly engaged in the production, sale, import and export of pulp, with an industrial unit in the city of Três Lagoas, state of Mato Grosso do Sul - MS. It also operates in the cultivation of seedlings and trees, extraction of wood from planted forests, reforestation of its own land and of third-party land, as well as in the production of electric power from the processing of biomass.

Pulp sales on the international market are made through direct sales by Eldorado and its subsidiaries located in Austria, the United States of America and China.

The issue of these financial statements was authorized by the Company's Board of Directors as of August 11, 2023.

2. Preparation and presentation of individual and consolidated interim financial information

(a) Statement of conformity (in relation to IFRS standards and CPC standards)

The individual and consolidated interim financial information was prepared in accordance with IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and CPC 21 – Interim Financial Reporting issued by Accounting Pronouncement Committee.

Management states that all significant information specific to financial information and only this one, is being evidenced and corresponds to this one used by it in its management.

(b) Measuring basis

The interim financial information was prepared based on accounting practices and policies consistent with those adopted for preparation of financial statements as of December 31, 2022 and should be read with these statements.

Information from notes which did not suffer material changes compared to those included in the financial statements for the year ended December 31, 2022 were not fully reproduced in this quarterly information. Certain information was included to explain the main events and transactions that took place, in order to provide an understanding of the changes in the Company's financial position and operating performance since the disclosure of financial statements at December 31, 2022.

The change for the year ended December 31, 2022 is presented in the individual and consolidated annual financial statements for the period then ended, published on March 15, 2023.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



The notes listed below are not being presented or are not at the same level of detail as the notes included in the annual financial statements:

- Description of significant accounting policies (Note 7);
- Financial instruments (Note 8)
- Trade accounts receivable (Note 10);
- Recoverable taxes (Note 13);
- Biological assets (Note 14);
- Property, plant and equipment (Note 16);
- Intangible assets (Note 17);
- Right-of-use and leases payable (Note 18);
- Loans and financing (Note 20);
- Income tax and social contribution - current and deferred (Note 21);
- Provision for lawsuit risks (Note 22);
- Shareholders' equity (Note 23) and;
- Take or pay contracts (Note 29).

(c) Use of estimates and judgments

In the preparation of this individual and consolidated interim financial information, in accordance with IFRS and CPC standards, Management used judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

These estimates and assumptions are reviewed in a continuous manner, and such reviews are recognized on a prospective basis.

There was no change of any nature in Management's estimates and judgments in relation to those used and disclosed in the individual and consolidated annual financial statements as of December 31, 2022.

(d) Measurement of fair value

When measuring fair value of an asset or liability, the Company uses observable market data as much as possible. Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 - Biological assets;
- Note 4 – financial instruments.

(e) Functional and presentation currency

The individual and consolidated interim financial information is presented in reais (R\$), functional currency of the Company. The foreign subsidiaries' functional currency is the US. dollar. All balances have been rounded to the nearest value, unless otherwise indicated.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



(i) Foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of the Group's entities at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate determined on the balance sheet date. Exchange differences arising from the reconversion are charged to income (loss).

(ii) Foreign operations

The assets and liabilities of foreign operations are converted into *reais* at the exchange rates calculated on balance sheet date. Foreign transactions' revenue and expenses are translated into *reais* (R\$) at exchange rates determined in the respective periods of the transactions.

The differences in foreign currencies (functional currency of the foreign subsidiaries) generated for the translation into the presentation currency, the *reais*, are recognized in comprehensive income and accumulated in "Accumulated translation adjustments" in the shareholders' equity.

3. Consolidation

The Company consolidates all entities in which they retain control, i.e., when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The subsidiaries included in the consolidation are:

Direct subsidiaries	Country	Ownership interest	
		06/30/2023	12/31/2022
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Eldorado Brasil Celulose Logística Ltda.	Brazil	100%	100%
Indirect subsidiaries			
Eldorado USA, Inc.	USA	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

The accounting policies applied in the preparation of the consolidated financial statements are disclosed in the individual and consolidated annual financial statements as of December 31, 2022.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



4. Management of financial risks and financial instruments

The Company is exposed to several financial and market risks that may impact its performance and financial position.

Risk management is carried out by the financial department, following the financial and market risk management policy, whose objective is to establish guidelines and best practices related to fundraising, foreign exchange, interest rates and related risks. The policy was updated and approved by the Board of Directors as of May 12, 2023.

The Company uses derivative financial instruments to hedge certain risk exposures, and for decision-making purposes, all exposure is monitored and analyzed together with macroeconomic variables.

4.1. Financial instruments by category

	Consolidated	
	06/30/2023	12/31/2022
Fair value at amortized cost:		
Cash and cash equivalents	1,200,018	1,347,256
Interest earning bank deposits	680,857	-
Trade accounts receivable	1,263,884	1,538,739
Advances to suppliers	429,834	314,474
Other assets	55,748	60,528
	3,630,341	3,260,997
Fair value through other comprehensive income:		
Derivative financial instruments	468,975	216,405
Assets	4,099,316	3,477,402
Fair value at amortized cost:		
Loans and financing	3,637,536	4,330,365
Suppliers	244,651	297,175
Leases payable	1,557,569	1,253,990
Other liabilities	90,675	140,318
	5,530,431	6,021,848
Fair value through other comprehensive income:		
Derivative financial instruments	-	6,108
Liabilities	5,530,431	6,027,956

4.2. Fair value hierarchy

Assets and liabilities measured at fair value in the balance sheet are calculated based on valuation techniques determined from inputs classified into the following hierarchy levels:

Level 1 - Prices quoted in active markets (unadjusted) for identical assets and liabilities;

Level 2 - Other available information, except Level 1 information, which includes quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other information other than quoted prices that are observable for the asset or liability;

Level 3 - The indices used for calculation are not derived from observable data, as relevant observable data are not available.

In the period ended June 30, 2023, Company's derivative financial instruments are classified as level 2.

Operations with financial and derivative instruments are classified and recognized in the financial information of the Company and its subsidiaries. The estimated fair values of the derivative financial instruments are the same as the book values.

4.3. Financial risk factors

The Company is exposed to the following financial risks:

- a. Market risk;
 - i. Interest rate risk;
 - ii. Exchange rate risk.
- b. Credit risk;
- c. Liquidity risk.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



a. Market risk

i. Interest rate risk

The interest rate risk on financial assets and liabilities, except derivative instruments, is calculated based on market indicators for June 2023 and presenting the following likely impact scenario on the financial income (loss):

Type	Index	Rate	06/30/2023	Probable scenario	
				Rate	R\$ Gain (Loss)
Cash and cash equivalents	CDI	13.65%	1,097,481	12.00%	(18,108)
Interest earning bank deposits	SELIC	13.65%	680,857	12.00%	(11,234)
Other non-current assets	Ref. rate	2.10%	151	1.85%	-
Loans and financing	Libor ⁽ⁱ⁾	6.04%	(521,660)	6.04%	-
Loans and financing	IPCA	3.40%	(569,062)	4.98%	(8,991)
Loans and financing	SOFR	5.09%	(520,423)	5.45%	(1,874)
Loans and financing	CDI	13.65%	(1,460,280)	12.00%	24,095
Leases payable	IPCA	3.40%	(1,557,569)	4.98%	(24,610)
Net exposure			(2,850,505)		(40,722)

(i) Loans indexed by Libor are expected to be settled in 2023 and are restated based on the rate in force in January of each year.

The amounts of R\$ 102,537 of cash deposits and interest earning bank deposits abroad, and R\$ 566,111 of loans and financing, are pegged to fixed rates and do not present a future scenario of fluctuations.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



ii. Exchange rate risk

Financial instruments denominated in foreign currencies, except derivative financial instruments, which are exposed to the risk of fluctuations in the quotations of the respective foreign currencies, are presented below. The positive or negative effect on pre-tax income (loss) arising from a reasonably possible devaluation of the real against foreign currencies, considered as a likely scenario, is as follows:

Exposure	Currency	Foreign exchange rate	06/30/2023		Probable scenario	
			R\$	Exposed amount	Probable foreign exchange rate	R\$ Gain (Loss)
Cash and cash equivalents	USD	4.8192	770,766	159,937	5.0000	28,917
Cash and cash equivalents	EUR	5.2626	8,124	1,544	5.4600	305
Cash and cash equivalents	CNY	0.6646	4,504	6,776	0.6895	169
Trade accounts receivable	USD	4.8192	1,076,267	223,329	5.0000	40,378
Suppliers	USD	4.8192	(7,027)	(1,458)	5.0000	(263)
Suppliers	EUR	5.2626	(1,342)	(255)	5.4600	(50)
Suppliers	GBP	6.1262	(92)	(15)	6.3560	(3)
Loans and financing	USD	4.8192	(2,311,797)	(479,706)	5.0000	(86,731)
Net exposure			(460,597)			(17,278)

b. Credit risk

The book values of financial assets represent the maximum credit risk exposure, and presents the following position at the end of the period:

	Consolidated	
	06/30/2023	12/31/2022
Cash and cash equivalents	1,199,961	1,347,205
Interest earning bank deposits	680,857	-
Trade accounts receivable	1,263,884	1,538,739
Advances to suppliers	429,834	314,474
Derivatives receivable	468,975	216,405
Total	4,043,511	3,416,823

Client credit risk, except for the receivables from related parties for which risks on its realization are not identified, is centrally managed by Eldorado, pursuant to control procedures established by the Company, in accordance with management of credit risk and client collection. Credit limits are previously established for all clients based on internal rating criteria. Outstanding trade notes are monitored frequently and, where necessary, an expected credit loss is recognized at each closing period.

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

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



c. Liquidity risk

Liquidity risk can be characterized by the possibility that the Company may face difficulties in meeting the obligations associated with its financial liabilities, which are settled by delivering cash or other financial assets.

The table below presents the amount of the Company's financial liabilities classified according to contractual maturities. These amounts represent gross, undiscounted amounts and include interest payments and exchange change. Therefore, they cannot be reconciled with the amounts disclosed in the balance sheet.

	06/30/2023				
Consolidated	≤01 year	01–02 years	02–03 years	>03 years	Total
Loans and financing	1,223,622	2,258,030	53,731	575,835	4,111,218
Leases payable	67,982	181,784	175,424	1,091,386	1,516,576
Suppliers	244,651	-	-	-	244,651
Other liabilities	64,334	26,337	-	-	90,671
Total	1,600,589	2,466,151	229,155	1,667,221	5,963,116

4.4. Derivative financial instruments

4.4.1. Outstanding derivatives by contract type

Outstanding derivative positions are presented below:

Type of derivative	Currency	Subsidiary and Consolidated			
		Notional value		Fair value	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Operating hedge:					
Non-deliverable forward (US\$)	US\$	1,592,000	500,000	112,999	(6,108)
Debt hedge:					
Interest rate hedging:					
Swap IPCA for fixed rate (US\$)	R\$	500,000	500,000	608,645	562,983
Swap CDI for fixed rate (US\$)	R\$	700,000	700,000	755,921	764,641
		1,200,000	1,200,000	1,364,566	1,327,624
Liabilities					
Swap IPCA for fixed rate (US\$)	US\$	88,221	88,221	(414,367)	(459,350)
Swap CDI for fixed rate (US\$)	US\$	124,643	124,643	(594,223)	(651,869)
		212,864	212,864	(1,008,590)	(1,111,219)
				468,975	210,297
Current assets				205,637	92,874
Non-current assets				263,338	123,531
Current liabilities				-	(6,108)
				468,975	210,297

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



The change in the fair value of derivatives for the period ended June 30, 2023 is related to the appreciation of the Real against the US dollar in addition to the changes between the restatement indices of contracts and fixed rate in USD.

Each of the current contracts, the respective hedged risks, as well as the procedures performed to obtain the fair values, are described below:

- (i) Non-Deliverable Forward ("NDF"): Short positions in US\$ futures contracts with the objective of hedging the cash flow from exports against valuation of real in relation to dollar. The fair value of futures contracts is determined using the forward exchange rates for the maturities through the exchange coupon curves and the future DI curve obtained from B3. Next, the difference between this future exchange rate obtained and the contracted rate is calculated. The difference in rates is multiplied by the contracted notional and brought to present value by the future DI curve.
- (ii) Swap CDI x Fixed rate (USD): positions in conventional swaps by exchanging the change of the Interbank Deposit rate ("DI") for a fixed rate in US dollars ("USD"). The purpose is to change the debt ratio in Reais to USD, in line with the natural exposure of the Company's receivables in USD. The future value of the two swap legs is estimated based on market interest rates for the currency in which the swap leg is denominated. The present value of the asset position in Reais is measured through a discount using the future DI curve, and the liability position in Dollars. The discount is made based on the exchange coupon curve, obtained from B3. Then the difference between the two legs is calculated.
- (iii) Swap IPCA x Fixed rate (USD): positions in conventional swaps, exchanging the change of the Extended National Consumer Price Index ("IPCA") by a fixed rate in USD. The purpose is to change the debt ratio in Reais to USD, in line with the natural exposure of the Company's receivables in USD. The future value of the two swap legs is estimated based on market interest rates for the currency in which the swap leg is denominated. The present value of the asset position in Reais is measured through a discount using the future DI curve, and the liability position in Dollars. The discount is made based on the exchange coupon curve, obtained from B3. Then the difference between the two legs is calculated.

4.4.2. Maturity schedule for fair value

	06/30/2023
2023	164,271
2024	139,085
2025	18,683
2026	80,655
2027	66,281
	468,975

4.4.3. Hedge accounting

a. Purpose and strategy of the risk management

The expected future revenues from exports of pulp exposes the Company to risks of exchange rate fluctuations of Reais (R\$) against the US Dollar (US\$) since the Company's functional currency is the Reais (R\$). The financial and market risk management policy allows the structuring of hedge accounting, with the use of derivative and non-derivative financial instruments, with the purpose of recording increases or losses arising from such instruments in the same accounting periods in which the fair value of hedged items is calculated, reducing the volatility in the Company's results. The Company designates the foreign exchange change component of currency and interest rate swaps for cash flow hedge accounting.

b. Hedging relationship and nature of hedged risk

The Company adopts a cash flow hedge, as defined in IFRS 9 and CPC 48, with the nature of the hedged risk being the exchange-rate change of expected revenues in US dollars, which are related to Swap contracts, which exchange the change of "DI" and "IPCA" rates in reais (R\$) by a fixed rate in US dollars (USD), in line with the natural exposure of the Company's receivables in US dollars.

c. Identification of hedge instrument

The hedge instrument is the principal value of the debt in reais, converted into foreign currencies by means of swaps, fixed in US Dollar with the following characteristics:

Type	Swap
Start date of Contract	10/14/2021
Maturity date	09/13/2027
Amount denominated in USD	212,864
Average parity USD x R\$	5.6374
Start date of hedge	10/14/2021

d. Effectiveness of the hedge relationship

The Company assesses the effectiveness of its hedging strategy by comparing changes in the fair value of the hedging instrument with changes in the fair value of the hedged item, in relation to the hedged risk. If the hedging relationship does not prove to be effective, within the limits established in relation to the desired hedge, the ineffective portion of the effects of exchange change on loans and financing is reclassified to the statement of income under "Net financial income (loss)". In the period ended June 30, 2023, effectiveness tests demonstrated that the implemented hedge accounting strategy is effective.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



e. Accounting

Type of derivative	Effect in shareholders' equity (Hedge accounting)	
	06/30/2023	12/31/2022
Swap IPCA for fixed rate (US\$)	72,934	39,593
Swap CDI for fixed rate (US\$)	92,671	49,774
	165,605	89,367
Deferred income tax and social contribution	(56,305)	(30,385)
Net restatement of cash flow hedge	109,300	58,982

4.5. Capital management

Capital management is carried out through a continuous and prospective process of planning and monitoring the capital needs considering the Company's strategic objectives. To this end, mechanisms are established to monitor the capital required to cover financial and operating risks.

The Company constantly monitors the consolidated financial leverage ratio, corresponding to Net Debt to Adjusted Earnings Before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA").

Capital management is carried out at consolidated level.

(i) Covenants

The Company has financing agreements that have the following compliance obligations:

Index	Parameter	Limit
BRL leveraging	Net debt ⁽¹⁾ /ebitda ⁽²⁾	Up to 4.0x
USD leveraging	Net debt ⁽¹⁾ /ebitda ⁽²⁾	Up to 3.5x

Leverage is measured by the Net Debt to EBITDA ratio and is performed semiannually, in Reais, and quarterly and annually, in USD.

⁽¹⁾ Net debt is the balance of loans and financing minus the balance of cash and cash equivalents, in addition to interest earning bank deposits, on the covenant measurement date.

⁽²⁾ EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization.

On June 30, 2023, the Company achieved the financial ratios above.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



5. Cash and cash equivalents and interest earning bank deposits

5.1. Breakdown of balances – Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and cash equivalents	52	48	57	51
Banks – Demand deposits ^(a)	323,389	41,584	783,115	434,057
Banks - interest earning bank deposits ^(b)	403,121	131,490	416,846	913,148
	726,562	173,122	1,200,018	1,347,256

^(a) To mitigate the credit risk, the Company maintains most of its operations and financial funds distributed in financial institutions with credit risk compatible with its practices and risk management policy, according to the rating below.

^(b) Interest earning bank deposits have daily liquidity, invested in Bank Deposit Certificates ("CDBs") whose yield follows the Interbank Deposit Certificate ("CDI") rate.

5.2. Breakdown of balances – Interest earning bank deposits

	Parent company and Consolidated	
	06/30/2023	12/31/2022
National Financial Treasury Bills – LFTN ⁽¹⁾	680,857	-

⁽¹⁾ The Treasury Bills (LFTNs) remuneration are indexed to the Selic variation and are linked to derivative contracts - NDF's – Note 4.4.1.(i).

5.3. Risk rating

The balances of demand deposits and interest earning bank deposits, distributed by the credit risk rating of financial institutions with which the Company maintains a relationship, are as follows:

Risk rating: ⁽¹⁾	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
AAA	-	-	766	2,030
AA-	-	-	4,504	-
A+	-	-	-	4,793
A	392,852	-	859,125	51
A-	-	70,154	-	777,993
BBB	-	-	-	86,798
BB	15,010	50,759	15,010	50,760
BB-	999,489	52,160	1,001,397	424,779
B-	16	1	16	1
	1,407,367	173,074	1,880,818	1,347,205

⁽¹⁾ Rating assigned by Fitch Ratings, Moodys and Standard & Poor's rating agencies, on a global scale.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



6. Trade accounts receivable

6.1. Breakdown of balances

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Clients:				
Domestic market	200,066	293,872	200,089	293,872
Foreign market	604,597	517,994	1,076,267	1,280,335
	804,663	811,866	1,276,356	1,574,207
Expected credit losses	(4,734)	(8,646)	(12,472)	(35,468)
	799,929	803,220	1,263,884	1,538,739
Balances by maturity:				
Falling due	784,541	788,438	1,060,348	1,287,655
Overdue (days):				
01–30	11,061	12,926	152,172	168,708
31–60	2,348	134	26,447	39,311
61–90	-	1,105	10,540	42,448
>90	1,979	617	14,377	617
	799,929	803,220	1,263,884	1,538,739

6.2. Changes in expected credit losses:

	Parent Company	Consolidated
Balance at December 31, 2022	(8,646)	(35,468)
Formations	(2,371)	(10,110)
Reversals	2,936	11,492
Write-offs	3,347	21,489
Exchange-rate change	-	125
Balance at June 30, 2023	(4,734)	(12,472)

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



7. Related parties

All the balances of the balance sheet accounts and the transactions in the income (loss) accounts result from operations under conditions and prices established between the parties, being presented below:

7.1. Asset balances

	Type	Parent Company		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Balances with subsidiaries:					
Cellulose Eldorado Austria GmbH	Sale of pulp	261,471	1,740	-	-
Eldorado USA, Inc.	Sale of pulp	293,363	492,589	-	-
Eldorado Intl. Finance GmbH	PPE (Export prepayment) (i)	(1,063,171)	(1,151,085)	-	-
Rishis Empreendimentos e Participações S.A.	Rendering of services	(11,298)	(33,059)	-	-
Eldorado Brasil Celulose Logística Ltda.	Loan (iv)	249,715	160,110	-	-
		(269,920)	(529,705)	-	-
Balance with controlling shareholders:					
J&F Investimentos	Rentals	(68)	(64)	(68)	(64)
Balance with other related parties:					
JBS	Sundry (ii)	(220)	(273)	(220)	(273)
Seara Alimentos	Consumable items (iii)	(14)	(910)	(14)	(910)
		(234)	(1,183)	(234)	(1,183)
		(270,222)	(530,952)	(302)	(1,247)
Assets:					
Trade accounts receivable		554,835	494,329	-	-
Loans with related parties		249,715	160,110	-	-
Liabilities:					
Suppliers		(11,601)	(34,306)	(302)	(1,247)
Loans with related parties		(1,063,171)	(1,151,085)	-	-
		(270,222)	(530,952)	(302)	(1,247)

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



7.2. Transactions in the period

Type		04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Transactions with subsidiaries:					
Cellulose Eldorado Austria GmbH	Sale of pulp	429,031	482,298	601,249	763,016
Eldorado USA, Inc.	Sale of pulp	227,696	296,313	398,201	465,429
Eldorado Intl. Finance GmbH	PPE (Export prepayment) (i)	(13,048)	(12,913)	(26,490)	(26,222)
Rishis Empreendimentos e Participações S.A.	Rendering of services	(6,771)	(8,484)	(13,801)	(15,776)
		636,908	757,214	959,159	1,186,447
Other related-party transactions:					
JBS	Sundry (ii)	(645)	(2,437)	(1,746)	(4,248)
Seara Alimentos	Consumable items (iii)	(39)	(91)	(39)	(156)
		(684)	(2,528)	(1,785)	(4,404)
Total - Parent company		636,224	754,686	957,374	1,182,043
Other related-party transactions:					
JBS	Sundry	(645)	(2,437)	(1,746)	(4,248)
Seara Alimentos	Consumables	(39)	(91)	(39)	(156)
Total Consolidated		(684)	(2,528)	(1,785)	(4,404)

- (i) Export financing operation granted by Eldorado Intl. Finance GmbH, with a five-year term, maturing in June 2024, remunerated at the market rate, plus exchange change;
- (ii) Amounts payable on sundry transactions, including freight for transporting pulp, purchase of consumables and data center lease, reimbursements of rents and corporate expenses;
- (iii) Amounts payable arising from the acquisition of consumables for use in the Eldorado's cafeteria;
- (iv) Loan agreement with the subsidiary Eldorado Brasil Logística Ltda., with a five-year term, expiring in November 2026.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



7.3. Changes in loans with related parties – Eldorado. Intl. Finance GmbH

	Parent Company
Balance at December 31, 2022	1,151,085
Interest incurred	26,490
Settlement of interest	(25,641)
Exchange-rate change	(88,763)
Balance at June 30, 2023	1,063,171

7.4. Management fees

The total management compensation, including the Tax Council, was approved by majority vote by the Board of Directors and the Company's General Meeting, in compliance with the provisions of the Bylaws, the Company's Shareholders' Agreement and Law 6404/1976 for the topic.

	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Parent Company				
Benefits ^(a)	10,544	9,553	20,776	15,102
Private pension	119	104	239	198
	10,663	9,657	21,015	15,300
Consolidated				
Benefits ^(a)	12,224	11,012	24,025	18,139
Private pension	101	121	239	234
	12,325	11,133	24,264	18,373

^(a) Benefits include fixed remuneration (salaries, vacation pay and 13th salary), social security contributions to the FGTS, variable remuneration and other.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



8. Inventories

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Warehouses	239,216	239,864	239,580	240,260
Pulp	118,047	63,756	343,567	310,220
Wood for production	105,210	166,157	105,210	166,157
Industrial and forestry inputs	104,449	115,724	104,449	115,724
	566,922	585,501	792,806	832,361

The amount of estimated losses in inventories in the six-month period ended June 30, 2023 was R\$ 3,647 (R\$ 4,576 in December 2022) and refer mainly to warehouse materials and low turnover inventory.

9. Recoverable taxes

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Value added tax on sales and services (ICMS):				
Recoverable ICMS	1,000,569	1,002,322	1,002,973	1,002,322
Estimated losses on ICMS credits ⁽ⁱ⁾	(994,699)	(1,002,322)	(994,699)	(1,002,322)
	5,870	-	8,274	-
Other recoverable taxes:				
PIS and COFINS	26,383	72,250	28,620	73,634
Reintegra	26,269	32,328	26,269	32,328
IRPJ /CSLL	1,110	11,144	1,273	11,319
Recoverable Withholding income tax (IRRF)	97	97	651	526
Other	264	210	660	605
	59,993	116,029	65,747	118,412
Current	38,574	84,073	43,622	85,862
Non-current	21,419	31,956	22,125	32,550
	59,993	116,029	65,747	118,412

- (i) The Company reassesses the amount of estimated losses with ICMS credits annually or whenever there is evidence of significant change in estimates. The amount of estimated losses with ICMS credits reversed in the six-month period ended June 30, 2023 was R\$ 7,623 (R\$ 28,438 in December 2022) and corresponds to ICMS credits consumed in the normal course of the Company's business. See Note 23 - Other operating revenues (expenses), net.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



10. Biological assets

Changes in biological assets in the six-month period ended June 30, 2023 are as follows:

	Parent company and Consolidated
Balance at December 31, 2022	3,802,426
Cost applied in the formation of forests	331,000
Exhaustion of formed forests	(194,209)
Fair value adjustment, net of sales expenses	368,877
Balance at June 30, 2023	4,308,094

The forests comprising the biological asset are subject to operational and environmental risks, such as fires, pests, diseases and climate changes, which can affect the balance of ecosystems and consequently the productivity of planting.

The Company reassesses the value of its biological assets every six months or when there are signs of significant changes in the main assumptions. The main assumptions considered in estimating the fair value of biological assets were as follows:

	06/30/2023	12/31/2022
Area planted for the purpose of the biological asset (hectare)	262,043	249,161
Average annual increment (IMA) - m ³ / hectare ⁽ⁱ⁾	38.24	37.09
Discount rate (WACC without consumer price index) - %	8.12	7.60
Price of standing wood - R\$/m ³	109.30	95.70

(i) Refers to IMA 6, relative to age/cut considering six years.

	06/30/2023	12/31/2022
Financial changes	199,868	14,291
Physical changes	169,009	(509)
	368,887	13,782

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



11. Investments

11.1. Breakdown of investments and information on subsidiaries

	Percentage interest	Total assets	Share Capital	Shareholders' equity	Net revenue
Cellulose Eldorado Austria GmbH	100%	2,559,065	111	2,092,190	2,337,647
Eldorado Brasil Celulose Logística Ltda.	100%	729,091	154,888	301,932	86
Rishis Empreendimentos e Participações S.A.	100%	7,327	5,325	5,325	3.140

11.2. Changes in investments - Parent company

	Cellulose Eldorado Austria GmbH	Eldorado Brasil Celulose Logística Ltda.	Rishis Empreend. e Participações S.A.	Rishis Empreend. e Participações S.A. – surplus ⁽ⁱ⁾	Total investments in subsidiaries
Balance at 12/31/2022	3,118,783	179,651	90,304	8,157	3,396,895
Write-off by amortization of surplus	-	-	-	(590)	(590)
Dividends ⁽ⁱⁱⁱ⁾	(1,986,150)	-	-	-	(1,986,150)
Cisão parcial ^(iv)	-	84,888	(84,888)	-	-
Fair value of the intercompany loan ⁽ⁱⁱ⁾	-	37,404	-	-	37,404
Accumulated translation adjustment	(166,761)	-	-	-	(166,761)
Unearned income from inventories	30,421	-	-	-	30,421
Net income (loss) for the period	1,095,897	(11)	(91)	-	1,095,795
Balance at 06/30/2023	2,092,190	301,932	5,325	7,567	2,407,014

(i) On June 30, 2023, the Company records the capital gain on the acquisition of its subsidiary in the amount of R\$ 7,567 (R\$ 8,157 as of December 31, 2022), arising from the right of use of an area in the port zone, object of the lease agreement, which is being amortized over the right of use period, effective until November 4, 2029.

(ii) The amount refers to the change between the nominal value and the present value of the loan agreement upon initial recognition.

(iii) Dividends distributed by subsidiary Cellulose Eldorado Austria GmbH were fully received in the period.

(iv) On June 30, 2023, the Extraordinary General Meeting of Rishis Empreendimentos e Participações S.A, approved the spin-off of its equity equivalent to port operations, in the amount of R\$ 84,888, which related to the net assets merged by Eldorado Brasil Celulose Logística Ltda.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



12. Property, plant and equipment

12.1. Breakdown and changes in property, plant and equipment

	Works in progress	IT equipment	Vehicles and vessels	Machinery and equipment	Building and facilities	Other	Total
Parent Company:							
Balance at 12/31/2022	353,415	44,579	101,556	2,944,208	1,304,866	120,990	4,869,614
Additions	247,520	18	56,829	69	-	3	304,439
Write-offs	-	(10)	(3,080)	(1,957)	-	(6)	(5,053)
Transfers	(115,059)	971	208	100,360	8,710	1,685	(3,125)
Depreciation	-	(5,642)	(17,427)	(127,904)	(31,440)	(1,890)	(184,303)
Balance at 06/30/2023	485,876	39,916	138,086	2,914,776	1,282,136	120,782	4,981,572
Cost	485,876	84,516	277,816	4,565,074	1,803,173	142,040	7,358,495
Accumulated depreciation	-	(44,600)	(139,730)	(1,650,298)	(521,037)	(21,258)	(2,376,923)
Balance at 06/30/2023	485,876	39,916	138,086	2,914,776	1,282,136	120,782	4,981,572
Consolidated:							
Balance at 12/31/2022	373,260	45,041	101,556	2,947,408	1,305,800	121,295	4,894,360
Additions	263,050	38	59,338	69	-	3	322,498
Write-offs	-	(11)	(3,080)	(1,957)	-	(6)	(5,054)
Transfers	(115,650)	1,184	208	100,594	8,710	1,735	(3,219)
Exchange-rate change	-	(26)	-	-	-	(3)	(29)
Depreciation	-	(5,752)	(17,527)	(128,084)	(31,472)	(1,919)	(184,754)
Balance at 06/30/2023	520,660	40,474	140,495	2,918,030	1,283,038	121,105	5,023,802
Cost	520,660	87,073	280,325	4,570,184	1,804,289	142,996	7,405,527
Accumulated depreciation	-	(46,599)	(139,830)	(1,652,154)	(521,251)	(21,891)	(2,381,725)
Balance at 06/30/2023	520,660	40,474	140,495	2,918,030	1,283,038	121,105	5,023,802

12.2. Works in progress

Works in progress mainly refer to structural improvements in the pulp plant and its surroundings, as well as expenses with basic engineering, environmental licensing and infrastructure works for the construction of the new pulp production line, the "Project Vanguarda 2.0".

12.3. Provision for impairment

In the period ended June 30, 2023, there is no indication that an asset, or group of assets, may be impaired.

12.4. Assets pledged as collateral

Some of the Company's assets are pledged as collateral for loans and financing, up to the maximum limit of each debt assumed (Note 16.5).

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



12.5. General shutdown

The general plant maintenance shutdown, carried out in January 2023, totaled R\$ 87,642, which will be depreciated over a period of 15 months.

13. Intangible assets

13.1. Breakdown and changes in intangible assets

	Terminal concession	IT Software	Surplus for the right of use of the port concession	Works in progress	Total
Parent Company					
Balance at 12/31/2022	-	29,901	-	-	29,901
Transfers	-	3,125	-	-	3,125
Amortization	-	(4,356)	-	-	(4,356)
Balance at 06/30/2023	-	28,670	-	-	28,670
Cost	-	64,324	-	-	64,324
Accumulated amortization	-	(35,654)	-	-	(35,654)
Balance at 06/30/2023	-	28,670	-	-	28,670
Consolidated:					
Balance at 12/31/2022	38,766	29,919	8,157	247,350	324,192
Additions	-	-	-	103,953	103,953
Transfers	94	3,125	-	-	3,219
Amortization	(3,220)	(4,360)	(590)	-	(8,170)
Balance at 06/30/2023	35,640	28,684	7,567	351,303	423,194
Cost	90,732	65,090	17,002	351,303	524,127
Accumulated amortization	(55,092)	(36,406)	(9,435)	-	(100,933)
Balance at 06/30/2023	35,640	28,684	7,567	351,303	423,194

Transfers come from works in progress in property, plant and equipment – Note 12.1.

Additions in works in progress, of R\$ 82,834 plus the amount of R\$ 21,119, non-cash effect, totaling R\$ 103,953 in the three-month period ended June 30, 2023, correspond to assets reversible to the Concession Grantor at the end of the concession, are related to investments in construction and equipment of the STS14 terminal at the Port of Santos, which will be used in the pulp handling and storage operation. The start-up of operations is scheduled for July 2023.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



14. Right-of-use and lease payable

14.1. Breakdown and changes in rights-of-use

	Land and land plots	Buildings	Vehicles	Forestry machinery, equipment and implements	Facilities and improvements	Net
Parent Company						
Balance at 12/31/2022	923,330	813	26,608	1,319	-	952,070
Additions and readjustment of installments	400,180	-	-	-	-	400,180
Write-offs	-	-	(7,403)	-	-	(7,403)
Depreciation	(93,829)	(465)	(7,036)	(1)	-	(101,331)
Balance at 06/30/2023	1,229,681	348	12,169	1,318	-	1,243,516
Cost	1,748,135	5,327	68,055	5,679	201	1,827,397
Accumulated depreciation	(518,454)	(4,979)	(55,886)	(4,361)	(201)	(583,881)
Balance at 06/30/2023	1,229,681	348	12,169	1,318	-	1,243,516
Consolidated						
Balance at 12/31/2022	923,330	13,346	26,625	1,318	265,692	1,230,311
Additions and readjustment of installments	400,180	-	-	-	8,453	408,633
Write-offs	-	(7,513)	(7,403)	-	-	(14,916)
Depreciation	(93,829)	(650)	(7,062)	(1)	-	(101,542)
Balance at 06/30/2023	1,229,681	5,183	12,160	1,317	274,145	1,522,486
Cost	1,748,135	13,577	68,250	5,679	274,347	2,109,988
Accumulated depreciation	(518,454)	(8,394)	(56,090)	(4,362)	(202)	(587,502)
Balance at 06/30/2023	1,229,681	5,183	12,160	1,317	274,145	1,522,486

Of the total depreciation for the period, the amount of R\$ 49,074 was considered as a cost applied to the formation of forests in biological assets (Note 10), the amount of R\$ 44,998 was considered as an advance to suppliers (partnership agreements), R\$ 6,937 was considered as a cost applied to inventories (Note 8) and R\$ 90 was capitalized as construction in progress (Note 12).

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



14.2. Changes in lease payable

	Changes in the six-month period ended 06/30/2023	
	Parent Company	Consolidated
Balance at December 31, 2022	1,068,563	1,253,990
Additions and readjustments of installments ^(a)	400,180	408,633
Payments	(140,737)	(188,444)
Financial interest ^(b)	77,049	98,336
Write-off or termination	(7,403)	(14,916)
Exchange-rate change	-	(30)
Balance at June 30, 2023	1,397,652	1,557,569
Current	227,043	250,653
Non-current	1,170,609	1,306,916
Balance at June 30, 2023	1,397,652	1,557,569

(a) Refer to the additions of new contracts and price changes (indexed by IPCA and CEPEA) and/or terms in existing contracts.

(b) Of the total financial interest of the Consolidated, the amount of R\$ 38,730 was considered as a cost applied to the formation of forests in biological assets (Note 14), R\$ 37,190 was considered as advance to suppliers (partnership agreements) and R\$ 21,119 was considered as additions to intangible assets and R\$ 1,097 was considered in inventories and property, plant and equipment.

The schedule of future lease disbursements, not discounted to present value, is disclosed in Note 4.3 c.

14.3. Potential right to recoverable PIS/COFINS

Leases payable were calculated at the gross amount, which does not consider the deduction of PIS and COFINS credits recoverable embedded in the lease consideration. The following chart demonstrates this potential right:

	Parent Company		Consolidated	
	Nominal value	Adjusted to present value	Nominal value	Adjusted to present value
Leases payable consideration	1,894,448	1,397,652	2,136,258	1,557,569
Potential PIS/COFINS (9.25%) levied on contracts signed with legal entities	175,236	129,283	197,604	144,075

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



15. Suppliers

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
In domestic currency:				
Third-parties ⁽ⁱ⁾	209,238	256,291	235,888	263,753
Related parties	11,601	34,306	302	1,247
In foreign currency:				
Third parties	878	2,461	8,461	32,175
	221,717	293,058	244,651	297,175

(i) The balance of June 30, 2023 considers the amount of R\$ 10,701 of operations with drawee risk in the parent company and in the consolidated (R\$ 5,784 as of December 31, 2022). Such operations did not present relevant changes in the purchase conditions (term, payment flow and negotiated prices) in relation to those usually practiced by the Company.

16. Loans and financing

16.1. Breakdown of loans and financing

Type	Average annual interest rate and commissions	Maturity	Parent company and Consolidated	
			06/30/2023	12/31/2022
In foreign currency:				
ACC (i)	LIBOR/SOFR + spread	Aug 2023–Nov 2024	1,134,742	1,329,316
Export prepayment (ii)	SOFR + spread	July 2024–Mar 2025	1,080,671	1,520,957
NCE (iii)	-	Feb 2024	96,384	-
			2,311,797	2,850,273
In domestic currency:				
FINAME	Fixed rate - 3.00% p.a.	-	-	249
Export prepayment (ii)	% CDI	July 2024–Mar 2025	31,188	-
NCE (iii)	% CDI	Feb 2024	4,384	202,570
Lease (iv)	CDI + 3.49% p.a.	-	-	13,506
CRA (v)	IPCA + 7.1945% p.a.	Sep 2026–Sep 2027	569,062	546,487
Debentures (vi)	CDI + 3.00% p.a.	Sep 2024	721,105	717,280
			1,325,739	1,480,092
			3,637,536	4,330,365
Current			1,038,417	1,725,644
Non-current			2,599,119	2,604,721
			3,637,536	4,330,365

16.2. Maturity Schedule - non-current

The maturity schedule of loans and financing classified in non-current liabilities as of June 30, 2023 is as follows:

Year	2024	2025	2026	2027	Total
	1,473,243	568,440	278,718	278,718	2,599,119

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



16.3. Changes in loans and financing

	Parent company and Consolidated
Balance at December 31, 2022	4,330,365
Funding	589,738
Interest incurred	213,985
Settlement of principal	(1,140,243)
Settlement of interest	(147,456)
Exchange-rate change	(208,853)
Balance at June 30, 2023	3,637,536

Interest payments are presented as a flow of financing activities in the statements of cash flows, as they are costs of obtaining financial resources.

16.4. Company's credit facilities

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

- (i) Financing of working capital through Advances on Foreign Exchange Contracts (ACCs);
- (ii) Export prepayment (PPE) maturing from July 2024 to March 2025. Transactions are restated by Libor 1M and SOFR, plus a spread and CDI percentage;
- (iii) Export Credit Notes (NCE) raised in May and June 2021 and settled in January 2023. NCE in dollars, maturing in February 2024, with interest in domestic currency indexed to the CDI rate;
- (iv) Financing of machinery and equipment through leases denominated in Reais. These contracts were early settled in March 2023.
- (v) Simple, non-convertible, debentures, linked to Agribusiness Receivables Certificates – CRAs, in the amount of R\$ 500,000, due in September 2027 and indexed to IPCA + spread;
- (vi) Simple, non-convertible, debentures in the amount of R\$ 700,000 thousand, due in September 2024, with interest rate indexed to IPCA + spread;

16.5. Loan guarantees

For ACC loans and financing agreements, pledges of forests are offered as collateral.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



17. Current and deferred income tax and social contribution

17.1. Effective tax rate reconciliation:

	Parent Company			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Income before taxes	1,294,323	725,332	2,259,397	2,018,856
Income tax and social contribution - nominal rate of 34%	(440,070)	(246,613)	(768,195)	(686,411)
Reconciliation to the effective rate:				
Equity in net income of subsidiaries	135,099	219,884	382,913	422,430
Reversal of loss of ICMS credits	-	1,942	2,592	2,714
Reintegra	253	282	404	469
Other	(1,999)	2,286	2,303	1,280
Current and deferred income tax and social contribution	(306,717)	(22,219)	(379,983)	(259,518)
Current	(66,217)	-	(68,228)	-
Deferred	(240,500)	(22,219)	(311,755)	(259,518)
	(306,717)	(22,219)	(379,983)	(259,518)
Effective rate	23.70%	3.06%	16.82%	12.85%

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Income before taxes	1,310,114	733,363	2,298,171	2,035,506
Income tax and social contribution - nominal rate of 34%	(445,439)	(249,343)	(781,378)	(692,072)
Reconciliation to the effective rate:				
Reversal of loss of ICMS credits	-	1,942	2,592	2,714
Reintegra	253	282	404	469
Difference in tax base and nominal rates of subsidiaries abroad	120,733	218,734	354,349	410,549
Other	1,945	(1,865)	5,276	2,172
Current and deferred income tax and social contribution	(322,508)	(30,250)	(418,757)	(276,168)
Current	(82,008)	(8,031)	(107,002)	(16,650)
Deferred	(240,500)	(22,219)	(311,755)	(259,518)
	(322,508)	(30,250)	(418,757)	(276,168)
Effective rate	24.62%	4.12%	18.22%	13.57%

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



17.2. Changes in deferred income tax and social contribution, parent company and consolidated:

	Balance at 12/31/2022	Additions	Exclusions	Balance at 06/30/2023
Tax loss ⁽ⁱ⁾	578,259	-	(31,045)	547,214
Temporary credit differences:				
Unrealized foreign exchange	172,539	-	(126,472)	46,067
Non-deductible provision	69,685	-	(10,848)	58,837
Tax overpayments – IRPJ/CSLL on Selic	4,794	-	-	4,794
	247,018	-	(137,320)	109,698
Temporary liability differences:				
Biological assets	(136,646)	-	(61,687)	(198,333)
Derivative financial instruments	(71,501)	(87,950)	-	(159,451)
Incentivized accelerated depreciation	(875,742)	(19,674)	-	(895,416)
	(1,083,889)	(107,624)	(61,687)	(1,253,200)
Net value	(258,612)	(107,624)	(230,052)	(596,288)

(i) As of June 30, 2023, the Company had a balance of tax loss and negative base of social contribution in the amount of R\$ 1,609,453 (R\$ 1,700,761 as of December 31, 2022).

18. Provision for legal risks

The Company, in the ordinary course of its business, is subject to judicial proceedings of tax, labor, environmental, civil and regulatory nature, and, based on its legal advisors' opinion, assesses the expectation of the outcome of said proceedings in course and determines the risk of loss, which is reflected in the formation of a provision for contingencies, which presented the following changes in the period:

	Environmen tal	Civil	Labor	Parent Company		Consolidate d
				Tax	Total	Total
Balance at December 31, 2022	367	1,628	28,697		30,692	31,140
Additions	-	401	6,830	4,459	11,690	11,702
Write-offs	-	(25)	(8,084)		(8,109)	(8,155)
Restatements	16	15	1,024		1,055	1,077
Balance at June 30, 2023	383	2,019	28,467	4,459	35,328	35,764

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



As of June 30, 2023, the Company has contingencies whose expected loss is evaluated by the Management and supported by legal advisors, classified as possible in the amount of R\$ 1,178,530 in the Parent Company and R\$ 1,178,879 in the Consolidated (As of December 31, 2022, the amount was R\$ 815,154 in the Parent Company and R\$ 815,197 in the Consolidated), broken down as follows:

Possible	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Environmental	9,361	12,229	9,361	12,229
Civil	694,052	639,025	694,052	639,025
Labor	37,923	43,831	38,272	43,874
Tax	437,120	6,749	437,120	6,749
Regulatory	-	113,247	-	113,247
Administrative	74	73	74	73
	1,178,530	815,154	1,178,879	815,197

Provision is not formed for contingencies classified as a possible loss.

The civil lawsuits involving EGTM Navegações Ltda., which demands reparation for damages due to alleged breaches of contract, are estimated as possible losses and had their value adjusted to R\$ 661,181 as of June 30, 2023 (R\$ 619,468 as of December 31, 2022). There was no significant change in the nature and amounts of other contingencies for the period.

On June 28, 2023, a Tax Assessment Notice was drawn up by the Brazilian Federal Revenue Service on the grounds that the Company had failed to pay Corporate Income Tax and Social Contribution on Net Income on profits earned by its subsidiaries in Austria and China in the calendar years 2018 and 2019. The assessed tax credit was R\$ 430,062 and, in the opinion of the legal advisors and Management, the risks of loss in the ongoing administrative discussion are classified as possible.

The regulatory contingencies changed the prognosis of a possible loss based on the judgment of the PAS by the CVM Board, in which a majority was formed for the acquittal of Eldorado.

19. Shareholders' equity

19.1. Capital

Subscribed and paid-in capital, as of June 30, 2023 and December 31, 2022 totals R\$ 1,788,792, comprising 1,525,558,419 common shares.

The Company's shareholding structure is as follows: 49.41% owned by CA Investment and 50.59% held by J&F, the sole shareholders of Eldorado.

19.2. Legal reserve

The legal reserve is formed at the rate of 5% of net income calculated each fiscal year, up to the limit of 20% of the capital.

19.3. Tax incentive reserve

The Company recorded a tax incentive reserve in the amount of R\$ 4,539 as of June 30, 2023, equivalent to the portion of net income linked to investment grants, granted under the terms of the law, by the

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



Government of Mato Grosso do Sul (MS) in return for the implementation and maintenance of the industrial unit in the city of Três Lagoas. The recognition of credits was presented in the Company's statement of income under "net revenue".

19.4. Expansion reserve

Under the terms of the bylaws, all the net income that remains after the formation of the legal reserve, reserve for tax incentives and allocation for minimum mandatory dividends, will be allocated to the formation of a reserve for expansion, which will have the purpose of financing the investment in operating assets, up to the limit of 100% of the subscribed capital.

19.5. Dividends

Pursuant to Law 6404/1976 and the Company's Bylaws, the balance of net income remaining after offsetting accumulated losses, allocations to the legal reserve, reserve for contingencies and tax incentive reserve, is allocated to the payment of mandatory minimum dividends, which must not be lower, in each year, than 25% of adjusted net income, pursuant to Law 6404/1976.

19.6. Profit retention

As of December 31, 2022, pursuant to Article 196 of Law 6.404/1976, management proposed retaining the remaining net income, after allocation to the legal reserve and tax incentive reserve, for use in capital investment projects.

19.7. Accumulated translation adjustments

The accumulated translation adjustments, which represent the differences in the translation of the financial information of subsidiaries abroad into the Company's functional currency, were reduced by R\$ 166,761 for the period ended June 30, 2023 (increased by R\$ 143,669 for the period ended June 30, 2022).

19.8. Earnings (loss) per share - basic and diluted

The calculation of basic and diluted earnings per share was based on the income attributable to common shareholders, divided into the weighted average of outstanding common shares:

	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Net income for the period	987,606	703,113	1,879,414	1,759,338
Total shares of the period	1,525,558	1,525,558	1,525,558	1,525,558
Basic and diluted earnings per share	0.6474	0.4609	1.232	1.1532

The Company has no financial instruments that could potentially dilute earnings per share.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



20. Net revenue

	Parent Company			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Domestic market	280,817	292,815	641,698	555,176
Foreign market	735,647	854,169	1,176,003	1,368,017
Deductions and rebates	(7,323)	(7,271)	(10,016)	(8,859)
Gross revenue	1,009,141	1,139,713	1,807,685	1,914,334
Sales taxes	(53,522)	(56,145)	(118,740)	(104,282)
Net revenue	955,619	1,083,568	1,688,945	1,810,052

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Domestic market	280,817	292,815	641,698	555,176
Foreign market	1,682,863	2,057,206	3,409,167	3,718,498
Deductions and rebates	(418,460)	(459,517)	(904,674)	(890,308)
Gross revenue	1,545,220	1,890,504	3,146,191	3,383,366
Sales taxes	(53,904)	(56,610)	(119,518)	(105,164)
Net revenue	1,491,316	1,833,894	3,026,673	3,278,202

21. Operating segments

21.1. Geographic segments

Consolidated net revenue, distributed based on the geographic location of clients is as follows:

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Domestic market	224,954	235,427	520,095	450,646
Asia	618,220	593,002	1,054,517	1,070,824
North America	289,933	397,811	661,523	786,154
Europe	210,287	447,720	490,876	687,781
South America	67,868	83,560	153,811	137,095
Middle East	76,404	35,665	127,585	73,615
Africa	3,650	40,709	18,266	72,087
Foreign market	1,266,362	1,598,467	2,506,578	2,827,556
Net revenue	1,491,316	1,833,894	3,026,673	3,278,202

21.2. Information on main clients

In the six-month period sales, ended on June 30, 2023 and 2022, only one client, individually, represented more than 10% of the Company's net revenue.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



21.3. Information on total non-current assets

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

	Consolidated	
	06/30/2023	12/31/2022
Brazil	11,894,102	10,660,639
Austria	403	473
USA	448	438
China	107	129
Non-current assets	11,895,060	10,661,679

22. Costs and expenses by category and type

	Parent Company			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Cost of products sold	753,019	629,888	1,291,324	1,152,818
Administrative and general expenses	76,878	71,865	149,484	120,049
Sales and logistics expenses	69,230	92,418	124,727	178,319
Total by category	899,127	794,171	1,565,535	1,451,186
Personnel expenses	157,350	153,383	292,067	278,060
Expenses with services, materials and transport	243,628	218,947	442,315	393,672
Depreciation, amortization and depletion	243,152	141,478	383,396	307,764
Raw material and consumable items	245,434	266,240	430,303	448,304
Other	9,563	14,123	17,454	23,386
Total by nature	899,127	794,171	1,565,535	1,451,186

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Cost of products sold	764,203	571,705	1,295,052	1,094,569
Administrative and general expenses	81,825	75,078	158,577	127,887
Sales and logistics expenses	195,381	256,196	329,946	465,459
Total by category	1,041,409	902,979	1,783,575	1,687,915
Personnel expenses	164,424	160,981	297,697	293,185
Expenses with services, materials and transport	375,387	381,063	649,361	678,080
Depreciation, amortization and depletion	240,533	133,423	393,575	308,665
Raw material and consumable items	250,542	212,356	424,738	382,198
Other	10,523	15,156	18,204	25,787
Total by nature	1,041,409	902,979	1,783,575	1,687,915

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



23. Other operating revenues (expenses), net

	Parent Company			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Reversal of tax credit	-	5,711	7,623	7,982
Indemnities	(4,541)	(3,526)	(8,287)	(6,494)
Tax overpayments – IRPJ/CSLL on Selic	-	5,747	-	5,747
Non-recoverable ICMS	(287)	(1,241)	(797)	(2,820)
Procedural contingencies	(2,106)	962	(4,636)	1,048
Sales of property, plant, and equipment	389	1,126	12,858	10,374
Depreciation and amortization	(295)	-	(590)	-
Other	7,520	(419)	160	(880)
	680	8,360	6,331	14,957

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Reversal of tax credit	-	5,711	7,623	7,982
Indemnities	(4,605)	8,373	(8,352)	5,392
Tax overpayments – IRPJ/CSLL on Selic	-	5,747	-	5,747
Non-recoverable ICMS	(369)	(1,302)	(1,030)	(3,024)
Procedural contingencies	(2,067)	920	(4,623)	1,074
Sales of property, plant, and equipment	389	1,091	12,858	10,339
Depreciation and amortization	(295)	-	(590)	-
Other	7,508	(420)	129	(882)
	561	20,120	6,015	26,628

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



24. Net financial income (loss)

	Parent Company			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Yield from interest earning bank deposits	30,807	4,606	36,420	10,246
Interest receivable	(7,744)	626	654	927
Other financial revenues	49	5,193	61	5,198
Financial revenues	23,112	10,425	37,135	16,371
Interest payable	(118,802)	(160,398)	(252,725)	(306,226)
Other financial expenses	(5,685)	(2,541)	(10,524)	(4,747)
Financial expenses	(124,487)	(162,939)	(263,249)	(310,973)
Realized gains	272,833	(6,881)	460,751	18,276
Unrealized gains	158,710	59,768	180,437	106,749
Derivative financial instruments	431,543	52,887	641,188	125,025
Loans and financing	130,359	(381,188)	208,853	232,741
Other assets and liabilities	10,145	13,825	10,071	90,283
Net foreign exchange rate	140,504	(367,363)	218,924	323,024
Net financial income (loss)	470,672	(466,990)	633,998	153,447

	Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Yield from interest earning bank deposits	37,053	6,203	61,730	13,040
Interest receivable	307	625	653	926
Other financial revenues	49	379	61	384
Financial revenues	37,409	7,207	62,444	14,350
Interest payable	(105,826)	(147,690)	(226,291)	(279,970)
Other financial expenses	(7,604)	(7,085)	(15,149)	(13,262)
Financial expenses	(113,430)	(154,775)	(241,440)	(293,232)
Realized gains	272,833	(6,881)	460,751	18,276
Unrealized gains	158,710	59,768	180,437	106,749
Derivative financial instruments	431,543	52,887	641,188	125,025
Loans and financing	130,359	(381,188)	208,853	232,741
Other assets and liabilities	9,086	13,888	7,754	94,088
Net foreign exchange rate	139,445	(367,300)	216,607	326,829
Net financial income (loss)	494,967	(461,981)	678,799	172,972

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



25. Take or pay contracts

There was no change in the take or pay contracts, as well as their characteristics and indexes, listed in Note 29.1 of the financial statements for the year ended December 31, 2022.

As of June 30, 2023, the non-cancelable future minimum payments are as follows:

	Parent company and Consolidated
2023	58,604
2024	117,209
2025	117,209
2026	117,209
>2027	168,564
	578,795

Amounts recognized in the income (loss) for the period are as follows:

	Parent company and Consolidated			
	04/01/2023– 06/30/2023	04/01/2022– 06/30/2022	01/01/2023– 06/30/2023	01/01/2022– 06/30/2022
Cost of products sold	65,210	64,142	117,471	116,351

26. Non cash transactions

Lease agreements refer mainly to land use rights used for planting eucalyptus forests, whose related expenses are capitalized during the forest formation period. The difference between depreciation and interest expense in relation to lease payments, for the six-month period ended June, 30, 2023, has no cash effect and is presented below:

	Parent company			Consolidated		
	Additions and readjustment of installments	Depreciation from right-of-use	Lease interest	Additions and readjustment of installments	Depreciation from right-of-use	Lease interest
Inventories		6,937	1,097		6,937	1,097
Advances to suppliers		44,998	37,190		44,998	37,190
Biological assets		49,074	38,730		49,074	38,730
Rights-of-use	400,108	(101,332)	-	408,633	(101,540)	-
Property, plant and equipment		29	1		29	1
Intangible assets		-	-		-	21,119
Leases payable	(400,108)	-	(77,049)	(408,633)	-	(77,179)

27. Share Purchase and Sale Agreement

On September 2, 2017, J&F Investimentos S.A. ("J&F") entered into a share purchase and sale agreement for the disposal of the totality of its direct and indirect shareholding interest in the Company (Share Purchase and Sale Agreement) to CA Investment (Brazil) S.A., a company belonging to 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 semester of 2018.

On February 3, 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 19, 2021, J&F filed a declaratory action against the arbitration award in the face of the Company and CA Investment, with an injunction to partially suspend the effects of that award.

On July 30, 2021, an injunction was issued by the Court of Justice of the State of São Paulo determining the immediate suspension of acts aimed at the transfer of shareholding control of Eldorado, including, among others, the payment of the price and the transfer of ownership of the shares issued by Eldorado, as well as prohibiting CA Investment from adopting any judicial or extrajudicial measures, especially before foreign courts, to recognize or enforce the partial arbitration award.

On July 29, 2022, the Judge of the 2nd Corporate and Arbitration Related Disputes Court of the Central Court of the District of São Paulo - SP issued a decision in the declaratory action of nullity of the arbitration award issued under Procedure No. 23909/GSS/PFF, administered by the International Court of Arbitration – ICC. The decision denied the request made by J&F Investimentos S.A. and Eldorado for the nullity of the arbitration award and all acts performed in the arbitration procedure to be declared null and void. Eldorado and J&F filed appeals against the decision and are awaiting judgment.

Notes to the individual and consolidated interim financial information

June 30, 2023

In thousands of reais, unless otherwise indicated



Statutory Executive Board

Carmine de Siervi Neto

Chief Executive Officer

Germano Aguiar Vieira

Chief Forestry Officer

Carlos Roberto de Paiva Monteiro

Chief Industrial Technical Officer

Rodrigo Libaber

Chief Sales Officer

Fernando Storchi

Chief Financial and Investor Relations Officer

Board of Directors

Aguinaldo Gomes Ramos Filho

Chairman of the Board of Directors

João Adalberto Elek Júnior

Board Member

Sérgio Longo

Board Member

Mauro Eduardo Guizeline

Board Member

Francisco de Assis e Silva

Board Member

Marcio Antonio Teixeira Linares

Board Member

Raul Rosenthal Ladeira de Matos

Board Member

Accountant

Euclides Paula Santos Neto

CRC SP 322712/O