ELDORADO BRASIL CELULOSE S.A

Parent company and consolidated financial statements

December 31, 2023

Content

Management Report

We hereby present the Management Report and the Financial Statements of Eldorado Brasil Celulose S.A. ("Eldorado" or "Company") for the year ended December 31, 2023. This report and the parent company and consolidated financial statements were prepared under the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), according to the accounting practices adopted in Brazil (BR GAAP), being accompanied by the Independent Auditors' Report.

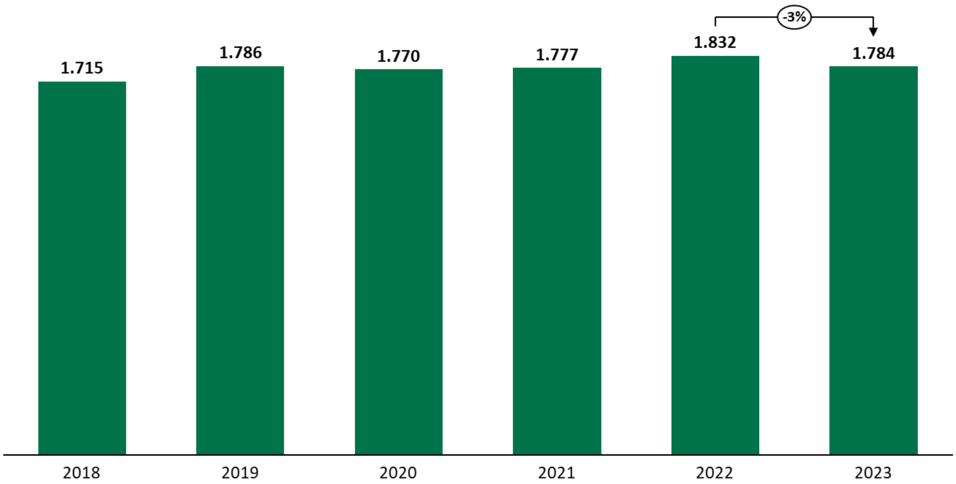
Message from Management

The year 2023 was marked by the volatility in the pulp market and influenced by distinct regional dynamics in the economic and geopolitical scenario. In this context, Eldorado Brasil remained focused on cost management, seeing a reduction in specific timber consumption, industrial inputs, and logistics costs.

In 2023, Eldorado also advanced in strategic projects, such as the conclusion and inauguration of the new terminal in the Port of Santos (SP), which quadrupled transportation capacity to 3 million tons per year. The terminal was inaugurated on July 31, 2023.

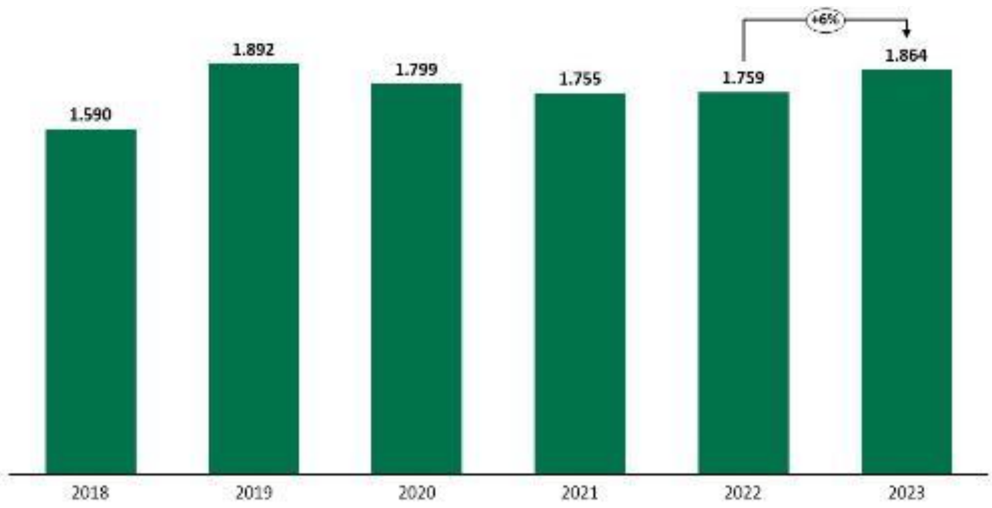
In this sense, Eldorado had another achievement – an all-time high production volume in a year with scheduled maintenance shutdown. The Company reported quarterly record production in the third quarter, maintaining its focus on greater operational efficiency in the industry. The production of 1.784 million tons of pulp in 2023 corresponds to a 19% increase over the project's original capacity.

Production volume ('000 tons)



As for the market, the year was challenging, beginning with inventories above historical average in the production chain in Asia and low economic activity in Europe, thereby contributing to price corrections. In the third quarter, a need for replenishing paper and pulp inventories by paper producers in Asia led to the resumption of demand for pulp, reversing the downward trend in pulp prices. In this scenario, the Company maintained its excellence and reached one of its highest sales volumes ever – 1.864 million tons sold, 6% up from 2022, closing the period with its lowest inventory level ever.

Sales Volume ('000 tons)

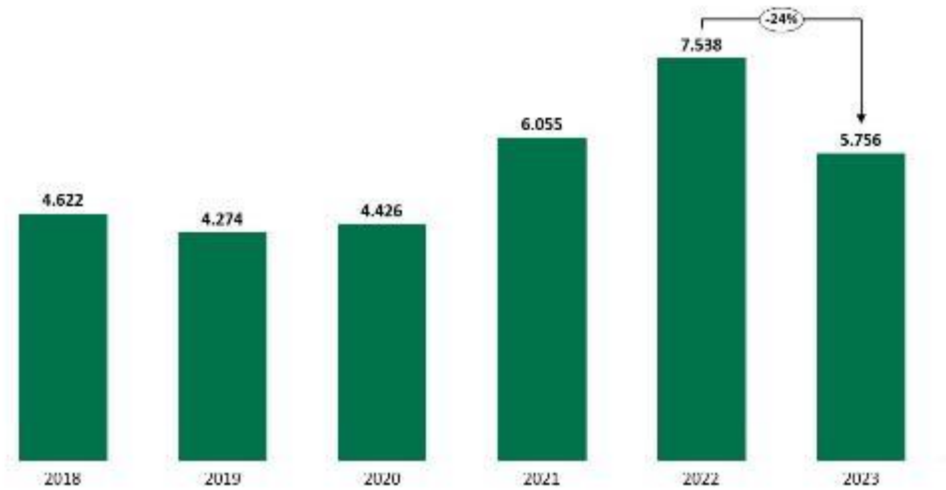


Eldorado's commercial strategy is mainly focused on the continuous development of a solid and diversified portfolio of clients from various segments and regions, as well as the establishment of long-term relationships, so as to ensure flexibility and limit risk effects related to each market and segment.

At the end of the year, the Company had 5,353 employees distributed across the Brazilian states of Mato Grosso do Sul, São Paulo, and its international units.

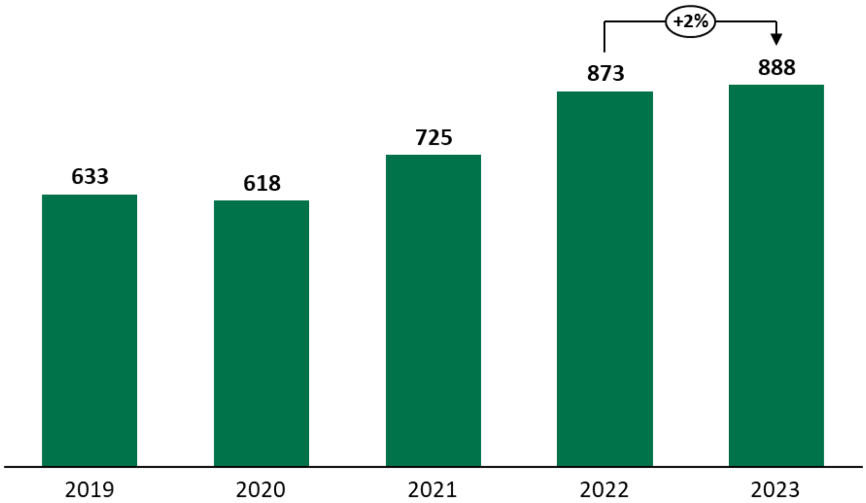
Gross revenue was R$7.5 billion, 23% lower than a year ago, chiefly due to the 25% depreciation in pulp prices in the period. The Company's net revenue was R$5.8 billion, 24% lower than in 2022.

Net Revenue (R$ million)



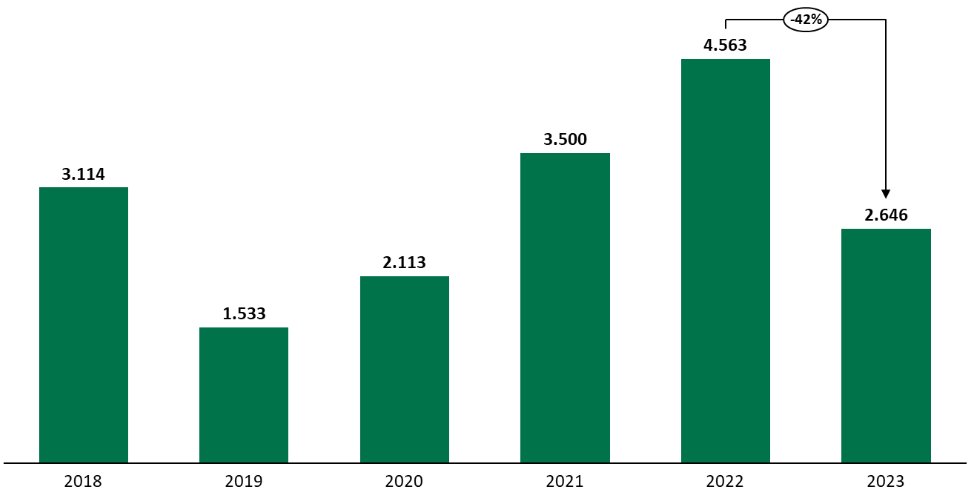
Cash cost of production without scheduled shutdown averaged R$888/t (US$178/t), 2% higher than in 2022. The rate represented a significant reduction in input and logistics costs, offsetting inflationary effects and higher timber costs in the period.

Cash cost of production (R$/ton)



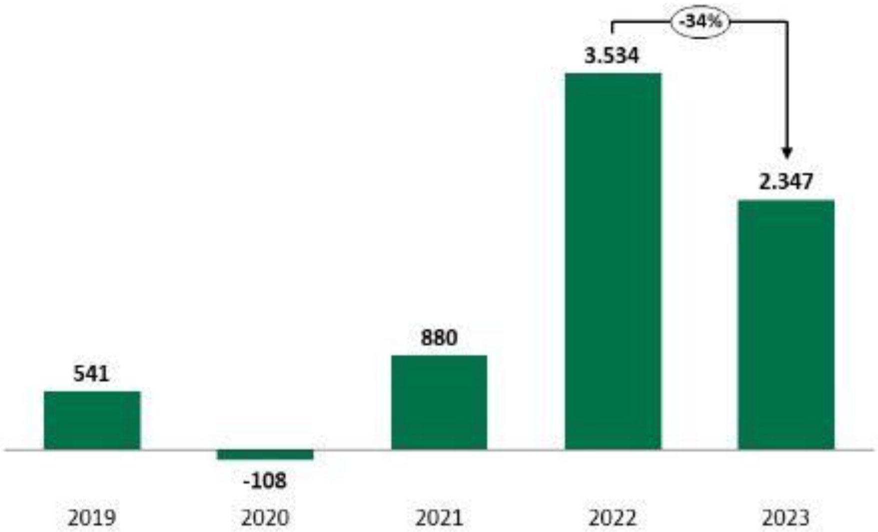
Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was R$2,646 million, with a margin of 46%, reflecting a 14% drop over the previous year. This result is mainly due to the depreciation in pulp prices, which ended the year with an average price of US$601, 25% lower than the US$803 per ton recorded in 2022 and the 3.5% appreciation of the BRL against the USD in the period.

Adjusted EBITDA (R$ million)



Net income ended the year at R$2,347 million versus R$3,534 million from a year ago, a decline due to the lower pulp prices, but offset by the net financial expenses, which went down from R$511 million in the previous year, to R$295 million in 2023, owing to the amortization and debt prepayments over the year. In the year, the appreciation of the biological asset also positively contributed R$595 million to net income, as a result of the growing demand for fiber in the state of Mato Grosso do Sul and higher rainfall rates favoring the growth of Eldorado's forest base.

Net Income (R$ million)

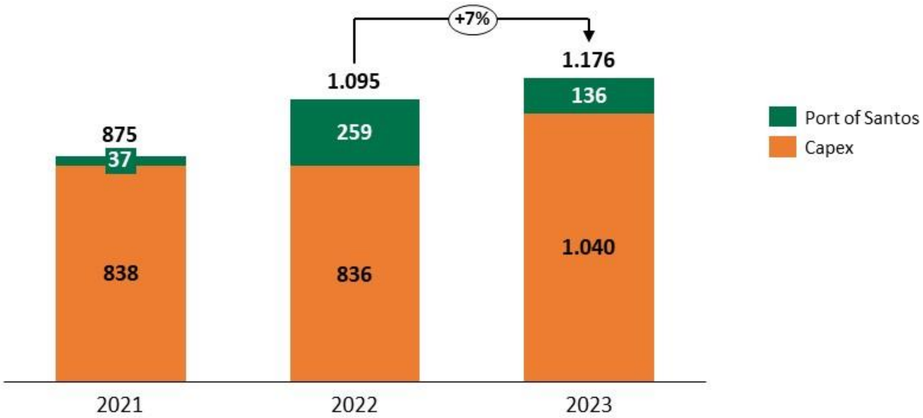


Investments totaled R$1,176 million, considering maintenance of manufacturing, forestry, and silviculture activities, up by 7.4% over 2022. The highlight of 2023 was the conclusion of the new port terminal "EBlog", located in the Port of Santos.

The new port terminal – one of the Company's main projects in the year – was concluded and inaugurated on July 31, 2023. The startup of the terminal enables Eldorado to gain greater logistics efficiency in exporting pulp from the Port of Santos, with a static capacity of 150 thousand tons and an annual handling capacity of 3 million tons.

Investments in silviculture and industrial maintenance were R$1.040 million, including general maintenance shutdown of R$87 million.

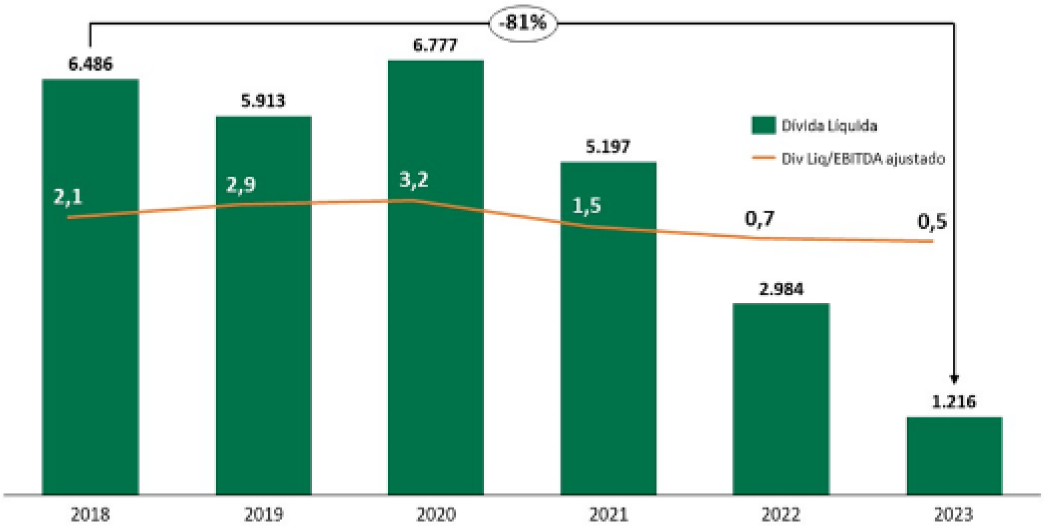
Investments (R$ million)



Adjusted free cash flow was R$1,735 million in 2023 versus R$2,263 million in the previous year. The main contributions to free cash flow were lower working capital and financial result, which were positively impacted by the lower net financial expense and the positive market value arising from FX hedge transactions. ROIC closed the year at 19% vs. 35.0% in 2022.

At the end of the year, the Net Debt/Adjusted EBITDA ratio was 0.46x in BRL and 0.48x in USD. Net debt closed the year at R$1,216 million, 59% lower than a year ago.

Net debt (R$ million) and leverage (x)



Considering the market position of the derivatives at the end of the period, net debt was R$895 million, reaching the minimum historical level of 0.34x.

Eldorado began 2024 with the same focus, i.e. pursuing productivity gains and operational excellence, taking advantage of the investment program to sustain the creation of superior results.

Management

Industry Overview

In 2023, market dynamics varied according to geography. In Asia, following the initiation of the correction of market prices, the need to replenish paper and pulp prices by paper producers increased and, as a consequence, the demand for volume as well. The demand continued rising in the subsequent periods due to the entry of new paper capacity in the region.

The European market saw lower demand for pulp due to the slowdown of the economic activity and the consumption of end products. As a result of the described scenario in both regions, shipments were more directed to Asia rather than Europe. As a result, over the last months of the year, fiber availability in the region reduced significantly, and, as a consequence, the market balanced itself.

In North America, the demand for toilet paper – and their producers' margins – remained resilient, as final prices remained at high levels over the year.

According to Hawkins Wright estimates, market pulp demand increased by 2.6% in 2023, due to higher shipments, mainly to China, which was enough to absorb any potential impact of the start-up of new capacity that initiated production in the year.

The paper market behaved differently depending on its end use. The Printing and Writing market, which was strongly affected in 2020 because of the pandemic, saw a partial recovery in 2021, and, in 2022 and 2023, resumed the downward trend seen before the pandemic.

The toilet paper and packaging markets, in turn, continued with a positive upward trend.

Relevant Information for the Fiscal Year 2023

Operating Activies

In 2023, Eldorado Brasil's extended forestry production base reached 284.4 thousand hectares, encompassing owned and leased areas to produce pulp by growing eucalyptus trees. This milestone is in line with the planned target of an average increase of 30 thousand hectares per year. In 2023, we recorded favorable weather conditions to grow forests in the state of Mato Grosso do Sul, historically normal temperatures, and precipitation 12% above average. Such factors boosted our productivity, generating a rise of 10% in IMA (Annual Average Increase) and 15% in ICA (Annual Current Increase).

In the pursuit of greater productivity, Genetic Improvement and Biotechnology research continued advancing, with a focus on expanding the genetics conservation base and continuing field tests by introducing new genetic materials. The Company started adopting Australian seeds in 39 different Eucalyptus species and 10 Corymbia species. These species aim to ensure a stable base of genetic resources, strengthening the strategies of the Genetic Improvement Program (GIP). According to GIP's initiatives, 1,458 hybridization processes were conducted among the matrixes of the Hybridization Orchard, resulting in the planting of 531 new progenies and 350 clones subjected to field tests.

In forest management, the Company continued activities at the Bio-inputs plant, releasing natural enemies to control pests. Parasitoids were released across over 67 thousand hectares to control tobacco cutworms. A positive balance is noted if 2022 and 2023 are compared. The use of chemical insecticides effectively reduced by 7.4% year on year. Additionally, Eldorado implemented the release of natural enemies through drones, ensuring greater agility and efficiency compared to release in the soil.

As for certifications, the Company achieved 100% compliance in standards evaluated by FSC® and CERFLOR/PEFC audits, highlighting the quality and precision of its operations. Eldorado has historically contributed to the removal of over 38 million tons of CO2 from the atmosphere through planted forests and environmental conservation areas. Such removal was 16 times higher than emissions.

To achieve good results for 2023, cutting-edge technology was employed for telemetry and the real-time monitoring of machinery and vehicles in the harvesting, highways, and timber logistics operations. This enabled efficient and continuous fleet management, optimizing control to minimize mechanical incidents, reduce idle operations, ensure the use of equipment with ideal work rotation, and economize fuel. As for the timber harvesting and handling operation, we observed a significant reduction of 9% in diesel consumption per cubic meter year on year in 2023, and a 2% reduction in transportation costs.

With the implementation of advanced monitoring technologies like remote sensors, drones and satellites, the Company closely monitored forests in real time. This approach has been crucial to detect wildfires, illegal deforestation and pest infestation. The collective use of these technologies combined with duly trained teams resulted in the best performance recorded for burnt areas in the past 11 years, minimizing environmental impacts and preserving forest assets.

In 2023, the construction of the new Forest Training Center was concluded, further strengthening team capacity. Eldorado recognizes that people are its driving force. Therefore, it has constantly invested in initiatives to promote wellness and improve the workplace environment. The Company is pursuing a mechanization strategy in its activities, having reached, in 2023, the mark of 82.43% of mechanized, automated and partially mechanized operations.

The Company also received awards in the "Destaque Iniciativa de Inovação" (Outstanding Innovative Initiative) category for the "Prato no Ponto" project, aimed at providing custom, quality meals for over 3 thousand employees.

On the industrial front, Eldorado Brasil produced 1.78 million tons of bleached eucalyptus pulp, an all-time high production with general shutdown, 19% higher than the plant's nominal capacity of 1.5 million tons.

Eldorado's operational efficiency reached 91.7% in 2023, and plant availability came to 95.4%. This result was due to improvements in innovation and technology management, operational management, and asset management. The quality of the final product reached 98.9% and was classified as Prime Export.

Every year, Eldorado produces a ton of pulp using less water, less electricity, and fewer chemicals, thus generating a smaller volume of effluents. An example is the reduction in the specific use of water, reaching 25.2 m^3/t compared to the projected 34 m^3/t, while chemicals consumed totaled 29.0 kg/t.

The plant is self-sufficient in electric power, as it produces green energy from biomass arising from materials not used in pulp production, such as lignin and wood waste.

In 2023, we generated 1,548 MWh of energy, 782 thousand MWh of which was consumed by the plant; 447 thousand MWh sold to chemical input partners located within Eldorado's industrial complex; and 319 thousand MWh allocated to the grid (national electricity system).

Cash production cost in 2023 totaled R$888, 2% higher than in 2022, with an important reduction in chemicals consumption and a lower inflationary impact in a scenario of higher-cost timber.

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

Demand for toilet paper was expected to globally grow by 1.8% in 2023, following the expected upward trend, mainly as a result of the rising demand from emerging markets. The reopening of China's economy was a relevant factor in such performance.

Thus, following its commercial strategy, in 2023 Eldorado kept the share of toilet paper volumes in its portfolio, which is one of the markets with the greatest growth prospects. The segment accounted for 63% of the total in the period.

In 2023, the Company sold 1,864 thousand tons, one of its best sales figures. The average pulp price sold by Eldorado in 2023 was US$601/t, down by US$202/t, or 25%, over 2022, in line with international pulp prices.

In July 2023, we inaugurated the Eldorado Brasil Logística - EBLog terminal, in the city of Santos (SP), and in 2023, we processed over 220 thousand tons in the new terminal, with its operational productivity rising by 30% compared to the old terminal.

In parallel with the new operations, we resumed studies into exporting cargo on the plant/port route via waterway and railroad transportation. The Company conducted tests on railroad operations departing from the Aparecida do Taboado terminal, in the state of Mato Grosso do Sul, to the Eblog terminal, with capacity for up to 72 freight cars. The tests have so far confirmed the challenge's expectations, i.e. operating in a multimodal fashion, while showing a positive outlook when the broader operating context is taken into account.

The Company hit an all-time high container shipment figure in 2023 – over 27 thousand FEU containers (container for 26 tons) exported since its inception. This was the result of the change in global freight costs combined with Eldorado's capacity to rapidly and productively change its operations

Generally speaking, the Company faced a year of great oscillations in the logistics sector, with a market demanding less than in previous years, which required actions to change cargo destination and alternatives to an uncertain scenario.

Even with multiple work fronts and difficulties in handling a more fluctuating market, we managed to find alternatives to serve clients, which created value for the Company, allowing for more competitive costs than those realized in 2022.

Results

Even in a year marked by higher market volatility, the Company reported important financial results – adjusted EBITDA of R$2,646 million, adjusted EBITDA margin of 46%, net income of R$2,347 million, and adjusted free cash flow of R$1,735 million.

Net debt reduced to R$1,216 million from the R$2,984 million reported at the end of last year, down by 59% over 2022, due to the amortization and debt prepayments over the year, which also contributed to reduce net financial expenses from R$511 million in 2022 to R$295 million in 2023. Considering the market value of the hedge structure and the FX variation, the Company's financial result was positive by R$370 million in 2023, versus negative by R$1 million in 2022.

	4Q23	3Q23	4Q22	4Q23 vs 3Q23	4Q23 vs. 4Q22
Gross Debt	2,623	2,863	4,331	*-8.4%*	*-39.4%*
Short-term Debt	1,189	1,506	1,726	*-21.0%*	*-31.1%*
Cash, Cash Equivalents and Financial Investments	1,407	1,326	1,347	*6.1%*	*4.5%*
Net Debt	1,216	1,537	2,984	*-20.9%*	*-59.2%*
Net Debt in US$	251	307	572	*-18.1%*	*-56.0%*
MTM Derivatives	321	307	211	*4.6%*	*52.1%*
Net Debt w/ MTM Derivatives	895	1,230	2,773	*-27.2%*	*-67.7%*
Net Debt w/ MTM Derivatives (US$)	185	245	531	*-24.6%*	*-65.2%*
Net Debt/Adjusted EBITDA (R$)	0.46	0.45	0.65	*0.01*	*(0.19)*
Net Debt/Adjusted EBITDA (US$)	0.48	0.46	0.65	*0.02*	*(0.17)*
Net Debt w/ MTM/ Adjusted EBITDA (R$)	0.34	0.36	0.61	*-0.02*	*(0.27)*

The continuous cash generation in recent years allowed the company to early settle its most onerous debts, causing financial leverage to reduce significantly – the net debt/adjusted EBITDA ratio measured in Reais closed the year at 0.46x, against 0.65x last year.

Sustainability (Environmental, Social and Governance)

Environmental and Social

Eldorado's growth strategy and value creation continue to be based on the pillars of competitiveness, innovation, sustainability and the value of people. Sustainability is a fundamental pillar of the business and permeates all the Company's actions. Environmental, Social and Governance (ESG) criteria create social, environmental and governance values.

In 2023, Eldorado Brasil was audited by the Forest Management Supervision Audit of the Forest Stewardship Council (FSC® - FSC-C113536) and Cerflor, in which the auditors evaluated compliance of the forest management units with principles and criteria of forest certifications. In this cycle, previously defined principles for forest management were evaluated, in addition to new areas. As a result, the Company achieved 100% compliance in the evaluated standards. This is unprecedented and shows the diligence and quality of Eldorado Brasil's teams.

We were unprecedentedly recommended by an independent audit for the Forest Certification for Ecosystem Services, a new FSC® certification category, ensuring the participation of Eldorado's areas in the provision of important services for the maintenance of environmental resources. They include Biodiversity Conservation and Water Basin Services, both in AHCV - Areas of High Conservation Value, Swamp, and Carbon Sequestration and Storage across certified farms.

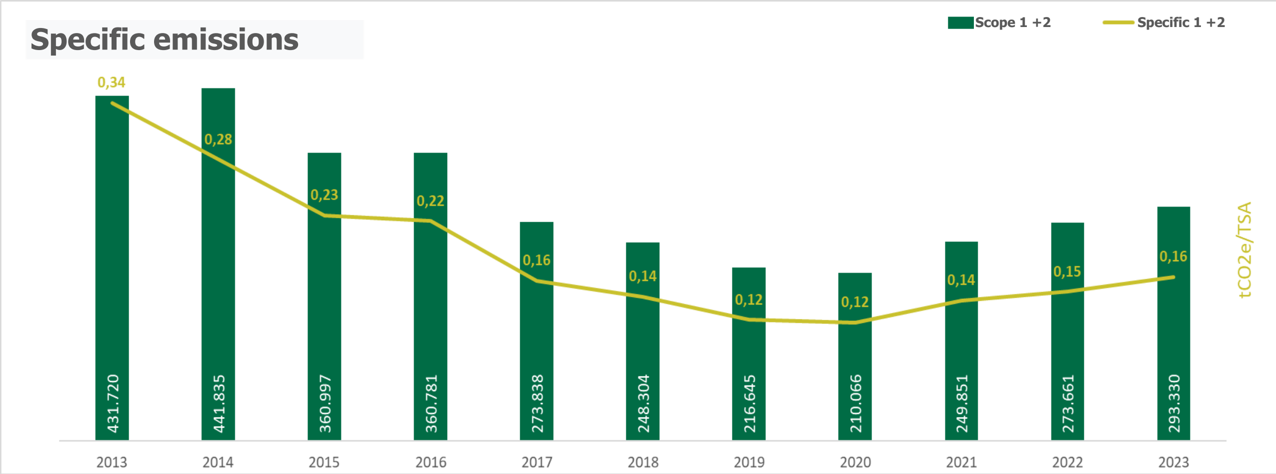
Still in 2023, in September, the Audit of Chain of Custody Supervision of the Forest Stewardship Council (FSC®-C113939), the Programme for the Endorsement of Forest Certification (PEFC/28-32-05), and the Controlled Wood Standard were carried out at our Três Lagoas plant and at our office in the USA (remotely). Eldorado obtained, once again, an excellent result, and was recommended to maintain its certifications, confirming its forest management and product traceability practices, from the production of seedlings to the end customer.

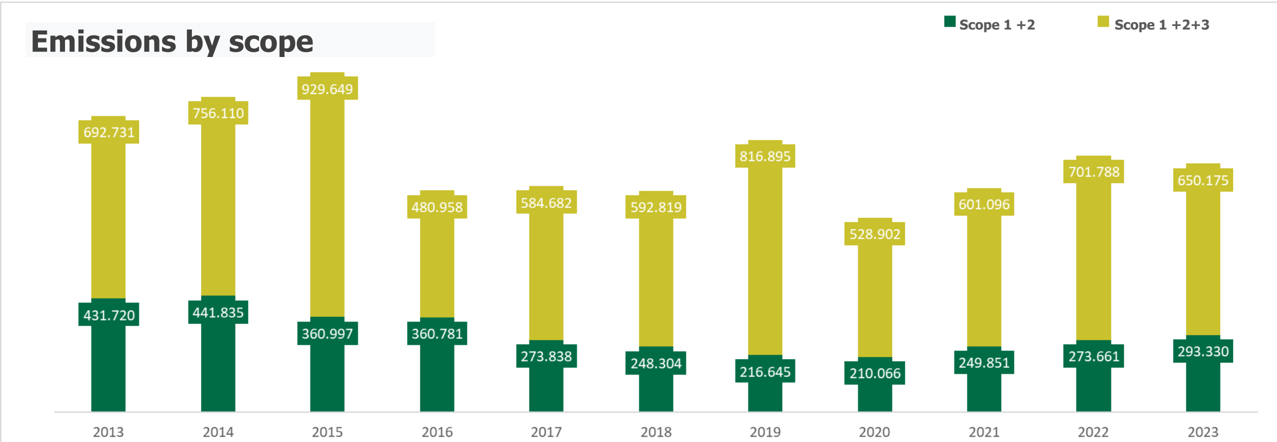
Eldorado renewed the Halal certification, and during the process, obtained full approval. Obtaining this seal means that the Company works under Islamic precepts and that its product is suitable for Islamic consumers, following legal requirements and criteria established under the jurisdiction of said religion.

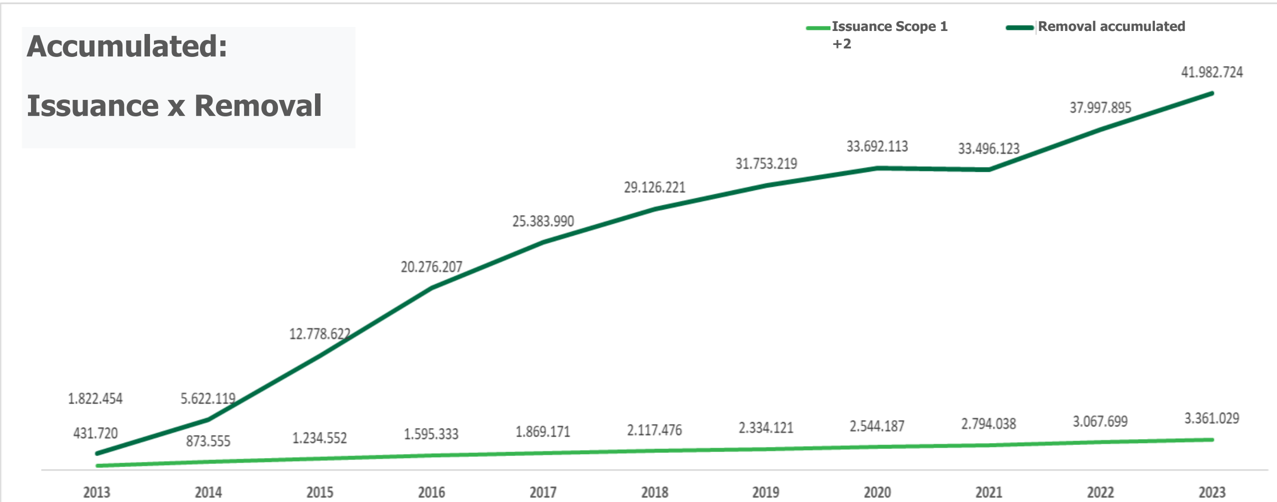
The Company disclosed the 10th Sustainability Report gathering all its environmental, social and governance information, in addition to the results and highlights achieved in the year. All information was consolidated according to the standards issued by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), being fully in line with the Sustainable Development Goals (SDGs) and the UN Global Compact. The Company's activities are linked with the Ten Principles of the Global Compact, enabling the sustainability agenda to advance, improving communication with stakeholders, and strengthening management of economic, social and environmental themes.

In 2023, the Company disclosed its 11th Edition of the Public Summary of the Forest Management Plan, with information on the planning of forestry activities, describing key objectives, responsibilities, resources and strategies for adopting responsible and sustainable practices.

We also published the 10th Full Greenhouse Gas (GHG) Inventory under the GHG Protocol methodology. The Company's specific GHG emissions (scopes 1 and 2) are relatively lower than those of other industry companies, while carbon removed from the atmosphere by its native and planted forests captured CO_2 in a volume significantly higher than the emissions released from operations.







*2023 figures will be audited by a third party in the second quarter of 2024.

Eldorado Brasil’s carbon chain is negative, i.e. accumulated removal is 12 times higher than accumulated emission, reaffirming the Company’s commitment to fighting global climate change.

Another important point was the maintenance of the Gold Seal, showing the maximum recognition for the greenhouse gas inventory of the Brazil GHG Protocol program. The inventory was verified by a company accredited by Inmetro, under the ISO 14064 standard, and good monitoring practices and transparency in the publication of data were validated. The certification refers to the 2022 inventory, and the Company is already ready for the new 2023 data cycle.

It is also one of Eldorado’s assumption to have a close relationship with the communities of the region. The purpose is to contribute to social development locally – one of the priority topics of the ESG strategy, which combines the Company’s commitments with the socioenvironmental and governance agenda. The Company’s sustainability area holds meetings periodically along with 15 communities and surrounding areas, actively and transparently engaging with people in the region, raising priority questions and establishing a positive agenda for its social operations.

One of the highlights of 2023 was the implementation of the *Raízes* Project in 3 rural settlements. Its purpose is to support the economic development of the benefited families, with the growing of vegetables like manioc, the key produce at first. With a focus on technical development, SENAR - *Serviço Nacional de Aprendizagem Rural* (the Brazilian National Rural Learning Service) is responsible for providing the project with capacity building and support. In late 2023, company equipment was provided to prepare the soil and grow the crops, which will be operational as of 2024.

Eldorado also carried out several transfers throughout the year focusing on health, education, and community development.

The Company maintained the environmental education program – PES (Eldorado Sustainability Program), with environmental education work focused on the surrounding communities and its employees. In 2023, the “*Valores Eldorado na Escola*” project was initiated in two schools in the region. It consisted of carrying out environmental education actions during the school year, including classes with experts, sustainable practices, and cutting-edge technology applied to the Company’s operations.

In the last few years, especially in 2023, the good practices and results achieved by Eldorado Brasil became a priority in its strategies in terms of the ESG parameters.

Corporate Governance and Compliance

Throughout 2023, the Company continued to improve its Compliance Program, focusing on actions to prevent, detect, and correct potential irregularities, as well as to promote ethical values, integrity, compliance, and transparency of its business. The Company's Compliance Program is yearly audited by an external company, which assesses 180 items of an integrity program based on best market practices and ISO 37001 and 37301. Eldorado has received year after year high evaluation levels and, in 2023, obtained the result of 100% of the items complied with, as validated by the external audit, referring to the 2022FY. This means that its Compliance Program is in accordance with standards and functions in sync with best market practices.

In addition to Management's continuous encouragement regarding the use of the whistleblowing channel (Eldorado Brasil Ethics Line), the Company (i) maintained the mapping of risks and internal controls, (ii) structured the periodic communication plan regarding compliance issues, (iii) conducted training in internal policies, the principles of the Code of Ethics and Conduct, information security, and conduct and ethics for new leaders, with a focus on the prevention of and the fight against harassment in the workplace, (iv) created and updated specific internal policies and procedures, and (v) carried out internal audits of processes and internal and external communication campaigns to constantly reinforce conduct the senior management expects from all the company's employees and partners.

The Company is also responsible for constantly diffusing its values and rules on transparency and ethics. For this reason, it maintained the Ethics Disseminators program, where 54 employees, from the most diverse sectors, were trained to disseminate and propagate actions of the Compliance Program.

The support given by the Company's management to its compliance functions has been increasingly evident. The results achieved by the Ethics Line demonstrates the trust employees and third parties have in the channel's efficiency and the importance the Company has given to address reported issues, seeking to act impartially, maintain confidentially and provide feedback to the whistleblower. This advance was also proved in the result of the Compliance Survey conducted once again in 2023 with employees. The result showed a high satisfaction level with the actions of Eldorado's Compliance Program.

Our commitment to the "Always Do the Right" culture (our Compliance Program slogan) is also communicated externally through public business integrity commitments. The commitments include the Business Movement for Integrity and Transparency and the Business Pact for Integrity and Against Corruption, and actions of the Ethos Institute for Companies and Social Responsibility, aimed at raising commitment within the Brazilian private sector to promote a socially responsible and sustainable business environment.

Eldorado also participates in the *Cadastro Agroíntegro* registration initiative of the Ministry of Agriculture and Livestock, aimed at recognizing agricultural companies and cooperatives that implement integrity, ethics and transparency practices. Eldorado is also a signatory of the Global Compact, a United Nation's program to encourage and foster sustainable and fair business practices throughout the world. These actions reinforced the support provided by Management in matters like environmental sustainability, social and governance, in addition to conveying a clear message from Management and shareholders about compliance, integrity, honesty and ethics in business.

In 2023, we continued to attend meetings and engage in discussions within the scope of the Agribusiness Collective Anti-corruption Action, an initiative of UN Global Compact Brazil, of which Eldorado Brasil is one of the founders.

We launched communication campaigns for the agribusiness value chain, with practical examples and clarification on the prevention of and the fight against corruption, best practices for advocating for free competition, and market operations with transparency, ethics and compliance

With this, Eldorado Brasil intends to study the best actions to make its program increasingly effective.

Relationship with Independent Auditors

In compliance with Resolution 162/22, the Company communicates that auditor KPMG Auditores Independentes Ltda., responsible for auditing the Company's financial statements, was not hired in 2023 to provide services not related to external audit. Independent auditors' fees in 2023 totaled a net value of R$1,824,918 for services performed in Brazil, the USA and China and €76 thousand in Austria.

Closing Remarks

Eldorado's progress throughout the year is the result of the daily effort of the Company's more than 5,000 employees in the states of Mato Grosso do Sul, São Paulo, and its offices abroad. All these professionals work motivated by our values and with a focus on accomplishing our mission.

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

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Independent auditors' report on the parent company and consolidated financial statements

(A free translation of the original report in Portuguese)

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

São Paulo – SP

Opinion

We have audited the parent company and consolidated financial statements of Eldorado Brasil Celulose S.A. ("Company"), identified as Parent company and Consolidated, respectively, comprising the balance sheets as of December 31, 2023 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company and consolidated financial position of Eldorado Brasil Celulose S.A. as of December 31, 2023, the parent company and consolidated performance of its operations and its parent company and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key audit matters

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

Biological assets fair value measurement

See notes 6.g and 14 of the parent company and consolidated financial statements

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

Other matters - **Statements of value added**

The parent company and consolidated statement of value added (*DVA*) for the year ended December 31, 2023, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of Company's parent company and consolidated financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the parent company and consolidated financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall parent company and consolidated financial statements.

Other information accompanying parent company and consolidated financial statements and the auditors' report

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

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

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

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company and consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company`s and its subsidiaries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the parent company and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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

São Paulo, March, 13, 2024.

KPMG Auditores Independentes Ltda.
CRC 2SP011428/O-6
(Original report in Portuguese signed by)
Leslie Nares Laurenti
Accountant CRC 1SP215906/O-1

(In thousands of reais)

		Parent Company		Consolidated	
ASSETS	Notes	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Current assets					
Cash and cash equivalents	9	916,360	173,122	1,407,283	1,347,256
Trade accounts receivable	10	868,311	803,220	1,133,769	1,538,739
Inventories	12	627,092	585,501	748,147	832,361
Recoverable taxes	13	80,382	84,073	84,347	85,862
Income tax and social contribution - current		-	-	13,895	46
Derivative financial instruments	8.4	149,695	92,874	149,695	92,874
Advances to suppliers		65,588	65,323	66,906	65,323
Other current assets		44,831	53,900	45,725	55,370
Total current assets		**2,752,259**	**1,858,013**	**3,649,767**	**4,017,831**
Non-current assets					
Recoverable taxes	13	15,572	31,956	15,959	32,550
Advances to suppliers		395,627	249,151	395,627	249,151
Derivative financial instruments	8.4	175,554	123,531	175,554	123,531
Loans with related parties	11.3	291,037	160,110	-	-
Other non-current assets		2,370	4,697	2,881	5,158
		880,160	**569,445**	**590,021**	**410,390**
Biological assets	14	4,748,287	3,802,426	4,748,287	3,802,426
Investments	15	2,108,742	3,396,895	-	-
Property, plant and equipment	16	4,983,149	4,869,614	5,323,027	4,894,360
Intangible assets	17	30,384	29,901	126,398	324,192
Rights-of-use	18	1,402,098	952,070	1,671,985	1,230,311
		13,272,660	**13,050,906**	**11,869,697**	**10,251,289**
Total non-current assets		**14,152,820**	**13,620,351**	**12,459,718**	**10,661,679**
Total assets		**16,905,079**	**15,478,364**	**16,109,485**	**14,679,510**

See the accompanying notes to the financial statements

(In thousands of reais)

LIABILITIES	Notes	Parent Company 12/31/2023	Parent Company 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Current liabilities					
Suppliers	19	350,493	293,058	389,798	297,175
Loans and financing	20.1	1,188,827	1,725,644	1,188,827	1,725,644
Leases payable	18.2	146,141	202,594	191,174	234,768
Loans with related parties	11.3	1,068,046	3,191	-	-
Labor and social security obligations		225,013	210,906	232,873	218,359
Tax liabilities		15,867	19,358	17,381	46,248
Income tax and social contribution - current	21	-	40,647	-	72,458
Derivative financial instruments	8.4.1	3,968	6,108	3,968	6,108
Other current liabilities		24,757	21,854	88,410	117,939
Total current liabilities		**3,023,112**	**2,523,360**	**2,112,431**	**2,718,699**
Non-current liabilities					
Loans and financing	20.1	1,434,146	2,604,721	1,434,146	2,604,721
Loans with related parties	11.3	-	1,147,894	-	-
Leases payable	18.2	1,429,471	865,969	1,544,521	1,019,222
Income tax and social contribution - deferred	21.2	656,289	258,612	656,289	258,612
Provision for legal risks	22	42,205	30,692	42,244	31,140
Other non-current liabilities		30,727	22,378	30,725	22,378
Total non-current liabilities		**3,592,838**	**4,930,266**	**3,707,925**	**3,936,073**
Total liabilities		**6,615,950**	**7,453,626**	**5,820,356**	**6,654,772**
Shareholders' equity	23				
Share Capital		1,788,792	1,788,792	1,788,792	1,788,792
Profit reserves		8,232,269	5,885,074	8,232,269	5,885,074
Equity valuation adjustments		268,068	350,872	268,068	350,872
Total shareholders' equity		**10,289,129**	**8,024,738**	**10,289,129**	**8,024,738**
Total liabilities and shareholders’ equity		**16,905,079**	**15,478,364**	**16,109,485**	**14,679,510**

(In thousands of reais)

	Notes	Parent Company		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net revenue	24	3,627,294	4,207,401	5,756,145	7,538,110
Cost of products sold	26	(2,521,401)	(2,443,666)	(2,649,276)	(2,355,526)
Gross income		**1,105,893**	**1,763,735**	**3,106,869**	**5,182,584**
Operating revenues (expenses)					
Administrative and general	26	(362,214)	(269,826)	(389,362)	(286,774)
Sales and logistics	26	(278,186)	(320,903)	(670,036)	(932,320)
Fair value of biological assets	14	594,570	(61,815)	594,570	(61,815)
Equity in net income of subsidiaries	15.2	1,540,613	2,762,803	-	-
Reversal (provision) for expected credit losses	10.2	203	(1,321)	(6,037)	(10,072)
Other operating revenues (expenses), net	27	(97,317)	92,854	(138,365)	103,607
Operating income (loss) before financial income (loss)		**2,503,562**	**3,965,527**	**2,497,639**	**3,995,210**
Net financial income (loss)	28				
Financial revenues		104,811	43,168	140,811	42,260
Financial expenses		(471,094)	(583,771)	(436,172)	(553,175)
Derivative financial instruments		464,943	186,775	464,943	186,775
Net foreign exchange rate		200,287	321,676	199,820	323,130
Income before taxes		**2,802,509**	**3,933,375**	**2,867,041**	**3,994,200**
Income tax and social contribution	21.1				
Current		(85,825)	(116,294)	(150,357)	(177,119)
Deferred		(369,489)	(282,813)	(369,489)	(282,813)
Net income for the year		**2,347,195**	**3,534,268**	**2,347,195**	**3,534,268**
Basic and diluted net earnings per share – in R$	23.8			**1.5386**	**2.3167**

See the accompanying notes to the financial statements

(In thousands of reais)

	Parent company and Consolidated	
	12/31/2023	12/31/2022
Net income for the year	**2,347,195**	**3,534,268**
Items that can be subsequently reclassified to income (loss):		
Foreign exchange differences on translation of foreign operations	(137,522)	(154,707)
Adjustment of cash flow hedge	82,905	76,076
Deferred income tax/social contribution on cash flow hedge	(28,187)	(25,866)
Other comprehensive income, net of income tax and social contribution	**(82,804)**	**(104,497)**
Total comprehensive income for the year	**2,264,391**	**3,429,771**

See the accompanying notes to the financial statements

Statement of changes in shareholder' equity

Years ended December 31

(In thousands of reais)

		Profit reserves					Equity valuation adjustments			
	Share Capital	**Legal reserve**	**Tax incentive reserve**	**Expansion reserve**	**Reserve for retained minimum mandatory dividends**	**Profit retention**	**Hedge accounting**	**Accumulated translation adjustments**	**Retained earnings**	**Total shareholders' equity**
Balances at January 1, 2022	**1,788,792**	**80,486**	**992,943**	**1,039,340**	**238,037**	**-**	**8,772**	**446,597**	**-**	**4,594,967**
Net income for the year	-	-	-	-	-	-			3,534,268	**3,534,268**
Other comprehensive income for the year	-	-	-	-	-	-	50,210	(154,707)	-	**(104,497)**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**50,210**	**(154,707)**	**3,534,268**	**3,429,771**
Formation of reserves	-	176,713	11,094	-	-	-	-	-	(187,807)	-
Profit retention - Note 23.6	-	-	-	-	-	3,346,461	-	-	(3,346,461)	-
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 year	-	-	-	-	-	-	-	-	2,347,195	2,347,195
Other comprehensive income for the year	-	-	-	-	-	-	54,718	(137,522)	-	(82,804)
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**54,718**	**(137,522)**	**2,347,195**	**2,264,391**
Formation of reserves	-	100,559	4,539	-	-	-	-	-	(105,098)	**-**
Profit retention - Note 23.6	-	**-**	**-**	**-**	**-**	2,242,097	-	-	(2,242,097)	**-**
Balances at December 31, 2023	**1,788,792**	**357,758**	**1,008,576**	**1,039,340**	**238,037**	**5,588,558**	**113,700**	**154,368**	**-**	**10,289,129**

See the accompanying notes to the financial statements

Statement of cash flows
Years ended December 31
(In thousands of reais)

	Notes	Parent Company 12/31/2023	Parent Company 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Cash flow from operating activities:					
Net income for the year		**2,347,195**	**3,534,268**	**2,347,195**	**3,534,268**
Adjustments due to:					
Depreciation, amortization and depletion	26|27	668,634	579,477	711,086	571,683
Income (loss) from disposal of property, plant and equipment and biological assets		15,742	(16,921)	61,458	(11,068)
Fair value of biological assets	14	(594,570)	61,815	(594,570)	61,815
Income tax and social contribution - deferred	21	369,489	282,813	369,489	282,813
Income tax and social contribution - current	21	85,825	116,294	150,357	177,119
Financial charges - interest and exchange-rate change		146,975	295,627	(45,461)	210,894
Financial charges - interest earning bank deposits		-	(58,078)	-	(58,078)
Equity in net income of subsidiaries	15.1	(1,540,613)	(2,762,803)	-	-
Net gain with derivatives		(464,943)	(190,573)	(464,943)	(190,573)
Provision for legal risks	22	28,652	14,077	28,769	14,216
(Reversal) of provision for ICMS credit losses	27	508	(28,438)	508	(28,438)
Extempore tax credits		-	(62,683)	-	(62,683)
(Reversal) provision for estimated inventory losses	12	(618)	4,576	(618)	4,576
(Reversal) provision for expected credit losses	10.2	(203)	1,321	6,037	10,072
		1,062,073	**1,770,772**	**2,569,307**	**4,516,616**
Decrease / (increase) in assets and liabilities					
Trade accounts receivable		(70,640)	(52,553)	476,971	(732,395)
Inventories		9,886	25,275	130,910	(57,460)
Recoverable taxes		65,683	34,964	39,543	35,611
Advances to suppliers		17,574	(28,574)	16,257	(28,574)
Other current and non-current assets		11,421	(33,002)	12,047	(38,414)
Suppliers		57,435	5,474	45,265	39,536
Labor and social security obligations		14,107	45,043	14,352	45,734
Tax liabilities		(3,491)	8,276	(29,071)	9,213
Payment for legal risks	22	(17,139)	(17,767)	(17,665)	(17,992)
Other current and non-current liabilities		11,250	187	(26,340)	14,973
Cash generated by operating activities		**1,158,159**	**1,758,095**	**3,231,576**	**3,786,848**
Income tax and social contribution paid		(172,590)	(58,467)	(259,252)	(66,738)
Net cash generated by operating activities		**985,569**	**1,699,628**	**2,972,324**	**3,720,110**
Cash flow from investment activities:					
Increase in biological assets		(516,414)	(505,609)	(516,414)	(505,609)
Additions to property, plant and equipment and intangible assets		(511,677)	(365,926)	(659,912)	(589,089)
Capital increase in subsidiary		-	(569)	-	-
Cash received upon disposal of property, plant and equipment		21,286	24,710	21,286	24,710
Loan agreements granted to related parties		(157,000)	(214,500)	-	-
Interest earning bank deposits		-	215,029	-	215,029
Dividends received	15.2	2,716,371	1,306,048	-	-
Net cash generated (invested) by operating activities		**1,552,566**	**459,183**	**(1,155,040)**	**(854,959)**
Cash flow from financing activities:					
Loans and financing obtained	20.3	1,029,570	1,030,566	1,029,570	1,030,566
Amortization of loans and financing - principal	20.3	(2,567,637)	(2,692,348)	(2,567,637)	(2,692,348)
Amortization of loans and financing - interest	20.3	(347,741)	(409,668)	(347,741)	(409,668)
Receipt of operations with derivatives	28	442,617	69,798	442,617	69,798
Amortization of related party loans - interest	11.3	(51,554)	(52,958)	-	-
Payment of lease agreements	18.2	(300,152)	(232,968)	(349,347)	(280,039)
Net cash invested in financing activities		**(1,794,897)**	**(2,287,578)**	**(1,792,538)**	**(2,281,691)**
Exchange-rate change on cash		-	-	35,281	(26,148)
Net changes in cash and cash equivalents		**743,238**	**(128,767)**	**60,027**	**557,312**
Cash and cash equivalents at the beginning of the year		173,122	301,889	1,347,256	789,944
Cash and cash equivalents at the end of the year		916,360	173,122	1,407,283	1,347,256
Net changes in cash and cash equivalents		**743,238**	**(128,767)**	**60,027**	**557,312**

See the accompanying notes to the financial statements

Statement of added value
Years ended December 31
(In Thousands of reais)

	Parent Company		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Revenues:				
Sale of goods, products and services	3,847,631	4,448,631	5,978,757	7,781,448
Transfers from construction of own assets	66,048	41,794	66,048	41,794
Reversal (provision) for expected credit losses	203	(1,321)	(6,037)	(10,072)
Other operating revenues/(expenses)	501,904	8,470	461,268	19,590
	4,415,786	**4,497,574**	**6,500,036**	**7,832,760**
Inputs acquired from third parties:				
Raw material and consumable items	(885,051)	(999,648)	(903,689)	(905,799)
Materials, energy, outsourced services and other	(879,466)	(795,515)	(1,283,797)	(1,359,549)
Reversal (provision) for ICMS credit losses	(508)	28,438	(508)	28,438
	(1,765,026)	**(1,766,725)**	**(2,187,994)**	**(2,236,910)**
Gross added value	2,650,760	**2,730,849**	**4,312,042**	**5,595,850**
Depreciation, amortization and depletion	(668,634)	(579,477)	(711,086)	(571,683)
	1,982,126	**2,151,372**	**3,600,956**	**5,024,167**
Added value received as transfer:				
Equity in net income of subsidiaries	1,540,613	2,762,803	-	-
Financial revenues and foreign exchange gain	770,041	635,422	805,574	637,914
	2,310,654	**3,398,225**	**805,574**	637,914
Total added value payable	**4,292,780**	**5,549,597**	**4,406,530**	**5,662,081**
Distribution of added value:				
Personnel:				
Direct remuneration	307,936	267,991	321,558	284,570
Benefits	171,517	156,899	179,129	166,465
FGTS	24,028	23,942	24,443	25,402
	503,481	**448,832**	**525,130**	**476,437**
Taxes, rates and contributions:				
Federal	680,315	613,557	753,431	677,197
State	126,219	139,023	126,805	139,389
Municipal	-	-	1,850	2,108
	806,534	**752,580**	**882,086**	**818,694**
Third-party capital remuneration:				
Interest and exchange-rate change	450,432	655,133	405,406	603,659
Rents	183,384	158,689	234,862	206,237
Other	1,754	95	11,851	22,786
	635,570	**813,917**	**652,119**	**832,682**
Remuneration of own capital:				
Net income for the year	**2,347,195**	**3,534,268**	**2,347,195**	**3,534,268**
Total added value paid	**4,292,780**	**5,549,597**	**4,406,530**	**5,662,081**

See the accompanying notes to the financial statements

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 (SP).

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 March 13, 2024.

2. Preparation basis

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

The parent company and consolidated financial statements were prepared and are being presented according to the accounting practices adopted in Brazil, including the pronouncements, interpretations and guidance issued by the Accounting Pronouncement Committee (CPC), as well as by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They evidence all relevant information specific to the parent company and consolidated financial statements, and only such information, is consistent with the one used by the Management in its administration.

The material accounting policies applied in the preparation of these parent company and consolidated financial statements are presented in Note 7.

The parent company and consolidated financial statements were prepared considering the historical cost as value basis, that, in case of certain financial assets and liabilities (including derivative financial instruments) and biological assets, their value is adjusted to reflect the fair value measurement.

The preparation of parent company and consolidated financial statements requires the use of certain critical accounting estimates. It requires the Management to exercise its judgment in the process of applying the Company's accounting policies. The areas requiring the highest level of judgment and having the highest complexity, and the areas where assumptions and estimates are significant for the parent company and consolidated financial statements are disclosed in Note 5.

All relevant information in parent company and consolidated financial statements, and only them, are being evidenced and correspond to that used by Management.

In thousands of reais, unless otherwise indicated

Statement of added value

The presentation of the Parent company and Consolidated Statement of Added Value is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. The Statement of Added Value was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". Since the presentation of this statement is not required by the IFRSs, it is presented as a supplementary information without prejudice of the set of financial statements.

3. Consolidation

The Company consolidates all entities in which they retain control, i.e., when it is exposed to or is entitled to variable returns from its involvement in an investee and has the capacity to direct activities related of the investee.

The subsidiaries included in the consolidation are:

		Ownership interest	
Direct subsidiaries	**Country**	**12/31/2023**	**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 Inti. Finance Gmbh	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

The accounting policies applied in the preparation of the consolidated financial statements are described in Note 7.

4. Changes in accounting policies and disclosures

4.1. New accounting standards and interpretations in force

The following standard amendments were adopted for the year started January 1, 2023:

- **Amendment to IAS 1/CPC 26 (R1) and IFRS Practice Statement 2 – Disclosure of accounting policies:** change of the term "significant accounting policies" to "material accounting policies". The amendment also defines what "material accounting policy information" is, explains how to identify it and mentions which immaterial accounting policy information does not need to be disclosed, establishing that, if so, it should not stand out from the relevant financial information. The IFRS Practice Statement 2 - Making Materiality Judgments, also amended, provides guidance on how to apply the concept of materiality to accounting policy disclosures.

- **Amendment to IAS 8/CPC 23 – Accounting policies, changes in accounting estimates and errors.** The amendment explains how entities should distinguish changes in accounting policies (which are generally applied both to the current period and retrospectively to prior transactions and other events) from changes in accounting estimates, which are applied prospectively to future transactions and other events.

- **Amendment to IAS 12/CPC 32 – income taxes.** The amendment requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This situation typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, which require the recognition of additional deferred tax assets and liabilities.

- **Amendment to IAS 12/CPC 32 - Income Taxes - Pillar Two Global Anti-Base Erosion Model Rules - GloBE.** In December 2021, the Organization for Economic Co-operation and Development (OECD) released the rules for the Pillar Two model (Global Anti-Base Erosion Model Rules - GloBE). The initiative requires multinational groups with an annual global turnover of more than € 750 million to collect at least 15% of income tax in all the jurisdictions in which they operate, establishing a minimum level of taxation. These rules must be approved by the legislation of each country, and some of which have already enacted new laws or are in the process of discussing and approving them.

In May 2023, the IASB issued scope changes to IAS 12 - Income Taxes, detailing the application of IAS 12 on income taxes arising from the application of tax laws enacted or substantially enacted to implement the rules of the Pillar Two model of the OECD. The amendments introduced:

- Mandatory temporary exception to the accounting of deferred taxes arising from the jurisdictional implementation of the rules of the Pillar Two model; and,

- Additional disclosure requirements in the annual financial statements for the year ending December 31, 2023 of entities affected by the jurisdictional rules of the Pillar Two model.

The amendments to IAS 12 are applicable immediately and retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, including the requirement to disclose whether the exception has been applied and whether the entity's income taxes have been affected as a result of the implementation of the rules of the Pillar Two model. In line with IAS 12, the Company has applied the exception for recognizing and disclosing information on deferred tax assets and liabilities related to income taxes in the Pillar Two model.

The changes mentioned above had no material impact on the Company, except in relation to the amendments to IAS 12 on the rules of the OECD Pillar Two model, and the impact of which is mentioned in the Note 7-j (iii).

4.2. New accounting standards and interpretations not yet effective

In addition, the IASB is working with the issue of new pronouncements and review of existing ones, which only came into force on January 1, 2024 with the convergence of the pronouncements issued by the CPC, as follows:

a. Classification of liabilities as current or non-current and non-current liabilities with Covenants (amendments to CPC 26/IAS 1)

The amendments, issued in 2020 and 2022, explain the requirements for determining whether a liability is current or non-current and require new disclosures to non-current liabilities that are subject to future covenants. The amendments are applicable for the annual periods started as of or after January 1, 2024.

Although both liabilities are classified as non-current as of December 31, 2023, a future breach of specific covenants may require the Company to settle the liabilities before the contractual due dates. The Company is evaluating the possible impact of the changes on the classification of these liabilities and the respective disclosures.

b. Supplier financing agreements ("Drawee Risk") (amendments to CPC 26/IAS 01 and CPC 40/IFRS 07)

The amendments introduce new disclosures related to financing agreements with suppliers ("Drawee Risk"). These disclosures help users of financial statements to assess the effects of those arrangements on an entity's liabilities and cash flows and on the entity's exposure to liquidity risk. Changes apply to the annual periods starting on or after January 1, 2024.

As disclosed in Note 19, the Company discloses its exposure to supplier financing agreements. The Company is assessing the impact of the changes, mainly with regard to obtaining additional information necessary to meet the new disclosure requirements.

c. Other accounting standards

New and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

• Lease liabilities in a sale and leaseback (amendments to CPC 06/IFRS 16).
• Lack of convertibility (amendments to CPC 02/IAS 21).

5. Critical estimates and judgments

Accounting estimates and judgments are constantly assessed and are based on prior experience and other factors, including expected future events considered as reasonable in view of circumstances.

Accounting estimates

The preparation of the financial statements requires the use of estimates by Management in the application of the Company's accounting policies. By definition, accounting estimates are seldom equal to the taxable income. The estimates and assumptions which present a significant risk, likelihood of causing an important adjustment to the book value of assets and liabilities for the coming year are shown below:

▪ Fair value of biological assets

The calculation of the fair value of biological assets is based on several assumptions with a high degree of judgment, such as estimated wood sales price, productivity, quality, discount rate, etc., being categorized according to the fair value hierarchy described in Note 8.2 as Level 3 fair values. Any changes in these assumptions may lead to a change in the result of the discounted cash flow and, therefore, in the valuation or devaluation of these assets.

Biological assets can also be impacted by climate change, particularly regarding physical impacts related to extreme weather events and chronic risks resulting from long-term changes in weather patterns. The Company's Management mainly considered the following evaluation processes:

- Trends in forest assets, the timber market, the forest industry value chain, the business environment and the land market;

- Projection of the valuation approach, the potential business strategies for asset transactions, the valuation methods and the assumptions related to the asset and the valuation;

- Estimate the market value of the asset based on the results of previous activities.

Although the effects of climate change represent a source of uncertainty, considering the studies and monitoring performed through meteorological stations, the Company does not consider that there will be a material impact on its judgments and estimates on the previously mentioned physical risks in the short and medium term. Regarding the occurrence of pests and diseases, the Company relies on a specialized department, which operates in the diagnosis, prevention and fight.

Other information regarding the biological asset are disclosed in Note 14.

▪ Discount rate for leases

The Company, in the initial recording of contract, uses the incremental rate to calculate the present value of lease liabilities.

The incremental rate is the interest rate that the Company would have to pay on a possible loan, with a term and guarantee similar to those of the lease agreements, aiming to obtain the amount necessary to acquire an asset of equivalent value to the leased asset in a similar economic environment.

The incremental rate calculation process preferably uses readily observable information, obtained from known financial institutions.

The adoption of CPC 06 (R2)/IFRS 16 allowed the incremental rate to be determined for a grouping of contracts with similar characteristics. The Company adopted said practical expedient for its lease agreements as it understands that the effects of its application do not differ materially from the application to individual leases. The size and breakdown of the portfolios were defined according to the following assumptions: (a) assets of similar nature; and (b) similar remaining terms, calculated from the date of initial application.

- **Deferred income tax and social contribution**

Deferred income tax and social contribution assets include a balance of R$ 538,643 related to the accumulated tax loss and negative basis of social contribution generated by the Parent Company.

Considering the taxable income projections, estimated based on the multi-year plan approved by Management, and whose assumptions used to estimate the probability of realizing deferred tax assets consider the risks inherent to the business, the Company understands that the deferred tax asset is recoverable.

- **Fair value of derivative financial instruments**

The Company uses the discounted cash flow to calculate the fair value of derivative financial instruments, which are classified at fair value through other comprehensive income and/or through profit or loss.

- **Impairment loss on financial assets**

Provisions for losses on financial assets are based on assumptions about default risk and expected loss rates. The Company establishes the assumptions and selects the data for the calculation of impairment considering the history of losses, current market conditions and future estimates at the end of each year.

(i) Critical judgments in applying accounting policies

- **Note 13** – Recoverable ICMS: approval by the Government of the state of Mato Grosso do Sul – MS for the offsetting of ICMS credits with debts of the same nature, own and third parties, within the terms established in the monetization plan;

- **Notes 16 and 17-** Impairment of assets: internal and external evidence that may indicate the existence of non-recoverable losses.

6. Foreign currency translation

Parent company and consolidated financial statements are being presented in *reais*, 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.

(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.

7. Description of material accounting policies

The material accounting policies applied in the preparation of these financial statements are summarized below. Those policies were consistently applied in the years presented, unless otherwise stated.

a. Consolidation basis

(i) Subsidiaries

The Company controls an entity when it is exposed to, or has a right over, the variable returns arising from its involvement with the entity and has the ability to affect those returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the start date to the date such control ceases.

(ii) Transactions eliminated in the consolidation

Balances and transactions between related parties and any unrealized revenues or expenses from transactions among related parties, are eliminated in the preparation of consolidated financial statements.

b. Revenue

The revenue comprises the fair value of the consideration received or receivable for the sale of products in the Company's normal course of activities. Revenue does not take into account the Company's intercompany sales and is presented net of taxes, returns and the following rebates and discounts:

- Commercial discount: amount normally deducted from a base price to arrive at a final billing price, which considers factors such as volume, logistics cost and payment term;

- Performance rebate: discount related to a volume target in a certain period, agreed in the contract. The discount is recorded during the period and paid after confirmation of the achievement of the target.

The Company uses the five-phase model for revenue recognition, which provides: (i) identification of contracts with clients; (ii) identification of performance obligations provided for in contracts; (iii) determination of transaction price; (iv) allocation of the performance obligation transaction price provided for in the contracts; and (v) revenue recognition when the performance obligation is fulfilled.

For Pulp sales revenue, performance obligations consider the parameters provided for by the (i) International Commercial Terms ("Incoterms"), when aimed at the foreign market, and (ii) transit time, when aimed at the domestic market.

c. Financial instruments

(i) Initial recognition, derecognition and measurement

Financial assets and liabilities are initially recognized when the Company becomes a party to the instrument's contractual provisions. Trade accounts receivable and debt securities issued are initially recognized on the date that they are originated. Financial instruments are initially measured at fair value plus transaction costs which are directly attributed to its acquisition or issue.

Financial assets are derecognized when rights to receive cash flows have been expired or transferred, as long as the Company has transferred virtually all ownership risks and rewards.

The classification of financial instruments by category is disclosed in the Note 8.1.

(ii) Classification, subsequent measurement and gains and losses

The instruments are classified and measured as: i) amortized cost; ii) fair value through comprehensive income; and iii) fair value through profit or loss. These instruments are not subsequently reclassified unless the Company changes the business model for the management of financial instruments. In this case, all affected financial instruments are reclassified on the first day of the reporting period following the change in the business model.

- **Financial instruments measured at amortized cost**

In this category of disclosure, financial instruments must: i) are held within a business model whose purpose is to receive contractual cash flows; and ii) have contractual terms that generate, on specific dates, cash flows related to the payment of the principal value and interest on the principal value. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest revenues and expense, gains, foreign exchange losses, impairment and derecognition of financial instruments are recognized in the statement of income.

- **Financial instruments measured at fair value through comprehensive income**

In this category of disclosure, financial instruments must: i) be held within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and ii) have contractual terms that generate, on specific dates, cash flows related to the payment of principal and interest on principal outstanding value. Fair value is determined as described in Note 8.2. Fair value hierarchy.

- **Financial instruments stated at fair value through profit or loss**

In this disclosure category, financial instruments which do not comply with measurement criteria at amortized cost and fair value through other comprehensive income are measured at fair value through profit or loss. Financial instruments at fair value through profit or loss are measured at the end of each reporting period, and any fair value gains or losses are recognized in profit or loss as long as they are not part of a designated hedge relationship as determined in Note 8.4.3. Hedge accounting.

(iii) Offsetting of financial instruments

Financial assets or liabilities are offset and the net value reported in the balance sheet only when the Company has legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company does not have any financial instrument that can be reclassified or offset.

(iv) Impairment of financial assets

- **Measurement of expected credit losses**

The Company evaluates, on a prospective basis, expected credit losses associated to financial assets recorded at amortized cost and fair value through other comprehensive income. Applied impairment methodology depends on whether significant increase in credit risk occurred or not.

For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9/CPC 48 and, therefore, recognizes expected losses over useful life since initial recognition of receivables.

(v) Derivative financial instruments and hedge accounting

The Company uses the cash flow hedge, methodology in which the effective portion of changes in the fair value of derivative financial instruments designated and qualifies as cash flow hedge is recognized in shareholders' equity within "Hedge accounting" under "Equity valuation adjustments". The gain or loss relating to the ineffective portion is immediately recognized in the statement of income.

When an hedge instrument expires or is sold, or when no longer meets hedge recording criteria, every accumulated gain or loss existing in equity at that time remains in equity and will be recognized when the hedged operation is recognized in the statement of income.

Pursuant to Accounting Standard CPC 48/IFRS 9 - Financial Instruments, the Company designated only the exchange change component (spot element) of currency and interest swap contracts for cash flow hedge accounting.

d. Cash and cash equivalents

Cash and cash equivalents include cash and cash equivalents, bank deposits and highly liquid short-term investments.

e. Inventories

Inventories are measured based on lower value between cost and net realizable value. Inventory costs are based on weighted average cost method. The cost of wood transferred from biological assets is measured at fair value, plus harvesting costs, freight and other expenses necessary to bring the wood to the point of consumption. Normal production losses are part of the production cost for the respective period, while abnormal losses, if any, are recognized in the cost of goods sold, without being recorded in inventories.

The Company recognizes the estimated loss due to the reduction of inventories to their net realizable value when it is lower than the cost. Losses on deteriorated items and low movement inventories are recognized when necessary. The net realizable value of pulp inventories is the net amount that the Company expects to realize from the sale of the inventory in the normal course of business.

f. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at acquisition or construction historical cost, net of accumulated depreciation and, if any, accumulated impairment losses.

Gains or losses on sale of write-off of a property, plant and equipment item are recognized in income (loss).

Loan costs that are directly attributable to the acquisition or construction of assets are capitalized as part of the costs of said assets. These costs are depreciated over their estimated useful lives.

Maintenance expenditure for the shutdown is capitalized and depreciated over the period between the date of the shutdown and the estimated date of the next shutdown.

(ii) Depreciation

Depreciation is calculated based on the asset value, net of residual value, under the straight-line method over the estimated useful life of the asset based on the following rates:

	Annual weighted rates
IT equipment	19.3%
Vehicles and vessels	13.3–20%
Machinery and equipment	5.9%
Building and facilities	3.4–5.4%
Other	9.2–20%

Depreciation related to industrial and forestry assets comprise, the cost of production and the cost of biological assets, respectively. Land is not depreciated and other property, plant and equipment items are generally recognized in the statement of income.

The Company's business strategy does not cover the sale of property, plant and equipment, which are fully depreciated, and present an insignificant residual value.

The estimated useful lives, residual values and depreciation methods are annually reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(iii) Impairment

Every year, the company assesses its assets in order to identify whether there has been any indication that an asset may have been impaired and, if so, to estimate the recoverable value (impairment).

To calculate the recoverable amount, the Company determines the fair value and value in use of its assets, which are generally grouped into Cash Generating Units (CGUs), thus defined as the smallest group of assets that generates a cash flow largely independent of the cash flows generated by other assets or group of assets. An impairment loss is recognized if the book value of an asset exceeds its recoverable value. Impairment losses are recognized in income (loss).

g. Biological assets

Biological assets consist of renewable eucalyptus forests used in pulp production, measured at fair value, net of sales expenses. Depletion is measured based on the amount of wood harvested in relation to the projected amount of total wood production and assessed at the fair value of the biological asset being harvested.

Significant criteria and assumptions used to determine biological assets' fair values are shown in Note 14. The fair value measurement of biological assets carried out on a semi-annual basis, an interval considered sufficient so that there is no significant gap in the balance of fair value of biological assets recorded in the Company's financial statements.

The gain or loss in change in fair value for inventories of biological assets is recognized in income (loss) for the period in which it occurs in own caption.

h. Intangible assets

(i) Recognition and measurement

Intangible assets have defined useful life and are measured at cost, net of accumulated amortization and possible impairment losses.

The gain on the right to use the port handling concession represents the difference between the book value and the fair value calculated on the date the right to use was acquired by the Company.

(ii) Amortization

Amortization is recognized in the statement of income and is calculated based on the value of the asset, net of its residual value, using the straight-line method over the estimated useful life of the asset, based on the following rates:

	Annual weighted rates
IT Software	19.6%
Terminal concession	7.7%
Surplus for the right of use of the port concession	6.9%

i. Provisions

Provisions represent the present value of the expenses necessary to settle an obligation, net of tax effects, and are recognized when: (i) the Company has a present or non-formalized obligation because of past events; (ii) it is likely that an outflow of funds will be required to settle the obligation; and (iii) the amount may be reliably estimated. Obligations of a similar nature are grouped together and the probability of settling them is determined considering the set of obligations. A provision is recognized even if the likelihood of settlement related to any individual item is small. The present value is calculated using a discount rate that reflects the time value of money and the specific risks of the set of obligations. The increase in the obligation over time is recognized as a financial expense.

j. Income tax and social contribution

For Eldorado and subsidiaries in Brazil, the current and deferred income tax is calculated based on the rate of 15% on taxable income plus a surcharge of 10% on taxable income in excess of R$ 240 thousand per annum and considers the offsetting of tax losses of prior years, limited to 30% of the taxable income.

The current and deferred social contribution is calculated based on the rate of 9% on the social contribution basis, which does not differ significantly from taxable income and considers the offsetting of negative bases from previous periods, limited to 30% of the annual social contribution basis.

For subsidiaries abroad, current tax is calculated based on the tax laws in force in the countries where the subsidiaries operate and generate taxable income.

The Company recorded the current and deferred income tax and social contribution in the income (loss). Current and deferred income tax and social contribution, related to items recognized in other comprehensive income, are recognized directly in this group.

(i) Deferred taxes

Deferred tax is recognized in relation to tax losses and temporary differences which are characterized by the difference between the book values of assets and liabilities and its corresponding tax bases.

Deferred taxes are measured at tax rates expected to be applied to tax losses and temporary differences when they are reversed, based on laws enacted or substantively enacted up to the reporting date of parent company and consolidated financial statements.

Deferred tax assets and liabilities related to income taxes levied by the same tax authority are offset when there is a legal enforceable right to offset current tax assets and liabilities and refer to the same legal entity.

Deferred tax assets are recognized when it is likely that there are taxable income available which can be used and annually reviewed on the balance sheet date and reduced when it is no longer likely that the tax benefit will be realized.

(ii) Uncertainty on income tax treatments

Technical interpretation IFRIC 23/ICPC 22 –Uncertainty over income tax treatment, effective as of January 1, 2019, explains how to apply the recognition and measurement requirements when there is uncertainty over the treatments of income taxes. The uncertainty must be reflected in the measurement based on the approach that best estimates its resolution, considering (i) the most likely value or (ii) the expected value. The technical interpretation does not introduce new disclosures, but stresses the need to comply with existing disclosure requirements on (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial statements.

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

(iii) Application of the tax rules of the OECD Pillar Two model

The Organization for Economic Co-operation and Development (OECD) is an international organization made up of 38 member countries that work to create international standards and seek solutions to a series of social, economic and environmental challenges. These solutions range from improving economic performance and creating jobs to promoting sound education and combating international tax evasion.

With regard to the fight against tax evasion, the BEPS (Base Erosion and Profit Shifting) project was created in 2013. This initiative is a collaboration between the G20 (group of twenty countries with the largest economies) and the OECD. The aim of the BEPS project is to implement fifteen (15) measures to combat tax evasion, improve the coherence of international tax rules and ensure a more transparent tax environment on the international stage. The project aims to prevent the abuse of tax rules that result in the erosion of the tax base, mainly through the transfer of profits to destinations with more favorable taxation or no taxation at all.

Pillar Two is part of one of the OECD's most recent initiatives, known as BEPS 2.0. It aims to address tax issues related to changes in business models in a globalized environment. The aim of Pillar Two is to create a global minimum taxation system for multinational companies with an annual global turnover of more than 750 million euros. This additional taxation aims to balance the global income tax collection of these companies and guarantee the payment of a minimum effective global rate of 15% per jurisdiction where the multinational group operates.

As of 2024, Pillar Two rules will come into force in several countries (especially European ones), impacting not only Brazilian multinationals operating in these countries, but also Brazilian subsidiaries of multinational groups in these jurisdictions. During the first three years, there will be some transitional rules (Safe Harbour) with the aim of simplifying the calculations of the effective rate by jurisdiction, allowing the affected multinational groups to adapt.

The Company is assessing the impacts of implementing the Pillar Two rules. Pillar Two legislation in the jurisdiction of the subsidiary Cellulose Eldorado Austria GmbH will come into force on January 1, 2024. Therefore, as of December 31, 2023, the Company has no current tax exposure related to that jurisdiction.

In addition, in December 2023, the Brazilian Securities and Exchange Commission ("CVM") published Resolution 197, which introduced changes to CPC 32 "Income Tax". In accordance with this Resolution, due to measurement uncertainties and impacts, the Company has decided to apply the exception to recognizing and disclosing information on deferred tax assets and liabilities related to Pillar Two income tax, until we have more definitive information available.

k. Leases

(i) Asset's right-of-use - lease

The Company adopted pronouncement CPC 06 (R2) / IFRS 16 - Leases for lease contracts with identifiable assets, whose use, economic benefits and other aspects provided for in the pronouncement are exclusive to the Company, regardless of the legal form of the agreement.

At the beginning of the lease contract, the Company recognizes an asset of right of use that represents its right to use the leased underlying asset throughout the entire lease term, and a lease liability that represents its obligation to make the lease payments. Service and supply agreements were treated as lease agreements when there is an identifiable asset.

The right-of-use asset is initially measured at the cost equivalent to the recognized lease liability, plus any initial direct costs. Depreciation is subsequently calculated using the straight-line method over the term of the lease.

Lease agreements with a term of less than twelve months, as well as those with an identifiable asset with a market value of less than R$ 20 thousand, were not included in the adoption of pronouncement CPC 06 (R2) / IFRS 16 – Leases.

(ii) Leases payable

Lease liabilities are initially measured at the present value of the lease payments payable over the lease term, plus other contractual obligations provided for in the contract.

The present value is calculated based on the company's incremental loan rate (discount rate), which is between 9.5% and 12.44%, depending on the term of each lease agreement. The adjustment to present value is appropriated monthly as financial interest in its correspondent line. The extended lease term was considered for contracts with an automatic renewal clause.

l. Segment reporting

Pulp is the only reportable segment. Revenues from electric power trading did not meet the quantitative criteria required by IFRS/CPC for reportable segments, so Management concluded that this segment must not be reported separately.

m. Government grants

The Company recorded a tax incentive reserve for a portion of net income arising from government grants, received through ICMS credits granted, arising from tax incentives granted by the Government of Mato Grosso do Sul. The incentives were granted in return for investments made in the construction of the industrial unit in the municipality of Três Lagoas, formation of biological assets and the generation of direct and indirect jobs. The credits granted are presented in the Company's statements of income under "other operating revenues (expenses), net".

n. Port concession

Through its subsidiary Eldorado Brasil Logística ("EBLOG"), the company holds a concession for the operation of a port terminal, with operations beginning on July 01, 2023 and scheduled to end on November 05, 2049, covering the Port of Santos - SP. Property, plant and equipment are recognized in accordance with CPC 27/IAS - Property, plant and equipment, and the obligations assumed with the Concession Grantor and the right to exploit are recognized in accordance with CPC 06 (R2)/IFRS 16 - Leases, both of which are not within the scope of ICPC 01(R1)/IFRS 12 - Concession contracts, considering that there is no substantive control over who the port service should be provided and there is no substantive control over the price.

In thousands of reais, unless otherwise indicated

8. 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.

8.1. Financial instruments by category

		Consolidated
	12/31/2023	**12/31/2022**
Amortized cost:		
Cash and cash equivalents	1,407,283	1,347,256
Trade accounts receivable	1,133,769	1,538,739
Advances to suppliers	462,533	314,474
Other assets	48,606	60,528
Amortized cost - Assets	**3,052,191**	**3,260,997**
Fair value through other comprehensive income:		
Derivative financial instruments	325,110	216,405
Fair value through profit or loss:		
Derivative financial instruments	139	-
Assets	**3,377,440**	**3,477,402**
Amortized cost - Other financial liabilities:		
Loans and financing	2,622,973	4,330,365
Suppliers	389,798	297,175
Leases payable	1,735,695	1,253,990
Other liabilities	119,135	140,317
Amortized cost - Other financial liabilities	**4,867,601**	**6,021,847**
Fair value through other comprehensive income:		
Derivative financial instruments	-	6,108
Fair value through profit or loss:		
Derivative financial instruments	3,968	-
Liabilities	**4,871,569**	**6,027,955**

8.2. 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 year ended December 31, 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 and other financial instruments; the book value corresponds to a reasonable approximation of fair value.

8.3. 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.

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 December 2023 and present the following likely impact scenario on the financial income (loss):

				Probable scenario	
Type	**Index**	**Rate**	**12/31/2023**	**Rate**	**Gain (loss) in R$**
Cash and cash equivalents	CDI	11.65%	884,289	9.00%	(23,434)
Other non-current assets	REF. RATE	1.76%	2,881	1.36%	(12)
Loans and financing	IPCA	4.68%	(577,549)	3.90%	4,505
Loans and financing	SOFR	4.77%	(316,576)	5.40%	(1,994)
Loans and financing	CDI	11.65%	(1,518,899)	9.00%	40,251
Leases payable	IPCA	4.68%	(1,735,695)	3.90%	13,538
Net exposure			**(3,621,549)**		**32,854**

The amount of R$ 522,995 of cash and cash equivalents and R$ 581,642 of loans and financing are pegged to fixed rates and do not present a future scenario of fluctuations.

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 and the positive or negative effect on pre-tax income (loss) arising from a reasonably possible devaluation of the real (BRL) against foreign currencies, considered as a likely scenario, is as follows:

			12/31/2023		Probable scenario	
Exposure	**Currency**	**Foreign exchange rate**	**R$**	**Exposed amount**	**Probable foreign exchange rate**	**Gain (loss) in R$**
Cash and cash equivalents	US$	4.84	514,278	106,227	5.00	16,857
Cash and cash equivalents	EUR	5.35	4,156	777	5.60	194
Cash and cash equivalents	CNY	0.68	4,560	6,076	0.72	268
Trade accounts receivable	US$	4.84	985,602	206,174	5.00	45,268
Suppliers	US$	4.84	(20,135)	(4,159)	5.00	(660)
Suppliers	EUR	5.35	(2,244)	(419)	5.60	(102)
Loans and financing	US$	4.84	(1,175,259)	(242,822)	5.00	(38,851)
Net exposure			**310,958**			**22,974**

In thousands of reais, unless otherwise indicated

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 year:

	Consolidated	
	12/31/2023	12/31/2022
Cash and cash equivalents	1,407,223	1,347,205
Trade accounts receivable	1,133,769	1,538,739
Advances to suppliers	462,533	314,474
Derivative financial instruments	325,249	216,405
Total	**3,328,774**	**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 a partial insurance policy for receivables in the domestic and foreign markets.

c. Liquidity risk

Liquidity risk can be characterized by the possibility that the Company may face difficulties in meeting the current financial obligations 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-rate change. Therefore, they cannot be reconciled with the amounts disclosed in the balance sheet.

					Consolidated
	≤01 year	01–02 years	02–03 years	>03 years	Total
As of December 31, 2023:					
Loans and financing	1,358,072	993,379	304,297	293,274	2,949,022
Leases payable	383,129	375,890	294,752	2,298,123	3,351,894
Suppliers	389,798	-	-	-	389,798
Other liabilities	88,410	30,725	-	-	119,135
Total	**2,219,409**	**1,399,994**	**599,049**	**2,591,397**	**6,809,849**
As of December 31, 2022:					
Loans and financing	1,882,102	1,883,159	427,889	577,454	4,770,604
Leases payable	309,923	293,888	273,562	1,258,886	2,136,259
Suppliers	297,175	-	-	-	297,175
Other liabilities	117,939	22,378	-	-	140,317
Total	**2,607,139**	**2,199,425**	**701,451**	**1,836,340**	**7,344,355**

In thousands of reais, unless otherwise indicated

8.4. Derivative financial instruments

8.4.1. Outstanding derivatives by contract type

Outstanding derivative positions are presented below:

		Parent company and Consolidated			
		Notional value		Fair value	
Type of derivative	**Currency**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Operating hedge:					
Non-deliverable forward (US$)	US$	500,000	500,000	(3,829)	(6,108)
Debt hedge - interest and foreign exchange rates					
Assets:					
Double index swap	R$	103,340	-	2,030	-
Debt hedge - interest rates:					
Assets:					
Swap IPCA for fixed rate (US$)	R$	500,000	500,000	627,662	562,983
Swap CDI for fixed rate (US$)	R$	700,000	700,000	743,187	764,641
		1,200,000	**1,200,000**	**1,370,849**	**1,327,624**
Liabilities:					
Swap IPCA for fixed rate (US$)	US$	88,221	88,221	(432,536)	(459,350)
Swap CDI for fixed rate (US$)	US$	124,643	124,643	(615,233)	(651,869)
		212,864	**212,864**	**(1,047,769)**	**(1,111,219)**
				321,281	**210,297**
Current assets				149,695	92,874
Non-current assets				175,554	123,531
Current liabilities				(3,968)	(6,108)
				321,281	**210,297**

The change in the fair value of derivatives for the year ended December 31, 2023 is related to the appreciation of the Real against the US dollar and 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 rate (Interbank deposit) 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.

In thousands of reais, unless otherwise indicated

(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. 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. In the value of the short position in dollars, the discount is made using the exchange rate coupon curve. Both curves are obtained from B3. Next, the difference between the two points 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. On the short position in dollars, the discount is made using the exchange rate coupon curve. Both curves are obtained from B3. Next, the difference between the two points is calculated.

(iv) CDI x fixed rate/USD double index swap. Positions in swaps exchanging the variation in the DI rate, plus a fixed rate, for an index of greater value between a fixed index in reais or a fixed index in dollars, plus interest. The aim is to reduce the effects of variations in DI interest rates.

8.4.2. Maturity schedule for fair value

The fair value maturity schedule is as follows:

	Consolidated	
	12/31/2023	**12/31/2022**
2023	-	86,766
2024	145,727	50,902
2025	19,638	14,090
2026	85,478	34,582
2027	70,438	23,957
	321,281	**210,297**

8.4.3. Hedge accounting

a. Purpose and strategy of the risk management

The expected future revenues from exports of pulp expose 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 exchange-rate change component of currency and interest rate swaps for cash flow hedge accounting.

In thousands of reais, unless otherwise indicated

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 at 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 BRL	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-rate change on loans and financing is reclassified to the statement of income under "Net financial income (loss)". In the year ended December 31, 2023, effectiveness tests demonstrated that the implemented hedge accounting strategy is effective.

e. Accounting

	Effect on Shareholders' Equity (Hedge accounting)	
Type of derivative	**12/31/2023**	**12/31/2022**
Swap IPCA for fixed rate (US$)	73,815	39,593
Swap CDI for fixed rate (US$)	98,457	49,774
	172,272	**89,367**
Deferred income tax and social contribution	(58,572)	(30,385)
Net restatement of cash flow hedge	**113,700**	**58,982**

8.5. 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 manner.

(i) Covenants

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

Index	Parameter	Limit
Leveraging	Net debt[(1)]/*EBITDA*[(2)]	up to 4.0×

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.

As of December 31, 2023, the Company complied with the covenants.

In thousands of reais, unless otherwise indicated

9. Cash and cash equivalents and interest earning bank deposits

9.1. Breakdown of balances

	Parent Company		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	55	48	60	51
Banks – demand deposits [a]	37,639	41,584	494,957	434,057
Banks – interest earning bank deposits [a][b]	95,754	131,490	129,354	913,148
National Financial Treasury Bills [a][c]	782,912	-	782,912	-
	916,360	**173,122**	**1,407,283**	**1,347,256**

(a) The Company maintains 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 is linked to the Interbank Deposit Certificate ("CDI").

(c) Brazilian Financial Treasury Bills are remunerated according to the Selic rate, with daily liquidity and maturities of between one and three years.

9.2. Risk rating

The balances of demand deposits and interest earning bank deposits, distributed by the credit risk rating[1] of financial institutions with which the Company maintains a relationship, are as follows:

	Parent Company		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
AAA	-	-	974	2,030
AA-	-	-	4,560	-
A+	38,157	-	491,273	4,793
A	-	-	1,536	51
A-	-	70,154	-	777,993
BBB	-	-	24,267	86,798
BB	873,043	50,759	879,507	50,760
BB-	5,054	52,160	5,055	424,779
B+	50	-	50	-
B-	1	1	1	1
	916,305	**173,074**	**1,407,223**	**1,347,205**

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

In thousands of reais, unless otherwise indicated

10. Trade accounts receivable

10.1. Breakdown of balances

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Clients:				
Domestic market	165,923	293,872	166,319	293,872
Foreign market	64,301	23,665	985,602	1,280,335
Related parties	641,527	494,329	-	-
	871,751	**811,866**	**1,151,921**	**1,574,207**
Expected credit losses	(3,440)	(8,646)	(18,152)	(35,468)
	868,311	**803,220**	**1,133,769**	**1,538,739**
Balances by maturity:				
Falling due	826,120	788,438	945,728	1,287,655
Overdue 1–30 days	30,801	12,926	145,033	168,708
Overdue 31–60 days	10,154	134	11,351	39,311
Overdue 61–90 days	1,208	1,105	1,226	42,448
>90 days	28	617	30,431	617
	868,311	**803,220**	**1,133,769**	**1,538,739**

10.2. Changes in expected credit losses

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Balance at the beginning of the year	**(8,646)**	**(7,548)**	**(35,468)**	**(30,121)**
Formations	(3,247)	(3,203)	(19,944)	(13,611)
Reversals	3,450	1,882	13,907	3,539
Write-offs	5,003	-	23,146	-
Exchange-rate change	-	223	207	4,725
Balance at the end of the year	**(3,440)**	**(8,646)**	**(18,152)**	**(35,468)**

11.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:

In thousands of reais, unless otherwise indicated

11.1. Balances of Asset and Liabilities

		Parent Company		Consolidated	
	Type	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Balances with subsidiaries:					
Cellulose Eldorado Austria GmbH	Sales of pulp	266,135	1,740	-	-
Eldorado USA, Inc.	Sales of pulp	375,361	492,589	-	-
Eldorado Inti. Finance Gmbh	Export prepayment [(i)]	(1,068,046)	(1,151,085)	-	-
Rishis Empreendimentos e Participações S.A.	Rendering of services	-	(33,059)	-	-
Eldorado Brasil Celulose Logística Ltda.	Loans [(iv)]	291,037	160,110	-	-
Eldorado Brasil Celulose Logística Ltda.	Rendering of services	31	-	-	-
		(135,482)	**(529,705)**	**-**	**-**
Balance with controlling shareholders:					
J&F Investimentos	Rents		(64)		(64)
Balance with other related parties:					
JBS	Sundry [(ii)]	(203)	(273)	(203)	(273)
Seara Alimentos	Consumable items [(iii)]	(944)	(910)	(944)	(910)
		(1,147)	**(1,183)**	**(1,147)**	**(1,183)**
		(136,629)	**(530,952)**	**(1,147)**	**(1,247)**
Assets:					
Trade accounts receivable (Note 10.1)		641,527	494,329	-	-
Loans with related parties		291,037	160,110	-	-
Liabilities:					
Suppliers (note 19)		(1,147)	(34,306)	(1,147)	(1,247)
Loans with related parties		(1,068,046)	(1,151,085)	-	-
		(136,629)	**(530,952)**	**(1,147)**	**(1,247)**

11.2. Transactions in the year

		Parent Company		Consolidated	
	Type	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Transactions with subsidiaries:					
Cellulose Eldorado Austria GmbH.	Sales of pulp	1,460,236	1,433,348	-	-
Eldorado USA, Inc.	Sales of pulp	898,863	1,476,773	-	-
Eldorado Inti. Finance Gmbh.	Export prepayment [(i)]	(52,282)	(53,782)	-	-
Rishis Empreendimentos e Participações S.A.	Rendering of services	(13,801)	(37,836)	-	-
Eldorado Brasil Celulose Logística Ltda.	Rendering of services	(19,392)	-	-	-
		2,273,624	2,818,503	-	-
Related-party transactions:					
JBS	Sundry [(ii)]	(2,994)	(7,795)	(2,994)	(7,795)
Seara Alimentos	Consumable items [(iii)]	(988)	(1,093)	(988)	(1,093)
		(3,982)	(8,888)	(3,982)	(8,888)
Total net income (loss)		**2,269,642**	**2,809,615**	**(3,982)**	**(8,888)**

(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-rate change;

(ii) Amounts payable on sundry transactions, including freight for transporting pulp, purchase of consumables and data center lease;

(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.

In thousands of reais, unless otherwise indicated

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

	Parent Company	
	12/31/2023	12/31/2022
Balance at the beginning of the year	**1,151,085**	**1,231,122**
Interest incurred	52,284	53,782
Settlement of interest	(51,554)	(52,958)
Exchange-rate change	(83,769)	(80,861)
Balance at the end of the year	**1,068,046**	**1,151,085**

11.4. 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, not having unanimous approval by the Coordination Body having shareholder CA Investment (Brazil) S.A. voted against.

		Parent Company		Consolidated
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Benefits (a)	42,337	38,570	48,580	44,544
Private pension	523	466	596	539
	42,860	**39,036**	**49,176**	**45,083**

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

12.Inventories

		Parent Company		Consolidated
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Warehouses (i)	238,700	239,864	239,080	240,260
Pulp	56,665	63,756	177,341	310,219
Wood for production	221,988	166,157	221,988	166,157
Industrial and forestry inputs (i)	109,739	115,724	109,738	115,725
	627,092	**585,501**	**748,147**	**832,361**

(i) Net balances of estimated losses of R$ 3,958 (R$ 4,576 in December 2022) arising from obsolete and slow-moving materials.

In thousands of reais, unless otherwise indicated

13. Recoverable taxes

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Recoverable ICMS	1,002,830	1,002,322	1,002,830	1,002,322
ICMS credit losses (i)	(1,002,830)	(1,002,322)	(1,002,830)	(1,002,322)
PIS and COFINS	7,044	72,250	7,504	73,634
Reimbursement of Export PIS and COFINS – reintegra	15,144	32,328	15,144	32,328
IRPJ/CSLL advances/withholdings	71,555	11,144	72,244	11,319
Recoverable Withholding income tax (IRRF)	97	97	331	526
Recoverable INSS	1,827	-	2,222	395
Other	287	210	2,861	210
	95,954	**116,029**	**100,306**	**118,412**
Current	80,382	84,073	84,347	85,862
Non-current	15,572	31,956	15,959	32,550
	95,954	**116,029**	**100,306**	**118,412**

(i) Estimated losses on ICMS credits

On November 18, 2021, the Company was notified by the Finance Department of the State of Mato Grosso do Sul (MS) to reverse, in the relevant tax records, approximately R$ 505,054 of accumulated ICMS credits, on the grounds that they had been affected by statute of limitations, as provided for in Article 68 of State Law 1810 (1997).

The Company, duly supported by its legal advisors, took the necessary measures to ensure its right to maintain the accumulated ICMS credit, and obtained an injunction that prevents the issuance of a tax assessment notice due to the non-reversal of the accumulated ICMS credit.

Due to the new circumstances brought about by the notification of the tax authorities of Mato Grosso do Sul, considering that: (a) the realization of credits depends on prior authorization from the tax authorities; (b) the tax authorization must be concurrent with the maturity of the tax debts against which the credits will be offset; (c) it is unlikely that the offsetting of ICMS credits will be allowed by the tax authorities while they are "sub judice"; and, (d) it is not possible to estimate the length of time for the judicial discussion on the matter; the Company understood that it would no longer be possible to secure authorization from the State to offset and/or transfer the ICMS credits within the terms set out in the monetization plan, and determined that the recoverable amount of the ICMS tax credits on December 31, 2021, either at value in use or at fair value, was zero, constituting, on that date, a provision for losses equivalent to the full amount of the credits.

The amount of estimated losses with ICMS credits reversed in the year ended December 31, 2023 was R$ 508 and corresponds to ICMS credits consumed in the normal course of the Company's business. See Note 27 - Other operating revenues (expenses), net.

In thousands of reais, unless otherwise indicated

14. Biological assets

Changes in biological assets in the year ended December 31, are as follows:

	Parent Company and Consolidated	
	12/31/2023	12/31/2022
Balance at the beginning of the year	**3,802,426**	**3,493,833**
Cost applied in the formation of forests	702,224	670,951
Exhaustion of formed forests	(310,832)	(300,543)
Other write-offs	(40,101)	-
Fair value adjustment, net of sales expenses	594,570	(61,815)
Balance at the end of the year	**4,748,287**	**3,802,426**

The Company, to recognize its biological assets at fair value, used the Discounted Cash Flow (DCF) model. In general, the methodology can be summarized by projecting forest growth and its subsequent depletion, with a cutting age between 6 and 10 years, considering operational restrictions and annual demand. Fair value measurements were categorized as Level 3 fair values

The production volume of trees to be cut was estimated considering the average yield in cubic meter of wood of each plantation per hectare at the harvesting season. This growth is represented by the Average Annual Increment (IMA) expressed in cubic meters per hectare/year. Crop handling costs include expenses with fertilization, weed control, ant and other pest control, maintenance of roads and firebreaks, and other services necessary for the maintenance of planted forests.

Among the assumptions used in the calculation, wood prices, the discounted cash flow discount rate and the Tax Amortization Benefit (TAB) stand out.

The prices of standing timber (Eucalyptus), reported in R$/cubic meter, correspond to the average of the prices practiced in commercial transactions of standing timber in the Mato Grosso do Sul market, and are determined by market experts who consider a combination of external factors such as demand in the region, climatic events and prices practiced in the active market.

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

The discount rate corresponds to the Company's weighted average cost of capital. A significant increase (decrease) in the discount rate would result in a decrease (increase) in the amounts measured.

In thousands of reais, unless otherwise indicated

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

	12/31/2023	12/31/2022
Area planted for the purpose of the biological asset (hectare)	266,939	249,161
Average annual increment (IMA) - m³/ hectare (i)	40.96	37.09
Discount rate (WACC without consumer price index) - %	8.02	7.60
Price of standing wood– R$/m³	148.00	130.08

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

	12/31/2023	12/31/2022
Price	778,052	277,049
Growth, WACC, IMA and other*.	(183,482)	(338,864)
	594,570	**(61,815)**

*Corresponds to adjustments arising from the harvest plan, changes in costs, among others.

15.Investment

15.1. Breakdown of investments and information on subsidiaries

	Percentage interest	Total assets	Capital	Shareholders' equity	Net revenue
Cellulose Eldorado Austria GmbH	100%	2,312,991	111	1,860,728	4,486,234
Eldorado Brasil Celulose Logística Ltda.	100%	700,969	154,888	236,677	18,531
Rishis Empreendimentos e Participações S.A.	100%	4,509	5,325	4,134	15,436

15.2. 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	Total investments in subsidiaries
Balance at 01/01/2022	**1,801,825**	**74,178**	**91,301**	**9,336**	**1,976,640**
Write-off by amortization of surplus (i)	-		-	(1,179)	(1,179)
Paid-up capital		569			569
Dividends (ii)	(1,306,048)	-	-	-	(1,306,048)
Fair value of the intercompany loan (iv)	-	118,817	-	-	118,817
Net income (loss) for the year	2,780,363	(13,913)	(997)	-	2,765,453
Accumulated translation adjustment	(154,707)	-	-	-	(154,707)
Unearned income from inventories	(2,650)	-	-	-	(2,650)
Balance at 12/31/2022	**3,118,783**	**179,651**	**90,304**	**8,157**	**3,396,895**
Write-off by amortization of surplus (i)	-	-	-	(954)	(954)
Dividends (ii)	(2,716,371)	-	-	-	(2,716,371)
Partial spin-off (iii)	-	84,888	(84,888)	-	-
Fair value of the intercompany loan (iv)	-	26,081	-	-	26,081
Net income (loss) for the year	1,593,076	(53,943)	(1,282)	-	1,537,851
Accumulated translation adjustment	(137,522)	-	-	-	(137,522)
Unearned income from inventories	2,762	-	-	-	2,762
Balance at 12/31/2023	**1,860,728**	**236,677**	**4,134**	**7,203**	**2,108,742**

(i) The surplus arising from the right of use of the area in the port area, which is being amortized over the contractual term, in force until November 05, 2049.

(ii) Dividends paid by the subsidiary Cellulose Eldorado Austria Gmbh to the Parent Company.

(iii) On June 30, 2023, the Extraordinary General Meeting of Rishis Empreendimentos e Participações S.A. approved the partial spin-off with transfer of shareholders' equity equivalent to port operations, in the amount of R$ 84,888, corresponding to the net assets merged by Eldorado Brasil Celulose Logística Ltda.

(iv) The amount refers to the change between the nominal value and the present value of the loan agreement on the date of initial recognition.

In thousands of reais, unless otherwise indicated

16. Property, plant and equipment

16.1. 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 01/01/2022	325,327	33,583	77,612	2,978,773	1,325,008	120,246	4,860,549
Additions	339,678	60	2,638	23,535	-	204	366,115
Write-offs	-	(91)	(96)	(7,763)	(264)	(377)	(8,591)
Transfers	(311,590)	20,536	48,067	188,340	42,125	4,564	(7,958)
Depreciation	-	(9,509)	(26,665)	(238,677)	(62,003)	(3,647)	(340,501)
Balance at 12/31/2022	**353,415**	**44,579**	**101,556**	**2,944,208**	**1,304,866**	**120,990**	**4,869,614**
Cost	353,415	123,039	229,314	4,471,763	1,794,463	140,470	7,112,464
Accumulated depreciation	-	(78,460)	(127,758)	(1,527,555)	(489,597)	(19,480)	(2,242,850)
Additions	443,855	95	67,008	606	-	114	511,678
Write-offs	-	(12)	(3,241)	(2,299)	-	(16)	(5,568)
Transfers	(456,729)	26,860	15,204	339,805	50,381	15,078	(9,401)
Depreciation	-	(11,354)	(40,763)	(266,001)	(61,238)	(3,818)	(383,174)
Balance at 12/31/2023	**340,541**	**60,168**	**139,764**	**3,016,319**	**1,294,009**	**132,348**	**4,983,149**
Cost	340,541	109,655	302,056	4,803,688	1,844,833	155,463	7,556,236
Accumulated depreciation	-	(49,487)	(162,292)	(1,787,369)	(550,824)	(23,115)	(2,573,087)
Consolidated:							
Balance at 01/01/2022	341,530	33,968	77,612	2,982,163	1,326,007	120,608	4,881,888
Additions	358,550	353	2,638	23,536	-	204	385,281
Write-offs	(5,771)	(90)	(96)	(7,799)	(263)	(377)	(14,396)
Transfers	(321,049)	20,536	48,067	188,502	42,124	4,568	(17,252)
Exchange-rate change	-	(18)	-	-	-	(4)	(22)
Depreciation	-	(9,708)	(26,665)	(238,994)	(62,068)	(3,704)	(341,139)
Balance at 12/31/2022	**373,260**	**45,041**	**101,556**	**2,947,408**	**1,305,800**	**121,295**	**4,894,360**
Cost	373,260	125,463	229,314	4,476,639	1,795,584	141,393	7,141,653
Accumulated depreciation	-	(80,422)	(127,758)	(1,529,231)	(489,784)	(20,098)	(2,247,293)
Additions	459,385	199	69,517	606	2	845	530,554
Write-offs	-	(12)	(3,241)	(3,298)	(888)	(4,428)	(11,867)
Transfers	(492,104)	33,214	15,204	394,612	327,933	20,560	299,419
Exchange-rate change	-	(67)	-	-	(2)	(21)	(90)
Depreciation	-	(11,621)	(41,465)	(267,117)	(65,262)	(3,884)	(389,349)
Balance at 12/31/2023	**340,541**	**66,754**	**141,571**	**3,072,211**	**1,567,583**	**134,367**	**5,323,027**
Cost	340,541	118,438	304,565	4,862,351	2,122,604	158,168	7,906,667
Accumulated depreciation	-	(51,684)	(162,994)	(1,790,140)	(555,021)	(23,801)	(2,583,640)

16.2. 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".

16.3. Provision for impairment

In the year ended December 31, 2023, there is no indication that an asset, or group of assets, may be impaired.

16.4. General shutdown

The general plant maintenance shutdown, carried out in January 2023, totaled R$ 87,642, which is depreciated over a period of 15 months as of the shutdown date.

16.5. Return of assets – Rishis Empreendimentos e Participações S.A.

On August 21, 2023, the subsidiary Eldorado Brasil Celulose Logística Ltda. returned the area and assets, totaling R$ 2,224, previously operated by Rishis Empreendimentos e Participações S.A., to the Santos Port Authority.

16.6. Port operation

Eldorado Brasil's port operation, which began in July 2023, corresponds to the amount of R$ 313,549, received as a transfer of intangible assets, of which R$ 300,134 corresponds to the assets reversible to the Concession Grantor at the end of the port concession contract. The assets are depreciated over the term of the agreement or their useful life, whichever is shorter.

16.7. Transfers

The main transfers in the Consolidated come from (are destined to) works in progress in intangible assets – Note 17.1.

In thousands of reais, unless otherwise indicated

17. Intangible assets

17.1. 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 01/01/2022	-	30,221	-	-	30,221
Amortization	-	(8,278)	-	-	(8,278)
Transfers	-	7,958	-	-	7,958
Balance at 12/31/2022	**-**	**29,901**	**-**	**-**	**29,901**
Cost	-	61,200	-	-	61,200
Accumulated depreciation		(31,299)			(31,299)
Amortization	-	(8,918)	-	-	(8,918)
Transfers	-	9,401	-	-	9,401
Balance at 12/31/2023	**-**	**30,384**	**-**	**-**	**30,384**
Cost	-	70,600	-	-	70,600
Accumulated depreciation		(40,216)			(40,216)
Consolidated:					
Balance at 01/01/2022	45,087	30,255	9,336	15,327	100,005
Amortization	(6,439)	(8,294)	(1,179)	-	(15,912)
Additions	-	-	-	222,847	222,847
Transfers	118	7,958		9,176	17,252
Balance at 12/31/2022	**38,766**	**29,919**	**8,157**	**247,350**	**324,192**
Cost	90,638	61,966	17,002	247,350	416,956
Accumulated depreciation	(51,872)	(32,047)	(8,845)	-	(92,764)
Amortization	(3,220)	(8,983)	(954)	-	(13,157)
Additions	-	-	-	150,399	150,399
Write-offs	(35,617)	-	-	-	(35,617)
Transfers	71	14,059	-	(313,549)	(299,419)
Balance at 12/31/2023	**-**	**34,995**	**7,203**	**84,200**	**126,398**
Cost	55,092	76,025	17,002	84,200	232,319
Accumulated depreciation	(55,092)	(41,030)	(9,799)	-	(105,921)

The additions to work in progress in the consolidated accounts, amounting to R$ 150,399, of which R$ 25,586 has no cash effect, are related to investments in the construction of the Santos port terminal.

The transfers, amounting to R$ 313,549 in the consolidated accounts, correspond to the assets related to the equipment of the port terminal used in the pulp handling and storage operation, terminal STS14 in the Port of Santos, which were transferred to property, plant and equipment when operations began in July 2023.

On August 21, 2023, the subsidiary Eldorado Brasil Celulose Logística Ltda., under the terms of the concession agreement, returned the area and assets previously operated by Rishis Empreendimentos e Participações S.A. in the amount of R$ 35,617, to the Santos Port Authority.

In thousands of reais, unless otherwise indicated

18. Right-of-use and lease payable

18.1. Breakdown of right-of-use

	Land and land plots	Buildings	Vehicles	Forestry machinery, equipment and implements	Facilities and improvements (i)	Net
Parent Company:						
Balance at 01/01/2022	643,063	2,098	28,518	1,329	-	675,008
Depreciation	(133,994)	(1,305)	(18,143)	(10)		(153,452)
Additions and readjustment of installments	422,126	20	16,233	-	-	438,379
Write-offs	(7,865)	-	-	-		(7,865)
Balance at 12/31/2022	**923,330**	**813**	**26,608**	**1,319**	**-**	**952,070**
Cost	1,347,955	5,327	75,458	5,679	-	1,434,419
Accumulated depreciation	(424,625)	(4,514)	(48,850)	(4,360)	-	(482,349)
Depreciation	(180,970)	(789)	(14,147)	(1)	-	(195,907)
Additions and readjustment of installments	709,060	-	10,770	-	-	719,830
Write-offs	(64,896)	(24)	(8,443)	(532)	-	(73,895)
Balance at 12/31/2023	**1,386,524**	**-**	**14,788**	**786**	**-**	**1,402,098**
Cost	1,939,457	4,591	44,123	5,647	-	1,993,818
Accumulated depreciation	(552,933)	(4,591)	(29,335)	(4,861)	-	(591,720)
Consolidated:						
Balance at 01/01/2022	643,063	6,429	28,624	1,329	240,978	920,423
Depreciation	(133,994)	(2,081)	(18,225)	(11)	-	(154,311)
Additions and readjustment of installments	422,126	9,013	16,233	-	43,562	490,934
Write-offs	(7,865)	-			(18,848)	(26,713)
Exchange-rate change	-	(15)	(7)			(22)
Balance at 12/31/2022	**923,330**	**13,346**	**26,625**	**1,318**	**265,692**	**1,230,311**
Cost	1,347,955	21,121	75,653	5,679	265,894	1,716,302
Accumulated depreciation	(424,625)	(7,775)	(49,028)	(4,361)	(202)	(485,991)
Depreciation	(180,970)	(961)	(14,183)	(1)	(4,269)	(200,384)
Additions and readjustment of installments	709,060	-	10,770	-	8,452	728,282
Write-offs	(64,896)	(12,343)	(8,443)	(531)	-	(86,213)
Exchange-rate change	-	-	(11)	-	-	(11)
Balance at 12/31/2023	**1,386,524**	**42**	**14,758**	**786**	**269,875**	**1,671,985**
Cost	1,939,457	5,788	44,318	5,647	274,146	2,269,356
Accumulated depreciation	(552,933)	(5,746)	(29,560)	(4,861)	(4,271)	(597,371)

Of the total depreciation for the year, the amount of R$ 100,694 was considered as a cost applied to the formation of forests in biological assets (Note 14), the R$ 81,528 as advance to suppliers, R$ 13,066 as a cost applied to inventories (Note 12) and R$ 29 as construction in progress (Note 16).

(i) The amounts for Facilities and Improvements refer to payments under the port lease agreement and the minimum contractual activity - MMC.

In thousands of reais, unless otherwise indicated

18.2. Changes in lease payable

	Parent Company		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Balance at the beginning of the year	1,068,563	760,586	1,253,990	939,971
Additions and readjustments of installments (i)	719,830	438,379	728,282	490,934
Payments	(300,152)	(232,968)	(349,347)	(280,039)
Financial interest (ii)	169,910	111,233	198,343	111,813
Write-offs or termination	(82,539)	(8,667)	(95,570)	(8,667)
Exchange-rate change	-	-	(3)	(22)
Balance at the end of the year	**1,575,612**	**1,068,563**	**1,735,695**	**1,253,990**
Current	146,141	202,594	191,174	234,768
Non-current	1,429,471	865,969	1,544,521	1,019,222
Balance at the end of the year	**1,575,612**	**1,068,563**	**1,735,695**	**1,253,990**

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

(ii) Of the Parent Company's total financial interest, the amount of R$ 85,117 was considered as a cost applied to the formation of forests in biological assets (Note 14), R$ 82,788 as advance to suppliers (partnership agreements) and R$ 1,963 was considered as inventories and R$ 29 as property, plant and equipment.

The schedule of future lease disbursements, not discounted to present value, is disclosed in Note 8.3 c.

18.3. 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 table demonstrates this potential right:

	Parent Company		Consolidated	
	Nominal value	**Adjusted to present value**	**Nominal value**	**Adjusted to present value**
December 31, 2023:				
Leases payable consideration	3,170,648	1,575,612	3,351,894	1,735,695
Potential PIS/COFINS (9.25%) levied on contracts signed with legal entities	293,285	145,744	310,050	160,552
December 31, 2022:				
Leases payable consideration	1,894,449	1,068,563	2,136,259	1,253,990
Potential PIS/COFINS (9.25%) levied on contracts signed with legal entities	175,237	98,842	197,604	115,994

In thousands of reais, unless otherwise indicated

19. Suppliers

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
In domestic currency:				
Third-parties(i)	339,254	256,291	366,272	263,753
Related parties	1,147	34,306	1,147	1,247
	340,401	**290,597**	**367,419**	**265,000**
In foreign currency:				
Third parties	10,092	2,461	22,379	32,175
	350,493	**293,058**	**389,798**	**297,175**

(i) The balance of December 31, 2023 considers the amount of R$ 24,552 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 the conditions usually practiced by the Company.

20. Loans and financing

20.1. Breakdown of loans and financing

			Parent company and Consolidated	
Type	Average annual interest rate and commissions	Maturity	12/31/2023	12/31/2022
In foreign currency:				
ACC (i)	SOFR + spread	Jan 2024–Nov 2024	333,559	1,329,316
Export prepayment (ii)	SOFR + spread	Sep 2025	744,874	1,520,957
NCE (iii)	% CDI	Feb 2024	96,826	-
			1,175,259	2,850,273
In domestic currency:				
FINAME	Fixed rate - 3.00% p.a.	-	-	249
Export prepayment (ii)	% CDI	Aug 2024–Oct 2025	31,193	-
NCE (iii)	% CDI	Aug 2024–Oct 2025	117,299	202,570
Leasing (iv)	CDI + 3.49% p.a.	-	-	13,506
CRA (v)	IPCA + 7.1945% p.a.	Sep 2026–Sep 2027	577,549	546,487
Debentures (vi)	CDI + 3.00% p.a.	Sep 2024	721,673	717,280
			1,447,714	1,480,092
			2,622,973	**4,330,365**
Current			1,188,827	1,725,644
Non-current			1,434,146	2,604,721
			2,622,973	**4,330,365**

20.2. Maturity Schedule - non-current

The maturity schedule of loans and financing classified in non-current liabilities as of December 31, 2023 are as follows:

Year	2025	2026	2027	Total
Amounts	868,200	282,973	282,973	1,434,146

20.3. Changes in loans and financing

In thousands of reais, unless otherwise indicated

	Parent company and Consolidated	
	12/31/2023	12/31/2022
Balance at the beginning of the year	**4,330,365**	**6,143,992**
Funding	1,029,570	1,030,566
Interest incurred	372,119	502,101
Settlement of principal	(2,567,637)	(2,692,348)
Settlement of interest	(347,741)	(409,668)
Exchange-rate change	(193,703)	(244,278)
Balance at the end of the year	**2,622,973**	**4,330,365**

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

20.4. 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 currently contracted are as follows:

(i) Financing of working capital through Advances on Foreign Exchange Contracts (ACCs);

(ii) Export prepayment (PPE) maturing in 2025. Transactions are restated by Libor 1M and SOFR, plus a spread in case of financing in foreign currencies and CDI percentage, in case of financing in domestic currency;

(iii) Export Credit Notes (NCE), maturing up to 2025, indexed to CDI;

(iv) Financing of machinery and equipment through leasing denominated in reais, 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.

20.5. Loan guarantees

As of December 31, 2023, the Company does not have guarantee clauses in its outstanding loan and financing agreements.

In thousands of reais, unless otherwise indicated

21. Current and deferred income tax and social contribution

21.1. Effective tax rate reconciliation:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Income before taxes	**2,802,509**	**3,933,375**	**2,867,041**	**3,994,200**
Income tax and social contribution - nominal rate of 34%	(952,853)	(1,337,347)	(974,794)	(1,358,028)
Reconciliation to the effective rate:				
Equity in net income of subsidiaries	523,809	939,353	-	-
Reimbursement of Export PIS and COFINS – reintegra	894	6,550	894	6,550
Formation (reversal) of ICMS credit losses	(173)	9,669	(173)	9,669
Difference in tax base and nominal rates of subsidiaries abroad	-	-	499,994	896,064
Write-offs of assets	-	-	(14,295)	-
Other	(26,991)	(17,332)	(31,472)	(14,187)
Income tax and social contribution – Current and deferred	**(455,314)**	**(399,107)**	**(519,846)**	**(459,932)**
Current	(85,825)	(116,294)	(150,357)	(177,119)
Deferred	(369,489)	(282,813)	(369,489)	(282,813)
Income tax and social contribution – Current and deferred	**(455,314)**	**(399,107)**	**(519,846)**	**(459,932)**
Effective rate	**16.25%**	**10.15%**	**18.13%**	**11.52%**

21.2. Changes in deferred income tax and social contribution:

	Parent company and Consolidated				
	Balance at 01/01/2022	Tax additions (exclusions)	Balance at 12/31/2022	Tax additions (exclusions)	Balance at 12/31/2023
Tax loss [(i)]	**631,470**	**(53,211)**	**578,259**	**(39,616)**	**538,643**
Temporary credit differences:					
Unrealized exchange-rate change	399,245	(226,706)	172,539	(133,472)	39,067
Non-deductible provision	58,411	11,274	69,685	12,165	81,850
Tax overpayments – IRPJ/CSLL on Selic	-	4,794	4,794	-	4,794
	1,089,126	**(263,849)**	**825,277**	**(160,923)**	**664,354**
Temporary liability differences:					
Fair value of biological assets	(202,184)	65,538	(136,646)	(160,928)	(297,574)
Derivative financial instruments	(4,571)	(66,930)	(71,501)	(37,734)	(109,235)
Incentivized accelerated depreciation	(832,305)	(43,437)	(875,742)	(38,091)	(913,833)
	(1,039,060)	**(44,829)**	**(1,083,889)**	**(236,754)**	**(1,320,643)**
Net value	**50,066**	**(308,678)**	**(258,612)**	**(397,677)**	**(656,289)**

(i) As of December 31, 2023, the Company had a balance of tax loss and negative base of social contribution in the amount of R$ 1,584,244 (R$ 1,700,761 as of December 31, 2022).

In thousands of reais, unless otherwise indicated

22. Provision for legal risks

The Company, in the ordinary course of its business, is subject to environmental, civil, tax and labor lawsuits, based on its legal advisors' opinion, assesses the expectation of the outcome aiming at determining the risk of loss, which is reflected in the formation of a provision for contingencies, which presented the following changes in the year:

					Consolidated	Parent Company
	Environmental	Civil	Tax	Labor	Total	Total
Balance at December 1, 2022	**338**	**3,085**	**5,011**	**26,482**	**34,916**	**34,382**
Additions	-	-	-	12,892	12,892	12,867
Payments	-	-	(5,011)	(12,981)	(17,992)	(17,767)
Reversals		(1,634)	-	(571)	(2,205)	(2,205)
Restatements	29	177	-	3,323	3,529	3,415
Balance at December 31, 2022	**367**	**1,628**	**-**	**29,145**	**31,140**	**30,692**
Additions	9,252	401	4,459	15,720	29,832	29,793
Payments	-	(50)	-	(17,615)	(17,665)	(17,139)
Reversals		-	(4,459)	(175)	(4,634)	(4,634)
Restatements	270	366	-	2,935	3,571	3,493
Balance at December 31, 2023	**9,889**	**2,345**	**-**	**30,010**	**42,244**	**42,205**

As of December 31, 2023, the Company presents the following contingencies, whose expected loss, assessed by Management and supported by its legal advisors, is classified as possible, and consequently, are not accrued:

	Parent Company		Consolidated	
Possible	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Environmental	201	12,229	201	12,229
Civil	21,888	639,025	21,888	639,025
Labor	29,951	43,831	30,092	43,874
Tax	472,219	6,749	472,219	6,749
Regulatory	-	113,247	-	113,247
Administrative	110	73	110	73
	524,369	**815,154**	**524,510**	**815,197**

Civil

The civil lawsuits involving EGTM Navegações Ltda., whose estimated value as a possible loss at the end of the year ended December 31, 2022 was R$ 619,468, were the subject of an agreement between the parties, in the total amount of R$ 50 million, ending the discussion in all the aforementioned lawsuits.

Tax

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, calculated on income earned in Austria and China in the calendar years 2018 and 2019 by its subsidiaries in Austria and China. Considering the legal increases, the assessed tax credit was R$ 430,062 and, in the opinion of the legal advisors and Management, the risks of loss according to the type of the ongoing matter, are classified as possible.

Regulatory

Regulatory contingencies were no longer considered as a possible loss following the start of the PAS judgment by the CVM Board, in which a majority was formed to acquit Eldorado.

23. Shareholders' equity

23.1. Share Capital

Subscribed and paid-in capital, as of December 31, 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: 50.59% owned by J&F and 49.41% held by CA Investment, the sole shareholders of Eldorado.

23.2. 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.

23.3. Tax incentive reserve

The Company recorded a tax incentive reserve in the amount of R$ 4,539 as of December 31, 2023, equivalent to the portion of net income linked to investment grants, granted under the terms of the law, by the 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".

23.4. 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.

23.5. 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 fiscal year, than 25% of adjusted net income, pursuant to Law 6404/1976.

23.6. Profit retention

As of December 31, 2023, pursuant to Article 196 of Law 6404/1976, management proposed retaining the remaining net income, after allocation to the legal reserve and tax incentive reserve, for use in capital investment projects.

In thousands of reais, unless otherwise indicated

23.7. 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$ 137,522 for the year ended December 31, 2023 (increased by R$ 154,707 for the year ended December 31, 2022).

23.8. 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:

	12/31/2023	12/31/2022
Net income for the year	2,347,195	3,534,268
Total shares of the year	1,525,558	1,525,558
Basic and diluted earnings per share	**1.5386**	**2.3167**

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

24. Net revenue

		Parent Company		Consolidated
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Domestic market	1,180,712	1,311,554	1,183,680	1,311,556
Foreign market	2,682,100	3,160,469	6,311,871	8,392,736
Deductions and rebates	(15,181)	(23,392)	(1,516,794)	(1,922,844)
Gross revenue	**3,847,631**	**4,448,631**	**5,978,757**	**7,781,448**
Sales taxes	(220,337)	(241,230)	(222,612)	(243,338)
Net revenue	**3,627,294**	**4,207,401**	**5,756,145**	**7,538,110**

25. Operating segments

25.1. Geographic segments

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

		Consolidated
	12/31/2023	12/31/2022
Domestic market	**960,236**	**1,067,190**
Asia	2,157,685	2,488,008
North America	1,244,280	1,799,693
Europe	860,038	1,652,363
South America	285,900	276,798
Middle East	224,825	125,807
Africa	23,181	128,251
Foreign market	**4,795,909**	**6,470,920**
Net revenue	**5,756,145**	**7,538,110**

In thousands of reais, unless otherwise indicated

25.2. Information on main clients

In sales made in the years ended December 31, 2023 and 2022, only one client, individually, represented more than 10% of the Company's net revenue.

25.3. Information on total non-current assets

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

		Consolidated
	12/31/2023	12/31/2022
Brazil	12,458,251	10,660,639
Austria	365	473
USA	994	438
China	108	129
Total non-current assets	**12,459,718**	**10,661,679**

26. Costs and expenses by category and type

		Parent Company		Consolidated
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cost of products sold	2,521,401	2,443,666	2,649,276	2,355,526
Administrative and general expenses	362,214	269,826	389,362	286,774
Sales and logistics expenses	278,186	320,903	670,036	932,320
Total by category	**3,161,801**	**3,034,395**	**3,708,674**	**3,574,620**
Personnel expenses	612,268	569,625	638,816	599,908
Expenses with services, materials and transport	956,610	847,137	1,404,197	1,452,689
Depreciation, exhaustion and amortization	667,680	577,797	710,132	570,003
Raw material and consumable items	885,051	999,648	903,689	905,799
Other	40,192	40,188	51,840	46,221
Total by nature	**3,161,801**	**3,034,395**	**3,708,674**	**3,574,620**

In thousands of reais, unless otherwise indicated

27. Other operating revenues (expenses), net

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
(Formation) reversal of ICMS credit losses	(508)	28,438	(508)	28,438
Extempore tax credits	-	62,683	-	62,683
Indemnities - Note 22	(66,146)	(12,124)	(66,135)	(22)
Write-offs of fixed and biological assets - Notes 14, 16 and 17	(45,663)	-	(87,579)	-
Non-recoverable ICMS	(2,634)	(4,967)	(3,045)	(6,485)
Procedural contingencies	(11,513)	3,690	(11,103)	3,776
Sales of property, plant, and equipment	21,948	16,707	21,948	16,709
Depreciation and amortization	(954)	(1,676)	(954)	(1,676)
Other	8,153	103	9,011	184
	(97,317)	**92,854**	**(138,365)**	**103,607**

Write-offs of assets mainly refer to: (i) return, by the subsidiary Eldorado Brasil Celulose Logística Ltda. to the Santos Port Authority, under the terms of the concession contract, of the area and assets previously operated by Rishis Empreendimentos e Participações S.A., amounting R$ 37,841, as per note 16 and note 17; and (ii) write-off of forestry assets amounting R$ 40,101, as per note 14.

28. Net financial income (loss)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Yield from interest earning bank deposits	103,276	22,183	139,278	36,727
Interest receivable	1,430	17,331	1,429	1,876
Other financial revenues	105	3,654	104	3,657
Financial revenues	**104,811**	**43,168**	**140,811**	**42,260**
Bank expenses	(1,714)	(95)	(1,871)	(258)
Interest payable	(451,430)	(568,271)	(406,371)	(514,728)
Other financial expenses	(17,950)	(15,405)	(27,930)	(38,189)
Financial expenses	**(471,094)**	**(583,771)**	**(436,172)**	**(553,175)**
Realized gains	442,617	65,999	442,617	65,999
Unrealized gains	22,326	120,776	22,326	120,776
Derivative financial instruments	**464,943**	**186,775**	**464,943**	**186,775**
Loans and financing	193,703	244,278	193,703	244,278
Other assets and liabilities	6,584	77,398	6,117	78,852
Net exchange-rate change	**200,287**	**321,676**	**199,820**	**323,130**
Net financial income (loss)	**298,947**	**(32,152)**	**369,402**	**(1,010)**

In thousands of reais, unless otherwise indicated

29. Take-or-pay contracts

29.1. Chemical plants and gas distribution branch

The Company is an integral part of take-or-pay contracts for two chemical plants and a gas distribution branch, set up with the purpose of meeting the needs of inputs for pulp production.

The contract for the Chlorine Dioxide plant, effective for fifteen (15) years and in force since December 2012, has a price composed of fixed and variable production costs, with an adjustment clause generally applicable to this type of contract.

The contract for the Gaseous Oxygen plant, effective for fifteen (15) years and in force since October 2012, is denominated in US dollars and paid in fixed monthly installments, readjusted by the PPI (Producer Price Index) on the first day of December of each year.

The natural gas contract, with a term of twelve (12) years and in force since May 2016, has the following price per cubic meter of gas consumed:

a) natural gas price, readjusted quarterly according to the arithmetic averages of daily quotations published in the Spot Price Assessments table published in Platt’s Oilgram Price Report;

b) transport tariff, readjusted in May of each year, based on the change of the General Market Price Index – IGPM;

c) distributor’s fixed margin, readjusted on the first day of each year, based on the change of the Extended Consumer Price Index (IPCA).

As of December 31, the non-cancelable future minimum payments are as follows:

	Parent Company and Consolidated	
	12/31/2023	**12/31/2022**
2023	-	130,818
2024	117,454	130,818
2025	117,454	130,818
2026	117,454	130,818
2027	113,849	130,818
2028	54,036	61,278
	520,247	715,368

Amounts recognized in income (loss):

	Parent Company and Consolidated	
	12/31/2023	**12/31/2022**
Cost of products sold	240,279	251,126

In thousands of reais, unless otherwise indicated

30. 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 has no cash effect and is presented below:

	Parent Company			Consolidated		
	Additions and readjustment of installments	Right-of-use depreciation	Lease interest	Additions and readjustment of installments	Right-of-use depreciation	Lease interest
Inventories	-	13,066	1,963	-	13,066	1,963
Advances to suppliers	-	81,528	82,788	-	81,528	82,788
Biological assets	-	100,694	85,116	-	100,694	85,116
Rights-of-use	719,830	(195,907)	-	728,282	(200,384)	-
Property, plant and equipment	-	29	-	-	29	-
Intangible assets	-	-	-	-	-	25,586
Leases payable	(719,830)	-	(169,910)	(728,282)	-	(178,156)

31. Insurance

The Company maintains a policy of contracting the following insurance coverage:

a) Operating risks with a maximum indemnity limit of US$ 488 million, equivalent to R$ 2,362 million on December 31, 2023, and in force until February 2025;

b) Insurance coverage for civil liability with a maximum indemnity limit of US$ 25 million, equivalent to R$ 121 million on December 31, 2023, and in force until August 2024;

c) Domestic transportation with a maximum indemnity limit of R$ 60 million and international transportation amounting US$ 15 million, equivalent to R$ 73 million on December 31, 2023, and in force until October 2024.

In addition to the aforementioned coverages, civil liability policies are maintained for executives and directors in amounts considered appropriate by the Board of Directors.

The Company's Management considers these amounts and insurance coverage to be sufficient to cover possible risks to its industrial assets, loss of profits and civil liability.

32. 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 twelve (12) 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 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 denied the request made by J&F 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 the conclusion of the judgment.

On May 19, 2023, a class action was filed by Mr. Luciano José Buligon ("Popular Plaintiff") against Eldorado, Paper Excellence BV, CA Investment, J&F, the National Institute of Colonization and Agrarian Reform – INCRA and the Federal Government, requesting recognition of the full nullity of the share transfer regarding the shares of Eldorado to CA Investment, due to non-compliance with the provisions of Federal Law 5709/71 and Law 8629/93, as well as Decree 74965/74, with a request for urgent protection. On July 03, 2023, within the scope of the Federal Regional Court of the 4th Region, a request for advance relief was granted prior to the appeal filed by the Popular Plaintiff, determining the suspension of acts of transfer of Eldorado shares owned by J&F on behalf of CA Investment, until permissions are presented by INCRA and the National Congress, as required by Law 5709/71 and Law 8629/93.

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

Euclydes Paula Santos Neto
CRC SP 322712/O