



## 4Q22 Earnings Release

*Eucatex (B3: EUCA3 and EUCA4), one of the largest manufacturers of panels in Brazil, with operations also in the paint, varnish, laminated flooring, partitions and doors segments, announces today its results for the 4<sup>th</sup> quarter of 2022 (4Q22). The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS). Except where stated otherwise, the amounts are in millions of Brazilian real (R\$ million) and comparisons are with the same period the previous year.*

### 4Q22 Conference Call

(Portuguese only)

March 24, 2023  
11 a.m. (Brasília)

[www.eucatex.com.br/ri](http://www.eucatex.com.br/ri)

*English transcript will be available after the event*

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## Highlights

### 4Q22

- Net Revenue of R\$639.1 million (-9.9%)
- Recurring EBITDA of R\$117.7 million (-19.9%), with Margin of 18.4%
- Recurring Net Income of R\$86.2 million (-44.7%)

### 2022

- Net Revenue of R\$2,510.6 million (+2.5%)
- Recurring EBITDA of R\$485.7 million (-13.1%), with Margin of 19.3%
- Recurring Net Income of R\$260.2 million (-31.4%)

Amounts in R\$ million	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
Net Revenue	639.1	709.6	-9.9%	2,510.6	2,449.4	2.5%
Gross Profit	214.3	247.5	-13.4%	812.7	870.6	-6.7%
Gross Margin (%)	33.5%	34.9%	-1.4 p.p.	32.4%	35.5%	-3.1 p.p.
EBITDA adjusted by non-cash events	111.2	105.1	5.9%	474.1	599.3	-20.9%
EBITDA Margin (%)	17.4%	14.8%	2.6 p.p.	18.9%	24.5%	-5.6 p.p.
Net Income (Loss)	82.0	128.4	-36.1%	257.5	427.9	-39.8%
<b>Recurring Net Income (Loss)</b>	<b>86.2</b>	<b>156.0</b>	<b>-44.7%</b>	<b>260.2</b>	<b>379.2</b>	<b>-31.4%</b>
Net Debt	530.2	380.8	39.2%	530.2	380.8	39.2%
Net Debt / EBITDA (LTM)	1.1	0.7	59.4%	1.1	0.7	60.2%
<b>Recurring Adjusted EBITDA</b>	<b>117.7</b>	<b>147.0</b>	<b>-19.9%</b>	<b>485.7</b>	<b>558.9</b>	<b>-13.1%</b>
<b>Recurring Adjusted EBITDA Margin</b>	<b>18.4%</b>	<b>20.7%</b>	<b>-2.3 p.p.</b>	<b>19.3%</b>	<b>22.8%</b>	<b>-3.5 p.p.</b>

## Management Comments

The 4<sup>th</sup> quarter of 2022 was marked by a more visible slowdown in economic activity, reflecting the monetary policy that raised the basic interest (Selic) rate to 13.75%, and the loss of purchasing power due to persisting inflation. During 2022, the Company's operating segments saw a decline in demand. The most probable hypothesis for the negative performance in the Company's operating segments is that the service sectors, which resumed their activities with the end of restrictions on the circulation of people due to the COVID-19 pandemic, combined with the decrease in disposable income, took away funds that in 2021 were used for home-related purchases and spending. A situation similar to that seen in Brazil is also playing out in the United States, the main destination for the Company's exports.

In 2022, the Company sought to maintain the pace of its operations and did not halt production at any of its units, despite the drop in domestic demand already in the initial months of the year. The strategy was to increase exports, which were still buoyant in the first half of the year. Despite the efforts in this regard, the problems caused by higher sea freight and lack of ships, in addition to the increase in costs, also led to an increase in the lead-time of exports, causing significant delays in arrivals at destinations. In case of the U.S., the main destination for the Company's exports, the economy was already cooling down. In such a scenario, the Company's inventory levels increased to much higher than planned forcing it to take steps to adjust them, which should produce results in 1Q23.

Costs with exports remained high, as evident from the increase in selling expenses, due to both sea freight and distribution expenses, which increased significantly in relation to 2021. Moreover, the drop in demand "pushed" the Company to products with lower margin per unit and did not allow it to transfer the increase in costs to prices.

In this context, the Company has been focusing on developing and launching new products, reducing the costs of current products and pursuing closer commercial relations with clients, all of which should reflect in the results of the coming quarters.

The slowdown in the economy affected the markets where the Company operates. The ABRAMAT (Brazilian Construction Materials Industry Association) index, which measures the performance of construction materials industries, ended 2022 down 7.0%, with a projected growth of 2% in 2023.

Indicators for the panels market, which includes MDF/HDF/MDP/Fiberboard sales, according to data from IBÁ (Brazilian Tree Industry) and the Company, dropped 15.6% in the domestic market and 44.0% in the export market between 4Q21 and 4Q22. In the year, domestic sales fell 14.9% but exports increased 7.1% compared to 2021.

In February 2023, the Company signed a mediation agreement the Municipal Government of São Paulo and the São Paulo State Prosecution Office, bringing to end a dispute in multiple jurisdictions. As consideration and to discharge Eucatex from all related lawsuits, the Company undertook to pay

approximately US\$ 7 million to the government as soon as the accord is approved by the courts, which is expected to occur in April this year.

At the same time, Banco BTG Pactual undertook to acquire a significant interest of around 33% of the preferred shares of the Company, until then held by some foreign investment funds.

The Company's control group will not change with the entry of BTG Pactual and a shareholders' agreement was signed outlining the issues related to corporate governance and transparency towards all market players, including migration to the Level 2 special listing segment of B3.

## Operating Performance and Results

### Net Revenue

Net Revenue Breakdown (R\$ million)	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
Furniture Industry and Resale Segment	247.4	286.0	-13.5%	907.1	973.8	-6.8%
Construction Segment	233.8	238.9	-2.1%	946.9	838.2	13.0%
Export	133.0	181.1	-26.6%	598.3	613.0	-2.4%
Other (*)	24.9	3.6	593.3%	58.4	24.5	138.5%
<b>Net Revenue</b>	<b>639.1</b>	<b>709.6</b>	<b>-9.9%</b>	<b>2,510.6</b>	<b>2,449.4</b>	<b>2.5%</b>

(\*) Metal profiles, land and energy sales

Total Net Revenue in 4Q22 was R\$639.1 million, compared to R\$709.6 million in 4Q21, down 9.9%, but increased 2.5% year on year.

### Furniture Industry and Resale Segment

In the Industry and Resale Segment, composed of MDP/MDF/THDF panels and Fiberboard, revenue declined 13.5% in the quarter, reflecting the 12.7% decline in average price on account of a "poorer" sales mix in relation to 4Q21. Compared to 2022, revenue declined 6.8% due to the same reason.

The Furniture Industry and Panel dealers faced a difficult year and the IBÁ figures reflect it. Industries and the entire chain sought to adjust their inventory levels and orders across the industry decreased.

### *Construction Segment*

In 4Q22, Net Revenue from the Construction Segment – composed of Laminated Flooring, Doors, Wall Partitions and Architectural Paints – decreased 2.1% in relation to 4Q21 but increased 13% in 2022 in relation to 2021. Highlights include the Company's initiatives to expand its portfolio, including the launch of new products and expansion of its client base.

For 2023, the Company has planned the launch of the Eucatex Porcelain Flooring line, among other products, which drive revenue growth in the segment.

According to data from the Brazilian Tree Industry (IBÁ), the Laminated Flooring market decreased 33.6% in 4Q22 in relation to 4Q21, while the full year decrease was 23.7%.

According to ABRAFATI (Brazilian Paint Manufacturers Association), the Paint Market decreased 2.9% in 4Q22 and 6.7% in 2022 compared to the same periods in the previous year.

These are the two main markets served by the Construction sector and show how challenging the year was.

### *Export Segment*

Revenue from the Export Segment decreased 26.6% and 2.4% in 4Q22 and 2022, respectively, compared to the same periods in 2021, due to lower sales volume and an unfavorable mix. Most of the export revenue comes from the U.S., where, like Brazil, demand increased significantly in 2021 due to the physical distancing policy and the sharp focus on home improvements, which did not repeat in 2022.

### **Recurring Cost of Goods Sold (COGS)**

COGS decreased 8.0% in 4Q22 compared to 4Q21, due to lower shipments of panels and lower costs. However, while costs of raw materials decreased, some items, such as fuel and wood, are still expensive, the latter due to high demand in the state of São Paulo. In 2022, COGS increased 7.4% despite the lower volume, which shows that the effects of higher costs were more significant in the initial months of the year.

### **Fair Value of Biological Assets**

In 4Q22, the fair value of biological assets was R\$27.2 million, mainly affected by the increase in wood prices, among others.

## Recurring Gross Profit and Gross Margin

Gross Profit was R\$214.3 million in 4Q22, compared to R\$247.5 million in 4Q21, down 13.4%, reflecting the higher increase in costs than in prices.

## Recurring Operating Expenses

Breakdown of Expenses (R\$ million)	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
General and Administrative	(22.5)	(20.9)	7.6%	(80.6)	(78.2)	3.0%
Selling	(92.5)	(80.7)	14.6%	(331.9)	(292.9)	13.3%
<b>Total Operating Expenses</b>	<b>(115.0)</b>	<b>(101.6)</b>	<b>13.2%</b>	<b>(412.5)</b>	<b>(371.1)</b>	<b>11.2%</b>
<b>% Net Revenue</b>	<b>18.0%</b>	<b>14.3%</b>	<b>3.7 p.p.</b>	<b>16.4%</b>	<b>15.1%</b>	<b>1.3 p.p.</b>
Other Operating Income and Expenses	(1.9)	3.9	-149.3%	(1.8)	9.8	-118.5%

In 4Q22, operating expenses corresponded to 18.0% of Net Revenue, increasing 3.7 p.p. In nominal terms, Operating Expenses increased 13.2% in 4Q22 compared to 4Q21, mainly impacted by the increase in domestic and export logistics costs and marketing expenses.

## Recurring EBITDA and EBITDA Margin

As a result of the above, Recurring EBITDA totaled R\$117.7 million, down 19.9% from 4Q21. Recurring EBITDA Margin in 4Q22 reached 18.4%, decreasing 2.3 p.p. from the same period last year.

EBITDA Reconciliation (R\$ million)	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
Net Income (Loss)	82.0	128.4	-36.1%	257.5	427.9	-39.8%
Income Tax and Social Contribution	(14.8)	(40.4)	63.2%	64.8	97.6	-33.6%
Net Financial Income (Loss)	23.8	20.0	19.2%	64.5	24.2	166.9%
<b>EBIT</b>	<b>90.9</b>	<b>108.0</b>	<b>-15.8%</b>	<b>386.8</b>	<b>549.7</b>	<b>-29.6%</b>
Depreciation and Amortization	47.5	26.4	80.1%	167.5	126.0	32.9%
<b>EBITDA under CVM instr. 527/12</b>	<b>138.4</b>	<b>134.3</b>	<b>3.0%</b>	<b>554.2</b>	<b>675.7</b>	<b>-18.0%</b>
<b>EBITDA Margin</b>	<b>21.7%</b>	<b>18.9%</b>	<b>2.8 p.p.</b>	<b>22.1%</b>	<b>27.6%</b>	<b>-5.5 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(27.2)	(29.3)	-7.1%	(80.2)	(76.4)	4.9%
<b>EBITDA adjusted by non-cash events</b>	<b>111.2</b>	<b>105.1</b>	<b>5.9%</b>	<b>474.1</b>	<b>599.3</b>	<b>-20.9%</b>
<b>Non-recurring operational events</b>	<b>6.4</b>	<b>41.9</b>	<b>-84.6%</b>	<b>11.6</b>	<b>(40.4)</b>	<b>-128.8%</b>
<b>Recurring adjusted EBITDA</b>	<b>117.7</b>	<b>147.0</b>	<b>-19.9%</b>	<b>485.7</b>	<b>558.9</b>	<b>-13.1%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>18.4%</b>	<b>20.7%</b>	<b>-2.3 p.p.</b>	<b>19.3%</b>	<b>22.8%</b>	<b>-3.5 p.p.</b>

## Recurring Net Income

Recurring Net Income in 4Q22, excluding the effect of non-recurring expenses and net of income tax, totaled R\$86.2 million, down 44.7% from 4Q21. In 2022, net income was R\$260.2 million, down 31.4% from the previous year.

In 4Q22, Non-recurring Events caused expenses of R\$6.4 million related to labor lawsuits and employment terminations.

## Debt

The Company's net debt at the end of 2022 was R\$530.2 million and was equivalent to 1.1 times its annualized recurring EBITDA. The increase in debt was chiefly due to the investment in working capital, notably for the increase in inventories at approximately R\$145 million and the reduction in the "Trade Payables" account by R\$52 million, in addition to the increase in "Trade Receivables" account by almost R\$18 million, when compared to the balances in December 2022 and December 2021.

Debt (R\$ Million)	2022	9M22	Var. (%)	2021	Var. (%)
Short-Term Debt	263.5	260.3	1.2%	230.5	14.3%
Long-Term Debt	361.6	361.9	-0.1%	291.4	24.1%
<b>Gross Debt</b>	<b>625.1</b>	<b>622.2</b>	<b>0.5%</b>	<b>521.9</b>	<b>19.8%</b>
Cash and Cash Equivalents	94.9	129.4	-26.6%	141.1	-32.7%
<b>Net Debt</b>	<b>530.2</b>	<b>492.8</b>	<b>7.6%</b>	<b>380.8</b>	<b>39.2%</b>
% Short-Term Debt	42%	42%	0 p.p.	44%	-1 p.p.
<b>Net Debt/Recurring EBITDA</b>	<b>1.1</b>	<b>1.0</b>	<b>12.9%</b>	<b>0.7</b>	<b>60.2%</b>

## Investments

Investments in 4Q22 and 2022 totaled R\$68.9 million and R\$241.3 million, respectively, and were allocated to maintaining the Company's industrial and, chiefly, forest operations. For 2023, investments of around R\$251.0 million are planned, an increase of 4.0% from 2022, due to the significant increase in the plantation of new forests and the increase in prices of imported parts and services.

## Sustainability

Eucatex's forest sustainability is assured by 42,200 hectares of forests, all located in the state of São Paulo.

The Company is recognized for its sustainable development practices and was the first in the industry to obtain the ISO 9001 certification, in 2000. It also holds the ISO 14001 certification and the Green Seal awarded by the Forest Stewardship Council (FSC), which certifies that its forests are managed in accordance with rigorous environmental, social and economic standards.

In another pioneering initiative, Eucatex became the first in the industry in South America to build a woodchip recycling line on an industrial scale. Its state-of-the-art equipment enables materials obtained within a radius of approximately 120 kilometers from the Salto (São Paulo) unit to be used as raw material for producing panels and as biomass for firing its boilers. Its total processing capacity is 240,000 metric tons/year, which is equivalent to approximately 2 million trees, 470,000 m<sup>3</sup> of standing timber or 1,500 hectares of planted forests. Investments in land and planting to maintain this volume of wood, considering a seven-year cycle, would be around R\$200 million. Not only does it generate cost benefits, but recycling woodchips also prevents this material from being deposited in local landfills.

## Capital Markets

Eucatex's common and preferred shares, listed on the B3 under the tickers EUCA3 and EUCA4, closed 2022 quoted at R\$11.95 and R\$8.47, respectively. The Company's market capitalization at the end of the period was R\$893.3 million, around 39% of its book value.

## About Eucatex

Eucatex S.A. Indústria e Comércio, which completes 72 years in 2023, is one of Brazil's largest manufacturers of flooring, wall partitions, doors, MDP/MDF/T-HDF panels, fiberboard, and paints and varnishes. It operates six plants in Botucatu and Salto (both in São Paulo) and Cabo de Santo Agostinho (Pernambuco), employing 2,949 people. Its products are exported to more than 37 countries. For more information, visit [www.eucatex.com.br/ri](http://www.eucatex.com.br/ri).

*This document contains forward-looking statements related to the business prospects, estimates of operating and financial results, and those related to the growth prospects of Eucatex. These are merely projections and as such are based exclusively on the expectations of Eucatex management concerning the future of the business. These forward-looking*

statements substantially depend on market conditions, the performance of the Brazilian economy, the sector and the international markets and therefore are subject to change without prior notice.

#### **Audit**

The policy of the Eucatex Group regarding services provided by its independent auditors that are not related to the external audit of its financial statements is based on the principles of maintaining professional independence. These principles are based on the premise that the auditor must not examine their own work, perform managerial functions or practice law on behalf of clients. In 4Q22, the Eucatex Group did not engage Mazars Auditores Independentes SS for services other than audit. Our independent auditors did not audit the operational and financial indicators.

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## Income Statement

Income Statement (R\$ million)	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
<b>Gross Revenue</b>	<b>741.0</b>	<b>838.2</b>	<b>-11.6%</b>	<b>2,935.3</b>	<b>2,895.9</b>	<b>1.4%</b>
Sales Taxes	(101.9)	(128.5)	-20.7%	(424.7)	(446.5)	-4.9%
<b>Net Revenue</b>	<b>639.1</b>	<b>709.6</b>	<b>-9.9%</b>	<b>2,510.6</b>	<b>2,449.4</b>	<b>2.5%</b>
Fair Value Variation in Biological Assets	27.2	29.3	-7.1%	80.2	76.4	4.9%
Cost of Goods Sold	(452.0)	(491.4)	-8.0%	(1,778.1)	(1,655.2)	7.4%
<b>Gross Profit</b>	<b>214.3</b>	<b>247.5</b>	<b>-13.4%</b>	<b>812.7</b>	<b>870.6</b>	<b>-6.7%</b>
<b>% Gross Margin</b>	<b>33.5%</b>	<b>34.9%</b>	<b>-1.4 p.p.</b>	<b>32.4%</b>	<b>35.5%</b>	<b>-3.1 p.p.</b>
Selling Expenses	(92.5)	(80.7)	14.6%	(331.9)	(292.9)	13.3%
General and Administrative Expenses	(20.0)	(18.2)	9.9%	(70.3)	(69.2)	1.6%
Management Compensation	(2.4)	(2.6)	-7.8%	(10.2)	(9.0)	13.7%
Other Operating Income / (Expenses)	(1.9)	3.9	-149.3%	(1.8)	9.8	118.5%
<b>Operating Income (Expenses)</b>	<b>(116.9)</b>	<b>(97.7)</b>	<b>19.7%</b>	<b>(414.3)</b>	<b>(361.3)</b>	<b>14.7%</b>
<b>Net Income before Financial Result</b>	<b>97.4</b>	<b>149.9</b>	<b>-35.0%</b>	<b>398.4</b>	<b>509.4</b>	<b>-21.8%</b>
Net Financial Income (Expense)	(23.8)	(20.0)	-19.2%	(72.1)	(57.6)	-25.1%
Non-recurring Income (Expense)	(6.4)	(41.9)	84.6%	(4.1)	73.8	-105.5%
<b>Net Income (Loss) after Financial Result</b>	<b>67.1</b>	<b>88.0</b>	<b>-23.7%</b>	<b>322.3</b>	<b>525.6</b>	<b>-38.7%</b>
Provision for Income Tax and Soc. Contr.	14.8	40.4	-63.2%	(64.8)	(97.6)	-33.6%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>82.0</b>	<b>128.4</b>	<b>-36.1%</b>	<b>257.5</b>	<b>428.0</b>	<b>-39.8%</b>
Non-controlling Interest	(0.0)	(0.0)	-81.9%	(0.0)	(0.0)	1.7%
<b>Net Income (Loss) from the Period</b>	<b>82.0</b>	<b>128.4</b>	<b>-36.1%</b>	<b>257.5</b>	<b>427.9</b>	<b>-39.8%</b>
<b>Net Margin</b>	<b>12.8%</b>	<b>18.1%</b>	<b>-5.3 p.p.</b>	<b>10.3%</b>	<b>17.5%</b>	<b>-7.2 p.p.</b>

\* Values of items: Cost of Goods Sold, Selling Expenses, General and Administrative Expenses, and Other Operating Expenses / Income are net of non-recurring expenses.

## Balance Sheet

Balance Sheet (R\$ '000)	2022	2021	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	22.8	44.8	-49.2%
Marketable Securities	72.2	96.3	-25.0%
Trade Accounts Receivable	563.6	545.7	3.3%
Inventories	578.6	434.0	33.3%
Taxes Recoverable	99.0	121.3	-18.4%
Prepaid Expenses	17.5	15.6	12.6%
Other receivables	4.4	3.2	35.4%
<b>Total Current Assets</b>	<b>1,358.1</b>	<b>1,260.9</b>	<b>7.7%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	20.6	22.1	-6.5%
Taxes Recoverable	95.5	140.9	-32.2%
Deferred income tax and social contribution	72.5	64.8	12.0%
Assets held for sale	0.6	0.2	264.5%
Investment properties	23.7	24.0	-0.9%
Judicial Deposits	46.6	46.4	0.5%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>270.8</b>	<b>309.5</b>	<b>-12.5%</b>
Investments	-	-	0.0%
Biological Assets	788.3	644.1	22.4%
Fixed Assets	1,248.2	1,243.9	0.3%
Intangible Assets	17.9	16.5	8.3%
<b>Total Permanent Assets</b>	<b>2,054.4</b>	<b>1,904.6</b>	<b>31.0%</b>
<b>Total Non-Current Assets</b>	<b>2,325.2</b>	<b>2,214.0</b>	<b>5.0%</b>
<b>Total Assets</b>	<b>3,683.3</b>	<b>3,474.9</b>	<b>6.0%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	230.9	283.0	-18.4%
Loans and Financing	263.5	230.5	14.3%
Labor Liabilities	42.8	37.5	13.9%
Tax Liabilities	36.5	45.4	-19.5%
Related Parties	-	-	0.0%
Tax Installments	31.6	30.8	2.3%
Advances from Clients	58.3	28.1	107.9%
Dividends and Interest on Equity Payable	165.1	60.5	172.9%
Accounts Payable	39.6	72.7	-45.6%
Lease Liabilities	27.2	34.7	-21.5%
<b>Total Current Liabilities</b>	<b>895.5</b>	<b>823.1</b>	<b>8.8%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	361.6	291.4	24.1%
Trade Accounts Payable	-	8.0	-100.0%
Tax Installments	27.2	54.1	-49.6%
Deferred Income tax and Soc. Contr.	113.6	121.9	-6.8%
Provision for Contingencies	78.2	78.2	0.0%
Related Parties	-	-	0.0%
Lease Liabilities	194.4	210.2	-7.5%
<b>Total Non-Current Liabilities</b>	<b>775.0</b>	<b>763.7</b>	<b>1.5%</b>
<b>Shareholders' Equity</b>			
Capital	851.9	851.9	0.0%
Revaluation Reserves	156.2	182.7	-14.5%
Profit Reserve	918.3	755.2	21.6%
Asset Valuation Adjustment	81.9	89.8	-8.8%
Other Comprehensive Income	7.4	11.5	-35.3%
Treasury Stock	(2.9)	(2.9)	0.0%
Retained Earnings	-	-	0.0%
<b>Total Shareholders' Equity</b>	<b>2,012.9</b>	<b>1,888.1</b>	<b>6.6%</b>
Non-controlling Interest	(0.1)	(0.1)	15.7%
<b>Total Shareholders' Equity &amp; Non-controlling Interest</b>	<b>2,012.8</b>	<b>1,888.0</b>	<b>6.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,683.3</b>	<b>3,474.9</b>	<b>6.0%</b>

## Cash Flow

Operating Cash Flow (RS '000)	9M22	9M21
<b>Net Income (Loss) before Income Tax and Social Contribution</b>	<b>257.5</b>	<b>428.0</b>
<b>Adjustments to reconcile the result to cash and cash equivalents generated by operating activities</b>		
Depreciation and Amortizations	100.5	97.2
Exhaustion of Biological Assets	77.7	44.3
Write-off of Investments	(0.2)	1.6
Fair Value Variation in Biological Assets	(80.2)	(76.4)
Interest, Monetary and Exchange Variations, net	35.3	26.5
Income Tax and Social Contribution	80.9	99.1
Provision for Tax Gains	-	(138.6)
Income and Social Contribution Taxes - Deferred	(16.1)	(1.5)
Other Provisions	6.9	72.5
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	24.1	(18.1)
Trade Accounts Receivable	(18.9)	(112.7)
Inventories	(144.6)	(156.4)
Recoverable Taxes	67.7	90.2
Deferred Expenses	(2.0)	(2.3)
Judicial Deposits	(0.2)	(41.0)
Other Receivables	(1.1)	39.5
Trade Accounts Payable	(60.1)	119.5
Labor and Tax Liabilities	(93.0)	(133.4)
Tax Installments	(30.8)	(25.7)
Advances from Clients	30.3	1.1
Accounts Payable	(56.4)	204.6
<b>Net Cash Flow from Operating Activities</b>	<b>177.2</b>	<b>518.0</b>
<b>Cash Flow from Investing Activities</b>		
Capital Decrease in Subsidiaries	-	-
Addition to Fixed Assets	(106.2)	(303.4)
Addition to Biological Assets	(141.7)	(124.9)
<b>Net cash used in investing activities</b>	<b>(247.9)</b>	<b>(428.3)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of Loans and Financing	(259.0)	(299.5)
Amortization of Leases	-	-
New Loans and Financing	331.6	290.7
Amortization of Loans with Related Parties	-	(10.2)
New Loans with Related Parties	-	-
<b>Net Cash Used in Financing Activities</b>	<b>48.6</b>	<b>(52.0)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(22.1)</b>	<b>37.7</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance of Cash and Cash Equivalents	44.8	7.1
Closing Balance of Cash and Cash Equivalents	22.8	44.8
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(22.1)</b>	<b>37.7</b>