

# **Dexco S.A.**

Listed company

National Register of Corporate Taxpayers - (CNPJ)

No. 97.837.181/0001-47

NIRE -35300154410

## ***Interim Financial Information for the Third Quarter of 2022***

# **Dexco**

## OPINION OF THE FISCAL COUNCIL

The members of Fiscal Council of Dexco S.A. ("Company") examined the individual and consolidated financial statements for the quarter ended on September 30, 2022, which were reviewed by the independent auditor, PricewaterhouseCoopers Auditors Independents ("PwC").

The Fiscal Councilors have verified the exactness of the elements examined and considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities of Company in the period.

São Paulo (SP), October 26, 2022. (signed) Guilherme Tadeu Pereira Júnior – President and Effective Council; Isabel Cristina Lopes and Raul Penteado de Oliveira Neto – Effective Councilors.

**Carlos Henrique Pinto Haddad**

Vice-President of Administration, Finance and Investor Relations

## **SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF OFFICERS HELD ON OCTOBER 26, 2022**

**DATE, TIME AND PLACE:** on October 26, 2022 at 9 a.m., at Paulista Avenue, 1938, Terrace floor, in the city and state of São Paulo.

**PRESIDING:** Antonio Joaquim de Oliveira (Chairman) and Carlos Henrique Pinto Haddad (Secretary).

**QUORUM:** the totality of the elected members.

**RESOLUTIONS ADOPTED:** following examination of the Company's individual and consolidated interim financial information for the quarter ended September 30, 2022, the Board of Officers decided unanimously and pursuant to the provisions in Sub-items V and VI, Paragraph 1 of the Article 27 of CVM Resolution 80/22, to declare that:

- a) It has reviewed, discussed and agreed with the conclusion expressed in the Report on review of quarterly information issued by PricewaterhouseCoopers Auditores Independentes; and
- b) It has reviewed, discussed and agreed with the Company's individual and consolidated interim financial information for the aforementioned quarter.

**CONCLUSION:** with the work of the meeting concluded, these minutes were drafted, read, approved and signed by all. São Paulo (SP), October 26, 2022. (signed) Antonio Joaquim de Oliveira – Chief Executive Officer; Carlos Henrique Pinto Haddad, Raul Guimarães Guaragna and Marcelo José Teixeira Izzo – Vice Presidents; and Cleonyr Xavier Filho, Daniel Lopes Franco, Glizia Maria do Prado, José Ricardo Paraíso Ferraz and Marco Antonio Milleo - Officers.

São Paulo (SP), October 26, 2022.

**Carlos Henrique Pinto Haddad**  
Vice-President of Administration, Finances and Investor Relations

(A free translation of the original in Portuguese)

**Dexco S.A.**  
**Quarterly Information (ITR) at**  
**September 30, 2022**  
**and report on review of**  
**quarterly information**



(A free translation of the original in Portuguese)

## **Report on review of quarterly information**

To the Board of Directors and Stockholders  
Dexco S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Dexco S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2022, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR).

Our responsibility is to express a conclusion on this interim accounting information based on our review.

### **Scope of review**

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

### **Conclusion on the parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly



Dexco S.A.

information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

### **Conclusion on the consolidated interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

### **Other matters**

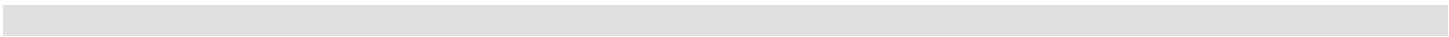
#### **Statements of value added**

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, October 26, 2022

PricewaterhouseCoopers  
Auditores Independentes Ltda.  
CRC 2SP000160/O-5

Carlos Alberto de Sousa  
Contador CRC 1RJ056561/O-0 "T" SP



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# MANAGEMENT REPORT 3Q22

## Market & Business Scenario

The Company faced ongoing challenges in the third quarter of the year. Still without visibility of the impacts arising from government aid that would directly positively impact the income of Brazilians, the general rate of household debt continued to rise, according to data from the Brazilian Institute of Geography and Statistics (IBGE). This factor, coupled with a fall in real estate financing, has caused significant instability in the home improvement sector and affected demand for the Dexco's products. Despite this backdrop, the outlook remains favorable in terms of real estate launches, which remain strong. On the flip side, the Company continued to face cost pressures in the quarter, especially with respect to freight and chemicals, while any benefits arising from the fall in the price of dollarized inputs, such as copper and urea, were partially offset by exchange rate fluctuations in the period.

In the midst of this scenario, traditional third-quarter seasonality was surprisingly absent and Dexco, like the market as a whole, suffered a drop off in sales, especially in Finishes for Civil Construction. This, coupled to cost increases in the Company's main inputs, led to an Adjusted and Recurring EBITDA of R\$415.6 million in 3Q22, a fall of 31.2% compared to 3Q21. Despite this result falling below expectations, Dexco ended the year with an Adjusted and Recurring EBITDA of R\$1,350.0 million, which once again highlights the enhanced level of operations.

For the quarter the main highlight was the resilience of wood panel sales, which despite the absence of seasonality, remained strong, leading to gains in market share. However, inflationary pressures, especially with respect to dollarized inputs and freight, continued to have a direct impact on results, with a 28.0% fall in the Adjusted and Recurring EBITDA versus 3Q21. Year to date, the fall is 18.0%. This drop off is also less than that for the market, which highlights the Company's differential in its positioning. The wood panels sector ended the quarter with a 9.0% decrease in sales versus 3Q21, which reflects a 11.5% fall in the domestic market and a 13.0% rise in exports. Year to date the drop off has been 10% versus the same period the prior year, according to data from the Brazilian Tree Industry (IBÁ).

The results for the Deca Division showed the most impact in the quarter. The well-implemented pricing strategy was not enough to offset the sharp drop off in retail sales, which led the Division to end the quarter with an Adjusted and Recurring EBITDA of R\$73.3 million, giving a year-to-date figure of R\$258.5 million. The construction materials market, like Deca, shrank in the quarter, with a fall of 4.7% and 7.3% in gross deflated revenue for the third quarter and first 9 months respectively, according to data from the Brazilian Association of Construction Materials (ABRAMAT).

The Tiles market also took a hit from the fall off in retail sales during the quarter, with a 17.3% drop in sales volumes, while for the first nine months of the year this decrease was 14.1% versus the same periods in 2021. The Company's level of exposure in the retail channel caused its decline to exceed that noted in the industry, with falls of 25.9% in 3Q22 and 18.4% in 9M22 versus the same periods the prior year, according to data from the National Association of Ceramic Tile Manufacturers (ANFACER). As a result, the Division ended the quarter with an Adjusted and Recurring EBITDA of R\$66.3 million in the quarter, and R\$211.6 million year to date.

The new Dissolving Wood Pulp operation, LD Celulose, for its part, has been exceeding productivity and quality expectations at its new unit, which has meant it has already been possible to sell products to Europe and China. As a result, despite the high costs common to start-up operations, the Division ended the quarter with a positive EBITDA of USD 22.7 million, while in the year the EBITDA was USD 12 million.

It should be noted that even amid great market volatility, Dexco has demonstrated its resilience in implementing and sustaining price increases, and through its effective product positioning. The Company remains alert to market movements, especially with respect to inflation, which is already showing signs of stabilizing, and continues to progress with productivity and price adjustment projects.

# Consolidated Financial Results

## EXCLUSION OF ICMS FROM THE BASE CALCULATION OF PIS AND COFINS

A decision by the Federal Supreme Court, published on May 14, 2021, decreed that the ICMS (a form of VAT) to be excluded from the PIS and COFINS (social security contributions) base calculation is the one shown on the invoice. In 2021, the Company and its subsidiaries recognized accumulated credit of R\$614.7 million (before tax effects), R\$8.9 million in 4Q21. In addition, in the second quarter of 2021 there was a reversal of the accounting provision previously constituted due to the limitation imposed by the COSIT Solution 13/2018, to the amount of R\$141.7 million before tax effects.

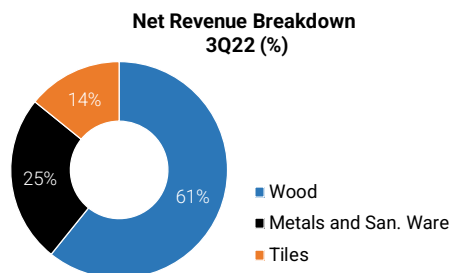
The impact of this amount was distributed in the year between the Cash Cost of Goods Sold to the amount of R\$27.2 million, Other Operating Results to the amount of R\$496.6 million, and the Financial Result to the amount of R\$221.6 million. This result has been treated as non-recurring for 2021, which is why the Company is reporting the result on a pro forma basis for the lines impacted.

At the time of reporting interim financial statements, there has not yet been a final and unappealable decision on the Company's judicial measure, relating to the extinct CNPJ of Duratex S.A., after the association with Satipel and Duratex Florestal Ltda, which covers the period from 2001 to 2015.

## NET REVENUE

Dexco ended the third quarter of the year with an increase in Net Revenue across all its divisions, validating the market positioning strategy of its products. This improvement offset the drop off in sales volumes and led to Net Revenue of R\$2,161.6 million, the same level as for 3Q21. Year to date, Net Revenue is R\$6,506.2 million, an increase of 9.9% versus the same period in 2021, also explained by the improvement in Unit Revenue of the divisions and the uptick in exports.

During the quarter, Dexco maintained its increased focus on targeting the external market, when compared to the second quarter of 2022, although the performance was lower than for the same period of 2021, due to higher-than-forecast freight costs. Net Revenue from sales to the external market and Colombia was 6.0% higher than for 3Q21, and 21.7% higher in 9M22. It should be noted that year to date sales volumes to the external market are in line with that for the same period of 2021, the Company benefitting from a boost in profitability arising from the higher pricing base and appreciation of the dollar against the real.



BRL '000 - consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>Net Revenue</b>	<b>2,161,642</b>	<b>2,177,147</b>	<b>-0,7%</b>	<b>2,213,567</b>	<b>-2,3%</b>	<b>6,506,211</b>	<b>5,919,402</b>	<b>9,9%</b>
Domestic market	1,758,886	1,797,317	-2,1%	1,790,261	-1,8%	5,209,048	4,853,733	7,3%
Foreign Market	402,756	379,830	6,0%	423,306	-4,9%	1,297,163	1,065,669	21,7%

## COST OF GOODS SOLD

The pro-forma Cash Cost, Cost of Goods Sold net of depreciation, amortization and exhaustion and of the net change in biological assets and benefits calculated with the exclusion of ICMS from the PIS and COFINS base calculation, ended the third quarter of the year at R\$1.398.2 million, an increase of 10.3% in relation to the same period in 2021. Although in line with inflation for the period, this increase was mainly due to cost pressures on its main inputs and a lower dilution of fixed costs arising from lower sales volume. For the first nine months of the year, the Pro-Forma Cash Cost was 17.2% higher than for 9M21. It should be noted that since the last quarter, the Company has been focused on reducing costs and expenses in order to offset

inflationary impacts on the sector, and these efforts are evident in the stabilization of costs versus the previous quarter.

Pro-forma gross income for the quarter was R\$751.6 million, in line with 3Q21, while the gross margin was 34.9%, slightly higher than that achieved in 3Q21. For 9M22, pro forma gross income grew 11.1% versus 9M21, with a gross margin of 35.0%.

BRL'000 - Consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>Cash COGS</b>	<b>(1,412,773)</b>	<b>(1,267,793)</b>	<b>11.4%</b>	<b>(1,392,758)</b>	<b>1.4%</b>	<b>(4,089,107)</b>	<b>(3,445,017)</b>	<b>18.7%</b>
Non Recurring Event <sup>(1)</sup>	14,565	-	N/A	6,162	136.4%	20,727	(27,232)	-176.1%
<b>Cash COGS Pro Forma</b>	<b>(1,398,208)</b>	<b>(1,267,793)</b>	<b>10.3%</b>	<b>(1,386,596)</b>	<b>0.8%</b>	<b>(4,068,380)</b>	<b>(3,472,249)</b>	<b>17.2%</b>
Variation in fair value of biological assets	176,582	7,778	2170.3%	155,617	13.5%	403,291	93,232	332.6%
Depletion of biological assets	(38,615)	(29,750)	29.8%	(39,740)	-2.8%	(116,402)	(89,464)	30.1%
Depreciation, amortization and depletion	(147,818)	(135,521)	9.1%	(160,942)	-8.2%	(446,285)	(399,368)	11.7%
<b>Gross Profit</b>	<b>739,018</b>	<b>751,861</b>	<b>-1.7%</b>	<b>775,744</b>	<b>-4.7%</b>	<b>2,257,708</b>	<b>2,078,785</b>	<b>8.6%</b>
<b>Recurring Gross Profit <sup>(1)</sup></b>	<b>753,583</b>	<b>751,861</b>	<b>0.2%</b>	<b>781,906</b>	<b>-3.6%</b>	<b>2,278,435</b>	<b>2,051,553</b>	<b>11.1%</b>
Gross Margin	34.2%	34.5%		35.0%		34.7%	35.1%	
Recurring Gross Margin <sup>(1)(2)</sup>	34.9%	34.5%		35.3%		35.0%	34.7%	

(1) Non-recurring events: 3Q22: Deca Restructuring: (+) R\$ 3,103 thousand; Restructuring Tiles (+) R\$ 11,462 thousand; 2Q22: Deca Restructuring: (+) R\$5,610 thousand; Restructuring Tiles (+) R\$552 thousand; 2Q21: Exclusion of ICMS from PIS and COFINS base: (-) R\$27,232 thousand;(2) Pro Forma gross profit / Pro Forma consolidated net revenue.

## SALES EXPENSES

The increase in both internal and external freight costs, coupled with the resumption of on-site events and travel, led to a 10.4% increase in pro forma sales expenses in the quarter versus 3Q21. Compared to the second quarter of 2022, these expenses decreased by 15.1%, reflecting the focus on optimizing the spending being undertaken by Dexco. For 9M22, proforma sales expenses grew by 28.7% versus the same period in 2021, mainly due to expenses associated with CasaCor and Feira Revestir at the beginning of the year, in addition to promotional and advertising activities, especially in relation to the Deca and Tiles Divisions.

BRL'000 - Consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>Sales Expenses</b>	<b>(267,859)</b>	<b>(241,413)</b>	<b>11.0%</b>	<b>(313,986)</b>	<b>-14.7%</b>	<b>(864,682)</b>	<b>(675,001)</b>	<b>28.1%</b>
% of Net Revenue	12.4%	11.1%	0.00%	14.2%	0.00%	13.3%	11.4%	0.00%
Non-recurring events <sup>(1)</sup>	1,443	-	N/A	227	N/A	1,670	4,390	N/A
Recurring Sales Expenses	(266,416)	(241,413)	10.4%	(313,759)	-15.1%	(863,012)	(670,611)	28.7%
<b>% Recurring Net Revenue</b>	<b>12.3%</b>	<b>11.1%</b>		<b>14.2%</b>	<b>0.0%</b>	<b>0.13</b>	<b>11.3%</b>	

(1) Non-recurring events: 3Q22: Deca Restructuring (+) R\$742 thousand; Restructuring Tiles(+) R\$701 thousand; 2Q22: Deca Restructuring (-) R\$ 227 thousand

## GENERAL AND ADMINISTRATIVE EXPENSES

Pro forma General and Admin Expenses closed out the third quarter at R\$ 81.8 million, 29.5% higher than for 3Q21, and at R\$233.1 million for 9M22, 30.8% higher than for 9M21. The annual salary readjustments and the Company's focus on digitalization and automation process were the main drivers behind this increase. In addition, an increase in travel-related expenses, which were absent in 2021 and 1Q22, were also a significant contributor.

It should be noted that in 4Q21 there was an increase in the base salary of employees of approximately 10.0%, arising from the collective bargaining agreement, and that this increase will have an impact on General and Admin Expenses throughout 2022, when compared to the prior year.

BRL'000 - Consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>General and Administrative Expenses</b>	<b>(81,763)</b>	<b>(76,497)</b>	<b>6.9%</b>	<b>-77,544</b>	<b>5.4%</b>	<b>(233,079)</b>	<b>(200,366)</b>	<b>16.3%</b>
% of Net Revenue	3.8%	3.5%		3.5%		3.6%	3.4%	
Non-recurring events <sup>(1)</sup>	-	13,366	-	-	-	-	22,141	
Recurring General and Administrative Expenses <sup>(1)</sup>	(81,763)	(63,131)	29.5%	(77,544)	5.4%	(233,079)	(178,225)	30.8%
<b>% Recurring Net Revenue <sup>(1)</sup></b>	<b>3.8%</b>	<b>2.9%</b>		<b>3.5%</b>		<b>0.04</b>	<b>3.0%</b>	

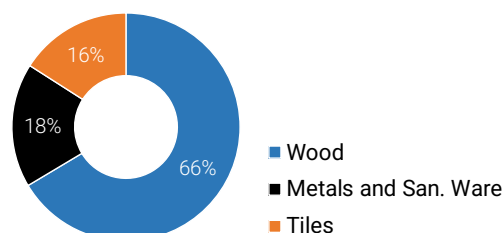
(1) Non-recurring events: 3Q21: Brand restructuring (+) R\$ 12,919 thousand, Dissolving Wood Pulp (+) R\$ 447 thousand

## EBITDA

Despite showing consistent growth in Net Revenue, this was not enough to offset the increase in costs arising from the pressure on manufacturing inputs and lower volumes produced, which led to a quarterly Adjusted and Recurring EBITDA of R\$415.6 million, 31.2% lower than for the third quarter of 2021. It should be noted that the year 2021 was very favorable for the Company's results, given the scenario of home appreciation observed during the pandemic period, which ended up

favoring the sector. Although in 2022 the local and global economies have both deteriorated, on the back of several factors, of which the conflict between Russia and Ukraine is one. However, even in the midst of a weaker market, the Company once again demonstrated the resilience of its operations, especially the Wood Division. The Adjusted and Recurring EBITDA for the first nine months of the year was R\$1,365.5 million, higher than the annual figures for 2019 and 2020.

**Adjusted and Recurring EBITDA Breakdown 3Q22 (%)**



In the third quarter, the Company chose to optimize one of its ceramic tile production lines by suspending operations and thus reducing the production costs of this unit. This one-off operation led to expenses arising from layoffs and restructuring totaling R\$31,391.0 million, which has been reported as a non-recurring event.

As they have only an accounting impact, as it is an investment project still in the pre-operational phase, the results of the new Dissolving Wood Pulp (LD Celulose) have been treated as a non-recurring event. Thus, the positive impact of R\$15.3 million in the quarter, calculated using the equity equivalence method, has not been reflected in the Adjusted and Recurring EBITDA of the Company. However, it should be noted that LD Celulose is already operating at a profit, having totaled EBITDA of USD 22.7 million in the quarter and USD 12.0 million year to date. This result, when added to that of Dexco, via its 49.0% shareholding, would raise the Company's Adjusted and Recurring EBITDA to R\$477.0 million (considering the closing exchange rate on 09/30/2022 of R\$5,406).

The table below shows the reconciliation of EBITDA, in accordance with CVM Instruction 527/12. From this result, and in order to better convey the Company's potential operating cash generation, two adjustments have been made: the exclusion from EBITDA of events of an accounting and non-cash nature, and the disregard of events of an extraordinary nature. Thus, in line with best practices, we present below the calculation of the indicator that best reflects the Company's cash generation potential.

EBITDA Reconciliation in BRL'000 – Consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>Net income</b>	<b>154,148</b>	<b>255,336</b>	<b>-39.6%</b>	<b>169,191</b>	<b>-8.9%</b>	<b>547,054</b>	<b>1,144,635</b>	<b>-52.2%</b>
Income tax and social contribution	57,689	148,651	-61.2%	80,833	-28.6%	214,482	579,608	-63.0%
Net financial result	150,560	8,052	1769.8%	94,373	59.5%	354,657	(115,376)	-407.4%
EBIT	362,397	412,039	-12.0%	344,397	5.2%	1,116,193	1,608,867	-30.6%
Depreciation, amortization and depletion	171,139	150,681	13.6%	177,672	-3.7%	502,358	444,037	13.1%
Depletion of biological assets	38,615	29,750	29.8%	39,740	-2.8%	116,402	89,464	30.1%
<b>EBITDA according to CVM No. 527/12</b>	<b>572,151</b>	<b>592,470</b>	<b>-3.4%</b>	<b>561,809</b>	<b>1.8%</b>	<b>1,734,953</b>	<b>2,142,368</b>	<b>-19.0%</b>
EBITDA margin CVM No. 527/12	26.5%	27.2%	0.00%	25.4%	-	26.7%	36.2%	-
Change in fair value of biological assets	(176,582)	(7,778)	2170.3%	(155,617)	13.5%	(403,291)	(93,232)	332.6%
Effect of the variation in the Fair Value of the Biological Asset - Caete	7,287	-	N/A	4,133	N/A	11,420	-	N/A
Employee benefits	(749)	(2,073)	-63.9%	306	-344.8%	(285)	(7,307)	-96.1%
Non-Recurring events <sup>(1)</sup>	28,755	(25,764)	-211.6%	5,060	468.3%	33,815	(495,498)	-106.8%
Dissolving Wood Pulp	(15,268)	47,243	-132.3%	30,556	-150.0%	(11,096)	53,867	-120.6%
<b>Adjusted and Recurring EBITDA <sup>(1)</sup></b>	<b>415,594</b>	<b>604,098</b>	<b>-31.2%</b>	<b>446,247</b>	<b>-6.9%</b>	<b>1,365,516</b>	<b>1,600,198</b>	<b>-14.7%</b>
<b>Adjusted and Recurring EBITDA margin <sup>(1)</sup></b>	<b>19.2%</b>	<b>27.7%</b>	<b>-</b>	<b>20.2%</b>	<b>-</b>	<b>21.0%</b>	<b>27.0%</b>	<b>-</b>

<sup>(1)</sup> Non-recurring events detailed in the Annex to the report.

## FINANCIAL RESULTS

For the third quarter of the year, the pro-forma financial result was negative by R\$150.6 million. The ongoing increase in base interest rates directly impacted the company's borrowing commitments, leading to an additional expense of R\$56.2 million versus 2Q22, and of R\$111.6 million versus the third quarter of 2021.

The first nine months of 2022 saw a year-to-date CDI of 8.91% versus 2.52% in the same period in 2021 (an increase of more 300%), which accounts for an additional financial expense of R\$267.3 million.

BRL'000 – Consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
Financial Revenues	88,361	74,021	19.4%	117,889	-25.0%	267,562	310,867	-13.9%
Financial Expenses	(238,921)	(82,073)	191.1%	(212,262)	12.6%	(622,219)	(195,491)	218.3%
<b>Financial Result</b>	<b>(150,560)</b>	<b>(8,052)</b>	<b>1769.8%</b>	<b>(94,373)</b>	<b>59.5%</b>	<b>(354,657)</b>	<b>115,376</b>	<b>-407.4%</b>
Non-recurring events <sup>(1)</sup>	-	(30,869)	N/A	-	0.0%	1,502	(201,264)	N/A
Recurring Financial Revenues <sup>(1)</sup>	88,361	45,402	94.6%	117,889	-25.0%	267,562	101,486	163.6%
Recurring Expenses Revenues <sup>(1)</sup>	(238,921)	(84,323)	183.3%	(212,262)	12.6%	(620,717)	(187,374)	231.3%
<b>Recurring Financial Result <sup>(1)</sup></b>	<b>(150,560)</b>	<b>(38,921)</b>	<b>286.8%</b>	<b>(94,373)</b>	<b>59.5%</b>	<b>(353,155)</b>	<b>(85,888)</b>	<b>311.2%</b>

(1) Non-recurring event: 3Q21: Revenue: Update of ICMS of PIS and COFINS base (-) R\$ 27,442 thousand, Other (-) R\$ 1,177 thousand; Expense: Update of ICMS of the PIS base and COFINS (-) BRL 2,250 thousand.

## NET INCOME

Dexco closed out the third quarter of 2022 with Recurring Net Income of R\$162.9 million, a fall of 39.1% versus 3Q21, linked to the drop off in the results from operations. Of note is the direct impact in the cost of wood on the Fair Value of Biological Assets, which ended the quarter at R\$176.6 million, but this was not enough to offset the effects of inflation in the period. The Recurring ROE ended 3Q22 at 11.2%.

During 9M22, the drop off in sales, coupled with the strong impact on operating costs and expenses, led to a recurring Net Income of R\$564.1 million, a decrease of 23.9% versus 9M22. In addition, recurring ROE ended the quarter at 12.9%, down 5.2 p.p. versus the same period last year.

BRL'000 – consolidated	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>Net Income</b>	<b>154,148</b>	<b>255,336</b>	<b>-39.6%</b>	<b>169,191</b>	<b>-8.9%</b>	<b>547,054</b>	<b>1,144,635</b>	<b>-52.2%</b>
Non recurring event <sup>(1)</sup>	24,204	(34,880)	-169.4%	3,339	625.0%	28,534	(456,801)	-106.2%
Dissolving Wood Pulp	(15,456)	47,091	-132.8%	30,379	-150.9%	(11,461)	53,350	-121.5%
<b>Recurring Net Income</b>	<b>162,896</b>	<b>267,547</b>	<b>-39.1%</b>	<b>202,909</b>	<b>-19.7%</b>	<b>564,127</b>	<b>741,184</b>	<b>-23.9%</b>
ROE	10.6%	17.5%		12.0%		12.5%	27.9%	
Recurring ROE	11.2%	18.3%		14.4%		12.9%	18.1%	

(1) Non-recurring events detailed in the Annex to the report.

## CASH FLOW

The Company closed out the third quarter of 2022 with a positive Sustaining Cash Flow of R\$126.6 million, despite the rebuilding of inventories to healthy levels. It should be noted that during the quarter greater investment was made in the forestry base, which led to an increase in Sustaining CAPEX.

With a view to reducing inventory levels, the Company eased production, in the Deca and Tiles Divisions in particular, which led to the generation of R\$16.3 million in Working Capital. It should be noted that the Working Capital/Net Revenue indicator ended the period at 16.4%, which supported the low levels. With respect to projects, the Company remains focused on investing in the New Investment Cycle announced in 2021, with total spending of R\$156.9 million in 3Q22.

In 9M22, while sustaining operating results in relation to the same period in 9M21, the Company was able to offset higher investment in Sustaining CAPEX, in addition to building inventory levels, and end the period with a positive Sustaining Cash Flow in R\$23.0 million. However, this result was not enough to cover the cost of the projects, leading to consumption of R\$677.8 million in total Free Cash Flow. It should be noted that the Company ended the period with a Cash Conversion Cycle of 48 days, remaining at low levels.

BRL millions	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
Adjusted and Recurring EBITDA	415.6	604.1	-31.2%	446.4	-6.9%	1,365.7	1,600.2	-14.7%
CAPEX Sustaining	(195.2)	(168.0)	16.2%	(211.4)	-7.7%	(604.5)	(399.3)	51.4%
Financial Flow	(21.7)	10.4	-309.2%	(82.1)	-73.5%	(95.7)	(35.3)	171.1%
Income tax and social contribution paid	(57.4)	(110.1)	-47.9%	(25.3)	126.5%	(107.3)	(246.7)	-56.5%
Working Capital	16.3	(111.5)	-114.6%	(218.8)	N/A	(540.5)	(298.0)	81.4%
Others	(1.1)	(6.2)	-81.4%	7.5	N/A	5.3	(21.1)	-125.3%
<b>Free Cash Flow Sustaining</b>	<b>156.5</b>	<b>218.8</b>	<b>-28.5%</b>	<b>(83.7)</b>	<b>N/A</b>	<b>23.0</b>	<b>599.9</b>	<b>-96.2%</b>
Projects <sup>(1)</sup>	(149.1)	(80.4)	85.4%	(287.0)	-48.1%	(700.8)	(179.2)	291.1%
<b>Free Cash Flow Total</b>	<b>7.4</b>	<b>138.3</b>	<b>N/A</b>	<b>(370.8)</b>	<b>N/A</b>	<b>(677.8)</b>	<b>420.7</b>	<b>-261.1%</b>
Cash Conversion Ratio <sup>(2)</sup>	37.7%	36.2%		-18.8%	0.0%	1.7%	37.5%	

(1) Projects: 9M22: Soluble Pulp (-) R\$ 247 thousand; Growth Projects (+) R\$340.4 million; CVC (+) R\$9.2 million; Castelatto (+)103.6 million; Land Negotiation (+) R\$ 1.1 million;

(2) Cash Conversion Ratio: Sustaining Free Cash Flow / Adjusted and Recurring EBITDA; (2) Cash Conversion Ratio: Free Cash Flow Sustaining / Adjusted and Recurring EBITDA

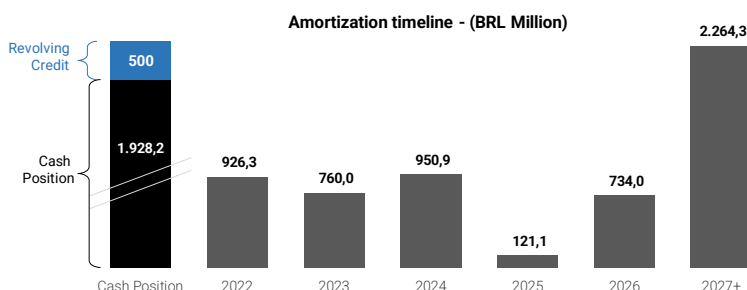
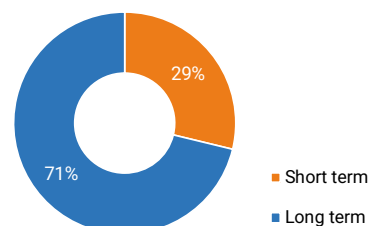
## CORPORATE DEBT

The Company closed out the third quarter of the year with consolidated debt of R\$5,756.6 million, and net debt of R\$3,828.3 million.

In comparison to 2Q22, there was a nominal increase in Net Debt of R\$138.9 million, due to the increase in interest expenses over the quarter. In addition, the slight drops off in results for the last twelve months contributed to a marginal increase in leverage, which ended the period at 1.96x Net Debt/Adjusted and Recurring EBITDA, still at low levels.

During the quarter the Company renewed its Revolving Credit Facility with Banco do Brasil, to the amount of R\$500 million, which can be drawn down over the next 12 months, thus reinforcing its already strong cash position and ensuring financial liquidity. The average cost of financing ended the period at 112% of CDI, an increase of 3.0 p.p. over 2Q22, with an average maturity of 4.0 years.

Gross Corporate Debt - 3Q22 (%)



BRL'000	09/30/2022	09/30/2021	Var R\$	06/30/2022	Var R\$	12/31/2021	Var R\$
Short-Term debt	1,568,394	537,220	1,031,174	1,506,163	62,231	849,252	719,142
Long-Term debt	4,037,633	2,574,167	1,463,466	4,029,456	8,177	3,020,396	1,017,237
Financial instruments	150,540	-	150,540	115,243	35,297	0	150,540
Total debt	5,756,567	3,111,387	2,645,180	5,650,862	105,705	3,869,648	1,886,919
Cash and equivalent	1,928,231	1,406,024	522,207	1,961,518	(33,287)	1,421,302	506,929
Net debt	3,828,336	1,705,363	2,122,973	3,689,344	138,992	2,448,346	1,379,990
Net debt/Adjusted and Recurring EBITDA	1.96	0.81		1.72		1.12	
Net debt/Equity (in %)	64.8%	28.4%		64.3%		42.7%	

## MANAGEMENT STRATEGY AND INVESTMENT

Dexco closed out the third quarter of the year with total investment in its operations of R\$195.2 million, of which R\$74.7 million relates to the rebuilding of forestry assets, while R\$120.3 million was allocated to maintenance, factory modernization and digitalization. Dexco also remains focused on its New Investment Cycle, investing R\$156.9 million, of which R\$24.7 million was allocated to the Wood Division for projects related to debottlenecking, an improved mix (new panel coating lines) and base forestry expansion in the Northeast. R\$45.8 million was invested in Deca and R\$86.3 million in the construction of the new Ceramic Tiles unit in Botucatu (RS).

Sustaining CAPEX in 9M22 was R\$634.4 million while, in addition to the investment of R\$339.2 million in the New Investment Cycle, for new expansion projects R\$103.6 million was invested in the acquisition of Castelatto, R\$10.7 million in contingencies relating to the acquisition of Cecrisa /Portinari, and R\$9.2 million in DX Ventures.



Finally, Dexco has invested R\$267.4 million in LD Celulose this year, in keeping with the investment plan, with R\$20.6 million invested in 3Q22.

## Operations

### WOOD

## Wood Panel

## duratex durafloor

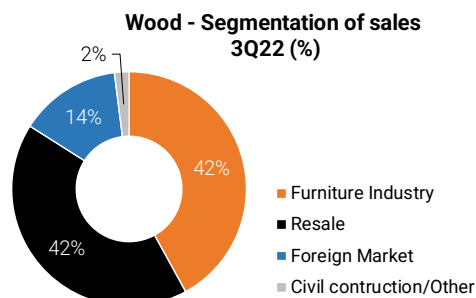
HIGHLIGHTS	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>SHIPMENTS (in m³)</b>								
STANDARD	390,510	443,897	-12.0%	405,948	-3.8%	1,162,519	1,349,053	-13.8%
COATED	345,613	361,902	-4.5%	316,809	9.1%	1,029,335	1,014,236	1.5%
<b>TOTAL</b>	<b>736,123</b>	<b>805,799</b>	<b>-8.6%</b>	<b>722,757</b>	<b>1.8%</b>	<b>2,191,854</b>	<b>2,363,289</b>	<b>-7.3%</b>
FINANCIAL HIGHLIGHTS (BRL '000)								
<b>NET REVENUE</b>	<b>1,313,952</b>	<b>1,249,108</b>	<b>5.2%</b>	<b>1,285,907</b>	<b>2.2%</b>	<b>3,949,320</b>	<b>3,460,266</b>	<b>14.1%</b>
NET REVENUE - Pro Forma	1,313,952	1,249,108	5.2%	1,285,907	2.2%	3,949,320	3,460,266	14.1%
DOMESTIC MARKET	961,637	930,798	3.3%	922,667	4.2%	2,815,700	2,563,830	9.8%
FOREIGN MARKET	352,315	318,310	10.7%	363,240	-3.0%	1,133,620	896,436	26.5%
Net revenue per unit (BRL/m³ shipped)	1,785.0	1,550.1	15.1%	1,779.2	0.3%	1,801.8	1,464.2	23.1%
Net revenue per unit - Pro Forma	1,785.0	1,550.1	15.1%	1,779.2	0.3%	1,801.8	1,464.2	23.1%
Cash cost per unit (BRL/m³ shipped)	(1,165.1)	(881.2)	32.2%	(1,124.9)	3.6%	(1,126.8)	(811.6)	38.8%
Cash cost per unit (BRL/m³ shipped) Pro Forma <sup>(1)</sup>	(1,165.1)	(881.2)	32.2%	(1,124.9)	3.6%	(1,126.8)	(817.1)	37.9%
Gross profit	482,282	416,930	15.7%	464,103	3.9%	1,427,441	1,250,894	14.1%
Gross profit Pro Forma <sup>(1)</sup>	482,282	416,930	15.7%	464,103	3.9%	1,427,441	1,237,930	15.3%
Gross margin	36.7%	33.4%		36.1%		36.1%	36.2%	
Gross margin Pro Forma <sup>(1)</sup>	36.7%	33.4%		36.1%		36.1%	35.8%	
Selling expenses	(146,120)	(125,940)	16.0%	(181,193)	-19.4%	(505,131)	(363,563)	38.9%
Selling expenses Pro Forma <sup>(1)</sup>	(146,120)	(125,940)	16.0%	(181,193)	-19.4%	(505,131)	(363,563)	38.9%
General and administrative expenses	(31,797)	(32,567)	-2.4%	(27,944)	13.8%	(88,662)	(83,961)	5.6%
General and administrative expenses Pro Forma <sup>(2)</sup>	(31,797)	(25,509)	24.7%	(27,944)	13.8%	(88,662)	(73,334)	20.9%
<b>Operating profit before financial results</b>	<b>292,256</b>	<b>287,293</b>	<b>1.7%</b>	<b>239,374</b>	<b>22.1%</b>	<b>811,956</b>	<b>1,071,849</b>	<b>-24.2%</b>
Depreciation, amortization and depletion	121,309	109,583	10.7%	134,096	-9.5%	366,725	322,960	13.6%
Depletion tranche of biological assets	38,615	29,750	29.8%	39,740	-2.8%	116,402	89,464	30.1%
EBITDA according to CVM No. 527/12 <sup>(3)</sup>	452,180	426,626	6.0%	413,210	9.4%	1,295,083	1,484,273	-12.7%
EBITDA margin according to CVM No. 527/12	34.4%	34.2%		32.1%		32.8%	42.9%	
Variation in fair value of biological assets	(176,582)	(7,778)	2170.3%	(155,617)	13.5%	(403,291)	(93,232)	332.6%
Effect of the variation in fair value of biological assets - Caetex	7,287	-	0.0%	4,133	76.3%	11,420	-	0.0%
Employee benefits	(1,055)	(1,580)	-33.2%	(706)	49.4%	(1,312)	(1,989)	-34.0%
Non-recurring events <sup>(4)</sup>	(5,775)	(33,743)	-82.9%	(754)	0.0%	(6,529)	(296,864)	-97.8%
<b>Adjusted and Recurring EBITDA</b>	<b>276,055</b>	<b>383,525</b>	<b>-28.0%</b>	<b>260,266</b>	<b>6.1%</b>	<b>895,371</b>	<b>1,092,188</b>	<b>-18.0%</b>
<b>Adjusted and Recurring EBITDA margin</b>	<b>21.0%</b>	<b>30.7%</b>		<b>20.2%</b>		<b>22.7%</b>	<b>31.6%</b>	

(1) General and Administrative Expenses: 3Q21: Brand restructuring (+) R\$ 7,058 thousand;

(2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): operational performance measure in accordance with CVM Instruction 527/12.

(3) Non-recurring events: detailed in the Annex to the material.

The resilience shown in the Wood Division was the highlight of the quarter, even with a drop of 8.6% and 7.3% in 3Q22 and 9M22, respectively, when compared to the same periods in 2021, which was the record for the Division so far. Despite the downturn, the Division increased market share and maintained its position in the external market. In 3Q22 the wood panels market saw a fall in sales volumes of 9.2% versus 3Q21, with the domestic market shrinking 11.5% and exports growing 13.0%, according to data released by IBÁ. Year to date, the IBÁ reports a drop off in sales of 9.6% versus the same period in 2021, with domestic sales falling 14.7% and exports increasing 27.9%.



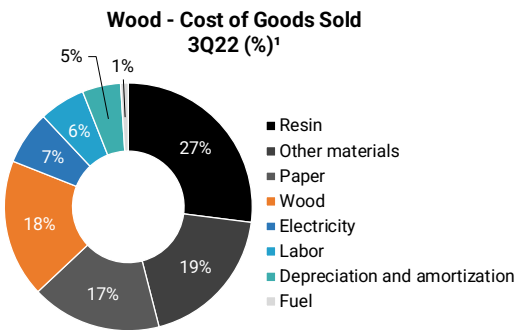
The Wood Division closed out the quarter with 736.1k m³ of panels sold, with approximately 20.0% of this volume going to the operation in Colombia and the external market. This result, despite being lower than that reported by the Company for the same quarter of 2021, exceeded the result of prior quarter, on the back of a slight uptick in the retail channel and ongoing sales to the industrial channel. With respect to exports, the reductions seen in sea freight costs, while still leaving costs high, led to an increase in export volumes versus the prior quarter, although volumes were still lower than those reported for the same period in 2021. For the

first nine months of the year, the total volume sold was 2,191.9k m³, with exports levels close to the same period in 2021.

High prices continue to benefit the Division's unit revenue, which increased by 15.1% versus the same quarter of 2021, remaining at the same levels seen in 2Q22. Year to date, average unit revenue was 23.1% higher than in 2021. As a result, Dexco closed out the period with a record Net Revenue for the quarter and for 9M22, arising from a well-implemented sales strategy and from price increases implemented in 2021, even allowing for the exchange rate fluctuation seen over the period, which had a negative impact on the pricing policy pursued in the external market.

Inflationary pressures on the cost of the main panel production inputs and materials, especially commodities, continues to be a challenge for the Division, even given the reductions already recorded in the figures for September. This, coupled with a slide in the currency exchange rate, led the pro-forma Unit Cash Cost to increase by 32.2% versus 3Q21. In addition, increases in freight costs also put pressure on the Division's results, leading to a 16.0% increase in Sales Expenses versus 3Q21, albeit at lower levels than in 2Q22 (-19.4%). General and Administrative Expenses, like the consolidated result, were impacted by expenses with digitalization and the increased base salaries arising from the 2021 collective bargaining agreement.

The record Net Revenue was not enough to offset the drop off in sales, albeit sales remain at healthy levels, and inflation with respect to inputs and freight led to an Adjusted and Recurring EBITDA of R\$276.1 million, 28.0% below that for 3Q21, with a reduction in margin of 9.7 p.p.. With this result, the Wood Division closed out 9M22 with an Adjusted and Recurring EBITDA of R\$895.4 million, 18.0% below the same period in 2021.



1 – Colombian and Brazilian operations.

Reinforcing the strategy for creating a differential, R\$76.3 million was invested in the first nine months of the year in manufacturing projects aimed at debottlenecking, the acquisition of equipment for expanding the capacity of panel coating, and on increasing base forestry assets in the Northeast.

## DISSOLVING WOOD PULP

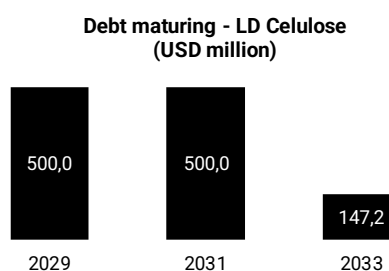
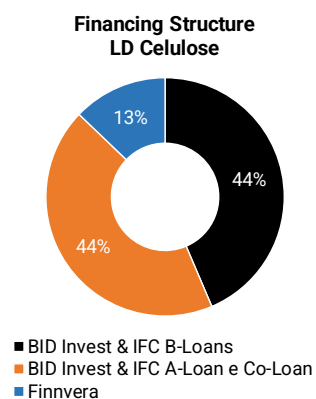


For the third quarter, even during the pre-operational phase, LD Celulose sold 45 thousand tons of dissolving wood pulp. These sales resulted in Net Revenue of USD 51.9 million in the period. As the project is not yet running at full capacity, the costs of the new unit are still subject to fluctuation. The EBITDA for the period was USD 22.7 million.

The result of LD Celulose in the quarter generated a positive impact of R\$ 15.3 million, considering that this should be consolidated via the equity method. It should also be noted that, as the plant is not yet operational, the results were treated as a non-recurring event, given that they represent only accounting effects.

Located in the *Triângulo Mineiro* (State of Minas Gerais), with 500k tons capacity, LD Celulose is the result of a Joint Venture between Dexco (49%) and the Austrian company Lenzing AG (51%), which will receive 100% of the volume sold. Investment in the project was approximately USD 1.38 billion, including the infrastructure and taxes incurred. It should be noted that the project was completed both on time and to budget, in line with initial estimates. For this investment, the Company made a financial disbursement of R\$623.6 million, of which R\$246.3 million was disbursed in the first half of 2022, in addition to forestry contribution of 43.0 thousand hectares, the value of which equates to R\$487.0 million.





## FINISHINGS FOR CONSTRUCTION

METALS AND SANITARY WARE

deca

hydra

HIGHLIGHTS	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>SHIPMENTS (in '000 items)</b>								
BASIC GOODS	2,151	2,609	-17.5%	2,378	-9.5%	6,243	6,834	-8.6%
FINISHING GOODS	3,840	5,248	-26.8%	5,086	-24.5%	12,070	15,620	-22.7%
<b>TOTAL</b>	<b>5,991</b>	<b>7,856</b>	<b>-23.7%</b>	<b>7,464</b>	<b>-19.7%</b>	<b>18,313</b>	<b>22,453</b>	<b>-18.4%</b>
<b>FINANCIAL HIGHLIGHTS (BRL1,000)</b>								
<b>NET REVENUE (sales in items)</b>	<b>541,525</b>	<b>603,329</b>	<b>-10.2%</b>	<b>619,580</b>	<b>-12.6%</b>	<b>1,649,702</b>	<b>1,620,474</b>	<b>1.8%</b>
NET REVENUE (sales in items) Pro Forma	541,525	603,329	-10.2%	619,580	-12.6%	1,649,702	1,620,474	1.8%
DOMESTIC MARKET	519,777	573,692	-9.4%	593,976	-12.5%	1,577,357	1,531,132	3.0%
FOREIGN MARKET	21,748	29,637	-26.6%	25,604	-15.1%	72,345	89,342	-19.0%
Net revenue per unit (BRL/ per item shipped)	90.4	76.8	17.7%	83.0	8.9%	90.1	72.2	24.8%
Cash cost per unit (BRL/ per item shipped)	(61.2)	(46.4)	31.9%	(55.0)	11.4%	(59.9)	(45.9)	30.4%
Cash cost per unit Pro Forma (BRL/per item shipped) <sup>(1)</sup>	(60.7)	(46.4)	30.8%	(55.0)	10.4%	(59.4)	(46.4)	28.0%
Gross profit	152,336	215,066	-29.2%	186,477	-18.3%	485,236	519,763	-6.6%
Gross profit - Pro Forma <sup>(1)</sup>	155,439	215,066	-27.7%	192,087	-19.1%	493,949	508,766	-2.9%
Gross margin	28.1%	35.6%		30.1%		29.4%	32.1%	
Gross margin - Pro Forma <sup>(1)</sup>	28.7%	35.6%		31.0%		29.9%	31.4%	
Selling expenses	(69,983)	(73,647)	-5.0%	(74,370)	-5.9%	(205,633)	(208,095)	-1.2%
Selling expenses - Pro Forma <sup>(2)</sup>	(69,241)	(73,647)	-6.0%	(74,143)	-6.6%	(204,664)	(203,705)	0.5%
General and administrative expenses	(35,044)	(31,962)	9.6%	(33,561)	4.4%	(99,729)	(89,676)	11.2%
General and administrative expenses - Pro Forma <sup>(3)</sup>	(35,044)	(28,205)	24.2%	(33,561)	4.4%	(99,729)	(82,215)	21.3%
<b>Operating Profit Before Financial Results</b>	<b>42,992</b>	<b>114,621</b>	<b>-62.5%</b>	<b>78,776</b>	<b>-45.4%</b>	<b>166,767</b>	<b>408,962</b>	<b>-59.2%</b>
Depreciation and amortization	26,794	27,712	-3.3%	27,766	-3.5%	82,311	82,371	-0.1%
EBITDA according to CVM No. 527/12 <sup>(4)</sup>	69,786	142,333	-51.0%	106,542	-34.5%	249,078	491,333	-49.3%
EBITDA margin according to CVM No. 527/12	12.9%	23.6%		17.2%		15.1%	30.3%	
Employee benefits	328	(633)	-151.8%	1,052	-68.8%	1,067	(3,014)	-135.4%
Non-recurring events <sup>(5)</sup>	3,139	(3,370)	-193.1%	5,262	0.0%	8,401	(196,147)	-104.3%
<b>Adjusted and Recurring EBITDA</b>	<b>73,253</b>	<b>138,330</b>	<b>-47.0%</b>	<b>112,856</b>	<b>-35.1%</b>	<b>258,546</b>	<b>292,172</b>	<b>-11.5%</b>
<b>Adjusted and Recurring EBITDA margin</b>	<b>13.5%</b>	<b>22.9%</b>		<b>18.2%</b>		<b>15.7%</b>	<b>18.0%</b>	

(1) Cost of Goods Sold: 3Q22: Deca Restructuring (+) R\$3,103 thousand; 2Q22: Deca Restructuring (+) R\$ 5,610 thousand.

(2) Selling expenses: 3Q22: Deca Restructuring (+) R\$742 thousand; 2Q22: Deca Restructuring (+) R\$ 227 thousand.

(3) General and Administrative Expenses: 3Q21: Brand restructuring (+) R\$ 3,757 thousand.

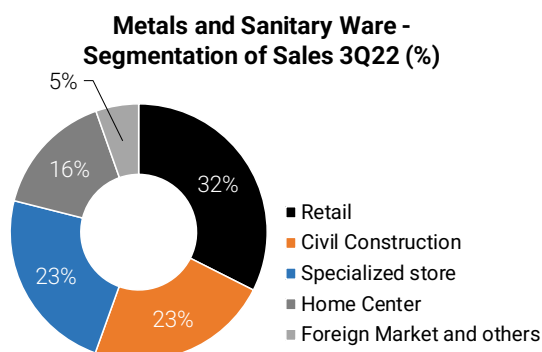
(4) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): operational performance measure in accordance with CVM Instruction 527/12.

(5) Non-recurring events: detailed in the Annex to the material

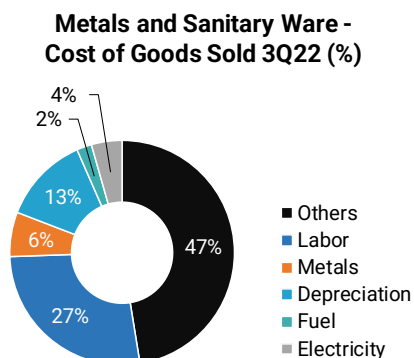
The Deca Division was strongly impacted by a drop off in retail sales, which led to a significant fall in volumes and thus Revenue. The construction materials sector reflected this fall, with an average decrease of 4.7% in deflated gross sales in 3Q22 and of 7.3% in 9M22 versus the same periods in 2021, according to data released by ABRAMAT.

During the quarter the Deca Division sold 5,991k pieces, a decrease of 23.7% versus 3Q21, arising primarily from the reduction in chain inventory levels and the drop in retail sales, as mentioned earlier. In the first nine months of the year, Deca sold 18,313 thousand pieces, a fall of 18.4% from 9M21, arising from the aforementioned reasons and, in part, by the drop off in sales in 1Q22, particularly of showers.

During the quarter, Deca was able to implement price increases in line with its pricing strategy, with emphasis on improving the mix, despite the increase in sales to the engineering channel. Unit Revenue rose 17.7% versus the third quarter of 2021. Year to date, unit revenue has increased by 24.8% versus the same period in 2021. However, the improvement in prices and mix was not enough to offset the drop in sales volumes, leading to recurring Net Revenue of R\$541.5 million, 10.2% lower than for 3Q21. In 9M22, Net Revenue was 1.8% higher than in the first nine months of 2021, demonstrating the differential in the brand's positioning in even the most diverse scenarios.



The drop in factory utilization, combined with rising inflation in inputs, led to a lower dilution of fixed costs, which led to an increase in the Division's unit costs, both on a quarterly and year to date comparison. However,



even with these increases, the Cash Cost of Production remained stable in relation to 3Q22. Year to date, this cost has increased by only 4.4% versus 9M21, below inflation during the period, due to gains in manufacturing efficiency. The fall off in sales mitigated expenses with Sales Expenses falling by 6.0% in the quarter and, even with the resumption of face-to-face events, these expenses remained stable year to date. General and Administrative Expenses, as with the other divisions, were impacted by the base salary increases negotiated in the collective bargaining agreement, which came into force at the end of 2021 and also by the higher expenses arising from digitalization and process automation, which explains the 24.2% increase on 3Q21 and the 21.3% in the comparison between 9M22 and 9M21.

the 21.3% in the comparison between 9M22 and 9M21.

The fall in sales volumes was the main factor behind the 47.0% deterioration in Adjusted and Recurring EBITDA during the quarter, which totaled R\$73.3 million, with a margin of 13.5%. This result also led to an 11.5% fall for the first nine months of the year versus the same period in 2021.

In 9M22, R\$ 93.7 million was disbursed for the continuity of the previously announced Organic Growth Projects, as for the expansion of capacity and improvement of the mix of its metals lines.

## TILES

## portinari

## castelatto

## ceusa

HIGHLIGHTS	3Q22	3Q21	%	2Q22	%	9M22	9M21	%
<b>SHIPMENTS (in 'm²)</b>								
FINISHING GOODS	5,036,576	6,793,645	-25.9%	5,188,084	-2.9%	15,588,280	19,106,709	-18.4%
<b>TOTAL</b>	<b>5,036,576</b>	<b>6,793,645</b>	<b>-25.9%</b>	<b>5,188,084</b>	<b>-2.9%</b>	<b>15,588,280</b>	<b>19,106,709</b>	<b>-18.4%</b>
<b>FINANCIAL HIGHLIGHTS (BRL1,000)</b>								
<b>NET REVENUE</b>	<b>306,165</b>	<b>324,710</b>	<b>-5.7%</b>	<b>308,080</b>	<b>-0.6%</b>	<b>907,189</b>	<b>838,662</b>	<b>8.2%</b>
Net Revenue - Pro Forma	306,165	324,710	-5.7%	308,080	-0.6%	907,189	838,662	8.2%
DOMESTIC MARKET	277,472	292,827	-5.2%	273,618	1.4%	815,991	758,771	7.5%
FOREIGN MARKET	28,693	31,883	-10.0%	34,462	-16.7%	91,198	79,891	14.2%
Net revenue per unit (BRL per m² shipped)	60.8	47.8	27.2%	59.4	2.4%	58.2	43.9	32.6%
Cash cost per unit (BRL per m² shipped)	(37.4)	(28.4)	31.6%	(32.6)	14.5%	(33.5)	(25.9)	29.2%
Cash cost per unit Pro Forma (BRL per m² shipped) <sup>(1)</sup>	(35.1)	(28.4)	23.6%	(32.6)	7.5%	(32.8)	(26.1)	25.4%
Gross profit	104,400	119,865	-12.9%	125,164	-16.6%	345,031	308,128	12.0%
Gross profit - Pro Forma <sup>(1)</sup>	115,862	119,865	-3.3%	125,716	-7.8%	357,045	304,857	17.1%
Gross margin	34.1%	36.9%		40.6%		38.0%	36.7%	
Gross margin - Pro Forma <sup>(1)</sup>	37.8%	36.9%		40.8%		39.4%	36.4%	
Selling expenses	(51,756)	(41,826)	23.7%	(58,423)	-11.4%	(153,918)	(103,343)	48.9%
Selling expenses - Pro Forma <sup>(1)</sup>	(51,055)	(41,826)	22.1%	(58,423)	-12.6%	(153,217)	(103,343)	48.3%
General and administrative expenses	(14,368)	(11,521)	24.7%	(15,518)	-7.4%	(43,127)	(25,207)	71.1%
General and administrative expenses - Pro Forma <sup>(2)</sup>	(14,368)	(9,417)	52.6%	(15,518)	-7.4%	(43,127)	(22,676)	90.2%
<b>Operating Profit Before Financial Results</b>	<b>11,881</b>	<b>57,368</b>	<b>-79.3%</b>	<b>56,803</b>	<b>-79.1%</b>	<b>126,374</b>	<b>181,923</b>	<b>-30.5%</b>
<b>Depreciation and amortization</b>	<b>23,036</b>	<b>13,386</b>	<b>72.1%</b>	<b>15,810</b>	<b>45.7%</b>	<b>53,322</b>	<b>38,706</b>	<b>37.8%</b>
EBITDA according to CVM No. 527/12 <sup>(3)</sup>	34,917	70,754	-50.7%	72,613	-51.9%	179,696	220,629	-18.6%
EBITDA margin according to CVM No. 527/12	11.4%	21.8%		23.6%		19.8%	26.3%	
Employee benefits	(22)	140	-115.7%	(40)	-45.0%	(40)	(2,304)	-98.3%
Non-recurring events <sup>(4)</sup>	31,391	11,349	0.0%	552	0.0%	31,943	(2,487)	0.0%
<b>Adjusted and Recurring EBITDA</b>	<b>66,286</b>	<b>82,243</b>	<b>-19.4%</b>	<b>73,125</b>	<b>-9.4%</b>	<b>211,599</b>	<b>215,838</b>	<b>-2.0%</b>
<b>Adjusted and Recurring EBITDA margin</b>	<b>21.7%</b>	<b>25.3%</b>		<b>23.7%</b>		<b>23.3%</b>	<b>25.7%</b>	

(1) Cost of Goods Sold: 3Q22: Restructuring of Tiles (+) R\$11,462 thousand; 2Q22: Restructuring Tiles (+) R\$ 552 thousand;

(2) General and Administrative Expenses: 3Q21: Brand restructuring (+) R\$ 2,104 thousand;

(3) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operational performance in accordance with CVM Instruction 527/12.

(4) Non-recurring events: detailed in the Annex to the material.

The Ceramic Tiles market closed out the third quarter of 2022 with a 17.3% fall in sales volumes versus the third quarter of 2021, while the sector's installed capacity utilization was 80.0%, according to ANFACER data. For the year, the sector saw a fall of 14.1%. Dexco's Tiles Division underperformed versus the market, with its operation running at 72.0% utilization, mainly due to the closure of one of its lines for a retrofit.

Total sales volumes for 3Q22 were 5,036.6k m², 25.9% lower than for the same period in 2021. This result was impacted by the Division's greater exposure to retail, the channel that suffered the most from sales during the quarter, in addition to the strong comparison base, given that 2021 had record results for the Company. Also, in the quarter, the Company took a leading role in increasing prices, which generated occasional impacts on the sale of its products. These factors were the main responsible for the 18.4% decline in consolidated sales for the year when compared to 9M21.

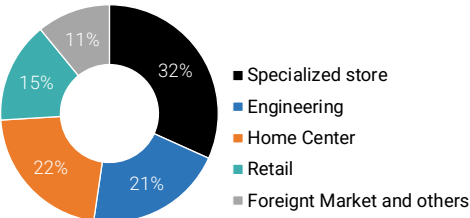
Overall, the Division was successful in introducing price increases and improving the mix of products sold, increasing its exposure to the large format market with the Portinari brand, for example. These factors led to an improvement in Net Unit Revenue of 27.2% versus 3Q21 and of 2.4% versus the prior quarter. Year-to-date, Net Unit Revenue has increased 32.6% versus the same period in 2021. Despite price increases and an improved mix, the drop in sales volumes led to a fall of 5.7% in 3Q22 versus 3Q21. For 9M22, Net Revenue was 8.2% higher than for 9M21, totaling R\$907.2 million, the highest level ever achieved by the Division for nine months.

With respect to costs and expenses, the increases in the cost of natural gas continue to have an impact, with the Pro-Forma Unit Cash Cost increasing by 23.6% in the quarter and by 25.4% for 9M22, but lower than the improvement in Net Unit Revenue, thus preserving the Gross Margin levels of the Division. Sales Expenses increased by 22.1% on a quarterly comparison and by 48.3% for 9M22, due to resumption of face-to-face events, higher travel expenses and marketing expenditure. General and Administrative Expenses were R\$14.4 million, impacted by the higher apportionment of corporate expenses, especially those related to the digitalization process, with the implementation of the management system, and the increase in base salaries of employees, as with the other Divisions.

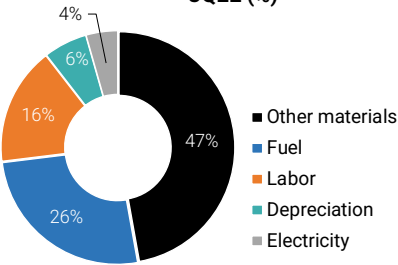
With the sharp drop in volumes sold, the improvement in price levels was not enough to offset the drop in the Division's Adjusted and Recurring EBITDA which ended the quarter in R\$66.3 million, 19.4% lower than for 3Q21. For the nine months of the year, the increase in Net Revenue partially offset the drop off in sales and the deterioration in costs and expenses, leaving the Division's Adjusted and Recurring EBITDA at R\$211.6 million, the same level as for 2021, while the margin was 23.3 % for the period.

In 9M22, R\$169.2 million was invested in its New Organic Growth Project, with which it intends to increase its production capacity for giant formats by 35.0%, in addition to investing in the modernization of its current lines and in a new factory.

**Tiles¹ - Segmentation of Sales 3Q22 (%)**



**Tiles¹- Cost of Goods Sold 3Q22 (%)**



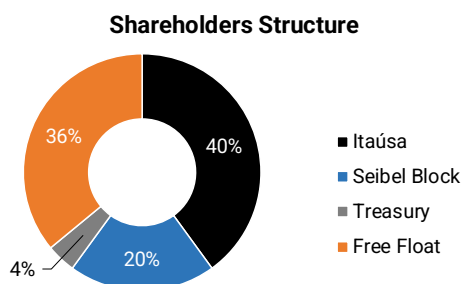
1 - Ceusa and Portinari brands

## CAPITAL MARKETS

At the end of third quarter of 2022, the Company had a market value of R\$6.867.3 million, with a closing share price of R\$9.35 on 30/09/2022.

Ibovespa index closed out the period up by 11.7%, while the final price of Dexco's shares fell by 5.3%, impacted by the deterioration of the macroeconomic scenario over the period.

727,893 trades were carried out on the B3 spot market in the quarter, which represents turnover of approximately R\$2.3 billion, a daily average trade value of R\$34.8 million.



## Non-recurring event (Adjusted and Recurring EBITDA)

In BRL '000 - Consolidated	3Q22	3Q21	2Q22	9M22	9M21
<b>EBITDA according to CVM No. 527/12</b>	<b>572,151</b>	<b>592,470</b>	<b>561,809</b>	<b>1,734,837</b>	<b>2,142,368</b>
Tax contingencies (Extemporaneous Credits)	(2,777)	7,353	(1,329)	(4,106)	7,468
Exclusion of ICMS from the PIS COFINS base	-	(52,077)	-	-	(532,747)
Impairment (reversal) of assets	-	-	-	-	(2,929)
Brands restructuring	-	12,919	-	-	20,619
Deca and Ceramic Tiles restructuring	35,236	4,297	6,389	41,625	8,687
Asset sales	(3,704)	-	-	(3,704)	-
Others <sup>1</sup>	-	1,744	-	-	3,404
Dissolving Wood Pulp	(15,268)	47,243	30,556	(11,096)	53,867
Change in fair value of biological assets - Caetex	7,287	-	4,133	11,420	-
Change in fair value of biological assets	(176,582)	(7,778)	(155,617)	(403,291)	(93,232)
Employee benefits	(749)	(2,073)	306	(169)	(7,307)
<b>Adjusted and Recurring EBITDA</b>	<b>415,594</b>	<b>604,098</b>	<b>446,247</b>	<b>1,365,516</b>	<b>1,600,198</b>
In BRL '000 - Wood	3Q22	3Q21	2Q22	9M22	9M21
<b>EBITDA according to CVM No. 527/12</b>	<b>452,180</b>	<b>426,626</b>	<b>413,210</b>	<b>1,295,083</b>	<b>1,484,273</b>
Tax contingencies (Extemporaneous Credits)	(2,071)	-	(754)	(2,825)	1,129
Exclusion of ICMS from the PIS COFINS base	-	(42,211)	-	-	(308,761)
Impairment (reversal) of assets	-	-	-	-	(2,929)
Brands restructuring	-	7,058	-	-	10,627
Asset sales	(3,704)	-	-	(3,704)	-
Others <sup>1</sup>	-	1,410	-	-	3,070
Change in fair value of biological assets - Caetex	7,287	-	4,133	11,420	-
Change in fair value of biological assets	(176,582)	(7,778)	(155,617)	(403,291)	(93,232)
Employee benefits	(1,055)	(1,580)	(706)	(1,312)	(1,989)
<b>Adjusted and Recurring EBITDA</b>	<b>276,055</b>	<b>383,525</b>	<b>260,266</b>	<b>895,371</b>	<b>1,092,188</b>
In BRL '000 - Deca	3Q22	3Q21	2Q22	9M22	9M21
<b>EBITDA according to CVM No. 527/12</b>	<b>69,786</b>	<b>142,333</b>	<b>106,542</b>	<b>249,078</b>	<b>491,333</b>
Tax contingencies (Extemporaneous Credits)	(706)	(1,050)	(575)	(1,281)	(2,064)
Exclusion of ICMS from the PIS COFINS base	-	(9,866)	-	-	(209,723)
Brands restructuring	-	3,757	-	-	7,461
Deca restructuring	3,845	3,455	5,837	9,682	7,845
Others <sup>1</sup>	-	334	-	-	-
Employee benefits	328	(633)	1,052	1,067	(3,014)
<b>Adjusted and Recurring EBITDA</b>	<b>73,253</b>	<b>138,330</b>	<b>112,856</b>	<b>258,546</b>	<b>292,172</b>

In BRL '000 - Tiles	3Q22	3Q21	2Q22	9M22	9M21
<b>EBITDA according to CVM No. 527/12</b>	<b>34,917</b>	<b>70,754</b>	<b>72,613</b>	<b>179,696</b>	<b>220,629</b>
Donations	-	-	-	-	-
Exclusion of ICMS from the PIS COFINS base	-	-	-	-	(14,263)
Impairment (reversal) of assets	-	-	-	-	-
Rouanet Law	-	-	-	-	-
Tax contingencies (Extemporaneous Credits)	-	8,403	-	-	8,403
Employee benefits	(22)	140	(40)	(40)	(2,304)
<b>Adjusted and Recurring EBITDA</b>	<b>66,286</b>	<b>82,243</b>	<b>73,125</b>	<b>211,599</b>	<b>215,838</b>

## Non-recurring events (Recurring Net Income)

In BRL '000 - Consolidated	3Q22	3Q21	2Q22	9M22	9M21
<b>Net Income</b>	<b>154,148</b>	<b>255,336</b>	<b>169,191</b>	<b>547,054</b>	<b>1,144,635</b>
Tax contingencies (Extemporaneous Credits)	(1,441)	(693)	(877)	(2,318)	(617)
Exclusion of ICMS from the PIS COFINS base	-	(53,967)	-	-	(483,670)
Impairment (reversal) of assets	-	-	-	-	(1,933)
Brands restructuring	-	8,527	-	-	13,609
Deca and Ceramic Tiles restructuring	23,256	2,836	4,216	27,471	5,733
Asset sales	(2,445)	-	-	(2,445)	-
IR/CS on previous JCP	4,834	-	-	4,834	-
Provisions	-	8,042	-	991	8,042
Others <sup>1</sup>	-	375	-	-	2,035
Dissolving Wood Pulp	(15,456)	47,091	30,379	(11,461)	53,350
<b>Recurring Net Income</b>	<b>162,896</b>	<b>267,547</b>	<b>202,909</b>	<b>564,127</b>	<b>741,184</b>

<sup>1</sup> Services related to the exclusion of ICMS from the base calculation of PIS COFINS, Wood restructuring, overseas income tax not paid, INSS support and credit lines.

## Independent Auditors – CVM Instruction N° 381

Procedures adopted by the Company and its subsidiaries.

The Company's and its subsidiaries' performance policy in contracting services not related to external auditing from our independent auditors is based on internationally accepted principles that preserve the independence of these auditors and consist of: (a) the auditor must not audit his own work, (b) the auditor must not exercise managerial functions for his client, and (c) the auditor must not promote the interests of his client.

From January to September 2022, the independent auditors PricewaterhouseCoopers Auditores Independentes provided the following services unrelated to the external audit:

- Project consultancy, additional amount to the one contracted on July 1, 2021, in the amount of BRL 344.6 thousand.

The amount of the contract represents 13% of the total fees for the global audit of the financial statements for 2022.

Justification of the Independent Auditors – PricewaterhouseCoopers Auditores Independentes:

The provision of other professional services not related to the external audit, described above, does not affect the independence or objectivity in conducting the external audit examinations provided to the Company and its subsidiaries. The policy of acting with the Company and its subsidiaries in the provision of services not related to the external audit is based on the principles that preserve the independence of the Independent Auditor and all were observed in the provision of said services.

## ACKNOWLEDGEMENTS

We are grateful for the support received from shareholders, the dedication and commitment of our employees, the partnership with suppliers and the trust placed in us customers and consumers.

**The Management**



**BALANCE SHEET**  
(In thousands of Reais)

(A free translation of the original in Portuguese)

ASSETS		PARENT COMPANY		CONSOLIDATED		LIABILITIES AND STOCKHOLDERS' EQUITY		PARENT COMPANY		CONSOLIDATED	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021			09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>CURRENT ASSETS</b>	<b>Note</b>	<b>3.778.897</b>	<b>3.150.082</b>	<b>5.586.608</b>	<b>4.661.437</b>	<b>CURRENT LIABILITIES</b>	<b>Note</b>	<b>2.461.858</b>	<b>1.977.515</b>	<b>3.960.457</b>	<b>3.371.691</b>
Cash and cash equivalents	5	1.340.005	885.335	1.928.231	1.421.302	Loans and financing	18	176.636	128.088	904.921	836.277
Trade accounts receivable	6	957.798	950.679	1.474.665	1.407.630	Related parties loans and financing	18	601.080	-	601.080	-
Related parties accounts receivable	6	171.394	87.462	43.022	22.535	Debentures	18	62.393	12.975	62.393	12.975
Inventories	7	1.114.526	1.014.993	1.758.904	1.433.223	Suppliers	19	1.035.125	1.342.964	1.329.410	1.649.162
Other receivables	8	20.996	32.456	49.156	73.308	Related parties suppliers	11	75.360	53.014	2.079	4.499
Related parties - other receivables	11	12.572	13.361	-	-	Lease liabilities	15	4.366	7.012	27.605	25.794
Recoverable taxes and contributions	9	129.894	124.635	231.749	200.172	Personnel		180.695	142.220	249.766	203.823
Debt derivative financial instruments		3.782	14.293	3.782	14.293	Accounts payable	20	193.833	256.774	525.001	540.743
Other credits		22.422	21.360	38.739	30.516	Related parties accounts payable	11	9.048	1.566	4.265	3.269
Non current assets held as available for sale		5.508	5.508	58.360	58.458	Taxes and contributions	21	42.998	30.309	158.427	92.090
						Dividends and interest on capital		2.265	2.593	2.873	3.059
						Debt derivative financial instruments		78.059	-	92.637	-
<b>NON-CURRENT ASSETS</b>		<b>8.701.065</b>	<b>7.734.823</b>	<b>9.920.854</b>	<b>8.758.894</b>	<b>NON-CURRENT LIABILITIES</b>		<b>4.111.298</b>	<b>3.173.809</b>	<b>5.639.073</b>	<b>4.313.729</b>
Restricted deposits		82.720	66.365	112.324	86.586	Loans and financing	18	2.631.429	1.225.658	2.838.614	1.275.643
Other receivables	8	82.101	89.440	107.164	109.151	Related parties loans and financing	18	-	546.010	-	546.010
Pension plan credits		89.938	88.097	100.520	98.029	Debentures	18	1.199.019	1.198.743	1.199.019	1.198.743
Recoverable taxes and contributions	9	502.406	616.794	644.617	801.194	Lease liabilities	15	7.409	9.820	459.605	339.929
Deferred income tax and social contribution	10	270.187	242.846	312.329	294.868	Related parties lease liabilities	15	-	-	31.822	31.786
Marketable securities	12	48.684	39.947	48.684	39.947	Contingencies	22	103.736	112.945	351.143	323.094
Debt derivative financial instruments		13.517	-	19.523	-	Deferred income tax and social contribution	10	-	-	223.678	132.832
Investments in subsidiaries and associates	13	5.194.289	4.281.176	1.636.590	1.311.129	Accounts payable	20	78.346	75.784	379.498	392.715
Other investments		1.639	2.569	2.588	3.518	Related parties	11	10.151	-	14.350	-
Property, plant and equipment	14	2.141.185	2.039.374	3.870.461	3.628.446	Taxes and contributions	21	-	-	60.136	68.128
Right-of-use assets	15	10.946	16.177	478.123	366.988	Debt derivative financial instruments		81.208	4.849	81.208	4.849
Biological assets	16	-	-	1.731.831	1.268.648						
Intangible assets	17	263.453	252.038	856.100	750.390	<b>STOCKHOLDERS' EQUITY</b>	<b>23</b>	<b>5.906.806</b>	<b>5.733.581</b>	<b>5.907.932</b>	<b>5.734.911</b>
						Capital		2.370.189	2.370.189	2.370.189	2.370.189
						Shares issuance expenses		(7.823)	(7.823)	(7.823)	(7.823)
						Capital reserves		373.852	366.122	373.852	366.122
						Capital transactions with partners		(18.731)	(18.731)	(18.731)	(18.731)
						Revaluation reserves		34.470	35.094	34.470	35.094
						Revenue reserves		2.957.925	2.410.475	2.957.925	2.410.475
						Treasury shares		(378.017)	(103.113)	(378.017)	(103.113)
						Carrying value adjustments		574.941	681.368	574.941	681.368
						<b>Equity attributable to equity holders of the parent company</b>		<b>5.906.806</b>	<b>5.733.581</b>	<b>5.906.806</b>	<b>5.733.581</b>
						<b>Noncontrolling interests</b>		<b>-</b>	<b>-</b>	<b>1.126</b>	<b>1.330</b>
<b>TOTAL ASSETS</b>		<b>12.479.962</b>	<b>10.884.905</b>	<b>15.507.462</b>	<b>13.420.331</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>12.479.962</b>	<b>10.884.905</b>	<b>15.507.462</b>	<b>13.420.331</b>



For the nine-month period ended September 30	Note	PARENT COMPANY		CONSOLIDATED	
		09/30/2022	09/30/2021	09/30/2022	09/30/2021
<b>NET SALES REVENUE</b>	25	<b>4,715,943</b>	<b>4,332,840</b>	<b>6,506,211</b>	<b>5,919,402</b>
Changes in the fair value of biological assets	16	-	-	403,291	93,232
Cost of products sold		(3,482,621)	(2,888,938)	(4,651,794)	(3,933,849)
<b>GROSS PROFIT</b>		<b>1,233,322</b>	<b>1,443,902</b>	<b>2,257,708</b>	<b>2,078,785</b>
Selling expenses		(690,353)	(499,162)	(864,682)	(675,001)
General and administrative expenses		(153,766)	(135,278)	(233,080)	(200,366)
Management fees		(14,293)	(13,272)	(15,310)	(14,338)
Other operating income (expenses), net	28	(12,598)	443,071	(41,335)	472,132
Equity in the results of investees		458,423	223,773	12,892	(52,345)
<b>OPERATING PROFIT BEFORE FINANCIAL RESULT AND TAXES</b>		<b>820,735</b>	<b>1,463,034</b>	<b>1,116,193</b>	<b>1,608,867</b>
Financial income	27	206,086	276,847	267,562	310,867
Financial expenses	27	(467,300)	(131,916)	(622,219)	(195,491)
<b>PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>		<b>559,521</b>	<b>1,607,965</b>	<b>761,536</b>	<b>1,724,243</b>
Income tax and social contribution - current	29	(7,319)	(156,623)	(103,892)	(250,795)
Income tax and social contribution - deferred	29	(5,444)	(306,901)	(110,590)	(328,813)
<b>NET INCOME FOR THE NINE-MONTH PERIOD</b>		<b>546,758</b>	<b>1,144,441</b>	<b>547,054</b>	<b>1,144,635</b>
<b>Net income attributable to:</b>					
Owners of the parent company		546,758	1,144,441	546,758	1,144,440
Noncontrolling interests		-	-	296	195
<b>Net income per share (R\$):</b>					
Basic:	34	0.7417	1.6645	0.7417	1.6645
Diluted:	34	0.7384	1.6544	0.7384	1.6544



## STATEMENT OF COMPREHENSIVE INCOME

(A free translation of the original in Portuguese)

**For the nine-month period ended September 30**

(In thousands of Reais)

	<b>PARENT COMPANY</b>		<b>CONSOLIDATED</b>	
	<b>09/30/2022</b>	<b>09/30/2021</b>	<b>09/30/2022</b>	<b>09/30/2021</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>546,758</b>	<b>1,144,441</b>	<b>547,054</b>	<b>1,144,635</b>
<b>Other components of comprehensive income</b>				
Items that will not be reclassified to net income				
Interest in investees' / subsidiaries' comprehensive income	61,115	143,450	61,115	143,450
Items that will be reclassified to net income				
Derivative financial instruments	(64,181)	-	(64,181)	-
Cumulated translation adjustments	(103,293)	12,141	(104,180)	11,755
<b>COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD, NET OF TAX</b>	<b>440,399</b>	<b>1,300,032</b>	<b>439,808</b>	<b>1,299,840</b>
<b><u>Attributable to:</u></b>				
<b>Owners of the parent company</b>	440,399	1,300,032	440,399	1,300,032
<b>Noncontrolling interests</b>	-	-	(591)	(192)

# DEXCO

## STATEMENT OF CASH FLOWS

(A free translation of the original in Portuguese)

For the nine-month period ended September 30	PARENT COMPANY		CONSOLIDATED	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
<b>OPERATING ACTIVITIES:</b>				
<b>PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>	<b>559,521</b>	<b>1,607,965</b>	<b>761,536</b>	<b>1,724,243</b>
<b>ADJUSTMENTS:</b>				
Depreciation, amortization and depletion	235,704	221,716	618,807	533,500
Changes in the fair value of biological assets	-	-	(403,291)	(93,232)
Interest/indexation accruals and foreign exchange gains/losses, net	289,304	71,100	312,860	90,484
Interest accrued on leases	1,027	1,515	4,526	4,531
Equity in the results of investees	(458,423)	(223,773)	(12,892)	52,345
Impairment of accounts receivable	9,946	6,817	11,510	11,156
Provisions, asset write offs	(15,718)	14,981	17,894	49,876
Reversal of provision for ICMS upon exclusion from PIS and COFINS bases	-	(119,431)	-	(144,004)
ICMS receivable upon exclusion from PIS and COFINS tax bases	-	(589,823)	-	(597,070)
<b>(Increase)/Decrease in Assets</b>				
Trade accounts receivable	(100,997)	(153,215)	(100,021)	(300,428)
Inventories	(104,742)	(229,942)	(357,989)	(317,127)
Other assets	102,894	24,156	103,127	(57,747)
<b>Increase (Decrease) in Liabilities</b>				
Suppliers	(285,493)	145,373	(315,600)	187,086
Payroll	38,475	23,497	45,287	40,731
Accounts payable	(23,282)	17,573	12,511	102,287
Taxes and contributions	5,370	40,668	1,386	177,143
Other liabilities	(37,664)	(47,580)	(48,074)	(52,000)
<b>Cash provided by operations</b>	<b>215,922</b>	<b>811,597</b>	<b>651,577</b>	<b>1,411,774</b>
Income tax and social contribution paid	-	(130,078)	(44,616)	(327,384)
Interest paid	(45,410)	(37,243)	(52,441)	(47,061)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>170,512</b>	<b>644,276</b>	<b>554,520</b>	<b>1,037,329</b>
<b>INVESTING ACTIVITIES:</b>				
Purchases of property, plant and equipment	(291,217)	(223,880)	(551,249)	(341,703)
Purchases of intangible assets	(42,503)	(32,478)	(43,078)	(33,647)
Investments in biological assets	-	-	(319,421)	(185,145)
Proceeds from sale of property, plant and equipment	-	-	10,900	24,060
Dividends received from subsidiaries	94,833	199,583	-	-
Capital contribution/ capital increase	(446,373)	(17,151)	(246,373)	(17,151)
Subsidiary acquisition, net of cash	-	-	(105,808)	-
Marketable securities	(8,737)	(6,500)	(8,688)	(6,500)
Advance for future capital increase in subsidiary	(153,872)	(2,350)	-	-
<b>CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(847,869)</b>	<b>(82,776)</b>	<b>(1,263,717)</b>	<b>(560,086)</b>
<b>FINANCING ACTIVITIES:</b>				
New financings	1,518,551	-	1,719,247	2,475
Amortization of financing	(105,296)	(105,291)	(149,977)	(145,634)
Amortization of lease liabilities	(6,324)	(6,794)	(57,218)	(46,148)
Distributions of interest on equity and dividends	-	(516,385)	(5)	(516,385)
Share repurchases to be held in treasury	(274,904)	(91,123)	(274,904)	(91,123)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,132,027</b>	<b>(719,593)</b>	<b>1,237,143</b>	<b>(796,815)</b>
Effects of exchange rate changes on cash and cash equivalents	-	-	(21,017)	(2,817)
<b>INCREASE (DECREASE) IN CASH FOR THE PERIOD</b>	<b>454,670</b>	<b>(158,093)</b>	<b>506,929</b>	<b>(322,389)</b>
<b>OPENING BALANCE</b>	<b>885,335</b>	<b>1,041,484</b>	<b>1,421,302</b>	<b>1,728,413</b>
<b>CLOSING BALANCE</b>	<b>1,340,005</b>	<b>883,391</b>	<b>1,928,231</b>	<b>1,406,024</b>

# Dexco S.A. - Listed company

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

## STATEMENT OF VALUE ADDED

(Required by accounting practices adopted in Brazil and supplementary information under IFRS)

(A free translation of the original in Portuguese)

**DEXCO**

(In thousands of Reais)

For the nine-month period ended September 30	PARENT COMPANY		CONSOLIDATED	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
<b>REVENUE</b>	<b>5,859,966</b>	<b>5,819,076</b>	<b>7,998,681</b>	<b>7,732,571</b>
Gross sales revenue	5,832,030	5,426,965	7,997,759	7,340,874
Other revenue	37,882	398,928	12,432	402,853
Accounts receivable allowance for expected losses	(9,946)	(6,817)	(11,510)	(11,156)
<b>Inputs acquired from third parties</b>	<b>(4,006,995)</b>	<b>(3,213,438)</b>	<b>(4,384,746)</b>	<b>(3,890,813)</b>
Cost of sales	(3,401,153)	(2,839,987)	(3,589,808)	(3,389,864)
Materials, energy, outsourced services and others	(605,842)	(373,451)	(794,938)	(500,949)
<b>Gross value added</b>	<b>1,852,971</b>	<b>2,605,638</b>	<b>3,613,935</b>	<b>3,841,758</b>
Depreciation, amortization and depletion	(235,704)	(221,716)	(618,807)	(533,500)
<b>Net value added</b>	<b>1,617,267</b>	<b>2,383,922</b>	<b>2,995,128</b>	<b>3,308,258</b>
<b>Value added received through transfer</b>	<b>664,509</b>	<b>500,620</b>	<b>280,454</b>	<b>258,522</b>
Financial income	206,086	276,847	267,562	310,867
Equity in the results of investees	458,423	223,773	12,892	(52,345)
<b>Value added to be distributed</b>	<b>2,281,776</b>	<b>2,884,542</b>	<b>3,275,582</b>	<b>3,566,780</b>
<b>DISTRIBUTION OF VALUE ADDED</b>				
<b>Personnel costs</b>	<b>594,164</b>	<b>513,995</b>	<b>875,822</b>	<b>767,461</b>
Direct compensation	469,716	406,349	690,277	613,119
Benefits	91,903	79,034	135,936	111,038
Severance indemnity fund (FGTS)	31,238	27,516	43,308	38,776
Other	1,307	1,096	6,301	4,528
<b>Government taxes</b>	<b>674,002</b>	<b>1,094,638</b>	<b>1,230,958</b>	<b>1,459,683</b>
Federal	278,848	740,879	726,809	1,175,834
State	386,101	347,266	491,293	277,190
Municipal	9,053	6,493	12,856	6,659
<b>Financing remuneration (interest)</b>	<b>466,852</b>	<b>131,468</b>	<b>621,748</b>	<b>195,001</b>
<b>Stockholder remuneration</b>	<b>546,758</b>	<b>1,144,441</b>	<b>547,054</b>	<b>1,144,635</b>
Retained earnings	546,758	1,144,441	546,758	1,144,441
Noncontrolling interests	-	-	296	194
<b>Total value added distributed</b>	<b>2,281,776</b>	<b>2,884,542</b>	<b>3,275,582</b>	<b>3,566,780</b>

**Dexco S.A - Listed company**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

(In thousands of Reais)

(A free translation of the original in Portuguese)

Note	Capital	Shares issuance expenses	Capital reserves	Transactions with owners	Revaluation reserves	Revenue reserves				Carrying value adjustments	Retained earnings	Total	Non-controlling interests	Total Stockholders equity
						Legal reserves	Statutory reserves	Tax incentives	Treasury shares					
<b>BALANCES AS AT DECEMBER 31, 2020</b>	<b>1,970,189</b>	<b>(7,823)</b>	<b>357,423</b>	<b>(18,731)</b>	<b>36,119</b>	<b>248,677</b>	<b>1,989,992</b>	<b>113,748</b>	<b>(13,744)</b>	<b>511,002</b>	<b>-</b>	<b>5,186,852</b>	<b>1,512</b>	<b>5,188,364</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income for the year	-	-	-	-	-	-	-	-	-	-	1,725,407	1,725,407	275	1,725,682
Cummulative translation adjustments	-	-	-	-	-	-	-	-	-	15,912	-	15,912	(433)	15,479
Financial instruments	-	-	-	-	-	-	-	-	-	(5,241)	-	(5,241)	-	(5,241)
Gain (loss) actuarial	-	-	-	-	-	-	-	-	-	6,542	-	6,542	-	6,542
Effects from investees	-	-	-	-	-	-	-	-	-	150,641	-	150,641	-	150,641
Effects from investees - gain (loss) actuarial	-	-	-	-	-	-	-	-	-	2,512	-	2,512	-	2,512
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	-	-	-	-	-	<b>170,366</b>	<b>1,725,407</b>	<b>1,895,773</b>	<b>(158)</b>	<b>1,895,615</b>
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Share options granted	-	-	3,978	-	-	-	-	-	-	-	-	3,978	-	3,978
Realization of revaluation reserve	-	-	-	-	(1,025)	-	-	-	-	-	1,025	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(94,689)	-	-	(94,689)	-	(94,689)
Sale of treasury shares	-	-	-	-	-	-	-	-	5,320	-	405	5,725	-	5,725
Appropriation of tax incentives article 195-A Law 6.404/76 - previous years	-	-	-	-	-	-	(42,883)	42,883	-	-	-	-	-	-
Capital increase - statutory reserves	400,000	-	-	-	-	-	(400,000)	-	-	-	-	-	-	-
Long-term incentive plan	-	-	4,721	-	-	-	-	-	-	-	-	4,721	-	4,721
Additional dividend proposed from 2020	-	-	-	-	-	-	(90,378)	-	-	-	-	(90,378)	-	(90,378)
Additional dividend 2020	-	-	-	-	-	-	(300,000)	-	-	-	-	(300,000)	-	(300,000)
<b>APPROPRIATION OF NET INCOME FOR THE YEAR</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocated to the legal reserve	-	-	-	-	-	86,270	-	-	-	-	(86,270)	-	-	-
Appropriation of tax incentives article 195-A Law 6.404/76	-	-	-	-	-	-	-	46,865	-	-	(46,865)	-	-	-
Interest on equity	-	-	-	-	-	-	-	-	-	-	(709,304)	(709,304)	-	(709,304)
Dividends	-	-	-	-	-	-	-	-	-	-	(169,097)	(169,097)	-	(169,097)
Appropriation to reserves	-	-	-	-	-	-	715,301	-	-	-	(715,301)	-	-	-
<b>BALANCES AS AT DECEMBER 31, 2021</b>	<b>2,370,189</b>	<b>(7,823)</b>	<b>366,122</b>	<b>(18,731)</b>	<b>35,094</b>	<b>334,947</b>	<b>1,872,032</b>	<b>203,496</b>	<b>(103,113)</b>	<b>681,368</b>	<b>-</b>	<b>5,733,581</b>	<b>1,330</b>	<b>5,734,911</b>

**Dexco S.A - Listed company**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

(In thousands of Reais)

(A free translation of the original in Portuguese)

Note	Capital	Shares issuance expenses	Capital reserves	Transactions with partners	Revaluation reserves	Revenue reserves				Carrying value adjustments	Retained earnings	Total	Noncontrolling interests	Total Stockholders' equity
						Legal reserves	Statutory reserves	Tax incentives	Treasury shares					
<b>BALANCES AS AT DECEMBER 31, 2021</b>	<b>2,370,189</b>	<b>(7,823)</b>	<b>366,122</b>	<b>(18,731)</b>	<b>35,094</b>	<b>334,947</b>	<b>1,872,032</b>	<b>203,496</b>	<b>(103,113)</b>	<b>681,368</b>	<b>-</b>	<b>5,733,581</b>	<b>1,330</b>	<b>5,734,911</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>														
Net Income for the period	-	-	-	-	-	-	-	-	-	-	546,758	546,758	296	547,054
Cummulative translation adjustments	-	-	-	-	-	-	-	-	-	(103,293)	-	(103,293)	(887)	(104,180)
Effects from adjustments to investees	-	-	-	-	-	-	-	-	-	61,047	68	61,115	-	61,115
Financial Instruments	-	-	-	-	-	-	-	-	-	(64,181)	-	(64,181)	-	(64,181)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,427)</b>	<b>546,826</b>	<b>440,399</b>	<b>(591)</b>	<b>439,808</b>
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	387	387
Share options granted	-	-	2,000	-	-	-	-	-	-	-	-	2,000	-	2,000
Realization of revaluation reserve	-	-	-	-	(624)	-	-	-	-	-	624	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(274,904)	-	-	(274,904)	-	(274,904)
Long term incentive plan	-	-	5,730	-	-	-	-	-	-	-	-	5,730	-	5,730
<b>APPROPRIATION OF NET INCOME FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Allocated to the legal reserve	-	-	-	-	-	27,338	-	-	-	-	(27,338)	-	-	-
Appropriation to reserves	-	-	-	-	-	-	520,112	-	-	-	(520,112)	-	-	-
<b>BALANCES AS AT SEPTEMBER 30, 2022</b>	<b>2,370,189</b>	<b>(7,823)</b>	<b>373,852</b>	<b>(18,731)</b>	<b>34,470</b>	<b>362,285</b>	<b>2,392,144</b>	<b>203,496</b>	<b>(378,017)</b>	<b>574,941</b>	<b>-</b>	<b>5,906,806</b>	<b>1,126</b>	<b>5,907,932</b>

**NOTES TO THE FINANCIAL INFORMATION AS AT September 30, 2022***(All amounts in thousands of Brazilian Reais, unless otherwise indicated)***Note 1 – Operations****a) General information**

Dexco S.A. (the "Company" or "Dexco"), is a publicly-traded corporation, with shares listed on the B3 Brazilian stock market in the, New Market segment, negotiated under the ticker symbol 'DXCO3'. It started its activities in 1951 and its principal offices are in the city of São Paulo - SP. Its controlling stockholders are Itaúsa S.A., which is a significant operator in the financial and industrial sectors, and Seibel Block, which operates principally in the retail market and in distribution channels for civil construction and woodworking materials, as also in property construction and rentals.

The main activities of Dexco and its subsidiaries (collectively "the Group") comprise the manufacture of wood panels (Wood Division), ceramics, sanitary metals and showers (Deca Division) and Tile Division. Dexco presently operates 16 industrial plants in Brazil and three industrial plants in Colombia, through its subsidiary Dexco Colombia S.A., with branches in the major Brazilian cities and has commercial subsidiaries in the United States, Belgium and Peru.

The Wood Division operates four industrial plants in Brazil and three in Colombia, responsible for the production of hardboard, medium density particle MDP (panels, medium and high-density fiberboard), MDF and HDF (panels, laminate flooring) using the Duratex trademark, laminate floors under the Durafloor trademark, and semi-finished components for furniture.

The Deca Division operates eight industrial plants in Brazil, manufacturing sanitary ceramic and metal products, and showers under the trademarks Deca, Hydra, Belize, Elizabeth and Hydra Corona.

The Ceramic Tile Division operates four industrial plants in Brazil, producing ceramic tiles, under the Ceusa, Portinari and Castelatto brands.

**b) Approval of the financial statements**

The financial statements of Dexco S.A. and its subsidiaries (parent company and consolidated) were approved by the Board of Directors on October 26, 2022.

**c) COVID-19 effects**

The Company formed a Crisis Committee which continues to manage initiatives to minimize the effects of the pandemic on its community and to promote the health and wellbeing of employees. Protocols have been issued and clear communication plans distributed recommending preventive measures to combat the virus.

This Committee has been monitoring the economic impacts of this pandemic that could affect Group results. Of note:

- No new loans raised after the pandemic;

- Payment terms to suppliers normalized and tax payments not postponed;
- An allowance for expected loss of doubtful accounts of R\$ 0.9 million (R\$ 1.9 million as of December 31, 2021) (Note 6) is was recorded; no impairment other assets identified; and
- All industrial units operated at a level off utilization higher than the pre-COVID period.

The Company continues to monitor and assess the impacts on its results, as well as the effects on corresponding estimates and critical judgments.

## **Note 2 – Basis of preparation**

The interim financial information has been prepared in accordance with technical pronouncement nº 21 R1 - Interim Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC) as well as in accordance with International Accounting Standard (IAS) nº 34 – “Interim Financial Reporting”, as issued by the International Accounting Standards Board (IASB) and presented consistently with the standards issued by Brazilian Securities Commission (CVM), applicable to interim financial information.

As permitted by Circular Letter CVM/SNC/SEP nº 03/2011, the Company has presented condensed explanatory notes in the interim financial information when the information is the same as that presented in the prior year annual financial statements. Thus, this condensed interim financial information should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2021, issued on February 9, 2022.

Non-financial data included in this interim financial information, such as planted area and number of units, and other not accounting data, have not been subject to review by the independent auditors.

### **2.1 - Accounting policies**

The accounting policies applied are consistent with those used in the prior year.

#### **2.1.1 Going concern**

Management evaluated the Company and its subsidiaries' capacity to continue as a going concern and believes that it has sufficient resources to support its business through the foreseeable future. Thus, the interim financial information was prepared based on the going concern assumption.

### **2.2 - Consolidation of the interim financial information**

The consolidated interim financial information includes the following companies: Dexco S.A. and its direct subsidiaries: Duratex Florestal Ltda., Dexco Hydra Corona Sistemas de Aquecimento de Água Ltda., Dexco Revestimentos Cerâmicos S.A., Duratex North America Inc., Dexco Colombia S.A., Estrela do Sul Participações Ltda., Dexco Empreendimentos Ltda., Dexco Comércio de Produtos para Construção S.A., Trento Administração e Participações S.A., Duratex Europe N.V., Duratex Andina S.A.C., Viva Decora Internet S.A. and its indirect subsidiaries: Castelatto Ltda (consolidated results as of March 1, 2022), Dexco Zona Franca S.A.S. and Forestal Rio Grande S.A.S.

### **2.3 – New accounting standards, amendments and interpretations**

There are no other standards or interpretations issued and not yet adopted that, in Management's opinion, could have a significant impact on the results or stockholders' equity.



## 2.4 – Presentation of segmented information

Segmented information is presented in a manner consistent with data used by the chief operating decision maker. The chief operating decision maker, responsible for allocating funds and evaluating the performance of operating segments, is deemed to be the Company's Board of Directors, which makes the Group's strategic decisions, with the support of the Board of Directors.

### Note 3 – Critical accounting judgments and estimates

In preparing the interim financial information, accounting judgments, estimates and assumptions are utilized to record the amounts of certain assets and liabilities and other transactions. The definition of estimates and accounting judgments adopted by Management were based on the information available on the date of preparation, relying on experience from past events and forecasted future events. The interim financial information includes numerous estimates including: the useful lives of property, plant and equipment, leased right-of-use asset analyses, realization of deferred tax credits, impairment in the trade accounts receivable, inventory losses, evaluation of the fair value of biological assets and provision for contingencies, impairment testing of goodwill, pension plan and health benefits, among others.

The main estimates and assumptions that could present a substantial risk of adjustment to the book values of assets and liabilities are presented below:

#### a) Risk of changes in the fair value of biological assets

The Group uses several estimates to evaluate its forestry reserves in accordance with the methodology established by CPC 29/IAS 41 - "Biological asset and agriculture product". These estimates were based on market references and are subject to changes which may affect the interim financial information. A hypothetical 5% reduction in standing wood market prices would result in a reduction in the fair value of biological assets of approximately R\$ 43.0 million (R\$ 33.2 million on December 31, 2021), net of tax effects. If the discount rate used were to increase by 0.5%, this would result in a fall in the fair value of biological assets of some R\$ 6.5 million (R\$ 4.3 million on December 31, 2021), net of tax effects.

#### b) Estimated impairment of goodwill

The Company and its subsidiaries test goodwill on an annual basis or when there is any indication that the goodwill may be impaired. The balance could be impacted by changes in the economic or market environment.

#### c) Pension plan and health benefits

The current value of assets and liabilities of pension and health plans depends on a number of factors using actuarial calculations. These calculations involve a series of assumptions, including the discount rate and current market conditions. Any changes in these assumptions will affect the corresponding book values.

#### d) Provision for contingencies

The Group makes a provision for tax, labor, civil and social security contingencies, based on determinations of the probability of loss, under the advice of its legal counsel. The amounts are updated for interest accruals. Management believes that the provisions as at the balance sheet date are sufficient to cover probable risk of losses from lawsuits and other administrative cases.

**e) Fair value of financial instruments**

When the fair value of financial assets and liabilities on the balance sheet cannot be obtained from the market, valuation techniques are utilized, including from discounted cash flow models. The data for these methods are consistent with those used in the market, when possible; however, when this is not feasible, a level of judgement is required to establish the fair value. Judgment is applied, for example, risk of liquidity, for risk of credit and volatility. Changes in the assumptions could affect the fair value of the financial instruments.

**Note 4 - Financial risk management****4.1 Financial risk factors**

The Group is exposed to market risk in relation to interest and exchange rates and credit term fluctuations.

This risk is managed by policies approved by the Board of Directors, and monitored by the Audit and Management of Risk Committee. The Company and its subsidiaries have protocols to manage these cases and can use hedging instruments to mitigate risks. Procedures include monitoring the exposure to each market risk, in addition to establishing ceilings. All hedge transactions entered into by the Group are designed to cover risks for debts and investments. The Group does not utilize leveraged financial derivatives.

**Market risk**

**(I) Exchange-rate risk:** Exchange rate risk corresponds to a reduction in assets or an increase in liabilities due to exchange rate volatility. The Group's indebtedness policy establishes the maximum amount in foreign currency to which it is exposed.

Consistent with the risk-management procedures, the objective is to minimize foreign exchange exposure, through hedging mechanisms, in order to mitigate exchange exposure.

**(II) Derivatives:** There are no monthly settlements or margin calls on derivative instruments. Contracts are settled at maturity and recorded at fair value, considering market terms and interest rates.

The outstanding contracts as at September 30, 2022 were as follow:

**a) Non Deliverable Forward (NDF) agreement**

The Company has agreements totaling US\$ 25 million maturing up to December 2022, and a position sold in US Dollars, to mitigate the foreign exchange exposure of its cash flow in foreign exchange. Contracts are settled at their respective maturity, considering the difference between the future exchange rate (Non - Deliverable Future - NDF) and balance sheet exchange rate (Ptax).

**b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized on the comprehensive income and accumulated in the cash flow hedge reserve, limited to the accumulated change in the amount fair value

of the hedged item from the inception of the hedge. The gain or loss related to the ineffective portion is recognized immediately in profit or loss.

The Company has seven derivative contracts designated as cash flow hedges, maturing through February 2038, is the guarantor of a derivative contract of its wholly-owned subsidiary Duratex Florestal Ltda., with final maturity in June 2032.

These derivatives are intended to mitigate the exposure to interest rate/ indexation indices (such as the IPCA) and the foreign exchange exposure of its loan and financing agreements.

As of September 30, 2022, the Company had three derivative contracts, with an aggregate notional value of R\$697 million, designated as cash flow hedges exchanging rates in IPCA + fixed rate (active end) for an average liability position of 96, 25% of the CDI.

The Company also has three derivative contracts, with an aggregate notional value of R\$ 400 million, designated as a cash flow hedge, exchanging a fixed rate + indexed to the IPCA (long term) for an average liability position at 107.97% of the CDI .

On September 30, 2022, the Company had one derivative contract with a notional value of US\$ 75 million designated as a cash flow hedge with an asset position in US dollars + a fixed rate and a liability position in Reais and CDI + 1.7% p.a..

Duratex Florestal has a swap contract designated as cash flow hedge, with a notional amount of R\$ 200 million, exchanging a fixed rate + indexed to the IPCA (asset leg) for a liability position at 108.65% of the CDI .

### **c) Calculation of the fair value of positions**

The fair value of the financial instruments was calculated utilizing the estimated present value of both liability and asset positions, where the difference between the two represents the market value of the swap.

## Financial Statements of Dexco S.A. and its controlled companies on September 30th, 2022.

Statement of consolidated position of derivative financial instruments						
	Reference Value (notional)		Fair Value		Accumulated Effect on 09/30/2022	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	Amount receivable/ received	Amount payable/ paid
<b>I. Cash Flow Hedge</b>						
Asset position						
IPCA +	1,097,000	509,901	1,142,791	511,253	-	(40,179)
Liability position						
CDI	(1,097,000)	(509,901)	(1,182,970)	(508,933)	-	-
Asset position - Duratex Florestal						
IPCA +	200,000	-	209,981	-	-	(8,571)
Liability position - Duratex Florestal						
CDI	(200,000)	-	(218,552)	-	-	-
<b>II. Cash Flow Hedge</b>						
Asset position						
US\$ + Pre	431,453	-	369,168	-	-	(101,798)
Liability position						
CDI	(431,453)	-	(470,966)	-	-	-
<b>III. Swap contracts</b>						
Asset position				73,533		
IPCA +	-	73,408	-	-	-	-
Liability position				(74,673)		
CDI	-	(73,408)	-	-	-	-
<b>IV. Futures contracts (NDF)</b>						
Agreement of Sale						
NDF	129,842	144,333	131,994	145,626	-	(1,540)

Gains or losses on the transactions were offset by interest rate and foreign currency positions, assets and liabilities, already recorded in the results of the Company and its subsidiary Duratex Florestal.

#### d) Sensitivity analysis

A sensitivity analysis for changes in exchange rates and interest rates is presented below. The Company is exposed to US dollar foreign exchange risk, as well as CDI interest rates. For the sensitivity scenario, projections were made for the following 12 months using the B3 future yield curves as a reference.

Instrument/Operation	Index	Average Rate	Likely Scenario
Financial Investments	CDI	13.52%	144,503
Loans, Financing and Debentures	CDI	13.55%	(387,207)
Loans with SWAPs (IPCA to CDI)	CDI	13.81%	(170,563)
Loans with SWAPs (US\$ e Tax for R\$ e CDI)	CDI	13.47%	(64,191)
Non Deliverable Forward (USD - sale)	USD	5.4262	2,446
Export surplus - import (US\$)	USD	5.4262	640
<b>Net Effect</b>			<b>(474,372)</b>

#### (III) Cash flow or fair value risk associated with interest rates

Interest rate risk is the risk the Company may suffer financial losses due to adverse changes in interest rates. This risk is continually monitored in order to evaluate any need to contract derivative transactions to hedge against interest rate volatility.

**a) Credit risk**

The Company's sales policy is directly associated with the level of credit risk that it is willing to accept in the course of its business. The diversification of its portfolio of receivables, care in the selection of its customers, as well as monitoring of sales financing terms and individual limits, are procedures adopted in order to minimize defaults or losses on the realization of accounts receivable.

In relation to temporary cash investments and all other investments, the Group operates only with highly-rated institutions and avoids concentrating investments with any single economic group.

**b) Liquidity risk**

The Company and its subsidiaries' indebtedness policy defines the limits and parameters of indebtedness, and the minimum funds which should be maintained. These funds are the higher of: an amount equivalent to 60 days of consolidated net revenue of the last quarter or the amount of the debt servicing expenses plus dividends and/or interest on capital forecast for the next three months.

Monitoring of liquidity position occurs daily through cash-flow analyses.

The table below shows the maturities of certain financial liabilities and obligation with suppliers contracted by the Company and its subsidiaries in the financial information:

	Parent company				Consolidated			
	Less than one year	2023 and 2024	From 2025 to 2029	From 2025 to 2029	Less than one year	2023 and 2024	From 2025 to 2029	2030 Onwards
09/30/2022								
Loans/ Debentures	1,186,636	1,416,536	3,143,709	1,191,941	1,945,629	1,439,360	3,216,450	1,349,429
Suppliers	1,035,125	-	-	-	1,329,410	-	-	-
Related parties suppliers	75,360	-	-	-	2,079	-	-	-
<b>Total</b>	<b>2,297,121</b>	<b>1,416,536</b>	<b>3,143,709</b>	<b>1,191,941</b>	<b>3,277,118</b>	<b>1,439,360</b>	<b>3,216,450</b>	<b>1,349,429</b>

The budget and cash-flow projections approved by the Board of Directors indicate, show sufficient capacity and generation of cash to meet the Company's obligations in the foreseeable future.

**4.2 Capital management**

The Company and its subsidiaries manage their capital to ensure the continuity of their operations, as well as providing returns to its stockholders, including the optimization of the cost of capital and controlling the level of indebtedness by monitoring its financial leverage index. This index corresponds to net debt divided by stockholders' equity.

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
A - Short - term	914,386	141,063	1,657,249	849,252
Loans, financing and debentures	840,109	141,063	1,568,394	849,252
Debt derivative financial instruments	74,277	-	88,855	-
A.1 - Long - term	3,898,139	2,970,411	4,099,318	3,020,396
Loans, financing and debentures	3,830,448	2,970,411	4,037,633	3,020,396
Debt derivative financial instruments	67,691	-	61,685	-
B-(-) Cash and cash equivalents	1,340,005	885,335	1,928,231	1,421,302
C=(A-B) Net debt	<b>3,472,520</b>	<b>2,226,139</b>	<b>3,828,336</b>	<b>2,448,346</b>
D- Stockholders' equity	5,906,806	5,733,581	5,907,932	5,734,911
C/D=Financial leverage index	59%	39%	65%	43%

### 4.3 Fair value estimates

The book balances of trade account receivable and accounts payable to suppliers, net of allowances, approximate their fair values. The fair value of the financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Company and its subsidiaries for similar financial instruments.

The Company and its subsidiaries apply CPC 40 (R1) / IFRS 7 "Financial instruments: disclosures" for financial instruments measured at fair value, which requires the disclosure of the measurement criteria. As the Company has only Level 2 derivatives, it uses the following valuation techniques:

- The fair value of the interest rate swap is calculated on the present value of the estimated future cash flow based on the yield curves in the market;
- The fair values of foreign currency forward contracts are determined based on future exchange rates at the balance sheet dates, with the resulting amounts discounted to their present values.

The consolidated financial instruments (classified by category) are presented below:

	Amortized cost		Financial liabilities		Financial liabilities designated at fair value		Total	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>ASSETS</b>								
Cash equivalents	1,808,111	1,230,119	-	-	-	-	1,808,111	1,230,119
Trade accounts receivable	1,474,665	1,407,630	-	-	-	-	1,474,665	1,407,630
Related parties accounts receivable	43,022	22,535	-	-	-	-	43,022	22,535
Debt derivative financial instruments	-	-	-	-	23,305	14,293	23,305	14,293
Restricted deposits	112,324	86,586	-	-	-	-	112,324	86,586
Marketable securities	-	-	-	-	48,684	39,947	48,684	39,947
<b>Total</b>	<b>3,438,122</b>	<b>2,746,870</b>	<b>-</b>	<b>-</b>	<b>71,989</b>	<b>54,240</b>	<b>3,510,111</b>	<b>2,801,110</b>
<b>LIABILITIES</b>								
Loans/ debentures	-	-	5,606,027	3,794,975	-	74,673	5,606,027	3,869,648
Dividends/ interests on capital	-	-	2,873	3,059	-	-	2,873	3,059
Debt derivative financial instruments	-	-	-	-	173,845	4,849	173,845	4,849
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,608,900</b>	<b>3,798,034</b>	<b>173,845</b>	<b>79,522</b>	<b>5,782,745</b>	<b>3,877,556</b>

### Note 5 - Cash and cash equivalents

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Cash and banks	34,603	38,325	66,385	75,672
Banks remunerated accounts of foreign subsidiaries	-	-	53,735	115,511
Fixed income securities	-	-	17,545	36,801
Bank deposit certificates and investments in repo	1,305,402	847,010	1,790,566	1,193,318
<b>Total</b>	<b>1,340,005</b>	<b>885,335</b>	<b>1,928,231</b>	<b>1,421,302</b>

The balance of financial investments is presented by bank deposits and investments in repo earn interest with reference to the CDI rate, and deposits abroad in US Dollars which earn a fixed interest

rate. The bank deposit certificates (CDB) are remunerated at rates which approximate the CDI rates and although they have long-term maturities, bank deposit certificates can be redeemed at any time without penalty.

## Note 6 - Trade accounts receivable

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic customers	886,442	904,089	1,266,952	1,267,546
Foreign customers	118,876	101,063	270,620	213,784
Impairment in accounts receivable	(47,520)	(54,473)	(62,907)	(73,700)
Total customers - third parties	957,798	950,679	1,474,665	1,407,630
Total customers - related parties	171,394	87,462	43,022	22,535
<b>Total accounts receivable</b>	<b>1,129,192</b>	<b>1,038,141</b>	<b>1,517,687</b>	<b>1,430,165</b>

The balances of accounts receivable by maturity are as follow:

	Parent company								Consolidated							
	09/30/2022								09/30/2022							
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	833,737	15,258	4,956	3,463	3,594	25,434	(38,304)	848,138	1,165,225	30,708	8,438	6,740	11,098	44,743	(51,524)	1,215,428
Foreign customers	87,034	14,573	5,046	3,742	5,040	3,441	(9,216)	109,660	218,241	27,304	7,003	7,279	5,950	4,843	(11,383)	259,237
Related parties	101,688	11,128	10,756	2,439	35,174	10,209	-	171,394	43,472	64	(368)	39	76	(261)	-	43,022
<b>Total</b>	<b>1,022,459</b>	<b>40,959</b>	<b>20,758</b>	<b>9,644</b>	<b>43,808</b>	<b>39,084</b>	<b>(47,520)</b>	<b>1,129,192</b>	<b>1,426,938</b>	<b>58,076</b>	<b>15,073</b>	<b>14,058</b>	<b>17,124</b>	<b>49,325</b>	<b>(62,907)</b>	<b>1,517,687</b>

	12/31/2021								12/31/2021							
	Past due								Past due							
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	794,342	56,802	10,429	6,105	4,361	32,050	(52,110)	851,979	1,078,729	88,906	24,073	11,749	14,990	49,099	(68,209)	1,199,337
Foreign customers	69,709	24,319	4,165	244	-	2,626	(2,363)	98,700	160,273	34,592	9,825	2,858	1,035	5,201	(5,491)	208,293
Related parties	65,358	6,470	4,048	1,764	5,296	4,526	-	87,462	16,029	4,777	1,662	-	-	67	-	22,535
<b>Total</b>	<b>929,409</b>	<b>87,591</b>	<b>18,642</b>	<b>8,113</b>	<b>9,657</b>	<b>39,202</b>	<b>(54,473)</b>	<b>1,038,141</b>	<b>1,255,031</b>	<b>128,275</b>	<b>35,560</b>	<b>14,607</b>	<b>16,025</b>	<b>54,367</b>	<b>(73,700)</b>	<b>1,430,165</b>

The Company and its subsidiaries have a credit policy for granting credit for sales of products and services, both domestically and abroad.

The credit limit is determined based on a credit analysis, considering the history of the customer, its capacity as a borrower, market information and credit rating reports.

The risk classification in external credit rating reports, both in Brazil and abroad, reflected the scale below, from A to D, where A indicates low risk customers and D are higher risk customers.

Trade receivables in installment net of allowances, are classified separately.

Classification	09/30/2022	12/31/2021
A	34%	28%
B	18%	17%
C	45%	49%
D	0%	1%
Impairment in accounts receivable	3%	5%

The maximum credit risk exposure is the book value of each class of trade receivable balance.

The changes in accounts receivable impairment (provision for expected credit losses) for the nine-month period ended September 30, 2022 were:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Opening balance	(54,473)	(57,150)	(73,700)	(72,623)
(Constitution) reversion (*)	(9,946)	(13,465)	(11,510)	(21,205)
Write-offs	16,899	16,142	22,303	20,128
<b>Closing Balance</b>	<b>(47,520)</b>	<b>(54,473)</b>	<b>(62,907)</b>	<b>(73,700)</b>

(\*) affected by COVID19 (Note 1.c).

## Note 7 – Inventories

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Finished goods		441,077	360,221	838,739
Raw materials		411,238	395,158	580,117
Work in progress		168,143	167,552	228,116
General warehouse		115,314	114,153	145,982
Advances to suppliers (*)		4,231	25,123	9,241
Estimated loss on inventory realization (-)		(25,477)	(47,214)	(43,291)
<b>Total</b>		<b>1,114,526</b>	<b>1,014,993</b>	<b>1,758,904</b>

(\*) Consolidated, advances from parent company to subsidiary Duratex Florestal Ltda. have been eliminated.

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Opening balance</b>	(47,214)	(40,164)	(66,015)	(58,181)
Constitutions	(27,663)	(37,467)	(44,746)	(54,401)
Reversions	22,454	13,265	24,200	20,697
Write-offs	26,946	17,152	42,563	25,249
Exchange variation	-	-	707	621
<b>Closing Balance</b>	<b>(25,477)</b>	<b>(47,214)</b>	<b>(43,291)</b>	<b>(66,015)</b>

## Note 8 - Other receivables

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Fundação Itaúsa Industrial (pension plan) (1)	5,284	5,993	5,452	5,993
Sale of farms/ properties and other assets (2)	7,336	12,900	19,757	43,972
Retention values from business acquisitions	2,380	2,380	2,381	2,381
Claims to receive	1,311	8,064	1,918	8,073
Electricity sales	4,021	3,114	5,664	4,453
Others	664	5	13,984	8,436
<b>Total Current</b>	<b>20,996</b>	<b>32,456</b>	<b>49,156</b>	<b>73,308</b>
Fundação Itaúsa Industrial (pension plan) (1)	417	2,085	417	2,085
Sale of subsidiary	13,271	13,271	13,271	13,271
Sale of farms/ properties (2)	1,902	7,238	9,013	15,911
Forest incentives (3)	-	-	11,081	10,943
Indemnifiable assets (4)	18,052	18,052	18,052	18,052
Retention values from business acquisitions	48,012	48,091	54,440	48,310
Others	447	703	890	579
<b>Total Non-Current</b>	<b>82,101</b>	<b>89,440</b>	<b>107,164</b>	<b>109,151</b>

(1) Credits from the review of defined benefit plan of Fundação Itaúsa Industrial;

(2) Sales of property, plant and equipment, mainly farms;

(3) Contractual Forest planting models in which the Company provides incentives, raw materials, technical assistance and maintenance;

(4) Indemnity to cover acquisition of subsidiaries Ceusa and Massima related receivables from previous owners in the event Dexco is required to make disbursements.



**Note 9 - Recoverable taxes and contributions**

Recoverable federal and state tax credits as follows:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Income tax and social contribution to be offset	100,186	82,970	165,096	113,387
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	11,109	10,042	18,489	16,089
PIS and COFINS to be offset	4,084	11,603	4,794	12,921
ICMS and IPI recoverable	11,241	16,771	37,625	52,415
Others	3,274	3,249	5,745	5,360
<b>Total current</b>	<b>129,894</b>	<b>124,635</b>	<b>231,749</b>	<b>200,172</b>
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	20,555	16,107	26,772	19,029
PIS and COFINS to be offset (**)	481,851	600,687	617,845	782,165
<b>Total non current</b>	<b>502,406</b>	<b>616,794</b>	<b>644,617</b>	<b>801,194</b>

(1) State Value-Added Tax (ICMS), Social Integration Program (PIS) and Social Contribution on Revenue (COFINS) to be offset were mainly generated from the acquisitions of property, plant and equipment items for the industrial plants. Under current legislation, the PIS/COFINS credits will be utilized within 12 and 24 months, and the ICMS credits within 48 months.

(2) Balance preponderantly to the exclusion effect of ICMS on basis of PIS and COFINS

**Note 10 - Deferred income tax and social contribution**

Deferred income tax and social contributions are calculated on tax carryforward losses, temporary differences between tax calculation bases on assets and liabilities and under CPC's/IFRS. The tax rates for deferred taxes are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to offset temporary differences, based on projections. These projections are prepared on the basis of internal assumptions and using future economic scenarios, and therefore, subject to change.

On September 30, 2022, the Group had unrecorded tax carryforward losses for income tax and social contribution of R\$ 35,178 in its subsidiary Hydra Corona Sistemas de Aquecimento de Água Ltda..

The table below presents the deferred income tax and social contribution assets and liabilities, at September 30, 2022.

## Financial Statements of Dexco S.A. and its controlled companies on September 30th, 2022.

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Deferred tax assets to be recovered within 12 months	126,528	124,863	166,702	173,221
Tax losses and negative base of Social Contribution	72,824	42,137	81,086	56,532
Temporarily non-deductible provisions:				
Provision for sundry labor charges	15,802	16,852	19,859	21,677
Provisions for losses on inventory	8,661	16,052	13,121	20,370
Provision for commission payable	1,308	2,015	2,558	3,898
Sundry provisions	24,679	35,610	38,673	47,570
Deferred tax asset to be recovered after 12 months	228,094	204,450	347,678	310,707
Tax losses and negative base of Social Contribution	15,958	35,628	37,714	47,463
Temporarily non-deductible provisions:				
Provision for sundry labor charges	28,051	29,128	43,566	51,727
Tax provisions	19,769	18,592	30,620	28,335
Civil provisions	711	-	28,822	21,555
Impairment of property, plant and equipment	32,637	31,374	62,672	57,050
Provision for impairment of trade accounts receivable	8,391	6,999	10,551	10,050
Provision for losses on investments	2,936	492	2,936	492
Provision on post-employment benefits	9,064	8,377	13,642	12,852
Provision for fair value financing	-	177	-	725
Income tax on foreign profits	55,921	55,921	55,921	55,921
Amortization appreciation of assets	17,264	16,583	17,264	16,583
Sundry provisions	1,629	1,179	7,359	7,954
Hedge accounting	35,763	-	36,628	-
<b>Total deferred tax assets</b>	<b>354,622</b>	<b>329,313</b>	<b>514,380</b>	<b>483,928</b>
Non-current liabilities				
Revaluation reserve	(17,454)	(16,816)	(52,618)	(53,776)
Swap result (cash vs. accruals basis)	-	(918)	-	(1,053)
Income tax - accelerated depreciation	-	-	(39,929)	(31,386)
Sale of real estate	-	-	(102)	(272)
Biological assets	-	-	(210,587)	(113,162)
Customer portfolio Satipel	(14,293)	(19,886)	(14,293)	(19,886)
Fair value complementary pension	(30,579)	(29,953)	(34,177)	(33,330)
Customer portfolio Tablemac	-	-	(2,536)	(3,366)
Appreciation of assets	(3,922)	(4,283)	(23,343)	(24,213)
Restricted deposits updates	(8,715)	(6,697)	(19,895)	(17,194)
Cash Flow Hedge	-	2,700	-	2,700
Others	(9,472)	(10,614)	(28,249)	(26,954)
<b>Total deferred tax liabilities</b>	<b>(84,435)</b>	<b>(86,467)</b>	<b>(425,729)</b>	<b>(321,892)</b>
<b>Total net deferred tax assets</b>	<b>270,187</b>	<b>242,846</b>	<b>312,329</b>	<b>294,868</b>
<b>Total net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(223,678)</b>	<b>(132,832)</b>

## Estimated realization of deferred tax assets:

Year	Parent company	Consolidated
2022 up to 09/2023	126,528	166,702
2023	48,426	62,281
2024	37,091	56,492
2025	41,807	67,369
2026	49,021	80,133
2027	51,749	81,403
<b>Total</b>	<b>354,622</b>	<b>514,380</b>

The estimated realization of deferred tax assets is based on studies prepared by Group Management to show the capacity of each entity in generating future taxable income available for offset.

**Changes in the deferred income tax and social contribution**

	Parent company	Consolidated
<b>Balance as at December 31, 2021 - net of deferred income tax and social contribution assets and liabilities</b>	242,846	162,036
(Expenses) and revenues of deferred tax	(5,444)	(110,590)
Income tax and social contribution over loan with Hedge accounting	33,046	33,894
Exchange variation on translation of balance sheet from foreign companies(*)	(261)	3,311
<b>Balance as at September 30, 2022 - net of deferred income tax and social contribution assets and liabilities</b>	<b>270,187</b>	<b>88,651</b>

(\*) Registered as comprehensive income in the stockholders' equity.

**Deferred social contribution income tax:**

	Parent company	Consolidated
	09/30/2022	09/30/2022
In the non current assets	270,187	312,329
In the non current liabilities	-	(223,678)
<b>Total</b>	<b>270,187</b>	<b>88,651</b>

**Note 11 - Related parties****a) Balances and transactions with subsidiaries**

Description	Duratex Florestal		Dexco Hydra Corona		Duratex Andina		Dexco Revestimento Cerámicos(*)		Dexco Colombia		Duratex North America		Duratex Europe	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Assets</b>														
Clients (1)	-	40	-	342	-	-	-	61	45,299	27,492	83,644	37,762	-	-
Other receivables (2)	5,612	5,506	360	276	-	-	1,636	1,501	-	-	-	-	5,010	6,078
Subsidiaries (3)	-	-	64	130	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>														
Suppliers (4)	36,156	33,153	38,475	19,124	54	56	-	-	358	210	-	52	-	-
Accounts payable	5,933	1,304	-	-	-	-	-	-	-	-	-	-	-	-
<b>Results</b>														
Sales (5)	-	47	202	132	-	-	-	67	100,123	70,993	71,649	59,383	-	-
Purchases (6)	(291,476)	(245,252)	(102,886)	(121,969)	-	-	-	(8)	-	-	-	-	-	-
Financial	-	1	-	7	-	(2)	-	8	497	542	960	2,834	-	-

(1) Trade accounts receivable from sales (Note 5).

(2) R\$ 5,010 refers to sales of shares from Duratex Belgium to Duratex Europe.

(3) Intercompany operations to centralize cash management.

(4) Accounts payable for acquisition of raw material (Note 6) or credits to be reimbursed to Peru, United States and Colombia.

(5) Supplies of products in the domestic markets in Peru, United States, Canada and Colombia.

(6) Regular acquisition of harvested eucalyptus wood for production of wood panels (Duratex Florestal), acquisition of products Hydra line for resale and acquisition of Ceramic Tiles line products for consumption.

Description	Associate	
	LD Celulose (1)	
	09/30/2022	12/31/2021
<b>Assets</b>		
Trade accounts receivable	571	770
Biological asset	44,545	37,986
<b>Liabilities</b>		
Suppliers	1,762	4,080
Accounts payable	-	3,007
<b>Results</b>		
Sales (2)	10,133	275
Purchases	(1,958)	(1,006)

(1) Companies not consolidated, shared control and associate.

(2) Supply of Duratex Florestal products in the domestic market.

**b) Balances and transactions with the parent company**

Description	Itaúsa S.A.	
	09/30/2022	12/31/2021
<b>Liabilities</b>		
Rent payable	65	262
<b>Results</b>	09/30/2022	09/30/2021
Rent expenses (*)	(2,261)	(3,538)

(\*) Rental of Company headquarter offices;

### c) Operations with associates - guarantees

In addition to surety and liens (Note 18c), the Company has offered guarantees for operations of its associate LD Celulose S.A.. At September 30, 2022, these were: 1) surety of R\$ 59.7 million to several banks for hedging operations and 2) surety of R\$ 2,934.4 million to several banks for loans.

### d) Transactions with other related parties

Description	Leo Madeiras Máquinas & Ferramentas Ltda.		Ligna Florestal Ltda.	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Assets</b>				
Clients (1)	42,451	21,733	-	-
<b>Liabilities</b>				
Related-party liabilities of leases	-	-	31,822	31,786
<b>Results</b>	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Sales (2)	199,536	131,800	-	-
Lease costs (3)	-	-	(2,496)	(2,280)

(1) Trade accounts receivables from sales in domestic market.

(2) Domestic market sales.

(3) Refers to rural leasing contracts of the subsidiary Duratex Florestal Ltda. with Ligna Florestal Ltda. (controlled by Companhia Ligna de Investimentos) for reforestation land. Monthly charges related to these leases total R\$ 311, R\$ 283 net of PIS/COFINS, adjusted annually, as established in the contract. Contracts expire in July 2036 and can be automatically renewed for another 15 years adjusted annually by the INPC/IBGE.

Description	Itaú Unibanco		Itaú Corretora de Valores		Liquigás		XP Investimentos	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021	09/30/2022	12/31/2021
<b>Assets</b>								
Financial investments (1)	4,685	14,551	-	-	-	-	7,514	-
Clients (2)	-	32	-	-	-	-	-	-
<b>Liabilities</b>								
Others liabilities (3)	18,550	-	-	-	-	-	-	-
Suppliers	-	-	-	-	(317)	(419)	-	-
Loans (4)	601,080	546,010	-	-	-	-	-	-
<b>Results</b>								
Purchases (5)	-	-	-	-	-	(2,617)	-	-
Sales (6)	-	921	-	-	-	-	-	-
Remuneration on financial investments (7)	456	891	-	-	-	-	1,184	695
Financial expenses (8)	-	(20)	-	-	-	-	-	-
Interest appropriate (9)	(55,069)	(18,723)	-	-	-	-	-	-
Shares bookkeeping expenses	-	-	(297)	(347)	-	-	-	-

(1) Financial investments with Itaú Unibanco and XP Investimentos, under conditions agreed between the parties and within the limits established by Company's Management.

(2) Amounts receivable from customers on sales in the domestic market.

(3) Provision of services and payment.

(4) Loans in Itaú Unibanco, under conditions agreed between the parties and within the limits established by Management.

(5) Regular acquisition and gas for internal consumption.

(6) Domestic sales.

(7) Gains from financial investments (Note 1).

(8) Expenses for payment claims.

(9) Interests appropriated over the loan period (Note 4).

The transactions with related parties are conducted in the normal course of the Company's business, under agreement between the parties.

The transactions between related parties are reviewed by the Audit Committee which is composed of independent members.

On September 30, 2022 no allowance for losses from expected credits was required for transactions with related parties.

## e) Remuneration of management executives

The remuneration paid or payable to Management of the Company and its subsidiaries for the nine months ended on September 30, 2022 was R\$ 15,310 (R\$ 14,338 to September 30, 2021) in fees, R\$ 13,408 as profit sharing (R\$ 17,483 on September 30, 2021) and long-term remuneration based on stock options and ILP was R\$ 9,021 to September 30, 2022 (R\$ 7,077 to September 30, 2021).

## Note 12 - Marketable securities

Corporate Venture Capital Fund ("CVC"), trading as DX Ventures Fundo de Investimento em Participações Multiestratégia (Multi-strategy Equity Investment Fund), was formed to invest in start-ups and scale-ups, in multiple stages of investment, the first scheduled contribution being R\$ 100,000.

This is an exclusive fund supported by Valettec, a specialized venture capital manager. The fund will enable the Company to follow the macro transformation and innovation trends in the construction, renovation and decoration sector, through the development of relevant businesses in long term. DX Ventures aims to map potential business and product disruptions, designing appropriate measures to address new opportunities for its core business. Disbursements to this fund total R\$ 48,061. On September 30, 2022, the balance of this investment is recorded at fair value of R\$ 46,665 and R\$ 3,019 in others investments.

**Note 13 - Investments in subsidiaries and associates**

**a) Flux in investment**

Description	Direct subsidiaries													Associate	Shared Control	Total
	Duratex Florestal	Estrela do Sul	Dexco Empreend.	Dexco Com. Prod.	Trento Adm. Part.	Duratex Europe	Griferia Sur	North America	Dexco Colombia	Dexco Hydra	Duratex Andina	Dexco Revestimentos	Viva Decora	LD Celulose	LD Florestal S.A.	
Number of shares/quotas held (Thousand)	165	12	374	1,023	1	47	3,112	500	29,599,138	259,650	1,637	91	4,013	1,018,295	68,193	
Interest %	100.00	99.99	99.99	99.99	100.00	100.00	62.00	100.00	87.83	100.00	100.00	99.99	100.00	49.00	50.00	
Capital	695,915	12	374	102,260	1	181	590	886	54,332	259,650	1,771	1,094,017	7,841	2,077,920	177,452	
Stockholders' Equity	1,048,908	299	875	102,495	1	62,371	(334)	19,558	499,501	281,641	1,743	1,462,087	(11)	2,555,143	192,380	
Net income (loss) in the period	193,779	61	(132)	235	-	14,346	519	(978)	129,969	23,417	(118)	105,658	(3,607)	37,898	(11,827)	
<b>Changes in investments:</b>																
<b>As at December 31, 2020</b>	<b>706,974</b>	<b>364</b>	<b>1,010</b>	<b>9</b>	<b>1</b>	<b>88,719</b>	<b>-</b>	<b>17,489</b>	<b>601,929</b>	<b>246,984</b>	<b>2,666</b>	<b>1,229,610</b>	<b>145</b>	<b>850,621</b>	<b>107,935</b>	<b>3,854,456</b>
Equity in results of investees	40,310	(126)	7	-	-	11,573	(79)	2,379	103,048	37,496	(688)	155,803	(3,349)	(65,712)	(2,898)	277,764
Change in unrealized result	-	-	-	-	-	-	-	-	-	1,537	-	-	-	-	-	1,537
Advance for future capital increase	-	-	-	-	-	-	-	-	-	-	-	-	3,250	-	-	3,250
Capital Contribution Increase	-	-	-	102,250	-	-	-	-	-	-	-	-	-	98,491	-	200,741
Exchange variations on equity (reflex)	-	-	-	-	-	(7,172)	-	1,359	(45,868)	-	(61)	-	-	69,801	-	18,059
Variation of % share	-	-	-	-	-	-	-	-	-	-	-	(24)	-	-	-	(24)
Equity of investees reflex	-	-	-	-	-	-	-	-	-	-	-	-	-	150,641	-	150,641
Provision for unsecured liability	-	-	-	-	-	-	79	-	-	-	-	-	-	-	-	79
Amortization of appreciation of assets	-	-	-	-	-	-	-	-	(619)	(2,705)	-	(1,115)	-	-	-	(4,439)
Exchange variation on appreciation of assets	-	-	-	-	-	-	-	-	(445)	-	-	-	-	-	-	(445)
Actuarial gain (loss) - Net equity mutation	(1,611)	-	-	-	-	-	-	-	-	2,953	-	1,170	-	-	-	2,512
Dividends	(78,599)	-	-	-	-	(23,372)	-	-	(120,984)	-	-	-	-	-	-	(222,955)
<b>As at December 31, 2021</b>	<b>667,074</b>	<b>238</b>	<b>1,017</b>	<b>102,259</b>	<b>1</b>	<b>69,748</b>	<b>-</b>	<b>21,227</b>	<b>537,061</b>	<b>286,265</b>	<b>1,917</b>	<b>1,385,444</b>	<b>46</b>	<b>1,103,842</b>	<b>105,037</b>	<b>4,281,176</b>
Equity in results of investees	193,779	61	(132)	235	-	14,346	479	(978)	114,158	23,417	(118)	105,656	(3,607)	18,570	(5,914)	459,952
Change in unrealized result	-	-	-	-	-	-	-	-	-	(1,529)	-	-	-	-	-	(1,529)
Advance for future capital increase	-	-	-	-	-	-	322	-	-	-	-	150,000	3,550	-	-	153,872
Capital Contribution Increase	200,000	-	-	-	-	-	-	-	-	-	-	-	-	246,373	-	446,373
Exchange variations on equity	-	-	-	-	-	(11,244)	-	(691)	(79,515)	-	(56)	-	-	(9,449)	-	(100,955)
Equity of investees reflex	(14,553)	-	(10)	-	-	-	-	-	-	-	-	77	-	75,600	-	61,114
Provision for unsecured liability	-	-	-	-	-	-	(801)	-	-	-	-	-	11	-	-	(790)
Amortization of appreciation of assets	-	-	-	-	-	-	-	-	(368)	(1,282)	-	(7,910)	-	-	-	(9,560)
Exchange variation on appreciation of assets	-	-	-	-	-	-	-	-	(531)	-	-	-	-	-	-	(531)
Dividends	-	-	-	-	-	(10,589)	-	-	(84,244)	-	-	-	-	-	-	(94,833)
<b>As at September 30, 2022</b>	<b>1,046,300</b>	<b>299</b>	<b>875</b>	<b>102,494</b>	<b>1</b>	<b>62,261</b>	<b>-</b>	<b>19,558</b>	<b>486,561</b>	<b>306,871</b>	<b>1,743</b>	<b>1,633,267</b>	<b>-</b>	<b>1,434,936</b>	<b>99,123</b>	<b>5,194,289</b>

## During the third quarter of 2022

Description	Indirect subsidiaries			Associate
	Duratex Colombia	Castelatto Ltda.	Cecrisa Revestimentos	ABC da Construção
Number of shares/quotas held (Thousand)	4,023,226	-	-	10
<b>Interest %</b>	<b>11.94</b>	<b>100.00</b>	<b>100.00</b>	<b>10.00</b>
Capital	54,332	27,800	-	-
Stockholders' equity	499,501	34,657	-	210,681
Net income in the period	129,969	6,587	-	2,352
<b>Changes in investments</b>				-
<b>As at December 31, 2020</b>	<b>75,002</b>	-	<b>944,684</b>	-
Equity in results of investees	14,007	-	-	-
Exchange variations on equity	(6,394)	-	-	-
Acquisition of 10% of the shares in company ABC da Construção by Dexco Com. Prod.	-	-	-	102,250
Incorporation of Cecrisa by the subsidiary Ceusa(*)	-	-	(944,684)	-
Dividends	(15,379)	-	-	-
<b>As at December 31, 2021</b>	<b>67,236</b>	-	-	<b>102,250</b>
Acquisition of 100% of the shares of Castelatto Ltda by Dexco Revestimentos	-	124,609	-	-
Equity in results of investees	15,517	6,587	-	235
Exchange variations on equity	(11,668)	-	-	-
Goodwill for expectation of future profitability transferred to intangible	-	(96,539)	-	-
Dividends	(11,445)	-	-	-
<b>As at September 30, 2022</b>	<b>59,640</b>	<b>34,657</b>	-	<b>102,485</b>

**b) Advance for future capital increase**

During the third quarter of 2022, the Company advanced amounts for future capital increase to its subsidiaries, which have not yet been capitalized: i) Viva Decora Internet S.A., in the amount of R\$ 800, being R\$ 400 on August 26, 2022 and R\$ 400 on September 26, 2022; and ii) Duratex Revestimentos Cerâmicos S.A., in the amount of R\$ 150,000 on June 10, 2022.

**c) Acquisition of Castelatto by the subsidiary Dexco Revestimentos Cerâmicos**

On March 2, 2022, the subsidiary Dexco Revestimentos Cerâmicos acquired 100% of the capital quotas of Castelatto Ltda.'s ("Castelatto"). All conditions precedent have been satisfied, including approval, without restrictions, by the Administrative Council for Economic Defense (CADE). Castelatto's results have been consolidated from March 1, 2022. The amount of consideration paid/payable was R\$ 124,609.

The acquisition is consistent with the Company's growth strategy to build synergies across current business segments.

Castelatto since consolidated has contributed net revenue of R\$ 59,818 and net income of R\$ 6,587.

The Company will complete the determination of fair value of the net assets acquired within 12 months from the date of the business combination as required by CPC 15 (R1).

The preliminary fair value of the Castelatto assets acquired and liabilities assumed on the acquisition is as below:

		<b>Fair value acquisition</b>
Cash and cash equivalents		7,394
Trade accounts receivable		3,636
Inventories		6,632
Recoverable taxes and contributions		1,102
Other accounts receivable and others credits		1,422
Property, plant and equipment		29,668
Intangible assets		1,162
Loans, financing and debentures		(1,545)
Suppliers		(3,150)
Accounts payable and personnel		(17,779)
Taxes and contributions		(1,930)
<b>Total net assets</b>		<b>28,070</b>
<hr/>		
<b>Consideration paid and payable in the acquisition</b>	<b>100.00%</b>	124,609
Goodwill (goodwill for expectation of future profitability)		96,539
 <b>Cash flow at the time of acquisition</b>		
Net cash acquired with the subsidiary		(7,394)
Paid cash		113,202
<b>Cash outflow, net</b>		<b>105,808</b>

The acquisition-related costs of R\$ 703 were recognized as administrative expenses.

The Company expects to accrue tax benefits from the amortization of goodwill and fair value surpluses from these acquisitions.

Goodwill of R\$ 96,539 is justified by the future benefits resulting from the acquisition.

The gross nominal value of the receivables acquired is R\$3,636 which approximates fair values. No impairment losses were identified.



**Note 14 - Property, plant and equipment****a) Changes in balances**

Parent company	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 01/01/2021	162,500	418,658	1,169,031	104,688	9,716	692	45,656	1,910,941
Acquisitions	11	3,091	69,507	296,412	1,869	513	8,250	379,653
Write-offs	(800)	(6)	(141)	(2,150)	(50)	(107)	(220)	(3,474)
Depreciation	-	(28,554)	(203,979)	-	(2,327)	(327)	(12,559)	(247,746)
Transfers	-	7,268	169,502	(180,782)	1,357	-	2,655	-
Net book value on 12/31/2021	161,711	400,457	1,203,920	218,168	10,565	771	43,782	2,039,374
Opening balance at 01/01/2022	161,711	400,457	1,203,920	218,168	10,565	771	43,782	2,039,374
Acquisitions	-	2,711	27,389	254,574	676	47	5,820	291,217
Write-offs	-	-	(108)	(188)	(25)	(10)	(21)	(352)
Depreciation	-	(21,604)	(155,242)	-	(1,767)	(226)	(10,215)	(189,054)
Transfers	690	5,602	49,040	(57,868)	66	-	2,470	-
Net book value	162,401	387,166	1,124,999	414,686	9,515	582	41,836	2,141,185
Balance as at 09/30/2022								
Cost	162,401	854,289	4,133,427	414,686	47,798	8,383	205,767	5,826,751
Accumulated depreciation	-	(467,123)	(3,008,428)	-	(38,283)	(7,801)	(163,931)	(3,685,566)
Net book value	162,401	387,166	1,124,999	414,686	9,515	582	41,836	2,141,185

Consolidated	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 01/01/2021	720,447	734,820	1,811,788	135,404	19,557	10,938	79,687	3,512,641
Acquisitions	15,680	5,344	94,026	418,438	4,986	963	14,609	554,046
Write-offs	(800)	(89)	(2,061)	(2,149)	(98)	(164)	(702)	(6,063)
Depreciation	-	(37,672)	(282,376)	-	(3,784)	(2,811)	(20,598)	(347,241)
Transfers	-	7,784	196,620	(211,949)	1,702	433	5,410	-
Amortization - Appreciation of assets	-	(1,054)	(1,907)	-	(19)	-	(840)	(3,820)
Exchange variations	(3,408)	(7,554)	(18,120)	(724)	(166)	(10)	(981)	(30,963)
Transfer to current asset (*)	(35,076)	(14,073)	(530)	-	-	-	(475)	(50,154)
Net book value on 12/31/2021	696,843	687,506	1,797,440	339,020	22,178	9,349	76,110	3,628,446
Opening balance at 01/01/2022	696,843	687,506	1,797,440	339,020	22,178	9,349	76,110	3,628,446
Acquisitions	14,564	2,828	31,385	491,093	1,243	459	9,677	551,249
Write-offs	(3,702)	(2,652)	(10,233)	(1,019)	(603)	(77)	(613)	(18,899)
Depreciation	-	(28,374)	(216,990)	-	(3,019)	(2,041)	(16,306)	(266,730)
Transfers	1,056	19,532	89,886	(114,352)	-	834	3,044	-
Amortization - Appreciation of assets	-	(6,979)	(1,543)	-	(12)	-	(658)	(9,192)
Exchange variations	(6,255)	(9,871)	(22,452)	(3,961)	(189)	(48)	(1,305)	(44,081)
Acquisition of subsidiary - Castelatto	-	-	26,626	923	447	-	1,672	29,668
Net book value	702,506	661,990	1,694,119	711,704	20,045	8,476	71,621	3,870,461
Balance as at 09/30/2022								
Cost	702,506	1,198,333	5,323,886	711,704	67,240	37,793	295,250	8,336,712
Accumulated depreciation	-	(536,343)	(3,629,767)	-	(47,195)	(29,317)	(223,629)	(4,466,251)
Net book value	702,506	661,990	1,694,119	711,704	20,045	8,476	71,621	3,870,461

(\*) Refers to assets transferred to non-current asset available for sale during the period.

**b) Assets in progress**

Assets in progress refer to investments in: (i) Wood Division industrial plants in Agudos - SP, Itapetininga - SP, Uberaba - MG and Taquari - RS for the production of wood panels; (ii) Deca Division industrial plants in Queimados - RJ and Jundiaí - SP for the production sanitary ceramic and in plants São Paulo - SP, Jundiaí - SP and Jacareí - SP for the production of metals, and Aracaju - SE for shower products; (iii) in Tiles, the industrial plants in Urussanga - SC and Criciúma - SC and in the future Botucatu - SP for ceramic tiles; and (iv) in the lumber mills in Agudos - SP, Itapetininga - SP, Lençóis Paulista - SP,

Taquari - RS and Uberaba - MG. On September 30, 2022, formal contracts in place for the expansion of industrial plants totaled approximately R\$ 810,034 million (R\$ 363,555 on December 31, 2021).

In the third quarter of 2022, no interest charges were capitalized in property, plant and equipment, as there were no qualifying assets.

Average annual depreciation rates	09/30/2022
Structures and improvements	4.0%
Machinery, equipment and facilities	6.4%
Furniture and fixtures	10.0%
Vehicles	20% to 25%
Other assets	10% to 20%

### c) Assets offered as guarantees

On September 30, 2022, the Group had in its fixed assets, land given as guarantees for legal proceedings totaling R\$ 1,747 (R\$ 1,747 on December 31, 2021).

## Note 15 - Leases

### a) Right-of-use assets

Changes in balances:

	Parent company				Consolidated				
	Buildings	Vehicles	Others	Total	Lands	Buildings	Vehicles	Others	Total
<b>Balance as at 12/31/2020</b>	<b>8,918</b>	<b>746</b>	<b>11,375</b>	<b>21,039</b>	<b>299,758</b>	<b>15,086</b>	<b>2,501</b>	<b>21,126</b>	<b>338,471</b>
New contracts	2,250	-	-	2,250	14,265	5,548	439	3,423	23,675
Updates	2,454	-	-	2,454	41,292	2,530	11	672	44,505
Depreciation in the year (result)	(5,192)	(351)	(1,978)	(7,521)	(949)	(7,604)	(1,933)	(7,152)	(17,638)
Depreciation in the year (*)	-	-	-	-	(18,812)	-	-	-	(18,812)
Write-off contracts	(2,045)	-	-	(2,045)	-	(2,045)	(31)	-	(2,076)
Exchange variation	-	-	-	-	(741)	-	-	(396)	(1,137)
<b>Balance as at 12/31/2021</b>	<b>6,385</b>	<b>395</b>	<b>9,397</b>	<b>16,177</b>	<b>334,813</b>	<b>13,515</b>	<b>987</b>	<b>17,673</b>	<b>366,988</b>
New contracts	-	56	-	56	49,690	-	1,707	13,055	64,452
Updates	143	56	-	199	107,209	143	96	496	107,944
Depreciation in the period (result)	(3,319)	(269)	(1,883)	(5,471)	(396)	(4,890)	(960)	(6,785)	(13,031)
Depreciation in the period (*)	-	-	-	-	(18,355)	-	-	-	(18,355)
Write-off contracts	-	(15)	-	(15)	(27,556)	-	(111)	(770)	(28,437)
Exchange variation	-	-	-	-	(929)	-	-	(509)	(1,438)
<b>Balance as at 09/30/2022</b>	<b>3,209</b>	<b>223</b>	<b>7,514</b>	<b>10,946</b>	<b>444,476</b>	<b>8,768</b>	<b>1,719</b>	<b>23,160</b>	<b>478,123</b>

(\*) Value booked in the formation cost from forest reserves in the biological asset account.

**b) Lease Liabilities**

Changes in balances:

	Parent company				Consolidated				
	Buildings	Vehicles	Others	Total	Lands	Buildings	Vehicles	Others	Total
<b>Balance as at 12/31/2020</b>	<b>9,225</b>	<b>625</b>	<b>11,502</b>	<b>21,352</b>	<b>320,267</b>	<b>15,904</b>	<b>1,926</b>	<b>22,055</b>	<b>360,152</b>
New contracts	2,250	-	-	2,250	14,265	5,548	439	3,423	23,675
Updates	2,454	-	-	2,454	41,292	2,530	11	672	44,505
Interests appropriated in the year (result)	742	41	1,073	1,856	2,142	1,467	133	1,888	5,630
Interests appropriated in the year (*)	-	-	-	-	29,971	-	-	-	29,971
Decrease by payment	(5,939)	(323)	(2,633)	(8,895)	(43,685)	(8,664)	(1,614)	(8,987)	(62,950)
Write-off contracts	(2,185)	-	-	(2,185)	-	(2,185)	(34)	-	(2,219)
Exchange variation	-	-	-	-	(821)	-	-	(434)	(1,255)
<b>Balance as at 12/31/2021</b>	<b>6,547</b>	<b>343</b>	<b>9,942</b>	<b>16,832</b>	<b>363,431</b>	<b>14,600</b>	<b>861</b>	<b>18,617</b>	<b>397,509</b>
New contracts	-	56	-	56	49,690	-	1,707	13,055	64,452
Updates	143	56	-	199	107,209	143	96	496	107,944
Interests appropriated in the period (result)	250	17	760	1,027	1,585	580	83	2,278	4,526
Interests appropriated in the period (*)	-	-	-	-	34,643	-	-	-	34,643
Decrease by payment	(3,566)	(258)	(2,500)	(6,324)	(42,604)	(5,306)	(950)	(8,358)	(57,218)
Write-off contracts	-	(15)	-	(15)	(30,288)	-	(111)	(816)	(31,215)
Exchange variation	-	-	-	-	(1,044)	-	-	(565)	(1,609)
<b>Balance as at 09/30/2022</b>	<b>3,374</b>	<b>199</b>	<b>8,202</b>	<b>11,775</b>	<b>482,622</b>	<b>10,017</b>	<b>1,686</b>	<b>24,707</b>	<b>519,032</b>

(\*) Value booked in the formation cost of forest reserves included as a biological asset.

The Company expensed R\$ 5,594 for leases under agreement terms of less than 12 months.

**Agreements by term and discount rate**

Agreement terms	Rate % p.a.
Up to 5 years	12.05%
6 to 10 years	12.40%
Over 10 years	12.98%

**Maturity schedule of lease liabilities**

	Parent company			Parent company	
	09/30/2022	09/30/2022		12/31/2021	12/31/2021
2022 up to 09/2023	4,366	27,605	2022 up to 09/2023	7,012	25,794
<b>Total current</b>	<b>4,366</b>	<b>27,605</b>	<b>Total current</b>	<b>7,012</b>	<b>25,794</b>
2023	750	7,992	2023	3,204	19,734
2024	2,444	24,726	2024	2,401	16,435
2025	2,319	23,506	2025	2,319	15,571
2026	1,896	21,475	2026	1,896	15,115
2027	-	17,716	2027	-	16,076
2028 - 2032	-	84,265	2028 - 2032	-	52,741
2033 - 2037	-	59,941	2033 - 2037	-	32,803
2038 - 2047	-	117,603	2038 - 2047	-	93,397
Above 2048	-	134,203	Above 2048	-	109,843
<b>Total non current</b>	<b>7,409</b>	<b>491,427</b>	<b>Total non current</b>	<b>9,820</b>	<b>371,715</b>

**c) Nominal effects on leases**

Right of use lease					Liabilities of lease				
Real Flow	Parent company		Consolidated		Real Flow	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Right of use	35,755	35,515	602,237	466,949	Liabilities of lease	13,797	19,861	1,355,782	1,064,922
Depreciation	(24,809)	(19,338)	(124,114)	(99,961)	Built-in interest	(2,022)	(3,029)	(836,750)	(667,413)
	10,946	16,177	478,123	366,988		11,775	16,832	519,032	397,509
Inflated Flow	Parent company		Consolidated		Inflated Flow	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Right of use	46,901	45,977	1,838,810	1,773,872	Liabilities of lease	23,047	33,977	3,961,860	3,801,311
Depreciation	(30,480)	(20,258)	(258,274)	(194,791)	Built-in interest	(3,324)	(5,207)	(2,227,987)	(2,087,548)
	16,421	25,719	1,580,536	1,579,081		19,723	28,770	1,733,873	1,713,763

**Note 16 - Biological assets (forest reserves)**

The Group owns eucalyptus and pine forests, used primarily as raw materials for producing wood panels and floors and sale to third parties, through its subsidiaries Duratex Florestal Ltda. and Dexco S.A. in Colombia, as well as it's jointly controlled company Caetex Florestal S.A..

The forestry reserves supply the mills and protect the Company against the risk of future wood price increases. These forestry reserves provide sustainability assurances to the manufacturing facilities, which, together with the supply network, provide the Company with a high degree of self-sufficiency for wood supplies.

On September 30, 2022 the Group had approximately 102,1 thousand hectares of planted areas (December 31, 2021 101,4 thousand hectares) cultivated in the States of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and in Colombia.

**a) Fair value estimate**

The fair value is calculated based on an estimate of wood ready for harvesting, at the current prices for standing wood, except for: the eucalyptus forests up to one year old, and pine forests up to four years old, which are stated at cost, because this approximates fair value.

Biological assets are measured at fair value, less costs to sell at the time of harvesting.

Fair value is determined by valuing the estimated ready-to-harvest volumes at current market prices, based on volume estimates. The assumptions utilized were:

- Discounted cash flow - the estimated volume of ready-to-harvest wood, considering current market prices, net of future costs and cost of land (at present value) discounted at 7.12% p.a., at September 30, 2022. The discount rate corresponds to the weighted average cost to the Company, which is revised annually by Management.
- Prices - prices in R\$/ cubic meter obtained from market price surveys published by specialized firms in regions and similar products to the Group, in addition to prices obtained from third party transactions in active markets.

iii. Differentiation - the volumes harvested were categorized and valued according to: (a) species (pine and eucalyptus) (b) region, (c) destination (sawmill and processing).

iv. Volume - the estimated volumes to be harvested (in the sixth year for eucalyptus and in the twelfth year for pine) based on the projected average productivity for each region and species. Average productivity may vary based on age, rotation, climatic conditions, quality of seedlings, fires, and other natural risks. For mature forests, the current volumes of wood are utilized. The estimates of volume are verified via rotating physical inventories made by technical specialists from the second year of a forest's life, and the effects incorporated into the financial information.

v. Periodicity of reviews - expectations of future wood prices and volumes are reviewed at least every quarter, or when a rotational physical inventory is concluded.

## b) Composition of balance

The biological asset balance comprises the cost of forest formation adjusted to fair value, as below:

	09/30/2022	12/31/2021
Formation cost of biological assets	1,115,373	939,079
Difference between cost and fair value	616,458	329,569
<b>Fair value of the biological assets</b>	<b>1,731,831</b>	<b>1,268,648</b>

The forests are unencumbered by third-party liens or pledges, including to financial institutions. No forests have restrictions as to their legal title.

## c) Changes in balances

	09/30/2022	12/31/2021
<b>Opening balance</b>	<b>1,268,648</b>	<b>1,142,866</b>
Variation in fair value		
Volume/price	403,291	129,444
Depletion	(116,402)	(116,256)
Variation in book value		
Formation	357,322	301,649
Depletion	(181,028)	(189,055)
<b>Total balance</b>	<b>1,731,831</b>	<b>1,268,648</b>

### Effect on fair value result of biological asset

	09/30/2022	09/30/2021
Variation in fair value	403,291	93,232
Depletion at fair value	(116,402)	(89,464)
<b>Total effect on the result</b>	<b>286,889</b>	<b>3,768</b>

Depletion expense is presented in "Cost of products sold".

**Note 17 - Intangible assets**

Parent Company	Software	Goodwill	Customer portfolio	Total
Opening balance at 01/01/2020	87,546	47,905	95,967	231,418
Additions	60,151	-	-	60,151
Write-off	(2,859)	-	-	(2,859)
Amortization	(11,965)	-	(24,707)	(36,672)
Net book value on 12/31/2021	132,873	47,905	71,260	252,038
Opening balance at 01/01/2022	132,873	47,905	71,260	252,038
Additions	42,503	-	-	42,503
Amortization	(12,557)	-	(18,531)	(31,088)
Net book value	162,819	47,905	52,729	263,453
Balance as at 09/30/2022				
Cost	269,741	47,905	383,698	701,344
Accumulated amortization	(106,922)	-	(330,969)	(437,891)
<b>Net book value</b>	<b>162,819</b>	<b>47,905</b>	<b>52,729</b>	<b>263,453</b>

Consolidated	Software	Trademarks and patents	Goodwill	Customer portfolio	Total
Opening balance at 01/01/2021	89,355	209,003	324,156	108,270	730,784
Additions	61,913	-	-	-	61,913
Write-off	(2,859)	-	-	-	(2,859)
Amortization	(12,264)	-	-	(26,127)	(38,391)
Complement of expectation of future profitability Cecrisa	(70)	-	-	(987)	(1,057)
Net book value on 12/31/2021	136,075	209,003	324,156	81,156	750,390
Opening balance at 01/01/2022	136,075	209,003	324,156	81,156	750,390
Additions	43,078	-	-	-	43,078
Amortization	(12,961)	-	-	(19,463)	(32,424)
Exchange variation	(123)	-	-	(1,506)	(1,629)
Acquisition of subsidiary - Castelatto	1,162	-	96,539	-	97,701
Net book value	166,215	209,003	420,695	60,187	856,100
Net book value on 09/30/2021					
Cost	234,013	209,003	420,695	403,201	1,266,912
Accumulated amortization	(67,798)	-	-	(343,014)	(410,812)
<b>Net book value</b>	<b>166,215</b>	<b>209,003</b>	<b>420,695</b>	<b>60,187</b>	<b>856,100</b>

**Note 18 - Loans, financing and debentures**

Composition of loans and, financing:

				09/30/2022		12/31/2021	
TYPE	CHARGES	AMORTIZATION	GUARANTEES	CURRENT	NON CURRENT	CURRENT	NON CURRENT
<b>Parent Company - Local currency</b>							
BNDES with Swap	103.89% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	-	-	5,062	25,605
BNDES with Swap	117.51% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	-	-	102	595
DIRECT FINAME	IPCA+ 3,82% up to 4,42% a.a.	Up to February 2038	Mortgage and Partner Guarantee	78,859	696,543	17,236	509,409
FINAME	Pré up to 3,5% a.a.	Monthly	Chattel mortgage	736	72	2,984	316
Export credit note	CDI + 1,45% a.a.	March 2023		601,080	-	-	546,010
Export credit note	CDI + 1,81% a.a.	May 2023	30% assignment of credit rights for financial investments	64,017	-	96,000	39,733
1° Commercial note	CDI + 1,71% a.a.	March 2028		-	298,937	-	-
2° Comercial note Lastro do CRA with SWAP	IPCA + 6,2% a.a.	Up to June 2032		4,335	381,507	-	-
2° Comercial note Lastro do CRA	CDI + 0,6% a.a.	June 2028		7,282	200,000	-	-
FINEX 4131	CDI + 0,85% a.a.	August de 2027		2,754	400,000	2,145	400,000
Bank Credit Note Spin	CDI + 1,45% a.a.	October 2024		16,293	250,000	4,559	250,000
<b>Total Parent Company - Local currency</b>				<b>775,356</b>	<b>2,227,059</b>	<b>128,088</b>	<b>1,771,668</b>
<b>Parent Company - Foreign currency</b>							
RESOLUTION 4131 with Swap	US\$ + 2,2610% a.a.	January 2027		2,360	404,370	-	-
<b>TOTAL PARENT COMPANY</b>				<b>777,716</b>	<b>2,631,429</b>	<b>128,088</b>	<b>1,771,668</b>
<b>Subsidiaries - Local currency</b>							
BNDES with Swap	103.89% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	-	-	6,727	34,074
BNDES with Swap	117.51% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	-	-	390	2,260
CRA	98% of CDI	Semiannually	Guarantee - Dexco S.A.	724,378	-	699,421	-
1° Comercial note Lastro do CRA with SWAP	IPCA + 6,2% a.a.	Up to June 2032	Surety Dexco	2,490	192,540	-	-
FNE	Fixed 4.71% up to 7.53% p.a	Annually	Guarantee - Duratex Florestal Ltda. and land mortgage	1,282	13,211	1,197	12,347
<b>Total Subsidiaries - Local currency</b>				<b>728,150</b>	<b>205,751</b>	<b>707,735</b>	<b>48,681</b>
<b>Subsidiaries - Foreign currency</b>							
LEASING	IBR até + 2%	Monthly	Promissory Note	135	1,434	454	1,304
<b>Total Subsidiaries - Foreign currency</b>				<b>135</b>	<b>1,434</b>	<b>454</b>	<b>1,304</b>
<b>TOTAL SUBSIDIARIES</b>				<b>728,285</b>	<b>207,185</b>	<b>708,189</b>	<b>49,985</b>
<b>TOTAL CONSOLIDATED</b>				<b>1,506,001</b>	<b>2,838,614</b>	<b>836,277</b>	<b>1,821,653</b>

**a) Guarantees and sureties for loans and financing**

The sureties and guarantees for the loans and financing of Dexco S.A. were granted to Itaúsa S.A. in the amount of R\$ 519,519 (R\$ 373,252 as at December 31, 2021). In the case of loans and financing obtained by the subsidiaries, the guarantees granted by Dexco S.A. in the amount of R\$ 919,408 (R\$ 699,421 on December 31, 2021). And guarantee of swap operation for subsidiary Duratex Florestal totaled R\$ 8,5 millions.

**b) Loans and financing by maturity**

09/30/2022						
Year	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2022 até 09/2023	775,356	2,360	777,716	1,503,506	2,495	1,506,001
<b>Total current</b>	<b>775,356</b>	<b>2,360</b>	<b>777,716</b>	<b>1,503,506</b>	<b>2,495</b>	<b>1,506,001</b>
2023	-	-	-	914	529	1,443
2024	289,717	-	289,717	290,916	471	291,387
2025	67,882	-	67,882	69,255	263	69,518
2026	82,274	-	82,274	84,020	106	84,126
2027	482,274	404,370	886,644	484,089	404,435	888,524
2028	578,675	-	578,675	580,562	-	580,562
2029	42,523	-	42,523	44,151	-	44,151
2030	168,693	-	168,693	233,357	-	233,357
2031	172,080	-	172,080	237,545	-	237,545
Other	342,941	-	342,941	408,001	-	408,001
<b>Total non current</b>	<b>2,227,059</b>	<b>404,370</b>	<b>2,631,429</b>	<b>2,432,810</b>	<b>405,804</b>	<b>2,838,614</b>

12/31/2021						
Year	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2022	128,088	-	128,088	835,823	454	836,277
<b>Total current</b>	<b>128,088</b>	<b>-</b>	<b>128,088</b>	<b>835,823</b>	<b>454</b>	<b>836,277</b>
2023	590,361	-	590,361	597,544	544	598,088
2024	294,324	-	294,324	301,475	486	301,961
2025	72,485	-	72,485	79,795	234	80,029
2026	472,485	-	472,485	480,148	40	480,188
2027	72,485	-	72,485	80,209	-	80,209
2028	72,485	-	72,485	80,276	-	80,276
2029	28,130	-	28,130	29,617	-	29,617
2030	28,131	-	28,131	29,670	-	29,670
2031	28,131	-	28,131	28,661	-	28,661
Other	112,651	-	112,651	112,954	-	112,954
<b>Total non current</b>	<b>1,771,668</b>	<b>-</b>	<b>1,771,668</b>	<b>1,820,349</b>	<b>1,304</b>	<b>1,821,653</b>

**c) Flux in loans and financing balances**



	Parent Company	Consolidated
<b>Balance as at December 31, 2020</b>	<b>1,211,873</b>	<b>2,004,709</b>
Borrowings/ fundraising	909,902	912,619
Indexation adjustment and interests	84,811	121,389
Amortizations	(266,370)	(309,308)
Interest payments	(40,460)	(71,479)
<b>Balance as at December 31, 2021</b>	<b>1,899,756</b>	<b>2,657,930</b>
Borrowings/ fundraising	1,518,551	1,719,247
Indexation adjustment and interests	141,544	168,302
Amortizations	(105,296)	(149,977)
Interest payments	(45,410)	(52,441)
Acquisition of subsidiary - Castelatto	-	1,554
<b>Balance as at September 30, 2022</b>	<b>3,409,145</b>	<b>4,344,615</b>

#### d) Simple non - convertible debentures

On May 17, 2019 the Company placed the second issue of simple non-convertible debentures, unsecured, in a single series of R\$ 1,200,000. The Company issued 120,000 debentures, with a unit nominal value of R\$ 10,000 accruing interest of 108% of the CDI rate, semiannual remuneration and maturity in two equal installments corresponding to 50% of the unit nominal value on the dates: May 17, 2024 and May 17, 2026.

Composition	Issue date	Type of debenture	Maturity date	Qty debentures	Nominal value	Price as of issue date	Semester finance charge	Balance as at September 30, 2022		
								Current	Non Current	Total
2º issue	5/17/2019	simple no convertible in shares	5/17/2026	120,000	10,000	1,200,000,000	108% of CDI base 252 working days, paid semiannually in the day 17 from the months of May and November	62,393	1,199,019	1,261,412

#### e) Debentures by maturity

09/30/2022		12/31/2021	
Parent company and Consolidated		Parent company and Consolidated	
Year		Year	
2022 to 09/2023	62,393	2022	12,975
<b>Total current</b>	<b>62,393</b>	<b>Total current</b>	<b>12,975</b>
2024	599,510	2024	599,372
2026	599,509	2026	599,371
<b>Total non current</b>	<b>1,199,019</b>	<b>Total non current</b>	<b>1,198,743</b>

#### f) Changes in debenture balances

	Parent Company and Consolidated	Consolidated
<b>Balance as at December 31, 2020</b>	<b>1,201,012</b>	<b>1,201,012</b>
Indexation adjustment and interests	56,685	56,685
Interest payments	(45,979)	(45,979)
<b>Balance as at December 31, 2021</b>	<b>1,211,718</b>	<b>1,211,718</b>
Indexation adjustment and interests	49,694	49,694
<b>Balance as at September 30, 2022</b>	<b>1,261,412</b>	<b>1,261,412</b>

**g) Covenants****g.1) Loans and financing**

Dexco has: (a) Export Credit Note with Caixa Econômica Federal; (b) a 4,131 transaction with Scotiabank; (c) its 2nd issue of Commercial Notes; (d) and is guarantor of the 1st issue of Commercial Notes of Duratex Florestal Ltda. Financial covenants are as below:

(i) Net debt / EBITDA (\*) less or equal to 4.0;

**g.2) Simple debentures Dexco S.A.**

(i) Net debt / EBITDA (\*) less or equal to 4.0;

Financial covenants are based on the balance sheet of Dexco S.A.. The Company must maintain as per debt coverage limit above. In the event of a breach a waiver can be requested from the creditors. At September 30, 2022, the contractual obligations in items "g.1" and "g.2" were being fulfilled.

(\*) EBITDA (earnings before interest, taxes, depreciation and amortization).

**Note 19 - Suppliers**

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic suppliers	616,975	787,572	864,890	1,026,002
Foreigners suppliers	88,788	95,346	114,479	152,160
Related parties suppliers	75,360	53,014	2,079	4,499
Domestic suppliers risk payer (*)	329,362	460,046	350,041	471,000
<b>Total</b>	<b>1,110,485</b>	<b>1,395,978</b>	<b>1,331,489</b>	<b>1,653,661</b>

(\*) The Company has entered into a financing contract with Banco Santander with supplier invoices. In this operation, the suppliers transfer the right to receive the securities to the Bank, which in turn becomes the creditor of the operation. Management reviewed the composition of the portfolio of this operation and concluded that there was no significant change in terms, prices and conditions previously established. The Company and its subsidiaries are not impacted by the financial institutions' financial charges. Therefore, the Company shows presents this operation under the heading of suppliers.

**Note 20 - Accounts payable**

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Advances from customers	22,997	18,210	69,788	80,596
Statutory share	12,743	21,625	15,304	23,172
Freight and insurance payable	42,335	58,407	59,414	65,705
Acquisition of business	29,231	28,457	29,436	28,457
Distributed earnings (from SCP's) to shareholders (1)	-	-	-	7,157
Commission payable	7,037	10,687	13,954	19,304
Bonuses, product warranty, technical support and maintenance	21,955	47,919	58,862	97,828
Acquisition of land used for reforestation	-	-	72,804	28,122
Accounts payable (from SCPs) to shareholders (2)	-	-	109,697	84,207
Consigned loans	2,163	1,959	2,827	2,719
Sales for future delivery	30,838	16,123	35,212	19,771
Provision for restructuring	2,063	2,063	2,063	2,063
Consultancy services	681	949	681	949
Provision for indemnification of representatives (4)	8,588	31,723	10,827	31,723
Others	13,202	18,652	44,132	48,970
<b>Total Current</b>	<b>193,833</b>	<b>256,774</b>	<b>525,001</b>	<b>540,743</b>
Acquisition of business	41,072	40,767	190,973	231,351
Farm purchase	-	-	20,768	37,667
Advances from customers	-	-	23,112	11,432
Product warranty and technical support	6,470	6,913	6,470	6,913
Liabilities provisioned with joint operation partner	-	-	87,325	60,446
Post-employment benefits(3)	26,659	24,640	40,123	37,800
Other	4,145	3,464	10,727	7,106
<b>Total Non-Current</b>	<b>78,346</b>	<b>75,784</b>	<b>379,498</b>	<b>392,715</b>

(1) SCP's: Partnerships in which some partners are obligors

(2) Refers to the participation of third parties in reforestation projects, to which Duratex Florestal has contributed with forest assets, basically forest reserves and equity holders contributed in kind.

(3) Refers to post-employment benefits related to medical assistance.

**Note 21 - Taxes and contributions**

The Company and its subsidiaries have the following provisions for federal and state taxes payable:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Income tax and social contribution payable	-	283	62,938	15,505
PIS and COFINS payable / provision	2,117	896	6,636	6,928
ICMS and IPI payable	38,387	27,606	68,766	51,168
INSS payable	2,277	956	4,668	2,417
Tax Installment (*)	-	-	14,473	15,140
Other taxes payable	217	568	946	932
<b>Total current</b>	<b>42,998</b>	<b>30,309</b>	<b>158,427</b>	<b>92,090</b>
Tax Installment (*)	-	-	60,136	68,128
<b>Total non current</b>	<b>-</b>	<b>-</b>	<b>60,136</b>	<b>68,128</b>

## Note 22 - Contingencies

### a) Contingent liabilities

The Company and its subsidiaries are party to judicial and administrative claims for labor, civil, tax matters and social security which arise in the normal course of their business.

The provisions reflect Management's estimate of probable losses, under advice of the Company's legal counsel.

The Management, under advice of the Company's legal counsel, believes that the provision for contingencies is sufficient to cover any probable losses with lawsuits and administrative claims.

Parent company	Tax	Labor	Civil	Total	Consolidated	Tax	Labor	Civil	Environmental	Total
<b>Balance as at December 31, 2020</b>	<b>140,595</b>	<b>86,025</b>	<b>5,172</b>	<b>231,792</b>	<b>Balance as at December 31, 2020</b>	<b>226,422</b>	<b>130,273</b>	<b>144,207</b>	<b>4,965</b>	<b>505,867</b>
Monetary variance and interest	4,979	12,107	439	17,525	Monetary variance and interest	5,940	16,550	5,158	-	27,648
Constitution	75,437	17,507	436	93,380	Constitution	113,109	23,218	15,666	-	151,993
Reversal	(146,485)	(20,603)	(1,432)	(168,520)	Reversal	(172,771)	(23,578)	(3,457)	-	(199,806)
Payments	(17,159)	(12,756)	(137)	(30,052)	Payments	(17,159)	(16,587)	(188)	-	(33,934)
					Exchange variation abroad subsidiary	1,280	(26)	(40,951)	-	(39,697)
<b>Closing balance as at December 31, 2021</b>	<b>57,367</b>	<b>82,280</b>	<b>4,478</b>	<b>144,125</b>	<b>Closing balance as at December 31, 2021</b>	<b>156,821</b>	<b>129,850</b>	<b>120,435</b>	<b>4,965</b>	<b>412,071</b>
Judicial deposits	(6,604)	(24,355)	(221)	(31,180)	Judicial deposits	(9,143)	(30,943)	(48,891)	-	(88,977)
<b>Balance as at December 31, 2021 after offsetting of judicial deposits</b>	<b>50,763</b>	<b>57,925</b>	<b>4,257</b>	<b>112,945</b>	<b>Balance as at December 31, 2021 after offsetting of judicial deposits</b>	<b>147,678</b>	<b>98,907</b>	<b>71,544</b>	<b>4,965</b>	<b>323,094</b>
Parent company	Tax	Labor	Civil	Total	Consolidated	Tax	Labor	Civil	Environmental	Total
<b>Balance as at December 31, 2021</b>	<b>57,367</b>	<b>82,280</b>	<b>4,478</b>	<b>144,125</b>	<b>Balance as at December 31, 2021</b>	<b>156,821</b>	<b>129,850</b>	<b>120,435</b>	<b>4,965</b>	<b>412,071</b>
Monetary variance and interest	5,568	6,543	272	12,383	Monetary variance and interest	8,870	7,726	8,394	-	24,990
Constitution	8,395	18,999	1,652	29,046	Constitution	8,783	22,557	13,277	540	45,157
Reversal	(8,415)	(12,613)	(534)	(21,562)	Reversal	(10,210)	(13,393)	(13,605)	-	(37,208)
Payments	(4,770)	(12,705)	(2,690)	(20,165)	Payments	(7,601)	(14,663)	(6,542)	(456)	(29,262)
					Business combination - acquisition	2,055	9,419	15,719	-	27,193
<b>Closing balance as at September 30, 2022</b>	<b>58,145</b>	<b>82,504</b>	<b>3,178</b>	<b>143,827</b>	<b>Closing balance as at September 30, 2022</b>	<b>158,718</b>	<b>141,496</b>	<b>137,678</b>	<b>5,049</b>	<b>442,941</b>
Judicial deposits	(19,689)	(20,027)	(375)	(40,091)	Judicial deposits	(19,690)	(23,893)	(48,215)	-	(91,798)
<b>Balance as at September 30, 2022 after offsetting of judicial deposits</b>	<b>38,456</b>	<b>62,477</b>	<b>2,803</b>	<b>103,736</b>	<b>Balance as at September 30, 2022 after offsetting of judicial deposits</b>	<b>139,028</b>	<b>117,603</b>	<b>89,463</b>	<b>5,049</b>	<b>351,143</b>

Tax and civil contingencies mainly relate to:

1) Tax: (IR/ CS) - Lawsuits and administrative claims to cancel the tax credits on IR/ CS on profits of foreign subsidiaries from 1996 to 2002 and 2003 with the right to offset IR paid abroad by subsidiaries. On September 30, 2022 the provision was R\$ 5,382 (R\$ 5,248 as at December 31, 2021).

2) Tax: Penalty for delay in settling demand (Delta IPC) - Legal action to annul the charge for an administrative process claimed by the Federal Government, with suspension of eligibility, but with

penalties from debt collected after the preliminary injunction was canceled and with full amnesty discount. On September 30, 2022 the provision was R\$ 3,535 (R\$ 3,355 as at December 31, 2021).

3) Tax: In August 2020, the Federal Supreme Court - STF overturned the General Repercussion RE 1072485 challenging the constitutionality of the Social Security Contribution on the one-third vacation bonus. This decision modified the understanding of the Superior Court of Justice - STJ. The Company, based on decisions issued in a Declaratory Action, had not been paying this contribution since December 2010. With the new STF ruling, the Company constituted a provision, the balance on September 30, 2022 is R\$ 21,241 (R\$ 24,393 on December 31, 2021), for unpaid contribution between December 2010 and February 2013, period in which the judicial deposit was made, and from August 2015 onwards.

4) Tax (Income tax and social contribution) - Administrative proceeding aimed at canceling tax credit arising from the disregard of the income tax and social contribution deductibility of fines and charges carried out in 2017, of Ceusa's debts recognized and provisioned in the accounting in 2016, for which the provision was reversed in 2017 when Ceusa's debts were settled and the accounting provision was deducted from Taxable Income. The total provision for the assessment was recorded on September 2021 and as of September 30, 2022 the amount provisioned was R\$ 19,775 (R\$ 18,966 on December 31, 2021).

5) Tax (PIS/COFINS) - Legal and administrative proceedings canceling the tax credit related to the levy of PIS/COFINS on sales of forests (fixed assets), in 2011 and 2017. The total provision for the amounts discussed at the administrative and judicial level was constituted on September 2021 and on September 30, 2022 the amount provisioned was R\$ 19,059 (R\$ 17.637 on December 31, 2021).

6) Tax (PIS/COFINS) - Discussion through an administrative proceeding aimed at canceling the PIS/COFINS credit taken by the Company in 2015, mainly on goods and services acquired for maintenance of fixed assets. As of September 30, 2022, the amount provisioned was R\$ 47,438 (R\$ 9,911 on December 31, 2021).

7) Civil: In 2018, R\$ 63,941 provisioned (R\$ 42,202 net of tax effects), for the Judicial Tribunal of the State of Santa Catarina decision affecting Cecrisa Revestimentos Cerâmicos S.A. (Cecrisa - merged by subsidiary Dexco Revestimentos Cerâmicos S.A., (Note 12.c.) and Cerâmica Portinari S.A. (Portinari), for legal fees due from Balneário Conventos S.A., for the probate of Manoel Dilor de Freitas, founder of Cecrisa and ex-owner, an unrelated party since early 2000. In 2012, the heirs of Manoel Dilor de Freitas, sold the control of the companies to Fundo Vinci Partners. The companies were placed as a lien guarantee at the cost of 2.77% of monthly net revenue which is being honored. The subsidiaries have filed actions to prove that they are not responsible for this obligation, since the principal process has run for 30 years without Cecrisa and Portinari having been a named obligor. The original defendant settled a judicial agreement for the principal obligation with the creditors, paying the debt in installments. The process status: (i) the Company filed a special resource to annul the lien on the revenue, as it conflicts with the legal parameters provided in the CPC - Código Processual Civil; and (ii) the Company is

awaiting a ruling of the Declaratory Embargoes on Judgment which had denied an appeal claiming Cecrisa's third party embargo to be without merit. On September 30, 2022 the provisioned amount was R\$ 47,438 (R\$ 47,438 on December 31, 2021).

#### b) Possible risk of loss

The Company and its subsidiaries are involved in other tax, social security, civil and labor lawsuits classified by Management as possible risk of losses, under the advice of legal counsel in the amount of R\$ 796,927 (R\$ 594,824 on December 31, 2021). The main amounts are: 1) R\$ 316,864 (R\$ 303,699 on December 31, 2021) related to taxation (IR/ CS), on an alleged capital gain (revaluation reserve), on a corporate split-off with subsequent merger of assets (land and forests), measured at book value, in 2006 (land) and 2009 (forests) in Estrela do Sul Participações Ltda. Both cases are awaiting a ruling of the Judiciary; 2) R\$ 191,801 regarding the exemption from IRPJ and CSLL on SELIC interest on the rebate for overpaid tax 3) Legal and administrative discussions involving disallowance of credits, collection and fines related to ICMS, totaling R\$ 84,353 (R\$ 63,799 on December 31, 2021); 4) Assessment of IR and CS for alleged omission of taxable income from payment of debits which were included in a REFIS (amnesty and refinancing program) of R\$ 58,903 (R\$ 54,348 on December 31, 2021) (Cecrisa); 5) IPI tax assessment for zero rated NT and IPI credits totaling R\$ 10,508 (R\$ 10,389 on December 31, 2021) (Cecrisa); 6) collection actions made by suppliers totaling R\$ 5,228 (R\$ 9,668 on December 31, 2021). 7) Labor claims totaling R\$ 21,173 (R\$ 36,968 on December 31, 2020). Other possible loss processes of R\$ 108,097 (R\$ 112.473 on December 31, 2021) for civil and tax processes, which do not exceed R\$ 20 million individually.

#### c) Contingent assets

The Company and its subsidiaries have filed legal and administrative actions for the refund of certain taxes, indicated in the table below, for which Management considers possibility of success to be likely, under the advice its legal counsel. As these are contingent assets, they have not been recognized in the financial statements:

	09/30/2022	12/31/2021
IPI credit premium from 1980 to 1983 and 1985	152,993	139,507
Interest and indexation on Federal Power Company (Eletrobás) credits	120,461	102,468
Profits Abroad (deposit withdrawal)	12,336	11,733
INSS (Social Security)	29,176	19,187
CPMF - differential of percentage	4,408	4,059
Other	35,150	10,634
<b>Total</b>	<b>354,524</b>	<b>287,588</b>

#### d) ICMS as calculation base of PIS and COFINS

Up to the date of issuance of these statements, no final decision had been handed down on the Company's claims relating to the predecessor tax-registered entity Duratex S.A., which had merged with Satipel and Duratex Florestal Ltda, for the period from 2001 to 2015.

**Note 23 - Stockholders' equity****a) Capital**

The Company's authorized capital comprises 920,000,000 of shares, fully subscribed and paid-up, representing capital of R\$ 2,370,189, being 760,962,951 registered common shares with no par value in issue.

**b) Treasury shares**

	Nº of shares	Amount in thousand R\$
Balance as at December 31, 2021	6,489,405	103,113
Acquisitions of shares in the period	20,000,000	274,904
<b>Balance as at September 30, 2022</b>	<b>26,489,405</b>	<b>378,017</b>

Share price			
Minimum	Maximum	Weighted Average	Latest Quotation
3.92	17.48	12.53	9.35

Based on the latest market quotation as at September 30, 2022, the value of the Company's treasury shares was R\$ 247,676 (R\$ 97,081 as at December 30, 2020).

**c) Equity reserves**

	Parent company and	
	09/30/2022	12/31/2021
<b>Capital reserves</b>	<b>373,852</b>	<b>366,122</b>
Premium on the subscription of shares	218,731	218,731
Tax incentives	13,705	13,705
Prior to Law 6404	18,426	18,426
Options granted	28,197	28,197
Granted options overdue	83,829	83,829
Options granted to be appropriated (Note 30)	(850)	(2,850)
Long - term incentives (Note 31)	11,814	6,084
<b>Capital transactions with partners</b>	<b>(18,731)</b>	<b>(18,731)</b>
<b>Other comprehensive income</b>	<b>609,411</b>	<b>716,462</b>
Revaluation reserves	34,470	35,094
Carrying value adjustments (c.1)	574,941	681,368
<b>Revenue reserves</b>	<b>2,957,925</b>	<b>2,410,475</b>
Legal	362,285	334,947
Statutory	2,392,144	1,872,032
Tax incentives (Article 195 - Law no. 6.404/76)	203,496	203,496
<b>Treasury shares</b>	<b>(378,017)</b>	<b>(103,113)</b>

## (1) Carrying value adjustments

	Parent company and Consolidated	
	09/30/2022	12/31/2021
Post-employment benefit	(5,692)	(5,692)
Equity of investees reflex post-employment benefit	(4,430)	(4,430)
Equity of investees reflex (*)	90,636	29,589
Financial instruments	(69,422)	(5,241)
Conversion adjustments	142,658	245,951
Others	421,191	421,191
<b>Total</b>	<b>574,941</b>	<b>681,368</b>

(\*) Equity interest in investees' hedge operations - LD Celulose S.A and subsidiary Duratex Florestal Ltda.

The capital reserves share premium arose from a surplus on a subscription of shares paid by stockholders in relation to the nominal value at the time of subscription.

The capital reserves reflects the stock options on the grant date.

As provided in the bylaws, the balance appropriated to the statutory reserve will be utilized for the:

(i) reserve for dividend equalization, (ii) reserve for increasing working capital, and (iii) reserve for capital increases in investees:

Reserve for dividend equalization: This will be limited to 40% of the capital and used to pay dividends, including interest on capital (Article 29.2) or distribution advances, to stockholders from available resources:

(a) equivalent to up to 50% of net income, adjusted in accordance with Article 202 of Brazilian Corporation Law;

(b) equivalent to up to 100% of the portion of the revaluation reserves, in retained earnings;

(c) equivalent to up to 100% of prior year adjustments, in retained earnings; and

(d) resulting from prepaid dividends (Article 29.1 of the bylaws)

The reserve for working capital: limited to 30% of capital is to preserve fund for the Company's operations, comprising up to 20% from net income, adjusted in accordance with Article 202 of Brazilian Corporation Law.

The reserve for capital increases in investees: limited to 30% of registered capital for the exercise of the preemptive subscription right in capital increases from resources up to 50% of the net income, adjusted in accordance with Article 202 of Brazilian Corporation Law.

Tax incentives reserve: Upon approval, appropriations may be made to the tax incentive reserve for donations or government subsidies for investments, which must be excluded from the mandatory dividend calculation base (Item I of the caput of Article 202 Law 6.404/76). (Included by Law No. 11,638, from 2007).



**Note 24 - Insurance coverage**

On September 30, 2022, the Company and its subsidiaries had insurance coverage against fire and various risks relating to property, plant and equipment, forests and inventory.

The Company also maintains civil responsibility policies for the executives and directors for appropriate amounts.

**Note 25 - Net sales revenue**

The reconciliation of gross sales revenue for net sales revenue is as follows:

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Gross sales revenues	5,832,030	5,426,965	7,997,759	7,340,873
Domestic market	5,180,411	4,949,043	6,571,940	6,170,467
Foreign market	651,619	477,922	1,425,819	1,170,406
Taxes and contributions on sales	(1,116,087)	(1,094,125)	(1,491,548)	(1,421,471)
<b>Net sales revenue</b>	<b>4,715,943</b>	<b>4,332,840</b>	<b>6,506,211</b>	<b>5,919,402</b>

**Note 26 - Expenses, by nature**

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
<b>Cost of products sold</b>				
Changes in the fair value of biological assets	-	-	403,291	93,232
Variations in the inventories of finished products and work in process	795,125	468,785	916,365	607,571
Raw materials and consumption materials	(3,328,425)	(2,500,412)	(3,903,676)	(3,081,561)
Remuneration, charges and benefits to employees	(488,697)	(442,126)	(752,315)	(657,292)
Depreciation charges, amortization and depletion	(184,500)	(181,348)	(561,683)	(487,776)
Transport expenses	(5,895)	(5,603)	(11,804)	(9,994)
Other expenses	(270,229)	(228,234)	(338,681)	(304,797)
<b>Total cost of products sold</b>	<b>(3,482,621)</b>	<b>(2,888,938)</b>	<b>(4,248,503)</b>	<b>(3,840,617)</b>
<b>Selling expenses</b>				
Remuneration, charges and benefits to employees	(117,055)	(74,512)	(128,434)	(115,220)
Commissions	(27,812)	(43,515)	(66,496)	(77,008)
Depreciation charges, amortization and depletion	(787)	(1,160)	(2,520)	(2,805)
Transport expenses	(438,893)	(303,454)	(495,103)	(356,803)
Advertising expenses	(68,429)	(52,189)	(106,184)	(77,951)
Other expenses	(37,377)	(24,332)	(65,945)	(45,214)
<b>Total selling expenses</b>	<b>(690,353)</b>	<b>(499,162)</b>	<b>(864,682)</b>	<b>(675,001)</b>
<b>General and administrative expenses</b>				
Remuneration, charges and benefits to employees	(79,446)	(65,901)	(122,178)	(102,916)
Depreciation charges, amortization and depletion	(12,830)	(11,929)	(20,958)	(17,983)
Third party services	(31,821)	(24,506)	(46,038)	(35,423)
Other expenses	(29,669)	(32,942)	(43,906)	(44,044)
<b>Total general and administrative expenses</b>	<b>(153,766)</b>	<b>(135,278)</b>	<b>(233,080)</b>	<b>(200,366)</b>
<b>Total expenses, by nature</b>	<b>(4,326,740)</b>	<b>(3,523,378)</b>	<b>(5,346,265)</b>	<b>(4,715,984)</b>

The expenses by nature are:

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Variation in the fair value of the biological assets	-	-	403,291	93,232
Cost of products sold	(3,482,621)	(2,888,939)	(4,651,794)	(3,933,849)
Selling expenses	(690,353)	(499,161)	(864,682)	(675,001)
General and administrative expenses	(153,766)	(135,278)	(233,080)	(200,366)
<b>Total</b>	<b>(4,326,740)</b>	<b>(3,523,378)</b>	<b>(5,346,265)</b>	<b>(4,715,984)</b>

## Note 27 - Financial income and expenses

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Financial income				
Remuneration on financial investments	84,522	19,947	123,382	30,521
Foreign exchange variances	63,384	40,999	70,289	53,615
Monetary update	26,291	4,211	31,526	8,852
Interest and discounts obtained	4,764	3,033	7,648	5,441
Updates on exclusion of ICMS from the assessment base of COFINS and PIS	27,125	208,657	34,717	212,438
<b>Total</b>	<b>206,086</b>	<b>276,847</b>	<b>267,562</b>	<b>310,867</b>
Financial expenses				
Charges on financing - local currency	(363,108)	(75,566)	(436,376)	(96,962)
Charges on financing - foreign currency	(7,294)	-	(7,375)	(43)
Foreign exchange variances	(53,277)	(24,729)	(72,391)	(40,396)
Currency updates	(9,318)	(3,895)	(71,311)	(19,894)
Derivatives	(21,729)	(10,792)	(11,885)	(6,823)
Bank charges	(1,713)	(2,211)	(4,937)	(4,928)
Tax on financial operations	(447)	(448)	(471)	(490)
Interest on lease liabilities	(1,027)	(1,515)	(4,526)	(4,531)
Other	(9,387)	(12,760)	(12,947)	(21,424)
<b>Total</b>	<b>(467,300)</b>	<b>(131,916)</b>	<b>(622,219)</b>	<b>(195,491)</b>
<b>Total financial result</b>	<b>(261,214)</b>	<b>144,931</b>	<b>(354,657)</b>	<b>115,376</b>

## Note 28 - Other operating income (expenses), net

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Amortization of customer portfolio	(19,347)	(19,469)	(19,463)	(19,596)
Amortization of appreciation of assets	(9,192)	(2,946)	(9,192)	(2,946)
Profit sharing, stock option and ILP	(19,442)	(23,183)	(22,429)	(24,560)
Updates of pension plan credits	1,841	7,014	2,491	10,366
Prodep-Reintegra credits	4,281	3,780	4,530	3,903
Operating credits with suppliers	15,745	6,687	15,745	6,687
Result on write-off of assets, and other operating	13,516	(9,269)	(13,017)	(7,280)
<b>Total other operating income, (expenses) net</b>	<b>(12,598)</b>	<b>443,071</b>	<b>(41,335)</b>	<b>472,132</b>

**Note 29 - Income tax and social contribution**

Reconciliation of income and social contribution tax expenses, from the statutory nominal to effective rates follows:

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Profit before Income tax and social contribution	559,521	1,607,965	761,536	1,724,243
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(190,238)	(546,708)	(258,922)	(586,243)
Income tax and social contribution on additions and deductions from the result	177,475	83,184	44,440	6,635
Equity in results of investees	155,864	76,083	4,383	(17,797)
Subsidiary tax difference	-	-	24,601	14,788
Impairment of Intangibles	873	10,858	3,260	17,528
Tax incentives	10,340	-	14,989	-
Other additions and exclusions	1,175	(3,757)	(14,597)	(7,884)
<b>Income tax and social contribution on the result of the period</b>	<b>(12,763)</b>	<b>(463,524)</b>	<b>(214,482)</b>	<b>(579,608)</b>
<b>In the results:</b>				
Current income tax and social contribution	(7,319)	(156,623)	(103,892)	(250,795)
Deferred income tax and social contribution	(5,444)	(306,901)	(110,590)	(328,813)
Effective rate %	-2%	-29%	-28%	-34%

**Note 30 - Stock-option plan**

The Company has a stock-option plan aligning executives' goals with the Company's medium and long-term strategy, enabling them to benefit from the results of their work through the Dexco share price, as provided for in the bylaws.

These options grant their owners the right, pursuant to the plan's conditions, to subscribe to common shares of Dexco's authorized capital.

The rules and operating procedures of the plan are proposed by a People, Governance and Appointing Committee designated by the Company's Board of Directors. Periodically, this Committee submits proposals to the Board of Directors on the implementation of the plan.

Options will only be granted for years during which sufficient profits are earned to permit the mandatory minimum dividend distribution to stockholders. The total number of options to be granted during each year should not exceed 0.5% of the total number of Dexco shares owned by the controlling and non-controlling stockholders at the end balance of the same year.

The exercise price payable to Dexco will be defined by the People, Governance and Appointing Committee when granting the option. The Committee uses the average price of Dexco's common shares in B3 trading sessions for a period of five to 90 days prior to the option issue date. This is at the discretion of the Committee, which may make an upward or downward adjustment of up to 30%. The prices established will be readjusted, up to the prior month of exercise of the options, based on the IGP-M index, or, in its absence, by an index designated by the Committee.

	2014	2016	2018	2019
Total stock options granted	1.966.869	1.002.550	1.046.595	1.976.673
Exercise price on the grant date	11,44	5,74	9,02	9,80
Fair value on the grant date	4,48	4,00	5,19	5,17
Deadline to exercise	8.10 years	8,9 years	8,8 years	8,8 years
Vesting period	3.10 years	3,9 years	3,8 years	3,7 years

The following economic assumptions were utilized to determine these amounts:

	2014	2016	2018	2019
Volatility of share price	28,41%	39,82%	38,09%	38,49%
Dividend yield	2,00%	2,00%	2,00%	2,00%
Risk-free rate of return (1)	6,39%	6,95%	4,67%	4,05%
Actual exercise rate	96,63%	94,90%	94,90%	94,90%

The Company settles this benefit plan by delivering shares of its own issuance that are held in treasury until the effective exercise of the options by the executives.

In the years 2015, 2017, 2020 and 2021, there were no stock option grants by the Company.

(1) IGP-M rate

### Value and appropriation of the options granted:

Grant Date	Qty Granted	Vesting Date	Term for Maturity	Grant price	Balance to be Exercised	Option Price	Total Value	Overdue	2014 to 2017	2018	Competence	2019	2020	2021	2022	Other Periods
					12/31/2021	09/30/2022										
Maturities of previous years								86,751	-	-	-	-	-	-	-	-
02/11/2014	1,966,869	12/31/2017	12/31/2022	11.44	842,495	817,004	4.48	8,214	-	8,214	-	-	-	-	-	-
03/09/2016	1,002,550	12/31/2019	12/31/2024	5.74	98,000	58,830	4.00	5,492	-	2,766	1,458	1,268	-	-	-	-
04/26/2018	1,046,595	12/31/2021	12/31/2026	9.02	759,695	651,118	5.19	5,381	-	-	999	1,620	1,381	1,381	-	-
05/13/2019	1,976,673	12/31/2022	12/31/2027	9.80	1,937,925	1,755,602	5.17	10,412	-	-	-	1,787	2,811	2,811	2,108	895
Total	5,992,687				3,638,115	3,282,554		29,499	86,751	10,980	2,457	4,675	4,192	4,192	2,108	895
Effective exercise rate								94.90%	96.63%	96.63%	94.90%	94.90%	94.90%	94.90%	94.90%	94.90%
Value established								28,197	83,829	10,609 (1)	2,337 (2)	4,446 (3)	3,977 (4)	3,978 (5)	2,000 (6)	850 (7)

(1) Amount recorded against income from 2013 to 2017

(2) Amount recorded against income for 2018

(3) Amount recorded against income for 2019

(4) Amount recorded against income for 2020

(5) Amount recorded against income for 2021

(6) Amount to be recorded against income until September 30, 2022

(7) Amount to be booked against income until December 31, 2022.

As at September 30, 2022, the Company had 26,489,405 treasury shares that can be utilized for the future exercise of options.

### Note 31 - Long term incentive plan

On April 30, 2020, the Annual and Extraordinary General Meeting approved the "Long Term Incentive Plan of the Company and its subsidiaries (ILP Plan)". Its purposes are: i) stimulate the commitment of the executives from Dexco in the long term, due to incentive to seek success in all their activities and achievement of objectives of the Company; ii) attract and retain the best professionals offering incentives aligned with the continuous growth of the Company; and iii) provide variable remuneration, being a competitive differential in relation to the market.

#### ILP Plan criteria

##### a) Performance shares

Within the scope of the Performance Plan, shares issued by Dexco will be transferred to the participants if performance targets are attained, based on Dexco's strategic planning for the period of five years.

The Performance target will be defined by the Dexco People, Governance and Nomination Committee annually and approved by the Board of Directors.

To receive the shares, a five year grace period for the participant with Dexco must be observed. The number of shares to be determined will be based on the average of the last 30 trading sessions as a price reference.

In the event of dismissal without just cause or not being reinstated, from the 37th month, the participant will receive, at the end of the five-year period, shares in an amount proportional to the period worked. In the event of voluntary termination, the participant will lose the right to shares regardless of the period elapsed.

The Performance Plan will be applicable only to non-payrolled directors ("statutory directors").

### **b) Matching**

Dexco will invite beneficiaries to invest a percentage of the net ICP (short-term incentive) received to buy shares of the Company.

The matching of shares will be made as follows:

- (i) after completing four years of investment, Dexco will transfer 50% of the shares to the Beneficiary being that only the transferred shares may be traded by the beneficiary; and
- (ii) after completing five years of investment, Dexco will conclude the full contribution of 100% of the matching through the transfer of remaining 50% of the shares to the beneficiary.

In order to be entitled to full matching, the beneficiary cannot sell the shares purchased at the time of the investment within a five-year grace period, that is, if the beneficiary sells the shares before the five year term, the right to matching will be lost.

The transfer is subject to the beneficiary remaining with Dexco and holding the investment made with the purchase of the shares.

In the event of termination without just cause or non-renewal of office, from the 13th month of the concession, the participant will be entitled to matching *pro rata temporis* to be paid after five years. In the event of voluntary termination, the Beneficiary will lose the right to matching.

The Matching Plan will only be applicable to non-payrolled directors ("statutory directors").

### **c) Restricted shares**

Dexco shares will be transferred to its employees, free of charge, as long as all terms and conditions set forth herein are met.

The Board of Directors will grant, at its discretion, shares to participants who, within a year, have presented a unique performance and generated a high impact for Dexco's business.

This grant must be consistent with: (i) criteria for the formation of an eligible pool; (ii) talent bank; (iii) consistent performance in individual goals; and (iv) potential assessment.

The shares will be transferred after the three years of the concession.

In case of termination without just cause, from the 13th month of the concession, the participant will be entitled to an amount matching pro rata temporis to be paid at the end of the third year. In the event of voluntary termination, the participant will lose the right to the shares regardless of the period elapsed.

This Plan applies to employees hired under formal labor laws - Consolidation of Labor Laws ("CLT").

As follows:

	<b>Parent company and Consolidated</b>	
	<u>09/30/2022</u>	<u>12/31/2021</u>
Long-term incentive plan - Performance	837	411
Long-term incentive plan - Matching	1,232	651
Long-term incentive plan - Restricted shares	292	318
<b>Total liabilities</b>	<b>2,361</b>	<b>1,380</b>
Long-term incentive plan - Performance	4,186	2,054
Long-term incentive plan - Matching	6,161	3,254
Long-term incentive plan - Restricted shares	1,467	776
<b>Total shareholders' equity</b>	<b>11,814</b>	<b>6,084</b>
	<u>09/30/2022</u>	<u>09/30/2021</u>
Long-term incentive plan - Performance	2,558	1,485
Long-term incentive plan - Matching	3,487	2,057
Long-term incentive plan - Restricted shares	975	552
<b>Total appropriated to income for the period</b>	<b>7,020</b>	<b>4,094</b>

### Note 32 - Private pension plan

The Company and its subsidiaries are part of a group of sponsors of Fundação Itaúsa Industrial, a non-profit organization which manages private plans providing pensions or supplementary income benefits, similar to those of the National Social Security. The Fundação manages a defined contribution plan ("DC Plan") and a defined benefit plan ("DB Plan").

#### Defined contribution plan - Plan DC

This plan is offered to every employee eligible to the plan and as at September 30, 2022 had 3,120 participants (5,064 participants as at December 31, 2021).

In the DC Plan - PAI (Individual Retirement Plan) there is no actuarial risk, and the investment risk is borne by the participants. The current regulation stipulates sponsor contributions of 50% to 100% of the amounts paid in by participants.

#### Pension Program Fund

The contributions by sponsors that remain in the plan as a result of participants who opted to be paid out or who took early retirement formed the Pension Program Fund, which, according to the plan's regulations, are being utilized to compensate contributions by sponsors.

**DB Plan**

The DB Plan grants benefits in the form of a lifetime monthly income to complement the government's National Social Security pension benefits, according to the plan's regulations. This plan is being discontinued, and enrollment by new participants is not permitted.

The plan includes the following benefits: a retirement supplement, based on the period of contribution, special conditions by age, disability, lifetime monthly income, retirement premium, and a death benefit.

During the nine-month period ended September 30, 2022, there were no changes in the conditions and benefits of the plan, as well as in relation to the assumptions used for their evaluation and accounting record.

**Note 33 - Medical assistance plan - Post-employment****a) Medical assistance plan - Post-employment**

The Company offers both contributory plans, currently with co-participation, as contributory plans to its employees and their dependents, in the Distribution Centre of Tubarão – SC, through ten health care providers, covering 28,299 lives (active, terminated, retired and dependents) assuring the obligation to extend cover for terminated and retired persons according to Law 9,656/98. As at September 30, 2021 the actuarial liability, net of tax is R\$ 20,274 (R\$ 18,940 on December 31, 2021) parent company and R\$ 27,572 (R\$ 25,053 on December 31, 2021) consolidated.

**b) Medical assistance plan for employees on leave of absence**

The Company offers medical assistance benefits for employees on leave of absence. The Company has contracted actuaries to review the valuation of liabilities in accordance with CPC 33 (R1) – CVM 695. On September 30, 2022, the actuarial liability, net of taxes is R\$ 6,385 (R\$ 5,699 on December 31, 2021) parent company and R\$ 12,550 (R\$ 11,747 on December 31, 2021) consolidated.

**Note 34 - Earnings per share****(a) Basic**

The basic earnings per share are calculated by dividing the net income attributable to the Company's stockholders by the weighted average number of common shares outstanding during the period, excluding common shares held in treasury.

	09/30/2022	09/30/2021
Earnings attributable to the Company's stockholders	546,758	1,144,441
Weighted average number of common shares issued (in thousands)	760,963	691,785
Weighted average of treasury shares (in thousands)	(23,747)	(4,227)
Weighted average number of common shares outstanding (in thousands)	737,216	687,558
<b>Basic earnings per share</b>	<b>0.7417</b>	<b>1.6645</b>

**(b) Diluted**

Diluted earnings per share are calculated by dividing the net income attributable to the Company's stockholders after adjustments of the weighted average common shares outstanding, assuming the conversion of all potentially diluted common shares adjusted by the stock-option program.

	09/30/2022	09/30/2021
Earnings attributable to the Company's stockholders	546,758	1,144,441
Weighted average number of common shares issued (in thousands)	760,963	691,785
Call options for shares	3,283	4,185
Weighted average of treasury shares (in thousands)	(23,747)	(4,227)
Weighted average number of diluted common shares outstanding and call options for shares (in thousands)	740,499	691,743
<b>Diluted earnings per share</b>	<b>0.7384</b>	<b>1.6544</b>

**Note 35 - Business segments**

Management defined the operating segments, based on the reports used by the chief operating decision makers for strategic reviews, namely the Executive Board.

The Executive Board analyzes the business based on the following segments: Wood Division, Deca, Tiles and Soluble Cellulose. The segments presented in the financial statements are strategic business units that offer distinct products and services. There are no sales among segments.

	09/30/2022					09/30/2021				
	Wood	Deca	Tiles	Dissolving wood pulp	Consolidated	Wood	Deca	Tiles	Dissolving wood pulp	Consolidated
<b>Net sales revenue</b>	3,949,320	1,649,702	907,189	-	6,506,211	3,460,266	1,620,474	838,662	-	5,919,402
Domestic market	2,815,700	1,577,357	815,991	-	5,209,048	2,563,830	1,531,132	758,771	-	4,853,733
Foreign market	1,133,620	72,345	91,198	-	1,297,163	896,436	89,342	79,891	-	1,065,669
Changes in the fair value of biological assets	403,291	-	-	-	403,291	93,232	-	-	-	93,232
Cost of products sold	(2,469,883)	(1,096,579)	(522,645)	-	(4,089,107)	(1,917,992)	(1,031,260)	(495,765)	-	(3,445,017)
Depreciation, amortization and depletion	(338,885)	(67,887)	(39,513)	-	(446,285)	(295,148)	(69,451)	(34,769)	-	(399,368)
Depletion of adjustment in the biological assets	(116,402)	-	-	-	(116,402)	(89,464)	-	-	-	(89,464)
<b>Gross profit</b>	<b>1,427,441</b>	<b>485,236</b>	<b>345,031</b>	<b>-</b>	<b>2,257,708</b>	<b>1,250,894</b>	<b>519,763</b>	<b>308,128</b>	<b>-</b>	<b>2,078,785</b>
Selling expenses	(505,131)	(205,633)	(153,918)	-	(864,682)	(363,563)	(208,095)	(103,343)	-	(675,001)
General and administrative expenses	(88,662)	(99,729)	(43,127)	(1,562)	(233,080)	(83,961)	(89,676)	(25,207)	(1,522)	(200,366)
Management fees	(8,509)	(5,438)	(1,363)	-	(15,310)	(8,061)	(5,209)	(1,068)	-	(14,338)
Other operating income (expenses), net	(12,748)	(8,339)	(20,248)	-	(41,335)	276,540	192,179	3,413	-	472,132
Equity Income Result	165	70	-	12,657	12,892	-	-	-	(52,345)	(52,345)
<b>Operating profit before financial result and taxes</b>	<b>812,556</b>	<b>166,167</b>	<b>126,375</b>	<b>11,095</b>	<b>1,116,193</b>	<b>1,071,849</b>	<b>408,962</b>	<b>181,923</b>	<b>(53,867)</b>	<b>1,608,867</b>

The accounting policies of each segment are the same as those described in Note 2.4.

The Company has a widely dispersed customer base, with no revenue concentration.

**Note 36 – Subsequent Event**

On October 24, 2022, the Company executed an export credit note (NCE) with Banco Rabobank International Brasil S.A., in the amount of R\$400 million, with a term of maturity in 2.5 years.