ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial statements

As of June 30, 2020

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by International Accounting Standards Board (IASB))

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial statements
As of June 30, 2020

Contents

KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Report on review of interim financial information

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by International Accounting Standards Board (IASB))

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eldorado Brasil Celulose S.A. (the "Company") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, which comprises the statement of financial position as of June 30, 2020 and the respective statements of income (loss), comprehensive income (loss) for the three and six-month period then ended and changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter – Restatement of corresponding amounts

We draw attention to note 3.f that present that the corresponding amounts relating to the statements of interim cash flows, individual and consolidated for the six-month period ended June 30, 2019, presented as comparative information were amended. Our conclusion is not modified in respect of this matter.

Other matters

Statements of Value Added

The interim financial information as referred to above includes individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2020, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34. The financial information were submitted to the review procedures followed together with the review of the Quarterly Information, in order to form our conclusion whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that Statement of Value Added has not been prepared, in all material respects, in accordance with requirements described at the Technical Pronouncement and consistent with the individual and consolidated interim financial information taken as a whole.

Comparative amounts

The comparative individual and consolidated statement of financial position as at and for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion dated March 30, 2020 and the comparative statement of financial position as of June 30, 2019 and the respective statements of income (loss), comprehensive income (loss) for the three and six-month period then ended and changes in equity and cash flows for the six-month period ended June 30, 2019, restated in accordance with matters described on note 3.f, were revised by another auditor who expressed an unmodified review dated August 13, 2020. The comparative information of individual and consolidated statement of value added (DVA) for the six-month period ended June 30, 2019, were submitted to the same review procedures by another auditor, and based on their review, nothing has come to their attention that causes they to believe that DVA has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 13, 2020

KPMG Auditores Independentes
CRC SP014428/O-6
Original report in Portuguese signed by
Leslie Nares Laurenti
Contadora CRC 1SP215906/O-1

ELDORADO BRASIL CELULOSE S.A.

Statements of financial position
As at June,30 2020 and December 31, 2019
(In thousands of Brazilian Reais)

Assets

	Note	Parent company 06/30/2020	Parent company 12/31/2019	Consolidated 06/30/2020	Consolidated 12/31/2019
Current					
Cash and cash equivalents	5.1	84,702	520,504	772,165	840,010
Financial investments	5.2	-	-	65,914	-
Trade accounts receivables	6	616,866	448,727	734,559	509,269
Inventories	8	364,396	326,512	573,756	521,010
Recoverable taxes	9	200,949	207,691	222,393	210,200
Prepayments to suppliers	10	25,884	63,224	25,884	65,411
Other current assets		31,475	30,316	32,318	30,855
Total current		**1,324,272**	**1,596,974**	**2,426,989**	**2,176,755**
Non-current					
Financial investments	5.2	-	-	-	59,482
Recoverable taxes	9	1,054,903	1,049,860	1,054,903	1,049,860
Prepayments to suppliers	10	136,698	126,197	136,698	126,197
Deferred income tax and social contributions	20	578,866	50,818	578,866	50,818
Deposits, guarantees and others		6,809	5,518	7,815	5,991
Other non-current assets		122	15,086	181	15,086
		1,777,398	**1,247,479**	**1,778,463**	**1,307,434**
Biological assets	11	2,849,876	2,745,146	2,849,876	2,745,146
Investments	12	1,120,344	670,942	-	-
Property, plant and equipment	13	4,646,068	4,465,099	4,657,759	4,476,758
Intangible assets	14	2,977	3,732	68,892	73,248
Right-of-use assets	15	674,013	614,583	678,563	617,694
Total non-current		**11,070,676**	**9,746,981**	**10,033,553**	**9,220,280**
Total assets		**12,394,948**	**11,343,955**	**12,460,542**	**11,397,035**

Liabilities and equity

	Note	Parent company 06/30/2020	Parent company 12/31/2019	Consolidated 06/30/2020	Consolidated 12/31/2019
Current					
Loans and borrowings	17	3,003,093	2,161,677	5,043,078	2,251,215
Trade payables	16	238,242	250,038	239,212	248,962
Lease liabilities	18	174,804	144,814	175,420	145,579
Related parties loans	7	2,046,681	93,776	-	-
Payroll and social charges payables	19	118,869	109,037	123,522	112,992
Tax liabilities		27,441	32,221	58,669	42,301
Related parties payable	7	13,605	7,424	12,260	3,986
Other current liabilities		5,469	8,810	37,145	53,843
Total current		**5,628,204**	**2,807,797**	**5,689,306**	**2,858,878**
Non-current					
Loans and borrowings	17	3,324,594	3,108,352	3,324,594	4,561,269
Trade payables	16	1,570	2,617	1,570	2,617
Lease liabilities	18	545,389	501,138	549,483	503,585
Related parties loans	7	-	1,453,365	-	-
Provisions for lawsuit	21	22,655	21,268	23,053	21,268
Total noncurrent		**3,894,208**	**5,086,740**	**3,898,700**	**5,088,739**
Equity	22				
Share capital		1,788,792	1,788,792	1,788,792	1,788,792
Reserves		1,579,455	1,579,455	1,579,455	1,579,455
Cumulative translation adjustment		355,512	81,171	355,512	81,171
Retained earnings (losses)		(851,223)	-	(851,223)	-
Total equity		**2,872,536**	**3,449,418**	**2,872,536**	**3,449,418**
Total equity and liabilities		**12,394,948**	**11,343,955**	**12,460,542**	**11,397,035**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statement of Profit or Loss
Quarters ended June 30, 2020 and 2019
(In thousands of Brazilian Reais)

		Parent company				Consolidated			
		2020		2019		2020		2019	
	Note	2º Qtr	Accum.	2º Qtr	Accum.	2º Qtr	Accum.	2º Qtr	Accum.
Revenue	23	943,807	1,611,348	830,261	1,714,461	1,248,918	2,108,419	1,039,540	2,218,641
Cost of sales	25	(448,148)	(833,856)	(407,302)	(836,276)	(502,309)	(939,813)	(390,313)	(871,998)
Gross profit		**495,659**	**777,492**	**422,959**	**878,185**	**746,609**	**1,168,606**	**649,227**	**1,346,643**
Operating revenues/(expenses)									
Administrative and general	25	(80,491)	(126,507)	(34,599)	(63,441)	(83,720)	(134,256)	(38,048)	(69,433)
Selling and logistics	25	(67,554)	(120,916)	(60,579)	(109,810)	(205,381)	(321,028)	(131,386)	(235,599)
Fair value of biological assets	11	24,295	24,295	(2,034)	52,624	24,295	24,295	(2,034)	52,624
Equity result from subsidiary	12	102,942	175,651	148,715	330,521	-	-	-	-
Other operating income (expenses)	27	(5,866)	2,805	(2,015)	(4,767)	(7,482)	1,787	(1,840)	(4,662)
		468,985	**732,820**	**472,447**	**1,083,312**	**474,321**	**739,404**	**475,919**	**1,089,573**
Profit before financial revenues (expenses) and taxes									
Net financial results	26								
Finance costs		(161,182)	(310,644)	(232,395)	(538,486)	(163,776)	(315,506)	(236,412)	(545,913)
Finance income		4,299	7,322	10,311	15,910	4,833	9,366	11,826	17,953
Exchange rate gain (losses), net		(343,688)	(1,808,769)	60,478	30,870	(343,826)	(1,808,992)	60,396	30,918
(Loss) Profit before taxes		**(31,586)**	**(1,379,271)**	**310,841**	**591,606**	**(28,448)**	**(1,375,728)**	**311,729**	**592,531**
Income and social contributions	20								
Current		-	-	-	-	(3,138)	(3,543)	(888)	(925)
Deferred		45,329	528,048	(56,453)	(90,006)	45,329	528,048	(56,453)	(90,006)
Profit (loss) for the period		**13,743**	**(851,223)**	**254,388**	**501,600**	**13,743**	**(851,223)**	**254,388**	**501,600**
Basic earnings (loss) per share		**0.01**	**(0.56)**	**0.17**	**0.33**	**0.01**	**(0.56)**	**0.17**	**0.33**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of comprehensive income (loss)
Quarters ended June 30, 2020 and 2019
(In thousands of Brazilian Reais)

	Parent company				Consolidated			
	2020		2019		2020		2019	
	2º Qtr	Accum.	2º Qtr	Accum.	2º Qtr	Accum.	2º Qtr	Accum.
Profit (loss) for the period	**13,743**	**(851,223)**	**254,388**	**501,600**	**13,743**	**(851,223)**	**254,388**	**501,600**
Items that will not be reclassified to profit or loss								
Exchange rate gains (losses) on investments	60,478	274,341	(10,676)	(5,630)	60,478	274,341	(10,676)	(5,630)
Total comprehensive income (loss) for the period	**74,221**	**(576,882)**	**243,712**	**495,970**	**74,221**	**(576,882)**	**243,712**	**495,970**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statement of changes in equity
Quarters ended June 30, 2020 and 2019
(In thousands of Brazilian Reais)

		Reserves				Cumulative	Retained	
	Share Capital	Legal reserve	Tax benefits reserve	Future growth reserve	Special reserve	translation adjustment	earnings (losses)	Total
Balance at December 31, 2018	**1,788,792**	**9,432**	**998,160**	**22,906**	-	**57,864**	**-**	**2,877,154**
Profit of the period	-	-	-	-	-	-	501,600	**501,600**
Exchange rate gain (losses), net on investments	-	-	-	-	-	(5,630)	-	**(5,630)**
Tax benefits reserve	-	-	4,348	-	-	-	(4,348)	**-**
Special reserve for non-distributed mandatory dividend	-	-	-	-	7,636	-	-	**7,636**
Balance at June 30, 2019	**1,788,792**	**9,432**	**1,002,508**	**22,906**	**7,636**	**52,234**	**497,252**	**3,380,760**
Balance at December 31, 2019	**1,788,792**	**36,498**	**1,002,780**	**405,132**	**135,045**	**81,171**	**-**	**3,449,418**
Loss of the period	-	-	-	-	-	-	(851,223)	**(851,223)**
Exchange rate gain (losses), net on investments	-	-	-	-	-	274,341	-	**274,341**
Balance at June 30, 2020	**1,788,792**	**36,498**	**1,002,780**	**405,132**	**135,045**	**355,512**	**(851,223)**	**2,872,536**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statement of cash flows
Quarters ended June 30, 2020 and 2019
(In thousands of Brazilian Reais)

		Parent company		Consolidated	
	Note	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Cash flows from operating activities			(Restated)		(Restated)
Profit (loss) for the period		**(851,223)**	**501,600**	**(851,223)**	**501,600**
Adjustments for:					
Depreciation and amortisation	25	119,341	114,149	126,124	122,267
Depletion	25	43,744	108,207	44,876	112,635
Amortization of goodwill		589	589	589	589
Write-off of property, plant and equipments	13	1,853	1,206	1,853	1,206
Change in fair value of biological assets	11	(24,295)	(52,624)	(24,295)	(52,624)
Deferred income tax and social contribution	20	(528,048)	90,006	(528,048)	90,006
Finance expense-Interest-leasing		284	630	502	821
Finance expense-Interests and exchanges rate variation	17.1	1,638,316	217,518	2,284,686	270,707
Finance expense-Interests and exchanges rate variation of related parties		645,075	54,240	-	(243)
Trade accounts receivables- exchange rate variation effect		(170,273)	21,489	(170,273)	21,489
Provisions for lawsuit	21	4,983	8,470	5,381	8,470
Derivatives		-	8,349	-	8,349
Equity result from subsidiary	12	(175,651)	(330,521)	-	-
Allowance for doubtful accounts	6	154	20	154	20
		704,849	**743,328**	**890,326**	**1,085,292**
Decrease (increase) in assets					
Trade accounts receivable		(4,409)	176,006	56,329	(57,066)
Inventories		40,089	26,582	144,286	56,728
Recoverable taxes		1,699	16,463	(12,149)	14,849
Prepayments to suppliers		(16,328)	(133,225)	(14,139)	(133,937)
Receivables to related parties		-	3,268	-	9
Other current and non-curret assets		12,513	857	14,970	(133)
Increase (decrease) in liabilities					
Trade payables		105,763	71,329	(62,586)	83,051
Accounts payable to related parties		8,274	(15,458)	8,274	(15,346)
Tax liabilities, payroll and social charges		5,052	(27,151)	15,993	(31,382)
Other current and non-current liabilities		(6,936)	(17,206)	(24,374)	(27,244)
Cash from operating activities		**850,566**	**844,793**	**1,016,930**	**974,821**
Income tax and social contribution paid		-	(2,427)	(3,516)	(2,524)
Net cash from operating activities		**850,566**	**842,366**	**1,013,414**	**972,297**
Cash flows from investing activities					
Increase on biological assets		(177,695)	(120,605)	(177,695)	(128,802)
Acquisition of property, plant and equipment and intangible	13 e 14	(308,907)	(81,463)	(309,325)	(82,475)
Proceeds from sale of property, plant and equipment		6,389	3,452	6,389	3,452
Financial investments		-	46,327	15,352	(10,619)
Net cash used in investing activities		**(480,213)**	**(152,289)**	**(465,279)**	**(218,444)**
Cash flows from financing activities					
Proceeds from loans and borrowings	17.1	170,217	583,324	170,217	583,324
Payments of loans and borrowings - principal	17.1	(607,525)	(822,512)	(673,105)	(861,447)
Payments of loans and borrowings - interest	17.1	(143,350)	(197,031)	(226,610)	(263,311)
Payments of loans and borrowings - exchange rate variation	17.1	-	(198,695)	-	(204,050)
Proceeds from loans and borrowings with related parties		-	35,886	-	-
Payments of loans and borrowings with related parties- principal		(64,700)	(40,619)	-	-
Payments of loans and borrowings with related parties- interest		(82,928)	(66,157)	-	-
Payments of loans and borrowings with related parties- exchange rate variation		-	(4,342)	-	-
Payment of lease liabilities	18	(77,869)	(75,197)	(78,431)	(75,667)
Net cash used financing activities		**(806,155)**	**(785,343)**	**(807,929)**	**(821,151)**
Effect of movements in exchange rates on cash		-	-	191,949	52,751
Net decrease in cash and cash equivalents		**(435,802)**	**(95,266)**	**(67,845)**	**(14,547)**
Cash and cash equivalents at the beginning of the period		520,504	310,419	840,010	610,591
Cash and cash equivalents at the end of the period		84,702	215,153	772,165	596,044
Net decrease in cash and cash equivalents		**(435,802)**	**(95,266)**	**(67,845)**	**(14,547)**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

ELDORADO BRASIL CELULOSE S.A.

Statements of value added
Quarters ended June 30, 2020 and 2019
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Revenues				
Sales of goods, products and services	1,673,229	1,791,592	2,170,967	2,296,442
Other income (expenses)	28,152	42,382	27,288	42,498
Transfers related to the construction of own assets	18,789	4,526	18,789	4,526
	1,720,170	**1,838,500**	**2,217,044**	**2,343,466**
Inputs acquired from third parties				
Cost of products, goods and services sold	(428,921)	(358,213)	(522,929)	(377,038)
Materials, energy, third party services and others	(274,330)	(197,400)	(473,836)	(324,170)
Gross value added	**1,016,919**	**1,282,887**	**1,220,279**	**1,642,258**
Depreciation, amortization and depletion	(163,674)	(222,945)	(171,589)	(235,491)
Net value added produced by the Company	**853,245**	**1,059,942**	**1,048,690**	**1,406,767**
Value added received in transfer				
Equity result from subsidiary	175,651	330,521	-	-
Finance income	7,322	15,910	9,366	17,953
Total value added to be distributed	**1,036,218**	**1,406,373**	**1,058,056**	**1,424,720**
Distribution of value added				
Staff				
Direct compensation	61,056	83,563	66,844	88,107
Benefits	61,199	54,981	65,034	57,659
Unemployment Compensation Fund (FGTS)	11,829	9,650	12,743	10,160
	134,084	**148,194**	**144,621**	**155,926**
Taxes, charges and contributions				
Federal	(464,871)	156,090	(460,400)	157,837
State	36,459	41,310	36,613	41,319
Local	-	-	667	670
	(428,412)	**197,400**	**(423,120)**	**199,826**
Debt remuneration				
Interest	2,118,828	352,366	2,115,334	351,664
Leases	62,874	52,797	63,798	53,605
Other	67	154,016	8,646	162,099
	2,181,769	**559,179**	**2,187,778**	**567,368**
Equity remuneration				
Net (loss) income of the period	**(851,223)**	**501,600**	**(851,223)**	**501,600**
Total value added distributed	**1,036,218**	**1,406,373**	**1,058,056**	**1,424,720**

The accompanying notes are an integral part of the individual and consolidated intermediary financial information

1. Operations

Eldorado Brasil Celulose S.A. (the “Company” or “Eldorado”) is a public company, whose registration with the Brazilian Securities and Exchange Commission (CVM) was obtained on June 6, 2012 in the category shares traded over the counter, established under Brazilian laws, located in the municipality of São Paulo, state of São Paulo (Brazil).

The Company’s individual and consolidated interim financial statement for the period ended June 30, 2020 includes the Company and its subsidiaries. The Company and its subsidiaries are primarily involved in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, state of Mato Grosso do Sul, and started production in December 2012.

At June 30, 2020, Eldorado's annual production capacity is around 1.8 million tons of bleached eucalyptus pulp. The wood we use to produce cellulose is 100% from the state of Mato Grosso do Sul, a climatic and topographically well-adapted area for eucalyptus growth.

The Company recognized a net loss in the six-month period ended June 30, 2020 of R$ 851,223 (R$ 501,600 in net income for the six-month period ended June 30, 2019) caused by the exchange variation due to the deterioration of the Real against the dollar impacting the financial expense line. In the operational scope, the Company obtained the expected result.

The Company has current liabilities higher than current assets in the amount of R$ 4,303,932 (R$ 1,210,823 in December 31th, 2019) in the Parent Company and the amount of R$ 3,262.317 (R$ 682.123 in December 31th, 2019) in the consolidated financial statements. The individual and consolidated interim financial statements were prepared based on the premise that the company will continue as a going concern, management has a reasonable expectation that the Company has adequate resources to pay your debts arising from loans and borrowings as described in note 17.

In the second quarter, Eldorado Brasil presented a significant increase in the negative working capital with the classification in the short term of the Bond 2021, for which the due date is June 2021. This debt was issued to the institutional market in 2016 and has an approximate amount of R$ 1,9 billion (USD 350 million).

As we could see during the second quarter, the institutional market bought issues in US dollars, initially participating in issues in emerging countries, and gradually returning to the corporate market, including Brazil.

As the company has maintained its trade finance debt rollovers in the short term, the entry of bonds with the due date in June 2021 intensified this situation. Until then, there is limited liquidity in the markets, due to the uncertainties generated by the pandemic, and we also have been observing a gradual return of the national institutional market with some debenture's issues by private companies. During the six-month period ended June 30, 2020, the Company generated R$ 1,013,414 of cash in its consolidated operations and R$ 850,566 in the parent company (R$ 972,297 and R$ 842,366 respectively for the same period ended June 30, 2019).

In addition to the pandemic environment that is beginning to reduce its impacts on the liquidity of the markets, during the third quarter we should observe the conclusion of the arbitration proceeding, as disclosed in note 32, that should eliminate uncertainty about the controlling shareholder in the long term.

The evolution of these events over the next quarter should allow the beginning of the process to extend the duration of financial liabilities, whether operating in the international institutional market or even in Brazil. The low interest environment abroad and in Brazil strategically positions the company to seek long-term debt. Eldorado Brasil remains with good prospects of accessing these markets since its operational performance remains solid due to the fact that it operates in essential markets that continue to be demanded to combat the pandemic.

a. Eldorado Brasil against coronavirus

Coping with the new coronavirus has been Eldorado's priority since the beginning of the pandemic. The Company's action has taken place on four fronts so far, focusing on its people and communities: (i) adoption of preventive measures to keep operations safe for the health of employees and their families; (ii) contribute to the prevention of coronavirus in communities by donating equipment and materials to hospitals and nursing homes; (iii) constant monitoring of market conditions and potential direct or indirect impacts of the pandemic on business; (iv) financial effects generated by the exchange rate in the quarter.

The Company continues to monitor new events and the potential impacts of Covid-19 and official containment measures on its employees, communities and business and will return to the market in case of a significant change in this scenario.

(i) People – prevention

Since the beginning of the new coronavirus pandemic, Eldorado has adopted measures to prevent the spread among its employees. To ensure agility and efficiency in the implementation of these measures, the Eldorado Health Committee was created, responsible for the development and application of the action plan to face the pandemic. This multidisciplinary group aims to ensure fast decision-making in cases of contingency and the adequacy of the Company's actions to official recommendations.

Cellulose is a fundamental input for basic items in people's daily lives and in facing the pandemic, such as toilet paper, tissues and medicine and food packaging. For this reason, the adoption of preventive measures was essential to keep the Company's operations safe.

(ii) Communities

Eldorado's top priority in tackling the coronavirus is to prevent dissemination among its employees, however the Company has always understood that it is part of the communities where it operates.

(iii) Market – monitoring

Despite the Covid-19 pandemic, the scenario in the pulp market proved to be resilient in the 1^{st} quarter of 2020. The pulp and paper industry have been considered essential in most countries for its participation in the supply chain of great importance products in this pandemic scenario.

Demand in general was supported by the increase in domestic consumption of toilet paper, especially in North America, and packaging for the delivery of food, medicine and online shopping in general, offsetting the downturn in the Print & Write sector so far (P&W), which was directly impacted by social distancing measures.

Thus, while the geographic diversity of Eldorado's sales strategy allows us to compensate possible regional losses, our mix in relation to the paper sectors allows us to walk through this scenario with good prospects for opportunities and less risks exposure. Our high exposure to the Tissue sector, which has an above-average demand in this pandemic scenario, supported sales by offsetting losses in some sectors of specialty papers and, mainly, in the P&W sector, whose share in our sales has been reduced year after year as part of our long-term business strategy.

(iv) Financial aspects

Eldorado Brasil presented an increase in financial leverage in the first quarter due to the appreciation of the US dollar against the Brazilian currency and the lower cash generation in this quarter when compared to the same period last year.

In this environment of uncertainty and high volatility, Eldorado Brasil has maintained its current liquidity ratio, which, linked with trade receivables in US dollars, allows the continuity of investments to support our operations and working capital, enabling business ability to continue as a going concern during the pandemic environment.

(In Thousands of Reais)

2. List of subsidiaries

		Shareholding	
	Country	06/30/2020	12/31/2019
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirectly controlled			
Eldorado USA Inc.	United States of America	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

See the accounting policies in note 4.a.

3. Preparation and presentation of the financial statements

a. Statement of compliance (in respect of the IFRS and CPC standards)

The individual and consolidated interim financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the pronouncements, interpretations and orientations issued by the Brazilian Accounting Pronouncements Committee (CPC), approved by resolutions of the Brazilian Federal Accounting Council (CFC) and rules of the Brazilian Securities and Exchange Commission (CVM).

After review of the Individual and Consolidated interim financial statement by the Board of Directors at the meeting held on August 13, 2020, these financial statements were authorized for issue by the Company.

Management states that all relevant information of the quarterly information, and only it, is being disclosed and that it can be used by it in its management.

b. Basis of measurement

The individual and consolidated interim financial statements have been prepared based on historical cost, with the exception of the following material items recognized in the balance sheets:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments are measured at amortized cost;
- Biological assets measured at fair value are recognized in the income statement under the fair value of biological assets.

c. Use of estimates and judgments

The preparation of the individual and consolidated interim financial statement in accordance with IFRS and CPC standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(i) Judgments

The information on judgments made in the application of the accounting policies that have material effects on the amounts recognized in the individual and consolidated interim financial statement is included in the following notes to the financial information:

- **Note 30 –** take or pay agreements.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended June 30, 2020 is included in the following notes:

- **Note 8** – inventory valuation allowance: obsolescence;
- **Note 11** – biological assets: discount rate;
- **Note 13** – impairment testing: discount rate;
- **Note 18 –** Leases payable: discount rate;
- **Note 20** – recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized;
  Note 21 - recognition and measurement of provisions and litigation risks: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

When measuring the fair value of an asset or a liability, the Company uses as much as possible observable market inputs. Additional information on the assumptions used in the fair value measurement is included in the following notes:

- **Note 11** – biological assets;
- **Note 29** – financial instruments.

e. Functional and presentation currency

This individual and consolidated interim financial statement is presented in Brazilian Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand, unless otherwise indicated.

f. Restatement of the corresponding values

In compliance with Technical Pronouncement CPC 23 / IAS 8 Accounting Policies, Changes in Estimates and Correction of Errors and CPC 26 / IAS 1 Presentation of the Financial Information, the Company proceeded with certain reclassifications in the comparative amounts of statements of cash flows for the quarter ended on June 30, 2019 as described below.

(i) Management chose to use net income (loss) instead of income before income tax and social contribution as a starting point to determine the cash flows from operating activities. As a result, changes were made to the lines of items that make up cash flows from operating activities;
(ii) Presentation of the payment amount of lease agreements as cash flow from financing activities;

Based on the result of this process, the reclassifications are presented as follows:

(In Thousands of Reais)

a. Statement of Cash flows	Parent Company Balances in 06/30/2019				Consolidated Balances in 06/30/2019			
		Disclousures restatement impacts				Disclousures restatement impacts		
		Reclassifications				Reclassifications		
	Previously presented	(i)	(ii)	Restated	Previously presented	(i)	(ii)	Restated
Income (loss) before provision for income and social contribution taxes	**591,606**	**(591,606)**	**-**	**-**	**592,531**	**(592,531)**	**-**	**-**
Net income (loss) for the period	**-**	**501,600**	**-**	**501,600**	**-**	**501,600**	**-**	**501,600**
Deferred income tax and social contribution	-	90,006	-	90,006	-	90,006	-	90,006
Finance charges - interest - leases	-	-	630	630	-	-	821	821
Trade accounts payable	(258)	-	71,587	71,329	11,464	-	71,587	83,051
Payment of lease agreements	(2,980)	-	2,980	-	(3,259)	-	3,259	-
Tax liabilities, payroll and social charges	-	-	-	-	(32,307)	925	-	(31,382)
Cash from operating activities	**769,596**	**-**	**75,197**	**844,793**	**899,154**	**-**	**75,667**	**974,821**
Net cash from operating activities	**767,169**	**-**	**75,197**	**842,366**	**896,630**	**-**	**75,667**	**972,297**
Payment of lease agreements	-	-	(75,197)	(75,197)	-	-	(75,667)	(75,667)
Net cash used in financing activities	**(710,146)**	**-**	(75,197)	**(785,343)**	**(745,484)**	**-**	**(75,667)**	**(821,151)**

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of this financial information are set out below. These policies have been applied consistently to all presented periods.

a. Basis of consolidation

(i) Subsidiaries

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the consolidated interim financial statement from the control beginning date until the date that control ends.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated interim financial statement.

b. Revenue

Revenue is recognized on an accrual basis. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Company and its subsidiaries.

Revenues are measured net of sales taxes, returns, trade discounts and rebates.

According to CPC 47 / IFRS 15 – Revenue from contracts with customers, the Company and its subsidiaries recognize revenue only when all of the following criteria are met:

- The amount of revenue can be reliably measured;
- The Company and its subsidiaries have fulfilled its performance obligation, for the amount that the entity expects to be entitled to receive;
- Future economic benefits are likely to flow to the Company and its subsidiaries;
- The expenses incurred or to be incurred in respect of the transaction can be reliably measured.

c. Functional and reporting currency

(i) Transactions in foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. The differences in foreign currencies resulting from retranslation are generally recognized in profit or loss.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated into Brazilian Real (R$) at the exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Brazilian Real (R$) at the average exchange rates during the period.

The differences in foreign currencies (functional currency of foreign controlled companies) arising from the translation to the reporting currency (Brazilian Reais) are recognized in other comprehensive income (loss) and accumulated in the caption “Cumulative translation adjustment” in equity.

d. Financial instruments

The Company recognizes loans and receivables issued at the date they were originated. All other financial instruments are recognized initially at the trading date in which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flow in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not hold the control over the transferred asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The company does not have any financial instruments that could be reclassified or offset.

- **Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-sale or is designated as such on initial recognition. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss.

- **Cash and cash equivalents**

Cash, banks, and short-term financial investments are the items of the statement of financial position that are presented in the statement of cash flows as cash and cash equivalents of immediate liquidity with redemption periods of three months or less from the investment date.

- **Financial assets measured at amortized cost**

Such assets are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method.

- **Non-derivative financial liabilities**

Financial liabilities are initially measured at fair value, less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

- **Impairment of financial assets**

Bank deposits and financial investments are contracted with first-rate financial institutions.

The Company manages its client portfolio based on specific rules for the acceptance of customers and the establishment of their respective credit limits, consistently carried out through periodically reviewed credit analysis and collegiate discussions with the credit committee. The Company has firm guarantees and financial credit protection instruments to mitigate any risks of default of its clients in higher risk markets, in addition to performing active collection of outstanding and/or overdue amounts in all markets in which it operates.

The Company constitutes expected credit loss for customers in judicial collection or recovery, with low probability of recovery of credits. Losses are recognized in profit or loss and reflected in the provision account.

When the Company considers that there is no realistic perspective of recovery of the asset, the amount is written off. If the amount of the impairment loss subsequently decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

- **Derivative financial instruments**

Derivatives are initially recognized at fair value and any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and any gains and losses are recognized in profit or loss.

- **Paid-in capital**

Additional costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

e. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of standing timber transferred from biological assets is measured at the cost determined at the date of harvest.

f. Fixed assets

Fixed assets are carried at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

Any gains or losses arising on the disposal or write-off of an item of fixed assets are recognized in profit or loss.

Financial charges on borrowings that are directly attributable to the acquisition or construction of the assets are capitalized as part of the costs of these assets. Borrowing costs that are not directly related to the assets are capitalized based on an average funding rate on the balance of construction in progress. These costs are amortized over their estimated useful lives.

Maintenance expenditures related to general maintenance are capitalized when future economic benefits exceed the performance initially estimated for the asset and are depreciated over the remaining useful life of the related asset.

Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in profit or loss. Company Property, plant and equipment useful life is shown at note 13.

The estimated useful life, the residual amounts and depreciation methods a reviewed annually at the end of each fiscal year, and the effects of estimates changes are recognized prospectively.

Impairment

At the end of each year, the carrying amount is reviewed to determine whether there is any indication of impairment loss. If there is such an indication, the recoverable amount of the asset is estimated.

For impairment tests, assets are grouped together into the smallest asset in the group, which generates cash inflows from use that are largely independent of cash inflows from other assets or CGUs.

The recoverable amount of an asset or CGU is the higher of the value in use and its fair value less costs to sell. The value in use is based on future cash flows, discounted at their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in relation to goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

g. Biological assets

Biological assets consist of renewable eucalyptus forests for pulp production used in paper making.

These assets are measured at their fair value minus the cost of sale - the impact of which reflects in the income statement for the period.

The Company evaluates every six months the value of its biological assets, because it understands that this procedure is sufficient to demonstrate the evolution of the fair value of forests.

Depletion is measured based on the quantity of wood harvested in comparison to the expected quantity from the forests.

h. Intangible

(i) Intangible assets

Terminal concession, software and appreciation for the right of use of the concession of port movements (difference between book values and the fair value calculated at the time of the negotiation), acquired by the Company have definite useful lives and are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Amortization

The amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual values, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in profit or loss. Company Intangible useful life is show on note 14.

i. Trade accounts payable

Refer to amounts due to suppliers in the normal course of the business of the Company and its subsidiaries.

j. Provisions

A provision is recognized as a liability when the Company has present obligations that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The finance costs incurred are recognized in profit or loss.

k. Earnings per share

Basic earnings per share are calculated based on the net result for the year and the weighted average number of shares outstanding during the year. The Company does not have instruments that could potentially dilute the number of shares.

l. Income tax and social contribution tax

Income (loss) from income tax and social contribution tax includes current and deferred income taxes, which are recognized in profit or loss unless they are related to business combinations or items directly recognized in equity or in other comprehensive income.

Current and deferred income tax and social contribution tax are calculated based on the rates of 15%, plus a 10% surtax on taxable profit exceeding R$ 240 for income tax and 9% on taxable profit for social contribution tax on net income, and consider the offset of income tax and social contribution tax losses, limited to 30% of the taxable profit.

(i) Current taxes

Current tax is the estimated tax payable or to offset calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. It is calculated based on the tax rates enacted, at the reporting date.

(ii) Deferred taxes

Deferred taxes are recognized for tax losses and temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for income tax purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or taxable income or loss;
- Differences related to investments in controlled companies, branches and associated companies, and in joint ventures considering that the

Company is capable of controlling the moment of reversal and that such differences should not be reversed in the future;

- Deferred taxes are not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

Deferred tax assets are recognized as non-utilized tax losses, tax credits and deductible temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will be realized.

The deferred tax is measured at the rates which are expected to be applied to temporary differences when they reverse, based on enacted or substantively enacted laws by the date of the interim financial statements.

m. Employee benefits

Defined contribution pension plan

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions to a separate entity (pension fund) and will not have a legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in profit or loss in the periods in which the employees provide services.

n. Leases

(i) Right to use leasing assets – note 15

The Company and its subsidiaries adopted IFRS 16 / CPC 6 (R2) - Leasing operations on January 1, 2019, considering as a basis of analysis the contracts with identifiable assets, whose control of the use of the asset, economic benefits, between other aspects provided for in the pronouncement, are exclusive to the Company and its subsidiaries, regardless of the legal form given to the contract. Service contracts and supply agreements were treated as leases when there is an identifiable asset.

At the date of the initial adoption, the Company and its subsidiaries used the modified retrospective approach, choosing to measure the cost of the right of use of the leasing asset to the amount equivalent to the present value of the lease liability payable as from January 1 2019, without any updating of comparative information.

The depreciation of the right of use is calculated based on the term of validity of each lease.

Lease agreements with a term of less than twelve months and an identifiable asset with a market value of less than twenty thousand Brazilian Reais were not included at the initial adoption of IFRS 16/CPC 6 (R2) – leases.

(ii) Leasing – note 18

At the beginning date, the initial measurement of the lease liability lease provision was calculated based on the present value of the fixed lease payments that were not made until that date. The renewal period was considered for leases that has automatic renewal periods. The amounts of the installments payable were discounted by the incremental rate on loan (discount rate), plus other contractual obligations set forth in the lease agreements adjusted to the present value.

The Company and its subsidiaries opted to define a single discount rate for leases with similar characteristics, considering as a criterion for the definition of the discount rate the financial costs of loans and borrowings for the acquisition of similar assets.

The discount rate used for the calculation of the identified assets present value and, consequently, for the monthly appropriation of financial interest, is between 9.5% and 12.44%, in accordance with the of each lease.

The value of the adjustment to the present value will be appropriated monthly as financial interest in the income for the year.

o. ICPC 22 (IFRIC 23) - Uncertainty over income tax treatments

The interpretation in effect as from January 1st, 2019 explains how to apply the measurement and recognition requirements when there is uncertainty over income tax treatments.

The uncertainty shall be reflected in measurement to provide the best expected resolution of uncertainty based on approach of (i) most probable value or (ii) expected value.

ICPC 22 / IFRIC 23 – Uncertainty over income tax treatments does not required new disclosures, however reinforces the need to comply with existing disclosure requirements regarding (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial information.

Management did not identify any impacts arising from this change.

p. New standards, revisions and interpretations not yet adopted

There are no other standards that are not yet effective that would be expected to have a material impact on the Company's consolidated interim financial statement.

q. Statament of added value

The Company prepared the statements of added value ("AVS"), individual and consolidated, as an integral part of the financial information, being required by Brazilian corporate law and the accounting practices adopted in Brazil, in accordance with the criteria defined in CPC 09 – Added Value Statement. IFRS do not require the presentation of these statements and, therefore, are considered supplementary information, without prejudice to the set of financial information.

r. Operating segments

The Company's management understands that cellulose is the only segment because the revenue from the energy item refers to the excess energy from the pulp production process.

Reportable segment: Pulp - cultivation and management of forest resources, purchase of wood and manufacture of pulp.

s. Government grants

The Company set up a tax incentive reserve for a portion of the net profit resulting from government subsidies, through ICMS credits, resulting from a tax incentive package granted by the Government of Mato Grosso do Sul for application in its future industrial expansion. The incentives were granted due to the investments made in the construction of line 1, the formation of biological assets, the generation of new direct and indirect jobs, promoting an increase in the state's economy. The recognition of credits was initially presented in the Company's income statement.

t. Take or pay contracts

The Company has firm contracts of various types and is disclosing its effects in note 30 in accordance with the requirements of CPC 26 / IAS 1 - Presentation of the financial statements.

(In Thousands of Reais)

5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash	41	32	45	35
Bank accounts (a)	29,314	187,889	426,021	507,392
Bank deposit certificate (b)	55,347	332,583	346,099	332,583
	84,702	**520,504**	**772,165**	**840,010**

(a) 97% of the sight deposits are held in bank accounts with leading financial institutions at competitive rates in the national and international markets;

(b) The local bank deposit certificates are daily liquidity investments, from top-tier financial institutions with a return that approximates the interbank rate Certificate of Interbank Deposit (CDI). The certificates in foreign banks are composed of daily liquidity deposits at competitive rates in the international market.

5.2. Financial investments - current and non-current assets

	Consolidated	
	06/30/2020	12/31/2019
Banco do Brasil Paris (a)	65,914	59,482
	65,914	**59,482**

Segregation		
Current assets	65,914	-
Non-current assets	-	59,482
	65,914	**59,482**

(a) Funds in current account with Banco do Brasil Paris. These funds were given as guarantee to the Term Loan operation, as presented in note 17.2 (v), due in April / 2021.

(In Thousands of Reais)

6. Trade accounts receivables

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Local market	104,500	112,954	104,500	112,954
Foreign market	512,366	335,773	630,059	396,315
	616,866	**448,727**	**734,559**	**509,269**

Aging of trade accounts receivables is as follows:

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current	593,403	332,948	689,487	448,255
Overdue between 1-30 days	17,534	79,102	16,318	37,153
Overdue between 31 - 60 days	3,972	33,773	3,784	2,657
Overdue between 61-90 days	-	421	28	1,201
More than 90 days	1,957	2,483	24,942	20,003
	616,866	**448,727**	**734,559**	**509,269**

Substantial part of the balance overdue more than 90 days is related with two clients in Europe, whose credit qualification for the Company was concluded successfully. Due to the complexity of the procedures that involve the qualification process for these credits, the closing of the process with the consequent payment does not have a defined period. The Company awaits the position on receipt and for this reason did not constitute an expected credit loss.

The Company has guarantees and financial instruments for credit protection to mitigate possible risks of default by its customers in higher risk markets, in addition, through its policies and credit committee, it constantly analyzes and monitors all credit limits granted and performs active collection of pending and / or overdue amounts in all markets in which it operates. Trade accounts receivable present the need for constitution of credit loss expected mainly for customers in collection or judicial recovery, with low probability of recovery of credits.

Expected credit loss

(In Thousands of Reais)

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Beginning balance	(5,548)	(5,700)	(5,888)	(6,026)
Amounts written off	154	152	154	152
Exchange rate variation	-	-	(121)	(14)
	(5,394)	**(5,548)**	**(5,855)**	**(5,888)**

7. Related parties

The main related parties balances on the statements of financial position and transactions that impact the statement of profit or loss result from operations under market conditions and prices established between the parties are presented below:

Assets and liabilities
Receivable (payable)

		Parent company		Consolidated	
Balance with subsidiaries	**Transaction**	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Cellulose Eldorado Áustria GmbH	Pulp sale	185,676	100,325	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(110,813)	(123,134)	-	-
Cellulose Eldorado Áustria GmbH	Costs transfer	(115)	(73)	-	-
Eldorado EUA Inc.	Pulp sale	248,718	206,044	-	-
Eldorado EUA Inc.	Costs transfer	(1,230)	(3,365)	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,935,868)	(1,424,007)	-	-
Rishis Empreend. e Partic.	Services	(27,420)	(24,240)	-	-
Net total payable to subsidiaries		**(1,641,052)**	**(1,268,450)**	-	-
Balances with controlling shareholders					
J&F Investimentos	Guarantee (i)	(12,260)	(3,986)	(12,260)	(3,986)
J&F Investimentos	Reimbursement (vi)	-	(52)	-	(52)
Total payable to controlling shareholders		**(12,260)**	**(4,038)**	**(12,260)**	**(4,038)**
Balances with Group companies					
JBS	Others (iv)	(86)	(809)	(86)	(809)
Seara Alimentos	Meals (v)	(27)	(26)	(27)	(26)
Flora produtos de Higiene e Limpeza	Supplies (vii)	(85)	-	(85)	-
Total payable to group companies		**(198)**	**(835)**	**(198)**	**(835)**
Total		**(1,653,510)**	**(1,273,323)**	**(12,458)**	**(4,873)**
Asset					
Trade accounts receivables		434,394	306,369	-	-
Liabilities					
Trade payables		(27,618)	(25,127)	(198)	(887)
Related parties loans		(2,046,681)	(1,547,141)	-	-
Related parties payable		(13,605)	(7,424)	(12,260)	(3,986)
Total		**(1,653,510)**	**(1,273,323)**	**(12,458)**	**(4,873)**

(In Thousands of Reais)

Profit and loss
Revenues (expenses)

Transaction with subsidiaries	Transaction	Parent company 06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Cellulose Eldorado Áustria GmbH	Pulp sale	535,882	418,042	932,597	949,093
Cellulose Eldorado Áustria GmbH	PPE (ii)	(3,022)	(4,584)	(6,126)	(7,688)
Eldorado EUA Inc.	Pulp sale	219,840	228,568	316,402	387,580
Eldorado Intl. Finance GmbH	PPE (iii)	(42,254)	(29,371)	(77,214)	(59,431)
Rishis Empreend. e Partic.	Services	(6,374)	(5,910)	(12,226)	(11,713)
Net revenues with subsidiaries		**704,072**	**606,745**	**1,153,433**	**1,257,841**
Transaction with controlling shareholders					
J&F Investimentos	Guarantee (i)	(6,157)	(12,246)	(12,260)	(24,470)
Total expenses with controlling shareholders		**(6,157)**	**(12,246)**	**(12,260)**	**(24,470)**
Transactions with Group companies					
JBS	Diversos (iv)	(3,341)	(3,761)	(7,192)	(7,557)
Seara Alimentos	Consumíveis (v)	(27)	(6)	(78)	(39)
Flora produtos de Higiene e Limpeza	Supplies (vii)	(172)	-	(172)	-
Total expenses with Group companies		**(3,540)**	**(3,767)**	**(7,442)**	**(7,596)**
Total profit		**694,375**	**590,732**	**1,133,731**	**1,225,775**

Transaction with controlling shareholders		Consolidated 06/30/2020	06/30/2019	Accum. 2020	Acum. 2019
J&F Investimentos	Guarantee (i)	(6,157)	(12,246)	(12,260)	(24,470)
Total expenses with controlling shareholders		**(6,157)**	**(12,246)**	**(12,260)**	**(24,470)**
Transactions with Group companies					
JBS	Others (iv)	(3,341)	(3,761)	(7,192)	(7,557)
Seara Alimentos	Meals (v)	(27)	(6)	(78)	(39)
Flora produtos de Higiene e Limpeza	Supplies (vii)	(172)	-	(172)	-
Total expenses with Group companies		**(3,540)**	**(3,767)**	**(7,442)**	**(7,596)**
Total loss		**(9,697)**	**(16,013)**	**(19,702)**	**(32,066)**

(i) Guarantee granted by the holding company J&F Investimentos S.A., to guarantee the financing operations that Eldorado has with financial institutions;
(ii) Export financing operation granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A. with a 5-year term, with an anual interest rate of 8.19% + exchange rate variation;
(iii) Export financing operation granted by Eldorado Intl. Finance GmbH for Eldorado Brasil Celulose S.A. with a 5-year term, with an anual interest rate of 8.875% + exchange rate variation;
(iv) Amounts payable on transactions related with: freight for pulp transportation, purchase of meals for use in the cafeteria and data center rental;
(v) Purchase of meals for use in the cafeteria;
(vi) Reimbursements for rentals and corporate expenses.
(vii) Refers to the cleaning kit provided to employees in the prevention of COVID-19.

(In Thousands of Reais)

7.1. Key management personnel compensation

Key management personnel compensation comprised the following expenses related with directors and officers:

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Benefits (a)	7,084	4,455	12,298	11,114

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Benefits (a)	8,471	4,948	15,221	12,803

(a) The benefits include fixed remuneration (salaries, vacations and 13th salary), social security contribution to the National Social Security Institute (INSS), to the Severance Pay Fund (FGTS), bonuses and others. Some directors have contracts in compliance with the Consolidation of Labor Laws (CLT) regime and follow all legal prerogatives of remuneration and benefits and other part of director are in compliance with the pro-labor regime.

8. Inventories

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Seedlings	1,665	29	1,665	29
Raw materials (wood for production)	146,182	120,656	146,182	120,656
Pulp	30,789	40,649	239,955	234,961
Inputs	27,694	25,084	27,694	25,084
Supplies	158,066	140,094	158,260	140,280
	364,396	**326,512**	**573,756**	**521,010**

(In Thousands of Reais)

9. Recoverable taxes

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
ICMS (i)	1,127,764	1,120,141	1,144,953	1,120,309
Sale taxes (PIS and COFINS) (ii)	88,034	72,433	88,034	72,433
Federal VAT (IPI)	22	4	22	4
Services tax (ISS)	173	177	173	177
Reintegra (iii)	24,422	39,643	24,422	39,643
Withholding income tax (IRRF) (iv)	1,091	10,728	1,091	10,728
National Institute of Social Security (INSS) to be compensated	-	-	395	395
Corporate income tax (IRPJ) to be compensated (v)	13,738	5,560	13,761	5,560
Social contribution tax (CSLL) to be compensated (v)	608	7,796	616	7,796
Corporate income tax prepayments IRPJ (vi)	-	780	3,800	2,719
Social Contribution (CSLL) - prepayments (vi)	-	289	29	296
	1,255,852	**1,257,551**	**1,277,296**	**1,260,060**
Segregation				
Current asset	200,949	207,691	222,393	210,200
Non-current asset	1,054,903	1,049,860	1,054,903	1,049,860
	1,255,852	**1,257,551**	**1,277,296**	**1,260,060**

(i) ICMS

The Company has an ICMS balance accumulated over the last years originated from credits on the purchase of inputs used in the production process, assets classified as fixed assets for implementation of its plant in Três Lagoas - MS and fiscal incentives granted by the Government of Mato Grosso do Sul for application in the current operation and future industrial expansion.

Continuing the maximization on the use of these credits, we highlight the diligences regarding the request to the Government of Mato Grosso do Sul to use the ICMS credits for the payment of: a) suppliers that are being contracted for the Thermoelectric Plant Project - UTE Onça Pintada; b) acquisition of new equipment and machinery.

The contracts that will be part of the project to expand the factory of a new production line, with nominal capacity of 2.3 million tons per year, are part of our study of monetization. The project is called Vanguarda 2.0.

The increase occurred in the ICMS balance to be recovered this quarter refers to the levy of the tax in the invoices for cellulose shipment stored in warehouses that will be shipped to the foreign market. The balance will be realized in the coming months, when the stock will be loaded and cleared for the foreign market.

The balance recoverability depends on the future events confirmation as disclosed in note 32.

(ii) PIS and COFINS

These credits correspond substantially to the excess of non-cumulative PIS and COFINS obtained on:(i) the acquisition of inputs used in the production of cellulose sent to the foreign market, (ii) the acquisition of fixed assets to replace machinery and equipment allocated in industrial, forestry and industrial processes and truck fleets for timber transport, as well as for the UTE-Onça Pintada Thermoelectric Plant Project, which is expected to start operate in 2021.

(In Thousands of Reais)

Another part of the credit arises from a favorable decision, issued by the Federal Regional Court of the 3rd region, in a lawsuit filed by the Company requesting the exclusion of ICMS from the sales tax calculation base (PIS / COFINS) levied on sales to the national market. The Federal Court of São Paulo granted the preliminary injunction in May 2015 and in June 2015, issued a favorable decision on the deduction of ICMS from the mentioned calculation base. The decision was confirmed by the Federal Regional Court of the 3rd Region becoming final on June 28, 2019.

This amount is realizable upon the request for reimbursement that may be paid by the Federal Revenue Service or compensated with (i) witholding taxes for contracted services, and (ii) with income tax and social contribution.

(iii) Reintegra

As of October 2014, the Company adopted decree No. 7,633, of December 1, 2011, which regulated Reintegra.

Reintegra establishes the possibility for the entity that manufactures goods in the country and exports it, to calculate value for the purpose of partial or full reimbursement of tax residues in its production chain. The Reintegra regulation establishes that the amount will be calculated by applying the percentage in force at the time of the transaction, on the revenue resulting from the export of goods produced by the legal entity.

Period	Tax rate
October/2014 to February/2015	3.0%
March/2015 to November/2015	1.0%
December/2015 to December/2016	0.1%
January/2017 to May/2018	2.0%
June/2018 to June/2020*	0.1%

(*) The regulated rate for Reintegra for the period from June 2018 to June 2020 was 0.1%, however the Company practiced the rate of 2% during the period from June 2018 to August 2018 according to injunction granted by the Federal Justice of the 3rd region - 5th Federal Civil Court of São Paulo.

(iv) IRRF

Corresponds to income tax withheld on short-term financial investments returns, realizable by offsetting with the income tax and social contributions.

(v) IRPJ and CSLL to be compensated

Corresponds to income tax and social contribution in 2017 and 2018, paid in advance under the taxable income regime and that at the end of the year. When the actual calculation was made, overpayment was observed. Based on current legislation, the balances are updated by SELIC rate and are being offset against federal taxes payable in 2020.

(In Thousands of Reais)

(vi) IRPJ and CSLL - prepayments

Refer to corporate income tax and social contribution paid in advance based on the taxable profit, in compliance with the rules for actual profit taxation regime. At the end of each year, the prepaid balance is realized through offset against the calculated amount of income tax and social contribution due.

10. Prepayments to suppliers

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Purchase of wood (i)	149,715	176,970	149,715	176,970
Others	12,867	12,451	12,867	14,638
	162,582	**189,421**	**162,582**	**191,608**
Segregation				
Current asset	25,884	63,224	25,884	65,411
Non-current asset	136,698	126,197	136,698	126,197
	162,582	**189,421**	**162,582**	**191,608**

(i) Refers to prepayments made to wood suppliers, in accordance with purchase contracts for future delivery, which will be due upon physical receipt of the wood. The Company specialists assess and monitor the development of forests, in order to mitigate risks associated with the fulfillment of the contract.

11. Biological assets

The Company's biological assets are represented by eucalyptus forests in formation, destined to supply wood for pulp production, located 100% in the state of Mato Grosso do Sul.

Beginning and ending balances are presented as follows:

	Parent company and consolidated	
	06/30/2020	12/31/2019
Beginning balance	2,745,146	2,668,744
Net change in fair value	24,295	(81,663)
Harvested timber transferred to inventories	(109,875)	(162,042)
Handling cost	190,310	320,107
	2,849,876	**2,745,146**

As of June 30, 2020, the Company had a production area of 231,106 hectares (229,729 hectares as of December 31, 2019), disregarding, among others, the areas of permanent preservation and legal reserve, in order to comply with current environmental legislation.

According to the hierarchy levels established in CPC 46 / IFRS 13 - Fair value measurement, biological assets are classified at level 3, due to its complexity and calculation structure.

In order to recognize its biological assets at fair value, the Company used the Discounted Cash Flow (DCF) model. In general, the methodology can be synthesized by projecting growth of the forest and subsequent depletion, with a cutting age between 6 and 8 years, considering operational and annual demand restrictions.

The volume of tree production to be cut was estimated considering the average productivity in cubic meters of wood from each plantation per hectare at harvest time. This growth is represented by the Average Annual Increment (IMA) expressed in cubic meters per hectare / year. The costs of handling crops include expenses with fertilization, control of weeds, combating ants and other pests, maintenance of roads and fire breaks, and other services necessary for the maintenance of planted forests.

Among the assumptions used in the calculation, the sensitivity to the wood prices used in the valuation and the discount rate used in the discounted cash flow stand out. The average selling price for eucalyptus wood was estimated for the local market, adjusted to reflect the price of "standing" wood by region, which is impacted by the distance between the farm and the production unit and the discount rate corresponds to the weighted average cost of capital of the Company.

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

The Company started to adopt the weighted average price of Eucalyptus wood, calculated by Pöyry and published quarterly in the Radar bulletin, to reflect the price of “standing wood” in the regional market, replacing the average price published in the Study Center Information Advanced in Applied Economics (CEPEA), based in Sorocaba-SP, both in the evaluation of biological assets and as a price reference in new rural partnership contracts, because the Radar bulletin currently reflects the conditions of the regional market located in Mato Grosso do Sul with greater reliability. The impact on the replacement of the reference price published by CEPEA for the one disclosed by POYRY is R$ 7.98 per m^3 lower in June.

(In Thousands of Reais)

In relation to the discount rate, the significant effects of an increase (decrease) in the rate used to measure the fair value of biological assets would result in a decrease (increase) in the measured values.

The main inputs considered in estimating the fair value of biological assets were:

	06/30/2020	12/31/2019
Current productive area (hectare)	231,106	229.729
Current harvest area(hectare)	215,873	213,219
Average Annual Increase (IMA) - m³/ hectare	32,43	34,80
Discount rate (WACC without consumer price index) - %	5,45	5,08
Standing wood price - R$/m³	58,60	50,36

Changes in the fair value of biological assets are recognized as other operating income (expenses) in the statement of profit or loss for the year when occur.

The forests that represent the biological asset are subject to operational and environmental risks, such as fires, pests, diseases and climatic variations.

At the Company, forest protection against fires, pests and diseases is based on a prevention, monitoring and control strategy. The firebreaks are maintained annually, which are a vegetation-free strip where the soil is uncovered, causing the discontinuity of combustible plant material and, thus, preventing burning and fires from spreading. Constant monitoring is done through a system of cameras strategically placed in the forests, using alarm systems and triggering fire brigades trained to combat outbreaks in forest areas. In the case of occurrence of pests and diseases, the Forestry Research and Technology Department works through specialists in physiology and plant health who adopt diagnostic procedures and rapid actions against possible occurrences and losses of forest production.

Additionally, there is an exposure to risks related to climate change, which can affect the balance of ecosystems and consequently the productivity of plantations.

The Company adopts strategies to control and monitor forest productivity, such as monitoring management, in addition to nutrition and genetic improvement, which includes the adaptation of species in different climatic conditions. The Company increased the number of clones planted on an operational scale, in order to mitigate risks inherent to climate change. With the increase in genetic variability, The Company ensure that forests are better prepared to adapt the climate fluctuations.

We are continuously improving our forest management plan, which contains the main guidelines and information on our silvicultural operations, harvesting, timber transportation, native vegetation conservation areas and social and environmental responsibility initiatives.

(In Thousands of Reais)

Our forestry operations are certified by the Forest Stewardship Council, or FSC, an independent international non-governmental and non-profit organization.

The FSC establishes ten principles and several criteria for describing the essential elements or rules of environmentally appropriate, socially beneficial and economically viable forest management, all of which must be applied in a forest management unit before it can receive FSC certification. FSC certificates are valid for five years, however, FSC-accredited certification bodies to carry out annual audits and verify continued compliance with FSC certification requirements.

12. Investments

The following figure presents relevant information on investments in subsidiaries for the period ended June 30, 2020.

Subsidiaries:	Ownership interest	Total assets	Share capital	Equity	Revenue	Profit (loss)
Cellulose Eldorado Austria Gmbh	100%	3,691,256	111	1,018,088	1,741,246	184,972
Rishis Empreendimentos e Participações S.A.	100%	98,791	108,979	91,151	11,574	48

Parent Company:	Balance at 12/31/2019	Additions (disposals)	Cumulative translation adjustment	Unrealized profit on inventories	Equity result	Balance at 06/30/2020
Cellulose Eldorado Austria Gmbh	568,144	-	274,341	(9,369)	184,972	1,018,088
Rishis Empreendimentos e Participações S.A.	91,103	-	-	-	48	91,151
Goodwill from port concession right of use	11,695	(590)	-	-	-	11,105
	670,942	(590)	274,341	(9,369)	185,020	1,120,344

The following figure presents relevant information on investments in subsidiaries for the year ended December 31th, 2019.

Subsidiaries:	Ownership interest	Total assets	Share capital	Equity	Revenue	Profit (loss)
Cellulose Eldorado Austria Gmbh	100%	2,593,088	111	568,143	3,534,125	282,226
Rishis Empreendimentos e Participações S.A.	100%	99,529	108,979	91,103	23,729	- 41

Parent company:	Balance at 12/31/2018	Additions (disposals)	Cumulative translation adjustment	Unrealized profit on inventories	Equity result	Balance at 12/31/2019
Cellulose Eldorado Austria Gmbh	(36,961)	-	23,307	299,572	282,226	568,144
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(41)	91,103
Goodwill from port concession right of use	12,874	(1,179)	-	-	-	11,695
Total	67,057	(1,179)	23,307	299,572	282,185	670,942
Allowance for loss in subsidiaries						
Total	36,961					-

Subsidiaries

Cellulose Eldorado Austria GmbH

In December 2012, were opened two units strategically, called Eldorado USA Inc. (United States) and Cellulose Eldorado Austria GmbH (Austria), in order to meet the demand for sales contracts signed in foreign markets and prospecting for new sales. Additionally, a commercial office was opened in China (Shanghai) in 2013, continuing with the Company's expansion and presence in the foreign market.

Eldorado Intl Finance GmbH is a company whose main purpose is the issuance of bonds on the international market, in order to separate this function from the other activities carried out by Eldorado's subsidiaries. The company was incorporated in February 2016, and started its activities in June 2016, with the issuance of the bonds.

Rishis Empreendimentos e Participações S.A.

Rishis Empreendimentos e Participações SA (Rishis) holds the rights and liabilities raising of the Lease Agreement No. DP-DC 01/2005 (“Lease Agreement”), entered into with Santos Port Authority - SPA (ex-CODESP) on December 2 2005, valid until November 4, 2029.

Rishis is a port operator, certified by the Santos Port Authority - SPA (ex-CODESP) since March 5, 2015, leasing a port facility for public use specialized in handling cellulose for export in the “breakbulk” mode. It is located in the official area of the established port of Santos, in the area named Outeirinhos.

The total area is about 10,000 m² with a capacity for static storage of 32,000 tons, moved by three overhead cranes with telescopic spreaders and forklifts with clamps. Rishis has controls and processes certified by the ISO9001, ISO14001 and OHSAS18001 standards, whose certifications are verified and issued by the company BRTUV.

The facilities, accesses and operational activities are governed by the customs legislation of the Federal Revenue of Brazil, whose permission for operation was published in the DOU (see “Executive Declaratory Act No. 30” on May 20, 2013), valid until November 4, 2029 .

The Company's Management expects, with this transaction, to increase the operational efficiency of logistics, adding competitiveness in the export of pulp.

Goodwill from port concession right of use

(In Thousands of Reais)

On June 30, 2020, the Company recorded a goodwill on the right of use the port area that is the main subject of a lease agreement that is being amortized over the time of the right of use, valid until November 4, 2029.

13. Property, plant and equipment

	Parent company - 06/30/2020			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net cost
Land	-	103,224	-	103,224
Buildings	3.53%	1,155,774	(259,217)	896,557
Leasehold improvements	10.00%	3,111	(2,035)	1,076
Facilities and improvements	5.38%	289,694	(82,633)	207,061
Furniture and fixtures	9.38%	10,158	(5,504)	4,654
Vehicles	20.22%	155,374	(110,840)	44,534
Technical and scientific equipments	11.28%	8,430	(4,726)	3,704
IT equipments	19.59%	70,134	(61,342)	8,792
Machinery and equipment	6.40%	3,813,371	(1,135,768)	2,677,603
Vessel and floating structures	20.00%	7	(3)	4
Eucalyptus matrices	20.00%	107	(74)	33
Assets under construction and advances	-	698,826	-	698,826
		6,308,210	(1,662,142)	4,646,068

	Parent company - 12/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net cost
Land	-	103,224	-	103,224
Buildings	3.58%	1,153,278	(239,224)	914,054
Leasehold improvements	10.00%	3,111	(1,880)	1,231
Facilities and improvements	5.47%	289,694	(76,209)	213,485
Furniture and fixtures	9.40%	9,965	(5,032)	4,933
Vehicles	20.59%	160,890	(110,981)	49,909
Technical and scientific equipments	11.55%	6,960	(4,373)	2,587
IT equipments	19.78%	67,757	(59,694)	8,063
Machinery and equipment	6.47%	3,747,017	(1,051,709)	2,695,308
Vessel and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Assets under construction and advances	-	472,256	-	472,256
		6,014,266	(1,549,167)	4,465,099

	Consolidated - 06/30/2020			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net cost
Land	-	103,224	-	103,224
Buildings	3.53%	1,155,774	(259,217)	896,557
Leasehold improvements	7.63%	3,367	(2,109)	1,258
Facilities and improvements	5.46%	289,761	(82,677)	207,084
Furniture and fixtures	9.43%	10,801	(5,885)	4,916
Vehicles	20.22%	155,374	(110,840)	44,534
Technical and scientific equipments	11.29%	8,444	(4,740)	3,704
IT equipments	19.64%	72,225	(62,737)	9,488
Machinery and equipment	6.42%	3,815,996	(1,136,666)	2,679,330
Vessel and floating structures	20.00%	7	(3)	4
Eucalyptus matrices	20.00%	107	(74)	33
Assets under construction and advances	-	707,627	-	707,627
		6,322,707	(1,664,948)	4,657,759

(In Thousands of Reais)

;

	Consolidated - 12/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net cost
Land	-	103,224	-	103,224
Buildings	3.58%	1,153,278	(239,224)	914,054
Leasehold improvements	7.48%	3,367	(1,945)	1,422
Facilities and improvements	5.67%	289,746	(76,239)	213,507
Furniture and fixtures	9.44%	10,492	(5,355)	5,137
Vehicles	20.59%	161,029	(111,120)	49,909
Technical and scientific equipments	11.56%	6,974	(4,387)	2,587
IT equipments	19.81%	69,408	(60,852)	8,556
Machinery and equipment	6.49%	3,749,498	(1,052,482)	2,697,016
Vessel and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Assets under construction and advances	-	481,297	-	481,297
		6,028,427	(1,551,669)	4,476,758

Reconciliation of carrying amounts

Parent company

Movement	Balance at 12/31/2019	Additions	Disposals	Transfers	Depreciation	Balance at 06/30/2020
Land	103,224	-	-	-	-	103,224
Buildings	914,054	-	-	2,496	(19,993)	896,557
Leasehold improvements	1,231	-	-	-	(155)	1,076
Facilities and improvements	213,485	-	-	-	(6,424)	207,061
Furniture and fixtures	4,933	103	-	90	(472)	4,654
Vehicles	49,909	1,231	(795)	3,535	(9,346)	44,534
Technical and scientific equipments	2,587	86	-	1,384	(353)	3,704
IT equipments	8,063	458	-	1,919	(1,648)	8,792
Machinery and equipment	2,695,308	46,399	(1,058)	24,447	(87,493)	2,677,603
Vessel and floating structures	5	-	-	-	(1)	4
Eucalyptus matrices	44	-	-	-	(11)	33
Assets under construction and advances	472,256	260,630	-	(34,060)	-	698,826
	4,465,099	308,907	(1,853)	(189)	(125,896)	4,646,068

Movement	Balance at 12/31/2018	Additions	Disposals	Transfers	Depreciation	Balance at 12/31/2019
Land	103,211	-	-	13	-	103,224
Buildings	951,439	41	-	2,429	(39,855)	914,054
Leasehold improvements	1,542	-	-	-	(311)	1,231
Facilities and improvements	225,042	29	-	1,255	(12,841)	213,485
Furniture and fixtures	4,661	504	-	655	(887)	4,933
Vehicles	29,427	39,902	(2,382)	1,563	(18,601)	49,909
Technical and scientific equipments	2,556	239	-	338	(546)	2,587
IT equipments	5,237	726	(49)	4,839	(2,690)	8,063
Machinery and equipment	2,745,219	17,097	(537)	89,506	(155,977)	2,695,308
Vessel and floating structures	7	-	-	-	(2)	5
Eucalyptus matrices	34	28	-	-	(18)	44
Assets under construction and advances	237,683	335,315	-	(100,742)	-	472,256
	4,306,058	393,881	(2,968)	(144)	(231,728)	4,465,099

Consolidated

(In Thousands of Reais)

Movement	Balance at 12/31/2019	Additions	Disposals	Transfers	Depreciation	Effect of movements in exchange rates	Balance at 06/30/2020
Land	103,224	-	-	-	-	-	103,224
Buildings	914,054	-	-	2,496	(19,993)	-	896,557
Leasehold improvements	1,422	-	-	-	(164)	-	1,258
Facilities and improvements	213,507	-	-	-	(6,428)	5	207,084
Furniture and fixtures	5,137	103	-	150	(495)	21	4,916
Vehicles	49,909	1,231	(795)	3,535	(9,346)	-	44,534
Technical and scientific equipments	2,587	86	-	1,384	(353)	-	3,704
IT equipments	8,556	574	-	1,997	(1,771)	132	9,488
Machinery and equipment	2,697,016	46,399	(1,058)	24,592	(87,619)	-	2,679,330
Vessel and floating structures	5	-	-	-	(1)	-	4
Eucalyptus matrices	44	-	-	-	(11)	-	33
Assets under construction and advances	481,297	260,932	-	(34,602)	-	-	707,627
	4,476,758	309,325	(1,853)	(448)	(126,181)	158	4,657,759

Movement	Balance at 12/31/2018	Additions	Disposals	Transfers	Depreciation	Effect of movements in exchange rates	Balance at 12/31/2019
Land	103,211	-	-	13	-	-	103,224
Buildings	951,439	41	-	2,429	(39,855)	-	914,054
Leasehold improvements	1,752	-	-	-	(330)	-	1,422
Facilities and improvements	225,068	29	-	1,255	(12,846)	1	213,507
Furniture and fixtures	4,920	656	-	534	(984)	11	5,137
Vehicles	29,427	39,902	(2,382)	1,563	(18,601)	-	49,909
Technical and scientific equipments	2,556	239	-	338	(546)	-	2,587
IT equipments	5,479	1,014	(49)	4,959	(2,856)	9	8,556
Machinery and equipment	2,747,168	17,187	(537)	89,416	(156,218)	-	2,697,016
Vessel and floating structures	7	-	-	-	(2)	-	5
Eucalyptus matrices	34	28	-	-	(18)	-	44
Assets under construction and advances	243,737	339,022	-	(101,462)	-	-	481,297
	4,314,798	398,118	(2,968)	(955)	(232,256)	21	4,476,758

Assets under construction and advances

The amounts outstanding with works in progress and with advances for immobilization on June 30, 2020 are related to the structural improvements of the pulp mill and its surroundings, as well as, expenses with basic engineering, environmental licensing and infrastructure works for the construction of the Vanguarda Project 2.0, a new production line with a capacity of more than 2.3 million tons of pulp per year and the Thermal Electric Project – UTE Onça Pintada , which will have 50MW power generation capacity from biomass from eucalyptus stumps and roots.

A significant part of the addition this quarter refers to the acquisition of fixed assets for the implementation of the Usina Termoelétrica Project - UTE Onça Pintada.

The Company's assets are pledged as collateral for its loans and borrowings up to the maximum limit of each of the debts assumed (note 17).

Useful life review

In order to comply with CPC 27 / IAS 16 - Property, plant and equipment, the Company reviews the technical useful life of property, plant and equipment annually. The assumptions used by the technical area are based on the operationality of the assets: asset usage time, technological obsolescence, conditions of use and maintenance carried out.

(In Thousands of Reais)

Impairment test- Property, plant and equipment

The balance of property, plant and equipment and other assets are reviewed annually to identify evidence of non-recoverable losses, or even, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the period, no evidence of non-recoverable losses was identified.

Impairment testing - Property, plant and equipment

On December 31, 2019, the Company assessed whether there was any indication that its assets at the end of the estimated economic benefit terms may be impaired and concluded that there is no indication of impairment.

14. Intangible

	Parent company - 06/30/2020			
	Weighted annual amortization rates	Cost	ccumulated amortizatio	Net cost
Software	19.83%	19,679	(16,702)	2,977

	Parent company - 12/31/2019			
	Weighted annual amortization rates	Cost	ccumulated amortizatio	Net cost
Software	20.03%	19,489	(15,757)	3,732

	Consolidated - 06/30/2020			
	Weighted annual amortization rates	Cost	ccumulated amortizatio	Net cost
Goodwill from port concession right of use	6.94%	17,002	(5,897)	11,105
Software	19.84%	20,408	(17,351)	3,057
Terminal concession	8.58%	90,520	(35,790)	54,730
		127,930	**(59,038)**	**68,892**

	Consolidated - 12/31/2019			
	Weighted annual amortization rates	Cost	ccumulated amortizatio	Net cost
Goodwill from port concession right of use	6.94%	17,002	(5,307)	11,695
Software	20.03%	20,219	(16,349)	3,870
Terminal concession	8.60%	90,261	(32,578)	57,683
		127,482	**(54,234)**	**73,248**

Reconciliation of carrying amounts

Parent company

Movement	Balance at 12/31/2019	Additions	Transfers	Amortization	Balance at 06/30/2020
Software	3,732	-	189	(944)	2,977

Movement	Balance at 12/31/2018	Additions	Transfers	Amortization	Balance at 12/31/2019
Software	5,782	11	144	(2,205)	3,732

(In Thousands of Reais)

Consolidated

Movement	Balance at 12/31/2019	Additions	Transfers	Amortization	Balance at 06/30/2020
Goodwill from port concession right of use (a)	11,695	-	-	(590)	11,105
Software	3,870	-	189	(1,002)	3,057
Terminal concession	57,683	-	259	(3,212)	54,730
	73,248	-	448	(4,804)	68,892

Movement	Balance at 12/31/2018	Additions	Transfers	Amortization	Balance at 12/31/2019
Goodwill from port concession right of use (a)	12,874	-	-	(1,179)	11,695
Software	6,037	11	144	(2,322)	3,870
Terminal concession	63,225	-	811	(6,353)	57,683
	82,136	11	955	(9,854)	73,248

(a) Goodwill from port concession right of use (note 12).

Intangible assets - impairment testing

On December 31, 2019, the Company assessed whether there was any indication that its assets at the end of the estimated economic benefit terms may be impaired and concluded that there is no indication of impairment.

(In Thousands of Reais)

15. Right of use assets

	Parent company - 06/30/2020		
	Cost	Accumulated depreciation	Net cost
Right of use assets			
Land	785,339	(133,066)	652,273
Buildings	2,975	(2,112)	863
Vehicles	28,009	(15,405)	12,604
Machinery and forestry equipment	13,379	(5,106)	8,273
Facilities and improvements	201	(201)	-
Total	**829,903**	**(155,890)**	**674,013**

	Parent company - 12/31/2019		
	Cost	Accumulated depreciation	Net cost
Right of use assets			
Land	675,032	(86,747)	588,285
Buildings	3,185	(1,108)	2,077
Vehicles	27,282	(8,344)	18,938
Machinery and forestry equipment	8,526	(3,243)	5,283
Facilities and improvements	201	(201)	-
Total	**714,226**	**(99,643)**	**614,583**

(In Thousands of Reais)

	Consolidated - 06/30/2020		
	Cost	Accumulated depreciation	Net cost
Right of use assets			
Land	785,339	(133,066)	652,273
Buildings	8,677	(3,434)	5,243
Vehicles	28,192	(15,418)	12,774
Machinery and forestry equipment	13,379	(5,106)	8,273
Facilities and improvements	201	(201)	-
Total	**835,788**	**(157,225)**	**678,563**

	Consolidated - 12/31/2019		
	Cost	Accumulated depreciation	Net cost
Right of use assets			
Land	675,032	(86,747)	588,285
Buildings	7,064	(1,875)	5,189
Vehicles	27,282	(8,344)	18,938
Machinery and forestry equipment	8,525	(3,243)	5,282
Facilities and improvements	201	(201)	-
Total	**718,104**	**(100,410)**	**617,694**

Reconciliation of carrying amounts:

Parent company

Right of use assets	Balance at 12/31/2019	Additions	Disposals	Depreciation	Readjustment of installments	Balance at 06/30/2020
Land	588,285	68,878	-	(46,319)	41,429	652,273
Buildings	2,077	42	-	(1,004)	(252)	863
Vehicles	18,939	4,351	-	(7,061)	(3,625)	12,604
Machinery and forestry equipment	5,282	25	(3,053)	(1,863)	7,882	8,273
Total	614,583	73,296	(3,053)	(56,247)	45,434	674,013

Right of use assets	Balance at 01/01/2019	Additions	Disposals	Depreciation	Readjustment of installments	Balance at 12/31/2019
Land	651,641	-	-	(86,747)	23,391	588,285
Buildings	853	2,374	-	(1,108)	(43)	2,077
Vehicles	14,824	12,194	-	(8,344)	265	18,939
Machinery and forestry equipment	40,887	313	(31,257)	(8,730)	4,069	5,282
Facilities and improvements	150	-	-	(201)	51	-
Total	708,355	14,881	(31,257)	(105,130)	27,733	614,583

Consolidated

(In Thousands of Reais)

Right of use assets	Balance at 12/31/2019	Additions	Disposals	Depreciation	Readjustment of installments	Effect of movements in exchange rates	Balance at 06/30/2020
Land	588,285	68,878	-	(46,319)	41,429	-	652,273
Buildings	5,188	42	-	(1,387)	1,268	132	5,243
Vehicles	18,939	4,533	-	(7,074)	(3,624)	1	12,774
Machinery and forestry equipment	5,282	25	(3,053)	(1,862)	7,881	-	8,273
Total	617,694	73,478	(3,053)	(56,642)	46,954	133	678,563

Right of use assets	Balance at 01/01/2019	Additions	Disposals	Depreciation	Readjustment of installments	Effect of movements in exchange	Balance at 12/31/2019
Land	651,641		-	(86,747)	23,391	-	588,285
Buildings	4,667	2,374	-	(1,871)	(8)	26	5,188
Vehicles	14,824	12,194	-	(8,344)	265	-	18,939
Machinery and forestry equipment	40,887	313	(31,257)	(8,730)	4,069	-	5,282
Facilities and improvements	150	-	-	(201)	51	-	-
Total	712,169	14,881	(31,257)	(105,893)	27,768	26	617,694

The amount of R$ 38,681 of depreciation of the parent company and consolidated are considered in the formation cost of the biological asset.

16. Trade payables

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Materials and services	61,589	60,262	60,704	57,483
Inputs	165,401	177,968	165,402	177,968
Others	12,822	14,425	14,676	16,128
	239,812	252,655	240,782	251,579
Current liabilities	238,242	250,038	239,212	248,962
Non-current liabilities	1,570	2,617	1,570	2,617
	239,812	252,655	240,782	251,579

Corresponds to the accounts payable for goods or services that were acquired in the normal course of the Company's activities and adjusted for the monetary and exchange variations incurred, when applicable.

(In Thousands of Reais)

17. Loans and borrowings

Financial category	Average annual interest rate and commissions	Maturity	Parent company 06/30/2020	Parent company 12/31/2019
Financing for the acquisition of property, plant and equipment				
FINAME - Financing for enterprises	Interest rate from 3% to 8,00%	June/2021 to July/2023	5,248	7,029
ACC - Exchange Contract Advance (i)	*Trade finance	August/2020 to May/2021	1,947,495	1,422,847
BNDES (ii)	TJLP + annual rate of 2,83%	June/2022	236,609	294,146
BNDES (ii)	Variable interest rate BNDES + annual rate of 3,52%	July/2022	1,564,260	1,427,911
NCE (iii)	*Trade finance	February/2021 to September/2022	528,106	526,404
Working capital (iv)	Annual interest rate of 5,74% in dollars	July/2020 to December/2020	7,084	10,432
FINEM Florestal (vii)	TJLP + annual rate of 3,48% / selic + annual rate of 3,58%	May/2025	212,277	208,571
Leasing (viii)	CDI + annual interest rate of 4,06%	July/2020 to March/2025	30,124	25,642
CCB (ix)	Interest rate from de 7,5% to 9,0%	August/2022	75,116	125,853
PPE (x)	*Trade finance	August/2022	1,721,368	1,221,194
			6,327,687	**5,270,029**

	06/30/2020	12/31/2019
Segretation		
Current liabilities	3,003,093	2,161,677
Non-current liabilities	3,324,594	3,108,352
	6,327,687	**5,270,029**

The maturity of non-current liabilities is as follows:	
2021	1,164,739
2022	1,936,258
2023	69,859
2024	109,274
2025 and thereafter	44,464
	3,324,594

Financial category	Average annual interest rate and commissions	Maturity	Consolidated 06/30/2020	Consolidated 12/31/2019
Financing for the acquisition of property, plant and equipment				
FINAME - Financing for enterprises	Interest rate from 3% to 8,00%	June/2021 to July/2023	5,248	7,029
ACC - Exchange Contract Advance (i)	*Trade finance	August/2020 to May/2021	1,947,495	1,422,847
BNDES (ii)	TJLP + annual rate of 2,83%	June/2022	236,609	294,146
BNDES (ii)	Variable interest rate BNDES + annual rate of 3,52%	July/2022	1,564,260	1,427,911
NCE (iii)	*Trade finance	February/2021 to September/2022	528,106	526,404
Working capital (iv)	Annual interest rate of 5,74% in dollars	July/2020 to December/2020	7,084	10,432
Term Loan (v)	LIBOR + anual interet rate of 5%	April/2021	121,891	134,506
Bond (vi)	Annual interest rate of 8,625%	June/2021	1,918,094	1,407,949
FINEM Florestal (vii)	TJLP + annual rate of 3,48% / selic + annual rate of 3,58%	May/2025	212,277	208,571
Leasing (viii)	CDI + annual interest rate of 4,06%	July/2020 to March/2025	30,124	25,642
CCB (ix)	Interest rate from de 7,5% to 9,0%	August/2022	75,116	125,853
PPE (x)	*Trade finance	August/2022	1,721,368	1,221,194
			8,367,672	**6,812,484**

(In Thousands of Reais)

Segretation		
Current liabilities	5,043,078	2,251,215
Non-current liabilities	3,324,594	4,561,269
	8,367,672	6,812,484

The maturity of non-current liabilities is as follows:	
2021	1,164,739
2022	1,936,258
2023	69,859
2024	109,274
2025 and thereafter	44,464
	3,324,594

(*) The trade finance (ACC, PPE and NCE) have an average cost of 3.75% to 7.5% a.a.

17.1. Reconciliation of movements of loans and borrowings

Parent company	06/30/2020	12/31/2019
Beginning balance	**5,270,029**	**5,751,249**
Accrued interest	200,179	501,415
Accrued exchange variation effect	1,438,137	135,827
Funds received	170,217	3,347,741
Payments		
Principal	(607,525)	(2,900,270)
Interest	(143,350)	(405,261)
Exchange variation effect	-	(1,160,672)
Ending balance	**6,327,687**	**5,270,029**

Consolidated	06/30/2020	12/31/2019
Beginning balance	**6,812,484**	**7,314,815**
Accrued interest	282,227	640,412
Accrued exchange variation effect	2,002,459	201,309
Funds received	170,217	3,347,741
Payments		
Principal	(673,105)	(2,978,139)
Interest	(226,610)	(538,952)
Exchange variation effect	-	(1,174,702)
Ending balance	**8,367,672**	**6,812,484**

17.2. Available credit lines

The Company uses credit lines and bilateral loans with banks to cover the need for working capital and to support investments.

The lines of credit currently contracted are as follows:

(In Thousands of Reais)

(i) Financing of working capital through Advances on Exchange Contracts (ACCs);
(ii) Proceeds funds from BNDES: on July 22, 2011, the Company entered into an agreement with the National Bank for Economic and Social Development (BNDES), with amendments signed on March 5 and August 10, 2012, May 24 and October 22, 2013, in the total amount of R$ 2.7 billion, for the construction of the pulp mill, including the acquisition of national machinery and equipment and implementation of the social investment program system within the community in areas of influence of the factory;
(iii) Export Credit Notes (NCE) contracts, denominated in Reais;
(iv) Loans denominated in dollars to finance the purchase of locomotives with Caterpillar Financial Services;
(v) In May 2016, Cellulose Eldorado Austria GmbH, a subsidiary of the Company, entered into a financing agreement (Term Loan) with Banco do Brasil AG, Succursale France in order to extend the average term of its financing;
(vi) In June 2016, the Company, through its subsidiary Eldorado Intl. Finance GmbH, issued debt bonds abroad (Senior Unsecured Bonds / Notes) in the amount of USD 350,000 thousand;
(vii) Financing granted by BNDES to promote the Company's eucalyptus planting;
(viii) Financing of machinery and equipment through leasing denominated in Reais;
(ix) In May 2019, the Company received Bank Credit Notes at a fixed rate;
(x) In August 2019, the Company entered into an export prepayment agreement with a three-year term and an interest rate of Libor + spread.

17.3. Contractual restrictions and covenants

The covenants that the Company has to comply according the finance agreements are as follows:

Index	Parameter	Limit
Leverage in BRL	Net debt / *ebitda* *	Until 3.5x
Leverage in USD	Net debt / *ebitda* *	Until 3.5x
Gearing	Net debt / PL	Until 2.75x
Debt service coverage	(*Ebitda* * + working capital) / debt service	Above 1.15x
Permitted indebtedness	Working capital debts	Until US$ 1.3 billion

Regard to leverage indexes in BRL and USD (net debt / ebitda), the Company obtained a waiver from Banco BTG Pactual (measurement in BRL) to avoid measurement in June, 2020 and from Banco Santander (measurement in USD), which modify the limit and can reach up to 3,90x. The Company is suitable for all covenants demanded by the entities.

17.4. Loan guarantees

All loan and financing contracts in the modalities of BNDES, FINEM Florestal and part of the ACC, Finame, Working Capital and NCE modalities are guaranteed by a promissory note or guarantee granted by the parent company J&F Investimentos SA. There are certain long-term debts which are also guaranteed by amounts invested in financial investments according note 5.2, in addition to pledge of forests and fiduciary sale of equipment.

(In Thousands of Reais)

18. Lease liabilities

	Parent company	
	06/30/2020	12/31/2019
Undiscounted lease liabilities	1,065,476	978,377
Present value discount	(345,283)	(332,425)
	720,193	645,952
Current liabilities	174,804	144,814
Non-current liabilities	545,389	501,138
	720,193	645,952

	Consolidated	
	06/30/2020	12/31/2019
Undiscounted lease liabilities	1,072,852	982,748
Present value discount	(347,949)	(333,584)
	724,903	649,164
Current liabilities	175,420	145,579
Non-current liabilities	549,483	503,585
	724,903	649,164

(In Thousands of Reais)

Reconciliation of carrying amounts:

	Parent company	
	06/30/2020	12/31/2019
Beginning balance	**645,952**	-
Initial adoption	-	708,355
New leases	73,296	14,881
Payments	(77,869)	(151,733)
Interest*	36,433	78,797
Retirement or closure	(3,053)	(32,081)
Leases modification	45,434	27,733
Ending balance	**720,193**	**645,952**

	Consolidated	
	06/30/2020	12/31/2019
Beginning balance	**649,164**	-
Initial adoption	-	712,168
New leases	73,478	14,881
Payments	(78,431)	(152,764)
Interest	36,650	79,165
Retirement or closure	(3,053)	(32,081)
Leases modification	46,954	27,767
Exchange rate variation	141	28
Ending balance	**724,903**	**649,164**

(a) The amount of R$ 31,703 of interest of the parent company and consolidated are considered in the formation cost of the biological asset.

(In Thousands of Reais)

Lease liabilities are payable as follows:

	Parent company	
Estimated lease payments	**06/30/2020**	**12/31/2019**
2020	112,083	154,047
2021	148,883	140,973
2022	139,703	124,037
2023	130,707	116,949
2024	124,326	115,268
2025 and thereafter	409,774	327,103
(-) NPV	(345,283)	(332,425)
Total	**720,193**	**645,952**

	Consolidated	
Estimated lease payments	**06/30/2020**	**12/31/2019**
2020	113,050	154,854
2021	149,812	141,764
2022	140,563	124,794
2023	131,412	117,603
2024	124,982	115,922
2025 and thereafter	413,033	327,811
(-) NPV	(347,949)	(333,584)
Total	**724,903**	**649,164**

Items without cash effect:

Parent company	**06/30/2020**	**06/30/2019**
Initial adoption	-	708,355
New leases	73,296	695
Retirement or closure	(3,053)	-
Leases modification	45,434	8,689

Consolidated	**06/30/2020**	**06/30/2019**
Initial adoption	-	712,168
New leases	73,478	695
Retirement or closure	(3,053)	-
Leases modification	46,954	8,783

(In Thousands of Reais)

On December 18, 2019, the CVM issued a circular memorandum ("Official letter / Circular / CVM / SNC / SEP / nº 02/2019") containing guidelines on relevant aspects of CPC 06 / IFRS 16 - Leases to be observed in the preparation of the financial statements of leasee companies.

In the initial adoption, lease liabilities were considered gross of PIS and COFINS in the calculation of discounted cash flow. The table below shows the potential right of PIS and COFINS to recover embedded in the consideration of the leases:

Parent company		**06/30/2020**
Cash flow	**Nominal**	**Discounted value**
Lease payable	1,065,477	720,193
PIS/COFINS potencial (9,25%)	54,834	34,126

Parent company		**12/31/2019**
Cash flow	**Nominal**	**Discounted value**
Lease payable	978,377	645,952
PIS/COFINS potencial (9,25%)	51,472	33,098

Consolidated		**06/30/2020**
Cash flow	**Nominal**	**Discounted value**
Lease payable	1,072,852	724,903
PIS/COFINS potencial (9,25%)	55,452	34,495

Consolidated		**12/31/2019**
Cash flow	**Nominal**	**Discounted value**
Lease payable	982,748	649,164
PIS/COFINS potencial (9,25%)	51,840	33,360

The Company, in full compliance with CPC 06 (R2) / IFRS 16 - Leases, in measuring and remeasuring its lease liabilities and the right of use asset, proceeded to use the discounted cash flow technique without considering future inflation projected in the flows to be discounted, according to the prohibition imposed by CPC 06 (R2) / IFRS16 - Leases. Such a prohibition can generate significant distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment. Even though, the Company, in its assessment of the duration of most of its lease agreements, understands that this impact is not material to be extended to the appropriate disclosures as required by CVM in its CIRCULAR / CVM / SNC / SEP / nº 02/2019.

(In Thousands of Reais)

19. Payroll and social charges payables

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Salaries and social charges	41,991	20,362	43,457	22,187
Vacations, year end bonus and social charges	47,232	32,180	48,342	32,820
Other accruals and social charges	29,646	56,495	31,723	57,985
	118,869	109,037	123,522	112,992

20. Income tax and social contributions

(a) Reconciliation of effective tax rate:

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
(Loss) Profit before taxes	(31,586)	310,841	(1,379,271)	591,606
Income tax and social contribution - nominal rate of 34%	10,739	(105,686)	468,952	(201,146)
Reconciliation of efective expenses:				
Result of investees accounted for under equity, net of taxes	35,000	50,549	59,721	112,377
Non-deductible expenses	(849)	(1,995)	(1,001)	(2,868)
Government grants	282	802	459	1,992
Tax effect of foreign subsidiaries	-	-		-
IFRS 16 effect	157	(122)	(83)	(359)
Others	-	(1)	-	(1)
Current and deferred income tax and social contributions	45,329	(56,453)	528,048	(90,006)
Effective tax rate	(143.51%)	(18.16%)	(38.28%)	(15.21%)

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
(Loss) Profit before taxes	(28,448)	311,729	(1,375,728)	592,531
Income tax and social contribution - nominal rate of 34%	9,673	(105,988)	467,748	(201,460)
Reconciliation of efective expenses:				
Non-deductible expenses	(849)	(1,995)	(1,001)	(2,868)
Government grants	282	802	459	1,992
Tax effect of foreign subsidiaries	35,000	50,549	59,721	112,377
IFRS 16 effect	157	(122)	(83)	(359)
Others	(2,072)	(587)	(2,339)	(612)
Current and deferred income tax and social contributions	42,191	(57,341)	524,505	(90,930)
Effective tax rate	(148.31%)	(18.39%)	(38.13%)	(15.35%)

(In Thousands of Reais)

(b) Movement in deferred income tax and deferred social contributions:

Parent company and consolidated	12/31/2019	Additions	Deductions	06/30/2020
Tax losses (i)	665,823	57,734	-	723,557
Exchange rates variation effect	-	572,816	-	572,816
Operational accruals	29,529	-	(9,892)	19,637
Biological assets	(154,770)	-	2,762	(152,008)
Fiscal and financial depreciation	(489,764)	(95,372)	-	(585,136)
Ending balance	**50,818**	**535,178**	**(7,130)**	**578,866**

(i) On June 30, 2020, the Company had an accumulated tax loss balance of R$ 2,128,111.

Deferred taxes arising from temporary differences will be reversed as they are settled or realized. Tax losses do not expire, however, the use of accumulated losses from previous years is limited to 30% of annual taxable income.

Management of the Company, based on the approved budget, estimates that the tax credits arising from temporary differences, tax losses and negative basis of social contribution will be realized as shown below:

	06/30/2020
	Parent company and consolidated
2020 (i)	222,132
2021	357,806
2022	191,475
2023	52,350
2024	346,270
2025	145,977
	1,316,010

(i) The amount in 2020 reflects the change in the recognition of the exchange variation from the accrual basis to cash basis, for tax purposes, according to IN 1079/2010, which defines the legal procedures provided for in art. 30 of MP 2158-35 / 2001, in which there is a high fluctuation in the exchange rate (10% in the calendar month) companies are allowed to change their option for tax purposes.

21. Provisions for lawsuit

The Company, in the normal course of its activities, is subject to lawsuits of a tax, labor, environmental and civil nature and, supported by the opinion of its legal advisors, assesses the expectation of the outcome of the process in progress and determines the need or not to recognize a provision for contingencies. Based on this assessment, the Company recognized provision as follows:

(In Thousands of Reais)

Parent company	12/31/2019	Additions	Write-off	Adjustment	06/30/2020
Enviromental	320	-	-	5	325
Civil	6,832	189	(881)	(52)	6,088
Labor	12,976	5,095	(2,691)	(273)	15,107
Tax	1,140	-	(24)	19	1,135
	21,268	**5,284**	**(3,596)**	**(301)**	**22,655**

Consolidated	12/31/2019	Additions	Write-off	Adjustment	06/30/2020
Enviromental	320	-	-	5	325
Civil	6,832	189	(881)	(52)	6,088
Labor	12,976	5,493	(2,691)	(273)	15,505
Tax	1,140	-	(24)	19	1,135
	21,268	**5,682**	**(3,596)**	**(301)**	**23,053**

Parent company and consolidated	12/31/2018	Additions	Write-off	Adjustment	12/31/2019
Enviromental	274	-	-	46	320
Civil	4,582	4,112	(301)	(1,561)	6,832
Labor	3,447	11,667	(2,386)	248	12,976
Tax	864	329	(96)	43	1,140
	9,167	**16,108**	**(2,783)**	**(1,224)**	**21,268**

On June 30, 2020, the Company was a defendant in environmental, civil, labor and tax lawsuits, of which the Company recognized provisions of R$ 22,655 in the Parent Company and R$ 23,053 in the Consolidated (R$ 21,268 on December 31, 2019 in the Parent Company and Consolidated), classified by its management and legal advisors with probable loss. It is expected that an outflow of resources embodying economic benefits will be necessary to settle the obligation.

For lawsuits classified as possible losses, in the amount of R$ 657,022 in the Parent Company and R$ 657,835 in the Consolidated (R$ 703,149 as of December 31, 2019 in the Parent Company and Consolidated) the Company understands that no accrual for losses is necessary.

	Parent Company		Consolidated	
Possible	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Environmental	3,907	3,828	3,907	3,828
Civil	494,350	541,836	494,360	541,836
Labor	52,866	47,969	53,669	47,969
Tax	13,104	16,910	13,104	16,910
Regulatory	92,795	92,606	92,795	92,606
	657,022	703,149	657,835	703,149

The increase in the number of labor lawsuits with the probability of possible loss was caused due to the entry of new lawsuits, by new judicial decisions and updating by the IPCA-E in the processes in the knowledge phase.

After the judgment of the appeals, the lawsuits judged unfavorably to the Company are reclassified with a probable chance of loss, and the provision is recognized, in compliance with the requirements of CPC 25 / IAS 37 - Provisions, contingent liabilities and contingent assets.

Nature of main contingencies

(i) Fibria Celulose S.A.

Among the cases above, the Company is a defendant in an intellectual property dispute with Fibria Celulose S.A., which alleges that the Company has violated certain rights related to the use of eucalyptus clones used in a small part of the Company's plantations. On April 19, 2013, Fibria filed a lawsuit with the Pre-Trial Evidence Production Action. As it is an expedient for the production of Fibria's evidence, the report favorable to Fibria's allegations was approved and the process was extinguished.

On April 01, 2016, the Company was included as defendant in an obligation to do suit, claiming R$ 100 million. On May 05, 2016, Eldorado filed a reply for preliminary lack of jurisdiction and a preliminary injunction counterclaim stating briefly that according to the legal technical criteria, the examination of the samples showed that the seedlings were not the clones of Fibria and that, even if they were, the use by the Company would be assured by the provisions of the Law for Protection of Cultivars, with no damage to Fibria.

On September 26, 2016, the urgent claim required by Fibria was granted, for the immediate cessation and abstention of the planting and spread of VT02 clone eucalyptus by the Company, throughout the Brazilian territory. Regarding that claim, an interlocutory appeal was filed also addressing the lack of retention of jurisdiction of the court of Três Lagoas for the judgment of the ordinary proceeding. The appeal was judged groundless and a special appeal was filed against this decision.

In the current phase of the process, the classification of the probability of loss is possible and non a provision is recognized.

(ii) Administrative Sanctioning Process – CVM

On December 8, 2017, CVM filed Administrative Proceeding – CVM No. 5388/2017 intended to investigate the purchase of US dollar derivative agreements on behalf of Eldorado Brasil S.A. and of other companies of its economic group, between May 05 and 17, 2017 using non-equitable practices, in alleged violation to item II, line “d” of CVM Instruction No. 8/1979. A proposal of instrument of commitment and defense was presented in May 2018 and is currently under analysis by the defense. The proceeding is currently under analysis by the defense with the purpose of avoiding the penalty of a fine, estimated at R$ 84 million. In the current stage of the proceeding a loss is considered possible, with no recognition of a provision.

22. Equity

22.1. Share capital

The subscribed and paid-in capital on June 30, 2020 and December 31, 2019 is R$ 1,788,792 comprising 1,525,558,419 common shares.

22.2. Legal reserve

In compliance with art. 193, of Law 6,404 / 76, 5% of the net profit determined in each year up to the limit of 20% of the share capital is recorded as legal reserve.

22.3. Tax benefits reserve

The Company constituted a tax incentive reserve for a portion of the net profit resulting from government subsidies, through ICMS credits, resulting from a tax incentive package granted by the Government of Mato Grosso do Sul for application in its future industrial expansion. The incentives were granted due to the investments that were made in the construction of line 1, the formation of biological assets, the generation of new direct and indirect jobs, promoting an increase in the state's economy. The recognition of the credits was presented in the income statement of the Company and the reserve was subsequently constituted.

(In Thousands of Reais)

22.4. Dividends

In accordance with the Company's statutory bylaws, the balance of retained earnings remaining after offsetting accumulated losses, the allocations from the legal reserve, the tax incentive reserve and the investment reserve is allocated to the payment of a minimum mandatory dividend, in each year, not less of 25% adjusted in accordance with the corporate law. The minimum mandatory dividends are allocated in a special reserve of the Company, pursuant to article 202, § 5 of Law No. 6,404 / 76.

22.5. Future growth reserve

According to article 194 of the Brazilian Corporation Law, the Company establishes in its bylaws that the remaining balance of profit after the constitution of the legal reserve, the tax incentive reserve and the mandatory minimum dividends is allocated to the constitution of the statutory reserve for expansion.

22.6. Cumulative translation adjustments

The cumulative translation adjustments comprise foreign currency differences resulting from the translation of accounting information on foreign operations.

22.7. Earnings per share

Basic earnings per share

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
(Loss) profit attributable to shareholders	13,743	254,388	(851,223)	501,600
Number of ordinary shares - thousands	1,525,558	1,525,558	1,525,558	1,525,558
(Loss) earnings per share	0.01	0.17	(0.56)	0.33

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

(In Thousands of Reais)

23. Revenue

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Sales revenue				
Local market	139,991	192,265	312,952	401,987
Foreign market	833,425	681,745	1,368,350	1,399,131
Discount and rebates	(1,734)	(306)	(8,073)	(508)
	971,682	873,704	1,673,229	1,800,610
Sale deductions and taxes	(27,875)	(43,443)	(61,881)	(86,149)
Net revenue	943,807	830,261	1,611,348	1,714,461

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Sales revenue				
Local market	139,991	192,264	312,952	401,986
Foreign market	1,340,152	1,090,199	2,193,399	2,294,514
Discount and rebates	(203,015)	(203,318)	(335,384)	(397,416)
	1,277,128	1,079,145	2,170,967	2,299,084
Sale deductions and taxes	(28,210)	(39,605)	(62,548)	(80,443)
Net revenue	1,248,918	1,039,540	2,108,419	2,218,641

24. Operating Segments

a. Basis for segmentation

The Company's Management understands that pulp sales is the only segment because the revenue from the energy item refers to the excess energy from the pulp production process.

Reportable segment: Pulp - cultivation and management of forest resources, purchase of wood and manufacture of pulp.

b. Geographic information

The geographic information analyses the revenue by the Company's country of domicile and other countries. The revenue distribution is as follows:

(In Thousands of Reais)

Net revenue	06/30/2020	06/30/2019	Accum.2020	Accum.2019
Brazil	111,732	152,665	250,297	321,569
China	604,064	442,013	908,336	981,296
United States of America	207,418	133,886	337,491	277,704
Italia	40,148	114,918	135,986	220,258
Canada	39,002	34,124	72,271	58,307
Mexico	44,331	8,578	65,817	18,783
Germany	27,207	12,641	53,726	32,061
Argentina	29,061	9,327	42,394	22,561
Sweden	20,935	11,169	27,993	30,595
Peru	25,253	1,257	25,253	1,257
Austria	19,139	31,588	24,743	67,675
Jordan	15,463	9,077	23,794	11,636
Slovenia	9,017	13,891	23,414	24,819
Others	56,148	64,406	116,904	150,120
	1,248,918	**1,039,540**	**2,108,419**	**2,218,641**

c. Information about the major customer

As of June 30, 2020, a specific customer represents 12% of the Company's revenue (on June 30, 2019 no individual customer represents more than 10% of the Company's revenue).

d. Information about non-current assets

The segment's assets are based on the geographical location of the assets as follows:

Non-current assets	06/30/2020	12/31/2019
Brazil	10,031,437	9,159,866
Austria	1,327	60,043
United States of America	634	248
China	155	123
	10,033,553	**9,220,280**

(In Thousands of Reais)

25. Selling, logistics, general and administrative expenses

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Staff expenses	94,677	80,122	173,030	159,326
Services, material and transport	178,886	135,404	306,052	252,374
Depreciation, amortization and depletion	80,407	104,693	163,085	222,356
Raw material and supplies	236,720	171,582	428,921	358,213
Others	5,503	10,679	10,191	17,258
	596,193	**502,480**	**1,081,279**	**1,009,527**
Segretation				
Cost of sales	448,148	407,302	833,856	836,276
Administrative and general expenses	80,491	34,599	126,507	63,441
Selling and logistics expenses	67,554	60,579	120,916	109,810
	596,193	**502,480**	**1,081,279**	**1,009,527**

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Staff expenses	100,191	84,644	184,495	167,881
Services, material and transport	315,590	205,840	504,354	377,484
Depreciation, amortization and depletion	82,630	96,732	171,000	234,902
Raw material and supplies	286,695	160,644	522,929	377,038
Others	6,304	11,887	12,319	19,725
	791,410	**559,747**	**1,395,097**	**1,177,030**
Segretation				
Cost of sales	502,309	390,313	939,813	871,998
Administrative and general expenses	83,720	38,048	134,256	69,433
Selling and logistics expenses	205,381	131,386	321,028	235,599
	791,410	**559,747**	**1,395,097**	**1,177,030**

26. Financial result

(In Thousands of Reais)

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Financial income				
Interest income	324	243	1,546	550
Financial investment income	591	7,269	2,330	12,023
Other financial income	3,384	2,799	3,446	3,337
	4,299	**10,311**	**7,322**	**15,910**
Financial expense				
Bank charges	(37)	(45)	(68)	(95)
Interest	(149,729)	(162,322)	(287,755)	(318,540)
Derivatives results	-	(52,105)	-	(183,319)
Surety	(10,554)	(16,587)	(20,916)	(33,643)
Other financial expenses	(862)	(1,336)	(1,905)	(2,889)
	(161,182)	**(232,395)**	**(310,644)**	**(538,486)**
Exchange rate gain (losses), net				
Loans and borrowings	(274,097)	47,253	(1,438,137)	28,455
Other assets and liabilities	(69,591)	13,225	(370,632)	2,415
	(343,688)	**60,478**	**(1,808,769)**	**30,870**
	(500,571)	**(161,606)**	**(2,112,091)**	**(491,706)**

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Financial income				
Interest income	416	1,457	2,086	2,399
Financial investment income	1,033	7,570	3,834	12,217
Other financial income	3,384	2,799	3,446	3,337
	4,833	**11,826**	**9,366**	**17,953**
Financial expense				
Bank charges	(132)	(336)	(248)	(465)
Interest	(147,483)	(162,214)	(284,020)	(317,831)
Derivative results	-	(52,105)	-	(183,319)
Surety	(10,554)	(16,586)	(20,916)	(33,643)
Other financial expenses	(5,607)	(5,171)	(10,322)	(10,655)
	(163,776)	**(236,412)**	**(315,506)**	**(545,913)**
Exchange rate gain (losses), net				
Loans and borrowings	(274,097)	47,253	(1,438,137)	28,455
Other assets and liabilities	(69,729)	13,143	(370,855)	2,463
	(343,826)	**60,396**	**(1,808,992)**	**30,918**
	(502,769)	**(164,190)**	**(2,115,132)**	**(497,042)**

(In Thousands of Reais)

27. Other operating income (expenses)

	Parent company			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Lawsuit contingencies	(2,905)	(4,877)	(1,387)	(6,913)
Non recoverable ICMS	(415)	(566)	(915)	(1,388)
Indemnities	(215)	(924)	(1,034)	(1,457)
Property, plant and equipment sales	521	(1,957)	5,057	(191)
PIS/COFINS credits	-	6,953	-	6,953
Others	(2,852)	(644)	1,084	(1,771)
	(5,866)	**(2,015)**	**2,805**	**(4,767)**

	Consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Lawsuit contingencies	(3,303)	(4,877)	(1,785)	(6,913)
Non recoverable ICMS	(472)	(568)	(1,070)	(1,397)
Indemnities	(1,108)	(931)	(1,422)	(1,493)
Property, plant and equipment sales	522	(1,957)	5,126	(191)
PIS/COFINS credits	-	6,953	-	6,953
Others	(3,121)	(460)	938	(1,621)
	(7,482)	**(1,840)**	**1,787**	**(4,662)**

28. Insurance coverage

As of June 30, 2020, insurance coverage against operational risks in effect according the insurance policy from 8/15/2019 to 8/15/2020 comprises R$ 7,121,599 for property damage, R$ 2,537,826 for loss of profits and R$ 136,900 for civil liability, effective from 8/15/2019 to 8/15/2020.

The risk assumptions adopted, given their nature, are not part of the scope of a review, and accordingly were not reviewed by the independent auditors.

29. Financial instruments

The Company has exposure to market risks, mainly related to interest rate fluctuations and exchange rate variations, credit risk and liquidity risks arising from its operations:

a. Market risk

Market risk is the risk that changes in market prices (foreign exchange rates, interest and inflation rates, commodities and equity prices – will affect the Company income or the value of its holdings of financial instruments.

(In Thousands of Reais)

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

Refers to the potential for economic losses that the Company and its subsidiaries may incur due to fluctuations in interest rates. The Company has assets and, mainly, liabilities exposed to this risk, such as operations linked to indexes such as Interbank Deposit Certificate (CDI), Long Term Interest Rate (TJLP), UMBNDES (BNDES Monetary Unit), and LIBOR (London Interbank Offer Rate), in addition to any transactions with fixed-rate positions that may cause losses arising from the calculation of the fair market value (mark to market). The Company seeks to mitigate the interest rate risk by diversifying the rates contracted and, eventually, by using derivatives.

The risk of exposure to the Company's interest rate is on loans and borrowings. The balances as of June 30, 2020 and December 31, 2019 are presented as follows:

		Parent company	
Financial category	**Average annual interest rate and commissions**	**06/30/2020**	**12/31/2019**
Financing for the acquisition of property, plant and equipment			
FINAME - Financing for projects	Interest rate from 3% to 8%	5,248	7,029
ACC - Advance on exchange contract	*Trade finance	1,947,495	1,422,847
BNDES	TJLP + annual rate of 2,83%	236,609	294,146
BNDES	Variable interest rate BNDES + annual rate of 3,52%	1,564,260	1,427,911
NCE	*Trade finance	528,106	526,404
Working capital	Annual interest rate of 5,74% in dollars	7,084	10,432
FINEM Florestal	TJLP + annual rate of 3,48% / selic + annual rate of 3,58%	212,277	208,571
Leasing	CDI + annual interest rate of 4,06%	30,124	25,642
CCB	Interest rate from de 7,5% to 9,0%	75,116	125,853
PPE	*Trade finance	1,721,368	1,221,194
PPE´s intercompanies	Annual interest rate from 8% to 9% + exchange rate effect	2,046,681	1,555,756
Cash and cash equivalents		(29,343)	(187,921)
Financial inverstments		(55,347)	(332,583)
		8,289,678	**6,305,281**

(In Thousands of Reais)

		Consolidated	
Financial category	Average annual interest rate and commissions	06/30/2020	12/31/2019
Financing for the acquisition of property, plant and equipment			
FINAME - Financing for projects	Interest rate from 3% to 8%	5,248	7,029
ACC - Advance on exchange contract	*Trade finance	1,947,495	1,422,847
BNDES	TJLP + annual rate of 2,83%	236,609	294,146
BNDES	Variable interest rate BNDES + annual rate of 3,52%	1,564,260	1,427,911
NCE	*Trade finance	528,106	526,404
Working capital	Annual interest rate of 5,74% in dollars	7,084	10,432
Term Loan	LIBOR + annual interest rate 5%	121,891	134,506
Bond	Annual interest rate 8,625%	1,918,094	1,407,949
FINEM Florestal	TJLP + annual interest rate 3,48% / selic + annual interest rate 3,58%	212,277	208,571
Leasing	CDI + annual interest rate 4,06%	30,124	25,642
CCB	Annual interest rate from 7,5% to 9,0%	75,116	125,853
PPE	*Trade finance	1,721,368	1,221,194
Cash and cash equivalents		(426,066)	(507,427)
Financial inverstments		(412,013)	(392,065)
		7,529,593	5,912,992

(*) The trade finance (ACC, PPE and NCE) have an average cost of 3.75% to 7.5% a.a.

Sensitivity analysis

In order to provide information on how the market risks to which the Company is exposed on June 30, 2020, the projection rates used as a premise, whose source is based on market indicators, refer to December 2020 and possible changes are presented classified as possible and remote, being 25% and 50% respectively, in the risk variables, in relation to those of the probable scenario.

The Company believes that the closing interest rates used to measure its financial assets and liabilities, as of the date of this financial statements, represent a probable scenario and the effects are already recognized in the statements of profit or loss. The net results between the result of the exposures are shown as follows:

Parent Company

Operating - 06/30/2020	Balance (R$)	Probable	25%	50%
Net interest rate exposure	(8,289,678)	(14,160)	(25,356)	(36,185)

Operating - 12/31/2019	Balance (R$)	Probable	25%	50%
Net interest rate exposure	(6,305,281)	1,701	(8,611)	(17,221)

Consolidated

Operating - 06/30/2020	Balance (R$)	Probable	25%	50%
Net interest rate exposure	(7,529,593)	(1,057)	(8,066)	(14,875)

Operating - 12/31/2019	Balance (R$)	Probable	25%	50%
Net interest rate exposure	(5,912,992)	1,601	(4,643)	(9,287)

(ii) Foreign exchange risk

The Company is exposed to foreign exchange risk to the extent that there is an incompatibility between the currencies in which sales, purchases and loans are denominated and the functional currency of the Company.

The main exposures to which the Company is subject, with respect to exchange rate variations, refer to the fluctuation of the US Dollar in comparetion with the Real.

As of June 30, 2020, 1 US dollar was R$ 5.4760 (as of December 31, 2019, 1 US dollar was R$ 4.0307).

As of June 30, 2020, and December 31, 2019, the exchange rate risk is concentrated in: Cash and cash equivalents, financial investments, trade accounts receivables, trade accounts payable and loans and borrowings.

The Company, in order to prevent the risk of fluctuations in exchange rate variations, seeks to balance its assets and liabilities in foreign currency. The Company evaluates and eventually contracts derivative financial instruments in order to eliminate any residual difference.

The Company's assets and liabilities, exposed to the risks of exchange variation, expressed in thousands of Reais are presented as follows:

Parent company and consolidated

	USD		R$	
Operacional	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and cash equivalents	10,709	46,020	58,641	185,492
Trade accounts receivables and other assets	93,566	83,304	512,367	335,773
Trade payables	310	(149)	1,697	(603)
Related parties loans	(373,755)	(385,977)	(2,046,681)	(1,555,756)
Loans and borrowings	(956,941)	(1,012,823)	(5,240,208)	(4,082,384)
Net exposure	(1,226,111)	(1,269,625)	(6,714,184)	(5,117,478)

(In Thousands of Reais)

The foreign exchange risk may result in losses or gains for the Company due to a possible appreciation or devaluation of the Real, that it is the presentation currency of the Financial Statements of the Company.

Sensitivity analysis

In order to provide information on how the market risks to which the Company is exposed on June 30, 2020, the projection rates used as a premise, whose source is based on market indicators, refer to December 2020 and possible changes are presented classified as possible and remote, being 25% and 50% respectively, in the risk variables, in relation to those of the probable scenario. For the probable scenario, the consensus of the Focus report of June 26, 2020 with the exchange rate of 5.20 was considered.

Management believes that the closing spot rates used to measure its financial assets and liabilities, as of the date of this financial statements, represent a probable scenario and that the effects are already recognized in the result. The net results between the result of the active and passive exposures are present as follows:

Parent company and consolidated

Operating - 06/30/2020	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exchange variation exposure	(1,226,111)	(6,714,184)	338,407	(1,255,538)	(2,849,482)

Operating - 12/31/2019	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exchange variation exposure	(1,269,625)	(5,117,478)	(62,593)	(1,279,369)	(2,558,739)

(iii) Price risk

The Company is exposed to the volatility of wood prices only for new contracts, the variation of which results from external factors beyond its control, such as climatic factors, volume of supply, transportation costs, silvicultural policies and others. In order to guarantee raw material for the operation of its plant, the Company has been purchasing wood for future delivery, with partial advance payments, not being exposed to price volatility for contracts already signed.

Parent company and consolidated	06/30/2020	12/31/2019
Estimated value of contracts signed	1,685,873	2,194,352
Payments/prepayments done	(331,291)	(798,371)
	1,354,582	**1,395,981**

The risks of not receiving wood are mitigated by the constant monitoring of forest development by the Company specialists.

(In Thousands of Reais)

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Comapany receivables from customers.

The credit risk in the Company's operating activities is managed based on specific rules for the acceptance of customers and the establishment of their respective credit limits, consistently carried out through credit analyzes periodically reviewed and discussed with the credit committee and guarantees presented by customers. The Company works to guarantee the realization of overdue credits through frequent monitoring of defaulting customers and also the use of a credit lines and other financial instruments that guarantee the respective receivables.

Bank deposits and financial investments are contracted with leading financial institutions.

Credit risk exposure

The carrying value of financial assets represents the maximum credit risk exposure. The maximum credit risk exposure at the end of the period is as follows:

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and cash equivalents	84,702	520,504	772,165	840,010
Financial Investments	-	-	65,914	59,482
Trade accounts receivables	616,866	448,727	734,559	509,328
Total	**701,568**	**969,231**	**1,572,638**	**1,408,820**

The group holds Cash and cash equivalents of R$ 772,165 on June 30, 2020, maintained with top-tier banks and financial institutions that have an international and local rating between A and AA.

c. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company’s approach to managing liquidity is to ensure cash and financial investments in order to meet its financial and operating commitments. The amount held in cash is intended to meet the liabilities of the normal course of its operations, while the surplus is invested in highly liquid financial investments contracted with financial institutions with a high investment grade.

(In Thousands of Reais)

The Company's long-term debt is as follows: in the CCB modalities with an average maturity of 2.0 years; Leasing with an average maturity of 2.0 years; PPE with an average maturity of 1.6 years; BNDES and its subsidiaries - medium term maturity of 1.3 years; NCE with an average maturity of 1.3 years; and Finames with an average maturity of 1.1 years.

The financing of working capital is made through the contracting of credit lines ACCs, NCEs and Prepayments.

The table below shows the amounts of the Company's net financial liabilities according to contractual maturities. These amounts are gross and undiscounted and include estimated expected cash outflows from interest:

Parent company	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of June 30, 2020					
Trade payables	238,242	1,570	-	-	239,812
Loans and borrowings	3,237,155	2,746,516	549,060	222,856	6,755,587
Related parties loans	2,217,070	-	-	-	2,217,070
Related parties payable	13,605	-			13,605
Other current liabilities	5,469	-	-	-	5,469
Cash and cash equivalents	(84,702)	-			(84,702)
Total	**5,626,839**	**2,748,086**	**549,060**	**222,856**	**9,146,841**
As of December 31, 2019					
Trade payables	250,038	2,094	523	-	252,655
Loans and borrowings	2,161,677	1,406,901	1,485,264	216,187	5,270,029
Related parties loans	93,776	1,453,365	-	-	1,547,141
Related parties payable	7,424	-	-	-	7,424
Cash and cash equivalents	(520,504)	-	-	-	(520,504)
Total	**1,992,411**	**2,862,360**	**1,485,787**	**216,187**	**6,556,745**

Consolidated	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of June 30, 2020					
Loans and borrowings	5,445,565	2,746,516	549,060	222,856	8,963,997
Trade payables	239,212	1,570	-	-	240,782
Related parties payable	12,260	-	-	-	12,260
Other current liabilities	37,145	-	-	-	37,145
Cash and cash equivalents	(772,165)	-	-	-	(772,165)
Total	**4,962,017**	**2,748,086**	**549,060**	**222,856**	**8,482,019**
As of December 31, 2019					
Trade payables	248,962	2,094	523	-	251,579
Loans and borrowings	2,251,215	2,859,818	1,485,264	289,175	6,885,472
Related parties loans	3,986	-	-	-	3,986
Cash and cash equivalents	(840,010)	-	-	-	(840,010)
Total	**1,664,153**	**2,861,912**	**1,485,787**	**289,175**	**6,301,027**

d. Operational risks

Port use concession-right of use

Rishis operations are exposed to operational and environmental risks, such as fire, loss of concession, non-adherence to the international security plan (ISPS Code) and the environmental protocol and unforeseeable circumstances or unforeseeable circumstances.

Because of the exposure to these risks, Rishis has insurance policies that include coverage for operational risks (Property) and civil liability (Directors and Officers and General Civil Liability) in addition to the permanent inspection of authorities such as: Santos Port Authority - SPA (ex-CODESP), Federal Regulatory Agency "ANTAQ", State Environmental Agency "CETESB", ISPS Code Security Commission, Santos City Hall (business license) and São Paulo Military Police Fire Department (AVCB), always in compliance with the conditions and current legal requirements.

- **Mutual Assistance Plan at Santos Port (PAM)**

According with the Mutual Assistance Plan at Santos Port (PAM) and in compliance with the Company's corporate policies, Rishis prepared the Terminal's "Emergency Service Plan", actively participates in the Port of Santos PAM guided by the "Applicable Regulatory Norms (NR23, NR29) and Technical Instructions from the Fire Department ". It has a duly qualified technical staff (occupational safety technician, occupational nursing technician and integrated management system professional), in addition to the permanent training of its employees in the formation and maintenance of the fire and emergency brigade and CPATP.

- **ISPS Code**

Rishis through its declaration of compliance issued by CONPORTOS demonstrates compliance with the Public Port Security Plan (PSPP) in line with national and international requirements (MJ, CONPORTOS, CESPORTOS, PF, IMO). It has an organic structure to control access to people and vehicles, as well as devices and 24-hour electronic monitoring. All records and images are shared in real time with the customs of the Port of Santos.

- **Environmental management**

Rishis has implemented an Integrated Management System (Quality, Environment and Health and Safety at Work) and Sustainability, for which it monitors and mitigates its environmental impacts and associated dangers through operational controls, meeting legal requirements, certifiable standards (ISO9001, ISO14001 , OHSAS18001), conditions of environmental licenses, which fundamentals and best practices adopted by the Company are recognized and ratified in accordance of the terms of ISO14001 Environmental Management System Certification.

- **Port lease**

The Port lease is ruled by the Lease Agreement DP-DC 01/2005. It is the legal and public instrument, signed with the Santos Port Authority - SPA (ex-CODESP) ratified by the competent federal regulatory bodies (SNPTA, ANTAQ). Rishis is attentive to the fulfillment of all clauses of this contract and obligations, the rules of good coexistence in the organized port, with the handling of inventories compromised and the sustainable and social development of the region (port-city).

- **Natural disasters and other risks**

The Company has a very diversified logistics operation, where Rishis is responsible for 30% of the total volume.

To mitigate the risk of unforeseeable circumstances or force majeure in Santos, the Company implemented a breakbulk model operation at the public port in São Francisco do Sul / SC, in addition to having a container shipment in the Ports of Santos / SP, Itajaí / SC , Navegantes / SC, Itapoá / SC and Paranaguá / PR.

e. Fair values of financial instruments

Assets and liabilities measured at fair value in the statement of financial position are classified based on the following hierarchy levels of fair value :

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) using valuation techniques that use data from active markets;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(In Thousands of Reais)

Parent Company	Hierarchy levels	06/30/2020 Carrying amount	06/30/2020 Fair value	12/31/2019 Carrying amount	12/31/2019 Fair value
Assets					
Assets measured at amortized cost					
Cash and cash equivalents		84,702	84,702	520,504	520,504
Trade accounts receivables		616,866	616,866	448,727	448,727
Total assets measured at amortized cost		**701,568**	**701,568**	**969,231**	**969,231**
Liabilities					
Liabilities measured at amortized cost					
Loans and borrowings	Level 2	6,327,687	6,202,634	5,270,029	5,270,029
Trade payables		239,812	239,812	252,655	252,655
Lease liabilities		720,193	720,193	645,952	645,952
Related parties loans		2,046,681	2,044,360	1,547,141	1,547,141
Related parties payable		13,605	13,605	7,424	7,424
Other current liabilities		5,469	5,469	8,810	8,810
Total liabilities measured at amortized cost		**9,353,447**	**9,226,073**	**7,732,011**	**7,732,011**

Consolidated	Hierarchy levels	06/30/2020 Carrying amount	06/30/2020 Fair value	31/12/2019 Carrying amount	31/12/2019 Fair value
Assets					
Assets measured at amortized cost					
Cash and cash equivalents		772,165	772,165	840,010	840,010
Trade accounts receivables		734,559	734,559	509,269	509,269
Total assets measured at amortized cost		**1,506,724**	**1,506,724**	**1,349,279**	**1,349,279**
Assets measured at fair value through profit or loss					
Financial investements	Level 2	65,914	65,914	59,482	59,482
		1,572,638	**1,572,638**	**1,408,761**	**1,408,761**
Liabilities					
Liabilities measured at amortized cost					
Loans and borrowings	Level 2	8,367,672	8,272,800	6,812,484	6,885,472
Trade payables		240,782	240,782	251,579	251,579
Lease liabilities		724,903	724,903	649,164	649,164
Related parties payable		12,260	12,260	3,986	3,986
Other current liabilities		37,145	37,145	53,843	53,843
Total liabilities measured at amortized cost		**9,382,762**	**9,287,890**	**7,771,056**	**7,844,044**

The fair value of financial assets and liabilities refers to the amount for which the instrument can be exchanged in a current transaction between willing parties and not in a forced sale or settlement transaction. The methods and assumptions used to estimate the fair value are described below.

The fair value of amounts due to / from related parties is close to their book values, mainly due to the short-term maturity of these instruments.

The fair value of loans and financing was measured at market price, calculated at present value of future flows estimated based on the interest curves adopted by the market, using the discount rate verified in the average term of loans and financing. The value ascertained aims to clarify its replacement or replacement cost, and its measurement occurs at each balance sheet date.

Derivatives are measured using valuation techniques based on observable market data. The most frequently applied valuation techniques include swap contract pricing models, calculating the present value of the cash flows involved in the transaction. For the calculation of NDF over-the-counter operations, an early settlement is simulated, using the strike price and PTAX of the day. For future commodity positions at BM&F, the adjustment price disclosed by this entity is used. The models incorporate a variety of data, including the counterparty's credit quality, location and contracted rates.

(In Thousands of Reais)

30. Take or pay agreements

a. Chemical and oxygen plant and gas distribution line

(i) Future minimum lease payments

As of June 30, 2020, the minimum non-cancellable future payments are as follows:

	Parent company and consolidated	
	06/30/2020	12/31/2019
2020	52,322	74,725
2021	104,643	74,725
2022	104,643	74,725
2023	104,643	74,725
2024	104,643	74,725
2025 and thereafter	374,886	261,079
	845,780	634,704

The amounts recognized in the statement of profit or loss are as follows:

	Parent company and consolidated			
	06/30/2020	06/30/2019	Accum. 2020	Accum. 2019
Lease expenses	46,819	35,245	85,112	69,312
	46,819	35,245	85,112	69,312

The Company has take-or-pay contracts for two chemical plants and a distribution line to supply the needs for inputs for pulp production.

These are three take-or-pay contracts, two of them with a 15-year term, one of which is to meet the needs for Chlorine Dioxide, effective from December 2012, whose price consists of fixed and variables cost, with a clause to readjust these common costs for this type of contract. The other contract is to supply the needs of oxygen in its gaseous form, beginning in October 2012, whose debt was signed in dollars and fixed monthly installments should be readjusted by the PPI (Producer Price Index) index on the first day of December of each year.

The third contract, has a 12-year term and it is to meet the needs of industrial natural gas, effective in May 2016, whose price per cubic meter is composed of three factors: a) price of natural gas adjusted quarterly according to arithmetic averages of daily prices published in the Spot Price Assessments table published in Platt's Oilgram Price Report; b) average transportation tariff divided into two installments, the first being readjusted 0.5% annually and the other at 3.5% annually, both on the first day of each year; c) the distributor's fixed margin adjusted on the first day of each year by the IPCA (Broad Consumer Price Index).

As of June 30, 2020, the parties will renegotiate the commercial conditions for the natural gas supply, and at this date the Company may terminate the actual agreement, in case of an economic financial imbalance or excessive burden to the Company.

b. Thermoelectric power plant

In 2016, the Company won the ANEEL Auction 01/2016, modality A-5, and was authorized by Ordinance MME nº 477/2016, of 27/09/2016, to establish itself as an Independent Electric Energy Producer for exploration and implementation of the wood chip thermoelectric plant with an installed capacity of 50 MW. The energy produced by the plant, called UTE Onça Pintada, is subject to 7 (seven) Contracts for the Commercialization of Energy in the Regulated Environment (CCEAR), with a term of 25 years, beginning to supply in January 2021 and totaling 38,1 MW per month produced by the project.

31. Collaboration Agreement, Leniency Agreement and Internal Investigation

General information about the J & F Investimentos S.A. executives and former executives Collaboration Agreement

As is well known, in May 2017 certain executives and former executives of J&F Investimentos SA (“J&F”), as controller of the companies belonging to the “J&F Group”, of which the Company is part, assumed some obligations in the Awarded Collaboration Agreement with the Attorney General's Office ("PGR"), aiming to serve the public interest, especially the expansion, throughout the country, of investigations around events against the law.

On June 5, 2017, J&F entered into a Leniency Agreement with the Federal Public Ministry (“MPF”), approved by the 5th MPF Coordination and Review Board on August 24, 2017, which the Company signed on September 21, 2017. 2017 (“Agreement”).

In the Agreement, J&F accept, on its behalf and on behalf of the companies controlled by it, to cooperate voluntarily with the State, to carry out internal investigations and to provide it with information to prove the materiality and authorship of the irregular acts committed and confessed. Additionally, J&F has committed to repair damages resulting from the related facts under the Awarded Collaboration Agreements, through the payment of R$ 10.3 billion over 25 years starting in December 2017.

Regarding internal investigations within the scope of the Company, the work was carried out by an external investigation team hired for this purpose, under the terms of the Agreement. The investigations were concluded, with the issuance of reports delivered directly to the Independent Oversight Committee constituted to monitor the investigations and provide clarifications to the MPF. The investigation team did not find any new facts that were not already included in the Annexes of the Agreement, and the Company therefore concluded that there were no new facts related to the Agreement that could potentially impact the Company's accounting information.

The Company restructured the Compliance area and hired new professionals dedicated exclusively to this area. The area continues to constantly improve the Company's Compliance Program, developing and improving its activities and procedures, with the support of senior management, always with the aim of preventing, detecting and correcting any irregularities, in addition to fostering the compliance culture in the Company.

We confirm that the Company is in continuous compliance with the agreement´s obligations.

32. Share Purchase and Sale Agreement

On September 2, 2017, J&F entered into a share purchase and sale agreement for the sale of the totality of its direct and indirect shareholding interest in the company to CA Investment (Brazil) SA, a company in the Paper Excellence group (“CA Investment”).

The Share Purchase and Sale Agreement states that the transfer of control of Eldorado, from J&F to CA, could occur during a period of up to 12 (twelve) months, if certain precedent conditions were met, which did not occur.

The parties discuss the reasons for the non-realization of the transfer of control of Eldorado as provided for in the Share Purchase and Sale Agreement, and a judicial and arbitration dispute was initiated in the second half of 2018.

In March 2019, after the constitution of a competent tribunal to adjudicate the dispute, the judicial demands related to the Share Purchase and Sale Agreement were extinguished.

The final resolution of conflicts between the Company's shareholders will be defined in the course of the arbitration, at an undefined date. The arbitration is going confidentiality.

As of June 30, 2020, the Company's shareholding structure is as follows: 49.42% interest in CA Investment and 50.58% interest in J&F, Eldorado's sole shareholders, with J&F as the Parent company.

33. Subsequent events

Replacement of Guarantees with BNDES

On July 16, 2020, BNDES had its guarantees, linked to debts in an amount of approximately R$ 2 billion, replaced by bail contracted by its shareholder J&F Investimentos.

The guarantees released comprise the (i) registration of the Eldorado Brasil plant located in Três Lagoas, (ii) equipment used in forestry processing, shares of Eldorado Brasil held by J&F, (iii) of Eldorado's shares, owned by J&F Investimentos; (iv) pledge of shares of JBS, owned by J&F Investimentos; (iv) guarantees contracted with Banco Santander and Banco do Brasil.

This transaction contributed to the exemption of Eldorado's operation from payment of the cost of guarantees contracted by it, as well as released strategic assets of the Company.

Statutory Board

Aguinaldo Gomes Ramos Filho
President Director

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Commercial Director and Investor Relations

Fernando Storchi
Financial Director

Board of Directors

Sérgio Longo
Board of Directors President

João Adalberto Elek Júnior
Counselor

José Antonio Batista Costa
Counselor

Mauro Eduardo Guizeline
Counselor

Francisco de Assis e Silva
Counselor

Marcio Antonio Teixeira Linares
Counselor

Raul Rosenthal Ladeira de Matos
Counselor

Accountant

Angela Midori Shimotsu do Nascimento
CRC SP 227742/O-7