ELDORADO BRASIL CELULOSE S.A.

Independent auditor's review report

Individual and consolidated interim financial statements
As at March 31, 2020

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial statements
As at March 31, 2020

Contents

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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 March 31, 2020, which comprises the statement of financial position as of March 31, 2020 and the respective statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the three-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 three-month period ended March 31, 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 nine-month period ended December 31, 2019, 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 March 31, 2019 and the respective statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the three-month period ended March 31, 2019, restated in accordance with matters described on note 3.f, were revised by another auditor who expressed an unmodified review dated June 29, 2020. The comparative information of individual and consolidated statement of value added (DVA) for the three-month period ended March 31, 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, June 29, 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 MArch 31, 2020 and December 31, 2019
(In thousands of Brazilian Reais)

Assets

		Parent company		Consolidated	
	Note	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current					
Cash and cash equivalents	5.1	173.786	520.504	839.880	840.010
Trade accounts receivable	6	613.698	448.727	511.056	509.269
Inventories	8	316.449	326.512	553.688	521.010
Recoverable taxes	9	205.228	207.691	208.851	210.200
Advances to suppliers	10	77.394	63.224	77.394	65.411
Other current assets		24.826	30.316	26.360	30.855
Total current		**1.411.381**	**1.596.974**	**2.217.229**	**2.176.755**
Noncurrent					
Financial investments	5.2	-	-	76.718	59.482
Recoverable taxes	9	1.053.611	1.049.860	1.053.611	1.049.860
Advances to suppliers	10	133.078	126.197	133.078	126.197
Deferred income and social contribution taxes	20	533.537	50.818	533.537	50.818
Deposit, guarantees and others		6.902	5.518	7.916	5.991
Other noncurrent assets		15.058	15.086	15.058	15.086
		1.742.186	**1.247.479**	**1.819.918**	**1.307.434**
Biological assets	11	2.830.702	2.745.146	2.830.702	2.745.146
Investments	12	957.219	670.942	-	-
Fixed assets	13	4.623.936	4.465.099	4.637.514	4.476.758
Intangible assets	14	3.438	3.732	71.284	73.248
Rights of use	15	680.543	614.583	685.021	617.694
		10.838.024	**9.746.981**	**10.044.439**	**9.220.280**
Total Assets		**12.249.405**	**11.343.955**	**12.261.668**	**11.397.035**

Liabilities

		Parent company		Consolidated	
	Note	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Current					
Loans and financing	17	2.801.787	2.161.677	2.958.166	2.251.215
Trade accounts payable	16	309.418	250.038	282.521	248.962
Leases payables	18	172.323	144.814	172.950	145.579
Loans with related parties	7	163.339	93.776	-	-
Tax liabilities, payroll and social charges	19	111.478	141.258	128.011	155.293
Debts with related parties	7	7.365	7.424	6.103	3.986
Other current liabilities		3.845	8.810	30.690	53.843
Total current		**3.569.555**	**2.807.797**	**3.578.441**	**2.858.878**
Noncurrent					
Loans and financing	17	3.435.761	3.108.352	5.311.956	4.561.269
Trade accounts payable	16	2.093	2.617	2.093	2.617
Leases payables	18	547.158	501.138	551.113	503.585
Loans with related parties	7	1.876.773	1.453.365	-	-
Provision for procedural risks	21	19.750	21.268	19.750	21.268
Total noncurrent		**5.881.535**	**5.086.740**	**5.884.912**	**5.088.739**
Equity	22				
Capital stock		1.788.792	1.788.792	1.788.792	1.788.792
Profit reserves		1.579.455	1.579.455	1.579.455	1.579.455
Cumulative conversion adjustments		295.034	81.171	295.034	81.171
Loss for the period		(864.966)	-	(864.966)	-
Total equity		**2.798.315**	**3.449.418**	**2.798.315**	**3.449.418**
Total liabilities and equity		**12.249.405**	**11.343.955**	**12.261.668**	**11.397.035**

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

ELDORADO BRASIL CELULOSE S.A.

Statements of income (loss)
Quarters ended March 31, 2020 and 2019
(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Note	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Net revenue	23	667.541	884.200	859.501	1.179.101
Cost of goods sold	25	(385.708)	(428.974)	(437.504)	(481.685)
Gross profit		**281.833**	**455.226**	**421.997**	**697.416**
Operating revenues/(expenses)					
Administrative and general	25	(46.016)	(28.842)	(50.536)	(31.385)
Selling and logistics	25	(53.362)	(49.231)	(115.647)	(104.213)
Fair value of biological assets	11	-	54.658	-	54.658
Equity in earnings of controlled companies	12	72.709	181.806	-	-
Other revenues, net	27	8.671	(2.752)	9.269	(2.822)
Income before financial revenues (expenses) and taxes		**263.835**	**610.865**	**265.083**	**613.654**
Net financial result	26				
Financial expenses		(149.462)	(306.091)	(151.730)	(309.501)
Financial revenues		3.023	5.599	4.533	6.127
Exchange rate, net		(1.465.081)	(29.608)	(1.465.166)	(29.478)
(Loss) / income before provision for income and social contribution taxes		**(1.347.685)**	**280.765**	**(1.347.280)**	**280.802**
Income and social contribution taxes	20				
Current		-	-	(405)	(37)
Deferred		482.719	(33.553)	482.719	(33.553)
Net (Loss) / income for the period		**(864.966)**	**247.212**	**(864.966)**	**247.212**
(Loss) / income earnings per shares		**(0,57)**	**0,16**	**(0,57)**	**0,16**

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 March 31, 2020 and 2019
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Net income for the period	**(864.966)**	**247.212**	**(864.966)**	**247.212**
Items that will not be reclassified to the result for the subsequent year				
Exchange rate gains (losses) on investments	213.863	5.046	213.863	5.046
Total comprehensive income	**(651.103)**	**252.258**	**(651.103)**	**252.258**

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

ELDORADO BRASIL CELULOSE S.A.

Statements of changes in equity
(In thousands of Brazilian Reais)

		Profit reserves				Cumulative		
	Capital stock	Legal reserve	Tax incentive reserve	Reserve for expansion	Special reserve	translation adjustments	Accumulated (losses)	Total
Balance as at December 31, 2018	**1.788.792**	**9.432**	**998.160**	**22.906**	**-**	**57.864**	**-**	**2.877.154**
Net income for the period	-	-	-	-	-	-	247.212	**247.212**
Exchange variation on investments	-	-	-	-	-	5.046	-	**5.046**
Tax incentive reserve	-	-	2.671	-	-	-	- 2.671	**-**
Special reserve for non-distributed mandatory dividend	-	-	-	-	7.636	-	-	**7.636**
Balance as at March 31, 2019	**1.788.792**	**9.432**	**1.000.831**	**22.906**	**7.636**	**62.910**	**244.541**	**3.137.048**
Balance as at December 31, 2019	1.788.792	36.498	1.002.780	405.132	135.045	81.171	-	**3.449.418**
Net income for the period	-	-	-	-	-	-	- 864.966	**(864.966)**
Exchange variation on investments	-	-	-	-	-	213.863	-	**213.863**
Balance as at March 31, 2020	**1.788.792**	**36.498**	**1.002.780**	**405.132**	**135.045**	**295.034**	**(864.966)**	**2.798.315**

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

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows
Quarters ended March 31, 2020 and 2019
(In thousands of Brazilian Reais)

	Nota	Parent Company		Consolidated	
	explicativa	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Cash flows from operating activities			(Restated)		(Restated)
(Loss) / net income for the period		**(864.966)**	**247.212**	**(864.966)**	**247.212**
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:					
Depreciation and amortization	25	57.636	56.057	57.682	66.174
Depletion	25	25.042	63.251	30.688	63.251
Allocation amortization		295	295	295	295
Residual value of assets written off of fixed assets	13	1.108	440	1.108	440
Fair value of biological assets	27	-	(54.658)	-	(54.658)
Deferred income tax and social contribution	20	(482.719)	33.553	(482.719)	33.553
Finance charges - interest - leases		208	336	293	432
Finance charges – interest and exchange rate gains (losses)	17.1	1.262.186	141.327	1.754.857	185.114
Finance charges – interest and exchange rate gains (losses) – related parties		496.645	44.403	-	-
Trade accounts receivable - exchange rate (losses)		(140.803)	(28.113)	(140.803)	(28.113)
Provision for procedural risks	21	377	2.526	377	2.526
Derivatives		-	13.794	-	13.794
Equity in (losses) of controlled companies	12	(72.709)	(181.806)	-	-
Allowance for doubtful accounts	6	36	-	36	-
		282.336	**338.617**	**356.848**	**530.020**
Decrease (increase) in assets					
Trade accounts receivable		(29.888)	13.520	226.195	(20.990)
Inventories		3.428	13.068	51.276	54.288
Recoverable taxes		(1.288)	19.538	(1.719)	19.055
Advances to suppliers		(20.042)	(26.922)	(17.853)	(26.922)
Other current and non-current assets		4.133	(695)	5.230	(678)
Increase (decrease) in liabilities					
Trade accounts payable		96.512	28.339	(56.499)	21.526
Other liabilities - related parties		(629)	(15.783)	2.117	(15.783)
Tax liabilities, payroll and social charges		(29.780)	(47.153)	(30.633)	(48.686)
Other current and non-current liabilities		(6.859)	(17.530)	(45.988)	(22.021)
Net cash from operating activities		**297.923**	**304.999**	**488.974**	**489.809**
Income tax and social contribution paid		-	(2.427)	(53)	(2.472)
Net cash from operation activities		**297.923**	**302.572**	**488.921**	**487.337**
Cash flows from investing activities					
Increase in biological assets		(93.840)	(64.696)	(93.840)	(64.696)
Additions to fixed and intangible assets	13 e 14	(219.259)	(29.977)	(221.446)	(30.383)
Cash receipt on sales of fixed assets		5.684	1.859	5.684	1.859
Financial investments		-	(2.445)	-	(2.445)
Debts with related parties		-	3.268	-	9
Net cash used in investing activities		**(307.415)**	**(91.991)**	**(309.602)**	**(95.656)**
Cash flows from financing activities					
Loans and financing raised	17.1	7.754	245.513	7.754	245.513
Amortization of loans and financing - principal	17.1	(234.576)	(205.221)	(234.576)	(205.221)
Amortization of loans and financing - interest	17.1	(67.845)	(92.799)	(70.397)	(96.907)
Amortization of loans and financing – exchange rate gains (losses)	17.1	-	(64.276)	-	(64.200)
Amortization of intercompany loans - interest		(3.104)	(3.195)	-	-
Amortization of intercompany loans – exchange rate gains (losses)		-	28	-	-
Payment of lease agreements	18	(39.455)	(39.012)	(39.711)	(39.251)
Net cash used in financing activities		**(337.226)**	**(158.962)**	**(336.930)**	**(160.066)**
Effects of exchange rate gains (losses) on cash		-	-	157.481	3.990
Change in cash and cash equivalents, net		**(346.718)**	**51.619**	**(130)**	**235.605**
Cash and cash equivalents at beginning of year		520.504	310.419	840.010	610.591
Cash and cash equivalents at end of year		173.786	362.038	839.880	846.196
Change in cash and cash equivalents, net		**(346.718)**	**51.619**	**(130)**	**235.605**

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 March 31, 2020 and 2019
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Revenues				
Sales of merchandise, products and services	701.547	922.507	893.839	1.217.748
Other operating revenues (expenses), net	9.379	52.105	10.075	52.066
Transfers related to the construction of own assets	9.649	1.211	9.649	1.211
	720.575	**975.823**	**913.563**	**1.271.025**
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(277.055)	(265.767)	(383.543)	(361.447)
Gross value added	**443.520**	**710.056**	**530.020**	**909.578**
Depreciation, amortization and depletion	(82.973)	(119.603)	(88.665)	(129.720)
Net value added generated by the entity	**360.547**	**590.453**	**441.355**	**779.858**
Value added received in transfer				
Equity in earnings (losses) of controlled companies	72.709	181.806	-	-
Financial revenues	3.023	5.599	4.533	6.127
Total value added to be distributed	**436.279**	**777.858**	**445.888**	**785.985**
Value added distribution				
Personnel				
Direct compensation	50.462	45.565	53.823	47.741
Benefits	30.205	27.922	32.019	29.166
FGTS (Severance Pay Fund)	5.292	4.784	5.642	5.021
	85.959	**78.271**	**91.484**	**81.928**
Taxes, fees and contributions				
Federal	(449.490)	72.063	(448.644)	72.480
State	19.642	19.489	19.741	19.517
Municipal	-	-	332	340
	(429.848)	**91.552**	**(428.571)**	**92.337**
Return on debt capital				
Interest	1.613.488	173.449	1.612.085	172.862
Rents	30.962	25.624	31.431	26.029
Others	684	161.750	4.425	165.617
	1.645.134	**360.823**	**1.647.941**	**364.508**
Return on equity capital				
Net income for the period	**(864.966)**	**247.212**	**(864.966)**	**247.212**
Total value added distributed	**436.279**	**777.858**	**445.888**	**785.985**

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 closely held corporation, 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 information for the period ended March 31, 2020 includes the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged 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.

As of March 31, 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 climatically and topographically well-adapted area for eucalyptus growth.

The Company has current liabilities higher than current assets in the amount of R$ 2,158,174 in the Parent Company the amount of R$ 1,361,212 in the Consolidated. The individual and consolidated interim financial statements is prepared based on the premise that the company will continue to operate in a previsible future, management has a reasonable expectation that the Company has adequate resources to pay your debts arrinsing from loans and financing as terms described on note 17.

Eldorado remains focused on its liability management process in order to reduce its leverage. As soon as certain political and market conditions are accommodated, the Company intends to seek new forms of long-term financing in order to readjust the capital structure of third parties between the short and long term. The Company expectes a stability in the pandemic environment in the coming quarters, as so is expected that the uncertainties existing today about the medium and long term economic environment will be mitigated.

In this environment, Eldorado Brasil has already received indicators for the expansion of limits and expected term of loans and financing from banks. In addition, due to Eldorado Brasil's position in the pulp market, it is also natural to expect the return of interest from domestic and foreign institutional investors.

The company will also keep showing attractive cash, cash equivalents and short-term investments (in the amount of R$ 173,786 in the Parent Company and R$ 839,880 in the Consolidated at March 31, 2020) to maintain the continuous deleveraging process.

The liability management actions added to the Company's operational efficiency are intended to allow Eldorado to increase its liquidity ratios and consequently the net working capital.

a) Eldorado Brasil against coronavírus

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, their communities and their business and will return to the market in the event 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 rapid 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 coping with 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, but the Company has always understood that it is part of the communities where it operates.

In this sense, Eldorado extended its prevention efforts in a first phase of donations against the pandemic. The company surveyed the needs of hospitals and nursing homes in the cities where it operates and delivered in May more than 100,000 items, mainly related to the prevention of coronavirus, such as protective equipment and gel alcohol.

(In thousands of Brazilian Reais)

(iii) Market – monitoring

Despite the COVID-19 pandemic, the scenario in the pulp market proved to be resilient in the 1st quarter of 2020. The pulp and paper industry has been considered essential in most countries for its participation in the supply chain of short products importance 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 for possible regional losses, our mix in relation to the paper sectors allows us to navigate this scenario with good prospects for opportunities and less exposure to risks. 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 on year. a year as part of our long-term business strategy.

(iv) Financial effects

Eldorado Brasil saw 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, which, coupled with receivables denominated in US dollars, allows the continuity of investments to support our operations and working capital, enabling business continuity during the pandemic environment.

2. List of subsidiaries

		Equity Interest	
	Country	03/31/2020	12/31/2019
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect Subsidiaries			
Eldorado USA Inc.	United States	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

3. Preparation and presentation of the financial information

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

The individual and consolidated interim financial information 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 guidance issued by the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Association of Accountants (CFC) and rules of the Brazilian Securities and Exchange Commission (CVM).

After review of the Individual and Consolidated interim financial information by the Board of Directors at the meeting held on june 29, 2020, they were authorized for issue by the Company.

b. Basis of measurement

The individual and consolidated interim financial information has been prepared on the historical cost basis except for the following material items recognized in the statements of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments are measured by amortized cost;
- Biological assets measured at fair value are recognized in the statement of profit or loss in line item "Fair value of biological assets".

c. Use of estimates and judgments

The preparation of the individual and consolidated interim financial information 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 information is included in the following notes to the financial information:

- **Note 31 -** *take or pay constracts: not considered whitin the scope of CPC 06 / IFRS 16 - leases.*

(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 MArch 31, 2020 is included in the following notes:

- **Note 8** – inventory valuation allowance: obsolescence;
- **Note 11** – biological assets: discount rate;
- **Note 13** – impairment test: 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 procedural 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 18 -** leases payable;
- **Note 30** – 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. In relation to their market operations, transactions are carried out in local currencies in their jurisdictions. All financial statement on presented in Brazilian reais has 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 for the quarter ended in March 31, 2019 as described below.

(In thousands of Brazilian Reais)

(i) Presentation of the payment amount of lease agreements as cash flow from financing activities;

(ii) Management chose to use net (loss) income instead of income before income and social contribution taxes 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.

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

a. Statement of Cash Flow	Party Company			
	Balances as at 03/31/2019			
		Rectification impacts on disclosure		
		Reclassifications		
	Discloed	(i)	(ii)	Restated
Income(loss) before income and social contribution	**280,765**	-	**(280,765)**	-
Net income for the period	-	-	**247,212**	**247,212**
Deferred income and social contribution taxes	-	-	33,553	33,553
Financial charges - interest - leases	-	336	-	336
Trade accounts payable	(8,954)	37,293	-	28,339
Leases payable	(1,383)	1,383	-	-
Net cash from operating activities	**265,987**	**39,012**	-	**304,999**
Net cash from operation activities	**263,560**	**39,012**	-	**302,572**
Payment of lease agreements	-	(39,012)	-	(39,012)
Net cash from financing activities	**(119,950)**	**(39,012)**	-	**(158,962)**

(In thousands of Brazilian Reais)

a. Statement of Cash Flow	Consolidated Balances as at 03/31/2019			
		Rectification impacts on disclosure		
		Reclassifications		
	Discloed	(i)	(ii)	Restated
Income(loss) before income and social contribution	**280,802**	-	**(280,802)**	-
Net income for the period	-	-	**247,212**	**247,212**
Deferred income and social contribution taxes	-	-	33,553	33,553
Financial charges - interest - leases	-	432	-	432
Trade accounts payable	(15,767)	37,293	-	21,526
Leases payable	(1,526)	1,526	-	-
Net cash from operating activities	**450,558**	**39,251**	-	**489,809**
Net cash from operation activities	**448,086**	**39,251**	-	**487,337**
Payment of lease agreements	-	(39,251)	-	(39,251)
Net cash from financing activities	**(120,815)**	**(39,251)**	-	**(160,066)**

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 periods presented.

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 information from the date that control commences until the date that control ceases.

(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 information.

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;
- 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**

Financial assets not classified as fair value through profit or loss are assessed at the end of each reporting period to determine whether there is objective evidence of impairment.

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance 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.

- **Paif-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.

Maintanance expenditures related to general maintanance are capitalized when future economical 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 lifes are shown at note 13.

The estimated useful life, the redisual amounts and depreciation methods a revised annualy at the end of each fiscal year, and the effects of estimatives 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 comprise renewable plantation eucalyptus forests for production of pulp used in paper manufacturing. These assets are measured at fair value less costs to sell, whose impacts are recognized in the statement of profit or loss for the year.

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 lifes are 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 financial information.

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 adopation of IFRS 16/CPC 6 (R2) – leases.

(ii) Leasing - explanatory note 18

At the date of commencement, the 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 financing for the acquisition of similar assets.

The discount rate used for the calculation of the present value of the lease provision of identified assets 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 01, 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, but 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 standers that are not yet effective that would be expected to have a material impact on the Company’s consolidated interim financial information.

q. Added Value Statment

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 Statment. IFRSs do not require the presentation of these statements and, therefore, are considered supplementary information, without prejudice to the set of financial information.

r. Segment information

An operating segment is a component of the Company that carries out business activities from which it can obtain revenues and incur expenses. The Company's management defined three segments: pulp, energy and others based on the reports used by the Board of Directors to make strategic and operating decisions. The summary below describes the operations of each of the segments, whose performance targets for assessment purposes are defined and controlled:

Reportable segments	Operations
Energy	Generation and sale of energy.
Pulp	Plantation and management of forest resources, purchase of wood, and production of pulp.
Others	Sale of chips, scrap and waste.

s. Government grants

The Company set up a tax incentive reserve for a portion of the net profit resulting from government grants, 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 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 31 in accordance with the requirements of CPC 26 / IAS 1 - Presentation of the financial informations.

(In thousands of Brazilian Reais)

5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and cash equivalents	38	32	40	35
Banks - demand deposits (a)	142,435	187,889	808,527	507,392
Banks - financial investments (b)	31,313	332,583	31,313	332,583
	173,786	**520,504**	**839,880**	**840,010**

(a) 96% of demand deposits are held abroad in a current account with top-tier financial institutions at competitive rates in the international market;

(b) These are daily liquidity investments in Bank Certificate of Deposit ("CDB") of top-tier financial institutions with return that approximates the Interbank Certificate of Deposit (CDI) rate.

5.2. Financial investments – non-current assets

	Consolidated	
	03/31/2020	12/31/2019
Banco do Brasil Paris (a)	76,718	59,482
	76,718	**59,482**

(a) Funds in checking account with Banco do Brasil Paris. These funds are given in guarantee to a Term Loan operation, as stated in Note 17.2 (v).

6. Trade accounts Receivable

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Domestic market	124,930	112,954	124,930	112,954
Foreign market	488,768	335,773	386,126	396,315
	613,698	**448,727**	**511,056**	**509,269**

(In thousands of Brazilian Reais)

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Falling due	427,076	332,948	447,200	448,255
1 to 30 days past due	41,221	79,102	38,196	37,153
31 to 60 days past due	63,947	33,773	968	2,657
61 to 90 days past due	79,446	421	988	1,201
Over 90 days past due	2,008	2,483	23,704	20,003
	613,698	448,727	511,056	509,269

A substantial part of the balance of accounts receivable over 90 days refers to two customers based in Europe whose qualification of the Company's credit in the judicial reorganization of these customers was successfully concluded. The Company awaits the position on receipt and for this reason did not constitute an expected credit loss.

The Company has firm guarantees and financial instruments to protect credit in order to mitigate possible risks of default by its clients in higher risk markets. In addition, through its policies, the credit committee constantly analyzes and monitors all credit limits granted and performs active collection of outstanding and/or overdue amounts in all the markets in which it operates. The accounts receivable are equivalent to the estimated need to establish an estimated credit loss in doubtful accounts, mainly to customers in collection or judicial recovery, with a low probability of recovering the receivables.

Constitution of expected credit loss

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Beginning balanced	(5,548)	(5,700)	(5,888)	(6,026)
(Constitutional) / reversals	36	152	36	152
Exchange rate fluctuation	-	-	(98)	(14)
Final balanced	(5,512)	(5,548)	(5,950)	(5,888)

7. Related-party transactions

The main intercompany balances in statment of financial position and transactions affecting statement of operations conducted at market conditions and prices agreed between the parties and showed as follows:

(In thousands of Brazilian Reais)

Receivable and (payable)

		Parent Company		Consolidated	
Balances with subsidiaries	**Type**	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Cellulose Eldorado Áustria GmbH	Pulp sale	130,349	100,325	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(163,078)	(123,134)	-	-
Cellulose Eldorado Áustria GmbH	Transfer of costs	(94)	(73)	-	-
Eldorado EUA	Pulp sale	318,445	206,044	-	-
Eldorado EUA	Transfer of costs	(1,168)	(3,365)	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,877,676)	(1,424,007)	-	-
Rishis Empreend. e Partic.	Rendering of service	(24,765)	(24,240)	-	-
Total net payable to subsidiaries		**(1,617,987)**	**(1,268,450)**	-	-
Balances with controlling shareholders					
J&F Investimentos	Guarantee (i)	(6,103)	(3,986)	(6,103)	(3,986)
J&F Investimentos	Sundry (vi)	-	(52)	-	(52)
Total net payable to shareholders		**(6,103)**	**(4,038)**	**(6,103)**	**(4,038)**
Balances with companies belonging to the Group					
JBS	Sundry (iv)	(793)	(809)	(793)	(809)
Seara Alimentos	Consumables (v)	(11)	(26)	(11)	(26)
Total net payable with companies belonging to the Group		**(804)**	**(835)**	**(804)**	**(835)**
Net total		**(1,624,894)**	**(1,273,323)**	**(6,907)**	**(4,873)**

Assets				
Trade accounts receivable	448,794	306,369	-	-
Liabilities				
Trade accounts payable	(25,569)	(25,127)	(804)	(887)
Intercompany loans	(2,040,754)	(1,547,141)	-	-
Intercompany payables	(7,365)	(7,424)	(6,103)	(3,986)
Net total	**(1,624,894)**	**(1,273,323)**	**(6,907)**	**(4,873)**

* Related parties loans and financing disclosed on statement of financial position include funding.

Result

Revenue and (expenses)

		Parent Company		Consolidated	
Transactions with subsidiaries	**Type**	**03/31/2020**	**03/31/2019**	**03/31/2020**	**03/31/2019**
Cellulose Eldorado Áustria GmbH	Pulp sale	396,715	531,051	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(3,104)	(3,104)	-	-
Eldorado EUA Inc.	Pulp sale	96,562	159,012	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(34,960)	(30,060)	-	-
Rishis Empreend. e Partic.	Rendering of service	(5,852)	(5,803)	-	-
Revenues from subsidiaries, net		**449,361**	**651,096**	-	-
Transactions with controlling shareholders					
J&F Investimentos	Guarantee (i)	(6,103)	(12,224)	(6,103)	(12,224)
Expenses with controlling shareholders, net		**(6,103)**	**(12,224)**	**(6,103)**	**(12,224)**
Transactions with companies belonging to the Group					
JBS	Sundry (iv)	(3,851)	(3,796)	(3,851)	(3,796)
Seara Alimentos	Consumables (v)	(51)	(33)	(51)	(33)
Expenses with companies belonging to the Group, net		**(3,902)**	**(3,829)**	**(3,902)**	**(3,829)**
Total net income		**439,356**	**635,043**	**(10,005)**	**(16,053)**

(i) Guarantee granted by the *holding* J&F Investimentos S.A., for warranty of loans operations that the Company has with banks;
(ii) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 8.19% p.a. + exchange differences;
(iii) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 8.875% p.a. + exchange differences;

(In thousands of Brazilian Reais)

(iv) Refers to amounts payable relating to various transactions, among them: freight on pulp transportation, purchase of consumables for use in the cafeteria and rental of data center;
(v) These refer to acquisition of consumables for use in the cafeteria and Christmas kits;
(vi) This refers to reimbursements related to rents and corporate expenses.

7.1. Management compensation

The expense on key management personnel compensation includes directors and officers, in the following amounts for the periods ended:

	Parent Company		Consolidated	
Benefits (a)	03/31/2020	03/31/2019	03/31/2020	03/31/2019
	5,214	6,659	6,750	7,855

(a) The benefits include fixed compensation (salaries, vacation pay and year-end bonus), social security contribution to the Social Security Authority (INSS), to Severance Pay Fund (FGTS), bonuses and others. Some directors are party of work contracts entered into under the Labor Code (CLT) regime and follow all the legal prerogatives of compensation and benefits and some directors receive under management compensation regime.

8. Inventories

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Seedlings	812	29	812	29
Raw materials (wood for production)	111,829	120,656	111,829	120,656
Pulp	44,897	40,649	281,944	234,961
Inputs	25,671	25,084	25,671	25,084
Storeroom supplies	133,240	140,094	133,432	140,280
	316,449	**326,512**	**553,688**	**521,010**

(In thousands of Brazilian Reais)

9. Taxes recoverable

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
State VAT (ICMS) (i)	1,125,826	1,120,141	1,126,075	1,120,309
Taxes on sales (PIS e COFINS) (ii)	78,695	72,433	78,695	72,433
Federal VAT (IPI)	21	4	21	4
Services tax (ISS)	172	177	172	177
Reintegra (iii)	35,263	39,643	35,263	39,643
Withholding income tax (IRRF) (iv)	700	10,728	700	10,728
National Institute of Social Security (INSS) to offset	-	-	395	395
Corporate income tax (IRPJ) to offset (v)	17,064	5,560	17,087	5,560
Social contribution tax (CSLL) to offset (v)	1,098	7,796	1,106	7,796
Prepayment IRPJ (vi)	-	780	2,933	2,719
Prepayment CSLL (vi)	-	289	15	296
	1,258,839	**1,257,551**	**1,262,462**	**1,260,060**
Breakdown				
Current assets	205,228	207,691	208,851	210,200
Noncurrent assets	1,053,611	1,049,860	1,053,611	1,049,860
	1,258,839	**1,257,551**	**1,262,462**	**1,260,060**

(i) ICMS

The Company has an ICMS balance accumulated over the last years derived 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 incentive package granted by the Government of Mato Grosso do Sul for application in the current operation and future industrial expansion.

Continuing the actions to maximize 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.

Also part of our monetization study is the hiring that will be part of the factory expansion project of a new production line, with a nominal capacity of 2.3 million tons per year, a project called Vanguarda 2.0.

The increase in the ICMS balance in this quarter refers to the acquisition of property, plant and equipment according to note 13 in the caption Works in progress and advances for property, plant and equipment. The realization of this balance depends on future events as disclosed in note 33.

(ii) PIS and COFINS

Part of the credit corresponds to non-cumulative PIS and COFINS credits for the acquisition of fixed assets, such as equipment and services, as a result of the completion of the construction of the industrial plant put into operation at the end of 2012.

(In thousands of Brazilian Reais)

The Company uses this loan by offsetting with the debts of these taxes, incident on sales in the domestic market and with income tax and social contribution payable on profits, as well as through requests for compensation from the Federal Revenue Service.

Other part of the credit arises from a favorable decision, issued by the Federal Regional Court of 3rd region, in a lawsuit filed by the Company to exclude ICMS from the calculation bases of the social contribution taxes (PIS/COFINS) levied on sales for the domestic market. The Federal Court of São Paulo approved the related injunction in May 2015 and, in June 2015, issued a favorable decision on the deduction of ICMS from the mentioned calculation base. The mentioned decision was confirmed by the Federal Regional Court of 3rd region, with a final and unappealable decision on June 28, 2019.

(iii) Reintegra

In October 2014, the Company adopted Decree 7.633, of December 1, 2011, which regulated the Reintegra.

Reintegra establishes the possibility of the producer legal entity, which carries out export of manufactured goods in the country, determining a value for purposes of partial or full refund of the residual tax amount existing in its production chain. The Reintegra regulation establishes that the amount will be calculated by applying the percentage in effect at the time of the transaction to the revenue from export of goods produced by the legal entity.

Period	Aliquot
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 March/2020 *	0.1%

(*) The regulated rate for Reintegra for the period from Jun/18 to Mar/20 is 0.1%, but the Company applied a 2% rate according to the injunction granted by the Federal Court of the 3rd region - 5th Federal Civil Court of Sao Paulo.

(iv) IRRF

Refers to withholding income tax on short-term investments, realizable through offset against income tax and social contribution tax.

(v) IRPJ and CSLL to offset

Related to IRPJ and CSLL in 2017 and 2018, collected in advanced in compliance with the rules for actual profit taxation regime, which by the end of the year totaled more than the amount actually due by the Company. Based on the current legislation, the balances are adjusted at the Central Bank Overnight Rate (SELIC) and are being offset against federal taxes payable in 2020.

(In thousands of Brazilian Reais)

(vi) IRPJ and CSLL - Prepayment

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. Advances to suppliers

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Purchase of wood (i)	197,126	176,970	197,126	176,970
Others	13,346	12,451	13,346	14,638
	210,472	189,421	210,472	191,608
Breakdown				
Current assets	77,394	63,224	77,394	65,411
Noncurrent assets	133,078	126,197	133,078	126,197
	210,472	189,421	210,472	191,608

(i) Refer to advances made to wood suppliers, under purchase for future delivery contracts, which will be settled upon the physical delivery of the wood. Company specialists value and monitor forest development to mitigate risks associated to the compliance of each contract.

11. Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, 100% in areas located in the state of Mato Grosso do Sul.
The opening and closing balances at the end of each period are:

	Parent Company and Consolidated	
	03/31/2020	12/31/2019
At the beginning of the year	2,745,146	2,668,744
Change in the fair value of biological assets net of costs to sell	-	(81,663)
Tree felling for inventory	(14,133)	(162,042)
Forest development cost	99,689	320,107
	2,830,702	**2,745,146**

At March 31, 2020 had a production area of 231,162 hectares (229,729 hectares at December 31, 2019), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

In accordance with the hierarchy established in CPC 46 / IFRS 13 - Fair value measurement, the measurement of biological assets is classified as level 3, due to its complexity and calculation structure.

The Company used the Discounted Cash Flows method to recognize its biological assets at fair value. In general lines, the methodology can be summarized by the projection of forest growth and its subsequent depletion, with felling age between six and eight years, considering operating restrictions and annual demand.

The volume of trees to be fallen was estimated considering the average productivity in cubic meters of wood of each plantation per hectare at the time of the harvest. This growth is represented by the Average Annual Increase (IMA) expressed in cubic meters per hectare/year. The crop handling costs include expenditures with the fertilization, weed control, control of ants and other pests, maintenance of roads and firebreaks, and other services required for the maintenance of the planted forests.

The main assumptions used in the calculation are 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 radius between the farm and the production unit and the discount rate corresponds to the weighted average cost of capital of the Company.

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

To determine the price of wood in the local market, parity was adopted with the CEPEA estimate based on Sorocaba, adjusted to reflect the price of “standing wood”, which is impacted by the distance radius between the farm and the production unit.

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

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

(In thousands of Brazilian Reais)

	03/31/2020	12/31/2019
Current productive area (hectare)	229,729	229,729
Average Annual Increase (IMA) - m³/ hectare	34.80	34.80
Discount rate (WACC without consumer price index) - %	5.08	5.08
Standing wood price - R$/m³	50.36	50.36

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

The price of wood used as a premise in assessing fair value increased in the quarter ended March 31, 2020, but the Company decided to continue with the half-yearly recognition policy as it understands that a six-month period shows greater stability and therefore more confidence. in the published price with no interference from pontuctual fluctuations.

Changes in the fair value of biological assets are recognized in the statement of income for the year, under other operating income (expenses) when made.

12. Investments

Significant information about investments on subsidiaries for the period ended March 31, 2020

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	3,465,519	111	854,683	672,805	64,566
Rishis Empreendimentos e Participações S.A.	100%	98,687	108,979	91,136	5,530	33

In parent company:	Balance as at 12/31/2019	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 03/31/2020
Cellulose Eldorado Austria Gmbh	568,144	-	213,863	8,110	64,566	854,683
Rishis Empreendimentos e Participações S.A.	91,103	-	-	-	33	91,136
Appreciation of right to use granting of port movements	11,695	(295)	-	-	-	11,400
Total	670,942	(295)	213,863	8,110	64,599	957,219

(In thousands of Brazilian Reais)

Significant information about investments on subsidiaries for the period ended December 31, 2019

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income
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)

In Parent Company:	Balance as at 12/31/2018	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as 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
Appreciation of right to use granting of port movements	12,874	(1,179)	-	-	-	11,695
Total	67,057	(1,179)	23,307	299,572	282,185	670,942
Provision for losses on subsidiaries						
Total	36,961					-

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

Eldorado Intl Finance GmbH is a company established for the issuance of bonds in the international market so as to segregate such function from the other activities carried out by the subsidiaries of Eldorado. The company was established in February 2016 and started its activities in June 2016, with the issuance of bonds.

Rishis Empreendimentos e Participações S.A.

Rishis Empreendimentos e Participações S.A. holds the rights and obligations of the Lease Agreement No. DP-DC 01/2005 ("Lease Agreement") entered into with Santos Port Authority – SPA (ex-CODESP) on December 02, 2005, valid up to November 04, 2029.

Rishis is a port operator, certified by the Santos Port Authority – SPA (ex-CODESP) since march 05, 2015, lessee of a port facility of public use specialized in the break bulk transportation of pulp for export. It is located in the official area of the established port of Santos, in the area named

(In thousands of Brazilian Reais)

Outeirinhos.
Its total area is about 10,000 m^2 with capacity for static storage of 32,000 tonnes, moved by three overhead cranes with telescopic spreaders of latest generation and forklifts with clamps. Rishis has controls and processes compliant with ISO9001, ISO14001 and OHSAS18001 standards, whose certifications are assessed and issued by BRTUV.

The facilities, accesses and operating activities are ruled by customs legislation from the Brazilian Revenue Service, being its permit for operations published in the Federal Register (DOU) by means of Executive Declaratory Act No. 30 of May 20, 2013, effective up to November 04, 2029.

With this transaction, the Company's management seeks to increase the logistics operational efficiency, adding competitiveness to pulp exports.

Appreciation of right-of-use of port movement concession

The Company has recorded, as at March 31, 2020, appreciation of the right to use the port area object of a lease agreement that is being amortized for the term of such usage right, valid up to November 04, 2029.

13. Fixed assets

	Parent Company - 03/31/2020			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,224	-	103,224
Buildings	3.53%	1,155,774	(249,220)	906,554
Leasehold improvements	10.00%	3,112	(1,958)	1,154
Facilities and improvements	5.38%	289,694	(79,421)	210,273
Furniture and fixtures	9.37%	10,129	(5,267)	4,862
Vehicles	20.22%	156,214	(110,365)	45,849
Technical and scientific instruments	11.40%	7,666	(4,541)	3,125
IT equipment	19.61%	69,153	(60,498)	8,655
Machinery and equipment	6.37%	3,795,657	(1,089,942)	2,705,715
Vessels and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(68)	39
Construction in progress and advances for capital expenditures	-	634,481	-	634,481
		6,225,218	(1,601,282)	4,623,936

(In thousands of Brazilian Reais)

	Parent Company - 12/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
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 instruments	11.55%	6,960	(4,373)	2,587
IT equipment	19.78%	67,757	(59,694)	8,063
Machinery and equipment	6.47%	3,747,017	(1,051,709)	2,695,308
Vessels and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Construction in progress and advances for capital expenditures	-	472,256	-	472,256
		6,014,266	**(1,549,167)**	**4,465,099**

	Consolidated - 03/31/2020			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,224	-	103,224
Buildings	3.53%	1,155,774	(249,220)	906,554
Leasehold improvements	7.63%	3,367	(2,027)	1,340
Facilities and improvements	5.46%	289,758	(79,460)	210,298
Furniture and fixtures	9.42%	10,762	(5,630)	5,132
Vehicles	20.22%	156,214	(110,365)	45,849
Technical and scientific instruments	11.41%	7,680	(4,555)	3,125
IT equipment	19.64%	71,089	(61,801)	9,288
Machinery and equipment	6.38%	3,798,283	(1,090,777)	2,707,506
Vessels and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(68)	39
Construction in progress and advances for capital expenditures	-	645,154	-	645,154
		6,241,419	**(1,603,905)**	**4,637,514**

(In thousands of Brazilian Reais)

	Consolidated - 12/31/2019			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
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 instruments	11.56%	6,974	(4,387)	2,587
IT equipment	19.81%	69,408	(60,852)	8,556
Machinery and equipment	6.49%	3,749,498	(1,052,482)	2,697,016
Vessels and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Construction in progress and advances for capital expenditures	-	481,297	-	481,297
		6,028,427	(1,551,669)	4,476,758

Changes in fixed assets

Parenty Company

Changes	Balance at 12/31/2019	Additions	Write-off	Transfers	Depreciation	Balance at 03/31/2020
Land	103,224	-	-	-	-	103,224
Buildings	914,054	-	-	2,496	(9,996)	906,554
Leasehold improvements	1,231	-	-	-	(77)	1,154
Facilities and improvements	213,485	-	-	-	(3,212)	210,273
Furniture and fixtures	4,933	88	-	77	(236)	4,862
Vehicles	49,909	999	(303)	-	(4,756)	45,849
Technical and scientific instruments	2,587	-	-	706	(168)	3,125
IT equipment	8,063	86	-	1,310	(804)	8,655
Machinery and equipment	2,695,308	36,042	(805)	15,041	(39,871)	2,705,715
Vessels and floating structures	5	-	-	-	-	5
Eucalyptus matrices	44	-	-	-	(5)	39
Construction in progress and advances for capital expenditures	472,256	182,044	-	(19,819)	-	634,481
	4,465,099	219,259	(1,108)	(189)	(59,125)	4,623,936

(In thousands of Brazilian Reais)

Changes	Balance at 12/31/2018	Additions	Write-off	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 instruments	2,556	239	-	338	(546)	2,587
IT equipment	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
Vessels and floating structures	7	-		-	(2)	5
Eucalyptus matrices	34	28	-	-	(18)	44
Construction in progress and advances for capital expenditures	237,683	335,315	-	(100,742)	-	472,256
	4,306,058	393,881	(2,968)	(144)	(231,728)	4,465,099

Consolidated

Changes	Balance at 12/31/2019	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 03/31/2020
Land	103,224	-	-	-	-	-	103,224
Buildings	914,054	-	-	2,496	(9,996)	-	906,554
Leasehold improvements	1,422	-	-	-	(82)	-	1,340
Facilities and improvements	213,507	-	-	-	(3,213)	4	210,298
Furniture and fixtures	5,137	88	-	136	(246)	17	5,132
Vehicles	49,909	999	(303)	-	(4,756)	-	45,849
Technical and scientific instruments	2,587	-	-	706	(168)	-	3,125
IT equipment	8,556	99	-	1,387	(859)	105	9,288
Machinery and equipment	2,697,016	36,042	(805)	15,187	(39,934)	-	2,707,506
Vessels and floating structures	5	-	-	-	-	-	5
Eucalyptus matrices	44	-	-	-	(5)	-	39
Construction in progress and advances for capital expenditures	481,297	184,218	-	(20,361)	-	-	645,154
	4,476,758	221,446	(1,108)	(449)	(59,259)	126	4,637,514

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Saldo em 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 instruments	2,556	239	-	338	(546)	-	2,587
IT equipment	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
Vessels and floating structures	7	-	-	-	(2)	-	5
Eucalyptus matrices	34	28	-	-	(18)	-	44
Construction in progress and advances for capital expenditures	243,737	339,022	-	(101,462)	-	-	481,297
	4,314,798	398,118	(2,968)	(955)	(232,256)	21	4,476,758

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at March 31, 2020 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Projeto

(In thousands of Brazilian Reais)

Vanguarda 2.0, new production line with estimated of more than 2.3 million tons of pulp per year and Project of Thermoelectric Plant - UTE Onça Pintada, which will have capacity for generating 50MW of energy from eucalyptus stumps and roots biomass.

A significant part of the addition to this caption this quarter refers to the acquisition of property, plant and equipment for the implementation of the Thermoelectric Plant Project - UTE Onça Pintada.

Company assets are pledged as collateral for borrowings up to the maximum limit of each of the debts assumed (note 17).

Review of useful life

In order to meet the requirements of CPC 27/ IAS 16 – Fixed assets, the Company review useful life of property, plant and equipment annualy. The assumptions used by the technical area are based on the assets operation characteristics: working hours, technological obsolescence, use conditions and maintenances made.

Impairment test - fixed assets

The balances of fixed assets and other assets are reviewed annually in order to identify evidence of impairment or whenever changes in events or circumstances indicate that the carrying amount may not be recoverable. In the period, no evidence of impairment was identified.

Property, Plant and Equipment - *impairment*

As at December 31, 2019, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

14. Intangible assets

	Parent Company - 03/31/2020			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	19.83%	19,678	(16,240)	3,438

(In thousands of Brazilian Reais)

	Parent Company - 12/31/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.03%	19,489	(15,757)	3,732

	Consolidated - 03/31/2020			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(5,602)	11,400
Software	19.84%	20,408	(16,861)	3,547
Terminal concession	8.58%	90,520	(34,183)	56,337
		127,930	**(56,646)**	**71,284**

	Consolidated - 12/31/2019			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	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**

Changes in intangible assets

Parenty Company

Changes	12/31/2019	Additions	Transfers	Amortizations	03/31/2020
Software	3,732	-	189	(483)	3,438

Changes	12/31/2018	Additions	Transfers	Amortizations	12/31/2019
Software	5,782	11	144	(2,205)	3,732

(In thousands of Brazilian Reais)

Consolidated

Changes	12/31/2019	Additions	Transfers	Amortizations	03/31/2020
Appreciation of right-of-use of port movement concession (a)	11,695	-	-	(295)	11,400
Software	3,870	-	189	(512)	3,547
Terminal concession	57,683	-	260	(1,606)	56,337
	73,248	-	**449**	**(2,413)**	**71,284**

Changes	12/31/2018	Additions	Transfers	Amortizations	12/31/2019
Appreciation of right-of-use of port movement concession (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) These refer to the appreciation of the right-of-use of port movement concession (Note 12).

Impairment of tangible and intangible assets

As at December 31, 2019, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets had suffered an impairment loss and concluded that there was no indication of impairment.

15. Rights of use

	Parent Company - 03/31/2020		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	772,263	(109,986)	662,277
Buildings	2,928	(1,711)	1,217
Vehicles	19,718	(11,883)	7,835
Machinery and equipment forest implements	13,321	(4,107)	9,214
Facilities and improvements	201	(201)	-
Total	**808,431**	**(127,888)**	**680,543**

(In thousands of Brazilian Reais)

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

	Consolidate 03/31/2020		
	Cost	Accumulated depreciation	Net
Lease use right			
Land	772,263	(109,987)	662,276
Buildings	8,258	(2,744)	5,514
Vehicles	19,900	(11,883)	8,017
Machinery and equipment forest implements	13,321	(4,107)	9,214
Facilities and improvements	201	(201)	-
Total	**813,943**	**(128,922)**	**685,021**

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

Movement of assets in use:

Parenty Company

Lease use right	Balance at 12/31/2019	Additions	Depreciation	Remensurement	Balance at 03/31/2020
Land	588,285	52,450	(23,239)	44,782	662,278
Buildings	2,077	42	(603)	(299)	1,217
Vehicles	18,939	120	(3,539)	(7,685)	7,835
Machinery and equipment forest implements	5,282	-	(864)	4,795	9,213
Facilities and improvements	-	-	-	-	-
Total	614,583	52,612	(28,245)	41,593	680,543

(In thousands of Brazilian Reais)

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Remensurement	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 equipment forest implements	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

Lease use right	Balance at 12/31/2019	Additions	Depreciation	Remensurement	Foreign Currency Translation	Balance at 03/31/2020
Land	588,285	52,450	(23,239)	44,782	-	662,278
Buildings	5,188	42	(782)	959	106	5,513
Vehicles	18,939	302	(3,539)	(7,685)	-	8,017
Machinery and equipment forest implements	5,282	-	(864)	4,795	-	9,213
Facilities and improvements	-	-	-	-	-	-
Total	**617,694**	**52,794**	**(28,424)**	**42,851**	**106**	**685,021**

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Remensurement	Foreign Currency Translation	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 equipment forest implements	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$ 18,900 thousand of depreciation of the parent company and consolidated are considered to biological assets to compose the formation cost.

16. Trade payables

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Supplies and services	103,174	60,262	74,163	57,483
Inputs	197,231	177,968	197,231	177,968
Others	11,106	14,425	13,220	16,128
	311,511	**252,655**	**284,614**	**251,579**
Breakdown				
Current liabilities	309,418	250,038	282,521	248,962
Noncurrent liabilities	2,093	2,617	2,093	2,617
	311,511	**252,655**	**284,614**	**251,579**

(In thousands of Brazilian Reais)

Corresponds to the obligations payable for goods or services acquired in the normal course of the Company´s business, recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method, adjusted to present value and exchange rate variation when denominated in foreign currency, when applicable.

17. Loans and Financing

			Parent Company	
Type	**Average annual interest rate and commissions**	**Maturity**	**03/31/2020**	**12/31/2019**
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	6,140	7,029
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,814,422	1,422,847
BNDES (ii)	TJLP + spread	June/2022	266,207	294,146
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,663,324	1,427,911
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	-
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	-	-
NCE (v)	CDI + spread	September/2022	527,452	526,404
Working Capital (vi)	Rate of 5.74% p.a. in dollars	December/2020	9,363	10,432
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	210,596	208,571
Leasing (x)	CDI + spread	March/2025	31,974	25,642
CCB (xi)	Pre-fixed - interest 7.72% p.a.	August/2022	126,952	125,853
PPE (xii)	LIBOR + spread	August/2022	1,581,118	1,221,194
			6,237,548	**5,270,029**
Breakdown				
Current liabilities			2,801,787	2,161,677
Noncurrent liabilities			3,435,761	3,108,352
			6,237,548	**5,270,029**

The noncurrent portion of borrowing and financing becomes due as follows:	
2021	1,393,765
2022	1,819,869
2023	69,486
2024	108,512
From 2025	44,129
	3,435,761

(In thousands of Brazilian Reais)

			Consolidated	
Type	Average annual interest rate and commissions	Maturity	03/31/2020	12/31/2019
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	6,140	7,029
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,814,422	1,422,847
BNDES (ii)	TJLP + spread	June/2022	266,207	294,146
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,663,324	1,427,911
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	-
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	-	-
NCE (v)	CDI + spread	September/2022	527,452	526,404
Working Capital (vi)	Rate of 5.74% p.a. in dollars	December/2020	9,363	10,432
Term Loan (vii)	LIBOR + spread	April/2021	173,924	134,506
Bonds (viii)	Rate of 8.625% p.a.	June/2021	1,858,650	1,407,949
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	210,596	208,571
Leasing (x)	CDI + spread	March/2025	31,974	25,642
CCB (xi)	Pre-fixed - interest 7.72% p.a.	August/2022	126,952	125,853
PPE (xii)	LIBOR + spread	August/2022	1,581,118	1,221,194
			8,270,122	**6,812,484**
Breakdown				
Current liabilities			2,958,166	2,251,215
Noncurrent liabilities			5,311,956	4,561,269
			8,270,122	**6,812,484**

The noncurrent portion of borrowing and financing becomes due as follows:	
2021	3,269,960
2022	1,819,869
2023	69,486
2024	108,512
From 2025	44,129
	5,311,956

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

17.1. Amortization of loans and financing

Parent Company	03/31/2020	12/31/2019
Opening balance	**5,270,029**	**5,751,249**
Interest - accrued	98,145	501,415
Exchange differences - accrued	1,164,041	135,827
New loans and financing	7,754	3,347,741
Repayments		
Principal	(234,576)	(2,900,270)
Interest	(67,845)	(405,261)
Exchange differences	-	(1,160,672)
Closing balance	**6,237,548**	**5,270,029**

(In thousands of Brazilian Reais)

Consolidated	03/31/2020	12/31/2019
Opening balance	**6,812,484**	**7,314,815**
Interest - accrued	135,764	640,412
Exchange differences - accrued	1,619,093	201,309
New loans and financing	7,754	3,347,741
Repayments		
Principal	(234,576)	(2,978,139)
Interest	(70,397)	(538,952)
Exchange differences	-	(1,174,702)
Closing balance	**8,270,122**	**6,812,484**

17.2. Company credit facilities

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

The lines of credit currently contracted is listed below:

(i) Working capital financing through ACCs (advances on exchange contracts);
(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional Bank for Economic and Social Development (BNDES), amended on march 5 and august 10, 2012, may 24 and October 22, 2013, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas;
(iii) Real-denominated Export Credit Notes (NCE) contracts;
(iv) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engines;
(v) In May 2016, Cellulose Eldorado Austria GmbH, Company’s wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions;
(vi) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand;
(vii) Financing granted by BNDES for the company’s eucalyptus planting;
(viii) Financing of machinery and equipment through leasing denominated in Reais.
(ix) In May 2019, the Company raised Bank Credit Notes at fixed rate;
(x) In August 2019, the Company entered into a contract for the prepayment of the export in effect for three years and adjusted at LIBOR + spread.

(In thousands of Brazilian Reais)

17.3. Restrictive covenants

The Company has financing contracts that have certain compliance covenants, 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

Regarding the debt service coverage ratio, the Company obtained a waiver from the banks so that there is no measurement in the 2019 financial statements. The Company is adequate for all covenants demanded by the entities.

(*) Ebitda is the acronym in English for Earnings Before Interest, Taxes, Depreciation and Amortization. In Portuguese, "lucros antes de juros, impostos, depreciação e amortizaçã" (also known as LAJIDA).

17.4. Loan Guarantees

All loan and financing agreements in the modalities of BNDES, FINEM Florestal and part of the modalities of ACC, Finame, Working Capital and NCE, are guaranteed by sure, promissory note or endorsement granted by the parent company J&F Investimentos S.A.. Debenture and certain debts term securities are also collateralized in financial investments as described in Note 5.2, in addition to the pledge of forests and equipment.

18. Leases payables

	Parent Company	
	03/31/2020	12/31/2019
Leases	1,064,834	978,377
Adjustment to present value	(345,353)	(332,425)
	719,481	645,952
Current liabilities	172,323	144,814
Noncurrent liabilities	547,158	501,138
	719,481	645,952

(In thousands of Brazilian Reais)

	Consolidated	
	03/31/2020	12/31/2019
Leases	1,072,024	982,748
Adjustment to present value	(347,961)	(333,584)
	724,063	649,164
Current liabilities	172,950	145,579
Noncurrent liabilities	551,113	503,585
	724,063	649,164

Leases movement:

Parent Company	03/31/2020	12/31/2019
Opening balance	**645,952**	**-**
Initial adoption	-	708,355
New contracts	52,612	14,881
Payment	(39,455)	(151,733)
Financial interest	18,778	78,797
Low or close	-	(32,081)
Foreign currency translation	41,594	27,733
Closing balance	**719,481**	**645,952**

Consolidated	03/31/2020	12/31/2019
Opening balance	**649,164**	**-**
Initial adoption	-	712,168
New contracts	52,794	14,881
Payment	(39,711)	(152,764)
Financial interest	18,863	79,165
Low or close	-	(32,081)
Foreign currency translation	42,852	27,767
Exchange differences	101	28
Closing balance	**724,063**	**649,164**

(In thousands of Brazilian Reais)

The amount of R$ 15,172 thousand of interest from the parent company and consolidated are considered in the composition of the cost of formation of the biological asset.

Schedule of payment of the installment to provision with leases:

	Parent Company	
Pay	03/31/2020	03/31/2019
2019	111,441	154,047
2020	148,883	140,973
2021	139,703	124,037
2022	130,707	116,949
2023	124,326	115,268
From 2024	409,774	327,103
(-) NPV	(345,353)	(332,425)
Total	**719,481**	**645,952**

	Consolidated	
Pay	03/31/2020	03/31/2019
2019	112,259	154,854
2020	149,793	141,764
2021	140,549	124,794
2022	131,408	117,603
2023	124,982	115,922
From 2024	413,033	327,811
(-) NPV	(347,961)	(333,584)
Total	**724,063**	**649,164**

Items without cash effect:

Parent Company	03/31/2020	03/31/2019
Initial adoption	-	708,355
New contracts	52,612	-
Contractual amendments	41,594	7,035

Consolidated	03/31/2020	03/31/2019
Initial adoption	-	712,168
New contracts	52,794	-
Contractual amendments	42,852	7,055

(In thousands of Brazilian Reais)

On December 18, 2019, the CVM issued a circular memorandum ("Ofício/Circular/CVM/SNC/SEP/nº 02/2019") containing a guidance on relevant aspects of CPC 06 / IFRS 16 – Leases to be observed in the preparation of the consolidated financial information of the lessee companies.

At the date of the initial adoption, gross PIS and COFINS liabilities were considered in the calculation of discounted cash flow. The following table summarizes the potential right of recoverable PIS and COFINS embedded in the consideration of leases:

Parent Company		03/31/2020
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,068,271	719,481
PIS/COFINS potential (9.25%) [1]	53,503	33,864

[1] Incident on contracts signed with legal entities

Parent Company		12/31/2019
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	978,377	645,952
PIS/COFINS potential (9.25%) [1]	51,472	33,098

[1] Incident on contracts signed with legal entities

Consolidated		03/31/2020
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	1,075,461	724,063
PIS/COFINS potential (9.25%) [1]	54,091	34,213

[1] Incident on contracts signed with legal entities

Consolidated		12/31/2019
Cash flows	Nominal	Adjusted to present value
Lease consideration payable	982,748	649,164
PIS/COFINS potential (9.25%) [1]	51,840	33,360

[1] Incident on contracts signed with legal entities

(In thousands of Brazilian Reais)

The Company, in full compliance with CPC 06 / IFRS16 - Leases, in measuring and remeasuring its lease liabilities and the right to use, proceeded to use the discounted cash flow technique without considering the projected future inflation in the flows to be discounted, according to the prohibition imposed by CPC 06 / 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.

19. Tax liabilities, payroll and social charges

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Payroll and social charges	23,704	20,362	25,251	22,187
Accruals and charges	56,308	88,675	58,155	90,805
Taxes payable	31,466	32,221	44,605	42,301
	111,478	**141,258**	**128,011**	**155,293**

20. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Parent Company		Parent Company and Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
(Loss) / profit before income tax and social contribution	(1,347,685)	280,765	(1,347,280)	280,802
Income tax and social contribution - statutory rate of 34%	**458,213**	**(95,460)**	**458,075**	**(95,473)**
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	24,721	61,828	-	-
Nondeductible expenses	(152)	(874)	(152)	(874)
Government grant	177	1,190	177	1,190
Effect of taxes of foreign subsidiaries	-	-	24,721	61,828
Effect IFRS 16 - Lease	(240)	(238)	(240)	(238)
Others	-	-	(267)	(25)
Current and deferred income tax and social contribution	**482,719**	**(33,553)**	**482,314**	**(33,591)**
Effective rate	**(35.82%)**	**(11.95%)**	**(35.80%)**	**(11.96%)**

(In thousands of Brazilian Reais)

Changes in deferred income tax and social contribution:

Party Company and Consolidated	12/31/2019	Additions	Deductions	03/31/2020
Tax losses (i)	665,823	544,919	-	1,210,742
Sundry provisions	29,529	-	(14,635)	14,894
Biological assets	(154,770)	-	-	(154,770)
Tax Depreciation x Accounting Depreciation	(489,764)	(47,565)	-	(537,329)
	50,818	497,354	(14,635)	533,537

(i) As at March 31, 2020, the Company has a balance of accumulated tax loss that, adjusted for expenses and revenues not permitted by tax legislation for the purposes of calculating social contribution and income tax, totaled R$ 3,561,006.

Deferred taxes arising from temporary differences will be reversed as they are settled or realized. Tax losses can be carried forward indefinitely, however, the utilization of accumulated losses from prior years is limited to 30% of the annual taxable profit.

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

	03/31/2020
	Party Company and Consolidated
2020 (i)	428,920
2021	48,425
2022	51,374
2023	52,354
2024	346,267
2025	298,296
	1,225,636

(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. Provision for procedural risk

In the normal course of its activities, the Company is subject to tax, labor and civil lawsuits and, based on the opinion of its legal counsel and, where applicable, specific opinions issued by specialists, assesses the expected outcome of ongoing lawsuits and determines the need to whether or not set up a provision for contingent liabilities. Based on this assessment, the

(In thousands of Brazilian Reais)

Company provided for the following amounts:

	12/31/2019	Additions	Write off	Adjustment	03/31/2020
Environmental	320	-	-	3	323
Civil	6,832	158	(881)	190	6,299
Labor	12,976	960	(990)	(945)	12,001
Tax	1,140	-	(24)	11	1,127
	21,268	**1,118**	**(1,895)**	**(741)**	**19,750**

	12/31/2018	Additions	Write off	Adjustment	12/31/2019
Environmental	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	329.00	(96)	43	1,140
	9,167	**16,108**	**(2,783)**	**(1,224)**	**21,268**

As at March 31, 2020, the Company was a defendant in environmental, civil, labor and tax lawsuits, of which the Company accrued R$ 19,750 (R$ 21,268 at December 31, 2019), classified by its management and legal counsel as probable loss. It is considered that an outflow of funds including economic benefits to settle the obligation will be required.

For the lawsuits classified as possible losses in the amount of R$ 648,749 (R$ 703,149 as at December 31, 2019), the Company believes that no provision for losses is required.

Possible	03/31/2020	12/31/2019
Environmental	3,884	3,828
Civil	486,537	541,836
Labor	51,209	47,969
Tax	13,015	16,910
Regulatory	94,104	92,606
	648,749	**703,149**

After the judgment of the appeals, the lawsuits judged unfavorably to the Company are reclassified with a probable loss, with the due constitution of the provision, in compliance with the requirements of CPC 25 / IAS 37 - Provisions, contingent liabilities and contingent assets, regarding the constitution of the obligation present, the necessary outflow of funds to settle the obligation and the reliable measurement of the amount of the obligation.

Nature of the main contingencies

(i) Fibria Celulose S.A.

In one of the cases above, the Company is the defendant in an intellectual property dispute with Fibria Celulose S.A., which alleges that the Company violated certain rights related to the use of eucalyptus clones in a small part of the Company's plantations. On April 19, 2013, Fibria filed a lawsuit for an anticipated production of evidence. As this was a mere production of evidence of Fibria, a report favorable to Fibria's claims was approved and the process terminated.

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 measure 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 measure, 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 stage of the proceeding, the classification of likelihood of loss is considered possible, with no recognition of a provision.

(ii) Administrative Sanctioning Process – CVM

On December 08, 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, the classification of likelihood of loss is considered possible, with no recognition of a provision.

22. Equity

22.1. Paid-in capital

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

22.2. Statutory reserve

When a profit occurs, it is recorded at the rate of 5% of the net income determined in each year, as provided for by Article 193 of Law 6.404/76, up to the ceiling of 20% of the share capital.

22.3. Tax incentive reserve

The Company recognized a tax incentive reserve using part of the net income resulting from government subventions, represented by ICMS credits granted, arising from a tax incentive package offered by the Government of the state of Mato Grosso do Sul to be applied 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, the reserve being subsequently constituted.

22.4. Dividends

Under the Company bylaws, the balance of the profit for the year remaining after the offset of accumulated losses and allocation to the legal reserve and the contingency reserve, is used for the payment of a mandatory minimum dividend that cannot be lower than 25% of profit for the year adjusted as prescribed by the Corporate Law. The minimum mandatory dividends allocated to the Company's special reserve, pursuant to article 202, paragraph 5 of Law No. 6.404/76.

22.5. Reserve for expansion

By Article 194 of Law 6.404/76, the Company establishes in its bylaws that the remaining balance of the profit after the constitution of the legal reserve, the tax incentives reserve and the mandatory minimum dividends is allocated to the constitution of the statutory reserve for expansion.

(In thousands of Brazilian Reais)

22.6. Cumulative translation adjustments

The cumulative translation adjustments represent the foreign currency differences arising from the conversion of the financial statement of foreign operations.

22.7. Earnings per share

Basic

Basic earnings per share were calculated by dividing the profit attributable to holders of common shares by the weighted average number of common shares outstanding:

	03/31/2020	03/31/2019
(Loss)/ profit attributable to Company owners	(864,966)	247,212
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings per shares	(0.57)	0.16

23. Net Revenue

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Gross sales revenue				
Domestic market	172,961	209,722	172,961	209,722
Foreign market	534,925	717,386	853,247	1,204,315
Discounts and rebates	(230)	(202)	(131,624)	(194,098)
	707,656	**926,906**	**894,584**	**1,219,939**
Sales deductions and taxes	(40,115)	(42,706)	(35,083)	(40,838)
Net operating revenue	**667,541**	**884,200**	**859,501**	**1,179,101**

24. Operating segments

a. Base for segmentation

The Company's management defined three segments: pulp, energy and others based on the reports used by the Board of Directors to make strategic and operating decisions. The summary below describes the operations of each of the segments, whose performance targets for assessment purposes are defined and controlled:

(In thousands of Brazilian Reais)

Reportable segments	Operations
Energy	Generation and sale of energy.
Pulp	Plantation and management of forest resources, purchase of wood, and production of pulp.
Others	Sale of chips, scrap and waste

b. Reportable segments

Information on the results of each reportable segment is presented below:

	Consolidated - 03/31/2020			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	720,936	-	-	720,936
Domestic market	120,787	17,701	77	138,565
Cost of goods sold	(353,461)	(1,168)	-	(354,629)
Gross profit (loss)	**488,262**	**16,533**	**77**	**504,872**
Operating expenses/revenues				
Administrative and general	(48,244)	-	-	(48,244)
Selling and logistics	(112,444)	-	-	(112,444)
Fair value of biological assets	-	-	-	-
Depreciation, amortization and depletion	(88,665)	-	-	(88,665)
Other revenues (expenses), net	9,564	-	-	9,564
Net financial (loss) / income				
Financial expenses	(151,730)	-	-	(151,730)
Financial revenues	4,533	-	-	4,533
Exchange rate gains (losses), net	(1,465,166)	-	-	(1,465,166)
(Loss) / income before provision for Income and social contribution taxes	**(1,363,890)**	**16,533**	**77**	**(1,347,280)**
Income and social contribution taxes	482,314	-	-	482,314
Net (loss) / income for the period	**(881,576)**	**16,533**	**77**	**(864,966)**

(In thousands of Brazilian Reais)

	Consolidated - 03/31/2019			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	1,010,197	-	-	1,010,197
Domestic market	139,326	28,055	1,523	168,904
Cost of goods sold	(342,702)	(563)	(4,606)	(347,871)
Gross profit (loss)	**806,821**	**27,492**	**(3,083)**	**831,230**
Operating expenses/revenues				
Administrative and general	(30,006)	-	-	(30,006)
Selling and logistics	(101,236)	-	-	(101,236)
Fair value of biological assets	54,658	-	-	54,658
Depreciation, amortization and depletion	(138,465)	-	-	(138,465)
Other revenues (expenses),net	(2,527)	-	-	(2,527)
Net financial income (loss)				
Financial expenses	(309,608)	-	-	(309,608)
Financial revenues	6,234	-	-	6,234
Exchange rate gains (losses), net	(29,478)	-	-	(29,478)
Income/ (loss) before provision for Income and social contribution taxes	**256,393**	**27,492**	**(3,083)**	**280,802**
Income and social contribution taxes	(33,590)	-	-	(33,590)
Net income (loss) for the period	**222,803**	**27,492**	**(3,083)**	**247,212**

c. Geographic segments

The information on the consolidated revenue based on the geographical location of customers is as follows:

Operating revenue	03/31/2020	12/31/2019
Brazil	138,565	168,904
China	304,272	539,283
USA	130,073	143,818
Italy	95,838	105,340
Canada	33,269	24,183
Argentina	26,519	19,420
Mexico	21,486	10,205
Slovenia	14,397	10,918
France	13,920	15,064
Germany	13,333	13,234
Israel	11,478	1,475
Egypt	10,056	11,091
Others	46,295	116,166
	859,501	1,179,101

d. Information on major customers

In the sales list ended on March 31, 2020, a specific customer represents 13% of total revenue in the cellulose segment.

(In thousands of Brazilian Reais)

e. Information on total noncurrent assets

In the presentation based on geographic segments, the segment's assets are based on the assets' geographic location.

Noncurrent assets	03/31/2020	12/31/2019
Brazil	9,965,708	9,159,866
Austria	77,948	60,043
United States	639	248
China	144	123
	10,044,439	9,220,280

25. Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Personnel expenses	78,353	79,204	84,304	83,237
Service, material and transportation expenses	127,166	115,325	188,764	180,389
Depreciation, depletion and amortization	82,678	119,308	88,370	129,425
Raw materials and consumables	192,201	186,631	236,234	216,394
Others	4,688	6,579	6,015	7,838
	485,086	507,047	603,687	617,283
Breakdown				
Cost of sales	385,708	428,974	437,504	481,685
General and administrative expenses	46,016	28,842	50,536	31,385
Selling and logistics expenses	53,362	49,231	115,647	104,213
	485,086	507,047	603,687	617,283

26. Financial income (loss), net

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Financial income				
Interest income	1,222	307	1,670	942
Return on financial investments	1,739	4,754	2,801	4,647
Other financial Income	62	538	62	538
	3,023	5,599	4,533	6,127
Financial expenses				
Sundry bank expenses	(31)	(50)	(116)	(129)
Interest expenses	(138,026)	(156,218)	(136,537)	(155,617)
Loss from derivatives	-	(131,214)	-	(131,214)
Expenses on endorsement and surety	(10,362)	(17,056)	(10,362)	(17,057)
Other financial expenses	(1,043)	(1,553)	(4,715)	(5,484)
	(149,462)	(306,091)	(151,730)	(309,501)
Exchange rate (losses), net				
Loans and financing	(1,164,040)	(18,798)	(1,164,040)	(18,798)
Other assets and liabilities	(301,041)	(10,810)	(301,126)	(10,680)
	(1,465,081)	(29,608)	(1,465,166)	(29,478)
	(1,611,520)	(330,100)	(1,612,363)	(332,852)

(In thousands of Brazilian Reais)

27. Other operating income (expenses)

	Parent Company		Consolidated	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Sales of fixed assets	4,536	1,766	4,604	1,766
Contingences	1,518	(2,036)	1,518	(2,036)
PCLD	36	-	36	-
FADEFE / FAI (a)	-	(214)	-	(214)
Non-recoverable ICMS	(500)	(822)	(598)	(829)
Indemnities	(819)	(533)	(314)	(562)
Others	3,900	(913)	4,023	(947)
	8,671	**(2,752)**	**9,269**	**(2,822)**

(a) FADEFE/MS – Fund for Support of Economic Development and Fiscal Balance of the State of Mato Grosso do Sul – established through Statute No. 241/2017 – refers to a fee of 8% to 15% on the amounts of the tax benefits enjoyed by companies with benefited investment projects which joined the Legal Incentive Program created to validate with CONFAZ (National Council of Fiscal Policy) the Agreement Terms and Regulatory Acts; FAI/MS - Fund for Support of Industrialization - established through the program MS-Empreendedor (Statute No. 93/2001) – refers to a fee of 2% on the amounts of the tax benefits enjoyed by the companies entitled to the tax incentive.

28. Employee benefits

a. Defined contribution pension plan

In July 2015, the Company joined a pension plan from Fundação Petrobras de Seguridade Social - Petros, a closed pension fund.

Under the regulations of the benefit plan, the Company’s contributions match the employees’ contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period as at March 31, 2020 totaled R$ 703 (R$ 2,664 as at December 31, 2019).

29. Insurance coverage (not reviewed)

As at March 31, 2020, the insurance coverage (coverage from 08/15/2019 to 08/15/2020) against operating risks totaled R$ 7,121,599 for property damages, R$ 2,537,826 for loss of profits, and R$ 104,110 for civil liability effective from 08/15/2019 to 08/15/2020.

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.

30. Financial instruments

In the normal course of business, the Company is exposed to market risks relating mainly to interest rate and foreign exchange fluctuation, credit risk and liquidity risks.

a. Market risks

Market risk is the risk that changes in market prices (exchange rates and interest rates, inflation rates, prices of commodities and shares) affect the company's income (loss) or the amount of its interest in financial instruments.

The purpose of market risk management is to manage and control exposure to market risks within acceptable limits, in order to improve the return.

(i) Interest rate risks

It refers to possible losses that the Company and its subsidiaries may incur due to interest rate fluctuations. The Company has assets and mainly liabilities exposed to this risk, such as operations linked to indexes as CDI (Interbank Deposit Rate), TJLP (Long-term Interest Rate), UMBNDES (Monetary unit of the National Bank for Economic and Social Development), and LIBOR (London Interbank Offer Rate), besides occasional transactions with fixed rates that may cause losses resulting from the calculation of fair market value (mark-to-market). The Company aims to reduce the risk of interest rates through the diversification of the indexes hired and, occasionally, by hiring derivatives.

The Company's exposure to interest rate risk refers basically to loans and financing. The position as at March 31, 2020 and December 31, 2019:

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Parent Company 03/31/2020	Parent Company 12/31/2019
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3.0% to 8.0% p.a.	6,140	7,029
ACC - Advance on Exchange Contract	* Trade finance	1,814,422	1,422,847
BNDES	TJLP + 2,83% p.a.	266,207	294,146
BNDES	Floating rate BNDES + 3,52% p.a.	1,663,324	1,427,911
NCE	* Trade finance	527,452	526,404
Working Capital	Rate of 5.74% p.a. in dollars	9,363	10,432
FINEM Florestal	TJLP + 3,48% p.a. / selic + 3,58% p.a.	210,596	208,571
Leasing	CDI + 4,06% p.a.	31,974	25,642
CCB	Average interest of 7.5% to 9.0% p.a.	126,952	125,853
PPE	* Trade finance	1,581,118	1,221,194
PPE´s intercompany	Interest rate from 6.0% to 9.8% p.a. + exchange variation	2,047,227	1,555,756
Cash and cash equivalents	Rate from 0.05% to 0.15% p.a. for resources held abroad	(142,474)	(187,921)
Financial Investments	CDI	(31,313)	(332,583)
		8,110,988	6,305,281

Type	Average annual interest rate and commissions	Consolidated 03/31/2020	Consolidated 12/31/2019
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3.0% to 8.0% p.a.	6,140	7,029
ACC - Advance on Exchange Contract	* Trade finance	1,814,422	1,422,847
BNDES	TJLP + 2,83% p.a.	266,207	294,146
BNDES	Floating rate BNDES + 3,52% p.a.	1,663,324	1,427,911
NCE	* Trade finance	527,452	526,404
Working Capital	Rate of 5.74% p.a. in dollars	9,363	10,432
Term Loan	LIBOR + 5% p.a.	173,924	134,506
Bond	Rate of 8.625% p.a.	1,858,650	1,407,949
FINEM Florestal	TJLP + 3,48% p.a. / selic + 3,58% p.a.	210,596	208,571
Leasing	CDI + 4,06% p.a.	31,974	25,642
CCB	Average interest of 7.5% to 9.0% p.a.	126,952	125,853
PPE	* Trade finance	1,581,118	1,221,194
Cash and cash equivalents	Rate from 0.05% to 0.15% p.a. for resources held abroad	(808,567)	(507,427)
Financial Investments	CDI	(108,031)	(392,065)
		7,353,524	5,912,992

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

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at March 31, 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 to the probable scenario.

(In thousands of Brazilian Reais)

Management considers that the closing interest rates used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of exposures are as follows:

Parent Company

Operacional	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(8,110,988)	3,837	(8,176)	(16,351)

Consolidated

Operational	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(7,353,524)	459	(3,777)	(7,555)

(ii) Foreign exchange rate risks

The Company is exposed to foreign exchange risk as a result of a mismatch between the currencies used in its sales, purchases and loans and the respective functional currency of the Company.

The Company is mainly subject to the fluctuation of US dollar and Euro before Brazilian Reais when it comes to exchange rate gains and losses.

As at MArch 31, 2020, the price of the US dollar was R$ 5.1987.

As at March 31, 2020, the foreign exchange rate risk was concentrated on the captions Cash and cash equivalents, Financial investments, Trade accounts receivable and payable, and Loans and financing.

For the purpose of hedging against the fluctuation of foreign exchange rates, the Company seeks a balance between its assets and liabilities in foreign currency. The Company evaluates and it may hire derivative financial instruments in order to eliminate any residual difference.

The Company's assets and liabilities exposed to the foreign exchange risk are as follows:

(In thousands of Brazilian Reais)

Parent Company and Consolidated

	USD		R$	
Operation	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and cash equivalents and financial investments	26,682	46,020	138,708	185,492
Trade receivables	94,017	83,304	488,768	335,773
Adiantamentos	432	-	2,247	-
Trade payables	(618)	(149)	(3,217)	(603)
Debits with related parties	(393,796)	(385,977)	(2,047,227)	(1,555,756)
Loans and financing	(974,903)	(1,012,823)	(5,068,227)	(4,082,384)
Net exposure to foreign exchange fluctuation	**(1,248,186)**	**(1,269,625)**	**(6,488,948)**	**(5,117,478)**
Net exposure to foreign exchange fluctuation	**(1,248,186)**	**(1,269,625)**	**(6,488,948)**	**(5,117,478)**

The foreign exchange rate risk may result in losses or gains for the Company due to a possible appreciation or depreciation of the Brazilian Real, reporting currency of the Company.

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at March 31, 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 to the probable scenario.

Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

Parent Company and Consolidated

Operational	Balance (USD)	Balance (R$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	(1,248,186)	(6,488,948)	747,289	(688,125)	(2,123,540)

(iii) Price risk

The Company is exposed to wood price volatility only for new agreements not closed, resulting from factors beyond management control, such as climate factors, offer volume, transportation costs, forestry policies and others. To ensure the supply of the raw material necessary for the operation of its plant, the Company has been entering into partially prepaid wood supply contracts for future delivery and is not exposed to the volatility of prices for the contracts already signed:

(In thousands of Brazilian Reais)

Parent Company and Consolidated	03/31/2020	12/31/2019
Estimated number of firm contracts	1,726,140	2,194,352
Advances made	(327,366)	(798,371)
	1,398,774	**1,395,981**

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

b. Credit risk

Credit risk is the risk of the Company incurring losses resulting from failure of a customer or counterparty in a financial instrument to meet its contractual obligations. Basically is the risk of default related to trade accounts receivable.

The credit risk in the Company's operating activities is managed based on specific rules for client acceptance and on the definition of the respective credit limits, consistently applied by means of credit analyses periodically reviewed, discussions with the credit committee, and after guarantees presented by the clients. The Company works to guarantee the realization of outstanding credits through the frequent monitoring of default receivables and also use of letters of credit and other financial instruments that guarantee the respective receivables.

The bank deposits and financial investments are hired from top-tier financial institutions.

Credit risk balance

The amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was:

	Parent Company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Cash and cash equivalents	173,786	520,504	839,880	840,010
Financial investments	-	-	76,718	59,482
Trade receivables	613,698	448,727	511,056	509,328
	787,484	**969,231**	**1,427,654**	**1,408,820**

(In thousands of Brazilian Reais)

The group holds “Cash and cash equivalents” of R$ 1,427,654 on March 31, 2020, maintained with prime banks and financial institutions that are rated between A and AA.

c. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in complying with the obligations associated with its financial liabilities that are settled by the delivery of cash or other financial assets.

The Company always maintains a cash position and financial investments in order to meet its financial and operating commitments. The amount held in cash is intended to honor the disbursements provided for in 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.

The Company's long-term debt is in the form of BNDES and its subsidiaries - average maturity of 1.95 years, Term Loan - average maturity of 0.61 years and Bond with average maturity of 1.17 years.

The financing of the Company's working capital is made through the contracting of ACCs, NCEs and Prepayment credit lines.

The table below shows the fair value of the Company's net financial liabilities according to their respective maturities and does not include the estimated expected cash outflows related to interest:

Parent Company	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At March 31, 2020					
Trade accounts payable	309,418	2,093	-	-	311,511
Loans and financing	3,086,975	2,237,806	1,186,028	235,543	6,746,352
Loans with related parties	240,281	1,460,527	-	-	1,700,808
Debts with related parties	7,365	-	-	-	7,365
(-) Cash and cash equivalents	(173,786)	-	-	-	(173,786)
	3,470,253	3,700,426	1,186,028	235,543	8,592,250
At December 31, 2019					
Trade accounts payable	250,038	2,094	523	-	252,655
Loans and financing	2,161,677	1,406,901	1,485,264	216,187	5,270,029
Loans with related parties	93,776	1,453,365	-	-	1,547,141
Debts with related parties	7,424	-	-	-	7,424
(-) Cash and cash equivalents	(520,504)	-	-	-	(520,504)
	1,992,411	2,862,360	1,485,787	216,187	6,556,745

(In thousands of Brazilian Reais)

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At March 31, 2020					
Trade accounts payable	282,521	2,093	-	-	284,614
Loans and financing	3,367,122	4,194,305	1,186,028	235,543	8,982,998
Debts with related parties	6,103	-	-	-	6,103
(-) Cash and cash equivalents	(839,880)	-	-	-	(839,880)
	2,815,866	4,196,398	1,186,028	235,543	8,433,835
At December 31, 2019					
Trade accounts payable	248,962	2,094	523	-	251,579
Loans and financing	2,251,215	2,859,818	1,485,264	289,175	6,885,472
Debts with related parties	3,986	-	-	-	3,986
(-) Cash and cash equivalents	(840,010)	-	-	-	(840,010)
	1,664,153	2,861,912	1,485,787	289,175	6,301,027

d. Operational risks

(i) Biological assets

The Company reevaluates the amount of its biological assets every six months, as it understands that this procedure is sufficient to show the changes in the fair value of forests and to adopt the best market practices and analysis.

To determine wood price in the local market, the Company adopted the parity with CEPEA Sorocaba's estimate, adjusted to reflect the price of standing timber, which is affected by the distance between the farm and the production unit.

The change in fair value is determined by the difference between fair values of biological assets at beginning and end of the period evaluated changes in the fair value of biological assets were recognized in the income for the year, other operating income (expenditure) when incurred.

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

In the Company, forest protection against fire, pests and diseases is based on a strategy of prevention, monitoring and control. Annually maintenance of firebreaks, which are an area without vegetation where the soil is cleared, causing the discontinuity of combustible vegetal material and, thus, preventing that burnings and fires are spread. Also, constant monitoring is done through a camera system strategically positioned in the forests, with the use of alarm systems and contact with fire brigades trained to fight fire outbreaks in forest areas In cases of pest and disease occurrence, the management of Forest Research and Technology operates with physiology and phytosanitary experts who adopt procedures for diagnosis and fast measures against the possible occurrences and losses of forest production.

Additionally, there is an exposure to risks related to weather changes, which may affect the ecosystem balance and, consequently, productivity of plantings.

The Company adopts measures of control and monitoring of forest productivity, such as monitoring of handling, in addition to nutrition and genetic improvement, which includes adaptation of species in different weather conditions. We have increased the number of clones planted on an operational scale to mitigate risks inherent to weather changes. With increasing genetic variability, we can affirm that we currently have forests more prepared to adapt to the oscillations of the climate.

We continually improve our forest handling 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.

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

The FSC establishes ten principles and several criteria for describing essential elements or rules of environmentally adequate, socially beneficial and economically viable forest handling, all of which must be applied in a forest handling unit before it can be FSC certified. FSC certificates are valid for five years, but certification bodies qualified by FSC conduct annual audits to check continued compliance with FSC certification requirements.

(ii) Right-of-use of port movement concession

The operations at Rishis are subject to operating and environmental risks, such as fires, loss of the concession, non-compliance with the international security plan (ISPS Code) and with the environmental protocol, acts of God or force majeure.

In this scenario, Rishis has insurance policies that cover operating risks (property) and civil liability (directors and officers and general civil liability), in addition to the permanent inspection from intervening authorities, such as: Santos Port Authority – SPA (ex-CODESP), National Agency of Waterway Transportation - ANTAQ, the Environmental Agency of the state of São Paulo - CETESB, Security Commission of ISPS Code, Municipal Government of Santos (work permit) and permit of the Fire Department of the state of São Paulo (AVCB), always complying with conditions and current legal requirements.

- **Mutual Assistance Plan for the Port of Santos ("Plano de Auxílio Mútuo do Porto de Santos" - PAM)**

In compliance with the PAM of the Port of Santos and in line with the Company's corporate policies, Rishis developed its "Plan on Emergency" of Terminal, it actively participates in the PAM of the Port of Santos, guided by "applicable Regulatory Standards (NR23 and NR29) and Technical Instructions of the Fire Department". It has an duly qualified technical staff (occupational safety technician, occupational health nurse technician and integrated management system professional), in addition to permanent qualification of its employees in the development and maintenance of the emergency and fire brigade and the Commission of Accident Prevention in Port Work (CPATP).

- **ISPS Code**

Rishis, through its statement of compliance, issued by CONPORTOS – National Commission for Public Security at Ports, Terminals, and Navigable Waterways, shows the conformity with the Port Public Security Plan (PSPP) in line with the local and international requirements (MJ, CONPORTOS, CESPORTOS, PF and IMO). It has an organic structure for people and vehicle access control and for 24-hour electronic monitoring and devices. 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 Occupational Health and Safety) and Sustainability, in which it monitors and reduces its environmental impacts and respective dangers through operational controls, complying with legal requirements, certifiable standards (ISO 9001, ISO 14001 and OHSAS 18001), conditions of environmental licenses, whose principles and best practices adopted by the company are recognized and ratified in the terms of ISO 14001 Certification of Environmental Management System.

- **Port lease**

The port lease is ruled by the mentioned Lease Agreement DP-DC 01/2005. It is the legal instrument of public domain, entered into with the Santos Port Authority – SPA (ex-CODESP), ratified by the competent federal regulatory bodies (SEP, ANTAQ). Rishis focus on the full compliance with all the clauses of this contract by meeting its obligations punctually, exercising the rules of good coexistence in the established port, moving the committed cargo, promoting the sustainable and social development of the region (port-city).

(In thousands of Brazilian Reais)

- **Fortuitous or force majeure case**

The Company has a quite varied logistic operation, in which Rishis is responsible for 30% of total volume.

To reduce the risk of acts of God or force majeure in Santos, the Company implemented a break bulk operation in the public port of São Francisco do Sul/SC, in addition to having an operation for container shipment in the Ports of Santos/SP, Itajaí/SC, Navegantes/SC, Itapoá/SC and Paranaguá/PR.

e. Fair value of financial instruments

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

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

Breakdown of the balances of financial instruments per category and fair value:

		03/31/2020		12/31/2019	
Parent Company	**Hierarchy Level**	**Carryng amount**	**Fair value**	**Carryng amount**	**Fair value**
Assets					
Assets at amortized cost					
Cash and cash equivalents	Level 2	173,786	173,786	520,504	520,504
Trade accounts receivables		613,698	613,698	448,727	448,727
		787,484	**787,484**	**969,231**	**969,231**
Liabilities					
Liabilities at amortized cost					
Loans and financing	Level 2	6,237,548	6,237,548	5,270,029	5,270,029
Trade accounts payable		311,511	311,511	252,655	252,655
Leases payables		719,481	719,481	645,952	645,952
Intercompany loans	Level 2	2,040,112	2,040,112	1,547,141	1,547,141
Amounts due to related parties		7,365	7,365	7,424	7,424
Other current liabilities		3,845	3,845	8,810	8,810
		9,319,862	**9,319,862**	**7,732,011**	**7,732,011**

(In thousands of Brazilian Reais)

Consolidated		03/31/2020 Carryng Amount	03/31/2020 Fair Value	12/31/2019 Carryng Amount	12/31/2019 Fair Value
Assets					
Assets at amortized cost					
Cash and cash equivalents	Level 2	839,880	839,880	840,010	840,010
Trade accounts receivables		511,056	511,056	509,269	509,269
		1,350,936	1,350,936	1,349,279	1,349,279
Assets at fair value through income (loss)					
Financial investments	Level 2	76,718	76,718	59,482	59,482
		76,718	76,718	59,482	59,482
		1,427,654	1,427,654	1,408,761	1,408,761
Liabilities					
Liabilities at amortized cost					
Loans and financing	Level 2	6,411,472	6,411,472	5,404,535	5,404,535
Loans and financing	Level 1	1,858,650	1,594,477	1,407,949	1,480,937
Trade accounts payable		284,614	284,614	251,579	251,579
Leases payables		724,063	724,063	649,164	649,164
Amounts due to related parties		6,103	6,103	3,986	3,986
Other current liabilities		30,690	30,690	53,843	53,843
		9,315,592	9,051,419	7,771,056	7,844,044

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

The fair value of related-party receivables/payables approximates their carrying amounts, mainly due to the short-term maturity of these instruments.

The fair value of the loans and financing, and the company's debentures are measured in two ways: 1) for debts negotiated on the secondary market, the market value of the security is used on the last available day; 2) for debts that are not traded on the secondary market, the settlement value is close to the amortized cost (principal and interest accrued to date), Management presents the book value as fair value. A substantial part of the company's debts is under this category, including, but not limited to, debts to BNDES, ACC, and others.

The derivatives are measured using valuation techniques based on observable market inputs. The valuation techniques more frequently applied include pricing models of swap contracts, calculating the present value of the cash flows involved in the transaction. For the calculation of the over-the-counter NDF transactions, an early settlement is simulated using the exercise price and PTAX of the day. For future commodities positions at BM&F, it is used the adjustment price disclosed by that entity. The models incorporate several data, including the counterparty's credit quality, place and rated hired.

(In thousands of Brazilian Reais)

31. Operating Leases

a. Operating Lease of Chemical and Oxygen Plant and Gas Distribution Line

(i) Future minimum lease payments

As at March 31, 2020, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	03/31/2020	12/31/2019
2020	36,432	74,725
2021	74,725	74,725
2022	74,725	74,725
2023	74,725	74,725
2024	74,725	74,725
from 2025	261,080	261,079
	596,412	**634,704**

Amounts recognized in income (loss)

	Parent Company and Consolidated	
	03/31/2020	03/31/2019
Lease expenses	38,293	34,067
	38,293	**34,067**

The Company has take-or-pay contracts of two chemical plants and one distribution line to meet the needs for inputs to produce pulp.

These are three take-or-pay contracts, two of which have a 15-year term, one of which is to meet the needs for Chlorine Dioxide, effective from December 2012, the price of which consists of fixed costs and variables, with provision for a clause to readjust these common costs for this type of contract, and another to supply the oxygen needs in its gaseous form, beginning in December 2012, whose debt was signed in dollars and the monthly fixed 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 twelve-year term to meet the needs for industrial natural gas, which started in May 2016, whose price of cubic meter is comprised of three factors: a) price of the natural gas adjusted quarterly according to the arithmetic averages of the daily quotations disclosed in the Spot Price Assessments list published on the Platt's Oilgram Price Report; b) average transportation tariff divided into two installments, the first adjusted by 0.5% p.a. and another by 3.5% p.a., both on the first day of each year; c) fixed margin of the distributor adjusted on the first day of each year by the IPCA (Extended Consumer Price Index).

Beginning June 30, 2020, the parties will renegotiate the commercial conditions of the natural gas supply, when the Company may terminate the present contract if there is an economic and financial imbalance or excessive burden to the Company.

These contracts did not fall within the scope of IFRS 16 because they are not assets dedicated exclusively to the Company or because the value of the asset is immaterial in relation to the total value of the contract.

32. Collaboration Agreement, Leniency Agreement and Internal Investigation

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

As publicly known, in May 2017 some executives and former executives of J&F Investimentos S.A. ("J&F"), as parent company of the companies belonging to "Grupo J&F", to which is part, assumed certain obligations arising from the Plea Bargain Agreement entered into with the Attorney General's Office (PGR), aiming satisfying the public interest, particularly the deepening, all over the country, of the investigations of events contrary to the law.

On June 05, 2017, J&F entered into a Leniency Deal with the Federal Public Prosecution Office (MPF), homologated by MPF 5th Chamber of Coordination and Review on August 24, 2017, which the Company joined on September 21, 2017 ("Deal").

In the Deal, J&F committed, in its name and in the name of the companies controlled by it, to voluntarily cooperate with the State, conduct internal investigations and provide it with information to prove the materiality and authorship of the irregular actions committed and confessed. It also committed to compensate damages and losses arising from the facts related to the Plea Bargain Agreement, by means of payment of R$ 10.3 billion throughout 25 years, maturing as from December 2017.

With regard to 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 accompany the investigations and provide clarifications to the MPF. The investigation team did not find any new facts that were not already included in the Attachments to the Agreement, and the Company therefore concluded that there were no new facts related to the Agreement with the potential to 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 ratify that the Company's obligations under the Agreement continue to be fully complied with.

33. Share purchase and sale agreement

On September 02, 2017, J&F entered into a purchase and sale agreement for the sale of all its direct and indirect ownership interest in the Company to CA Investment (Brazil) S.A., a company of the Paper Excellence group ("CA Investment").

The Share Purchase and Sale Agreement provided 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 disagree about the reasons why the transfer of control over Eldorado did not occur, as established in the Share Purchase and Sale Agreement, beginning an arbitration and legal dispute in the second half of 2018.

In March 2019, after the recognition of the proper arbitration court to judge the litigation, the legal claims related to the Share Purchase and Sale Agreement were terminated.

The final resolution of the disputes among the Company's shareholders will be rendered during the arbitration process, on a date not yet defined by the arbitration court. The arbitration process is confidential.

As at March 31, 2020, the Company's shareholding structure consists of 49.42% of ownership interest from CA Investment and 50.58% of ownership interest from J&F, the sole shareholders of Eldorado, with J&F remaining as the parent company of the Company.

Board of Executive Officers

Aguinaldo Gomes Ramos Filho
CEO

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Business and Investor Relations Director

Fernando Storchi
Financial Director

Board of Directors

Sérgio Longo
Vice President of the Board of Directors

João Adalberto Elek Júnior
Board Member

José Antonio Batista Costa
Board Member

Leonardo Porciuncula Gomes Pereira
Board Member

Francisco de Assis e Silva
Board Member

Marcio Antonio Teixeira Linares
Board Member

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