

ELDORADO BRASIL CELULOSE S.A.

**Individual and consolidated
interim financial statements**

**As of and for the nine-month period ended
September 30, 2020**

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), containing individual and consolidated interim financial information prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the pronouncements, interpretations and orientations issued by the Brazilian Accounting Pronouncements Committee (CPC), approved by resolutions of the Brazilian Federal Accounting Council (CFC) and rules of the Brazilian Securities and Exchange Commission (CVM))

ELDORADO BRASIL CELULOSE S.A.

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

Report on the review of interim, individual and consolidated financial statements

(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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the pronouncements, interpretations and orientations issued by the Brazilian Accounting Pronouncements Committee (CPC), approved by resolutions of the Brazilian Federal Accounting Council (CFC) and rules of the Brazilian Securities and Exchange Commission (CVM))

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 statements of Eldorado Brasil Celulose S.A. (the "Company") included in the Quarterly Information Form ("ITR") for the quarter ended September 30, 2020, which comprises the statement of financial position as of September 30, 2020 and the respective statements of income (loss), comprehensive income (loss) for the three and nine-month period then ended and changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of these individual and consolidated interim financial statements in accordance with Technical Pronouncement CPC 21 (R1) 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 (CVM), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial statements 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 statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements included in the Quarterly Information Form 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.



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

Comparative amounts

The comparative individual and consolidated statement of financial position as at December 31, 2019, were audited by another auditor who expressed an unmodified opinion dated November 09, 2020 and the comparative statements of income (loss), comprehensive income (loss) for the three and nine-month period ended September 30, 2019 and changes in equity and cash flows for the nine-month period ended September 30, 2019, were revised by another auditor who expressed an unmodified review report dated November 09, 2020. The comparative information of individual and consolidated statement of value added (DVA) for the nine-month period ended September 30, 2019, were submitted to the same review procedures by another auditor, and based on their review, nothing has come to their attention that causes them 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, November 09, 2020

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Leslie Nares Laurenti
Contador CRC 1SP215906/O-1

ELDORADO BRASIL CELULOSE S,A,

Statements of financial position
As of and for the nine-month period ended September 30, 2020
(In thousands of Brazilian Reals)

Assets					Liabilities					
	Note	Individual		Consolidated		Note	Individual		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019		09/30/2020	12/31/2019		
Current										
Cash and cash equivalents	5.1	124.784	520.504	1.057.219	840.010	16	3.147.503	2.161.677	5.293.052	2.251.215
Financial investments	5.2	-	-	67.896	-	15	276.064	250.038	270.068	248.962
Trade accounts receivable	6	726.787	448.727	671.167	509.269	17	179.008	144.814	179.581	145.579
Inventories	8	406.543	326.512	608.449	521.010	7	2.154.604	93.776	-	-
Recoverable taxes	9	217.086	207.691	223.300	210.200	18	122.082	109.037	127.992	112.992
Advances to suppliers		45.704	63.224	45.704	65.411		59.504	32.221	66.109	42.301
Other current assets		29.061	30.316	30.645	30.855	7	2.306	7.424	982	3.986
Total current		1.549.965	1.596.974	2.704.380	2.178.755		5.945.113	2.807.797	5.982.221	2.858.878
Noncurrent										
Financial investments	5.2	-	-	-	59.482					
Recoverable taxes	9	1.040.903	1.049.860	1.040.903	1.049.860	16	3.229.926	3.108.352	3.229.926	4.561.269
Advances to suppliers		148.656	126.197	148.656	126.197	15	1.047	2.617	1.047	2.617
Deferred income and social contribution taxes	19	572.256	50.818	572.256	50.818	17	540.042	501.138	543.796	503.585
Deposit and guarantees		8.496	5.518	9.474	5.991	7	-	1.453.365	-	-
Other noncurrent assets		124	15.086	178	15.086	20	25.779	21.268	26.176	21.268
Total noncurrent		1.770.435	1.247.479	1.771.467	1.307.434		3.796.794	5.086.740	3.800.945	5.088.739
Biological assets										
Investments in ownership interest	10	2.880.518	2.745.146	2.880.518	2.745.146					
Property, plant and equipment	11	1.193.950	670.942	4.699.946	4.476.758	21	1.788.792	1.788.792	1.788.792	1.788.792
Intangible assets	12	4.688.273	4.465.099	66.512	73.248		1.579.455	1.579.455	1.579.455	1.579.455
Right-of-use	13	2.528	3.732	671.130	617.694		391.723	81.171	391.723	81.171
	14	667.025	614.583	10.089.573	9.220.280		(749.183)	-	(749.183)	-
Total Assets		12.752.694	11.343.955	12.793.953	11.397.035		12.752.694	11.343.955	12.793.953	11.397.035
Liabilities										
Current										
Loans and financing	16					16				
Trade accounts payable	15					15				
Leases payable	17					17				
Loans with related parties	7					7				
Payroll and social charges	18					18				
Tax liabilities										
Accounts payable to related parties	7					7				
Other current liabilities										
Total current										
Noncurrent										
Loans and financing	16					16				
Trade accounts payable	15					15				
Leases payable	17					17				
Loans with related parties	7					7				
Provision for lawsuits	20					20				
Total noncurrent										
Equity										
Share Capital	21					21				
Profit reserves										
Cumulative translation adjustments										
Retained earnings / (losses)										
Total equity										
Total liabilities and equity										

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

ELDORADO BRASIL CELULOSE S.A.

Statements of income (loss)

For the three and nine-month periods ended on September 30, 2020

(In thousands of Brazilian Reais)

	Note	Individual				Consolidated			
		2020		2019		2020		2019	
		3Q	9M	3Q	9M	3Q	9M	3Q	9M
Net revenue	22	972.529	2.583.877	823.527	2.537.988	1.140.150	3.248.569	1.062.603	3.281.244
Cost of goods sold	24	(376.712)	(1.210.568)	(412.526)	(1.248.802)	(399.041)	(1.338.854)	(471.874)	(1.343.872)
Gross profit		595.817	1.373.309	411.001	1.289.186	741.109	1.909.715	590.729	1.937.372
Operating income/(expenses)									
Administrative and general	24	(51.426)	(177.933)	(50.528)	(113.969)	(55.348)	(189.604)	(54.017)	(123.450)
Selling and logistics	24	(68.109)	(189.025)	(66.502)	(176.312)	(170.269)	(491.297)	(143.234)	(378.833)
Fair value of biological assets	10	-	24.295	-	52.624	-	24.295	-	52.624
Income from equity method investments	11	37.690	213.341	92.164	422.685	-	-	-	-
Other income (expense), net	26	(20.827)	(18.022)	342	(4.425)	(20.837)	(19.050)	(332)	(4.994)
Income before financial revenues (expenses) and taxes		493.145	1.225.965	386.477	1.469.789	494.655	1.234.059	393.146	1.482.719
Net financial result	25								
Financial expenses		(144.667)	(455.311)	(256.847)	(746.309)	(147.562)	(463.068)	(258.653)	(755.542)
Financial income		2.383	9.705	60.042	26.928	3.523	12.889	61.527	30.456
Exchange variation, net		(208.140)	(2.016.909)	(335.202)	(304.332)	(208.490)	(2.017.482)	(335.315)	(304.397)
Income / (loss) before provision for income and social contribution taxes		142.721	(1.236.550)	(145.530)	446.076	142.126	(1.233.602)	(139.295)	453.236
Income and social contribution taxes	19								
Current		(34.071)	(34.071)	-	-	(33.476)	(37.019)	(6.235)	(7.160)
Deferred		(6.610)	521.438	80.822	(9.184)	(6.610)	521.438	80.822	(9.184)
Net income / (loss) for the period		102.040	(749.183)	(64.708)	436.892	102.040	(749.183)	(64.708)	436.892
Basic income / (loss) per share						0,07	(0,49)	(0,04)	0,29

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)
For the three and nine-month periods ended on September 30, 2020
(In thousands of Brazilian Reais)

	Individual				Consolidated			
	2020		2019		2020		2019	
	3Q	9M	3Q	9M	3Q	Acum.	3Q	Acum.
Net income / (loss) for the period	102.040	(749.183)	(64.708)	436.892	102.040	(749.183)	(64.708)	436.892
items that will not be reclassified to statement of income								
Exchange variation on investments in ownership interest	36.211	310.552	(10.676)	45.680	36.211	310.552	(10.676)	45.680
Total comprehensive income	<u>138.251</u>	<u>(438.631)</u>	<u>(75.384)</u>	<u>482.572</u>	<u>138.251</u>	<u>(438.631)</u>	<u>(75.384)</u>	<u>482.572</u>

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

For the nine-month periods ended on September 30, 2020 and 2019

(In thousands of Brazilian Reais)

	Share Capital	Profit reserves				Cumulative translation adjustments	Accumulated (losses)	Total
		Legal reserve	Tax incentive reserve	Reserve for expansion	Special reserve			
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	-	-	-	-	-	-	436.892	436.892
Exchange variation on investments	-	-	-	-	-	45.680	-	45.680
Tax incentive reserve	-	-	4.620	-	-	-	4.620	-
Special reserve for non-distributed mandatory dividend	-	-	-	-	7.636	-	-	7.636
Balance as at September 30, 2019	1.788.792	9.432	1.002.780	22.906	7.636	103.544	432.272	3.367.362
Balance as at December 31, 2019	1.788.792	36.498	1.002.780	405.132	135.045	81.171	-	3.449.418
Net loss for the period	-	-	-	-	-	-	(749.183)	(749.183)
Exchange variation on investments in ownership interest	-	-	-	-	-	310.552	-	310.552
Balance as at September 30, 2020	1.788.792	36.498	1.002.780	405.132	135.045	391.723	(749.183)	3.010.787

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

ELDORADO BRASIL CELULOSE S.A.

Statements of cash flows

For the nine-month periods ended on September 30, 2020 and 2019

(In thousands of Brazilian Reais)

	Note	Individual		Consolidated	
		09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cash flows from operating activities					
(Loss) / net income for the period		(749.183)	436.892	(749.183)	436.892
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:					
Depreciation and amortization	24	174.354	170.629	185.617	183.847
Depletion	24	85.472	125.939	89.953	131.585
Allocation amortization		885	884	885	884
Residual value of assets written off of fixed assets	12	2.214	744	2.299	744
Fair value of biological assets	10	(24.295)	(52.624)	(24.295)	(52.624)
Deferred income tax and social contribution	19	(521.438)	9.184	(521.438)	9.184
Finance charges - interest - leases		328	865	505	1.145
Finance charges - interest and exchange rate gains (losses)	16.1	1.898.756	651.178	2.653.252	872.180
Finance charges - interest and exchange rate gains (losses) - related parties		755.564	224.733	-	(243)
Trade accounts receivable - exchange rate (losses)		(33.691)	(3.620)	(33.691)	(3.620)
Provision for lawsuits	20	9.971	10.274	10.368	10.274
Income from equity method investments	11	(213.341)	(422.684)	-	-
Provision for expected credit losses	6	241	76	241	76
		<u>1.385.837</u>	<u>1.152.470</u>	<u>1.614.513</u>	<u>1.590.324</u>
Decrease (increase) in assets					
Trade accounts receivable		(254.110)	505.290	(5.469)	18.045
Inventories		20.481	21.537	131.861	93.842
Recoverable taxes		(438)	20.894	9.515	18.670
Advances to suppliers		(4.123)	(59.988)	(1.934)	(62.115)
Other assets - related parties		-	3.016	-	489
Other current and non-current assets		13.239	8.400	15.099	6.182
Increase (decrease) in liabilities					
Trade accounts payable		142.623	121.704	(46.184)	71.706
Accounts payable to related parties		(3.003)	(17.055)	(3.003)	(16.942)
Tax liabilities, payroll and social charges		59.246	(3.431)	53.262	(931)
Other current and non-current liabilities		(10.227)	(16.888)	(26.272)	(18.058)
Net cash from operating activities		<u>1.349.525</u>	<u>1.735.949</u>	<u>1.741.388</u>	<u>1.701.212</u>
Income tax and social contribution paid		(18.918)	(2.427)	(31.582)	(2.569)
Net cash from operation activities		<u>1.330.607</u>	<u>1.733.522</u>	<u>1.709.806</u>	<u>1.698.643</u>
Cash flows from investing activities					
Cost of formation of biological assets		(253.869)	(208.741)	(253.869)	(208.741)
Additions to fixed and intangible assets	12 e 13	(417.620)	(239.803)	(418.241)	(241.506)
Cash receipt on sales of fixed assets		9.500	6.040	9.500	6.040
Financial investments		-	44.566	15.352	64.195
Net cash used in investing activities		<u>(661.989)</u>	<u>(397.938)</u>	<u>(647.258)</u>	<u>(380.012)</u>
Cash flows from financing activities					
Loans and financing raised	16.1	446.758	2.950.626	446.758	2.950.626
Payment of loans and financing - principal	16.1	(929.767)	(1.832.767)	(995.347)	(1.871.702)
Payment of loans and financing - interest	16.1	(308.347)	(309.137)	(394.169)	(378.735)
Payment of loans and financing - exchange rate gains (losses)	16.1	-	(682.982)	-	(688.421)
Loans and financing intercompany raised	-	-	35.888	-	-
Payment of intercompany loans - principal	-	(40.619)	(40.619)	-	-
Payment of intercompany loans - interest	-	(109.597)	(69.839)	-	-
Payment of intercompany loans - exchange rate gains (losses)	-	-	(4.441)	-	-
Payment of lease agreements	17	(122.766)	(118.284)	(123.509)	(118.990)
Net cash used in financing activities		<u>(1.064.338)</u>	<u>(71.555)</u>	<u>(1.066.267)</u>	<u>(107.222)</u>
Effects of exchange rate gains (losses) on cash		-	-	220.928	12.787
Change in cash and cash equivalents, net		<u>(395.720)</u>	<u>1.264.029</u>	<u>217.209</u>	<u>1.224.196</u>
Cash and cash equivalents at beginning of period		520.504	310.419	840.010	610.591
Cash and cash equivalents at end of period		124.784	1.574.448	1.057.219	1.834.787

ELDORADO BRASIL CELULOSE S.A.

Statements of value added

For the nine-month periods ended on September 30, 2020 and 2019

(In thousands of Brazilian Reais)

	Individual		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Revenues				
Sales of goods, products and services	2.678.982	2.652.717	3.344.701	3.396.984
Other operating income (expenses), net	24.871	40.926	24.074	40.517
Transfers related to the construction of own assets	35.097	13.807	35.097	13.807
	2.738.950	2.707.450	3.403.872	3.451.308
Goods and services acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(596.436)	(586.047)	(702.964)	(655.679)
Materials, energy, third party services and others	(400.098)	(294.331)	(700.762)	(498.573)
	1.742.416	1.827.072	2.000.146	2.297.056
Gross value added				
Depreciation, amortization and depletion	(260.710)	(297.452)	(276.455)	(316.316)
	1.481.706	1.529.620	1.723.691	1.980.740
Net value added generated by the entity				
Value added received in transfer				
Income from equity method investments	213.341	422.685	-	-
Financial income	7.923	106.125	11.107	109.274
	1.702.970	2.058.430	1.734.798	2.090.014
Value added distribution				
Personnel				
Direct compensation	108.186	142.170	117.478	149.239
Benefits	83.425	85.741	89.132	89.773
FGTS (Severance Pay Fund)	16.265	15.648	17.644	16.429
	207.876	243.559	224.254	255.441
Taxes, fees and contributions				
Federal	(394.347)	107.929	(389.988)	116.328
State	73.014	61.834	73.245	61.994
Municipal	-	-	1.028	1.011
	(321.333)	169.763	(315.715)	179.333
Return on debt capital				
Interest	2.472.086	1.125.635	2.466.085	1.122.765
Leases	93.422	80.358	94.924	81.572
Others	102	2.223	14.433	14.011
	2.565.610	1.208.216	2.575.442	1.218.348
Return on equity capital				
Net (loss) / income for the period	(749.183)	436.892	(749.183)	436.892
	1.702.970	2.058.430	1.734.798	2.090.014

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

**Notes to the individual and consolidated interim financial statements
As of and for the nine-month period ended September 30, 2020
(In Thousands of Reais)**

1. Operations

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

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

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

The individual and consolidated interim financial statements have been prepared on a based on going concern basis, which assumes that the Company will be able to fulfil their payments obligations related to loan and financings according to the terms featured in the explanatory note 16.

The Company recognized a net loss in the nine-month period ended September 30, 2020 of R\$ 749,183 (R\$ 436,892 in net income for the nine-month period ended September 30, 2019) caused by the exchange variation due to the deterioration of the Real against the dollar impacting the net financial result. In the operational scope, the Company achieved the expected result.

The Company has current liabilities higher than current assets in the amount of R\$ 4,395,148 as at September 30, 2020 (R\$ 1,210,823 as at December 31, 2019) in the Individual and the amount of R\$ 3,277,841 as at September 30, 2020 (R\$ 682,123 in December 31, 2019) in the consolidated.

In the second quarter of 2020, Eldorado presented a significant increase in the negative working capital with the classification in the current liabilities of the Bond 2021, for which the due date is June 2021. This debt was issued to the institutional market in 2016 and has an amount of R\$ 2,019,798 (USD 350,000 of principal plus interest).

In the third quarter of 2020 the company refinanced advances of foreign exchange contract in the amount of R\$ 1,128,140 (USD 200,000) with the next programmed maturity to August 2021. The final due date for this contract with the financial institution is August 2023. In the third quarter of 2020, debt extensions were made in the amount of R\$ 311,604 from current to non-current and the due date is October 2021. Considering such negotiations, the negative

**Notes to the individual and consolidated interim financial statements
As of and for the nine-month period ended September 30, 2020
(In Thousands of Reais)**

net working capital remained at the same level of prior quarter amounting R\$ 4.303.932 in the Individual and R\$ 3.262.317 in the Consolidated.

The debt extension process that began in the quarter ended September 30, 2020 should continue with the focusing on debts with greater impact to the net working capital, starting with the local and international institutional market, followed by bilateral operations with relationship banks. For the contracts without no possibility of postponement, the Company intends to settle with cash from its operating activities.

The low interest rate environment abroad and in Brazil positions the Company strategically to seek long-term debt. Eldorado Brasil remains with good prospects of accessing Brazilian and external long-term debt markets, since its operational performance remains solid because its customers acts in markets considered to be essential to combat the pandemic.

a. Bidding of the Port of Santos

On August 28, 2020, the Company participated in Auction No. 001/2020 ("Auction"), held by the National Waterway Transport Agency - ANTAQ, to lease public areas and infrastructure for the movement and storage of general cargo, especially pulp, for a period of 25 (twenty-five) years, extended several times, on sole discretion of the Grantor, with the maximum limit of 70 (seventy) years, including the original period and all the extensions. The Company presented the winning proposal for the STS14 terminal, located in the Port of Santos, State of São Paulo, in the amount of R\$ 250,000. On September 30, 2020, the result of the auction's trial was published in the Official Gazette, declaring that the Company won the event.

b. Eldorado against coronavirus

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

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

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial statements As of and for the nine-month period ended September 30, 2020 (In Thousands of Reais)

2. List of subsidiaries

Subsidiaries	Country	Shareholding	
		09/30/2020	12/31/2019
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirectly controlled			
Eldorado USA Inc.	United States of America	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

See the accounting policies in note 4.a.

3. Preparation and presentation of the individual and consolidated interim financial statements

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

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

After review of the individual and consolidated interim financial statements by the Board of Directors at the meeting held on November 09, 2020, these financial statements were authorized for issue by the Company.

The individual and consolidated interim financial statements disclose all significant information which is consistent with the information used to manage the Company's operations.

b. Basis of measurement

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

- Derivative financial instruments are measured at fair value;
- Biological assets measured at fair value are recognized in the income statements under the fair value of biological assets.

**Notes to the individual and consolidated interim financial statements
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c. Use of estimates and judgments

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

These estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized prospectively.

(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 statements is included in the following notes:

- **Note 29** - take or pay agreements.

(ii) Uncertainties about assumptions and estimates

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

- **Note 10** - biological assets: discount rate;
- **Note 12** - impairment testing: discount rate;
- **Note 17** - leases liabilities: discount rate;
- **Note 19** - recognition of deferred tax assets: availability of future taxable profits against which tax losses can be utilized;
- **Note 20** - recognition and measurement of provisions and litigation risks: main assumptions on the probability and magnitude of the cash outflows.

d. Fair value measurement

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

- **Note 10** - biological assets;
- **Note 28** - financial instruments.

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e. Functional and presentation currency

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

(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 income 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 comprehensive income (loss) and accumulated in the caption "Cumulative translation adjustment" in equity.

4. Summary of significant accounting policies

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

a. Basis of consolidation

(i) Subsidiaries

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

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(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 statements.

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:

- That the contract is approved (in written, verbally or in accordance with other usual business practices) and the involved parties committed to complying with its respective obligations;
- The amount of revenue can be reliably measured;
- The Company and its subsidiaries have fulfilled its performance obligation, for the amount that the entity expects to be entitled to receive;
- Future economic benefits are likely to flow to the Company and its subsidiaries;
- The expenses incurred or to be incurred in respect of the transaction can be reliably measured.

c. Financial instruments

(i) Recognition and initial measurement

The Company recognizes the loans and financings and accounts receivable from clients on the date they are originated. All other financial instruments are recognized initially on the negotiation date in which the company becomes part of the contractual arrangements of the instrument.

A financial asset or financial liability is initially measured to its fair value, increased, to an item not measured at fair value through income or loss, the transaction costs that are directly attributed to its acquisition or emission. Accounts receivable from clients without a significant financial compound is measured initially on the operation price.

(ii) Classification and subsequent measurement

a) Financial assets

On the initial recognition, a financial asset is classified as measured: at amortized cost or at fair value through income or loss.

The financial assets are not reclassified subsequent to the initial recognition, unless that the Company changes the businesses model of the financial assets management, and in that case all the affected financial assets are reclassified on the first day of the presentation period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through income or loss:

- it is held within a business model in objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost, are classified at fair value through income or loss.

b) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The Company takes into consideration the contractual terms of the instrument to evaluate if the contractual cash flows are only payments of the principal and interests. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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- contingent events that modify the amount or timing of the cash flows;
- terms that may adjust the contractual rate, including variable rates;
- prepayment and extension features; and
- terms that limit the Company claim to the cash flows of specific assets.

c) Financial assets - subsequent measurement and incomes and losses

The transaction costs of the financial assets measured at fair value through income or loss, after the initial recognition, are recognized on the result when incurred.

The transaction costs of financial assets measured at amortized cost are subsequent measured at amortized cost using the effective interest method. The amortized cost is reduced by losses by reduction of the recoverable value lowers afterwards and can be objectively related to an event that occurred after the recognition of the reduction of recoverable value, the loss by interests, incomes and exchange losses and reduction on the recoverable value are recognized on income (loss). Any income or loss on the derecognition is recognized on the income (loss).

d) Financial liability - classification, subsequent measurement and incomes and losses

The financial liabilities were classified as measured at amortized cost or at fair value through income and loss. A financial liability is classified as measured at fair value through income and loss if it's classified as held for trading, a derivative or designated as such on the initial recognition. Financial liabilities measured at fair value through income or loss are measured at fair value and net gains and losses, including interests, are recognized on income. Other financial liabilities are subsequent measured at amortized cost using the effective interests method. Interest expense, income or foreign exchange gain and losses are recognized on the income (loss). Any income or loss on the derecognition is also recognized in the income (loss).

(iii) Derecognition

a) Financial assets

The Company writes-off a financial asset when the contractual rights on the assets cash flows expire, or the rights to receive the contractual cash flows are transferred during a transaction in which substantially all the risks and benefits of the financial asset's property are transferred, or doesn't transfer nor retain substantially all risks and benefits of property and doesn't maintain control over the transferred asset.

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b) Financial liabilities

The Company writes-off a financial liability when it has its contractual obligations removed, cancelled or expired. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, if there's a new financial liability based on the modified terms it's recognized at fair value.

On the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including transferred assets that don't transit through cash or assumed liability) is recognized on income (loss).

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented on the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The Company doesn't have any financial instrument that could be reclassified or compensated.

(v) Impairment of financial assets

a) Measurement of expected credit losses

The Company manages its client portfolio taking as basis specific rules for the acceptance of clients and establishing its respective credits limits, consistently realized through credits analysis periodically reviewed and collegiate discussions along with the credit committee. The Company has guarantees for mitigations of risks of default from its clients in higher risk markets, furthermore realizes active collection of outstanding amounts and/or expired in all markets where it acts.

The bank deposits and financial investments are contracted with financial institutions considered by the company as highly rated institutions.

Estimated credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (meaning, the difference between the cash flows due to the company in accordance with the contract and the cash flows the company expects to receive).

Expected credit losses are discounted at the effective interest rate of the financial asset.

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The Company constitutes expected credit loss for the clients under judicial collection or recovery, with low probability of credit recovery.

b) Presentation of provision for expected credit losses on the balance sheet

The provision for financial assets losses measured at amortized cost is deducted from the assets' gross book value.

c) Write-off

When the Company considers that there's no reasonable expectations of recovering, the uncollectible balance s written-off. Afterwards write-off recognition, this could be reversed or reduced if can be objectively related to an event that occurred, this reversal is recognized is into income (loss). The Company doesn't expect any significant recovery of the written-off amounts. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

d. 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.

e. Property, plant and equipment

Property, plant and equipment 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 Property, plant and equipment are recognized in income 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.

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

Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in income or loss. Property, plant and equipment useful life is shown at note 12.

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

Impairment

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

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

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

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

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f. Biological assets

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

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

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

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

g. 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 income or loss. Intangible useful life is show on note 13.

h. Trade accounts payable

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

i. 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

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money and the risks specific to the liability. The finance costs incurred are recognized in income or loss.

j. 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.

k. Income tax and social contribution tax

Income tax and social contribution tax includes current and deferred income taxes, which are recognized in income 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.

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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 individual and consolidated interim financial statements.

l. 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 income or loss in the periods in which the employees provide services.

m. Leases

(i) Right to use leased assets - note 14

The Company and its subsidiaries adopted IFRS 16 / CPC 6 (R2) - Leases 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 to the amount equivalent to the present value of the lease liability payable as from January 1 2019, without restating comparative information.

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

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

(ii) Lease liability - note 17

At the January 1, 2019 , the initial measurement of the lease liability was calculated based on the present value of the fixed lease payments that were not made until that date. The renewal period was considered for leases that has automatic renewal periods. The amounts of the installments payable were discounted by the incremental rate on loan (discount rate), plus other contractual obligations set forth in the lease agreements adjusted to the present value.

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

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

The value of the adjustment to the present value will be appropriated monthly as financial interest in the income(loss).

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

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

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

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

Management did not identify any impacts arising from the implementation of this standard.

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o. New standards, revisions and interpretations not yet adopted

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

p. Statement of added value ("DVA")

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

q. Operating segments

Company's management understands that Pulp is the only reportable segment. Revenue from the excess energy from the pulp production process are considered into pulp segment.

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

r. Government grants

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

s. Take or pay contracts

The Company has firm contracts of various types and is disclosing its effects in note 29. In accordance with the requirements of CPC 26 / IAS 1 - Presentation of the financial statements.

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5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash	43	32	47	35
Bank accounts (a)	35,458	187,889	896,683	507,392
Bank deposit certificate (b)	89,283	332,583	160,489	332,583
	124,784	520,504	1,057,219	840,010

- (a) 99% of the sight deposits are held in bank accounts with financial institutions considered by management as highly rated institutions;
- (b) Local financial investments are of daily liquidity, allocated in Bank Deposit Certificate ("CBD") of financial institutions with the income accompanying the Interbank Deposit Certificate (CDI) interbank rate. The overseas applications are composed of time deposits of daily liquidity.

5.2. Financial investments - current and non-current assets

	Consolidated	
	09/30/2020	12/31/2019
Bank of Brasil Paris (a)	67,896	59,482
	67,896	59,482
Current assets	67,896	-
Non-current assets	-	59,482
	67,896	59,482

- (a) Funds in current account with Banco do Brasil Paris. These funds were given as guarantee to the Term Loan operation, as presented in note 16.2 (v), due in April / 2021.

6. Trade accounts receivables

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Local market	111,133	112,954	111,133	112,954
Foreign market	615,654	335,773	560,034	396,315
	726,787	448,727	671,167	509,269

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Aging of trade accounts receivables is as follows:

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current	704,113	332,948	610,728	448,255
Overdue between 1-30 days	9,935	79,102	26,386	37,153
Overdue between 31 - 60 days	7,626	33,773	8,680	2,657
Overdue between 61-90 days	1,695	421	1,398	1,201
More than 90 days	3,418	2,483	23,975	20,003
	<u>726,787</u>	<u>448,727</u>	<u>671,167</u>	<u>509,269</u>

Substantial part of the balance overdue more than 90 days is related with two clients in Europe, whose legal qualification to collect such amounts was concluded successfully. Due to the complexity of the legal procedures surrounding qualification process of this credits, the outcome of the process and, consequently, collection does not have a due date. The Company awaits the position on receipt and for this reason did not constitute an expected credit loss.

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

Expected credit loss

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Beginning balance	(5,548)	(5,700)	(5,888)	(6,026)
Amounts written off	241	152	241	152
Exchange rate variation	-	-	(135)	(14)
Ending balance	<u>(5,307)</u>	<u>(5,548)</u>	<u>(5,782)</u>	<u>(5,888)</u>

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Notes to the individual and consolidated interim financial statements As of and for the nine-month period ended September 30, 2020 (In Thousands of Reais)

7. Related parties

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

Assets and liabilities		Individual		Consolidated	
Receivable (payable)		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Balance with subsidiaries	Transaction				
Cellulose Eldorado Áustria GmbH	Pulp sale	312,186	100,325	-	-
Cellulose Eldorado Áustria GmbH	AFE (ii)	(115,996)	(123,134)	-	-
Cellulose Eldorado Áustria GmbH	Costs transfer	(119)	(73)	-	-
Eldorado EUA Inc.	Pulp sale	260,650	206,044	-	-
Eldorado EUA Inc.	Costs transfer	(1,205)	(3,365)	-	-
Eldorado Intl. Finance GmbH	AFE (iii)	(2,038,608)	(1,424,007)	-	-
Rishis Empreend. e Partic.	Services	(29,760)	(24,240)	-	-
Net total payable to subsidiaries		(1,612,852)	(1,268,450)	-	-
Balances with controlling shareholders					
J&F Investimentos	Guarantee (i)	(897)	(3,986)	(897)	(3,986)
J&F Investimentos	Reimbursement (vi)	(85)	(52)	(85)	(52)
Total payable to controlling shareholders		(982)	(4,038)	(982)	(4,038)
Balances with Group companies					
JBS	Others (iv)	(78)	(809)	(78)	(809)
Seara Alimentos	Meals (v)	(8)	(26)	(8)	(26)
Total payable to Group companies		(86)	(835)	(86)	(835)
Total		(1,613,920)	(1,273,323)	(1,068)	(4,873)
Asset					
Trade accounts receivables		572,836	306,369	-	-
Liabilities					
Trade payables		(29,846)	(25,127)	(86)	(887)
Related parties loans		(2,154,604)	(1,547,141)	-	-
Related parties payable		(2,306)	(7,424)	(982)	(3,986)
Total		(1,613,920)	(1,273,323)	(1,068)	(4,873)

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Notes to the individual and consolidated interim financial statements As of and for the nine-month period ended September 30, 2020 (In Thousands of Reais)

Income and loss		Individual			
Revenues (expenses)		3Q20	3Q19	9M20	9M19
Transaction with subsidiaries	Transaction				
Cellulose Eldorado Áustria GmbH	Pulp sale	611,659	450,024	1,544,256	1,399,117
Cellulose Eldorado Áustria GmbH	AFE (ii)	(2,524)	(3,728)	(8,650)	(11,416)
Eldorado EUA Inc.	Pulp sale	201,258	189,197	517,660	576,777
Eldorado Intl. Finance GmbH	AFE (iii)	(42,631)	(31,482)	(119,845)	(90,913)
Rishis Empreend. e Partic.	Services	(6,040)	(6,045)	(18,266)	(17,758)
Net revenues with subsidiaries		761,722	597,966	1,915,155	1,855,807
Transaction with controlling shareholders					
J&F Investimentos	Guarantee (i)	(902)	(11,255)	(13,162)	(35,725)
Total expenses with controlling shareholders		(902)	(11,255)	(13,162)	(35,725)
Transactions with Group companies					
JBS	Others (iv)	(3,058)	(4,703)	(10,250)	(12,260)
Seara Alimentos	Meals (v)	(53)	(68)	(131)	(107)
Flora Produtos de Higiene e Limpeza	Supplies (vii)	(120)	-	(292)	-
Total expenses with Group companies		(3,231)	(4,771)	(10,673)	(12,367)
Total income		757,589	581,940	1,891,320	1,807,715
		Consolidated			
Transaction with controlling shareholders		3Q20	3Q19	9M20	9M19
J&F Investimentos	Guarantee (i)	(902)	(11,255)	(13,162)	(35,725)
Total expenses with controlling shareholders		(902)	(11,255)	(13,162)	(35,725)
Transactions with Group companies					
JBS	Others (iv)	(3,058)	(4,703)	(10,250)	(12,260)
Seara Alimentos	Meals (v)	(53)	(68)	(131)	(107)
Flora Produtos de Higiene e Limpeza	Supplies (vii)	(120)	-	(292)	-
Total expenses with Group companies		(3,231)	(4,771)	(10,673)	(12,367)
Total loss		(4,133)	(16,026)	(23,835)	(48,092)

- (i) Guarantee granted by the holding company J&F Investimentos S.A., to guarantee the financing operations that Eldorado has with financial institutions;

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

7.1. Key management personnel compensation

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

	Individual			
	3Q20	3Q19	9M20	9M19
Benefits (a)	6,059	5,298	18,357	16,412

	Consolidated			
	3Q20	3Q19	9M20	9M19
Benefits (a)	7,364	6,142	22,585	18,945

- (a) The benefits include fixed remuneration (salaries, vacations and 13th salary), social security contribution to the National Social Security Institute (INSS), to the Severance Pay Fund (FGTS), bonuses and others.

8. Inventories

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Seedlings	3,349	29	3,349	29
Raw materials (wood for production)	147,364	120,656	147,364	120,656
Pulp	48,987	40,649	250,691	234,961
Consumables	31,813	25,084	31,813	25,084
Warehouse and others	175,030	140,094	175,232	140,280
	<u>406,543</u>	<u>326,512</u>	<u>608,449</u>	<u>521,010</u>

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9. Recoverable taxes

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
State VAT Tax ("ICMS") (i)	1,113,348	1,120,141	1,116,021	1,120,309
Sale taxes (PIS and COFINS) (ii)	94,860	72,433	94,860	72,433
Federal VAT (IPI)	22	4	22	4
Services tax (ISS)	174	177	174	177
Reintegra	17,595	39,643	17,595	39,643
Withholding income tax (IRRF)	1,141	10,728	1,141	10,728
National Institute of Social Security (INSS) to be compensated	-	-	395	395
Corporate income tax (IRPJ) to be compensated	11,232	5,560	11,255	5,560
Social contribution tax (CSLL) to be compensated	699	7,796	707	7,796
Corporate income tax (IRPJ) - prepayments	13,518	780	16,560	2,719
Social contribution tax (CSLL) - prepayments	5,400	289	5,473	296
	1,257,989	1,257,551	1,264,203	1,260,060
Current asset	217,086	207,691	223,300	210,200
Non-current asset	1,040,903	1,049,860	1,040,903	1,049,860
	1,257,989	1,257,551	1,264,203	1,260,060

(i) State VAT taxes ("ICMS")

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

Part of our recoverability analysis is the 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 consumption in the balance of ICMS to be recovered in the nine-month period ended September 30, 2020 is due to reductions resulting from (i) reversal of credit granted of 7% on exported volume (see explanatory note no. 26), (ii) use of 50% of the rate differential payable from goods purchased from suppliers established outside the state of Mato Grosso do Sul, and (iii) operational consumption inherent to the production process and by increments due to (iv) credits related to recovering in acquisitions of new productive assets and (v) credits to be recovered in pulp shipments stocked in the General Warehouses that will be shipped to the Foreign Market which will be compensated in the effectuation of the export.

The recoverability in on hold waiting future events as disclosed in note 31.

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(ii) PIS and COFINS

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

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

This amount is realizable upon the request for reimbursement that may be deposited in kind by the Federal Revenue Service or compensated with (i) withholding taxes for contracted rendering of services, and (ii) with income tax and social contribution outstanding payable on income, however until September 30, 2020, the Company decided to compensate other credits..

10. Biological assets

The Company's biological assets are represented by eucalyptus forests in formation mainly located in the state of Mato Grosso do Sul.

Beginning and ending balances are presented as follows:

	Individual and Consolidated	
	09/30/2020	31/12/2019
Beginning balance	2,745,146	2,668,744
Net change in fair value	24,295	(81,663)
Harvested timber transferred to inventories	(161,999)	(162,042)
Handling cost	273,076	320,107
	<u>2,880,518</u>	<u>2,745,146</u>

As of September 30, 2020, the Company had a production area of 230,706 hectares (229,729 hectares as of December 31, 2019), disregarding, among others, the areas of permanent preservation and legal reserve, in order to comply with current environmental legislation.

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

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

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

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

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

The Company started to adopt the weighted average price of Eucalyptus wood, calculated by Pöyry and published quarterly in the Radar bulletin, to reflect the price of "standing wood" as basis to the regional market, replacing the average price published in the Center of Advanced Studies in Applied Economics (CEPEA) newsletter, based in Sorocaba-SP, both in the evaluation of biological assets and as a price reference in new rural partnership contracts, because the Radar bulletin currently reflects the conditions of the regional market in Mato Grosso do Sul, where the Company operations are located, with greater reliability. The difference in the reference price disclosed by Pöyry in comparison to CEPEA is R\$ 7.98 per m³ lower in June.

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

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

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	09/30/2020	31/12/2019
Current productive area (hectare)	230,706	229,729
Current harvest area (hectare)	215,873	213,219
Average annual increment (IMA) - m ³ / hectare	32.43	34.80
Discount rate (WACC without consumer price index) -%	5.45	5.08
Standing wood price - R\$ / m ³	58.60	50.36

Changes in the fair value of biological assets are recognized as fair value of biological assets in the statements of income (loss).

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

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

11. Investments

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

Subsidiaries:	Ownership interest	Total assets	Share capital	Equity	Revenue	Income (loss)
Cellulose Eldorado Austria Gmbh	100%	3,984,621	111	1,091,996	2,721,592	219,597
Rishis Empreendimentos e Participações S.A.	100%	99,105	108,979	91,144	17,260	41
Individual:	Balance at 12/31/2019	Additions (disposals)	Cumulative translation adjustment	Unrealized profit on inventories	Equity result	Balance at 09/30/2020
Cellulose Eldorado Austria Gmbh	568,144	-	310,552	(6,297)	219,597	1,091,996
Rishis Empreendimentos e Participações S.A.	91,103	-	-	-	41	91,144
Goodwill from port concession right-of-use	11,695	(885)	-	-	-	10,810
Total	670,942	(885)	310,552	(6,297)	219,638	1,193,950

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

Subsidiaries:	Ownership interest	Total assets	Share capital	Equity	Revenue	Income (loss)
Cellulose Eldorado Austria GmbH	100%	2,593,088	111	568,143	3,534,125	282,226
Rishis Empreendimentos e Participações S.A.	100%	99,529	108,979	91,103	23,729	(41)
Individual:	Balance at 12/31/2018	Additions (disposals)	Cumulative translation adjustment	Unrealized profit on inventories	Equity result	Balance at 31/12/2019
Cellulose Eldorado Austria GmbH	(36,961)	-	23,307	299,572	282,226	568,144
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(41)	91,103
Goodwill from port concession right-of-use	12,874	(1,179)	-	-	-	11,695
Total	67,057	(1,179)	23,307	299,572	282,185	670,942
Allowance for loss in subsidiaries						
Total	36,961					-

Subsidiaries

Cellulose Eldorado Austria GmbH

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

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

Rishis Empreendimentos e Participações S.A.

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

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

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

Goodwill from port concession right-of-use

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

12. Property, plant and equipment

	Individual - 09/30/2020			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,224	-	103,224
Buildings	3.53%	1,176,333	(269,253)	907,080
Leasehold improvements	10.00%	3,246	(2,113)	1,133
Facilities and improvements	5.38%	289,694	(85,845)	203,849
Furniture and fixtures	9.39%	10,703	(5,752)	4,951
Vehicles	20.22%	150,350	(109,601)	40,749
Technical and scientific equipment	11.33%	8,595	(4,925)	3,670
IT equipment	19.46%	71,343	(62,191)	9,152
Machinery and equipment	6.42%	3,852,146	(1,182,630)	2,669,516
Vessel and floating structures	20.00%	7	(3)	4
Eucalyptus matrices	20.00%	107	(79)	28
Assets under construction and advances	-	744,917	-	744,917
		<u>6,410,665</u>	<u>(1,722,392)</u>	<u>4,688,273</u>

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Individual - 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 equipment	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
Vessel and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Assets under construction and advances	-	472,256	-	472,256
		6,014,266	(1,549,167)	4,465,099

Consolidated - 09/30/2020				
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,224	-	103,224
Buildings	3.53%	1,176,333	(269,253)	907,080
Leasehold improvements	7.63%	3,501	(2,192)	1,309
Facilities and improvements	5.46%	289,763	(85,891)	203,872
Furniture and fixtures	9.44%	11,352	(6,150)	5,202
Vehicles	20.22%	150,350	(109,601)	40,749
Technical and scientific equipment	11.34%	8,610	(4,940)	3,670
IT equipment	19.51%	73,481	(63,675)	9,806
Machinery and equipment	6.44%	3,854,663	(1,183,567)	2,671,096
Vessel and floating structures	20.00%	7	(3)	4
Eucalyptus matrices	20.00%	107	(79)	28
Assets under construction and advances	-	753,906	-	753,906
		6,425,297	(1,725,351)	4,699,946

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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 equipment	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
Vessel and floating structures	20.00%	7	(2)	5
Eucalyptus matrices	20.00%	107	(63)	44
Assets under construction and advances	-	481,297	-	481,297
		6,028,427	(1,551,669)	4,476,758

Reconciliation of carrying amounts

Individual

Movement	Balance at 12/31/2019	Additions	Disposals	Transfers	Depreciation	Balance at 09/30/2020
Land	103,224	-	-	-	-	103,224
Buildings	914,054	-	-	23,055	(30,029)	907,080
Leasehold improvements	1,231	-	-	135	(233)	1,133
Facilities and improvements	213,485	-	-	-	(9,636)	203,849
Furniture and fixtures	4,933	188	-	550	(720)	4,951
Vehicles	49,909	1,231	(1,048)	3,535	(12,878)	40,749
Technical and scientific equipment	2,587	95	-	1,541	(553)	3,670
IT equipment	8,063	583	-	3,003	(2,497)	9,152
Machinery and equipment	2,695,308	47,407	(1,492)	63,447	(135,154)	2,669,516
Vessel and floating structures	5	-	-	-	(1)	4
Eucalyptus matrices	44	-	-	-	(16)	28
Assets under construction and advances	472,256	368,116	-	(95,455)	-	744,917
	4,465,099	417,620	(2,540)	(189)	(191,717)	4,688,273

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

Consolidated

Movement	Balance at 12/31/2019	Additions	Disposals	Transfers	Depreciation	Effect of movements in exchange rates	Balance at 09/30/2020
Land	103,224	-	-	-	-	-	103,224
Buildings	914,054	-	-	23,055	(30,029)	-	907,080
Leasehold improvements	1,422	-	-	135	(248)	-	1,309
Facilities and improvements	213,507	-	-	-	(9,641)	6	203,872
Furniture and fixtures	5,137	188	-	609	(755)	23	5,202
Vehicles	49,909	1,231	(1,048)	3,535	(12,878)	-	40,749
Technical and scientific equipment	2,587	95	-	1,541	(553)	-	3,670
IT equipment	8,556	715	-	3,081	(2,693)	147	9,806
Machinery and equipment	2,697,016	47,407	(1,577)	63,592	(135,342)	-	2,671,096
Vessel and floating structures	5	-	-	-	(1)	-	4
Eucalyptus matrices	44	-	-	-	(16)	-	28
Assets under construction and advances	481,297	368,605	-	(95,996)	-	-	753,906
	4,476,758	418,241	(2,625)	(448)	(192,156)	176	4,699,946

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Movement	Balance at 12/31/2018	Additions	Disposals	Transfers	Depreciation	Effect of movements in exchange rates	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 equipment	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
Vessel and floating structures	7	-	-	-	(2)	-	5
Eucalyptus matrices	34	28	-	-	(18)	-	44
Assets under construction and advances	243,737	339,022	-	(101,462)	-	-	481,297
	4,314,798	398,118	(2,968)	(955)	(232,256)	21	4,476,758

Assets under construction and advances

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

A significant part of the addition in this item in the nine-months ended September 30, 2020 refers to the acquisition of property, plant and equipment for the implementation of the Usina Termoelétrica Project - UTE Onça Pintada.

The Company's assets are pledged as collateral for its loans and borrowings up to the maximum limit of each of the debts borrowed (note 16).

Useful life review

In order to comply with CPC 27 / IAS 16 - Property, plant and equipment, the Company reviews the technical useful life of property, plant and equipment annually. The assumptions used by the technical area are based on the use of

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the assets: asset usage time, technological obsolescence, conditions of use and maintenance carried out.

Impairment test- Property, plant and equipment

The balance of property, plant and equipment and other assets are reviewed annually to identify evidence of non-recoverable losses, or even, whenever events or changes in circumstances indicate that the carrying amount may not be impaired. During the period ended September 30, 2020, no evidence of impairment was identified.

13. Intangible

Individual - 09/30/2020				
	Weighted annual amortization rates	Costs	Accumulated amortization	Net cost
Software	19.83%	19,679	(17,151)	2,528
Individual - 12/31/2019				
	Weighted annual amortization rates	Costs	Accumulated amortization	Net cost
Software	20.03%	19,489	(15,757)	3,732
Consolidated - 09/30/2020				
	Weighted annual amortization rates	Costs	Accumulated amortization	Net cost
Goodwill from port concession right-of-use	6.94%	17,002	(6,192)	10,810
Software	19.84%	20,408	(17,829)	2,579
Terminal concession	8.58%	90,520	(37,397)	53,123
		127,930	(61,418)	66,512
Consolidated - 12/31/2019				
	Weighted annual amortization rates	Costs	Accumulated amortization	Net cost
Goodwill from port concession right-of-use	6.94%	17,002	(5,307)	11,695
Software	20.03%	20,219	(16,349)	3,870
Terminal concession	8.60%	90,261	(32,578)	57,683
		127,482	(54,234)	73,248

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Reconciliation of carrying amounts

Individual

<u>Changes</u>	<u>Balance at 12/30/2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Amortizations</u>	<u>Balance at 09/30/2019</u>
Software	3,732	-	189	(1,393)	2,528

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

Consolidated

<u>Changes</u>	<u>Balance at 12/30/2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Amortizations</u>	<u>Balance at 09/30/2019</u>
Appreciation of right-of-use of port movement concession (a)	11,695	-	-	(885)	10,810
Software	3,870	-	189	(1,480)	2,579
Terminal concession	57,683	-	259	(4,819)	53,123
	<u>73,248</u>	<u>-</u>	<u>448</u>	<u>(7,184)</u>	<u>66,512</u>

<u>Changes</u>	<u>Balance at 12/31/2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Amortizations</u>	<u>Balance at 12/31/2019</u>
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
	<u>82,136</u>	<u>11</u>	<u>955</u>	<u>(9,854)</u>	<u>73,248</u>

(a) Goodwill from port concession right-of-use (note 11).

Intangible assets - impairment testing

On December 31, 2019, the Company assessed whether there was any indication that its assets at the end of the estimated economic benefit terms may be impaired and concluded that there is no indication of impairment. In the period ended September 30, 2020, no evidence of non-recoverable losses was identified.

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14. Right-of-use assets

	Individual - 09/30/2020		
	Cost	Accumulated depreciation	Net cost
Right-of-use assets			
Land	810,644	(161,715)	648,929
Buildings	3,328	(2,363)	965
Vehicles	27,720	(17,867)	9,853
Machinery and forestry equipment	13,387	(6,109)	7,278
Facilities and improvements	201	(201)	-
Total	855,280	(188,255)	667,025

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

	Consolidated - 09/30/2020		
	Cost	Accumulated depreciation	Net
Right-of-use assets			
Land	810,644	(161,715)	648,929
Buildings	8,767	(3,870)	4,897
Vehicles	27,918	(17,892)	10,026
Machinery and forestry equipment	13,387	(6,109)	7,278
Facilities and improvements	201	(201)	-
Total	860,917	(189,787)	671,130

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

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Reconciliation of carrying amounts:

Individual

Right-of-use assets	Balance at 12/31/2019	Additions	Disposals	Depreciation	Readjustme nt of installments	Balance at 09/30/2020
Land	588,285	74,068	-	(74,969)	61,545	648,929
Buildings	2,077	390	-	(1,255)	(247)	965
Vehicles	18,939	4,350	(81)	(9,549)	(3,806)	9,853
Machinery and forestry equipment	5,282	25	(3,052)	(2,866)	7,889	7,278
Total	614,583	78,833	(3,133)	(88,639)	65,381	667,025

Right-of-use assets	Balance at 01/01/2019	Additions	Disposals	Depreciation	Readjustme nt of installments	Balance at 12/31/2019
Land	651,641	-	-	(86,747)	23,391	588,285
Buildings	853	2,374	-	(1,108)	(43)	2,076
Vehicles	14,824	12,194	-	(8,344)	265	18,939
Machinery and forestry equipment	40,887	313	(31,257)	(8,730)	4,069	5,282
Facilities and improvements	150	-	-	(201)	51	-
Total	708,355	14,881	(31,257)	(105,130)	27,733	614,582

Consolidated

Right-of-use assets	Balance at 12/31/2019	Additions	Disposals	Depreciation	Readjust ment of installme nts	Effect of movements in exchange rates	Balance at 09/30/2020
Land	588,285	74,068	-	(74,969)	61,545	-	648,929
Buildings	5,188	390	-	(1,918)	1,152	85	4,897
Vehicles	18,939	4,531	(81)	(9,573)	(3,816)	26	10,026
Machinery and equipment forest implements	5,282	25	(3,052)	(2,865)	7,888	-	7,278
Total	617,694	79,014	(3,133)	(89,325)	66,769	111	671,130

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Notes to the individual and consolidated interim financial statements As of and for the nine-month period ended September 30, 2020 (In Thousands of Reais)

Right-of-use assets	Balance at 01/01/2019	Additions	Disposals	Depreciation	Readjustment of installments	Effect of movements in exchange rates	Balance at 12/31/2019
Land	651,641	-	-	(86,747)	23,391	-	588,285
Buildings	4,667	2,374	-	(1,871)	(8)	26	5,188
Vehicles	14,824	12,194	-	(8,344)	265	-	18,939
Machinery and 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

Of the depreciation amount of R\$ 88,639 in the parent company and R\$ 89,325 in the consolidated (R\$ 105,130 and R\$ 105,893 respectively as of December 31, 2019), R\$ 58,590 (R\$ 66,246 as of December 31, 2019) are considered the cost of formation of the biological asset.

15. Trade payables

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Supplies and services	79,280	60,262	71,059	57,483
Raw material	171,794	177,968	171,794	177,968
Others	26,037	14,425	28,262	16,128
	277,111	252,655	271,115	251,579
Current liabilities	276,064	250,038	270,068	248,962
Noncurrent liabilities	1,047	2,617	1,047	2,617
	277,111	252,655	271,115	251,579

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

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16. Loans and borrowings

<u>Financial category</u>	<u>Average annual interest rate and commissions</u>	<u>Maturity</u>	<u>Individual</u>	
			<u>09/30/2020</u>	<u>12/31/2019</u>
Financing for the acquisition of property, plant and equipment				
FINAME - Project Finance	3% to 8% p.a.	July/2021 to July/2023	4,507	7,029
ACC - Exchange Contract Advance (i)	* Trade finance	October/2020 to November/2021	2,225,695	1,422,847
BNDES (ii)	TJLP + 2.83% p.a.	June/2022	208,957	294,146
BNDES (ii)	Variable interest rate BNDES + 3.52% p.a.	July/2022	1,417,696	1,427,911
NCE (iii)	* Trade finance	February/2021 to September/2022	425,347	526,404
Working Capital (iv)	5.74% p.a. in dollars	December/2020	2,883	10,432
FINEM Florestal (vii)	TJLP + 3.48% p.a. / selic + 3.58% p.a.	May/2025	213,470	208,571
Leasing (viii)	CDI + 4.06% p.a.	March/2024 to March/2025	28,389	25,642
CCB (ix)	7.5% to 9.0% p.a.	August/2022	75,171	125,853
PPE (x)	*Trade finance	August/2022	1,775,314	1,221,194
			6,377,429	5,270,029
Current liabilities			3,147,503	2,161,677
Non-current liabilities			3,229,926	3,108,352
			6,377,429	5,270,029
The maturity of non-current liabilities is as follows:				
2021				1,019,496
2022				1,985,605
2023				70,219
2024				109,891
2025 and thereafter				44,715
				3,229,926

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<u>Financial category</u>	<u>Average annual interest rate and commissions</u>	<u>Maturity</u>	<u>Consolidated</u>	
			<u>09/30/2020</u>	<u>12/31/2019</u>
Financing for the acquisition of property, plant and equipment				
FINAME - Project Finance	3% to 8% p.a.	July/2021 to July/2023	4,507	7,029
ACC - Advance on Exchange Contract (i)	* Trade finance	October/2020 to November/2021	2,225,695	1,422,847
BNDES (ii)	TJLP + 2.83% p.a.	June/2022	208,957	294,146
BNDES (ii)	Variable interest rate BNDES + 3.52% p.a.	July/2022	1,417,696	1,427,911
NCE (iii)	* Trade finance	February/2021 to September/2022	425,347	526,404
Working Capital (iv)	5.74% p.a. in dollars	December/2020	2,883	10,432
Term Loan (v)	LIBOR + 5% p.a.	April/2021	125,751	134,506
Bonds (vi)	8.625% p.a.	June/2021	2,019,798	1,407,949
FINEM Florestal (vii)	TJLP + 3.48% p.a. / selic + 3.58% p.a.	May/2025	213,470	208,571
Leasing (viii)	CDI + 4.06% p.a.	March/2024 to March/2025	28,389	25,642
CCB (ix)	7.5% to 9.0% p.a.	August/2022	75,171	125,853
PPE (x)	*Trade finance	August/2022	1,775,314	1,221,194
			8,522,978	6,812,484
Current liabilities			5,293,052	2,251,215
Non-current liabilities			3,229,926	4,561,269
			8,522,978	6,812,484
The maturity of non-current liabilities is as follows:				
2021				1,019,496
2022				1,985,605
2023				70,219
2024				109,891
2025 and thereafter				44,715
				3,229,926

(* The trade finance (ACC, PPE and NCE) have an average cost of 3.71% to 7.5% p.a

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16.1. Reconciliation of movements of loans and borrowings

Individual	09/30/2020	12/31/2019
Beginning balance	5,270,029	5,751,249
Accrued interest	295,591	501,415
Accrued exchange variation effect	1,603,165	135,827
Funds received	446,758	3,347,741
Payments		
Principal	(929,767)	(2,900,270)
Interest	(308,347)	(405,261)
Exchange variation effect	-	(1,160,672)
Ending balance	6,377,429	5,270,029
Consolidated	09/30/2020	12/31/2019
Beginning balance	6,812,484	7,314,815
Accrued interest	421,328	640,412
Accrued exchange variation effect	2,231,924	201,309
Funds received	446,758	3,347,741
Payments		
Principal	(995,347)	(2,978,139)
Interest	(394,169)	(538,952)
Exchange variation effect	-	(1,174,702)
Ending balance	8,522,978	6,812,484

16.2. Available credit lines

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

The lines of credit currently contracted are as follows:

- (i) Financing of working capital through Advances on Exchange Contracts (ACCs);
- (ii) Funding Proceeds from BNDES: on July 22, 2011, the Company signed a loan agreement with the National Bank for Economic and Social Development (BNDES), with amendments signed on March 5, 2012, August 10, 2012, May 24, 2013, October 22, 2013, and July 16, 2020, in the total amount of R\$ 2.7 billion, for the construction of the pulp mill, including the acquisition of national machinery and equipment and implementation of the social investment program system within the community in areas of influence of the factory;
- (iii) Export Credit Notes (NCE) contracts, denominated in Reais;
- (iv) Loans denominated in dollars to finance the purchase of locomotives with Caterpillar Financial Services;

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- (v) In May 2016, Cellulose Eldorado Austria GmbH, a subsidiary of the Company, entered into a financing agreement (Term Loan) with Banco do Brasil AG, Succursale France in order to extend the average term of its financing;
- (vi) In June 2016, the Company, through its subsidiary Eldorado Intl. Finance GmbH, issued debt bonds abroad (Senior Unsecured Bonds / Notes) in the amount of USD 350,000 thousand;
- (vii) Financing granted by BNDES to promote the Company's eucalyptus planting;
- (viii) Financing of machinery and equipment through leasing denominated in Reais;
- (ix) In May 2019, the Company received Bank Credit Notes at a fixed rate;
- (x) In August 2019, the Company entered into an export prepayment agreement with a three-year term and an interest rate of Libor + spread.

16.3. Contractual restrictions and covenants

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

Index	Parameter	Limit
Leverage in BRL	Net debt / <i>ebitda</i> *	Until 4.0 x
Leverage in USD	Net debt / <i>ebitda</i> *	Until 3.5 x

Leverage measurement (net debt/*ebitda*) is performed each 6 months for leverage in BRL and quarterly for leverage in USD. The Company is in compliance with covenants requirements required by the lenders.

(*) *Ebitda* means *earnings before interest, taxes, depreciation and amortization*. In portuguese “*lucros antes de juros, impostos, depreciação e amortização*” (know as *lajida*).

16.4. Loan guarantees

The loan and financing contracts with guarantees in the modalities of BNDES, FINEM Florestal and part of the ACC, Finame, Working Capital and NCE modalities are assured by a guarantee, a promissory note, pledge of forests or guarantee granted by the Individual J&F Investimentos SA. There are certain debts which are also guaranteed by amounts invested in financial investments according to note 5.2, in addition to fiduciary lien on machinery, endorsement, bank guarantee and promissory notes.

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17. Lease liabilities

	Individual	
	09/30/2020	12/31/2019
Lease liabilities	1,058,573	978,377
Present value discount	(339,523)	(332,425)
	719,050	645,952
Current liabilities	179,008	144,814
Non-current liabilities	540,042	501,138
	719,050	645,952
	Consolidated	
	09/30/2020	12/31/2019
Lease liabilities	1,065,120	982,748
Present value discount	(341,743)	(333,584)
	723,377	649,164
Current liabilities	179,581	145,579
Non-current liabilities	543,796	503,585
	723,377	649,164

Reconciliation of carrying amounts:

	Individual	
	09/30/2020	12/31/2019
Beginning balance	645,952	-
Initial adoption	-	708,355
New leases	78,833	14,881
Payments	(122,766)	(151,733)
Interest (a)	55,109	78,797
Retirement or closure	(3,459)	(32,081)
Leases modification	65,381	27,733
Ending balance	719,050	645,952

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	Consolidated	
	09/30/2020	12/31/2019
Beginning balance	649,164	-
Initial adoption	-	712,168
New leases	79,014	14,881
Payments	(123,509)	(152,764)
Interest (a)	55,287	79,165
Retirement or closure	(3,459)	(32,081)
Leases modification	66,769	27,767
Exchange rate variation	111	28
Ending balance	723,377	649,164

(a) In the financial interest total of R\$ 55,109 in the Individual and R\$ 55,287 in the consolidated (R\$ 78,797 and R\$ 79,165 respectively as of December 31, 2019), the amount of R\$ 48,433 (R\$ 61,155 as of December 31, 2019) is considered in the composition of the formation cost of the biological asset.

Lease liabilities are payable as follows:

Estimated lease payments	Individual	
	09/30/2020	12/31/2019
2020	36,248	154,047
2021	157,615	140,973
2022	145,896	124,037
2023	135,791	116,949
2024	131,060	115,268
2025 and thereafter	451,963	327,103
(-) NPV	(339,523)	(332,425)
Total	719,050	645,952

Estimated lease payments	Consolidated	
	09/30/2020	12/31/2019
2020	36,347	154,854
2021	158,563	141,764
2022	146,772	124,794
2023	136,500	117,603
2024	131,716	115,922
2025 and thereafter	455,222	327,811
(-) NPV	(341,743)	(333,584)
Total	723,377	649,164

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Non-cash transactions:

Individual	09/30/2020	09/30/2019
Initial adoption	-	708,355
New leases	78,833	2,487
Retirement or closure	(3,459)	(32,081)
Leases modification	65,381	18,170
Consolidated	09/30/2020	09/30/2019
Initial adoption	-	712,168
New leases	79,014	2,487
Retirement or closure	(3,459)	(32,081)
Leases modification	66,769	18,156

On December 18, 2019, the CVM issued a circular memorandum (“Official letter / Circular / CVM / SNC / SEP / n° 02/2019”) containing guidelines on relevant aspects of CPC 06 / IFRS 16 - Leases to be observed in the preparation of the individual and consolidated interim financial statements of lessee companies.

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

Individual	09/30/2020	
Cash flow	Nominal	Discounted value
Lease payable	1,058,573	719,050
PIS/COFINS potential (9.25%) ⁽¹⁾	55,428	33,931

(1) Incident on contracts with companies.

Individual	12/31/2019	
Cash flow	Nominal	Discounted value
Lease payable	978,377	645,952
PIS/COFINS potential (9.25%) ⁽¹⁾	51,472	33,098

(1) Incident on contracts with companies.

Consolidated	09/30/2020	
Cash flow	Nominal	Discounted value
Lease payable	1,065,120	723,377
PIS/COFINS potential (9.25%) ⁽¹⁾	55,991	34,271

(1) Incident on contracts with companies.

Consolidated	12/31/2019	
Cash flow	Nominal	Discounted value
Lease payable	982,748	649,164
PIS/COFINS potential (9.25%) ⁽¹⁾	51,840	33,360

(1) Incident on contracts with companies.

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

18. Payroll and social charges payables

	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Salaries and social charges	20,782	20,362	22,130	22,187
Vacations, year end bonus and social charges	55,549	32,180	56,889	32,820
Other accruals and social charges	45,751	56,495	48,973	57,985
	122,082	109,037	127,992	112,992

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19. Income tax and social contributions

(a) Reconciliation of effective tax rate:

	Individual			
	3Q20	3Q19	9M20	9M19
Profit (loss) before taxes	142,721	(145,530)	(1,236,550)	446,076
Income tax and social contribution - nominal rate of 34%	(48,525)	49,480	420,427	(151,666)
Reconciliation of effective expenses:				
Result of investees accounted for under equity, net of taxes	12,815	31,336	72,536	143,713
Non-deductible expenses	(5,958)	(431)	(6,959)	(3,299)
Government grants	291	324	750	2,316
IFRS 16 effect	65	112	(18)	(248)
Others	631	1	631	-
Current and deferred income tax and social contributions	(40,681)	80,822	487,367	(9,184)
Effective tax rate	28.50%	(55.54%)	(39.41%)	2.06%
	Consolidated			
	3Q20	3Q19	9M20	9M19
Profit (loss) before taxes	142,126	(139,295)	(1,233,602)	453,236
Income tax and social contribution - nominal rate of 34%	(48,323)	47,360	419,425	(154,100)
Reconciliation of effective expenses:				
Non-deductible expenses	(5,958)	(431)	(6,959)	(3,299)
Government grants	291	324	750	2,316
Tax effect of foreign subsidiaries	12,815	31,336	72,536	143,713
IFRS 16 effect	65	63	(18)	(297)
Others	1,024	(4,064)	(1,315)	(4,676)
Current and deferred income tax and social contribution	(40,086)	74,588	484,419	(16,343)
Effective tax rate	28.20%	(53.55%)	(39.27%)	3.61%

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

<u>Individual and consolidated</u>	<u>12/31/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>09/30/2020</u>
Tax losses (i)	665,823	-	(14,872)	650,951
Exchange rates variation effect	-	682,918	-	682,918
Operational accruals	29,529	-	(5,997)	23,532
Biological assets	(154,770)	-	2,762	(152,008)
Fiscal and financial depreciation	(489,764)	(143,373)	-	(633,137)
Ending balance	50,818	539,545	(18,107)	572,256

(i) On September 30, 2020, the Company had an accumulated tax loss balance amounting R\$ 1,914,563.

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

	09/30/2020
	Individual and consolidated
2020	12,418
2021	393,771
2022	376,528
2023	52,350
2024	346,270
2025	176,064
	1,357,401

(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.

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20. Provision for lawsuit

The Company, in the normal course of its activities, is subject to tax, labor, environmental and civil lawsuits and, supported by the opinion of its legal advisors, assesses the probable outflows and need of provision for lawsuit. Based on this assessment, the Company recognized provision as follows:

Individual					
	12/31/2019	Additions	Write-off and payments	Adjustment	09/30/2020
Environmental	320	99	-	6	425
Civil	6,832	194	(881)	530	6,675
Labor	12,976	9,649	(4,555)	(532)	17,538
Tax	1,140	-	(24)	25	1,141
	<u>21,268</u>	<u>9,942</u>	<u>(5,460)</u>	<u>29</u>	<u>25,779</u>
Consolidated					
	12/31/2019	Additions	Write-off and payments	Adjustment	09/30/2020
Environmental	320	99	-	6	425
Civil	6,832	194	(881)	530	6,675
Labor	12,976	10,046	(4,555)	(532)	17,935
Tax	1,140	-	(24)	25	1,417
	<u>21,268</u>	<u>10,339</u>	<u>(5,460)</u>	<u>29</u>	<u>26,176</u>
Individual and Consolidated					
	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	(96)	43	1,140
	<u>9,167</u>	<u>16,108</u>	<u>(2,783)</u>	<u>(1,224)</u>	<u>21,268</u>

It is expected that an outflow of resources embodying economic benefits will be necessary to settle the obligation.

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For lawsuits classified as possible losses, in the amount of R\$ 629,223 in the Individual and R\$ 629,806 in the Consolidated (R\$ 703,149 as of December 31, 2019 in the Individual and Consolidated) no provision for losses has been recognized.

Possible	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Environmental	4,027	3,828	4,027	3,828
Civil	477,715	541,836	477,725	541,836
Labor	40,115	47,969	40,688	47,969
Tax	14,347	16,910	14,347	16,910
Regulatory	93,019	92,606	93,019	92,606
	629,223	703,149	629,806	703,149

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

Nature of main contingencies

(i) Fibria Celulose S.A.

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

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

On September 26, 2016, the urgent claim required by Fibria was granted, for the immediate cessation and abstention of the planting and spread of VT02 clone eucalyptus by the Company, throughout the Brazilian territory. Regarding that claim, an interlocutory appeal was filed also addressing the

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lack of retention of jurisdiction of the court of Três Lagoas for the judgment of the ordinary proceeding. The appeal was judged groundless and a special appeal was filed against this decision.

In the current phase of the process, the classification of the probability of loss is possible and no provision is recognized.

In parallel to that, the evidence produced at the investigation stage showed that the Cultivar under dispute was not subject to protection, since it was in the public domain and freely marketed before the application for protection. Therefore, on May 8, 2020, the Company filed a Nullity Action against the Federal Union and Suzano S.A., seeking the nullity of the Cultivar's Protection Certificate. This process is in the instruction phase.

(ii) Administrative Sanctioning Process - CVM

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

21. Equity

21.1. Share capital

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

21.2. Legal reserve

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

21.3. Tax benefits reserve

The Company constituted a tax incentive reserve for a portion of the net profit resulting from government subsidies, through ICMS credits, resulting from a tax incentive package granted by the Government of Mato Grosso

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do Sul for application in its future industrial expansion. The incentives were granted due to the investments that were made in the construction of line 1, the formation of biological assets, the generation of new direct and indirect jobs, promoting an increase in the state's economy. The recognition of the credits was presented in the income statements of the Company and the reserve was subsequently constituted.

21.4. Dividends

In accordance with the Company's statutory bylaws, the balance of retained earnings remaining after offsetting accumulated losses, the allocations from the legal reserve, the tax incentive reserve and the investment reserve is allocated to the payment of a minimum mandatory dividend, in each year, not less of 25% adjusted in accordance with the corporate law. The minimum mandatory dividends are allocated in a special reserve of the Company, pursuant to article 202, § 4 and § 5 of Law No. 6,404 / 76.

21.5. Reserve for expansion

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

21.6. Cumulative translation adjustments

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

21.7. Earnings per share

Basic earnings per share

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

	3Q20	3Q19	9M20	9M19
Profit (loss) attributable to shareholders	102,040	(64,708)	(749,183)	436,892
Number of ordinary shares - thousands	1,525,558	1,525,558	1,525,558	1,525,558

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Earnings (loss) per share 0.07 (0.04) (0.49) 0.29

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

22. Revenue

	Individual			
	3Q20	3Q19	9M20	9M19
Sales revenue				
Local market	159,884	196,164	472,836	598,151
Foreign market	846,827	685,157	2,215,177	2,084,288
Discount and rebates	(958)	(420)	(9,031)	(928)
	<u>1,005,753</u>	<u>880,901</u>	<u>2,678,982</u>	<u>2,681,511</u>
Sale deductions and taxes	<u>(33,224)</u>	<u>(57,374)</u>	<u>(95,105)</u>	<u>(143,523)</u>
Net revenue	<u>972,529</u>	<u>823,527</u>	<u>2,583,877</u>	<u>2,537,988</u>

	Consolidated			
	3Q20	3Q19	9M20	9M19
Sales revenue				
Local market	159,884	196,164	472,836	598,151
Foreign market	1,235,323	1,100,810	3,428,722	3,395,324
Discount and rebates	(221,473)	(195,918)	(556,857)	(593,334)
	<u>1,173,734</u>	<u>1,101,056</u>	<u>3,344,701</u>	<u>3,400,141</u>
Sale deductions and taxes	<u>(33,584)</u>	<u>(38,453)</u>	<u>(96,132)</u>	<u>(118,897)</u>
Net revenue	<u>1,140,150</u>	<u>1,062,603</u>	<u>3,248,569</u>	<u>3,281,244</u>

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23. Operating Segments

a. Geographic information

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

<u>Net Revenue</u>	<u>3Q20</u>	<u>3Q19</u>	<u>9M20</u>	<u>9M19</u>
Brazil	126,034	157,434	376,331	479,003
China	467,385	435,298	1,375,721	1,416,594
United States of America	225,128	152,944	562,619	430,648
Italia	27,878	89,821	163,864	310,079
Mexico	39,351	15,860	111,622	34,643
Canada	39,929	28,607	105,746	86,914
Argentina	20,476	18,517	74,202	50,578
Germany	31,497	4,449	73,891	27,010
Austria	19,157	45,422	47,150	113,097
Jordan	14,748	16,875	40,001	28,511
Sweden	11,827	9,261	36,570	39,856
France	9,478	6,733	33,272	37,266
Slovenia	8,506	10,408	31,920	35,227
Others	98,756	70,974	215,660	191,818
	<u>1,140,150</u>	<u>1,062,603</u>	<u>3,248,569</u>	<u>3,281,244</u>

b. Information about the major customer

From total revenues of the period ended September 30, 2020, no specific customer represents more than 10% of the Company's revenue (as of September 30, 2019, an individual customer represents more than 10% of the Company's revenue).

c. Information about non-current assets

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

<u>Non-current assets</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
Brazil	10,087,540	9,159,866
Austria	1,299	60,043
United States of America	576	248
China	158	123
	<u>10,089,573</u>	<u>9,220,280</u>

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24. Cost and expenses by nature

	Individual			
	3Q20	3Q19	9M20	9M19
Staff expenses	91,740	93,163	264,770	295,585
Services, material and transport	134,631	131,599	440,683	340,877
Depreciation, amortization and depletion	96,740	74,212	259,825	296,568
Raw material and supplies	167,515	227,834	596,436	586,047
Others	5,621	2,748	15,812	20,006
	496,247	529,556	1,577,526	1,539,083
Cost of sales	376,712	412,526	1,210,568	1,248,802
Administrative and general expenses	51,426	50,528	177,933	113,969
Selling and logistics expenses	68,109	66,502	189,025	176,312
	496,247	529,556	1,577,526	1,539,083
	Consolidated			
	3Q20	3Q19	9M20	9M19
Staff expenses	98,067	97,729	282,562	308,706
Services, material and transport	235,237	207,917	739,591	542,305
Depreciation, amortization and depletion	104,570	80,530	275,570	315,432
Raw material and supplies	180,035	278,641	702,964	655,679
Others	6,749	4,308	19,068	24,033
	624,658	669,125	2,019,755	1,846,155
Cost of sales	399,041	471,874	1,338,854	1,343,872
Administrative and general expenses	55,348	54,017	189,604	123,450
Selling and logistics expenses	170,269	143,234	491,297	378,833
	624,658	669,125	2,019,755	1,846,155

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25. Net financial result

	Individual			
	3Q20	3Q19	9M20	9M19
Financial income				
Interest income	247	1,082	1,793	1,632
Financial investment income	519	9,108	2,849	21,131
Derivatives results	-	49,024	-	-
Other financial income	1,617	828	5,063	4,165
	<u>2,383</u>	<u>60,042</u>	<u>9,705</u>	<u>26,928</u>
Financial expense				
Bank charges	(33)	(48)	(101)	(143)
Interest	(140,104)	(240,463)	(427,859)	(559,003)
Derivatives results	-	-	-	(134,295)
Surety	(3,561)	(14,938)	(24,477)	(48,581)
Other financial expenses	(969)	(1,398)	(2,874)	(4,287)
	<u>(144,667)</u>	<u>(256,847)</u>	<u>(455,311)</u>	<u>(746,309)</u>
Exchange rate gain (losses), net				
Loans and borrowings	(165,029)	(293,296)	(1,603,166)	(264,841)
Other assets and liabilities	(43,111)	(41,906)	(413,743)	(39,491)
	<u>(208,140)</u>	<u>(335,202)</u>	<u>(2,016,909)</u>	<u>(304,332)</u>
	<u>(350,424)</u>	<u>(532,007)</u>	<u>(2,462,515)</u>	<u>(1,023,713)</u>
	Consolidated			
	3Q20	3Q19	9M20	9M19
Financial income				
Interest income	359	1,339	2,445	3,738
Financial investment income	1,547	10,336	5,381	22,553
Derivatives results	-	49,024	-	-
Other financial income	1,617	828	5,063	4,165
	<u>3,523</u>	<u>61,527</u>	<u>12,889</u>	<u>30,456</u>
Financial expense				
Bank charges	(163)	(115)	(411)	(382)
Interest	(137,247)	(238,609)	(421,267)	(556,440)
Derivative results	-	-	-	(134,295)
Surety	(3,561)	(14,938)	(24,477)	(48,581)
Other financial expenses	(6,591)	(4,991)	(16,913)	(15,844)
	<u>(147,562)</u>	<u>(258,653)</u>	<u>(463,068)</u>	<u>(755,542)</u>
Exchange rate gain (losses), net				
Loans and borrowings	(165,029)	(293,296)	(1,603,166)	(264,841)
Other assets and liabilities	(43,461)	(42,019)	(414,316)	(39,556)
	<u>(208,490)</u>	<u>(335,315)</u>	<u>(2,017,482)</u>	<u>(304,397)</u>
	<u>(352,529)</u>	<u>(532,441)</u>	<u>(2,467,661)</u>	<u>(1,029,483)</u>

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26. Other operating income (expenses)

	Individual			
	3Q20	3Q19	9M20	9M19
Tax credit reversal (a)	(14,605)	-	(14,605)	-
Lawsuit contingencies	(3,124)	(1,111)	(4,511)	(8,024)
Non recoverable ICMS	(2,426)	(210)	(3,341)	(1,598)
Indemnities	(1,091)	(3,647)	(2,125)	(5,104)
Property, plant and equipment sales	2,522	2,031	7,579	1,840
PIS/COFINS credits	-	2,098	-	9,051
Others	(2,103)	1,181	(1,019)	(590)
	(20,827)	342	(18,022)	(4,425)

	Consolidated			
	3Q20	3Q19	9M20	9M19
Tax credit reversal (a)	(14,605)	-	(14,605)	-
Lawsuit contingencies	(3,123)	(1,111)	(4,908)	(8,024)
Non recoverable ICMS	(2,503)	(361)	(3,573)	(1,758)
Indemnities	(1,091)	(3,726)	(2,513)	(5,219)
Property, plant and equipment sales	2,638	2,031	7,764	1,840
PIS/COFINS credits	-	2,098	-	9,051
Others	(2,153)	737	(1,215)	(884)
	(20,837)	(332)	(19,050)	(4,994)

- (a) It's concerning the tax credit incorrectly calculated in excess in 2014. The Company, despite the chances of success in the judiciary has opted to proceed the write-off, taking advantage of the financial benefits in the reduction of 95% of the fine amount payable, allowed by the legislation of REFIS of the State of Mato Grosso do Sul.

27. Insurance coverage

As of September 30, 2020, insurance coverage against operational risks in effect according the insurance policy from 08/15/2020 to 02/15/2022 comprises R\$ 1,128,140 for property damage, R\$ 1,184,547 for loss of profits and R\$ 141,017 for civil liability, effective from 08/15/2020 to 08/15/2021.

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.

28. Financial instruments

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

a. Market risk

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

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

(i) Interest rate risk

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

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

Financial category	Average annual interest rate and commissions	Individual	
		09/30/2020	12/31/2019
Financing for the acquisition of property, plant and equipment			
FINAME - Financing for projects	3% to 8% p.a.	4,507	7,029
ACC - Advance on exchange contract	* Trade finance	2,225,695	1,422,847
BNDES	TJLP + 2.83% p.a.	208,957	294,146
BNDES	Variable interest rate BNDES + 3.52% p.a.	1,417,696	1,427,911
NCE	* Trade finance	425,347	526,404
Working Capital	5.74% p.a. in dollars	2,883	10,432
FINEM Florestal	TJLP + 3.48% p.a. / Selic + 3.58% p.a.	213,470	208,571
Leasing	CDI + 4.06% p.a.	28,389	25,642
CCB	7.5% to 9.0% p.a.	75,171	125,853
PPE	*Trade finance	1,775,314	1,221,194
PPE's intercompanies	8% to 9% p.a. + exchange rate effect	2,154,604	1,555,756
Cash and cash equivalents		(124,784)	(187,921)
Financial investments		-	(332,583)
		8,407,249	6,305,281

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Financial category	Average annual interest rate and commissions	Consolidated	
		09/30/2020	12/31/2019
Financing for the acquisition of property, plant and equipment			
FINAME - Financing for projects	3% to 8% p.a.	4,507	7,029
ACC - Advance on exchange contract	*Trade finance	2.225,695	1,422,847
BNDES	TJLP + annual rate of 2.83%	208,957	294,146
BNDES	Variable interest rate BNDES + 3.52% p.a.	1,417,696	1,427,911
NCE	*Trade finance	425,347	526,404
Working Capital	5.74% p.a. in dollars	2,883	10,432
Term Loan	LIBOR + 5% p.a.	125,751	134,506
Bond	8.625% p.a.	2,019,798	1,407,949
FINEM Florestal	TJLP + 3.48% p.a. / selic + 3.58% p.a.	213,470	208,571
Leasing	CDI + 4.06% p.a.	28,389	25,642
CCB	7.5% to 9.0% p.a.	75,171	125,853
PPE	*Trade finance	1,775,314	1,221,194
Cash and cash equivalents		(1,057,219)	(507,427)
Financial investments		(67,896)	(392,065)
		7,397,863	5,912,992

(*) The trade finance (ACC, PPE and NCE) have an average cost of 3.71% to 7.5% p.a

Sensitivity analysis

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

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

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Individual

<u>Operational - 09/30/2020</u>	<u>Balance (R\$)</u>	<u>Probable</u>	<u>25%</u>	<u>50%</u>
Net exposure to interest rates	<u>(8,407,249)</u>	<u>(1,792)</u>	<u>(5,935)</u>	<u>(11,870)</u>
<u>Operational - 12/31/2019</u>	<u>Balance (R\$)</u>	<u>Probable</u>	<u>25%</u>	<u>50%</u>
Net exposure to interest rates	<u>(6,305,281)</u>	<u>1,701</u>	<u>(8,611)</u>	<u>(17,221)</u>

Consolidated

<u>Operational - 09/30/2020</u>	<u>Balance (R\$)</u>	<u>Probable</u>	<u>25%</u>	<u>50%</u>
Net exposure to interest rates	<u>(7,397,863)</u>	<u>(2,196)</u>	<u>(6,520)</u>	<u>(13,039)</u>
<u>Operational - 12/31/2019</u>	<u>Balance (R\$)</u>	<u>Probable</u>	<u>25%</u>	<u>50%</u>
Net exposure to interest rates	<u>(5,912,992)</u>	<u>1,601</u>	<u>(4,643)</u>	<u>(9,287)</u>

(ii) Foreign exchange risk

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

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

As of September 30, 2020, 1 US dollar was R\$ 5.6407 (as of December 31, 2019, 1 US dollar was R\$ 4.0307).

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

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

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

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Individual and consolidated

Operation	USD		R\$	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents and financial investments	12,056	46,020	68,000	185,492
Trade and other receivables	109,144	83,304	615,651	335,773
Trade payables	275	(149)	1,554	(603)
Loans with related parties	(381,975)	(385,977)	(2,154,604)	(1,555,756)
Loans and financing	(961,155)	(1,012,823)	(5,421,589)	(4,082,384)
Net exposure to foreign exchange fluctuation	(1,221,655)	(1,269,625)	(6,890,988)	(5,117,478)

The foreign exchange risk may result in losses or gains for the Company due to a possible appreciation or devaluation of the Real, that it is the presentation currency of the individual and consolidated interim financial statements of the Company.

Sensitivity analysis

In order to provide information on how the market risks to which the Company is exposed on September 30, 2020, the projection rates used as a premise, whose source is based on market indicators, refer to December 2020 and possible changes are presented classified as possible and remote, being 25% and 50% respectively, in the risk variables, in relation to those of the probable scenario. For the probable scenario, the consensus of the Focus report of October 02, 2020 with the exchange rate of 5.25 was considered.

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

Individual and consolidated

Operational - 09/30/2020	Balance (USD)	Balance (R\$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	(1,221,655)	(6,890,988)	477,301	(1,126,121)	(2,729,543)
Operational - 12/31/2019	Balance (USD)	Balance (R\$)	Probable	25%	50%
Net exposure to exchange rate gains (losses)	(1,269,625)	(5,117,478)	(62,593)	(1,279,369)	(2,558,739)

(iii) Price risk

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

<u>Individual and Consolidated</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
Estimated value of contracts signed	1,685,873	2,194,352
Payments/prepayments done	<u>(355,387)</u>	<u>(798,371)</u>
	<u>1,330,486</u>	<u>1,395,981</u>

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

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Basically it is the risk arising from the default of accounts receivable from customers.

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

Credit risk exposure

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

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	Individual		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents	124,784	520,504	1,057,219	840,010
Financial investments	-	-	67,896	59,482
Trade accounts receivables	<u>726,787</u>	<u>448,727</u>	<u>671,167</u>	<u>509,328</u>
Total	<u>851,571</u>	<u>969,231</u>	<u>1,796,282</u>	<u>1,408,820</u>

c. Liquidity risk

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

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

The Company's long-term debt is in the CCB modalities, with an average maturity of 1.8 years, Leasing with an average maturity of 1.9 years, BNDES and its subsidiaries - average maturity of 1.8 years, PPE average maturity of 1.4 years, NCE with an average maturity of 1.3 years and Finames with an average maturity of 1.1 years.

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

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

Individual	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of September 30, 2020					
Trade payables	3,436,777	3,102,841	54,989	192,202	6,786,809
Loans and borrowings	276,064	1,047	-	-	277,111
Related parties loans	2,281,044	-	-	-	2,281,044
Related parties payable	2,306	-	-	-	2,306
Other current liabilities	4,042	-	-	-	4,042
	<u>6,000,233</u>	<u>3,103,888</u>	<u>54,989</u>	<u>192,202</u>	<u>9,351,312</u>

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Individual	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of December 31, 2019					
Trade payables	250,038	2,094	523	-	252,655
Loans and borrowings	2,161,677	1,406,901	1,485,264	216,187	5,270,029
Related parties loans	93,776	1,453,365	-	-	1,547,141
Accounts payable with related parties	7,424	-	-	-	7,424
	<u>2,512,915</u>	<u>2,862,360</u>	<u>1,485,787</u>	<u>216,187</u>	<u>7,077,249</u>
Consolidated	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of September 30, 2020					
Loans and borrowings	5,709,832	3,102,841	54,989	192,202	9,059,864
Trade payables	270,068	1,047	-	-	271,115
Related parties payable	982	-	-	-	982
Other current liabilities	44,437	-	-	-	44,437
	<u>6,025,319</u>	<u>3,103,888</u>	<u>54,989</u>	<u>192,202</u>	<u>9,376,398</u>
As of December 31, 2019					
Trade payables	248,962	2,094	523	-	251,579
Loans and borrowings	2,251,215	2,859,818	1,485,264	289,175	6,885,472
Related parties payable	3,986	-	-	-	3,986
	<u>2,504,163</u>	<u>2,861,912</u>	<u>1,485,787</u>	<u>289,175</u>	<u>7,141,037</u>

d. Operational risks

Port use concession-right-of-use

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

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

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▪ **Natural disasters and other risks**

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

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

e. Fair values of financial instruments

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

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

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

	Hierarchy Level	09/30/2020		12/31/2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Individual					
Assets					
Assets at amortized cost					
Cash and cash equivalents		124,784	124,784	520,504	520,504
Trade accounts receivables		726,787	726,787	448,727	448,727
		<u>851,571</u>	<u>851,571</u>	<u>969,231</u>	<u>969,231</u>
Liabilities					
Liabilities at amortized cost					
Loans and borrowings	Level 2	6,377,429	6,282,340	5,270,029	5,270,029
Trade payables		277,111	277,111	252,655	252,655
Lease liabilities		719,050	719,050	645,952	645,952
Related parties loans		2,154,604	2,189,574	1,547,141	1,547,141
Related parties payable		2,306	2,306	7,424	7,424
Other current liabilities		4,042	4,042	8,810	8,810
		<u>9,534,542</u>	<u>9,474,423</u>	<u>7,732,011</u>	<u>7,732,011</u>

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Consolidated	Hierarchy Level	09/30/2020		12/31/2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Assets at amortized cost					
Cash and cash equivalents		1,057,219	1,057,219	840,010	840,010
Trade accounts receivables		671,167	671,167	509,269	509,269
		<u>1,728,386</u>	<u>1,728,386</u>	<u>1,349,279</u>	<u>1,349,279</u>
Assets at fair value through income (loss)					
Financial investments	Level 2	67,896	67,896	59,482	59,482
		<u>67,896</u>	<u>67,896</u>	<u>59,482</u>	<u>59,482</u>
		<u>1,796,282</u>	<u>1,796,282</u>	<u>1,408,761</u>	<u>1,408,761</u>
Liabilities					
Liabilities at amortized cost					
Loans and borrowings	Level 2	8,522,978	8,456,882	6,812,484	6,885,472
Trade payables		271,115	271,115	251,579	251,579
Lease liabilities		723,369	723,369	649,164	649,164
Related parties payable		982	982	3,986	3,986
Other current liabilities		44,437	44,437	53,843	53,843
		<u>9,562,881</u>	<u>9,496,785</u>	<u>7,771,056</u>	<u>7,844,044</u>

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

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

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

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29. Take or pay agreements

a. Chemical and oxygen plant and gas distribution line

(i) Future minimum lease payments

As of September 30, 2020 and December 31, 2019, the minimum non-cancellable future payments are as follows:

	Individual and Consolidated	
	09/30/2020	12/31/2019
2020	26,161	74,725
2021	104,643	74,725
2022	104,643	74,725
2023	104,643	74,725
2024	104,643	74,725
2025 and thereafter	374,886	261,079
	<u>819,619</u>	<u>634,704</u>

The amounts recognized in the statements of income (loss) are as follows:

	Individual and consolidated			
	3Q20	3Q19	9M20	9M19
Expenses	31,812	36,351	116,924	105,663
	<u>31,812</u>	<u>36,351</u>	<u>116,924</u>	<u>105,663</u>

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

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

The third contract, has a 12-year term and it is to meet the needs of industrial natural gas, effective in May 2016, whose price per cubic meter is composed of three factors: a) price of natural gas adjusted quarterly according to

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arithmetic averages of daily prices published in the Spot Price Assessments table published in Platt's Oilgram Price Report; b) average transportation tariff divided into two installments, the first being readjusted 0.5% annually and the other at 3.5% annually, both on the first day of each year; c) the distributor's fixed margin adjusted on the first day of each year by the IPCA (Broad Consumer Price Index).

The commercial conditions for the natural gas supply are in the renegotiation phase and will be in force after the signing of the contractual additive.

b. Thermoelectric power plant

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

30. Collaboration Agreement, Leniency Agreement and Internal Investigation

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

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

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

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

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

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

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

31. Share Purchase and Sale Agreement

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

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

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

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

The final resolution of conflicts between the Company's shareholders will be defined in the course of the arbitration, at an undefined date. The activities of the arbitration panel are confidential. As of the reporting date, the arbitration is ongoing

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

32. Subsequent events

On October 21, 2020, the Brazilian National Waterway Transport Agency (“ANTAQ”) published, on the Official Federal Gazette, the Company’s Homologation and Award Certificate regarding the Auction result related to bidding of the Port of Santos. From that day forward it has began the period of 45 (forty five) days for the Company to carry out the payment of 25% (twenty five percent) of the grant’s value, that occurred on November 3, 2020, and to comply with the remaining preceding conditions provided for in item 27.2 of the Auction’s Notice to celebrate the respective contract, which will happen through a Special Purpose Entity (“SPE”). On October 21, 2020, the Company was judged suited to comply with the preceding conditions provided for in items (iv) and (viii) from item 27.2 of the Auction’s Notice. Once the contract is signed, SPE will have the period of 3 (three) years, starting from the assumption, to make the infrastructure area, harbor installations and activities available in accordance with the contract’s required parameters. SPE will be responsible for all the investments, additional improvements and non specified services that come to be necessary to fulfil the contract’s parameters, the projects and constructions being responsible for observing the respective technical parameters. The investment on the site is predicted to R\$ 186,885, to be executed in 3 (three) years according to the Auction’s Notice, which can be reviewed depending on the results of the detailed project studies currently underway.

Statutory Board

Aguinaldo Gomes Ramos Filho
President Director

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Commercial Director and Investor Relations

Fernando Storch
Financial Director

Board of Directors

Sérgio Longo
Board of Directors President

João Adalberto Elek Júnior
Counselor

José Antonio Batista Costa
Counselor

Mauro Eduardo Guizeline
Counselor

Francisco de Assis e Silva
Counselor

Marcio Antonio Teixeira Linares
Counselor

Raul Rosenthal Ladeira de Matos
Counselor

Accountant

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