Eldorado Brasil

Financial Statements 2019

Dear shareholders,

In accordance with legal and statutory regulations, we present the Management Report and Financial Statements of Eldorado Brasil Celulose S.A. ("Eldorado" or "Company"), for the fiscal year ended on December 31, 2019. This report was prepared pursuant to the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). This document complies with the pronouncements, interpretations, and guidelines of the Accounting Pronouncements Committee (CPC), is approved by resolutions of the Federal Accounting Council (CFC), complies with the standards of the Brazilian Securities and Exchange Commission (CVM) and is accompanied by the Independent Auditors' Report.

Message from management – 2019

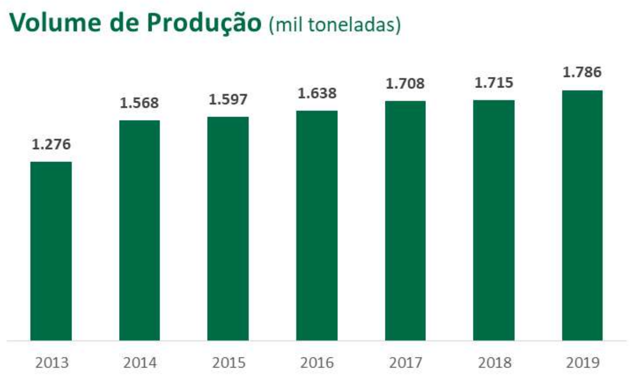
Eldorado's performance in 2019 consolidated its leading position in the global cellulose market. The company achieved record production, power generation and sales volume levels that could hardly have been predicted when its production line was initiated in 2012. The maintenance and achievement of certifications, compliance with new transparency and integrity commitments and the 9% reduction in net debt contributed with the strengthening of Eldorado in 2019, even amidst challenging market conditions.

The Company ended 2019 with 4,093 employees, in Mato Grosso do Sul, São Paulo, Mato Grosso and in our international facilities.

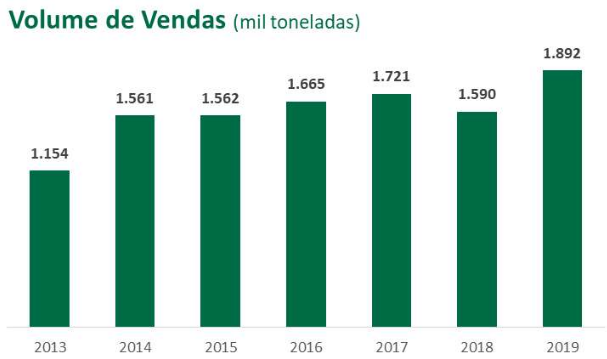
EBITDA (earnings before interest, taxes, depreciation and amortization) ended the year at R$2,016 billion, with a 47.2% margin, and lower by 35% over 2018 mainly due to the 24% reduction in the pulp prices in U.S. dollars.

Net income for the year was R$541 million, 34% lower than in 2018. The Company ended the year with a stable cash position, with cash and cash equivalents of approximately R$900 million.

Operational results, as in previous years, were outstanding in 2019. Production volume reached 1,786 thousand tons, 4% higher than in 2018 and 19.1% higher than the nominal capacity of the Eldorado industrial unit of 1.5 million tons of cellulose per year, another record for the Company.

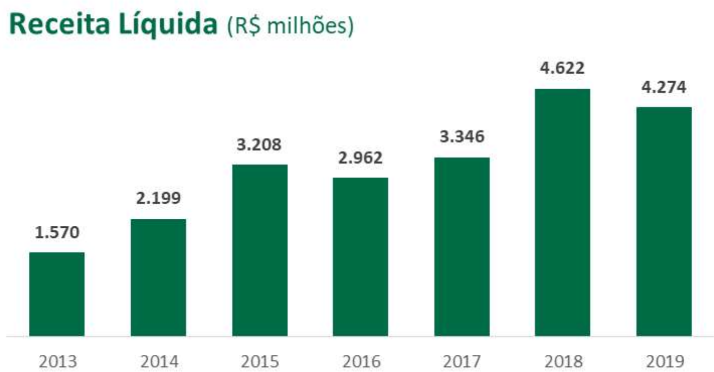


The Company recorded a solid commercial performance in 2019, with sales volume reaching 1,892 thousand tons of cellulose, increasing by 19% over 2018, a new record for the Company.



Gross billings for Eldorado in 2019 totaled R$5.2 billion, 7% lower than in 2018 mainly due to lower cellulose prices.

Eldorado achieved a net revenue of R$4.3 billion in 2019, 8% lower than in 2018.

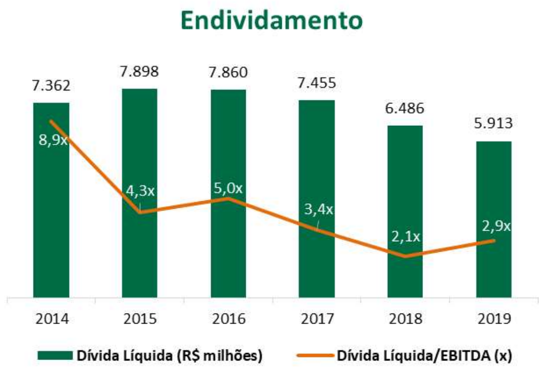


As for sales distribution, Asia was the main export destination for the Company, accounting for 50.3% of total sales volumes, followed by Europa – including the Middle East and Africa (20.3%), North America (15.3%) and Latin America – including Brazil (14.1%. Eldorado's pulp was mainly used for the tissue (personal hygiene) and packaging paper segments, which accounted for 48% and 21% of sales, respectively.

The Company maintains a competitive cash cost for production, ending 2019 with an average of R$/t 633 (US$/t 160), 23% lower than the average cost in Brazil (Source: Hawkings Wright – Operating costs FOB mil – Dec/19).

In terms of financial results, Eldorado continued its liability management strategy to improve its debt profile.

The Net Debt/EBITDA ratio ended 2019 at 2.93x in BRL and 2.89x in USD. Net Debt at the end of the period was R$5,913 million, 9% lower than in 2018.



The Management.

Sector overview

After the cellulose market reached historic highs in price levels during the first half of 2018, mainly due to the strong demand from China, global macroeconomic uncertainties gave way to a downward cycle that affected the cellulose industry during most of 2019 in term of demand and prices. Within this scenario, China and Europe, the two largest cellulose consuming regions, recorded lower industrial activities in 2019, affecting their paper and packaging production and, consequently, reducing total demand for cellulose.

The drop in demand at the beginning of 2019 and the high levels of cellulose supply, given that in 2019 there was no restriction in production, differently than the limited supply in recent years, led to an unbalanced supply and demand scenario while global inventories reached historic highs during the first half of the year. This led to a drop in BEKP cellulose prices starting in 4Q18, reaching the peak of this downturn cycle only in 4Q19. According to the PIX index, the net BEKP cellulose price in China ended 2019 at more than U$300/t lower than the peak in prices in 2018 and U$196/t lower than the final price in Dec/18.

However, the cellulose market in Asia, mainly China, recovered during the second half of the year, which was intensified in 4Q19 due to a cellulose restocking process by paper producers and improved margins (higher prices of paper products with lower prices in cellulose) in addition to signs of economic recovery of the Chinese industrial segment and easing of tensions in the Sino-American trade war.

The recovery in demand, combined with greater discipline in supply by many cellulose producers, began to reduce inventories during the second half of the year, allowing prices to stabilize in the last two months of 2019, with net PIX BEKP prices in China stabilizing slightly under U$460/t, ending 4Q19 at only U$13/t lower than the prices at the end of 3Q19.

The recovery of the Chinese economy contrasts with the slowdown in the European economy in 2019, a region that experienced a 9.2% reduction in annual demand for printing & writing paper compared to 2018 (data from PPPC for Western Europe). In this scenario, demand for Eucalyptus cellulose in Europe ended 2019 approximately 11% lower than in 2018 (projections by PPPC).

Global demand reacted and recorded a total growth of 2.8% in 2019 versus 2018 (projections by PPPC for market chemical cellulose). Eucalyptus pulp (BEKP) ended 2019 with 24.5 million tons in demand, only 0.3% lower than the volume recorded in 2018, due to recovery in Chinese demand, which increased by 9.7% versus 2018 according to projections by PPPC.

Industry fundamentals are expected to strengthen from 2020 to 2022 as growth in demand should surpass growth in capacity, according to projections by PPPC, creating a more favorable supply and demand balance for cellulose producers. However, 2020 began with uncertainties, mainly due to the Coronavirus epidemic in China, whose real effects on the pulp and paper market are yet to be confirmed but already indicate a negative setback in the outlook for the first months of the year.

Relevant information on 2019

Industrial

The production of bleached eucalyptus cellulose reached 1,786,220 tons in 2019, 19% higher than the unit's projected nominal capacity of 1.5 million tons.

In 2019, Eldorado surpassed all its production records for quarterly (471,582 tons in the third quarter), monthly (159,862 tons in May) and daily (5,576 tons on September 21, 2019) results.

Eldorado's operational efficiency can be measured by maximum sustainable rate (MSR) over the average production where in 2019 we reached the level of 96%, considered a benchmark for the cellulose industry. Most of this increase in efficiency comes from innovation and technology actions, among them the autonomous plant project, which uses the industry 4.0 and artificial intelligence concepts.

Eldorado's ongoing investment in innovation was evidenced by the production cash cost index of R$/t 633 (US$/t 154) in 2019, 22% lower than the Brazilian average.

Sustainability has been one of Eldorado's greatest strength since the start of its operations and the Company has been improving its environmental indicators. Each year, Eldorado consumes less water, electricity and chemicals to produce one ton of cellulose, generating less effluents. An example of this is the reduction of water consumption to 25.1 m^3/tsa versus 34 m^3/tsa planned for the project.

A general shutdown is scheduled to take place every 15 months and in 2019 this activity did not occur. However, asset management actions done through efficient risk, reliability and availability management, guaranteed the plant's optimum operation continuity.

Eldorado maintained its HPR (Highly Protected Risk) seal, an award issued by FM Global acknowledging the excellence of our risk-prevention operations and continued commitment to asset loss prevention

The plant is self-sufficient in green energy that it derives from the biomass of materials not used in the production of cellulose (such as lignin and wood residues). In 2019, a total of 1,581,000 MWh of energy was generated, of which 759,000 MWh was consumed by the plant itself, 452,000 MWh was sold to the chemical inputs partners located in the Eldorado industrial complex and 370,000 MWh was allocated to the Brazilian electric system, resulting in revenues of R$91 million for the Company. The energy generation in 2019 was 6.8 % higher than in 2018.

Commercial

Eldorado maintains as its core commercial strategy the focus to continually develop a solid and diversified client portfolio across segments and regions, ensuring long-term relationships that enhance flexibility and reduce our reliance on any particular market or client

According to reports issued by PPPC, the printing and writing (P&W) segment, which retracted by 6.1% in 2019 and is expected to reduce by 3% annually until 2023 (CAGR), with steeper declines in mature economies and growth potential restricted to certain emerging markets, such as India and Africa. On the other hand, demand for tissue paper should grow by 3.1% in 2019, with an average annual increase of 3.0% until 2023, mainly driven by China, which has an expected annual demand of more than 5% until 2023.

Continuing its commercial strategy, in 2019 Eldorado increased the proportion of its tissue and packaging volumes as these segments have higher growth potential. In 2019, these segments increased their relevance in the revenue breakdown versus 2018, going from 37.7% to 43.8% and from 14.1% to 21.2%, respectively. On the other hand, the P&W segment reduced its share in total revenue, from 28.6% to 20% in 2019.

Foreign markets continue to be the main destinations for the Company's cellulose, with the Company serving more than 40 countries across all continents, and Asia still remaining as the main export destination, accounting for 50% of sales in 2019.

The Company had record sales in 2019, the highest volume in its history, totaling 1,891.7 thousand tons in the year.

Average net price of cellulose sold by Eldorado in Dollars in 2019 was US$/t 574, down by US$/t 176, or 23.4%, versus 2018, in line with the drop in international cellulose prices which, according to the PIX indexes for December 2019 and the BEKP for 2018, fell by approximately 30% (-US$/t 196) in China and by 34% (-US$/t 346) in Europe.

Logistics

In 2019, the Company continued to focus on its plan to consolidate and strengthen its operational processes and establish innovative alternatives in the ongoing search for operational productivity, cost reduction and customer service, as well as training and preparing its over 200 employees in the division.

To reinforce this strategy, the Logistics Projects and Processes division was created in 2019 with the objective of leading the implementation of this plan, improve the return rates of capital invested in logistics projects and offer new tools to support our strive for operational excellence for the entire operation, from Integrated Planning to uploading cellulose from the production line for delivery to customers in Brazil or overseas.

The division’s main highlights in 2019 were: the consolidation of the EldTruck tool, a web/APP automated system where all management, hiring and monitoring of the highway transport chain is carried out; the implementation of the first phase of the Logistics Control Tower; the initial implementation of the EWM Program for Integrated Management for all of Eldorado's handling and inventories in Brazil and overseas, and; studies carried out to estimate the return on investments for the waterway and railroad modals.

Forestry

In 2019, the forestry division maintained its focus on the sustainability and competitiveness of the operation, contributing with quality raw material for cellulose production and ensuring stability for its factory production

Eldorado's forestry base totaled approximately 369,000 hectares, of which 229,000 hectares were productive areas and 140,000 hectares were for preservation, conservation and other uses. Timber production remained at normal levels. Approximately 6.16 million cubic meters were harvested, and 6.26 million cubic meters were transported.

In order to increase the competitiveness of the harvesting operation, we carried out approximately 29.4 thousand hours of training, requalifying approximately 381 employees, including at the mechanics and operating positions. These trainings contributed to increase harvesting and transportation productivity by 9.8%.

Timber logistics also reached new levels of competitiveness, with emphasis to the 8.3% reduction in the Weight Volume Ratio (RPV) of cargo, meaning that timer is transportation with less water and, consequently, less weight. This indicator allowed us to increase truck cargo volume (amount of timber loaded per trip) to 63.1 m^3/trip, 7% more than the best results we've had so far. These gains directly reflected a 4.6% reduction in fuel consumption. It is also important to comment on the arrival of new timber loading cranes, which enabled lower fuel consumption, by approximately 11.9% versus the results achieved with previous equipment.

A key highlight for 2019 was the renewal of a large part of our machines and equipment fleet. A total of 580 new equipment were purchased, which guaranteed the renewal of 90% of the timber loading fleet, 40% of the harvesting fleet, 35% of the road fleet, 20% of the forestry fleet and 19% of the transport fleet.

The Asset Management division recorded positive results with the regulation of the Preventive Maintenance versus Corrective Maintenance curves for Forestry, Harvest and Infrastructure equipment, which reduced urgent mechanical maintenance demands by 52%. Another highlight of the division was the implementation of the SISMA (Maintenance System), which improved the agility and quality in decision making processes, planning, execution and control of mechanical maintenance activities of our mechanized assets. This system threw Eldorado's Asset Management division into the digital age where all data is quickly and digitally available for all managers.

Forestry has advanced in implementing new embedded Technologies through the remote sensing of its machines and equipment in a project called Silvicultura Connectivity. This project aims to improve performance in field activities through technology that is embedded in the equipment. The initial results obtained indicated great opportunities for gains in terms of reducing fuel consumption, increasing operational efficiency and reducing equipment repair and maintenance costs.

Similarly, harvest operations advanced with the Colheita Digital project. In all, 60% of harvest activities received new electronic pointing, telemetry and remote sensing technology for of the harvesting and transportation machinery. In addition to the speed and quality in which information is generated, the system was designed with the needs of operating managers in mind, in which information is generated remotely and in real time. Technology also integrates embedded digital maps to facilitate operational routines. The expectation is that, by the end of the first quarter of 2020, the implementation will be concluded for 100% of machines and equipment will be concluded and this will contribute not only to the improvement of operational indicators, but also towards the reduction of corrective maintenance and other costs.

In 2019, the Biomass division continued its studies aimed at adjusting the operational plant in order to process Eucalyptus stumps for energy production, an initiative that began in 2018 in partnership with the Company's Forestry Planning and Inventory division. This study aimed to analyze the stumps' potential as a sustainable source of energy to meet the demand of the Onça Pintada thermoelectric plant.

In the Forestry Technology field, one of the highlights was the startup of the Natural Enemies Multiplying Laboratory, which initially produced three species of parasitoids for biological larvae control. This production allowed the release of larvae for plague control equivalent to 2,000 ha/month, totaling approximately 26,657 biologically controlled hectares in 2019, thereby reducing the need for chemical spraying.

We also advanced in terms of climate monitoring in the regions where we operate. We expanded our weather station network and now cover 96% of our areas through approximately 20 weather stations. This allowed us to use ecophysiological modeling (functional adaptation of organisms according to environmental conditions) to define, with greater precision, our forest managing units and maximize the productivity of our genetic materials according to the different environmental conditions of each region.

In the nutrition and forest management field, the year of 2019 marked the beginning of soil classification work in partnership with the State University of São Paulo (UNESP-Ilha Solteira), with the objective of increasing the efficiency and assertiveness of nutritional management and directing best sustainable practices for forestry cultivation.

As for forestry genetic improvement, we carried out several initiatives that contributed to the advancement of our Forestry Research Program. We performed 262 hybrid crosses of different species and reached nearly 1,953 materials in the Pure Progeny Test, 1,333 materials in the Hybrid Progeny Test and 2,540 materials in the Clonal Test. These initiatives will further leverage our genetic gains in terms of volume, wind resistance, basic timber density, cellulose yield and resistance to plagues and diseases.

Another important milestone in Forestry Technology was in the Biotechnology field, with the beginning of the Polyploidy Program. A total of 36 polyploid seedlings were received for the hybridization garden and new materials were made available for clonal testing. The research was aimed at the chromosomal multiplication of genetic materials to obtain longer and thicker fibers, better timber quality and improved forestry growth.

In the Forest Planning division, we had important achievements in which we highlight the Bush Satellite Monitoring competition, which resulted in processual gains such as higher speeds in which occurrences are detected, better control efficiency, lower operational monitoring costs and increased forest productivity during shorter reaction periods to control invasive plants.

Financials

The Company maintained its commitment to reduce indebtedness with the 9% drop of net debt in 2019, ending the year with a leverage (net debt/EBITDA ratio) of 2.93x.

During 2019, the Company concluded new long-term bilateral financing transactions exceeding US$400 million (R$1,600 million), enabling the early settlement of financial instruments with high costs and financial covenants, with the full amortization of ECAs (Export Credit Agencies) carried out in August 21, 2019 and FI-FGTS (Debentures) with Caixa Econômica Federal carried out in November 27, 2019. Additionally, Eldorado remains focused on its liability management process, which is aimed at improving its debt profile.

On the operating cash generation side, Eldorado maintained initiatives to maximize working capital efficiency, seeking management solutions with financial institutions, suppliers and customers.

At the end of 2019, the 67% of the Company's total debt was comprised by long-term financings.

Endividamento(BRL/MM)	31/12/2019
Moeda Nacional	**1.188**
Curto Prazo	178
Longo Prazo	1.010
Moeda Estrangeira	**5.625**
Curto Prazo	2.073
Longo Prazo	3.552
Dívida Bruta	**6.812**
(-) Caixa	899
(+/-) MTM de Derivativos	0
Dívida Líquida	**5.913**

Corporate Governance

In line with best market practices, Eldorado's corporate governance structure consists of a board of directors, fiscal council, board of executive officers, and four advisory committees. The Board of Directors currently comprises of 5 board members. Eldorado adopts several measures in its integrity program to comply with article 42 of Decree No. 8.420/2015, as detailed in this report. In addition, although Eldorado is not a B3 company, it is registered with the Brazilian Securities and Exchange Commission (CVM) as a publicly held, category B company and observes the corporate governance standards set forth by Novo Mercado, which are detailed below:

- The Company's capital stock consists exclusively of common shares and the issuance of preferred shares is prohibited, as provided for in the Company's Bylaws.

- Statutory provision that includes an arbitration clause indicating that the Company, its shareholders, administrators and members of the fiscal council commit to resolve, through arbitration at the Market Arbitration Chamber, any and all disputes or controversies that may arise between them in reference to the Bylaws, the Brazilian Corporations Law and other applicable corporate and capital market regulations.

Leniency Agreement and Internal Investigation

As publicly known, in May 2017 certain executives and former executives of J&F Investimentos S.A. ("J&F"), in the capacity of the parent company of entities pertaining to "Grupo J&F," from the Company is party, assumed few obligations in the Leniency Agreement with the Federal Attorney General ("PGR"), aiming at meeting the public interest, especially scrutiny investigations throughout the country on events contrary to the laws.

On June 5, 2017, J&F entered into a Leniency Agreement with the Federal Public Prosecutor's Office ("MPF"), which was ratified by the 5th Coordination and Review Chamber of the MPF on August 24, 2017, to which Eldorado adhered on September 21, 2017 ("Agreement").

In this Agreement, J&F undertook, on its behalf and on behalf of companies controlled thereby, to voluntarily cooperate with the Government to conduct internal investigations and provide information to evidence the corroboration of the facts and the authorship of irregularities committed and admitted. Additionally, J&F undertook to fully repair the losses and damages deriving from infringements within the scope of the Cooperation Agreement, through a payment of R$10.3 billion over the next 25 years with maturity as of December 2017. Independent internal investigations at J&F are still ongoing.

J&F, also undertook (i) to implement measures to prevent the practice of illegal acts, corruption, and bribery by improving and deploying integrity programs; (ii) to cooperate and effectively collaborate with oficial investigations by means of a broad internal investigation which shall observe good international practices, aiming at verifying the facts already exposed in good faith to authorities, as well as (iii) to repair the damages deriving from the acts admitted and described in respective Agreement.

Under Article 15, XX of the Leniency Agreement, J&F must conduct na internal investigation, observing good international practices, to verify and corroborate the illegal facts described in the Agreement and identify eventual existence of additional documents, elements, or evidence of corroboration of the facts narrated in the Agreement.

In view of such obligation, and due to the Company's adhesion to the Agreement, an internal investigation was conducted in the Company by law firm Barros Pimentel, Alcantara Gil, e Rodriguez Advogados ("BP"), which designated the company PricewaterhouseCoopers Contadores Públicos Ltda. ("PwC" and, jointly with BP, the "Investigation Staff") to provide specialized forensic services for the collection, hosting, processing, and data analysis necessary in for this type of investigation ("Internal Investigation").

The investigation work was completed by the Investigation Team, with reports delivered by the Investigation Team to the Independent Oversight Committee constituted to accompany the Internal Investigation and provide clarifications directly to the MPF.

The Investigation Team did not find any new facts that were not already included in the attachments to the Agreement, and the Company and the independent auditor therefore concluded that there were no new facts related to the Agreement with the potential to impact the Company's financial statements.

Agreement for Purchase and Sale of Shares

On September 2, 2017, J&F Investimentos S.A., the Company's parent company, entered into a purchase and sale agreement for the sale of all of its direct and indirect equity interest in the Company to CA Investment (Brazil) S.A., a subsidiary of the Paper Excellence group ("Transaction"). ("CA Investment"), at the Company's total value of R$15 billion, to be adjusted according to working capital and net debt, under the terms of the agreement ("Agreement").

The Agreement provided that the transfer of control of Eldorado, from J&F to CA, could take place during a period of up to 12 (twelve) months, if certain precedent conditions were met. These conditions were not fulfilled and thus the transfer of control did not occur within the term provided for in the Agreement and J&F exercised its right to terminate the Agreement.

The parties dispute the reasons for not carrying out the transfer of control of Eldorado as provided for in the Agreement, with a legal and arbitration dispute initiated in the second half of 2018. In November 2018, the São Paulo State Court of Justice ruled to (i) suspend the effects of the termination of the Agreement; and (ii) confirm the ruling by the first degree court that (ii.a) J&F must not dispose of Eldorado shares owned by it to third parties and (ii.b) the parties must comply with a clause of the Agreement that regulates certain aspects of Eldorado's business management, in both cases until further decisions take place in the arbitration.

In March 2019, after the constitution of the arbitral tribunal to rule the dispute, the judicial demands related to the Agreement were extinguished.

In the course of the arbitration, the arbitration court confirmed the aforementioned decisions taken by the Judiciary Power and also increased the list of topics that must be consensually approved by shareholders, including significant matters that go beyond the normal course of Eldorado's business.

The final resolution of conflicts between the Company's shareholders will be defined in the course of the arbitration, with no set date, by the aforementioned arbitration court. The arbitration proceeding is being held in secrecy.

Currently, the shareholding structure of the Company comprises of CA Investment, with a 49.41% stake and J&F, with a 50.59% stake, Eldorado's sole shareholders with J&F as the Company's parent.

Compliance

The Company underwent several compliance efforts in 2019, reinforcing its commitment to act in accordance with the rules and standards applicable to its activity. During the year, the Company was concerned with encouraging dialogue between employees and their respective leaders, which resulted in a more confident and transparent work environment.

The Company improved its Compliance Program, focusing on actions to prevent, detect and fix irregularities within the scope of the Company, as well as actions to foster the ethics, integrity, compliance and transparency values and culture in Eldorado Brasil's businesses. Ernst & Young, a renowned independent external audit company, was hired to assist in the analysis of integrity risks and in the diagnosis of compliance functions to be improved by the Company.

In addition to updating the Code of Conduct and the whistleblowing channel (Eldorado Brasil Ethics Line), the Company conducted compliance training to all its employees, created specific internal policies and procedures and carried out internal communication campaigns to constantly reinforce the posture that senior management expects from all employees. In 2019, more than 3,700 employees attended compliance training and its main objective was to enable employees to identify misconduct and reinforce the means provided by Eldorado Brasil to prevent, detect and correct irregularities.

At the end of 2019, the Company adhered to the Ethos Institute of Business and Social Responsibility pledge with transparency and integrity, reinforcing once again its commitment to ethics and integrity. The Company became a signatory to the Business Movement for Integrity and Transparency and the Business Pact for Integrity and Against Corruption, actions that aim to attract the Brazilian private sector's commitment to promoting a socially responsible and sustainable business environment.

- The Code of Conduct, which was widely disseminated to employees, suppliers, and clients and shall apply to all employees, board members, members of committees, and third parties involved in the Company's activities. The Code includes a specific section establishing sanctions in the event of noncompliance or violations with conducts that are considered as not acceptable. The Code also delineates telephone and email channels through which suggestions, questions, and complaints can be expressed.

- Ethics Channel, a tool by which any violations of the Code of Conduct, internal policies and current legislation can be reported to the Company. In addition to reporting irregularities, the Ethics Channel can also be accessed for complaints, suggestions, questions and compliments. All calls will be directed and handled internally by an autonomous and impartial team members, always treated with confidentiality and professionalism.

- The Ethics Committee, which holds periodic meetings to assess denouncements received through the Eldorado Brasil Ethics Channel (Ombudsman).

- Guidelines for relationships with public agencies - Any relationship with representatives of public agencies must be done in a transparent manner, observing the ethical principles established in its Code of Conduct and the Company's Anti-Corruption Policy, in particular the prohibition of offering advantages and privileges to public officials due to their roles.

Sustainability

During 2019, Eldorado maintained its growth and value generation strategy based on four drivers: competitiveness, innovation, sustainability, and valuing people. As we operate in a sector which directly involves environment and natural resources, sustainability is an essential pillar of business and permeates all the company's actions. Eldorado obtained excellent results in the external audits on forest certifications FSC® and CERFLOR®, which are managed with benchmark techniques in responsible management, meeting 99.9% of the audited requirements, as well as in periodic social and environmental audits led by Environmental Resources Management (ERM) to fulfill obligations of part of its financing agreements. We ensured the maintenance of the HALAL certificates, which ensure that our procedures and production processes are in conformity with rules of Islamic countries and we conquered the KOSHER certificate which attests that our manufactured product complies with the specific rules governing the orthodox Jewish diet. This seal is globally recognized and a synonym for maximum quality control. We also maintained the Highly Protected Risks seal (HPR), issued by reinsurer FM Global in recognition of the operation's high-quality risk management. This confirms our compliance with strict safety controls, concerning its assets, and confirming the safety of its clients and operations as well as the reliability of Eldorado's facilities.

During the same period, the company disclosed its 6th Sustainability Report - 2018, following the criteria of the Global Reporting Initiative (GRI-4) and published its 6th complete inventory of Greenhouse Gases, applying the GHG Protocol methodology and reaffirming its commitment to social and environmental responsibility. The Company became a signatory of the Brazil Climate, Forestry and Agriculture Coalition, the most relevant multi-industry movement in the country in terms of sustainable development in agribusiness, with the objective of defending policies and incentives for low carbon economy through the reduction of greenhouse gas emissions.

The results of environmental monitoring of the Company's activities were presented to local stakeholders in a technical meeting, evidencing the environmental performance of our operations in a transparent manner. In addition, we distributed the 2019 Public Summary of Forest Management

Plan and held over 200 meetings with stakeholders, enabling shared sustainability between the company and local communities.

At the end of 2019, the Company obtained the new plant Operation License, contemplating an increase in the productive capacity of the plant to 1,830,508 ton/year. We maintained a strong work pace for the installation of a new UTE - Onça Pintada Thermoelectric Plant, in Três Lagoas (MS). The plant will generate energy from forest residue such as roots, stumps, and other Eucalyptus byproducts not resulting in cellulose, resulting in more efficient tree-use and clean energy, 100% of which derives from renewable sources, in line with our proposal to create value coupled with social and environmental responsibility.

Final Considerations

We thank our clients for their confidence and trust and our suppliers, partners, lessees and employees, who are constantly determined and committed to making Eldorado Brasil the most competitive company in the sector.

(Convenience translation into English from the original previously issued in Portuguese)

ELDORADO BRASIL CELULOSE S.A.

Independent auditor's report

Financial statements
As at December 31, 2019

ELDORADO BRASIL CELULOSE S.A.

Financial statements
As at December 31, 2019

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the individual and consolidated financial statements of **Eldorado Brasil Celulose S.A.** (**"Company"**), identified as Parent company and consolidated, respectively, which comprise the individual and consolidated statement of financial position as at December 31, 2019 and the respective individual and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of **Eldorado Brasil Celulose S.A.** as at December 31, 2019, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its controlled companies in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

Plea Bargain Agreement, Leniency Deal and Independent Investigation

As described in Note n° 32 to the individual and consolidated interim financial information, in May 2017, some executives and former executives of the Group J&F Investimentos S.A. (J&F), entered into Plea Bargain Agreements with the Attorney General's Office (PGR), later blessed by the Supreme Court of Brazil (STF). Also, in June 2017, J&F entered into a Leniency Deal with MPF. On August 24, 2017, MPF 5th Chamber blessed the Leniency Deal entered into and on October 11, 2017 the federal regular judge of the 10th Federal Court of Distrito Federal, on a justification hearing, also approved in court the mentioned deal.

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In April 2018, the internal investigation imposed by the Agreement was concluded, through specialized, external and independent professionals in relation to the Company, corroborating in large part the irregularities in the Annexes of the Collaboration. In the fourth quarter of 2018, at the request of the Federal Prosecutor's Office to the Investigation Team, additional procedures were initiated for the investigation now completed. The complementary scope refers exclusively to facts narrated in Leniency Agreement and topics already addressed in said completed investigation. On March 25, 2019, these professionals completed the supplementary investigation.

In addition, the Parent Company J&F investigations remain open. Our review report contains no changes to this matter.

ICMS to be recovered

As described in Notes 9 and 33 to the individual and consolidated interim financial statements, the Company has prioritized actions to maximize the realization of ICMS credits contingent on the use of tax incentives granted by the government of the state of Mato Grosso do Sul for the payment of suppliers to be hired in relation to the project for expansion of production and increase in sales of pulp in the domestic market. Additionally, this Management plan requires obtaining funds that may be affected depending on the final resolution of the disputes between the Company's shareholders, to be rendered by the arbitration court on a future date not yet determined. Our review report is not modified in respect of this matter.

Key audit matters

Key audit matters are (KAM) those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that the matters described below are the key audit matters to be communicated in our report.

Revenue recognition

The Company's revenues arising from sales of pulp are recognized when the respective risks and benefits are substantially transferred to the buyer. In view of the diversity and variety of contractual terms, relevance of the amounts and judgment involved in determining the timing for the transfer to the counterparty of the risks and benefits of the goods sold, which may affect the amount recognized in the individual and consolidated financial statements and the amount of the investment recorded according to the equity method in the individual financial statements, we considered this a key audit matter.

Audit response

Our audit procedures included, among others:

- Conducting tests on documents, based on samples, on the existence and accounting of revenues in the proper period, evaluating the moment of recognition of sales revenues according to the transfer of ownership of the good from the Company to the customer, considering the supporting documentation on shipment and delivery of the goods sold;
- Analyzing internal and external indicators of the Company, such as volume of goods sold and variation in prices to identify unusual trends that may indicate material errors in revenue recognition;
- Evaluating and testing relevant Information Technology systems;
- Reviewing the appropriate disclosure in the financial statements.

Based on the result of the audit procedures described above, we considered that the recognition of revenue and the disclosures made are adequate, in all material respects, in the context of the financial statements taken as a whole.

Evaluating the recovery of state and federal tax credits (current and deferred)

As mentioned in Notes n° 9 and 20 to the individual and consolidated financial statements, the Company has in its assets a balance of recoverable taxes related to ICMS (State VAT), in addition to deferred income and social contribution taxes arising from temporary differences and income and social contribution tax losses in the last years. ICMS tax credits are formed based on their commercial operations, which have tax incentives granted by tax legislation to exporters. The realization of recoverable taxes is based on a technical study and on the projection of purchases and sales in future years, considering facts not fully under the control of the Company in regard to obtaining the tax incentive in the state of Mato Grosso do Sul and deferred taxes considering the expected generation future taxable income. The Company uses business and accounting estimates in the calculation of these projections which include, among others, assumptions regarding estimated purchases and sales, growth rates in operations and expected profit margins. Due to the high level of judgment involved to determine such projections and to the impact that possible changes in these assumptions could have on the individual and consolidated financial statements and on the investment amount recorded according to the equity method in the parent company's financial statements, we considered this a significant matter in our audit.

Audit response

Our audit procedures included, among others:

- Evaluation of the assumptions used in the estimates of sales and projections of future taxable income comparing those, when available, with data from external sources, such as projected economic growth;
- Evaluating the consistency of the assumptions with the business plans approved by the Management;
- Involving our internal tax experts in the analysis of the alternatives presented by the Company's management for the use of recoverable taxes to pay future Federal and State taxes by means of request for refund and/or offset and, for deferred taxes, based on tests, in the verification of compliance with Brazilian tax laws, in regard to deductible expenses or taxable revenues forming the balance of temporary differences;
- Checking, with the assistance of our internal tax experts, if the tax basis used in the calculation of the deferred taxes was appropriate considering the effective tax legislation;
- Analyzing the adequacy of the amount accounted for by means of recalculation of temporary differences and tax losses;
- Reviewing the appropriate disclosure in the financial statements.

Based on the result of the audit procedures described above, we considered that the book value of the deferred income and social contribution taxes recorded can be recovered in the future and meet the requirements described in Accounting Pronouncement CPC 32/IAS 12, other Federal and State current taxes can be recovered in the future, considering the specific aspects of ICMS mentioned in the “Emphasis” section. The disclosures made are adequate, in all material respects, in the context of the financial statements taken as a whole.

Measurement of fair value of biological assets – eucalyptus forests

As mentioned in Note n° 11 to the individual and consolidated financial statements, biological assets are measured at fair value based on the present value of discounted cash flows. The measurement of these assets at fair value, deducting estimated sales costs at the time of harvest, involves a significant level of judgment and is based on business assumptions that include, among other items, the average cycle of forests development per planting regions, planted areas, the asset conditions and discount rates for the calculation of the fair value of the biological asset less selling costs. Due to the relevance and high level of judgment from Management in determining those estimates, the discount rates used, and to the impact that possible changes in those assumptions could have on the individual and consolidated financial statements, we considered this a significant matter in our audit.

Audit response

Our audit procedures included, among others:

- Involving our internal experts to evaluate the assumptions adopted in the calculation methodology and in the tests of recalculation of projections and cash flows prepared by the Company;
- Involving our agribusiness experts to evaluate the controls and assumptions used in the formation of eucalyptus forests, considering the aspects of valuation of the biological asset according to the planting time;
- Comparing those data, when available, with information from the sector market, production indexes and estimated selling costs;
- Evaluating the integrity of the information used, as well as the mathematical accuracy of the calculations of fair value of biological assets;
- Reviewing the appropriate disclosure in the financial statements.

Based on the result of the audit procedures described above, we considered that the book value of biological assets meets the requirements established in CPC 29/IAS 41, and that the disclosures made are adequate, in all material respects, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added, prepared under the responsibility of the Company’s management for the year ended December 31, 2019, and presented as supplemental information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company’s financial statements. In order to form an opinion, we have checked whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether its form and contents meet the criteria established in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Audit of corresponding figures

The amounts corresponding to the financial statements as at December 31, 2018, presented for comparison purposes, were audited by us, and our report thereon dated March 25, 2019 contained modification on the reclassification of loans and financing, as the Company had not complied with certain contractual clauses (covenants) of loans and financing contracts with financial institutions on December 31, 2017, and had not obtained a waiver from financial institutions, issue now regularized.

Other information accompanying the individual and consolidated financial statements and auditor's report

The Company and its controlled companies management is responsible for the other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with IFRSs, issued by IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company and its controlled companies ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its controlled companies or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian standards and ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian standards and ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled companies' internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its controlled companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 30, 2020.

BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1

Paulo Sérgio Tufani
Acountant CRC 1 SP 124504/O-9

ELDORADO BRASIL CELULOSE S.A.

Statements of financial position
As at December 31, 2019 and December 31, 2018
(In thousands of Brazilian Reais)

Assets

		Parent company		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current					
Cash and cash equivalents	5.1	520,504	310,419	840,010	610,591
Trade accounts receivable	6	448,727	1,238,398	509,269	651,016
Inventories	8	326,512	368,265	521,010	654,030
Recoverable taxes	9	207,691	220,012	210,200	220,492
Advances to suppliers	10	63,224	12,364	65,411	12,423
Other accounts receivable	7	-	3,268	-	9
Other current assets		30,316	43,602	30,855	44,080
Total current		**1,596,974**	**2,196,328**	**2,176,755**	**2,192,641**
Noncurrent					
Financial investments	5.2	-	160,621	59,482	217,802
Recoverable taxes	9	1,049,860	1,039,931	1,049,860	1,039,944
Advances to suppliers	10	126,197	97,152	126,197	97,152
Deferred income and social contribution taxes	20	50,818	37,368	50,818	37,368
Deposit, guarantees and others		5,518	5,656	5,991	6,039
Other noncurrent assets		15,086	14,943	15,086	14,947
		1,247,479	**1,355,671**	**1,307,434**	**1,413,252**
Biological assets	11	2,745,146	2,668,744	2,745,146	2,668,744
Investments	12	670,942	104,018	-	-
Fixed assets	13	4,465,099	4,306,058	4,476,758	4,314,798
Intangible assets	14	3,732	5,782	73,248	82,136
Rights of use	15	614,583	-	617,694	-
Total noncurrent		**9,746,981**	**8,440,273**	**9,220,280**	**8,478,930**
Total assets		**11,343,955**	**10,636,601**	**11,397,035**	**10,671,571**

Liabilities

		Parent company		Consolidated	
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current					
Loans and financing	17	2,161,677	2,131,478	2,251,215	2,218,319
Trade accounts payable	16	250,038	226,085	248,962	227,526
Leases payables	18	144,814	-	145,579	-
Intercompany payables	7	101,200	118,447	3,986	28,007
Tax liabilities, payroll and social charges	19	141,258	141,893	155,293	150,662
Derivatives payable		-	13,829	-	13,829
Proposed dividends		-	7,636	-	7,636
Other current liabilities		8,810	5,532	53,843	38,239
Total current		**2,807,797**	**2,644,900**	**2,858,878**	**2,684,218**
Noncurrent					
Loans and financing	17	3,108,352	3,619,771	4,561,269	5,096,496
Trade accounts payable	16	2,617	4,536	2,617	4,536
Leases payables	18	501,138	-	503,585	-
Intercompany payables	7	1,453,365	1,444,112	-	-
Provision for procedural risks	21	21,268	9,167	21,268	9,167
Provision for losses on controlled companies	12	-	36,961	-	-
Total noncurrent		**5,086,740**	**5,114,547**	**5,088,739**	**5,110,199**
Equity	22				
Capital stock		1,788,792	1,788,792	1,788,792	1,788,792
Profit reserves		1,579,455	1,030,498	1,579,455	1,030,498
Cumulative conversion adjustments		81,171	57,864	81,171	57,864
Total equity		**3,449,418**	**2,877,154**	**3,449,418**	**2,877,154**
Total liabilities and equity		**11,343,955**	**10,636,601**	**11,397,035**	**10,671,571**

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

ELDORADO BRASIL CELULOSE S.A.

Statements of operations
For the periods ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Note	2019	2018	2019	2018
Net revenue	23	3,236,018	4,387,209	4,270,699	4,622,087
Cost of goods sold	25	(1,724,871)	(1,688,880)	(1,852,813)	(1,657,848)
Gross profit		**1,511,147**	**2,698,329**	**2,417,886**	**2,964,239**
Operating revenues/(expenses)					
Administrative and general	25	(172,947)	(130,331)	(186,479)	(140,198)
Selling and logistics	25	(247,206)	(208,714)	(527,656)	(455,760)
Fair value of biological assets	11	(81,663)	276,420	(81,663)	276,420
Equity in earnings (losses) of controlled companies	12	581,757	(4,444)	-	-
Other revenues, net	27	(12,312)	72,942	(13,896)	68,996
Income before financial revenues (expenses) and taxes		**1,578,776**	**2,704,202**	**1,608,192**	**2,713,697**
Net financial income (loss)	26				
Financial (expenses)		(963,150)	(815,101)	(977,160)	(821,025)
Financial revenues		50,229	27,792	54,395	29,729
Exchange rate gains (losses), net		(137,983)	(747,579)	(138,313)	(748,057)
Income before provision for income and social contribution taxes		**527,872**	**1,169,314**	**547,114**	**1,174,344**
Income and social contribution taxes	20				
Current		-	242	(19,242)	(4,772)
Deferred		13,449	(353,676)	13,449	(353,692)
Net income for the period		**541,321**	**815,880**	**541,321**	**815,880**
Earnings per thousand shares		**0.35**	**0.53**	**0.35**	**0.53**

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 periods ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2019	2018	2019	2018
Net income for the period	541,321	815,880	541,321	815,880
Exchange rate gains (losses) on investments	23,307	45,530	23,307	45,530
Total comprehensive income	**564,628**	**861,410**	**564,628**	**861,410**

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

ELDORADO BRASIL CELULOSE S.A.

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

		Profit reserves						
	Capital stock	Legal reserve	Tax incentive reserve	Reserve for expansion	Special reserve	Cumulative translation adjustments	Accumulated (losses)	Total
Balances as at December 31, 2017	**1,788,792**	**-**	**849,487**	**-**	**-**	**12,334**	**(627,233)**	**2,023,380**
Net income for the period	-	-	-	-	-	-	815,880	**815,880**
Exchange variation on investments	-	-	-	-	-	45,530	-	**45,530**
Legal reserve	-	9,432	-	-	-	-	(9,432)	**-**
Tax incentive reserve	-	-	148,673	-	-	-	(148,673)	**-**
Proposed minimum mandatory dividends	-	-	-	-	-	-	(7,636)	**(7,636)**
Reserve for expansion	-	-	-	22,906	-	-	(22,906)	**-**
Balances as at December 31, 2018	**1,788,792**	**9,432**	**998,160**	**22,906**	**-**	**57,864**	**-**	**2,877,154**
Net income for the period	-	-	-	-	-	-	541,321	**541,321**
Exchange variation on investments	-	-	-	-	-	23,307	-	**23,307**
Legal reserve	-	27,066	-	-	-	-	(27,066)	**-**
Tax incentive reserve	-	-	4,620	-	-	-	(4,620)	**-**
Special reserve for mandatory dividend not distributed	-	-	-	-	7,636	-	-	**7,636**
Proposed minimum mandatory dividends	-	-	-	-	127,409	-	(127,409)	**-**
Reserve for expansion	-	-	-	382,226	-	-	(382,226)	**-**
Balances as at December 31, 2019	**1,788,792**	**36,498**	**1,002,780**	**405,132**	**135,045**	**81,171**	**-**	**3,449,418**

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 periods ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	527,872	1,169,314	547,114	1,174,344
Adjustments to reconcile income (loss) to cash and cash equivalents from operating activities:				
Depreciation and amortization	231,044	242,745	255,496	232,829
Depletion	145,087	184,073	150,733	166,616
Appreciation amortization	1,179	1,179	1,179	1,179
Residual value of assets written off of fixed assets	2,144	132,664	2,144	132,664
Fair value of biological assets	81,663	(276,420)	81,663	(276,420)
Finance charges - interest and exchange rate gains (losses)	637,242	1,262,390	841,721	1,641,659
Finance charges - interest and exchange rate gains (losses) - related parties	209,821	389,747	(244)	(2,382)
Provision for procedural risks	14,884	6,475	14,884	6,475
Derivatives	-	13,829	-	13,829
Trade accounts receivable -exchange rate gains (losses)	8,509	6,522	8,509	6,522
Equity in earnings (losses) of controlled companies	(581,757)	4,444	-	-
Allowance for doubtful accounts	152	5,700	152	6,027
	1,277,840	**3,142,662**	**1,903,351**	**3,103,342**
Decrease (increase) in assets				
Trade accounts receivable	772,904	(250,877)	148,960	(241,441)
Inventories	69,372	157,267	158,072	137,330
Recoverable taxes	2,392	(197,636)	418	(197,735)
Advances to suppliers	(72,850)	7,333	(74,977)	7,361
Other assets - related parties	3,268	(485)	(3,577)	(9)
Other current and non-current assets	13,279	(1,306)	13,151	(1,257)
Increase (decrease) in liabilities				
Trade accounts payable	22,034	13,614	(2,402)	6,764
Leases payable	(5,925)	-	(6,586)	-
Other liabilities - related parties	(24,021)	(43,043)	(23,908)	(3,250)
Tax liabilities, payroll and social charges	1,792	64,584	(11,884)	63,379
Other current and non-current liabilities	(13,334)	(13,696)	(23,405)	15,328
Net cash from operating activities	**2,046,751**	**2,878,417**	**2,077,213**	**2,889,812**
Income tax and social contribution paid	(2,427)	(108,361)	(2,676)	(108,458)
Net cash from operation activities	**2,044,324**	**2,770,056**	**2,074,537**	**2,781,354**
Cash flows from investing activities				
Increase in biological assets	(296,819)	(287,540)	(296,819)	(287,540)
Additions to fixed and intangible assets	(393,892)	(115,134)	(398,129)	(115,999)
Sale of fixed assets	8,106	156,220	8,106	156,220
Financial investments	160,621	7,417	180,250	9,848
Net cash from investing activities	**(521,984)**	**(239,037)**	**(506,592)**	**(237,471)**
Cash flows from financing activities				
Loans and financing raised	3,347,741	1,495,220	3,347,741	1,495,220
Amortization of loans and financing - principal	(2,900,270)	(2,559,926)	(2,978,139)	(2,637,794)
Amortization of loans and financing - interest	(405,261)	(476,581)	(538,952)	(604,367)
Amortization of loans and financing - exchange rate gains (losses)	(1,160,672)	(621,371)	(1,174,702)	(631,974)
Loans and financing intercompany raised	35,888	-	-	-
Amortization of intercompany loans - principal	(81,238)	(79,276)	-	-
Amortization of intercompany loans - interest	(135,993)	(132,695)	-	-
Amortization of intercompany loans - exchange rate gains (losses)	(12,450)	(6,984)	-	-
Net cash from financing activities	**(1,312,255)**	**(2,381,613)**	**(1,344,052)**	**(2,378,915)**
Effects of exchange rate gains (losses) on cash	-	-	5,526	68,116
Change in cash and cash equivalents, net	**210,085**	**149,406**	**229,419**	**233,084**
Cash and cash equivalents at beginning of year	310,419	161,013	610,591	377,507
Cash and cash equivalents at end of year	520,504	310,419	840,010	610,591
Change in cash and cash equivalents, net	**210,085**	**149,406**	**229,419**	**233,084**

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

ELDORADO BRASIL CELULOSE S.A.

Statements of value added
For the periods ended December 31, 2019 and 2018
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Revenues				
Sales of merchandise, products and services	3,383,819	4,510,692	4,419,899	4,746,984
Other operating revenues (expenses), net	(100,650)	252,615	(101,998)	248,698
Transfers related to the construction of own assets	22,262	8,451	22,262	8,451
	3,305,431	**4,771,758**	**4,340,163**	**5,004,133**
Inputs acquired from third parties				
Costs of goods sold, materials, energy, third-party services and others	(1,271,178)	(1,118,067)	(1,642,928)	(1,353,939)
Gross value added	**2,034,253**	**3,653,691**	**2,697,235**	**3,650,194**
Depreciation, amortization and depletion	(377,310)	(427,997)	(407,408)	(400,624)
Net value added generated by the entity	**1,656,943**	**3,225,694**	**2,289,827**	**3,249,570**
Value added received in transfer				
Equity in earnings (losses) of controlled companies	581,757	(4,444)	-	-
Financial revenues	114,996	27,792	241,716	29,729
Total value added to be distributed	**2,353,696**	**3,249,042**	**2,531,543**	**3,279,299**
Value added distribution				
Personnel				
Direct compensation	202,540	211,904	212,534	220,412
Benefits	118,204	115,435	123,831	120,206
FGTS (Severance Pay Fund)	21,419	21,321	22,508	22,249
	342,163	**348,660**	**358,873**	**362,867**
Taxes, fees and contributions				
Federal	118,926	455,863	139,916	462,318
State	80,433	(34,304)	80,618	(34,276)
Municipal	-	-	1,419	1,415
	199,359	**421,559**	**221,953**	**429,457**
Return on debt capital				
Interest	1,159,662	785,007	1,278,027	774,775
Rents	108,316	102,651	109,975	104,401
Others	2,875	775,285	21,394	791,919
	1,270,853	**1,662,943**	**1,409,396**	**1,671,095**
Return on equity capital				
Net income for the period	**541,321**	**815,880**	**541,321**	**815,880**
Total value added distributed	**2,353,696**	**3,249,042**	**2,531,543**	**3,279,299**

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

1. Operations

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

The Company's individual and consolidated financial information for the period ended December 31, 2019 includes the Company and its subsidiaries. The Company and its subsidiaries are primarily engaged in the production and sale of bleached short fiber eucalyptus pulp and the processing of biomass to generate power. The Company completed the construction of its plant in the municipality of Três Lagoas, state of Mato Grosso do Sul, and started production in December 2012.

As of December 31, 2019, Eldorado's annual production capacity is around 1.8 million tons of bleached eucalyptus pulp. The wood we use to produce cellulose is 98.6% from the state of Mato Grosso do Sul and the rest of the state of Mato Grosso, a climatically and topographically well-adapted area for eucalyptus growth.

The Company has current liabilities higher than current assets in the amount of R$ 1,210,823 in the Parent Company and current assets higher than current liabilities in the amount of R$ 682,123 in the Consolidated.

The Company concluded new long-term bilateral financing operations in the amount of more than US$ 400 million, enabling the negotiation of early settlement of high cost debts and financial covenants, with the total value of the ECAs (Export Credit Agencies) being amortized on December 28 August 2019 and the FI-FGTS (Debentures) with Caixa Econômica Federal on November 27, 2019.

Eldorado remains focused on its liability management process in order to reduce its leverage. As soon as certain political and market conditions are accommodated, the Company intends to seek new forms of long-term financing in order to readjust the capital structure of third parties between the short and long term.

The Company takes advantage of the attractive cash position, cash equivalents and short-term investments (in the amount of R$ 520,504 in the Parent Company and R$ 840,010 in the Consolidated) to maintain the continuous deleveraging process.

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

(In thousands of Brazilian Reais)

2. List of subsidiaries

	Country	Equity Interest 12/31/2019	Equity Interest 12/31/2018
Subsidiaries			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreendimentos e Participações S.A.	Brazil	100%	100%
Indirect Subsidiaries			
Eldorado USA Inc.	United States	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

3. Preparation and presentation of the financial information

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

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

After review of the Individual and Consolidated financial information by the Board of Directors at the meeting held on March 30, 2020, they were authorized for issue by the Company.

b. Basis of measurement

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

- Derivative financial instruments are measured at fair value;
- The financial instruments of debt are measured at fair value through profit or loss; and
- Biological assets measured at fair value are recognized in the statement of profit or loss in line item "Fair value of biological assets".

c. Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(i) Judgments

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

- **Note 31** – operating leases.

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended December 31, 2019 and 2018 is included in the following notes:

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

d. Fair value measurement

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

- **Note 11** – biological assets;
- **Note 18** – leases payable;
- **Note 30** – financial instruments.

e. Functional and presentation currency

This individual and consolidated financial statement is presented in Brazilian reais, which is the Company’s functional currency. All financial statement on presented in Brazilian reais has been rounded to the nearest thousand, unless otherwise indicated.

4. Summary of significant accounting policies

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

a. Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

b. Revenue

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

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

In accordance with Pronouncement nº 47 (Revenue from Contracts with Clients) / IFRS 15, emitted by CPC, the Company and its subsidiaries recognize revenue when, and only when:

- The amount of revenue can be reliably measured;
- The Company and its subsidiaries have transferred to the buyer the control of the asset, for the amount that the entity expects to be entitled to receive;
- The expenses incurred or to be incurred in respect of the transaction can be reliably measured.

c. Functional and reporting currency

(i) Transactions in foreign currency

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

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

(ii) Foreign operations

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

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

d. Financial instruments

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

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

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

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

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Subsequent to initial recognition, transaction costs are recognized in profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in profit or loss.

- **Cash and cash equivalents**

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

- **Financial assets measured at amortized cost**

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

- **Non-derivative financial liabilities**

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

- **Impairment of financial assets**

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

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there is no realistic perspective of recovery of the asset, the amount is written off. If the amount of the impairment loss subsequently decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

- **Derivative financial instruments**

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

- **Social capital**

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

e. Inventories

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

f. Fixed assets

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

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

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

Depreciation

Depreciation is calculated based on the residual value using the straight-line method over the estimated useful life of each asset and is generally recognized in profit or loss (except land and construction in progress).

(In thousands of Brazilian Reais)

The estimated useful lives, the residual values, and the depreciation methods are reviewed at the end of the reporting period, and the effects of any changes in estimates are accounted for prospectively. The annual depreciation rates are as follows:

Weighted annual depreciation rates

	12/31/2019	12/31/2018
Buildings	3.58%	3.68%
Facilities and improvements	5.67%	5.53%
Furniture and fixtures	9.44%	9.29%
Vehicles	20.59%	21.39%
Technical and scientific instruments	11.56%	10.93%
IT equipment	19.81%	19.89%
Machinery and equipment	6.49%	6.40%
Leasehold improvements	7.48%	7.48%
Vessels and floating structures	20.00%	20.00%
Eucalyptus matrices	20.00%	20.00%

g. Biological assets

Biological assets comprise renewable plantation eucalyptus forests for production of pulp used in paper manufacturing. These assets are measured at fair value less costs to sell, whose impacts are recognized in the statement of profit or loss for the year.

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

h. Intangible assets

(i) Other intangible assets

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

(ii) Amortization

The amortization is calculated to amortize the cost of items of the intangible asset, less its estimated residual values, using the straight-line method based on the estimated useful lives of the items. The amortization is generally recognized in profit or loss. The estimated useful lives are as follows:

	2019	2018
Software	5 years	4 years
Appreciation of right-of-use of port movement concession	14 years	14 years
Terminal concession	14 years	14 years

i. Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine where there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

For the purposes of impairment testing, assets are grouped at the smallest group, which generates cash inflows that are largely independent from the cash inflows of other assets or cash Generation Unit (CGU).

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

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

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

j. Trade accounts payable

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

k. Provisions

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

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

l. Earnings per share

Basic earnings per share are calculated based on the profit 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.

m. Income tax and social contribution tax

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

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

(i) Current taxes

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

(ii) Deferred taxes

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

- The initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or taxable income or loss;
- Differences related to investments in controlled companies, branches and associated companies, and in joint ventures considering that the Company is capable of controlling the moment of reversal and that such differences should not be reversed in the future;
- Deferred taxes are not recognized for taxable temporary differences resulting from the initial recognition of goodwill.

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

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

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

n. Employee benefits

Defined contribution pension plan

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

o. Operating leases

(i) Right to use leasing assets – explanatory note 15

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

Service contracts and supply agreements were treated as leases when there is an identifiable asset.

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

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

Lease agreements with a term of less than twelve months and an identifiable asset with a market value of less than twenty thousand Brazilian Reais were not included in IFRS 16.

(ii) Provision for leasing – explanatory note 18

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

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

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

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

(iii) Take or pay contracts

Operating lease payments (take or pay) are recognized in inventory at the acquisition of chemical products and, subsequently, allocated to cost of pulp in the production process, as mentioned in Note 31.

p. ICPC 22 (IFRIC 23) - Uncertainty over income tax treatment

The interpretation in effect as from January 01, 2019 explains how to apply the measurement and recognition requirements when there is uncertainty over income tax treatments.

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

IFRIC 23 does not introduce new disclosures, but reinforces the need to comply with existing disclosure requirements regarding (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial statements.

Management did not identify any impacts arising from this change.

q. New standards, revisions and interpretations not yet adopted

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

r. Added Value Statment

The Company prepared the statements of added value ("AVS"), individual and consolidated, 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 – Added Value Statment. IFRSs do not require the presentation of these statements and, therefore, are considered supplementary information, without prejudice to the set of financial statements.

s. Segment information

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

(In thousands of Brazilian Reais)

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

5. Cash and cash equivalents and financial investments

5.1. Cash and cash equivalents

		Parent Company		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	Cash and cash equivalents	32	23	35	26
Banks - demand deposits	Banks - demand deposits (a)	187,889	21,841	507,392	322,010
Banks - financial investments (a)	Banks - financial investments (b)	332,583	288,555	332,583	288,555
		520,504	310,419	840,010	610,591

(a) Demand deposits largely held abroad in a current checking account with top-tier financial institutions with rates ranging from 0.5% to 1.55% per year;

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

5.2. Financial investments – non-current assets

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Fundo Caixa FI (a)	-	70,833	-	70,833
CDB CEF (b)	-	89,788	-	89,788
Banco do Brasil Paris (c)	-	-	59,482	57,181
	-	160,621	59,482	217,802

(a) Fixed-income investment with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of debentures in FI-FGTS, as shown in note 17.4;

(b) Investment in CDB with Caixa Econômica Federal, with gross return based on CDI variation. These funds are given in guarantee of financial investment to the issue of NCE, as shown in note 17.2. (i) and (v);

(In thousands of Brazilian Reais)

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

6. Trade accounts Receivable

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Domestic market	112,954	206,677	112,954	206,677
Foreign market	335,773	1,031,721	396,315	444,339
	448,727	**1,238,398**	**509,269**	**651,016**

The aging list of trade receivables is as follows:

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Falling due	332,948	1,191,069	448,255	559,363
1 to 30 days past due	79,102	39,492	37,153	79,683
31 to 60 days past due	33,773	6,441	2,657	8,732
61 to 90 days past due	421	176	1,201	1,506
Over 90 days past due	2,483	1,220	20,003	1,732
	448,727	1,238,398	509,269	651,016

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

Expected credit loss

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Beginning balanced	(5,700)	-	(6,026)	-
(Constitutional) / reversals	152	(5,700)	152	(6,027)
Exchange rate fluctuation	-	-	(14)	1
Final balanced	**(5,548)**	**(5,700)**	**(5,888)**	**(6,026)**

(In thousands of Brazilian Reais)

7. Related-party transactions

The main intercompany balances in balance sheet accounts and transactions affecting income (loss) accounts result from operations conducted at market conditions and prices agreed between the parties and showed as follows:

Assets and Liabilities
Receivable and (payable)

		Parent Company		Consolidated	
Balances with subsidiaries	**Type**	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Cellulose Eldorado Áustria GmbH	Pulp sale	100,325	781,611	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(123,134)	(203,106)	-	-
Cellulose Eldorado Áustria GmbH	Transfer of costs	(73)	-	-	-
Eldorado EUA	Pulp sale	206,044	218,219	-	-
Eldorado EUA	Transfer of costs	(3,365)	-	-	-
Eldorado Intl. Finance GmbH	Transfer of costs	-	3,259	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(1,424,007)	(1,331,446)	-	-
Rishis Empreend. e Partic.	Rendering of service	(24,240)	(20,100)	-	-
Total net payable to subsidiaries		**(1,268,450)**	**(551,563)**	-	-
Balances with controlling shareholders					
J&F Investimentos	Transfer of costs	-	9	-	9
J&F Investimentos	Guarantee (i)	(3,986)	(28,007)	(3,986)	(28,007)
J&F Investimentos	Sundry (vi)	(52)	(49)	(52)	(49)
Total net payable to shareholders		**(4,038)**	**(28,047)**	**(4,038)**	**(28,047)**
Balances with companies belonging to the Group					
JBS	Sundry (iv)	(809)	(988)	(809)	(988)
Seara Alimentos	Consumables (v)	(26)	(207)	(26)	(207)
Total net payable with companies belonging to the Group		**(835)**	**(1,195)**	**(835)**	**(1,195)**
Net total		**(1,273,323)**	**(580,805)**	**(4,873)**	**(29,242)**

Result
Revenue and (expenses)

		Parent Company		Consolidated	
Transactions with subsidiaries	**Type**	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Cellulose Eldorado Áustria GmbH	Pulp sale	1,888,474	3,103,654	-	-
Cellulose Eldorado Áustria GmbH	PPE (ii)	(14,711)	(20,796)	-	-
Eldorado EUA Inc.	Pulp sale	619,715	483,546	-	-
Eldorado Intl. Finance GmbH	PPE (iii)	(123,559)	(118,130)	-	-
Rishis Empreend. e Partic.	Rendering of service	(25,117)	(23,225)	-	-
Revenues from subsidiaries, net		**2,344,802**	**3,425,049**	-	-
Transactions with controlling shareholders					
J&F Investimentos	Guarantee (i)	(43,126)	(57,583)	(43,126)	(57,583)
Expenses with controlling shareholders, net		**(43,126)**	**(57,583)**	**(43,126)**	**(57,583)**
Transactions with companies belonging to the Group					
JBS	Sundry (iv)	(16,152)	(19,317)	(16,152)	(19,317)
Seara Alimentos	Consumables (v)	(561)	(362)	(561)	(362)
Expenses with companies belonging to the Group, net		**(16,713)**	**(19,679)**	**(16,713)**	**(19,679)**
Total net income		**2,284,963**	**3,347,787**	**(59,839)**	**(77,262)**

(i) Guarantee granted by the *holding* J&F Investimentos S.A., for warranty of loans operations that the Company has with banks;

(ii) Export financing granted by Cellulose Eldorado Austria GmbH to Eldorado Brasil Celulose S.A with a five-year term and interest rate of 8.19% p.a. + exchange differences;

(iii) Export financing granted by Eldorado Intl. Finance GmbH to Eldorado Brasil Celulose S.A with a five-year term, with interest rate of 8.875% p.a. + exchange differences;

(In thousands of Brazilian Reais)

(iv) Refers to amounts payable relating to various transactions, among them: freight on pulp transportation, purchase of consumables for use in the cafeteria, rental of administrative building and data center, etc.;

(v) These refer to acquisition of consumables for use in the cafeteria and Christmas kits;

(vi) This refers to reimbursements related to rents and corporate expenses.

7.1. Management compensation

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

	Parent Company		Consolidated	
Benefits (a)	12/31/2019	12/31/2018	12/31/2019	12/31/2018
	22,161	38,912	25,731	43,471

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

8. Inventories

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Seedlings	29	-	29	-
Raw materials (wood for production)	120,656	194,336	120,656	194,337
Pulp	40,649	34,961	234,961	320,522
Inputs	25,084	19,256	25,084	19,256
Storeroom supplies	140,094	119,712	140,280	119,915
	326,512	**368,265**	**521,010**	**654,030**

(In thousands of Brazilian Reais)

9. Taxes recoverable

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
State VAT (ICMS) (i)	1,120,141	1,127,166	1,120,309	1,127,646
Taxes on sales (PIS e COFINS) (ii)	72,433	42,683	72,433	42,683
Federal VAT (IPI)	4	2	4	2
Services tax (ISS)	177	230	177	230
Reintegra (iii)	39,643	51,110	39,643	51,110
Withholding income tax (IRRF) (iv)	10,728	3,843	10,728	3,843
National Institute of Social Security (INSS) to offset	-	-	395	-
Corporate income tax (IRPJ) to offset (v)	5,560	14,652	5,560	14,665
Social contribution tax (CSLL) to offset (v)	7,796	20,257	7,796	20,257
Prepayment IRPJ (vi)	780	-	2,719	-
Prepayment CSLL (vi)	289	-	296	-
	1,257,551	1,259,943	1,260,060	1,260,436
Breakdown				
Current assets	207,691	220,012	210,200	220,492
Noncurrent assets	1,049,860	1,039,931	1,049,860	1,039,944
	1,257,551	1,259,943	1,260,060	1,260,436

(i) ICMS

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

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

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

(ii) PIS and COFINS

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

(In thousands of Brazilian Reais)

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

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

(iii) Reintegra

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

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

Period	Aliquot
October/2014 to February/2015	3.0%
March/2015 to November/2015	1.0%
December/2015 to December/2016	0.1%
January/2017 to May/2018	2.0%
June/2018 to September/2019 *	0.1%

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

(iv) IRRF

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

(v) IRPJ and CSLL to offset

Related to IRPJ and CSLL in 2017 and 2018, collected in advanced in compliance with the rules for actual profit taxation regime, which by the end of the year totaled more than the amount actually due by the Company. Based on the current legislation, the balances are adjusted at the Central Bank Overnight Rate (SELIC) and are being offset against federal taxes payable in 2019.

(In thousands of Brazilian Reais)

(vi) IRPJ and CSLL - Prepayment

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

10. Advances to suppliers

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Purchase of wood (i)	176,970	97,152	176,970	97,152
Others	12,451	12,364	14,638	12,423
	189,421	109,516	191,608	109,575
Breakdown				
Current assets	63,224	12,364	65,411	12,423
Noncurrent assets	126,197	97,152	126,197	97,152
	189,421	109,516	191,608	109,575

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

11. Biological assets

The Company's biological assets are represented by eucalyptus forests under development, intended for the supply of wood to produce pulp, 98.6% in areas located in the state of Mato Grosso do Sul and the remaining in the state of Mato Grosso.

The opening and closing balances are roll-forward as follows:

	Parent Company and Consolidated	
	12/31/2019	12/31/2018
At the beginning of the year	2,668,744	2,499,996
Change in the fair value of biological assets net of costs to sell	(81,663)	276,420
Tree felling for inventory	(162,042)	(395,212)
Forest development cost	320,107	287,540
	2,745,146	**2,668,744**

(In thousands of Brazilian Reais)

At December 31, 2019 had a production area of 229,729 hectares (229,592 hectares at December 31, 2018), not including other areas such as the permanent preservation and legal reserve areas, in compliance with prevailing environmental laws.

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

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

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

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

To determine wood price in the local market, the Company adopted the parity with Center for Advances Studies on Applied Economics (CEPEA) Sorocaba’s estimate, adjusted to reflect the price of standing timber, which is affected by the distance between the farm and the production unit. The history of unit cost per cubic meter of wood at each period end is shown in the table below:

Period	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
R$/m³	51.00	51.00	51.00	54.00	54.00	52.85	50.36	50.36

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

(In thousands of Brazilian Reais)

	12/31/2019	12/31/2018
Current productive area (hectare)	229,729	229,592
Average Annual Increase (IMA) - m³/ hectare	34.80	38.11
Discount rate (WACC without consumer price index) - %	5.08	5.94

The changes of the fair value of biological assets were recognized in the statement of profit or loss in line item "Fair value of biological assets".

12. Investments

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

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

In parent company:	Balance as at 12/31/2018	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 12/31/2019
Cellulose Eldorado Austria Gmbh	(36,961)	-	23,307	299,572	282,226	568,144
Rishis Empreendimentos e Participações S.A.	91,144	-	-	-	(41)	91,103
Appreciation of right to use granting of port movements	12,874	(1,179)	-	-	-	11,695
Total	67,057	(1,179)	23,307	299,572	282,185	670,942
Provision for losses on subsidiaries						
Total	36,961					-

Significant information about investments on subsidiaries for the period ended December 31, 2018

In subsidiaries:	% Ownership interest	Total assets	Capital stock	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria Gmbh	100%	2,995,419	111	(36,961)	3,823,240	296,805
Rishis Empreendimentos e Participações S.A.	100%	93,016	108,979	91,144	22,063	76

In Parent Company:	Balance as at 12/31/2017	Addition (low)	Cumulative translation adjustment	Unrealized profit in inventories	Equity in earnings (losses)	Balance as at 12/31/2018
Cellulose Eldorado Austria Gmbh	(77,971)	-	45,530	(301,325)	296,805	(36,961)
Rishis Empreendimentos e Participações S.A.	91,068	-	-	-	76	91,144
Appreciation of right to use granting of port movements	14,053	(1,179)	-	-	-	12,874
Total	27,150	(1,179)	45,530	(301,325)	296,881	67,057
Provision for losses on subsidiaries						
Total	77,971					36,961

Subsidiaries

Cellulose Eldorado Austria Gmbh

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

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

Rishis Empreendimentos e Participações S.A.

Rishis Empreendimentos e Participações S.A. holds the rights and obligations of the Lease Agreement No. DP-DC 01/2005 ("Lease Agreement") entered into with Companhia Docas do Estado de São Paulo – CODESP ("CODESP") on December 02, 2005, valid up to November 04, 2029.

Rishis is a port operator, certified by the port authority (Codesp) since march 05, 2015, lessee of a port facility of public use specialized in the break bulk transportation of pulp for export. It is located in the official area of the established port of Santos, in the area named Outeirinhos. Its total area is about 10,000 m^2 with capacity for static storage of 32,000 tonnes, moved by three overhead cranes with telescopic spreaders of latest generation and forklifts with clamps. Rishis has controls and processes compliant with ISO9001, ISO14001 and OHSAS18001 standards, whose certifications are assessed and issued by BRTUV.

The facilities, accesses and operating activities are ruled by customs legislation from the Brazilian Revenue Service, being its permit for operations published in the Federal Register (DOU) by means of Executive Declaratory Act No. 30 of May 20, 2013, effective up to November 05, 2029.

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

Appreciation of right-of-use of port movement concession

The Company has recorded, as at December 31, 2019, appreciation of the right to use the port area object of a lease agreement that is being amortized for the term of such usage right, valid up to November 05, 2029.

(In thousands of Brazilian Reais)

13. Fixed assets

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

	Parent Company - 12/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.68%	1,150,808	(199,369)	951,439
Leasehold improvements	10.00%	3,111	(1,569)	1,542
Facilities and improvements	5.34%	288,410	(63,368)	225,042
Furniture and fixtures	9.23%	8,806	(4,145)	4,661
Vehicles	21.39%	130,842	(101,415)	29,427
Technical and scientific instruments	10.87%	6,383	(3,827)	2,556
IT equipment	19.87%	63,768	(58,531)	5,237
Machinery and equipment	6.39%	3,646,622	(901,403)	2,745,219
Vessels and floating structures	20.00%	7	-	7
Eucalyptus Matrices	20.00%	79	(45)	34
Construction in progress and advances for capital expenditures	-	237,683	-	237,683
		5,639,730	(1,333,672)	4,306,058

(In thousands of Brazilian Reais)

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

	Consolidated - 12/31/2018			
	Weighted annual depreciation rates	Cost	Accumulated depreciation	Net
Land	-	103,211	-	103,211
Buildings	3.68%	1,150,808	(199,369)	951,439
Leasehold improvements	7.48%	12,282	(10,530)	1,752
Facilities and improvements	5.53%	288,769	(63,701)	225,068
Furniture and fixtures	9.29%	9,316	(4,396)	4,920
Vehicles	21.39%	130,976	(101,549)	29,427
Technical and scientific instruments	10.93%	6,383	(3,827)	2,556
IT equipment	19.89%	64,964	(59,485)	5,479
Machinery and equipment	6.40%	3,650,252	(903,084)	2,747,168
Vessels and floating structures	20.00%	7	-	7
Eucalyptus matrices	20.00%	79	(45)	34
Construction in progress and advances for capital expenditures	-	243,737	-	243,737
		5,660,784	(1,345,986)	4,314,798

(In thousands of Brazilian Reais)

Changes in fixed assets

Parenty Company

Parent Company

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Balance at 12/31/2019
Land	103.211	-	-	13	-	103.224
Buildings	951.439	41	-	2.429	(39.855)	914.054
Leasehold improvements	1.542	-	-	-	(311)	1.231
Facilities and improvements	225.042	29	-	1.255	(12.841)	213.485
Furniture and fixtures	4.661	504	-	655	(887)	4.933
Vehicles	29.427	39.902	(2.382)	1.563	(18.601)	49.909
Technical and scientific instruments	2.556	239	-	338	(546)	2.587
IT equipment	5.237	726	(49)	4.839	(2.690)	8.063
Machinery and equipment	2.745.219	17.097	(537)	89.506	(155.977)	2.695.308
Vessels and floating structures	7	-	-	-	(2)	5
Eucalyptus matrices	34	28	-	-	(18)	44
Construction in progress and advances for capital expenditures	237.683	335.315	-	(100.742)	-	472.256
	4.306.058	393.881	(2.968)	(144)	(231.728)	4.465.099

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Balance at 12/31/2018
Land	103,211	-	-	-	-	103,211
Buildings	969,440	-	-	21,395	(39,396)	951,439
Leasehold improvements	8,761	-	(4,449)	(1,538)	(1,232)	1,542
Facilities and improvements	223,579	-	-	13,684	(12,221)	225,042
Furniture and fixtures	5,508	186	(1)	68	(1,100)	4,661
Vehicles	52,685	3,588	(27)	115	(26,934)	29,427
Technical and scientific instruments	2,760	183	-	113	(500)	2,556
IT equipment	8,158	270	-	233	(3,424)	5,237
Machinery and equipment	3,012,468	696	(128,187)	28,636	(168,394)	2,745,219
Vessels and floating structures	-	7	-	-	-	7
Eucalyptus matrices	50	-	-	-	(16)	34
Construction in progress and advances for capital expenditures	191,505	110,176	-	(63,998)	-	237,683
	4,578,125	115,106	(132,664)	(1,292)	(253,217)	4,306,058

(In thousands of Brazilian Reais)

Consolidated

Changes	Balance at 12/31/2018	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Balance at 12/31/2019
Land	103.211	-	-	13	-	-	103.224
Buildings	951.439	41	-	2.429	(39.855)	-	914.054
Leasehold improvements	1.752	-	-	-	(330)	-	1.422
Facilities and improvements	225.068	29	-	1.255	(12.846)	1	213.507
Furniture and fixtures	4.920	656	-	534	(984)	11	5.137
Vehicles	29.427	39.902	(2.382)	1.563	(18.601)	-	49.909
Technical and scientific instruments	2.556	239	-	338	(546)	-	2.587
IT equipment	5.479	1.014	(49)	4.959	(2.856)	9	8.556
Machinery and equipment	2.747.168	17.187	(537)	89.416	(156.218)	-	2.697.016
Vessels and floating structures	7	-	-	-	(2)	-	5
Eucalyptus matrices	34	28	-	-	(18)	-	44
Construction in progress and advances for capital expenditures	243.737	339.022	-	(101.462)	-	-	481.297
	4.314.798	398.118	(2.968)	(955)	(232.256)	21	4.476.758

Changes	Balance at 12/31/2017	Additions	Write-off	Transfers	Depreciation	Exchange rate fluctuation	Saldo em 12/31/2018
Land	103,211	-	-	-	-	-	103,211
Buildings	969,440	-	-	21,395	(39,396)	-	951,439
Leasehold improvements	55,750	-	(4,449)	(48,299)	(1,250)	-	1,752
Facilities and improvements	228,422	-	-	8,869	(12,226)	3	225,068
Furniture and fixtures	5,815	203	(1)	68	(1,173)	8	4,920
Vehicles	52,685	3,588	(27)	115	(26,934)	-	29,427
Technical and scientific instruments	2,760	183	-	113	(500)	-	2,556
IT equipment	8,596	270	-	233	(3,623)	3	5,479
Machinery and equipment	3,020,651	696	(128,187)	22,615	(168,607)	-	2,747,168
Vessels and floating structures	-	7	-	-	-	-	7
Eucalyptus matrices	50	-	-	-	(16)	-	34
Construction in progress and advances for capital expenditures	197,217	111,024	-	(64,504)	-	-	243,737
	4,644,597	115,971	(132,664)	(59,395)	(253,725)	14	4,314,798

Construction in progress and advances for capital expenditures

The outstanding amounts related to construction in progress and advances for capital expenditures as at December 31, 2019 refer to structural improvements in the pulp plant and surrounding areas and expenditures on basic engineering, environmental license and infrastructure woks for the construction of Projeto Vanguarda 2.0, new production line with estimated of more than 2.3 million tons of pulp per year and Project of Thermoelectric Plant - UTE Onça Pintada, which will have capacity for generating 50MW of energy from eucalyptus stumps and roots biomass.

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

Review of useful life

In order to meet the requirements of CPC 27, the Company reviewed the technical useful life of fixed assets and found that some items should be adjusted to improve adherence to the current reality of the operation.

(In thousands of Brazilian Reais)

The assumptions used by the technical area are based on the assets operation characteristics: working hours, technological obsolescence, use conditions and maintenances made.

Impairment test - fixed assets

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

14. Intangible assets

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

	Parent Company - 12/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Software	20.54%	19,334	(13,552)	5,782

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

	Consolidated - 12/31/2018			
	Weighted annual amortization rates	Costs	Accumulated amortization	Net
Appreciation of right-of-use of port movement concession	6.94%	17,002	(4,128)	12,874
Software	20.46%	20,064	(14,027)	6,037
Terminal concession	7.14%	79,091	(15,866)	63,225
		116,157	**(34,021)**	**82,136**

(In thousands of Brazilian Reais)

Changes in intangible assets

Parenty Company

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

Changes	12/31/2017	Additions	Transfers	Amortizations	12/31/2018
Software	7,337	28	1,292	(2,875)	5,782

Consolidated

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

Changes	12/31/2017	Additions	Transfers	Amortizations	12/31/2018
Appreciation of right-of-use of port movement concession (a)	14,053	-	-	(1,179)	12,874
Software	7,736	28	1,292	(3,019)	6,037
Terminal concession	11,453	-	58,103	(6,331)	63,225
	33,242	**28**	**59,395**	**(10,529)**	**82,136**

(a) These refer to the appreciation of the right-of-use of port movement concession (Note 12).

Impairment of tangible and intangible assets

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

(In thousands of Brazilian Reais)

15. Rights of use

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

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

Movement of assets in use:

Parenty Company

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Adjustment of plots	12/31/2019
Land	651,641	-	-	(86,747)	23,391	588,285
Buildings	853	2,374	-	(1,108)	(43)	2,077
Vehicles	14,824	12,194	-	(8,344)	265	18,939
Machinery and equipment forest implements	40,887	313	(31,257)	(8,730)	4,069	5,282
Facilities and improvements	150	-	-	(201)	51	-
Total	**708,355**	**14,881**	**(31,257)**	**(105,130)**	**27,733**	**614,583**

Consolidated

Lease use right	01/01/2019	Additions	Write-off	Depreciation	Adjustment of plots	Exchange variation	12/31/2019
Land	651,641	-	-	(86,747)	23,391	-	588,285
Buildings	4,667	2,374	-	(1,871)	(8)	26	5,188
Vehicles	14,824	12,194	-	(8,344)	265	-	18,939
Machinery and equipment forest implements	40,887	313	(31,257)	(8,730)	4,069	-	5,282
Facilities and improvements	150	-	-	(201)	51	-	-
Total	**712,169**	**14,881**	**(31,257)**	**(105,893)**	**27,768**	**26**	**617,694**

The amount of R$ 66,246 thousand of depreciation of the parent company and consolidated are considered to biological assets to compose the formation cost.

(In thousands of Brazilian Reais)

16. Trade payables

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Supplies and services	60,262	60,207	57,483	56,393
Inputs	177,968	155,153	177,968	155,154
Others	14,425	15,261	16,128	20,515
	252,655	230,621	251,579	232,062
Breakdown				
Current liabilities	250,038	226,085	248,962	227,526
Noncurrent liabilities	2,617	4,536	2,617	4,536
	252,655	230,621	251,579	232,062

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

17. Loans and Financing

Type	Average annual interest rate and commissions	Maturity	Parent Company 12/31/2019	Parent Company 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	7,029	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,422,847	954,153
BNDES (ii)	TJLP + spread	June/2022	294,146	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,427,911	1,903,920
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	-	1,215,417
NCE (v)	CDI + spread	September/2022	526,404	224,904
Working Capital (vi)	Rate of 5.74% p.a. in dollars	December/2020	10,432	20,057
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	208,571	197,497
Leasing (x)	CDI + spread	May/2024	25,642	1,347
CCB (xi)	Pre-fixed - interest 7.72% p.a.	August/2022	125,853	-
PPE (xii)	LIBOR + spread	August/2022	1,221,194	-
			5,270,029	5,751,249
Breakdown				
Current liabilities			2,161,677	2,131,478
Noncurrent liabilities			3,108,352	3,619,771
			5,270,029	5,751,249

The noncurrent portion of borrowing and financing becomes due as follows:

2021	1,406,901
2022	1,485,264
2023	67,295
2024	105,673
After 2025	43,219
	3,108,352

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Maturity	Consolidated 12/31/2019	Consolidated 12/31/2018
Fixed assets purchase financing				
FINAME - Project Finance	Average interest of 3% to 8% p.a.	July/2023	7,029	14,072
ACC - Advance on Exchange Contract (i)	Forex + interest	August/2020	1,422,847	954,153
BNDES (ii)	TJLP + spread	June/2022	294,146	414,659
BNDES (ii)	Floating rate BNDES + spread	July/2022	1,427,911	1,903,920
ECAs - Export Credit Agencies (iii)	Forex + interest of 2.8% to 5.69% p.a.	-	-	805,223
Debentures (Second Issue) (iv)	IPCA + interest 7.41% p.a.	December/2027	-	1,215,417
NCE (v)	CDI + spread	September/2022	526,404	224,904
Working Capital (vi)	Rate of 5.74% p.a. in dollars	December/2020	10,432	20,057
Term Loan (vii)	LIBOR + spread	April/2021	134,506	215,551
Bonds (viii)	Rate of 8.625% p.a.	June/2021	1,407,949	1,348,015
FINEM Florestal (ix)	TJLP / selic + spread	May/2025	208,571	197,497
Leasing (x)	CDI + spread	May/2024	25,642	1,347
CCB (xi)	Pre-fixed - interest 7.72% p.a.	August/2022	125,853	-
PPE (xii)	LIBOR + spread	August/2022	1,221,194	-
			6,812,484	**7,314,815**
Breakdown				
Current liabilities			2,251,215	2,218,319
Noncurrent liabilities			4,561,269	5,096,496
			6,812,484	**7,314,815**

The noncurrent portion of borrowing and financing becomes due as follows:	
2021	2,859,818
2022	1,485,264
2023	67,295
2024	105,673
After 2025	43,219
	4,561,269

17.1. Changes in loans and financing

Parent Company	12/31/2019	12/31/2018
Opening balance	5,751,249	6,651,517
Interest - accrued	455,027	553,260
Exchange differences - accrued	171,322	709,130
New loans and financing	3,358,634	1,495,220
Repayments		
Principal	(2,900,270)	(2,559,926)
Interest	(405,261)	(476,581)
Exchange differences	(1,160,672)	(621,371)
Closing balance	5,270,029	5,751,249

(In thousands of Brazilian Reais)

Consolidated	12/31/2019	12/31/2018
Opening balance	7,314,815	8,052,070
Interest - accrued	594,025	687,721
Exchange differences - accrued	236,803	953,939
New loans and financing	3,358,634	1,495,220
Repayments		
Principal	(2,978,139)	(2,637,794)
Interest	(538,952)	(604,367)
Exchange differences	(1,174,702)	(631,974)
Closing balance	6,812,484	7,314,815

17.2. Company credit facilities

(i) Working capital financing through ACCs (advances on exchange contracts);

(ii) BNDES (Brazilian development bank) funding: on July 22, 2011 the Company entered into a financing agreement with Banco Nacional de Desenvolvimento Social (BNDES), amended on march 5 and august 10, 2012, totaling R$2.7 billion, to build the pulp and paper plant, including the purchase of local machinery and equipment, and the implementation of the social investments program in plant neighboring areas;

(iii) ECA (Export Credit Agency) financing agreements, disbursed on December 28, 2012 and prepaid on August 28, 2019;

(iv) On December 1, 2012, the Company carried out the 2nd issue of simple debentures, fully subscribed by FI-FGTS. These debentures are nonconvertible, unsecured, with additional collateral and unsecured guarantee. The debentures were fully distributed on December 17, 2012 with optional early redemption occurred on November 27, 2019;

(v) Real-denominated Export Credit Notes (NCE) contracts;

(vi) Borrowings from Caterpillar Financial Services, denominated in dollars, for financing the purchase of engines;

(vii) In May 2016, Cellulose Eldorado Austria GmbH, Company’s wholly-owned subsidiary, entered into a Term Loan agreement with Banco do Brasil AG, Succursale France to extend the average term of its financing transactions;

(viii) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued Senior Unsecured Bonds/Notes in the amount of USD 350,000 thousand;

(ix) Financing granted by BNDES for the company’s eucalyptus planting;

(x) Financing of machinery and equipment through leasing denominated in Reais.

(xi) In May 2019, the Company raised Bank Credit Notes at fixed rate;

(xii) In August 2019, the Company entered into a contract for the prepayment of the export in effect for three years and adjusted at LIBOR + spread.

17.3. Restrictive covenants

The Company has financing contracts that have certain obligations to comply with financial ratios (covenants). The contracts that contain obligations of this nature are: (i) bank guarantee letters issued by Banco do Brasil and Santander to guarantee the financing contracted by the Company with the National Bank for Economic and Social Development - BNDES; (ii) the Facility and Arrangement Agreement ("Term Loan"), entered into with Banco do Brasil in France; (iii) the export prepayment agreement signed in August 2019; (iv) debt securities abroad (Senior Unsecured Bonds / Notes) issued by Eldorado Intl. Finance GmbH, wholly-owned subsidiary of the Company; (v) some export credit notes entered into during 2019; and (vi) bank credit notes, also signed throughout 2019.

It is important to note that Eldorado has been working hard to improve its main indicators, including the total debt ratio.

After the pulp market reached historic high price levels in the first half of 2018, due to the strong demand coming mainly from China, uncertainties in the macroeconomic scenario started a cycle of downturn in world economic activity, whose effects on the pulp extended through 2019. In this scenario, China and Europe, the two largest consuming regions of market pulp, saw their industrial activity contract, affecting their production of paper and packaging and, consequently, the total demand for pulp.

The drop in demand along with a high supply of pulp, since in 2019 there were no production restrictions like those that had been limiting supply in recent years, led to an imbalance in the supply and demand balance, with world stocks reaching high levels historical. This imbalance led to a drop in BEKP pulp prices from the 4th quarter of 2018, reaching the minimum of this fall cycle only in the 4th quarter of 2019, with the recovery of Chinese demand.

The outlook for the pulp market in the coming years is positive given the expectation of a resumption of global GDP growth and the strengthening of the fundamentals of the industry between 2020 and 2022, with the balance between supply and demand more favorable to pulp producers.

Eldorado remains focused on optimizing its operational efficiency, as well as improving the management of its cash flow and investment in order to converge to the limits of contractual covenants.

(In thousands of Brazilian Reais)

Corroborating the Company's effort to constantly improve its numbers, seeking operational excellence and reducing its indebtedness and, consequently, its leverage, it is worth mentioning that Eldorado is suitable for all covenants demanded by the aforementioned entities. Are they:

(i) Letters of Guarantee – Banco do Brasil: financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 3,5x$
Net Debt / Shareholders equity	$\leq 2,75x$
Indebtness limit *	$\leq USD\ 750\ milhões$
Debt Service Coverage ratio*	$\geq 1,15$

(ii) Letters of Guarantee - Santander: financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 3,5x$
Net Debt / Shareholders equity	$\leq 2,75x$
Indebtness limit *	$\leq USD\ 1,2\ bilhão$
Debt Service Coverage ratio*	$\geq 1,15$

(iii) Facility and Arrangement Agreement ("Term Loan"): financial covenants measured annually as of December 31, 2015:

Index	Limit
Net Debt / EBITDA	$\leq 4{,}75x$

Export Pre-Payment (PPE): financial covenants measured annually:

Índex	Limit
Net Debt / EBITDA	$\leq 3{,}50x$

Senior Unsecured Notes (Bond): financial covenants measured annually:

Index	Limit
Net Debt / EBITDA	$\leq 4{,}75x$

(iv) Export Credit Notes (NCE): financial covenants measured every six months:

Index	Limit
Net Debt / EBITDA	$< 5{,}5x$
Short net debt** / EBITDA	$< 4{,}0x$

(v) Bank Credit Note (CCB): financial covenants measured every six months:

Index	Limit
Net Debt / EBITDA	$< 5{,}5x$
Short net debt** / EBITDA	$< 4{,}0x$

* In 2019, the Company obtained authorization from Banco Santander and Banco do Brasil to increase the “Indebtedness Limit” to US $ 1.3 billion and waives compliance with the “Debt Service Coverage Index”.

(In thousands of Brazilian Reais)

** Short Net Debt: net debt minus all debt and / or financing that cumulatively meet the following criteria: (i) have an average term of more than 5 (five) years; and (ii) are intended exclusively for the investment plan for the construction of Line 2 (Vanguarda Project).

The Company's management considers that these financial statements present the Company's financial and equity position, performance and cash flows in an appropriate manner, and has applied the applicable CPC Technical Pronouncements, Interpretations and Guidelines.

17.4. Loan Guarantees

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

18. Lease to pay

	Parent Company 12/31/2019	Consolidated 12/31/2019
Provision with lease	978,377	982,748
Adjustment to present value	(332,425)	(333,584)
	645,952	649,164
Current liabilities	144,814	145,579
Noncurrent liabilities	501,138	503,585
	645,952	649,164

Change in the allowance for leasing:

Parent Company	01/01/2019	New contracts	Payment	Financial interest	Low or close	Contractual amendments	12/31/2019
Direito de uso arrendamento mercantil							
Provision with lease	1,111,664	16,505	(151,733)	-	(32,081)	34,022	978,377
Adjustment to present value	(403,309)	(1,624)	-	78,797	-	(6,289)	(332,425)
	708,355	14,881	(151,733)	78,797	(32,081)	27,733	645,952

Consolidated	01/01/2019	New contracts	Payment	Financial interest	Low or close	Contractual amendments	Exchange variation	12/31/2019
Lease use right								
Provision with lease	1,117,012	16,505	(152,764)	-	(32,081)	34,048	28	982,748
Adjustment to present value	(404,844)	(1,624)	-	79,165	-	(6,281)	-	(333,584)
	712,168	14,881	(152,764)	79,165	(32,081)	27,767	28	649,164

(In thousands of Brazilian Reais)

The amount of R$ 61,155 thousand of interest from the parent company and consolidated are considered in the composition of the cost of formation of the biological asset.

Schedule of payment of the installment to provision with leasing:

Pay	Parent Company 12/31/2019	Consolidated 12/31/2019
2019	154,047	154,854
2020	140,973	141,764
2021	124,037	124,794
2022	116,949	117,603
2023	115,268	115,922
From 2024	327,103	327,811
(-) AVP	(332,425)	(333,584)
Total	**645,952**	**649,164**

On December 18, 2019, the CVM issued a circular memorandum ("Ofício/Circular/CVM/SNC/SEP/nº 02/2019") containing a guidance on relevant aspects of IFRS 16 to be observed in the preparation of the consolidated financial statements of the lessee companies for the year ended December 31, 2019.

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

Parent Company		12/31/2019
Cash flows	**Nominal**	**Adjusted to present value**
Lease consideration payable	978,377	645,952
PIS/COFINS potential (9,25%) [1]	51,472	33,098

[1] Incident on contracts signed with legal entities

Consolidated		12/31/2019
Cash flows	**Nominal**	**Adjusted to present value**
Lease consideration payable	982,748	649,164
PIS/COFINS potential (9,25%) [1]	51,840	33,360

[1] Incident on contracts signed with legal entities

(In thousands of Brazilian Reais)

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

19. Tax liabilities, payroll and social charges

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Payroll and social charges	20,362	34,295	22,187	34,900
Accruals and charges	88,675	70,720	90,806	73,232
Taxes payable	32,221	36,878	42,300	42,530
	141,258	141,893	155,293	150,662

20. Deferred income tax and social contribution

(a) Reconciliation of the effective tax rates:

	Party Company		Party Company and Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Profit before income tax and social contribution	527,872	1,169,314	547,114	1,174,344
Income tax and social contribution - statutory rate of 34%	(179,476)	(397,567)	(186,019)	(399,277)
Reconciliation for effective expenses				
Profit (loss) of investees accounted for as own capital, net of taxes	197,797	(1,511)	-	-
Nondeductible expenses	(4,892)	(4,911)	(4,892)	(4,911)
Government grant	2,528	65,747	2,528	65,747
Effect of taxes of foreign subsidiaries	-	-	197,797	(1,511)
Current IR Adjustment - 2017	-	(31,108)	-	(34,413)
Deferred IR Adjustment - 2015, 2017, 2018	(949)	-	(949)	-
Effect IFRS 16 - Lease	(348)	-	(348)	-
Reversion Tax Prejudice 2013/2014	-	15,901	-	15,902
Profit earned by foreign subsidiaries	(1,211)	-	(1,211)	-
Others	-	15	(12,699)	(1)
Current and deferred income tax and social contribution	13,449	(353,434)	(5,793)	(358,464)
Effective rate	2.55%	(30.23%)	(1.06%)	(30.52%)

(In thousands of Brazilian Reais)

Changes in deferred income tax and social contribution:

Party Company and Consolidated	12/31/2018	Additions	Deductions	12/31/2019
Tax losses (i)	521,750	144,073	-	665,823
MTM currency hedge receivable outstanding	4,701	-	(4,701)	-
Sundry provisions	23,213	6,316	-	29,529
Biological assets	(212,913)	-	58,143	(154,770)
Tax Depreciation x Accounting Depreciation	(299,383)	(190,381)	-	(489,764)
	37,368	(39,992)	53,442	50,818

(i) As at December 31, 2019, the Company has a balance of accumulated tax loss, adjusted for revenues and expenses not allowed by tax law for the calculation of income and social contribution taxes, totaled R$ 1,958,305.

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

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

	12/31/2019
	Party Company and Consolidated
2020	-
2021	44,990
2022	2,561
2023	-
2024	207,410
2025	173,471
From 2026	266,920
	695,352

21. Provision for procedural risk

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

(In thousands of Brazilian Reais)

	12/31/2018	Additions	Write off	Adjustment	12/31/2019
Environmental	274	-	-	46	320
Civil	4,582	4,112	(301)	(1,561)	6,832
Labor	3,447	11,667	(2,386)	248	12,976
Tax	864	329.00	(96)	43	1,140
	9,167	16,108	(2,783)	(1,224)	21,268

	12/31/2017	Additions	Write off	Adjustment	12/31/2018
Environmental	256	-	-	18	274
Civil	2,349	4,161	(2,197)	269	4,582
Labor	9,699	1,203	(7,464)	9	3,447
Tax	304	812	(255)	3	864
	12,608	6,176	(9,916)	299	9,167

As at December 31, 2019, the Company was a defendant in environmental, civil, labor and tax lawsuits, of which the Company accrued R$ 21,268 (R$ 9,167 at December 31, 2018), classified by its management and legal counsel as probable loss. It is considered that an outflow of funds including economic benefits to settle the obligation will be required.

For the lawsuits classified as possible losses in the amount of R$ 703,149 (R$ 870,843 as at December 31, 2018), the Company believes that no provision for losses is required.

Possible	12/31/2019	12/31/2018
Environmental	3,828	2,914
Civil	541,836	688,766
Labor	47,969	57,111
Tax	16,910	27,347
Regulatory	92,606	94,705
	703,149	870,843

The write-off of labor claim amounts is due to the review of provisioning criteria which readjusted the recognition of provisions identified as excessive. Accordingly, until the phase of appeals is concluded, the proceedings will be considered contingent liabilities, for having the likelihood of loss classified as possible. After the phase of appeals, the proceedings are reclassified as probable loss, with the proper recognition of provision, meeting the requirements of CPC 25 / IAS 37, regarding the recognition of the present obligation, the required outflow of funds to settle the obligation and the reliable measurement of the amount of the obligation.

Nature of the main contingencies

(i) Fibria Celulose S.A.

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

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

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

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

(ii) Administrative Sanctioning Process – CVM

On December 08, 2017, CVM filed Administrative Proceeding – CVM No. 5388/2017 intended to investigate the purchase of US dollar derivative agreements on behalf of Eldorado Brasil S.A. and of other companies of its economic group, between May 05 and 17, 2017 using non-equitable practices, in alleged violation to item II, line “d” of CVM Instruction No. 8/1979. A proposal of instrument of commitment and defense was presented in May 2018 and is currently under analysis by the defense. The proceeding is currently under analysis by the defense with the purpose of avoiding the penalty of a fine, estimated at R$ 84 million. In the current stage of the proceeding, the classification of likelihood of loss is considered possible, with no recognition of a provision.

22. Equity

22.1. Capital stock

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

22.2. Statutory reserve

Recognized, when applicable, at the rate of 5% of the profit for each year, as provided for by Article 193 of Law 6.404/76, up to the ceiling of 20% of the share capital.

22.3. Tax incentive reserve

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

22.4. Dividends

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

22.5. Reserve for expansion

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

22.6. Cumulative translation adjustments

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

(In thousands of Brazilian Reais)

22.7. Earnings per share

Basic

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

	12/31/2019	12/31/2018
Profit attributable to Company owners	541,321	815,880
Total shares outstanding in the period - thousands	1,525,558	1,525,558
Earnings per shares	0.35	0.53

23. Net Revenue

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Gross sales revenue				
Domestic market	776,618	827,523	776,618	827,523
Foreign market	2,648,387	3,715,701	4,456,287	4,808,894
Discounts and rebates	(944)	(1,319)	(797,441)	(884,997)
	3,424,061	4,541,905	4,435,464	4,751,420
Sales deductions and taxes	(188,043)	(154,696)	(164,765)	(129,333)
Net operating revenue	3,236,018	4,387,209	4,270,699	4,622,087

24. Operating segments

a. Base for segmentation

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

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

(In thousands of Brazilian Reais)

b. Reportable segments

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

	Consolidated - 12/31/2019			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	3,647,765	-	-	3,647,765
Domestic market	521,061	101,714	159	622,934
Cost of goods sold	(1,462,577)	(2,546)	(1,791)	(1,466,914)
Gross profit (loss)	**2,706,249**	**99,168**	**(1,632)**	**2,803,785**
Operating expenses/revenues				
Administrative and general	(178,597)	-	-	(178,597)
Selling and logistics	(515,156)	-	-	(515,156)
Fair value of biological assets	(81,663)	-	-	(81,663)
Depreciation, amortization and depletion	(407,462)	-	-	(407,462)
Other revenues (expenses), net	(12,715)	-	-	(12,715)
Net financial income (loss)				
Financial expenses	(977,160)	-	-	(977,160)
Financial revenues	54,395	-	-	54,395
Exchange rate gains (losses), net	(138,313)	-	-	(138,313)
Income/ (loss) before provision for income and social contribution taxes	**449,578**	**99,168**	**(1,632)**	**547,114**
Income and social contribution taxes	(5,793)	-	-	(5,793)
Net income (loss) for the period	**443,785**	**99,168**	**(1,632)**	**541,321**

	Consolidated - 12/31/18			
	Pulp	Energy	Others	Total
Net revenue				
Foreign market	3,923,601	-	-	3,923,601
Domestic market	593,731	98,151	6,604	698,486
Cost of goods sold	(1,259,913)	(1,990)	(17,027)	(1,278,930)
Gross profit (loss)	**3,257,419**	**96,161**	**(10,423)**	**3,343,157**
Operating expenses/revenues				
Administrative and general	(134,004)	-	-	(134,004)
Selling and logistics	(441,429)	-	-	(441,429)
Fair value of biological assets	276,420	-	-	276,420
Depreciation, amortization and depletion	(400,622)	-	-	(400,622)
Other revenues (expenses),net	70,175	-	-	70,175
Net financial income (loss)				
Financial expenses	(821,025)	-	-	(821,025)
Financial revenues	29,729	-	-	29,729
Exchange rate gains (losses), net	(748,057)	-	-	(748,057)
Income/ (loss) before provision for Income and social contribution taxes	**1,088,606**	**96,161**	**(10,423)**	**1,174,344**
Income and social contribution taxes	(358,464)	-	-	(358,464)
Net income (loss) for the period	**730,142**	**96,161**	**(10,423)**	**815,880**

(In thousands of Brazilian Reais)

c. Geographic segments

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

Operating revenue	12/31/19	12/31/18
Brazil	622,934	698,486
China	1,849,873	1,471,722
USA	584,687	460,311
Italy	354,031	483,724
Austria	134,749	217,816
Canada	110,232	111,625
Germany	76,819	101,915
Argentina	75,091	56,138
Mexico	49,795	46,654
Slovenia	47,968	48,405
Sweden	46,583	194,906
Egypt	43,828	24,846
France	41,337	52,508
Jordan	38,132	25,457
Spain	29,111	90,671
Poland	28,476	156,745
Others	137,053	380,158
	4,270,699	**4,622,087**

d. Information on major customers

In the sales list ended on December 31, 2019, a specific customer represents 10% of total revenue.

e. Information on total noncurrent assets

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

Noncurrent assets	12/31/2019	12/31/2018
Brazil	9,159,866	8,421,560
Austria	60,043	57,298
United States	248	71
China	123	1
	9,220,280	**8,478,930**

(In thousands of Brazilian Reais)

25. Selling, logistics, general and administrative expenses

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Personnel expenses	411,663	388,841	430,080	404,471
Service, material and transportation expenses	590,246	510,061	868,789	756,314
Depreciation, depletion and amortization	376,131	426,818	406,229	399,445
Raw materials and consumables	748,434	686,242	837,451	638,447
Others	18,550	15,963	24,399	55,129
	2,145,024	2,027,925	2,566,948	2,253,806
Breakdown				
Cost of sales	1,724,871	1,688,880	1,852,813	1,657,848
General and administrative expenses	172,947	130,331	186,479	140,198
Selling and logistics expenses	247,206	208,714	527,656	455,760
	2,145,024	2,027,925	2,566,948	2,253,806

26. Financial income (loss), net

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial income				
Interest income	1,821	2,124	4,452	4,012
Return on financial investments	33,810	22,763	35,345	22,797
Other financial Income	14,598	2,905	14,598	2,920
	50,229	27,792	54,395	29,729
Financial expenses				
Sundry bank expenses	(199)	(174)	(565)	(640)
Interest expenses	(762,420)	(703,750)	(757,902)	(693,515)
Loss from derivatives	(134,295)	(25,257)	(134,295)	(25,257)
Expenses on endorsement and surety	(59,962)	(75,212)	(59,962)	(75,212)
Other financial expenses	(6,274)	(10,708)	(24,436)	(26,401)
	(963,150)	(815,101)	(977,160)	(821,025)
Exchange rate gains (losses), net	(137,983)	(747,579)	(138,313)	(748,057)
	(1,050,904)	(1,534,888)	(1,061,078)	(1,539,353)

(In thousands of Brazilian Reais)

27. Other income, net

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
PIS/COFINS credits (c)	9,051	29,883	9,051	29,883
Sales of fixed assets	2,652	17,856	2,653	17,856
PCLD (d)	152	(5,700)	152	(6,027)
FADEFE / FAI (b)	(370)	(11,911)	(370)	(11,911)
Taxes and fees	(862)	(13,111)	(862)	(13,111)
Non-recoverable ICMS	(1,980)	(14,055)	(2,216)	(14,083)
Indemnities	(7,263)	(17,236)	(7,420)	(17,783)
Contingences	(12,101)	3,441	(12,101)	3,441
ICMS credits (a)	-	107,352	-	107,352
Others	(1,592)	(23,577)	(2,783)	(26,621)
	(12,313)	**72,942**	**(13,896)**	**68,996**

(a) This refers to Government Grants for Investments under a tax incentive package granted by the Mato Grosso do Sul Government for use in future industrial expansion (Vanguarda 2.0 Project). The co-obligations required for keeping the benefit include: average annual billings, average number of direct jobs, fixed investments and joining to FADEFE/MS. As of July 2018, with the signing of the new Agreement No. 1,171/2018, we no longer enjoy the tax benefit applied in the Sales of Pulp for Foreign Market;

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

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

(d) The movement recorded in the labor contingency is mainly due to the result of the work of reviewing the Company's provisioning criteria. Thus, until the appeals aimed at reforming the decision are judged, the proceedings are treated as contingent liabilities, since they are classified as having a possible chance of loss. Once the judgment of the resources is concluded, the processes judged unfavorably to the Company are reclassified with a probable loss, with the due constitution of the provision, in compliance with the requirements of CPC 25 / IAS 37, regarding the constitution of the present obligation, the necessary outflow of funds for settle the obligation and reliably measure the amount of the obligation according to note 21.

28. Employee benefits

a. Defined contribution pension plan

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

Under the regulations of the benefit plan, the Company’s contributions match the employees’ contributions and may range from 3% to 6% of the nominal salary. The contributions made by the Company in the period as at December 31, 2019 totaled R$ 2,664 (R$ 2,491 as at December 31, 2018).

29. Insurance

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

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

30. Financial instruments

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

a. Market risks

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

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

(In thousands of Brazilian Reais)

(i) Interest rate risks

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

The Company's exposure to interest rate risk refers basically to loans and financing. The position as at December 31, 2019 and December 31, 2018:

		Parent Company	
Type	Average annual interest rate and commissions	12/31/2019	12/31/2018
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	7,029	14,072
ACC - Advance on Exchange Contract	Forex + interest	1,422,847	954,153
BNDES	TJLP + spread	294,146	414,659
BNDES	Floating rate BNDES + spread	1,427,911	1,903,920
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	-	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	-	1,215,417
NCE	CDI + spread	526,404	224,904
Working Capital	Rate of 5.74% p.a. in dollars	10,432	20,057
FINEM Florestal	TJLP / selic + spread	208,571	197,497
Leasing	CDI + spread	25,642	1,347
CCB	Pre-fixed - interest 7.72% p.a.	125,853	-
PPE	LIBOR + spread	1,221,194	-
PPE´s intercompany	Interest rate from 6% to 9,8% a.a. + exchange variation	1,555,756	1,545,290
Cash and cash equivalents		(187,921)	-
Financial Investments		(332,583)	(449,176)
		6,305,281	6,847,363

(In thousands of Brazilian Reais)

Type	Average annual interest rate and commissions	Consolidated 12/31/2019	Consolidated 12/31/2018
Financing for the acquisition of property, permanent assets			
FINAME - Project Finance	Average interest of 3% to 8% p.a.	7,029	14,072
ACC - Advance on Exchange Contract	Forex + interest	1,422,847	954,153
BNDES	TJLP + spread	294,146	414,659
BNDES	Floating rate BNDES + spread	1,427,911	1,903,920
ECAs - Export Credit Agencies	Forex + interest of 2.8% to 5.69% p.a.	-	805,223
Debentures (Second Issue)	IPCA + interest 7.41% p.a.	-	1,215,417
NCE	CDI + spread	526,404	224,904
Working Capital	Rate of 5.74% p.a. in dollars	10,432	20,057
Term Loan	LIBOR + spread	134,506	215,551
Bond	Rate of 8.625% p.a.	1,407,949	1,348,015
FINEM Florestal	TJLP / selic + spread	208,571	197,497
Leasing	CDI + spread	25,642	1,347
CCB	Pre-fixed - interest 7.72% p.a.	125,853	-
PPE	LIBOR + spread	1,221,194	-
Cash and cash equivalents		(507,427)	-
Financial Investments		(392,065)	(506,357)
		5,912,992	6,808,458

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed as at December 31, 2019, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable, are shown below.

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

Parent Company

Operacional	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(6,305,281)	1,701	(8,611)	(17,221)

Consolidated

Operational	Balance (R$)	Probable	25%	50%
Net exposure to interest rates	(5,912,992)	1,601	(4,643)	(9,287)

(In thousands of Brazilian Reais)

(ii) Foreign exchange rate risks

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

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

As at December 31, 2019, US dollar and Euro rates were R$ 4.0307 and R$ 4.5305, respectively.

As at December 31, 2019, the foreign exchange rate risk was concentrated on the captions Cash and cash equivalents, Financial investments, Trade accounts receivable and payable, and Loans and financing.

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

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

Parent Company

	USD		R$	
Operation	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents and financial investments	46,020	4,104	185,492	15,902
Trade receivables	83,304	267,105	335,773	1,034,979
Trade payables	(149)	(148)	(603)	(573)
Debits with related parties	(385,977)	(398,805)	(1,555,756)	(1,545,290)
Loans and financing	(1,012,823)	(950,592)	(4,082,384)	(3,683,353)
Net exposure to foreign exchange fluctuation	**(1,269,625)**	**(1,078,336)**	**(5,117,478)**	**(4,178,335)**
Derivatives	-	1,100,000	-	4,262,280
Net exposure to foreign exchange fluctuation	**(1,269,625)**	**21,664**	**(5,117,478)**	**83,945**

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

(In thousands of Brazilian Reais)

Sensitivity analysis

For the purpose of providing information on how the market risks to which the Company is exposed at December 31, 2019, would behave, the possible 25% and 50% changes in interest rates on the risk variables, as compared to the probable scenario, are shown below. Management considers that the closing quotations used to measure Company financial assets and financial liabilities, at the reporting date, represent a probable scenario, whose effects are already recognized in profit or loss. The net results of asset and liability exposures are as follows:

Parent Company

Operational	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

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

Parent Company and Consolidated	12/31/2019	12/31/2018
Estimated number of firm contracts	2,194,352	968,675
Advances made	(798,371)	(534,716)
	1,395,981	433,959

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

b. Credit risk

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

(In thousands of Brazilian Reais)

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

The bank deposits and financial investments are hired from top-tier financial institutions, so the risk of loss from these financial institutions is minimum.

Exposure to credit risk

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

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	520,504	310,419	840,010	610,591
Financial investments	-	160,621	59,482	217,802
Trade receivables	448,727	1,238,398	509,269	651,016
	969,231	1,709,438	1,408,761	1,479,409

c. Liquidity Risk

It results from the possibility of the Company finding difficulties to comply with the obligations associated to its financial liabilities settled through payments in cash or through other financial assets.

The Company's long-term debt is in the form of: BNDES, with an average maturity of 1.3 years, and also of the debts taken by its subsidiaries, Term Loan with an average maturity of 1 year and Bond with an average maturity 1.4 years.

The Company's working capital financing is made by contracting ACCs, NCEs and Prepayments credit lines.

The table below shows the fair value of the Company’s financial liabilities according to their maturities and do not include expected interest cash outflows:

(In thousands of Brazilian Reais)

Parent Company	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At December 31, 2019					
Trade payables	250,038	2,094	523	-	252,655
Loans and financing	2,161,677	1,406,901	1,485,264	216,187	5,270,029
Amounts due to related parties	101,200	1,453,365	-	-	1,554,565
(-) Cash and cash equivalents	(520,504)	-	-	-	(520,504)
	1,992,411	2,862,360	1,485,787	216,187	6,556,745
At December 31, 2018					
Trade payables	226,085	2,094	2,093	349	230,621
Loans and financing	2,131,478	943,227	936,893	1,739,651	5,751,249
Amounts due to related parties	118,447	79,029	1,365,083	-	1,562,559
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(310,419)	-	-	-	(310,419)
	2,179,420	1,024,350	2,304,069	1,740,000	7,247,839

Consolidated	Less than 1 year	01 to 02 years	02 to 03 years	After 3 years	Fair value
At December 31, 2019					
Trade payables	248,962	2,094	523	-	251,579
Loans and financing	2,251,215	2,859,818	1,485,264	289,175	6,885,472
Amounts due to related parties	3,986	-	-	-	3,986
(-) Cash and cash equivalents	(840,010)	-	-	-	(840,010)
	1,664,153	2,861,912	1,485,787	289,175	6,301,027
At December 31, 2018					
Trade payables	227,526	2,094	2,093	349	232,062
Loans and financing	2,218,319	1,028,609	2,328,236	1,812,808	7,387,972
Amounts due to related parties	28,007	-	-	-	28,007
Derivatives payable	13,829	-	-	-	13,829
(-) Cash and cash equivalents	(610,591)	-	-	-	(610,591)
	1,877,090	1,030,703	2,330,329	1,813,157	7,051,279

d. Operational risks

(i) Biological assets

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

(In thousands of Brazilian Reais)

To determine wood price in the local market, the Company adopted the parity with CEPEA Sorocaba's estimate, adjusted to reflect the price of standing timber, which is affected by the distance between the farm and the production unit. The history of unit cost per cubic meter of wood at each period end is shown in the table below:

Period	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
R$/m³	51.00	51.00	51.00	54.00	54.00	52.85	50.36	50.36

The change in fair value is determined by the difference between fair values of biological assets at beginning and end of the period evaluated changes in the fair value of biological assets were recognized in the income for the year, in the account fair value of biological assets.

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

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

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

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

We continually improve our forest handling plan, which contains the main guidelines and information on our silvicultural operations, harvesting, timber transportation, native vegetation conservation areas, and social and environmental responsibility initiatives. In addition, we are guardians of approximately 100 thousand hectares of preserved areas, including permanent preservation areas, legal reserve areas and other conservation areas. Sustainable and innovative initiatives together with responsible management guarantee the balanced use of natural resources essential for the continuity of our business.

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

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

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

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

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

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

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

- **ISPS Code**

Rishis, through its statement of compliance, issued by CONPORTOS – National Commission for Public Security at Ports, Terminals, and Navigable Waterways, shows the conformity with the Port Public Security Plan (PSPP) in line with the local and international requirements (MJ, CONPORTOS, CESPORTOS, PF and IMO). It has an organic structure for people and vehicle access control and for 24-hour electronic monitoring and devices. All records and images are shared in real time with the customs of the Port of Santos.

- **Environmental management**

Rishis has implemented an Integrated Management System (Quality, Environment and Occupational Health and Safety) and Sustainability, in which it monitors and reduces its environmental impacts and respective dangers through operational controls, complying with legal requirements, certifiable standards (ISO 9001, ISO 14001 and OHSAS 18001), conditions of environmental licenses, whose principles and best practices adopted by the company are recognized and ratified in the terms of ISO 14001 Certification of Environmental Management System.

- **Port lease**

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

- **Fortuitous or force majeure case**

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

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

(In thousands of Brazilian Reais)

e. Fair value of financial instruments

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

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

The table below shows the classification per risk level:

	12/31/2019			12/31/2018		
Parent Company	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	-	-	160,621	-	-
Biological assets	-	-	2,745,146	-	-	2,668,744
Total assets	-	-	2,745,146	160,621	-	2,668,744
Liabilities						
Loans and financing	-	5,270,029	-	-	5,751,249	-
Amounts due to related parties	-	1,554,565	-	-	1,562,559	-
Derivatives payable	-	-	-	-	13,829	-
Total liabilities	-	6,824,594	-	-	7,327,637	-

	12/31/2019			12/31/2018		
Consolidated	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	59,482	-	-	217,802	-	-
Biological assets	-	-	2,745,146	-	-	2,668,744
Total assets	59,482	-	2,745,146	217,802	-	2,668,744
Liabilities						
Loans and financing	-	6,812,484	-	-	7,314,815	-
Amounts due to related parties	-	3,986	-	-	28,007	-
Derivatives payable	-	-	-	-	13,829	-
Total liabilities	-	6,816,470	-	-	7,356,651	-

(In thousands of Brazilian Reais)

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

	12/31/2019		12/31/2018	
Parent Company	Carryng amount	Fair value	Carryng amount	Fair value
Assets				
Assets at amortized cost				
Cash and cash equivalents	520,504	520,504	310,419	310,419
Trade accounts receivables	448,727	448,727	1,238,398	1,238,398
Intercompany receivables	-	-	3,268	3,268
Total assets at amortized cost	**969,231**	**969,231**	**1,552,085**	**1,552,085**
Assets at fair value through income (loss)				
Financial investments	-	-	160,621	160,621
Total financial assets	**969,231**	**969,231**	**1,712,706**	**1,712,706**
Liabilities				
Liabilities at amortized cost				
Loans and financing	5,270,029	5,270,029	5,751,249	5,751,249
Leases payables	645,952	645,952	-	-
Amounts due to related parties	1,554,565	1,554,565	1,562,559	1,562,559
Total liabilities at amortized cost	**7,470,546**	**7,470,546**	**7,313,808**	**7,313,808**
Liabilities at fair value through income (loss)				
Derivatives payable	-	-	13,829	13,829
Total financial liabilities	**7,470,546**	**7,470,546**	**7,327,637**	**7,327,637**

	12/31/2019		12/31/2018	
Consolidated	Carryng Amount	Fair Value	Carryng Amount	Fair Value
Assets				
Assets at amortized cost				
Cash and cash equivalents	840,010	840,010	610,591	610,591
Trade accounts receivables	509,269	509,269	651,016	651,016
Intercompany receivables	-	-	9	9
Total assets at amortized cost	**1,349,279**	**1,349,279**	**1,261,616**	**1,261,616**
Assets at fair value through income (loss)				
Financial investments	59,482	59,482	217,802	217,802
Total financial assets	**1,408,761**	**1,408,761**	**1,479,418**	**1,479,418**
Liabilities				
Liabilities at amortized cost				
Loans and financing	6,812,484	6,885,472	7,314,815	7,387,972
Leases payables	649,164	649,164	-	-
Amounts due to related parties	3,986	3,986	28,007	28,007
Total liabilities at amortized cost	**7,465,634**	**7,538,622**	**7,342,822**	**7,415,979**
Liabilities at fair value through income (loss)				
Derivatives payable	-	-	13,829	13,829
Total financial liabilities	**7,465,634**	**7,538,622**	**7,356,651**	**7,429,808**

(In thousands of Brazilian Reais)

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

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

The fair value of the loans and financing, and the company's debentures are measured in two ways: 1) for debts with renegotiation in the secondary market, where the settlement value may differ from their cost, the market value on the last day available is used; 2) for debts that are not traded in the secondary market, where the settlement value is close to the cost (principal and interest accrued to the date), the carrying amount is used as the fair value. A substantial part of the company's debts is under this category, including, but not limited to, debts to BNDES, ACC, and others.

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

31. Operating Leases

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

(i) Future minimum lease payments

As at December 31, 2019, future minimum noncancelable lease payments are as follows:

	Parent Company and Consolidated	
	12/31/2019	12/31/2018
2019	-	74,725
2020	74,725	74,725
2021	74,725	74,725
2022	74,725	74,725
2023	74,725	74,725
2024 and thereafter	335,804	335,804
	634,704	709,429

(In thousands of Brazilian Reais)

Amounts recognized in income (loss)

	Parent Company and Consolidated	
	12/31/2019	12/31/2018
Lease expenses	145,855	123,862
	145,855	123,862

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

There are three take-or-pay contracts, two of them with a fifteen years term, one to meet the needs for Chlorine Dioxide that started in December 2012, whose price of Ton of Sodium Chloride shall be adjusted on the first day of each year by the IPCA (Extended Consumer Price Index) and another to meet the needs for Oxygen in its gaseous form that started in October 2012, whose debt was contracted in dollar and the monthly fixed installments shall be adjusted by the CPI (Consumer Price Index) on the first day of each year.

The third contract has a twelve-year term to meet the needs for industrial natural gas, which started in May 2016, whose price of cubic meter is comprised of three factors: a) price of the natural gas adjusted quarterly according to the arithmetic averages of the daily quotations disclosed in the Spot Price Assessments list published on the Platt’s Oilgram Price Report; b) average transportation tariff divided into two installments, the first adjusted by 0.5% p.a. and another by 3.5% p.a., both on the first day of each year; c) fixed margin of the distributor adjusted on the first day of each year by the IPCA (Extended Consumer Price Index). Beginning June 30, 2020, the parties will renegotiate the commercial conditions of the natural gas supply, when the Company may terminate the present contract if there is an economic and financial imbalance or excessive burden to the Company.

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

32. Collaboration Agreement, Leniency Agreement and Internal Investigation

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

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

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

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

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.

32.2. Internal investigation conducted in the Company

Pursuant to Clause 15, XX, of the Deal, it is obligation of J&F to conduct an internal investigation, in accordance with international good practices, intended to verify and support the illegal facts described in the Deal and also to identify the possible existence of additional documents or elements supporting the facts informed in the Deal.

In view of such obligation and as a result of the Company joining the Deal, an internal investigation at the Company was conducted by the law firm Barros Pimentel, Alcantara Gil and Rodriguez Advogados (“BP”), which designated the company PricewaterhouseCoopers Contadores Públicos Ltda. (“PwC” and, along with BP, “Investigation team”) to render specialized forensic services of collection, hosting, processing and analysis of data necessary to an investigation of this nature (“Internal investigation”).

The investigation work was concluded by the Investigation Team, which delivered reports to the Independent Supervision Committee, set up to follow the Internal Investigation and provide the necessary clarifications directly to the MPF.

The Investigation Team did not find any new facts that were not present in the Attachments to the Agreement, therefore, the Company and the independent auditor concluded on the inexistence of new facts related to the Leniency Agreement that could materially affect the Company’s financial information.

We confirm that the Company’s obligations established in the Agreement are being fully complied with.

33. Share purchase and sale agreement

On September 02, 2017, J&F entered into a purchase and sale agreement for the sale of all its direct and indirect ownership interest in the Company to CA Investment (Brazil) S.A., a company of the Paper Excellence group (“CA Investment”), at the total amount of the Company of R$ 15 billion, to be adjusted according to working capital and net debt, under the agreement terms ("Share purchase and sale agreement").

The Share Purchase and Sale Agreement established that the transfer of control over Eldorado from J&F to CA could occur in up to twelve (12) months, if the established previous conditions were fulfilled. These conditions were not fulfilled and the transfer of control did not occur within the deadline established in the contract, and J&F enforced its right to extinguish the Share Purchase and Sale Agreement.

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

In November 2018, the Court of Justice of the State of São Paulo decided to (i) suspend the effects of the termination of the Share Purchase and Sale Agreement; and (ii) confirm a lower court decision on which (ii.a) J&F shall not sell shares held of Eldorado to third parties and (ii.b) the parties shall comply with certain clause of the Share Purchase and Sale Agreement regulating aspects of Eldorado's business management, in both cases until subsequent decision in the arbitration.

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

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

As at December 31, 2019, the Company's shareholding structure consists of 49.42% of ownership interest from CA Investment and 50.58% of ownership interest from J&F, the sole shareholders of Eldorado, with J&F remaining as the parent company of the Company.

34. Subsequent Events

Eldorado clarifies that, until the time of publication of its financial statements, no material adverse impact on the continuity of its business was identified as a result of the COVID-19 pandemic, as well as the accounting estimates made, whether within the scope of the recoverability of Assets, or in the Measurement of Fair Value, Assets and Contingencies Assets and Liabilities, Recognition of Revenue and Provisions for Expected Loss.

To date, several precautionary measures, protection of the health, safety and well-being of our employees, their families and the societies where we operate, are already underway, both in our operations and facilities in Brazilian territory, as well as abroad, always in line with CDC (Centers for Desease Control and Prevention) guidelines.

In the scope of business, with regard to possible subsequent events, it is worth mentioning that Eldorado has sales well distributed in several continents, selling to more than 150 customers in more than 40 countries around the world, in a dispersed manner, avoiding large concentrations in a single client, largely backed by long-term contracts.

The Company understands that if there is a reduction in the growth in global demand, which may affect the demand for paper and cellulose in the short term, such a scenario would ratify the Company's ability and commitment to deliver its results in a solid and consistent manner, since almost all of its sales are denominated in dollars, acting as a natural hedge for moments of exacerbated volatility in global markets. This fact would shield the Company even in the event of possible global credit and financing shortages, regarding the rollover of short-term debts with banks that have credit lines, so far we have had no negative indicator in the rollover of existing debts.

With regard to Eldorado's international logistics, it is important to note that most exports have the transfer of ownership to the customer at the port of destination, without the need to carry out internal logistics for the same. However, to guarantee the agreed service level, we work with security stocks at the main Terminals in each of the continents we sell (USA, Canada, Holland, Germany, Italy, Spain, France and China), being able to operate with the rail modes , road and even waterway, in cases where the final delivery is our responsibility. Finally, we reinforce that Eldorado has unmatched logistical flexibility, based on long-term contracts with Break Bulk shipowners and also containers, dedicated to transporting pulp, ensuring safety, capillarity, flexibility and competitiveness.

The Company monitors the progress of the COVID-19 pandemic in Brazil and worldwide, committing itself to return to the market if the scenario above changes.

Board of Executive Officers

Aguinaldo Gomes Ramos Filho
CEO

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Business and Investor Relations Director

Fernando Storchi
Financial Director

Board of Directors

Sérgio Longo
Vice President of the Board of Directors

João Adalberto Elek Júnior
Board Member

José Antonio Batista Costa
Board Member

Leonardo Porciuncula Gomes Pereira
Board Member

Francisco de Assis e Silva
Board Member

Marcio Antonio Teixeira Linares
Board Member

Accountant

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