



**Irani Papel e
Embalagem S.A.**

**Interim financial
statements at
June 30, 2024**



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COMMENT ON THE COMPANY'S PERFORMANCE IN THE 2nd QUARTER OF 2024

The consolidated interim financial statements were prepared in accordance with Accounting Pronouncement Council CPC 21 (R1) and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

Irani recorded a Net Revenue of R\$ 393 million in 2Q24, Net Profit of R\$ 40 million and Adjusted EBITDA of R\$ 118 million

MAIN INDICATORS - CONSOLIDATED	2Q24	1Q24	2Q23	Chg. 2Q24/ 1Q24	Chg. 2Q24/ 2Q23	6M24	6M23	Chg. 6M24/ 6M23	LTM24	LTM23	Chg. LTM24/ LTM23
Economic and Financial (R\$ thousand)											
Net Revenue from Sales	393,459	383,601	394,470	2.6%	-0.3%	777,060	801,354	-3.0%	1,569,951	1,651,169	-4.9%
Domestic Market	334,506	334,582	341,654	0.0%	-2.1%	669,088	690,566	-3.1%	1,391,767	1,441,710	-3.5%
Foreign Market	58,953	49,019	52,816	20.3%	11.6%	107,972	110,788	-2.5%	178,184	209,459	-14.9%
Gross Profit (inclusive *)	157,103	156,014	179,770	0.7%	-12.6%	313,117	374,462	-16.4%	625,253	774,426	-19.3%
(*) Changes in the Fair Value of Biological Assets	24,149	20,772	33,483	16.3%	-27.9%	44,921	67,406	-33.4%	49,135	145,185	-66.2%
Gross Margin	39.9%	40.7%	45.6%	-0.8p.p.	-5.7p.p.	40.3%	46.7%	-6.4p.p.	39.8%	46.9%	-7.1p.p.
Operating Profit before Taxes and Interest	61,152	54,887	303,914	11.4%	-79.9%	116,039	421,281	-72.5%	200,597	673,922	-70.2%
Operating Margin	15.5%	14.3%	77.0%	1.2p.p.	-61.5p.p.	14.9%	52.6%	-37.7p.p.	12.8%	40.8%	-28.0p.p.
Profit for the Period	40,065	40,639	228,746	-1.4%	-82.5%	80,704	311,704	-74.1%	152,434	493,153	-69.1%
Net Margin	10.2%	10.6%	58.0%	-0.4p.p.	-47.8p.p.	10.4%	38.9%	-28.5p.p.	9.7%	29.9%	-20.2p.p.
Adjusted EBITDA ¹	118,018	117,058	117,060	0.8%	0.8%	235,076	245,270	-4.2%	480,282	501,874	-4.3%
Adjusted EBITDA Margin	30.0%	30.5%	29.7%	-0.5p.p.	0.3p.p.	30.3%	30.6%	-0.3p.p.	30.6%	30.4%	0.2p.p.
Net Debt	1,051,714	1,005,874	981,163	4.6%	7.2%	1,051,714	981,163	7.2%	1,051,714	981,163	7.2%
Net Debt/Adjusted EBITDA(x)	2.19	2.10	1.95	4.3%	12.3%	2.19	1.95	12.3%	2.19	1.95	12.3%
Operating Data (t)											
Sustainable Packaging (Corrugated Cardboard)											
Production/Sales	41,874	41,485	38,627	0.9%	8.4%	83,359	76,730	8.6%	171,618	162,176	5.8%
Sustainable Packaging Paper (Paper)											
Production	77,371	76,438	68,728	1.2%	12.6%	153,809	141,800	8.5%	310,280	294,736	5.3%
Sales	31,725	30,402	29,262	4.4%	8.4%	62,127	58,975	5.3%	123,343	119,373	3.3%
Domestic Market	22,747	23,110	23,746	-1.6%	-4.2%	45,857	48,233	-4.9%	94,320	100,490	-6.1%
Foreign Market	8,978	7,292	5,516	23.1%	62.8%	16,270	10,742	51.5%	29,023	18,883	53.7%
Sustainable Resins (Gum Rosin and Turpentine)											
Production	2,858	3,785	3,827	-24.5%	-25.3%	6,643	8,013	-17.1%	10,611	13,516	-21.5%
Sales	3,341	3,898	3,597	-14.3%	-7.1%	7,239	7,588	-4.6%	10,566	12,888	-18.0%
Domestic Market	59	42	72	40.5%	-18.1%	101	156	-35.3%	215	320	-32.8%
Foreign Market	3,282	3,856	3,525	-14.9%	-6.9%	7,138	7,432	-4.0%	10,351	12,568	-17.6%

¹ EBITDA (earnings before interest, taxes, depreciation, amortization and depletion) see the chapter in this release.

- Net revenue in 2Q24 remained stable compared to 2Q23, and increased by 2.6% compared to 1Q24, mainly impacted by the slight growth in volume and prices of the Sustainable Packaging (Corrugated Cardboard) and Sustainable Packaging Paper (Paper) segments in this 2Q24.
- The sales volume of the Sustainable Packaging (Corrugated Cardboard) segment totaled 41.9 thousand tons in 2Q24, an increase of 8.4% compared to 2Q23, reflecting a more heated market in 2024 and the ramp-up of the production capacity added at the Campina da Alegria Packaging Unit by the Gaia II Project, and stability compared to 1Q24. The Sustainable Packaging Paper (Paper) segment totaled 31.7 thousand tons of sales, with an increase of 8.4% compared to 2Q23 and of 4.4% compared to 1Q24, these variations reflect a growth in sales of flexible paper for the foreign market. The Sustainable Resins (Gum Rosin and Turpentine) segment registered a decrease of 7.1% compared to 2Q23 and a decrease of 14.3% compared to 1Q24, reaching 3.3 thousand tons, due to a less favorable market and logistical difficulties this quarter caused by the rains in Rio Grande do Sul.

- ▶ Selling expenses in 2Q24 totaled R\$ 35,756 thousand, an increase of 19.2% compared to 2Q23, mainly due to the increase in storage expenses in foreign market sales and the need to change delivery routes for products sold due to climatic events occurred in the State of Rio Grande do Sul in the domestic market, and an increase of 5.1% compared to 1Q24. These expenses represented 9.1% of consolidated net revenue, higher than 7.6% in 2Q23 and slightly higher than 8.9% in 1Q24, aligned with the revenue variation in this 2Q24 compared to the previous quarter.
- ▶ Administrative expenses in 2Q24 totaled R\$ 28,359 thousand, an increase of 9.7% compared to 2Q23 and a decrease of 1.7% compared to 1Q24, and represented 7.2% of consolidated net revenue, higher than 6.6% in 2Q23 and lower than 7.5% in 1Q24.
- ▶ Profit for the period was R\$ 40,065 thousand in 2Q24 compared to R\$ 228,746 thousand in 2Q23 and R\$ 40,639 thousand in 1Q24. Last year, there was the recognition of PIS and COFINS credits on acquisition of OCC, leading to an effect of non-recurring net profit of R\$ 161,107 thousand. The recurring net profit in 2Q24 was 40.8% lower than 2Q23 and 10.5% lower than 1Q24. These declines mainly reflect the decrease in corrugated cardboard prices over the past year, lower change in the fair value of biological assets, and higher depreciation due to investments in the Gaia Platform.
- ▶ Adjusted EBITDA in 2Q24 was R\$ 118,018 thousand with a margin of 30.0%, stable compared to 2Q23 when it was R\$ 117,060 thousand with a margin of 29.7%, and stable compared to 1Q24 when it was R\$ 117,058 thousand with a margin of 30.5%. This quarter, there was a negative impact from the increase in the cost of OCC; on the other hand, the Company also presented efficiency and operational performance gains from the completed projects of the Gaia Platform, which are still in the ramp-up phase. Thus, EBITDA resulted in a stable level in the period.
- ▶ The Net Debt/Adjusted EBITDA ratio was 2.19 times in 2Q24, against 1.95 times in 2Q23 and 2.10 times in 1Q24. The increase in the indicator against 2Q23 is due to the disbursements with the Gaia Platform in the period. The increase compared to 1Q24 is due to the payment of dividends compared to operating cash generation. The indicator is in line with the parameters established in the Company's [Financial Management Policy](#), which sets a target of up to 2.5x.
- ▶ Cash Flows; offset of R\$ 21,289 thousand in [PIS and Cofins credits on acquisition of OCC in the quarter](#), relating to the lawsuit (past acquisitions), benefiting the Company's cash flow. From August 2023 to June 2024, R\$ 125,463 thousand were offset, remaining a balance of R\$ 112,162 thousand to be offset in the coming 15 months. The credits are also being used to offset taxes on new acquisitions of OCC.
- ▶ The cash position at June 30, 2024 was R\$ 614,358 thousand and 91% of the gross debt is classified in the long term, 98% denominated in local currency.
- ▶ We sold 5,800 CERs (Certified Emission Reduction) from CDM Biomass, generating revenue of R\$ 87 thousand.

- We were recognized by Humanizadas and MIT Sloan Management Review Brasil as “Best for Brazil” and highlighted in large companies in the socio-environmental commitment and employee and customer engagement categories.
- The MG unit was highlighted among the best companies to work for, achieving 4th position in the local ranking of Great Place To Work (GPTW).
- We won the Ethos/Época Diversity, Equity and Inclusion 2024 Award.

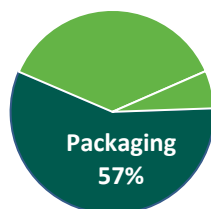
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1. OPERATING PERFORMANCE

1.1 Sustainable Packaging (Corrugated Cardboard) Segment

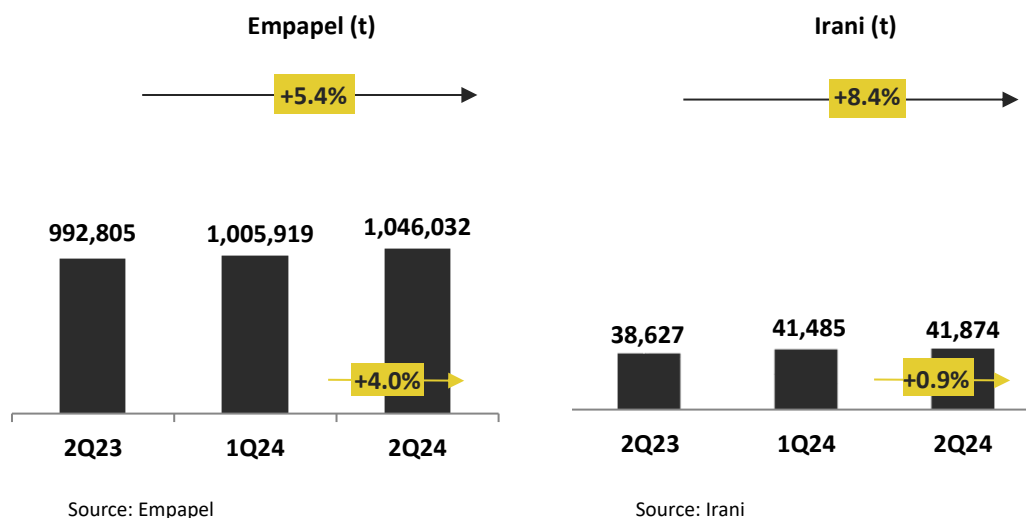
Revenue Contribution 2Q24



The sales volume recorded an increase of 8.4% (in tons) in 2Q24 in relation to 2Q23, compared to an increase of 5.4% in the Empapel market in the same period. Therefore, Irani's market share in 2Q24 was 4.0%, compared to 4.1% in 1Q24 and 3.9% in 2Q23.

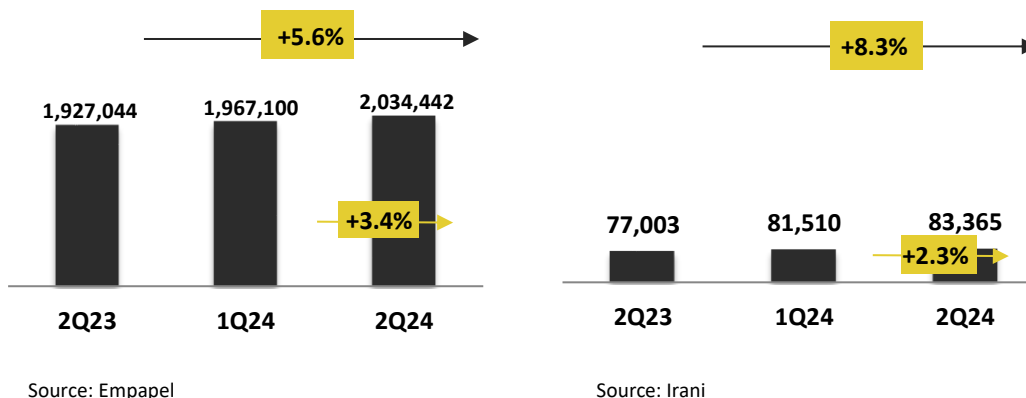
The increase in volume sold reflects the more heated market in 2024 and the ramp-up of the production capacity added at the Campina da Alegria Packaging Unit by the Gaia II Project.

Sales Volume (in tons) – Sustainable Packaging (Corrugated Cardboard) Segment



2Q24 Empapel Market data (in tons) are prior to closing. There may be changes in the official data.

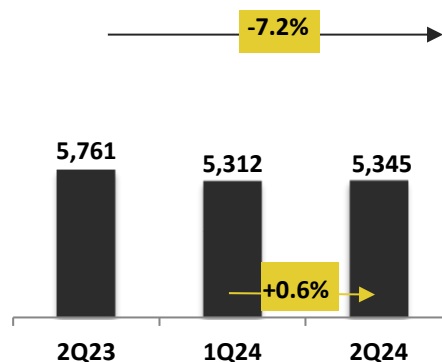
Sales Volume (in square meters) – Sustainable Packaging (Corrugated Cardboard) Segment



2Q24 Empapel Market data (in sqm) are prior to closing. There may be changes in the official data.

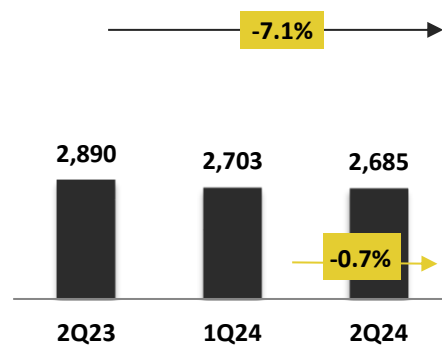
Throughout 2023, there were price losses. Therefore, our prices in 2Q24 decreased by 7.2% (R\$/ton) compared to 2Q23. However, in 2024, the market price dynamics stabilized and we had an increase of 0.6% compared to 1Q24.

Irani average prices net of taxes (R\$/t)

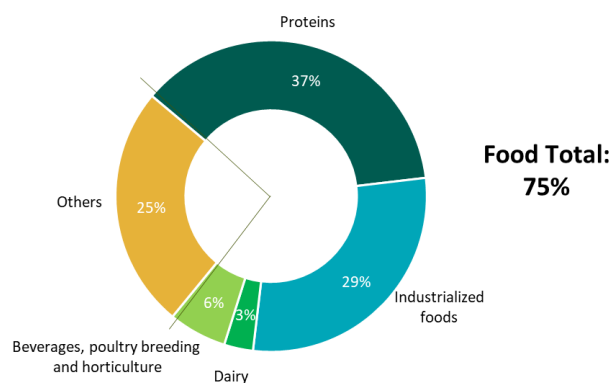


The prices per m² reflect better the market dynamics because they do not consider any variations in weight in the papers used for the manufacture of boxes and paper sheets.

Irani average prices net of taxes (R\$/thousand m²)

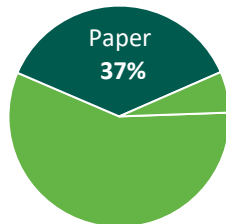


The share of sales of Irani by sub-segment in 2Q24 is presented in the chart below:



1.2 Sustainable Packaging Paper (Paper) Segment

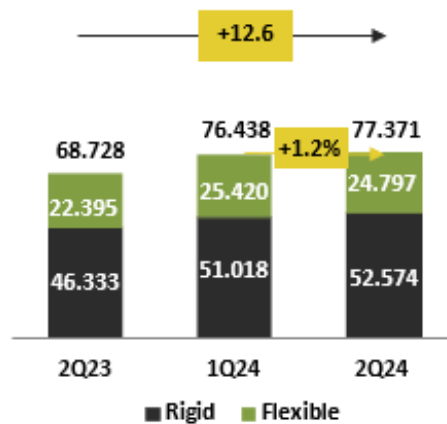
Revenue Contribution 2Q24



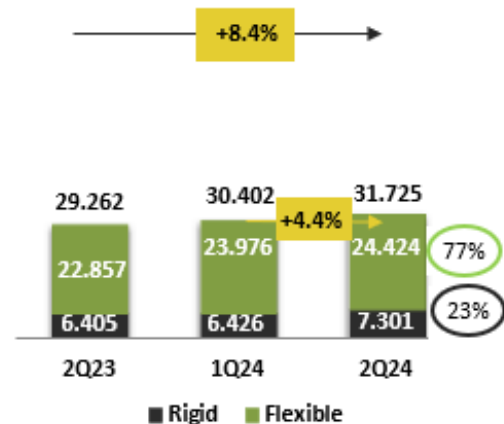
The increase in production compared to 2Q23 reflects the ramp-up of the Gaia III Project, whereas last year production in 2Q23 was negatively impacted by the startup of the Gaia I Project.

Flexible packaging papers are used in the manufacture of sacks and bags for stores, food and tele-delivery, and have shown a very positive dynamic in recent years due to the greater use of paper, especially in replacement of plastic. Rigid packaging papers are used to produce sustainable corrugated cardboard packaging.

Total Production of Sustainable Packaging Paper (t)

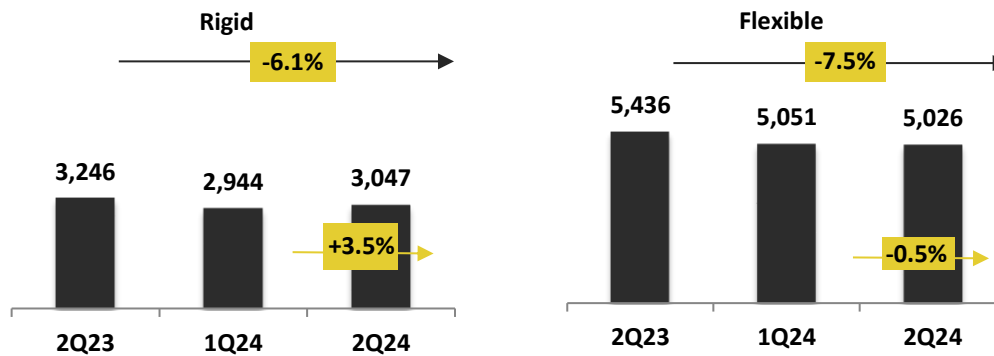


Total Sales of Sustainable Packaging Paper (t)



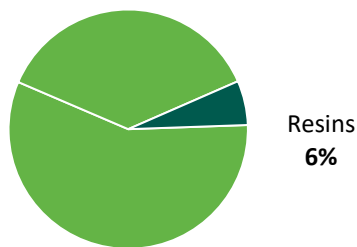
The price of flexible packaging paper is 7.5% lower compared to 2Q23 with price reductions, caused by a change in the mix, which altered the average price.

Average Prices Net of Taxes of Sustainable Packaging Paper (R\$/t)



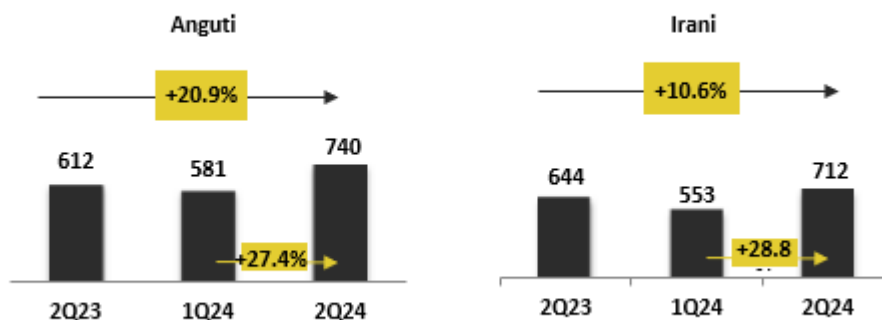
1.2.1 OCC (Old Corrugated Containers)

Revenue Contribution 2Q24



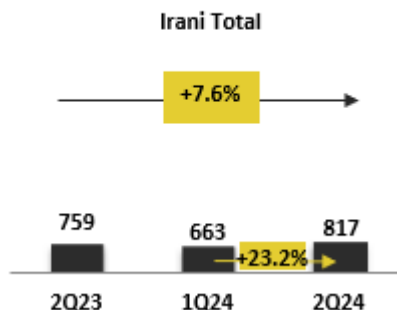
The OCC accounted for 19% of total cost in 2Q24. In the first half of 2024, the PO market was heated, and the OCC prices ended 2023 close to pre-pandemic levels. This led the OCC supplier market to start a gradual price adjustment movement at the end of the first quarter, which was expected to continue throughout 2024. However, the climatic events of the floods in State of Rio Grande do Sul in early May halted the activities of key suppliers for a period, accelerating the price increase cycle for this material. With the resumption of activities by OCC suppliers in RS and the return of packaging deliveries in the first half, we expect a better balance between supply and demand for the second half of the year.

OCC Price Evolution (Net Price R\$/t|FOB)



Methodological note: Anguti Statistics – Paper OCC Newsletter.

OCC Price Evolution (Net Price R\$/t|CIF)

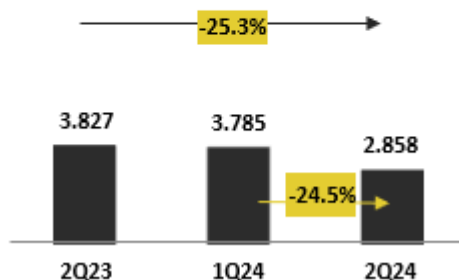


1.3 Sustainable Resins Segment (Gum Rosin and Turpentine)

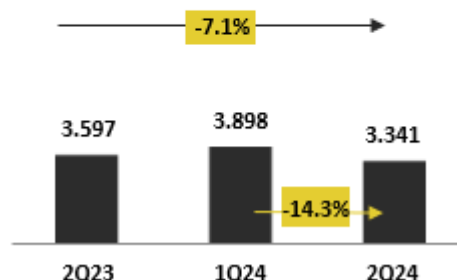
Resin production has been impacted due to the low prices paid by buyers. Producers are waiting for prices to recover before selling and are currently stocking the product. The rainy weather in the state of Rio Grande do Sul has also impaired production.

The gum rosin and turpentine market saw a reduction in sales due to low demand by the foreign market driven by poor economic activity, especially in Europe. Another point that continues to affect sales are the problems with shipments at SC ports, which have affected the delivery of gum rosin and turpentine. We are monitoring this scenario so that deliveries can normalize in the coming months.

Production of Gum Rosin and Turpentine (t)

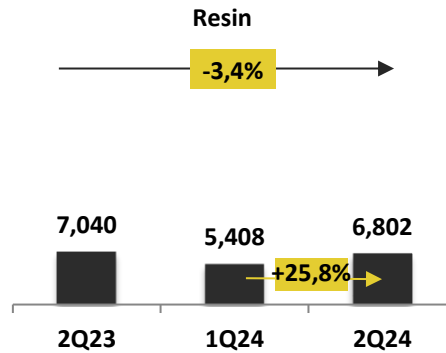


Sale of Gum Rosin and Turpentine (t)



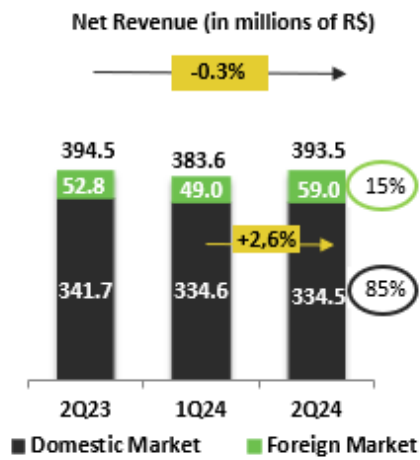
In 2Q24, the average gross price of gum resin was 3.4% lower than in 2Q23. The price variations of this product are according to the international market and the exchange rate.

Average prices net of taxes (R\$/t)

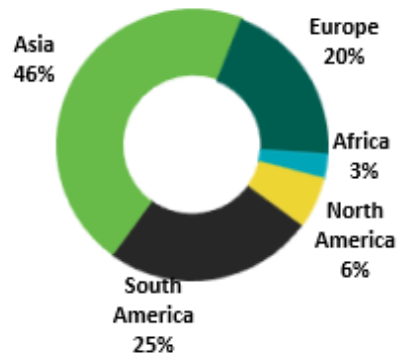


2. Economic and Financial Performance

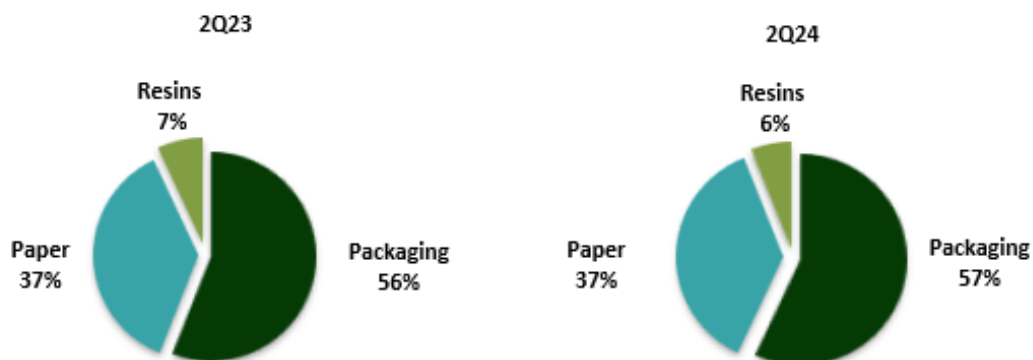
2.1 Net Revenue from Sales



Net Revenue - Foreign Market by Region - 2Q24



Net Revenue by Segment

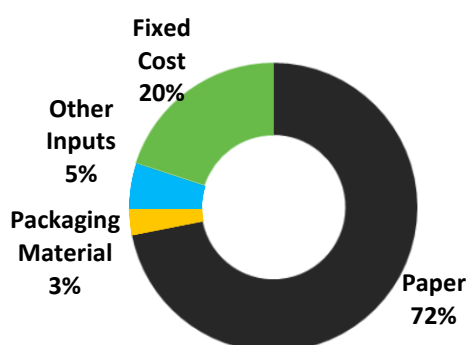


2.2 Cost of goods sold

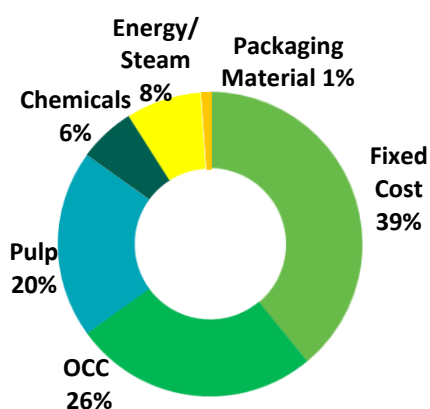
The cost of goods sold in 2Q24 was R\$ 260,505 thousand, an increase of 5.0% compared to 2Q23 in absolute values. The changes in the fair value of biological assets are not considered in the cost of goods sold in both periods.

The formation of the cost per Segment of Irani's operations in 2Q24 is shown in the graphs below:

Sustainable Packaging (Corrugated Cardboard)

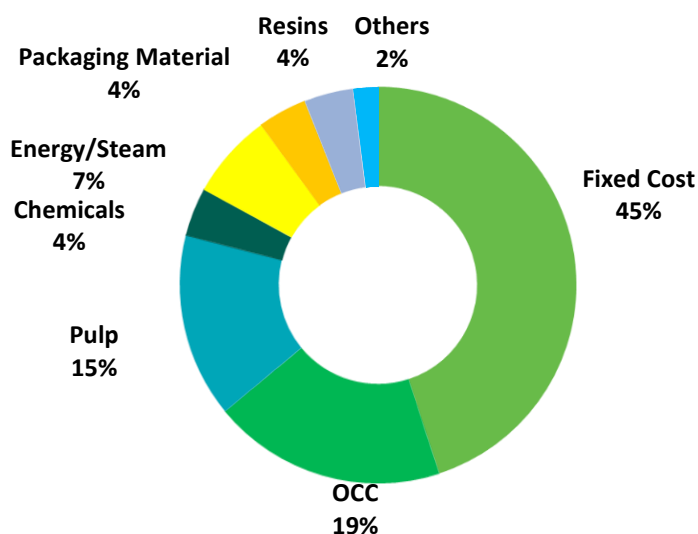


Sustainable Packaging Paper (Paper)*



* the formation of the cost of the Sustainable Packaging Paper (Paper) Segment does not consider the changes in the fair value of biological assets.

Total Cost 2Q24



3. Operating Cash Generation (Adjusted EBITDA)

Consolidated (R\$ thousand)	2Q24	1Q24	2Q23	Chg. 2Q24/ 1Q24	Chg. 2Q24/ 2Q23	6M24	6M23	Chg. 6M24/ 6M23	LTM24	LTM23	Chg. LTM24/ LTM23
Profit for the Period	40.065	40.639	228.746	-1,4%	-82,5%	80.704	311.704	-74,1%	152.434	493.153	-69,1%
Current and deferred income tax and social contribution	21.087	14.248	75.168	48,0%	-71,9%	35.335	109.577	-67,8%	48.163	180.769	-73,4%
Depletion	11.889	11.446	4.665	3,9%	154,9%	23.335	9.691	140,8%	31.405	24.857	26,3%
Depreciation and amortization	35.715	32.360	22.104	10,4%	61,6%	68.075	42.418	60,5%	120.502	79.650	51,3%
Finance income (costs)	29.124	28.613	(36.986)	1,8%	-	57.737	(17.808)	-	121.119	11.422	960,4%
EBITDA	137.880	127.306	293.697	8,3%	-53,1%	265.186	455.582	-41,8%	473.623	789.851	-40,0%
EBITDA margin	35,0%	33,2%	74,5%	1,8p.p.	-39,5p.p.	34,1%	56,9%	-22,8p.p.	30,2%	47,8%	-17,6p.p.
Adjustments according to CVM Resolution 156/22											
Changes in the fair value of biological assets ⁽¹⁾	(24.149)	(20.772)	(33.483)	16,3%	-27,9%	(44.921)	(67.406)	-33,4%	(49.135)	(145.185)	-66,2%
Non-recurring events	-	6.237	(147.272)	-	-	6.237	(151.142)	-	38.988	(155.265)	-
Management profit sharing ⁽²⁾	4.287	4.287	4.118	0,0%	4,1%	8.574	8.236	4,1%	16.806	12.473	34,7%
Adjusted EBITDA	118.018	117.058	117.060	0,8%	0,8%	235.076	245.270	-4,2%	480.282	501.874	-4,3%
Adjusted EBITDA margin	30,0%	30,5%	29,7%	-0,5p.p.	0,3p.p.	30,3%	30,6%	-0,3p.p.	30,6%	30,4%	0,2p.p.

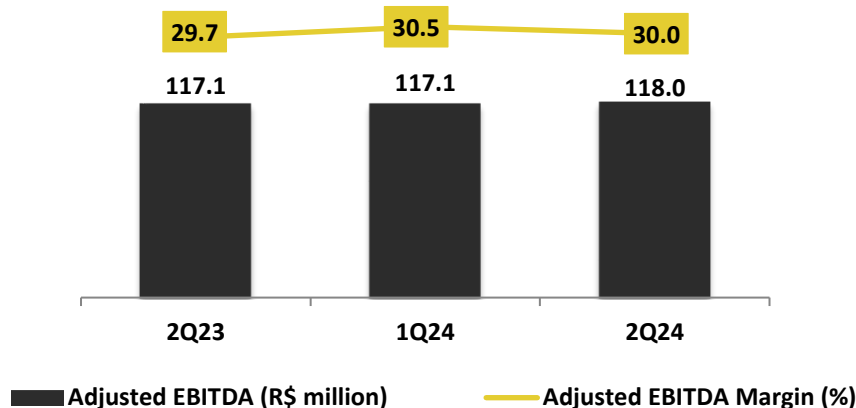
¹ Changes in the fair value of biological assets for not representing cash generation for the period.

² Management profit sharing: The amount of R\$ 4,287 thousand relates to the provision for Company management profit sharing.

Adjusted EBITDA in 2Q24 was R\$ 118,018 thousand with a margin of 30.0%, stable compared to 2Q23 when it was R\$ 117,060 thousand with a margin of 29.7%, and stable compared to 1Q24 when it was R\$ 117,058 thousand with a margin of 30.5%.

This quarter, we had a 28.8% increase in costs of OCC, our main raw material. Despite this, the Company demonstrated stability in EBITDA and margin, positively affected by the initial returns from investments made in the Gaia Platform.

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (%)



4. Finance Result

The finance result is distributed as follows:

R\$ thousand	2Q24	1Q24	2Q23	6M24	6M23	UDM24 ²	UDM23 ²
Finance income	24,321	23,058	99,172	47,379	140,331	100,161	204,325
Finance costs	(53,445)	(51,671)	(62,186)	(105,116)	(122,523)	(221,280)	(215,747)
Finance result	(29,124)	(28,613)	36,986	(57,737)	17,808	(121,119)	(11,422)
Foreign exchange gain	5,388	1,812	1,434	7,200	4,807	10,900	13,152
Foreign exchange loss	(3,802)	(1,180)	(2,733)	(4,982)	(6,380)	(7,749)	(15,359)
Net exchange rate change	1,586	632	(1,299)	2,218	(1,573)	3,151	(2,207)
Finance income without exchange rate variation	18,933	21,246	97,738	40,179	135,524	89,261	191,173
Finance costs without exchange rate variation	(49,643)	(50,491)	(59,453)	(100,134)	(116,143)	(213,531)	(200,388)
Finance result without exchange rate variation	(30,710)	(29,245)	38,285	(59,955)	19,381	(124,270)	(9,215)
Fixed interest and guarantees (BNDES) ¹	-	-	(12,557)	-	(25,274)	(4,150)	(40,109)

¹ Not included in the other lines above, as they do not impact the finance result.

² Accumulated in the last twelve months.

The finance result for 2Q24 was negative R\$ 29,124 thousand, an increase of 1.8% compared to the negative finance result of R\$ 28,613 thousand in 1Q24. The increase in the negative balance is mainly due to: (i) the positive impact of the Selic rate reduction and the consequent reduction in the average cost of debt; (ii) the negative impact resulting from the increase in net debt during the quarter; and (iii) the increase in future interest rates and their impact on the mark-to-market of the derivative financial instrument – swap.

The finance result for 2Q23 was impacted by the non-recurring effect of the recognition of the adjustment of PIS and COFINS credits on the acquisition of OCC, with a positive impact of R\$ 62,865 thousand. Excluding this impact, the result was negative R\$ 25,879 thousand. Therefore, the negative finance result for 2Q24 was 12.5% higher than that of 2Q23. This increase is mainly due to: (i) the increase in net debt in this period, mainly due to disbursements of Gaia Platform investments; and ii) the recognition as interest expense of the Gaia Platform financing, which was being capitalized, referring to projects that have been started up since then; and (iii) the positive impact of the Selic rate reduction and the consequent reduction in the average cost of debt.

4.1 Foreign exchange

The exchange rate behaved as shown in the table below.

R\$ thousand	2Q24	1Q24	2Q23	Δ2Q24/1Q24	Δ2Q24/2Q23
Final foreign exchange rate - Dollar	5.56	5.00	4.82	10.07%	13.31%
Average foreign exchange rate - Dollar	5.22	4.95	4.95	5.17%	5.17%

Source: Bacen

4.2 Indebtedness

Consolidated (R\$ thousand)	2Q24	2Q23
Current	148,323	253,729
Non-current	1,517,749	1,589,389
Gross debt ¹	1,666,072	1,843,118
Current	9%	14%
Non-current	91%	86%
Local currency	1,626,598	1,843,118
Foreign currency	39,474	0
Gross debt ¹	1,666,072	1,843,118
Local currency	98%	100%
Foreign currency	2%	0%
Cash balance	614,358	861,955
Net debt	1,051,714	981,163
EBITDA LTM	480,282	501,874
Net debt/EBITDA	2.19	1.95

¹ The gross debt presented is calculated by adding up loans and financing, debentures and derivative financial instruments – swap. It does not consider the lease liabilities resulting from the effects of CPC06 (R2) (IFRS16).

Net debt increased by 7.2% in 2Q24 or R\$ 70,551 thousand compared to 2Q23 due to the negative free cash flow in the period, caused mainly by disbursements of the Gaia Platform investments and by the distribution of dividends.

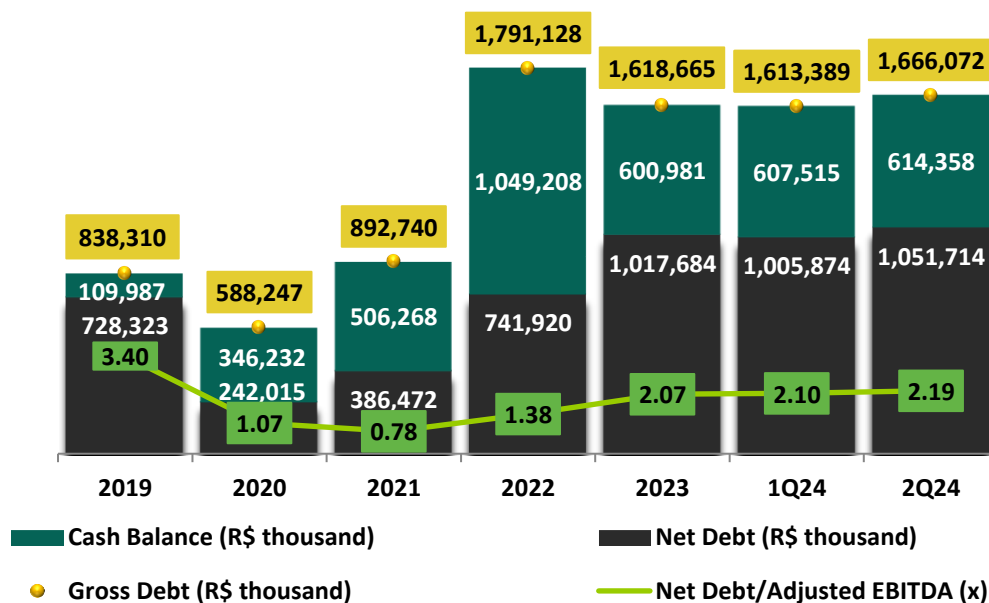
On the same comparative basis, gross debt decreased by 9.6%, mainly due to the [liability management strategy](#).

The average cost of debt over the last 12 months, as of June 30, 2024, was 12.4% p.a. (equivalent to CDI + 0.6%). After the effects of income tax and Social Contribution on Net Income, the cost was 8.2% per year.

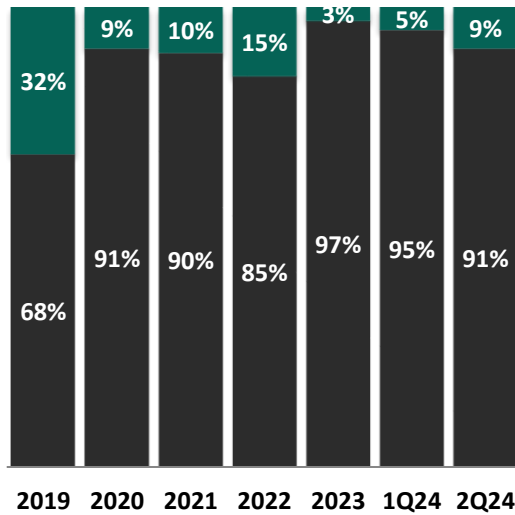
The Net Debt/Adjusted EBITDA ratio was 2.19 times in 2Q24, against 1.95 times in 2Q23. The indicator is in line with the parameters established in the Company's [Financial Management Policy](#), which sets a target of 2.5x.

Considering the lease liabilities resulting from the effects of CPC06 (R2) (IFRS16), net debt increased by R\$ 22,453 thousand, resulting in a Net Debt/Adjusted EBITDA ratio of 2.24x.

Debt and Net Debt/Adjusted EBITDA

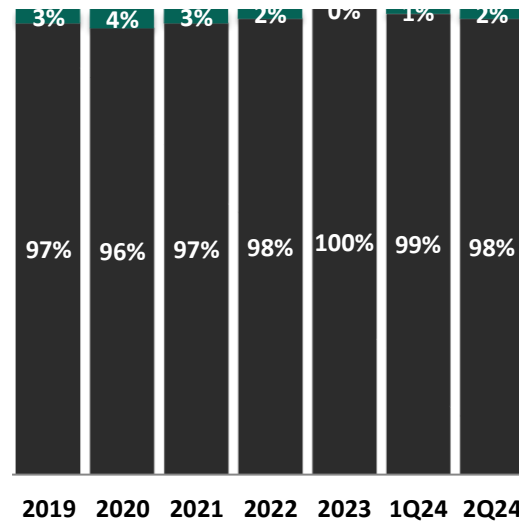


Gross Debt Profile



■ Short-Term Debt (%) ■ Long-Term Debt (%)

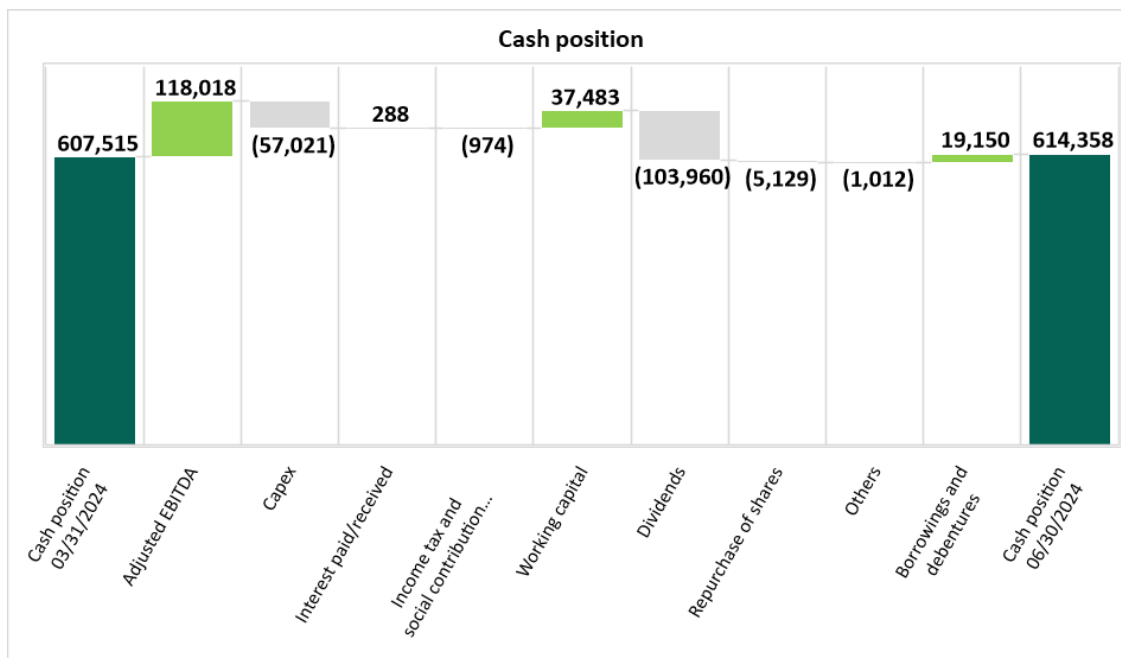
Gross Debt Composition



■ Foreign currency ■ Local currency

5. Cash position

As of March 31, 2024 the Company's cash position was R\$ 607,515 thousand and recorded an increase of 1.1% reaching R\$ 614,358 thousand as of June 30, 2024. Cash flow variations are presented as follows:



6. Free Cash Flow

Free Cash Flow	2Q24	1Q24	2Q23	UDM24	LTM23
Adjusted EBITDA	118,018	117,058	117,060	480,282	501,874
(-) Capex ⁽¹⁾	(57,021)	(44,756)	(139,769)	(250,864)	(481,145)
(-) Interest paid/received	288	(44,311)	23,100	(125,982)	(26,928)
(-) Income tax and social contribution (cash)	(974)	(348)	(16,314)	(83,286)	(80,662)
(+/-) Working capital	37,483	(15,723)	19,030	117,984	(22,687)
(-) Dividends + interest on capital	(103,960)	(2,304)	(113,579)	(177,222)	(181,969)
(-) Repurchase of shares	(5,129)	-	(18,149)	(5,129)	(62,436)
(+/-) Others	421	13	(149)	1,274	43,240
Free Cash Flow	(10,874)	9,629	(128,770)	(42,943)	(310,713)
Dividends + interest on capital	103,960	2,304	113,579	177,222	181,969
Repurchase of shares	5,129	-	18,149	5,129	62,436
Gaia Platform ⁽¹⁾	11,815	12,030	111,702	115,340	379,131
Expansion Projects	-	-	4	32	251
Adjusted Free Cash Flow⁽²⁾	110,030	23,964	114,663	254,780	313,073
Adjusted FCL Yield⁽³⁾				9.8%	15.7%

⁽¹⁾ Considers the disbursement of interest and guarantees, referring to the financing of investments in the Gaia Platform of R\$ 16,840 thousand in 2Q23, R\$ 32,434 thousand in LTM23 and R\$ 11,199 thousand in LTM24.

⁽²⁾ Excluding dividends, interest on capital and repurchase of shares, Gaia Platform and Expansion Projects.

⁽³⁾ Yield - Adjusted Free Cash Flow divided by the average market value in the LTM.

Adjusted Free Cash Flow, disregarding investments in the Gaia Platform and other Expansion Projects, as well as distribution of dividends, was positive by R\$ 110,030 thousand in 2Q24, an increase of 359.2% in relation to 1Q24. The increase is due to (i) lower interest payments due to the seasonal payment of compensation for the 5th Private Issuance of Green Debentures in February and August, and (ii) less need for working capital, reflecting the offset of PIS and COFINS credits on past acquisitions of OCC (R\$ 21,289 thousand) and the postponement of federal tax payments according to RFB Ordinance No. 415 of 05/06/2024 (R\$ 14,972 thousand).

Compared to 2Q23, there was a reduction of 4.0% due to the negative effects of (i) the reduction in interest received due to a lower cash balance and (ii) the increase in maintenance Capex. As positive effect, there was a reduction in the need for working capital and a reduction of IR/CSLL payments for the reasons mentioned above.

In the last 12 months ended June 30, 2024, the Adjusted Free Cash Flow was R\$ 254,780 thousand, a decrease of 18.6% compared to R\$ 313,073 thousand recorded in the 12 months ended June 30, 2023. Working capital contributed positively for the aforementioned offset of taxes. Negatively, there was a reduction in EBITDA, an increase in maintenance Capex costs and higher interest payments due to higher net debt due to investments made. The Adjusted Free Cash Flow recorded in the 12 months ended June 30, 2023 was also positively

impacted by the full receipt of the balance from the sale of the industrial property of the Vila Maria Packaging Unit, which had its operations discontinued in 2019, in the amount of R\$ 29,525 thousand.

Free Cash Flow Yield was 9.8% for the last 12 months ended June 30, 2024, a decrease of 5.9 p.p. compared to the 12 months ended June 30, 2023, due to (i) the decrease of 18.6% in Adjusted Free Cash Flow and (ii) increase of 30.9% in the average market value of the Company in this period.

7. Return on Invested Capital (ROIC)

The Return on Invested Capital (ROIC) was 12.9% in the last 12 months, a decrease of 1.4 p.p. compared to the 12 months ended March 31, 2024, and of 7.8 p.p. in relation to the 12 months ended June 30, 2023. The decrease recorded in the comparisons is due to the increase in Adjusted Invested Capital. This effect is natural during the ramp-up of Gaia Platform Investments, since the finalized CAPEX is immediately added to the Adjusted Invested Capital, while the returns generated by the projects gradually impact the Adjusted Operating Cash Flow.

ROIC at high levels demonstrates the commitment to generate consistent returns above the cost of capital (WACC). The business model with core business based on the secular trend of the circular and low-carbon economy (impact business) supports ROIC at different levels.

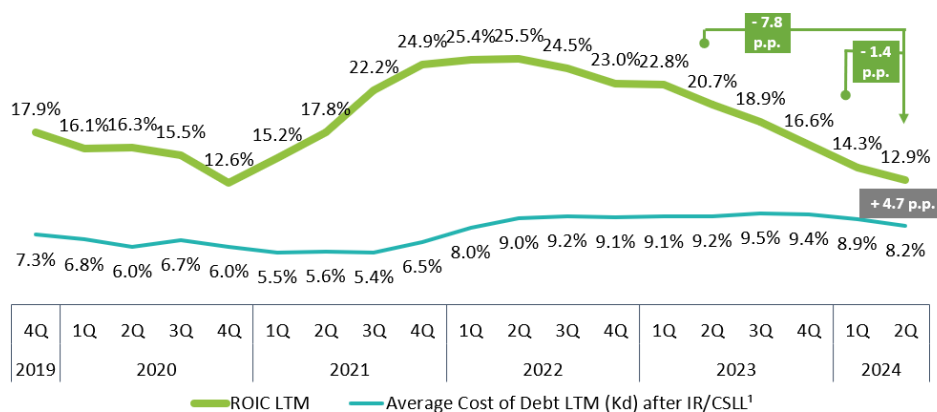
ROIC (R\$ thousand) - LTM ⁽¹⁾	2Q24	1Q24	2Q23
Total Assets	3,481,725	3,423,387	3,015,687
(-) Total liabilities (former debt)	(576,019)	(592,191)	(595,701)
(-) Works in progress	(228,685)	(379,539)	(697,129)
Capital Invested	2,677,021	2,451,657	1,722,857
(-) Adjustment CPC 29 ⁽²⁾	(225,922)	(221,935)	(180,603)
Adjusted Capital Invested	2,451,099	2,229,722	1,542,254
Adjusted EBITDA	480,282	479,324	501,874
(-) Capex for maintenance	(135,492)	(118,350)	(101,764)
(-) Income Tax and Social Contribution (cash) ⁽³⁾	(27,884)	(43,224)	(80,662)
Adjusted Operating Cash Flow	316,906	317,751	319,448
ROIC⁽⁴⁾	12.9%	14.3%	20.7%

⁽¹⁾ Average of balance sheet balances for the last 4 quarters (Last Twelve Months)

⁽²⁾ Fair value differential of biological assets less deferred taxes of the fair value of biological assets

⁽³⁾ Excludes non-recurring Income Tax and Social Contribution (Cash) of R\$ 55,402 thousand in 3Q23 derived from recognition of PIS and COFINS credits on acquisition of OCC in 2Q23

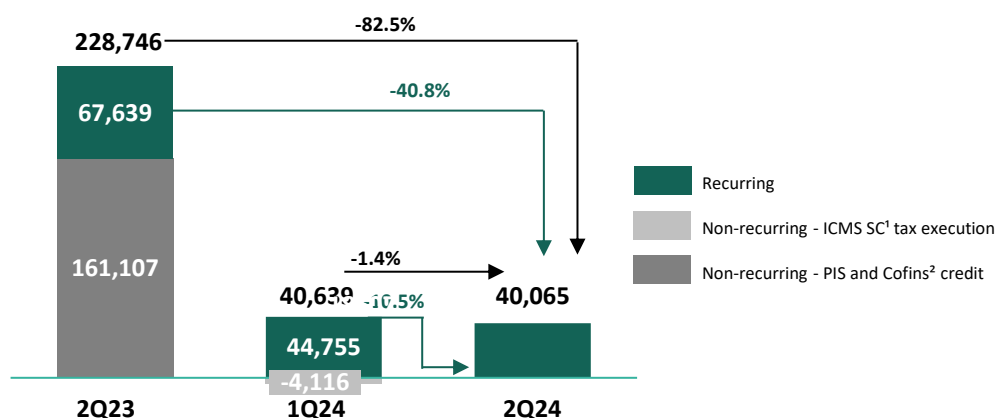
⁽⁴⁾ ROIC (Last Twelve Months): Adjusted Operating Cash Flow / Adjusted Capital Invested

ROIC LTM x Average Cost of Debt LTM (Kd) after IR/CSLL


¹Average Cost of Debt LTM (Kd) after IR/CSLL: LTM interest/average gross debt last 4 quarters less IR/CSLL of 34%. Considers the interest related to the financing of Gaia Platform investments

8. Profit for the Period

Profit for 2Q24 was R\$ 40,065 thousand compared to profit of R\$ 228,746 thousand for 2Q23 and profit of R\$ 40,639 thousand for 1Q24. Last year, there was the recognition of PIS and COFINS credits on the acquisition of OCC, leading to an effect of non-recurring net profit of R\$ 161,107 thousand. The recurring net profit in 2Q24 was 40.8% lower than in 2Q23 and 10.5% lower than in 1Q24. These declines mainly reflect the decrease in corrugated cardboard prices over the past year, lower change in the fair value of biological assets, and higher depreciation due to investments in the Gaia Platform.

Net Profit¹ (R\$ thousand)


¹ ICMS/SC Tax Execution negatively impacted net profit in 1Q24 by R\$ 4,116 thousand.

² The recognition of PIS and COFINS credits on the acquisition of OCC impacted net profit in 2Q23 by R\$ 161,107 thousand.

9. Investments

The Company maintains its strategy of investing in the modernization and automation of its production processes. This quarter's investments totaled R\$ 45,416 thousand and were basically directed to reforestation, maintenance and improvement in the Company's physical structures, software, machinery and equipment.

R\$ thousand	2Q24	6M24
Buildings	596	616
Equipment	39,656	75,378
Intangible assets	1,076	3,680
Reforestation	4,088	9,369
Total	45,416	89,043

10. Gaia Platform

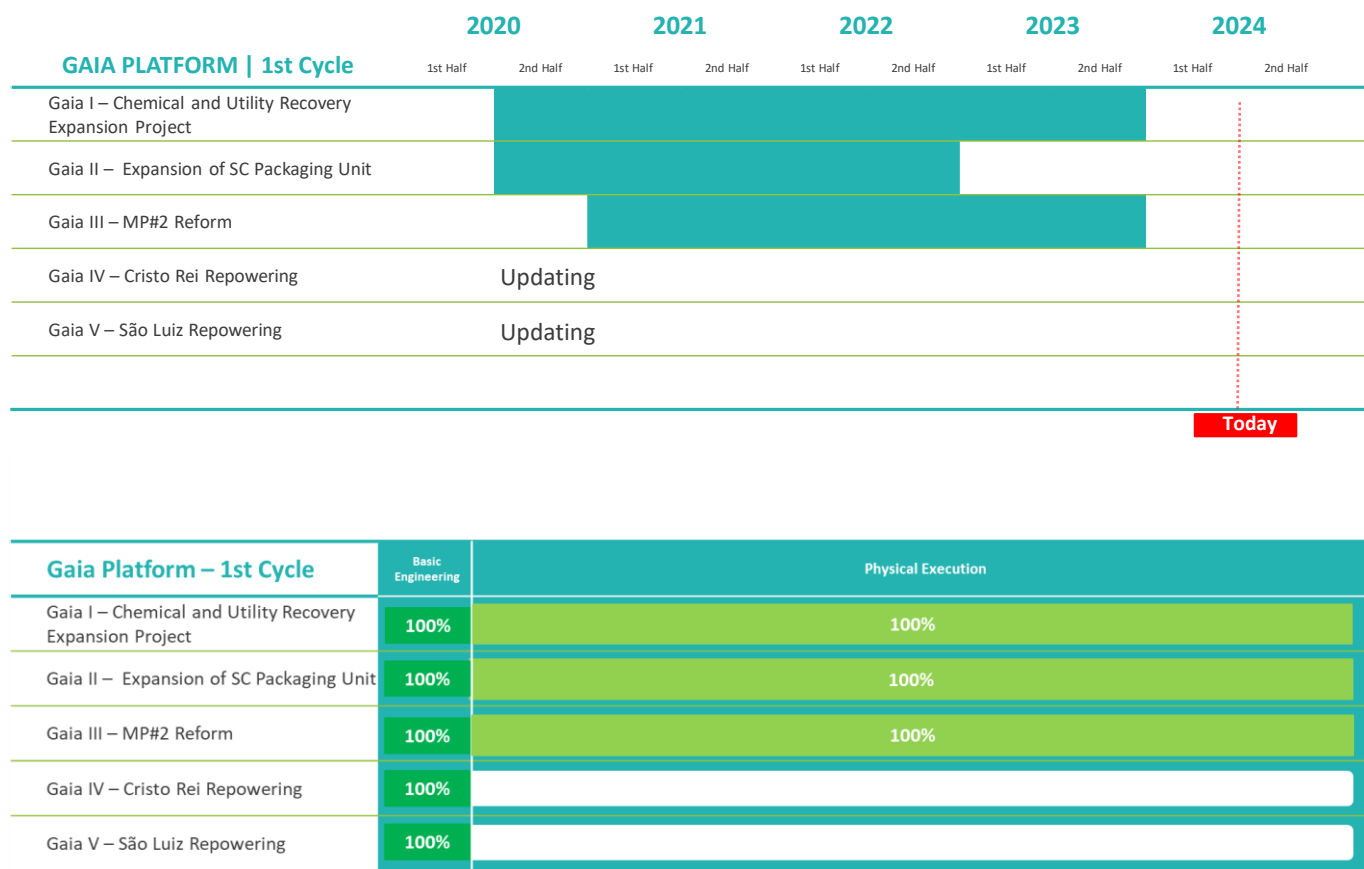
1st Cycle

As highlights in the second quarter of 2024 in the **Gaia I** - Chemical and Utility Recovery project, we continue to monitor the performance curve, a process that involves continuous monitoring and detailed recording of all relevant information. This data is essential for calculating the project's return on investment, allowing the evaluation of its performance.

Gaia II and III projects were formally closed with the Board of Directors.

Regarding projects **Gaia IV** - Cristo Rei Repowering and **Gaia V** – São Luiz Repowering, we continue to review the project, budget and schedule, based on the deliberations of the state environmental agency to obtain the necessary environmental licenses.

Timetable



Today

2nd Cycle

In the **Gaia VI** project - Process Information Management System, the Paper and Resins units were successfully completed. We are currently supporting the project in these units. At the same time, we continue with user training, development of dashboards for management information, infrastructure execution and installation of sensors and panels for the next Go Lives at the Packaging units.

Regarding the **Gaia VII** project - Expansion of ETE Phase 1, which is completed, we continue to monitor the quality of the treated effluent, reaching the expected indicators.

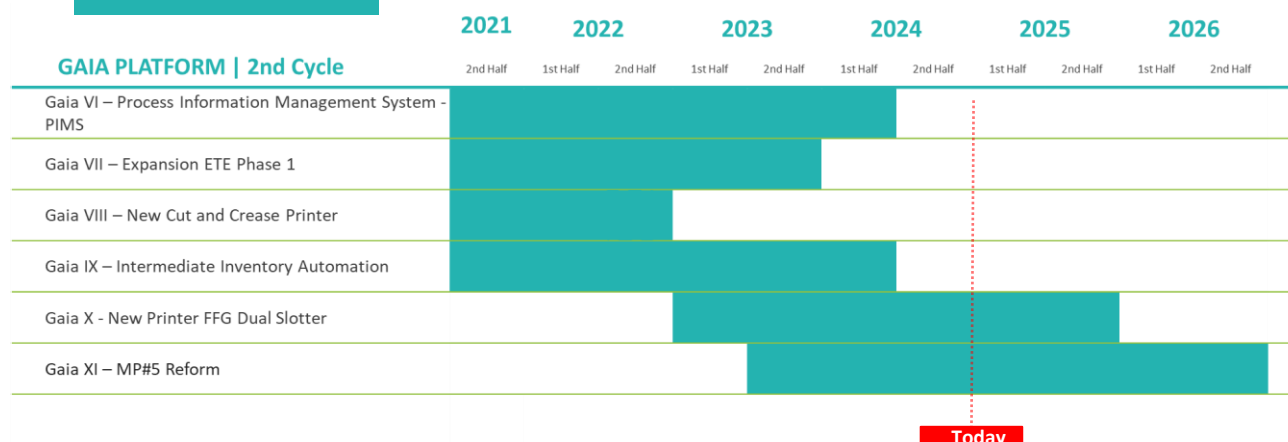
In the **Gaia VIII** project - New Cut and Crease Printer, we continue to monitor the performance curve of the installed equipment.

Regarding the **Gaia IX** project - Intermediate Inventory Automation, we are monitoring the performance curve of the automation solution integrated with the plant's other equipment and systems.

In the **Gaia X** project - New FFG Dual Slotter Printer, the manufacturing process of the acquired equipment and the execution of detailed engineering by the project team are underway.

Finally, the **Gaia XI** project - Reform of MP#5 is in the planning phase alongside the negotiations of the main packages.

Timetable



Gaia Platform – 2nd Cycle	Basic Engineering	Physical Execution
Gaia VI – Process Information Management System - PIMS	N/A	95%
Gaia VII – Expansion ETE Phase 1	100%	100%
Gaia VIII – New Cut and Crease Printer	N/A	100%
Gaia IX – Intermediate Inventory Automation	N/A	100%
Gaia X - New Printer FFG Dual Slotter	100%	
Gaia XI – MP#5 Reform	100%	

		Estimated Investment	Estimated Investment	Investment Made	Investment Made until
Gaia Platform – 1st and 2nd Cycle		(Gross)	(Net)	2Q24	06/30/2024
Gaia I – Chemical and Utility Recovery Expansion Project	Paper SC	682,023	594,539	7,534	656,118
Gaia II – Expansion of SC Packaging Unit	Packaging SC	150,433	118,189	0	131,249
Gaia III – MP#2 Reform	Paper SC	66,844	53,293	0	59,806
Gaia IV – Cristo Rei Repowering	Paper SC	Updating			
Gaia V – São Luiz Repowering	Paper SC	Updating			
Gaia VI – Process Information Management System - PIMS	Paper SC	18,400	15,304	1,014	12,972
Gaia VII – Expansion ETE Phase 1	Paper SC	49,597	45,159	1,601	45,685
Gaia VIII – New Cut and Crease Printer	Packaging SP	21,318	15,034	512	15,574
Gaia IX – Intermediate Inventory Automation	Packaging SP	42,860	29,897	339	35,906
Gaia X - New Printer FFG Dual Slotter	Packaging SC	50,916	37,073	815	9,228
Gaia XI - MP#5 Reform	Paper SC	89,668	84,345	0	0
Total		1,172,059	992,833	11,815	966,538

11. Capital Market

11.1 CREDIT RATING

On [February 29, 2024](#), S&P Global Ratings reviewed the Company's credit ratings and 4th Issuance of Green Debentures. The long-term issuer credit rating of 'brAA' on the Brazilian National Scale, [assigned on July 5, 2021](#) was reaffirmed, due to solid liquidity. According to the agency, the stable outlook indicates the expectation that the Company will present increasing operating cash generation in the coming years, as it captures the operational improvements of the Gaia Platform.

The 'brAA' rating assigned on July 5, 2021 to the 4th Private Issuance of Green Debentures was also maintained.

On [May 10, 2024](#), S&P Global Ratings carried out the quarterly monitoring of the ratings of the 1st and 2nd Series of CRAs of the 194th Issuance of Eco Securitizadora linked and backed by Irani's 5th Private Issuance of Green Debentures. The rating 'brAA (sf)' [assigned on September 26, 2022](#) was maintained.

11.2 GREEN DEBENTURES

The Company has 2 issuances of green debentures, detailed below:

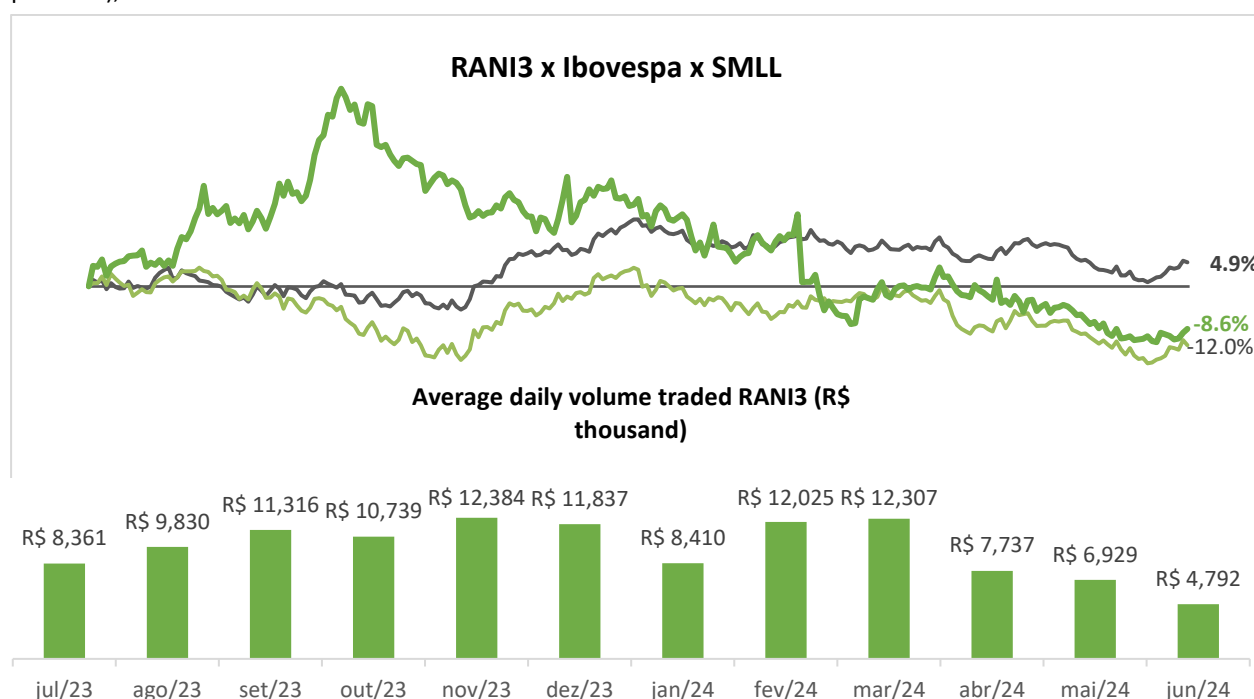
Issue	4th Issuance (RANI14)	5th Issuance
Type	Simple, Private, Non-Convertible, with Real Guarantee	Simple, Private, Non-Convertible, Unsecured
Series	Single	2 Series
Principal Issued (R\$ thousand)	R\$ 60,000	1 st Series - R\$ 486,307 2 nd Series - R\$ 233,693
Outstanding (R\$ thousand)	R\$ 60,000	1 st Series - R\$ 486,307 2 nd Series - R\$ 233,693
Date of Issue	03/03/2021	08/15/2022
Duration	12/15/2029	1 st Series - 08/12/2027 2 nd Series - 08/13/2029
Total Term	8.8 years	1 st Series - 5 years 2 nd Series - 7 years
Coupon	IPCA 5.50% p.a.	1 st Series - CDI + 1.40% p.a. 2 nd Series - CDI + 1.75% p.a.
Payment of Interest	Capitalized IPCA, 5.50% half-yearly	Half-yearly
Green Label	ERM NINT	ERM NINT
Rating	S&P Global Ratings: br AA+	S&P Global Ratings: br AA (sf)
Note	In December 2021, the Company contracted a derivative financial instrument (swap), changing the issuance remuneration of IPCA + 5.5% per year to CDI + 0.71% per year	Ballast for the issuance and public distribution of Agribusiness Receivables Certificates (CRAs) of the 1st and 2nd series of the 194th issuance of Eco Securitizadora

11.3 SHARE CAPITAL

The Company is listed in the special segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), called Novo Mercado (New Market), the highest level of corporate governance at B3.

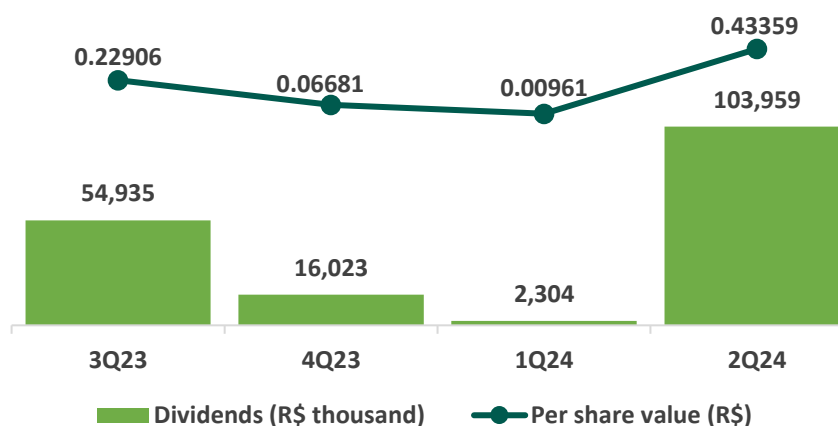
The shares have voting rights and are 100% tag along. At the end of 2Q24, common shares were traded at R\$ 8.47. The Company's shares currently comprise the IGC-NM, IGCX, ITAG, IMAT, IBRA, SMLL, IGCT, IGPTW, IAGRO, IDIV and ISE indexes of B3.

The performance and trading volume of the Company's shares in the accumulated for the last 12 months, compared to the Ibovespa index (the main performance indicator of shares traded on B3) and the SMLL (performance indicator of B3 companies with lower capitalization, which Irani is part of the theoretical portfolio), can be observed in the chart below.



The dividends distributed by the Company in the last 12 months are presented in the chart below:

Distribution of Dividends (R\$ thousand)



Total dividends and interest on capital paid in the last twelve months was R\$ 0.739065142 per share, totaling R\$ 177,221 thousand, and equivalent to an annual dividend yield of 7.97%, considering the share price of R\$ 9.27 at June 30, 2023.

According to the [Dividend Distribution Policy](#), Management is proposing the distribution of 25% of the Profit (dividend basis) for 2Q24, amounting to R\$ 10,196 thousand, which corresponds to R\$ 0.042684459 per share.

11.5 REPURCHASE PROGRAM

At a [Meeting of the Board of Directors Meeting held on March 22, 2024](#), the Repurchase Program of shares issued by the Company ("Repurchase Program 2024") was approved with the objective of maximizing the generation of value to shareholders by means of an efficient management of the capital structure. The program became effective on March 25, 2024, with a maximum settlement deadline on September 25, 2025, with a limit of acquiring up to 10,651,676 common shares, representing 10% of the total outstanding common shares of the Company. Until June 30, 2024, the Company repurchased 585,800 shares, representing 5.5% of the executed program, at R\$ 5,129 thousand, including trading costs, equivalent to an average price per share repurchased of R\$ \$8.76. Irani's share capital, as of June 30, 2024, was represented by 239,829,919 common shares (RANI3) and the Company held in treasury 585,800 common shares.

(A free translation of the original in Portuguese)

Irani Papel e Embalagem S.A.

**Parent company and consolidated
interim financial statements at
June 30, 2024
and report on review**



(A free translation of the original in Portuguese)

Report on review of parent company and consolidated interim financial statements

To the Board of Directors and Stockholders
Irani Papel e Embalagem S.A.

Introduction

We have reviewed the accompanying interim balance sheet of Irani Papel e Embalagem S.A. ("Company") as at June 30, 2024 and the related statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, as well as the accompanying consolidated interim balance sheet of the Company and its subsidiaries ("Consolidated") as at June 30, 2024 and the related consolidated statements of income and comprehensive income for the quarter and six-month period then ended, and the consolidated statements of changes in equity and cash flows for the six-month period then ended, and notes, comprising material accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these parent company and consolidated interim financial statements in accordance with the accounting standard CPC 21 - "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting", of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as at June 30, 2024, and the parent company financial performance for the quarter and six-month period then ended and its cash flows for the six-month period then ended, as well as the consolidated financial performance for the quarter and six-month period then ended and the



Irani Papel e Embalagem S.A.

consolidated cash flows for the six-month period then ended, in accordance with Technical Pronouncement CPC 21 - "Interim Financial Statements" and IAS 34 - "Interim Financial Reporting", issued by International Accounting Standards Board (IASB).

Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the six-month period ended June 30, 2024. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that they are consistent with the parent company and consolidated interim financial statements taken as a whole.

Porto Alegre, July 30, 2024

A handwritten signature in black ink, appearing to read "Rafael Biedermann Mariante".

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/F-6

Rafael Biedermann Mariante
Contador CRC 1SP243373/O-0

IRANI PAPEL E EMBALAGEM S.A.

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BALANCE SHEET

BALANCE SHEET AS AT JUNE 30 AND DECEMBER 31
(All amounts in thousands of reais)

ASSETS	Note	Parent company		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
CURRENT ASSETS					
Cash and cash equivalents	5	574.790	459.050	599.309	484.152
Financial investments	5	15.049	116.829	15.049	116.829
Trade receivables	6	273.934	263.094	274.193	264.092
Inventories	7	130.637	120.872	131.011	121.525
Taxes recoverable	8.a	129.138	137.156	129.528	137.449
Derivative financial instruments - swap	16	829	936	829	936
Other assets	9	23.579	9.500	24.126	9.886
Total current assets		1.147.956	1.107.437	1.174.045	1.134.869
NON-CURRENT ASSETS					
Trade receivables	6	541	490	541	490
Taxes recoverable	8.a	56.795	103.773	56.795	103.773
Income tax and social contribution recoverable	8.b	34.302	32.600	34.302	32.600
Judicial deposits		293	343	555	604
Other assets	9	6.048	5.748	6.075	5.775
Derivative financial instruments - swap	16	5.805	6.552	5.805	6.552
Other investments	11.b	-	-	4.684	4.184
Total long-term receivables		103.784	149.506	108.757	153.978
Investments in subsidiaries	11.a	224.763	217.276	-	-
Investment properties		2.432	2.432	2.432	2.432
Biological assets	13	284.315	249.979	448.541	417.586
Property, plant and equipment	12.a	1.593.897	1.576.441	1.612.577	1.594.617
Right-of-use assets	30	21.360	24.404	21.360	24.404
Intangible assets	12.b	138.003	139.180	138.003	139.180
Total non-current assets		2.368.554	2.359.218	2.331.670	2.332.197

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
CURRENT LIABILITIES					
Borrowings	14	119.878	21.571	119.878	21.571
Debentures	15	29.274	34.260	29.274	34.260
Lease liabilities	30	9.485	9.039	9.485	9.039
Trade payables	17	144.426	134.154	123.536	126.369
Social security obligations		63.470	57.944	64.628	58.601
Tax obligations		22.063	14.997	22.431	15.084
Income tax and social contribution payable		11.445	-	11.900	335
Taxes in installments	19	3.739	4.596	3.739	4.596
Advances from customers		4.904	2.533	5.000	2.564
Dividends payable	21.b	1.852	3.908	1.852	3.908
Other payables		18.151	26.262	18.332	26.510
Total current liabilities		428.687	309.264	410.055	302.837
NON-CURRENT LIABILITIES					
Borrowings	14	741.577	792.126	741.577	792.126
Debentures	15	781.977	778.196	781.977	778.196
Lease liabilities	30	12.968	15.187	12.968	15.187
Social security obligations		17.362	19.902	17.362	19.902
Other payables		1.589	4.643	1.589	4.643
Provision for civil, labor and tax risks					
Taxes in installments	20	23.388	24.472	24.295	24.689
Tax obligations	19	1.059	3.316	1.059	3.316
Deferred income tax and social contribution		253	229	253	229
Total non-current liabilities	10	256.330	239.616	263.260	246.237
Total non-current liabilities		1.836.503	1.877.687	1.844.340	1.884.525
TOTAL LIABILITIES					
		2.265.190	2.186.951	2.254.395	2.187.362
EQUITY					
Share capital	21.a	543.934	543.934	543.934	543.934
Capital reserve		960	960	960	960
Revenue reserves	21.e	512.431	660.614	512.431	660.614
Treasury shares	21.c	(5.129)	(53.616)	(5.129)	(53.616)
Carrying value adjustments	21.e	123.339	127.812	123.339	127.812
Retained earnings		75.785	-	75.785	-
Equity attributable to owners of the Parent company		1.251.320	1.279.704	1.251.320	1.279.704
TOTAL LIABILITIES AND EQUITY					
		3.516.510	3.466.655	3.505.715	3.467.066

STATEMENT OF INCOME

STATEMENT OF INCOME FOR THE PERIODS ENDED JUNE 30

(All amounts in thousands of reais unless otherwise stated)

	Note	Parent company		Parent company	
		Three-month period ended		Six-month period ended	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
NET SALES REVENUE	23	391.753	393.109	773.295	798.760
Change in fair value of biological assets	13, 24	20.431	29.202	34.497	54.217
Cost of sales	24	(257.095)	(246.200)	(501.684)	(496.628)
GROSS PROFIT		155.089	176.111	306.108	356.349
OPERATING INCOME (EXPENSES)					
Selling expenses	24	(35.388)	(29.639)	(68.803)	(60.639)
Impairment of trade receivables		(204)	18	(272)	58
General and administrative expenses	24	(27.422)	(25.101)	(55.840)	(52.179)
Other operating income (expenses), net	24	2.020	147.097	(2.817)	152.193
Management profit sharing	18	(4.287)	(4.118)	(8.574)	(8.236)
Equity in the earnings of subsidiaries	11	787	3.143	4.487	16.994
PROFIT BEFORE FINANCE RESULT AND TAXES		90.595	267.511	174.289	404.540
Finance result, net	25	(29.736)	35.968	(58.994)	15.717
Finance income		23.697	98.138	46.096	138.204
Finance costs		(53.433)	(62.170)	(105.090)	(122.487)
OPERATING PROFIT BEFORE TAXES		60.859	303.479	115.295	420.257
Current income tax and social contribution	26	(16.370)	(9.926)	(17.877)	(30.327)
Deferred income tax and social contribution	26	(4.424)	(64.807)	(16.714)	(78.226)
PROFIT FOR THE PERIOD		40.065	228.746	80.704	311.704
Profit attributable to:					
Owners of the Parent company		40.065	228.746	80.704	311.704
		40.065	228.746	80.704	311.704
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R\$	22	0,1672	0,9477	0,3366	1,2842

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME FOR THE PERIODS ENDED JUNE 30

(All amounts in thousands of reais unless otherwise stated)

	Note	Consolidated		Consolidated	
		Three-month period ended		Six-month period ended	
		06/30/2024	06/30/2023	06/30/2024	06/30/2023
NET SALES REVENUE	23	393.459	394.470	777.060	801.354
Change in fair value of biological assets	13, 24	24.149	33.483	44.921	67.406
Cost of sales	24	(260.505)	(248.183)	(508.864)	(494.298)
GROSS PROFIT		157.103	179.770	313.117	374.462
OPERATING INCOME (EXPENSES)					
Selling expenses	24	(35.756)	(29.987)	(69.775)	(61.531)
Impairment of trade receivables	6	(204)	18	(272)	58
General and administrative expenses	24	(28.359)	(25.852)	(57.215)	(53.460)
Other operating income (expenses), net	24	1.779	147.097	(3.505)	152.180
Management profit sharing	18	(4.287)	(4.118)	(8.574)	(8.236)
Equity in the earnings of subsidiaries	11	-	-	-	-
PROFIT BEFORE FINANCE RESULT AND TAXES		90.276	266.928	173.776	403.473
Finance result, net	25	(29.124)	36.986	(57.737)	17.808
Finance income		24.321	99.172	47.379	140.331
Finance costs		(53.445)	(62.186)	(105.116)	(122.523)
OPERATING PROFIT BEFORE TAXES		61.152	303.914	116.039	421.281
Current income tax and social contribution	26	(16.568)	(10.238)	(18.312)	(30.958)
Deferred income tax and social contribution	26	(4.519)	(64.930)	(17.023)	(78.619)
PROFIT FOR THE PERIOD		40.065	228.746	80.704	311.704
Profit attributable to:					
Owners of the Parent company		40.065	228.746	80.704	311.704
		40.065	228.746	80.704	311.704
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R\$	22	0,1672	0,9477	0,3366	1,2842

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED JUNE 30

(All amounts in thousands of reais)

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit for the period	40.065	228.746	80.704	311.704
Other comprehensive income				
Realization of deemed cost	3.389	3.389	6.777	6.777
Income tax and social contribution on realization of deemed cost	(1.152)	(1.152)	(2.304)	(2.304)
Realized revenue reserve of biological assets	738	296	1.407	990
Income tax and social contribution on realized revenue reserve of biological assets	(251)	(101)	(478)	(337)
Total comprehensive income for the period	42.789	231.178	86.106	316.830
Attributable to owners of the Parent company	42.789	231.178	86.106	316.830
Total comprehensive income for the period	42.789	231.178	86.106	316.830

The accompanying notes are an integral part of these financial statements.

IRANI PAPEL E EMBALAGEM S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED JUNE 30

(All amounts in thousands of reais)

	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Profit for the period	40.065	228.746	80.704	311.704
Other comprehensive income				
Realization of deemed cost	3.389	3.389	6.777	6.777
Income tax and social contribution on realization of deemed cost	(1.152)	(1.152)	(2.304)	(2.304)
Realized revenue reserve of biological assets	738	296	1.407	990
Income tax and social contribution on realized revenue reserve of biological assets	(251)	(101)	(478)	(337)
Total comprehensive income for the period	42.789	231.178	86.106	316.830
Attributable to owners of the Parent company	42.789	231.178	86.106	316.830
Total comprehensive income for the period	42.789	231.178	86.106	316.830

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY (All amounts in thousands of reais)

	Note	Share capital				Revenue reserves					Retained earnings	Total
		Share capital	Share issue costs	Treasury shares	Share-based payment	Legal	Biological assets reserve	Profit retention reserve	Tax incentive reserve	Carrying value adjustments		
AT JANUARY 1, 2023		566.895	(22.961)	(11.642)	960	37.714	2.512	409.752	4.990	136.865	-	1.125.085
Profit for the year		-	-	-	-	-	-	-	-	-	383.434	383.434
Realization of deemed cost	21 e.	-	-	-	-	-	-	-	-	(9.053)	9.053	-
Realized revenue reserve of biological assets	21 d.	-	-	-	-	-	(1.237)	-	-	-	1.237	-
Total comprehensive income for the year		-	-	-	-	-	(1.237)	-	-	(9.053)	393.724	383.434
Treasury shares	21 c.	-	-	(41.974)	-	-	-	-	-	-	-	(41.974)
Proposed allocations												
Legal reserve	21.d	-	-	-	-	19.172	-	-	-	-	(19.172)	-
Dividends	21.b	-	-	-	-	-	-	-	-	-	(93.638)	(93.638)
Additional dividends proposed	21.b	-	-	-	-	-	-	435	-	-	(93.638)	(93.203)
Profit retention reserve	21.d	-	-	-	-	-	-	187.276	-	-	(187.276)	-
Total contributions by and distributions to owners of the Parent company		-	-	(41.974)	-	19.172	-	187.711	-	-	(393.724)	(228.815)
AT DECEMBER 31, 2023		566.895	(22.961)	(53.616)	960	56.886	1.275	597.463	4.990	127.812	-	1.279.704
Profit for the period		-	-	-	-	-	-	-	-	-	80.704	80.704
Realization of deemed cost	21 e.	-	-	-	-	-	-	-	-	(4.473)	4.473	-
Realized revenue reserve of biological assets	21 d.	-	-	-	-	-	(929)	-	-	-	929	-
Total comprehensive income for the period		-	-	-	-	-	(929)	-	-	(4.473)	86.106	80.704
Treasury shares	21 c.	-	-	48.487	-	-	-	(53.616)	-	-	-	(5.129)
Proposed allocations												
Dividends	21.b	-	-	-	-	-	-	-	-	-	(10.321)	(10.321)
Additional dividends proposed	21.b	-	-	-	-	-	-	(93.638)	-	-	-	(93.638)
Total contributions by and distributions to owners of the Parent company		-	-	48.487	-	-	-	(147.254)	-	-	(10.321)	(109.088)
AT JUNE 30, 2024		566.895	(22.961)	(5.129)	960	56.886	346	450.209	4.990	123.339	75.785	1.251.320

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30
(All amounts in thousands of reais)

		Parent company		Consolidated		
	Note	06/30/2024	06/30/2023	06/30/2024	06/30/2023	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before income tax and social contribution		115.295	420.257	116.039	421.281	
Reconciliation of profit for the period to net cash provided by operating activities:						
Change in fair value of biological assets		13.a	(34.497)	(54.217)	(44.921)	(67.406)
Depreciation, amortization and depletion		12, 13 and 30	76.072	46.410	91.410	52.109
Profit (loss) from the disposal of property, plant and equipment			(518)	(975)	(518)	(958)
Equity in the earnings of subsidiaries		11	(4.487)	(16.994)	-	-
Provision/reversal for civil, labor and tax risks		20	367	(4.588)	1.070	(4.458)
Provision/reversal for impairment of trade receivables		6	287	(38)	287	(38)
Indexation accruals and interest on borrowings, debentures and swaps			96.656	103.534	96.656	103.534
Interest on lease liabilities			1.103	1.150	1.103	1.150
Interest on financial investments			(4.632)	(29.763)	(4.632)	(29.763)
Management profit sharing		18	(2.540)	(2.540)	(2.540)	(2.540)
PIS and COFINS credits on purchases of scraps		20	(5.099)	(231.805)	(5.099)	(231.805)
			238.007	230.431	248.855	241.106
(Increase) decrease in assets:						
Trade receivables			(11.178)	7.052	(10.439)	6.978
Inventories			(9.765)	4.833	(9.486)	5.657
Taxes recoverable			58.393	(10.360)	58.296	(10.409)
Other assets			(14.329)	(7.906)	(14.491)	(7.965)
Increase (decrease) in liabilities:						
Trade payables			23.502	7.693	9.901	(3.518)
Social security obligations			5.526	(4.516)	6.027	(4.125)
Advances from customers			2.371	(402)	2.436	(427)
Tax obligations			(1.996)	(9.336)	(1.168)	(9.089)
Other payables			(12.367)	21.495	(12.447)	21.445
Cash from operations			278.164	238.984	277.484	239.653
Payment of interest on borrowings, debentures and swaps			(75.830)	(90.125)	(75.830)	(90.125)
Payment of interest on lease liabilities			(1.103)	(1.150)	(1.103)	(1.150)
Taxes paid (income tax and social contribution)			(460)	(25.145)	(1.322)	(26.302)
Net cash provided by operating activities			200.771	122.564	199.229	122.076
CASH FLOWS FROM INVESTING ACTIVITIES						
Financial investments			(109.124)	(909.665)	(109.124)	(909.665)
Redemption of financial investments			215.536	759.607	215.536	759.607
Purchases of property, plant and equipment			(90.180)	(207.229)	(90.413)	(207.358)
Additions to biological assets			(6.376)	(5.559)	(7.684)	(6.759)
Additions to intangible assets			(3.680)	(6.057)	(3.680)	(6.057)
Capital contribution		11	-	(2.500)	-	-
Proceeds from sale of property, plant and equipment			934	1.051	934	1.051
Advance for future capital increase		11	(3.000)	-	-	-
Proceeds from sale of non-current assets held for sale			-	29.525	-	29.525
Other investments			-	-	(500)	(158)
Net cash provided by (used in) investing activities			4.110	(340.827)	5.069	(339.814)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividends			(106.264)	(134.776)	(106.264)	(134.776)
Lease liabilities paid			(4.329)	(5.966)	(4.329)	(5.966)
Proceeds from borrowings			29.154	71.385	29.154	71.385
Borrowings and debentures paid			(2.573)	(38.005)	(2.573)	(38.005)
Repurchase of shares			(5.129)	(41.974)	(5.129)	(41.974)
Net cash used in financing activities			(89.141)	(149.336)	(89.141)	(149.336)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD			115.740	(367.599)	115.157	(367.074)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5	459.050	702.762	484.152	735.194
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		5	574.790	335.163	599.309	368.120

The accompanying notes are an integral part of these financial statements.

STATEMENT OF VALUE ADDED

STATEMENT OF VALUE ADDED FOR THE PERIODS ENDED JUNE 30

(All amounts in thousands of reais)

	Parent company		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
1. REVENUE	1.072.413	1.370.968	1.077.160	1.375.083
1.1) Sales of goods and/or services	985.503	1.022.775	989.553	1.025.548
1.2) Other revenues	11.870	156.910	11.900	156.926
1.3) Provision for impairment of trade receivables	(287)	38	(287)	38
1.4) Revenue from construction of own assets	75.327	191.245	75.994	192.571
2 INPUTS ACQUIRED FROM THIRD PARTIES	614.298	802.408	602.006	789.894
2.1) Cost of sales and services	367.522	445.426	351.015	430.037
2.2) Materials, electricity, third-party services and other	246.776	356.982	250.991	359.857
3. GROSS VALUE ADDED (= 1-2)	458.115	568.560	475.154	585.189
4. DEPRECIATION, AMORTIZATION AND DEPLETION	76.072	46.410	91.410	52.109
5. CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS	(34.497)	(54.217)	(44.921)	(67.406)
6. NET VALUE ADDED GENERATED BY THE COMPANY (3-4-5)	416.540	576.367	428.665	600.486
7. VALUE ADDED RECEIVED THROUGH TRANSFER	50.583	155.198	47.379	140.331
7.1) Equity in the earnings of subsidiaries	4.487	16.994	-	-
7.2) Finance income	46.096	138.204	47.379	140.331
8. TOTAL VALUE ADDED TO DISTRIBUTE (6+7)	467.123	731.565	476.044	740.817
9. DISTRIBUTION OF VALUE ADDED	467.123	731.565	476.044	740.817
9.1) Personnel	127.613	121.502	134.114	128.109
9.1.1 - Direct compensation	93.933	91.292	97.912	95.203
9.1.2 - Benefits	28.555	25.307	30.893	27.818
9.1.3 - Government Severance Indemnity Fund for Employees (FGTS)	5.125	4.903	5.309	5.088
9.2) Taxes and contributions	136.051	158.080	138.445	160.688
9.2.1 - Federal	91.427	106.524	93.774	109.085
9.2.2 - State	43.294	50.649	43.295	50.665
9.2.3 - Municipal	1.330	907	1.376	938
9.3) Third-party capital remuneration	108.779	126.917	108.805	126.954
9.3.1 - Interest	105.090	122.487	105.116	122.523
9.3.2 - Rentals	3.689	4.430	3.689	4.431
9.4) Remuneration of own capital	86.106	316.830	86.106	316.830
9.4.1 - Dividends	10.321	20.376	10.321	20.376
9.4.1 - Profits reinvested	75.785	296.454	75.785	296.454
9.5) Other	8.574	8.236	8.574	8.236
9.5.1 - Management profit sharing	8.574	8.236	8.574	8.236

The accompanying notes are an integral part of these financial statements.

Irani Papel e Embalagem S.A. – Corporate Taxpayer's ID 92.791.243/0001-03

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All amounts in thousands of reais unless otherwise stated).

1. OPERATIONS

Irani Papel e Embalagem S.A. (“Company”) is a public company domiciled in Brazil and listed on B3 S.A. – Brasil, Bolsa, Balcão (“B3”), New Market segment, and headquartered at Avenida Carlos Gomes, 400, salas 502/503, Edifício João Benjamin Zaffari, Bairro Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul. The Company and its subsidiaries are primarily engaged in sustainable packaging industry, such as corrugated paper, packaging paper and processing of resinous products and their byproducts. The Company is also engaged in forestation and reforestation activities and utilizes the production chain of planted forests (renewable natural resource) and paper recycling as the basis for all its production.

The direct subsidiaries are listed in Note 4.

Its direct parent company is Irani Participações S.A., a privately-held Brazilian corporation, and its ultimate parent company is D.P Representações e Participações Ltda., both companies belonging to the Habitasul Group.

The Company recorded in its results the impacts of the climate event in the State of Rio Grande do Sul on the commercial freight expenses due to the need to change the delivery route of its products sold and also on the production costs due to the temporary shutdown of important suppliers of OCC (old corrugated containers). The Company also evaluated and did not identify effects on its accounting estimates of recoverability of assets, fair value measurement, provisions and contingent assets and liabilities, revenue recognition and provisions for expected losses.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The parent company and consolidated interim financial statements included in the Quarterly Information Form - ITR are prepared in accordance with the accounting standard CPC 21 (R1) - Interim Financial Reporting, and with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information - ITR, and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The Group’s operations do not present cyclical or seasonal characteristics that could affect the comparability and interpretation of these interim financial statements.

The issuance of these interim financial statements of the Company was authorized by the Company's Management on July 30, 2024.

The interim financial statements have been prepared on a historical cost basis, except for biological assets measured at their fair values less costs to sell, derivative financial instruments – swap and financial instruments measured at their fair values, as described in Notes 13, 16 and 27, respectively.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the interim financial statements for the three- and six-month period ended June 30, 2024 are consistent with those applied in the preparation of the last annual financial statements at December 31, 2023 and are disclosed in Notes 2.1, 2.2 and 3.

4. CONSOLIDATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements include Irani Papel e Embalagem S.A. and its subsidiaries, as follows:

Equity interest (%)	Business activity	06/30/2024	12/31/2023
Subsidiaries – direct interest			
Habitasul Florestal S.A.	Forestry production	100,00	100,00
HGE - Geração de Energia Sustentável S.A. *	Electric power generation	100,00	100,00
Iraflor - Comércio de Madeiras Ltda.	Trade of timber	100,00	100,00
Irani Soluções para E-Commerce Ltda. *	E-commerce for packaging	100,00	100,00
Irani Ventures Ltda.	Interest in other companies or projects	100,00	100,00

* non-operating.

The accounting policies adopted by the subsidiaries are consistent with those adopted by the Company. The investments in subsidiaries, the equity in the earnings of subsidiaries, as well as the balances of transactions carried out and unrealized intercompany profit and/or loss were eliminated in the consolidated interim financial statements. The financial information of the subsidiaries, used for consolidation, was prepared for the same base reporting date as that of the parent company.

5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

Balances of cash and cash equivalents and financial investments are represented as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Fixed fund	6	15	7	17
Banks	1.009	859	1.028	890
Financial investments with immediate liquidity i)	573.775	458.176	598.274	483.245
Total cash and cash equivalents	574.790	459.050	599.309	484.152
Financial investments ii)	15.049	116.829	15.049	116.829
Total financial investments	15.049	116.829	15.049	116.829
Total cash and cash equivalents and financial investments	589.839	575.879	614.358	600.981

i) Short-term investments are intended to meet the Company's immediate cash needs.

ii) Financial investments are intended to meet the Company's non-immediate financial commitments.

Short-term investments and financial investments are remunerated with fixed income at an average rate of 102.7% (103.0% as of December 31, 2023) of the CDI (Interbank Deposit Certificate). Cash management is carried out in accordance with the Company's Financial Management Policy , approved by the Board of Directors on September 19, 2023.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Trade receivables from:				
Customers - domestic market	249.918	249.625	250.177	250.623
Customers - related parties	203	215	203	215
Customers - foreign market	35.847	23.154	35.847	23.154
Customers - renegotiation	447	2.243	447	2.243
	286.415	275.237	286.674	276.235
Provision for losses on trade receivables	(11.940)	(11.653)	(11.940)	(11.653)
	274.475	263.584	274.734	264.582
Current	273.934	263.094	274.193	264.092
Non-current	541	490	541	490

The aging analysis of trade receivables is presented in the table below:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Not yet due	264.280	249.287	264.535	250.256
Up to 30 days past due	6.878	8.671	6.882	8.694
31 to 60 days past due	2.571	1.735	2.571	1.735
61 to 90 days past due	385	389	385	389
91 to 180 days past due	161	3.342	161	3.342
More than 180 days past due	12.140	11.813	12.140	11.819
	<u>286.415</u>	<u>275.237</u>	<u>286.674</u>	<u>276.235</u>

The Company records the provision for losses on trade receivables for the relevant portion of accounts receivable overdue for more than 180 days. Provisions for impairment of trade receivables are also recorded for notes falling due and past due for less than 180 days in cases where the amounts are not considered realizable, based on the financial situation of each debtor, the prospective analysis and historical analyses of losses verified by the Company. Individual analyses are performed for those customers who do not yet have past due notes, considering their credit risks. The following table provides information on the credit risk exposure and expected credit losses for individual trade receivables and contract assets at June 30, 2024:

Consolidated

Exposure to credit risk and credit losses

	Estimated weighted average loss	Gross book value at 06/30/2024	Allowance for expected credit losses at 06/30/2024
Not yet due	0,21%	264.535	(559)
Up to 30 days past due	0,44%	6.882	(30)
31 to 180 days past due	49,63%	3.117	(1.547)
More than 181 days past due	80,76%	12.140	(9.804)
		<u>286.674</u>	<u>(11.940)</u>

Loss rates are based on the actual credit loss experience. These rates were multiplied by scale factors to reflect differences between the economic conditions in the period in which the historical data was collected, the current conditions and the Company's view on economic conditions over the expected lifetime of the receivables.

The credit quality of financial assets that were neither past due nor impaired at June 30, 2024 was assessed with reference to historical information on the Company's default rates. In general, 96% of trade receivables do not have a default history.

Changes in the provision are as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Balance at the beginning of the period	(11.653)	(11.056)	(11.653)	(11.056)
Allowance for recognized losses	(287)	(597)	(287)	(597)
Balance at the end of the period	(11.940)	(11.653)	(11.940)	(11.653)

7. INVENTORIES

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Finished products	63.030	59.915	63.030	60.131
Production materials	32.706	27.354	32.710	27.491
Consumable materials	34.145	33.162	34.515	33.462
Other inventories	756	441	756	441
	<u>130.637</u>	<u>120.872</u>	<u>131.011</u>	<u>121.525</u>
Write-down to net realizable value	-	-	-	-
	<u>130.637</u>	<u>120.872</u>	<u>131.011</u>	<u>121.525</u>

The Company did not recognize provisions for its inventories for the six-month period ended June 30, 2024.

8. TAXES RECOVERABLE AND INCOME TAX AND SOCIAL CONTRIBUTION

a) Taxes recoverable

They are as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Value-added Tax on Sales and Services (ICMS)	42.208	48.979	42.208	48.979
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	135.174	176.388	135.174	176.388
Excise Tax (IPI)	68	14	68	14
Income Tax Withheld at Source (IRRF) on investments	287	287	656	571
Other	8.196	15.261	8.217	15.270
	<u>185.933</u>	<u>240.929</u>	<u>186.323</u>	<u>241.222</u>
Current	129.138	137.156	129.528	137.449
Non-current	56.795	103.773	56.795	103.773

ICMS credits are basically credits on purchases of property, plant and equipment.
PIS and COFINS credit balances refer basically to:

- i) Credits on purchases of property, plant and equipment items, which have been recovered in 24 or 48 installments according to the classification and use of the purchased assets, and the balance at June 30, 2024 is R\$ R\$ 22,824.
- ii) PIS and COFINS credits on the purchases of scraps recognized in the statement of income for 2023 totaling R\$ 223,432, arising from the favorable final and unappealable court decision that recognized the Company's right to PIS and COFINS credits on the purchases of scraps due to the unconstitutionality of art. 47 of Law 11,196/05, effective as from June 2010. The Company estimates it will use all credits for offsetting other taxes in up to 15 months, depending on the amount of federal taxes calculated. Information on the matter was reported to the market in the [Material Fact disclosed on June 19, 2023](#), the balance at June 30, 2024 is R\$ 112,162.

b) Income tax and social contribution recoverable

They are as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Income tax recoverable	25.222	23.971	25.222	23.971
Social contribution recoverable	9.080	8.629	9.080	8.629
	<u>34.302</u>	<u>32.600</u>	<u>34.302</u>	<u>32.600</u>
Non-current	34.302	32.600	34.302	32.600

On September 27, 2021, the Federal Supreme Court (STF) judged the Extraordinary Appeal 1.063.187 RG/SC – Topic 962 with general repercussion, in which the levying of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional. Accordingly, the Company recognized in 2021 R\$ 25,197 referring to this matter; at June 30, 2024, the updated value is R\$ 34,302. Considering that there is no expectation of an immediate decision on the lawsuit filed by the Company and the probable delay in the procedures for releasing the credit for offsetting, it was classified as non-current.

9. OTHER ASSETS

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Advances to suppliers	11.069	3.688	11.072	3.688
Receivables from employees	3.829	3.555	4.240	3.810
Prepaid expenses	7.390	1.444	7.390	1.444
Receivable from lawsuit on abusive interest SP – Securities issued to cover court-ordered debts	6.048	5.748	6.048	5.748
Other	1.291	813	1.451	971
	<u>29.627</u>	<u>15.248</u>	<u>30.201</u>	<u>15.661</u>
Current	23.579	9.500	24.126	9.886
Non-current	6.048	5.748	6.075	5.775

The balance receivable from the lawsuit on abusive interest SP – Securities issued to cover court-ordered debts refers to Ordinary Action 1030021-89.2014.8.26.0053 which had declared in favor of the Company the unenforceability of default interest levied on ICMS amounts administratively paid in installments with a rate higher than the SELIC rate. The updated amount of such securities issued to cover court-ordered debts issued on July 6, 2021 is R\$ 6,048 at June 30, 2024, which will be made according to the payment schedule established by the State of São Paulo.

10. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on temporary differences for tax purposes, tax losses, adjustments of deemed cost and changes in the fair value of biological assets.

In 2024, the Company computed income tax and social contribution on exchange-rate changes on the cash basis, and recorded a deferred tax liability related to unrealized exchange rate change. There was no change in the form of calculation of income tax and social contribution on exchange rate change in relation to the previous year.

The initial tax impacts on the deemed cost of property, plant and equipment were recognized with an offsetting entry to equity, on the adoption of the CPC/IFRS in 2010.

ASSETS	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Deferred income tax assets				
On temporary provisions	3.781	9.866	3.781	9.881
On tax loss	-	-	21	22
Deferred social contribution assets				
On temporary provisions	1.361	3.552	1.361	3.557
On tax loss	-	-	8	8
	<u>5.142</u>	<u>13.418</u>	<u>5.171</u>	<u>13.468</u>

LIABILITIES

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	135	175	135	175
Fair value of biological assets	75.939	68.261	78.746	70.882
Deemed cost of property, plant and equipment	90.998	92.342	92.936	94.280
Government grant	28	34	28	34
Lease liabilities	-	84	-	84
Tax amortization of goodwill	25.158	25.158	25.158	25.158
Deferred social contribution liabilities				
Unrealized exchange-rate change on the cash basis	49	63	49	63
Fair value of biological assets	27.338	24.574	28.854	25.989
Deemed cost of property, plant and equipment	32.760	33.244	33.458	33.941
Government grant	10	12	10	12
Lease liabilities	-	30	-	30
Tax amortization of goodwill	9.057	9.057	9.057	9.057
	<u>261.472</u>	<u>253.034</u>	<u>268.431</u>	<u>259.705</u>
Deferred tax liabilities (net)	<u>256.330</u>	<u>239.616</u>	<u>263.260</u>	<u>246.237</u>

Changes in deferred income tax and social contribution are as follows:

Parent company assets	Opening balance 01/01/2023	Recognized in profit (loss)	Closing balance 12/31/2023	Recognized in profit (loss)	Closing balance 06/30/2024
Deferred tax assets related to:					
Temporary differences	(7.964)	(5.454)	(13.418)	8.276	(5.142)
Income tax and social contribution tax losses	-	-	-	-	-
	<u>(7.964)</u>	<u>(5.454)</u>	<u>(13.418)</u>	<u>8.276</u>	<u>(5.142)</u>
Parent company liabilities	Opening balance 01/01/2023	Recognized in profit (loss)	Closing balance 12/31/2023	Recognized in profit (loss)	Closing balance 06/30/2024
Deferred tax liabilities related to:					
Exchange-rate change recognized on a cash basis	570	(332)	238	(54)	184
Fair value of biological assets	73.085	19.750	92.835	10.442	103.277
Deemed cost and review of useful life	129.064	(3.478)	125.586	(1.828)	123.758
Lease liabilities	-	114	114	(114)	-
Government grant	-	46	46	(8)	38
Tax amortization of goodwill	34.215	-	34.215	-	34.215
	<u>236.934</u>	<u>16.100</u>	<u>253.034</u>	<u>8.438</u>	<u>261.472</u>
Consolidated assets	Opening balance 01/01/2023	Recognized in profit (loss)	Closing balance 12/31/2023	Recognized in profit (loss)	Closing balance 06/30/2024
Deferred tax assets related to:					
Total temporary differences	(7.964)	(5.474)	(13.438)	8.296	(5.142)
Income tax and social contribution tax losses	(67)	37	(30)	1	(29)
	<u>(8.031)</u>	<u>(5.437)</u>	<u>(13.468)</u>	<u>8.297</u>	<u>(5.171)</u>

Consolidated liabilities

	Opening balance	Recognized in profit (loss)	Closing balance	Recognized in profit (loss)	Closing balance
	01/01/2023		12/31/2023		06/30/2024
Deferred tax liabilities related to:					
Exchange-rate change recognized on a cash basis	570	(332)	238	(54)	184
Fair value of biological assets	76.883	19.988	96.871	10.729	107.600
Deemed cost and review of useful life	131.700	(3.479)	128.221	(1.827)	126.394
Lease liabilities	-	114	114	(114)	-
Government grant	-	46	46	(8)	38
Tax amortization of goodwill	34.215	-	34.215	-	34.215
	243.368	16.337	259.705	8.726	268.431

INVESTMENTS IN SUBSIDIARIES AND OTHER INVESTMENTS

a) Investments in subsidiaries

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Irani Ventures	Total
At January 1, 2023	91.649	117.987	11	1.248	7.370	218.265
Equity in the earnings of subsidiaries	(18.090)	25.828	(3)	(201)	264	7.798
Dividends	-	(28.030)	-	-	-	(28.030)
Capital contribution (ii)	-	16.743	-	232	2.500	19.475
Advance for future capital increase (i)	-	-	-	(232)	-	(232)
At December 31, 2023	73.559	132.528	8	1.047	10.134	217.276
Equity in the earnings of subsidiaries	(10.848)	15.301	-	26	8	4.487
Advance for future capital increase (i)	3.000	-	-	-	-	3.000
At June 30, 2024	65.711	147.829	8	1.073	10.142	224.763
At June 30, 2024						
Current						
Assets	4.270	36.968	8	1.074	5.516	
Liabilities	(2.682)	(346)	-	(1)	(87)	
Current, net	1.588	36.622	8	1.073	5.429	
Non-current						
Assets	68.577	114.618	-	-	4.713	
Liabilities	(4.454)	(3.411)	-	-	-	
Non-current, net	64.123	111.207	-	-	4.713	
Equity	65.711	147.829	8	1.073	10.142	
Net revenue	10.387	10.713	-	-	-	
Profit (loss) before income tax and social contribution	(10.745)	16.500	-	31	11	
Income tax and social contribution expense	(103)	(1.199)	-	(5)	(3)	
Profit (loss) for the period	(10.848)	15.301	-	26	8	
Ownership interest - %	100,00	100,00	100,00	100,00	100,00	

- (i) On February 21, 2024, at a Board of Directors' Meeting, the Company approved an advance for future capital increase in subsidiary Habitasul Florestal S.A. in the amount of R\$ 13,000, to be made in the current year, of which R\$ 3,000 has already been advanced on March 7, 2024.
- (ii) During 2023, Iraflor Comércio de Madeiras Ltda. received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 16,743, paid through the merger of forest assets.

On August 10, 2021, the Company's Board of Directors approved the organization of the company Irani Ventures Ltda., wholly-owned subsidiary of the Company, with the objective of investing in selected startups, according to the Company's investment thesis duly approved by the Investment

Committee. The total amount of the approved contribution is R\$ 10,000, of which R\$ 2,500 was paid in immediately and R\$ 5,000 on August 10, 2022 and the balance of R\$ 2,500 was paid in on February 28, 2023.

b) Other investments

These refer to equity securities designated at cost related to a loan granted by the subsidiary Irani Ventures Ltda. to Trashin Gestão e Coleta de Recicláveis S.A., GrowPack Bio LLC., Mush MT Ltda. and VG Resíduos Plataforma Online Ltda., as a loan convertible into ownership interest in the amount of R\$ 4,684 (R\$ 4,184 at December 31, 2023).

The Company intends to hold this investment in the long term, in line with its thesis of investment in startups.



11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Breakdown of property, plant and equipment

Parent company

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
At December 31, 2023								
Opening balance	120.485	151.978	416.009	6.355	7.621	680.763	6.537	1.389.748
Purchases	9	24.925	217.974	1.996	4.103	15.407	-	264.414
Write-offs/Disposals	(165)	-	(154)	(29)	(12)	(10)	-	(370)
Transfers	-	79.070	436.305	-	4.127	(519.502)	-	-
Depreciation	-	(8.297)	(63.499)	(1.718)	(2.729)	-	(1.108)	(77.351)
Net book value	120.329	247.676	1.006.635	6.604	13.110	176.658	5.429	1.576.441
Cost	120.329	343.933	1.790.129	18.663	38.078	176.658	16.094	2.503.884
Accumulated depreciation	-	(96.257)	(783.494)	(12.059)	(24.968)	-	(10.665)	(927.443)
Net book value	120.329	247.676	1.006.635	6.604	13.110	176.658	5.429	1.576.441
At June 30, 2024								
Opening balance	120.329	247.676	1.006.635	6.604	13.110	176.658	5.429	1.576.441
Purchases	-	617	15.278	4.519	1.410	53.503	-	75.327
Write-offs/Disposals	-	-	(274)	(76)	(19)	(47)	-	(416)
Transfers	-	14.028	61.512	(17)	345	(75.868)	-	-
Reclassification from right-of-use assets to property, plant	-	-	-	309	25	-	-	334
Depreciation	-	(5.794)	(48.534)	(1.220)	(1.687)	-	(554)	(57.789)
Net book value	120.329	256.527	1.034.617	10.119	13.184	154.246	4.875	1.593.897
Cost	120.329	358.578	1.866.645	23.398	39.839	154.246	16.094	2.579.129
Accumulated depreciation	-	(102.051)	(832.028)	(13.279)	(26.655)	-	(11.219)	(985.232)
Net book value	120.329	256.527	1.034.617	10.119	13.184	154.246	4.875	1.593.897

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
At December 31, 2023								
Opening balance	136.669	153.028	416.332	6.722	7.663	680.850	6.537	1.407.801
Purchases	9	24.928	218.136	2.594	4.113	16.137	-	265.917
Write-offs/Disposals	(165)	-	(154)	(29)	(29)	(10)	-	(387)
Impairment	(934)	-	-	-	-	-	-	(934)
Transfers	-	79.126	436.305	-	4.127	(519.558)	-	-
Depreciation	-	(8.469)	(63.593)	(1.872)	(2.738)	-	(1.108)	(77.780)
Net book value	<u>135.579</u>	<u>248.613</u>	<u>1.007.026</u>	<u>7.415</u>	<u>13.136</u>	<u>177.419</u>	<u>5.429</u>	<u>1.594.617</u>
Cost	135.579	349.002	1.790.871	20.624	38.618	177.419	16.094	2.528.207
Accumulated depreciation	-	(100.389)	(783.845)	(13.209)	(25.482)	-	(10.665)	(933.590)
Net book value	<u>135.579</u>	<u>248.613</u>	<u>1.007.026</u>	<u>7.415</u>	<u>13.136</u>	<u>177.419</u>	<u>5.429</u>	<u>1.594.617</u>
At June 30, 2024								
Opening balance	135.579	248.613	1.007.026	7.415	13.136	177.419	5.429	1.594.617
Purchases	-	616	15.338	4.519	1.457	54.064	-	75.994
Write-offs/Disposals	-	-	(274)	(76)	(19)	(47)	-	(416)
Transfers	-	14.028	62.232	(17)	345	(76.588)	-	-
Reclassification from right-of-use assets to property, plant	-	-	-	309	25	-	-	334
Depreciation	-	(5.822)	(48.599)	(1.283)	(1.694)	-	(554)	(57.952)
Net book value	<u>135.579</u>	<u>257.435</u>	<u>1.035.723</u>	<u>10.867</u>	<u>13.250</u>	<u>154.848</u>	<u>4.875</u>	<u>1.612.577</u>
Cost	135.579	363.646	1.868.167	25.359	40.426	154.848	16.094	2.604.119
Accumulated depreciation	-	(106.211)	(832.444)	(14.492)	(27.176)	-	(11.219)	(991.542)
Net book value	<u>135.579</u>	<u>257.435</u>	<u>1.035.723</u>	<u>10.867</u>	<u>13.250</u>	<u>154.848</u>	<u>4.875</u>	<u>1.612.577</u>

(*) Balance referring to property, plant and equipment, such as furniture and fixtures and IT equipment.

b) Breakdown of intangible assets

Parent company

	Goodwill	Software	Development of software	Total
At December 31, 2023				
Opening balance	104.380	29.657	-	134.037
Purchases	-	3.118	8.558	11.676
Transfers	-	8.558	(8.558)	-
Amortization	-	(6.533)	-	(6.533)
Net book value	104.380	34.800	-	139.180
Cost	104.380	68.759	-	173.139
Accumulated amortization	-	(33.959)	-	(33.959)
Net book value	104.380	34.800	-	139.180
At June 30, 2024				
Opening balance	104.380	34.800	-	139.180
Purchases	-	751	2.929	3.680
Transfers	-	2.929	(2.929)	-
Amortization	-	(4.857)	-	(4.857)
Net book value	104.380	33.623	-	138.003
Cost	104.380	72.439	-	176.819
Accumulated amortization	-	(38.816)	-	(38.816)
Net book value	104.380	33.623	-	138.003

Consolidated

	Goodwill	Software	Development of software	Total
At December 31, 2023				
Opening balance	104.380	29.657	-	134.037
Purchases	-	3.118	8.558	11.676
Transfers	-	8.558	(8.558)	-
Amortization	-	(6.533)	-	(6.533)
Net book value	104.380	34.800	-	139.180
Cost	104.380	68.767	-	173.147
Accumulated amortization	-	(33.967)	-	(33.967)
Net book value	104.380	34.800	-	139.180
At June 30, 2024				
Opening balance	104.380	34.800	-	139.180
Purchases	-	751	2.929	3.680
Transfers	-	2.929	(2.929)	-
Amortization	-	(4.857)	-	(4.857)
Net book value	104.380	33.623	-	138.003
Cost	104.380	72.447	-	176.827
Accumulated amortization	-	(38.824)	-	(38.824)
Net book value	104.380	33.623	-	138.003

c) Depreciation/Amortization method

The table below shows the annual depreciation/amortization rates defined based on the economic useful lives of the assets. The rate used is presented at the annual weighted average.

	Rate %	
	06/30/2024	12/31/2023
Buildings and constructions *	3,28	3,23
Equipment and facilities	6,27	6,26
Furniture, fixtures and IT equipment	13,07	13,42
Vehicles and tractors	18,92	17,11
Software	11,65	11,42

* including weighted rates for leased improvements

d) Other information

The assets under construction refer to the projects for improvement and maintenance of existing fixed assets, adding value to the assets to maintain the Company's production process, and the execution of the investments of Gaia Platform.

The Gaia Platform consists of the Company's portfolio of expansion projects to increase competitiveness, production capacity and energy sufficiency, of which the following have already been concluded and are in operation: Gaia I - Chemical and Utility Recovery Expansion, Gaia II - Expansion of SC Packaging Unit, Gaia III - MP#2 Reform, Gaia VIII - New Die-Cutting Printer and Gaia IX – Intermediate Inventory Automation; others are in the process of being finalized and others are still in the budgeting and necessary licensing phase.

During the six-month period ended June 30, 2024, no interest on financing and debt costs referring to the Gaia Platform were capitalized.

Leasehold improvements relate to the renovation of the Packaging plant in Indaiatuba, state of São Paulo, and are depreciated on the straight-line method, at the rate of 4% per annum. The property is owned by the companies MCFD - Administração de Imóveis Ltda. and PFC – Administração de Imóveis Ltda., and the cost of the renovation was fully absorbed by Irani Papel e Embalagem S.A.

The property described in the previous paragraph is the subject of a lease contract, as mentioned in Note 18.

The breakdown of the depreciation of property, plant and equipment in the six-month period ended June 30, 2024 and in the six-month period ended June 30, 2023 is as follows:

	Parent company		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Administrative	1.304	822	1.361	914
Productive	56.485	33.605	56.591	33.721
	57.789	34.427	57.952	34.635

The breakdown of the amortization of intangible assets in the six-month period ended June 30, 2024 and in the six-month period ended June 30, 2023 is as follows:

	Parent company		Consolidated	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Administrative	2.652	983	2.652	983
Productive	2.205	1.847	2.205	1.847
	4.857	2.830	4.857	2.830

e) Impairment losses on property, plant and equipment

During the six-month period ended June 30, 2024, no amounts related to impairment were identified and recognized.

f) Assets pledged as collateral

The Company has property, plant and equipment pledged as collateral for financial transactions, which are presented in detail in Note 15.

g) Goodwill

The goodwill generated in the business combination of São Roberto S.A. for the year 2013 is recognized at the amount of R\$ 104,380 and is attributable to the expectation of future profitability.

Impairment tests for intangible assets:

At December 31, 2023, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method. These calculations use cash flow projections based on financial budgets approved by Management, covering a five-year period and extrapolating to perpetuity in other periods, based on the estimated growth rates.

Cash flows were discounted to present value applying the rate determined by the Weighted Average Cost of Capital (WACC), with the cost of equity calculated using the Capital Asset Pricing Model (CAPM) method, while the cost of debt considers the average cost of debt. Therefore, WACC considers the weight of financing, including debt and equity components, which are used by the Company to finance its activities.

The main data used to calculate the discounted cash flow is as follows:

	<u>Assumptions</u>
Average sales prices (% of annual growth rate)	4,0%
Gross margin (% on net revenue)	34,8%
Estimated growth rate	5,0%
Discount rate before taxes (WACC)	12,50%

The recoverable amount of the CGU for the purpose of impairment testing did not demonstrate the need to recognize impairment for the year.

The Company defined its operations in the Sustainable Packaging Paper segment (Paper) as a CGU for impairment testing purposes. The operations acquired in a business combination from São Roberto S.A. in 2013 were substantially from this segment, and were added to the Company's existing activities.

The Company carried out a sensitivity analysis of discount and growth rates. Even considering an increase or decrease, respectively, of 3.0% in the discount rate and of 2.0% in the growth rate, in the aggregate, the recoverable amount continues higher than the carrying amount.

12. BIOLOGICAL ASSETS

The Company's biological assets mainly include the cultivation and planting of pine forests to supply raw material in the production of pulp used in the packaging paper production process, resin production and sales of wood logs to third parties. All the Company's biological assets form a single group called "forests", which are measured together at fair value in quarterly periods.

The balance of the Company's biological assets is composed of the cost of forest formation and the fair value adjustment on formation cost. Consequently, the balance of biological assets as a whole is recorded at fair value as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2024</u>	<u>12/31/2023</u>	<u>06/30/2024</u>	<u>12/31/2023</u>
Cost of development of biological assets	74.323	71.312	108.655	106.840
Fair value adjustment of biological assets	209.992	178.667	339.886	310.746
	<u>284.315</u>	<u>249.979</u>	<u>448.541</u>	<u>417.586</u>

Of the total consolidated biological assets, R\$ 398,932 (R\$ 359,419 at December 31, 2023) relates to forests used as raw material for pulp and paper production. These forests are located close to the pulp and paper mill in Vargem Bonita, state of Santa Catarina, where they are consumed. Of this amount, R\$ 373,252 (R\$ 331,644 at December 31, 2023) relates to mature forests, which are more than six years old. The remaining amount refers to growing forests, which still require forestry treatments.

The harvesting of these forests is mainly due to the use of raw material for the production of pulp and paper, and the forests are replanted once harvested, forming a renewal cycle that meets the production demand of the unit.

The consolidated biological assets used to produce resins and sales of logs total R\$ 49,609 (R\$ 58,167 at December 31, 2023) and are located on the coast of Rio Grande do Sul. The resin is extracted according to the capacity of production of this product by the existing forest, and the timber is extracted for sale from logs according to the demand for supply in the region.

a) Assumptions for recognizing fair value less selling costs of biological assets.

The Company recognizes its biological assets at fair value based on the following assumptions:

- i) The methodology used to measure the fair value of biological assets was the Income Approach with depletion of the forest in one cycle, which corresponds to the projection of expected future cash flows, discounted at the current rate for the regional market, in accordance with the projected productivity of the forests in the cutting cycles determined based on the optimization of production, considering the price changes and the growth of the biological assets. The Income Approach assimilates the fair value for the calculation of the present value of the asset's expected net cash flow, discounted at a discount rate that reflects the expected return in relation to the risks associated with the business.
- ii) The model adopted to determine the discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of equity is estimated by analyzing the return sought by investors in the market, assuming that an investor requires at least the return offered by securities considered risk free, plus the excess risk of the investment.
- iii) The forests' projected production volumes are defined based on stratification, according to the type of each species, inputs for production planning, as well as the age, productive potential and production cycle of the forests. This projected volume corresponds to the Average Annual Increase (AAI). Management alternatives are created to establish the ideal long-term production flow to maximize forest yields;
- iv) The prices adopted for biological assets are based on an estimate of the price of Pinus and Eucalyptus wood, based on a 3-year history of the actual prices practiced in the regions where the assets are located and published by a specialized company. Prices in R\$/cubic meter are used, considering the required costs to place the assets in the condition of sale or consumption;

- v) The opportunity cost of the land (Lease) is calculated considering the cost of land availability, in accordance with international accounting practices. The average, in real terms, of the cost of lease for the last three years is considered, which is deducted from the forest as “Remuneration of own contributing assets (Lease)” in the percentages informed below for assets in SC and RS. The value of the land used as a basis for the lease, according to the Appraisal Report contracted by the Company for the appraisal of the Biological Assets, was R\$ 734,377 at December 31, 2023 as it captures the current value of the land on the market. The book value of the land is R\$ 135,579 at June 30, 2024, as mentioned in Note 12.
- vi) Planting expenditures used are the formation costs of biological assets practiced by the Company;
- vii) The depletion of biological assets is calculated based on the average fair value of biological assets, multiplied by the volume harvested in the period;
- viii) The Company reviews the fair value of its biological assets every three months, considering that this time-frame is enough to have no shortfall in the balance of fair value of the biological assets recorded in its financial statements.

	Consolidated		Impact on the fair value of biological assets
	06/30/2024	12/31/2023	
Planted area (hectare)	15.975	15.779	If the assumption increases, the fair value increases
Remuneration of own contributing assets SC - %	3,11%	3,11%	If the assumption increases, the fair value decreases
Remuneration of own contributing assets RS - %	4,00%	4,00%	If the assumption increases, the fair value decreases
Discount rate - Own Forests SC - %	8,50%	8,00%	If the assumption increases, the fair value decreases
Discount rate - Own Forests RS - %	9,00%	8,50%	If the assumption increases, the fair value decreases
Discount rate - Partnerships - %	9,50%	9,00%	If the assumption increases, the fair value decreases
Net average sales price (m³)	137,50	129,70	If the assumption increases, the fair value increases
Average annual increment (IMA) - Santa Catarina Forests (*)	39,4	39,4	If the assumption increases, the fair value increases
Average annual increment (IMA) - Rio Grande do Sul Forests (*)	21,5	21,5	If the assumption increases, the fair value increases

* The Average Annual Increase (AAI) of Pine Forests in the states of Rio Grande do Sul and Santa Catarina is different because of the specific forest stewardship, species and soil and climatic conditions of each state. The forests in Santa Catarina are handled aiming at their use for pulp production, while the forests of Rio Grande do Sul are handled for extraction of gum resin and subsequent sale of timber logs. The AAI is measured in m³ per hectare/year and updated in Company’s annual financial statements

In accordance with the fair value measurement hierarchy, the calculation of biological assets is classified as Level 3 due to its complexity and structure.

The year’s main movements are shown below:

	Parent company	Consolidated
Balance at 01/01/2023	195.958	343.727
Planting	9.403	12.384
Acquisition of forest	7.616	7.616
Depletion		
Historical cost	(5.333)	(8.989)
Fair value	(3.501)	(8.772)
Transfer to capitalization in subsidiary Iraflor	(16.743)	-
Changes in the fair value	62.579	71.620
Balance at 12/31/2023	249.979	417.586
Planting	5.017	6.387
Acquisition of forest	2.982	2.982
Depletion		
Historical cost	(4.988)	(7.554)
Fair value	(3.172)	(15.781)
Changes in the fair value	34.497	44.921
Balance at 06/20/2024	284.315	448.541

Depletion of biological assets in the six-month period ended June 30, 2024 and year 2023 was recognized in profit (loss) for the respective periods, after the allocation in inventories through forest harvesting and use in production process or sale to third parties.

In 2023, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R\$ 16,743, was authorized and had the ultimate purpose of improving the management of forestry assets.

b) Production on third-party land

The Company has entered into non-cancellable lease agreements for production of biological assets on third-party land, called partnerships. These agreements are effective until all forests planted in these areas are harvested, over a cycle of up to 15 years. The amount of biological assets on third-party land is approximately 1.4 thousand hectares and currently represents approximately 9.0% of the total area with the Company's biological assets. The lease liabilities are presented in Note 30.

13. BORROWINGS

a) Breakdown of book balances

			Parent company and Consolidated	
			06/30/2024	12/31/2023
Current	Annual charges %	Currency		
Local currency				
Finame	IPCA + 5.65%	Real	22.720	8.094
Working capital	CDI + 1.82%	Real	57.684	6.201
Total local currency			80.404	14.295
Foreign currency				
Advance on exchange contract	Fixed at 6.60%	Dollar	39.474	7.276
Total foreign currency			39.474	7.276
Total current			119.878	21.571
Non-current				
Local currency				
Finame	IPCA + 5.65%	Real	472.577	483.856
Working capital	CDI + 1.82%	Real	269.000	308.270
Total local currency			741.577	792.126
Total non-current			741.577	792.126
Total			861.455	813.697
			Parent company and Consolidated	
			06/30/2024	12/31/2023
Long-term maturities:				
2025			26.275	76.824
2026			115.994	115.994
2027			116.553	116.553
2028			132.553	132.553
2029 onwards			350.202	350.202
			741.577	792.126

b) Significant transactions in the period

In the 2nd quarter of 2024, a biannual renegotiation of part of the letters of guarantee for the FINAME DIRETO operation was carried out, resulting in reduction of the effective interest as of June 2024, from IPCA + 5.77% p.a. to IPCA + 5.65% p.a.

c) Guarantees

As a guarantee for the FINAME DIRETO operation, the Company presented Letters of Guarantee contracted with the financial institutions of its relationship and previously approved by BNDES.

Borrowings were contracted in accordance with the Company's Financial Management Policy.

d) Covenants

At June 30, 2024, there was no need to measure financial ratios because they are annually measured as provided for in the contract.

14. DEBENTURES

a) 4th Issue of simple private debentures

According to the [Minutes of the Board Meeting held on March 2, 2021](#), the 4th Issue of Simple Debentures, non-convertible into shares, in a single series, of the type with real guarantee for private placement and a par value of R\$ 1.00 was approved, totaling R\$ 60,000 on the date of issue (March 3, 2021). The debentures have final maturity on December 15, 2029 and will be amortized in 8 semi-annual installments as of June 15, 2026.

The funds obtained by the Company with the Issue were used to make investments to achieve its corporate purpose in the normal course of its business, for which the Company has or will have, in accordance with the rules currently in force, a license and/or authorization valid, in effect and/or effective, as applicable and required by the Social and Environmental Legislation.

The 4th Issue of Simple Private Debentures has a [brAA+ rating assigned by S&P Global Ratings](#) and is characterized as “Green Debentures” based on the [Second Opinion issued by the specialized advisory firm SITAWI Finanças do Bem \(ERM NINT\)](#), based on the June 2018 Green Bond Principles guidelines.

In December 2021, the Company contracted derivative financial instruments (swap) to swap the remuneration of the 4th Issue of Simple Private Debentures from IPCA + 5.5% per annum to CDI + 0.71% per annum, pursuant to Note 16.

b) 5th Issue of simple private debentures (CRA - Agribusiness Receivables Certificates)

According to the [Board of Directors' Meeting held on August 10, 2022](#) ratified by the [Board of Directors' Meeting held on September 8, 2022](#), [Material Fact of August 11, 2022](#) and [Notice to the Market of October 18, 2022](#), on October 17, 2022 the Company concluded the 5th issue of 720,000 simple debentures, non-convertible into shares, unsecured, in two series, for private placement, with a unit par value of R\$ 1.00, totaling, on the date of issue, the amount of R\$ 720,000, of which:

- (i) 486,307 1st Series Debentures, corresponding to the amount of R\$ 486,307, remunerated at CDI + 1.40% p.a. on a semiannual basis and amortized in a single installment due on the maturity date, August 12, 2027.
- (ii) 233,693 2nd Series Debentures, corresponding to the amount of R\$ 233,693, remunerated at CDI + 1.75% p.a. on a semiannual basis and amortized in two equal installments, on August 11, 2028 and on the maturity date on August 13, 2029.

The Debentures do not have any real or personal guarantee, or any segregation of the Company's assets as collateral, and were linked to a securitization operation, serving as ballast for the issue and public distribution, in accordance with CVM Instruction 400, of Agribusiness Receivables Certificates (CRAs) of the 1st and 2nd series of the 194th Issue of Eco Securitizadora de Direito Creditórios do Agronegócio S.A.

The issue of CRAs [has a brAA rating assigned by S&P Global Ratings](#). The Debentures and, consequently, the CRAs were characterized as "Green Debentures" and "Green CRA" (Green Bonds), respectively, based on the [Second Opinion](#) issued by the specialized advisory firm NINT – Natural Intelligence Ltda.

The net funds obtained by the Company with the Issue will be used exclusively in its agribusiness activities, in forestry and agriculture, in particular through the use of resources in investments, costs and expenses related to forestation, reforestation, acquisition of pesticides, fertilizers, wood, forest management and harvesting services and byproducts such as resins and integrated logistics for transport, storage, debarking and wood chipping.

c) Breakdown of book balances

Current	Issue	Annual charges %	Parent company and Consolidated	
			06/30/2024	12/31/2023
In local currency				
4 th issue of debentures	03/03/2021	IPCA + 5.50% p.a.	66	72
5 th issue of debentures	08/15/2022	CDI + 1,51% a.a.	29.208	34.188
Total current			29.274	34.260
Non-current				
In local currency				
4 th issue of debentures	03/03/2021	IPCA + 5.50% p.a.	73.418	71.420
5 th issue of debentures	08/15/2022	CDI + 1,51% a.a.	708.559	706.776
Total non-current			781.977	778.196
			811.251	812.456

Long-term maturities:	Parent company and Consolidated	
	06/30/2024	12/31/2023
2025	1.829	-
2026	13.016	17.855
2027	500.181	495.230
2028	133.132	132.555
2029 onwards	133.819	132.556
	781.977	778.196

d) Schedule for amortization of funding costs

	Issue	2024	2025	2026	2027	2028 onwards	Total
In local currency							
ures	03/03/2021	43	101	87	49	48	328
ures	08/15/2022	1.680	3.737	4.351	3.530	1.605	14.903
Total local currency		1.723	3.838	4.438	3.579	1.653	15.231

e) Guarantees

i) The 4th Issue of Simple Private Debentures has guarantees, as follows:

- Statutory lien of the Issuer's properties, located in the city of Santa Luzia, in the State of Minas Gerais (Paper Plant).
- Statutory lien of machinery and equipment owned by the Issuer, located in said plant.

f) Covenants

Financial ratios with annual measurement

At June 30, 2024 there was no need to measure financial ratios because they are annually measured as provided for in the contract.

15. DERIVATIVE FINANCIAL INSTRUMENTS – SWAP

During 4Q21, the interest rate market in Brazil suffered a strong stress due to inflationary pressure. With this scenario of rising future interest rates in the market, a window of opportunity emerged to convert the interest rate of the 4th Issue of Debentures, which amounted to R\$ 60,000 on the date of issue, from IPCA + 5.50% p.a. to CDI + 0.71% p.a. The swap contract was approved by the [Company's Board of Directors](#), as required by the Financial Management Policy.

It is worth highlighting that the effect of said recognition is diluted over the lifetime of the 4th Issue of Debentures, which has final maturity on December 15, 2029, so that its effective cost is ultimately the equivalent of CDI + 0.71% p.a.

Specific characteristics at June 30, 2024 and changes in this swap operation in the six-month period ended June 30, 2024 and year 2023 are as follows:

	Asset position	Liability position		Fair value - asset	Fair value -	
	IPCA+	CDI+	Notional	position	liability position	Gain
Aging of trade receivables						
December 15, 2029	5,50%	0,71%	66.225	69.350	62.716	6.634

Changes in the derivative financial instrument - swap:

(i) Changes in swap during the year:

Parent company and Consolidated

	Asset position
At December 31, 2022	<u>1.047</u>
Gains in the year (recognized in profit (loss))	1.612
Effect of settlement	<u>4.829</u>
At December 31, 2023	<u>7.488</u>
Losses in the period (recognized in profit (loss))	(2.488)
Effect of settlement	<u>1.634</u>
At June 30, 2024	<u>6.634</u>
Current	829
Non-current	5.805

(ii) Accumulated changes since the start of the swap transaction:

	Parent company and Consolidated		
	Effect of settlement	(Losses)/Gains recognized in profit (loss)	Total
Changes in 2021	64	(483)	(419)
Changes in 2022	4.361	(2.895)	1.466
Changes in 2023	4.829	1.612	6.441
Changes for the six-month period ended June 30, 2024	1.634	(2.488)	(854)
Total	<u>10.888</u>	<u>(4.254)</u>	<u>6.634</u>

16. TRADE PAYABLES

Trade payables consist of obligations to suppliers, as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
CURRENT				
Domestic	120.205	123.023	121.061	123.946
Foreign	2.475	2.423	2.475	2.423
Related parties	21.746	8.708	-	-
	<u>144.426</u>	<u>134.154</u>	<u>123.536</u>	<u>126.369</u>

At June 30, 2024 and December 31, 2023, the Company did not have forfeiting transactions with its suppliers.

17. RELATED PARTIES

Parent company

	Receivables		Payables	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Habitasul Florestal S.A.	-	-	1.829	147
Iraflor - Com. de Madeiras Ltda.	-	-	19.917	8.561
Companhia Habitasul de Participações	203	215	-	-
Souto Correa Cesa Lummertz & Amaral	-	-	120	82
Management and Statutory Audit Board compensation	-	-	1.492	2.711
Management profit sharing	-	-	17.362	19.902
Long-term profit sharing - Upside	-	-	11.114	11.114
Total	203	215	51.834	42.517
Current	203	215	34.472	26.308
Non-current	-	-	17.362	19.902

Parent company

	Revenues		Expenses		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Six-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Companhia Habitasul de Participações	634	630	-	-	1.283	1.407	-	-
Habitasul Florestal S.A.	-	-	3.094	860	-	-	6.397	8.799
Iraflor - Com. de Madeiras Ltda.	-	-	5.140	3.420	-	-	10.371	8.702
Irani Soluções para E-Commerce Ltda.	-	-	-	-	-	4	-	-
MCFD Administração de Imóveis Ltda.	-	-	573	573	-	-	1.146	1.146
PFD Administração de Imóveis Ltda.	-	-	573	573	-	-	1.146	1.146
Management profit sharing	-	-	4.287	4.118	-	-	8.574	8.236
Management compensation	-	-	4.235	4.058	-	-	8.547	7.974
Total	634	630	17.902	13.602	1.283	1.411	36.181	36.003

Consolidated

	Receivables		Payables	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Companhia Habitasul de Participações	203	215	-	-
Souto Correa Cesa Lummertz & Amaral	-	-	120	82
Management and Statutory Audit Board compensation	-	-	1.492	2.711
Management profit sharing	-	-	17.362	19.902
Long-term profit sharing - Upside	-	-	11.114	11.114
Total	203	215	30.088	33.809
Current	203	215	12.726	13.825
Non-current	-	-	17.362	19.902

Consolidated

	Revenues		Expenses		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Six-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Irani Soluções para E-Commerce Ltda.	-	-	-	-	-	4	-	-
MCFD Administração de Imóveis Ltda.	-	-	573	573	-	-	1.146	1.146
PFD Administração de Imóveis Ltda.	-	-	573	573	-	-	1.146	1.146
Companhia Habitasul de Participações	634	630	-	-	1.283	1.407	-	-
Management compensation	-	-	4.249	4.072	-	-	8.574	8.001
Management profit sharing	-	-	4.287	4.118	-	-	8.574	8.236
Total	634	630	9.682	9.336	1.283	1.411	19.440	18.529

The debts with the subsidiary Habitasul Florestal S.A. are due to commercial operations and acquisition of raw material at prices and terms in conditions set forth among the parties. Said operations were [approved by the Company's Board of Directors](#), as provided for in the Related Party Transactions policy.

The debits with the subsidiary Iraflor Comércio de Madeiras Ltda. are due to commercial operations and acquisition of raw material at prices and terms in accordance with the conditions set forth among the parties. In 2023, the parties signed a wood supply contract effective up to December 31, 2028, with an estimated amount of R\$ 96,000 and a price per ton that may change taking into account the market price of the products in the state of Santa Catarina. Said operations were [approved by the Company's Board of Directors](#), as provided for in the Related Party Transactions policy.

The amount receivable from Companhia Habitasul de Participações ("CHP") arises from a cost-sharing agreement resulting from the reimbursement of services provided by professionals allocated to support and/or administrative areas, with reviews of the amounts every six months. This operation was [approved by the Company's Board of Directors](#), as provided for in the Related Party Transactions policy.

The debt with MCFD Administração de Imóveis Ltda. and PFD Administração de Imóveis Ltda. corresponds to the monthly rental value of the Packaging plant in Indaiatuba, state of São Paulo, signed on December 26, 2006, under market conditions for a term of 20 years (renewable). The monthly amount paid to each of the related parties is R\$ 210 as of January 2024. The contract is updated annually according to the change in the General Market Price Index (IGPM), as measured by the Getúlio Vargas Foundation. These agreements are recognized as lease as mentioned in Note 30. This operation was [approved by the Company's Board of Directors](#), as provided for in the Related Party Transactions policy.

The expenses with the compensation of management and statutory audit board, without social charges and including benefits, totaled R\$ 8,547 in the parent company in the six-month period ended June 30, 2024 (R\$ 7,974 in the six-month period ended June 30, 2023) and R\$ 8,574 in the consolidated in the six-month period ended June 30, 2024 (R\$ 8,001 in the six-month period ended June 30, 2023). The total compensation of management and statutory audit board proposed, in the maximum amount of R\$ 20,000, was approved at the Annual General Meeting held on April 26, 2024.

The expenses with the profit sharing of management arise from the statutory provision, pursuant to Article 24 of [the Company's Bylaws](#), limited to 10% of profit, or their annual compensation, if this limit is lower.

The compensation of management in the amount of R\$ 1,492 at June 30, 2024 (R\$ 2,711 at December 31, 2023) refers to the bonus payable under the short-term incentive program.

The sharing in the Long-Term Results - Upside refers to the allocation for payment of a portion of the management profit sharing, with a ceiling that will be equivalent to the monthly compensation of each officer in December of the year immediately prior to the year of the actual payment, multiplied by 21, to be distributed to those participating in the program, as [approved by the Company's Board of Directors on August 4, 2022](#). This is not a Stock Option plan.

18. TAXES IN INSTALLMENTS

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Current				
IPI installment payment	912	1.315	912	1.315
ICMS installment payment	833	1.203	833	1.203
INSS installment payment	1.038	827	1.038	827
ITR installment payment	956	1.251	956	1.251
	<u>3.739</u>	<u>4.596</u>	<u>3.739</u>	<u>4.596</u>
Non-current				
IPI installment payment	-	220	-	220
ICMS installment payment	21	1.734	21	1.734
INSS installment payment	1.038	1.362	1.038	1.362
	<u>1.059</u>	<u>3.316</u>	<u>1.059</u>	<u>3.316</u>
Total installment payments	<u>4.798</u>	<u>7.912</u>	<u>4.798</u>	<u>7.912</u>

IPI installments - Refers to the IPI installment balance recognized in the first quarter of 2020. The total tax amount paid in installments was R\$ 3,548 (R\$ 4,864, updated with fine and interest).

ICMS installment payment - Refers to the balance of ICMS installment payment with the State of São Paulo recognized in the second quarter of 2020, when the Company joined a plan for payment in 60 monthly installments of the ICMS debts due from March to May 2020. The total tax amount paid in installments was R\$ 3,174 (R\$ 3,371, updated with fine and interest).

INSS installment payment - In the first quarter of 2023, the Company joined a plan for payment in 40 monthly installments of the INSS debts related to Tax Foreclosure 5001087-12.2019.4.04.7203. The total provisioned debt amount according to Note 20 was R\$ 6,376, with a 61% reduction of R\$ 3,830, remaining the installment payment amount of R\$ 2,506.

ITR installment payment - In the fourth quarter of 2023, the Company joined a plan for payment in 14 monthly installments of the ITR debts of the year 2004 in the total amount of R\$ 1,277 related to Tax Foreclosure 5001704-40.2017.4.04.7203.

19. PROVISION FOR CIVIL, LABOR AND TAX RISKS

The Company and its subsidiaries are parties to tax, civil and labor lawsuits, and administrative proceedings of a tax nature. Management, supported by the opinion of its attorneys and legal counsel, believes that the provision recorded for civil, labor and tax contingencies is sufficient to cover probable losses.

Breakdown of the balance of the provision:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Provision for civil risks	1.376	3.022	1.627	3.022
Provision for labor risks	5.526	5.958	6.182	6.175
Provision for tax risks	16.486	15.492	16.486	15.492
Total	23.388	24.472	24.295	24.689

Details about movements in provision:

Parent company	01/01/2023	Provision	Payments	Reversal	Restricted judicial deposits	12/31/2023
Civil	2.671	355	(4)	-	-	3.022
Labor	5.027	2.153	(1.058)	(15)	(149)	5.958
Tax	20.228	4.485	(475)	(8.746)	-	15.492
	27.926	6.993	(1.537)	(8.761)	(149)	24.472
Parent company	01/01/2024	Provision	Payments	Reversal	Restricted judicial deposits	06/30/2024
Civil	3.022	167	(900)	(913)	-	1.376
Labor	5.958	248	(578)	(129)	27	5.526
Tax	15.492	2.061	-	(1.067)	-	16.486
	24.472	2.476	(1.478)	(2.109)	27	23.388

Consolidated	01/01/2023	Provision	Payments	Reversal	Restricted judicial deposits	12/31/2023
Civil	2.671	355	(4)	-	-	3.022
Labor	5.196	2.481	(1.132)	(221)	(149)	6.175
Tax	20.228	4.485	(475)	(8.746)	-	15.492
	<u>28.095</u>	<u>7.321</u>	<u>(1.611)</u>	<u>(8.967)</u>	<u>(149)</u>	<u>24.689</u>
Consolidated	01/01/2024	Provision	Payments	Reversal	Restricted judicial deposits	06/30/2024
Civil	3.022	418	(900)	(913)	-	1.627
Labor	6.175	700	(591)	(129)	27	6.182
Tax	15.492	2.061	-	(1.067)	-	16.486
	<u>24.689</u>	<u>3.179</u>	<u>(1.491)</u>	<u>(2.109)</u>	<u>27</u>	<u>24.295</u>

The provision recorded is mainly related to:

- a) Civil lawsuits relate, among other matters, to compensation for losses and indemnification claims due to commercial representation contractual terminations. At June 30, 2024, the provision for any possible convictions in these lawsuits totaled R\$ 1,627 in the consolidated.
- b) Labor lawsuits are mainly related to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and occupational accidents. Based on past experience and on the opinion of its legal counsel, the Company maintained a provision of R\$ 6,182 in the consolidated at June 30, 2024, which is considered sufficient to cover probable losses arising from labor losses.
- c) Tax provisions totaled R\$ 16,486 in the consolidated at June 30, 2024 and refer mainly to:
 - i) Appropriation of Deemed ICMS Credit in the State of Minas Gerais, linked to the Protocol of Intentions for Investment in the Paper plant located in the Municipality of Santa Luzia, which was not started since the Company is awaiting authorization from the Environmental Bodies and for its strategic market reasons. The amount recognized up to June 30, 2024 totaled R\$ 10,307, and a related provision for tax risks was recorded, at the adjusted amount of R\$ 14,617.
 - ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R\$ 1,206. The proceedings are in process at the administrative and judicial levels and pending judgment.

Contingencies

No accounting provisions were recorded for contingencies assessed by Management, together with its legal advisors as possible losses. At June 30, 2024 and December 31, 2023, the amounts of these possible contingencies of a labor, civil, environmental and tax nature were as follows.

	Consolidated	
	06/30/2024	12/31/2023
Labor contingencies	11.937	21.380
Civil contingencies	9.676	8.211
Tax contingencies	144.950	144.651
	166.563	174.242

Labor contingencies:

The labor lawsuits assessed by Management and its legal advisors as involving possible losses totaled R\$ 11,937 at June 30, 2024 (R\$ 21,380 at December 31, 2023). Part of the amount refers mainly to labor claims arising from the closing of activities at the Vila Maria – SP unit (discontinued operation) in 2019, and mainly include causes of indemnity (hazardous work, unhealthy work, overtime, premiums, material damages resulting from occupational accidents and requests for a work relationship with Irani, by employees of service providers). These lawsuits are currently at different procedural stages.

Civil contingencies:

The tax lawsuits classified by Management and its legal advisors as involving risk of possible losses totaled R\$ 9,676 at June 30, 2024 (R\$ 8,211 at December 31, 2023), and relate mainly to indemnity claims that are currently at different procedural stages.

Tax contingencies:

The tax lawsuits assessed by Management and its legal advisors as involving possible losses totaled R\$ 144,950 at June 30, 2024 (R\$ 144,651 at December 31, 2023), and mainly include the following:

- Administrative and judicial proceedings relating to tax assessments notices received from the state government of Santa Catarina and of the State of São Paulo for allegedly undue ICMS tax credits recorded on the purchase of materials used in the manufacturing units located in those states, which amounted to R\$ 34,084 at June 30, 2024 (R\$ 52,322 at December 31, 2023). The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Administrative Proceedings related to Tax Assessments for PIS and COFINS, arising from alleged undue tax credits, amounting to R\$ 47,311 at June 30, 2024 (R\$ 45,873 at December 31, 2023). The Company has challenged these assessments in the administrative and judicial spheres and awaits the respective trials.

- Administrative Proceeding related to Tax Assessment for PIS and COFINS issued by the Brazilian Revenue Service (RFB) in the second quarter of 2024, arising from alleged undue tax credit on the acquisition of gum resin in the period from 01/2020 to 12/2021, in the amount of R\$ 24,862 at June 30, 2024. The Company filed an objection on July 15, 2024 and awaits trial.
- Administrative and judicial proceedings relating to the collection of alleged INSS debits, regarding Tax Assessment Notices issued for the offset of these debits against credits from the same taxes, amounting to R\$ 10,830 at June 30, 2024 (R\$ 9,333 at December 31, 2023). The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Administrative Proceeding relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R\$ 4,018 at June 30, 2024 (R\$ 3,946 at December 31, 2023). The Company is challenging this tax assessment in the judicial sphere.
- Proceedings relating to Tax Assessment Notices issued for the offset of Corporate Income Tax (IRPJ) against credits from the same taxes, amounting to R\$ 2,946 at June 30, 2024 (R\$ 3,650 at December 31, 2023). The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Tax assessment notice aimed to apply a fine related to the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) from the year 2015 to 2018, due to undue exclusions from the profit of each year. The Brazilian Revenue Service understood that the reductions, with an increase in tax loss, would have arisen from tax amortization of goodwill, with no legal backing.

This lawsuit is currently suspended because the Company has presented a respective administrative impugnation, which awaits trial. The amount of the tax assessment notice is R\$ 383. In the case of the Company not receiving a favorable decision, there will be additional effect of the reversal of tax loss by amortization of the goodwill used in the period, which results in a reduction of approximately R\$ 19,551 of income tax and social contribution asset on the amortized goodwill value.

STF decision on ‘res judicata’ in tax matters:

On February 8, 2023, the Full Bench of the Federal Supreme Court (STF) unanimously decided, in Extraordinary Appeals 955,227 (Topic 885) and 949,297 (Topic 881) on the possibility of modifications to res judicata in tax matters.

After the analysis by the respective Law Firms of the tax lawsuits to which the Company is or was a party, both as plaintiff and as defendant, no situation was identified that could be affected by said decision.

20. EQUITY

a) Capital

The capital at June 30, 2024 is R\$ 566,895 (R\$ 566,895 at December 31, 2023), comprised at June 30, 2024 of 239,829,919 common shares with no par value (246,359,319 common shares with no par value at December 31, 2023).

The amount of capital, net of share issue costs of R\$ 22,961, is R\$ 543,934 at June 30, 2024 (R\$ 543,934 at December 31, 2023).

b) Shareholders' remuneration

i) Interim dividends

In accordance with the Company's Dividend Distribution and Payment of Interest on Capital Policy, which determines the quarterly distribution of the equivalent of 25% of the profit determined in the Financial Statements, calculated in accordance with articles 22 to 29 of the Company's Bylaws, the interim dividends for the 2nd Quarter of 2024 to be approved by the Board of Directors will be R\$ 10,196.

The [Board of Directors approved, on May 3, 2024](#), "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the profit calculated in the first quarter of 2024, in the amount of R\$ 10,321, corresponding to R\$ 0.043069274 per common share, to shareholders holding shares issued by the Company on May 8, 2023, paid on May 23, 2024. The Interim Dividends – 1st Quarter of 2024 distributed will be allocated to the minimum mandatory dividend declared by the Company's Annual General Meeting that approves the management accounts for the year 2024, as provided for in the aforementioned Article 29, heading, of the [Company's Bylaws](#).

The [Board of Directors approved, on February 29, 2024](#), "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the profit calculated in the fourth quarter of 2023, in the amount of R\$ 2,304, corresponding to R\$ 0.009607855 per common share, to shareholders holding shares issued by the Company on March 5, 2024, paid on March 21, 2024. The Interim Dividends – 4th Quarter of 2023 distributed will be allocated to the minimum mandatory dividend declared by the Company's Annual General Meeting that approves the management accounts for the year 2023, as provided for in the aforementioned Article 29, heading, of the Company's Bylaws.

ii) Additional dividends proposed for 2023

The [Annual and Extraordinary General Shareholders' Meeting approved, on April 26, 2024](#), the distribution of additional dividends for 2023, in the total amount of R\$ 93,638, corresponding to dividend per share of R\$ 0.390521558, paid on May 15, 2024.

c) Treasury shares

	Parent company			
	06/30/2024		12/31/2023	
	Quantity	Value	Quantity	Value
Share repurchase program 2022	-	-	6.529.400	53.616
Share repurchase program 2024	585.800	5.129	-	-
	585.800	5.129	6.529.400	53.616

2022 share repurchase program: [On August 17, 2022, the Company's Board of Directors approved the 2022 Share Repurchase Program](#), which came into effect on August 18, 2022 and ends on February 17, 2024, with an acquisition limit of up to 9,833,806 common shares, representing 10% of the total outstanding common shares issued by the Company, aiming to maximize the generation of value for shareholders through an efficient management of the Company's capital structure. [On February 5, 2024, the Company's Board of Directors approved the end of the 2022 Share Repurchase Program and the cancellation of common shares totaling 6,529,400](#), with no par value, issued by the Company, without reduction of its capital.

2024 share repurchase program: [On March 22, 2024, the Company's Board of Directors approved the 2024 Share Repurchase Program](#), which came into effect on March 25, 2024 and ends on September 25, 2025, with an acquisition limit of up to 10,651,676 common shares, representing 10% of the total outstanding common shares issued by the Company, aiming to maximize the generation of value for shareholders through an efficient management of the Company's capital structure.

Changes in treasury shares are shown in the table below:

	Parent company							
	01/01/2024		Purchases		Cancellation		06/30/2024	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Share repurchase program 2022	6.529.400	53.616	-	-	(6.529.400)	(53.616)	-	-
Share repurchase program 2024	-	-	585.800	5.129	-	-	585.800	5.129
	6.529.400	53.616	585.800	5.129	(6.529.400)	(53.616)	585.800	5.129

d) Revenue reserves

Revenue reserves consist of: i) legal reserve, ii) biological assets reserve, iii) profit retention reserve, iv) tax incentive reserves.

i) In compliance with the [Company's Bylaws](#), the legal reserve is formed through the allocation of 5% of profit for the year and may be used to offset the losses or for capital increase.

ii) The biological assets reserve was recorded since the Company valued its biological assets at fair value in the opening balance sheet for initial adoption of IFRS. The creation of this statutory reserve was approved at the Extraordinary General Meeting held on February 29, 2012, when the amount previously recognized in the unrealized profit reserve was transferred to this account.

iii) The profit retention reserve is composed of the balance of retained earnings after the offsetting of losses and the formation of the legal reserve, and net of the amount of dividends distributed. The respective resources will be allocated to investments in fixed assets previously approved by the Board of Directors, or may be distributed in the future, as approved by the General Meeting. Certain agreements with creditors contain restrictive clauses relating to the distribution of dividends that exceed the minimum mandatory dividend.

iv) The tax incentive reserve was recorded by the portion of profit from previous years derived from government grants for investments for the modernization and expansion of paper production capacity in Minas Gerais and expansion of the industrial unit located in Santa Catarina, and is excluded from the basis of mandatory dividend.

e) Carrying value adjustments

It was recorded, since the Company valued its fixed assets (land, machinery and buildings) at deemed cost in the opening balance sheet for initial adoption of IFRS. Its realization will occur through the depreciation of the respective deemed cost value when it will also be offered on the basis of dividends. The net balance of taxes at June 30, 2024 corresponds to credit balance of R\$ 123,339 (R\$ 127,812 at December 31, 2023).

Changes in carrying value adjustments are shown in the table below:

	Consolidated
At December 31, 2022	136.865
Annual realization - deemed cost	(9.053)
At December 31, 2023	127.812
Period realization - deemed cost	(4.473)
At June 30, 2024	123.339

21. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of shares available during the year. The shares are not subject to the effects of potential dilution, such as debt convertible into shares. Consequently, diluted earnings per share are equal to basic earnings per share.

a) Basic and diluted earnings:

	<u>Parent company and Consolidated</u>		<u>Parent company and Consolidated</u>	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
	Common shares (ON)	Common shares (ON)	Common shares (ON)	Common shares (ON)
Weighted average number of shares	239.654.319	241.365.786	239.742.119	242.728.319
Profit for the period attributable to each type of share	40.065	228.746	80.704	311.704
Basic and diluted earnings per share - R\$	0,1672	0,9477	0,3366	1,2842

22. NET SALES REVENUE

The Company's net revenue is as follows:

	<u>Parent company</u>		<u>Parent company</u>	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Gross revenue from sales of products	498.632	502.196	985.503	1.022.775
Sales taxes	(101.088)	(104.972)	(201.814)	(211.795)
Sales returns	(5.791)	(4.115)	(10.394)	(12.220)
Net sales revenue	391.753	393.109	773.295	798.760
	<u>Consolidated</u>		<u>Consolidated</u>	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Gross revenue from sales of products	500.492	503.642	989.553	1.025.547
Sales taxes	(101.193)	(105.056)	(202.043)	(211.971)
Sales returns	(5.840)	(4.116)	(10.450)	(12.222)
Net sales revenue	393.459	394.470	777.060	801.354

The Company's revenues are recognized when performance obligations are met, which generally occurs when products are delivered and the risk transferred to customers in sales to the domestic market or when products sold are shipped to the foreign market. The main products sold by the Company represent the operating segments established pursuant to Note 28.

All sales transactions generate receivables, which are described in Note 6. There are no other recognized contract assets or liabilities.

23. COSTS, EXPENSES AND OTHER REVENUES BY NATURE

The breakdown of expenses by nature is as follows:

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Change in fair value of biological assets				
Change in fair value of biological assets	20.431	29.202	34.497	54.217
	<u>20.431</u>	<u>29.202</u>	<u>34.497</u>	<u>54.217</u>
Cost of sales				
Fixed and variable costs (raw and consumable materials)	(158.441)	(171.693)	(312.312)	(344.327)
Costs of personnel	(51.586)	(47.739)	(99.433)	(96.310)
Services contracted	(9.014)	(2.778)	(18.010)	(11.790)
Depreciation, amortization and depletion	(38.054)	(23.990)	(71.929)	(44.201)
	<u>(257.095)</u>	<u>(246.200)</u>	<u>(501.684)</u>	<u>(496.628)</u>
Selling expenses				
Personnel expenses	(3.571)	(3.358)	(7.166)	(6.670)
Services contracted	(295)	(336)	(618)	(590)
Logistics expenses (freight)	(22.618)	(18.574)	(44.101)	(38.258)
Depreciation and amortization	(124)	(105)	(246)	(217)
Sales commissions	(3.655)	(3.625)	(7.287)	(7.292)
Other (i)	(5.125)	(3.641)	(9.385)	(7.612)
	<u>(35.388)</u>	<u>(29.639)</u>	<u>(68.803)</u>	<u>(60.639)</u>
Impairment of trade receivables				
Impairment of trade receivables	(204)	18	(272)	58
	<u>(204)</u>	<u>18</u>	<u>(272)</u>	<u>58</u>
General and administrative expenses				
Personnel expenses	(20.709)	(20.616)	(43.246)	(43.495)
Services contracted	(1.608)	(2.443)	(3.640)	(3.360)
Depreciation and amortization	(2.169)	(1.096)	(3.897)	(1.992)
Other (i)	(2.936)	(946)	(5.057)	(3.332)
	<u>(27.422)</u>	<u>(25.101)</u>	<u>(55.840)</u>	<u>(52.179)</u>
Other operating income (expenses), net				
Income from claimed and disposed goods	7	172	7	220
Income from sale of assets	188	(47)	518	971
Income from sale of carbon credit	87	-	87	-
Provision for government grants - State of MG	(391)	186	(655)	349
Reversal of INSS contingency - substitute contribution	-	-	-	3.870
Full payment of ICMS SC Tax Foreclosure – “Recupera Mais” program	-	-	(6.237)	-
Effect of PIS and COFINS credits on purchases of scraps	-	147.272	-	147.272
Other operating income (expenses), net (i)	2.129	(486)	3.463	(489)
	<u>2.020</u>	<u>147.097</u>	<u>(2.817)</u>	<u>152.193</u>
Management profit sharing				
Management profit sharing	(4.287)	(4.118)	(8.574)	(8.236)
	<u>(4.287)</u>	<u>(4.118)</u>	<u>(8.574)</u>	<u>(8.236)</u>

	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Change in fair value of biological assets				
Change in fair value of biological assets	24.149	33.483	44.921	67.406
	<u>24.149</u>	<u>33.483</u>	<u>44.921</u>	<u>67.406</u>
Cost of sales				
Fixed and variable costs (raw and consumable materials)	(150.032)	(167.196)	(295.851)	(331.397)
Costs of personnel	(55.029)	(51.909)	(106.003)	(100.480)
Services contracted	(10.133)	(3.510)	(19.743)	(12.522)
Depreciation, amortization and depletion	(45.311)	(25.568)	(87.267)	(49.899)
	<u>(260.505)</u>	<u>(248.183)</u>	<u>(508.864)</u>	<u>(494.298)</u>
Selling expenses				
Personnel expenses	(3.571)	(3.358)	(7.166)	(6.670)
Services contracted	(295)	(336)	(618)	(590)
Logistics expenses (freight)	(22.985)	(18.889)	(45.073)	(38.984)
Depreciation, amortization and depletion	(124)	(105)	(246)	(217)
Sales commissions	(3.655)	(3.625)	(7.287)	(7.292)
Other (i)	(5.126)	(3.674)	(9.385)	(7.778)
	<u>(35.756)</u>	<u>(29.987)</u>	<u>(69.775)</u>	<u>(61.531)</u>
Impairment of trade receivables				
Impairment of trade receivables	(204)	18	(272)	58
	<u>(204)</u>	<u>18</u>	<u>(272)</u>	<u>58</u>
General and administrative expenses				
Personnel expenses	(20.709)	(20.616)	(43.246)	(43.495)
Services contracted	(1.791)	(2.616)	(3.904)	(3.533)
Depreciation, amortization and depletion	(2.169)	(1.096)	(3.897)	(1.993)
Other (i)	(3.690)	(1.524)	(6.168)	(4.439)
	<u>(28.359)</u>	<u>(25.852)</u>	<u>(57.215)</u>	<u>(53.460)</u>
Other operating income (expenses), net				
Income from claimed and disposed goods	7	172	7	220
Income from sale of assets	188	(47)	518	971
Income from sale of carbon credit	87	-	87	-
Provision for government grants - State of MG	(391)	186	(655)	349
Full payment of ICMS SC Tax Foreclosure – “Recupera Mais” program	-	-	(6.237)	-
Reversal of INSS contingency - substitute contribution	-	-	-	3.870
Effect of PIS and COFINS credits on purchases of scraps	-	147.272	-	147.272
Other operating income (expenses), net (i)	1.888	(486)	2.775	(502)
	<u>1.779</u>	<u>147.097</u>	<u>(3.505)</u>	<u>152.180</u>
Management profit sharing				
Management profit sharing	(4.287)	(4.118)	(8.574)	(8.236)
	<u>(4.287)</u>	<u>(4.118)</u>	<u>(8.574)</u>	<u>(8.236)</u>

24. FINANCE INCOME AND COSTS

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Finance income				
Income from financial investments	14.928	29.084	30.372	60.173
Interest	2.932	67.111	7.536	72.197
Discounts obtained	449	509	988	1.027
	<u>18.309</u>	<u>96.704</u>	<u>38.896</u>	<u>133.397</u>
Foreign exchange changes				
Foreign exchange gains	5.388	1.434	7.200	4.807
Foreign exchange loss	(3.802)	(2.733)	(4.982)	(6.380)
Foreign exchange changes, net	<u>1.586</u>	<u>(1.299)</u>	<u>2.218</u>	<u>(1.573)</u>
Finance costs				
Interest	(44.932)	(55.075)	(91.625)	(109.915)
Discounts granted	(9)	(8)	(11)	(17)
Negative goodwill/bank expenses	(109)	(108)	(186)	(200)
Interest payable on leases	(555)	(1.028)	(1.103)	(1.552)
Derivative instruments - swap	(2.006)	1.843	(2.488)	2.729
Other	(2.020)	(5.061)	(4.695)	(7.152)
	<u>(49.631)</u>	<u>(59.437)</u>	<u>(100.108)</u>	<u>(116.107)</u>
Finance result, net	<u>(29.736)</u>	<u>35.968</u>	<u>(58.994)</u>	<u>15.717</u>
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Finance income				
Income from financial investments	15.552	30.117	31.654	62.297
Interest	2.932	67.111	7.537	72.199
Discounts obtained	449	510	988	1.028
	<u>18.933</u>	<u>97.738</u>	<u>40.179</u>	<u>135.524</u>
Foreign exchange changes				
Foreign exchange gains	5.388	1.434	7.200	4.807
Foreign exchange loss	(3.802)	(2.733)	(4.982)	(6.380)
Foreign exchange changes, net	<u>1.586</u>	<u>(1.299)</u>	<u>2.218</u>	<u>(1.573)</u>
Finance costs				
Interest	(44.932)	(55.075)	(91.625)	(109.917)
Discounts granted	(9)	(10)	(11)	(19)
Negative goodwill/bank expenses	(113)	(109)	(196)	(206)
Interest payable on leases	(555)	(1.028)	(1.103)	(1.552)
Derivative instruments - swap	(2.006)	1.843	(2.488)	2.729
Other	(2.028)	(5.074)	(4.711)	(7.178)
	<u>(49.643)</u>	<u>(59.453)</u>	<u>(100.134)</u>	<u>(116.143)</u>
Finance result, net	<u>(29.124)</u>	<u>36.986</u>	<u>(57.737)</u>	<u>17.808</u>

25. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of effective tax rate:

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Operating profit before taxes	60.859	303.479	115.295	420.257
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(20.692)	(103.183)	(39.200)	(142.887)
Tax effect of permanent (additions)/exclusions:				
Equity in the earnings of subsidiaries	268	1.069	1.526	5.778
Non-deductible expenses	(294)	(189)	(364)	(291)
Double deduction of PAT expenses	750	-	761	-
PIS and COFINS on depreciation	-	-	-	(262)
Indexation accruals of PIS and COFINS credits on purchases of scraps	613	22.416	1.790	22.314
Other permanent differences	(1.439)	5.154	896	6.795
	<u>(20.794)</u>	<u>(74.733)</u>	<u>(34.591)</u>	<u>(108.553)</u>
Current income tax and social contribution	(16.370)	(9.926)	(17.877)	(30.327)
Deferred income tax and social contribution	(4.424)	(64.807)	(16.714)	(78.226)
Effective rate - %	34,2	24,6	30,0	25,8

	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
Operating profit before taxes	61.152	303.914	116.039	421.281
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(20.792)	(103.331)	(39.453)	(143.236)
Non-deductible expenses	(294)	(189)	(364)	(291)
Double deduction of PAT expenses	750	-	761	-
PIS and COFINS on depreciation	-	-	-	(262)
Indexation accruals of PIS and COFINS credits on purchases of scraps	613	22.416	1.790	22.314
Difference in taxation - deemed profit (subsidiaries)	(25)	634	782	4.754
Other permanent differences	(1.339)	5.302	1.149	7.144
	<u>(21.087)</u>	<u>(75.168)</u>	<u>(35.335)</u>	<u>(109.577)</u>
Current income tax and social contribution	(16.568)	(10.238)	(18.312)	(30.958)
Deferred income tax and social contribution	(4.519)	(64.930)	(17.023)	(78.619)
Effective rate - %	34,5	24,7	30,5	26,0

26. FINANCIAL INSTRUMENTS

Capital risk management

The Company's capital structure consists of its net debt (fundings, debentures and derivative financial instruments - swap detailed in Notes 14, 15 and 16, less cash, bank balances and financial investments), as detailed in Note 5, and equity (which includes issued capital, reserves and retained earnings, as disclosed in Note 21).

The Company's management periodically reviews its capital structure. As part of this review, Management considers the cost of capital and risks associated to each class of capital. Pursuant to its Financial Management Policy, the Company intends to maintain a capital structure from 30% to 50% of own capital and from 70% to 50% of third-party capital. The capital structure at June 30, 2024 was 43% in own capital and 57% in third-party capital

Debt-to-equity ratio

At June 30, 2024 and December 31, 2023, the debt-to-equity ratio is as follows:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Debt (a)	1.672.706	1.626.153	1.672.706	1.626.153
Derivatives instruments - swap (a)	(6.634)	(7.488)	(6.634)	(7.488)
Cash and cash equivalents and financial investments	(589.839)	(575.879)	(614.358)	(600.981)
Net debt	<u>1.076.233</u>	<u>1.042.786</u>	<u>1.051.714</u>	<u>1.017.684</u>
Equity	<u>1.251.320</u>	<u>1.279.704</u>	<u>1.251.320</u>	<u>1.279.704</u>
Debt-to-equity ratio	<u>0,86</u>	<u>0,81</u>	<u>0,84</u>	<u>0,80</u>

(a) Debt is defined as short and long-term borrowings, debentures and derivative financial instruments – swap, as detailed in Notes 14, 15 and 16.

Categories of financial instruments

The balances of financial assets and liabilities stated at amortized cost are assumed to approximate their fair values.

The derivative financial instrument – swap is classified with the level 2 valuation method defined as follows:

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

The specific valuation techniques used to assess the financial instruments classified as Level 2 include:

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The following table presents the Company's financial assets and liabilities at June 30, 2024.

		Parent company		Consolidated	
	Note	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Financial assets					
Designated at fair value through profit or loss					
Derivative instruments - swap	16	6.634	7.488	6.634	7.488
Amortized cost					
Cash and banks	5	574.790	459.050	599.309	484.152
Financial investments	5	15.049	116.829	15.049	116.829
Trade receivables	6	274.475	263.584	274.734	264.582
Other receivables	9	3.829	3.555	4.240	3.810
Financial liabilities					
Amortized cost					
Borrowings	14	861.455	813.697	861.455	813.697
Debentures	15	811.251	812.456	811.251	812.456
Trade payables	17	144.426	134.154	123.536	126.369
Lease liabilities	30	22.453	24.226	22.453	24.226
Taxes in installments	19	4.798	7.912	4.798	7.912
Dividends payable		1.852	3.908	1.852	3.908
Other payables		19.740	30.905	19.921	31.153

Financial risk factors

The Company is exposed to several financial risks: market risk (including foreign exchange risk and interest rate), credit risk and liquidity risk.

Aiming to establish rules for financial management, the Company has maintained the Financial Management Policy since 2010. Such Policy regulates and establishes guidelines for the use of financial instruments.

The Company does not make any speculative investments in derivatives or any other financial assets. The derivative financial instrument – swap in force was contracted with the purpose of swapping the interest rate index to optimize the long-term financial liabilities and cash management strategy, as described in Note 16.

Foreign exchange exposure risk

The Company has transactions in the foreign market that are exposed to fluctuations in the exchange rates of foreign currencies. At June 30, 2024 and December 31, 2023, these transactions presented a net exposure as shown in the table below:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Trade receivables	35.847	23.154	35.847	23.154
Advances from customers	(3.651)	(1.732)	(3.651)	(1.732)
Trade payables	(2.475)	(2.423)	(2.475)	(2.423)
Advances to suppliers	11.185	8.309	11.185	8.309
Borrowings	(39.474)	(7.276)	(39.474)	(7.276)
Net exposure	1.432	20.032	1.432	20.032

The Company has borrowings in foreign currency (ACC) to cover any variations in the balance of export customers.

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. Accordingly, a sensitivity analysis was performed, which is considered reasonable for the business, taking into account the uncertainties of assumptions, the presentation of two scenarios with deterioration of 25% and 50% in the risk variable considered, in addition to a base scenario. These scenarios may impact the Company's profit (loss) and equity, as described below:

1 – Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company is based on future market projections of B3 for the next reporting date (September 30, 2024).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for September 30, 2024.

3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for September 30, 2024.

Transaction	Balance at 6/30/2024 USD	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
		Rate	R\$	Rate	R\$	Rate	R\$
Assets							
Trade receivables and banks restricted account	6.449	5,64	511	7,05	9.601	8,46	18.689
Advances to suppliers	2.012	5,64	159	7,05	2.995	8,46	5.831
Liabilities							
Trade payables and advances from customers	(1.102)	5,64	(87)	7,05	(1.641)	8,46	(3.194)
Borrowings	(7.101)	5,64	(563)	7,05	(10.572)	8,46	(20.579)
Net effect			20		383		747

This sensitivity analysis intends to measure the impact of changes in market variables on each financial instrument of the Company. The balances at June 30, 2024 were used as a basis for the projection of the future balance. The actual behavior of debt balances will comply with the related agreements, and the balances of trade receivables and payables may fluctuate due to the normal activities of the Company and its subsidiaries.

However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses. The Company seeks to maintain its borrowings exposed to exchange rate changes by making annual net payments that are equivalent to or below its export customer portfolio.

Interest rate risk

The Company may be affected by adverse changes in interest rates. This exposure to interest rate risk relates primarily to changes in market interest rates that affect the Company's assets and liabilities indexed to the CDI (Interest rate of Interbank Deposit Certificates) and IPCA (National Extended Consumer Price Index).

The sensitivity analysis calculated for the base, adverse and remote scenarios on the borrowings, debentures and derivative financial instruments – swap contracts subject to floating interest rates is as follows:

- 1 – Base scenario: the CDI is set according to futures market projections of B3 for September 30, 2024 on the date the analysis is prepared. The IPCA is obtained from Boletim Focus.
- 2 – Adverse scenario: correction of 25% of interest rates in relation to the level forecast for September 30, 2024.
- 3 – Remote scenario: correction of 50% of interest rates in relation to the level forecast for September 30, 2024.

Transaction	Index	Balance at 6/30/2024	Base scenario		Adverse scenario		Remote scenario	
			Gain (Loss)		Gain (Loss)		Gain (Loss)	
			Rate % p.a.	R\$	Rate % p.a.	R\$	Rate % p.a.	R\$
Cash and cash equivalents and financial investments								
CDB	CDI	614.358	10,42%	(126)	13,03%	16.569	15,63%	33.011
Proceeds from borrowings								
Working capital	CDI	(1.079.354)	10,42%	219	13,03%	(28.788)	15,63%	(57.356)
Working capital	IPCA	(73.812)	4,23%	-	5,29%	(823)	6,35%	(1.646)
Finame Direto	IPCA	(495.297)	4,23%	-	5,29%	(5.457)	6,35%	(10.914)
Derivative financial instruments - swap								
Swap Assets	IPCA	69.350	4,23%	-	5,29%	773	6,35%	1.547
Swap Liabilities	CDI	(62.716)	10,42%	(13)	13,03%	(1.658)	15,63%	(3.303)
Net effect on results				<u>80</u>		<u>(19.384)</u>		<u>(38.661)</u>

Fair value against carrying amount

Fair value is the price that would be received for the sale of an asset or which would be paid for the transfer of a liability in a non-forced transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value:

- The carrying amounts of current trade receivables and trade payables presented in the Company's balance sheet approximate their fair values due to the short terms of settlement.
- Borrowings, debentures and derivative financial instruments - swap - considering the debts, market information and interest rates of borrowings and debentures contracted, the fair value at June 30, 2024 is R\$ 1,619,243 (carrying amount of R\$ 1,666,072). The Company used discounted cash flow as a valuation technique, considering the present value of the payment expected, discounted by a risk-adjusted discount rate of the Company. In fair value hierarchy, the fair value determined is Level 2.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure as shown below:

	Parent company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Financial assets				
Banks	1.009	859	1.028	890
Financial investments with immediate liquidity	573.775	458.176	598.274	483.245
Financial investments	15.049	116.829	15.049	116.829
Trade receivables	274.475	263.584	274.734	264.582
Other receivables	3.829	3.555	4.240	3.810
Maximum credit exposure	<u>868.137</u>	<u>843.003</u>	<u>893.325</u>	<u>869.356</u>

a) Trade receivables

The Company's credit sales are managed through a credit rating and credit granting policy. Expected credit losses are adequately covered by a provision to cover possible losses on their realization, as detailed in Note 6.

Trade receivables comprise a large number of customers from different sectors and geographical areas. An ongoing credit assessment is performed based on the financial condition of the receivables and, where appropriate, a credit guarantee coverage is requested.

Renegotiations with customers are mostly backed by debt acknowledgment agreements, in addition to individual sureties to guarantee the amount of debt.

b) Banks, financial investments with immediate liquidity and financial investments

The credit risk of banks, financial investments with immediate liquidity and financial investments is managed by the Company in accordance with the Financial Management Policy, aiming to establish guidelines for the management of the Company's financial funds.

The table below shows the Company's balance of banks, financial investments with immediate liquidity and financial investments, classifying the amounts according to the national long-term ratings of S&P, Fitch Rating and Moody's of the credit risk of financial institutions:

Rating

	Consolidated	Agency
	06/30/2024	
National rating AAA (br)	614.328	Fitch/S&P/Moody's
National rating BB- (br)	23	Fitch/S&P
	614.351	

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, in accordance with the Financial Management Policy, which comprises cash, financial investments, flows of trade receivables and payables, repayment of borrowings and adjustments of derivative financial instruments - swap. The liquidity management policy involves projections of cash flows in currencies used and the consideration of the level of net assets required to reach these projections, the monitoring of the liquidity ratios of the balance sheet in relation to internal and external regulatory requirements and the maintenance of debt financing plan.

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at June 30, 2024, and the details on the expected maturity dates for derivative financial instruments liabilities – swaps at their fair value.

Parent company

	2024	2025	2026	2027	After 2028
Liabilities					
Trade payables	144.426	-	-	-	-
Borrowings	42.220	152.966	144.017	141.104	593.747
Debentures	38.540	11.343	29.714	513.072	275.220
Derivative instruments - swap	1.452	3.082	(941)	(2.396)	(7.831)
Taxes in installments	3.739	1.059	-	-	-
Lease liabilities	9.485	4.863	3.066	2.565	2.474
Dividends and interest on capital payable	1.852	-	-	-	-
Other payables	18.151	1.589	-	-	-
	<u>259.865</u>	<u>174.902</u>	<u>175.856</u>	<u>654.345</u>	<u>863.610</u>

Consolidated

	2024	2025	2026	2027	After 2028
Liabilities					
Trade payables	144.426	-	-	-	-
Borrowings	42.220	152.966	144.017	141.104	593.747
Debentures	38.540	11.343	29.714	513.072	275.220
Derivative instruments - swap	1.452	3.082	(941)	(2.396)	(7.831)
Taxes in installments	3.739	1.059	-	-	-
Lease liabilities	9.485	4.863	3.066	2.565	2.474
Dividends and interest on capital payable	1.852	-	-	-	-
Other payables	18.332	1.589	-	-	-
	<u>260.046</u>	<u>174.902</u>	<u>175.856</u>	<u>654.345</u>	<u>863.610</u>

Derivative financial instruments

On December 1, 2021, the Company entered into a derivative instrument – rate swap with Banco Santander to modify the remuneration associated with the interest rate of the 4th Issue of Debentures.

The reference value assigned on the contracting date (notional) is R\$ 66,225. The adjustments will take place on the same payment dates of the 4th Issue of Debentures, which has final maturity on December 15, 2029, so that its actual cost is equivalent to CDI + 0.71% p.a.

Note 16 contains further information on the aforementioned transaction.

27. OPERATING SEGMENTS

a) Criteria for identifying operating segments

The Company has three main strategic divisions based on the manner in which Management runs the business. The Company's revenue is segmented according to defined products and operating segments.

Management defined as operating segments: Sustainable Packaging (Corrugated Cardboard) Segment; Sustainable Packaging Paper (Paper) Segment; Sustainable Resins (Rosin and Turpentine) Segment, as described below:

Sustainable Packaging (Corrugated Cardboard) Segment: this division manufactures boxes and light and heavy corrugated cardboard sheets, and has two production plants: SC Packaging Plant Campina da Alegria and SP Packaging Plant Indaiatuba.

Sustainable Packaging Paper (Paper) Segment: manufactures low- and high-weight Kraft paper and recycled paper for the domestic and foreign markets. Most of its production is destined to the Sustainable Packaging (Corrugated Cardboard) Segment with two production units: Paper SC Campina da Alegria and Paper MG – Santa Luzia.

Sustainable Resins (Rosin and Turpentine) Segment: through this segment, the Company grows pine for its own use, sells wood and extracts resin from pine that serves as raw material for the production of rosin and turpentine.

b) Consolidated information about the operating segments

	Consolidated				
	Three-month period ended 06/30/2024				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable Resins (Rosin and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	223.797	108.656	2.053	-	334.506
Foreign market	-	36.569	22.384	-	58.953
Total net sales revenue	223.797	145.225	24.437	-	393.459
Change in fair value of biological assets	-	29.070	(4.921)	-	24.149
Cost of sales	(148.671)	(87.979)	(23.855)	-	(260.505)
Gross profit	75.126	86.316	(4.339)	-	157.103
Other operating income (expenses), net	(24.778)	(10.786)	(4.404)	(26.859)	(66.827)
Operating profit (loss) before finance result	50.348	75.530	(8.743)	(26.859)	90.276
Finance result	(9.545)	(20.064)	361	124	(29.124)
Operating income (expenses), net	40.803	55.466	(8.382)	(26.735)	61.152
Depreciation, amortization and depletion	(7.979)	(35.957)	(1.789)	(1.879)	(47.604)

Consolidated					
Three-month period ended 06/30/2023					
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable Resins (Rosin and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	222.515	117.341	1.798	-	341.654
Foreign market	-	27.894	24.922	-	52.816
Total net sales revenue	222.515	145.235	26.720	-	394.470
Change in fair value of biological assets	-	34.480	(997)	-	33.483
Cost of sales	(142.263)	(82.611)	(23.309)	-	(248.183)
Gross profit	80.252	97.104	2.414	-	179.770
Other operating income (expenses), net	(21.727)	(7.457)	(4.194)	120.536	87.158
Operating profit (loss) before finance result	58.525	89.647	(1.780)	120.536	266.928
Finance result	21.318	14.921	494	253	36.986
Operating income (expenses), net	79.843	104.568	(1.286)	120.789	303.914
Depreciation, amortization and depletion	(6.359)	(17.561)	(1.964)	(885)	(26.769)

Consolidated					
Six-month period ended 06/30/2024					
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable Resins (Rosin and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	444.148	220.601	4.339	-	669.088
Foreign market	-	64.735	43.237	-	107.972
Total net sales revenue	444.148	285.336	47.576	-	777.060
Change in fair value of biological assets	-	52.534	(7.613)	-	44.921
Cost of sales	(292.065)	(168.443)	(48.356)	-	(508.864)
Gross profit	152.083	169.427	(8.393)	-	313.117
Other operating income (expenses), net	(48.523)	(21.284)	(8.046)	(61.488)	(139.341)
Operating profit (loss) before finance result	103.560	148.143	(16.439)	(61.488)	173.776
Finance result	(17.132)	(40.868)	-	263	(57.737)
Operating income (expenses), net	86.428	107.275	(16.439)	(61.225)	116.039
Depreciation, amortization and depletion	(15.525)	(68.748)	(3.779)	(3.358)	(91.410)

	Consolidated				
	Six-month period ended 06/30/2023				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable Resins (Rosin and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	446.567	240.427	3.572	-	690.566
Foreign market	-	55.520	55.268	-	110.788
Total net sales revenue	446.567	295.947	58.840	-	801.354
Change in fair value of biological assets	-	68.219	(813)	-	67.406
Cost of sales	(285.123)	(159.781)	(49.394)	-	(494.298)
Gross profit	161.444	204.385	8.633	-	374.462
Other operating income (expenses), net	(44.436)	(11.236)	(8.661)	93.344	29.011
Operating profit (loss) before finance result	117.008	193.149	(28)	93.344	403.473
Finance result	11.610	2.812	(947)	4.333	17.808
Operating income (expenses), net	128.618	195.961	(975)	97.677	421.281
Depreciation, amortization and depletion	(12.218)	(35.099)	(3.218)	(1.574)	(52.109)

The balance in the Corporate/eliminations column substantially involves expenses of the corporate support area, not apportioned to the other segments, while the eliminations refer to adjustments of operations between the remaining segments.

Finance result is allocated by operating segment, taking into consideration the specific allocation of each item of finance income and costs to the segment, and the distribution of corporate expenses and revenues is proportional to the billing of each segment.

The information relating to income tax and social contribution is not disclosed because the Company's management does not use this information by segment.

c) Net sales revenue

Net sales revenue in the three-month period ended June 30, 2024 totaled R\$ 393,459 (R\$ 394,470 in the three-month period ended June 30, 2023), and in the six-month period ended June 30, 2024, net sales revenue totaled R\$ 777,060 (R\$ 801,354 in the six-month period ended June 30, 2023).

Net sales revenue in the foreign market in the three-month period ended June 30, 2024 totaled R\$ 58,953 (R\$ 52,816 in the three-month period ended June 30, 2023), and in the six-month period ended June 30, 2024, net sales revenue in the foreign market totaled R\$ 107,972 (R\$ 110,788 in the six-month period ended June 30, 2023), distributed among several countries, as shown below:

Consolidated		
Three-month period ended 06/30/2024		
Country	Net exports	% of total net revenue
Pakistan	9.580	2,43%
China	6.786	1,72%
Argentina	6.719	1,71%
Saudi Arabia	4.884	1,24%
Germany	3.978	1,01%
Portugal	3.569	0,91%
Paraguay	3.509	0,89%
France	3.093	0,79%
Mexico	2.991	0,76%
Japan	2.408	0,61%
South Africa	1.808	0,46%
Kuwait	1.591	0,40%
Peru	1.486	0,38%
India	1.311	0,33%
Chile	1.055	0,27%
Bolivia	854	0,22%
Other countries	3.331	0,85%
	<u>58.953</u>	<u>14,98%</u>

Consolidated		
Three-month period ended 06/30/2023		
Country	Net exports	% of total net revenue
Saudi Arabia	9.422	2,39%
Pakistan	7.178	1,82%
China	6.387	1,62%
Argentina	4.152	1,05%
Portugal	3.474	0,88%
Germany	3.101	0,79%
Mexico	2.269	0,58%
Chile	2.064	0,52%
Japan	1.879	0,48%
India	1.792	0,45%
Paraguay	1.718	0,44%
South Africa	1.237	0,31%
Netherlands	1.189	0,30%
Spain	1.028	0,26%
France	960	0,24%
Bolivia	934	0,24%
Other countries	4.032	1,02%
	<u>52.816</u>	<u>13,39%</u>

Consolidated		
Six-month period ended 06/30/2024		
Country	Net exports	% of total net revenue
Pakistan	14.013	1,80%
China	12.373	1,59%
Saudi Arabia	10.791	1,39%
Germany	10.422	1,34%
Argentina	10.059	1,29%
Portugal	9.798	1,26%
Paraguay	5.626	0,72%
Mexico	4.781	0,62%
South Africa	3.741	0,48%
France	3.679	0,47%
Japan	3.512	0,45%
India	2.893	0,37%
Chile	2.716	0,35%
Peru	2.304	0,30%
Netherlands	2.295	0,30%
Kuwait	1.786	0,23%
Ireland	1.388	0,18%
Spain	1.195	0,15%
Bolivia	1.153	0,15%
Other countries	3.447	0,44%
	<u>107.972</u>	<u>13,88%</u>

Consolidated		
Six-month period ended 06/30/2023		
Country	Net exports	% of total net revenue
China	16.376	2,04%
Saudi Arabia	15.423	1,92%
Germany	10.329	1,29%
Pakistan	9.917	1,24%
Argentina	7.152	0,89%
Paraguay	6.443	0,80%
Chile	5.269	0,66%
Portugal	5.243	0,65%
South Africa	4.928	0,61%
Mexico	4.817	0,60%
India	4.188	0,52%
Japan	4.130	0,52%
Peru	2.688	0,34%
Uruguay	2.117	0,26%
Bolivia	1.911	0,24%
France	1.875	0,23%
Spain	1.783	0,22%
Netherlands	1.742	0,22%
USA	1.563	0,20%
Other countries	2.894	0,36%
	<u>110.788</u>	<u>13,81%</u>

The Company's net sales revenue in the domestic market in the three-month period ended June 30, 2024 totaled R\$ 334,506 (R\$ 341,654 in the three-month period ended June 30, 2023), and in the six-month period ended June 30, 2024 net sales revenue in the domestic market totaled R\$ 669,088 (R\$ 690,566 in the six-month period ended June 30, 2023).

In the six-month period ended June 30, 2024, a single customer accounted for 9.3 % of net sales in the domestic market of Sustainable Packaging (Corrugated Cardboard) segment, equivalent to R\$ 41,405. The Company's other sales in the domestic and foreign markets were spread over a number of customers, none of them accounting for more than 10% of net sales.

28. GOVERNMENT GRANT

The Company has ICMS tax incentives from the states of Minas Gerais and Santa Catarina:

ICMS/MG – Deemed Credit: The State of Minas Gerais grants as the main benefit ICMS deemed credit resulting in the actual payment of 2% of the value of the shipment operations for the products industrialized

by the Company. The effect on operating profit before tax effects in the six-month period ended June 30, 2024 was R\$ 3,991 (R\$ 3,328 in the six-month period ended June 30, 2023).

ICMS/SC – PRODEC: The Company was granted a request for a Special Regime that allows deferral for payment after 48 months of 70% of the ICMS increase in the State of Santa Catarina, calculated on an average basis (July 2020 to June 2021) prior to the investments made. This benefit is calculated monthly and is linked to Gaia Platform investments, with the requirement of maintaining regular payments with the State that is being fully served.

Regarding the incentive amounts, no charges at contractual rates will be applied. The benefit is valid for 19 years (15 years of enjoyment and 4 years of grace period), starting in June 2023 and ending in May 2038, or up to a limit of R\$ 743,000 of deferred ICMS. Until June 30, 2024, the Company has R\$ 366 of deferred ICMS recorded as liabilities, net of the government grant of R\$ 253.

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Parent company and Consolidated

	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01/01/2023	4.575	14.760	2.653	21.988
Depreciation	(1.774)	(3.913)	(4.845)	(10.532)
Addition/write-off of contracts - principal effect	1.111	2.265	9.572	12.948
Net book value at 12/31/23	3.912	13.112	7.380	24.404
Cost	9.709	27.096	26.808	63.613
Accumulated depreciation	(5.797)	(13.984)	(19.428)	(39.209)
Net book value at 12/31/23	3.912	13.112	7.380	24.404
Balance at 01/01/2024	3.912	13.112	7.380	24.404
Depreciation	(824)	(2.068)	(2.374)	(5.266)
Addition/write-off of contracts - principal effect	-	680	1.876	2.556
Reclassification from right-of-use assets to property, plant and equipment	-	-	(334)	(334)
Net book value at 06/30/24	3.088	11.724	6.548	21.360
Cost	9.709	27.776	28.350	65.835
Accumulated depreciation	(6.621)	(16.052)	(21.802)	(44.475)
Net book value at 06/30/24	3.088	11.724	6.548	21.360

The measurement of the right-of-use asset corresponds to the initial value of the lease liability at present value at rates of 12.06% to 14.43% p.a., calculated considering the risk-free rate (NTN), the Company's risk spread, the country's equivalent risk and the risk specific to the asset. Depreciation is calculated using the straight-line basis over the remaining term of contracts with an average term of 6.5 years.

Leases have lease liabilities as follows:

Parent company and Consolidated

	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01/01/2023	3.837	14.977	1.873	20.687
Portion of the main lease	(2.162)	(5.019)	(4.943)	(12.124)
Addition/write-off of contracts	1.111	2.265	9.572	12.948
Interest on lease	465	1.234	1.016	2.715
Transfers to lease liabilities	-	-	-	-
Net book value at 12/31/23	3.251	13.457	7.518	24.226
Balance at January 01, 2024	3.251	13.457	7.518	24.226
Portion of the main lease	(108)	(2.559)	(2.765)	(5.432)
Addition/write-off of contracts	-	680	1.876	2.556
Interest on lease	220	491	392	1.103
Net book value at 06/30/24	3.363	12.069	7.021	22.453
Current				9.485
Non-current				12.968

Lease interest is recognized as a finance cost and appropriated according to the remaining term of the agreements.

Long-term payments, considering their future (undiscounted) cash flows, are distributed as follows:

Long-term maturities:	Parent company and Consolidated
2025	4.863
2026	3.066
2027	2.565
2028	474
2029 onwards	2.000
	12.968

The Company has the potential right of PIS/COFINS recoverable embedded in the consideration of leases of buildings, constructions, equipment and facilities. The potential effects of PIS/COFINS are shown in the table below:

Parent company and Consolidated

Cash flow	Nominal	Adjustment to present value
Lease consideration	41.767	31.951
PIS/COFINS (9.25%)	3.863	2.955

According to CVM Circular Letter 02/2019, the Company adopted the discounted cash flow technique without considering inflation (real flow discounted at nominal rate).

Other assumptions, such as the maturity schedule of the liabilities and interest rates used in the calculation, are disclosed in other items of this same note, and the inflation indices are observable in the market, so that the nominal flows can be prepared by the users of the financial statements.

In the three-month period ended June 30, 2024 no renegotiations were made for leases.

Management assessed the use of nominal cash flows and nominal rates, as recommended by the CVM, as shown in the following table:

	Actual flow		Nominal flow	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Parent company and Consolidated				
Lease liabilities	24.315	27.191	41.767	46.915
Embedded interest	(1.862)	(2.965)	(9.816)	(12.670)
	22.453	24.226	31.951	34.245

30. INFORMATION SUPPLEMENTARY TO THE CASH FLOW

	Parent company			Consolidated		
	Liabilities			Liabilities		
	Borrowings, debentures and swaps	Dividends payable	Lease liabilities	Borrowings, debentures and swaps	Dividends payable	Lease liabilities
Balance at 12/31/2022	1.792.175	22.120	20.687	1.792.175	22.120	20.687
Changes affecting cash	(73.736)	(134.776)	(7.116)	(73.736)	(134.776)	(7.116)
Payment of dividends	-	(134.776)	-	-	(134.776)	-
Lease liabilities paid	-	-	(5.966)	-	-	(5.966)
Proceeds from borrowings	71.385	-	-	71.385	-	-
Repayments of borrowings and debentures	(38.005)	-	-	(38.005)	-	-
Payment of interest on borrowings, debentures and swaps	(90.125)	-	-	(90.125)	-	-
Payment of interest on lease liabilities	-	-	(1.150)	-	-	(1.150)
Capitalized interest	(16.991)	-	-	(16.991)	-	-
Changes not affecting cash (*)	130.956	114.053	14.232	130.956	114.053	14.232
Lease liabilities - addition/write-off	-	-	13.082	-	-	13.082
Indexation accruals and interest on borrowings, debentures and swaps	103.534	-	-	103.534	-	-
Interest on lease liabilities	-	-	1.150	-	-	1.150
Capitalized interest	22.192	-	-	22.192	-	-
Dividends	-	114.053	-	-	114.053	-
Swap adjustment	5.230	-	-	5.230	-	-
Balance at 06/30/2023	1.849.395	1.397	27.803	1.849.395	1.397	27.803

	Parent company			Consolidated		
	Liabilities			Liabilities		
	Borrowings, debentures and swaps	Dividends payable	Lease liabilities	Borrowings, debentures and swaps	Dividends payable	Lease liabilities
Balance at 12/31/2023	1.626.153	3.908	24.226	1.626.153	3.908	24.226
Changes affecting cash	(49.249)	(106.264)	(5.432)	(49.249)	(106.264)	(5.432)
Payment of dividends	-	(106.264)	-	-	(106.264)	-
Lease liabilities paid	-	-	(4.329)	-	-	(4.329)
Proceeds from borrowings	29.154	-	-	29.154	-	-
Repayments of borrowings and debentures	(2.573)	-	-	(2.573)	-	-
Payment of interest on borrowings, debentures and swaps	(75.830)	-	-	(75.830)	-	-
Payment of interest on lease liabilities	-	-	(1.103)	-	-	(1.103)
Changes not affecting cash (*)	95.802	104.208	3.659	95.802	104.208	3.659
Lease liabilities - addition/write-off	-	-	2.556	-	-	2.556
Indexation accruals and interest on borrowings, debentures and swaps	96.656	-	-	96.656	-	-
Interest on lease liabilities	-	-	1.103	-	-	1.103
Dividends	-	104.208	-	-	104.208	-
Swap adjustment	(854)	-	-	(854)	-	-
Balance at June 30, 2024	1.672.706	1.852	22.453	1.672.706	1.852	22.453

(*) Refer to the main non-cash transactions of the Company in the period.