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Company Information/Capital Composition

Number of Shares (In Thousands)	Current Quarter 09/30/2022
Paid Up Capital	
Common Shares	246,359
Preferred Shares	0
Total	246,359
Treasury Shares	
Common Shares	936
Preferred Shares	0
Total	936

Parent Company Financial Statements Balance Sheet - Assets**(All amounts in Thousands of Reais)**

Code	Description	Current Quarter	Previous Year
		09/30/2022	12/31/2021
1	Total Assets	2,717,552	2,375,910
1.01	Current Assets	791,321	937,719
1.01.01	Cash and Cash Equivalents	10,89	11,05
1.01.02	Financial Investments	350,107	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	350,107	475,858
1.01.02.03.02	Financial Investments	350,107	475,858
1.01.03	Accounts Receivable	263,012	255,039
1.01.03.01	Trade accounts receivables	263,012	255,039
1.01.04	Inventories	106,058	122,007
1.01.06	Recoverable Taxes	19,974	20,888
1.01.08	Other Current Assets Discontinued	41,28	52,877
1.01.08.02	Operations Assets	2,562	41,2
1.01.08.02.01	Non-current Assets Held for Sale	2,562	41,2
1.01.08.03	Others	38,718	11,677
1.01.08.03.01	Other Assets	38,718	11,677
1.02	Non-current Assets	1,926,231	1,438,191
1.02.01	Long - term receivables	252,724	154,774
1.02.01.04	Accounts Receivable	6,223	6,649
1.02.01.04.01	Trade Accounts Receivables	1,295	2,123
1.02.01.04.02	Other Trade accounts receivables	4,928	4,526
1.02.01.06	Biological Assets	183,802	109,798
1.02.01.10	Other Non-current assets	62,699	38,327
1.02.01.10.03	Recoverable Taxes	34,157	12,284
1.02.01.10.04	Judicial deposits	592	378
1.02.01.10.05	Recoverable IRPJ and CSLL	27,95	25,665
1.02.02	Investments	210,718	180,736
1.02.02.01	Equity Investments	192,194	159,369
1.02.02.02	Investment Properties	18,524	21,367
1.02.03	Property, plant and equipment	1,327,480	966,342
1.02.03.01	Property, plant and equipment in operation	1,302,197	941,868
1.02.03.02	Right to use assets – lease	25,283	24,474
1.02.03.02.01	Right to use assets	25,283	24,474
1.02.04	Intangible assets	135,309	136,339
1.02.04.01	Intangible assets	135,309	136,339

Parent Company Financial Statements Balance Sheet - Liabilities**(All amounts in Thousands of Reais)**

Code	Description	Current Quarter 09/30/2022	Previous Year 12/31/2021
2	Total Liabilities	2,717,552	2,375,910
2.01	Current Liabilities	535,613	360,244
2.01.01	Social and labor obligations	49,424	48,330
2.01.01.01	Social Obligations	49,424	48,330
2.01.01.01.01	Social security obligations	49,424	48,330
2.01.02	Trade payables	190,100	151,042
2.01.03	Tax obligations	37,367	32,867
2.01.03.01	Federal tax obligations	28,225	23,501
2.01.03.01.01	Deferred income tax and social contribution payable	10,412	3,125
2.01.03.01.02	Tax installments	7,740	9,081
2.01.03.01.03	Other federal taxes	10,073	11,295
2.01.03.02	State tax obligations	8,999	9,237
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	8,999	9,237
2.01.03.03	City tax obligations	143	129
2.01.03.03.01	Service Tax payable	143	129
2.01.04	Loans and financing	234,345	91,332
2.01.04.01	Loans and financing	49,827	69,142
2.01.04.02	Loans and financing	184,518	22,190
2.01.05	Debentures	24,377	36,673
2.01.05.02	Other obligations	24,377	36,673
2.01.05.02.01	Others	841	16,345
2.01.05.02.04	Dividends and interest on capital payable	13,929	10,263
2.01.05.02.05	Other accounts payable	2,197	3,063
2.01.05.02.06	Advances from customers	7,394	6,950
2.01.05.02.07	Lease liabilities	16	52
2.02	Derivative Instruments - Swap	16	52
2.02	Non-current liabilities	1,093,529	1,058,228
2.02.01	Loans and financing	813,765	800,989
2.02.01.01	Loans and financing	412,732	236,862
2.02.01.02	Debentures	401,033	564,127
2.02.02	Other obligations	35,669	36,918
2.02.02.02	Others	35,669	36,918
2.02.02.02.03	Tax installments	2,921	7,662
2.02.02.02.04	Other taxes payable	0	205
2.02.02.02.05	Other accounts payable	492	59
2.02.02.02.06	Lease liabilities	17,857	16,116
2.02.02.02.07	Derivative Instruments - Swap	110	367
2.02.02.02.08	Social charges and social security obligations	14,289	12,509
2.02.03	Deferred taxes	222,763	200,858
2.02.03.01	Deferred income tax and social contribution	222,763	200,858
2.02.04	Provisions	21,332	19,463
2.02.04.01	Provisions for civil, labor and tax risks	21,332	19,463
2.03	Equity	1,088,410	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	150,212	266,732
2.03.04.05	Profit retention reserve	157,375	292,131

Parent Company Financial Statements Balance Sheet - Liabilities**(All amounts in Thousands of Reais)**

Code	Description	Current Quarter	Previous Year
		09/30/2022	12/31/2021
2.03.04.09	Treasury shares	-7,163	-25,399
2.03.05	Accumulated earnings/losses	254,202	0
2.03.06	Equity valuation adjustments	139,102	145,812

Parent Company Financial Statements - Statement of Profit (loss)**(All amounts in Thousands of Reais)**

Code	Description	Current quarter	Accumulated current Year	Accumulated prior quarter last year	Accumulated - prior Year
		07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
3.01	Revenue from sales of goods and/or services	438,402	1,271,986	430,831	1,187,747
3.02	Cost of sales	-241,584	-702,828	-254,733	-747,961
3.02.01	Changes in the fair value of biological assets	27,619	64,651	11,549	24,091
3.02.02	Cost of goods sold	-269,203	-767,479	-266,282	-772,052
3.03	Gross Profit	196,818	569,158	176,098	439,786
3.04	Operating income (expenses)	-43,122	-117,416	-49,476	-114,952
3.04.01	Selling expenses	-35,621	-98,927	-28,969	-76,922
3.04.02	General and administrative expenses	-22,849	-63,522	-17,788	-52,817
3.04.03	Impairment losses on trade receivables	-479	-561	-106	-26
3.04.04	Other operating income	6,521	2,624	0	0
3.04.05	Other operating expenses	0	0	-5,158	-5,904
3.04.06	Equity method investees	9,306	42,97	2,545	20,717
3.05	Profit (Loss) before financial income (expenses) and taxes	153,696	451,742	126,622	324,834
3.06	Net financial (cost) income	-16,129	-49,582	-9,033	-32,753
3.06.01	Financial income	18,886	56,491	23,587	39,9
3.06.02	Financial expenses	-35,015	-106,073	-32,62	-72,653
3.07	Operating profit (loss) before taxes	137,567	402,16	117,589	292,081
3.08	Income tax and social contribution	-42,037	-109,869	-19,994	-70,092
3.08.01	Current	-33,036	-87,964	-3,205	-36,744
3.08.02	Deferred	-9,001	-21,905	-16,789	-33,348
3.09	Net income (loss) from continuing operations	95,53	292,291	97,595	221,989
3.11	Profit (loss) for the period	95,53	292,291	97,595	221,989
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.3869	1.1742	0.3837	0.8728

Parent company financial statements / Statement of comprehensive income (loss)**(All amounts in thousands of Reais)**

Code	Description	Current quarter	Accumulated current year	Accumulated prior year	Accumulated current year
		07/01/2022 to 09/30/2022	07/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021
4.01	Income (loss) for the period	95,53	292,291	97,595	221,989
4.03	Comprehensive income (loss) for the period	95,53	292,291	97,595	221,989

Parent Company financial statements / Statement of cash flows - Indirect Method

(All amounts in thousands of Reais)

Code	Description	Accumulated current Year	Accumulated prior Year
		01/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021
6.01	Net cash provided by (used in) operating activity	261,978	239,364
6.01.01	Cash from operations	404,976	316,92
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	402,16	292,081
6.01.01.02	Changes in Fair Value of Biological Assets	-64,651	-24,091
6.01.01.03	Depreciation, amortization and depletion	53,56	54,349
6.01.01.05	Income/loss in the sale of property, plant and equipment	-11,772	-2,775
6.01.01.06	Equity method investees	-42,97	-20,717
6.01.01.07	Provision/reversal for civil, labor and tax risks	2,706	2,62
6.01.01.08	Provision for impairment of trade receivables	494	-133
6.01.01.10	Management profit sharing not paid	13,127	9,804
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	77,033	40,382
6.01.01.12	Interest on lease liabilities	1,817	1,592
6.01.01.13	Interest on restricted account investment	-26,528	-35,69
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-502
6.01.02	Changes in assets and liabilities	-142,998	-77,556
6.01.02.01	Trade receivables	15,645	-71,631
6.01.02.02	Inventories	15,949	-15,182
6.01.02.03	Recoverable taxes	-23,402	74,595
6.01.02.04	Other assets	-28,062	1,713
6.01.02.05	Dividends Received	16,992	14,08
6.01.02.06	Trade payables	32,93	17,381
6.01.02.07	Social charges and social security obligations	-10,253	-1,916
6.01.02.08	Advances from customers	-866	-2,714
6.01.02.09	Tax liabilities	-14,735	-4,695
6.01.02.10	Other accounts payable	3,743	3,971
6.01.02.11	Payment of interest on loans, financing and debentures	-75,447	-37,217
6.01.02.12	Payment of interest on lease liabilities	-1.817	-1.592
6.01.02.13	Tax paid (Income tax and social contribution)	-73.675	-54.349
6.02	Net cash provided by use in investing activities	-230.885	-230.993
6.02.01	Acquisition of property, plant and equipment	-395.852	-227.954
6.02.02	Acquisition of biological assets	-7.507	-10.026
6.02.03	Acquisition of intangible asset	-2.721	-693
6.02.04	Contribution in Subsidiary	-6.615	-2.852
6.02.05	Receipt of Non-current assets held for sale	15.55	0
6.02.06	Receipt upon disposal of assets	14.213	4.626
6.02.07	Financial Investments	-801.747	-850.514
6.02.08	Redemption Of Financial Instruments	954.026	856.719
6.02.09	Advance for future capital increase	-232	-299
6.03	Net cash provided by financing activities	-31.253	-22.375
6.03.01	Payments of dividends and interest on shareholder's equity	-135.219	-64.262
6.03.02	Payment of lease liabilities	-5.147	-2.455
6.03.03	Issuance of debentures (Net of funding costs)	0	59.547
6.03.04	Loans obtained	213.355	26.256

Parent Company financial statements / Statement of cash flows - Indirect Method
(All amounts in thousands of Reais)

Code	Description	Accumulated current Year	Accumulated prior Year
		01/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021
6.03.05	Loans and debentures paid	-62,250	-41,461
6.03.06	Repurchase of shares	-41,992	0
6.05	(Decrease) in cash and cash equivalents	-160	-14,004
6.05.01	Cash and cash equivalents at the beginning of the period	11,05	35,709
6.05.02	Cash and cash equivalents at the end of the period	10,89	21,705

Parent Company Financial Statements / Statement of changes in Equity - 01/01/2022 to 09/30/2022
(All amounts in thousands of Reais)

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/ losses	Other Comprehensive income (loss)	Equity
5.01	Opening balance	543,934	960	266,732	0	145,812	957,438
5.03	Adjusted opening balance	543,934	960	266,732	0	145,812	957,438
5.04	Capital transactions with shareholders	0	0	-41,992	-48,439	0	-90,431
5.04.04	Treasury shares acquired	0	0	-41,992	0	0	-41,992
5.04.06	Dividends	0	0	0	-48,439	0	-48,439
5.05	Total comprehensive income (loss)	0	0	0	299,001	-6,71	292,291
5.05.01	Profit (loss) for the period	0	0	0	292,291	0	292,291
5.05.02	Other comprehensive income (loss)	0	0	0	6,71	-6,71	0
5.05.02.06	Realization – deemed cost	0	0	0	6,71	-6,71	0
5.06	Internal changes in equity	0	0	-74,528	3,64	0	-70,888
5.06.04	Realized profit reserve - biological assets	0	0	-3,64	3,64	0	0
5.06.05	Proposed dividends to be received	0	0	-70,888	0	0	-70,888
5.07	Closing Balance	543,934	960	150,212	254,202	139,102	1,088,410

Parent Company Financial Statements / Statement of changes in Equity - 01/01/2021 to 09/30/2021**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/ losses	Other Comprehensive income (loss)	Equity
5.01	Opening balance	543,934	960	86,501	0	154,759	786,154
5.03	Adjusted opening balance	543,934	960	86,501	0	154,759	786,154
5.04	Capital transactions with shareholders	0	0	-24,576	-29,326	0	-53,902
5.04.06	Dividends	0	0	-24,576	-29,326	0	-53,902
5.05	Total comprehensive income (loss)	0	0	0	228,699	-6,71	221,989
5.05.01	Profit (loss) for the period	0	0	0	221,989	0	221,989
5.05.02	Other comprehensive income (loss)	0	0	0	6,71	-6,71	0
5.05.02.06	Realization – deemed cost	0	0	0	6,71	-6,71	0
5.06	Internal changes in equity	0	0	-2,385	2,385	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-2,385	2,385	0	0
5.07	Closing Balance	543,934	960	59,54	201,758	148,049	954,241

Parent Company Financial Statements / Statement of Added Value
(All amounts in thousands of Reais)

Code	Description	Accumulated current Year	Accumulated prior Year
		01/01/2022 to 09/30/2022	01/01/2021 to 09/30/2021
7.01	Revenues	1,684,280	1,543,003
7.01.01	Sales of goods and/or services	1,614,023	1,517,891
7.01.02	Other revenues	70,751	24,979
7.01.04	Provision/reversal for impairment of trade receivables	-494	133
7.02	Inputs purchased from third parties	-949,509	-876,255
7.02.01	Cost of sales	-642,08	-664,565
7.02.02	Materials, electricity, outsourced services and other	-307,429	-211,69
7.03	Gross value added	734,771	666,748
7.04	Retentions	11,091	-30,258
7.04.01	Depreciation, amortization and depletion	-53,56	-54,349
7.04.02	Other	64,651	24,091
7.04.02.01	Changes in the fair value of biological assets	64,651	24,091
7.05	Net value added generated	745,862	636,49
7.06	Value added received through transfer	99,461	60,617
7.06.01	Equity in the results of subsidiaries	42,97	20,717
7.06.02	Financial income	56,491	39,9
7.07	Total added value to be distributed	845,323	697,107
7.08	Distribution of added value	845,323	697,107
7.08.01	Personnel	157,196	135,627
7.08.01.01	Direct remuneration	118,961	104,495
7.08.01.02	Benefits	31,82	25,546
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	6,415	5,586
7.08.02	Taxes, duties and contributions	260,562	239,19
7.08.02.01	Federal	185,353	160,628
7.08.02.02	State	73,325	77,096
7.08.02.03	Municipal	1,884	1,466
7.08.03	Third-party capital remuneration	111,797	78,2
7.08.03.01	Interest	106,073	72,653
7.08.03.02	Rentals	5,724	5,547
7.08.04	Remuneration of own capital	302,641	231,084
7.08.04.02	Dividends	48,439	29,326
7.08.04.03	Income/(loss) for the period - withheld	254,202	201,758
7.08.05	Other	13,127	13,006
7.08.05.01	Management profit sharing	13,127	13,006

Consolidated Financial Statements / Assets Balance Sheet

(All amounts in Thousands of Reais)

Code	Description	Current quarter	Previous Year
		09/30/2022	12/31/2021
1	Total Assets	2,707,188	2,365,300
1.01	Current Assets	832,233	958,723
1.01.01	Cash and Cash Equivalents	48,397	30,410
1.01.02	Financial Investments	350,107	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	350,107	475,858
1.01.02.03.02	Financial Investments	350,107	475,858
1.01.03	Accounts Receivables	263,592	255,345
1.01.03.01	Trade accounts receivables	263,592	255,345
1.01.04	Inventories	108,387	123,058
1.01.06	Recoverable Taxes	20,059	20,898
1.01.08	Other Current Assets	41,691	53,154
1.01.08.02	Discontinued Operations Assets	2,562	41,2
1.01.08.02.01	Non-current Assets Held for Sale	2,562	41,2
1.01.08.03	Others	39,129	11,954
1.01.08.03.01	Other Assets	39,129	11,954
1.02	Non-current Assets	1,874,955	1,406,577
1.02.01	Long-term receivables	375,488	264,341
1.02.01.04	Accounts Receivable	6,25	6,676
1.02.01.04.01	Trade accounts receivable	1,295	2,123
1.02.01.04.02	Other accounts receivable	4,955	4,553
1.02.01.06	Biological Assets	306,25	219,056
1.02.01.10	Other Non-current assets	62,988	38,609
1.02.01.10.03	Recoverable Taxes	34,157	12,284
1.02.01.10.04	Judicial deposits	881	660
1.02.01.10.05	Recoverable IRPJ and CSLL	27,95	25,665
1.02.02	Investments	18,524	21,367
1.02.02.02	Investment Properties	18,524	21,367
1.02.03	Property, plant and equipment	1,345,634	984,53
1.02.03.01	Property, plant and equipment in operation	1,320,351	960,056
1.02.03.02	Right to use assets - lease	25,283	24,474
1.02.03.02.01	Right to use assets	25,283	24,474
1.02.04	Intangible assets	135,309	136,339
1.02.04.01	Intangible assets	135,309	136,339

Consolidated financial statements / Balance Sheet Liabilities

(All amounts in Thousands of Reais)

Code	Description	Current quarter 09/30/2022	Previous year 12/31/2021
2	Total Liabilities	2,707,188	2,365,300
2.01	Current Liabilities	519,455	344,609
2.01.01	Social and labor obligations Social	50,583	48,898
2.01.01.01	Obligations	50,583	48,898
2.01.01.01.01	Social security obligations	50,583	48,898
2.01.02	Trade payables	171,893	133,718
2.01.03	Tax obligations	38,035	33,632
2.01.03.01	Federal tax obligations	28,871	24,252
2.01.03.01.01	Income tax and Social Contribution payable	10,828	3,569
2.01.03.01.02	Tax installments	7,74	9,081
2.01.03.01.03	Other federal taxes	10,303	11,602
2.01.03.02	State tax obligations	9,011	9,24
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	9,011	9,24
2.01.03.03	City tax obligations	153	140
2.01.03.03.01	Service Tax payable	153	140
2.01.04	Loans and financing	234,345	91,332
2.01.04.01	Loans and financing	49,827	69,142
2.01.04.02	Debentures	184,518	22,19
2.01.05	Other Obligations	24,599	37,029
2.01.05.02	Others	24,599	37,029
2.01.05.02.01	Dividends and interest on capital payable	841	16,345
2.01.05.02.04	Other accounts payable	14,151	10,564
2.01.05.02.05	Advances from customers	2,197	3,118
2.01.05.02.06	Lease liabilities	7,394	6,95
2.01.05.02.07	Derivative Instruments - Swap	16	52
2.02	Non-current liabilities	1,099,323	1,063,253
2.02.01	Loans and financing	813,765	800,989
2.02.01.01	Loans and financing	412,732	236,862
2.02.01.02	Debentures	401,033	564,127
2.02.02	Other Obligations	35,669	36,918
2.02.02.02	Others	35,669	36,918
2.02.02.02.03	Tax installments	2,921	7,662
2.02.02.02.04	Other taxes payable	0	205
2.02.02.02.05	Other accounts payable	492	59
2.02.02.02.06	Lease liabilities	17,857	16,116
2.02.02.02.07	Derivative Instruments - Swap	110	367
2.02.02.02.08	Social charges and social security obligations	14,289	12,509
2.02.03	Deferred taxes	228,426	205,533
2.02.03.01	Deferred income tax and social contribution	228,426	205,533
2.02.04	Provisions	21,463	19,813
2.02.04.01	Provisions for civil, labor and tax risks	21,463	19,813
2.03	Equity	1,088,410	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	150,212	266,732
2.03.04.05	Profit retention reserve	157,375	292,131

Consolidated Financial Statements / Liabilities Balance Sheet
(All amounts in thousands of Reais)

Code	Description	Current quarter	Previous year
		09/30/2022	12/31/2021
2.03.04.09	Treasury shares	-7,163	-25,399
2.03.05	Accumulated earnings/losses	254,202	0
2.03.06	Equity valuation adjustments	139,102	145,812

Consolidated Financial Statements - Statement of Profit (Loss)**(All amounts in thousands of Reais)**

Code	Description	Current quarter 07/01/2022 to 09/30/2022	Accumulated current Year 01/01/2022 to 09/30/2022	Accumulated prior quarter last year 07/01/2021 to 09/30/2021	Accumulated - prior Year 01/01/2021 to 09/30/2021
3.01	Revenue from sales of goods and/or services	441,405	1,278,256	432,468	1,191,766
3.02	Cost of sales	-234,214	-662,957	-252,571	-727,815
3.02.01	Changes in the fair value of biological assets	37,571	98,795	14,855	40,735
3.02.02	Cost of goods sold	-271,785	-761,752	-267,426	-768,55
3.03	Gross Profit	207,191	615,299	179,897	463,951
3.04	Operating income (expenses)	-53,869	-163,985	-53,278	-138,767
3.04.01	Selling expenses	-36,597	-101,008	-29,593	-78,419
3.04.02	General and administrative expenses	-23,339	-65,078	-18,482	-54,482
3.04.03	Impairment losses on trade receivables	-455	-550	-56	24
3.04.04	Other operating income	6,522	2,651	0	0
3.04.05	Other operating expenses	0	0	-5,147	-5,89
3.05	Profit (Loss) before financial income (expenses) and taxes	153,322	451,314	126,619	325,184
3.06	Net financial (cost) income	-15,055	-47,328	-8,828	-32,379
3.06.01	Financial income	19,978	58,809	23,794	40,322
3.06.02	Financial expenses	-35,033	-106,137	-32,622	-72,701
3.07	Operating profit (loss) before taxes	138,267	403,986	117,791	292,805
3.08	Income tax and social contribution	-42,737	-111,695	-20,196	-70,816
3.08.01	Current	-33,428	-88,803	-3,31	-36,977
3.08.02	Deferred	-9,309	-22,892	-16,886	-33,839
3.09	Net income (loss) from continuing operations	95,53	292,291	97,595	221,989
3.11	Profit (loss) for the period	95,53	292,291	97,595	221,989
3.11.01	Attributable to owners of the Parent Company	95,53	292,291	97,595	221,989
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.3869	1.1742	0.3837	0.8728

Consolidated financial statements / Statement of comprehensive income (loss)**(All amounts in thousands of Reais)**

Code	Description	Current quarter 07/01/2022 to 09/30/2022	Accumulated current year 01/01/2022 to 09/30/2022	Accumulated prior quarter last year 07/01/2021 to 09/30/2021	Accumulated - prior Year 01/01/2021 to 09/30/2021
4.01	Income (loss) for the period	95,53	292,291	97,595	221,989
4.03	Comprehensive income (loss) for the period	95,53	292,291	97,595	221,989
4.03.01	Attributable to owners of the Parent Company	95,53	292,291	97,595	221,989

Consolidated financial statements / Statements of Cash Flows (Indirect Method)**(All amounts in thousands of Reais)**

Code	Description	Accumulated current	Accumulated prior
		Year 01/01/2022 to 09/30/2022	Year 01/01/2021 to 09/30/2021
6.01	Net cash provided by (used in) operating activities	275,109	239,974
6.01.01	Cash from operations	439,448	334,374
6.01.01.01	Profit (loss) before income tax and social contributions (LAIR)	403,986	292,805
6.01.01.02	Changes in Fair Value of Biological Assets	-98,795	-40,735
6.01.01.03	Depreciation, amortization and depletion	77,609	66,816
6.01.01.05	Income/(loss) in the sale of property, plant and equipment	-11,77	-2,775
6.01.01.07	Provision for civil, labor and tax risks	2,487	2,928
6.01.01.08	Provision for impairment of trade receivables	482	-251
6.01.01.10	Management profit sharing not paid	13,127	9,804
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	77,033	40,382
6.01.01.12	Interest on lease liabilities	1,817	1,592
6.01.01.13	Interest on Financial Investments	-26,528	-35,69
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-502
6.01.02	Change in assets and liabilities	-164,339	-94,4
6.01.02.01	Trade receivables	15,383	-70,759
6.01.02.02	Inventories	14,671	-16,154
6.01.02.03	Recoverable Taxes	-23,477	74,579
6.01.02.04	Other assets	-28,203	1,615
6.01.02.06	Trade payables	30,815	14,641
6.01.02.07	Social charges and social security obligations	-9,662	-1,56
6.01.02.08	Advances from customers	-921	-2,686
6.01.02.09	Tax liabilities	-13,746	-3,782
6.01.02.10	Other accounts payable	3,664	3,794
6.01.02.11	Payment of interest on loans, financing and Debentures	-75,447	-37,217
6.01.02.12	Payment of interest on lease liabilities	-1,817	-1,592
6.01.02.13	Taxes paid (Income tax and social contribution)	-75,599	-55,279
6.02	Net cash provided by use in investing activities	-225,869	-230,124
6.02.01	Acquisition of property, plant and equipment	-395,905	-228,659
6.02.02	Acquisition of biological assets	-9,285	-11,603
6.02.03	Acquisition of intangible assets	-2,721	-693
6.02.05	Receipt of Non-current assets held for sale	15,55	0
6.02.06	Receipt upon disposal of assets	14,213	4,626
6.02.07	Financial Investments	-801,747	-850,514
6.02.08	Redemption of financial instruments	954,026	856,719
6.03	Net cash provided by financing activities	-31,253	-22,39
6.03.01	Payments of dividends and interest on shareholder's equity	-135,219	-64,262
6.03.02	Payment of lease liabilities	-5,147	-2,455
6.03.03	Issuance of debentures (Net of funding costs)	0	59,547
6.03.04	Loans obtained	213,355	26,256
6.03.05	Loans and debentures paid	-62,25	-41,476
6.03.06	Repurchase of shares	-41,992	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	17,987	-12,54
6.05.01	Cash and cash equivalents at the beginning of the period	30,410	5 4,260

Consolidated financial statements / Statement of cash flows - Indirect method
(All amounts in thousands of reais)

Code	Description	Accumulated current	Accumulated - prior
		year	year
		01/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022
6.05.02	Cash and cash equivalents at the end of the period	48,397	41,720

Consolidated financial statements / Statement of changes in equity - 01/01/2022 to 09/30/2022**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/losses	Other Comprehensive income (loss)	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balance	543,934	960	266,732	0	145,812	957,438	0	957,438
5.03	Adjusted opening balance	543,934	960	266,732	0	145,812	957,438	0	957,438
5.04	Capital transactions with shareholders	0	0	-41,992	-48,439	0	-90,431	0	-90,431
5.04.04	Treasury shares acquired	0	0	-41,992	0	0	-41,992	0	-41,992
5.04.06	Dividends	0	0	0	-48,439	0	-48,439	0	-48,439
5.05	Total comprehensive income (loss)	0	0	0	299001	-6,71	292,291	0	292,291
5.05.01	Profit for the period	0	0	0	292,291	0	292,291	0	292,291
5.05.02	Other comprehensive income (loss)	0	0	0	6,71	-6,71	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	6,71	-6,71	0	0	0
5.06	Internal changes in equity	0	0	-74,528	3,64	0	-70,888	0	-70,888
5.06.04	Realized profit reserve – biological assets	0	0	-3,64	3,64	0	0	0	0
5.06.05	Proposed dividends to be received	0	0	-70,888	0	0	-70,888	0	-70,888

Consolidated financial statements/ Statement of Changes in Equity/ DMPL - 01/01/2021 to 09/30/2021**(Brazilian reais thousand)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/losses	Other Comprehensive income (loss)	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balance	543,934	960	86,501	0	154,759	786,154	6	786,16
5.03	Adjusted opening balance	543,934	960	86,501	0	154,759	786,154	6	786,16
5.04	Capital transactions with shareholders	0	0	-24,576	-29,326	0	-53,902	-2	-53,904
5.04.06	Dividends	0	0	-24,576	-29,326	0	-53,902	0	-53,902
5.04.08	Non-controlling capital dilution	0	0	0	0	0	0	-2	-2
5.05	Total comprehensive income (loss)	0	0	0	228,699	-6,71	221,989	0	221,989
5.05.01	Profit for the period	0	0	0	221,989	0	221,989	0	221,989
5.05.02	Other comprehensive income (loss)	0	0	0	6,710	-6,71	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	6,710	-6,71	0	0	0
5.06	Internal changes in equity	0	0	-2,385	2,385	0	0	0	0
5.06.04	Realized profit reserve – biological assets	0	0	-2,385	2,385	0	0	0	0
5.07	Closing Balance	543,934	960	59,54	201,758	148,049	954,241	4	954,245

Consolidated Financial Statements - Statement of Added Value

(All amounts in Thousands of Reais)

Code	Description	Accumulated current	Accumulated prior
		year 01/01/2022 to 09/30/2022	year 01/01/2021 to 09/30/2021
7.01	Revenues	1,691,131	1,547,422
7.01.01	Sales of goods and/or services	1,620,815	1,522,184
7.01.02	Other revenues	70,798	24,987
7.01.04	Provision/reversal for impairment of trade receivables	-482	251
7.02	Inputs purchased from third parties	-910,66	-852,644
7.02.01	Cost of sales	-619,286	-642,794
7.02.02	Materials, electricity, outsourced services and other	-291,374	-209,85
7.03	Gross value added	780,471	694,778
7.04	Retentions	21,186	-26,081
7.04.01	Depreciation, amortization and depletion	-77,609	-66,816
7.04.02	Other	98,795	40,735
7.04.02.01	Changes in the fair value of biological assets	98,795	40,735
7.05	Net value added generated	801,657	668,697
7.06	Value added received through transfer	58,809	40,322
7.06.02	Financial income	58,809	40,322
7.07	Total added value to be distributed	860,466	709,019
7.08	Distribution of added value	860,466	709,019
7.08.01	Personnel	166,748	144,326
7.08.01.01	Direct remuneration	124,392	109,5
7.08.01.02	Benefits	35,646	28,991
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	6,71	5,835
7.08.02	Taxes, duties and contributions	266,088	242,35
7.08.02.01	Federal	190,699	163,696
7.08.02.02	State	73,367	77,109
7.08.02.03	Municipal	2,022	1,545
7.08.03	Third-party capital remuneration	111,862	78,253
7.08.03.01	Interest	106,137	72,701
7.08.03.02	Rentals	5,725	5,552
7.08.04	Remuneration of own capital	302,641	231,084
7.08.04.02	Dividends	48,439	29,326
7.08.04.03	Income/(loss) for the period – withheld	254,202	201,758
7.08.05	Other	13,127	13,006
7.08.05.01	Management profit sharing	13,127	13,006

Performance Comment

COMMENTS ON THE COMPANY'S PERFORMANCE ON THE THIRD QUARTER OF 2022

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\$ 441 million in 3Q22, Net Profit of R\$ 95 million and Adjusted EBITDA of R\$ 137 million. In the last 12 months, Adjusted EBITDA reached R\$ 553 million, accounting for a growth of 31.0% compared to 2021

MAIN INDICATORS - CONSOLIDATED	3Q22	2Q22	3Q21	Chg. 3Q22/ 2Q22	Chg. 3Q22/ 3Q21	9M22	9M21	Chg. 9M22/ 9M21	LTM22	LTM21	Chg. LTM22/ LTM21
Economic and Financial (R\$ thousand)											
Net sales	441,405	428,907	432,468	2.9%	2.1%	1,278,256	1,191,766	7.3%	1,692,324	1,482,701	14.2%
Domestic market	386,006	357,785	367,448	7.9%	5.1%	1,075,360	1,005,602	6.9%	1,426,076	1,259,274	13.2%
Foreign market	55,399	71,122	65,020	-22.1%	-14.8%	202,896	186,164	9.0%	266,248	223,427	19.2%
Gross Profit (inclusive*)	207,191	207,162	179,897	0.0%	15.2%	615,299	463,951	32.6%	783,372	555,209	41.1%
(*) Change in fair value of biological assets	37,571	35,138	14,855	6.9%	152.9%	98,795	40,735	142.5%	101,909	50,290	101.4%
Gross margin	46.9%	48.3%	41.6%	-1.4p.p.	5.3p.p.	48.1%	38.9%	9.2p.p.	46.3%	37.4%	8.9p.p.
Operating Income (loss before Taxes and Interest)	138,267	126,131	117,791	9.6%	17.4%	403,986	292,805	38.0%	501,396	327,815	53.0%
Operating margin	31.3%	29.4%	27.2%	1.9p.p.	4.1p.p.	31.6%	24.6%	7.0p.p.	29.6%	22.1%	7.5p.p.
Net profit	95,530	84,613	97,595	12.9%	-2.1%	292,291	221,989	31.7%	355,617	255,906	39.0%
Net margin	21.6%	19.7%	22.6%	1.9p.p.	-1.0p.p.	22.9%	18.6%	3.4p.p.	21.0%	17.3%	3.7p.p.
Adjusted EBITDA ¹	137,368	144,816	140,316	-5.1%	-2.1%	418,752	359,740	16.4%	552,933	422,164	31.0%
Adjusted EBITDA margin	31.1%	33.8%	32.4%	-2.7p.p.	-1.3p.p.	32.8%	30.2%	2.6p.p.	32.7%	28.5%	4.2p.p.
Net debt (R\$ million)	649.7	619.8	271.4	4.8%	139.4%	649.7	271.4	139.4%	649.7	271.4	139.4%
Net debt/Adjusted EBITDA (x)	1.18	1.11	0.64	6.3%	84.4%	1.18	0.64	84.4%	1.18	0.64	84.4%
Operating Data (t)											
Sustainable Packaging (Corrugated Cardboard)											
Production/Sales	45,759	39,960	39,823	14.5%	14.9%	120,153	120,883	-0.6%	156,819	163,093	-3.8%
Sustainable Packaging Paper (Paper)											
Production	76,800	75,000	74,000	2.4%	3.8%	217,419	223,697	-2.8%	290,910	299,131	-2.7%
Sales	30,182	32,716	31,966	-7.7%	-5.6%	94,664	93,731	1.0%	126,989	126,334	0.5%
Domestic market	25,985	28,093	28,124	-7.5%	-7.6%	81,188	81,105	0.1%	109,240	109,222	0.0%
Foreign market	4,197	4,623	3,842	-9.2%	9.2%	13,476	12,626	6.7%	17,749	17,112	3.7%
Sustainable Resins (Rosin and Turpentine)											
Production	3,008	3,934	4,097	-23.5%	-26.6%	11,236	12,215	-8.0%	14,471	15,422	-6.2%
Sales	3,021	4,240	4,009	-28.8%	-24.6%	11,421	12,280	-7.0%	14,670	15,138	-3.1%
Domestic market	73	87	130	-16.1%	-43.8%	259	329	-21.3%	371	503	-26.2%
Foreign market	2,948	4,153	3,879	-29.0%	-24.0%	11,162	11,951	-6.6%	14,299	14,635	-2.3%

- The Net Revenue in the 3Q22 recorded a 2.1% increase when compared to 3Q21 and a 2.9% increase in relation to 2Q22. The increase recorded in 3Q22 is due to the good sales performance, especially in the Sustainable Packaging (Corrugated Cardboard) segment.
- O sales volume of the Sustainable Packaging Paper (Corrugated Cardboard) segment increased 14.9% over 3Q21, thus increasing 14.5% when compared to 2Q22, totaling 45.8 thousand tons in 3Q22, mainly due to the demand recovery in this segment and the increase in production capacity due to the implementation of the Expansion of SC Packaging Unit Project ([Gaia II](#)). Moreover, the Sustainable Packaging Paper (Paper) segment totaled 30.2 thousand tons of sales, recording a decrease of 5.6% when compared to 3Q21, and a reduction of 7.7% when compared to 2Q22, due to the lower availability of paper for sale as it is being used for the production of the Sustainable

Performance Comment

Packaging (Corrugated Cardboard) segment. The Sustainable Resins (Rosin and Turpentine) segment recorded a decrease of 24.6% when compared to 3Q21, accounting for a 28.8% decrease over 2Q22, reaching 3.0 thousand tons, mainly due to the lower availability of production and sale for the period.

- Gross income in 3Q22 increased 15.2% compared to 3Q21, remaining stable when compared to 2Q22. The growth compared to 3Q21 is mainly related to the growth in revenue in the quarterly comparison, and to the growth in the fair value of the Company's biological assets, which has been driven by the increase in wood prices in the market.
- Sales expenses totaled R\$ 36,597 thousand in 3Q22, accounting for an increase of 23.7% when compared to 3Q21 and of 4.0% in relation to 2Q22, accounting for 8.3% of consolidated net revenue, higher than the 6.8% recorded in 3Q21 and the 8.2% in 2Q22 due to the increase in sales freight prices. Administrative expenses totaled R\$ 23,339 thousand in 3Q22, accounting for an increase of 26.3% when compared to 3Q21 and of 10.2% in relation to 2Q22, mainly due to the effects of inflation over expenses, accounting for 5.3% of consolidated net revenue, higher than the 4.3% recorded in 3Q21 and lower than the 4.9% recorded in 2Q22.
- In 3Q22, the net profit was R\$ 95,530 thousand, in comparison to the profit of R\$ 97,595 thousand in 3Q21 and R\$ 84,613 thousand in 2Q22. The main positive impact on this quarter's net profit compared to 2Q22 was the recognition of a provision for Management Profit Sharing in the amount of R\$ 11,215 thousand in 2Q22, while it was R\$ 1,912 thousand in 3Q22.
- Adjusted EBITDA in 3Q22 totaled R\$ 137,368 thousand, with a margin of 31.1%, 2.1% lower than that recorded in 3Q21, which was R\$ 140,316 thousand, with a margin of 32.4%, and 5.1% lower when compared to 2Q22, which was R\$ 144,816 thousand, with a margin of 33.8%. Changes are mainly due to the reduction in prices in the Sustainable Packaging (Corrugated Cardboard) segment and in the Sustainable Resins (Rosin and Turpentine) segment. On the other hand, costs remained stable in this quarter compared to 2Q22, when they were still in greater decline, especially in relation to OCC. In the last 12 months, adjusted EBITDA reached R\$ 552,933 thousand.
- The Net Debt/Adjusted EBITDA ratio was 1.18 times in 3Q22, against 0.64 times in 3Q21 and 1.11 times in 2Q22. The increase in the indicator in both comparisons is due to the increase in net debt, based on the negative free cash flow for the period caused by disbursements from the Gaia Platform. Re-leveraging is natural during the investments made and is in line with the parameters established in the [Company's Financial Management Policy](#) that sets a target of 2.5x.

Performance Comment

- The cash position in the quarter ended September 30, 2022 was R\$ 398,504 thousand (composed of financial investments, cash and cash equivalents) and 78% of the gross debt is classified in the long term, 96% of which denominated in local currency and 4% denominated in foreign currency.
- Subsequent event: we successfully concluded the fundraising of R\$ 720 million via debentures that were used to support the issuance of CRAs. The issuance was made in two series, one maturing in 5 years and remunerated at CDI rate + 1.40% p.a. and the other maturing in 7 years and remunerated at CDI rate + 1.75% p.a. For further information, please access the [Notice to the Market released on October 18, 2022](#).
- Best company in the pulp and paper category, in the “Best and Largest” award held by EXAME Magazine.
- For another year, we were recognized with the Transparency Trophy, being among the Top 10 companies with net revenue of up to R\$ 5 billion with the most transparent financial statements in the country in 2022.
- The award promoted by Valor Econômico newspaper together with PwC Strategy& ranked Irani in the third place in the Pulp and Paper category. With this position, and for the first time, we became part of the “Value Innovation Brazil” yearbook.

Highlights of 3Q22

The third quarter of 2022 (3Q22) was characterized by a scenario of greater concern with global inflation and, consequently, by the intensification of interest rate hikes, especially in developed economies. Higher interest rates in the US have strengthened the US dollar against other currencies and raised concerns about a possible recession, especially in Europe and the US. Domestically, the Central Bank of Brazil, which was ahead of the curve, stabilized interest rates in the country at 13.75% p.a. Recent data show the reduction of inflation, including deflation, which brings relief to economic activity. In the political scenario, we are in a presidential election, which always adds volatility to the markets.

According to Empapel, shipping of corrugated cardboard in tons recorded a 3.9% increase in 3Q22 compared to 3Q21, with 1,069 thousand tons. The volume increase is due to the resumption of the economy with reduced inflation, which demands a greater volume of corrugated cardboard packaging. However, current shipment levels are 13.4% above pre-pandemic levels (10.4% above in 2Q22), demonstrating the industry’s resilience.

Performance Comment

Net revenue in 3Q22 grew 2.1% compared to 3Q21, mainly due to the good sales performance, especially in the Sustainable Packaging (Corrugated Cardboard) segment. The domestic market accounted for 87% of the Company's sales, while the foreign market reached 13% in 3Q22.

The Sustainable Packaging Segment (Corrugated Cardboard) represented 59% of Irani's net revenue in 3Q22. The Sustainable Packaging Paper Segment (Paper) accounted for 33%, while the Sustainable Resins (Rosin and Turpentine) accounted for 8%.

We ended the quarter with R\$ 441,405 thousand in Net Revenue, Net Profit of R\$ 95,530 thousand and Adjusted EBITDA of R\$ 137,368 thousand. The adjusted net debt/EBITDA ratio (operating leverage) was 1.18 times and the cash position (including financial investments) was R\$ 398,504 thousand. As of September 30, 2022, the gross debt totaled R\$ 1,048,236 thousand, 78% of which maturing in the long term and 96% denominated in local currency.

1. OPERATING PERFORMANCE

1.1 Sustainable Packaging (Corrugated Cardboard) Segment

The sales volume of sustainable corrugated cardboard packaging in the Empapel Market in tons, as presented in the charts below, increased 3.9% in 3Q22 when compared to 3Q21, as did the sales volume performance in the Irani Market, which increased 14.9%, totaling 45,759 tons. Compared to 2Q22, Empapel Market increased 8.6%, while Irani Market increased 14.5%. This growth is mainly

Revenue Contribution 3Q22



due to the demand growth in this segment and the increase in production capacity due to the implementation of the Expansion of SC Packaging Unit Project ([Gaia II](#)).

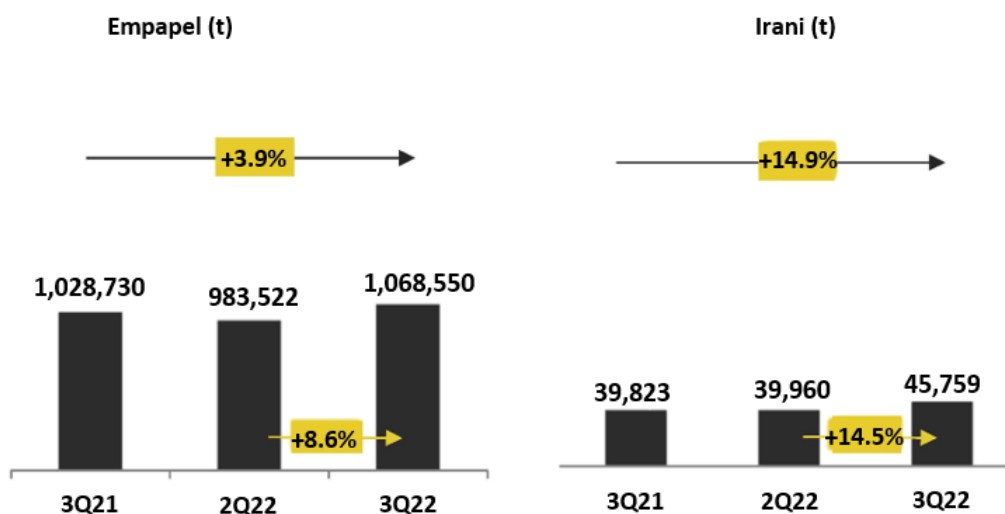
In tons, Irani's market share in the Sustainable Packaging (Corrugated Cardboard) segment was 4.3% in 3Q22, 3.9% in 3Q21 and 4.1% in 2Q22.

Irani's cardboard boxes sales volume in 3Q22 recorded growth of 16.4% over 3Q21, and were 12.0% higher compared to 2Q22. The sales of cardboard sheets in Irani Market increased 9.7% in relation to 3Q21 and increased 25.0% when compared to 2Q22

The Indaiatuba (SP) and Campina da Alegria (SC) Packaging plants accounted for 53% and 47%, respectively, of the total corrugated cardboard sold in the 3Q22, and all their production was allocated to the domestic market.

Performance Comment

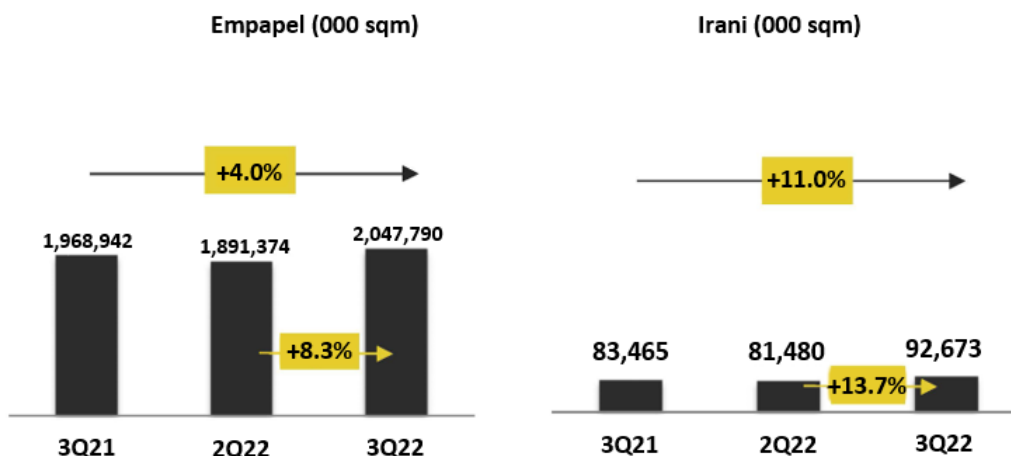
Sales Volume (in tons) - Sustainable Packaging Segment (Corrugated Cardboard)



Source: Empapel Source: IRANI

In square meters (m²) the sales volume of sustainable corrugated cardboard packaging of Empapel Market had a increase of 4.0% in 3Q22 when compared to 3Q21, when Irani Market recorded increase of 11.0%. Compared to 2Q22, Empapel Market’s volume had an increase of 8.3% whereas Irani recorded an increase of 13.7%. In square meters, Irani’s market share in this segment was 4.5% in 3Q22, 4.2% in 3Q21 and 4.3% in 2Q22.

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



Source: Empapel Source: IRANI

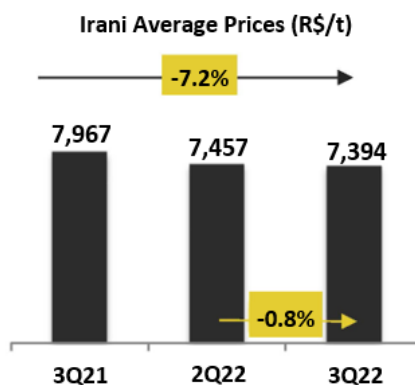
3Q22 Empapel Market (in sqm) is prior to closing. There may be changes in the official data.

Performance Comment

The volume of SP Indaiatuba Packaging plant reached 18,428 tons of boxes and 5,774 tons of plates in 3Q22 against 17,497 tons of boxes and 6,004 tons of plates in 3Q21.

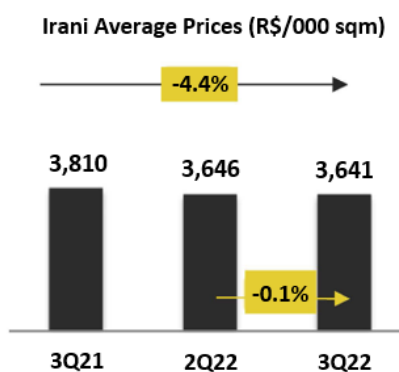
The volume in the Campina da Alegria SC Packaging Plant totaled 17,649 tons of boxes and 3,908 tons of sheets in 3Q22 against 13,502 tons of boxes and 2,820 tons of sheets in 3Q21.

In tons, Irani's average price (CIF) decreased by 7.2% in 3Q22 compared to 3Q21, especially due to the start of operations of the Expansion of SC Packaging Unit Project (Gaia II). In the comparison of the second quarter of 2022, the average price of Irani recorded stability.



Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

In square meters, Irani's average price (CIF) decreased by 4.4% in 3Q22 compared to 3Q21, likewise, by the increase in capacity mentioned above. In the comparison of the second quarter of 2022, the average price of Irani remained stable.

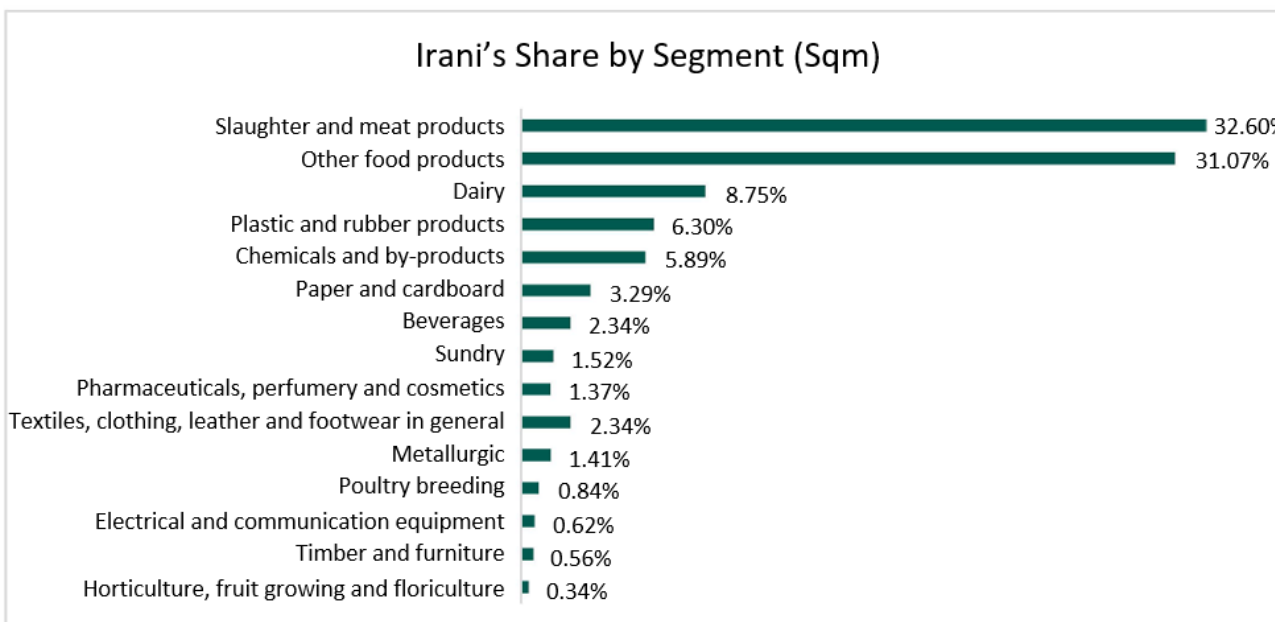
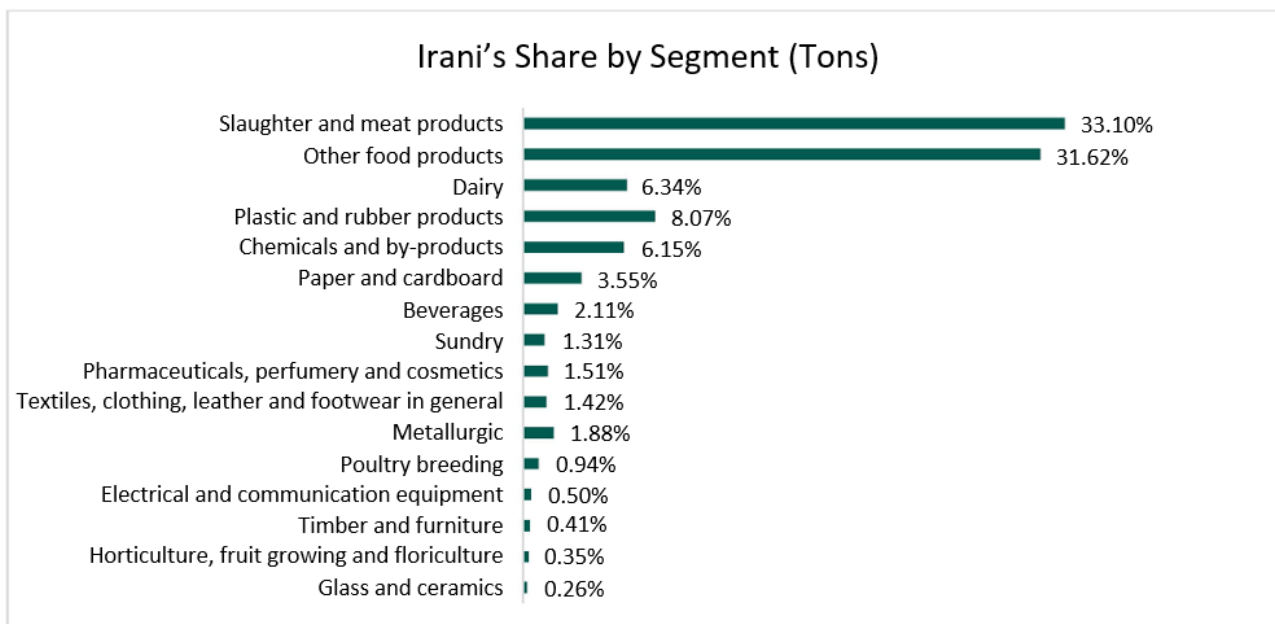


Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

Prices per sqm reflect better the market dynamics as they do not consider possible changes in the grammage of the papers used to manufacture boxes and sheets.

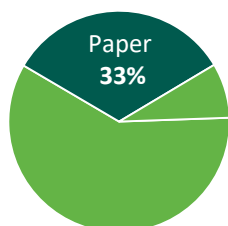
The share of sales of Irani on this Segment by Sub-segment in 3Q22 is presented in the charts below:

Performance Comment



1.2 Sustainable Packaging Paper (Paper) Segment

Revenue Contribution 3Q22

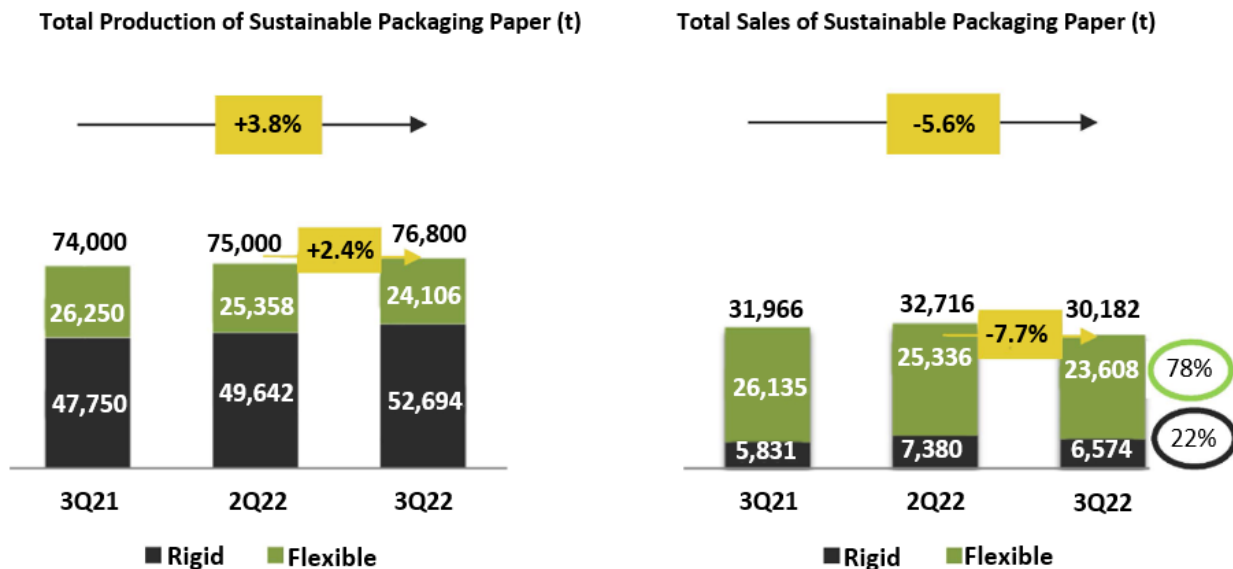


Irani operates in the Sustainable Packaging Paper Segment (Paper) in the markets of papers for rigid packaging (corrugated cardboard) and flexible packaging (bagging).

The Company's total production of sustainable packaging paper in the quarter was 3.8% greater when

Performance Comment

compared to 3Q21, and 2.4% higher in relation to 2Q22. Sales decreased 5.6% when compared to 3Q21 and decreased 7.7% compared to 2Q22.

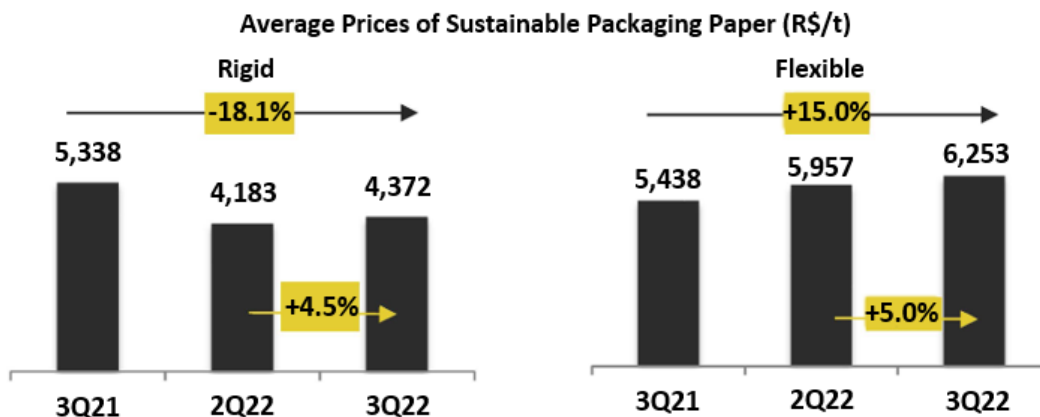


In 2Q22, internal transfers of paper to rigid packaging paper (PO) totaled 46,998 tons (41,891 tons in 3Q21 and 42,880 tons in 2Q22). For the SP Packaging Plant Indaiatuba, they reached 23,570 tons (23,547 tons in 3Q21 and 22,983 tons in 2Q22) and, for the SC Packaging Plant Campina da Alegria, 23,428 tons were transferred in 3Q22 (18,344 tons in 3Q21 and 19,897 tons in 2Q22).

In 3Q22, from the total of internal transfers, 50% were to the SP Indaiatuba packaging plant and 50% were to the SC Campina da Alegria packaging.

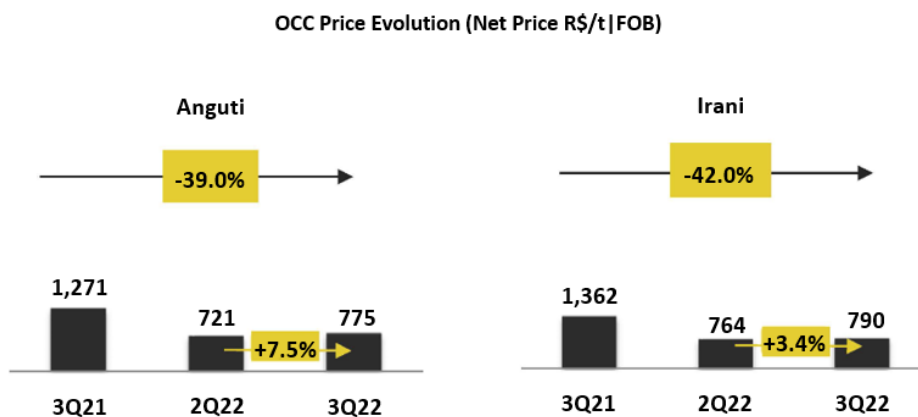
Flexible packaging paper, which accounted for 78.2% of paper sales in this quarter, recorded an increase of 15.0% in price when compared to 3Q21, and 5.0% when compared to 2Q22. Rigid packaging paper, which accounted for 21.8% of paper sales in this quarter, recorded a decrease of 18.1% in prices of 3Q22 when compared to 3Q21, and a increase of 4.5% when compared to 2Q22. Papers for flexible package are used in the manufacture of bags and sacks for stores, food and tele-delivery, and have had a very positive dynamic in recent years due to the increased use of paper, specially to replace plastic and following an ESG trend. Rigid packaging papers are used to produce corrugated cardboard packaging and most of the production is transferred to the company’s own plants and only the excess production is sold on the market.

Performance Comment



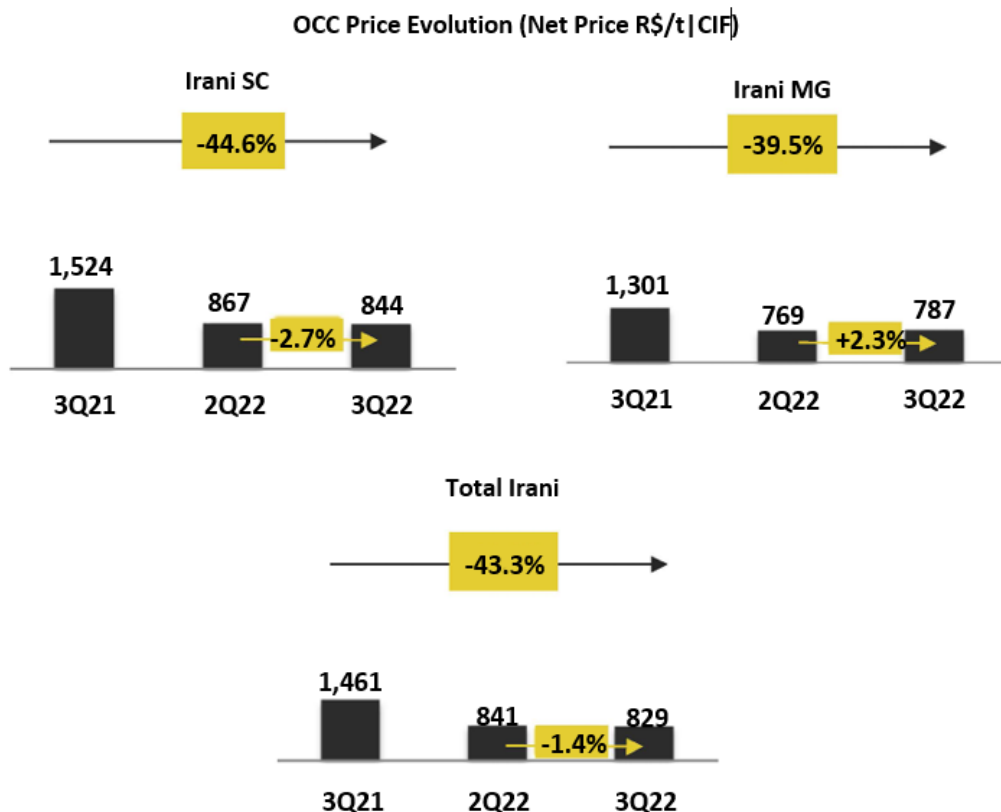
OCC (Old Corrugated Containers)

The Sustainable Packaging Paper (Paper) Segment recycles OCC (used paper) as raw material to manufacture most of its products, mainly those used for the production of Corrugated Cardboard Boxes and Plates in the Company’s Sustainable Packaging (Corrugated Cardboard) segment, under the circular economy concept. Recycling increases the life cycle of the paper fiber, a renewable resource, as it originates from planted forests. The recycling of old corrugated containers makes a positive contribution to the low carbon economy, as the forests that gave rise to the fiber removed carbon from the atmosphere. OCC accounted for 23% of the total paper production cost in 3Q22. The OCC market undergoes changes related to population consumption, due to the collection of boxes discarded by wholesalers, businesses and consumers, and related to the demand for recycled paper, among other factors. In the year of 2021, the OCC prices had a significant increase compared to 2020, due to the greater demand, with a gradual reduction over the periods. For 2022, prices decreased in 3Q22, as presented in the chart below:

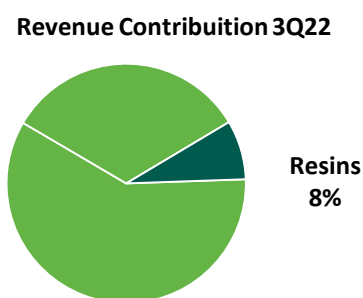


Note on methodology: Anguti Statistics – Old Corrugated Containers Report

Performance Comment



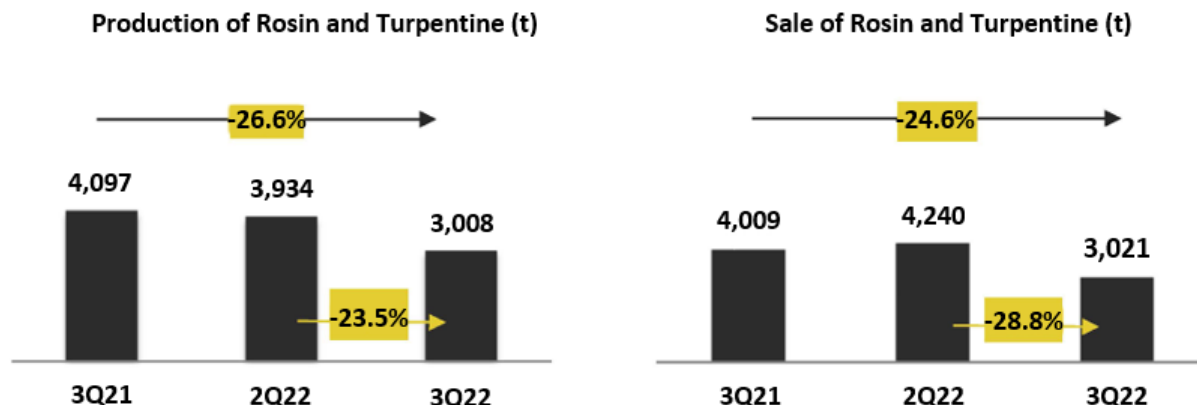
1.3 Sustainable Resins Segment (Rosin and Turpentine)



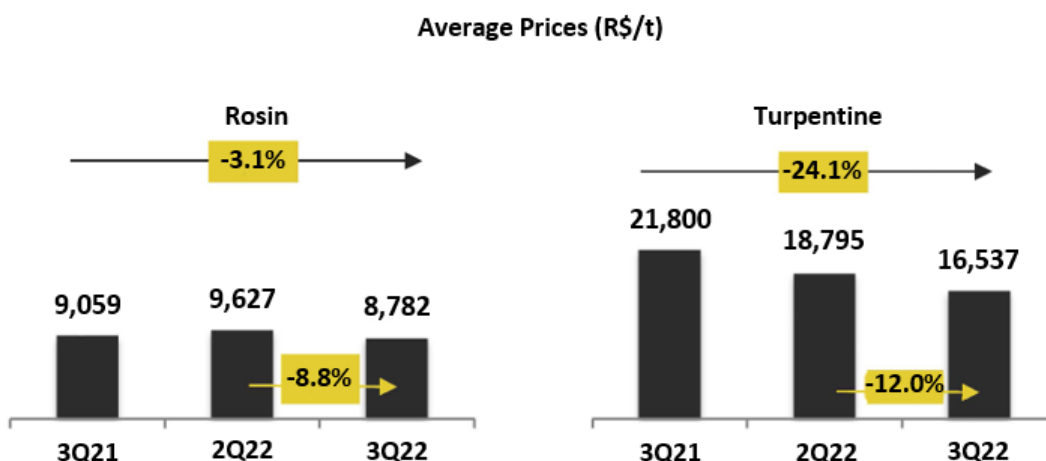
The Forestry operation of Rio Grande do Sul produced and sold in 3T22 20 thousand cubic meters of pine logs to the local market (18 thousand meters in 3Q21) and provided 180 tons of resins in natura (327 tons in 3Q21) to be used in the industrial process of production of rosin and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 3Q22 presented decrease of 26.6% when compared to 3Q21, and decrease of 23.5% when compared to 2Q22. The sales volume presented a 24.6% decrease when compared to 3Q21 and a 28.8% decrease in relation to 2Q22.

Performance Comment



In 3Q22, the average gross price of rosin was 3.1% lower than in 3Q21 and 8.8% lower when compared to 2Q22. The price of turpentine fell 24.1% when compared to 3Q21, 12.0% lower when compared to 2Q22. The price of these products changes according to the foreign market and exchange rate.



2. Economic and Financial Performance

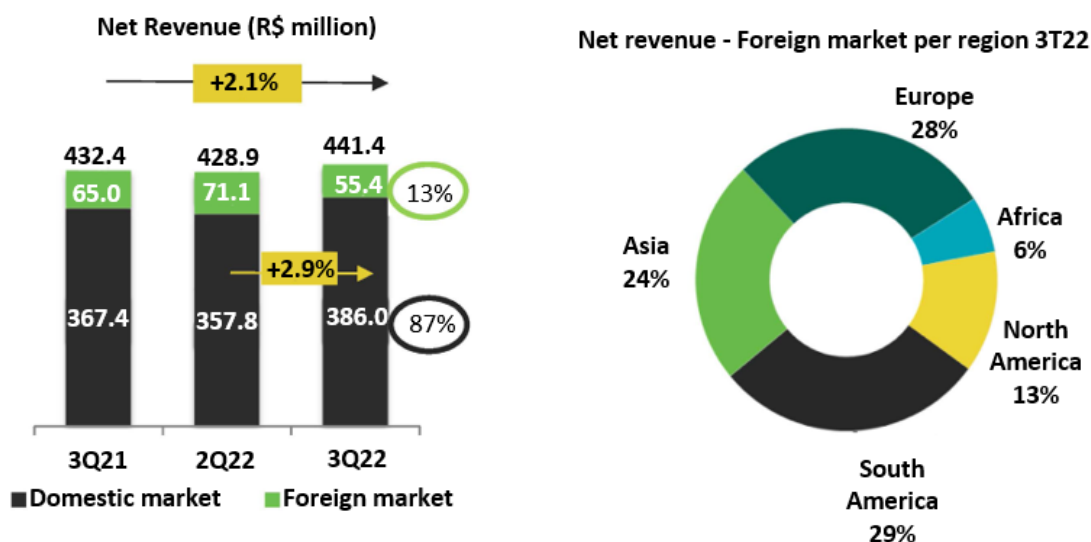
2.1 Net revenue from sales

The sales revenue in 3Q22 was R\$ 441,405 thousand, accounting for a growth of 2.1% when compared to 3Q21 and of 2.9% when compared to 2Q22. The increase recorded in 3Q22 is due to the good sales performance, especially in the Sustainable Packaging (Corrugated Cardboard) segment.

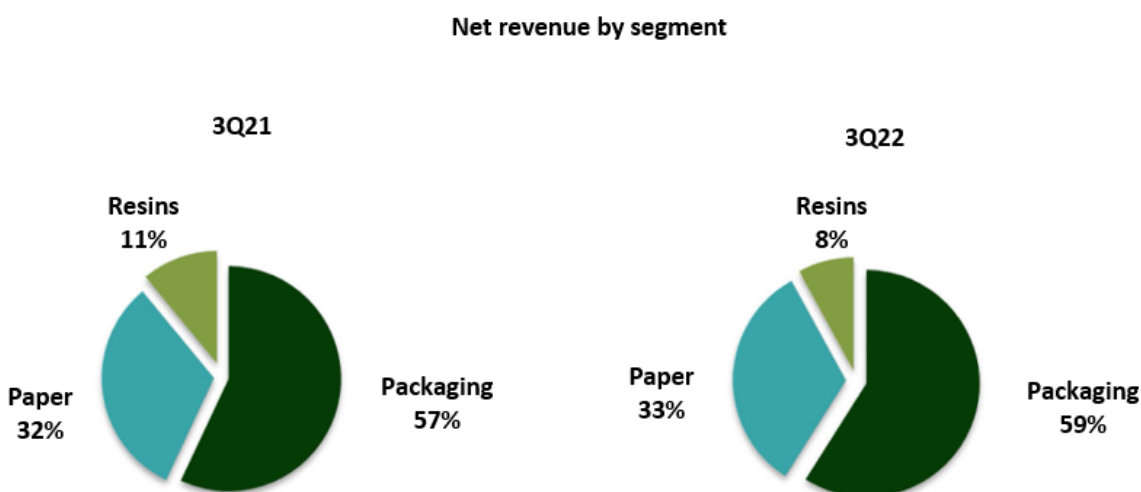
Performance Comment

In the domestic market, net sales was R\$ 386,006 thousand in the quarter and a 5.1% increase when compared to 3Q21 and 7.9% in relation to 2Q22. Revenue in the domestic market accounted for 87% of Irani’s total revenue in 3Q22.

Exports in 3Q22 reached R\$ 55,399 thousand, 14.8% lower than in the 3Q21 and 22.1% lower than in the 2Q22, representing 13% of total net sales. South America was the principal destination of exports, concentrating 29% of export revenue in foreign market, followed by Europe with 28%. The other markets are: Asia (24%), North America (13%) and Africa (6%).



Irani’s principal segment of operation is the Sustainable Packaging (Corrugated Cardboard), which accounts for 59% of consolidated net revenue in 3Q22, followed by the segments of Sustainable Packaging Paper (Paper) with 33% and Sustainable Resins (Rosin and Turpentine), with 8%.



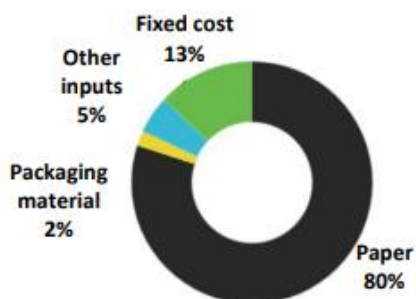
Performance Comment

2.2 Cost of goods sold

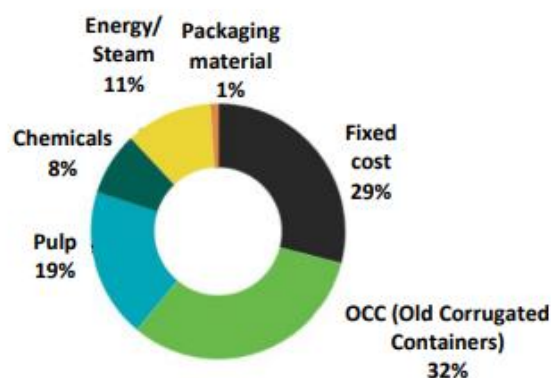
The cost of goods sold in 3Q22 was R\$ 271,785 thousand, 1.6% higher than in 3Q21, mainly related to the growth in net revenue recorded in the period. Change in fair value of biological assets is not considered in the cost value of sold products in both periods.

The formation of the cost per Irani’s segment of operation in 3Q22 is shown in the graphs below.

Sustainable Packaging (Corrugated Cardboard)

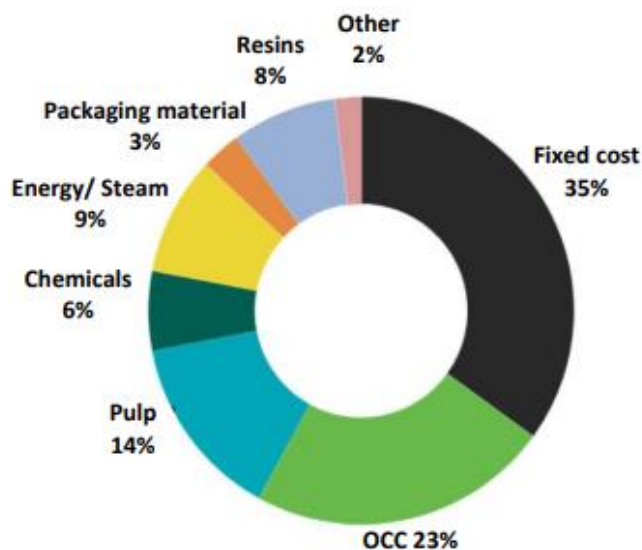


Sustainable Packaging Paper (Paper)*



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

Total Cost 3Q22



Performance Comment

2.3 Operating income and expenses

Sales expenses in 3Q22 totaled R\$ 36,597 thousand, 23.7% higher when compared to 3Q21, and represented 8.3% of consolidated net revenue, up from 6.8% in 3Q21 due to the increase in sales freight prices.

Administrative expenses in 3Q22 totaled R\$ 23,339 thousand (R\$ 18,482 thousand in 3Q21), accounting for an increase of 26.3% when compared to 3Q21, mainly due to the increase in personnel expenses due to the update by collective agreements, and the effects of inflation on other expenses, accounting for 5.3% of consolidated net revenue, higher than the 4.3% in 3Q21.

Other net operating revenues/expenses resulted in a revenue of R\$ 8,434 thousand in 3Q22 against a revenue of R\$ 2,189 thousand in 3Q21, mainly due to the sale of an investment property in the city of Rio Negrinho, state of Santa Catarina.

3. Operating Cash Generation (Adjusted EBITDA)

Consolidated (R\$ thousand)	3Q22	2Q22	3Q21	Chg. 3Q22/ 2Q22	Chg. 3Q22/ 3Q21	9M22	9M21	Chg. 9M22/ 9M21	LTM22	LTM21	Chg. LTM22/ LTM21
Net profit	95,530	84,613	97,595	12.9%	-2.1%	292,291	221,989	31.7%	355,615	255,906	39.0%
Current and deferred income tax and social contribution	42,737	41,518	20,196	2.9%	111.6%	111,695	70,816	57.7%	145,779	71,909	102.7%
Depletion	8,923	9,508	4,825	-6.2%	84.9%	26,278	14,622	79.7%	33,647	18,070	86.2%
Depreciation and amortization	18,056	17,247	17,580	4.7%	2.7%	51,331	52,194	-1.7%	69,590	70,485	-1.3%
Financial income (loss)	15,055	15,853	8,828	-5.0%	70.5%	47,328	32,379	46.2%	60,559	39,883	51.8%
EBITDA	180,301	168,739	149,024	6.9%	21.0%	528,923	392,000	34.9%	665,192	456,253	45.8%
EBITDA margin	40.8%	39.3%	34.5%	1.5p.p.	6.3p.p.	41.4%	32.9%	8.5 p.p.	39.3%	30.8%	8.5 p.p.
Adjustments according to CVM Instruction 527/12											
Change in fair value of biological assets ⁽¹⁾	(37,571)	(35,138)	(14,855)	6.9%	152.9%	(98,795)	(40,735)	142.5%	(101,909)	(50,290)	102.6%
Non-recurring events ⁽²⁾	(7,274)	-	(1,189)	-	511.8%	(24,503)	(4,531)	440.8%	(24,503)	(3,761)	551.5%
Ownership interest of managers ⁽³⁾	1,912	11,215	7,336	-83.0%	-73.9%	13,127	13,006	0.9%	14,153	19,962	-29.1%
Adjusted EBITDA	137,368	144,816	140,316	-5.1%	-2.1%	418,752	359,740	16.4%	552,933	422,164	31.0%
Adjusted EBITDA margin	31.1%	33.8%	32.4%	-2.7p.p.	-1.3p.p.	32.8%	30.2%	2.6p.p.	32.7%	28.5%	4.2p.p.

¹ Change in the fair value of biological assets since it does not mean cash generation in the period.

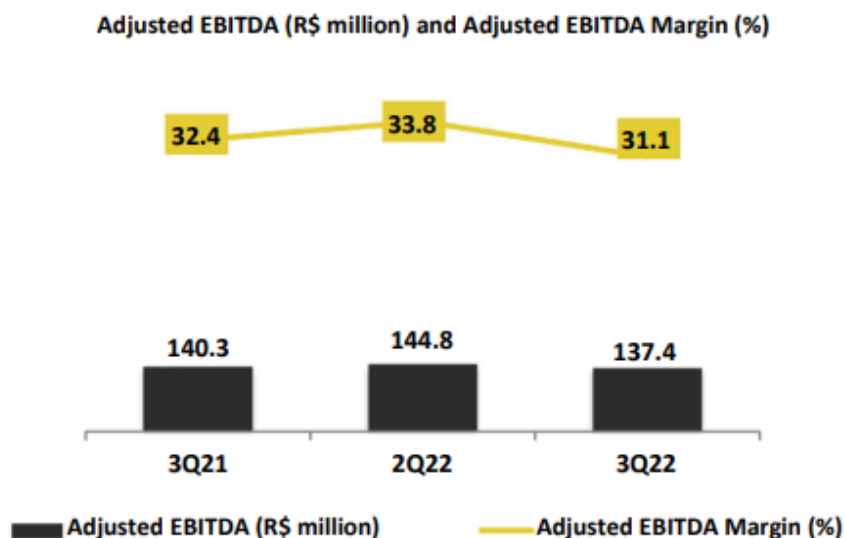
² Non-recurring events: The amount of (R\$ 7,274 thousand) refers to the sale of investment property.

³ Management profit Sharing: The amount of R\$ 1,912 thousand refers to the provision for management profit sharing.

Operating cash generation, measured by the operation's Adjusted EBITDA, totaled R\$ 137,368 thousand in 3Q22, with a margin of 31.1%, 2.1% lower than 3Q21, calculated at R\$ 140,316 thousand and 5.1% lower than 2Q22, calculated at R\$ 144,816 thousand. The reduction in the margin in 3Q22 over 3Q21 and 2Q22 is mainly due to the reduction in prices in the Sustainable Packaging (Corrugated Cardboard) segment and in the Sustainable Resins (Rosin and Turpentine) segment. On the other hand, costs remained stable in this quarter compared to 2Q22, when they were still in greater decline, especially in relation to the OCC. In the last 12 months, adjusted EBITDA

Performance Comment

reached R\$ 552,933 thousand, with a margin of 32.7%.



4. FINANCIAL INCOME (LOSS)

The financial result is distributed as follows:

R\$ thousand	3Q22	2Q22	3Q21	9M22	9M21	LTM22 ¹	LTM21 ¹
Financial revenues	19,978	19,042	23,794	58,809	40,322	71,748	45,060
Financial expenses	(35,033)	(34,895)	(32,622)	(106,137)	(72,701)	(132,307)	(84,943)
Financial result	(15,055)	(15,853)	(8,828)	(47,328)	(32,379)	(60,559)	(39,883)
Foreign-exchange income	3,821	6,799	17,124	18,338	27,700	21,842	29,892
Foreign exchange costs	(4,782)	(5,353)	(14,776)	(21,768)	(29,550)	(25,107)	(30,566)
Net exchange rate change	(961)	1,446	(2,348)	(3,430)	(1,850)	(3,265)	(674)
Financial revenues without exchange-rate change	16,157	12,243	6,670	40,471	12,622	49,906	15,168
Financial expenses without exchange-rate change	(30,251)	(29,542)	(17,846)	(84,369)	(43,151)	(107,200)	(54,377)
Financial income (loss) without exchange-rate change	(14,094)	(17,299)	(11,176)	(43,898)	(30,529)	(57,294)	(39,209)

¹ Accumulated in the last twelve months.

The financial income (loss) with no exchange-rate change, was negative by R\$ 14,094 thousand in 3Q22 compared to R\$ 11,176 thousand in the 3Q21 and R\$ 17,299 thousand in 2Q22. In 3Q22, R\$ 7,314 thousand of interest and sureties related to the FINAME (BNDES) financing for the investments in the Gaia Platform were fixed. In 9M22, this amount corresponds to R\$ 31,525 thousand and R\$ 38,651 thousand in the LTM22. Such values are not included in the table above. The reduction over 2Q22, considering such fixed assets, is mainly due to the deflations recorded in the IPCA (Broad Consumer Price Index) in this quarter. The increase compared to 3Q21, considering such fixed assets, is mainly due to: (i) the normalization of monetary policy via an increase in the

Performance Comment

SELIC rate which impacted the average cost of debt and (ii) the increase in net debt, mainly due to the disbursements of investments in the Gaia Platform.

The exchange-rate change negatively impacted the Company's results by R\$ 961 thousand in 3Q22, compared to a negative impact of R\$ 2,348 thousand in 3Q21 and a positive impact of R\$ 1,466 thousand in 3Q22. The devaluation of the Real against the US Dollar in this quarter had a positive impact on the balance of accounts receivable from external customers and a negative impact on the balance of debt in foreign currency.

As of September 30, 2022, the Company maintained only 4% of its debt in foreign currency.

Considering the aforementioned factors, the financial income (loss) recorded was negative by R\$ 15,055 thousand in 3Q22, accounting for a increase of 70.5% compared to 3Q21, and 5.0% in relation to 2Q22.

Foreign exchange

The exchange rate which was R\$ 5.44/US\$ on September 30, 2021, was stable at the end of September 2022 (3.24% higher when compared to the one in 2Q22), and reached R\$ 5.41/US\$. The average exchange rate for this quarter was R\$ 5.25/US\$, stable when compared to the exchange rate of the same period of 2021 and 6.71% higher when compared to the one in 2Q22.

R\$ thousand	3Q22	2Q22	3Q21	$\Delta 3Q22/2Q22$	$\Delta 3Q22/3Q21$
Final foreign exchange rate - Dollar	5.41	5.24	5.44	+3.24%	-0.55%
Average foreign exchange rate - Dollar	5.25	4.92	5.23	+6.71%	+0.38%

Performance Comment

Indebtedness

Consolidated (R\$ thousand)	3Q22	3Q21
Current	234,361	75,536
Non-current	813,875	559,034
Gross debt ¹	1,048,236	634,570
Current	22%	12%
Non-current	78%	88%
Domestic currency	1,006,965	607,083
Foreign currency	41,271	27,487
Gross debt ¹	1,048,236	634,570
Domestic currency	96%	96%
Foreign currency	4%	4%
Cash balance	398,504	363,177
Net debt	649,732	271,393
Adjusted EBITDA LTM	552,931	422,164
Net debt/Adjusted EBITDA	1.18	0.64

¹ Gross debt is calculated by adding up loans and financing, debentures and derivative financial instruments – swap.

As of September 30, 2022, net debt totaled R\$ 649,732 thousand compared to R\$ 271,393 thousand on September 30, 2021, accounting for an increase of 139.4% or R\$ 378,339 thousand, due to negative free cash flow in the period caused mainly by the disbursements of investments in the Gaia Platform.

As of September 30, 2022, gross debt totaled R\$ 1,048,236 thousand compared to R\$ 634,570 thousand on September 30, 2021, accounting for an increase of 65.2% or R\$ 413,666 thousand, mainly due to the partial inflow of funds from Finame Direct with BNDES, in the amount of R\$ 236,517 thousand in 4Q21 and R\$ 176,099 in 2Q22.

The gross debt profile as of September 30, 2022 was 22% maturing in the short-term and 78% maturing in the long term and 96% was denominated in domestic currency and 4% in foreign currency. The average cost of debt was 14.0% for the LTM, as of September 30, 2022. The cost of debt considers fixed interest and sureties related to the financing of investments in Gaia Platform.

The cash position at the end of September 2022 was R\$ 398,504 thousand (comprised by financial investments, cash and cash equivalents), compared to R\$ 363,177 thousand as of September 30, 2021. More details on the variation in cash position can be seen in the table related to the item Free Cash Flow and the chart for the item Cash Position.

The Net Debt/Adjusted EBITDA ratio was 1.18 times in 3Q22, against 0.64 times in 3Q21. The increase in the indicator is due to the increase in net debt, due to the negative free cash flow for the period, mainly caused by disbursements from the Gaia Platform. Re-leveraging is natural during the

Performance Comment

investments made and is in line with the parameters established in the [Company’s Financial Management Policy](#) that sets a target of 2.5x.

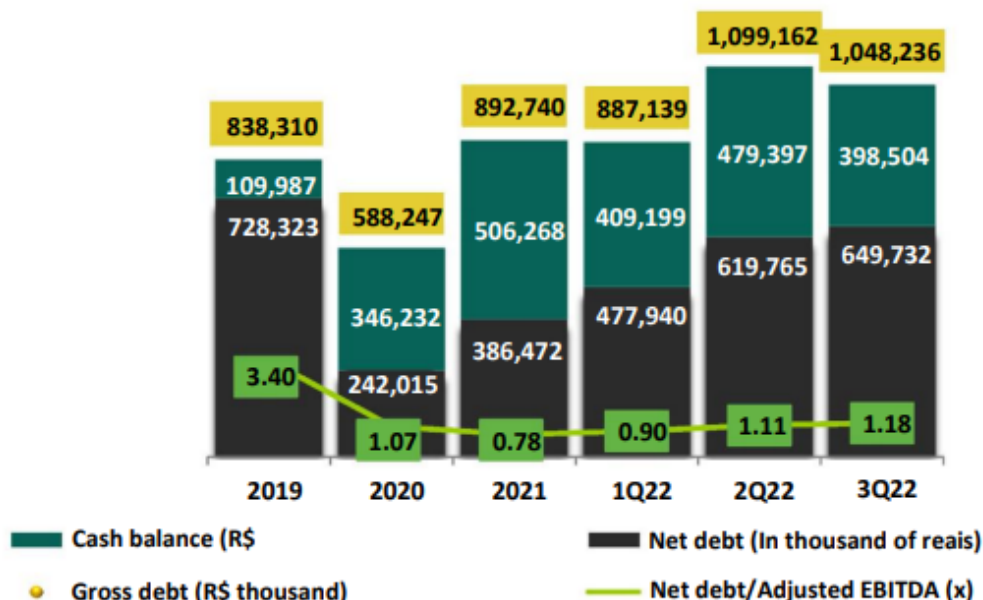
According to a [Material Fact dated May 28, 2021](#), the Company’s Board of Directors approved the contracting of financing with Agência Especial de Financiamento Industrial S.A. - FINAME (BNDES), in the amount of up to R\$ 484,000 thousand, to be used in the execution of the planned investments in the Gaia Platform. The granting of financing to the Company was approved by the FINAME Executive Board on May 27, 2021, under the credit facility named FINAME DIRETO, and the agreement was signed on May 31, 2021.

The operation has a total term of 16 years: 3 years are the grace period for amortization of principal. Interest is payable semi-annually during the grace period and amortization period.

The effective interest, which considers the cost of BNDES and commission of the letters of guarantee for the operation is IPCA + 6.24% p.a.

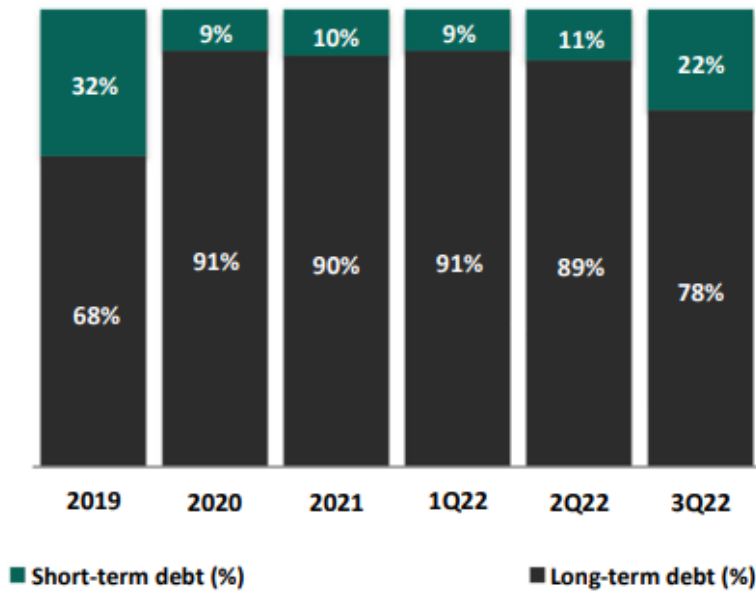
The inflow of funds will occur upon release requests, as the acquisitions and payment for the Gaia Platform equipment are made. Up to September 30, 2022, there were two partial releases totaling R\$ 412,615, the first during 4Q21, in the amount of R\$ 236,517, and the second during 3Q22, in the amount of R\$ 176,099. Therefore, the amount of R\$ 71,384 thousand will still be received.

Indebtedness and Net Debt/Adjusted EBITDA

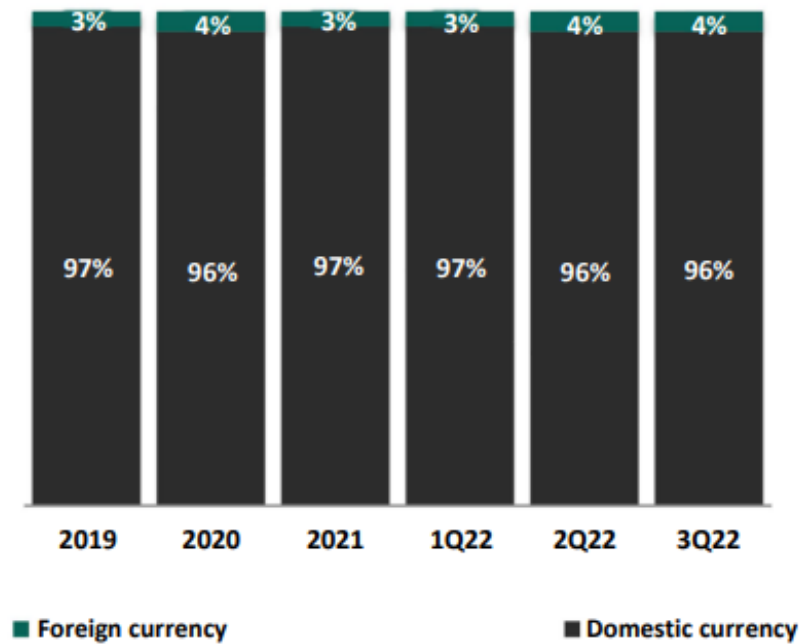


Performance Comment

Gross debt profile



Breakdown of gross debt



5. CREDIT RATING

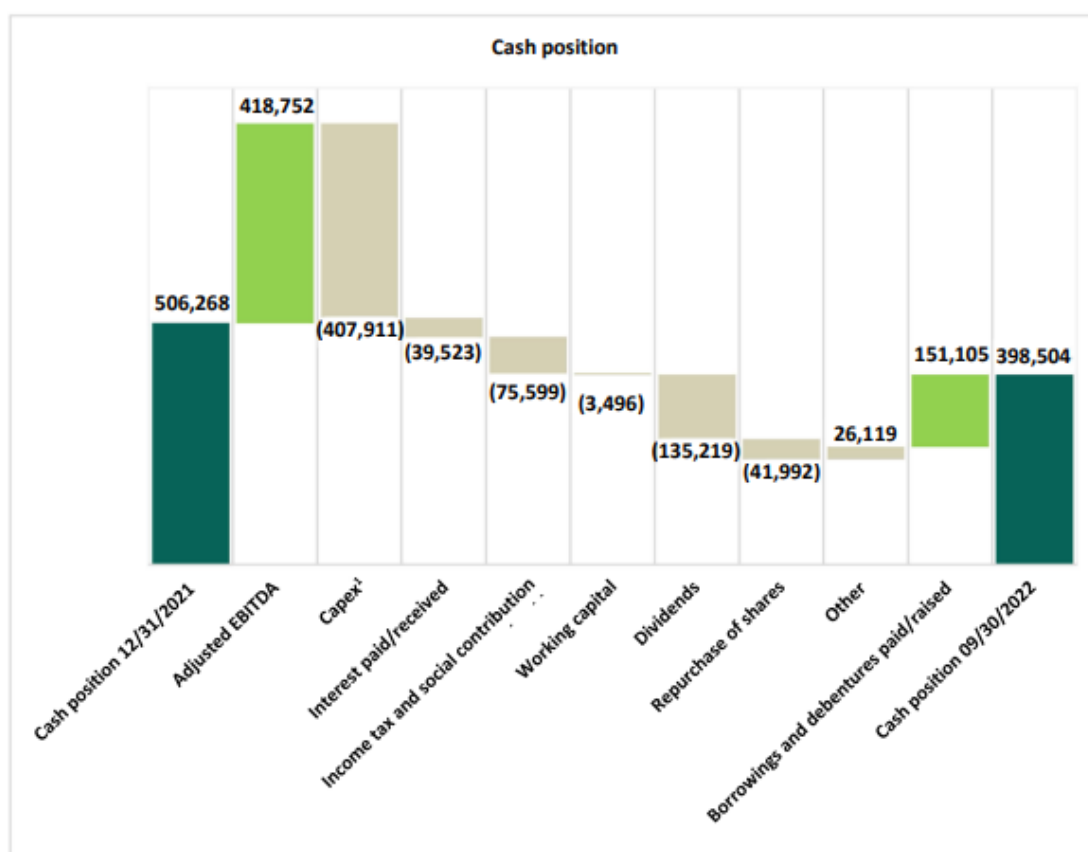
On July 5, 2021, [S&P Global Rating upgraded Irani's long-term issuer credit rating](#) from 'brA' to 'brAA' on the Brazilian National Scale. The ratings assigned to green debenture issues (3rd Public Issue and 4th Private Issue) were also upgraded from 'brA+' to 'brAA+'. According to the rating agency, the stable outlook of the issuer rating indicates the expectation that Irani

Performance Comment

will maintain a growing cash generation in the coming years, with greater profitability and strengthening its credit metrics, in addition to the expectation that the company will remain as an isolated entity in relation to refinancing risks at the level of the controlling group.

6. CASH POSITION

The Company's cash position, which was R\$ 506,268 thousand on December 31, 2021, recorded a decrease of 21.3% in 9M22. The sources and investments of funds are presented as follows:



¹ Considers the disbursement of R\$ 27,336 thousand of interest and sureties of property, plant and equipment referring to the financing of investments for the Gaia Platform.

Performance Comment

7. FREE CASH FLOW

Free cash flow	3Q22	2Q22	3Q21	LTM22	LTM21
Adjusted EBITDA	137,368	144,816	140,316	552,933	422,166
(-) Capex ⁽¹⁾	(124,193)	(161,515)	(119,506)	(562,517)	(263,260)
(-) Interest paid/received	(27,310)	7,101	(19,498)	(43,548)	(42,774)
(-) Income tax and social contribution (cash)	(27,513)	(22,221)	(25,391)	(105,973)	(66,253)
(+/-) Working capital	12,858	24,581	19,171	(5,486)	16,584
(-) Dividends + interest on shareholders' equity	(23,626)	(95,701)	(16,441)	(160,889)	(70,172)
(-) Repurchase of shares	(15,983)	(13,785)	-	(60,557)	-
(+/-) Other	14,089	4,591	2,259	30,777	7,905
Free cash flow	(54,310)	(112,133)	(19,090)	(355,260)	4,196
Dividends + interest on shareholders' equity	23,626	95,701	16,441	160,889	70,172
Repurchase of shares	15,983	13,785	-	60,557	-
Gaia Platform ⁽¹⁾	98,681	135,223	96,355	458,995	188,905
Expansion projects	-	1	375	121	4,255
Adjusted free cash flow⁽²⁾	83,979	132,577	94,081	325,302	267,528
Adjusted FCF Yield⁽³⁾				19.2%	22.8%

⁽¹⁾ Considers the disbursement of R\$ 5,965 thousand in 4Q21, R\$ 1,162 thousand in 1Q22, R\$ 24,845 thousand in 2T22 and R\$ 1,329 thousand in 3Q22 of interest and sureties paid, referring to the financing of investments in the Gaia Platform.

⁽²⁾ Excluding dividends, interest on shareholders' equity and repurchase of shares, Gaia Platform and Expansion Projects

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

Adjusted Free Cash Flow, disregarding investments in Gaia Platform and other Expansion Projects, as well as remuneration to shareholders, was R\$ 83,979 thousand in 3Q22, an increase of 36.7% in relation to 2Q22 and 10.7% in relation to 2Q21.

The maintenance of operating cash generation (EBITDA) at high levels contributed positively to the free cash flow.

The decrease in interest paid in relation to the previous quarter refers to the seasonal payment in the months of January and July of the interest on the 3rd Issue of Green Debentures (CELU13).

In this quarter, R\$ 23,626 thousand were distributed as dividends referring to the 2Q22 result, totaling a payout of 25% of the base profit for the distribution of dividends for that quarter. This amount is in line with the Dividend Distribution and Payment of Interest on Shareholders' Equity Policy of the Company and correspond to an increase of 43.7% in relation to the same quarter of the previous year.

The line "Others" was positively impacted in this quarter by the partial receipt of the sale of the industrial property where the Vila Maria packaging plant was located, which had its operations discontinued in 2019 and [sale of land and buildings located in the city of Rio Negrinho – state of Santa Catarina](#).

Performance Comment

In the last 12 months ended September 30, 2022, Adjusted Free Cash Flow totaled R\$ 325,302 thousand, accounting for an increase of 21.6% compared to the R\$ 267,528 thousand recorded in the 12 months ended September 30, 2021. This increase was positively impacted by the strong operating cash flow, and negatively affected by the higher income tax and social contribution payments, given the higher profit in the period and increase in Capex for Maintenance.

The Free Cash Flow Yield was 19.2% in the last 12 months ended September 30, 2022, accounting for a decrease of 3.6 p.p. in relation to that determined in the last 12 months ended September 30, 2021, due to the increase in the Company's average market value in this period.

8. RETURN ON INVESTED CAPITAL (ROIC)

Return on Invested Capital (ROIC) was 24.5% in the last 12 months, accounting for a decrease of 1.0 p.p. compared to the 12-month period ended June 30, 2022 and a 2.3 p.p. of increase in relation to 12 months ended September 30, 2021. The decrease recorded in relation to the previous quarter is mainly due to the increase in Adjusted Invested Capital. This effect is natural during the ramp-up of Investments on the Gaia Platform, once that 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 equity (WACC). Our ROIC is a benchmark in the sustainable packaging sector in Brazil and abroad, demonstrating the strength of ESG as a secular trend that drives our economic results.

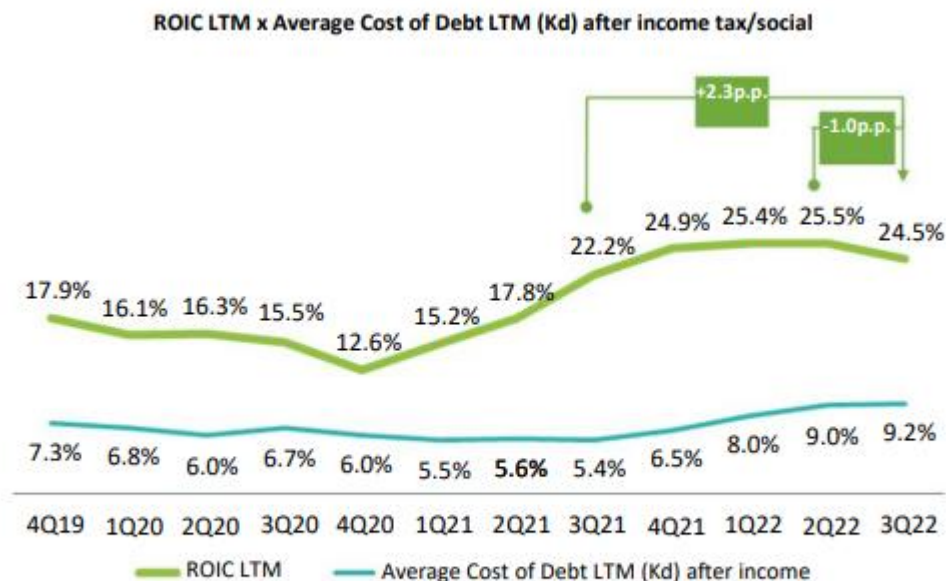
ROIC (R\$ thousand) – LTM ⁽¹⁾	3Q22	2Q22	3Q21
Total assets	2,528,139	2,375,460	1,945,752
(-) Total liabilities (former debt)	(512,923)	(496,674)	(463,995)
(-) Works in progress	(502,564)	(402,797)	(118,103)
Capital invested	1,513,198	1,475,990	1,363,654
(-) Adjustment - CPC 29 ⁽²⁾	(110,808)	(97,575)	(76,372)
Adjusted Invested Capital	1,402,390	1,378,415	1,287,282
Adjusted EBITDA	552,933	555,881	422,166
(-) Capex for Maintenance	(103,401)	(100,665)	(70,100)
(-) Income tax and social contribution (cash)	(105,973)	(103,851)	(66,253)
Adjusted operating cash flow	343,559	351,365	285,813
ROIC⁽³⁾	24.5%	25.5%	22.2%

⁽¹⁾ Average equity balances for the last 4 quarters (Last 12 Months)

⁽²⁾ Differential in the fair value of biological assets less Deferred Taxes in the Fair value of biological assets

⁽³⁾ ROIC (Last Twelve Months—LTM): Adjusted operating cash flow / Adjusted invested capital

Performance Comment



¹ Average cost of debt LTM (Kd) after income tax/social contribution: LTM interest / average gross debt in the last 4 quarters deducted from income tax/social contribution of 34%.
It considers fixed interest related to the financing of investments in the Gaia Platform

9. NET PROFIT

In 3Q22, the net profit was R\$ 95,530 thousand, in comparison to the profit of R\$ 97,595 thousand in 3Q21 and R\$ 84,613 thousand in 2Q22. The main impact on this quarter’s net profit compared to 2Q22 was the recognition of a provision for Management Profit Sharing in the amount of R\$ 11,215 thousand in 2Q22, while it was R\$ 1,912 thousand in 3Q22.

10. INVESTMENTS

The Company maintains its strategy to invest in the modernization and automation of its production processes. Investments in this quarter amounted to R\$ 145,679 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company. Of this amount, R\$ 90,074 thousand were allocated to the investments in the Gaia I, II and III Projects (1st Cycle), in addition to R\$ 7,198 thousand in Gaia VI, VII, VIII and IX (2nd Cycle) projects.

Performance Comment

R\$ thousand	3Q22	9M22
Buildings	1,312	3,987
Equipment	138,731	396,691
Intangible assets	27	2,721
Reforestation	5,609	14,677
Total	145,679	418,076

11. GAIA PLATFORM

1st Cycle

The highlights for the third quarter of 2022 in the **Gaia I** – Expansion of Chemicals and Utilities Recovery project were the lifting of the steam balloon in the Recovery Boiler, the concreting of the foundations for the new digester and the execution of the foundations of tanks and Blow Heat Recovery System (BHRS) structures, as well as for receiving equipment from the wood yard, the pulp washer, the cooling tower and the sludge washer filter. Thereafter, we continue with the assembly of the Recovery Boiler and equipment in the wood yard. On the island of BHRS, Evaporation, CNG, the assembly of equipment and piping is in progress, as well as the execution of the civil foundations for the installation of the cooling tower. Regarding cooking and washing, Digester 7 is being assembled, the chip silo is being renovated, and the construction of the washer building is underway. In the case of causticizing, the construction of the electrical room and the building for the sludge filter is being carried out. At the Balance of Plant (BoP), we advanced with the assembly of pipe-rack structures and electrical room infrastructure.

In the **Gaia II** Project – Expansion of SC Packaging Unit, we carried out the startup of the Ward printer and the installation of the Prefeeder in the FFG Falcon printer. We have already received the new resin machine, as well as the bending machine and palletizer. The installation of the automatic palletizing line for sheets is in progress, as well as the polishing of the floor in the areas where the new equipment will be installed and we continue with the works in the plate workshop, mold room and paint house, painting and improvements in general, widening of the street at the back of the plant. The adjustments related to the Fire Prevention and Protection Plan (PPCI) are also underway, with a focus on contracting the next packages, such as the pump house, which are in the design and budgeting phase.

The **Gaia III** – MP#2 Reform Project started at the end of this third quarter to [stop the machine for renovation](#), which is in progress. All possible preparations were completed before the machine stop, and we received all the equipment for the renovation. The execution of the shutdown proceeds in line with the plan.

Performance Comment

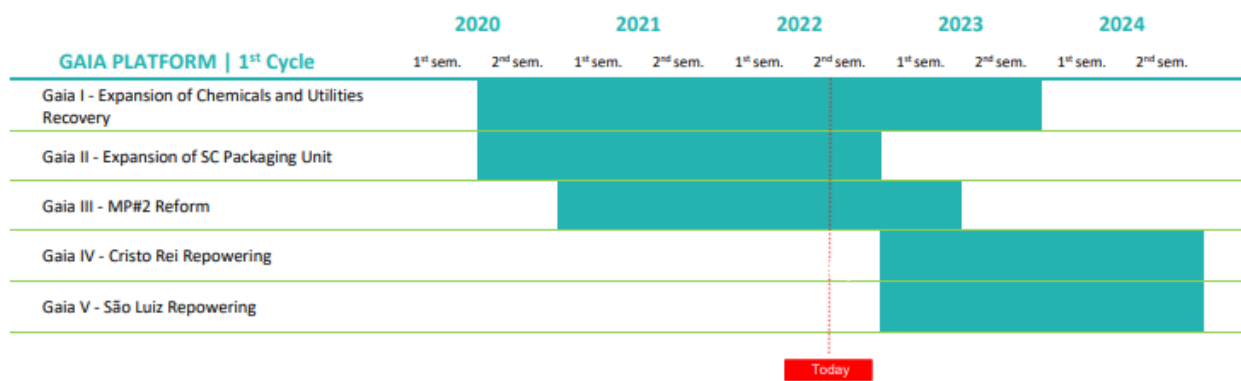
Regarding the **Gaia IV** – Cristo Rei Repowering Project, we obtained the DRS and the receipt of proposals from suppliers for the elaboration of the Environmental Licensing is in progress.

In the **Gaia V** – São Luiz Repowering Project, the AIBH Report on the Irani River was approved by the Santa Catarina Environmental Institute (IMA). The compilation of documents for the licensing process, the execution of topography, topobatimetry and implementation of geodetic landmarks, as well as the elaboration of a study of hydraulic, socioeconomic and ichthyoplankton modeling is in progress.

In 3Q22, R\$ 90,074 thousand were invested in projects of the 1st Cycle of the Gaia Platform, of which R\$ 68,584 thousand in Gaia I, R\$ 8,532 thousand in Gaia II and R\$ 12,958 thousand in Gaia III. The total invested since the beginning of the 1st Cycle works is R\$ 590,944 thousand, of which R\$ 432,173 thousand in Gaia I, R\$ 115,291 thousand in Gaia II and R\$ 43,480 thousand in Gaia III.

Gaia Platform – 1 st cycle	Unit	Estimated Investment (Gross)	Estimated investment (Net)	Investment made in 3Q22	Investment made up to 09/30/2022
Gaia I - Expansion of Chemicals and Utilities Recovery	Paper SC Campina da Alegria	581,309	494,849	68,584	432,173
Gaia II - Expansion of SC Packaging Unit	Packaging SC Campina da Alegria	150,433	118,189	8,532	115,291
Gaia III - MP#2 Reform	Paper SC Campina da Alegria	57,613	44,556	12,958	43,480
Gaia IV - Cristo Rei Repowering	Paper SC Campina da Alegria	31,300	28,318	-	-
Gaia V - São Luiz Repowering	Paper SC Campina da Alegria	62,864	58,855	-	-
Total		883,519	744,767	90,074	590,944

Timetable



Performance Comment

Gaia Platform – 1 st cycle	Basic Engineering		Physical execution	
	100%	66.5%	92.4%	98.1%
Gaia I - Expansion of Chemicals and Utilities Recovery	100%	66.5%		
Gaia II - Expansion of SC Packaging Unit	100%		92.4%	
Gaia III - MP#2 Reform	100%		98.1%	
Gaia IV - Cristo Rei Repowering	100%			
Gaia V - São Luiz Repowering	100%			

2nd Cycle

The **Gaia VI** – Process Information Management System Project is running the fiber optic passage works and the configuration and communication of the collection network between OPC, collector and cloud. The data collection and data structure validation activities are also in progress. During the period, the configuration and preparation of the servers, the installation of PI Vision, PI AF and Data Archive on the cloud servers were completed, as well as the infrastructure survey, validation of prerequisites and survey of the initial data structure.

In the **Gaia VII** – Expansion ETP Phase 1 Project, the civil construction of the foundations for the filtration system, excavation of the equalization tank, diversion of the rainwater piping in the area where the equalization tank and the diversion of the pond will be built was completed. The development of the new supervision and control system for the ETE, the civil and mechanical execution of the diversion of the interconnection piping between the pond and the secondary effluent are in progress.

The **Gaia VIII** - New Cut and Crease Printer Project completed the disassembly of the printer to be replaced, and the new printer has already arrived in Brazil. The execution of the civil foundation, the manufacture of conveyor belts and the acquisition of racks for the mezzanine of the plate workshop.

As for the **Gaia IX** – Intermediate Inventory Automation Project, we completed the final layout of the project and the contracting of the project for the metallic structure was carried out. A study is underway for the civil works to adapt the paint house, the rails for the transfer cars and the base of the metal structure of the second level.

In 3Q22, R\$ 7,198 thousand were invested in projects of the 2nd Cycle of the Gaia Platform, of which R\$ 1,024 thousand in Gaia VI, R\$ 2,455 thousand in Gaia VII, R\$ 3,690 thousand in Gaia VIII and R\$ 29 thousand in Gaia IX. In total, R\$ 22,111 thousand were invested since the beginning of

Performance Comment

the second cycle, of which R\$ 2,260 thousand were invested in Gaia VI, R\$ 3,558 thousand in Gaia VII, R\$ 10,399 in Gaia VIII and R\$ 5,894 in Gaia IX.

Gaia Platform – 2 nd cycle	Unit	Estimated Investment (Gross)	Estimated investment (Net)	Investment made in 3Q22	Investment made up to 09/30/2022
Gaia VI - Process Information Management System - PIMS	Paper SC Campina da Alegria	5,173	4,330	1,024	2,260
Gaia VII - Expansion ETP Phase 1	Papel SC Campina da Alegria	22,886	20,917	2,455	3,558
Gaia VIII - New Cut and Crease Printer	Packaging SP Indaiatuba	21,318	15,034	3,690	10,399
Gaia IX - Intermediate Inventory Automation	Packaging SP Indaiatuba	42,860	29,897	29	5,894
Total		92,237	70,178	7,198	22,111

Timetable



Gaia Platform – 2 nd cycle	Basic Engineering	Physical execution
Gaia VI - Process Information Management System - PIMS	N/A	55%
Gaia VII - Expansion ETP Phase 1	100%	20%
Gaia VIII - New Cut and Crease Printer	N/A	49.5%
Gaia IX - Intermediate Inventory Automation	N/A	15%

Performance Comment

12. CAPITAL MARKET

GREEN DEBENTURES

In 2019, the company issued [Green Debentures \(CELU13\)](#) in the Brazilian capital market, in the amount of R\$ 505,000 thousand. The final payment term of green debentures is 2025, with a principal grace period until July 2023 and interest is paid semi-annually. The issuance was carried out at a CDI rate + 4.5% p.a. at the end of 3Q22 and was being traded on the secondary market at CDI rate + 2.71% p.a.

As provided for in the Indenture of CELU13, the Company has full or partial Optional Early Redemption options and Optional Early Amortization option as of July 19, 2023.

As of March 3, 2021, the Company issued [Green Debentures \(RANI14\)](#) with a private placement, in the amount of R\$ 60,000 thousand. Green debentures have a final payment term in 2029, with a principal grace period until June 2026 and interest is paid semi-annually, after December 2021. The issuance was carried out at IPCA rate of + 5.5% pa, and its public trading is prohibited.

During 4Q21, the interest rate market in Brazil suffered a strong stress due to inflationary pressure and to uncertainties about the government's fiscal accounts. With this scenario of rising future interest rates in the market, a window of opportunity emerged to convert the interest rate of the 4th Issuance of [Green Debentures \(RANI14\)](#) from IPCA + 5.50% pa to CDI + 0.71% p.a. via a Swap operation. The converted rate of CDI + 0.71% pa is far below the interest rate of the [3rd Issue of Green Debentures \(CELU13\)](#) that was issued at CDI + 4.50% pa, and, at the end of 4Q21, it was being traded at CDI + 2.45% pa on the secondary market. The Company's Management believes that it is healthy to maintain a larger part of the debt indexed to the CDI since the financing of Gaia Platform, via FINAME (BNDES), is being contracted at IPCA + rates. Similarly, the Company's cash is invested at CDI rate and the debt bears CDI + and ensures greater alignment for hedging purposes. The Swap contract was [approved by the Company's Board of Directors](#), as required by the [Financial Management Policy](#).

On July 5, 2021, S&P Global Rating upgraded the ratings assigned to the two debenture issues from 'brA+' to 'brAA+', as mentioned above.

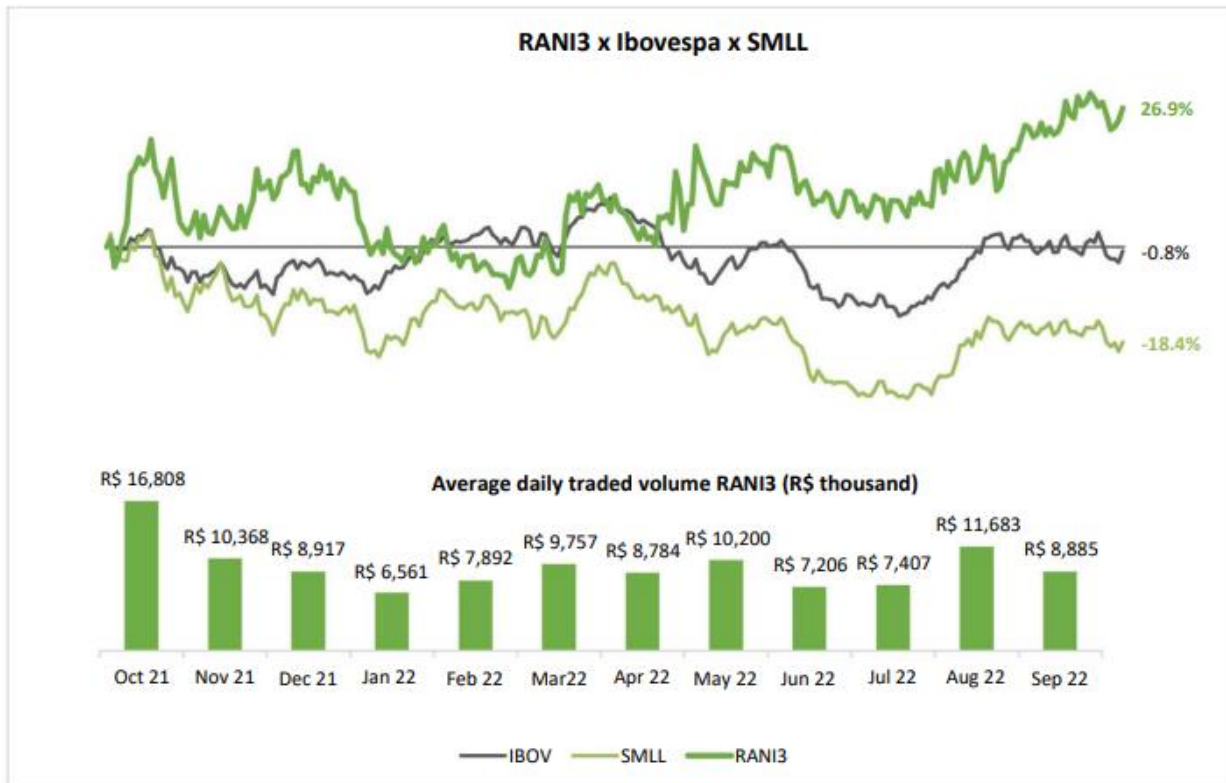
SHARE CAPITAL

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.

Performance Comment

All shares have voting rights and are 100% tag along. At the end of 3Q22, common shares were traded at R\$ 7.92. The Company’s shares currently comprise the IGC-NM, IGCX, ITAG, IMAT, IBRA, SMLL, IGCT, IGPTW and IAGRO indices of B3.

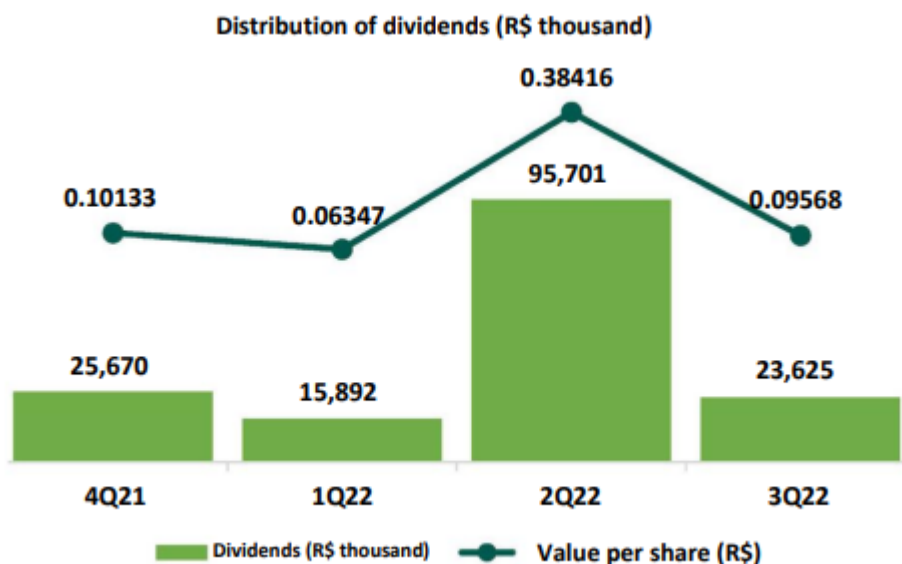
The performance and trading volume of the Company’s shares in the accumulated for the last 12 months, compared to the Ibovespa index (the main performance indicator of shares traded on B3) and the SMLL (performance indicator of B3 companies with lower capitalization, which Irani is part of the theoretical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



Performance Comment

DIVIDENDS

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



Total dividends and interest on shareholders' equity paid in the accumulated in the last twelve months was R\$ 0.6446455 per share, totaling R\$ 160,889 thousand, and equivalent to an annual dividend yield of 10.33%, considering the share price of R\$ 6.24 as of September 30, 2021.

13. REPURCHASE PROGRAM

At a [Board of Directors meeting held on August 17, 2022](#), the Company approved the cancellation of all 10,360,916 common shares with no par value, issued by the Company and held in treasury on the date of the aforementioned meeting, without reducing the value of its capital; the termination of the share buyback program issued by Irani, approved by the [Board of Directors on September 27, 2021](#); and the new share repurchase program for the shares issued by the Company to maximize the generation of value to shareholders by means of an efficient capital structure management. The program became effective as of August 18, 2022, with a purchase limit of up to 9,833,806 common shares, accounting for 10% of the total outstanding common shares issued by the Company. Up to September 30, 2022, the Company repurchased 936,000 shares, accounting for 9.52% of the program carried out, at the amount of R\$ 7,185 thousand, including trading costs, equivalent to an average price per repurchased share of R\$ 7.65. Irani's capital on September 30, 2022 was represented by 246,359,319 common shares (RANI3) and the Company held 936,000 common shares in treasury.

14. SUBSEQUENT EVENTS

5th Issue of Simple Private Debentures (CRA – Agribusiness Receivables Certificates)

Performance Comment

According to the [Board of Directors' Meeting held on August 10, 2022](#) , re-ratified by the [Board of Directors' Meeting held on September 8, 2022](#), [Material Fact dated August 11, 2022](#) and [Notice to the Market dated October 18, 2022](#), Irani concluded the 5th (fifth) issue of 720,000 simple and non-convertible debentures, of the unsecured type, in two series for private placement, with a unit value of R\$ 1,000.00 each, on the date of its issuance, in the total amount of R\$ 720,000,000.00, of which:

- (i) 486,307 Debentures of the 1st Series, corresponding to the amount of R\$ 486,307,000.00, remunerated at CDI + 1.40% p.a., semiannually and amortized in a single installment upon maturity on August 12, 2027.
- (ii) 233,693 Debentures of the 2nd Series, corresponding to the amount of R\$ 233,693,000.00, remunerated at CDI + 1.75% p.a. semi-annually and amortized in two equal installments, on August 11, 2028 and upon maturity on August 13, 2029.

The Debentures do not have any real or personal guarantee, or any segregation of Irani's assets as a guarantee, and were linked to a securitization operation, serving as the backing for the issuance and public placement, pursuant to CVM Instruction 400: agribusiness receivables certificates (CRAs) of the 1st (first) and 2nd (second) series of the [194th issue](#) of Eco Securitizadora de Direitos Creditórios do Agronegócio S.A.

The Debentures and, consequently, the CRAs were characterized as "Green Debentures" and "Green Bonds", respectively, based on [Second Opinion](#) issued by the specialized advisory firm NINT – Natural Intelligence Ltda.

The definitive risk rating for the issue of CRAs of "brAA (sf)" [was assigned by Standard & Poor's Ratings do Brasil Ltda.](#) on September 26, 2022.

The net proceeds obtained by Irani with the Issuance will be destined exclusively to its activities in agribusiness, in the scope of forestry and agriculture, particularly through the use of funds in investments, costs and expenses related to afforestation, reforestation, acquisition of pesticides agricultural products, fertilizers, wood, forest management and harvesting services and byproducts such as resins and integrated logistics for transport, storage, debarking and wood chipping.

IRANI PAPEL E EMBALAGEM S.A.

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Irani Papel e Embalagem S.A. – CNPJ 92.791.243/0001-03

NOTES TO INTERIM FINANCIAL STATEMENTS

(Amounts in thousands of reais, except when specifically 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, Segmento Novo Mercado, and headquartered at Avenida Carlos Gomes, nº 400, salas 502/503, Edifício João Benjamin Zaffari, Bairro Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, Brazil. 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.

Direct subsidiaries are listed in note 4.

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

1.1. Coronavirus (COVID-19)

The year of 2022 has been marked by the gradual decrease of the severe acute respiratory syndrome COVID-19, or Coronavirus, declared a pandemic by the World Health Organization on March 11, 2020. The necessary measures to minimize the impact of COVID 19 on its operations, and especially on employees and their families are still in force.

The Company's industrial operations follow a normal pace of production and sale and Management evaluates the measures to combat the Coronavirus regularly

Based on long-term projections that include projected cash flows, the Company believes it has sufficient conditions to maintain operating continuity. In the same manner, the projections do not present any indicative of the need to recognize asset impairment or for goodwill generated in business combinations. There were also no indications of the need to significantly change the assumptions used to calculate the fair value of the Company's

Biological Assets, especially the discount rate of its projected cash flows.

Furthermore, the Company did not identify any indication of non-receipt or losses from with clients other than the assumptions previously adopted. Regarding the supply chain, there is no indication of shortages or difficulties in supplies that could harm the production chain due to lack of inputs and raw materials.

In our units, we maintained our protocols of fighting the COVID-19, with actions to raise awareness of and encourage immunization with the vaccine. We did not have serious cases of contaminated employees and there were no shutdowns in manufacturing and administrative activities. With the reduction in contagion cases, the Company starts to adopt softer measures to fight the pandemic, but remains on alert, monitoring cases in the region where we have industrial and administrative units.

We keep the contingent of commercial and administrative employees working in *home office* and the preventive leave of absence of industrial employees with any symptoms of COVID-19, therefore avoiding any internal focus on the contamination and transmission of the virus.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The parent company and consolidated interim financial statements included in the Quarterly Information Form - ITR, are prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and with IAS 34 – Interim Financial Reporting, issued by International Accounting Standards Board (IASB), and presented in accordance with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information - ITR, and highlight all relevant information concerning the financial statements, and only them, which are in compliance with those used by the Management in its management.

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 financial statements of the Company was authorized by Company's Management on October 28, 2022

The interim financial statements were prepared based on historical cost convention, except 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 15, 18 and 31, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting practices adopted by the Company and its subsidiaries in the preparation of the interim financial statements for the three- and nine-month period ended September 30, 2022 are consistent with those applied in the preparation of the last annual financial statements as of December 31, 2021 and as disclosed in Note 3.

4. CONSOLIDATION OF THE FINANCIAL STATEMENTS

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

Participation in share capital - %			
Subsidiaries - direct ownership	Business activity	09.30.22	12.31.21
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

** Formerly Irani Geração de Energia Sustentável LTDA.

The accounting practices of the subsidiaries are consistent with those adopted by the Company. The investments in subsidiaries, the equity income, as well as the balances of operations 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 at the same 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	
	09.30.22	12.31.21	09.30.22	12.31.21
Fixed fund	15	19	28	20
Banks	9.223	7.470	9.229	7.544
Financial investments with immediate liquidity i)	1.652	3.561	39.140	22.846
Total cash and cash equivalents	<u>10.890</u>	<u>11.050</u>	<u>48.397</u>	<u>30.410</u>
Financial investments ii)	<u>350.107</u>	<u>475.858</u>	<u>350.107</u>	<u>475.858</u>
Total financial investments	<u>350.107</u>	<u>475.858</u>	<u>350.107</u>	<u>475.858</u>
Total cash and cash equivalents and financial investments	<u>360.997</u>	<u>486.908</u>	<u>398.504</u>	<u>506.268</u>

- 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 commitments, which mainly refer to investments in the Gaia platform, as described in Note 14.

Short-term investments with no grace period and short-term investments with a grace period of less than 87 days are remunerated with fixed income at an average rate of 102.6% (102.8% as of December 31, 2021) of the CDI. Cash management is carried out in accordance with the Company's Financial Management Policy approved by the Board of Directors as of July 23, 2021.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Trade receivables from:				
Clients - domestic market	248,419	243,435	249,018	243,753
Clients - Related parties	268	242	249	242
Trade receivables - Foreign market	23,883	33,035	23,883	33,035
Clients - renegotiation	2,892	10,902	2,892	10,902
	<u>275,462</u>	<u>287,614</u>	<u>276,042</u>	<u>287,932</u>
Estimates losses on trade receivables	<u>(11,155)</u>	<u>(30,452)</u>	<u>(11,155)</u>	<u>(30,464)</u>
	<u>264,307</u>	<u>257,162</u>	<u>264,887</u>	<u>257,468</u>
Current installment	263,012	255,039	263,592	255,345
Non-current installment	1,295	2,123	1,295	2,123

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

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Falling due (days):	254.674	247.689	255.215	247.952
Overdue up to 30 days	9.266	7.431	9.302	7.474
Overdue, 31-60 days	434	2.627	436	2.627
Overdue, 61-90 days	49	49	50	49
Overdue, 91-180 days	558	335	558	335
Overdue >180 days	10.481	29.483	10.481	29.495
	<u>275.462</u>	<u>287.614</u>	<u>276.042</u>	<u>287.932</u>

The Company records the provision for estimated losses on trade receivables for the relevant portion of accounts receivable overdue for more than 180 days. Provisions for impairment of accounts receivable are also recorded for notes falling due and overdue 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 obtained by the Company. Individual analyses are performed for those clients who do not yet have overdue notes, considering their credit risks. The following table provides information on the credit risk exposure and expected credit losses for individual trade receivables and contractual assets as of September 30, 2022:

Consolidated

Exposure to credit risk and credit losses

	Taxa média ponderada de perda estimada	Saldo contábil bruto em 30.09.2022	Provisão para perda estimada em 30.09.2022
Falling due (days):	0,22%	255.215	(559)
Overdue up to 30 days	0,32%	9.302	(30)
Overdue, 31-180 days	90,90%	1.044	(949)
Overdue >181 days	91,76%	10.481	(9.617)
		<u>276.042</u>	<u>(11.155)</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 historic data was collected, the current conditions and the Company's view on economic conditions over the expected life of the receivables.

The credit quality of financial assets that were neither past due nor impaired at September 30, 2022 was assessed with reference to historical information on default rates. In general, 97% of accounts receivable do not have a default history.

Changes in the allowance are as follows:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Balance at the beginning of the year	(30.452)	(30.535)	(30.464)	(30.814)
Provision for recognized losses	(494)	-	(482)	-
Accounts receivable written off during the period as uncollectible	19.791	-	19.791	-
Reversal of provision for recognized losses	-	83	-	350
Balance at year-end	<u>(11.155)</u>	<u>(30.452)</u>	<u>(11.155)</u>	<u>(30.464)</u>

A portion of receivables, amounting to R\$ 50,000, has been assigned as collateral for certain financing transactions (R\$ 83,793 as of December 31, 2021), as disclosed in Notes 16 and 17 as of September 30, 2022.

7. INVENTORIES

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Finished goods	47,425	59,353	49,396	60,213
Production materials	30,214	35,551	30,225	35,589
Consumable materials	27,973	26,367	28,320	26,520
Other inventories	446	736	446	736
	<u>106,058</u>	<u>122,007</u>	<u>108,387</u>	<u>123,058</u>

The Company did not recognize provisions for its inventories for the six-month period ended September 30, 2022.

Changes in the allowance are as follows:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Balance at the beginning of the year	-	(36)	-	(36)
Reversal of provision to net realizable value	-	36	-	36
Balance at year-end	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. RECOVERABLE TAXES AND INCOME AND SOCIAL CONTRIBUTION

a) Recoverable taxes

They are as follows:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Value-added Tax on sales and services (ICMS)	35.695	22.520	35.695	22.524
Social integration program PIS/ Social contribution on Revenues (COFINS)	17.839	9.551	17.839	9.556
Excise tax (IPI)	53	40	53	40
Income Tax Withheld at Source (IRRF) on investments	-	-	53	1
Others	544	1.061	576	1.061
	<u>54.131</u>	<u>33.172</u>	<u>54.216</u>	<u>33.182</u>
Current installment	19.974	20.888	20.059	20.898
Non-current installment	34.157	12.284	34.157	12.284

ICMS credits are basically credits on the acquisition of property, plant and equipment generated in relation to purchases of property, plant and equipment items of the Company and interstate acquisition of raw material by Resinas-RS unit that the Company sells to third parties. Additionally, during the first quarter of 2022, the Company recognized an extemporaneous ICMS credit related to the deemed credit in the state of Santa Catarina in the amount of R\$ 18,526, which has been offset monthly, with a positive impact on operating income before tax effects, net of legal fees, in the amount of R\$ 17,229.

PIS and COFINS credit balances are basically referring to credit on the acquisition of fixed assets generated in relation to the purchase of assets for the Company's property, plant and equipment, and which has been recovered in 24 or 48 installments according to the classification and use of the acquired assets

b) Recovered income and social contribution taxes

They are as follows:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Recoverable IRPJ	20,551	18,871	20,551	18,871
Recoverable CSLL	7,399	6,794	7,399	6,794
	<u>27,950</u>	<u>25,665</u>	<u>27,950</u>	<u>25,665</u>
Non-current installment	27,950	25,665	27,950	25,665

In 2013, the Company filed Ordinary Action No. 0042549-88.2013.4.01.3400/DF,

seeking, among other requests, the unenforceability of the IRPJ and CSLL on the amounts received as refund of taxes declared undue, especially regarding monetary correction and default interest over such refunds.

On September 27, 2021, STF judged the Extraordinary Appeal 1063187 RG/SC – Topic 962 with general repercussion, the levying of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional.

On October 19, 2021, the Company filed a request for Guardianship of Evidence with the TRF1 for the Appeal filed to be judged according to the understanding that the Federal Supreme Court (STF) adopted on the subject, which is awaiting analysis.

In view of the judgment mentioned above, in the context of general repercussion in the STF, and considering the probable favorable outcome of the Company’s lawsuit, in accordance with CPC 32/IAS 12 and ICPC 22/IFRIC 23, the Company recognized in 2021, as IRPJ and CSLL on the SELIC rate in the repetition of undue tax payments, the updated amount of R\$ 27,056. 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	
	09.30.22	12.31.21	09.30.22	12.31.21
Advances to suppliers	1.622	1.152	1.632	1.182
Receivables from employees	3.094	2.587	3.361	2.759
Rio Negro Propriedades Rurais e Participações S.A	4.003	4.003	4.003	4.003
São José Desenvolvimento Imobiliário 93 Ltda	25.650	-	25.650	-
Prepaid expenses	2.717	2.345	2.719	2.345
Receivable from lawsuit on abusive interest SP – Precatory	4.928	4.526	4.928	4.526
Other receivables	1.632	1.590	1.791	1.692
	<u>43.646</u>	<u>16.203</u>	<u>44.084</u>	<u>16.507</u>
Current installment	38.718	11.677	39.129	11.954
Non-current installment	4.928	4.526	4.955	4.553

The balance receivable from Rio Negro Propriedades Rurais e Participações S.A. consists of the sale of Rural Property in the year ended December 31, 2019, which the Company expects to make over the next 12 months.

The balance receivable from the lawsuit on abusive interest SP – Court-ordered debt payments (precatórios) refers to Ordinary Action No. 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 value the court-ordered debt payment issued on July 6, 2021 is R\$ 4,637, which the Company expects to realize by the end of 2023.

The balance receivable from São José Desenvolvimento Imobiliário 93 Ltda. refers to the sale of assets held for sale as disclosed in Note 10, realized in February of 2022.

10. NON-CURRENT ASSETS HELD FOR SALE

After a decision by the Company's Board of Directors, in September of 2019, the company discontinued the corrugated cardboard operations in the Vila Maria unit in São Paulo/SP.

In December 2019, a Private Instrument of Promise of Purchase and Sale was signed, for the sale of the industrial property where the corrugated cardboard packaging factory was located, in the amount of R\$ 41,200. The completion of the transaction is subject to the fulfillment of certain precedent condition that due to the COVID-19 pandemic, which imposed severe restrictions on the circulation of people and the operation of public bodies, were not fully complied with by the end of 2020. Facing this, the Company signed in December 2020 the addendum to the Private Instrument of Promise of Purchase and Sale stating the postponement of the deadline for the fulfilment of the referred precedent conditions.

In February 2022, the Company sealed the second addition to the Private Instrument of Promise of Purchase and Sale, related to the sale of the assets classified as non-current assets held for sale, ratifying the amount of R\$ 41,200, and adjusting the payment condition considering the amount received of R\$ 6,000 as initial installment, in February 2022, and the received amount in 12 monthly payments updated by variation of bank deposits ("DI"), as measured by the Custody and Financial Settlement Center for Private Securities ("CETIP"). The Company assesses that the precedent conditions still existing are close to being fulfilled and, considering the receipt of part of the sale price, it recognized the sale of all buildings and land in February 2022, the positive effect on profit (loss) before income tax was R\$ 3,383.

At a meeting of the Board of Directors on June 21, 2022, the Company sold machinery and equipment replaced by new equipment within the scope of the Gaia Platform.

These assets were evaluated by Management and classified as held for sale, based on their condition, the high probability of the sale and the Company's Management's commitment to carry out the sale.

(a) Impairment loss related to the group of assets held for sale

Provision for impairment was not recognized during the six-month period ended September 30, 2022.

(b) Assets held for sale

Buildings and land are stated at fair value less cost to sell, machinery and equipment are stated at acquisition cost less accumulated depreciation

Assets held for sale

	09.30.22	12.31.21
Buildings and land	-	41,200
Machines and equipment	2,562	-
Assets held for sale	<u>2,562</u>	<u>41,200</u>

(c) Accumulated gains and losses included in Other Comprehensive Income (ORA)

There are no accumulated gains or losses included in other comprehensive income related to this group held for sale.

(d) Measurement of fair values

The measurement of the fair value of R\$ 41,200 for the group of buildings and land was carried out based on the Private Instrument of Promise of Purchase and Sale mentioned above.

11. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

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 2022, 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 attributable cost of property, plant and equipment were recognized with an offsetting entry to equity.

ASSETS	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Deferred income tax assets				
On temporary provisions	6.899	8.327	6.899	8.327
On tax loss	-	20.490	60	20.514
Deferred social contribution assets				
On temporary provisions	2.483	2.997	2.483	2.997
On negative basis	-	7.376	22	7.385
	<u>9.382</u>	<u>39.190</u>	<u>9.464</u>	<u>39.223</u>
LIABILITEIS				
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	175	-	175	-
Fair value of biological assets	49,843	35,200	51,862	36,545
Deemed cost of property, plant and equipment	95,515	116,116	97,453	118,054
Government grant	2	32	2	32
Amortization of tax goodwill	25,158	25,158	25,158	25,158
Deferred social contribution liabilities				
Unrealized exchange-rate change on the cash basis	63	-	63	-
Fair value of biological assets	17,944	12,672	19,034	13,399
Deemed cost of property, plant and equipment	34,387	41,802	35,085	42,500
Government grant	1	11	1	11
Amortization of tax goodwill	9,057	9,057	9,057	9,057
	<u>232,145</u>	<u>240,048</u>	<u>237,890</u>	<u>244,756</u>
Deferred tax liabilities (net)	<u>222,763</u>	<u>200,858</u>	<u>228,426</u>	<u>205,533</u>

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

Parent company assets	Opening Balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21
Deferred tax assets regarding:			
Provision for sundry risks	(13,239)	1,915	(11,324)
Total temporary differences	(13,239)	1,915	(11,324)
Tax loss and negative basis	(65,993)	38,127	(27,866)
	<u>(79,232)</u>	<u>40,042</u>	<u>(39,190)</u>
Parent company assets	Opening Balance 01.01.22	Recognized in profit (loss)	Closing balance 09.30.22
Deferred tax assets regarding:			
Provision for sundry risks	(11,324)	1,942	(9,382)
Total temporary differences	(11,324)	1,942	(9,382)
Tax loss and negative basis	(27,866)	27,866	-
	<u>(39,190)</u>	<u>29,808</u>	<u>(9,382)</u>

Parent company liabilities	Opening balance	Recognized in profit (loss)	Closing balance	Recognized in profit (loss)	Closing balance
	01.01.21		12.31.21		09.30.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	238	238
Fair value of biological assets	39,704	8,168	47,872	19,915	67,787
Deemed cost and review of useful life	163,690	(5,772)	157,918	(28,016)	129,902
Government grant	54	(11)	43	(40)	3
Amortization of tax goodwill	34,215	-	34,215	-	34,215
	<u>238,076</u>	<u>1,972</u>	<u>240,048</u>	<u>(7,903)</u>	<u>232,145</u>

Consolidated assets	Opening Balance	Recognized in profit (loss)	Closing balance
	01.01.21		12.31.21
Deferred tax assets regarding:			
Provision for sundry risks	(13,239)	1,915	(11,324)
Total temporary differences	(13,239)	1,915	(11,324)
Tax loss and negative basis	(65,993)	38,094	(27,899)
	<u>(79,232)</u>	<u>40,009</u>	<u>(39,223)</u>

Consolidated assets	Saldo inicial	Reconhecido	Saldo final
	01.01.22	no resultado	09.30.22
Deferred tax assets regarding:			
Provision for sundry risks	(11,324)	1,942	(9,382)
Total temporary differences	(11,324)	1,942	(9,382)
Tax loss and negative basis	(27,899)	27,817	(82)
	<u>(39,223)</u>	<u>29,759</u>	<u>(9,464)</u>

Consolidated liabilities	Opening balance	Recognized in profit (loss)	Closing balance	Recognized in profit or loss	Closing balance
	01.01.21		12.31.21		09.30.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	238	238
Fair value of biological assets	41,335	8,609	49,944	20,952	70,896
Deemed cost and review of useful life	166,326	(5,772)	160,554	(28,016)	132,538
Government grant	54	(11)	43	(40)	3
Amortização ágio fiscal	34,215	-	34,215	-	34,215
	<u>242,343</u>	<u>2,413</u>	<u>244,756</u>	<u>(6,866)</u>	<u>237,890</u>

- (ii) During the year 2021, Iraflor Comércio de Madeiras Ltda. received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 5,317, paid through the merger of forest assets.

As of September 17, 2021, Irani Soluções para E-commerce Ltda. received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 331, paid in cash.

As of February 16, 2022, Irani Soluções para E-commerce Ltda, received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 1,615, paid in cash.

As of September 17, 2021, HGE Geração de Energia S.A. received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 20 paid in cash.

- (iii) On August 10, 2021, the Board of Directors of the Company 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 will be paid in in January 2023 or according to the subsidiary's cash needs.

13. INVESTMENT PROPERTY

Parent company

	Lands	Buildings	Total
31, December, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(174)	(174)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,696)	(2,696)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
September, 30, 2022			
Opening balance	18,686	2,681	21,367
Write-offs/Disposals	(162)	(2,564)	(2,726)
Depreciation	-	(117)	(117)
Book balance, net	<u>18,524</u>	<u>-</u>	<u>18,524</u>
Cost	18,524	2,813	21,337
Accumulated depreciation	-	(2,813)	(2,813)
Book balance, net	<u>18,524</u>	<u>-</u>	<u>18,524</u>

Consolidated

	Lands	Buildings	Total
31, December, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(174)	(174)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,696)	(2,696)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
September, 30, 2022			
Opening balance	18,686	2,681	21,367
Write-offs/Disposals	(162)	(2,564)	(2,726)
Depreciation	-	(117)	(117)
Book balance, net	<u>18,524</u>	<u>-</u>	<u>18,524</u>
Cost	18,524	2,813	21,337
Accumulated depreciation	-	(2,813)	(2,813)
Book balance, net	<u>18,524</u>	<u>-</u>	<u>18,524</u>

Land and buildings

Refers to:

- i. Land held by the Company for the future use or realization, located in the state of Rio Grande do Sul, and recognized at the cost of acquisition of R\$ 16,094. The areas were contributed to the Company together with the acquisition of São Roberto S.A., and are subject to a study for realization by use or sale.
- ii. Land received by the Company in exchange for receivables from clients in the amount of R\$2,432.
- iii. Consisted of buildings and land located in Rio Negrinho - Santa Catarina. At a meeting of the Board of Directors on August 1, 2022, the sale of all buildings and land was approved, for the amount of R\$10,000, fully received upon bookkeeping on August 9, 2022. The positive effect before taxes on profit was R\$7,274.

As of September 30, 2022, investment property was measured at historical cost. For disclosure purposes, the Company measured these properties at fair value, less possible costs to sell, in the amount of R\$39,161, Company and Consolidated, as of December 31, 2021. The valuation was made by independent and internal appraisers, using market evidence about the prices of transactions carried out with similar properties. The fair value hierarchy for valuations is level 2.

14. PROPERTY 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	Property, plant and equipment in	Total
December 31, 2021								
Opening balance	120,685	130,555	328,918	3,535	6,123	33,026	8,296	631,138
Acquisitions	-	2,055	16,069	2,581	2,952	354,090	-	377,747
Write-offs/Disposals	-	(173)	(5,452)	(1)	(120)	(10)	-	(5,756)
Transfers	-	373	19,318	-	131	(19,822)	-	-
Depreciation	-	(5,190)	(49,858)	(792)	(2,017)	-	(645)	(58,502)
PIS and COFINS credit	-	8	250	3	6	228	-	495
Transfers for right to use assets	-	-	-	(2,526)	(728)	-	-	(3,254)
Book balance, net	120,685	127,628	309,245	2,800	6,347	367,512	7,651	941,868
Cost	120,685	209,304	983,587	11,964	26,365	367,512	16,099	1,735,516
Accumulated depreciation	-	(81,676)	(674,342)	(9,163)	(20,019)	-	(8,448)	(793,648)
Book balance, net	120,685	127,628	309,245	2,801	6,346	367,512	7,651	941,868
September, 30, 2022								
Opening balance	120,685	127,628	309,245	2,801	6,346	367,512	7,651	941,868
Acquisitions	-	3,911	17,314	3,333	1,831	374,061	-	400,450
Write-offs/Disposals	(200)	-	(595)	-	(33)	-	(5)	(833)
Impairment reversal	-	-	3,151	219	504	-	-	3,874
Transfers	-	25,517	74,607	(93)	472	(100,503)	-	-
Depreciation	-	(4,334)	(33,134)	(829)	(1,629)	-	(832)	(40,758)
PIS and COFINS credit	-	2	58	-	1	97	-	158
Held for sale	-	-	(2,562)	-	-	-	-	(2,562)
Book balance, net	120,485	152,724	368,084	5,431	7,492	641,167	6,814	1,302,197
Cost	120,485	238,734	1,075,560	15,423	29,140	641,167	16,094	2,136,603
Accumulated depreciation	-	(86,010)	(707,476)	(9,992)	(21,648)	-	(9,280)	(834,406)
Book balance, net	120,485	152,724	368,084	5,431	7,492	641,167	6,814	1,302,197

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

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Property, plant and equipment in	Total
December 31, 2021								
Opening balance	136,869	131,348	329,014	3,863	6,154	33,298	8,296	648,842
Acquisitions	-	2,055	16,074	2,856	2,963	354,595	-	378,543
Write-offs/Disposals	-	(173)	(5,451)	(1)	(120)	(10)	-	(5,755)
Transfers	-	373	19,318	-	131	(19,822)	-	-
Depreciation	-	(5,350)	(49,891)	(895)	(2,034)	-	(645)	(58,815)
PIS and COFINS credit	-	8	250	3	6	228	-	495
Transfers for right to use assets	-	-	-	(2,526)	(728)	-	-	(3,254)
Book balance, net	136,869	128,261	309,314	3,300	6,372	368,289	7,651	960,056
Cost	136,869	213,730	983,862	13,327	26,882	368,289	16,099	1,759,058
Accumulated depreciation	-	(85,469)	(674,548)	(10,026)	(20,511)	-	(8,448)	(799,002)
Book balance, net	136,869	128,261	309,314	3,301	6,371	368,289	7,651	960,056
Write-offs/Disposals								
Impairment reversal	136,869	128,261	309,314	3,301	6,371	368,289	7,651	960,056
Transfers	-	3,987	17,349	3,333	1,843	374,166	-	400,678
Depreciation	(200)	-	(595)	-	(35)	-	(5)	(835)
Imob. em andamento de Terceiros	-	-	3,151	219	504	-	-	3,874
PIS and COFINS credit	-	26,026	74,877	(93)	492	(101,302)	-	-
	-	(4,456)	(33,162)	(930)	(1,638)	-	(832)	(41,018)
	-	2	58	-	1	97	-	158
Cost	-	-	(2,562)	-	-	-	-	(2,562)
Accumulated depreciation								
Book balance, net	136,669	153,820	368,430	5,830	7,538	641,250	6,814	1,320,351
Cost	136,669	243,745	1,076,140	16,786	29,687	641,250	16,094	2,160,371
Accumulated depreciation	-	(89,925)	(707,710)	(10,956)	(22,149)	-	(9,280)	(840,020)
Book balance, net	136,669	153,820	368,430	5,830	7,538	641,250	6,814	1,320,351

b) Breakdown of intangible assets

Parent company					Total
	Goodwill	Customer portfolio	Software	Software under development	
December 31, 2021					
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	243	589	832
Transfers	-	-	589	(589)	-
Amortization	-	-	(5,232)	-	(5,232)
PIS and COFINS credit	-	-	1	-	1
Book balance, net	104,380	-	31,959	-	136,339
Cost	104,380	5,347	54,346	-	164,073
Accumulated amortization	-	(5,347)	(22,387)	-	(27,734)
Book balance, net	104,380	-	31,959	-	136,339
September, 30, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	872	1,849	2,721
Write-offs/Disposals	-	-	(4)	-	(4)
Impairment reversal	-	-	19	-	19
Transfers	-	-	1,849	(1,849)	-
Amortization	-	-	(3,766)	-	(3,766)
Book balance, net	104,380	-	30,929	-	135,309
Cost	104,380	5,347	57,082	-	166,809
Accumulated amortization	-	(5,347)	(26,153)	-	(31,500)
Book balance, net	104,380	-	30,929	-	135,309
Consolidado					
December 31, 2021					
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	245	591	836
Transfers	-	-	591	(591)	-
Amortization	-	-	(5,236)	-	(5,236)
PIS and COFINS credit	-	-	1	-	1
Book balance, net	104,380	-	31,959	-	136,339
Cost	104,380	5,347	54,354	-	164,081
Accumulated amortization	-	(5,347)	(22,395)	-	(27,742)
Book balance, net	104,380	-	31,959	-	136,339
September, 30, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	872	1,849	2,721
Write-offs/Disposals	-	-	(4)	-	(4)
Impairment reversal	-	-	19	-	19
Transfers	-	-	1,849	(1,849)	-
Amortization	-	-	(3,766)	-	(3,766)
Book balance, net	104,380	-	30,929	-	135,309
Cost	104,380	5,347	57,090	-	166,817
Accumulated amortization	-	(5,347)	(26,161)	-	(31,508)
Book balance, net	104,380	-	30,929	-	135,309

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 (%)	
	09.30.22	12.31.21
Buildings and constructions *	2,73	2,73
Equipment and facilities	7,95	7,95
Furniture, fixtures and equipment	5,71	5,71
Vehicles and tractors	20,00	20,00
Software	20,00	20,00

* including weighted rates for leasehold 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 productive process, and the execution of the investments of Project Gaia I – Expansion of the Chemical's Recovery at Paper SC and of the project Gaia II – Expansion of Packaging SC.

During the nine-month period ended September 30, 2022, interest on financing in the amount of R\$ 23,592 and expenses with commission of letters of guarantee in the amount of R\$ 7,933 were capitalized, referring to Gaia Platform, considering that such assets under construction meet the criterion of qualifying assets that take substantial time to be ready.

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% (four percent) 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 incorporated by Irani Papel e Embalagem S.A.

The breakdown of the depreciation of property, plant and equipment in the nine-month period ended September 30, 2022 and in the nine-month period ended September 30, 2021 is as follows:

Property, plant and equipment

	Parent company		Consolidated	
	09.30.22	09.30.21	09.30.22	09.30.21
Administrative	811	1,107	936	1,228
Productive	39,947	43,099	40,082	43,215
	<u>40,758</u>	<u>44,206</u>	<u>41,018</u>	<u>44,443</u>

The breakdown of the amortization of intangible assets in the nine-month period ended September 30, 2022 and in the nine-month period ended September 30, 2021 is as follows:

Intangible assets

	Parent company		Consolidated	
	09.30.22	09.30.21	09.30.22	09.30.21
Administrative	1,024	837	1,024	837
Productive	2,742	3,184	2,742	3,184
	<u>3,766</u>	<u>4,021</u>	<u>3,766</u>	<u>4,021</u>

e) Impairment losses on property, plant and equipment

There was no need to recognize the impairment in the nine-month period ended September 30, 2022.

f) Assets pledged as collateral

The Company has property, plant and equipment pledged as collateral for financial transactions, which are presented in detail in notes 16 and 17.

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, 2021, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method. The recoverable value is based on the expected future profitability. 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 burden 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 Packaging Paper and Corrugated Cardboard	
Packaging (% of annual growth rate)	4.0%
Gross margin (% on net revenue)	40.0%
Estimated growth rate	5.0%
Discount Rate (WACC)	10.23%

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 full operation as a CGU for impairment testing purposes since its main packaging paper and corrugated cardboard packaging activities are integrated with each other. Similarly, the operations acquired in a business combination of São Roberto S.A. in 2013 arise from these segments, and joined the activities already exist in the Company, thus making it impossible to separate the CGU acquired for impairment testing purposes.

Goodwill is allocated to the business segment, which represents the lowest level at which goodwill is monitored by Management. The total amount of goodwill is allocated to the CGU represented by the Sustainable Packaging Paper (Paper) segment, which includes assets that do not generate cash flows independently.

The Company carried out a sensitivity analysis of discount and growth rates. Even considering an increase or decrease, respectively, of 10.0% in the discount rate and of 5.0% in the growth rate, in the aggregate, the recoverable amount continues higher than the book value.

15. 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 biological assets of the Company 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 adjustment at fair value on formation cost. Consequently, the balance of biological assets as a whole is recorded at fair value as follows:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Cost of formation of biological assets	62,766	52,118	94,391	85,089
Fair value difference biological assets	121,036	57,680	211,859	133,967
	183,802	109,798	306,250	219,056

Of the total consolidated biological assets, R\$ 257,264 (R\$ 182,691 at December 31, 2021) 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\$ 219,795 (R\$ 137,512 at December 31, 2021) 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\$48,986 (R\$36,365 as of December 31, 2021), 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.

The consolidated biological assets used for the production of resins and log sales represent R\$ 48,986 (R\$ 36,365 as of December 31, 2021), and are located on the coast of Rio Grande do Sul. The resin extraction is performed according to the capacity of the generation of this product by the existing forest, and the extraction of wood for sale of logs is due to the supply demand in the region.

a) Assumptions for recognizing fair value less costs incurred with the sale 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 - 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, which are 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 (IMA). 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) Planting expenditures used are the formation costs of biological assets practiced by the Company;
- vi) The depletion of biological assets is calculated based on their average fair value of biological assets, multiplied by the volume harvested in the period;
- vii) 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 in the fair value of biological assets
	09.30.22	12.31.21	
Planted area (hectares)	15,312	15,155	If the assumption increases, the fair value also i
Remuneration of own contributing assets SC- %	4.84%	4.84%	If the assumption increases, the fair value decre
Remuneration of own contributing assets RS - %	4.50%	4.50%	If the assumption increases, the fair value decre
Discount rate - Own Forests RS - %	7.50%	7.50%	If the assumption increases, the fair value decre
Discount rate - Own Forests RS - %	8.00%	8.00%	If the assumption increases, the fair value decre
Discount rate - Partnerships - %	8.50%	8.50%	If the assumption increases, the fair value decre
Net Average Sales Price (m³)	95.00	74.00	If the assumption increases, the fair value also i
Average annual increase (IMA) - Santa Catarina Forests (*)	38.0	38.0	If the assumption increases, the fair value also i
Average annual increase (IMA) - Rio Grande do Sul Forests (*)	21.9	21.9	If the assumption increases, the fair value also i

* The Average Annual Increase (IMA) 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 IMA is measured in m³ per hectare/year and restated 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 period's main movements are shown below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at 12.31.20	73,985	177,684
Planting	6,060	9,625
Acquisition of forest	9,889	9,889
Depletion		
Historical cost	(2,525)	(6,537)
Fair value	(983)	(15,454)
Transfer for capitalization in subsidiary Iraflor	(5,317)	-
Changes in the fair value	28,689	43,849
Balance at 12.31.20	<u>109,798</u>	<u>219,056</u>
Planting	5,700	8,535
Acquisition of forest	6,142	6,142
Depletion		
Historical cost	(1,194)	(6,256)
Fair value	(1,295)	(20,022)
Changes in the fair value	64,651	98,795
Balance at 09.30.22	<u>183,802</u>	<u>306,250</u>

Depletion of biological assets in the nine-month period ended September 30, 2022 and in nine-month period ended September 30, 2021 was recognized in the 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 the year of 2021, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R\$ 5,317, was authorized, and had the ultimate purpose of improving the management of forestry assets

b) Biological assets pledged as collateral

Part of the biological assets of the Company and its subsidiaries as disclosed in Note 17, is pledged as collateral for financing transactions

c) 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 in third-party land is approximately 1.5 thousand hectares and currently represents approximately 9.82% of the total area with the Company's biological assets. The lease liabilities are presented in Note 33.

16. LOANS AND FINANCING

a) Breakdown of book balances

	Annual charges %	Moeda	Parent company		Consolidated	
			09.30.22	12.31.21	09.30.22	12.31.21
Current						
Domestic currency						
Finame	Fixed at 3,74%, TJLP + 5,10%, Selic + 3,73%, IPCA + 6,24%	Real	8,556	5,788	8,556	5,788
Working capital	149,5% and CDI	Real	-	34,906	-	34,906
Total local currency			8,556	40,694	8,556	40,694
Foreign currency						
Advance on Exchange Contract	Fixed rate at 4,45%	Dólar	41,271	28,448	41,271	28,448
Total foreign currency			41,271	28,448	41,271	28,448
Total current			49,827	69,142	49,827	69,142
Non-current						
Domestic currency						
Finame	Fixed rate 3,74%, TJLP + 5,10%, Selic + 3,73%, IPCA + 6,24%	Real	412,732	236,862	412,732	236,862
Total local currency			412,732	236,862	412,732	236,862
Total non-current			412,732	236,862	412,732	236,862
Total			462,559	306,004	462,559	306,004
			Parent company		Consolidated	
			09.30.22	12.31.21	09.30.22	12.31.21
<u>Long-term maturity dates:</u>						
2023			61	294	61	294
2024			55	51	55	51
2025			18,194	18,194	18,194	18,194
2026			31,740	18,194	31,740	18,194
>2027			362,682	200,129	362,682	200,129
			412,732	236,862	412,732	236,862

b) Significant transactions in the period

According to a Material Fact dated May 28, 2021, the Company's Board of Directors approved the contracting of financing with Agência Especial de Financiamento Industrial S.A. - FINAME (BNDES), in the amount of up to R\$ 484,000, to be used in the execution of the planned investments in the Gaia Platform. The granting of financing to the Company was approved by the FINAME Executive Board on May 27, 2021, under the credit facility named FINAME DIRETO, and the term for use is two (2) years and can be used for another year.

The operation has a total term of 16 years: 3 years are the grace period for amortization of principal. Interest is payable semi-annually during the grace period and amortization period.

The effective interest, which considers the cost of BNDES and commission of the letters of guarantee for the operation is IPCA + 6.24% p.a.

Funds will be inflows will be granted when gaia platform is acquired and paid for. By September 30, 2022, two partial releases totaled R\$412,615, the first of which during the fourth quarter of 2021, in the amount of R\$236,517, and the second during the second quarter of 2022, in the amount of R\$176,099.

The inflow of funds will occur upon release requests, as the acquisitions and payment for the Gaia Platform equipment are made. Up to September 30, 2022, there were two partial releases totaling R\$ 412,615, the first during 4Q21, in the amount of R\$ 236,517, and the second during 2Q22, in the amount of R\$ 176,099.

c) Guarantees

The Company maintains as collateral for the borrowing and financing operations the lien of machinery and equipment.

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

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

17. DEBENTURES

a) 3rd issue of simple public debentures

In accordance with the Material Fact disclosed on July 31, 2019, the distribution of simple, unsecured, debentures, non-convertible into shares, was carried out, it was comprised by 505,000 debentures, with unit face value of R\$ 1.00, totaling, on the issuance date, the amount of R\$ 505,000, with the subsequent cancellation of unsubscribed or paid-up debentures. The debentures have final maturity as of July 19, 2025 and amortization in 3 annual installments as of July 19, 2023.

The 3rd Issuance of Simple Public 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, based on the June 2018 Green Bond Principles guidelines. The Issuance is Traded on the secondary market under the ticker CELU13.

b) 4th Issue of simple private debentures

According to the Minutes of the Board Meeting held on March 2, 2021, the 4th Issuance of Simple Debentures, not convertible into shares, in a single series, of the type with real guarantee for private placement and a unit 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 as of 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 Issuance will be 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 force and/or effective, as applicable and required by the Social and Environmental Legislation.

The 4th Issuance 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, 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 Issuance of Simple Private Debentures from IPCA + 5.5% per annum, to CDI + 0.71% per annum, pursuant to Note 18.

c) Breakdown of book balances

Current	Issue	Annual Charges %	Parent company and Consolidated	
			09.30.22	12.31.21
In domestic currency				
3rd Issuance of Debentures	19.07.19	CDI + 4.50% a.a.	183,489	22,072
4th Issuance of Debentures	03.03.21	IPCA + 5,50% a.a	1,029	118
Total current			184,518	22,190
Non-current				
In domestic currency				
3rd Issuance of Debentures	19.07.19	CDI + 4.50% a.a.	333,694	499,836
4th Issuance of Debentures	03.03.21	IPCA + 5,50% a.a	67,339	64,291
Total non-current			401,033	564,127
			585,551	586,317

Vencimentos a longo prazo:	Parent company and Consolidated	
	09.30.22	12.31.21
2023	111,231	166,612
2024	111,231	166,612
2025	111,231	166,612
2026	16,835	16,073
>2027	50,505	48,218
	401,033	564,127

d) Schedule for amortization of funding costs

	<u>Issue</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>>2027</u>	<u>Total</u>
In domestic currency								
3 rd Issuance of Debent	07.19.19	787	2,743	1,764	657	-	-	5,951
4 th Issuance of Debent	03.03.21	13	62	80	101	87	97	440
Total local currency		800	2,805	1,844	758	87	97	6,391

e) Guarantees

- i) The 3rd Issuance of Simple Public Debentures has guarantees, as follows:
- Statutory lien of forest assets (6,740.39 hectares of commercial timber plantations, including Pinus and Eucalyptus plantations).
 - Statutory lien of the Pulp and Paper Plant located in Vila Campina da Alegria, Vargem Bonita.
 - Statutory lien of machinery and equipment owned by the Issuer, located in said plant
 - Statutory lien of rural properties (land), located in the cities of Ponte Serrada, Catanduvas, Água Doce, Irani and Vargem Bonita.
 - Fiduciary assignment of credit rights arising from sales in the amount of R\$ 50,000.
- ii) The 4th Issuance 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

As of September 30, 2022 there was no need to measure financial ratios because they are annually measured as provided for in the contract. The financial ratios calculated in the last year comply with the clauses and are disclosed in the financial statements as of December 31, 2021.

18. 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 Issuance of Debentures whose amount on the issuance date was R\$ 60,000 from IPCA + 5.50% p.a. to CDI + 0.71% p.a. The converted rate of CDI + 0.71% pa is far below the interest rate of the 3rd Issue of Debentures that was issued at CDI + 4.50% p.a., and, at the end of 4Q21, it was being

traded at CDI + 2.45% p.a. on the secondary market. 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 will be diluted over the life of the 4th Issuance 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 as of June 30, 2022 and changes of this swap operation in the nine-month period ended September 30, 2022 are as follows:

Maturity	Asset position – IPCA+	Liability position CDI+	Notional	Fair value swap - asset position	Fair value swap - liability position	Loss
December 15, 2029	5.50%	0.71%	66,225	63,348	63,474	(126)

Changes in the derivative financial instrument - *swap*:

Parent company and Consolidated

	Asset position	Liability position
December 31, 2020	-	-
Losses in the year (recognition in profit (loss))	-	483
Amortization	-	(64)
December 31, 2021	-	419
Losses in the year (recognition in profit (loss))	-	1,502
Amortization	-	(1,795)
September 30, 2022	-	126
Current Portion	-	16
Non-current Portion	-	110

19. SUPPLIERS

Trade payables consist of obligations to suppliers, as follows:

CURRENT	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Internal	168,594	129,243	169,592	130,086
External	2,301	3,632	2,301	3,632
Related parties	19,205	18,167	-	-
	190,100	151,042	171,893	133,718

20. RELATED PARTIES

Parent company

	Créditos a receber		Contas a pagar	
	09.30.22	12.31.21	09.30.22	12.31.21
Habitasul Florestal S.A.	-	-	559	5,086
Iraflor - Com. de Madeiras Ltda	-	-	18,664	13,082
Irani Soluções para E-Commerce Ltda.	19	-	-	-
Companhia Habitasul de Participações	249	242	-	-
Habitasul Desenvolvidos Imobiliários	-	-	-	-
Irani Participações S/A	-	-	-	-
Companhia Comercial de Imóveis	-	-	-	-
MCFD Administração de Imóveis Ltda	-	-	-	-
PFD Administradora de Imóveis Ltda.	-	-	-	-
Management remuneration	-	-	1,109	2,570
Management profit sharing	-	-	14,289	12,509
Long-term profit sharing - "Upside"	-	-	8,711	6,405
Total	268	242	43,332	39,652
Current installment	268	242	29,043	27,143
Non-current Portion	-	-	14,289	12,509

Consolidated

	Receivables		Accounts payable		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Nine-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21	09.30.22	09.30.21	09.30.22	09.30.21
Companhia Habitasul de Participações	747	660	-	-	2,220	1,720	-	-
Habitasul Desenvolvidos Imobiliários	-	-	2,095	3,341	-	-	20,262	14,718
Iraflor - Com. de Madeiras Ltda	-	-	7,149	2,376	-	-	21,263	11,093
Irani Soluções para E-Commerce	29	30	-	-	48	96	-	-
MCFD Administração de Imóveis Ltda	-	-	543	461	-	-	1,629	1,383
PFD Administradora de Imóveis Ltda	-	-	543	461	-	-	1,629	1,383
Irani Participações S/A	-	-	-	-	-	-	-	-
Habitasul Desenvolvidos Imobiliários	-	-	-	60	-	-	-	200
Participação dos administradores	-	-	1,912	7,336	-	-	13,127	13,006
Management profit sharing	-	-	3,212	3,055	-	-	9,454	8,969
Total	776	690	15,454	17,090	2,268	1,816	67,364	50,752

Consolidated

	Receivables		Accounts payable		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Nine-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21	09.30.22	09.30.21	09.30.22	09.30.21
MCFD Administração de Imóveis Ltda	-	-	543	461	-	-	1,629	1,383
PFD Administradora de Imóveis Ltda	-	-	543	461	-	-	1,629	1,383
Companhia Habitasul de Participações	747	660	-	-	2,220	1,720	-	-
Management remuneration	-	-	3,227	3,070	-	-	9,499	9,014
Habitasul Desenvolvidos Imobiliários	-	-	-	60	-	-	-	200
Management profit sharing	-	-	1,912	7,336	-	-	13,127	13,006
Total	747	660	6,225	11,388	2,220	1,720	25,884	24,986

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. Said operations were 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 Administradora 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\$ 199 as of January 2022. 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 the Note 33. This operation was approved by the Company's Board of Directors, as provided for in the Related Party Transactions policy.

In the nine-month period ended September 30, 2022, management fee expenses, excluding payroll charges and including benefits, totaled R\$ 9,454 in the parent company (R\$ 8,969 in the nine-month period ended September 30, 2021), and R\$ 9,499 in the consolidated in the nine-month period ended September 30, 2022 (R\$ 9,014 in the nine-month period ended September 30, 2021). The total management remuneration proposed, in the maximum amount of R\$ 17,000, was approved at the Ordinary General Meeting held on April 28, 2022.

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 income, or their annual remuneration, if this limit is lower.

The sharing in the Long-Term Results - Upside, refers to the allocation for payment of a portion of the Management profit sharing to be distributed to those participating in the program, as approved by the Company's Board of Directors as of November 20, 2019. This is not a Stock Option plan.

The amount receivable from Companhia Habitusul 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.

21. TAXES IN INSTALLMENTS

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Current				
PIS installment payment	1,039	1,293	1,039	1,293
COFINS Installment	4,788	5,958	4,788	5,958
IPI Installment	1,156	1,073	1,156	1,073
Installment payment of ICMS	750	695	750	695
Social Security installment - RAT	7	62	7	62
	<u>7,740</u>	<u>9,081</u>	<u>7,740</u>	<u>9,081</u>
Non-current				
PIS installment payment	-	647	-	647
COFINS Installment	-	2,979	-	2,979
IPI Installment	1,639	2,325	1,639	2,325
Installment payment of ICMS	1,282	1,711	1,282	1,711
	<u>2,921</u>	<u>7,662</u>	<u>2,921</u>	<u>7,662</u>
Total installments	<u>10,661</u>	<u>16,743</u>	<u>10,661</u>	<u>16,743</u>

This is mainly a PIS and COFINS installment payment in which the Company made offsettings that originated the exclusion of ICMS from the basis of said contributions. The Company maintained a provision for contingencies in relation to the matter, and due to the delay and indecision regarding the modulation of the effects of the judgment in a general repercussion by the Federal Supreme Court (STF), it opted for its installment payment in July 2018. The total tax amount paid in installments was R\$ 25,219 (R\$ 31,349, updated with fine and interest), which was paid in 60 months.

In the first quarter of 2020, the Company reversed the provision for tax contingencies recognized in 2017, referring to IPI credit originally recognized by a larger amount. The total tax amount paid in installments was R\$ 3,548 (R\$ 4,864, updated with fine and interest)

In the second quarter of 2020, the Company divided in 60 monthly installments ICMS debits with the São Paulo state, referring to March to May 2020. The total tax amount paid in installments was R\$ 3,174 (R\$ 3,371, updated with fine and interest).

22. 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 provisions recorded for civil, labor and tax contingencies are sufficient to cover probable losses.

Breakdown of the balance of the allowance:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Civil provisions	2,641	2,742	2,641	2,742
Labor provisions	5,321	4,795	5,452	5,145
Tax contingencies	13,370	11,926	13,370	11,926
Total	21,332	19,463	21,463	19,813

Details about movements in provisions:

	01.01.22	Provision	Payments	Reversal	Restricted judicial deposits	09.30.22
	Parent company					
Civil	2,742	177	(96)	(182)	-	2,641
Labor	4,795	1,296	(881)	(29)	140	5,321
Tax	11,926	3,019	-	(1,575)	-	13,370
	<u>19,463</u>	<u>4,492</u>	<u>(977)</u>	<u>(1,786)</u>	<u>140</u>	<u>21,332</u>
Consolidated						
Civil	2,742	177	(96)	(182)	-	2,641
Labor	5,145	1,298	(881)	(250)	140	5,452
Tax	11,926	3,019	-	(1,575)	-	13,370
	<u>19,813</u>	<u>4,494</u>	<u>(977)</u>	<u>(2,007)</u>	<u>140</u>	<u>21,463</u>
Controladora						
Cível	2.742	177	(96)	(182)	-	2.641
Trabalhista	4.795	1.296	(881)	(29)	140	5.321
Tributária	11.926	3.019	-	(1.575)	-	13.370
	<u>19.463</u>	<u>4.492</u>	<u>(977)</u>	<u>(1.786)</u>	<u>140</u>	<u>21.332</u>
Consolidado						
Cível	2.742	177	(96)	(182)	-	2.641
Trabalhista	5.145	1.298	(881)	(250)	140	5.452
Tributária	11.926	3.019	-	(1.575)	-	13.370
	<u>19.813</u>	<u>4.494</u>	<u>(977)</u>	<u>(2.007)</u>	<u>140</u>	<u>21.463</u>

The provisions recorded are mainly related to:

- a) Civil lawsuits relate, among other matters, to indemnification claims due to commercial representation contractual terminations. As of September 30, 2022, the provision for possible convictions in these lawsuits totaled R\$ 2,641 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\$ 5,452 in the consolidated as of September 30, 2022, which is considered sufficient to cover probable losses arising from labor losses.
- c) Tax provisions totaled R\$13,370 as of September 30, 2022 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 were not started since the Company is awaiting authorization from the Environmental Bodies and for its strategic market reasons. The amount recognized up to September 30, 2022 totaled R\$ 8,954, and a related provision for tax risks was recorded, at the adjusted amount of R\$ 11,941.
 - ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R\$ 984. 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 September 30, 2022 and December 31, 2021, the amounts of these possible contingencies of a labor, civil, environmental and tax nature were as follows:

	Consolidated	
	09.30.22	12.31.21
Labor contingencies	28,108	29,734
Civil contingencies	9,619	8,598
Tax contingencies	152,330	142,987
-	190,057	181,319

Labor contingencies:

The labor lawsuits assessed by Management and its legal advisors as involving possible losses totaled R\$ 28,108 at September 30, 2022. 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, additional, 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\$ 9,619 at September 30, 2022, and relate mainly to indemnity claims that are currently at different procedural stages.

Tax liabilities contingencies:

The tax lawsuits assessed by management and its legal counsel as involving possible losses totaled R\$ 152,330 at September 30, 2022, and mainly include the following:

- Administrative and judicial proceedings relating to assessments 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\$ 51,748 at September 30, 2022. 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\$ 41,570 at September 30, 2022. The Company has challenged these assessments at the administrative and legal level and awaits the respective trials
- Administrative and judicial proceedings filed by the National Institute of Social Security (INSS), with respect to a Debt Assessment Notice referring to the payment of social security contribution on the gross revenue from sales of the production of agro-industrial companies, and the offset of debts against credits arising from the application of a higher Environmental Occupational Risk (RAT) rate at the Company's Administrative Units regarding the INSS tax assessment notice from write-off of debits and from these credit debits of the same type totaled R\$ 15,973 a of September 30, 2022. 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\$ 6,443 at September 30, 2022. The Company is challenging this tax assessment at the judicial level.

- Proceedings relating to Tax Assessment Notices issued for the offset of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) against credits from the same taxes, amounting to R\$ 3,438 at September 30, 2022. The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Fiscal notification which objects 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 net profit of each year. The Brazilian Revenue Service understood that the reductions, with an increase of fiscal loss, originated in fiscal 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 value of the fiscal notification fine is R\$ 324. In the case of the Company not receiving a favorable decision, there will be additional reflection of reversion of fiscal loss by goodwill amortization used in the period, which results in a reduction of approximately R\$ 19,551 of asset IRPJ and CSLL over the amortized goodwill value.

Contingencies tax assets:

On June 7, 2021, the STF closed the judgement regarding the theme n. 304, in terms of general repercussion, declaring unconstitutional the articles. 47 and 48 of Law 11.196/2005, which prohibit the calculation of PIS and COFINS credits in the acquisition of recyclable products/raw materials. In 2015, the Company filed Preventive Writ of Mandamus No. 5035028-10.2015.4.04.7100, seeking the right to use PIS and COFINS credits arising from the acquisition of “waste, residues and scraps” due to the unconstitutionality of art. 47 of Law No. 11.196/05. The aforementioned judicial measure had an Extraordinary Appeal before the STF and, given the matter being addressed with in the General Repercussion Seat No. 304, determined the return of the Company's case to TRF4 to wait, suspended, until the judgment of the "leading case". Thus, the Company filed, on August 23, 2021, with the TRF4, a Request for Retraction to adapt the judgment handed down in case No. 5035028-10.2015.4.04.7100 to the STF Decision, which is awaiting analysis. The Company estimates the gain this lawsuit between R\$ 170,000 and R\$ 185,000, net of attorney's fees, considering the period of five years prior to the filing of the lawsuit and that there will be no modulation of effects that will affect the Company's rights. The amount previously mentioned may change due to the inexistence of a final decision in the action filed by the Company, as well as in the event of modulation of effects in the scope of the "leading case". The Company's lawsuit, according to the Company's legal advisors, has a probable probability of success, characterized as contingent asset. As it is a contingent asset and, the estimated gain on the lawsuit was not recognized in the Company's financial statements

23. EQUITY

a) Capital Social

The capital as of September 30, 2022 is R\$ 566,895 (R\$ 566,895 as of December 31, 2021), comprised on September 30, 2022 by 246,359,319 common nominative shares with no par value (256,720,235 common shares with no par value on December 31, 2021).

The amount of capital, net of share issue costs of R\$ 22,961 is R\$ 543,934 as of September 30, 2022 (R\$ 543,934 as of December 31, 2021).

b) Shareholders' remuneration

i) Interim dividends

In accordance with the Dividend Distribution and Payment of Interest on the Company's Shareholders' Equity Policy, which determines the quarterly distribution of the equivalent of 25% of the net profit determined in the Financial Statements, calculated in accordance with articles 22 to 29 of the Company's Bylaws, the interim dividends for the 3rd Quarter of 2022 to be approved by the Board of Directors will be R\$ 23,568.

The Board of Directors approved, on August 3, 2022, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the income calculated in the second quarter of 2022, in the amount of R\$ 23,626, corresponding to R\$ 0.0956838 per common share, to shareholders holding shares issued by the Company on August 6, 2022, paid on August 25, 2022. The Interim Dividends – 2 the Quarter of 2022 distributed will be allocated to the minimum mandatory dividend eventually declared by the Company's Annual General Meeting that approves the management accounts for the year 2022, as provided for in the aforementioned Article 29, head provision, of the Company's Bylaws.

The Board of Directors approved, on May 3, 2022, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the income calculated in the first quarter of 2022, in the amount of R\$ 24,813, corresponding to R\$ 0.0996056 per common share, to shareholders holding shares issued by the Company on May 6, 2022, paid on May 25, 2022. The Interim Dividends - 1st Quarter of 2022 distributed will be allocated to the minimum mandatory dividend eventually declared by the Company's Annual General Meeting that approves the management accounts for the year 2022, as provided for in the aforementioned Article 29, head provision, of the Company's Bylaws.

The Board of Directors approved, on March 03, 2022, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the income calculated in the fourth quarter of 2021, in the amount of R\$ 15,892, corresponding to R\$ 0.0634698 per common share, to shareholders holding shares issued by the Company on March 08, 2022, paid on March 24, 2022. The Interim Dividends – 4 the Quarter of

2021 distributed will be allocated to the minimum mandatory dividend eventually declared by the Company's Annual General Meeting that approves the management accounts for the year 2021, as provided for in the aforementioned Article 29, head provision, of the Company's Bylaws.

ii) Proposed additional dividends

At the Annual and Extraordinary Shareholders' Meeting on April 28, 2022, additional dividends were approved for the year 2021 in the total amount of R\$ 70,888, with the dividend per share of R\$ 0.2845563, paid on May 18, 2022.

c) Treasury shares

Treasury shares

	Parent company			
	09.30.22		12.31.21	
	Quant.	Valor	Quant.	Valor
i) Share repurchase program in 2011	-	-	24,000	30
iii) Withdrawal right	-	-	2,352,116	6,804
iii) Share repurchase program in 2021	-	-	2,790,000	18,565
iv) Share repurchase program 2022	936,000	7,163	-	-
	<u>936,000</u>	<u>7,163</u>	<u>5,166,116</u>	<u>25,399</u>

i) Share repurchase program in 2011: its purpose was to maximize the value of the shares to shareholders, with a deadline of 365 days for the performance of the transaction, up to November 23, 2011; therefore, this program was discontinued.

ii) Withdrawal right: the shares acquired were subject to changes in the advantages assigned to the Company's preferred shares, as resolved at the Ordinary and Extraordinary General Meeting held on April 19, 2012 and translation of preferred shares into common shares on October 08, 2020. The holders of the dissenting preferred shares were entitled to withdraw from the Company by reimbursing the value of the shares based on the equity value recorded in the balance sheet for the year ended December 31, 2011 and December 31, 2019.

iii) 2021 share repurchase program: The Company's Board of Directors approved the 2021 Share Buyback Program on September 27, 2021, which came into effect on October 1, 2021 and ends on March 31, 2023, with an acquisition limit of up to 8,216,880 common shares, representing 7.76 % 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.

iv) 2022 share repurchase program: The Company's Board of Directors approved the 2022 Share Buyback Program on August 17, 2022, 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

Cancellation of treasury shares: The Company's Board of Directors approved on August 17, 2022 the cancellation of 10,360,916 ordinary shares, with no par value, issued by the Company, held in treasury on August 17, 2022, with no decrease in the Company's share capital.

Changes in treasury shares are shown in the table below:

	Parent company							
	12.31.21		Aquisitions		Cancel		09.30.22	
	Quant.	Valor	Quant.	Valor	Quant.	Valor	Quant.	Valor
i) Share repurchase program in 2011	24,000	30	-	-	(24,000)	(30)	-	-
iii) Withdrawal right	2,352,116	6,804	-	-	(2,352,116)	(6,804)	-	-
iii) Share repurchase program in 2021	2,790,000	18,565	5,194,800	34,829	(7,984,800)	(53,394)	-	-
iv) Share repurchase program 2022	-	-	936,000	7,163	-	-	936,000	7,163
	<u>5,166,116</u>	<u>25,399</u>	<u>6,130,800</u>	<u>41,992</u>	<u>(10,360,916)</u>	<u>(60,228)</u>	<u>936,000</u>	<u>7,163</u>

d) Profit reserves

Profit reserves consist of: i) legal reserve, ii) biological assets reserve, iii) appropriated retained earnings, iv) tax incentive reserves.

i) In compliance with the Company's Bylaws, the legal reserve is formed through the allocation of 5% of net income 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 Special Shareholders' 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 Annual Shareholders' 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 net income from previous years derived from government grants for investments for the modernization and

expansion of paper production capacity in Minas Gerais and expansion of industrial unit located in Santa Catarina, and is excluded from basis of mandatory dividend.

e) Equity valuation 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 September 30, 2022 corresponds to credit balance of R\$ 139,102 (R\$ 145,812 as of December 31, 2021).

Changes in asset and liability valuation adjustments are shown in the table below:

	<u>Consolidated</u>
December 31, 2020	<u>154,759</u>
Realization - deemed cost	<u>(8,947)</u>
December 31, 2021	<u>145,812</u>
Realization - deemed cost	<u>(6,710)</u>
December 31, 2022	<u>139,102</u>

24. INCOME PER SHARE

The basic and diluted earnings (loss) per share are calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of shares available during the period. 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 income (loss):

Parent Company and Consolidated

	Three-month period ended September 30, 2022	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	246,893,452	246,893,452
Income for the attributable year to each type of shares	95,530	95,530
Basic and diluted profit per share - R\$	0.3869	

Parent Company and Consolidated

	Three-month period ended September 30, 2021	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	254,344,119	254,344,119
Income for the attributable year to each type of shares	97,595	97,595
Basic and diluted profit per share - R\$	0.3837	

Parent Company and Consolidated

	Three-month period ended September 30, 2022	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	248,931,475	248,931,475
Income for the attributable year to each type of shares	292,291	292,291
Basic and diluted profit per share - R\$	1.1742	

Parent Company and Consolidated

	Three-month period ended September 30, 2021	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	254,344,119	254,344,119
Income for the attributable year to each type of shares	221,989	221,989
Basic and diluted profit per share - R\$	0.8728	

25. NET SALES REVENUE

The Company's net revenue is as follows:

	Parent Company		Parent Company	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Gross revenue from sales of products	560,756	551,881	1,614,023	1,517,891
Sales taxes	(117,052)	(116,686)	(324,029)	(317,904)
Sales returns	(5,302)	(4,364)	(18,008)	(12,240)
Net sales revenue	<u>438,402</u>	<u>430,831</u>	<u>1,271,986</u>	<u>1,187,747</u>

	Consolidated		Consolidated	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Gross revenue from sales of products	563,968	553,631	1,620,815	1,522,185
Sales taxes	(117,242)	(116,791)	(324,434)	(318,155)
Sales returns	(5,321)	(4,372)	(18,125)	(12,264)
Net sales revenue	<u>441,405</u>	<u>432,468</u>	<u>1,278,256</u>	<u>1,191,766</u>

The Company's revenues are recognized when performance obligations are met, which generally occurs when products are delivered to clients 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 31.

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

26. COSTS AND EXPENSES BY NATURE

The breakdown of expenses by nature is as follows:

	Parent Company		Parent Company	
	Three-month period ended		Three-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Fixed and variable costs (raw and consumption material)	(223,725)	(226,014)	(634,745)	(650,144)
Personnel expenditures	(40,827)	(37,514)	(121,558)	(107,013)
Changes in fair value of biological assets	27,619	11,549	64,651	24,091
Depreciation, amortization and depletion	(18,875)	(18,433)	(53,560)	(54,349)
Freight - Sales	(21,664)	(14,545)	(62,474)	(41,459)
Services contracted	(10,537)	(9,445)	(34,265)	(26,369)
Other selling expenses	(14,436)	(14,530)	(37,014)	(35,489)
Total costs and expenses by type	(302,445)	(308,932)	(878,965)	(890,732)
Cost of goods sold	(269,203)	(266,282)	(767,479)	(772,052)
Change in fair value of biological assets	27,619	11,549	64,651	24,091
From sales	(35,621)	(28,969)	(98,927)	(76,922)
Impairment losses on trade receivables	(479)	(106)	(561)	(26)
General and administrative	(22,849)	(17,788)	(63,522)	(52,817)
Management participation	(1,912)	(7,336)	(13,127)	(13,006)
Total costs and expenses	(302,445)	(308,932)	(878,965)	(890,732)
	Consolidated		Consolidated	
	Three-month period ended		Three-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Fixed and variable costs (raw and consumption material)	(215,046)	(219,526)	(602,345)	(624,935)
Personnel expenditures	(44,064)	(41,868)	(125,073)	(116,853)
Changes in fair value of biological assets	37,571	14,855	98,795	40,735
Depreciation, amortization and depletion	(26,979)	(22,405)	(77,609)	(66,816)
Freight - Sales	(22,433)	(14,545)	(64,186)	(42,444)
Services contracted	(10,947)	(9,445)	(34,930)	(27,434)
Other selling expenses	(14,619)	(15,104)	(37,372)	(35,951)
Total costs and expenses by type	(296,517)	(308,038)	(842,720)	(873,698)
Cost of goods sold	(271,785)	(267,426)	(761,752)	(768,550)
Change in fair value of biological assets	37,571	14,855	98,795	40,735
From sales	(36,597)	(29,593)	(101,008)	(78,419)
Impairment losses on trade receivables	(455)	(56)	(550)	24
General and administrative	(23,339)	(18,482)	(65,078)	(54,482)
Management participation	(1,912)	(7,336)	(13,127)	(13,006)
Total costs and expenses	(296,517)	(308,038)	(842,720)	(873,698)

27. OTHER OPERATING INCOME (EXPENSES)

Revenue from the sale of assets basically consists of the sale of assets from the discontinued operation, as disclosed in Note 10 and the sale of investment property, as disclosed in Note 13.

Revenues	Parent Company		Parent Company	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Revenue from claimed and disposed goods	121	375	517	1,430
Revenue from sale of assets	10,900	1,140	53,043	7,900
Carbon credit	-	297	1,375	297
Lawsuit compensation credit SP - Court-ordered debt payments	-	2,365	-	2,365
Other operating revenues	1,841	1,470	5,466	3,892
	<u>12,862</u>	<u>5,647</u>	<u>60,401</u>	<u>15,884</u>
Expenses	Parent Company		Parent Company	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Costs of claimed and disposed goods	-	-	(148)	(291)
Cost from sale of assets	(3,020)	(2,316)	(41,271)	(5,735)
Provision of government grants - State of MG	(360)	(494)	(901)	(1,052)
Other operating expenses	(1,049)	(659)	(2,330)	(1,704)
	<u>(4,429)</u>	<u>(3,469)</u>	<u>(44,650)</u>	<u>(8,782)</u>
Total other operating revenues and expenses	<u>8,433</u>	<u>2,178</u>	<u>15,751</u>	<u>7,102</u>
Revenues	Consolidated		Consolidated	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Revenue from claimed and disposed goods	121	375	517	1,430
Revenue from sale of assets	10,900	1,140	53,043	7,900
Carbon credit	-	297	1,375	297
Lawsuit compensation credit SP - Court-ordered debt payments	-	2,365	-	2,365
Other operating revenues	1,849	1,473	5,513	3,900
	<u>12,870</u>	<u>5,650</u>	<u>60,448</u>	<u>15,892</u>
Expenses	Consolidated		Consolidated	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Costs of claimed and disposed goods	-	-	(148)	(291)
Contingência na controlada Habitasul Florestal	(3,020)	(2,316)	(41,271)	(5,735)
Provision of government grants - State of MG	(360)	(494)	(901)	(1,052)
Other operating expenses	(1,056)	(651)	(2,350)	(1,698)
	<u>(4,436)</u>	<u>(3,461)</u>	<u>(44,670)</u>	<u>(8,776)</u>
Total other operating revenues and expenses	<u>8,434</u>	<u>2,189</u>	<u>15,778</u>	<u>7,116</u>

28. FINANCE INCOME AND COSTS

	Parent Company		Parent Company	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Finance income				
Yields from financial investments	13,321	4,363	34,036	8,943
Interest	1,231	2,007	3,097	3,052
Discounts obtained	513	93	1,020	205
	<u>15,065</u>	<u>6,463</u>	<u>38,153</u>	<u>12,200</u>
Exchange-rate change				
Foreign-exchange income	3,821	17,124	18,338	27,700
Foreign exchange costs	(4,782)	(14,776)	(21,768)	(29,550)
Net exchange-rate change	<u>(961)</u>	<u>2,348</u>	<u>(3,430)</u>	<u>(1,850)</u>
Finance costs				
Interest	(26,686)	(16,772)	(77,342)	(40,251)
Discounts granted	(126)	(110)	(1,067)	(222)
Negative goodwill/bank expenses	(124)	(131)	(342)	(472)
Liability interest on leases	(582)	(530)	(1,767)	(1,591)
Derivative instruments - swap	(1,693)	-	(1,501)	-
Other	(1,022)	(301)	(2,286)	(567)
	<u>(30,233)</u>	<u>(17,844)</u>	<u>(84,305)</u>	<u>(43,103)</u>
Finance result, net	<u>(16,129)</u>	<u>(9,033)</u>	<u>(49,582)</u>	<u>(32,753)</u>
	Consolidated		Consolidated	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Finance income				
Yields from financial investments	14,412	4,568	36,352	9,362
Interest	1,232	2,007	3,099	3,052
Discounts obtained	513	95	1,020	208
	<u>16,157</u>	<u>6,670</u>	<u>40,471</u>	<u>12,622</u>
Exchange-rate change				
Foreign-exchange income	3,821	17,124	18,338	27,700
Foreign exchange costs	(4,782)	(14,776)	(21,768)	(29,550)
Net exchange-rate change	<u>(961)</u>	<u>2,348</u>	<u>(3,430)</u>	<u>(1,850)</u>
Finance costs				
Interest	(26,686)	(16,772)	(77,350)	(40,255)
Discounts granted	(126)	(110)	(1,078)	(263)
Negative goodwill/bank expenses	(128)	(133)	(363)	(475)
Liability interest on leases	(582)	(530)	(1,767)	(1,591)
Derivative instruments - swap	(1,693)	-	(1,501)	-
Other	(1,036)	(301)	(2,310)	(567)
	<u>(30,251)</u>	<u>(17,846)</u>	<u>(84,369)</u>	<u>(43,151)</u>
Finance result, net	<u>(15,055)</u>	<u>(8,828)</u>	<u>(47,328)</u>	<u>(32,379)</u>

29. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of tax effective rates:

	Parent Company		Parent Company	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Operating income before tax effects	137,567	117,589	402,160	292,081
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(46,773)	(39,980)	(136,734)	(99,308)
Tax effect from permanent (additions) exclusions:				
Equity in the results of subsidiaries	3,164	865	14,610	7,044
Non-deductible expenses	(208)	(240)	(525)	(691)
Formation (reversal) of tax incentives	(10)	(6)	(40)	3
Exclusion Impairment Operation discontinued	-	-	13,692	-
Non-levy of IR and CSLL on SELIC rate in the repetition of undue payments	-	25,197	-	25,197
Other permanent differences	1,790	(5,830)	(872)	(2,337)
	<u>(42,037)</u>	<u>(19,994)</u>	<u>(109,869)</u>	<u>(70,092)</u>
Current income tax and social contribution	(33,036)	(3,205)	(87,964)	(36,744)
Income tax and social contribution - deferred	(9,001)	(16,789)	(21,905)	(33,348)
Effective rate - %	30.6	17.0	27.3	24.0
	Consolidated		Consolidated	
	Three-month period ended		Nine-month period ended	
	09.30.22	09.30.21	09.30.22	09.30.21
Operating income before tax effects	138,267	117,791	403,986	292,805
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(47,011)	(40,049)	(137,355)	(99,554)
Tax effect from permanent (additions) exclusions:				
Equity in the results of subsidiaries	(208)	(240)	(525)	(691)
Non-deductible expenses	(10)	(6)	(40)	3
Formation (reversal) of tax incentives	-	-	13,692	-
Difference in taxation (subsidiaries)	2,464	663	12,784	6,320
Non-levy of IR and CSLL on SELIC rate in the repetition of undue payments	-	25,197	-	25,197
Other permanent differences	2,028	(5,761)	(251)	(2,091)
	<u>(42,737)</u>	<u>(20,196)</u>	<u>(111,695)</u>	<u>(70,816)</u>
Current income tax and social contribution	(33,428)	(3,310)	(88,803)	(36,977)
Income tax and social contribution - deferred	(9,309)	(16,886)	(22,892)	(33,839)
Effective rate - %	30.9	17.1	27.6	24.2

30. 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 16, 17 and 18, less cash and bank balances and financial investments), as detailed in Note 5, and equity (which includes issued capital, reserves and retained earnings, as disclosed in Note 23).

Company's Management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with 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 on September 30, 2022 was 51% in own capital and 49% in third party capital

Indebtedness

As of September 30, 2022 and December 31, 2021, the indebtedness index is as follows:

	Parent Company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Debt (a)	1,048,110	892,321	1,048,110	892,321
Derivative instruments - swap	126	419	126	419
Cash and cash equivalents and financial investments	(360,997)	(486,908)	(398,504)	(506,268)
Net debt	687,239	405,832	649,732	386,472
Equity	1,088,410	957,438	1,088,410	957,438
Net indebtedness ratio	0.63	0.42	0.60	0.40

(a) Debt is defined as short and long-term borrowings, debentures and derivative financial instruments – short and long-term swap, as detailed in Notes 16, 17 and 18.

Categories of financial instruments

	Note	Parent company		Consolidated	
		09.30.22	12.31.21	09.30.22	12.31.21
Financial assets					
Fair value through profit or loss					
Cash and balance in banks	5	10,890	11,050	48,397	30,410
Amortized cost					
Interest earning bank deposits	5	350,107	475,858	350,107	475,858
Trade receivables	6	264,307	257,162	264,887	257,468
Other trade receivables	9	32,747	6,590	33,014	6,762
Financial liabilities					
Assigned at fair value through profit or loss					
Derivative instruments - swap	18	126	419	126	419
Amortized cost					
Borrowings and financing	16	462,559	306,004	462,559	306,004
Debentures	17	585,551	586,317	585,551	586,317
Suppliers	19	190,100	151,042	171,893	133,718
Lease liabilities	34	25,251	23,066	25,251	23,066
Tax installment payments	21	10,661	16,743	10,661	16,743
Dividend and interest on shareholders' equity payable		841	16,345	841	16,345
Other accounts payable		14,421	10,322	14,643	10,623

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 18.

Foreign exchange exposure risk

The Company has transactions in the foreign market that are exposed to fluctuations in the exchange rates of foreign currencies. As of September 30, 2022 and December 31, 2021, these operations presented a net exposure as the table below

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Financial assets				
Banks	9,223	7,470	9,229	7,544
Marketable securities	1,652	3,561	39,140	22,846
Interest earning bank deposits	350,107	475,858	350,107	475,858
Trade receivables	264,307	257,162	264,887	257,468
Other trade receivables	7,097	6,590	7,364	6,762
Maximum credit exposure	632,386	750,641	670,727	770,478

The Company maintains operations in foreign currency to address possible changes in the balance of export clients.

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 considers 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 income (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 (December 31, 2022).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for December 31, 2022

3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for December 31, 2022.

Transaction	Balance at 09.30.22 US\$	Base scenario Gain (Loss)		Adverse scenario Gain (Loss)		Remote scenario Gain (Loss)	
		Rate	R\$	Rate	R\$	Rate	R\$
Assets							
Trade receivables and banks restricted accou	4,417	5.47	291	6.84	6,334	8.21	12,376
Advances to suppliers	2,641	5.47	174	6.84	3,787	8.21	7,400
Liabilities							
Suppliers and advances from clients	(633)	5.47	(42)	6.84	(908)	8.21	(1,774)
Borrowings and financing	(7,633)	5.47	(502)	6.84	(10,945)	8.21	(21,388)
Net effect			(79)		(1,732)		(3,386)

This sensitivity analysis is intended to measure the impact of changes in foreign exchange market variables on each financial instrument of the Company. The balances at September 30, 2022 were used as a basis for the projection of the future balance. The effective behavior of the debt balances will respect their respective contracts. Moreover, the balances of accounts receivable and payable 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 and financing exposed to exchange-rate changes by making annual net payments that are equivalent to or below its export client portfolio.

Accordingly, the Company seeks to hedge its cash flow against foreign currency risks, and the effects of the scenarios above, if they materialize, are not expected to generate material impacts on its cash flow.

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 TJLP (Long-term interest rate from BNDES), CDI (Interest rate of Interbank Deposit Certificates), SELIC (Official Interest Rate) and IPCA (National Extended Consumer Price Index).

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

1 – Base scenario: the CDI and SELIC are set according to futures market projections B3 for the next disclosure (December 31, 2022). The LONG-term interest rate is obtained from BNDES and the IPCA from Boletim Focus.

2 – Adverse scenario: correction of 25% of interest rates in relation to the level forecast for December 31, 2022.

3 – Remote scenario: 50% of interest rates are corrected when compared with the level forecast for December 31, 2022.

Transaction	Index	Balance at 09.30.22	Base scenario		Adverse scenario		Remote scenario	
			Rate % a.a	Gain (loss) R\$	Rate % a.a	Gain (loss) R\$	Rate % a.a	Gain (loss) R\$
Cash and cash equivalents and financial investments								
CDB	CDI	389,247	13.68%	120	17.10%	13,774	20.52%	27,429
Proceeds from borrowings								
Working capital	CDI	(523,132)	13.68%	(164)	17.10%	(18,860)	20.52%	(37,556)
Working capital	IPCA	(68,810)	5.56%	1,165	6.95%	155	8.34%	(855)
Finame Direto	IPCA	(420,834)	5.56%	7,040	6.95%	938	8.34%	(5,164)
Finame	TJLP	(9)	7.20%	-	9.00%	-	10.80%	-
Finame	SELIC	(296)	13.78%	-	17.23%	(11)	20.67%	(21)
Derivative financial instruments – Swap								
Swap Assets	IPCA	63,348	5.56%	(1,073)	6.95%	(143)	8.34%	787
Swap Liabilities	CDI	(63,473)	13.68%	(19)	17.10%	(2,205)	20.52%	(4,392)
Net effect on results				<u>7,069</u>		<u>(6,352)</u>		<u>(19,772)</u>

Fair value versus book value

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

- The book balances of accounts receivable, and short-term accounts payable are presented in the Company's balance sheet at amounts that 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, financing and debentures contracted, the fair value as of September 30, 2022 is R\$ 960,518. 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 risks

The book value of financial assets classified as borrowings and receivables represents the maximum credit exposure as shown below:

	Parent company		Consolidated	
	09.30.22	12.31.21	09.30.22	12.31.21
Financial assets				
Banks	9,223	7,470	9,229	7,544
Marketable securities	1,652	3,561	39,140	22,846
Interest earning bank deposits	350,107	475,858	350,107	475,858
Trade receivables	264,307	257,162	264,887	257,468
Other trade receivables	7,097	6,590	7,364	6,762
Maximum credit exposure	632,386	750,641	670,727	770,478

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 on the financial condition of the accounts receivable and, where appropriate, a credit guarantee coverage is requested.

Renegotiations with clients are mostly backed by debt acknowledgment agreements, machinery, equipment, and properties pledged as collateral, in addition to individual sureties to guarantee the amount of debt.

b) Banks, highly liquid financial investments and financial investments

The credit risk of banks, short-term investments 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 balance of banks, short-term investments and financial investments of the Company, classifying the amounts according to the national long-term rating of S&P and Fitch Rating of the credit risk of financial institutions:

	Parent company	
	09.30.22	Branch
<i>National Rating</i> AAA (br)	194,392	Fich/S&P
<i>National Rating</i> AA + (br)	202,333	Fich
<i>Nacional Rating</i> BB- (br)	1,751	Fich/S&P
	398,476	

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 accounts receivable and payable, and payment of borrowings and financing and adjustments in derivative financial instruments - swap. The liquidity management policy involves projections of cash flows in currencies used and a reflection on the 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 September 30, 2022, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets and for Derivative financial instruments liabilities - swap, the details on the expected maturity dates, as well as its discounted amounts.

Parent company

	2022	2023	2024	2025	>2026
Liabilities					
Suppliers	181,353	8,747	-	-	-
Borrowings and financing	13,886	68,464	25,098	42,777	541,831
Debentures	7,694	205,498	179,942	172,519	68,024
Derivative instruments - swap	2,514	3,828	2,374	2,129	(10,719)
Tax installment payments	7,740	476	1,907	538	-
Lease liabilities	7,394	1,023	4,090	4,090	8,654
Dividends and interest on shareho	841	-	-	-	-
Other accounts payable	13,929	492	-	-	-
	<u>235,351</u>	<u>288,528</u>	<u>213,411</u>	<u>222,053</u>	<u>607,790</u>

Consolidated

	2022	2023	2024	2025	>2026
Liabilities					
Suppliers	163,443	8,450	-	-	-
Borrowings and financing	13,886	68,464	25,098	42,777	541,831
Debentures	7,694	205,498	179,942	172,519	68,024
Derivative instruments - swap	2,514	3,828	2,374	2,129	(10,719)
Tax installment payments	7,740	476	1,907	538	-
Lease liabilities	7,394	1,023	4,090	4,090	8,654
Dividends and interest on shareho	841	-	-	-	-
Other accounts payable	14,151	492	-	-	-
	<u>217,663</u>	<u>288,231</u>	<u>213,411</u>	<u>222,053</u>	<u>607,790</u>

The amounts included for floating-rate instruments (non-derivative financial liabilities and derivative financial instruments – swap) are subject to change if the change in postfixed interest rates differs from these estimates at the end of the reporting period.

Derivative financial instruments

On December 1, 2021, the Company entered into a derivative instrument – rate swap with Banco Santander to modify the associated remuneration. at the interest rate of the 4th Issuance 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 Issuance of Debentures, which has final maturity on December 15, 2029, so that its actual cost is equivalent to CDI + 0.71% p.a.

Note 18 contains further information on the aforementioned transaction.

31. 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.

The Management defined as operating segments: Sustainable Packaging (Corrugated Cardboard) Segment; Sustainable Packaging Paper (Paper) Segment; Sustainable Resins Segment (Rosin and Turpentine), 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 Corrugated Cardboard Packaging Division with two production units: Paper plant in the municipality of Santa Luzia, in the State of Minas Gerais.

Sustainable Resins Segment (Rosin and Turpentine): 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 tar and turpentine.

b) Consolidated information about the operating segments

	Consolidated				
	Three-month period ended September 30, 2022				
	Sustainable Packaging (Corrugated)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	261,759	120,625	3,622	-	386,006
Foreign market	-	24,318	31,081	-	55,399
Total net sales revenue	261,759	144,943	34,703	-	441,405
Change in fair value - biological assets	-	33,949	3,622	-	37,571
Cost of goods sold	(164,055)	(77,652)	(30,078)	-	(271,785)
Gross income	97,704	101,240	8,247	-	207,191
Operating expenses	(26,039)	(9,054)	(4,966)	(13,810)	(53,869)
Operating income (loss) before financial income (loss)	71,665	92,186	3,281	(13,810)	153,322
Finance result	(7,734)	(7,276)	(170)	125	(15,055)
Net operating profit (loss)	63,931	84,910	3,111	(13,685)	138,267
Depreciation and amortization	(5,690)	(19,928)	(693)	(668)	(26,979)

	Consolidated				
	2020				
	Sustainable Packaging (Corrugated)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	550,400	288,919	5,241	-	844,560
Foreign market	-	111,252	73,793	-	185,045
Total net sales revenue	550,400	400,171	79,034	-	1,029,605
Change in fair value - biological assets	-	24,177	(5,803)	-	18,374
Cost of goods sold	(411,637)	(250,624)	(60,084)	(318)	(722,663)
Gross income	138,763	173,724	13,147	(318)	325,316
Operating expenses	(59,408)	(24,068)	(13,375)	(62,950)	(159,801)
Operating income (loss) before financial income (loss)	79,355	149,656	(228)	(63,268)	165,515
Finance result	(26,443)	(29,755)	597	-	(55,601)
Net operating profit (loss)	52,912	119,901	369	(63,268)	109,914
Depreciation and amortization	(14,659)	(47,384)	(1,441)	(1,980)	(65,464)

Consolidated					
Three-month period ended September 30, 2022					
	Sustainable Packaging (Corrugated)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/eliminations	Total
Net Sales:					
Domestic market	702,697	363,927	8,736	-	1,075,360
Foreign market	-	73,557	129,339	-	202,896
Total net sales revenue	702,697	437,484	138,075	-	1,278,256
Change in fair value - biological assets	-	88,038	10,757	-	98,795
Cost of goods sold	(440,569)	(216,933)	(104,250)	-	(761,752)
Gross income	262,128	308,589	44,582	-	615,299
Operating expenses	(67,901)	(23,077)	(17,783)	(55,224)	(163,985)
Operating income (loss) before financial income (loss)	194,227	285,512	26,799	(55,224)	451,314
Finance result	(21,798)	(20,701)	(5,068)	239	(47,328)
Net operating profit (loss)	172,429	264,811	21,731	(54,985)	403,986
Depreciation and amortization	(15,464)	(37,140)	(1,736)	(1,816)	(56,156)
Consolidated					
2020					
	Sustainable Packaging (Corrugated)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/eliminations	Total
Net sales revenue					
Domestic market	550,400	288,919	5,241	-	844,560
Foreign market	-	111,252	73,793	-	185,045
Total net sales revenue	550,400	400,171	79,034	-	1,029,605
Change in fair value - biological assets	-	24,177	(5,803)	-	18,374
Cost of goods sold	(411,637)	(250,624)	(60,084)	(318)	(722,663)
Gross income	138,763	173,724	13,147	(318)	325,316
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Operating income (loss) before financial income (loss)	79,355	149,656	(228)	(63,268)	165,515
Finance result	(26,443)	(29,755)	597	-	(55,601)
Net operating profit (loss)	52,912	119,901	369	(63,268)	109,914
Depreciation and amortization	(14,659)	(47,384)	(1,441)	(1,980)	(65,464)

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 financial revenue and expense 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

Net sales revenue in the three-month period ended September 30, 2022 totaled R\$ 441,405 (R\$ 432,468 in the three-month period ended September 30, 2021) and in the nine-month period ended September 30, 2022, net sales revenue totaled R\$ 1,278,256 (R\$ 1,191,766 in the nine-month period ended September 30, 2021).

Net sales revenue for the foreign market in the three-month period ended September 30, 2022 totaled R\$ 55,399 (R\$ 65,020 in the three-month period ended September 30, 2021) and in the nine-month period ended September 30, 2022, net sales revenue for the foreign market totaled R\$ 202,896 (R\$ 186,164 in the nine-month period ended September 30, 2021), distributed across several countries, as follows:

Consolidated			Consolidated		
Three-month period ended September 30, 2022			Three-month period ended September 30, 2021		
Country	Rec. líquida exportação	% na receita líquida total	Country	Rec. líquida exportação	% na receita líquida total
Germany	11,330	2.57%	Germany	9,051	2.09%
Saudi Arabia	6,413	1.45%	Argentina	6,341	1.47%
Argentina	5,796	1.31%	Portugal	6,244	1.44%
Japan	3,819	0.87%	India	6,185	1.43%
USA	3,367	0.76%	USA	6,003	1.39%
South Africa	3,336	0.76%	Spain	5,932	1.37%
Paraguay	3,305	0.75%	Saudi Arabia	4,260	0.99%
Mexico	3,232	0.73%	France	2,805	0.65%
Netherlands	1,989	0.45%	Netherlands	2,306	0.53%
Portugal	1,787	0.40%	South Africa	2,257	0.52%
Turkey	1,676	0.38%	Chile	2,199	0.51%
Chile	1,588	0.36%	Turkey	2,184	0.51%
China	1,517	0.34%	Paraguay	2,169	0.50%
Uruguay	1,417	0.32%	Pakistan	1,958	0.45%
France	1,174	0.27%	Peru	1,796	0.42%
Peru	1,099	0.25%	Mexico	1,299	0.30%
Other countries	2,554	0.58%	Other countries	2,031	0.47%
	<u>55,399</u>	<u>12.55%</u>		<u>65,020</u>	<u>15.04%</u>

Consolidated		
Three-month period ended September 30, 2022		
Country	Net exports	% in total net revenue
Germany	35,575	2.78%
Argentina	19,936	1.56%
Portugal	19,909	1.56%
Saudi Arabia	16,063	1.26%
Japan	10,811	0.85%
India	10,517	0.82%
Paraguay	10,150	0.79%
France	9,854	0.77%
Mexico	9,432	0.74%
Netherlands	8,588	0.67%
South Africa	8,424	0.66%
Peru	7,483	0.59%
Chile	7,376	0.58%
Spain	5,897	0.46%
USA	5,118	0.40%
Pakistan	4,324	0.34%
Turkey	4,028	0.32%
Bolivia	3,158	0.25%
Other countries	6,253	0.49%
	<u>202,896</u>	<u>15.89%</u>

Consolidated		
Three-month period ended September 30, 2021		
Country	Net exports	% in total net revenue
China	26,485	2.22%
Argentina	20,017	1.68%
Portugal	15,796	1.33%
Germany	15,275	1.28%
India	15,160	1.27%
Saudi Arabia	12,249	1.03%
USA	8,575	0.72%
France	8,038	0.67%
Spain	7,906	0.66%
Paraguay	6,537	0.55%
Mexico	6,268	0.53%
Netherlands	6,187	0.52%
Pakistan	5,559	0.47%
South Africa	5,544	0.47%
Chile	5,292	0.44%
Peru	5,068	0.43%
Hong Kong	4,515	0.38%
Turkey	4,228	0.35%
Ireland	3,126	0.26%
Other countries	4,339	0.36%
	<u>186,164</u>	<u>15.62%</u>

The Company's net sales revenues in the three-month period ended September 30, 2022 in the local market totaled R\$386,006 (R\$367,448 in the three-month period ended September 30, 2021), and in the nine-month period ended September 30, 2022 net domestic sales revenues totaled R\$1,075,360 (R\$1,005,602 in the nine-month period ended September 30 2021).

The Company's net sales revenue in the three-month period ended September 30, 2022 in the domestic market totaled R\$ 386,066 (R\$ 367,448 in the three-month period ended September 30, 2021), and in the nine-month period ended September 30, 2022, net sales revenue in the domestic market totaled R\$ 1,075,360 (R\$ 1,005,602 in the nine-month period ended September 30, 2021).

In the six-month period ended September 30, 2022, a single client accounted for 4.5% of net sales in the domestic market of Sustainable Packaging segment (Corrugated Cardboard), equivalent to R\$ 31,873. The Company's other sales in the domestic and foreign markets were spread over a number of clients, none of them accounting for more than 10% of net sales.

32. GOVERNMENT GRANT

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

- i) **ICMS/SC – Prodec:** allows that 60% of the ICMS increase in the State of Santa Catarina, calculated on an average basis (September 2006 to August 2007) prior to the investments made, be deferred for payment after 48 months. This benefit is calculated monthly and subject to the completion of the investments planned and maintenance of jobs, in addition to the maintenance of regular status with the State obligations.

Regarding the incentive amounts, there will be charges at contractual rates of 4.0% per annum. For the purposes of calculating the present value of this benefit, the Company used the average rate of 18.26% as the funding cost for the financing facilities with characteristics similar to those required for the respective disbursements if it did not have the benefit.

The benefit is effective for 14 years (10 years of fruition and 4 years of grace period), from January 2009 to December 2022, or up to the limit of R\$ 55,199 of deferred ICMS. Up to September 30, 2022, the Company had deferred ICMS liabilities of R\$ 1,044 (R\$ 4,070 as of December 31, 2021) recorded in liabilities, net of government grant of R\$ 1,035 (R\$ 3,942 as of December 31, 2021).

- ii) **ICMS/MG – Deemed Credit:** The State of Minas Gerais grants as the main benefit ICMS deemed credit resulting in the effective 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 three-month period ended September 30, 2022 was R\$2,469 (R\$3,442 in the three-month period ended September 30, 2020) 21), and in the nine-month period ended September 30, 2022 the effect was R\$6,353 (R\$8,495 in the nine-month period ended September 30, 2021).

33. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Parent Company and Consolidated

	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01.01.21	5,165	13,156	2,859	21,180
Depreciation	(1,107)	(2,677)	(2,444)	(6,228)
Addition/write-off of agreements - principal effect	964	4,890	414	6,268
Property, plant and equipment transfers	-	-	3,254	3,254
Net book balance at 12.31.21	5,022	15,369	4,083	24,474
Cost	7,758	22,124	14,726	44,608
Accumulated depreciation	(2,736)	(6,755)	(10,643)	(20,134)
Net book balance at 12.31.21	5,022	15,369	4,083	24,474
Balance at 01.01.22	5,022	15,369	4,083	24,474
Depreciation	(959)	(2,474)	(2,997)	(6,430)
Addition/write-off of agreements - principal effect	840	2,707	3,692	7,239
Net book balance at 09.30.22	4,903	15,602	4,778	25,283
Cost	8,598	24,831	18,418	51,847
Accumulated depreciation	(3,695)	(9,229)	(13,640)	(26,564)
Net book balance at 09.30.22	4,903	15,602	4,778	25,283

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 method over the remaining term of contracts with an average term of 6.5 years.

Leases have lease liabilities as follows:

Parent Company and Consolidated	Buildings and constructions		Equipment and facilities	Total
	Land			
Balance at 01.01.21	4,713	13,446	2,944	21,103
Lease installment	(1,820)	(4,034)	(1,510)	(7,364)
Addition/write-off of agreements - principal effect	964	4,890	(854)	5,000
Interest on lease	555	1,356	386	2,297
Addition/write-off of agreements - interest effect	-	-	2,030	2,030
Net book balance at 12.31.21	4,412	15,658	2,996	23,066
Balance at 01.01.22	4,412	15,658	2,996	23,066
Lease installment	(122)	(3,516)	(3,326)	(6,964)
Addition/write-off of agreements - principal effect	(269)	2,779	4,822	7,332
Interest on lease	402	970	445	1,817
Net book balance at 09.30.22	4,423	15,891	4,937	25,251

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

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

	Parent Company and Consolidated
Long-term maturity dates:	
2023	1,023
2024	4,090
2025	4,090
2026	3,931
>2027	4,723
	17,857

The Company has the potential right of PIS/COFINS credits to recover 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	Nominal	Adjustment to present value
Cash flow		
Lease consideration	47,755	34,106
PIS/COFINS (9.25%)	4,417	3,155

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, as well as 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 nine-month period ended September 30, 2022 no renegotiations were made for leases.

Management evaluated the use of nominal cash flows and nominal rates, as recommended by the CVM, and concluded that these do not generate material differences in the information presented as shown in the following table:

	Actual flow		Nominal flow	
	01.01.19	09.30.22	01.01.19	09.30.22
Parent Company and Consolidated				
Lease liabilities	41,769	31,503	48,992	47,755
Embedded interest	(16,147)	(6,252)	(19,687)	(13,650)
	<u>25,622</u>	<u>25,251</u>	<u>29,305</u>	<u>34,106</u>

34. NON-CASH TRANSACTIONS

The Company carried out non-cash transactions relating to operating and investment activities; therefore, they were not reflected in the statements of cash flow.

During the nine-month period ended September 30, 2022, the Company realized PIS and COFINS credits over fixed assets items of R\$158 made payments for acquisitions property, plant and equipment, intangible assets and biological assets in the amount of R\$7,360, which were financed directly by suppliers.

During the nine-month period ended September 30, 2021, the Company realized PIS and COFINS credits on property, plant and equipment items of R\$400, recognized the restatement of PIS and COFINS credits on the exclusion of ICMS on the PIS and COFINS calculation basis in the amount of R\$502. It recognized credits on the non-levy of IRPJ and CSLL on the SELIC (Central Bank overnight rate) for the recovery of indébito in the amount of R\$25,197, and also purchased property, plant and equipment and biological assets in the amount of R\$9,010 that were financed directly from suppliers.

35. INFORMATION SUPPLEMENTARY TO THE CASH FLOW

	Parent Company			Consolidated		
	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities
Balance at 12.31.20	588,232	10,467	21,103	588,247	10,467	21,103
Changes affecting cash	7,125	(64,262)	(4,047)	7,110	(64,262)	(4,047)
Payment of dividends and interest on shareholders' equity	-	(64,262)	-	-	(64,262)	-
Lease liability paid	-	-	(2,455)	-	-	(2,455)
Borrowings obtained	26,256	-	-	26,256	-	-
Issuance of debentures (Net of funding costs)	59,547	-	-	59,547	-	-
Borrowings and debentures paid	(41,461)	-	-	(41,476)	-	-
Payment of interest on borrowings and debentures	(37,217)	-	-	(37,217)	-	-
Interest payment on lease liabilities	-	-	(1,592)	-	-	(1,592)
Changes not affecting cash	40,382	54,153	6,692	40,382	54,153	6,692
Lease liabilities - Addition/write-off in the period	-	-	5,100	-	-	5,100
Inflation adjustments and charges on borrowings and debentures	40,382	-	-	40,382	-	-
Interest on lease liability	-	-	1,592	-	-	1,592
Interest on shareholders' equity	-	54,153	-	-	54,153	-
Balance at 09.30.21	635,739	358	23,748	635,739	358	23,748

	Parent Company			Consolidated		
	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities
Saldo em 31.12.21	892,740	16,345	23,066	892,740	16,345	23,066
Changes affecting cash	55,830	(135,219)	(6,964)	55,830	(135,219)	(6,964)
Payment of dividends and interest on shareholders' equity	-	(135,219)	-	-	(135,219)	-
Lease liability paid	-	-	(5,147)	-	-	(5,147)
Borrowings obtained	213,355	-	-	213,355	-	-
Issuance of debentures (Net of funding costs)	-	-	-	-	-	-
Borrowings and debentures paid	(62,250)	-	-	(62,250)	-	-
Payment of interest on borrowings and debentures	(75,447)	-	-	(75,447)	-	-
Interest payment on lease liabilities	-	-	(1,817)	-	-	(1,817)
Interest payment on lease liabilities	(19,828)	-	-	(19,828)	-	-
Changes not affecting cash	99,666	119,715	9,149	99,666	119,715	9,149
Lease liabilities - Addition/write-off in the period	-	-	7,332	-	-	7,332
Inflation adjustments and charges on borrowings and debentures	77,033	-	-	77,033	-	-
Interest on lease liability	-	-	1,817	-	-	1,817
Capitalized interest	23,592	-	-	23,592	-	-
Interest on shareholders' equity	-	119,715	-	-	119,715	-
Swap adjustment	(959)	-	-	(959)	-	-
Balance at 09.30.22	1,048,236	841	25,251	1,048,236	841	25,251

36. SUBSEQUENT EVENTS

5th Issue of Simple Private Debentures (CRA – Agribusiness Receivables Certificates)

According to [a meeting of the Board of Directors of August 10, 2022 which was amended by the Board of Directors' Meeting of September 8, 2022, Significant Fact August 11, 2022 and Communication to the Market on October 18, 2022](#), the Company completed on October 17, 2022 the fifth (5th) issue of seven hundred and twenty thousand (720,000) simple debentures, non-convertible, unsecured, in two series, for private placement, with a unit value of one thousand Brazilian reais (R\$1,000.00) each, on the date it is issued, in the total amount of seven hundred and twenty million Brazilian reais (R\$720,000,000.00), of which:

- (i) four hundred and eighty-six thousand (486,307), three hundred and seven) first series debentures, consisting of four hundred and eighty-six million three hundred and seven thousand Brazilian reais (R\$486,307,000.00), bear annual interest at the interbenture

rate (CDI) + 1.40% every six months and amortized in a lump portion upon maturity on August 12, 2027.

- (ii) two hundred thirty-three thousand six hundred and ninety-three (233,693) Second Series debentures, consisting of two hundred and thirty-three million six hundred and ninety-three thousand Brazilian reais (R\$233,693,000.00), which bears interest at the interannual rate of CDI + 1.75% every six months and amortized in two installments of the same amount, on August 11, 2028 and maturing on August 13, 2029.

Debentures do not have any security interest or personal guarantee, or any segregation of the Company's assets as collateral. and were linked to a securitization transaction used as backing for the issue and public distribution, pursuant to CVM Instruction No. 400, of agribusiness receivable certificates (CRAs) of the first (1st) and 2nd (2nd) series of the 194th (194th (194th) issue by Eco Securitizadora De Direitos Creditórios do Agronegócio S.A..

Debentures and therefore CRAs were characterized as "green debentures" and "CRA Verde" (Green Bond), respectively, based on a [Second Opinion opinion](#) issued by NINT – Natural Intelligence Ltda., an expert consulting firm.

The final risk rating of the Certificate of Agribusiness Receivables (CRA) issued by "brAA (sf)" has been attributed by [Standard & Poor's Ratings do Brasil Ltda.](#) , on September 26, 2022.

The Company's net funds from the issue will be allocated exclusively to its agribusiness activities in forestry and agriculture, particularly by using investment funds, costs and expenses related to afforestation, forestry, acquisition of pesticides, manure, timber, forest management and by-products as resins and integrated logistics for transportation. storage, peel and wood sticking.

Special Review Report - No Disclaimer

Report on review of quarterly information – ITR

To the Board Members and Directors of Irani Papel e Embalagem S.A
Porto Alegre – RS

Introduction

We have reviewed the interim, parent company and consolidated financial information of Irani Papel e Embalagem S.A. (“Company”), contained in the Quarterly Information - ITR Form for the quarter ended September 30, 2022, which comprise the statements of financial position on September 30, 2022 and related statements of profit or loss and of comprehensive income (loss) for the three and nine month period ended at that date and changes in equity and statements of cash flows for the nine month period ended at that date, including explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Brazilian and international review standards for interim 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 in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially smaller in scope compared to 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 on parent company and consolidated interim financial information

Based on our review, we are not aware of any other event that make us believe that parent company and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB and applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission - CVM.

Other matters – Statement of Added Value

The parent company and consolidated interim financial information related to statements of added value (DVA) for the nine month period ended September 30, 2022, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes, was submitted to review procedures carried out jointly with the audit of Company's quarterly information. To form a conclusion, we evaluated whether these statements are reconciled with interim financial information and accounting records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with parent company and consolidated interim financial information taken as a whole.

Porto Alegre, October 28, 2022

KPMG Auditores Independentes
CRC SP-014428/F-7
(Original review report in Portuguese signed by)
Felipe Brutti da Silva
Accountant CRC RS-083891/O-0 T-SC

Executive Officers' Statement On The Interim Financial Statements

Executive officers' statement

For the purposes of Article 27 of CVM Resolution 80/22

As Executive Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenida Carlos Gomes, No. 400, rooms 502/503, Boa Vista Neighborhood, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, WE DECLARE, in compliance with the provisions established in paragraph 1, Article 27 of CVM Resolution 80, of March 29, 2022, that we reviewed, discussed and agreed with the Company's interim financial statements for the three-month period ended September 30, 2022.

Porto Alegre, RS, October 31, 2022.

Sérgio Luiz Cotrim Ribas – CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Paper and Forest Business Officer

Lindomar Lima de Souza - Packaging Business Officer

Fabiano Alves de Oliveira - People, Strategy, and Management Officer

Executive Officers' Statement On The Independent Auditor's Report

Executive officers' statement

For the purposes of Article 27 of CVM Resolution 80/22

As Executive Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenida Carlos Gomes, No. 400, rooms 502/503, Boa Vista Neighborhood, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, WE DECLARE, in compliance with the provisions established in paragraph 1, Article 27 of CVM Resolution 80, of March 29, 2022, that we reviewed, discussed and agreed with the conclusion expressed in the independent auditor's review report of the Company referring to the interim financial statements for the three-month period ended September 30, 2022.

Porto Alegre, RS, October 31, 2022.

Sérgio Luiz Cotrim Ribas - CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Paper and Forest Business Officer

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