Irani Papel e Embalagem S.A.

Parent company and consolidated interim financial statements at September 30, 2023 and report on review

Report on review of parent company and consolidated interim financial statements

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

Introduction

We have reviewed the accompanying interim balance sheet of Irani Papel e Embalagem S.A. ("Company") as at September 30, 2023 and the related statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, as well as the accompanying consolidated interim balance sheet of Irani Papel e Embalagem S.A. and its subsidiaries ("Consolidated") as at September 30, 2023 and the related consolidated statements of income and comprehensive income for the quarter and nine-month period then ended, and the consolidated statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Irani Papel e Embalagem S.A. and of Irani Papel e

PricewaterhouseCoopers Auditores Independentes Ltda., Rua Mostardeiro, 800, 8º e 9º, Ed. Madison Center, Porto Alegre, RS, Brasil, 90430-000
T: 4004-8000, www.pwc.com.br

Irani Papel e Embalagem S.A.

Embalagem S.A. and its subsidiaries as at September 30, 2023, and the parent company financial performance for the quarter and nine-month period then ended and its cash flows for the nine-month period then ended, as well as the consolidated financial performance for the quarter and nine-month period then ended and the consolidated cash flows for the nine-month period then ended, in accordance with CPC 21 and IAS 34.

Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the nine-month period ended September 30, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that they are consistent with the parent company and consolidated interim financial statements taken as a whole.

Audit and review of figures for the year and previous period

The original interim financial statements mentioned in the first paragraph include accounting information corresponding to statements of income and comprehensive income for the three and nine-month periods ended September 30, 2022 and statements of changes in equity, cash flows and value added for the nine-month period months ending on that date, obtained from the interim financial statements of that quarter, and the balance sheets as of December 31, 2022, obtained from the financial statements as of December 31, 2022, presented for comparison purposes. The review of the interim financial statements for the quarter ended September 30, 2022 and the audit of the financial statements for the year ended December 31, 2022 were audited by another firm of auditors whose review and audit reports dated October 28, 2022 and February 24, 2023, respectively, expressed an unmodified conclusion and unmodified opinion on those statements, respectively.

Porto Alegre, October 27, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by:
Rafael Biedermann
Signed By: RAFAEL BIEDERMANN MARIANTE:94779210097
CPF: 94779210097
Signer Role: Sócio/contador
Signing Time: 18 de dezembro de 2023 | 13:51 BRT
70E065DA20904EF1895B2D09572131AE

Rafael Biedermann Mariante
Contador CRC 1SP243373/O-0

"This document will be signed electronically using DocuSign (www.docusign.com.br), pursuant to art. 10, § 2, of Medida Provisória (Provisional Decree) No. 2200-2/2001 and was prepared on the date indicated, being valid for all legal purposes."

irani

Irani Papel e Embalagem S.A.

Interim financial statements at September 30, 2023

RANI
B3 LISTED NM

Great Place To Work. Certificada Mar/2023 - Mar/2024 BRASIL

TROFÉU TRANSPARÊNCIA 2023 PRÊMIO ANEFAC

irani.com.br/ri

IRANI PAPEL E EMBALAGEM S.A.

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

ASSETS	Note	Parent company		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
CURRENT ASSETS					
Cash and cash equivalents	5	411.647	702.762	440.770	735.194
Financial investments	5	97.310	314.014	97.310	314.014
Trade receivables	6	267.905	258.215	268.226	258.472
Inventories	7	118.270	132.123	119.101	133.758
Taxes recoverable	8.a	214.119	28.554	214.357	28.639
Derivative financial instruments - swap	18	612	131	612	131
Other assets	9	10.187	32.059	10.608	32.411
Non-current assets held for sale	10	2.562	2.562	2.562	2.562
Total current assets		1.122.612	1.470.420	1.153.546	1.505.181
NON-CURRENT ASSETS					
Trade receivables	6	485	984	485	984
Taxes recoverable	8.a	62.260	46.016	62.260	46.016
Income tax and social contribution recoverable	8.b	31.701	28.843	31.701	28.843
Judicial deposits		352	407	613	708
Other assets	9	5.590	5.086	5.617	5.113
Derivative financial instruments - swap	18	4.287	916	4.287	916
Other investments	12.b	-	-	4.184	1.500
Total long-term receivables		104.675	82.252	109.147	84.080
Investments in subsidiaries	12.a	211.399	218.265	-	-
Investment properties	13	18.490	18.524	18.490	18.524
Biological assets	15	283.762	195.958	443.903	343.727
Property, plant and equipment	14.a	1.563.983	1.389.748	1.583.133	1.407.801
Right-of-use assets	32	25.526	21.988	25.526	21.988
Intangible assets	14.b	139.838	134.037	139.838	134.037
Total non-current assets		2.347.673	2.060.772	2.320.037	2.010.157
TOTAL ASSETS		3.470.285	3.531.192	3.473.583	3.515.338

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
CURRENT LIABILITIES					
Borrowings	16	12.235	47.533	12.235	47.533
Debentures	17	11.839	226.062	11.839	226.062
Lease liabilities	32	9.008	7.025	9.008	7.025
Trade payables	19	144.609	199.312	139.054	175.313
Social security obligations		58.679	55.749	59.913	56.385
Tax obligations		18.342	19.162	18.456	19.447
Income tax and social contribution payable		7.528	2.907	7.886	3.402
Taxes in installments	21	2.820	5.941	2.820	5.941
Advances from customers		2.532	2.569	2.654	2.599
Dividends and interest on capital payable	23.b	1.567	22.120	1.567	22.120
Other payables		29.741	11.470	29.826	11.633
Total current liabilities		298.900	599.850	295.258	577.460
NON-CURRENT LIABILITIES					
Borrowings	16	786.517	412.672	786.517	412.672
Debentures	17	776.700	1.105.908	776.700	1.105.908
Lease liabilities	32	17.415	13.662	17.415	13.662
Social security obligations		16.127	14.549	16.127	14.549
Other payables		2.613	59	2.613	59
Provision for civil, labor and tax risks	22	22.499	27.926	22.552	28.095
Taxes in installments	21	2.718	2.511	2.718	2.511
Tax obligations		366	-	366	-
Deferred income tax and social contribution	11	255.494	228.970	262.381	235.337
Total non-current liabilities		1.880.449	1.806.257	1.887.389	1.812.793
TOTAL LIABILITIES		2.179.349	2.406.107	2.182.647	2.390.253
EQUITY					
Share capital	23.a	543.934	543.934	543.934	543.934
Capital reserve		960	960	960	960
Revenue reserves	23.d	360.768	454.968	360.768	454.968
Treasury shares	23.c	(53.616)	(11.642)	(53.616)	(11.642)
Carrying value adjustments	23.e	130.049	136.865	130.049	136.865
Retained earnings		308.841	-	308.841	-
Equity attributable to owners of the Parent company		1.290.936	1.125.085	1.290.936	1.125.085
Non-controlling interests		-	-	-	-
Total equity		1.290.936	1.125.085	1.290.936	1.125.085
TOTAL LIABILITIES AND EQUITY		3.470.285	3.531.192	3.473.583	3.515.338

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

IRANI PAPEL E EMBALAGEM S.A.

STATEMENT OF INCOME FOR THE PERIODS ENDED SEPTEMBER 30
(All amounts in thousands of reais unless otherwise stated)

	Note	Parent company		Parent company	
		Quarter ended		Nine-month period ended	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
NET SALES REVENUE	25	406.305	438.402	1.205.066	1.271.986
Changes in the fair value of biological assets	15, 26	26.216	27.619	80.433	64.651
Cost of sales	26	(243.808)	(269.203)	(740.437)	(767.479)
GROSS PROFIT		188.713	196.818	545.062	569.158
OPERATING INCOME (EXPENSES)					
Selling expenses	26	(32.170)	(35.621)	(92.809)	(98.927)
Impairment of trade receivables		(509)	(479)	(451)	(561)
General and administrative expenses	26	(24.962)	(22.849)	(77.141)	(63.522)
Other operating income (expenses), net	26	(1.172)	8.433	151.020	15.751
Other operating income	26	248	12.862	152.032	60.401
Other operating expenses	26	(1.420)	(4.429)	(1.012)	(44.650)
Management profit sharing	20	(4.118)	(1.912)	(12.354)	(13.127)
Equity in the earnings of subsidiaries	12	1.670	9.306	18.664	42.970
PROFIT BEFORE FINANCE RESULT AND TAXES		127.452	153.696	531.991	451.742
Finance result, net	27	(36.893)	(16.129)	(21.175)	(49.582)
Finance income		26.170	18.886	164.374	56.491
Finance costs		(63.063)	(35.015)	(185.549)	(106.073)
OPERATING PROFIT BEFORE TAXES		90.559	137.567	510.816	402.160
Current income tax and social contribution	28	(77.626)	(33.036)	(107.953)	(87.964)
Deferred income tax and social contribution	28	51.702	(9.001)	(26.524)	(21.905)
PROFIT FOR THE PERIOD		64.635	95.530	376.339	292.291
Profit attributable to:					
Owners of the Parent company		64.635	95.530	376.339	292.291
Non-controlling interests		-	-	-	-
		64.635	95.530	376.339	292.291
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	24	0,2695	0,3869	1,5584	1,1742

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

	Note	Consolidated		Consolidated	
		Quarter ended		Nine-month period ended	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
NET SALES REVENUE	25	407.855	441.405	1.209.209	1.278.256
Changes in the fair value of biological assets	15, 26	30.349	37.571	97.755	98.795
Cost of sales	26	(247.659)	(271.785)	(741.957)	(761.752)
GROSS PROFIT		190.545	207.191	565.007	615.299
OPERATING INCOME (EXPENSES)					
Selling expenses	26	(32.529)	(36.597)	(94.060)	(101.008)
Impairment of trade receivables	6	(509)	(455)	(451)	(550)
General and administrative expenses	26	(25.308)	(23.339)	(78.768)	(65.078)
Other operating income (expenses), net	26	(1.177)	8.434	151.003	15.778
Other operating income	26	255	12.870	152.055	60.448
Other operating expenses	26	(1.432)	(4.436)	(1.052)	(44.670)
Management profit sharing	20	(4.118)	(1.912)	(12.354)	(13.127)
PROFIT BEFORE FINANCE RESULT AND TAXES		126.904	153.322	530.377	451.314
Finance result, net	27	(35.916)	(15.055)	(18.108)	(47.328)
Finance income		27.170	19.978	167.501	58.809
Finance costs		(63.086)	(35.033)	(185.609)	(106.137)
OPERATING PROFIT BEFORE TAXES		90.988	138.267	512.269	403.986
Current income tax and social contribution	28	(77.928)	(33.428)	(108.886)	(88.803)
Deferred income tax and social contribution	28	51.575	(9.309)	(27.044)	(22.892)
PROFIT FOR THE PERIOD		64.635	95.530	376.339	292.291
Attributable to owners of the Parent company					
Owners of the Parent company		64.635	95.530	376.339	292.291
Non-controlling interests		-	-	-	-
		64.635	95.530	376.339	292.291
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	24	0,2695	0,3869	1,5584	1,1742

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

IRANI PAPEL E EMBALAGEM S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED SEPTEMBER 30
(All amounts in thousands of reais)

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period	64.635	95.530	376.339	292.291
Attributable to owners of the Parent company	64.635	95.530	376.339	292.291
Comprehensive income for the period	64.635	95.530	376.339	292.291

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Profit for the period	64.635	95.530	376.339	292.291
Attributable to owners of the Parent company	64.635	95.530	376.339	292.291
Consolidated comprehensive income for the period	64.635	95.530	376.339	292.291

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

IRANI PAPEL E EMBALAGEM S.A.

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

		Share capital				Revenue reserves						
	Note	Share capital	Share issue costs	Treasury shares	Share-based payment	Legal	Biological assets reserve	Profit retention reserve	Tax incentive reserve	Carrying value adjustments	Retained earnings	Total
AT JANUARY 1, 2022		566.895	(22.961)	(25.399)	960	18.804	7.079	261.258	4.990	145.812	-	957.438
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	-	-	378.210	378.210
Realization of deemed cost	23 e.	-	-	-	-	-	-	-	-	(8.947)	8.947	-
Realized revenue reserve – biological assets	23 d.	-	-	-	-	-	(4.567)	-	-	-	4.567	-
Total comprehensive income for the period		-	-	-	-	-	(4.567)	-	-	(8.947)	391.724	378.210
Total contributions by and distributions to owners of the Parent company												
Treasury shares	23 c.	-	-	(46.471)	-	-	-	-	-	-	-	(46.471)
Proposed allocations												
Legal reserve	23 d.	-	-	-	-	18.910	-	-	-	-	(18.910)	-
Dividends	23.b	-	-	-	-	-	-	(70.888)	-	-	(93.204)	(164.092)
Additional dividends	23.b	-	-	-	-	-	-	93.204	-	-	(93.204)	-
Profit retention reserve	23 d.	-	-	60.228	-	-	-	126.178	-	-	(186.406)	-
Total contributions by and distributions to owners of the parent company		-	-	13.757	-	18.910	-	148.494	-	-	(391.724)	(210.563)
AT DECEMBER 31, 2022		566.895	(22.961)	(11.642)	960	37.714	2.512	409.752	4.990	136.865	-	1.125.085
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	-	-	376.339	376.339
Realization of deemed cost	23 e.	-	-	-	-	-	-	-	-	(6.816)	6.816	-
Realized revenue reserve – biological assets	23 d.	-	-	-	-	-	(997)	-	-	-	997	-
Total comprehensive income for the period		-	-	-	-	-	(997)	-	-	(6.816)	384.152	376.339
Total contributions by and distributions to owners of the Parent company												
Treasury shares	23 c.	-	-	(41.974)	-	-	-	-	-	-	-	(41.974)
Proposed allocations												
Dividends	23.b	-	-	-	-	-	-	-	-	-	(75.311)	(75.311)
Additional dividends	23.d	-	-	-	-	-	-	(93.203)	-	-	-	(93.203)
Total contributions by and distributions to owners of the Parent company		-	-	(41.974)	-	-	-	(93.203)	-	-	(75.311)	(210.488)
AT SEPTEMBER 30, 2023		566.895	(22.961)	(53.616)	960	37.714	1.515	316.549	4.990	130.049	308.841	1.290.936

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

IRANI PAPEL E EMBALAGEM S.A.

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

	Note	Parent company		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		510.816	402.160	512.269	403.986
Reconciliation of profit for the period to net cash provided by operating activities:					
Changes in the fair value of biological assets	15.a	(80.433)	(64.651)	(97.755)	(98.795)
Depreciation, amortization and depletion	13,14,15 and 32	72.609	53.560	80.206	77.609
Profit (loss) on disposal of property, plant and equipment		(3.909)	(11.772)	(3.892)	(11.770)
Equity in the earnings of subsidiaries	12	(18.664)	(42.970)	-	-
Provision/reversal for civil, labor and tax risks	22	(4.072)	2.706	(4.114)	2.487
Provision for impairment of trade receivables	6	466	494	466	482
Indexation accruals and interest on borrowings, debentures and swap		161.885	77.033	161.885	77.033
Interest on lease liabilities		2.155	1.817	2.155	1.817
Interest on financial investments		(38.488)	(26.528)	(38.488)	(26.528)
Management profit sharing	20	1.578	13.127	1.578	13.127
PIS and COFINS credits on purchases of scraps	22	(228.487)	-	(228.487)	-
		375.456	404.976	385.823	439.448
(Increase) decrease in assets:					
Trade receivables		(9.657)	15.645	(9.721)	15.383
Inventories		13.853	15.949	14.657	14.671
Taxes recoverable		23.820	(23.402)	23.667	(23.477)
Other assets		(8.102)	(28.062)	(8.131)	(28.203)
Dividends received		28.030	16.992	-	-
Increase (decrease) in liabilities:					
Trade payables		(4.836)	32.930	12.188	30.815
Social security obligations		2.930	(10.253)	3.528	(9.662)
Advances from customers		(37)	(866)	55	(921)
Tax obligations		(19.783)	(14.735)	(19.517)	(13.746)
Other payables		20.035	3.743	19.883	3.664
Cash from operations		421.709	412.917	422.432	427.972
Payment of interest on borrowings, debentures and swaps		(199.187)	(75.447)	(199.187)	(75.447)
Payment of interest on lease liabilities		(2.155)	(1.817)	(2.155)	(1.817)
Taxes paid (Income tax and social contribution)		(86.917)	(73.675)	(88.424)	(75.599)
Net cash provided by operating activities		133.450	261.978	132.666	275.109
CASH FLOWS FROM INVESTING ACTIVITIES					
Financial investments		(1.020.665)	(801.747)	(1.020.665)	(801.747)
Redemption of financial investments		1.275.857	954.026	1.275.857	954.026
Purchases of property, plant and equipment		(280.214)	(395.852)	(280.394)	(395.905)
Additions to biological assets		(11.759)	(7.507)	(13.920)	(9.285)
Additions to intangible assets		(10.273)	(2.721)	(10.273)	(2.721)
Capital contribution	12	(2.500)	(6.615)	-	-
Proceeds from sale of property, plant and equipment		4.175	14.213	4.175	14.213
Advance for future capital increase		-	(232)	-	-
Proceeds from sale of non-current assets held for sale		29.525	15.550	29.525	15.550
Other investments		-	-	(2.684)	-
Net cash used in investing activities		(15.854)	(230.885)	(18.379)	(225.869)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends		(189.711)	(135.219)	(189.711)	(135.219)
Lease liabilities paid		(5.326)	(5.147)	(5.326)	(5.147)
Proceeds from borrowings		371.385	213.355	371.385	213.355
Repayments of borrowings and debentures		(543.085)	(62.250)	(543.085)	(62.250)
Repurchase of shares		(41.974)	(41.992)	(41.974)	(41.992)
Net cash flows used in financing activities		(408.711)	(31.253)	(408.711)	(31.253)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(291.115)	(160)	(294.424)	17.987
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	702.762	11.050	735.194	30.410
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	411.647	10.890	440.770	48.397

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

IRANI PAPEL E EMBALAGEM S.A.

STATEMENT OF ADDED VALUE FOR THE PERIODS ENDED SEPTEMBER 30
(All amounts in thousands of reais)

	Parent company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
1. REVENUE	1.706.949	1.684.280	1.711.387	1.691.131
1.1) Sales of goods and/or services	1.547.570	1.614.023	1.551.985	1.620.815
1.2) Other revenues	159.845	70.751	159.868	70.798
1.3) Provision for impairment of trade receivables	(466)	(494)	(466)	(482)
2 INPUTS ACQUIRED FROM THIRD PARTIES	824.538	949.509	809.686	910.660
2.1) Cost of sales and services	567.986	642.080	547.087	619.286
2.2) Materials, electricity, third-party services and other	256.552	307.429	262.599	291.374
3. GROSS VALUE ADDED (= 1-2)	882.411	734.771	901.701	780.471
4. DEPRECIATION, AMORTIZATION AND DEPLETION	72.609	53.560	80.206	77.609
5. CHANGES IN THE FAIR VALUE OF BIOLOGICAL ASSETS	(80.433)	(64.651)	(97.755)	(98.795)
6. NET VALUE ADDED GENERATED BY THE COMPANY (3-4-5)	890.235	745.862	919.250	801.657
7. VALUE ADDED RECEIVED THROUGH TRANSFER	183.038	99.461	167.501	58.809
7.1) Equity in the earnings of subsidiaries	18.664	42.970	-	-
7.2) Finance income	164.374	56.491	167.501	58.809
8. TOTAL VALUE ADDED TO DISTRIBUTE (6+7)	1.073.273	845.323	1.086.751	860.466
9. DISTRIBUTION OF VALUE ADDED	1.073.273	845.323	1.086.751	860.466
9.1) Personnel	182.623	157.196	192.663	166.748
9.1.1 - Direct compensation	136.572	118.961	142.244	124.392
9.1.2 - Benefits	38.712	31.820	42.783	35.646
9.1.3 - Government Severance Indemnity Fund for Employees (FGTS)	7.339	6.415	7.636	6.710
9.2) Taxes and contributions	301.996	260.562	305.373	266.088
9.2.1 - Federal	223.891	185.353	227.152	190.699
9.2.2 - State	76.605	73.325	76.621	73.367
9.2.3 - Municipal	1.500	1.884	1.600	2.022
9.3) Third-party capital remuneration	192.148	111.797	192.209	111.862
9.3.1 - Interest	185.549	106.073	185.609	106.137
9.3.2 - Rentals	6.599	5.724	6.600	5.725
9.4) Remuneration of own capital	384.152	302.641	384.152	302.641
9.4.1 - Dividends	75.311	48.439	75.311	48.439
9.4.2 - Profits reinvested	308.841	254.202	308.841	254.202
9.5) Other	12.354	13.127	12.354	13.127
9.5.1 - Management profit sharing	12.354	13.127	12.354	13.127

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

IRANI PAPEL E EMBALAGEM S.A.

CONTENTS OF THE NOTES TO THE QUARTERLY INFORMATION

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

1. OPERATIONS

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

The direct subsidiaries are listed in Note 4.

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

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

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

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

The issuance of these interim financial statements of the Company was authorized by the Company's Management on October 25, 2023.

The interim financial statements have been prepared based on historical cost convention, except for biological assets measured at their fair values less costs to sell, derivative financial instruments – swap and financial instruments measured at their fair values, as described in Notes 15, 18 and 29, 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 quarter and nine-month period ended September 30, 2023 are consistent with those applied in the preparation of the last annual financial statements at December 31, 2022 and are disclosed in Notes 2.1, 2.2 and 3.

4. CONSOLIDATION OF INTERIM FINANCIAL STATEMENTS

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

Equity interest (%)			
Subsidiaries – direct interest	Business activity	09/30/2023	12/31/2022
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

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

5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

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

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Fixed fund	15	15	17	17
Banks	773	5.293	780	5.302
Financial investments with immediate liquidity i)	410.859	697.454	439.973	729.875
Total cash and cash equivalents	411.647	702.762	440.770	735.194
Financial investments ii)	97.310	314.014	97.310	314.014
Total financial investments	97.310	314.014	97.310	314.014
Total cash and cash equivalents and financial investments	508.957	1.016.776	538.080	1.049.208

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

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

Short-term investments with no grace period and short-term investments with a grace period of less than 73 days are remunerated with fixed income at an average rate of 103.6% (103.0% at December 31, 2022) of the CDI (Interbank Deposit Certificate). Cash management is carried out in accordance with the Company's Financial Management Policy , approved by the Board of Directors on September 19, 2023.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Trade receivables from:				
Customers - domestic market	254.935	242.583	255.256	242.840
Customers - related parties	210	259	210	259
Customers - foreign market	22.553	24.726	22.553	24.726
Customers - renegotiation	2.214	2.687	2.214	2.687
	279.912	270.255	280.233	270.512
Estimated losses on trade receivables	(11.522)	(11.056)	(11.522)	(11.056)
	268.390	259.199	268.711	259.456
Current	267.905	258.215	268.226	258.472
Non-current	485	984	485	984

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

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Falling due	257.119	244.812	257.370	244.993
Up to 30 days past due	5.966	12.293	6.029	12.371
31 to 60 days past due	2.483	1.717	2.483	1.717
61 to 90 days past due	1.449	431	1.449	431
91 to 180 days past due	1.258	111	1.265	111
More than 180 days past due	11.637	10.891	11.637	10.889
	279.912	270.255	280.233	270.512

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 trade receivables are also recorded for notes falling due and past due for less than 180 days in cases where the amounts are not considered realizable, based on the financial situation of each debtor, the prospective analysis and historical analyses of losses obtained by the Company. Individual analyses are performed for those customers who do not yet have past due notes, considering their credit risks. The following table provides information on the credit risk exposure and expected credit losses for individual trade receivables and contract assets at September 30, 2023:

Consolidated

Exposure to credit risk and credit losses

	Estimated weighted average loss	Gross book value at 09/30/2023	Allowance for expected credit losses at
Not yet due	0,22%	257.370	(559)
Up to 30 days past due	0,50%	6.029	(30)
31 to 180 days past due	18,78%	5.197	(976)
More than 181 days past due	85,56%	11.637	(9.957)
		280.233	(11.522)

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

The credit quality of financial assets that were neither past due nor impaired at September 30, 2023 was assessed with reference to historical information on the Company’s default rates. In general, 97% of trade receivables do not have a default history.

Changes in the provision are as follows:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Balance at the beginning of the period	(11.056)	(30.452)	(11.056)	(30.464)
Allowance for recognized losses	(466)	(443)	(466)	(431)
Trade receivables written off during the period as uncollectible	-	19.839	-	19.839
Balance at the end of the period	(11.522)	(11.056)	(11.522)	(11.056)

7. INVENTORIES

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Finished products	52.541	64.799	52.963	66.096
Production materials	34.138	37.978	34.282	38.034
Consumable materials	31.224	28.647	31.488	28.929
Other inventories	367	699	368	699
	118.270	132.123	119.101	133.758

The Company recognized provisions for its inventories for the nine-month period ended September, 30, 2023, as follows:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Balance at the beginning of the period	-	-	-	-
Write-down to net realizable value	(337)	-	(337)	-
Obsolete inventories written off	337	-	337	-
Balance at the end of the period	-	-	-	-

8. TAXES RECOVERABLE AND INCOME TAX AND SOCIAL CONTRIBUTION

a) Taxes recoverable

They are as follows:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Value-added Tax on Sales and Services (ICMS)	51.039	47.772	51.039	47.772
Social Integration Program (PIS)/Social Contribution (	224.554	25.828	224.554	25.828
Excise Tax (IPI)	46	35	46	35
Income Tax Withheld at Source (IRRF) on investmen	-	-	229	66
Other	740	935	749	954
	276.379	74.570	276.617	74.655
Current	214.119	28.554	214.357	28.639
Non-current	62.260	46.016	62.260	46.016

ICMS credits are basically credits on purchases of property, plant and equipment items and interstate purchases of raw material by Resinas-RS unit that the Company sells to third parties. Additionally, during the first quarter of 2022, the Company recognized previous period's ICMS credit related to the deemed credit in the state of Santa Catarina in the amount of R$ 18,526, which has been fully offset, with a positive impact on operating profit before taxes, net of legal fees, in the amount of R$ 17,229.

PIS and COFINS credit balances refer basically to:

i) Credits on purchases of property, plant and equipment items, which have been recovered in 24 or 48 installments according to the classification and use of the purchased assets, and the balance at September 30, 2023 is R$ 26,914.

ii) PIS and COFINS credits on the purchases of scraps recognized in the statement of income for the nine-month period ended September 30, 2023 totaling R$ 223,432, arising from the favorable final and unappealable court decision that recognized the Company's right to PIS and COFINS credits on the purchases of scraps due to the unconstitutionality of art. 47 of Law 11,196/05, effective as from June 2010. The Company estimates it will use all credits for offsetting other taxes in up to 13 months, depending on the amount of federal taxes calculated. Information on the matter is disclosed in Note 22 as "Tax assets contingencies" and was reported to the market in the Material Fact disclosed on June 19, 2023, the balance at September 30, 2023 is R$ 197,447.

b) Income tax and social contribution recoverable

They are as follows:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Income tax recoverable	23.310	21.208	23.310	21.208
Social contribution recovei	8.391	7.635	8.391	7.635
	31.701	28.843	31.701	28.843
Non-current	31.701	28.843	31.701	28.843

On September 27, 2021, the Federal Supreme Court (STF) judged the Extraordinary Appeal 1.063.187 RG/SC – Topic 962 with general repercussion, in which the levying of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional. Accordingly, the Company recognized in 2021 R$ 25,197 referring to this matter; at September 30, 2023, the updated value is R$ 31,701. 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	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Advances to suppliers	985	770	996	784
Receivables from employees	3.384	3.030	3.662	3.235
Rio Negro Propriedades Rurais e Participações S.A.	524	524	524	524
São José Desenvolvimento Imobiliário 93 Ltda.	-	25.650	-	25.650
Prepaid expenses	2.715	1.290	2.717	1.290
Receivable from lawsuit on abusive interest SP – Securities issue	5.590	5.086	5.590	5.086
Other	2.579	795	2.736	955
	15.777	37.145	16.225	37.524
Current	10.187	32.059	10.608	32.411
Non-current	5.590	5.086	5.617	5.113

The balance receivable from Rio Negro Propriedades Rurais e Participações S.A. refers to the sale of Rural Properties in the year ended December 31, 2019, which the Company expects to realize in the current year.

The balance receivable from the lawsuit on abusive interest SP – Securities issued to cover court-ordered debts refers to Ordinary Action 1030021-89.2014.8.26.0053 which had declared in favor of the Company the unenforceability of default interest levied on ICMS amounts administratively paid in installments with a rate higher than the SELIC rate. The updated value of the securities issued to cover court-ordered debts on July 6, 2021 is R$ 5,590, which the Company expects to realize by the end of 2024.

The balance receivable from São José Desenvolvimento Imobiliário 93 Ltda. at December 31, 2022 referred to the sale of assets held for sale. The amount was fully received on March 10, 2023.

10. NON-CURRENT ASSETS HELD FOR SALE

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 nine-month period ended September 30, 2023.

(b) Assets held for sale

Machinery and equipment are stated at acquisition cost less accumulated depreciation.

Assets held for sale	09/30/2023	12/31/2022
Machinery and equipment	2.562	2.562
Assets held for sale	2.562	2.562

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

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

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

In 2023, the Company computed income tax and social contribution on exchange-rate changes on the cash basis, and recorded a deferred tax liability related to unrealized exchange rate change. There was no change in the form of calculation of income tax and social contribution on exchange rate change in relation to the previous year.

The initial tax impacts on the deemed cost of property, plant and equipment were recognized with an offsetting entry to equity.

ASSETS	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Deferred income tax assets				
On temporary provisions	3.722	5.856	3.722	5.856
On tax loss	-	-	30	49
Deferred social contribution assets				
On temporary provisions	1.340	2.108	1.340	2.108
On tax loss	-	-	11	18
	5.062	7.964	5.103	8.031

LIABILITIES	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	341	419	341	419
Fair value of biological assets	72.923	53.739	75.711	56.205
Deemed cost of property, plant and equipment	93.047	94.899	94.983	96.837
Right-of-use assets and lease liabilities	116	-	116	-
Tax amortization of goodwill	25.158	25.158	25.158	25.158
Deferred social contribution liabilities				
Unrealized exchange-rate change on the cash basis	122	151	122	151
Fair value of biological assets	26.252	19.346	27.758	20.678
Deemed cost of property, plant and equipment	33.498	34.165	34.196	34.863
Right-of-use assets and lease liabilities	42	-	42	-
Tax amortization of goodwill	9.057	9.057	9.057	9.057
	260.556	236.934	267.484	243.368
Deferred tax liabilities (net)	255.494	228.970	262.381	235.337

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

Parent company **assets**	Opening balance 01/01/2022	Recognized in profit (loss)	Closing balance 12/31/2022	Recognized in profit (loss)	Closing balance 09/30/2023
Deferred tax assets related to:					
Provision for sundry risks	(11.324)	3.360	(7.964)	2.902	(5.062)
Total temporary differences	(11.324)	3.360	(7.964)	2.902	(5.062)
Income tax and social contribution tax losses	(27.866)	27.866	-	-	-
	(39.190)	31.226	(7.964)	2.902	(5.062)

Parent company liabilities	Opening balance 01/01/2022	Recognized in profit (loss)	Closing balance 12/31/2022	Recognized in profit (loss)	Closing balance 09/30/2023
Deferred tax liabilities related to:					
Exchange-rate change recognized on a cash basis	-	570	570	(107)	463
Fair value of biological assets	47.872	25.213	73.085	26.090	99.175
Deemed cost and review of useful life	157.918	(28.854)	129.064	(2.519)	126.545
Right-of-use assets and lease liabilities	-	-	-	158	158
Government grant	43	(43)	-	-	-
Tax amortization of goodwill	34.215	-	34.215	-	34.215
	240.048	(3.114)	236.934	23.622	260.556

Consolidated assets	Opening balance 01/01/2022	Recognized in profit (loss)	Closing balance 12/31/2022	Recognized in profit (loss)	Closing balance 09/30/2023
Deferred tax assets related to:					
Provision for sundry risks	(11.324)	3.360	(7.964)	2.902	(5.062)
Total temporary differences	(11.324)	3.360	(7.964)	2.902	(5.062)
Income tax and social contribution tax losses	(27.899)	27.832	(67)	26	(41)
	(39.223)	31.192	(8.031)	2.928	(5.103)

Consolidated liabilities	Opening balance 01/01/2022	Recognized in profit (loss)	Closing balance 12/31/2022	Recognized in profit (loss)	Closing balance 09/30/2023
Deferred tax liabilities related to:					
Exchange-rate change recognized on a cash basis	-	570	570	(107)	463
Fair value of biological assets	49.944	26.939	76.883	26.586	103.469
Deemed cost and review of useful life	160.554	(28.854)	131.700	(2.521)	129.179
Right-of-use assets and lease liabilities	-	-	-	158	158
Government grant	43	(43)	-	-	-
Tax amortization of goodwill	34.215	-	34.215	-	34.215
	244.756	(1.388)	243.368	24.116	267.484

12. INVESTMENTS IN SUBSIDIARIES (PARENT COMPANY) AND OTHER INVESTMENTS

a) Investments in subsidiaries (Parent company)

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Irani Ventures	Total
At January 1, 2022	55.253	101.419	13	248	2.436	159.369
Equity in the earnings of subsidiaries	36.396	28.029	(2)	(847)	(66)	63.510
Dividends	-	(16.991)	-	-	-	(16.991)
Capital contribution (ii)	-	5.530	-	1.615	5.000	12.145
Advance for future capital increase (i)	-	-	-	232	-	232
At December 31, 2022	91.649	117.987	11	1.248	7.370	218.265
Equity in the earnings of subsidiaries	(8.305)	27.006	(4)	(226)	193	18.664
Dividends	-	(28.030)	-	-	-	(28.030)
Capital contribution (ii)	-	-	-	-	2.500	2.500
At September 30, 2023	83.344	116.963	7	1.022	10.063	211.399

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Irani Ventures
At September 30, 2023					
Current					
Assets	8.254	22.177	7	1.022	5.915
Liabilities	(2.476)	(245)	-	-	(78)
Current, net	5.778	21.932	7	1.022	5.837
Non-current					
Assets	81.570	98.010	-	-	4.226
Liabilities	(4.004)	(2.979)	-	-	-
Non-current, net	77.566	95.031	-	-	4.226
Equity	83.344	116.963	7	1.022	10.063
Net revenue	14.728	10.329	-	42	-
Profit (loss) before income tax and social contribution	(7.740)	28.505	(4)	(226)	267
Income tax and social contribution expense	(565)	(1.499)	-	-	(74)
Profit for the period	(8.305)	27.006	(4)	(226)	193
Ownership interest - %	100,00	100,00	100,00	100,00	100,00

(i) On February 16, 2022, the Company made an advance for future capital increase in subsidiary Irani Soluções para E-commerce Ltda. in the amount of R$ 232.

(ii) During 2022, Iraflor Comércio de Madeiras Ltda. received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R$ 5,530, paid through the merger of forest assets.

On 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.

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

Company's investment thesis duly approved by the Investment Committee. The total amount of the approved contribution is R$ 10,000, of which R$ 2,500 was paid in immediately and R$ 5,000 on August 10, 2022 and the balance of R$ 2,500 was paid in on February 28, 2023.

b) Other investments

These refer to equity securities designated at cost related to a loan granted by the subsidiary of Companhia Irani Ventures Ltda. to Companhia Trashin Gestão e Coleta de Recicláveis S.A., GrowPack Bio LLC. and Mush MT Ltda., as a loan convertible into equity interest in the amount of R$ 4,184.

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

13. INVESTMENT PROPERTIES

Parent company and Consolidated

	Land	Buildings	Total
At December 31, 2022			
Opening Balance	18.686	2.681	21.367
Write-offs/Disposals	(162)	(2.564)	(2.726)
Depreciation	-	(117)	(117)
Net book value	18.524	-	18.524
Cost	18.524	2.813	21.337
Accumulated depreciation	-	(2.813)	(2.813)
Net book value	18.524	-	18.524
At September 30, 2023			
Opening Balance	18.524	-	18.524
Write-offs/Disposals	(34)	-	(34)
Net book value	18.490	-	18.490
Cost	18.490	2.813	21.303
Accumulated depreciation	-	(2.813)	(2.813)
Net book value	18.490	-	18.490

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 acquisition cost of R$ 16,058. 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 customers 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 on the result before taxes on profit was R$ 7,274.

At September 30, 2023, investment properties are measured at historical cost. For disclosure purposes, the Company measured these properties at fair value, less any costs to sell, in the amount of R$ 22,754, Parent company and Consolidated, at December 31, 2022. The valuations were 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, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Breakdown of property, plant and equipment

Parent company

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
At December 31, 2022								
Opening balance	120.685	127.628	309.245	2.801	6.346	367.512	7.651	941.868
Purchases	-	5.114	59.823	4.518	2.540	431.686	-	503.681
Write-offs/Disposals	(200)	-	(595)	-	(36)	-	(5)	(836)
Reversal of impairment	-	-	3.151	219	504	-	-	3.874
Transfers	-	25.518	92.539	(5)	486	(118.538)	-	-
Depreciation	-	(6.284)	(45.653)	(1.178)	(2.220)	-	(1.109)	(56.444)
PIS and COFINS credits	-	2	61	-	1	103	-	167
Held for sale	-	-	(2.562)	-	-	-	-	(2.562)
Net book value	120.485	151.978	416.009	6.355	7.621	680.763	6.537	1.389.748
Cost	120.485	239.938	1.136.004	16.696	29.860	680.763	16.094	2.239.840
Accumulated depreciation	-	(87.960)	(719.995)	(10.341)	(22.239)	-	(9.557)	(850.092)
Net book value	120.485	151.978	416.009	6.355	7.621	680.763	6.537	1.389.748
At September 30, 2023								
Opening balance	120.485	151.978	416.009	6.355	7.621	680.763	6.537	1.389.748
Purchases	9	13.599	125.093	1.702	2.824	84.698	-	227.925
Write-offs/Disposals	(165)	-	(16)	(29)	(12)	(10)	-	(232)
Transfers	-	68.700	278.272	-	3.268	(350.240)	-	-
Depreciation	-	(5.960)	(43.471)	(1.276)	(1.920)	-	(831)	(53.458)
Net book value	120.329	228.317	775.887	6.752	11.781	415.211	5.706	1.563.983
Cost	120.329	322.237	1.539.353	18.369	35.940	415.211	16.094	2.467.533
Accumulated depreciation	-	(93.920)	(763.466)	(11.617)	(24.159)	-	(10.388)	(903.550)
Net book value	120.329	228.317	775.887	6.752	11.781	415.211	5.706	1.563.983

Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
At December 31, 2022								
Opening balance	136.869	128.261	309.314	3.301	6.371	368.289	7.651	960.056
Purchases	-	5.190	59.858	4.518	2.552	431.793	-	503.911
Write-offs/Disposals	(200)	-	(595)	-	(37)	-	(5)	(837)
Reversal of impairment	-	-	3.151	219	504	-	-	3.874
Transfers	-	26.026	92.809	(5)	505	(119.335)	-	-
Depreciation	-	(6.451)	(45.704)	(1.311)	(2.233)	-	(1.109)	(56.808)
PIS and COFINS credits	-	2	61	-	1	103	-	167
Held for sale	-	-	(2.562)	-	-	-	-	(2.562)
Net book value	136.669	153.028	416.332	6.722	7.663	680.850	6.537	1.407.801
Cost	136.669	244.948	1.136.584	18.059	30.407	680.850	16.094	2.263.611
Accumulated depreciation	-	(91.920)	(720.252)	(11.337)	(22.744)	-	(9.557)	(855.810)
Net book value	136.669	153.028	416.332	6.722	7.663	680.850	6.537	1.407.801
At September 30, 2023								
Opening balance	136.669	153.028	416.332	6.722	7.663	680.850	6.537	1.407.801
Purchases	9	13.602	125.252	2.300	2.829	85.369	-	229.361
Write-offs/Disposals	(165)	-	(16)	(29)	(29)	(10)	-	(249)
Transfers	-	68.756	278.272	-	3.268	(350.296)	-	-
Depreciation	-	(6.098)	(43.539)	(1.383)	(1.929)	-	(831)	(53.780)
Net book value	136.513	229.288	776.301	7.610	11.802	415.913	5.706	1.583.133
Cost	136.513	327.306	1.540.092	20.330	36.475	415.913	16.094	2.492.723
Accumulated depreciation	-	(98.018)	(763.791)	(12.720)	(24.673)	-	(10.388)	(909.590)
Net book value	136.513	229.288	776.301	7.610	11.802	415.913	5.706	1.583.133

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

b) Breakdown of intangible assets

Parent company

	Goodwill	Customer list	Software	Development of software	Total
At December 31, 2022					
Opening balance	104.380	-	31.959	-	136.339
Purchases	-	-	872	1.849	2.721
Write-offs/Disposals	-	-	(3)	-	(3)
Reversal of impairment	-	-	19	-	19
Transfers	-	-	1.849	(1.849)	-
Amortization	-	-	(5.039)	-	(5.039)
Net book value	104.380	-	29.657	-	134.037
Cost	104.380	5.347	57.083	-	166.810
Accumulated amortization	-	(5.347)	(27.426)	-	(32.773)
Net book value	104.380	-	29.657	-	134.037
At September 30, 2023					
Opening balance	104.380	-	29.657	-	134.037
Purchases	-	-	3.057	7.216	10.273
Transfers	-	-	7.216	(7.216)	-
Amortization	-	-	(4.472)	-	(4.472)
Net book value	104.380	-	35.458	-	139.838
Cost	104.380	5.347	67.356	-	177.083
Accumulated amortization	-	(5.347)	(31.898)	-	(37.245)
Net book value	104.380	-	35.458	-	139.838

Consolidated

	Goodwill	Customer list	Software	Development of software	Total
At December 31, 2022					
Opening balance	104.380	-	31.959	-	136.339
Purchases	-	-	872	1.849	2.721
Write-offs/Disposals	-	-	(3)	-	(3)
Reversal of impairment	-	-	19	-	19
Transfers	-	-	1.849	(1.849)	-
Amortization	-	-	(5.039)	-	(5.039)
Net book value	104.380	-	29.657	-	134.037
Cost	104.380	5.347	57.091	-	166.818
Accumulated amortization	-	(5.347)	(27.434)	-	(32.781)
Net book value	104.380	-	29.657	-	134.037
At September 30, 2023					
Opening balance	104.380	-	29.657	-	134.037
Purchases	-	-	3.057	7.216	10.273
Transfers	-	-	7.216	(7.216)	-
Amortization	-	-	(4.472)	-	(4.472)
Net book value	104.380	-	35.458	-	139.838
Cost	104.380	5.347	67.364	-	177.091
Accumulated amortization	-	(5.347)	(31.906)	-	(37.253)
Net book value	104.380	-	35.458	-	139.838

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 %	
	09/30/2023	12/31/2022
Buildings and constructions *	3,18	2,90
Equipment and facilities	6,50	7,11
Furniture, fixtures, and IT equipment	13,71	15,17
Vehicles and tractors	18,40	18,26
Software	12,38	10,84

* including weighted rates for leased improvements

d) Other information

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

During the nine-month period ended September 30, 2023, interest on financing in the amount of R$ 24,203 (R$ 28,564 in 2022) and debt costs in the amount of R$ 5,022 (R$ 10,482 in 2022) 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% per annum. The property is owned by the companies MCFD - Administração de Imóveis Ltda. and PFC – Administração de Imóveis Ltda., and the cost of the renovation was fully absorbed by Irani Papel e Embalagem S.A.

The property described in the previous paragraph is the subject of a lease contract, as mentioned in Note 20.

The breakdown of the depreciation of property, plant and equipment in the nine-month periods ended September 30, 2023 and 2022 is as follows:

			Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Administrative	1.322	811	1.471	936
Productive	52.136	39.947	52.309	40.082
	53.458	40.758	53.780	41.018

The breakdown of the amortization of intangible assets in the nine-month periods ended September 30, 2023 and 2022 is as follows:

	Parent company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Administrative	1.596	1.024	1.596	1.024
Productive	2.876	2.742	2.876	2.742
	4.472	3.766	4.472	3.766

e) Impairment losses on property, plant and equipment

There was no need to recognize impairment in the nine-month period ended September 30, 2023.

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, 2022, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method. The recoverable amount 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 weight of financing, including debt and equity components, which are used by the Company to finance its activities.

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

	Assumptions
Average sales prices of Packaging Paper and Corrugated Cardboard	
Packaging (% of annual growth rate)	4,0%
Gross margin (% on net revenue)	38,7%
Estimated growth rate	5,0%
Discount rate (WACC)	10,88%

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 existing in the Company, thus making it impossible to separate the CGU acquired for impairment testing purposes.

The Company carried out a sensitivity analysis of discount and growth rates. Even considering an increase or decrease, respectively, of 9.0% in the discount rate and of 5.0% in the growth rate, in the aggregate, the recoverable amount continues higher than the carrying amount.

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 Company’s biological assets form a single group called “forests”, which are measured together at fair value in quarterly periods.

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

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Cost of development of biological assets	71.911	61.669	105.244	95.829
Fair value adjustment of biological assets	211.851	134.289	338.659	247.898
	283.762	195.958	443.903	343.727

Of the total consolidated biological assets, R$ 381,772 (R$ 276,450 at December 31, 2022) 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$ 356,023 (R$ 238,882 at December 31, 2022) 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$ 62,131 (R$ 67,277 at December 31, 2022) and are located on the coast of Rio Grande do Sul. The resin is extracted according to the capacity of production of this product by the existing forest, and the timber is extracted for sale from logs according to the demand for supply in the region.

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

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

i) The methodology used to measure the fair value of biological assets was the Income Approach with depletion of the forest in one cycle, which corresponds to the projection of expected future cash flows, discounted at the current rate for the regional market, in accordance with the projected productivity of the forests in the cutting cycles determined based on the optimization of production, considering the price changes and the growth of the biological assets. The Income Approach assimilates the fair value for the calculation of the present value of the asset's expected net cash flow, discounted at a discount rate that reflects the expected return in relation to the risks associated with the business.

ii) The model adopted to determine the discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of equity is estimated by analyzing the return sought by investors in the market, assuming that an investor requires at least the return offered by securities considered risk free, plus the excess risk of the investment;

iii) The forests' projected production volumes are defined based on stratification, according to the type of each species, inputs for production planning, as well as the age, productive potential and a production cycle of the forests. This projected volume corresponds to the Average Annual Increase (AAI). Management alternatives are created to establish the ideal long-term production flow to maximize forest yields;

iv) The prices adopted for biological assets are based on an estimate of the price of Pinus and Eucalyptus wood, based on a 3-year history of the actual prices practiced in the regions where the assets are located and published by a specialized company. Prices in R$/cubic meter are used, considering the required costs to place the assets in the condition of sale or consumption;

v) The opportunity cost of the land (Lease) is calculated considering the cost of land availability, in accordance with international accounting practices. The average, in real terms, of the cost of lease for the last three years is considered, which is deducted from the forest as “Remuneration of own contributing assets (Lease)” in the percentages informed below for assets in SC and RS. The value of the land used as a basis for the lease, according to the Appraisal Report contracted by the Company for the appraisal of the Biological Assets, was R$ 650,242 at December 31, 2022 as it captures the current value of the land on the market. The book value of the land is R$ 136,513, as mentioned in Note 14.

vi) Planting expenditures used are the formation costs of biological assets practiced by the Company;

vii) The depletion of biological assets is calculated based on their average fair value of biological assets, multiplied by the volume harvested in the period;

viii) The Company reviews the fair value of its biological assets every three months, considering that this time-frame is enough to have no lag in the balance of fair value of the biological assets recorded in its financial statements.

	Consolidated		
	09/30/2023	12/31/2022	Impact on the fair value of biological assets
Planted area (hectare)	15.556	15.184	If the assumption increases, the fair value increases
Remuneration of own contributing assets SC - %	3,11%	3,11%	If the assumption increases, the fair value decreases
Remuneration of own contributing assets RS - %	4,00%	4,00%	If the assumption increases, the fair value decreases
Discount rate - Own Forests SC - %	7,50%	7,50%	If the assumption increases, the fair value decreases
Discount rate - Own Forests RS - %	8,00%	8,00%	If the assumption increases, the fair value decreases
Discount rate - Partnerships - %	8,50%	8,50%	If the assumption increases, the fair value decreases
Net average sales price (m³)	124,50	107,00	If the assumption increases, the fair value increases
Average annual increment (IMA) - Santa Catarina Forests (*)	38,4	38,4	If the assumption increases, the fair value increases
Average annual increment (IMA) - Rio Grande do Sul Forests (*)	21,5	21,5	If the assumption increases, the fair value increases

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

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

The period's main movements are shown below:

	Parent company	Consolidated
Balance at 12/31/2021	109.798	219.056
Planting	7.647	11.258
Acquisition of forest	6.931	6.931
Depletion		
Historical cost	(2.505)	(8.330)
Fair value	(2.813)	(24.191)
Transfer to capitalization in subsidiary Iraflor	(5.530)	-
Changes in the fair value	82.430	139.003
Balance at 12/31/2022	195.958	343.727
Planting	6.909	9.234
Acquisition of forest	7.538	7.538
Depletion		
Historical cost	(4.205)	(7.357)
Fair value	(2.871)	(6.994)
Changes in the fair value	80.433	97.755
Balance at 09/30/2023	283.762	443.903

Depletion of biological assets in the nine-month periods ended September 30, 2023 and 2022 was recognized in profit (loss) for the respective periods, after the allocation in inventories through forest harvesting and use in production process or sale to third parties.

In 2022, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R$ 5,530, was authorized and had the ultimate purpose of improving the management of forestry assets.

b) Production on third-party land

The Company has entered into non-cancellable lease agreements for production of biological assets on third-party land, called partnerships. These agreements are effective until all forests planted in these areas are harvested, over a cycle of up to 15 years. The amount of biological assets on third-party land is approximately 1.4 thousand hectares and currently represents approximately 9.0% of the total area with the Company's biological assets. The lease liabilities are presented in Note 32.

16. BORROWINGS

a) Breakdown of book balances

			Parent company		Consolidated	
			09/30/2023	12/31/2022	09/30/2023	12/31/2022
Current	**Annual charges %**	Currenc				
Local currency						
Finame	Fixed at 4.12%, Selic + 3.70%, IPCA + 6.24%	Real	10.323	7.235	10.323	7.235
Working capital	CDI + 1.82%	Real	1.912	-	1.912	-
Total local currency			12.235	7.235	12.235	7.235
Foreign currency						
Advance on exchange contract	Fixed at 4.62%	Dollar	-	40.298	-	40.298
Total foreign currency			-	40.298	-	40.298
Total current			12.235	47.533	12.235	47.533
Non-current						
Local currency						
Finame	Fixed at 4.12%, Selic + 3.70%, IPCA + 6.24%	Real	484.000	412.672	484.000	412.672
Working capital	CDI + 1.82%	Real	302.517	-	302.517	-
Total local currency			786.517	412.672	786.517	412.672
Total non-current			786.517	412.672	786.517	412.672
Total			798.752	460.205	798.752	460.205

	Parent company		Consolidated	
Long-term maturities:	09/30/2023	12/31/2022	09/30/2023	12/31/2022
2024	-	57	-	57
2025	71.082	18.194	71.082	18.194
2026	116.005	31.740	116.005	31.740
2027	116.564	31.739	116.564	31.739
2028 onwards	482.866	330.942	482.866	330.942
	786.517	412.672	786.517	412.672

b) Significant transactions in the period

BNDES FINAME DIRETO

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 extended 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.

The inflow of funds occurred in three releases, linked to the acquisitions and payment for the Gaia Platform equipment, the first during the 4th quarter of 2021 in the amount of

R$ 236,517, the second during the 2nd quarter of 2022 in the amount of R$ 176,099, and the third and last during the 1st quarter of 2023 in the amount of R$ 71,384.

In the 3rd quarter of 2023, a biannual renegotiation of part of the letters of guarantee for the operation was carried out, resulting in a reduction of the effective interest as of October 2023, of IPCA + 6.24% p.a. to IPCA + 5.77% p.a.

Working capital

According to a Material Fact dated August 31, 2023, in line with the Company's liability management strategy, R$ 300,000 was raised in bilateral operations with banks, as follows:

- Banco Itaú - Export Credit Note (NCE), approved at a meeting of the Board of Directors on August 30, 2023.

  a) Amount of principal: R$ 100,000;
  b) Interest Rate: 100% of the compound CDI with a fixed rate of 1.85000% p.a. The Interest will be paid semiannually as of the issuance of the note;
  c) Term: 5 years with a 3-year grace period and payment of principal in the 3rd, 4th and 5th year;
  d) Financial Covenant - Net Debt/Adjusted EBITDA equal to or less than 4.0x, measured annually;
  e) No guarantees (Clean).

- Banco Santander - Agribusiness Credit Rights Certificate (CDCA), approved at a meeting of the Board of Directors on August 30, 2023.

  a) Amount of principal: R$ 80,000;
  b) Interest Rate: 100% of the compound CDI with a fixed rate of 1.83% p.a. Interest will be paid on the same payment dates as the principal;
  c) Term: 5 years with 18 months grace period and payment of principal in the 18th, 30th, 42nd, 54th and 60th months;
  d) Financial Covenant - Net Debt/Adjusted EBITDA equal to or less than 4.0x, measured annually;
  e) No guarantees (Clean).

- Banco Safra - Bank Credit Note (CCB) approved at a meeting of the Board of Directors on August 30, 2023.

  a) Amount of principal: R$ 120,000;
  b) Interest Rate: 100% of the compound CDI with a fixed rate of 1.78% p.a. Interest will be paid semiannually as of the issuance of the CCB;
  c) Term: 5 years with an 18-month grace period and semiannual payment of principal after the grace period;

d) Financial Covenant - Net Debt/Adjusted EBITDA equal to or less than 4.0x, measured annually;
e) No guarantees (Clean).

The amounts raised, added to the available cash, were used in August 2023 to fully settle the 3rd Debenture Issue, as mentioned in Note 17.

c) Guarantees

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

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

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

d) Covenants

At September 30, 2023 there was no need to measure financial ratios because they are annually measured as provided for in the contract.

17. DEBENTURES

a) 3rd issue of simple public debentures

According to the Board of Directors' Meeting and Material Fact of August 16, 2023 and Notice to the Market of August 31, 2023, in line with the Company's liability management strategy, an Optional Total Early Redemption of the balance of the 3rd Issue of Debentures was carried out, equivalent to the amount of R$ 347,182, with the consequent cancellation of such Debentures.

The Optional Total Early Redemption was disclosed through a Notice to Debenture Holders published in accordance with Article 289 of the Brazilian Corporate Law on August 17, 2023, in the newspaper Comércio de Porto Alegre - RS and in the newspaper Valor Econômico, and in a communication sent to the Trustee of the Debentures, in accordance with Clauses 4.11.1 and 4.18 of the Debenture Issue Deed. The amount paid by the Company corresponded to (i) the balance of the Unit Par Value of the Debentures; (ii) the Remuneration calculated pro rata temporis from the immediately previous Remuneration Payment Date, until the date of actual payment; (iii) flat premium, on the amount subject to Redemption, corresponding to 1.00%, calculated according to Clause 4.11, of the Issuance Deed.

The 3rd Issue of Debentures originally had a final maturity on July 19, 2025 and amortization in 3 annual installments starting on July 19, 2023, and the first annual installment was settled on that date.

b) 4th Issue of simple private debentures

According to the Minutes of the Board Meeting held on March 2, 2021, the 4th Issue of Simple Debentures, 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 on December 15, 2029 and will be amortized in 8 semi-annual installments as of June 15, 2026.

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

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

In December 2021, the Company contracted derivative financial instruments (swap) to swap the remuneration of the 4th Issue of Simple Private Debentures from IPCA + 5.5% per annum to CDI + 0.71% per annum, pursuant to Note 18.

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

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

(i) 486,307 1st Series Debentures, corresponding to the amount of R$ 486,307, remunerated at CDI + 1.40% p.a. on a semiannual basis and amortized in a single installment due on the maturity date, August 12, 2027.

(ii) 233,693 2nd Series Debentures, corresponding to the amount of R$ 233,693, remunerated at CDI + 1.75% p.a. on a semiannual basis and amortized in two equal installments, on August 11, 2028 and on the maturity date on August 13, 2029.

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

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

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

d) Breakdown of book balances

			Parent company and Consolidated	
Current	**Issue**	**Annual charges %**	09/30/2023	12/31/2022
In local currency				
3rd issue of debentures	)7/19/2019	CDI + 4,50% a.a.	-	206.333
4th issue of debentures	)3/03/2021	IPCA 5.50% p.a.	1.081	112
5rd issue of debentures	)8/15/2022	CDI + 1,51% a.a.	10.758	19.617
Total current			11.839	226.062
Non-current				
In local currency				
3rd issue of debentures	)7/19/2019	CDI + 4,50% a.a.	-	334.246
4th issue of debentures	)3/03/2021	IPCA 5.50% p.a.	70.779	68.104
5rd issue of debentures	)8/15/2022	CDI + 1,51% a.a.	705.921	703.558
Total non-current			776.700	1.105.908
			788.539	1.331.970

	Parent company and Consolidated	
Long-term maturities:	09/30/2023	12/31/2022
2024	-	167.123
2025	-	167.123
2026	17.695	17.026
2027	494.492	492.228
2028 onwards	264.513	262.408
	776.700	1.105.908

e) Schedule for amortization of funding costs

	Issue	2023	2024	2025	2026	2027 onwards	Total
rency							
ıf debentures	03/03/2021	17	80	101	87	97	382
ıf debentures	08/15/2022	737	3.219	3.737	4.351	5.135	17.179
:urrency		754	3.299	3.838	4.438	5.232	17.561

f) Guarantees

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

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

g) Covenants

At September 30, 2023 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 at December 31, 2022.

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 Issue of Debentures whose amount on the date of issue was R$ 60,000 plus IPCA + 5.50% p.a. to CDI + 0.71% p.a. The converted rate of CDI + 0.71% p.a. 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 lifetime of the 4th Issue of Debentures, which has final maturity on December 15, 2029, so that its effective cost is ultimately the equivalent of CDI + 0.71% p.a.

Specific characteristics at September 30, 2023 and changes in this swap operation in the nine-month period ended September 30, 2023 are as follows:

Aging of trade receivables	Asset position IPCA+	Liability position CDI+	Notional	Fair value - asset position	Fair value - liability position	Gain
12/15/2029	5,50%	0,71%	66.225	67.022	62.123	4.899

Changes in the derivative financial instrument - swap:

Parent company and Consolidated	Asset position	Liability position
At December 31, 2021	-	419
Losses in the year (recognized in profit (loss))	(3.314)	-
Effect of settlement	4.361	(419)
At December 31, 2022	1.047	-
Gains in the period (recognized in profit (loss))	1.351	-
Effect of settlement	2.501	-
At September 30, 2023	4.899	-
Current	612	-
Non-current	4.287	-

19. TRADE PAYABLES

Trade payables consist of obligations to suppliers, as follows:

	Parent company		Consolidated	
CURRENT	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Domestic	134.207	172.099	135.095	173.182
Foreign	3.959	2.131	3.959	2.131
Related parties	6.443	25.082	-	-
	144.609	199.312	139.054	175.313

At September 30, 2023 and December 31, 2022, the Company did not have forfaiting transactions with its suppliers.

20. RELATED PARTIES

Parent company	Receivables		Payables	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Habitasul Florestal S.A.	-	-	705	2.088
Iraflor - Com. de Madeiras Ltda.	-	-	5.738	23.024
Companhia Habitasul de Participações	210	259	-	-
Management compensation	-	-	1.405	3.341
Management profit sharing	-	-	16.127	14.549
Long-term profit sharing - Upside	-	-	10.776	10.776
Total	210	259	34.751	53.778
Current	210	259	18.624	39.229
Non-current	-	-	16.127	14.549

Parent company	Revenues		Expenses		Revenues		Expenses	
	Quarter ended		Quarter ended		Nine-month period ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Companhia Habitasul de Participações	630	747	-	-	2.037	2.220	-	-
Habitasul Florestal S.A.	-	-	1.193	2.095	-	-	9.992	20.262
Iraflor - Com. de Madeiras Ltda.	-	-	1.570	7.149	-	-	10.272	21.263
Irani Soluções para E-Commerce Ltda.	-	29	-	-	4	48	-	-
MCFD Administração de Imóveis Ltda.	-	-	573	543	-	-	1.719	1.629
PFD Administração de Imóveis Ltda.	-	-	573	543	-	-	1.719	1.629
Management profit sharing	-	-	4.118	1.912	-	-	12.354	13.127
Management compensation	-	-	4.125	3.212	-	-	12.099	9.454
Total	630	776	12.152	15.454	2.041	2.268	48.155	67.364

Consolidated	Receivables		Payables	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Companhia Habitasul de Participações	210	259	-	-
Management compensation	-	-	1.405	3.341
Management profit sharing	-	-	16.127	14.549
Long-term profit sharing - Upside	-	-	10.776	10.776
Total	210	259	28.308	28.666
Current	210	259	12.181	14.117
Non-current	-	-	16.127	14.549

Consolidated	Revenues		Expenses		Revenues		Expenses	
	Quarter ended		Quarter ended		Nine-month period ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Irani Soluções para E-Commerce Ltda.	-	-	-	-	4	-	-	-
MCFD Administração de Imóveis Ltda.	-	-	573	543	-	-	1.719	1.629
PFD Administração de Imóveis Ltda.	-	-	573	543	-	-	1.719	1.629
Companhia Habitasul de Participações	630	747	-	-	2.037	2.220	-	-
Management compensation	-	-	4.139	3.227	-	-	12.140	9.499
Management profit sharing	-	-	4.118	1.912	-	-	12.354	13.127
Total	630	747	9.403	6.225	2.041	2.220	27.932	25.884

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. Additionally, during this period, the parties signed a supply contract for the next 5 years with an estimated total amount of R$ 96,000 and a price per ton that may change taking into account the market price of the products in the state of Santa Catarina. Said operations were approved by the Company's Board of Directors, as provided for in the Related Party Transactions policy.

The debt with MCFD Administração de Imóveis Ltda. and PFD Administração de Imóveis Ltda. corresponds to the monthly rental value of the Packaging plant in Indaiatuba, state of São Paulo, signed on December 26, 2006, under market conditions for a term of 20 years (renewable). The monthly amount paid to each of the related parties is R$ 210 as of January 2023. The contract is updated annually according to the change in the General Market Price Index (IGPM), as measured by the Getúlio Vargas Foundation. These agreements are recognized as lease as mentioned in Note 32. 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, 2023, management fee expenses, excluding payroll charges and including benefits, totaled R$ 12,099 in the parent company (R$ 9,454 in the nine-month period ended September 30, 2022), and R$ 12,140 in the consolidated in the nine-month period ended September 30, 2023 (R$ 9,499 in the nine-month period ended September 30, 2022). The total management remuneration proposed, in the maximum amount of R$ 20,000, was approved at the Annual General Meeting held on April 24, 2023.

The expenses with the profit sharing of Management arise from the statutory provision, pursuant to Article 24 of the Company's Bylaws, limited to 10% of profit, or their annual 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 on August 4, 2022. This is not a Stock Option plan.

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

21. TAXES IN INSTALLMENTS

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Current				
PIS installment payment	-	710	-	710
COFINS installment payment	-	3.272	-	3.272
IPI installment payment	1.286	1.189	1.286	1.189
ICMS installment payment	833	770	833	770
INSS installment payment	701	-	701	-
	2.820	5.941	2.820	5.941
Non-current				
IPI installment payment	537	1.386	537	1.386
ICMS installment payment	592	1.125	592	1.125
INSS installment payment	1.589	-	1.589	-
	2.718	2.511	2.718	2.511
Total installment payments	5.538	8.452	5.538	8.452

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 at a higher 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 into 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).

In the first quarter of 2023, the Company divided into 40 monthly installments INSS debts referring to Tax Foreclosure 5001087-12.2019.4.04.7203. The total provisioned debt amount according to Note 22 was R$ 6,376, with a 61% reduction of R$ 3,830, remaining the installment payment amount of R$ 2,506.

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 provision recorded for civil, labor and tax contingencies is sufficient to cover probable losses.

Breakdown of the balance of the provision:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Provision for civil risks	2.939	2.671	2.939	2.671
Provision for labor risks	4.433	5.027	4.485	5.196
Provision for tax risks	15.127	20.228	15.128	20.228
Total	22.499	27.926	22.552	28.095

Details about movements in provision:

Parent company	01/01/2022	Provision	Payments	Reversal	Restricted judicial deposits	12/31/2022
Civil	2.742	207	(96)	(182)	-	2.671
Labor	4.795	1.534	(1.413)	(29)	140	5.027
Tax	11.926	10.452	-	(2.150)	-	20.228
	19.463	12.193	(1.509)	(2.361)	140	27.926

Parent company	01/01/2023	Provision	Payments	Reversal	Restricted judicial deposits	09/30/2023
Civil	2.671	268	-	-	-	2.939
Labor	5.027	301	(756)	(15)	(124)	4.433
Tax	20.228	3.485	(475)	(8.111)	-	15.127
	27.926	4.054	(1.231)	(8.126)	(124)	22.499

Consolidated	01/01/2022	Provision	Payments	Reversal	Restricted judicial deposits	12/31/2022
Civil	2.742	207	(96)	(182)	-	2.671
Labor	5.145	1.587	(1.426)	(250)	140	5.196
Tax	11.926	10.452	-	(2.150)	-	20.228
	19.813	12.246	(1.522)	(2.582)	140	28.095

Consolidated	01/01/2023	Provision	Payments	Reversal	Restricted judicial deposits	09/30/2023
Civil	2.671	268	-	-	-	2.939
Labor	5.196	464	(830)	(221)	(124)	4.485
Tax	20.228	3.486	(475)	(8.111)	-	15.128
	28.095	4.218	(1.305)	(8.332)	(124)	22.552

The provision recorded is mainly related to:

a) Civil lawsuits relate, among other matters, to compensation for losses and indemnification claims due to commercial representation contractual terminations. At September 30, 2023, the provision for possible convictions in these lawsuits totaled R$ 2,939 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$ 4,485 in the consolidated at September 30, 2023, which is considered sufficient to cover probable losses arising from labor losses.

c) Tax provisions totaled R$ 15,128 in the consolidated at September 30, 2023 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, 2023 totaled R$ 9,597, and a related provision for tax risks was recorded, at the adjusted amount of R$ 13,395.

    ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R$ 1,115. The proceedings are in process at the administrative and judicial levels and pending judgment.

In relation to Tax Foreclosure 5001087-12.2019.4.04.7203, whose purpose was to collect an overdue federal tax liability relating to the social contribution on the gross revenue from sales of the production of agro-industrial companies, from 01/2002 to 08/2003, provisioned in December 2022 in the amount of R$ 6,376, this quarter the amount was reversed because of the installment payment of said debt, as detailed in Note 21.

Contingencies

No accounting provisions were recorded for contingencies assessed by Management, together with its legal advisors as possible losses. At September 30, 2023 and December 31, 2022, the amounts of these possible contingencies of a labor, civil, and tax nature were as follows:

	Consolidated	
	09/30/2023	12/31/2022
Labor contingencies	22.157	25.396
Civil contingencies	10.317	9.816
Tax contingencies	145.921	145.260
	178.395	180.472

Labor contingencies:

The labor lawsuits assessed by Management and its legal advisors as involving possible losses totaled R$ 22,157 at September 30, 2023 (R$ 25,396 at December 31, 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, premiums, material damages resulting from occupational accidents and requests for a work relationship with Irani, by employees of service providers). These lawsuits are currently at different procedural stages.

Civil contingencies:

The tax lawsuits classified by Management and its legal advisors as involving risk of possible losses totaled R$ 10,317 at September 30, 2023 (R$ 9,816 at December 31, 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 advisors as involving possible losses totaled R$ 145,921 at September 30, 2023 (R$ 145,260 at December 31, 2022), and mainly include the following:

- Administrative and judicial proceedings relating to tax assessments notices received from the state government of Santa Catarina and of the State of São Paulo for allegedly undue ICMS tax credits recorded on the purchase of materials used in the manufacturing units located in those states, which amounted to R$ 53,637 at September 30, 2023. The Company is discussing said tax assessment notices in the administrative and judicial spheres.

- Administrative Proceedings related to Tax Assessments for PIS and COFINS, arising from alleged undue tax credits, amounting to R$ 45,075 at September 30, 2023. The Company has challenged these assessments in the administrative and judicial spheres and awaits the respective trials.

- Administrative and judicial proceedings relating to the collection of alleged INSS debits, regarding Tax Assessment Notices issued for the offset of these debits against credits from the same taxes, amounting to R$ 9,092 at September 30, 2023. The Company is discussing said tax assessment notices in the administrative and judicial spheres.

- Administrative Proceeding relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R$ 3,906 at September 30, 2023. The Company is challenging this tax assessment in the judicial sphere.

- Proceedings relating to Tax Assessment Notices issued for the offset of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) against credits from the same nature, amounting to R$ 3,610 at September 30, 2023. The Company is discussing said tax assessment notices in the administrative and judicial spheres.

- Tax assessment notice aimed to apply a fine related to the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) from the year 2015 to 2018, due to undue exclusions from the profit of each year. The Brazilian Revenue Service understood that the reductions, with an increase in tax loss, would have arisen from tax amortization of goodwill, with no legal backing.

  This lawsuit is currently suspended because the Company has presented a respective administrative impugnation, which awaits trial. The amount of the tax assessment notice is R$ 360. In the case of the Company not receiving a favorable decision, there will be additional effect of the reversal of tax loss by amortization of the goodwill used in the period, which results in a reduction of approximately R$ 19,551 of income tax and social contribution asset on the amortized goodwill value.

Tax assets contingencies:

On June 19, 2023, a favorable final and unappealable court decision was issued recognizing the Company's right to the PIS and COFINS credits on the purchases of scraps, due to the unconstitutionality of art. 47 of Law 11,196/05, effective as from June 2010. The original amount of the credit recognized and authorized by the Brazilian Revenue Service was R$ 223,433.

The effects of the recognition are shown in the table below:

	Parent company and Consolidated
Total PIS and COFINS credits on purchases of scraps	223.432
Principal	160.646
Indexation accruals	62.786
Fees	(17.933)
PIS and COFINS on indexation accruals	(3.065)
Current income tax and social contribution	7.140
Deferred income tax and social contribution	(54.620)
Effect on operating income (expenses), net	142.713
Effect on finance income (costs), net	59.721
Effect on current income tax and social contribution	7.140
Effect on deferred income tax and social contribution	(54.620)
Effect on profit for the period	154.954

The Company has already used a total of R$ 31,039 in offsets, and the updated balance of such credit for future use until September 30, 2023 is R$ 197,447. The use of the entire credit balance through offset is estimated at up to 13 months, depending on the amount of federal taxes determined as subject to offset.

STF decision on ‘res judicata’ in tax matters:

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

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

23. EQUITY

a) Capital

The capital at September 30, 2023 is R$ 566,895 (R$ 566,895 at December 31, 2022), comprised at September 30, 2023 of 246,359,319 common shares with no par value (246,359,319 common shares with no par value at December 31, 2022).

The amount of capital, net of share issue costs of R$ 22,961, is R$ 543,934 at September 30, 2023 (R$ 543,934 at December 31, 2022).

b) Shareholders' remuneration

i) Interim dividends

In accordance with the Company's Dividend Distribution and Payment of Interest on Capital Policy, which determines the quarterly distribution of the equivalent of 25% of the profit determined in the Financial Statements, calculated in accordance with articles 22 to 29 of the Company's Bylaws, the interim dividends for the 3rd Quarter of 2023 to be approved by the Board of Directors will be R$ 16,023.

The Board of Directors approved, on August 2, 2023, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the profit calculated in the second quarter of 2023, in the amount of R$ 54,935, corresponding to R$ 0.2290583978 per common share, to shareholders holding shares issued by the Company on August 7, 2023, paid on August 23, 2023. The Interim Dividends – 2nd Quarter of 2023 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 2023, as provided for in the aforementioned Article 29, heading, of the Company's Bylaws.

The Board of Directors approved, on May 3, 2023, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the profit calculated in the first quarter of 2023, in the amount of R$ 20,376, corresponding to R$ 0.0843634412 per common share, to shareholders holding shares issued by the Company on May 8, 2023, paid on May 24, 2023. The Interim Dividends – 1st Quarter of 2023 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 2023, as provided for in the aforementioned Article 29, heading, of the Company's Bylaws.

The Board of Directors approved, on March 1, 2023, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the profit calculated in the fourth quarter of 2022, in the amount of R$ 21,197, corresponding to R$ 0.087216399 per common share, to shareholders holding shares issued by the Company on March 7, 2023, paid on March 22, 2023. The Interim Dividends – 4th Quarter of 2022 distributed were allocated to the minimum mandatory dividend eventually declared by the Company's Annual General Meeting that approved the management accounts for the year 2022, as provided for in the aforementioned Article 29, heading, of the Company's Bylaws.

ii) Additional dividends proposed

The Annual and Extraordinary General Meeting approved, on April 24, 2023, the distribution of additional dividends on the profit calculated for the year 2022, in the amount of R$ 93,203, corresponding to R$ 0.385889841, per common share, paid on May 24, 2023.

c) Treasury shares

	Parent company			
	09/30/2023		12/31/2022	
	Quantity	Value	Quantity	Value
Share repurchase program 2022	6.529.400	53.616	1.487.700	11.642
	6.529.400	53.616	1.487.700	11.642

2022 share repurchase program: The Company's Board of Directors approved the 2022 Share Repurchase 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.

Changes in treasury shares are shown in the table below:

	Parent company					
	01/01/2023		Acquisitions		09/30/2023	
	Quantity	Value	Quantity	Value	Quantity	Value
Share repurchase program 2022	1.487.700	11.642	5.041.700	41.974	6.529.400	53.616
	1.487.700	11.642	5.041.700	41.974	6.529.400	53.616

d) Revenue reserves

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

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

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

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

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

e) Carrying value adjustments

It was recorded since the Company valued its fixed assets (land, machinery and buildings) at deemed cost in the opening balance sheet for initial adoption of IFRS. Its realization will occur through the depreciation of the respective deemed cost value when it will also be offered on the basis of dividends. The net balance of taxes as of September 30, 2023 corresponds to credit balance of R$ 130,049 (R$ 136,865 as of December 31, 2022).

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

	Consolidated
At December 31, 2021	145.812
Annual realization – deemed cost	(8.947)
At December 31, 2022	136.865
Period realization – deemed cost	(6.816)
At September 30, 2023	130.049

24. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit attributable to the Company’s shareholders by the weighted average number of shares available during the 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 earnings per share:

	Parent company and Consolidated		Parent company and Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
	Common shares	Common shares	Common shares	Common shares
Weighted average number of shares	239.829.919	246.893.452	241.486.530	248.931.475
Profit for the period attributable to each type of share	64.635	95.530	376.339	292.291
Basic and diluted earnings per share - R$	0,2695	0,3869	1,5584	1,1742

25. NET SALES REVENUE

The Company's net revenue is as follows:

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Gross revenue from sales of products	524.794	560.756	1.547.570	1.614.023
Sales taxes	(112.582)	(117.052)	(324.377)	(324.029)
Sales returns	(5.907)	(5.302)	(18.127)	(18.008)
Net sales revenue	406.305	438.402	1.205.066	1.271.986

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Gross revenue from sales of products	526.438	563.968	1.551.985	1.620.815
Sales taxes	(112.676)	(117.242)	(324.647)	(324.434)
Sales returns	(5.907)	(5.321)	(18.129)	(18.125)
Net sales revenue	407.855	441.405	1.209.209	1.278.256

The Company's revenues are recognized when performance obligations are met, which generally occurs when products are delivered to customers in sales to the domestic market or when products sold are shipped to the foreign market. The main products sold by the Company represent the operating segments established pursuant to Note 30.

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

26. COSTS, EXPENSES AND OTHER REVENUE BY NATURE

The breakdown of expenses by nature is as follows:

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Change in fair value of biological assets				
Change in fair value of biological assets	26.216	27.619	80.433	64.651
	26.216	27.619	80.433	64.651
Cost of sales				
Fixed and variable costs (raw and consumable materials)	(163.936)	(203.345)	(503.362)	(573.575)
Costs of personnel	(47.208)	(40.827)	(147.688)	(121.558)
Services contracted	(7.767)	(7.087)	(20.289)	(21.320)
Depreciation, amortization and depletion	(24.897)	(17.944)	(69.098)	(51.026)
	(243.808)	(269.203)	(740.437)	(767.479)
Selling expenses				
Personnel expenses	(3.387)	(3.652)	(10.057)	(9.754)
Services contracted	(446)	(311)	(1.036)	(941)
Logistics expenses (freight)	(20.346)	(21.664)	(58.604)	(62.474)
Depreciation, amortization and depletion	(106)	(122)	(323)	(308)
Sales commissions	(3.763)	(4.427)	(11.055)	(12.439)
Other (i)	(4.122)	(5.445)	(11.734)	(13.011)
	(32.170)	(35.621)	(92.809)	(98.927)
Impairment of trade receivables				
Impairment of trade receivables	(509)	(479)	(451)	(561)
	(509)	(479)	(451)	(561)
General and administrative expenses				
Personnel expenses	(20.001)	(18.509)	(63.496)	(50.392)
Services contracted	(1.274)	(1.436)	(4.634)	(5.466)
Depreciation, amortization and depletion	(1.196)	(810)	(3.188)	(2.226)
Other (i)	(2.491)	(2.094)	(5.823)	(5.438)
	(24.962)	(22.849)	(77.141)	(63.522)
Other operating income (expenses), net				
Income from claimed and disposed goods	16	121	236	369
Income from sale of assets	2.915	7.880	3.886	11.772
Income from sale of carbon credit	-	-	-	1.375
Provision for government grants - State of MG	(165)	(360)	184	(901)
Reversal of INSS contingency - substitute contribution	-	-	3.870	-
Effect of PIS and COFINS credits on purchases of scraps (ii)	(4.559)	-	142.713	-
Other operating income (expenses), net (i)	621	792	131	3.136
	(1.172)	8.433	151.020	15.751
Management profit sharing				
Management profit sharing	(4.118)	(1.912)	(12.354)	(13.127)
	(4.118)	(1.912)	(12.354)	(13.127)

(i) Amounts comprising maintenance, insurance, bids, publications, consumables, indemnities, travel and lodging, export expenses, fairs and events, and transportation.

(ii) Refers to the principal amount of PIS and COFINS credits on the purchases of scraps, net of fees (Note 22).

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Change in fair value of biological assets				
Change in fair value of biological assets	30.349	37.571	97.755	98.795
	30.349	37.571	97.755	98.795
Cost of sales				
Fixed and variable costs (raw and consumable materials)	(161.706)	(194.234)	(493.103)	(533.379)
Costs of personnel	(50.683)	(43.957)	(151.163)	(131.058)
Services contracted	(8.475)	(7.547)	(20.997)	(22.240)
Depreciation, amortization and depletion	(26.795)	(26.047)	(76.694)	(75.075)
	(247.659)	(271.785)	(741.957)	(761.752)
Selling expenses				
Personnel expenses	(3.387)	(3.652)	(10.057)	(9.754)
Services contracted	(446)	(311)	(1.036)	(941)
Logistics expenses (freight)	(20.705)	(22.424)	(59.689)	(64.158)
Depreciation, amortization and depletion	(106)	(122)	(323)	(308)
Sales commissions	(3.763)	(4.427)	(11.055)	(12.439)
Other (i)	(4.122)	(5.661)	(11.900)	(13.408)
	(32.529)	(36.597)	(94.060)	(101.008)
Impairment of trade receivables				
Impairment of trade receivables	(509)	(455)	(451)	(550)
	(509)	(455)	(451)	(550)
General and administrative expenses				
Personnel expenses	(20.001)	(18.509)	(63.496)	(50.560)
Services contracted	(1.428)	(1.531)	(4.961)	(5.656)
Depreciation, amortization and depletion	(1.196)	(810)	(3.189)	(2.226)
Other (i)	(2.683)	(2.489)	(7.122)	(6.636)
	(25.308)	(23.339)	(78.768)	(65.078)
Other operating income (expenses), net				
Income from claimed and disposed goods	16	121	236	369
Income from sale of assets	2.915	7.880	3.886	11.772
Income from sale of carbon credit	-	-	-	1.375
Provision for government grants - State of MG	(165)	(360)	184	(901)
Reversal of INSS contingency - Cont. Replacement	-	-	3.870	-
Effect of PIS and COFINS credits on purchases of scraps (ii)	(4.559)	-	142.713	-
Other operating income (expenses), net (i)	616	793	114	3.163
	(1.177)	8.434	151.003	15.778
Management profit sharing				
Management profit sharing	(4.118)	(1.912)	(12.354)	(13.127)
	(4.118)	(1.912)	(12.354)	(13.127)

(i) Amounts comprising maintenance, insurance, bids, publications, consumables, indemnities, travel and lodging, export expenses, fairs and events, and transportation.

(ii) Refers to the principal amount of PIS and COFINS credits on the purchases of scraps, net of fees (Note 22).

27. FINANCE INCOME AND COSTS

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Finance income				
Income from financial investments	20.906	13.321	81.079	34.036
Interest	3.178	1.231	75.376	3.097
Discounts obtained	548	513	1.574	1.020
	24.632	15.065	158.029	38.153
Exchange-rate change				
Foreign exchange gains	1.538	3.821	6.345	18.338
Foreign exchange loss	(819)	(4.782)	(7.199)	(21.768)
Foreign exchange changes, net	719	(961)	(854)	(3.430)
Financial expenses				
Interest	(57.705)	(26.686)	(167.620)	(77.342)
Discounts granted	(3)	(126)	(20)	(1.067)
Negative goodwill/bank expenses	(109)	(124)	(309)	(342)
Interest payable on leases	(603)	(582)	(2.155)	(1.767)
Derivative instruments - swap	(1.378)	(1.693)	1.351	(1.501)
Other	(2.446)	(1.022)	(9.597)	(2.286)
	(62.244)	(30.233)	(178.350)	(84.305)
Finance result, net	(36.893)	(16.129)	(21.175)	(49.582)

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Finance income				
Income from financial investments	21.906	14.412	84.203	36.352
Interest	3.178	1.232	75.377	3.099
Discounts obtained	548	513	1.576	1.020
	25.632	16.157	161.156	40.471
Exchange-rate change				
Foreign exchange gains	1.538	3.821	6.345	18.338
Foreign exchange loss	(819)	(4.782)	(7.199)	(21.768)
Foreign exchange changes, net	719	(961)	(854)	(3.430)
Financial expenses				
Interest	(57.708)	(26.686)	(167.626)	(77.350)
Discounts granted	(3)	(126)	(22)	(1.078)
Negative goodwill/bank expenses	(115)	(128)	(321)	(363)
Interest payable on leases	(603)	(582)	(2.155)	(1.767)
Derivative instruments - swap	(1.378)	(1.693)	1.351	(1.501)
Other	(2.460)	(1.036)	(9.637)	(2.310)
	(62.267)	(30.251)	(178.410)	(84.369)
Finance result, net	(35.916)	(15.055)	(18.108)	(47.328)

28. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of effective tax rate:

	Parent company		Parent company	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating profit before taxes	90.559	137.567	510.816	402.160
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(30.790)	(46.773)	(173.677)	(136.734)
Tax effect of permanent (additions)/exclusions:				
Equity in the earnings of subsidiaries	568	3.164	6.346	14.610
Non-deductible expenses	(138)	(208)	(428)	(525)
Formation (reversal) of tax incentives	-	(10)	-	(40)
PIS and COFINS on depreciation	-	-	(262)	-
Indexation accruals of PIS and COFINS credits on purchases of scraps	649	-	23.066	-
Exclusion - impairment of discontinued operation	-	-	-	13.692
Government grant	4.135	-	11.278	-
Other permanent differences	(348)	1.790	(800)	(872)
	(25.924)	(42.037)	(134.477)	(109.869)
Current income tax and social contribution	(77.626)	(33.036)	(107.953)	(87.964)
Deferred income tax and social contribution	51.702	(9.001)	(26.524)	(21.905)
Effective rate - %	28,6	30,6	26,3	27,3

	Consolidated		Consolidated	
	Quarter ended		Nine-month period ended	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating profit before taxes	90.988	138.267	512.269	403.986
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(30.936)	(47.011)	(174.171)	(137.355)
Tax effect of permanent (additions)/exclusions:				
Non-deductible expenses	(138)	(208)	(428)	(525)
Formation (reversal) of tax incentives	-	(10)	-	(40)
PIS and COFINS on depreciation	-	-	(262)	-
Indexation accruals of PIS and COFINS credits on purchases of scraps	649	-	23.066	-
Exclusion - impairment of discontinued operation	-	-	-	13.692
Difference in taxation - deemed profit (subsidiaries)	139	2.464	4.893	12.784
Government grant	4.135	-	11.278	-
Other permanent differences	(202)	2.028	(306)	(251)
	(26.353)	(42.737)	(135.930)	(111.695)
Current income tax and social contribution	(77.928)	(33.428)	(108.886)	(88.803)
Deferred income tax and social contribution	51.575	(9.309)	(27.044)	(22.892)
Effective rate - %	29,0	30,9	26,5	27,6

29. 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, 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).

The Company's management periodically reviews its capital structure. As part of this review, Management considers the cost of capital and risks associated to each class of capital. Pursuant to its Financial Management Policy, the Company intends to maintain a capital structure from 30% to 50% of own capital and from 70% to 50% of third-party capital. The capital structure at September 30, 2023 was 45% in own capital and 55% in third-party capital

Debt-to-equity ratio

At September 30, 2023 and 2022, the debt-to-equity ratio is as follows:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Debt (a)	1.587.291	1.792.175	1.587.291	1.792.175
Derivatives instruments - swap (a)	(4.899)	(1.047)	(4.899)	(1.047)
Cash and cash equivalents and financial investments	(508.957)	(1.016.776)	(538.080)	(1.049.208)
Net debt	1.073.435	774.352	1.044.312	741.920
Equity	1.290.936	1.125.085	1.290.936	1.125.085
Debt-to-equity ratio	0,83	0,69	0,81	0,66

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

Categories of financial instruments

	Note	Parent company		Consolidated	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
Financial assets					
Designated at fair value through profit or loss					
Derivative instruments - swap	18	4.899	1.047	4.899	1.047
Amortized cost					
Cash and banks	5	411.647	702.762	440.770	735.194
Financial investments	5	97.310	314.014	97.310	314.014
Trade receivables	6	268.390	259.199	268.711	259.456
Other receivables	9	3.908	29.204	4.186	29.409
Financial liabilities					
Amortized cost					
Borrowings	16	798.752	460.205	798.752	460.205
Debentures	17	788.539	1.331.970	788.539	1.331.970
Trade payables	19	144.609	199.312	139.054	175.313
Lease liabilities	32	26.423	20.687	26.423	20.687
Taxes in installments	21	5.538	8.452	5.538	8.452
Dividends payable		1.567	22.120	1.567	22.120
Other payables		32.354	11.529	32.439	11.692

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. At September 30, 2023 and December 31, 2022, these transactions presented a net exposure as shown in the table below:

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Trade receivables	22.553	24.726	22.553	24.726
Advances from customers	(1.397)	(1.493)	(1.397)	(1.493)
Trade payables	(3.959)	(2.131)	(3.959)	(2.131)
Advances to suppliers	6.899	10.948	6.899	10.948
Borrowings	-	(40.298)	-	(40.298)
Net exposure	24.096	(8.248)	24.096	(8.248)

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

1 – Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company is based on future market projections of B3 for the next reporting date (December 31, 2023).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for December 31, 2023.

3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for December 31, 2023.

Transaction	Balance at 9/30/2023 USD	Rate	Base scenario Gain (loss) R$	Rate	Adverse scenario Gain (loss) R$	Rate	Remote scenario Gain (loss) R$
Assets							
Trade receivables and banks restricted accou	4.504	5,08	342	6,35	6.066	7,63	11.791
Advances to suppliers	1.378	5,08	105	6,35	1.856	7,63	3.608
Liabilities							
Trade payables and advances from customer	(1.070)	5,08	(81)	6,35	(1.441)	7,63	(2.801)
Borrowings	-	5,08	-	6,35	-	7,63	-
Net effect			366		6.481		12.598

This sensitivity analysis intends to measure the impact of changes in market variables on each financial instrument of the Company. The balances at September 30, 2023 were used as a basis for the projection of the future balance. The balances of trade receivables and payables may fluctuate due to the normal activities of the Company and its subsidiaries.

However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses.

Interest rate risk

The Company may be affected by adverse changes in interest rates. This exposure to interest rate risk relates primarily to changes in market interest rates that affect the Company's assets and liabilities indexed to the CDI (Interest rate of Interbank Deposit Certificates), 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, debentures 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 of B3 for the next disclosure (December 31, 2023). The IPCA is obtained from Boletim Focus.

2 – Adverse scenario: correction of 25% of interest rates in relation to the level forecast for December 31, 2023.

3 – Remote scenario: 50% of interest rates are corrected when compared with the level forecast for December 31, 2023.

Transaction	Index	Balance at 9/30/20	Base scenario Gain (Loss) Rate - % p.a	R$	Adverse scenario Gain (Loss) Rate - % p.a	R$	Remote scenario Gain (Loss) Rate - % p.a	R$
Cash and cash equivalents and financial investments								
CDB	CDI	536.331	12,39%	(1.444)	15,49%	15.764	18,59%	56.248
Proceeds from borrowings								
Working capital	CDI	(1.038.285)	12,39%	2.743	15,49%	(29.933)	18,59%	(85.530)
Working capital	IPCA	(72.244)	4,77%	319	5,96%	(589)	7,16%	(3.642)
Finame Direto	IPCA	(494.192)	4,77%	2.156	5,96%	(3.983)	7,16%	(25.254)
Finame	TLP	-	0,00%	-	0,00%	-	0,00%	-
Finame	SELIC	(109)	13,46%	-	16,83%	(3)	20,19%	(11)
Derivative financial instruments - swap								
Swap Assets	IPCA	72.117	4,77%	(318)	5,96%	588	7,16%	3.643
Swap Liabilities	CDI	(66.503)	12,39%	174	15,49%	(1.900)	18,59%	(4.137)
Net effect on results				3.630		(20.056)		(58.683)

<u>Fair value versus carrying amount</u>

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

- The carrying amounts of current trade receivables and trade payables presented in the Company's balance sheet approximate their fair values due to the short terms of settlement.

- Borrowings, debentures and derivative financial instruments - swap - considering the debts, market information and interest rates of borrowings and debentures contracted, the fair value at September 30, 2023 is R$ 1,486,434 (carrying amount of R$ 1,582,392 at September 30, 2023). The Company used discounted cash flow as a valuation technique, considering the present value of the payment expected, discounted by a risk-adjusted discount rate of the Company. In fair value hierarchy, the fair value determined is Level 2.

Credit risk

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

	Parent company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Financial assets				
Banks	773	5.293	780	5.302
Financial investments with immediate liquidity	410.859	697.454	439.973	729.875
Financial investments	97.310	314.014	97.310	314.014
Trade receivables	268.390	259.199	268.711	259.456
Other receivables	3.908	3.554	4.186	3.759
Maximum credit exposure	781.240	1.279.514	810.960	1.312.406

a) Trade receivables

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

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

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

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

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

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

	Consolidated	
	09/30/2023	Agency
National rating AAA (br)	538.047	Fitch/S&P/Moodys
National rating BB+ (br)	16	Fitch/S&P
	538.063	

538.063

Liquidity risk

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

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at September 30, 2023, 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

	2023	2024	2025	2026	After 2027
Liabilities					
Trade payables	126.929	17.680	-	-	-
Borrowings	17.175	38.672	104.677	146.526	748.587
Debentures	4.042	25.199	11.325	29.055	786.342
Derivative instruments - swap	2.098	2.804	2.096	(1.549)	(10.348)
Taxes in installments	2.820	758	1.960	-	-
Lease liabilities	9.008	1.076	4.303	4.240	7.796
Dividends and interest on capital p	1.567	-	-	-	-
Other payables	29.741	2.613	-	-	-
	193.380	88.802	124.361	178.272	1.532.377

Consolidated

	2023	2024	2025	2026	After 2027
Liabilities					
Trade payables	127.111	11.943	-	-	-
Borrowings	17.175	38.672	104.677	146.526	748.587
Debentures	4.042	25.199	11.325	29.055	786.342
Derivative instruments - swap	2.098	2.804	2.096	(1.549)	(10.348)
Taxes in installments	2.820	758	1.960	-	-
Lease liabilities	9.008	1.076	4.303	4.240	7.796
Dividends and interest on capital p	1.567	-	-	-	-
Other payables	29.826	2.613	-	-	-
	193.647	83.065	124.361	178.272	1.532.377

The amounts included for floating-rate instruments (non-derivative financial liabilities and derivative financial instruments – swap) are subject to change if the change in floating interest rate 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 Issue of Debentures.

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

Note 18 contains further information on the aforementioned transaction.

30. OPERATING SEGMENTS

a) Criteria for identifying operating segments

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

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

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

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

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

b) Consolidated information about the operating segments

	Consolidated				
	Three-month period ended 09/30/2023				
	Sustainable Packaging (Corrugated	Sustainable Packaging Paper (Paper)	Sustainable Resins (Gum Rosin and Turpentine)	Corporate/eliminati	Total
Net sales revenue					
Domestic market	242.325	124.151	1.899	-	368.375
Foreign market	-	30.052	9.428	-	39.480
Total net sales revenue	242.325	154.203	11.327	-	407.855
Changes in the fair value of biological assets	-	33.783	(3.434)	-	30.349
Cost of sales	(151.328)	(80.612)	(15.719)	-	(247.659)
Gross profit	90.997	107.374	(7.826)	-	190.545
Other operating income (expenses), net	(24.309)	(6.463)	(1.987)	(30.882)	(63.641)
Operating profit (loss) before finance result	66.688	100.911	(9.813)	(30.882)	126.904
Finance result	(16.309)	(19.542)	(318)	253	(35.916)
Operating income (expenses), net	50.379	81.369	(10.131)	(30.629)	90.988
Depreciation, amortization and depletion	(6.755)	(18.426)	(1.956)	(960)	(28.097)

	Consolidated				
	Nine-month period ended 09/30/2023				
	Sustainable Packaging (Corrugated	Sustainable Packaging Paper (Paper)	Sustainable Resins (Gum Rosin and Turpentine)	Corporate/eliminati	Total
Net sales					
Domestic market	688.893	364.577	5.471	-	1.058.941
Foreign market	-	85.572	64.696	-	150.268
Total net sales	688.893	450.149	70.167	-	1.209.209
Changes in the fair value of biological assets	-	102.002	(4.247)	-	97.755
Cost of sales	(436.450)	(240.394)	(65.113)	-	(741.957)
Gross profit	252.443	311.757	807	-	565.007
Other operating income (expenses), net	(68.746)	(17.699)	(10.648)	62.463	(34.630)
Operating profit (loss) before finance result	183.697	294.058	(9.841)	62.463	530.377
Finance result	(4.699)	(16.729)	(1.265)	4.585	(18.108)
Operating income (expenses), net	178.998	277.329	(11.106)	67.048	512.269
Depreciation, amortization and depletion	(18.973)	(53.525)	(5.174)	(2.534)	(80.206)

	Consolidated				
	Nine-month period ended 09/30/2022				
	Sustainable Packaging (Corrugated	Sustainable Packaging Paper (Paper)	Sustainable Resins (Gum Rosin and Turpentine)	Corporate/eliminati	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	702.697	437.484	138.075	-	1.278.256
Changes in the fair value of biological assets	-	88.038	10.757	-	98.795
Cost of sales	(440.569)	(216.933)	(104.250)	-	(761.752)
Gross profit	262.128	308.589	44.582	-	615.299
Other operating income (expenses), net	(67.901)	(23.077)	(17.783)	(55.224)	(163.985)
Operating profit (loss) before finance result	194.227	285.512	26.799	(55.224)	451.314
Finance result	(21.798)	(20.701)	(5.068)	239	(47.328)
Operating income (expenses), net	172.429	264.811	21.731	(54.985)	403.986
Depreciation, amortization and depletion	(15.464)	(57.938)	(2.391)	(1.816)	(77.609)

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

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

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

c) Net sales revenue

Net sales revenue in the quarter ended September 30, 2023 totaled R$ 407,855 (R$ 441,405 in the quarter ended September 30, 2022), and in the nine-month period ended September 30, 2023, net sales revenue totaled R$ 1,209,209 (R$ 1,278,256 in the nine-month period ended September 30, 2022).

Net sales revenue in the foreign market in the quarter ended September 30, 2023 totaled R$ 39,480 (R$ 55,399 in the quarter ended September 30, 2022), and in the nine-month period ended September 30, 2023, net sales revenue in the foreign market totaled R$ 150,268 (R$ 202,896 in the nine-month period ended September 30, 2022), distributed among several countries, as shown below:

Consolidated		
Quarter ended 09/30/2023		
Country	Net exports	% of total net revenue
Argentina	7.286	1,79%
China	4.851	1,19%
Saudi Arabia	3.737	0,92%
Chile	3.151	0,77%
Portugal	3.060	0,75%
Paraguay	2.716	0,67%
South Africa	2.601	0,64%
Pakistan	2.217	0,54%
Mexico	2.011	0,49%
Germany	1.237	0,30%
Japan	1.149	0,28%
Peru	870	0,21%
Bolivia	713	0,17%
Uruguay	695	0,17%
France	663	0,16%
Turkey	587	0,14%
Other countries	1.936	0,47%
	39.480	9,66%

Consolidated		
Quarter ended 09/30/2022		
Country	Net sales revenue exports	% of total net revenue
Germany	11.330	2,57%
Saudi Arabia	6.413	1,45%
Argentina	5.796	1,31%
Japan	3.819	0,87%
USA	3.367	0,76%
South Africa	3.336	0,76%
Paraguay	3.305	0,75%
Mexico	3.232	0,73%
Netherlands	1.989	0,45%
Portugal	1.787	0,40%
Turkey	1.676	0,38%
Chile	1.588	0,36%
China	1.517	0,34%
Uruguay	1.417	0,32%
France	1.174	0,27%
Peru	1.099	0,25%
Other countries	2.554	0,58%
	55.399	12,55%

Consolidated		
Nine-month period ended 09/30/2023		
Country	Net exports	% of total net revenue
China	21.227	1,76%
Saudi Arabia	19.159	1,58%
Argentina	14.438	1,19%
Pakistan	12.134	1,00%
Germany	11.566	0,96%
Paraguay	9.159	0,76%
Chile	8.420	0,70%
Portugal	8.302	0,69%
South Africa	7.529	0,62%
Mexico	6.828	0,56%
Japan	5.279	0,44%
India	4.704	0,39%
Peru	3.558	0,29%
Uruguay	2.812	0,23%
Bolivia	2.624	0,22%
France	2.538	0,21%
Netherlands	2.258	0,19%
USA	1.813	0,15%
Other countries	5.920	0,49%
	150.268	12,43%

Consolidated		
Nine-month period ended 09/30/2022		
Country	Net sales revenu exports	% of 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%
	202.896	15,89%

The Company's net sales revenue in the domestic market in the quarter ended September 30, 2023 totaled R$ 368,375 (R$ 386,006 in the quarter ended September 30, 2022), and in the nine-month period ended September 30, 2023 net sales revenue in the domestic market totaled R$ 1,058,941 (R$ 1,075,360 in the nine-month period ended September 30, 2022).

In the nine-month period ended September 30, 2023, a single customer accounted for 7.1% of net sales in the domestic market of Sustainable Packaging (Corrugated Cardboard) segment, equivalent to R$ 48,843. The Company's other sales in the domestic and foreign markets were spread over a number of customers, none of them accounting for more than 10% of net sales.

31. GOVERNMENT GRANT

The Company has ICMS tax incentive from the state of Minas Gerais:

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 nine-month period ended September 30, 2023 was R$ 5,101 (R$ 6,353 in the nine-month period ended September 30, 2022).

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

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

32. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Parent company and Consolidated	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01/01/2022	5.022	15.369	4.083	24.474
Depreciation	(1.287)	(3.316)	(3.940)	(8.543)
Addition/write-off of agreements - principal effect	840	2.707	2.510	6.057
Net book value at 12/31/22	4.575	14.760	2.653	21.988
Cost	8.598	24.831	17.236	50.665
Accumulated depreciation	(4.023)	(10.071)	(14.583)	(28.677)
Net book value at 12/31/22	4.575	14.760	2.653	21.988
Balance at 01/01/2023	4.575	14.760	2.653	21.988
Depreciation	(1.115)	(2.936)	(3.552)	(7.603)
Addition/write-off of agreements - principal effect	749	2.265	8.127	11.141
Net book value at 09/30/23	4.209	14.089	7.228	25.526
Cost	9.347	27.096	25.363	61.806
Accumulated depreciation	(5.138)	(13.007)	(18.135)	(36.280)
Net book value at 09/30/23	4.209	14.089	7.228	25.526

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	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01/01/2022	4.412	15.658	2.996	23.066
Lease installment	(165)	(4.688)	(4.141)	(8.994)
Addition/write-off of contracts	(2.058)	2.779	3.505	4.226
Interest on lease	539	1.300	550	2.389
Net book value at 12/31/22	2.728	15.049	2.910	20.687
Balance at 01/01/2023	2.728	15.049	2.910	20.687
Lease installment	(155)	(3.740)	(3.586)	(7.481)
Addition/write-off of contracts	1.015	1.997	8.050	11.062
Interest on lease	383	953	819	2.155
Net book value at 09/30/23	3.971	14.259	8.193	26.423

Current	9.008
Non-current	17.415

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

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

Long-term maturities:	Parent company and
2024	1.076
2025	4.303
2026	4.240
2027	3.188
2028 onwards	4.608
	17.415

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

Cash flow	Nominal	Adjustment to present value
Lease consideration	48.434	35.057
PIS/COFINS (9.25%)	4.480	3.243

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, 2023, 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	
Parent company and Consolidated	12/31/2022	09/30/2023	12/31/2022	09/30/2023
Lease liabilities	26.367	29.948	45.833	48.434
Embedded interest	(5.680)	(3.525)	(13.037)	(13.377)
	20.687	26.423	32.796	35.057

33. NON-CASH TRANSACTIONS

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

During the nine-month period ended September 30, 2023, the Company made payments for purchases of property, plant and equipment, intangible assets and biological assets in the amount of R$ 48,447, which were previously financed by suppliers.

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

34. INFORMATION SUPPLEMENTARY TO THE CASH FLOW

	Parent company			Consolidated		
	Liabilities			Liabilities		
	Borrowings and debentures	Interest on capital and dividends	Lease liabilities	Borrowings and debentures	Interest on capital and dividends	Lease liabilities
Balance at 12/31/2021	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 capital	-	(135.219)	-	-	(135.219)	-
Lease liabilities paid	-	-	(5.147)	-	-	(5.147)
Proceeds from borrowings	213.355	-	-	213.355	-	-
Repayments of borrowings and debentures	(62.250)	-	-	(62.250)	-	-
Payment of interest on borrowings, debentures and swaps	(75.447)	-	-	(75.447)	-	-
Payment of interest on lease liabilities	-	-	(1.817)	-	-	(1.817)
Capitalized interest	(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	-	-	7.332	-	-	7.332
Indexation accruals and interest on borrowings, debentures and swap	77.033	-	-	77.033	-	-
Interest on lease liabilities	-	-	1.817	-	-	1.817
Capitalized interest	23.592	-	-	23.592	-	-
Dividends and interest on capital	-	119.715	-	-	119.715	-
Swap adjustment	(959)	-	-	(959)	-	-
Balance at 09/30/2022	1.048.236	841	25.251	1.048.236	841	25.251

	Parent company			Consolidated		
	Liabilities			Liabilities		
	Borrowings, debentures and swap	Interest on capital and dividends	Lease liabilities	Borrowings, debentures and swap	Interest on capital and dividends	Lease liabilities
Balance at 12/31/2022	1.792.175	22.120	20.687	1.792.175	22.120	20.687
Changes affecting cash	(395.600)	(189.711)	(7.481)	(395.600)	(189.711)	(7.481)
Payment of dividends and interest on capital	-	(189.711)	-	-	(189.711)	-
Lease liabilities paid	-	-	(5.326)	-	-	(5.326)
Proceeds from borrowings	371.385	-	-	371.385	-	-
Repayments of borrowings and debentures	(543.085)	-	-	(543.085)	-	-
Payment of interest on borrowings, debentures and swaps	(199.187)	-	-	(199.187)	-	-
Payment of interest on lease liabilities	-	-	(2.155)	-	-	(2.155)
Capitalized interest	(24.713)	-	-	(24.713)	-	-
Changes not affecting cash	190.716	169.158	13.217	190.716	169.158	13.217
Lease liabilities - addition/write-off	-	-	11.062	-	-	11.062
Indexation accruals and interest on borrowings, debentures and swap	161.885	-	-	161.885	-	-
Interest on lease liabilities	-	-	2.155	-	-	2.155
Capitalized interest	24.979	-	-	24.979	-	-
Dividends	-	169.158	-	-	169.158	-
Swap adjustment	3.852	-	-	3.852	-	-
Balance at 09/30/2023	1.587.291	1.567	26.423	1.587.291	1.567	26.423

COMMENT ON THE COMPANY´S PERFORMANCE IN THE 3rd QUARTER OF 2023

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 Net Revenue of R$ 408 million in 3Q23, Profit for the Period of R$ 65 million and Adjusted EBITDA of R$ 133 million. In the last 12 months, Profit for the Period reached R$ 462 million, a growth of 30% compared to 2022.

MAIN INDICATORS - CONSOLIDATED	3Q23	2Q23	3Q22	Chg. 3Q23/ 2Q23	Chg. 3Q23/ 3Q22	9M23	9M22	Chg. 9M23/ 9M22	LTM 23	LTM 22	Chg. LTM 23/ LTM 22
Economic and Financial (R$ thousand)											
Net Revenue from Sales	407,855	394,470	441,405	3.4%	-7.6%	1,209,209	1,278,256	-5.4%	1,617,619	1,692,324	-4.4%
Domestic Market	368,375	341,654	386,006	7.8%	-4.6%	1,058,941	1,075,360	-1.5%	1,424,079	1,426,076	-0.1%
Foreign Market	39,480	52,816	55,399	-25.2%	-28.7%	150,268	202,896	-25.9%	193,540	266,248	-27.3%
Gross Profit (inclusive *)	190,545	179,770	207,191	6.0%	-8.0%	565,007	615,299	-8.2%	757,780	783,372	-3.3%
(*) Changes in the Fair Value of Biological Assets	*30,349*	*33,483*	*37,571*	-9.4%	-19.2%	*97,755*	*98,795*	-1.1%	*137,963*	*101,909*	35.4%
Gross Margin	***46.7%***	***45.6%***	**46.9%**	**1.1p.p.**	***-0.2p.p.***	***46.7%***	***48.1%***	***-1.4p.p.***	***46.8%***	***46.3%***	***0.5p.p.***
Operating Profit before Taxes and Interest	90,988	303,914	138,267	-70.1%	-34.2%	512,269	403,986	26.8%	626,643	501,396	25.0%
Operating Margin	***22.3%***	***77.0%***	**31.3%**	**-54.7 p.p.**	***-9.0p.p.***	***42.4%***	***31.6%***	***10.8p.p.***	***38.7%***	***29.6%***	***9.1p.p.***
Profit for the Period	64,635	228,746	95,530	-71.7%	-32.3%	376,339	292,291	28.8%	462,258	355,617	30.0%
Net Margin	***15.8%***	***58.0%***	**21.6%**	**-42.2p.p.**	**-5.8p.p.**	***31.1%***	***22.9%***	***8.2p.p.***	***28.6%***	***21.0%***	***7.6p.p.***
Adjusted EBITDA [1]	133,329	117,060	137,368	13.9%	-2.9%	378,599	418,752	-9.6%	497,835	552,933	-10.0%
Adjusted EBITDA Margin	***32.7%***	***29.7%***	***31.1%***	**3.0p.p.**	***1.6p.p.***	***31.3%***	***32.8%***	***-1.5p.p.***	***30.8%***	***32.7%***	***-1.9p.p.***
Net Debt	1,044,312	981,163	649,732	6.4%	60.7%	1,044,312	649,732	60.7%	1,044,312	649,732	60.7%
Net Debt/Adjusted EBITDA(x)	2.10	1.95	1.18	7.7%	78.0%	2.10	1.18	78.0%	2.10	1.18	78.0%
Operating Data (t)											
Sustainable Packaging (Corrugated Cardboard)											
Production/Sales	43,758	38,627	45,759	13.3%	-4.4%	120,488	120,153	0.3%	160,175	156,819	2.1%
Sustainable Packaging Paper (Paper)											
Production	75,976	68,728	76,800	10.5%	-1.1%	217,776	217,419	0.2%	293,912	290,910	1.0%
Sales	32,528	29,262	30,182	11.2%	7.8%	91,503	94,664	-3.3%	121,719	126,989	-4.1%
Domestic Market	*25,426*	*23,746*	*25,985*	*7.1%*	*-2.2%*	*73,659*	*81,188*	*-9.3%*	*99,931*	*109,240*	*-8.5%*
Foreign Market	*7,102*	*5,516*	*4,197*	*28.8%*	*69.2%*	*17,844*	*13,476*	*32.4%*	*21,788*	*17,749*	*22.8%*
Sustainable Resins (Gum Rosin and Turpentine)											
Production	1,395	3,827	3,008	-63.5%	-53.6%	9,408	11,236	-16.3%	11,903	14,471	-17.7%
Sales	1,698	3,597	3,021	-52.8%	-43.8%	9,286	11,421	-18.7%	11,565	14,670	-21.2%
Domestic Market	*71*	*72*	*73*	*-1.4%*	*-2.7%*	*227*	*259*	*-12.4%*	*318*	*371*	*-14.3%*
Foreign Market	*1,627*	*3,525*	*2,948*	*-53.8%*	*-44.8%*	*9,059*	*11,162*	*-18.8%*	*11,247*	*14,299*	*-21.3%*

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

- Net revenue in 3Q23 decreased by 7.6% when compared to 3Q22 and increased by 3.4% compared to 2Q23, mainly impacted by the reduction in volume in the Sustainable Packaging (Corrugated Cardboard) Segment and by reductions in volume and prices in the Sustainable Resins segment (Gum Rosin and Turpentine) in this quarter compared to the same quarter last year.

- The sales volume of the Sustainable Packaging (Corrugated Cardboard) Segment decreased by 4.4% compared to 3Q22 and increased by 13.3% compared to 2Q23, totaling 43.7 thousand tons in 3Q23, pointing to a recovery in consumption and consequent increase in demand for products in the segment this year. The Sustainable Packaging Paper (Paper) segment totaled 32.5 thousand tons of sales, recording an increase of 7.8% when compared to 3Q22 and an increase of 11.2% compared to 2Q23, indicating an improvement in demand in the domestic and foreign markets for these products. The Sustainable Resins segment (Gum Rosin and Turpentine) recorded a decrease of 43.8% compared to 3Q22 and a decrease of 52.8% compared to 2Q23, reaching 1.7 thousand tons, mainly due to competition from imported products, especially the supply of product from China to the European market.

- Selling expenses in 3Q23 totaled R$ 32,529 thousand, a decrease of 11.1% compared to 3Q22 and an increase of 8.5% compared to 2Q23, and represented 8.0% of consolidated net revenue, lower than 8.3% in 3Q22 and higher than 7.6% in 2Q23, directly related to the variation in sales volumes presented in this quarter compared to the previous quarter. Administrative expenses in 3Q23 totaled R$ 25,308 thousand, an increase of 8.4% compared to 3Q22, mainly due to the inflation for the period and team restructuring, and decrease of 2.1% compared to 2Q23, mainly due to cost savings implemented in the period, and represented 6.2% of consolidated net revenue, higher than the 5.3% in 3Q22, and lower than the 6.6% in 2Q23.

- The profit for the period amounted to R$ 64,635 thousand in 3Q23 compared to profit of R$ 95,530 thousand in 3Q22 and R$ 228,746 thousand in 2Q23. The decrease is mainly related to the recognition of credit in 2Q23 in the amount of R$ 161,107 thousand for PIS and COFINS on acquisition of OCC, subject to a final and unappealable court decision favorable to the Company, which recognized the right to credit. In 3Q23, a reversal of R$6,153 thousand was made relating to this same credit. Excluding the effect of credit in both quarters, profit in 2Q23 would have been R$67,639 thousand and R$70,788 thousand in 3Q23. Also in comparison with 3Q22, there was an increase in the finance result due to the growth in net debt due to the use of funds in Gaia Platform investments, increase in depreciation expenses due to the start of operations of Gaia Platform investments, and also lower changes in fair value of biological assets when comparing the quarters.

- Adjusted EBITDA in 3Q23 was R$ 133,329 thousand with a margin of 32.7%, 2.9% lower than in 3Q22, when it was R$ 137,368 thousand with a margin of 31.1%, and 13.9% higher compared to 2Q23, when it was R$ 117,060 thousand with a margin of 29.7%. The growth in relation to the previous quarter is related to the growth in net revenue and gross profit respectively, and the reduction in relation to 3Q22 is also related to the change in net revenue and gross profit. In the last 12 months, Adjusted EBITDA was R$ 497,835 thousand.

- Beginning of the offset of PIS and Cofins credits on acquisition of OCC. As of September 30, 2023, R$ 31,040 thousand has been offset, relating to the lawsuit (past acquisitions), remaining a balance of R$ 194,447 thousand to be credited in the coming months, benefiting the Company's cash flow. The credits are also being used to offset taxes on new acquisitions of OCC.

- The Net Debt/Adjusted EBITDA ratio was 2.10 times in 3Q23, against 1.18 times in 3Q22 and 1.95 times in 2Q23. The increase in the indicator in both comparisons is due to the increase in disbursements related to the investments in the Gaia Platform. Releverage is natural during the execution of investments and is in line with the parameters established in the Company's Financial Management Policy, which sets a target of 2.5x. In 3Q23, there were payments of dividends and income tax/social contribution on the non-recurring income derived from the recognition of PIS and COFINS credits on past acquisitions of OCC, contributing to an increase in leverage.

- In this quarter, we implemented the liability management strategy*)* aiming to extend the term and reduce the cost of debt (Kd). R$ 300,000 were raised in bilateral banking operations, with an average cost of CDI + 1.8% p.a. and a total term of 5 years, and the entire 3rd Issuance of Green Debentures (CELU13) was voluntarily redeemed in advance, which had a cost of CDI + 4.5% p.a.

- The cash position in the quarter ended September 30, 2023 was R$ 538,080 thousand and 99% of gross debt is classified as long-term, 100% denominated in local currency.

- For the 3rd time in a row, we were recognized with ANEFAC's Transparency Award, and Irani is among the 10 companies with the best financial statements, in the category Net Revenue below R$ 5 billion.

- We won 2nd place in the Best and Biggest award, promoted by EXAME, in the Pulp and Paper category. The Best and Biggest award recognizes publicly traded companies that presented the largest growth in the last year based on the analysis of three criteria: social, environmental and corporate compliance, accounting results, and growth within the segment.

- We invested R$ 2.3 million in startups via Irani Ventures (R$ 1.4 million in GrowPack and R$ 900 thousand in Mush).

- We sponsored the Minas Theater Exhibition, held in Santa Luzia (MG), bringing culture and art to more than 5 thousand people.

- We carried out the 2nd edition of the Recognition of Good Sustainability Practices with Suppliers and/or Service Providers initiative. 46 practices were evaluated and 5 companies were awarded.

- We were recognized with the Silver award in the Export category of the ABRE Brazilian Packaging Award 2023, promoted by the Brazilian Packaging Association, Export category.

- Second place in the pulp and paper category of Exame's Best and Biggest Awards.

- We were ranked 3rd in the Top 5 Pulp and Paper of Época NEGÓCIOS 360º Awards.

- We won 3rd place in the Pulp and Paper category of Valor Inovação Brasil award.

- We are among the 30 Best Companies to Work GPTW - Brazil 2023; in the GPTW São Paulo 2023 ranking and, for the 4th consecutive time in Rio Grande do Sul.
- Amanhã Magazine’s Innovation Champions Recognition, 13th in the ranking.

- We have one of the best project offices in RS. We were recognized as Best PMO 2023 at the PMIRS Awards.

- We achieved the gold seal in the “Legal Department 4.0” Certification, promoted by AB2L.

- We celebrate the important recognition of appearing in the Top 3 of the 100 Open Startups Ranking, in which we are present for the third consecutive time, in the Forestry, Pulp and Paper segment. Furthermore, we were recognized in the 6th position in the TOP 10 Middle Market

OPERATING PERFORMANCE

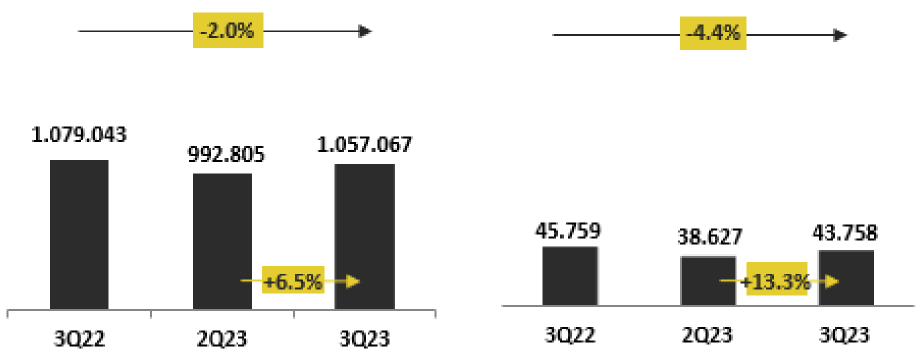
Sustainable Packaging (Corrugated Cardboard) Segment

Revenue Contribution 3Q23

The sales volume recorded a decrease of 4.4% (in tons) compared to the same period last year, compared to a decrease of 2.0% in the Empapel market in the same period. In tons, Irani's market share in the Sustainable Packaging (Corrugated Cardboard) segment in 3Q23 was 4.1%, 4.2% in 3Q22 and 3.9% in 2Q23. The lower share compared to 3Q22 is due to the profitability strategy, prioritizing price maintenance over volume. The increase compared to 2Q23 is due to the ramp-up of production and sales of the Gaia II Project (SC Packaging Expansion). The unit has been posting records and taking advantage of the good performance of the sectors in which it has exposure.

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

Empapel (t) | Irani (t)

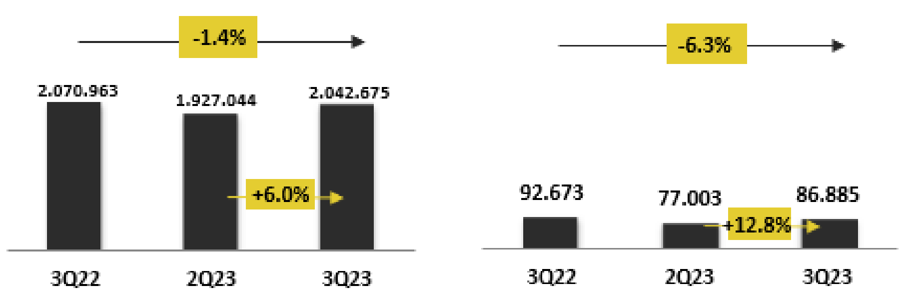


Source: Empapel | Source: Irani

3Q23 Empapel Market data (in tons) are prior to closing. There may be changes in the official data.

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

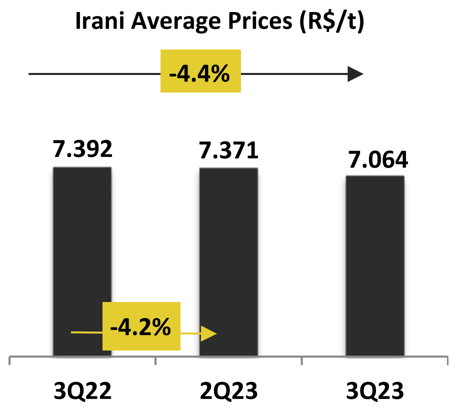
Empapel (000 sqm) | Irani (thousand sqm)



Source: Empapel | Source: Irani

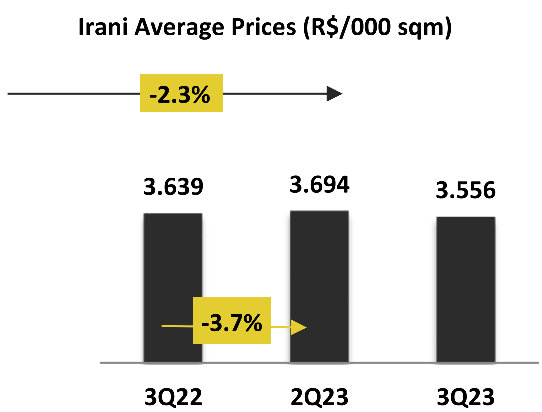
3Q23 Empapel Market data (in sqm) are prior to closing. There may be changes in the official data.

Despite the growth in volume of the Empapel market in 3Q23 compared to the previous quarter, the competitive scenario remains fierce, with pressure to reduce prices. Irani has a strategy of seeking to maintain the level of prices charged; even so, our prices decreased by 4.4% (R$/ton) compared to 3Q22.



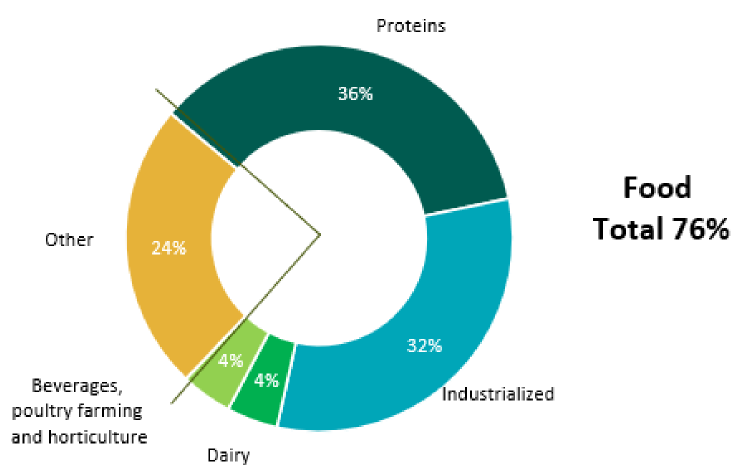
Methodological note: Irani prices exclude Excise Tax (IPI), include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

The prices per m^2 reflect better the market dynamics because they do not consider any variations in weight in the papers used for the manufacture of boxes and paper sheets.



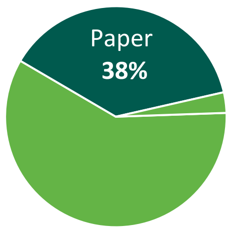
Methodological note: Irani prices exclude Excise Tax (IPI), include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

The share of sales of Iran in this Segment by Sub-segment in 3Q23 is presented in the charts below:



Sustainable Packaging Paper (Paper) Segment

Revenue Contribution 3Q23

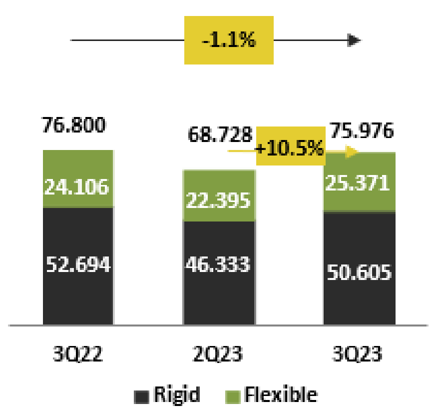


The main reasons for the decrease in paper production in 3Q23 compared to 3Q22 were related to the Gaia I startup, which is in the process of evolution, in addition to strategic changes in the production mix. Compared to 2Q23, there was an increase in production, as, in that quarter, there were stoppages of the paper machines in SC for interconnections with the Recovery Boiler (Gaia I) and the maintenance stoppage of the paper machine in MG.

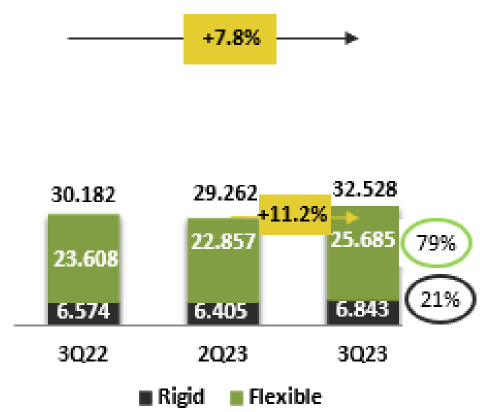
The increase in sales in 3Q23 is reflected in deliveries to retailers due to the end of year festivities.

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

Total Production of Sustainable Packaging Paper (t)



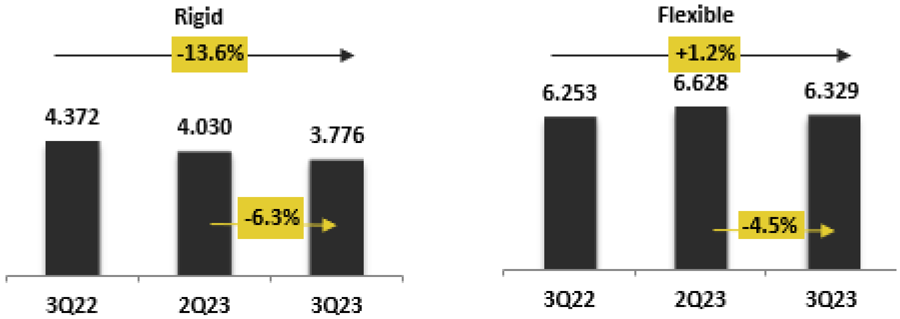
Total Sales of Sustainable Packaging Paper (t)



The price of rigid packaging paper has been falling, following the reduction in OCC prices and the greater supply of paper in the local market.

The price of flexible packaging paper is stable in the annual comparison and is experiencing price reductions, given the large supply of paper worldwide, as well as the reduction in sales to Argentina, due to its internal problems, which justifies the drop of 4.5% in export prices compared to 2Q23.

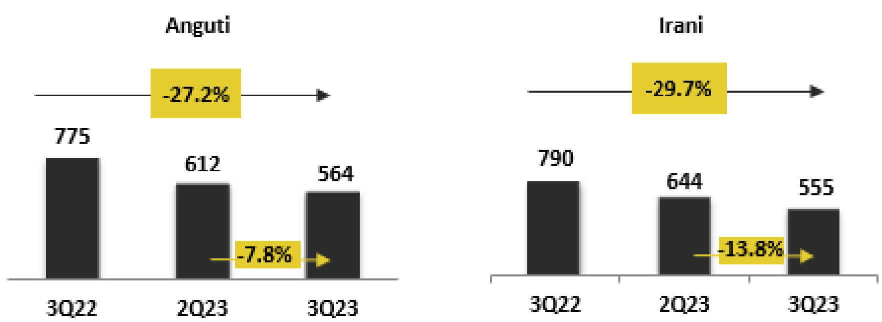
Average Prices of Sustainable Packaging Paper (R$/t)



OCC (Old Corrugated Containers)

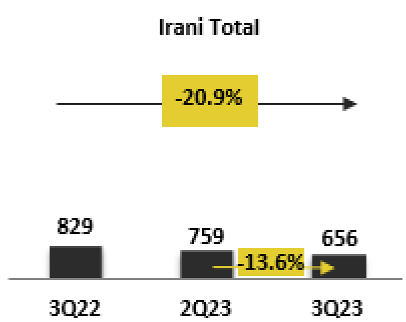
The OCC accounted for 18% of total cost in 3Q23. OCC prices followed the downward trend in prices, as part of the Brazilian virgin fiber paper production for the foreign market was targeted to the domestic market, thus reducing the demand for recycled papers. OCC stocks in suppliers easily met manufacturers' demands.

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



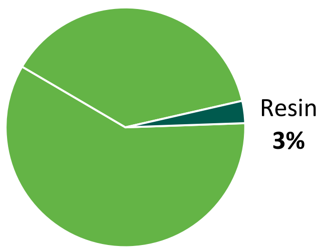
Methodological note: Anguti Statistics – Paper OCC Newsletter.

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



Sustainable Resins Segment (Gum Rosin and Turpentine)

Revenue Contribution 3Q23

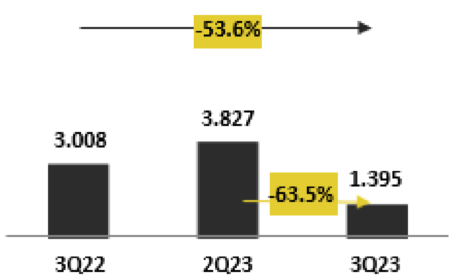


The production volume in the RS Balneário Pinhal Resin unit in 3Q23 decreased 53.6% when compared to 3Q22 and decreased 63.5% when compared to 2Q23. The sales volume decreased 43.8% when compared to 3Q22 and decreased 52.8% when compared to 2Q23.

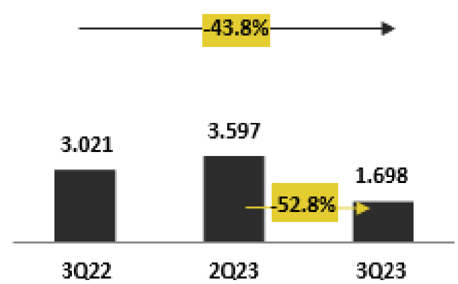
The gum rosin and turpentine market is not heated at the moment and the selling price remains at lower levels than in the past.

In trade terms, we are still feeling the effects of high inflation in Europe and reduced consumption. In addition, the world's largest producer which is China has started harvesting its new crop with high volumes, leading to higher supply levels in the market.

Production of Gum Rosin and Turpentine (t)

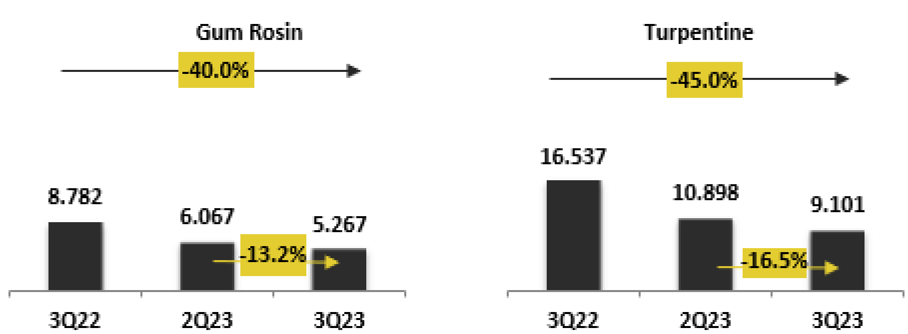


Sale of Gum Rosin and Turpentine (t)



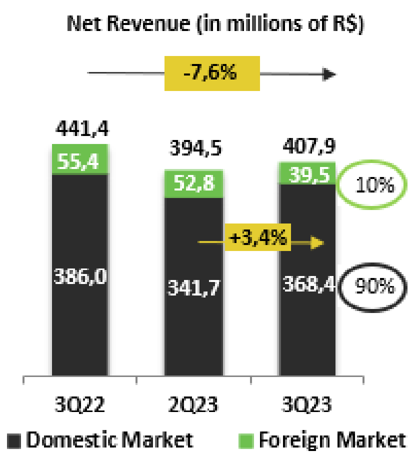
In 3Q23, the average gross price of gum rosin and turpentine was 40.0% and 45.0%, respectively, lower than in 3Q22. The price variations of these products are according to the international market and the exchange rate.

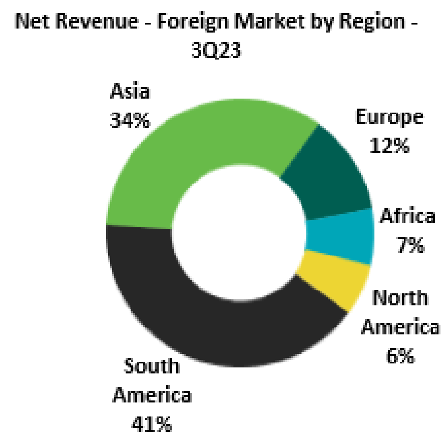
Average Prices (R$/t)

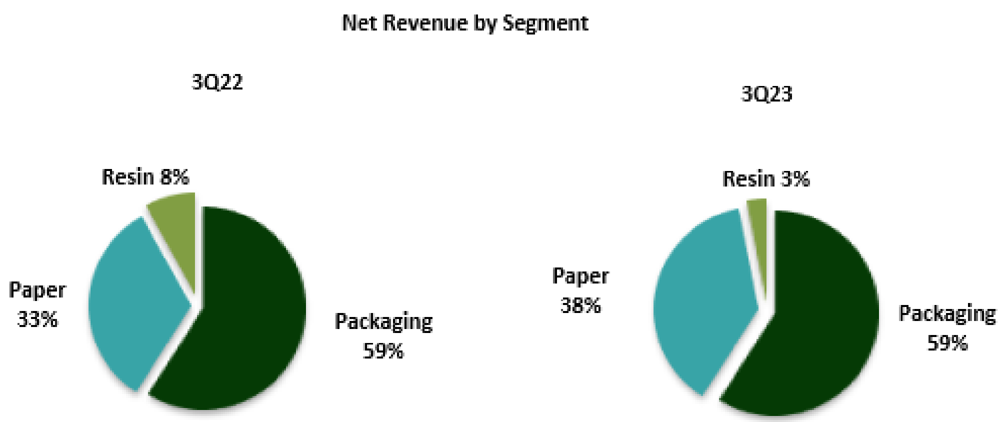


Economic and Financial Performance

Net Revenue from Sales





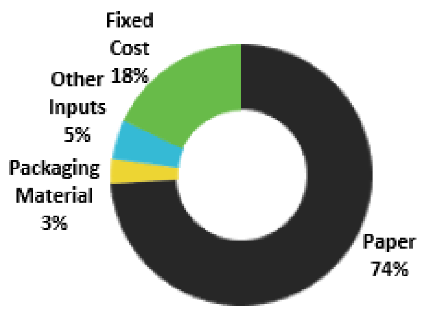


Cost of goods sold

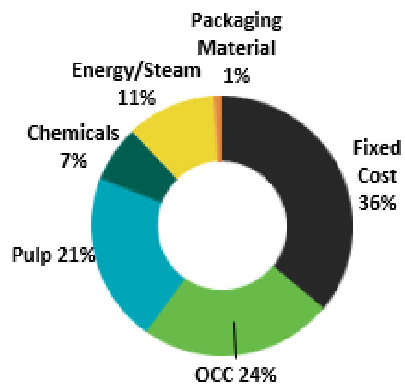
The cost of goods sold in 3Q23 was R$ 247,659 thousand, 8.9% lower than in 3Q22, mainly due to the reduction in OCC price in the period. The changes in the fair value of biological assets are not considered in the cost of goods sold in both periods.

The formation of the cost per Segment of Irani's operations in 3Q23 is shown in the graphs below.

Sustainable Packaging (Corrugated Cardboard)

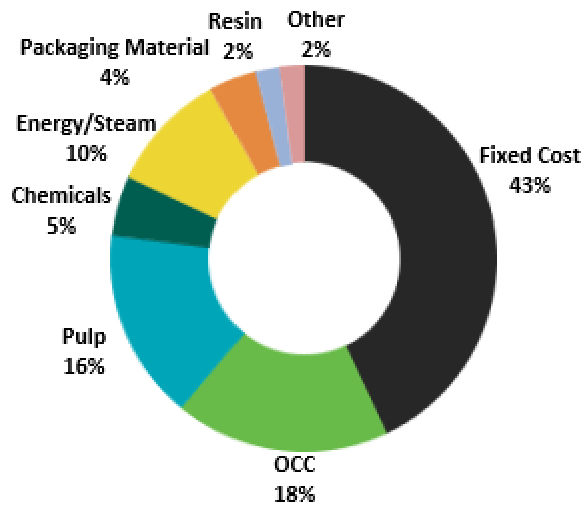


Sustainable Packaging Paper (Paper)*



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

Total Cost 3Q23



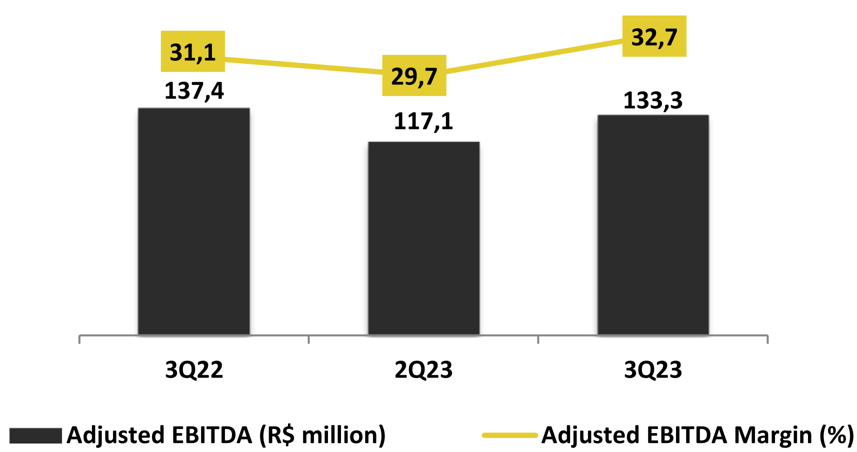
Operating Cash Generation (Adjusted EBITDA)

Consolidated (R$ thousand)	3Q23	2Q23	3Q22	Chg. 3Q23/ 2Q23	Chg. 3Q23/ 3Q22	9M23	9M22	Chg. 9M23/ 9M22	LTM 23	LTM 22	Chg. LTM 23/LTM 22
Profit for the Period	**64,635**	**228,746**	**95,530**	**-71.7%**	**-32.3%**	**376,339**	**292,291**	**28.8%**	**462,258**	**355,617**	**30.0%**
Current and deferred income tax and social contribution	26,353	75,168	42,737	-64.9%	-38.3%	135,930	111,695	21.7%	164,385	145,779	12.8%
Depletion	4,660	4,665	8,923	-0.1%	-47.8%	14,351	26,278	-45.4%	20,594	33,647	-38.8%
Depreciation and amortization	23,437	22,104	18,056	6.0%	29.8%	65,855	51,331	28.3%	85,031	69,590	22.2%
Finance income (costs)	35,916	(36,986)	15,055	-	138.6%	18,108	47,328	-61.7%	32,283	60,559	-46.7%
EBITDA	**155,001**	**293,697**	**180,301**	**-47.2%**	**-14.0%**	**610,583**	**528,923**	**15.4%**	**764,551**	**665,192**	**14.9%**
EBITDA margin	***38.0%***	***74.5%***	***40.8%***	***-36.5p.p.***	***-2.8p.p.***	***50.5%***	***41.4%***	***9.1p.p.***	***47.3%***	***39.3%***	***8.0p.p.***
Adjustments according to CVM instruction 527/12											
Changes in the fair value of biological assets (1)	(30,349)	(33,483)	(37,571)	-9.4%	-19.2%	(97,755)	(98,795)	-1.1%	(137,963)	(101,909)	35.4%
Non-recurring events (2)	4,559	(147,272)	(7,274)	-	-	(146,583)	(24,503)	498.2%	(143,432)	(24,503)	485.4%
Management profit sharing (3)	4,118	4,118	1,912	0.0%	115.4%	12,354	13,127	-5.9%	14,679	14,153	3.7%
Adjusted EBITDA	***133,329***	***117,060***	***137,368***	***13.9%***	***-2.9%***	***378,599***	***418,752***	***-9.6%***	***497,835***	***552,933***	***-10.0%***
Adjusted EBITDA margin	***32.7%***	***29.7%***	***31.1%***	***3.0p.p.***	***1.6p.p.***	***31.3%***	***32.8%***	***-1.5p.p.***	***30.8%***	***32.7%***	***-1.9p.p.***

[1] Changes in the fair value of biological assets for not representing cash generation for the period.
[2] Non-recurring events: The amount of R$ 4,559 thousand relates to PIS and COFINS credits on the acquisition of OCC.
[3] Management profit sharing: The amount of R$ 4,118 thousand relates to the provision for Company management profit sharing.

The main factor relating to the increase in Adjusted EBITDA in this 3Q23 compared to 2Q23 was the growth in net revenue and gross profit, respectively, recorded in the comparative period. In the last 12 months, Adjusted EBITDA was R$ 497,835 thousand, with a margin of 30.8%.

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



Finance Result

The finance result is distributed as follows:

R$ thousand	3Q23	2Q23	3Q22	9M23	9M22	LTM23[1]	LTM22[1]
Finance income	27,170	99,172	19,978	167,501	58,809	211,517	71,748
Finance costs	(63,086)	(62,186)	(35,033)	(185,609)	(106,137)	(243,800)	(132,307)
Finance result	(35,916)	36,986	(15,055)	(18,108)	(47,328)	(32,283)	(60,559)
Foreign exchange gains	1,538	1,434	3,821	6,345	18,338	10,869	21,842
Foreign exchange loss	(819)	(2,733)	(4,782)	(7,199)	(21,768)	(11,396)	(25,107)
Net exchange rate change	719	(1,299)	(961)	(854)	(3,430)	(527)	(3,265)
Finance income without exchange rate variation	25,632	97,738	16,157	161,156	40,471	200,648	49,906
Finance costs without exchange rate variation	(62,267)	(59,453)	(30,251)	(178,410)	(84,369)	(232,404)	(107,200)
Finance result without exchange rate variation	(36,635)	38,285	(14,094)	(17,254)	(43,898)	(31,756)	(57,294)
Fixed interest and guarantees (BNDES)[2]	(3,951)	(12,717)	(7,314)	(29,225)	(31,525)	(36,746)	(38,651)

[1] Accumulated in the last twelve months.

[2]*Not included in the other lines above, as they do not impact the finance result.*

The finance result in 3Q23 was negative R$ 35,916 thousand. For comparative purposes, in 2Q23 the finance result without the non-recurring effect of recognizing the indexation accrual of PIS and COFINS credits on acquisition of OCC, with a positive impact of R$ 62,865 thousand, was negative R$ 25,879. Therefore, the negative finance result of 3Q23 was 38.8% higher than that of 2Q23. This increase is mainly due to: (i) the reduction in fixed interest and surety (BNDES) given the start-up most of the equipment on the Gaia Platform; (ii) the payment of an optional early redemption premium to debenture holders of the 3rd Issuance of Green Debentures, in the amount of R$ 3,437 thousand, as provided for in the Deed of Issuance; and (iii) the increase in net debt, mainly due to disbursements of Gaia Platform investments.

In relation to 3Q22, the increase was 159.9%, mainly due to: (i) the increase in net debt, mainly due to disbursements of Gaia Platform investments; and (ii) the increase in interest on financial transactions in connection with the 5th Private Issuance of Green Debentures (CRA - Agribusiness Receivables Certificates), concluded during 4Q22.

Foreign exchange

The exchange rate behaved as shown in the table below.

R$ thousand	3Q23	2Q23	3Q22	Δ3Q23/2Q23	Δ3Q23/3Q22
Final foreign exchange rate - Dollar	5.01	4.82	5.41	3.94%	-7.39%
Average foreign exchange rate - Dollar	4.88	4.95	5.25	-1.41%	-7.05%

Indebtedness

Consolidated (R$ thousand)	3Q23	3Q22
Current	23,462	234,361
Non-current	1,558,930	813,875
Gross debt1	1,582,392	1,048,236
Current	1%	22%
Non-current	99%	78%
Local currency	1,582,392	1,006,965
Foreign currency	0	41,271
Gross debt1	1,582,392	1,048,236
Local currency	100%	96%
Foreign currency	0%	4%
Cash balance	538,080	398,504
Net debt	1,044,312	649,732
EBITDA LTM	497,835	552,931
Net debt/EBITDA	**2.10**	**1.18**

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

Net debt increased by 51.0% or R$ 534,156 thousand, compared to the same period of the previous year, due to the negative free cash flow in the period, caused mainly by disbursements of the Gaia Platform investments. In 3Q23, there were payments of dividends and income tax/social contribution on the non-recurring result derived from the recognition of PIS and COFINS credits on past purchases of OCC, contributing to an increase in net debt.

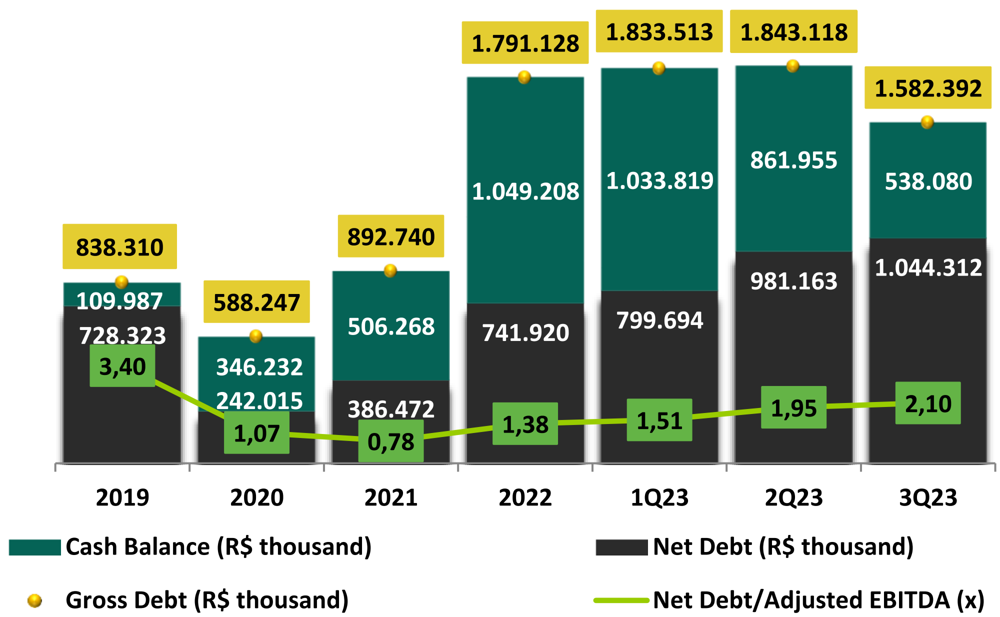
On the same comparative basis, gross debt increased, mainly due to the 5th Private Issuance of Green Debentures (CRA - Agribusiness Receivables Certificates) in 4Q22 in the amount of R$ 720,000 thousand and the liability management strategy carried out in 3Q23, aiming to extend terms and reduce the cost of debt (Kd).

The average cost of debt over the last 12 months, as of September 30, 2023, was 14.4% p.a. (equivalent to CDI + 0.85%). The cost of debt considers the fixed interest and guarantees related to the financing of Gaia Platform investments.

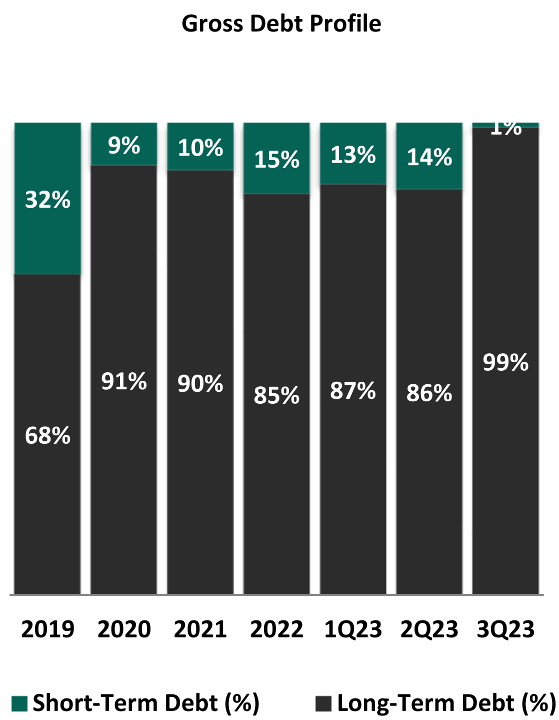
The Net Debt/Adjusted EBITDA ratio was 2.10 times in 3Q23, against 1.18 times in 3Q22. Releveraging is natural during the execution of investments and is in line with the parameters established in the Company's Financial Management Policy, which sets a target of 2.5x.

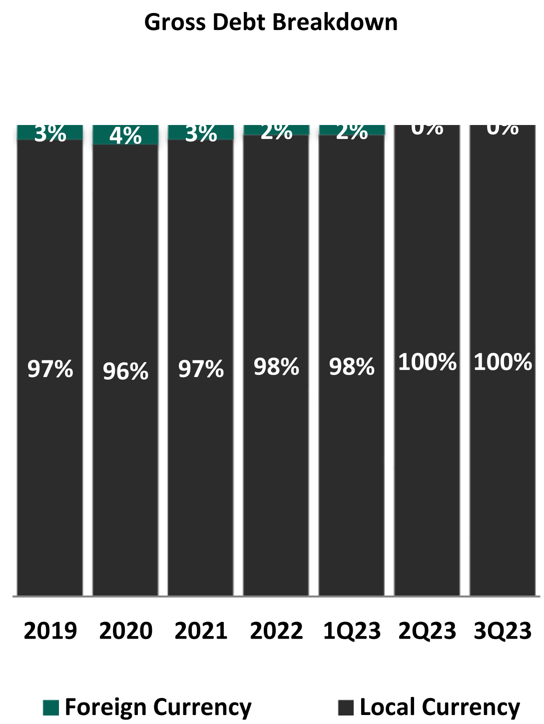
If lease liabilities resulting from the effects of CPC06 (IFRS16) were considered, net debt would increase by R$ 26,423, resulting in a net debt/Adjusted EBITDA ratio of 2.15x.

Indebtedness and Net Debt/Adjusted EBITDA



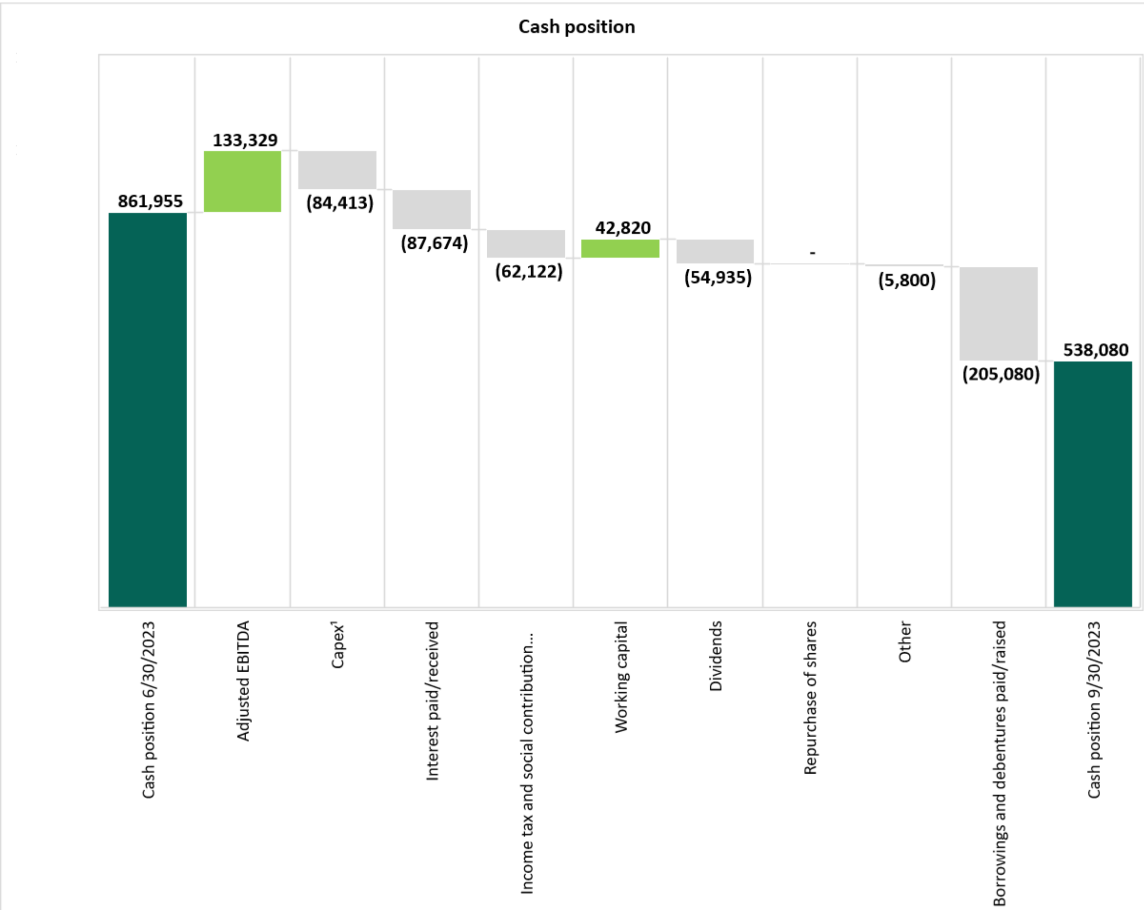
DocuSign Envelope ID: 2A7BE973-2225-4A89-980C-A666E1F883E1





Cash position

At June 30, 2023 the Company's cash position was R$ 861,955 and recorded a decrease of 37.6% reaching R$ 538,080 thousand as of September 30, 2023. The sources and applications of the resources are presented as follows:



[1] Considers the disbursement related to fixed interest and guarantees referring to the financing of investments in Gaia Platform of R$ 7.722 thousand in the period.

Free Cash Flow

Free Cash Flow	3Q23	2Q23	3Q22	LTM23	LTM22
Adjusted EBITDA	**133,329**	**117,060**	**137,368**	**497,835**	**552,933**
(-) Capex[(1)]	(84,413)	(139,769)	(124,193)	(441,365)	(562,517)
(-) Interest paid/received	(87,674)	23,100	(27,310)	(87,291)	(43,548)
(-) Income tax and social contribution (cash)	(62,122)	(16,314)	(27,513)	(115,271)	(105,973)
(+/-) Working capital	42,820	19,030	12,858	7,275	(5,486)
(-) Dividends + interest on capital	(54,935)	(113,579)	(23,626)	(213,278)	(160,889)
(-) Repurchase of shares	-	(18,149)	(15,983)	(46,453)	(60,557)
(+/-) Others	598	(149)	14,089	29,749	30,777
Free Cash Flow	**(112,397)**	**(128,770)**	**(54,310)**	**(368,799)**	**(355,260)**
Dividends + interest on capital	54,935	113,579	23,626	213,278	160,889
Repurchase of shares	-	18,149	15,983	46,453	60,557
Gaia Platform[(1)]	56,006	111,702	98,681	336,456	458,995
Expansion Projects	32	4	-	283	121
Adjusted Free Cash Flow[(2)]	**(1,423)**	**114,663**	**83,979**	**227,671**	**325,302**
Adjusted FCL Yield[(3)]				**10.4%**	**19.1%**

[(1)] Considers the disbursement of interest and guarantees, referring to the financing of investments in the Gaia Platform of R$ 7.722 thousand in 3Q23, R$ 16.840 thousand in 2Q23, R$ 1.329 thousand in 3Q22, R$ 33.301 thousand in UDM22 and R$ 38.827 thousand in UDM23.

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

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

Adjusted Free Cash Flow, disregarding investments in the Gaia Platform and other Expansion Projects, as well as shareholder compensation, was negative by R$ 1,423 thousand in 2Q23, a decrease of 101.7% in relation to 3Q22 and 101.2% compared to 2Q23.

The increase in interest paid in relation to the previous quarter refers to the seasonal payment in January and July of interest on the 3rd Issuance of Green Debentures (CELU13), which was redeemed in advance this quarter, and in February and August on the 5th Private Issuance of Green Debentures.

The increase in payment of income tax and social contribution on net income in this quarter is due to the non-recurring income derived from the recognition of PIS and COFINS credits on past purchases of OCC, which impacted this line by R$ 55,402 thousand.

Positive working capital in this quarter is mainly a reflection from the offset of taxes from this same credit. By September 30, 2023, R$ 31,040 thousand had been offset, remaining a balance of R$ 194,447 thousand to be credited in the coming months.

The increase in dividends paid also refers to the non-recurring profit derived from the tax credit recognized in 2Q23. Further details on shareholder compensation and the share repurchase program are available under Capital Markets.

In the last 12 months ended September 30, 2023, the Adjusted Free Cash Flow was R$ 227,671 thousand, a decrease of 30% over the R$ 325,302 thousand recorded in the 12 months ended September 30, 2022, mainly due to: (i) the decrease in EBITDA, and (ii) the higher payment of dividends and income tax and social contribution on net income due to the non-recurring income derived from the recognition of PIS and COFINS credits on past purchases of OCC.

Free Cash Flow Yield was 10.4% for the last 12 months ended September 30, 2023, a decrease of 8.7 p.p. when compared to the 12 months ended September 30, 2022, due to (i) the decrease of 30% in Adjusted Free Cash Flow and (ii) the increase of 28.9% in the average market value of the Company in this period.

Return on Invested Capital (ROIC)

The Return on Invested Capital (ROIC) was 18.9% in the last 12 months, a decrease of 1.8 p.p. compared to the 12 months ended June 30, 2023, and of 5.6 p.p. In relation to the 12 months ended September 30, 2022. The decrease recorded in the comparisons is mainly due to the increase in Adjusted Invested Capital and the decrease in LTM EBITDA. This effect is natural during the ramp-up of Gaia Platform Investments, once the finalized CAPEX is immediately added to the Adjusted Invested Capital, while the returns generated by the Projects gradually impact the Adjusted Operating Cash Flow.

ROIC at high levels demonstrates the commitment to generate consistent returns above the cost of capital (WACC). Our ROIC is a reference in the sustainable packaging sector in Brazil and abroad, demonstrating the strength of sustainability (ESG) as a secular trend that drives our economic results.

ROIC (R$ thousand) - LTM[(1)]	3Q23	2Q23	3Q22
Total Assets	**3,207,286**	**3,015,687**	**2,528,667**
(-) Total liabilities (former debt)	(603,129)	(595,701)	(512,923)
(-) Works in progress	(640,795)	(697,129)	(502,546)
Capital invested	**1,963,362**	**1,722,857**	**1,513,198**
(-) Adjustment CPC 29[(2)]	(204,160)	(180,603)	(110,808)
Adjusted Capital Invested	**1,759,202**	**1,542,254**	**1,402,390**
Adjusted EBITDA	**497,835**	**501,874**	**552,933**
(-) Capex for maintenance	(104,626)	(101,764)	(103,401)
(-) Income Tax and Social Contribution (cash)[(3)]	(59,869)	(80,662)	(105,973)
Adjusted Operating Cash Flow	**333,340**	**319,448**	**343,559**
ROIC[(4)]	**18.9%**	**20.7%**	**24.5%**

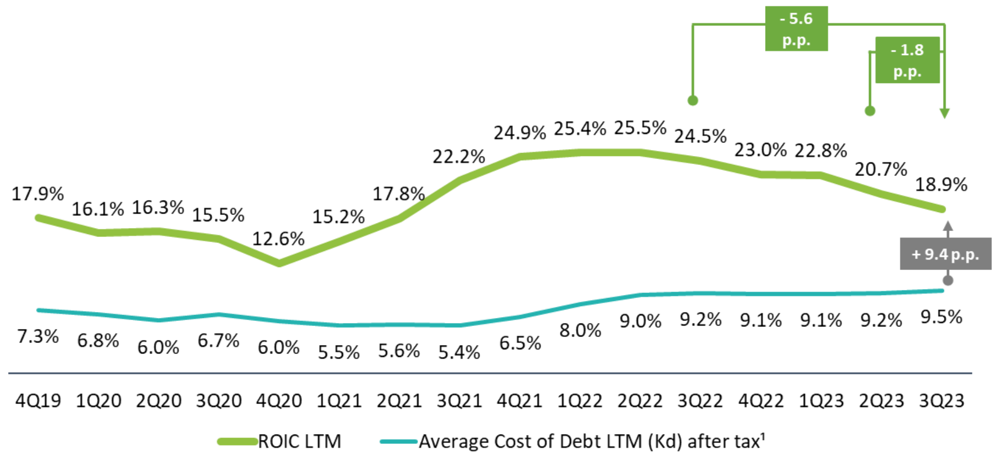
[(1)] Average of balance sheet balances for the last 4 quarters (Last Twelve Months)

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

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

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

ROIC LTM x Average Cost of Debt LTM (Kd) after tax



[1]Average Cost of Debt LTM (Kd) after taxes: LTM interest/average gross debt last 4 quarters less 34% tax rate.
Considers fixed interest related to the financing of Gaia Platform investments

Profit for the Period

Profit for 3Q23 was R$ 64,635 thousand compared to profit of R$ 95,530 thousand for 3Q22 and profit of R$ 228,746 thousand for 2Q23. The decrease is mainly related to the recognition of credit in 2Q23 in the amount of R$ 161,107 thousand for PIS and COFINS on acquisition of OCC, subject to a final and unappealable court decision favorable to the Company, which recognized the right to credit. In 3Q23, a reversal of R$6,153 thousand was made relating to this same credit. Excluding the effect of credit in both quarters, profit in 2Q23 would have been R$67,639 thousand and R$70,788 thousand in 3Q23. Also in the comparison with 3Q22, there was an increase in the negative finance result due to the growth in net debt caused by the use of funds in Gaia Platform investments, increase in depreciation expenses due to the start of operations of the Gaia Platform investments, and also, smaller changes in fair value of biological assets when comparing the quarters.

Investments

The Company maintains its strategy of investing in the modernization and automation of its production processes. This quarter's investments totaled R$ 46,254 thousand and were basically directed to reforestation, maintenance and improvement in the Company's physical structures, software, machinery and equipment. This amount was mainly allocated to the execution of investments in Gaia I, II, III Projects (1st Cycle), VI, VII, VIII, IX and X (2nd Cycle).

R$ thousand	3Q23	9M23
Land	-	9
Buildings	11,901	13,602
Equipment	24,889	215,750
Intangible assets	4,216	10,273
Reforestation	5,248	16,772
Total	**46,254**	**256,406**

Gaia Platform

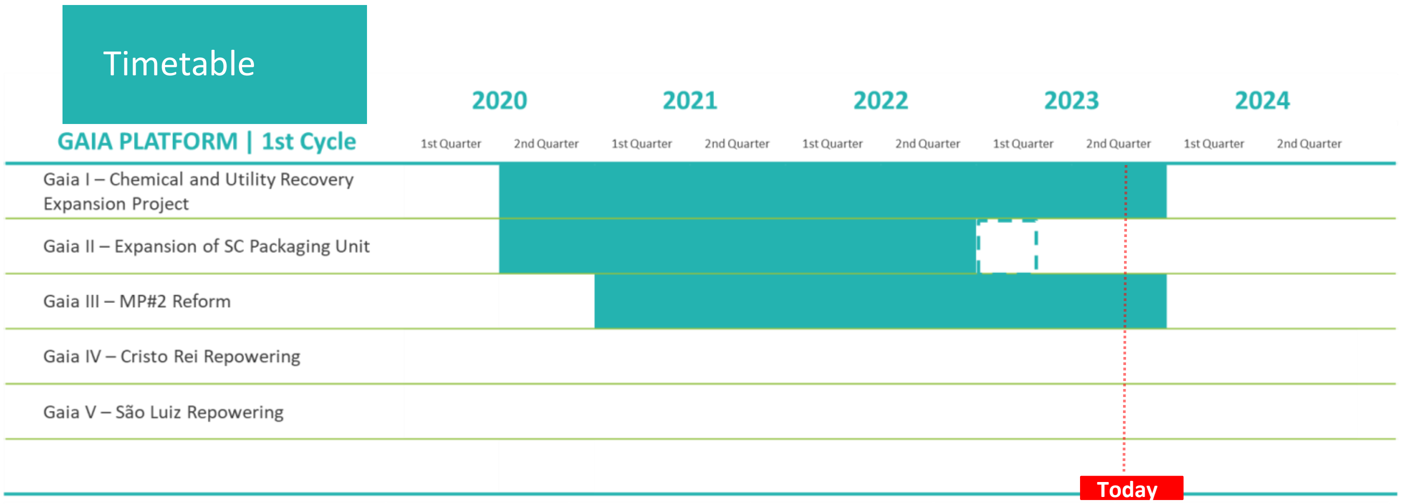
1st Cycle

The main highlight in the third quarter of 2023 in the **Gaia I** - Chemical and Utility Recovery Project was the successful completion of the startups of heat recovery plants, turpentine production, CNG treatment system (non-condensable gases), pulp washing process, lime mud washing unit (Caustification) and commissioning of the new energy turbo-generator (cogeneration). In progress, we continue to carry out training and qualifications with the maintenance and operation teams. We are also actively participating in relevant events, such as the ABTCP Meeting, where we contributed to the round table on boiler inspection and preventive maintenance.

For the **Gaia II** and **Gaia III** projects, we continue to monitor the performance curve and record all the information required to calculate the return on projects.

Regarding projects **Gaia IV** – Cristo Rei Repowering and **Gaia V** – São Luiz Repowering, we are currently continuing to review the project, budget and schedule, due to the waiting for the necessary environmental clearances.

In 3Q23, R$ 26,997 thousand were invested in the first Gaia Platform Cycle, of which R$ 26,286 thousand were invested in Gaia I and R$ 711 thousand in Gaia II. In total, R$ 808,892 thousand have been invested since the beginning of the first cycle, with a total of R$ 618,039 thousand in Gaia I, R$ 131,047 thousand in Gaia II and R$ 59,806 in Gaia III.



Gaia Platform – 1st Cycle	Basic Engineering	Physical Execution
Gaia I – Chemical and Utility Recovery Expansion Project	100%	99.6%
Gaia II – Expansion of SC Packaging Unit	100%	100%
Gaia III – MP#2 Reform	100%	100%
Gaia IV – Cristo Rei Repowering	100%	
Gaia V – São Luiz Repowering	100%	

2nd Cycle

Gaia VI project - Process Information Management System, during the third quarter of 2023, we highlight the Go Live of PI Vision software for Paper MG and Resin RS units. This stage is an important milestone for the project, as we have made twenty-seven automated screens available for use with real-time information, 12 at Paper MG and 15 at Resin RS. In the other units, the collection of information and development of screens and reports are ongoing.

Gaia VII project – Expansion ETE (effluent treatment station) Phase 1 - We can highlight that the operation of the equalization tank has started, as well as the completion of the concreting of aeration tanks 2 and 3, and the hydrostatic test has already been carried out on tank 2. Hydrostatic testing of aeration tank 3 and finishing work on the structure of aeration tank 2 are in progress. We also highlight the installation and testing of the generator, which is able to operate in cases of power outages, keeping the system running. On the other fronts, we have piping assemblies, electrical and instrumentation cable runs and the manufacturing of blower piping.

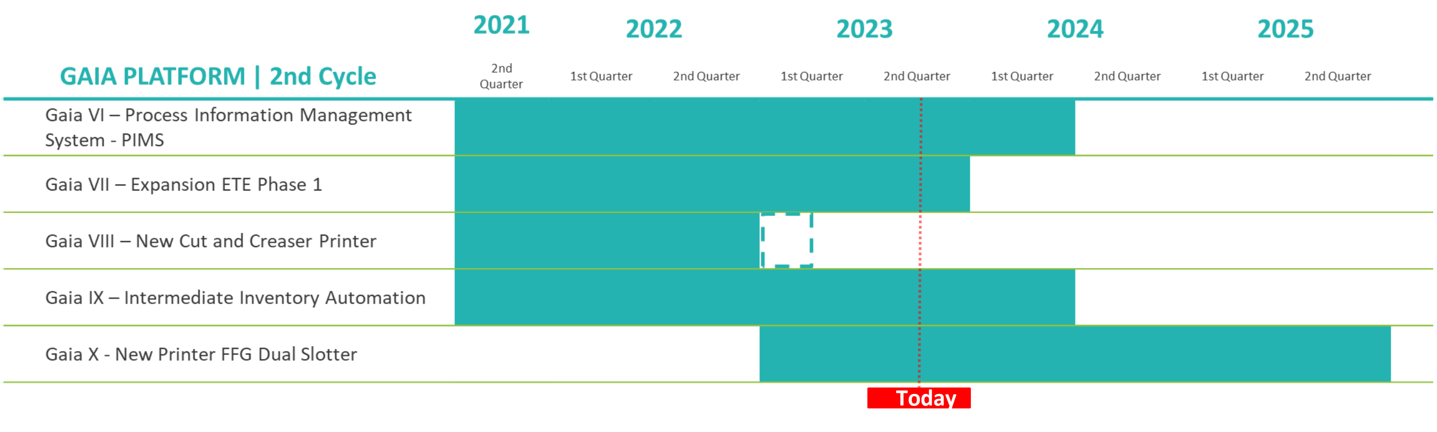
Gaia VIII project – New Cut and Crease Printer - We are monitoring the performance curve.

Gaia IX project – Intermediate Inventory Automation - Civil works are nearing completion and installation of the equipment that makes up the intermediate inventory solution is underway.

And finally, the **GAIA X** project – New FFG Dual Slotter Printer project, the prefeeder acquisition process and other equipment is underway, the preparation of detailed project schedule is being drawn up and, in the detailed engineering phase of the palletizing solution for the machine is in progress.

In this 3Q23, R$ 21,290 thousand have been invested in the second Gaia Platform Cycle, being R$ 1,495 thousand in Gaia VI, R$ 6,745 thousand in Gaia VII, R$ 84 thousand in Gaia VIII, R$ 12,957 thousand in Gaia IX, and R$ 9 thousand in Gaia X. In total, R$101,790 thousand have been invested since the beginning of the second cycle, being R$ 7,513 thousand in Gaia VI, R$ 40,294 thousand in Gaia VII, R$ 14,330 thousand in Gaia VIII, R$ 33,471 thousand in Gaia IX, and R$ 6,182 thousand in Gaia X.

Timetable



Gaia Platform – 2nd Cycle	Basic Engineering	Physical Execution
Gaia VI – Process Information Management System - PIMS	N/A	77%
Gaia VII – Expansion ETE Phase 1	100%	90%
Gaia VIII – New Cut and Crease Printer	N/A	99.5%
Gaia IX – Intermediate Inventory Automation	N/A	70%
Gaia X - New Printer FFG Dual Slotter	100%	

Gaia Platform – 1st and 2nd Cycle	Unit	Estimated Investment (Gross)	Estimated Investment (Net)	Investment Made 3Q23	Investment Made until 09/30/2023
Gaia I – Chemical and Utility Recovery Project	Paper SC	682,023	594,539	26,286	618,039
Gaia II – Expansion of SC Packaging Unit	Packaging SC	150,433	118,189	711	131,047
Gaia III – MP#2 Reform	Paper SC	66,844	53,293	0	59,806
Gaia IV – Cristo Rei Repowering	Paper SC				
Gaia V – São Luiz Repowering	Paper SC				
Gaia VI – Process Information Management System - PIMS	Paper SC	18,400	15,304	1,495	7,513
Gaia VII – Expansion ETE Phase 1	Paper SC	49,597	45,159	6,745	40,294
Gaia VIII – New Cut and Crease Printer	Packaging SP	21,318	15,034	84	14,330
Gaia IX – Intermediate Inventory Automation	Packaging SP	42,860	29,897	12,957	33,471
Gaia X - New Printer FFG Dual Slotter	Packaging SC	50,916	37,073	9	6,182
	Total	**1,082,391**	**908,488**	**48,287**	**910,682**

The Value of investment made in 3Q23 in this table reflects management controls, while those in the previous table (investment table) are accounting controls. There is a slight difference, which is temporary, due to the different recognition criteria. The total values will converge when the investments are complete.

Capital Market

CREDIT RATING

On May 10, 2023, S&P Global Ratings reviewed the Company's credit ratings and debenture issues. The long-term issuer credit rating of 'brAA' on the Brazilian National Scale, assigned on July 5, 2021, was maintained. According to the agency, the stable outlook of the issuer rating indicates our expectation that Irani will maintain a resilient performance, with gradual revenue and EBITDA growth, benefiting from the operational improvements of the Gaia Platform.

The 'brAA+' ratings assigned on July 5, 2021 to the 3rd Public Issuance of Green Debentures, redeemed in advance on August 31, 2023, and to the 4th Private Issuance of Green Debenture were also maintained..

On July 31, 2023, S&P Global Ratings carried out quarterly monitoring of the ratings of the 1st and 2nd Series of CRAs of the 194th Issuance of Eco Securitizadora linked and backed by Irani's 5th Private Issuance of Green Debentures. The *rating* 'brAA (sf)', assigned September 26, 2022 was maintained.

GREEN DEBENTURES

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

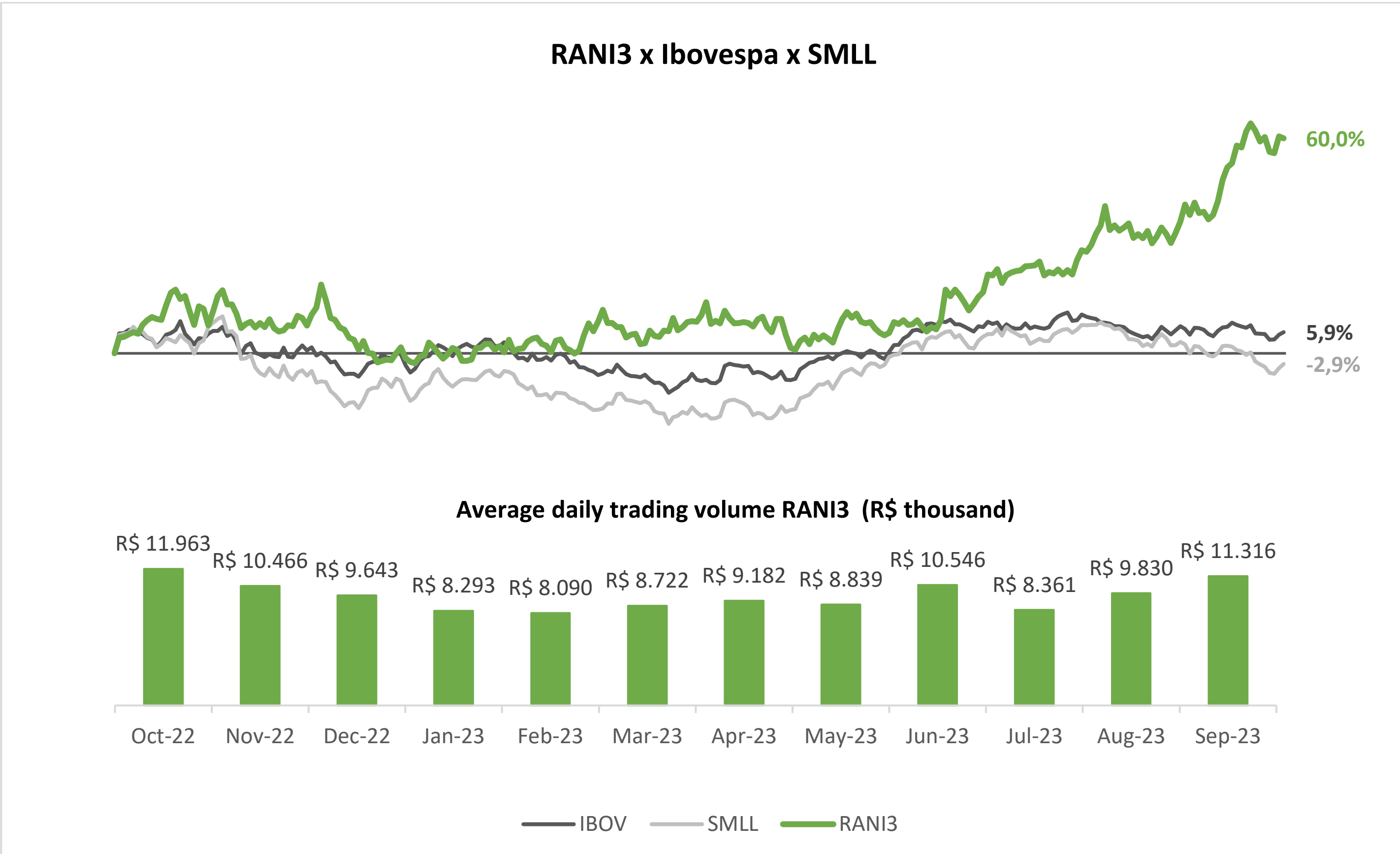
Issue	4th Issuance (RANI14)	5th Issuance
Type	Simple, Private, Non-Convertible, with Real Guarantee	Simple, Private, Non-Convertible, Unsecured
Series	Single	2 Series
Principal Issued (R$ thousand)	R$ 60,000	1st Series - R$ 486,307 | 2nd Series - R$ 233,693
Outstanding (R$ thousand)	R$ 60,000	1st Series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

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.

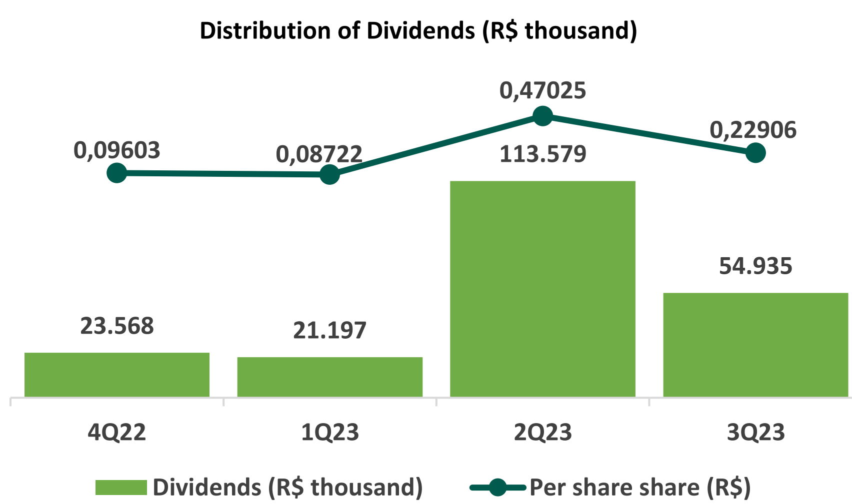
All shares have voting rights and are 100% tag along. At the end of 3Q23, common shares were traded at R$ 12.67. The Company's shares currently comprise the IGC-NM, IGCX, ITAG, IMAT, IBRA, SMLL, IGCT, IGPTW, IAGRO, IDIV and ISE indexes of B3.

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



DIVIDENDS

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



Total dividends and interest on capital paid in the last twelve months was R$ 0.882559 per share, totaling R$ 213,279 thousand, and equivalent to an annual dividend yield 11.14%, considering the share price of R$ 7.92 at September 30, 2022.

REPURCHASE PROGRAM

At a Meeting of the Board of Directors Meeting held on August 17, 2022, the Repurchase Program of shares issued by the Company (“Repurchase Program 2022”) was approved with the objective of maximizing the generation of value to shareholders by means of an efficient management of the capital structure. The program became effective on August 18, 2022, with a purchase limit of up to 9,833,806 common shares, representing 10% of the total common shares issued by the Company in circulation. As of September 30, 2023, the Company repurchased 6,529,400 shares, representing 66.40% of the executed program, at R$ 53,616 thousand, including trading costs, equivalent to an average price per share repurchased of R$ $8.21. Irani's share capital, as of September 30, 2023, was represented by 246,359,319 common shares (RANI3) and the Company held in treasury 6,529,400 common shares. The Company is constantly evaluating the best allocation of capital and, in this last quarter, it decided not to execute the repurchase plan, allocating the use of capital to the Gaia Platform investment projects and other operational CAPEX of the Company, as well as to maintain the leverage level in line with the Financial Management Policy.

Opinions and Representations / Officers' Representation on the Financial Statements

Officers' Representation
For the purposes of Article 27 of CVM Resolution 80/22

The Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenida Carlos Gomes, 400, salas 502/503, Bairro Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers' Registry (CNPJ/MF) 92.791.243/0001-03, for the purposes of complying with the provisions of Article 27, paragraph 1, of CVM Resolution 80 of March 29, 2022, **REPRESENT** that they have reviewed, discussed and agreed with the Company's interim financial statements for the three-month period ended September 30, 2023.

Porto Alegre, RS, October 30, 2023.

Sérgio Luiz Cotrim Ribas
Chief Executive Officer

Odivan Carlos Cargnin
Chief Administrative, Financial and Investor Relations Officer

Henrique Zugman
Chief Paper and Forestry Business Officer

Lindomar Lima de Souza
Chief Packaging Business Officer

Fabiano Alves de Oliveira
Chief People, Strategy and Management Officer

Opinions and Representations / Officers' Representation on the Financial Statements

Officers’ Representation
For the purposes of Article 27 of CVM Resolution 80/22

The Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenida Carlos Gomes, 400, salas 502/503, Bairro Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers’ Registry (CNPJ/MF) 92.791.243/0001-03, for the purposes of complying with the provisions of Article 27, paragraph 1, of CVM Resolution 80 of March 29, 2022, **REPRESENT** that they have reviewed, discussed and agreed with the Company's interim financial statements for the three-month period ended September 30, 2023.

Porto Alegre, RS, October 30, 2023.

Sérgio Luiz Cotrim Ribas
Chief Executive Officer

Odivan Carlos Cargnin
Chief Administrative, Financial and Investor Relations Officer

Henrique Zugman
Chief Paper and Forestry Business Officer

Lindomar Lima de Souza
Chief Packaging Business Officer

Fabiano Alves de Oliveira
Chief People, Strategy and Management Officer