

Summary

Company Information

Capital Composition	1
---------------------	---

Parent Company Financial Statements

Balance Sheet Assets	2
----------------------	---

Balance Sheet Liabilities	3
---------------------------	---

Statement of Profit (loss)	5
----------------------------	---

Statement of Comprehensive Income (loss)	6
--	---

Statement of Cash Flows	7
-------------------------	---

Statement of changes in Equity

DMPL - 01/01/2022 to 06/30/2022	9
---------------------------------	---

DMPL - 01/01/2021 to 06/30/2021	10
---------------------------------	----

Statement of Added Value	11
--------------------------	----

Consolidated Financial Statements

Balance Sheet Assets	12
----------------------	----

Balance Sheet Liabilities	13
---------------------------	----

Statement of Profit (loss)	15
----------------------------	----

Statement of Comprehensive Income (loss)	16
--	----

Statement of Cash Flows	17
-------------------------	----

Statement of changes in Equity

DMPL - 01/01/2022 to 06/30/2022	19
---------------------------------	----

DMPL - 01/01/2021 to 06/30/2021	20
---------------------------------	----

Statement of Added Value	21
--------------------------	----

Performance Comment	22
---------------------	----

Notes to the Financial Statements	52
-----------------------------------	----

Reports and Statements

Special Review Report - No Disclaimer	115
---------------------------------------	-----

Executive Directors' Statement on the interim financial statements	116
--	-----

Executive Directors' Statement on the independent auditors' review report	117
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Company Information/Capital Composition

Number of shares (In Thousands)	Current Quarter 06/30/2022
Paid Up Capital	
Common Shares	256,720
Preferred Shares	0
Total	256,720
Treasury Shares	
Common Shares	9,093
Preferred Shares	0
Total	9,093

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

Code	Description	Current Quarter 06/30/2022	Previous Year 12/31/2021
1	Total Assets	2,654,922	2,375,910
1.01	Current Assets	909,656	937,719
1.01.01	Cash and Cash Equivalents	8,782	11,050
1.01.02	Financial Investments	441,706	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	441,706	475,858
1.01.02.03.02	Financial Investments	441,706	475,858
1.01.03	Accounts Receivable	271,155	255,039
1.01.03.01	Trade accounts receivables	271,155	255,039
1.01.04	Inventories	103,494	122,007
1.01.06	Recoverable Taxes	22,253	20,888
1.01.08	Other Current Assets Discontinued	62,266	52,877
1.01.08.02	Operations Assets	2,952	41,200
1.01.08.02.01	Non-current Assets Held for Sale	2,952	41,200
1.01.08.03	Others	59,314	11,677
1.01.08.03.01	Other Assets	42,126	11,677
1.01.08.03.02	Proposed dividends to be received	16,992	0
1.01.08.03.03	Derivative Instruments - Swap	196	0
1.02	Non-current Assets	1,745,266	1,438,191
1.02.01	Long - term receivables	205,317	154,774
1.02.01.04	Accounts Receivable	6,383	6,649
1.02.01.04.01	Trade Accounts Receivables	1,613	2,123
1.02.01.04.02	Other Trade accounts receivables	4,770	4,526
1.02.01.06	Biological Assets	152,366	109,798
1.02.01.10	Other Non-current assets	46,568	38,327
1.02.01.10.03	Recoverable Taxes	17,648	12,284
1.02.01.10.04	Judicial deposits	493	378
1.02.01.10.05	Recoverable IRPJ and CSLL	27,056	25,665
1.02.01.10.06	Derivative Instruments - Swap	1,371	0
1.02.02	Investments	199,167	180,736
1.02.02.01	Equity Investments	177,888	159,369
1.02.02.02	Investment Properties	21,279	21,367
1.02.03	Property, plant and equipment	1,204,210	966,342
1.02.03.01	Property, plant and equipment in operation	1,176,561	941,868
1.02.03.02	Right to use assets – lease	27,649	24,474
1.02.03.02.01	Right to use assets	27,649	24,474
1.02.04	Intangible assets	136,572	136,339
1.02.04.01	Intangible assets	136,572	136,339

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

Code	Description	Current Quarter 06/30/2022	Previous Year 12/31/2021
2	Total Liabilities	2,654,922	2,375,910
2.01	Current Liabilities	362,314	360,244
2.01.01	Social and labor obligations	37,324	48,330
2.01.01.01	Social Obligations	37,324	48,330
2.01.01.01.01	Social security obligations	37,324	48,330
2.01.02	Trade payables	149,365	151,042
2.01.03	Tax obligations	34,336	32,867
2.01.03.01	Federal tax obligations	26,890	23,501
2.01.03.01.01	Deferred income tax and social contribution payable	7,328	3,125
2.01.03.01.02	Tax installments	9,446	9,081
2.01.03.01.03	Other federal taxes	10,116	11,295
2.01.03.02	State tax obligations	7,350	9,237
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,350	9,237
2.01.03.03	City tax obligations	96	129
2.01.03.03.01	Service Tax payable	96	129
2.01.04	Loans and financing	118,565	91,332
2.01.04.01	Loans and financing	86,356	69,142
2.01.04.02	Debentures	32,209	22,190
2.01.05	Other obligations	22,724	36,673
2.01.05.02	Others	22,724	36,673
2.01.05.02.01	Dividends and interest on capital payable	854	16,345
2.01.05.02.04	Other accounts payable	12,623	10,263
2.01.05.02.05	Advances from customers	1,153	3,063
2.01.05.02.06	Lease liabilities	8,094	6,950
2.01.05.02.07	Derivative Instruments - Swap	0	52
2.02	Non-current liabilities	1,260,119	1,058,228
2.02.01	Loans and financing	982,164	800,989
2.02.01.01	Loans and financing	412,803	236,862
2.02.01.02	Debentures	569,361	564,127
2.02.02	Other obligations	43,348	36,918
2.02.02.02	Others	43,348	36,918
2.02.02.02.03	Tax installments	3,302	7,662
2.02.02.02.04	Other taxes payable	0	205
2.02.02.02.05	Other accounts payable	492	59
2.02.02.02.06	Lease liabilities	19,078	16,116
2.02.02.02.07	Derivative Instruments - Swap	0	367
2.02.02.02.08	Social and social security obligations	20,476	12,509
2.02.03	Deferred taxes	213,761	200,858
2.02.03.01	Deferred income tax and social contribution	213,761	200,858
2.02.04	Provisions	20,846	19,463
2.02.04.01	Provisions for civil, labor and tax risks	20,846	19,463
2.03	Equity	1,032,489	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	167,476	266,732
2.03.04.05	Profit retention reserve	218,884	292,131

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

Code	Description	Current Quarter 06/30/2022	Previous Year 12/31/2021
2.03.04.09	Treasury shares	-51,408	-25,399
2.03.05	Accumulated earnings/losses	178,780	0
2.03.06	Equity valuation adjustments	141,339	145,812

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

Code	Description	Current quarter 04/01/2022 to 06/30/2022	Accumulated current Year 01/01/2022 to 06/30/2022	Accumulated prior quarter last year 04/01/2021 to 06/30/2021	Accumulated - prior Year 01/01/2021 to 06/30/2021
3.01	Revenue from sales of goods and/or services	427,414	833,583	402,005	756,919
3.02	Cost of sales	-236,089	-461,245	-259,891	-493,228
3.02.01	Changes in the fair value of biological assets	23,985	37,031	6,463	12,542
3.02.02	Cost of goods sold	-260,074	-498,276	-266,354	-505,770
3.03	Gross Profit	191,325	372,338	142,114	263,691
3.04	Operating income (expenses)	-49,199	-74,294	-33,891	-65,480
3.04.01	Selling expenses	-34,614	-63,213	-24,845	-47,921
3.04.02	General and administrative expenses	-20,863	-40,765	-18,471	-35,029
3.04.03	Impairment losses on trade receivables	98	-83	285	49
3.04.05	Other operating expenses	-8,908	-3,897	-1,357	-752
3.04.06	Equity method investees	15,088	33,664	10,497	18,173
3.05	Profit (Loss) before financial income (expenses) and taxes	142,126	298,044	108,223	198,211
3.06	Net financial (cost) income	-16,576	-33,452	-16,676	-23,721
3.06.01	Financial income	18,293	37,606	3,507	16,313
3.06.02	Financial expenses	-34,869	-71,058	-20,183	-40,034
3.07	Operating profit (loss) before taxes	125,550	264,592	91,547	174,490
3.08	Income tax and social contribution	-40,937	-67,831	-23,856	-50,098
3.08.01	Current	-23,784	-54,928	-19,690	-33,539
3.08.02	Deferred	-17,153	-12,903	-4,166	-16,559
3.09	Net income (loss) from continuing operations	84,613	196,761	67,691	124,392
3.11	Profit (loss) for the period	84,613	196,761	67,691	124,392
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.3398	0.7872	0.2661	0.4891

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

Code	Description	Current quarter 04/01/2022 to 06/30/2022	Accumulated current Year 01/01/2022 to 06/30/2022	Accumulated prior quarter last year 04/01/2021 to 06/30/2021	Accumulated - prior Year 01/01/2021 to 06/30/2021
4.01	Income (loss) for the period	84,613	196,761	67,691	124,392
4.03	Comprehensive income (loss) for the period	84,613	196,761	67,691	124,392

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

Code	Description	Accumulated current Year 01/01/2022 to 06/30/2022	Accumulated - prior Year 01/01/2021 to 06/30/2021
6.01	Net cash provided by (used in) operating activity	180,426	154,826
6.01.01	Cash from operations	270,106	206,547
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	264,592	174,490
6.01.01.02	Changes in Fair Value of Biological Assets	-37,031	-12,542
6.01.01.03	Depreciation, amortization and depletion	34,684	35,916
6.01.01.05	Income/loss in the sale of property, plant and equipment	-3,892	-3,536
6.01.01.06	Equity method investees	-33,664	-18,173
6.01.01.07	Provision/reversal for civil, labor and tax risks	2,061	1,712
6.01.01.08	Provision for impairment of trade receivables	30	-4
6.01.01.10	Management profit sharing not paid	11,215	5,670
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	48,121	22,370
6.01.01.12	Interest on lease liabilities	1,219	1,062
6.01.01.14	Interest on restricted account investment	-17,229	0
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-418
6.01.02	Changes in assets and liabilities	-89,680	-51,721
6.01.02.01	Trade receivables	10,836	-54,402
6.01.02.02	Inventories	18,513	-24,621
6.01.02.03	Recoverable taxes	10,277	56,089
6.01.02.04	Other assets	-31,213	6,154
6.01.02.06	Trade payables	9,134	30,299
6.01.02.07	Social charges and social security obligations	-14,254	-10,390
6.01.02.08	Advances from customers	-1,910	-1,125
6.01.02.09	Tax liabilities	-11,110	-4,333
6.01.02.10	Other accounts payable	1,842	-676
6.01.02.11	Payment of interest on loans, financing and debentures	-31,867	-18,249
6.01.02.12	Payment of interest on lease liabilities	-1,219	-1,062
6.01.02.13	Tax paid (Income tax and social contribution)	-46,914	-29,405
6.01.02.14	Adjust of Derivative Instruments - Cash Swap	-1,795	0
6.02	Net cash provided by use in investing activities	-234,495	-165,269
6.02.01	Acquisition of property, plant and equipment	-275,462	-111,759
6.02.02	Acquisition of biological assets	-4,318	-7,226
6.02.03	Acquisition of intangible asset	-2,694	-613
6.02.04	Contribution in Subsidiary	-1,615	0
6.02.05	Receipt of Non-current assets held for sale	12,700	0
6.02.06	Receipt upon disposal of assets	2,974	2,367
6.02.07	Financial Investments	34,152	-47,739
6.02.08	Advance for future capital increase	-232	-299
6.03	Net cash provided by financing activities	51,801	-7,581
6.03.01	Payments of dividends and interest on shareholder's equity	-111,593	-47,821
6.03.02	Payment of lease liabilities	-3,460	-1,616
6.03.03	Issuance of debentures (Net of funding costs)	0	59,547
6.03.04	Loans obtained	213,355	18,438
6.03.05	Loans and debentures paid	-20,492	-36,129

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

Code	Description	Accumulated current Year 01/01/2022 to 06/30/2022	Accumulated - prior Year 01/01/2021 to 06/30/2021
6.03.06	Repurchase of shares	-26,009	0
6.05	(Decrease) in cash and cash equivalents	-2,268	-18,024
6.05.01	Cash and cash equivalents at the beginning of the period	11,050	35,709
6.05.02	Cash and cash equivalents at the end of the period	8,782	17,685

Parent Company Financial Statements / Statement of changes in Equity - 01/01/2022 to 06/30/2022**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/ losses	Other Comprehensive income (loss)	Equity
5.01	Opening balance	543,934	960	266,732	0	145,812	957,438
5.03	Adjusted opening balance	543,934	960	266,732	0	145,812	957,438
5.04	Capital transactions with shareholders	0	0	-26,009	-24,813	0	-50,822
5.04.04	Treasury shares acquired	0	0	-26,009	0	0	-26,009
5.04.06	Dividends	0	0	0	-24,813	0	-24,813
5.05	Total comprehensive income (loss)	0	0	0	201,234	-4,473	196,761
5.05.01	Profit (loss) for the period	0	0	0	196,761	0	196,761
5.05.02	Other comprehensive income (loss)	0	0	0	4,473	-4,473	0
5.05.02.06	Realization – deemed cost	0	0	0	4,473	-4,473	0
5.06	Internal changes in equity	0	0	-73,247	2,359	0	-70,888
5.06.04	Realized profit reserve - biological assets	0	0	-2,359	2,359	0	0
5.06.05	Proposed dividends to be received	0	0	-70,888	0	0	-70,888
5.07	Closing Balance	543,934	960	167,476	178,780	141,339	1,032,489

Parent Company Financial Statements / Statement of changes in Equity - 01/01/2021 to 06/30/2021**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/ losses	Other Comprehensive income (loss)	Equity
5.01	Opening balance	543,934	960	86,501	0	154,759	786,154
5.03	Adjusted opening balance	543,934	960	86,501	0	154,759	786,154
5.04	Capital Transactions with Partners	0	0	0	-37,460	0	-37,460
5.04.06	Dividends	0	0	0	-37,460	0	-37,460
5.05	Total comprehensive income (loss)	0	0	0	128,865	-4,473	124,392
5.05.01	Profit (loss) for the period	0	0	0	124,392	0	124,392
5.05.02	Other comprehensive income (loss)	0	0	0	4,473	-4,473	0
5.05.02.06	Realization – deemed cost	0	0	0	4,473	-4,473	0
5.06	Internal changes in equity	0	0	-1,628	1,628	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-1,628	1,628	0	0
5.07	Closing Balance	543,934	960	84,873	93,033	150,286	873,086

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

Code	Description	Accumulated current	Accumulated - prior
		year 01/01/2022 to 06/30/2022	year 01/01/2021 to 06/30/2021
7.01	Revenues	1,107,608	982,352
7.01.01	Sales of goods and/or services	1,053,267	966,011
7.01.02	Other revenues	54,371	16,337
7.01.04	Provision/reversal for impairment of trade receivables	-30	4
7.02	Inputs purchased from third parties	-618,652	-560,696
7.02.01	Cost of sales	-407,523	-425,509
7.02.02	Materials, electricity, outsourced services and other	-211,129	-135,187
7.03	Gross value added	488,956	421,656
7.04	Retentions	2,347	-23,374
7.04.01	Depreciation, amortization and depletion	-34,684	-35,916
7.04.02	Other	37,031	12,542
7.04.02.01	Changes in the fair value of biological assets	37,031	12,542
7.05	Net value added generated	491,303	398,282
7.06	Value added received through transfer	71,270	34,486
7.06.01	Equity in the results of subsidiaries	33,664	18,173
7.06.02	Financial income	37,606	16,313
7.07	Total added value to be distributed	562,573	432,768
7.08	Distribution of added value	562,573	432,768
7.08.01	Personnel	102,824	88,525
7.08.01.01	Direct remuneration	78,674	68,699
7.08.01.02	Benefits	19,892	16,118
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	4,258	3,708
7.08.02	Taxes, duties and contributions	170,411	164,683
7.08.02.01	Federal	123,984	113,205
7.08.02.02	State	45,171	50,524
7.08.02.03	Municipal	1,256	954
7.08.03	Third-party capital remuneration	74,530	43,397
7.08.03.01	Interest	71,058	40,034
7.08.03.02	Rentals	3,472	3,363
7.08.04	Remuneration of own capital	203,593	130,493
7.08.04.02	Dividends	24,813	0
7.08.04.03	Income/(loss) for the period - withheld	178,780	130,493
7.08.05	Other	11,215	5,670
7.08.05.01	Management profit sharing	11,215	5,670

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

Code	Description	Current quarter 06/30/2022	Previous year 12/31/2021
1	Total Assets	2,629,642	2,365,300
1.01	Current Assets	924,091	958,723
1.01.01	Cash and Cash Equivalents	37,691	30,410
1.01.02	Financial Investments	441,706	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	441,706	475,858
1.01.02.03.02	Financial Investments	441,706	475,858
1.01.03	Accounts Receivables	271,559	255,345
1.01.03.01	Trade accounts receivables	271,559	255,345
1.01.04	Inventories	105,226	123,058
1.01.06	Recoverable Taxes	22,271	20,898
1.01.08	Other Current Assets	45,638	53,154
1.01.08.02	Discontinued Operations Assets	2,952	41,200
1.01.08.02.01	Non-current Assets Held for Sale	2,952	41,200
1.01.08.03	Others	42,686	11,954
1.01.08.03.01	Other Assets	42,490	11,954
1.01.08.03.03	Derivative Instruments - Swap	196	0
1.02	Non-current Assets	1,705,551	1,406,577
1.02.01	Long-term receivables	325,260	264,341
1.02.01.04	Accounts Receivable	6,410	6,676
1.02.01.04.01	Trade accounts receivable	1,613	2,123
1.02.01.04.02	Other accounts receivable	4,797	4,553
1.02.01.06	Biological Assets	271,993	219,056
1.02.01.10	Other Non-current assets	46,857	38,609
1.02.01.10.03	Recoverable Taxes	17,648	12,284
1.02.01.10.04	Judicial deposits	782	660
1.02.01.10.05	Recoverable IRPJ and CSLL	27,056	25,665
1.02.01.10.06	Derivative Instruments - Swap	1,371	0
1.02.02	Investments	21,279	21,367
1.02.02.02	Investment Properties	21,279	21,367
1.02.03	Property, plant and equipment	1,222,440	984,530
1.02.03.01	Property, plant and equipment in operation	1,194,791	960,056
1.02.03.02	Right to use assets - lease	27,649	24,474
1.02.03.02.01	Right to use assets	27,649	24,474
1.02.04	Intangible assets	136,572	136,339
1.02.04.01	Intangible assets	136,572	136,339

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

Code	Description	Current quarter 06/30/2022	Previous year 12/31/2021
2	Total Liabilities	2,629,642	2,365,300
2.01	Current Liabilities	331,542	344,609
2.01.01	Social and labor obligations Social	38,427	48,898
2.01.01.01	Obligations	38,427	48,898
2.01.01.01.01	Social security obligations	38,427	48,898
2.01.02	Trade payables	116,127	133,718
2.01.03	Tax obligations	35,496	33,632
2.01.03.01	Federal tax obligations	28,037	24,252
2.01.03.01.01	Income tax and Social Contribution payable	8,084	3,569
2.01.03.01.02	Tax installments	9,446	9,081
2.01.03.01.03	Other federal taxes	10,507	11,602
2.01.03.02	State tax obligations	7,357	9,240
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	7,357	9,240
2.01.03.03	City tax obligations	102	140
2.01.03.03.01	Service Tax payable	102	140
2.01.04	Loans and financing	118,565	91,332
2.01.04.01	Loans and financing	86,356	69,142
2.01.04.02	Debentures	32,209	22,190
2.01.05	Other Obligations	22,927	37,029
2.01.05.02	Others	22,927	37,029
2.01.05.02.01	Dividends and interest on capital payable	854	16,345
2.01.05.02.04	Other accounts payable	12,795	10,564
2.01.05.02.05	Advances from customers	1,184	3,118
2.01.05.02.06	Lease liabilities	8,094	6,950
2.01.05.02.07	Derivative Instruments - Swap	0	52
2.02	Non-current liabilities	1,265,611	1,063,253
2.02.01	Loans and financing	982,164	800,989
2.02.01.01	Loans and financing	412,803	236,862
2.02.01.02	Debentures	569,361	564,127
2.02.02	Other Obligations	43,348	36,918
2.02.02.02	Others	43,348	36,918
2.02.02.02.03	Tax installments	3,302	7,662
2.02.02.02.04	Other taxes payable	0	205
2.02.02.02.05	Other accounts payable	492	59
2.02.02.02.06	Lease liabilities	19,078	16,116
2.02.02.02.07	Derivative Instruments - Swap	0	367
2.02.02.02.08	Social charges and social security obligations	20,476	12,509
2.02.03	Deferred taxes	219,117	205,533
2.02.03.01	Deferred income tax and social contribution	219,117	205,533
2.02.04	Provisions	20,982	19,813
2.02.04.01	Provisions for civil, labor and tax risks	20,982	19,813
2.03	Equity	1,032,489	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	167,476	266,732
2.03.04.05	Profit retention reserve	218,884	292,131

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

Code	Description	Current quarter 06/30/2022	Previous year 12/31/2021
2.03.04.09	Treasury shares	-51,408	-25,399
2.03.05	Accumulated earnings/losses	178,780	0
2.03.06	Equity valuation adjustments	141,339	145,812

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

Code	Description	Current quarter 04/01/2022 to 06/30/2022	Accumulated current year 01/01/2022 to 06/30/2022	Accumulated prior Quarter last year 01/04/2021 to 06/30/2021	Accumulated - prior year 01/01/2021 to 06/30/2021
3.01	Revenue from sales of goods and/or services	428,907	836,851	403,137	759,298
3.02	Cost of sales	-221,745	-428,743	-249,441	-475,244
3.02.01	Changes in the fair value of biological assets	35,138	61,224	14,069	25,880
3.02.02	Cost of goods sold	-256,883	-489,967	-263,510	-501,124
3.03	Gross Profit	207,162	408,108	153,696	284,054
3.04	Operating Income (expenses)	-65,178	-110,116	-45,304	-85,490
3.04.01	Selling expenses	-35,175	-64,320	-25,205	-48,795
3.04.02	General and administrative expenses	-21,178	-41,831	-19,022	-35,999
3.04.03	Impairment losses on trade receivables	86	-95	285	49
3.04.05	Other operating expenses	-8,911	-3,870	-1,362	-745
3.05	Profit (Loss) before financial income (expenses) and taxes	141,984	297,992	108,392	198,564
3.06	Net financial (cost) income	-15,853	-32,273	-16,549	-23,552
3.06.01	Financial income	19,042	38,831	3,639	16,528
3.06.02	Financial Expenses	-34,895	-71,104	-20,188	-40,080
3.07	Operating profit (loss) before taxes	126,131	265,719	91,843	175,012
3.08	Income tax and social contribution	-41,518	-68,958	-24,152	-50,620
3.08.01	Current	-24,040	-55,375	-19,760	-33,666
3.08.02	Deferred	-17,478	-13,583	-4,392	-16,954
3.09	Net income (loss) from continuing operations	84,613	196,761	67,691	124,392
3.11	Profit (loss) for the period	84,613	196,761	67,691	124,392
3.11.01	Attributable to owners of the Parent Company	0	0	67,691	124,392
3.99	Earnings (loss) per share - (reais / share)				
3.99.01	Basic earnings (loss) per share				
3.99.01.01	Common shares	0.3398	0.7872	0.2661	0.4891

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

Code	Description	Current quarter 04/01/2022 to 06/30/2022	Accumulated current year 01/01/2022 to 06/30/2022	Accumulated prior Quarter last year 01/04/2021 to 06/30/2021	Accumulated - prior year 01/01/2021 to 06/30/2021
4.01	Income (loss) for the period	84,613	196,761	67,691	124,392
4.03	Comprehensive income (loss) for the period	84,613	196,761	67,691	124,392
4.03.01	Attributable to owners of the Parent Company	84,613	196,761	67,691	124,392

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

Code	Description	Accumulated current year 01/01/2022 to 06/30/2022	Accumulated - prior year 01/01/2021 to 06/30/2021
6.01	Net cash provided by (used in) operating activities	189,372	155,051
6.01.01	Cash from operations	296,448	220,438
6.01.01.01	Profit (loss) before income tax and social contributions (LAIR)	265,719	175,012
6.01.01.02	Changes in Fair Value of Biological Assets	-61,224	-25,880
6.01.01.03	Depreciation, amortization and depletion	50,630	44,411
6.01.01.05	Income/(loss) in the sale of property, plant and equipment	-3,892	-3,536
6.01.01.07	Provision for civil, labor and tax risks	1,847	1,751
6.01.01.08	Provision for impairment of trade receivables	42	-4
6.01.01.10	Management profit sharing not paid	11,215	5,670
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	48,121	22,370
6.01.01.12	Interest on lease liabilities	1,219	1,062
6.01.01.14	Interest on restricted account investment	-17,229	0
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-418
6.01.02	Change in assets and liabilities	-107,076	-65,387
6.01.02.01	Trade receivables	10,726	-53,561
6.01.02.02	Inventories	17,832	-24,650
6.01.02.03	Recoverable Taxes	10,269	56,090
6.01.02.04	Other assets	-31,307	6,055
6.01.02.06	Trade payables	-7,700	15,546
6.01.02.07	Social charges and social security obligations	-13,719	-10,169
6.01.02.08	Advances from customers	-1,934	-1,153
6.01.02.09	Tax liabilities	-9,989	-3,459
6.01.02.10	Other accounts payable	1,713	-887
6.01.02.11	Payment of interest on loans, financing and Debentures	-31,867	-18,249
6.01.02.12	Payment of interest on lease liabilities	-1,219	-1,062
6.01.02.13	Taxes paid (Income tax and social contribution)	-48,086	-29,888
6.01.02.14	Adjust of Derivative Instruments - Cash Swap	-1,795	0
6.02	Net cash provided by use in investing activities	-233,892	-166,821
6.02.01	Acquisition of property, plant and equipment	-275,515	-112,437
6.02.02	Acquisition of biological assets	-5,509	-8,399
6.02.03	Acquisition of intangible assets	-2,694	-613
6.02.05	Receipt of Non-current assets held for sale	12,700	0
6.02.06	Receipt upon disposal of assets	2,974	2,367
6.02.07	Financial Investments	34,152	-47,739
6.03	Net cash provided by financing activities	51,801	-7,596
6.03.01	Payments of dividends and interest on shareholder's equity	-111,593	-47,821
6.03.02	Payment of lease liabilities	-3,460	-1,616
6.03.03	Issuance of debentures (Net of funding costs)	0	59,547
6.03.04	Loans obtained	213,355	18,438
6.03.05	Loans and debentures paid	-20,492	-36,144
6.03.06	Repurchase of shares	-26,009	0
6.05	(Decrease) in cash and cash equivalents	7,281	-19,366
6.05.01	Cash and cash equivalents at the beginning of the period	30,410	54,260

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

Code	Description	Accumulated current year 01/01/2022 to 06/30/2022	Accumulated - prior year 01/01/2021 to 06/30/2021
6.05.02	Cash and cash equivalents at the end of the period	37,691	34,894

Consolidated financial statements / Statement of changes in equity - 01/01/2022 to 06/30/2022**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/losses	Other Comprehensive income (loss)	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balance	543,934	960	266,732	0	145,812	957,438	0	957,438
5.03	Adjusted opening balance	543,934	960	266,732	0	145,812	957,438	0	957,438
5.04	Capital transactions with shareholders	0	0	-26,009	-24,813	0	-50,822	0	-50,822
5.04.04	Treasury shares acquired	0	0	-26,009	0	0	-26,009	0	-26,009
5.04.06	Dividends	0	0	0	-24,813	0	-24,813	0	-24,813
5.05	Total comprehensive income (loss)	0	0	0	201,234	-4,473	196,761	0	196,761
5.05.01	Profit for the period	0	0	0	196,761	0	196,761	0	196,761
5.05.02	Other comprehensive income (loss)	0	0	0	4,473	-4,473	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	4,473	-4,473	0	0	0
5.06	Internal changes in equity	0	0	-73,247	2,359	0	-70,888	0	-70,888
5.06.04	Realized profit reserve – biological assets	0	0	-2,359	2,359	0	0	0	0
5.06.05	Proposed dividends to be received	0	0	-70,888	0	0	-70,888	0	-70,888
5.07	Closing Balance	543,934	960	167,476	178,780	141,339	1,032,489	0	1,032,489

Consolidated financial statements / Statement of changes in equity - 01/01/2021 to 06/30/2021**(All amounts in thousands of Reais)**

Code	Description	Share Capital	Capital reserves, share options and treasury shares	Profit reserves	Accumulated earnings/losses	Other Comprehensive income (loss)	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balance	543,934	960	86,501	0	154,759	786,154	6	786,160
5.03	Adjusted opening balance	543,934	960	86,501	0	154,759	786,154	6	786,160
5.04	Capital transactions with shareholders	0	0	0	-37,460	0	-37,460	-1	-37,461
5.04.01	Capital increase	0	0	0	0	0	0	-1	-1
5.04.06	Dividends	0	0	0	-37,460	0	-37,460	0	-37,460
5.05	Total comprehensive income (loss)	0	0	0	128,865	-4,473	124,392	0	124,392
5.05.01	Profit for the period	0	0	0	124,392	0	124,392	0	124,392
5.05.02	Other comprehensive income (loss)	0	0	0	4,473	-4,473	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	4,473	-4,473	0	0	0
5.06	Internal changes in equity	0	0	-1,628	1,628	0	0	0	0
5.06.04	Realized profit reserve – biological assets	0	0	-1,628	1,628	0	0	0	0
5.07	Closing Balance	543,934	960	84,873	93,033	150,286	873,086	5	873,091

Consolidated Financial Statements - Statement of Added Value**(All amounts in Thousands of Reais)**

Code	Description	Accumulated current	Accumulated - prior
		year 01/01/2022 to 06/30/2022	year 01/01/2021 to 06/30/2021
7.01	Revenues	1,111,216	984,901
7.01.01	Sales of goods and/or services	1,056,847	968,555
7.01.02	Other revenues	54,411	16,342
7.01.04	Provision/reversal for impairment of trade receivables	-42	4
7.02	Inputs purchased from third parties	-587,779	-542,326
7.02.01	Cost of sales	-387,449	-407,262
7.02.02	Materials, electricity, outsourced services and other	-200,330	-135,064
7.03	Gross value added	523,437	442,575
7.04	Retentions	10,594	-18,531
7.04.01	Depreciation, amortization and depletion	-50,630	-44,411
7.04.02	Other	61,224	25,880
7.04.02.01	Changes in the fair value of biological assets	61,224	25,880
7.05	Net value added generated	534,031	424,044
7.06	Value added received through transfer	38,831	16,528
7.06.02	Financial income	38,831	16,528
7.07	Total added value to be distributed	572,862	440,572
7.08	Distribution of added value	572,862	440,572
7.08.01	Personnel	109,134	93,953
7.08.01.01	Direct remuneration	82,322	71,854
7.08.01.02	Benefits	22,364	18,236
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	4,448	3,863
7.08.02	Taxes, duties and contributions	174,343	167,010
7.08.02.01	Federal	127,813	115,476
7.08.02.02	State	45,201	50,530
7.08.02.03	Municipal	1,329	1,004
7.08.03	Third-party capital remuneration	74,577	43,446
7.08.03.01	Interest	71,104	40,080
7.08.03.02	Rentals	3,473	3,366
7.08.04	Remuneration of own capital	203,593	130,493
7.08.04.02	Dividends	24,813	0
7.08.04.03	Income/(loss) for the period – withheld	178,780	130,493
7.08.05	Other	11,215	5,670
7.08.05.01	Management profit sharing	11,215	5,670

Performance Comment

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

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

Irani recorded a Net Revenue of R\$ 429 million in 2Q22, Net profit of R\$ 85 million and Adjusted EBITDA of R\$ 145 million, a growth of 21.6% over 2Q21. In the last 12 months, Adjusted EBITDA reached R\$ 556 million.

MAIN INDICATORS - CONSOLIDATED	2Q22	1Q22	2Q21	Chg. 2Q22/ 1Q22	Chg. 2Q22/ 2Q21	6M22	6M21	Chg. 6M22/ 6M21	LTM22	LTM21	Chg. LTM22/ LTM21
Economic and Financial (R\$ thousand)											
Net sales revenue	428,907	407,944	403,137	5.1%	6.4%	836,851	759,298	10.2%	1,683,387	1,311,596	28.3%
Domestic market	357,785	331,569	340,612	7.9%	5.0%	689,354	638,154	8.0%	1,407,518	1,112,590	26.5%
Foreign market	71,122	76,375	62,525	-6.9%	13.7%	147,497	121,144	21.8%	275,869	199,006	38.6%
Gross Profit (inclusive*)	207,162	200,946	153,696	3.1%	34.8%	408,108	284,054	43.7%	756,078	453,125	66.9%
(*) Change in fair value of biological assets	35,138	26,086	14,069	34.7%	149.8%	61,224	25,880	136.6%	79,193	36,168	119.0%
Gross margin	48.3%	49.3%	38.1%	-1,0p.p.	10,2p.p.	48.8%	37.4%	11,4p.p.	44.9%	34.5%	10,4p.p.
Operating Income (loss) before Taxes and Interest	126,131	139,588	91,843	-9.6%	37.3%	265,719	175,012	51.8%	480,920	242,355	98.4%
Operating margin	29.4%	34.2%	22.8%	-4,8p.p.	6,6p.p.	31.8%	23.0%	8,8p.p.	28.6%	18.5%	
Net income	84,613	112,148	67,691	-24.6%	25.0%	196,761	124,392	58.2%	357,682	183,867	94.5%
Net margin	19.7%	27.5%	16.8%	-7,8p.p.	2,9p.p.	23.5%	16.4%	7,1p.p.	21.2%	14.0%	7,2p.p.
Adjusted EBITDA ¹	144,816	136,568	119,076	6.0%	21.6%	281,384	219,424	28.2%	555,881	337,487	64.7%
Adjusted EBITDA margin	33.8%	33.5%	29.5%	0,3p.p.	4,3p.p.	33.6%	28.9%	4,7p.p.	33.0%	25.7%	7,3p.p.
Net debt (R\$ million)	619.8	477.9	259.6	29.7%	138.7%	619.8	259.6	138.7%	619.8	259.6	138.7%
Net debt/Adjusted EBITDA (x)	1.11	0.90	0.77	23.3%	44.2%	1.11	0.77	44.2%	1.11	0.77	44.2%
Operating Data (t)											
Sustainable Packaging (Corrugated Cardboard)											
Production/Sales	39,960	34,434	40,518	16.0%	-1.4%	74,394	81,060	-8.2%	150,882	166,437	-9.3%
Sustainable Packaging Paper (Paper)											
Production	75,000	65,620	73,996	14.3%	1.4%	140,620	149,697	-6.1%	288,110	300,342	-4.1%
Sales	32,716	31,766	30,634	3.0%	6.8%	64,482	61,765	4.4%	128,773	126,291	2.0%
Domestic market	28,093	27,110	26,137	3.6%	7.5%	55,203	52,981	4.2%	111,379	106,449	4.6%
Foreign market	4,623	4,656	4,497	-0.7%	2.8%	9,279	8,784	5.6%	17,394	19,842	-12.3%
Sustainable Resins (Gum Rosin and Turpentine)											
Production	3,934	4,295	3,928	-8.4%	0.2%	8,229	8,118	1.4%	15,561	14,969	4.0%
Sales	4,240	4,160	3,786	1.9%	12.0%	8,400	8,271	1.6%	15,658	14,275	9.7%
Domestic market	87	99	99	-12.1%	-12.1%	186	199	-6.5%	428	510	-16.1%
Foreign market	4,153	4,061	3,687	2.3%	12.6%	8,214	8,072	1.8%	15,230	13,765	10.6%

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

- The Net Revenue in the 2Q22 recorded a 6.4% increase when compared to 2Q21 and a 5.1% increase in relation to 1Q22. The increase recorded in 2Q22 is mainly due to the good performance in sales and prices.
- The sales volume of the Sustainable Packaging Paper (Corrugated Cardboard) segment decreased 1.4% over 2Q21, but increased 16.0% when compared to 1Q22, totaling 39.9 thousand tons in 2Q22, mainly due to the recovery of demand in this segment in relation to the previous quarter. The Sustainable Packaging Paper (Paper) segment totaled 32.7 thousand tons of sales, recording an increase of 6.8% when compared to 2Q21, and growth of 3.0% when compared to 1Q22, also due to the growth of demand for these products and the Company's good production performance and consequent availability of products to the market. The Sustainable Resins (Gum Rosin and Turpentine) segment increased 12.0% when compared to 2Q21, accounting for an increase of 1.9%

Performance Comment

when compared to 1Q22, reaching 4.2 thousand tons. Such growth is due to the higher demand and operational productivity in the second quarter.

- Gross profit in 2Q22 increased 34.8% compared to 2Q21, and 3.1% when compared to 1Q22. The growth compared to 2Q21 is mainly related to the growth in revenue for this quarter, while the increase in comparison with 1Q22 is related to the good cost and revenue performance in 2Q22, and to the growth in the fair value of the Company's biological assets, which has been driven by the increase in wood prices in the market.
- Sales expenses totaled R\$ 35,175 thousand in 2Q22, accounting for an increase of 39.6% when compared to 2Q21 and of 20.7% in relation to 1Q22, accounting for 8.2% of consolidated net revenue, higher than the 6.3% recorded in 2Q21 and the 7.1% in 1Q22 due to the increase in sales freight prices. Administrative expenses totaled R\$ 21,178 thousand in 2Q22, accounting for an increase of 11.3% when compared to 2Q21 and of 2.5% in relation to 1Q22, accounting for 4.9% of consolidated net revenue, higher than the 4.7% recorded in 2Q21 and lower than the 5.1% recorded in 1Q22.
- The net result was a net income of R\$ 84,613 thousand in 2Q22, compared to a net income of R\$ 67,691 thousand in 2Q21 and of R\$ 112,148 thousand in 1Q22. The main impacts on net income for this quarter were related to the increase in net revenue when compared to 2Q21. In comparison with 1Q22, there was a decrease due to the recognition of ICMS extemporaneous credit in the previous quarter referring to deemed credit in the State of Santa Catarina in the amount of R\$ 17,229 thousand (R\$ 11,371 thousand, net of income tax and social contribution) and the provision for Management Profit Sharing recognized in the Company's results in this 2Q22, in the amount of R\$ 11,215 thousand.
- Adjusted EBITDA in 2Q22 totaled R\$ 144,816 thousand, with a margin of 33.8%, 21.6% higher than that recorded in 2Q21, which was R\$ 119,076 thousand, with a margin of 29.5%, and 6.0% higher when compared to 1Q22, which was R\$ 136,568 thousand, with a margin of 33.5%. In the last 12 months, adjusted EBITDA reached R\$ 555,881 thousand.
- The net debt/ Adjusted EBITDA ratio was 1.11 times in 2Q22, against 0.76 times in 2Q21 and 0.90 times in 1Q22. The increase in the indicator in both comparisons is due to the increase in net debt, based on the negative free cash flow for the period caused by disbursements from the Gaia Platform. Re-leveraging is natural during the investments made and is in line with the parameters established in the Company's [Financial Management Policy](#) that sets a target of 2.5x.

Performance Comment

- The cash position in the quarter ended June 30, 2022, was R\$ 479,397 thousand (composed of financial investments, cash and cash equivalents) and 89% of the gross debt is classified in the long term, 96% of which denominated in local currency and 4% denominated in foreign currency.
- Irani received the *Exame Melhores do ESG 2022* award. This important recognition highlights companies that practice sustainability in a differentiated manner, practicing a conscious, more humane and inclusive capitalism, fostering circular and collaborative economy models while generating superior economic results.
- Our customer survey reached an NPS (Net Promoter Score) of 82%. This level of excellence in the perception of our customers, demonstrates our differentiated positioning in the sector, our Customer Focus strategy, and our purpose of transforming people's lives with sustainable attitudes and solutions.

Highlights of 2Q22

In this 2Q22, the concern with inflation around the world intensified, leading Central Banks to raise interest rates more intensely. In the US, the FED raised interest rates by 0.75% in June, a increase level only seen in the 1990s. The energy crisis triggered by the Russia-Ukraine War intensified the inflationary impact, which was already worrying due to the post-pandemic reopening. The rise in interest rates caused a rapid reallocation of capital, affecting all markets. In Brazil, the Monetary Policy Committee (Copom) continued to raise interest rates and the forecasts are that we are close to stabilization and that they should remain at high levels for a longer term. There are fears of recession in Europe and the US that could affect the Brazilian market. Economic agents have been reviewing the outlook for the growth of the Brazilian economy in 2022 to something around 2%.

According to Empapel, shipping of corrugated cardboard in tons recorded a 2.2% decrease in 2Q22 compared to 2Q21, with 992 thousand tons. The volume decrease is explained by the slowdown in the economy, especially in consumption, in this second quarter. However, current shipment levels remain 10.4% above pre-pandemic levels, demonstrating the industry's resilience.

Net revenue in 2Q22 grew 6.4% in relation to 2Q21, mainly due to the good performance of sales and prices in the segments in which the Company operates. The domestic market accounted for 83% of the Company's sales, while the foreign market reached 17% in 2Q22.

Performance Comment

The Sustainable Packaging Segment (Corrugated Cardboard) represented 54% of Irani's net revenue in 2Q22, the Sustainable Packaging Paper Segment (Paper) accounted for 35%, while the Sustainable Resins (Gum Rosin and Turpentine) accounted for 11%.

We ended the quarter with R\$ 428,907 thousand in Net Revenue, Net income of R\$ 84,613 thousand and Adjusted EBITDA of R\$ 144,816 thousand. The net debt/adjusted EBITDA ratio (operating leverage) was 1.11 times, and the cash position (including financial investments) was R\$ 479,397 thousand. As of June 30, 2022, the gross indebtedness totaled R\$ 1,099,162 thousand, 89% of which maturing in the long term and 96% denominated in local currency.

1. OPERATING PERFORMANCE

1.1 Sustainable Packaging Segment (Corrugated Cardboard)

The sales volume of sustainable corrugated cardboard packaging in the Empapel Market in tons, as presented in the charts below, decreased 2.2% in 2Q22 when compared to 2Q21, as did the sales volume performance in the Irani Market, which decreased 1.4%, totaling 39,960 tons. Compared to 1Q22, Empapel Market increased 5.2%, while Irani Market increased 16.0%. This growth is mainly due to the recovery of demand in this segment in relation to the previous quarter.

Revenue Contribution 2Q22



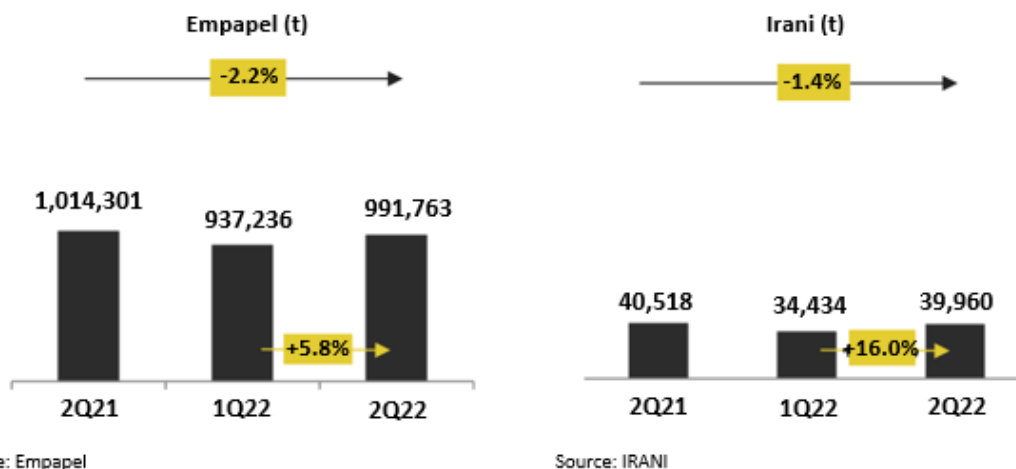
In tons, Irani's market share in the Sustainable Packaging (Corrugated Cardboard) segment was 4.0% in 2Q22, 3.7% in 1Q22 and 4.0% in 2Q21.

The cardboard boxes sales volume in 2Q22 of the Irani Market remained stable compared to 2Q21, and was 15.2% higher compared to 1Q22. The sales of cardboard sheets in Irani Market decreased 9.8% in relation to 2Q21 and increased 19.7% when compared to 1Q22.

The Indaiatuba (SP) and Campina da Alegria (SC) Packaging plants accounted for 55% and 45%, respectively, of the total corrugated cardboard sold in the 2Q22, and all their production was allocated to the domestic market.

Performance Comment

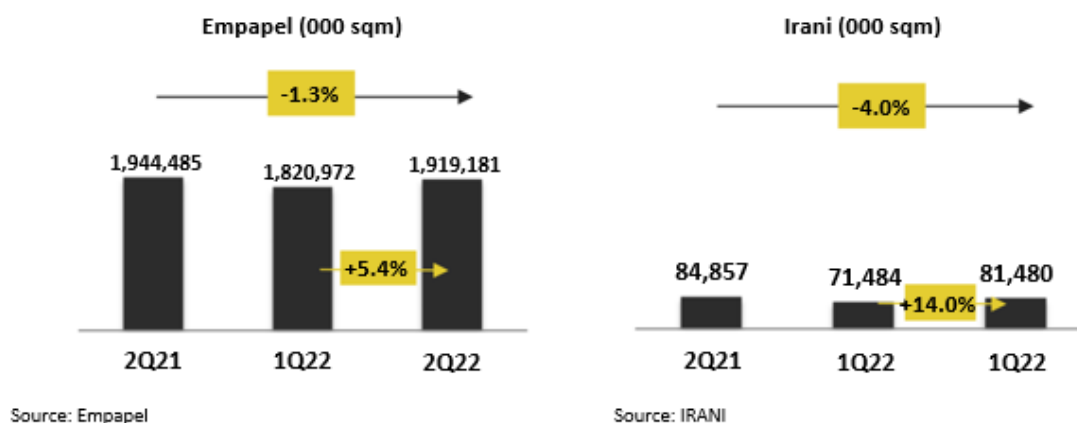
Sales Volume (in tons) - Sustainable Packaging Segment (Corrugated Cardboard)



2Q22 Empapel Market (in tons) are prior to closing. There may be changes in the official data.

In square meters (m²) the sales volume of sustainable corrugated cardboard packaging of Mercado Empapel had a decrease of 1.3% in 1Q22 when compared to 2Q21, when Irani Market recorded decrease of 4.0%. Compared to 1Q22, Mercado Empapel's volume had an increase of 5.4% whereas Irani recorded an increase of 14.0%. In square meters, Irani's market share in this segment was 4.2% in 2Q22, 4.4% in 2Q21 and 3.9% in 1Q22.

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



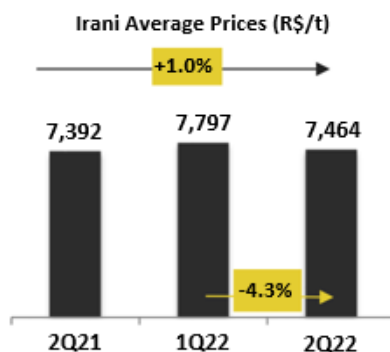
2Q22 Empapel Market (in sqm) is prior to closing. There may be changes in the official data.

The volume of SP Indaiatuba Packaging plant reached 17,282 tons of boxes and 4,831 tons of plates in 2Q22 against 17,858 tons of boxes and 5,597 tons of plates in 2Q21.

The volume in the Campina da Alegria SC Packaging Plant totaled 14,935 tons of boxes and 2,912 tons of sheets in 2022 against 14,072 tons of boxes and 2,991 tons of sheets in 2Q21.

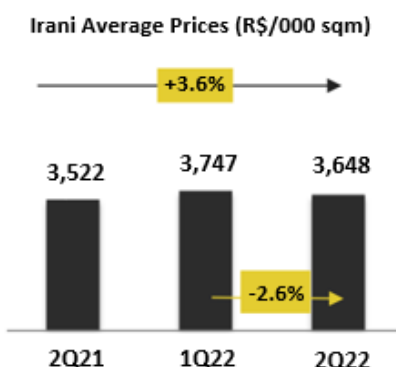
Performance Comment

In tons, Irani's average price (CIF) increased by 1.0% in 2Q22 compared to 2Q21. In the comparison of the first quarter of 2022, the average price of Irani decreased 4.3%.



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

Em square meters, the average Irani price (CIF) increased 3.6% in 2Q22 compared to 2Q21. In the comparison of the first quarter of 2022, the average price of Irani decreased 2.6%.

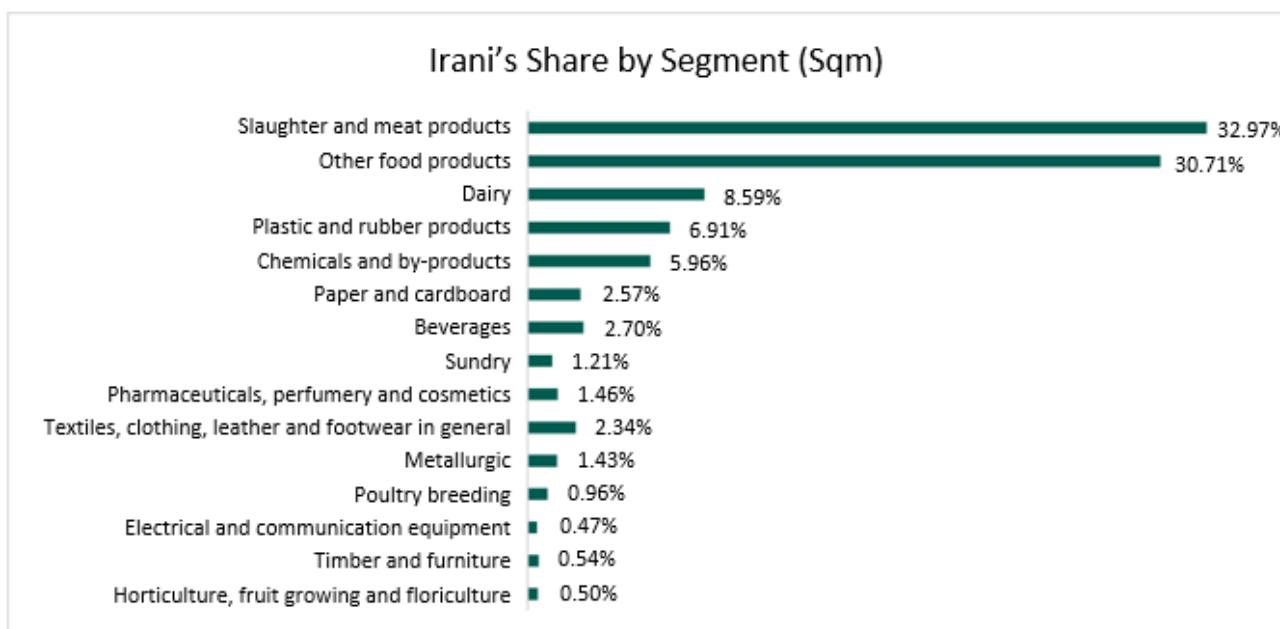
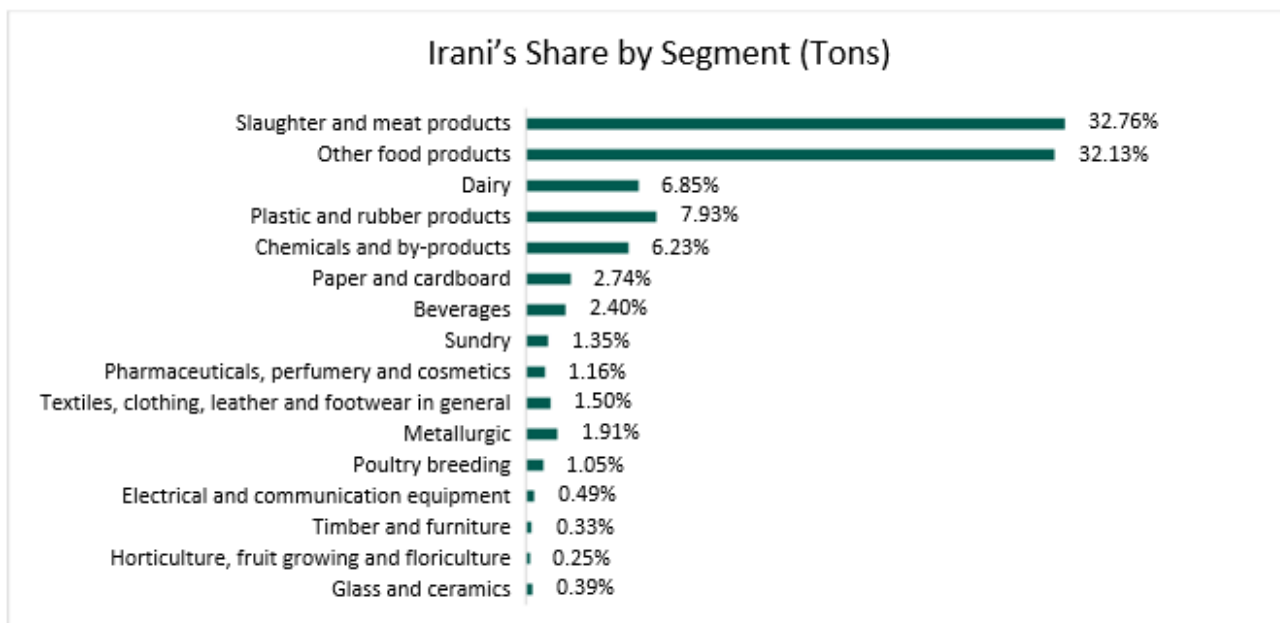


Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

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

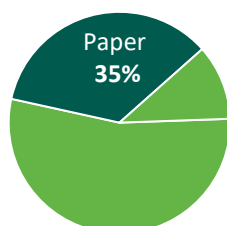
The share of sales of this Segment by Sub-segment in 2Q22 is presented in the charts below:

Performance Comment



1.2 Sustainable Packaging Paper (Paper) Segment

Revenue Contribution 2Q22

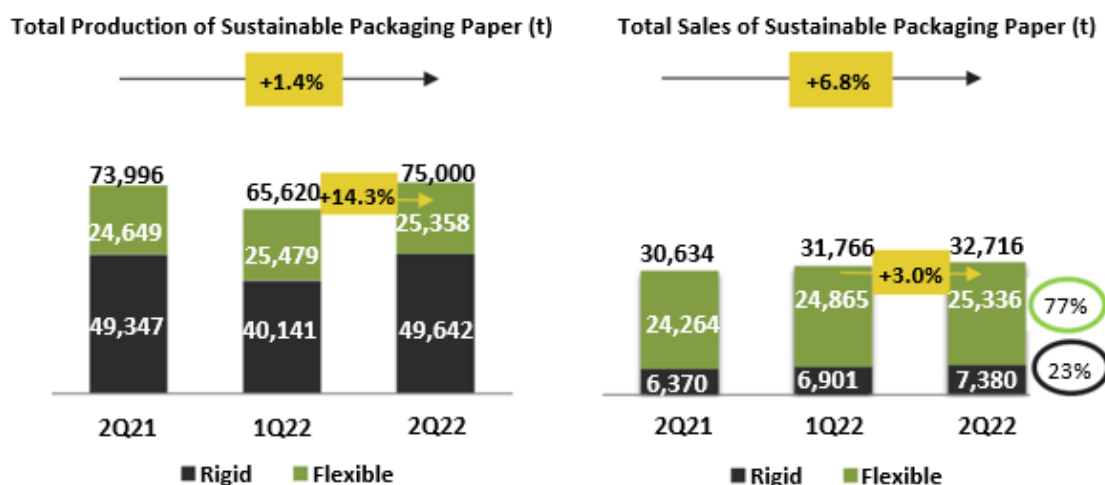


Irani operates in the Sustainable Packaging Paper Segment (Paper) in the markets of papers for rigid packaging (corrugated cardboard) and flexible packaging (bagging).

A The Company's total production of sustainable packaging paper in the quarter was 1.4% greater

Performance Comment

when compared to 2Q21, and 14.3% higher in relation to 1Q22. Sales increased 6.8% when compared to 2Q21 and grew 3.0% compared to 1Q22.

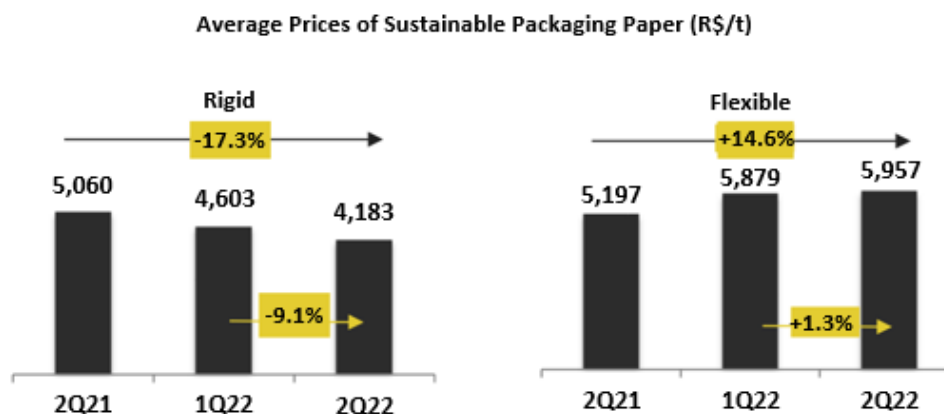


In 2Q22, internal transfers of paper to rigid packaging paper (PO) totaled 42,880 tons (42,834 tons in 2Q21 and 33,791 tons in 1Q22). For the SP Packaging Plant Indaiatuba, they reached 22,983 tons (24,288 tons in 2Q21 and 19,239 tons in 1Q22) and, for the SC Packaging Plant Campina da Alegria, 19,897 tons were transferred in 2Q22 (18,546 tons in 2Q21 and 14,552 tons in 1Q22).

In 2Q22, from the total of internal transfers, 54% were to the SP Indaiatuba packaging plant and 46% were to the SC Campina da Alegria packaging.

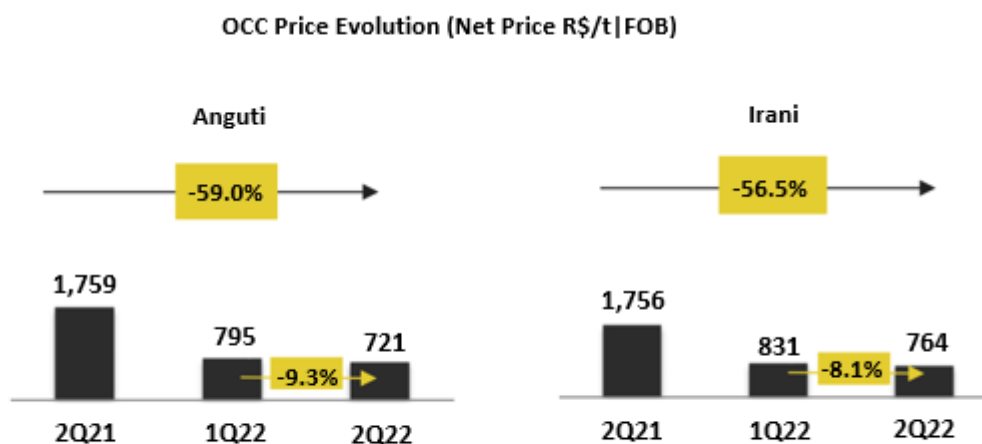
Flexible packaging paper, which accounted for 77.4% of paper sales in this quarter, recorded an increase of 14.6% in price when compared to 2Q21, and 1.3% when compared to 1Q22. Rigid packaging paper, which accounted for 22.6% of paper sales in this quarter, recorded a decrease of 17.3% in prices when compared to 2Q21, and a decrease of 9.1% when compared to 1Q22. Papers for flexible package are used in the manufacture of bags and sacks for stores, food and tele-delivery, and have had a very positive dynamic in recent years due to the increased use of paper, specially to replace plastic and following an ESG trend. Rigid packaging papers are used to produce corrugated cardboard packaging and most of the production is transferred to the company's own plants and only the excess production is sold on the market.

Performance Comment



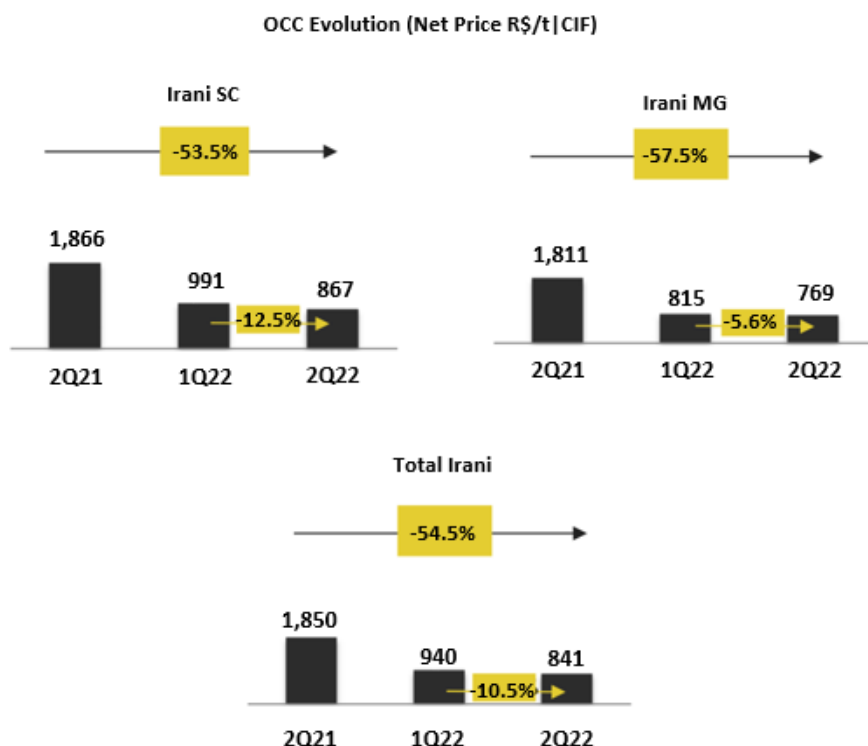
OCC (Old Corrugated Containers)

The Sustainable Packaging Paper (Paper) Segment recycles OCC (used paper) as raw material to manufacture most of its products, mainly those used for the production of Corrugated Cardboard Boxes and Plates in the Company's Sustainable Packaging (Corrugated Cardboard) segment, under the circular economy concept. Recycling increases the life cycle of the paper fiber, a renewable resource, as it originates from planted forests. The recycling of old corrugated containers makes a positive contribution to the low carbon economy, as the forests that gave rise to the fiber removed carbon from the atmosphere. OCC accounted for 22% of the total paper production cost in 2Q22. The OCC market undergoes changes related to population consumption, due to the collection of boxes discarded by wholesalers, businesses and consumers and related to the demand for recycled paper, among other factors. In the year of 2021, the OCC prices had a significant increase compared to 2020, due to the greater demand, with a gradual reduction over the periods. For 2022, prices decreased in 2Q22, as presented in the chart below:



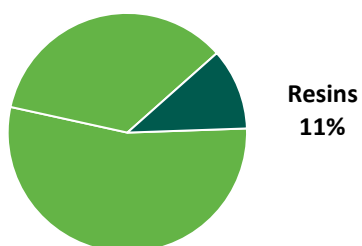
Note on methodology: Anguti Statistics – Old Corrugated Containers Report

Performance Comment



1.3 Sustainable Resins Segment (Gum Rosin and Turpentine)

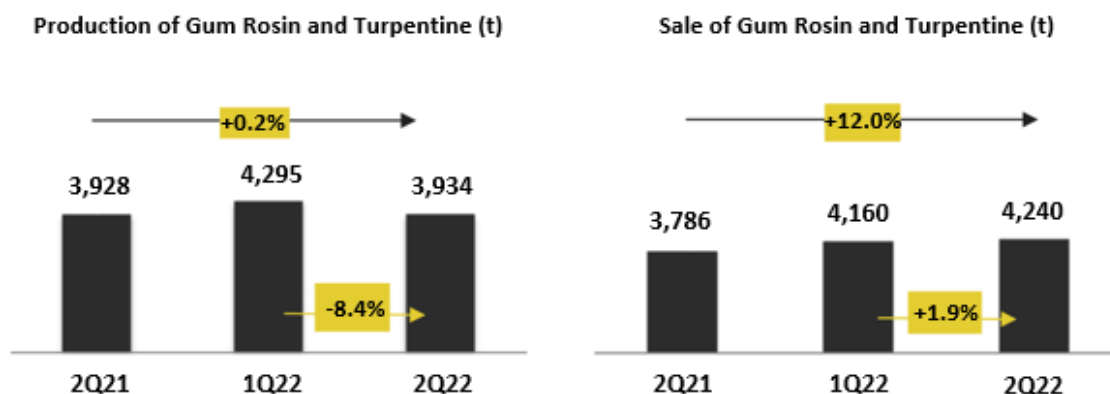
Revenue Contribution 2Q22



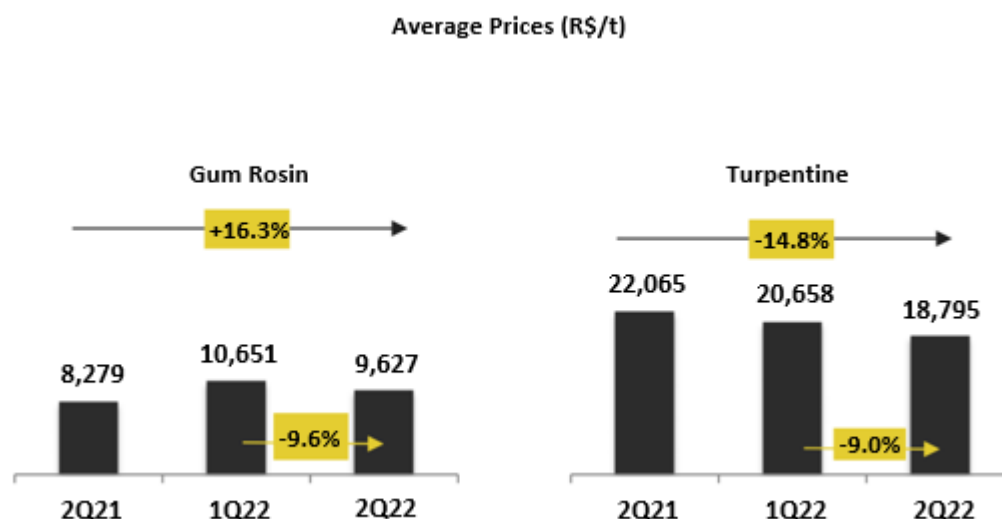
The Forestry operation of Rio Grande do Sul produced and sold in 2T22 12 cubic meters of pine logs to the domestic market (as well as in 2Q21) and provided 716 tons of resins in natura (647 tons in 2Q21) to be used in the industrial process of production of gum rosin and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 2Q22 presented stability when compared to 2Q21 and decrease of 8.4% when compared to 1Q22. The sales volume presented a 12.0% increase when compared to 2Q21, and 1.9% increase in relation to 1Q22.

Performance Comment



In 2Q22, the average gross price of gum rosin was 16.3% higher than in 2Q21 and 9.6% lower when compared to 1Q22. The price of turpentine fell 14.8% when compared to 2Q21, 9.0% lower when compared to 1Q22. The price of these products changes according to the foreign market and exchange rate.



2. DESEMPENHO ECONÔMICO-FINANCEIRO

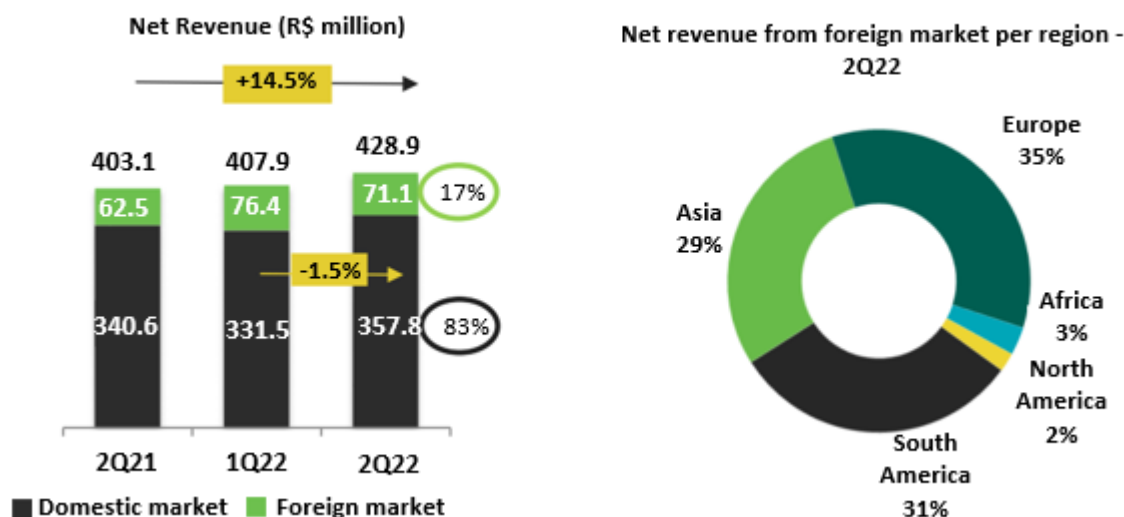
2.1 Net Sales Revenue

Net sales revenue in 2Q22 was R\$ 428,907 thousand, accounting for a growth of 6.4% when compared to 2Q21 and of 5.1% when compared to 1Q22. The growth is mainly due to the good performance of sales and prices in the segments in which the Company operates.

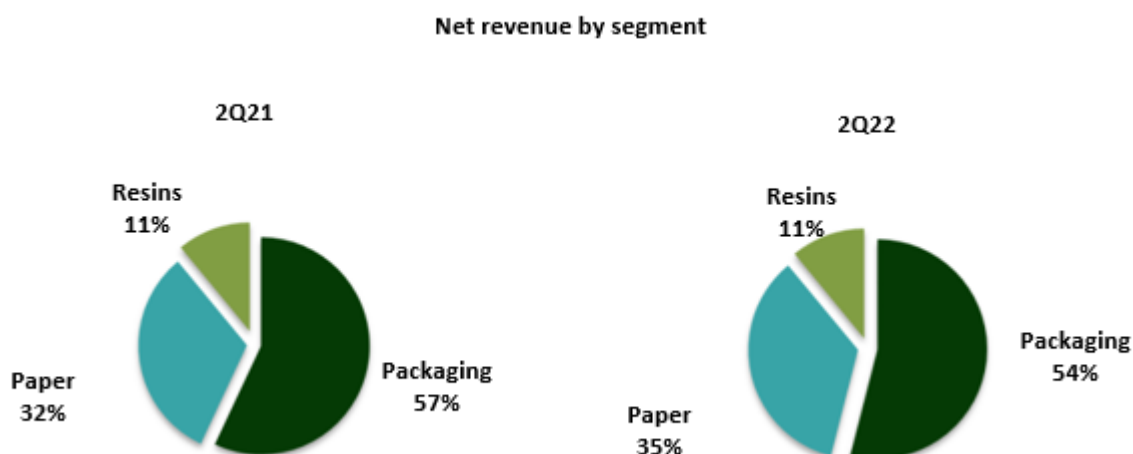
In the domestic market, net sales was R\$ 357,785 thousand in the quarter and a 5.0% increase when compared to 2Q21 and 7.9% in relation to 1Q22. Revenue in the domestic market accounted for 83% of Irani's total revenue in 2Q22.

Performance Comment

Exports in 2Q22 reached R\$ 71,122 thousand, 13.7% higher than in the 2Q21 and 6.9% lower than in the 1Q22, representing 17% of total net sales. Europe was the principal destination of exports, concentrating 35% of export revenue in foreign market, followed by South America with 31%. The other markets are: Asia (29%), Africa (3%) and North America (2%)..



Irani's principal segment of operation is the Sustainable Packaging (Corrugated Cardboard), which accounts for 54% of consolidated net revenue in 2Q22, followed by the segments of Sustainable Packaging Paper (Paper) with 35% and Sustainable Resins (Gum Rosin and Turpentine), with 11%.



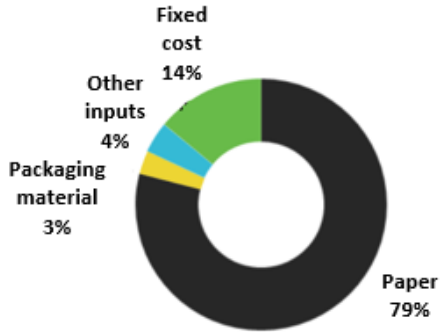
2.2 Cost of Goods Sold

The cost of goods sold in 2Q22 was R\$ 256,883 thousand, 2.5% lower than in 2Q21, mainly due to the lower price of inputs in this period, especially the OCC used by the Company. Change in fair value of biological assets is not considered in the cost value of sold products in both periods.

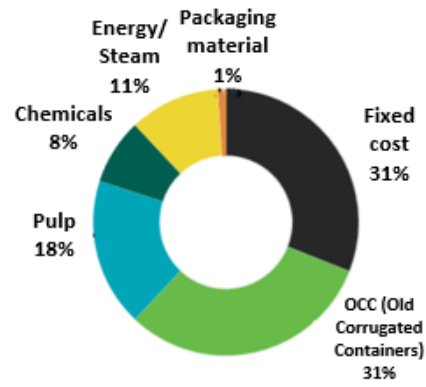
Performance Comment

The formation of the cost per Irani's segment of operation in 2Q22 is shown in the graphs below.

Sustainable Packaging (Corrugated Cardboard)

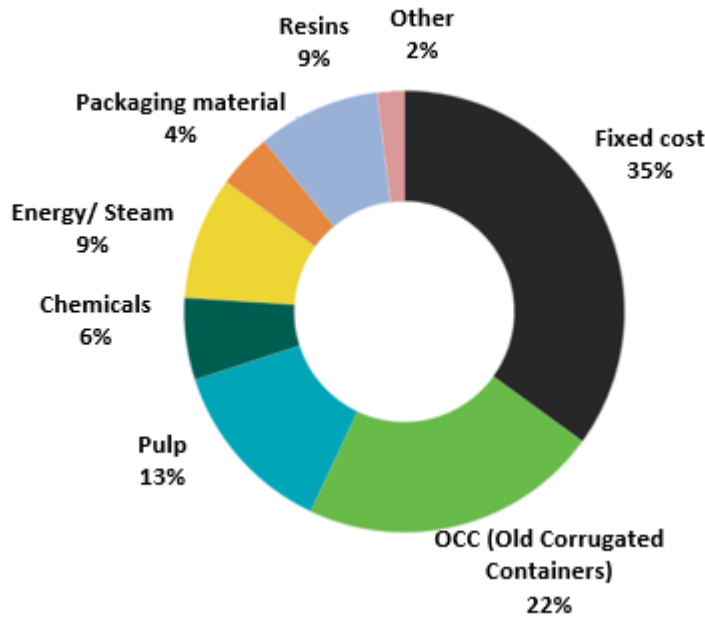


Sustainable Packaging Paper (Paper)*



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

Total Cost in 2Q22



Performance Comment

2.3 Despesas e Receitas Operacionais

Sales expenses in 2Q22 totaled R\$ 35,175 thousand, 39.6% higher when compared to 2Q21, and represented 8.2% of consolidated net revenue, up from 6.3% in 2Q21 due to the increase in sales freight prices.

Administrative expenses in 2Q22 totaled R\$ 21,178 thousand (R\$ 19,022 thousand in 2Q21), accounting for an increase of 11.3% when compared to 2Q21 and represented 4.9% of consolidated net revenue, higher than the 4.7% in 2Q21.

Other net operating revenues/expenses resulted in a revenue of R\$ 2,304 thousand in 2Q22 against a revenue of R\$ 4,308 thousand in 2Q21.

3. OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R\$ thousand)	2Q22	1Q22	2Q21	Chg. 2Q22/ 1Q22	Chg. 2T22/ 2Q21	6M22	6M21	Chg. 6M22/ 6M21	LTM22	LTM21	Chg. LTM22/ LTM21
Profit	84,613	112,148	67,691	-24.6%	25.0%	196,761	124,392	58.2%	357,682	183,867	94.5%
Current and deferred income tax and social contribution	41,518	27,440	24,152	51.3%	71.9%	68,958	50,620	36.2%	123,238	58,488	110.7%
Depletion	9,508	7,847	5,221	21.2%	82.1%	17,355	9,797	77.1%	29,549	14,895	98.4%
Depreciation and amortization	17,247	16,028	17,203	7.6%	0.3%	33,275	34,614	-3.9%	69,114	70,212	-1.6%
Finance result	15,853	16,420	16,549	-3.5%	-4.2%	32,273	23,552	37.0%	54,332	42,360	28.3%
EBITDA	168,739	179,883	130,816	-6.2%	29.0%	348,622	242,975	43.5%	633,915	369,822	71.4%
EBITDA margin	39.3%	44.1%	32.4%	-4.8p.p.	6.9p.p.	41.7%	32.0%	9.7p.p.	37.7%	28.2%	9.5p.p.
Adjustments according to CVM Instruction 527/12											
Change in fair value of biological assets ⁽¹⁾	(35,138)	(26,086)	(14,069)	34.7%	149.8%	(61,224)	(25,880)	136.6%	(79,193)	(36,168)	119.0%
Non-recurring events	-	(17,229)	(3,341)	-	-	(17,229)	(3,341)	415.7%	(18,418)	(11,922)	54.5%
Ownership interest of managers ⁽²⁾	11,215	-	5,670	-	97.8%	11,215	5,670	97.8%	19,577	15,755	24.3%
Adjusted EBITDA	144,816	136,568	119,076	6.0%	21.6%	281,384	219,424	28.2%	555,881	337,487	64.7%
Adjusted EBITDA margin	33.8%	33.5%	29.5%	0.3p.p.	4.3p.p.	33.6%	28.9%	4.7p.p.	33.0%	25.7%	7.3p.p.

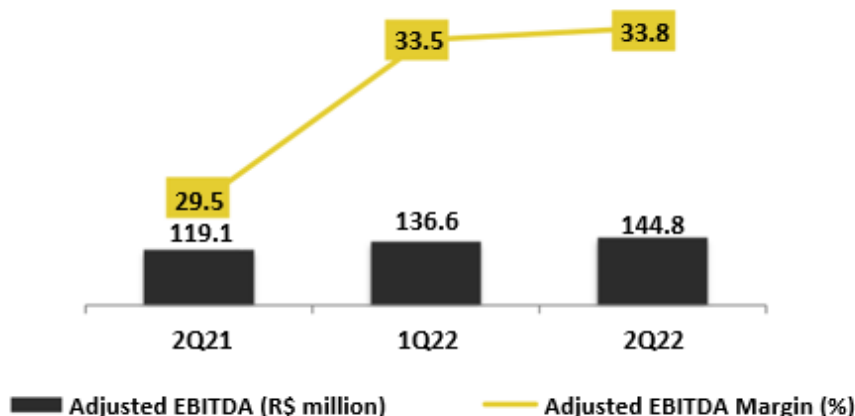
¹ Change in the fair value of biological assets since it does not mean cash generation in the period.

² Management profit sharing The amount of R\$ 11,215 thousand refers to the provision for management profit sharing.

Operating cash generation, measured by the operation's Adjusted EBITDA, totaled R\$ 144,816 thousand in 2Q22, with a margin of 33.8%, 21.6% higher than 2Q21, calculated at R\$ 119,076 thousand and 6.0% higher than 1Q22, calculated at R\$ 136,568 thousand. The increase of 4.3 percentage points in the margin in 2Q22 over 2Q21 is mainly due to the Company's good performance in all operating segments, especially in relation to the price and cost equation observed in the comparison of the quarters, and was stable when compared to the 1Q22. In the last 12 months, adjusted EBITDA reached R\$ 555,881 thousand, with a margin of 33%.

Performance Comment

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



4. FINANCIAL INCOME (LOSS)

The financial result is distributed as follows:

R\$ thousand	2Q22	1Q22	2Q21	6M22	6M21	LTM22 ¹	LTM21 ¹
Financial revenues	19,042	19,789	3,639	38,831	16,528	75,564	35,142
Financial expenses	(34,895)	(36,209)	(20,188)	(71,104)	(40,080)	(129,896)	(77,502)
Finance result	(15,853)	(16,420)	(16,549)	(32,273)	(23,552)	(54,332)	(42,360)
Foreign-exchange income	6,799	7,718	-	14,517	10,576	35,145	17,538
Foreign exchange costs	(5,353)	(11,633)	(5,829)	(16,986)	(14,774)	(35,101)	(21,393)
Net exchange rate change	1,446	(3,915)	(5,829)	(2,469)	(4,198)	44	(3,855)
Financial revenues without exchange-rate change	12,243	12,071	3,639	24,314	5,952	40,419	17,604
Financial expenses without exchange-rate change	(29,542)	(24,576)	(14,359)	(54,118)	(25,306)	(94,795)	(56,109)
Financial income (loss) without exchange-rate change	(17,299)	(12,505)	(10,720)	(29,804)	(19,354)	(54,376)	(38,505)

¹ Accumulated in the last twelve months.

The finance result, with no exchange-rate change, was negative by R\$ 17,299 thousand in 2Q22 compared to R\$ 10,720 thousand in the 2Q21 and R\$ 12,505 thousand in 1Q22. In 2Q22, R\$ 13,972 thousand of interest and sureties related to the FINAME (BNDES) financing for the investments in the Gaia Platform were fixed. In 6M22, this amount corresponds to R\$ 24,211 thousand and R\$ 31,337 thousand in the LTM22. Such values are not included in the table above. The increase in relation to the compared quarters, considering such fixed assets, is mainly due to: (i) the normalization of monetary policy via an increase in the SELIC rate and high levels of the IPCA

Performance Comment

(Extended National Consumer Price Index), which impact the average cost of debt and (ii) the increase in net debt, mainly due to the disbursements of investments in the Gaia Platform.

The exchange-rate change positively impacted the Company's results by R\$ 1,446 thousand in 2Q22, compared to a negative impact of R\$ 5,829 thousand in 2Q21 and a negative impact of R\$ 3,915 thousand in 1Q22. The devaluation of the Real against the US Dollar in this quarter had a positive impact on the balance of accounts receivable from external customers and advances to suppliers from the Gaia platform and a negative impact on the balance of debt in foreign currency.

As of June 30, 2022, the Company maintained only 3% of its debt in foreign currency.

Considering the aforementioned factors, the finance result recorded was negative by R\$ 15,853 thousand in 2Q22, accounting for a decrease of 4.2% compared to 2Q21, and 3.5% in relation to 1Q22.

Foreign Exchange

The exchange rate which was R\$ 5.00/US\$ on June 30, 2021, was 4.80% higher at the end of June 2022 (10.55% higher when compared to the one in 1Q22), and reached R\$ 5.24/US\$. The average exchange rate for this quarter was R\$ 4.92/US\$ 1.0, 7.17% lower when compared to the exchange rate of the same period of 2021 and 5.93% lower when compared to the one in 1Q22.

R\$ thousand	2Q22	1Q22	2Q21	Δ 2Q22/1Q22	Δ 2Q22/2Q21
Final foreign exchange rate - Dollar	5.24	4.74	5.00	+10.55%	+4.80%
Average foreign exchange rate - Dollar	4.92	5.23	5.30	-5.93%	-7.17%

Performance Comment

Indebtedness

Consolidated (R\$ thousand)	2Q22	2Q21
Current	118,369	40,817
Non-current	980,793	591,955
Gross debt¹	1,099,162	632,772
Current	11%	6%
Non-current	89%	94%
Domestic currency	1,051,563	615,187
Foreign currency	47,599	17,585
Gross debt¹	1,099,162	632,772
Domestic currency	96%	97%
Foreign currency	4%	3%
Cash balance	479,397	374,605
Net debt	619,765	258,167
LTM EBITDA	555,881	337,487
Net debt/EBITDA	1.11	0.76

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

As of June 30, 2022, net debt totaled R\$ 619,765 thousand compared to R\$ 258,167 thousand on June 30, 2021, accounting for an increase of 140.1% or R\$ 361,598 thousand, due to negative free cash flow in the period caused mainly by the disbursements of investments in the Gaia Platform.

As of June 30, 2022, gross debt totaled R\$ 1,099,162 thousand compared to R\$ 632,772 thousand on June 30, 2021, accounting for an increase of 73.7% or R\$ 466,390 thousand, mainly due to the partial inflow of funds from Finame Direct with BNDES, in the amount of R\$ 236,517 thousand in 4Q21 and R\$ 176,099 in 2Q22.

The gross indebtedness profile as of June 30, 2022, was 11% maturing in the short-term and 89% maturing in the long term and 96% was denominated in domestic currency and 4% in foreign currency. The average cost of debt was 13.6% per annum as of June 30, 2022. The cost of debt considers fixed interest and sureties related to the financing of investments in Gaia Platform.

The cash position at the end of June 2022 was R\$ 479,397 thousand (comprised by financial investments, cash and cash equivalents), compared to R\$ 374,605 thousand as of June 30, 2021. More details on the variation in cash position can be seen in the table related to the item Free Cash Flow and the chart for the item Cash Position.

The net debt/ adjusted EBITDA ratio was 1.11 times in 2Q22, against 0.76 times in 2Q21. The increase in the indicator is due to the increase in net debt, due to the negative free cash flow for the period, mainly caused by disbursements from the Gaia Platform. Re-leveraging is natural during the

Performance Comment

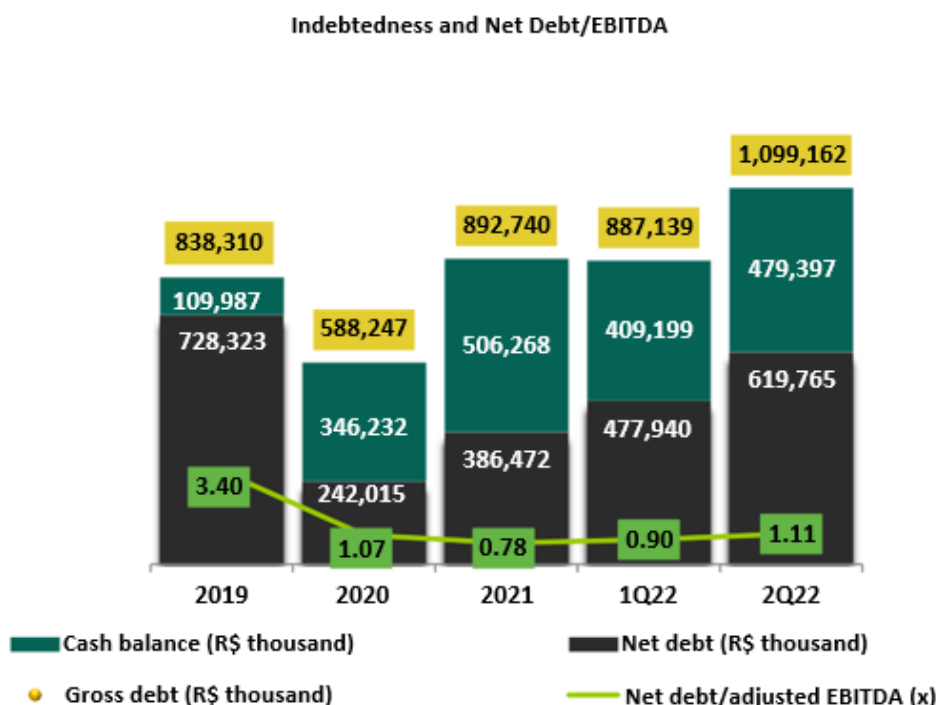
investments made and is in line with the parameters established in the Company's [Financial Management Policy](#) that sets a target of 2.5x.

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

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

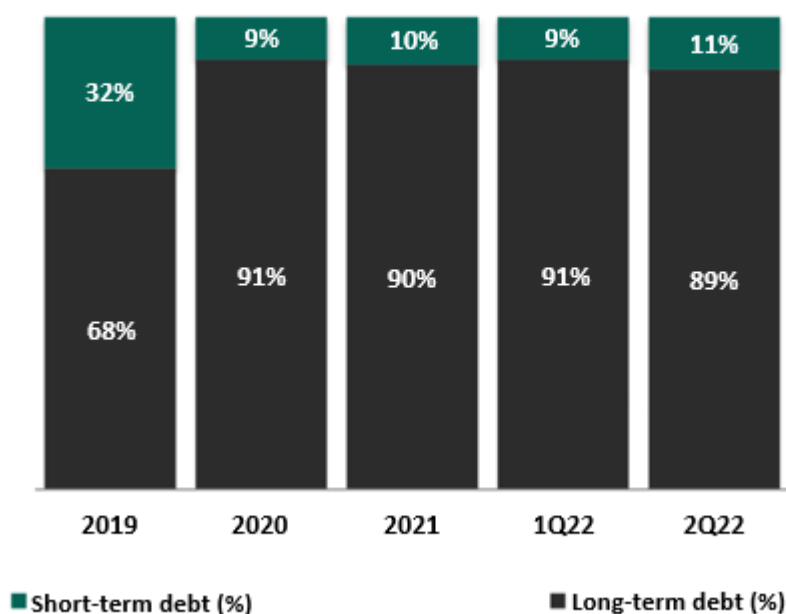
The effective interest, which considers the cost of BNDES and commission of the letters of guarantee for the operation is IPCA + 6.24% p.a.

The inflow of funds will occur upon release requests, as the acquisitions and payment for the Gaia Platform equipment are made. Up to June 30, 2022, there were two partial releases totaling R\$ 412,615, the first during 4Q21, in the amount of R\$ 236,517, and the second during 2Q22, in the amount of R\$ 176,099. Therefore, the amount of R\$ 71,384 thousand will still be received.

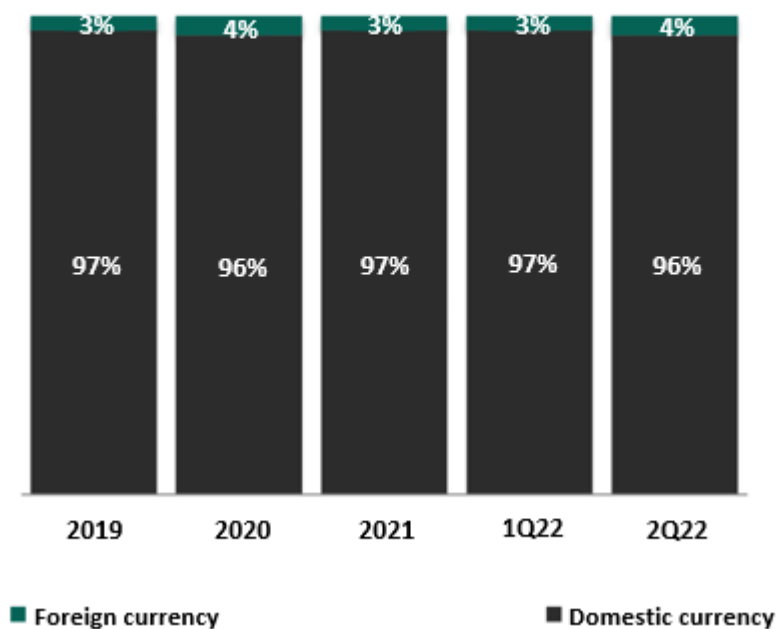


Performance Comment

Profile of gross indebtedness



Breakdown of gross indebtedness



5. CREDIT RATING

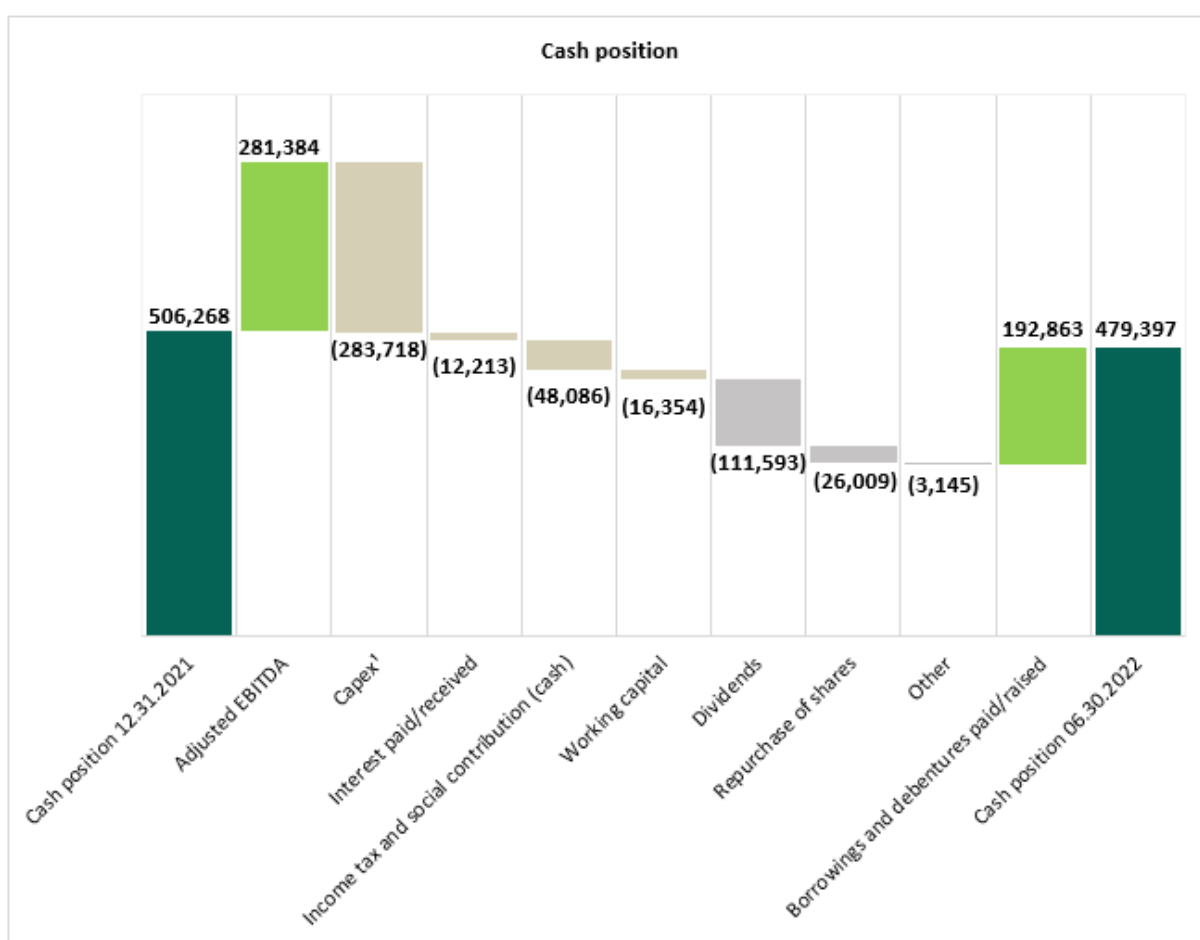
On July 5, 2021, [S&P Global Rating upgraded Irani's long-term issuer credit rating](#) from 'brA' to 'brAA' on the Brazilian National Scale. The ratings assigned to green debenture issues (3rd

Performance Comment

Public Issue and 4th Private Issue) were also upgraded from 'brA+' to 'brAA+'. According to the rating agency, the stable outlook of the issuer rating indicates the expectation that Irani will maintain a growing cash generation in the coming years, with greater profitability and strengthening its credit metrics, in addition to the expectation that the company will remain as an isolated entity in relation to refinancing risks at the level of the controlling group.

6. CASH POSITION

The Company's cash position, which was R\$ 506,268 thousand on December 31, 2021, recorded a decrease of 5.3% in 6M22. The sources and investments of funds are presented as follows:



¹ Considers the disbursement of R\$ 26,007 thousand of interest and sureties of property, plant and equipment referring to the financing of investments for the Gaia Platform.

Performance Comment

7. FREE CASH FLOW

Free cash flow	2Q22	1Q22	2Q21	LTM22	LTM21
Adjusted EBITDA	144,816	136,568	119,076	555,881	337,487
(-) Capex ⁽¹⁾	(161,515)	(122,203)	(89,665)	(557,830)	(161,034)
(-) Interest paid/received	7,101	(19,314)	(1,143)	(35,736)	(54,250)
(-) Income tax and social contribution (cash)	(22,221)	(25,865)	(20,631)	(103,851)	(44,985)
(+/-) Working capital	24,581	(40,935)	5,863	827	26,013
(-) Dividends + interest on shareholders' equity	(95,701)	(15,892)	(37,460)	(153,705)	(62,587)
(-) Repurchase of shares	(13,785)	(12,224)	-	(44,574)	-
(+/-) Other	4,591	11,083	2,362	18,947	5,767
Free cash flow	(112,133)	(88,782)	(21,598)	(320,040)	46,411
Dividends + interest on shareholders' equity	95,701	15,892	37,460	153,705	62,587
Repurchase of shares	13,785	12,224	-	44,574	-
Gaia Platform ⁽¹⁾	135,283	97,926	73,297	456,730	92,550
Expansion projects	53	52	765	548	8,196
Adjusted free cash flow ⁽²⁾	132,689	37,312	89,924	335,515	209,744
Adjusted FCF Yield ⁽³⁾				19.3%	14.4%

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

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

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

Adjusted Free Cash Flow, disregarding investments in Gaia Platform and other Expansion Projects, as well as remuneration to stockholders, was R\$ 132,689 thousand in 2Q22, an increase of 255.6% in relation to 1Q22 and 47.6% in relation to 2Q21.

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

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

The positive working capital in this quarter is mainly a result of the decrease in the inventory account, due to the increase in sales volume compared to 1Q22, in view of the changes of the other cyclical accounts.

In this quarter, R\$ 95,701 thousand were distributed as dividends, with R\$ 24,813 referring to the 1Q22 result and R\$ 70,888 thousand corresponding to additional dividends from the 2021 result, totaling a payout of 50% of the base profit for the distribution of dividends for that year. These amounts are in line with the Dividend Distribution and Payment of Interest on Shareholders' Equity Policy of the Company and correspond to an increase of 155.5% in relation to the same quarter of the previous year.

Performance Comment

The Others line was positively impacted in this quarter by the partial receipt of the sale of the industrial property where the Vila Maria packaging plant was located, which had its operations discontinued in 2019.

In the last 12 months ended June 30, 2022, Adjusted Free Cash Flow totaled R\$ 335,515 thousand, accounting for an increase of 60.0% compared to the R\$ 209,744 thousand recorded in the 12 months ended June 30, 2021. This increase was positively impacted by the strong operating cash flow, and negatively affected by the higher income tax and social contribution payments, given the higher profit in the period.

The Free Cash Flow Yield was 19.3% in the last 12 months ended June 30, 2022, accounting for an increase of 4.9 p.p. in relation to that determined in the last 12 months ended June 30, 2021.

8. RETURN ON INVESTED CAPITAL (ROIC)

Return on Invested Capital (ROIC) was 25.5% in the last 12 months, accounting for an increase of 0.1 p.p. compared to the 12-month period ended March 30, 2022, and significant 7.7 p.p. of increase in relation to 12 months ended June 30, 2021. Said increase is due to the growth in Adjusted Operating Flow, mainly due to the increase in Adjusted EBITDA at a level higher than the increase in Invested Capital.

Again, we recorded the Company's highest historical ROIC and demonstrating its commitment to generating consistent returns above the cost of capital (WACC). Our ROIC is a benchmark in the sustainable packaging sector in Brazil and abroad, demonstrating the strength of ESG as a secular trend that drives our economic results.

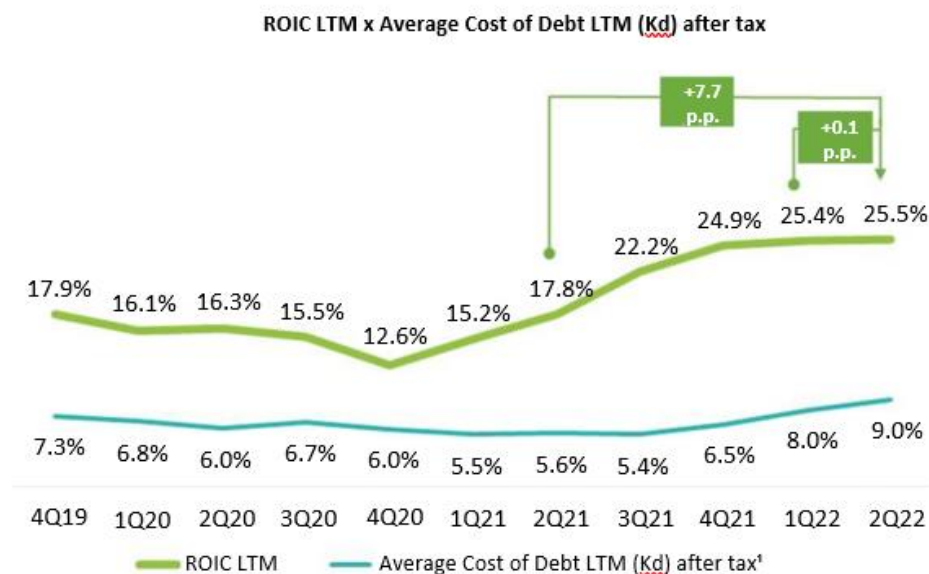
ROIC (R\$ thousand) – LTM ⁽¹⁾	2Q22	1Q22	2Q21
Total assets	2,375,460	2,211,765	1,878,269
(-) Total liabilities (former debt)	(496,674)	(489,426)	(441,496)
(-) Works in progress	(402,797)	(305,550)	(65,822)
Capital invested	1,475,990	1,416,789	1,370,951
(-) Adjustment - CPC 29 ⁽²⁾	(97,575)	(87,891)	(68,791)
Adjusted Invested Capital	1,378,415	1,328,898	1,302,161
Adjusted EBITDA	555,881	530,141	337,487
(-) Capex for Maintenance	(100,553)	(89,977)	(60,288)
(-) Income tax and social contribution (cash)	(103,851)	(102,261)	(44,985)
Adjusted operating cash flow	351,477	337,903	232,215
ROIC ⁽³⁾	25.5%	25.4%	17.8%

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

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

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

Performance Comment



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

9. NET PROFIT

In 2Q22, the net profit was R\$ 84,613 thousand, in comparison to the profit of R\$ 67,691 thousand in 2Q21 and R\$ 112,148 thousand in 1Q22. The main impacts on profit for this quarter were related to the increase in revenue when compared to 2Q21. In comparison with 1Q22, there was a decrease due to the recognition of ICMS extemporaneous credit in the previous quarter referring to deemed credit in the State of Santa Catarina in the amount of R\$ 17,229 thousand (R\$ 11,371 thousand, net of income tax and social contribution) and the provision for Management Profit Sharing recognized in the Company's results in this 2Q22, in the amount of R\$ 11,215 thousand.

10. INVESTMENTS

The Company maintains its strategy to invest in the modernization and automation of its production processes. Investments in this quarter amounted to R\$ 148,575 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company. Of this amount, R\$ 100,515 thousand were allocated to the investments in the Gaia I, II and III Projects (1st Cycle), in addition to R\$ 9,923 thousand in Gaia VI, VII and IX (2nd Cycle) projects.

Performance Comment

R\$ thousand	2Q22	6M22
Buildings	1,463	2,675
Equipment	139,209	257,960
Intangible assets	2,694	2,694
Reforestation	5,209	9,068
Total	148,575	272,397

11. GAIA PLATFORM

1st Cycle

In the second quarter of 2022, the Gaia I project - Expansion of Chemicals and Utilities Recovery, the deaerator was installed, and we received the chimney and the boiler's steam flask. We have completed the construction site for mechanical Bop (Balance of plant), as well as the Hazop (Hazard and Operability Study) of the recovery, cooking, washing and causticizing boiler. The execution of the construction site for BOP, electrical, instrumentation and automation process are in progress. The equipment for the wood yard is in the final stage of production. The assembly of the recovery boiler is advancing at an adequate pace, as well as the construction of the room for the turbo generator and the electrical part. On the island of the new ETA and ETAC, in addition to the manufacture of equipment, we continued the execution of the foundations, civil bases and room for the electrical part. In Evaporation and NCG (Non-Condensable Gases), the equipment and landfill for installing the cooling tower are in progress. The turbo generator 4 is being manufactured, as well as the digester and the pulp washer, and their respective civil bases are being built. In causticizing, the sludge filter is being manufactured and the electrical room is being built. The execution of the civil bases for pipe racks is in progress. We are in the process of acquiring the packages of pipes, valves, pumps, instruments. We also concluded the process of hiring the assembly workforce for the mechanical, electrical, instrumentation and automation Bop (Balance of plant).

In the Gaia II Project - Expansion of SC Packaging Unit, the first batch of D wave was produced, and the resin preparation system started up. On the Ward printer, the assembly of the output with conveyors and loadformers was completed and we ran a test order. At FFG Falcon, we completed the alignment of the rails and the mechanical assembly, and the machine went into operation on 04/25/2022, in line with the commissioning of the tether. We also completed the installation of the SPDA (Atmospheric Discharge Protection System) in the multipurpose shed. We are awaiting the

Performance Comment

receipt of equipment from the board output, finished product palletizing line and prefeeder. The installation of Ward printer automation features is also in progress.

In the Gaia III Project - MP#2 Reform, in the civil portion, structural reinforcements and the fabrication of the new operating room, CCM and substation are in progress. We are receiving equipment (dryer cylinders, reel assembly, guide rollers, rotating unions, post-drying structures, walkways, rope guide systems, scrapers and hood). We have completed the installation, alignment and leveling of the reel and scanner assembly rails. The manufacture and metallization of the monolucid was completed. The electrical infrastructure and instrumentation assembly company is carrying out the preparations and we are carrying out the preparations internally for the steam and condensate system.

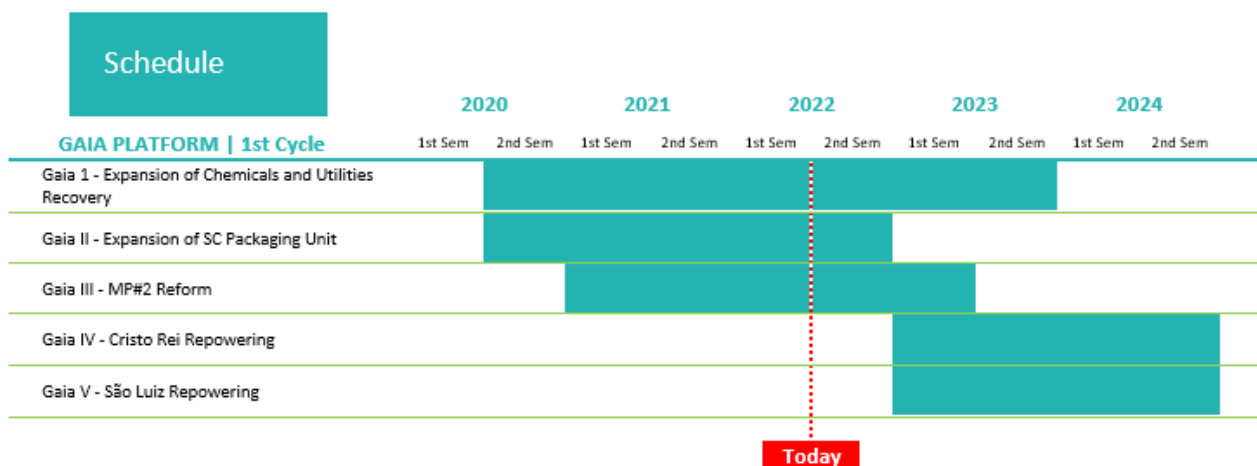
Regarding the Gaia IV project - Cristo Rei Repowering, the basic project and executive summary were filed with ANEEL (National Electric Energy Agency), and we are awaiting the issuance of the DRS by ANEEL. We are currently carrying out a plant suppression inventory and environmental studies. As soon as we receive the DRS, we will start the executive projects.

In the Gaia V Project - São Luiz Repowering, IMA (Santa Catarina Environmental Institute), an inspection was carried out in the areas of vegetation suppression provided for in the Cutting Authorization (AuC) process for subsequent issuance of LAP (Prior Environmental License). The executive project is currently being updated as well as the execution of all new IMA demands, with details on data regarding flora, fauna and engineering issues.

In 2Q22, R\$ 100,515 thousand were invested in projects of the 1st Cycle of the Gaia Platform, of which R\$ 82,949 thousand in Gaia I, R\$ 6,043 thousand in Gaia II and R\$ 11,523 thousand in Gaia III. The total invested since the beginning of the 1st Cycle works is R\$ 363,589 thousand, of which R\$ 363,589 thousand in Gaia I, R\$ 106,759 thousand in Gaia II and R\$ 30,522 in Gaia III.

Gaia Platform - 1st Cycle	Unit	Estimated Investment (Gross)	Estimated investment (Net)	Investment made in 2Q22	Investment made up to 06/30/2022
Gaia I - Expansion of Chemicals and Utilities Recovery	Paper SC Campina da Alegria	581,309	494,849	82,949	363,589
Gaia II - Expansion of SC Packaging Unit	Packaging SC Campina da Alegria	150,433	118,189	6,043	106,759
Gaia III - MP#2 Reform	Paper SC Campina da Alegria	57,613	44,556	11,523	30,522
Gaia IV - Cristo Rei Repowering	Paper SC Campina da Alegria	31,300	28,318	-	-
Gaia V - São Luiz Repowering	Paper SC Campina da Alegria	62,864	58,855	-	-
	Total	883,519	744,767	100,515	500,870

Performance Comment



Gaia Platform - 1st Cycle	Basic Engineering	Physical execution
Gaia I - Expansion of Chemicals and Utilities Recovery	100%	47.5%
Gaia II - Expansion of SC Packaging Unit	100%	90.4%
Gaia III - MP#2 Reform	100%	83%
Gaia IV - Cristo Rei Repowering	100%	
Gaia V - São Luiz Repowering	100%	

2nd Cycle

The Gaia VI project - Process Information Management System concluded the mapping of the dashboards and indicators that will be developed in the first wave of the project, as well as the analysis and quotations of hardware infrastructure for software installation and definition of hardware assets. Meetings are taking place with implementers and execution of the fiber optic passage and acquisition of servers.

While in the Gaia VII project - Effluent Treatment Plant Expansion (ETP), Phase 1, the execution of 430 meters of piping for partial diversion of the current raw water pipeline of Rio do Mato was completed. The earthworks of the construction sites, areas of execution of the aeration and equalization tanks are underway. The civil execution of the 500 m³ filtration system is also in progress.

The Gaia VIII project - New Cut and Crease Printer completed the assembly and testing of the Printer at the Sunrise manufacturer and the equipment is currently available for shipment. The memorial for the construction of the printer's civil base was prepared and the company is being

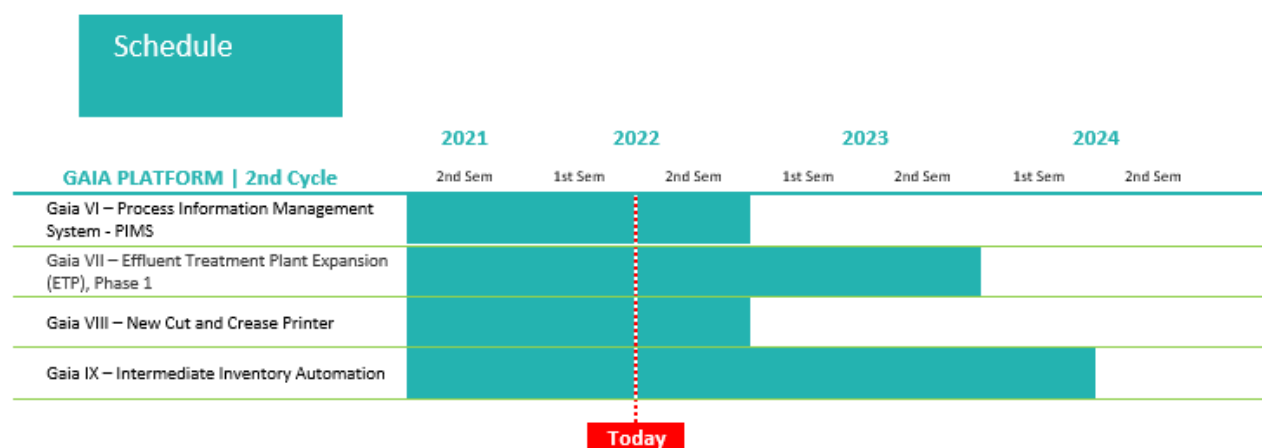
Performance Comment

contracted for execution. The assembly of the Plates mezzanine structure was also completed and the supplier of the conveyors for the finishing line was hired.

The Gaia IX project - Automation of Intermediate Inventory project concluded the negotiation with the supplier of the prefeeders and the automation package of the intermediate inventory and the respective executive projects are in progress. A technical visit was also carried out by the automation companies and prefeeders to check the dimensions of the layout onsite.

In 2Q22, R\$ 9,923 thousand were invested in projects of the 2nd Cycle of the Gaia Platform, of which R\$ 1,222 thousand in Gaia VI, R\$ 999 thousand in Gaia VII, R\$ 3,771 thousand in Gaia VIII and R\$ 3,931 thousand in Gaia IX. In total, R\$ 14,913 thousand were invested since the beginning of the second cycle, of which R\$ 1,236 thousand were invested in Gaia VI, R\$ 1,103 thousand in Gaia VII, R\$ 6,709 in Gaia VIII and R\$ 5,865 in Gaia IX.

Gaia Platform - 2nd Cycle	Unit	Estimated Investment (Gross)	Estimated investment (Net)	Investment made in 2Q22	Investment made up to 06/30/2022
Gaia VI - Process Information Management System - PIMS	Paper SC Campina da Alegria	5,173	4,330	1,222	1,236
Gaia VII - Effluent Treatment Plant Expansion (ETP), Phase 1	Paper SC Campina da Alegria	22,886	20,917	999	1,103
Gaia VIII - New Cut and Crease Printer	Packaging SP Indaiatuba	21,318	15,034	3,771	6,709
Gaia IX - Intermediate Inventory Automation	Packaging SP Indaiatuba	42,860	29,897	3,931	5,865
Total		92,237	70,178	9,923	14,913



Performance Comment

Gaia Platform - 2nd Cycle	Basic Engineering	Physical execution
Gaia VI - Process Information Management System - PIMS	N/A	47.5%
Gaia VII – Effluent Treatment Plant Expansion (ETP), Phase 1	100%	10%
Gaia VIII - New Cut and Crease Printer	N/A	32.8%
Gaia IX - Intermediate Inventory Automation	N/A	11%

12. CAPITAL MARKET

GREEN DEBENTURES

In 2019, the company issued [Green Debentures \(CELU13\)](#) in the Brazilian capital market, in the amount of R\$ 505,000 thousand. The final payment term of green debentures is 2025, with a principal grace period until July 2023 and interest is paid semi-annually. The issuance was carried out at a CDI rate + 4.5% p.a. at the end of 2Q22 and was being traded on the secondary market at CDI rate + 2.60% p.a.

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

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

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

Performance Comment

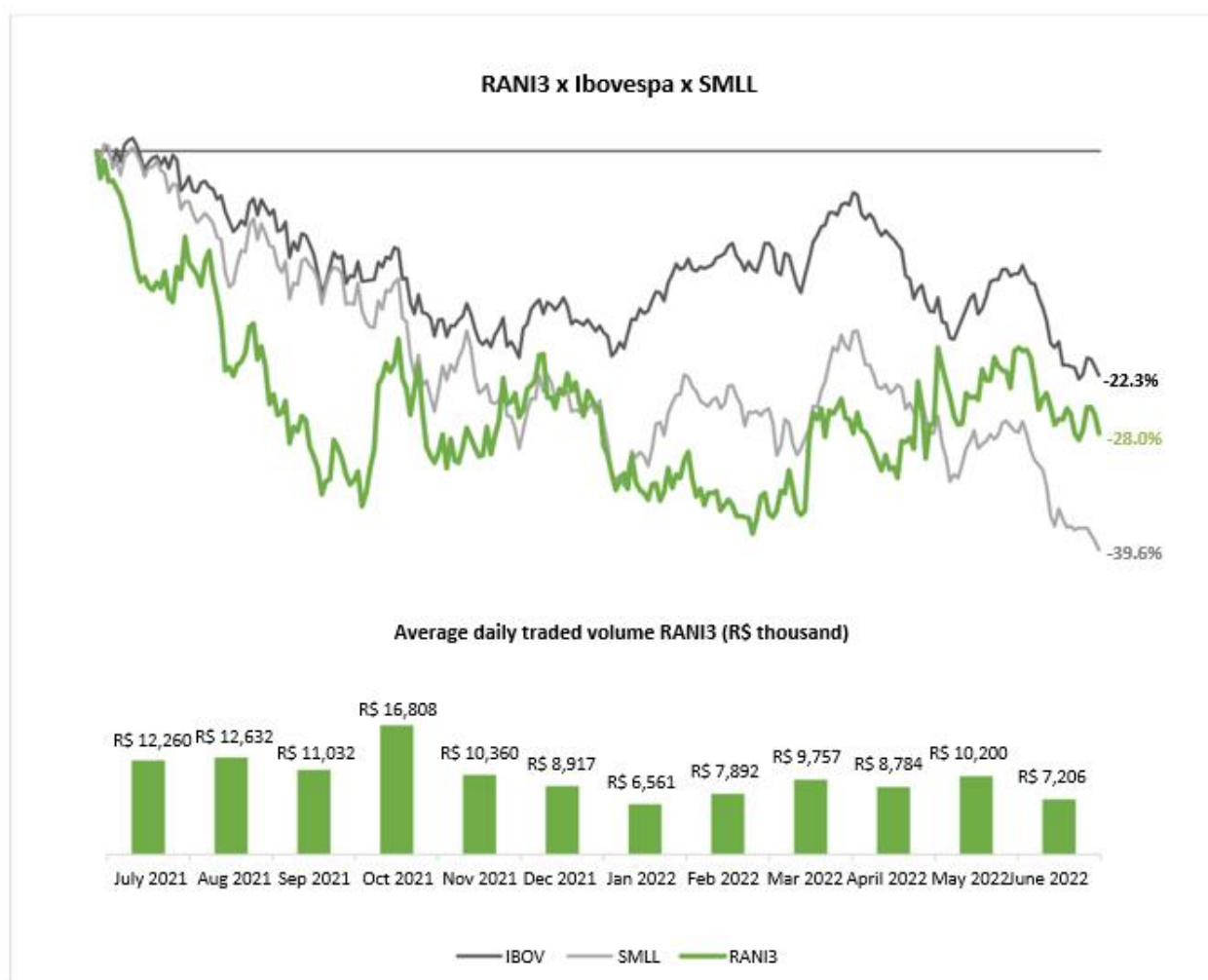
Em 5 de julho de 2021, a [S&P Global Rating elevou os ratings atribuídos às duas emissões de debêntures, de 'brA+' para 'brAA+',](#) conforme supracitado.

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 2Q22, common shares were traded at R\$ 6.67. The Company's shares currently comprise the IGC-NM, IGCX, ITAG, IMAT, IBRA, SMLL, IGCT, IGPTW and IAGRO indices of B3.

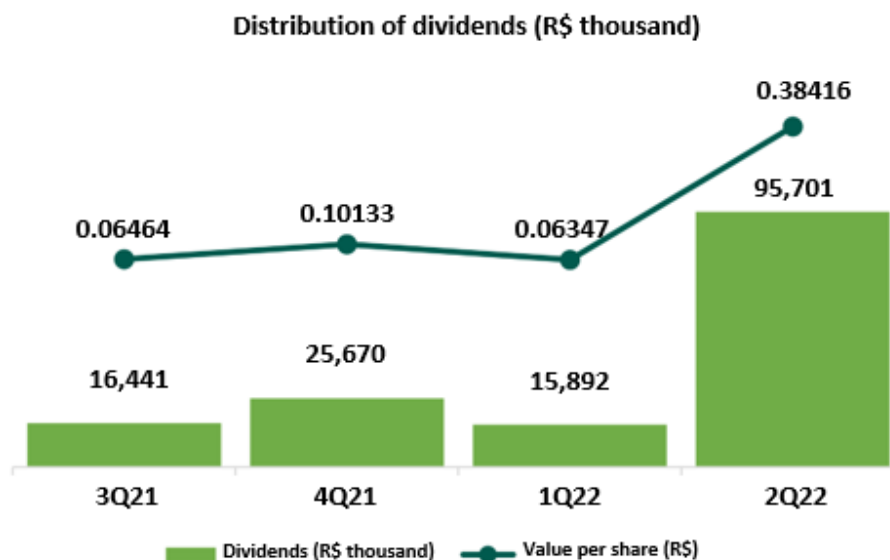
The performance and trading volume of the Company's shares in the accumulated for the last 12 months, compared to the Ibovespa index (the main performance indicator of shares traded on B3) and the SMLL (performance indicator of B3 companies with lower capitalization, which Irani is part of the theoretical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



Performance Comment

DIVIDENDS

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



Total dividends and interest on shareholders' equity paid in the accumulated in the last twelve months was R\$ 0.613604 per share, totaling R\$ 153,704 thousand, and equivalent to an annual dividend yield of 6.62%, considering the share price of R\$ 9.27 as of June 30, 2021.

REPURCHASE PROGRAM

The share repurchase program for the shares issued by the Company was approved during the [Board of Directors' Meeting held on September 27, 2021](#) to maximize the generation of value to shareholders by means of an efficient capital structure management. The program became effective as of October 1, 2021, with a purchase limit of up to 8,216,880 common shares, accounting for 7.76% of the total outstanding common shares issued by the Company. Up to June 30, 2022, the Company repurchased 6,716,700 shares, accounting for 81.74% of the program carried out, at the amount of R\$ 44,575 thousand, including trading costs, equivalent to an average price per repurchased share of R\$ 6.64. Irani's share capital on June 30, 2022 was represented by 256,720,235 common shares (RANI3) and the Company held 9,214,316 common shares in treasury.



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IRANI PAPEL E EMBALAGEM S.A.

1. OPERATIONS
2. PRESENTATION OF FINANCIAL STATEMENTS
3. SIGNIFICANT ACCOUNTING PRACTICES
4. CONSOLIDATION OF FINANCIAL STATEMENTS
5. CASH AND CASH EQUIVALENTS AND FINANCIAL STATEMENTS
6. TRADE RECEIVABLES
7. INVENTORIES
8. RECOVERABLE TAXES AND INCOME TAX AND SOCIAL CONTRIBUTION
9. OTHER ASSETS
10. NON-CURRENT ASSETS HELD FOR SALE
11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION
12. INVESTMENTS IN SUBSIDIARIES
13. INVESTMENT PROPERTIES
14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS
15. BIOLOGICAL ASSETS
16. BORROWINGS
17. DEBENTURES
18. DERIVATIVE FINANCIAL INSTRUMENTS - SWAP
19. SUPPLIERS
20. RELATED PARTIES
21. TAX INSTALLMENT PAYMENTS
22. PROVISIONS FOR CIVIL, LABOR AND TAX RISKS
23. EQUITY
24. EARNING PER SHARE
25. NET SALES REVENUE
26. COSTS AND EXPENSES BY TYPE
27. OTHER OPERATING REVENUES AND EXPENSES
28. FINANCE INCOME AND COSTS
29. INCOME TAX AND SOCIAL CONTRIBUTION
30. INSURANCE
31. FINANCIAL INSTRUMENTS
32. OPERATING SEGMENTS
33. GOVERNMENT GRANT
34. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES
35. TRANSACTIONS NOT AFFECTING CASH
36. SUPPLEMENTARY INFORMATION TO THE CASH FLOW
37. SUBSEQUENT EVENTS



RANI
B3 LISTED NM



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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(Amounts expressed in thousands of reais, unless otherwise indicated).

1. OPERATIONS

Irani Papel e Embalagem S.A. (“Company”), is a publicly-held company listed on B3 S.A. – Brasil, Bolsa, Balcão, New Market segment, and headquartered at Avenida Carlos Gomes, nº 400, salas 502/503, Edifício João Benjamin Zaffari, Bairro Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, Brazil. The Company and its subsidiaries are mainly engaged in the manufacture of sustainable packaging, such as corrugated cardboard, packaging paper, resin products and their byproducts. The Company is also engaged in forestation and reforestation activities and utilizes the production chain of planted forests (renewable natural resource) and paper recycling as the basis for all its production.

Direct subsidiaries are related in Note 4.

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

1.1. Coronavirus (COVID-19)

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

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

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



RANI
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to significantly change the assumptions used to calculate the fair value of the Company's Biological Assets, especially the discount rate of its projected cash flows.

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

In our units, we maintained our protocols to combat COVID-19, with actions to raise awareness and encourage immunization with the vaccine. We did not have serious cases of contaminated employees and we did not have industrial and administrative stoppages. With the reduction in cases of contagion, the Company begins to adopt more lenient measures to combat the pandemic, but remains in a state of alert, monitoring cases in the region where we have industrial and administrative units.

We keep the contingent of employees in the commercial and administrative area working remotely and carry out the preventive removal of employees in the industrial area with any symptoms of COVID-19, thus avoiding any internal focus of virus contamination and transmission.

2. PRESENTATION OF FINANCIAL STATEMENTS

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

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

The issuance of these financial statements of the Company was authorized by Company's Management on July 29, 2022.

The interim financial statements were prepared based on historical cost convention, except biological assets measured at their fair values less costs to sell, derivative financial instruments – swap and financial instruments measured at their fair values, as described in Notes 15, 18 and 31, respectively.



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3. SIGNIFICANT ACCOUNTING PRACTICES

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

4. CONSOLIDATION OF FINANCIAL STATEMENTS

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

Participation in capital - %				
Subsidiaries - direct interest		Business activity	06.30.22	12.31.21
Habitasul Florestal S.A.		Forestry production	100.00	100.00
HGE - Geração de Energia Sustentável S.A. *		Electric power generation	100.00	100.00
Iraflor - Comércio de Madeiras LTDA		Trade of timber	100.00	100.00
Irani Soluções para E-Commerce LTDA **		E-commerce for packaging	100.00	100.00
Irani Ventures LTDA		Interest in other companies or projects	100.00	100.00

* non-operating.

** Formerly Irani Geração de Energia Sustentável LTDA.

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

5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

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

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Fixed fund	15	19	28	20
Banks	6,546	7,470	6,549	7,544
Financial investments with immediately liquidity i)	2,221	3,561	31,114	22,846
Total cash and cash equivalents	8,782	11,050	37,691	30,410
Financial investments ii)	441,706	475,858	441,706	475,858
Total financial investments	441,706	475,858	441,706	475,858
Total cash and cash equivalents and financial investments	450,488	486,908	479,397	506,268



RANI
B3 LISTED NM



- i) Short-term investments are intended to meet the Company's immediate cash needs.
- ii) Financial investments are intended to meet the Company's non-immediate commitments, which mainly refer to investments in the Gaia platform, as described in Note 14.

Short-term investments with no grace period and short-term investments with a grace period of less than 88 days are remunerated with fixed income at an average rate of 102.5% (102.8% as of December 31, 2021) of the CDI and IPCA + 12.7% p.a. Cash management is carried out in accordance with the Company's Financial Management Policy approved by the Board of Directors as of July 23, 2021.

6. TRADE RECEIVABLES

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Trade receivables from:				
Clients - Domestic market	253,691	243,435	254,119	243,753
Clients - Related parties	249	242	249	242
Clients - Foreign market	38,703	33,035	38,703	33,035
Clients - Renegotiation	10,607	10,902	10,607	10,902
	<u>303,250</u>	<u>287,614</u>	<u>303,678</u>	<u>287,932</u>
Estimate losses on trade receivables	(30,482)	(30,452)	(30,506)	(30,464)
	<u>272,768</u>	<u>257,162</u>	<u>273,172</u>	<u>257,468</u>
Current installment	271,155	255,039	271,559	255,345
Non-current installment	1,613	2,123	1,613	2,123

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

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Falling due	261,612	247,689	261,971	247,952
Overdue up to 30 days	8,661	7,431	8,731	7,474
Overdue, 31-60 days	1,091	2,627	1,091	2,627
Overdue, 61-90 days	513	49	513	49
Overdue, 91-180 days	1,143	335	1,143	335
Overdue >180 days	30,230	29,483	30,229	29,495
	<u>303,250</u>	<u>287,614</u>	<u>303,678</u>	<u>287,932</u>

The Company records the provision for estimated losses on trade receivables for the relevant portion of accounts receivable overdue for more than 180 days. Provisions for impairment of accounts receivable are also recorded for notes falling due and overdue for less than 180 days in cases where the amounts are not considered realizable, based on the financial situation of each debtor, the prospective analysis and historical analyses of losses obtained by the Company. Individual analyses are performed for those clients who



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do not yet have overdue notes, considering their credit risks. The following table provides information on the credit risk exposure and expected credit losses for individual trade receivables and contractual assets as of June 30, 2022:

Consolidated

Exposure to credit risk and credit losses

	Estimated loss weighted average rate	Gross accounting balance on 06.30.2022	Estimated loss provisions on 06.30.2022
Falling due	0.21%	261,971	(559)
Overdue up to 30 days	0.34%	8,731	(30)
Overdue, 31-180 days	34.55%	2,747	(949)
Overdue >181 days	95.83%	30,229	(28,968)
		<u>303,678</u>	<u>(30,506)</u>

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

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

Changes in the provisions may be stated as follows:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Balance at the beginning of the year	(30,452)	(30,535)	(30,464)	(30,814)
Provision for recognized losses	(30)	-	(42)	-
Reversal of provision for recognized losses	-	83	-	350
Balance at the end of the year	<u>(30,482)</u>	<u>(30,452)</u>	<u>(30,506)</u>	<u>(30,464)</u>

A portion of receivables, amounting to R\$ 83,600, has been assigned as collateral for certain financing transactions (R\$ 83,793 as of December 31, 2021), as disclosed in Notes 16 and 17 as of June 30, 2022.

7. INVENTORIES

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Finished goods	45,276	59,353	46,556	60,213
Raw materials	31,678	35,551	31,797	35,589
Consumable materials	26,250	26,367	26,583	26,520
Other inventories	290	736	290	736
	<u>103,494</u>	<u>122,007</u>	<u>105,226</u>	<u>123,058</u>



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The cost of inventories recognized in the statements of income does not include the net realizable value.

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

Changes in the provisions may be stated as follows:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Balance at the beginning of the year	-	(36)	-	(36)
Reversal of provision to net realizable value	-	36	-	36
Balance at the end of the year	-	-	-	-

8. RECOVERABLE TAXES AND INCOME TAX AND SOCIAL CONTRIBUTION

a) Recoverable taxes

They are as follows:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Value-added Tax on Sales and Services (ICMS)	25,180	22,520	25,180	22,524
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	13,732	9,551	13,732	9,556
Excise Tax (IPI)	31	40	31	40
Income Tax Withheld at Source (IRRF) on investments	-	-	5	1
Other	958	1,061	971	1,061
	<u>39,901</u>	<u>33,172</u>	<u>39,919</u>	<u>33,182</u>
Current installment	22,253	20,888	22,271	20,898
Non-current installment	17,648	12,284	17,648	12,284

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

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



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b) Recoverable income tax and social contribution

They are as follows:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Recoverable IRPJ	19,894	18,871	19,894	18,871
Recoverable CSLL	7,162	6,794	7,162	6,794
	<u>27,056</u>	<u>25,665</u>	<u>27,056</u>	<u>25,665</u>
Non-current installment	27,056	25,665	27,056	25,665

In 2013, the Company filed Ordinary Action No. 0042549-88.2013.4.01.3400/DF, seeking, among other requests, the unenforceability of the IRPJ and CSLL on the amounts received as refund of taxes declared undue, especially regarding monetary correction and default interest over such refunds.

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

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

In view of the judgment mentioned above, in the context of general repercussion in the STF, and considering the probable favorable outcome of the Company's lawsuit, in accordance with CPC 32/IAS 12 and ICPC 22/IFRIC 23, the Company recognized in 2021, as IRPJ and CSLL on the SELIC rate in the repetition of undue tax payments, the updated amount of R\$ 27,056. Considering that there is no expectation of an immediate decision on the lawsuit filed by the Company and the probable delay in the procedures for releasing the credit for offsetting, it was classified as non-current.



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9. OTHER ASSETS

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Advances to suppliers	1,757	1,152	1,767	1,182
Receivables from employees	3,200	2,587	3,433	2,759
Rio Negro Propriedades Rurais e Participações S.A	4,003	4,003	4,003	4,003
São José Desenvolvimento Imobiliário 93 Ltda	28,500	-	28,500	-
Prepaid expenses	3,534	2,345	3,538	2,345
Receivable from lawsuit on abusive interest SP – Precatory	4,770	4,526	4,770	4,526
Other receivables	1,132	1,590	1,276	1,692
	<u>46,896</u>	<u>16,203</u>	<u>47,287</u>	<u>16,507</u>
Current installment	42,126	11,677	42,490	11,954
Non-current installment	4,770	4,526	4,797	4,553

The balance receivable of Rio Negro Propriedades Rurais e Participações S.A, is related to the sale of Rural Properties realized during the year ended December 31, 2019.

The balance receivable from the lawsuit on abusive interest SP – Court-ordered debt payments (*precatórios*) refers to Ordinary Action No. 1030021-89.2014.8.26.0053 which had declared in favor of the Company the unenforceability of default interest levied on ICMS amounts administratively paid in installments with a rate higher than the SELIC rate. The updated value the court-ordered debt payment issued on July 6, 2021 is R\$ 4,637, which the Company expects to realize by the end of 2023.

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

10. NON-CURRENT ASSETS HELD FOR SALE

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

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



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

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

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

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

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

(b) Assets held for sale

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

	<u>06.30.22</u>	<u>12.31.21</u>
Building and lands	-	41,200
Machines and equipments	<u>2,952</u>	<u>-</u>
Assets held for sale	<u>2,952</u>	<u>41,200</u>

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

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

(d) Measurement of fair value



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

11. DEFERRED INCOME 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 2022, the Company computed income tax and social contribution on exchange-rate changes on the cash basis, and recorded a deferred tax liability related to unrealized exchange-rate change. There was no change in the form of calculation of income tax and social contribution on exchange rate change in relation to the previous year.

The initial tax impacts on the deemed cost of property, plant and equipment were recognized as a contra entry to equity.

ASSETS	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Deferred income tax assets				
On temporary provisions	5,385	8,327	5,385	8,327
On tax loss	2,834	20,490	2,895	20,514
Deferred social contribution assets				
On temporary provisions	1,938	2,997	1,938	2,997
On negative basis	1,020	7,376	1,042	7,385
	<u>11,177</u>	<u>39,190</u>	<u>11,260</u>	<u>39,223</u>
LIABILITIES				
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	711	-	711	-
Fair value of biological assets	43,491	35,200	45,311	36,545
Deemed cost of property, plant and equipment	96,024	116,116	97,962	118,054
Government grant	10	32	10	32
Amortization of tax goodwill	25,158	25,158	25,158	25,158
Deferred social contribution liabilities				
Unrealized exchange-rate change on the cash basis	256	-	256	-
Fair value of biological assets	15,657	12,672	16,640	13,399
Deemed cost of property, plant and equipment	34,570	41,802	35,268	42,500
Government grant	4	11	4	11
Amortization of tax goodwill	9,057	9,057	9,057	9,057
	<u>224,938</u>	<u>240,048</u>	<u>230,377</u>	<u>244,756</u>
Deferred tax liabilities (net)	<u>213,761</u>	<u>200,858</u>	<u>219,117</u>	<u>205,533</u>



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

Parent company assets	Opening balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21
Deferred tax assets regarding:			
Provision for sundry risks	(13,239)	1,915	(11,324)
Total temporary differences	(13,239)	1,915	(11,324)
Tax loss and negative basis	(65,993)	38,127	(27,866)
	(79,232)	40,042	(39,190)

Parent company assets	Opening balance 01.01.22	Recognized in profit (loss)	Closing balance 06.30.22
Deferred tax assets regarding:			
Provision for sundry risks	(11,324)	4,001	(7,323)
Total temporary differences	(11,324)	4,001	(7,323)
Tax loss and negative basis	(27,866)	24,012	(3,854)
	(39,190)	28,013	(11,177)

Parent company liabilities	Opening balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21	Recognized in profit (loss)	Closing balance 06.30.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	967	967
Fair value of biological assets	39,704	8,168	47,872	11,276	59,148
Deemed cost and review of useful life	163,690	(5,772)	157,918	(27,324)	130,594
Government grant	54	(11)	43	(29)	14
Amortization of tax goodwill	34,215	-	34,215	-	34,215
	238,076	1,972	240,048	(15,110)	224,938

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



RANI
B3 LISTED NM



Consolidated assets	Opening balance 01.01.22	Recognized in profit (loss)	Closing balance 06.30.22
Deferred tax assets regarding:			
Provision for sundry risks	(11,324)	4,001	(7,323)
Total temporary differences	(11,324)	4,001	(7,323)
Tax loss and negative basis	(27,899)	23,962	(3,937)
	<u>(39,223)</u>	<u>27,963</u>	<u>(11,260)</u>

Consolidated liabilities	Opening balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21	Recognized in profit (loss)	Closing balance 06.30.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	967	967
Fair value of biological assets	41,335	8,609	49,944	12,007	61,951
Deemed cost and review of useful life	166,326	(5,772)	160,554	(27,324)	133,230
Government grant	54	(11)	43	(29)	14
Amortization of tax goodwill	34,215	-	34,215	-	34,215
	<u>242,343</u>	<u>2,413</u>	<u>244,756</u>	<u>(14,379)</u>	<u>230,377</u>



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12. INVESTMENTS IN SUBSIDIARIES (PARENT COMPANY)

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Irani Ventures	Total
December 31, 2020	53,429	93,185	-	10	-	146,624
Equity in the results of the subsidiaries	1,824	16,992	(7)	(393)	(64)	18,352
Dividends	-	(14,080)	-	-	-	(14,080)
Capital contribution (i) (ii) e (iii)	-	5,317	20	631	2,500	8,468
Other changes	-	5	-	-	-	5
December 31, 2021	55,253	101,419	13	248	2,436	159,369
Equity in the results of the subsidiaries	17,637	16,573	-	(449)	(97)	33,664
Dividends	-	(16,992)	-	-	-	(16,992)
Capital contribution (i) and (ii)	-	-	-	1,615	-	1,615
Advance for future capital increase (i)	-	-	-	232	-	232
June 30, 2022	72,890	101,000	13	1,646	2,339	177,888

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Irani Ventures
June 30, 2022					
Current					
Assets	16,026	45,612	13	1,658	2,259
Liabilities	(2,746)	(17,579)	-	(32)	(3)
Assets/Current liabilities Net	13,280	28,033	13	1,626	2,256
Non-current					
Assets	63,210	74,942	-	20	83
Liabilities	(3,600)	(1,975)	-	-	-
Non-current assets/liabilities, net	59,610	72,967	-	20	83
Equity	72,890	101,000	13	1,646	2,339
Net revenue	21,997	14,589	-	70	-
Income/loss before income tax and social contribution	18,627	17,852	-	(449)	(147)
Income tax and social contribution expense	(990)	(1,279)	-	-	50
Profit (loss) for the period	17,637	16,573	-	(449)	(97)
Ownership interest - %	100.00	100.00	100.00	100.00	100.00

- (i) On September 17, 2021, the payment of the advance for future capital increase in the amount of R\$ 300 was carried out in the subsidiary Irani Soluções para E-commerce Ltda, which had been transferred by the parent company Irani Papel e Embalagem SA on June 23, 2021.

On February 16, 2022, the Company carried out the advance for future capital increase at the subsidiary Irani Soluções para E-commerce Ltda in the amount of R\$ 232.

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



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

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

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

- (iii) On August 10, 2021, the Board of Directors of the Company approved the organization of the company Irani Ventures Ltda, wholly-owned subsidiary of the Company with the objective of investing in selected startups, according to the company's investment thesis duly approved by the Investment Committee. The total amount of the approved contribution is R\$ 10,000, of which R\$ 2,500 was paid in immediately and the remaining R\$ 7,500 will be paid in half-yearly contributions for a period of three (3) semesters or according to the subsidiary's cash requirements.



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13. INVESTMENT PROPERTY

Parent company

	Land	Buildings	Total
December 31, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(174)	(174)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,696)	(2,696)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
June 30, 2022			
Opening balance	18,686	2,681	21,367
Depreciation	-	(88)	(88)
Book balance, net	<u>18,686</u>	<u>2,593</u>	<u>21,279</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,784)	(2,784)
Book balance, net	<u>18,686</u>	<u>2,593</u>	<u>21,279</u>

Consolidated

	Land	Buildings	Total
December 31, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(174)	(174)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,696)	(2,696)
Book balance, net	<u>18,686</u>	<u>2,681</u>	<u>21,367</u>
June 30, 2022			
Opening balance	18,686	2,681	21,367
Depreciation	-	(88)	(88)
Book balance, net	<u>18,686</u>	<u>2,593</u>	<u>21,279</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,784)	(2,784)
Book balance, net	<u>18,686</u>	<u>2,593</u>	<u>21,279</u>



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Land

It refers mainly to:

- i. land held by the Company for the future use or realization, located in the state of Rio Grande do Sul, and recognized at the cost of acquisition of R\$ 16,094. The areas were contributed to the Company together with the acquisition of São Roberto S.A., and are subject to a study for realization by use or sale.
- ii. land received in 2019 in exchange for trade receivables in the amount of R\$ 2,432.

Buildings

Refers to buildings located in the city of Rio Negrinho, state of Santa Catarina, in the amount of R\$ 2,593 (net of depreciation, at the rate of 4% p.a.). These buildings are rented to companies within the region.

Buildings classified as investment property generate income from rentals and operating expenses necessary to maintain the conditions of use of the properties. Both are recognized in profit (loss) as stated as follows:

	Parent company and Consolidated	
	06.30.22	06.30.21
Rental revenues	462	195
Direct operating expenses that generated rental revenue	(309)	(340)

Investment properties are valued at the historical cost as of June 30, 2022. For disclosure purposes, the Company assessed the fair value less cost to sell of these properties at R\$ 39,161 in the parent company and consolidated as of December 31, 2021. The appraisals were conducted by independent experts, who used market inputs related to prices for transactions carried out with similar properties. The fair value hierarchy of valuations is level 2.



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14. Property, plant and equipment and intangible assets

a) Breakdown of property, plant and equipment

Parent company

	Land	Buildings and constructions	Equipments and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Property, plant and equipment	Total
December 31, 2021								
Opening balance	120,685	130,555	328,918	3,535	6,123	33,026	8,296	631,138
Acquisitions	-	2,055	16,069	2,581	2,952	354,090	-	377,747
Write-offs/Disposals	-	(173)	(5,452)	(1)	(120)	(10)	-	(5,756)
Transfers	-	373	19,318	-	131	(19,822)	-	-
Depreciation	-	(5,190)	(49,858)	(792)	(2,017)	-	(645)	(58,502)
PIS and COFINS credit	-	8	250	3	6	228	-	495
Held for sale	-	-	-	(2,526)	(728)	-	-	(3,254)
Book balance, net	120,685	127,628	309,245	2,800	6,347	367,512	7,651	941,868
Cost	120,685	209,304	983,587	11,964	26,365	367,512	16,099	1,735,516
Accumulated depreciation	-	(81,676)	(674,342)	(9,163)	(20,019)	-	(8,448)	(793,648)
Book balance, net	120,685	127,628	309,245	2,801	6,346	367,512	7,651	941,868
June 30, 2022								
Opening balance	120,685	127,628	309,245	2,801	6,346	367,512	7,651	941,868
Acquisitions	-	2,675	10,119	2,242	1,009	244,375	-	260,420
Write-offs/Disposals	(200)	-	(321)	-	(18)	-	-	(539)
Impairment reversal	-	-	3,151	219	504	-	-	3,874
Transfers	-	15,824	67,951	(92)	445	(84,128)	-	-
Depreciation	-	(2,787)	(21,539)	(518)	(1,073)	-	(322)	(26,239)
PIS and COFINS credit	-	2	48	-	1	78	-	129
Held for sale	-	-	(2,952)	-	-	-	-	(2,952)
Book balance, net	120,485	143,342	365,702	4,652	7,214	527,837	7,329	1,176,561
Cost	120,485	227,805	1,061,583	14,333	28,306	527,837	16,099	1,996,448
Accumulated depreciation	-	(84,463)	(695,881)	(9,681)	(21,092)	-	(8,770)	(819,887)
Book balance, net	120,485	143,342	365,702	4,652	7,214	527,837	7,329	1,176,561


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Consolidated

	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
December 31, 2021								
Opening balance	136,869	131,348	329,014	3,863	6,154	33,298	8,296	648,842
Acquisitions	-	2,055	16,074	2,856	2,963	354,595	-	378,543
Write-offs/Disposals	-	(173)	(5,451)	(1)	(120)	(10)	-	(5,755)
Transfers	-	373	19,318	-	131	(19,822)	-	-
Depreciation	-	(5,350)	(49,891)	(895)	(2,034)	-	(645)	(58,815)
PIS and COFINS credit	-	8	250	3	6	228	-	495
Held for sale	-	-	-	(2,526)	(728)	-	-	(3,254)
Book balance, net	136,869	128,261	309,314	3,300	6,372	368,289	7,651	960,056
Cost	136,869	213,730	983,862	13,327	26,882	368,289	16,099	1,759,058
Accumulated depreciation	-	(85,469)	(674,548)	(10,026)	(20,511)	-	(8,448)	(799,002)
Book balance, net	136,869	128,261	309,314	3,301	6,371	368,289	7,651	960,056
June 30, 2022								
Opening balance	136,869	128,261	309,314	3,301	6,371	368,289	7,651	960,056
Acquisitions	-	2,675	10,155	2,242	1,018	244,545	-	260,635
Write-offs/Disposals	(200)	-	(321)	-	(18)	-	-	(539)
Impairment reversal	-	-	3,151	219	504	-	-	3,874
Transfers	-	15,824	67,948	(92)	459	(84,139)	-	-
Depreciation	-	(2,867)	(21,558)	(587)	(1,078)	-	(322)	(26,412)
PIS and COFINS credit	-	2	48	-	1	78	-	129
Held for sale	-	-	(2,952)	-	-	-	-	(2,952)
Book balance, net	136,669	143,895	365,785	5,083	7,257	528,773	7,329	1,194,791
Cost	136,669	232,231	1,061,891	15,696	28,846	528,773	16,099	2,020,205
Accumulated depreciation	-	(88,336)	(696,106)	(10,613)	(21,589)	-	(8,770)	(825,414)
Book balance, net	136,669	143,895	365,785	5,083	7,257	528,773	7,329	1,194,791

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



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b) Breakdown of intangible assets

Parent company	Goodwill	Customer portfolio	Software	Software under development	Total
	December 31, 2021				
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	243	589	832
Transfers	-	-	589	(589)	-
Amortization	-	-	(5,232)	-	(5,232)
PIS and COFINS credit	-	-	1	-	1
Book balance, net	104,380	-	31,959	-	136,339
Cost	104,380	5,347	54,346	-	164,073
Accumulated amortization	-	(5,347)	(22,387)	-	(27,734)
Book balance, net	104,380	-	31,959	-	136,339
June 30, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	845	1,849	2,694
Write-offs/disposals	-	-	(3)	-	(3)
Impairment reversal	-	-	19	-	19
Transfers	-	-	1,849	(1,849)	-
Amortization	-	-	(2,477)	-	(2,477)
Book balance, net	104,380	-	32,192	-	136,572
Cost	104,380	5,347	57,056	-	166,783
Accumulated amortization	-	(5,347)	(24,864)	-	(30,211)
Book balance, net	104,380	-	32,192	-	136,572
Consolidated					
December 31, 2021					
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	245	591	836
Transfers	-	-	591	(591)	-
Amortization	-	-	(5,236)	-	(5,236)
PIS and COFINS credit	-	-	1	-	1
Book balance, net	104,380	-	31,959	-	136,339
Cost	104,380	5,347	54,354	-	164,081
Accumulated amortization	-	(5,347)	(22,395)	-	(27,742)
Book balance, net	104,380	-	31,959	-	136,339
June 30, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	845	1,849	2,694
Write-offs/disposals	-	-	(3)	-	(3)
Impairment reversal	-	-	19	-	19
Transfers	-	-	1,849	(1,849)	-
Amortization	-	-	(2,477)	-	(2,477)
Book balance, net	104,380	-	32,192	-	136,572
Cost	104,380	5,347	57,064	-	166,791
Accumulated amortization	-	(5,347)	(24,872)	-	(30,219)
Book balance, net	104,380	-	32,192	-	136,572

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.



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	Rate %	
	06.30.22	12.31.21
Buildings and constructions *	2.73	2.73
Equipment and facilities	7.95	7.95
Furniture, fixtures and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Software	20.00	20.00

* including weighted rates for leasehold improvements

d) Other information

The assets under construction refer to the projects for improvement and maintenance of existing fixed assets, adding value to the assets to maintain the Company's productive process, and the execution of the investments of Project Gaia I – Expansion of the Chemical's Recovery at Paper SC and of the project Gaia II – Expansion of Packaging SC.

During the six-month period ended June 30, 2022, interest on financing in the amount of R\$ 18,928 and expenses with commission of letters of guarantee in the amount of R\$ 5,283 were capitalized, referring to Gaia Platform, considering that such assets under construction meet the criterion of qualifying assets that take substantial time to be ready.

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

The breakdown of depreciation of property, plant and equipment in the six-month period ended June 30, 2022 and in the six-month period ended June 30, 2021 is presented below:

	Parent company		Consolidated	
	06.30.22	06.30.21	06.30.22	06.30.21
Administrative	502	720	583	801
Productive	25,737	28,562	25,829	28,641
	26,239	29,282	26,412	29,442

The breakdown of amortization of intangible assets in the six-month period ended June 30, 2022 and in the six-month period ended June 30, 2021 is presented below:



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	Parent company		Consolidated	
	06.30.22	06.30.21	06.30.22	06.30.21
Administrative	620	552	620	552
Productive	1,857	2,154	1,857	2,154
	2,477	2,706	2,477	2,706

e) Impairment of property, plant and equipment

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

f) Pledged assets

The Company pledged certain fixed assets as collateral for financing transactions, which are detailed in Notes 16 and 17.

g) Goodwill

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

Impairment tests for intangible assets:

At December 31, 2021, the Company assessed the impairment of the goodwill based on its value in use, using the discounted cash flow method. The recoverable value is based on the expected future profitability. These calculations use cash flow projections based on financial budgets approved by Management, covering a five-year period and extrapolating to perpetuity in other periods, based on the estimated growth rates.

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

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



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	<u>Assumptions</u>
Average sales prices of Packaging Paper and Corrugated Cardboard	
Packaging (% of annual growth rate)	4.0%
Gross margin (% on net revenue)	40.0%
Estimated growth rate	5.0%
Discount Rate (WACC)	10.23%

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

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

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

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

15. BIOLOGICAL ASSETS

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

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



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	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Cost of formation of biological assets	58,450	52,118	91,002	85,089
Fair value difference biological assets	93,916	57,680	180,991	133,967
	<u>152,366</u>	<u>109,798</u>	<u>271,993</u>	<u>219,056</u>

Of the total consolidated biological assets, R\$ 227,309 (R\$ 182,691 at December 31, 2021) relates to forests used as raw material for pulp and paper production. These forests are located close to the pulp and paper mill in Vargem Bonita, state of Santa Catarina, where they are consumed. Of this amount, R\$ 191,433 (R\$ 137,512 at December 31, 2021) relates to mature forests, which are more than six years old. The remaining amount refers to growing forests, which still require forestry treatments.

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

The consolidated biological assets used for the production of resins and log sales represent R\$ 44,684 (R\$ 36,365 as of December 31, 2021), and are located on the coast of Rio Grande do Sul. The resin extraction is performed according to the capacity of the generation of this product by the existing forest, and the extraction of wood for sale of logs is due to the supply demand in the region.

a) Assumptions for recognition of the biological assets' fair value less costs to sell.

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

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



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is estimated by analyzing the return sought by investors in the market, assuming that an investor requires at least the return offered by securities considered risk free, plus the excess risk of the investment;

- iii) The forests' projected production volumes are defined based on stratification, according to the type of each species, inputs for production planning, as well as the age, productive potential and production cycle of the forests. This projected volume corresponds to the Average Annual Increase (IMA). Management alternatives are created to establish the ideal long-term production flow to maximize forest yields;
- iv) The prices adopted for biological assets are based on an estimate of the price of Pinus and Eucalyptus wood, based on a 3-year history of the actual prices practiced in the regions where the assets are located and published by a specialized company. Prices in R\$/cubic meter are used, considering the required costs to place the assets in the condition of sale or consumption;
- v) Planting expenditures used are the formation costs of biological assets practiced by the Company;
- vi) The depletion of biological assets is calculated based on their average fair value of biological assets, multiplied by the volume harvested in the period;
- vii) The Company reviews the fair value of its biological assets every three months, considering that this time-frame is enough to have no shortfall in the balance of fair value of the biological assets recorded in its financial statements.

	Consolidated		Impact in the fair value of biological assets
	06.30.22	12.31.21	
Planted area (hectares)	15,237	15,155	If the assumption increases, the fair value also increases
Remuneration of own contributing assets SC- %	4.84%	4.84%	If the assumption increases, the fair value decreases
Remuneration of own contributing assets RS - %	4.50%	4.50%	If the assumption increases, the fair value decreases
Discount rate - Own Forests RS - %	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)	87.00	74.00	If the assumption increases, the fair value also increases
Average annual increase (IMA) - Santa Catarina Forests (*)	38.0	38.0	If the assumption increases, the fair value also increases
Average annual increase (IMA) - Rio Grande do Sul Forests (*)	21.9	21.9	If the assumption increases, the fair value also increases

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

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



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The main changes in the period are shown below:

	Parent company	Consolidated
Balance at 12.31.20	73,985	177,684
Planting	6,060	9,625
Acquisition of forest	9,889	9,889
Depletion		
Historical cost	(2,525)	(6,537)
Fair value	(983)	(15,454)
Transfer for capitalization in subsidiary Iraflor	(5,317)	-
Changes in the fair value	28,689	43,849
Balance at 12.31.21	109,798	219,056
Planting	3,904	5,853
Acquisition of forest	3,215	3,215
Depletion		
Historical cost	(786)	(4,035)
Fair value	(796)	(13,320)
Changes in the fair value	37,031	61,224
Balance at 06.30.22	152,366	271,993

Depletion of biological assets in the six-month period ended June 30, 2022 and in six-month period ended June 30, 2021 was recognized in the profit (loss) for the respective periods, after the allocation in inventories through forest harvesting and use in production process or sale to third parties.

In the year of 2021, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R\$ 5,317, was authorized, and had the ultimate purpose of improving the management of forestry assets.

b) Biological assets pledged as collateral

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

c) Production on third-party land



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The Company has entered into non-cancellable lease agreements for production of biological assets on third-party land, called partnerships. These agreements are effective until all forests planted in these areas are harvested, over a cycle of up to 15 years. The amount of biological assets in third-party land is approximately 1.37 thousand hectares and currently represents approximately 9.37% of the total area with the Company's biological assets. The lease liabilities are presented in Note 33.

16. BORROWINGS AND FINANCING

a) Breakdown of book balances

	Annual Charges %	Currency	Parent company		Consolidated	
			06.30.22	12.31.21	06.30.22	12.31.21
Current						
Domestic currency						
Finame	Fixed at 3.72%, TJLP + 5.32%, Selic + 3.75%, IPCA + 6.24%	BRL	4,863	5,788	4,863	5,788
Working Capital	149.5% of CDI	BRL	33,894	34,906	33,894	34,906
Total local currency			38,757	40,694	38,757	40,694
Foreign currency						
Advance on Exchange Contract	Fixed at 4.45%	Dollar	47,599	28,448	47,599	28,448
Total foreign currency			47,599	28,448	47,599	28,448
Total current			86,356	69,142	86,356	69,142
Non-current						
Domestic currency						
Finame	Fixed at 3.72%, TJLP + 5.32%, Selic + 3.75%, IPCA + 6.24%	BRL	412,803	236,862	412,803	236,862
Total local currency			412,803	236,862	412,803	236,862
Total non-current			412,803	236,862	412,803	236,862
Total			499,159	306,004	499,159	306,004
Long-term maturity dates:						
			06.30.22	12.31.21	06.30.22	12.31.21
	2023		134	294	134	294
	2024		53	51	53	51
	2025		18,194	18,194	18,194	18,194
	2026		31,740	18,194	31,740	18,194
	> 2027		362,682	200,129	362,682	200,129
			412,803	236,862	412,803	236,862

b) Significant operations for the period

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

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



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

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

c) Guarantees

The Company maintains as collateral for the borrowing and financing operations the lien of machinery and equipment and lien of receivables in the amount of R\$ 33,600, as of June 30, 2022.

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

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

17. DEBENTURES

a) 3rd issuance of simple and public debentures

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

The 3rd Issuance of Simple Public Debentures has a brAA+ rating assigned by S&P Global Ratings and is characterized as "Green Debentures" based on the Second Opinion issued by the specialized advisory firm SITAWI Finanças do Bem, based on the June 2018 Green Bond Principles guidelines. The Issuance is Traded on the secondary market under the ticker CELU13.

b) 4th issuance of debentures - Simple and private

According to the Minutes of the Board Meeting held on March 2, 2021, the 4th Issuance of Simple Debentures, not convertible into shares, in a single series, of the type with real



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guarantee for private placement and a unit par value of R\$ 1.00, was approved, totaling R\$ 60,000 on the date of issue (March 3, 2021). The debentures have final maturity as of December 15, 2029 and will be amortized in 8 semi-annual installments as of June 15, 2026.

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

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

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

c) Breakdown of book balances

Current	Issue	Annual Charges %	Parent company and Consolidated	
			06.30.22	12.31.21
In domestic currency				
3rd Issuance of Debentures	07.19.19	CDI + 4.50% p.a.	32,118	22,072
4th Issuance of Debentures	03.03.21	IPCA + 5.50% p.a.	91	118
Total current			32,209	22,190
Non-current				
In domestic currency				
3rd Issuance of Debentures	07.19.19	CDI + 4.50% p.a.	501,433	499,836
4th Issuance of Debentures	03.03.21	IPCA + 5.50% p.a.	67,928	64,291
Total non-current			569,361	564,127
			Parent company and Consolidated	
		Long-term maturity dates:	06.30.22	12.31.21
		2023	167,144	166,612
		2024	167,144	166,612
		2025	167,144	166,612
		2026	16,982	16,073
		> 2027	50,947	48,218
			569,361	564,127

d) Schedule for amortization of funding costs



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	<u>Issue</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>from 2027</u>	<u>Total</u>
In domestic currency								
3 rd Issuance of Debentures	07.19.19	1,537	2,743	1,764	657	-	-	6,701
4 th Issuance of Debentures	03.03.21	26	62	80	101	87	97	453
Total local currency		1,563	2,805	1,844	758	87	97	7,154

e) Guarantees

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

f) Covenants

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

18. DERIVATIVE FINANCIAL INSTRUMENTS - SWAP

During 4Q21, the interest rate market in Brazil suffered a strong stress due to inflationary pressure. With this scenario of rising future interest rates in the market, a window of opportunity emerged to convert the interest rate of the 4th Issuance of Debentures whose amount on the issuance date was R\$ 60,000 from IPCA + 5.50% p.a. to CDI + 0.71% p.a. The converted rate of CDI + 0.71% pa is far below the interest rate of the 3rd Issue of Debentures that was issued at CDI + 4.50% p.a., and, at the end of 4Q21, it was being traded at CDI + 2.45% p.a. on the secondary market. The swap contract was approved by the Company's Board of Directors, as required by the Financial Management Policy.



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

Specific characteristics as of June 30, 2022 and changes of this swap operation in the six-month period ended June 30, 2022 are as follows:

Maturity	Asset position IPCA+	Liabilite position CDI+	Notional	Fair value swap - asset position	Fair value swap - liability position	Earnings
December 15, 2029	5.50%	0.75%	66,225	63,060	61,493	1,567

Changes in derivative financial instrument – swap:

Parent company and Consolidated

	Asset position	Liabilite position
Balance at December 31, 2020	-	-
Losses in the year (recognition in profit (loss))	-	483
Amortization	-	(64)
Balance at December 31, 2021	-	419
Winnings in the year period (recognition in profit)	(228)	-
Reversal of losses in the year	-	(419)
Settlement effect	1,795	-
Balance at June 30, 2022	1,567	-
Current installment	196	-
Non-current installment	1,371	-



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19. SUPPLIERS

Correspond to obligations to suppliers are as follows:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
CURRENT				
Internal	114,474	129,243	115,354	130,086
External	773	3,632	773	3,632
Related parties	34,118	18,167	-	-
	<u>149,365</u>	<u>151,042</u>	<u>116,127</u>	<u>133,718</u>

20. RELATED PARTY TRANSACTIONS

Parent company	Receivables		Accounts payable	
	06.30.22	12.31.21	06.30.22	12.31.21
Habitassul Florestal S.A.	-	-	5,612	5,086
Iraflor - Com. de Madeiras Ltda	-	-	28,531	13,082
Companhia Habitassul de Participações	249	242	-	-
Management remuneration	-	-	1,109	2,570
Management profit sharing	-	-	20,476	12,509
Long-term profit sharing - "Upside"	-	-	3,197	6,405
Total	<u>249</u>	<u>242</u>	<u>58,925</u>	<u>39,652</u>
Current installment	249	242	38,449	27,143
Non-current installment	-	-	20,476	12,509

Parent company	Revenues		Expenses		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Six-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21	06.30.22	06.30.21	06.30.22	06.30.21
Companhia Habitassul de Participações	747	354	-	-	1,473	1,060	-	-
Habitassul Florestal S.A.	-	-	8,174	4,700	-	-	18,167	8,716
Iraflor - Com. de Madeiras Ltda	-	-	7,698	6,393	-	-	14,113	11,377
Irani Soluções para E-Commerce	4	-	-	-	19	-	-	-
MCFD Administração de Imóveis Ltda	-	-	543	461	-	-	1,086	922
PFD Administradora de Imóveis Ltda	-	-	543	461	-	-	1,086	922
Habitassul Desenvolvimentos Imobiliários	-	-	-	65	-	-	-	140
Management remuneration	-	-	11,215	5,670	-	-	11,215	5,670
Management profit sharing	-	-	3,108	3,001	-	-	6,242	5,914
Total	<u>751</u>	<u>354</u>	<u>31,281</u>	<u>20,751</u>	<u>1,492</u>	<u>1,060</u>	<u>51,909</u>	<u>33,661</u>

Consolidated	Receivables		Accounts payable	
	06.30.22	12.31.21	06.30.22	12.31.21
Companhia Habitassul de Participações	249	242	-	-
Management remuneration	-	-	1,109	2,570
Management profit sharing	-	-	20,476	12,509
Long-term profit sharing - "Upside"	-	-	3,197	6,405
Total	<u>249</u>	<u>242</u>	<u>24,782</u>	<u>21,484</u>
Current installment	249	242	4,306	8,975
Non-current installment	-	-	20,476	12,509



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Consolidated

	Revenues		Expenses		Revenues		Expenses	
	Three-month period ended		Three-month period ended		Six-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21	06.30.22	06.30.21	06.30.22	06.30.21
Irani Soluções para E-Commerce	4	-	-	-	19	-	-	-
MCFD Administração de Imóveis Ltda	-	-	543	461	-	-	1,086	922
PFD Administradora de Imóveis Ltda	-	-	543	461	-	-	1,086	922
Companhia Habitasul de Participações	747	354	-	-	1,473	1,060	-	-
Management remuneration	-	-	3,123	3,016	-	-	6,272	5,944
Habitasul Desenvolvimentos Imobiliários	-	-	-	65	-	-	-	140
Management profit sharing	-	-	11,215	5,670	-	-	11,215	5,670
Total	751	354	15,424	9,673	1,492	1,060	19,659	13,598

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

The debits with the subsidiary Iraflor Comércio de Madeiras Ltda. are due to commercial operations and acquisition of raw material at prices and terms in accordance with the conditions set forth among the parties. Said operations were approved by the Company's Board of Directors, as provided for in the Related Party Transactions policy.

The debt with MCFD Administração de Imóveis Ltda. and PFD Administradora de Imóveis Ltda. corresponds to the monthly rental value of the Packaging plant in Indaiatuba, state of São Paulo, signed on December 26, 2006 under market conditions for a term of 20 years (renewable). The monthly amount paid to each of the related parties is R\$ 199 as of January 2022. The contract is updated annually according to the change in the General Market Price Index (IGPM), as measured by the Getúlio Vargas Foundation. These agreements are recognized as lease as the Note 33. This operation was approved by the Company's Board of Directors, as provided for in the Related Party Transactions policy.

In the six-month period ended June 30, 2022, management fee expenses, excluding payroll charges and including benefits, totaled R\$ 6,242 in the parent company (R\$ 5,914 in the six-month period ended June 30, 2021), and R\$ 6,272 in the consolidated in the six-month period ended June 30, 2022 (R\$ 5,944 in the six-month period ended June 30, 2021). The total management remuneration proposed, in the maximum amount of R\$ 17,000, was approved at the Ordinary General Meeting held on April 28, 2022.

The expenses with the profit sharing of Management arise from the statutory provision, pursuant to Article 24 of the Company's Bylaws, limited to 10% of income, or their annual remuneration, if this limit is lower.

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



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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. TAX INSTALLMENTS

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Current				
PIS installment payment	1,350	1,293	1,350	1,293
COFINS Installment	6,218	5,958	6,218	5,958
IPI Installment	1,124	1,073	1,124	1,073
Installment payment of ICMS	728	695	728	695
Social Security installment - RAT	26	62	26	62
	<u>9,446</u>	<u>9,081</u>	<u>9,446</u>	<u>9,081</u>
Non-current				
PIS installment payment	-	647	-	647
COFINS Installment	-	2,979	-	2,979
IPI Installment	1,874	2,325	1,874	2,325
Installment payment of ICMS	1,428	1,711	1,428	1,711
	<u>3,302</u>	<u>7,662</u>	<u>3,302</u>	<u>7,662</u>
Total installments	<u>12,748</u>	<u>16,743</u>	<u>12,748</u>	<u>16,743</u>

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

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

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



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22. PROVISIONS FOR CIVIL, LABOR AND TAX RISKS

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

Breakdown of the balance of provisions:

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Civil provisions	2,638	2,742	2,638	2,742
Labor provisions	5,461	4,795	5,597	5,145
Tax contingencies	12,747	11,926	12,747	11,926
Total	20,846	19,463	20,982	19,813

Details of changes in provisions:

	01.01.2021	Provision	Payments	Reversal	Restricted judicial deposits	12.31.21
	Parent company					
Civil	2,252	503	(13)	-	-	2,742
Labor	5,407	848	(1,413)	(952)	905	4,795
Tax	10,011	3,837	-	(1,922)	-	11,926
	<u>17,670</u>	<u>5,188</u>	<u>(1,426)</u>	<u>(2,874)</u>	<u>905</u>	<u>19,463</u>
Consolidated						
Civil	2,252	503	(13)	-	-	2,742
Labor	5,777	1,187	(1,635)	(1,089)	905	5,145
Tax	10,011	3,837	-	(1,922)	-	11,926
	<u>18,040</u>	<u>5,527</u>	<u>(1,648)</u>	<u>(3,011)</u>	<u>905</u>	<u>19,813</u>



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	01.01.22	Provision	Payments	Reversal	Restricted judicial deposits	06.30.22
Parent company						
Civil	2,742	126	(48)	(182)	-	2,638
Labor	4,795	1,296	(589)	-	(41)	5,461
Tax	11,926	1,850	-	(1,029)	-	12,747
	<u>19,463</u>	<u>3,272</u>	<u>(637)</u>	<u>(1,211)</u>	<u>(41)</u>	<u>20,846</u>
Consolidated						
Civil	2,742	126	(48)	(182)	-	2,638
Labor	5,145	1,298	(589)	(216)	(41)	5,597
Tax	11,926	1,850	-	(1,029)	-	12,747
	<u>19,813</u>	<u>3,274</u>	<u>(637)</u>	<u>(1,427)</u>	<u>(41)</u>	<u>20,982</u>

The provisions recorded are mainly related to:

- a) Civil lawsuits relate, among other matters, to indemnification claims due to commercial representation contractual terminations. As of June 30, 2022, the provision for possible convictions in these lawsuits totaled R\$ 2,638 in the consolidated.
- b) Labor lawsuits are mainly related to claims filed by former employees for payment of overtime, health hazard premiums, hazardous duty premiums, occupational illnesses and occupational accidents. Based on past experience and on the opinion of its legal counsel, the Company maintained a provision of R\$ 5,597 in the consolidated as of June 30, 2022, which is considered sufficient to cover probable losses arising from labor losses.
- c) The tax provisions totaled R\$ 12,747 on June 30, 2022, and refer mainly to:
 - i) Appropriation of Deemed ICMS Credit in the State of Minas Gerais, linked to the Protocol of Intentions for Investment in the Paper plant located in the Municipality of Santa Luzia, which were not started since the Company is awaiting authorization from the Environmental Bodies and for its strategic market reasons. The amount recognized up to June 30, 2022 totaled R\$ 8,652, and a related provision for tax risks was recorded, at the adjusted amount of R\$ 11,402.
 - ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R\$ 953.



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The proceedings are in process at the administrative and judicial levels and pending judgment.

Contingencies

No accounting provisions were recorded for contingencies assessed by Management, together with its legal advisors as possible losses. At June 30, 2022 and December 31, 2021, the amounts of these possible contingencies of a labor, civil, environmental and tax nature were as follows:

	Consolidated	
	06.30.22	12.31.21
Labor contingencies	30,812	29,734
Civil contingencies	9,840	8,598
Tax contingencies	147,579	142,987
	<u>188,231</u>	<u>181,319</u>

Labor contingencies:

The labor lawsuits assessed by Management and its legal advisors as involving possible losses totaled R\$ 30,812 at June 30, 2022. Part of the amount refers mainly to labor claims arising from the closing of activities at the Vila Maria – SP unit (discontinued operation) in 2019, and mainly include causes of indemnity (hazardous work, unhealthy work, overtime, additional, material damages resulting from occupational accidents and requests for a work relationship with Irani, by employees of service providers). These lawsuits are currently at different procedural stages.

Civil contingencies:

The tax lawsuits classified by management and its legal advisors as involving risk of possible losses totaled R\$ 9,840 at June 30, 2022, and relate mainly to indemnity claims that are currently at different procedural stages.

Contingent tax liabilities:

The tax lawsuits assessed by management and its legal counsel as involving possible losses totaled R\$ 147,579 at June 30, 2022, and mainly include the following:

- Administrative and judicial proceedings relating to assessments received from the state government of Santa Catarina and of the State of São Paulo for allegedly undue ICMS tax credits recorded on the purchase of materials used in the manufacturing units located in those states, which amounted to R\$ 51,169 at June 30, 2022. The



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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\$ 39,891 at June 30, 2022. The Company has challenged these assessments at the administrative and legal level and awaits the respective trials.
- Administrative and judicial proceedings filed by the National Institute of Social Security (INSS), with respect to a Debt Assessment Notice referring to the payment of social security contribution on the gross revenue from sales of the production of agro-industrial companies, and the offset of debts against credits arising from the application of a higher Environmental Occupational Risk (RAT) rate at the Company's Administrative Units regarding the INSS tax assessment notice from write-off of debits and from these credit debits of the same type totaled R\$ 15,905 as of June 30, 2022. The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Administrative Proceeding relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R\$ 6,368 at June 30, 2022. The Company is challenging this tax assessment at the judicial level.
- Proceedings relating to Tax Assessment Notices issued for the offset of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) against credits from the same taxes, amounting to R\$ 3,395 at June 30, 2022. The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Fiscal notification which objects to apply a fine related to the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) from the year 2015 to 2018, due to undue exclusions from the net profit of each year. The Brazilian Revenue Service understood that the reductions, with an increase of fiscal loss, originated in fiscal amortization of goodwill, with no legal backing.

This lawsuit is currently suspended because the Company has presented a respective administrative impugnation, which awaits trial. The value of the fiscal notification fine is R\$ 315. In the case of the Company not receiving a favorable decision, there will be additional reflection of reversion of fiscal loss by goodwill amortization used in the period, which results in a reduction of approximately R\$ 19,551 of asset IRPJ and CSLL over the amortized goodwill value.

Contingent tax assets:



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

23. EQUITY

a) Capital

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

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

b) Shareholders' remuneration

i) Interim dividends

In accordance with the Dividend Distribution and Payment of Interest on the Company's Shareholders' Equity Policy, which determines the quarterly distribution of the equivalent of 25% of the net profit determined in the Financial Statements, calculated in accordance with articles 22 to 29 of the Company's Bylaws, the interim dividends for the 2nd Quarter of 2022 to be approved by the Board of Directors will be R\$ 23,625.



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

The Board of Directors approved, on March 03, 2022, "ad referendum" of the Company's General Shareholders' Meeting, the distribution of interim dividends on the income calculated in the fourth quarter of 2021, in the amount of R\$ 15,892, corresponding to R\$ 0.0634698 per common share, to shareholders holding shares issued by the Company on March 08, 2022, paid on March 24, 2022. The Interim Dividends – 4th Quarter of 2021 distributed will be allocated to the minimum mandatory dividend eventually declared by the Company's Annual General Meeting that approves the management accounts for the year 2021, as provided for in the aforementioned Article 29, head provision, of the Company's Bylaws.

ii) Additional dividends proposed

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

c) Treasury shares

	Parent company			
	06.30.22		12.31.21	
	Amount	Value	Amount	Value
i) Share repurchase program in 2011	24,000	30	24,000	30
iii) Withdrawal right	2,352,116	6,804	2,352,116	6,804
iii) Share repurchase program in 2021	6,716,700	44,574	2,790,000	18,565
	<u>9,092,816</u>	<u>51,408</u>	<u>5,166,116</u>	<u>25,399</u>

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



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

iii) **2021 share repurchase program:** The Company's Board of Directors approved the 2021 Share Buyback Program on September 27, 2021, which came into effect on October 1, 2021 and ends on March 31, 2023, with an acquisition limit of up to 8,216,880 common shares, representing 7.76 % of the total outstanding common shares issued by the Company, aiming to maximize the generation of value for shareholders through an efficient management of the Company's capital structure.

d) Profit reserves

The Profit Reserves are as follows: i) legal reserve, ii) biological assets' reserve, iii) profit retention reserve, iv) tax incentive reserve.

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

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

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

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



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e) Equity valuation adjustments

It was recorded since the Company valued its fixed assets (land, machinery and buildings) at deemed cost in the opening balance sheet for initial adoption of IFRS. Its realization will occur through the depreciation of the respective deemed cost value when it will also be offered on the basis of dividends. The net balance of taxes at June 30, 2022 corresponds to credit balance of R\$ 141,339 (R\$ 145,812 as of December 31, 2021).

Changes in equity valuation adjustments are as follows:

	<u>Consolidated</u>
December 31, 2020	<u>154,759</u>
Realization - deemed cost	<u>(8,947)</u>
December 31, 2021	<u>145,812</u>
Realization - deemed cost	<u>(4,473)</u>
Jun 30, 2022	<u>141,339</u>

24. INCOME PER SHARE

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



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a) Basic and diluted earnings (losses):

Parent Company and Consolidated	Three-month period ended June 30, 2022	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	248,993,352	248,993,352
Income for the attributable year to each type of shares	84,613	84,613
Basic and diluted profit per share - R\$	<u>0.3398</u>	
Parent Company and Consolidated	Three-month period ended Jun 30, 2021	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	254,344,119	254,344,119
Income for the attributable year to each type of shares	67,691	67,691
Basic and diluted profit per share - R\$	<u>0.2661</u>	
Parent Company and Consolidated	Six-month period ended June 30, 2022	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	249,950,486	249,950,486
Income for the attributable year to each type of shares	196,761	196,761
Basic and diluted profit per share - R\$	<u>0.7872</u>	
Parent Company and Consolidated	Six-month period ended Jun 30, 2021	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	254,344,119	254,344,119
Income for the attributable year to each type of shares	124,392	124,392
Basic and diluted profit per share - R\$	<u>0.4891</u>	



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25. NET SALES REVENUE

The Company's net sales revenue are comprised by the following:

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Gross revenue from sales of products	539,792	513,249	1,053,267	966,011
Sales taxes	(105,511)	(107,400)	(206,978)	(201,216)
Sales returns	(6,867)	(3,844)	(12,706)	(7,876)
Net sales revenue	427,414	402,005	833,583	756,919

	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Gross revenue from sales of products	541,409	514,464	1,056,847	968,554
Sales taxes	(105,624)	(107,466)	(207,192)	(201,363)
Sales returns	(6,878)	(3,861)	(12,804)	(7,893)
Net sales revenue	428,907	403,137	836,851	759,298

The Company's revenues are recognized when performance obligations are met, which generally occurs when products are delivered to clients in sales to the domestic market or when products sold are shipped to the foreign market. The main products sold by the Company represent the operating segments established pursuant to Note 31.

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



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26. COSTS AND EXPENSES BY TYPE

Breakdown of expenses per type is shown as follows:

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Fixed and variable costs (raw and consumption material)	(220,269)	(228,469)	(411,113)	(424,130)
Personnel expenditures	(41,097)	(36,108)	(80,731)	(69,499)
Changes in fair value of biological assets	23,985	6,463	37,031	12,542
Depreciation, amortization and depletion	(17,790)	(17,687)	(34,684)	(35,916)
Freight - Sales	(22,527)	(13,866)	(40,810)	(26,914)
Services contracted	(12,996)	(8,231)	(23,728)	(16,924)
Other selling expenses	(11,989)	(10,694)	(22,486)	(20,958)
Total costs and expenses by type	<u>(302,683)</u>	<u>(308,592)</u>	<u>(576,521)</u>	<u>(581,799)</u>
Cost of goods sold	(260,074)	(266,354)	(498,276)	(505,770)
Change in fair value of biological assets	23,985	6,463	37,031	12,542
From sales	(34,614)	(24,845)	(63,213)	(47,921)
Impairment losses on trade receivables	98	285	(83)	49
General and administrative	(32,078)	(24,141)	(51,980)	(40,699)
Total costs and expenses	<u>(302,683)</u>	<u>(308,592)</u>	<u>(576,521)</u>	<u>(581,799)</u>
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Fixed and variable costs (raw and consumption material)	(212,018)	(217,610)	(387,391)	(405,408)
Personnel expenditures	(37,967)	(38,872)	(81,009)	(74,985)
Changes in fair value of biological assets	35,138	14,069	61,224	25,880
Depreciation, amortization and depletion	(26,755)	(22,424)	(50,630)	(44,411)
Freight - Sales	(22,062)	(14,337)	(40,813)	(27,899)
Services contracted	(12,536)	(9,296)	(23,983)	(17,989)
Other selling expenses	(13,027)	(10,583)	(23,602)	(20,847)
Total costs and expenses by type	<u>(289,227)</u>	<u>(299,053)</u>	<u>(546,204)</u>	<u>(565,659)</u>
Cost of goods sold	(256,883)	(263,510)	(489,967)	(501,124)
Change in fair value of biological assets	35,138	14,069	61,224	25,880
From sales	(35,175)	(25,205)	(64,320)	(48,795)
Impairment losses on trade receivables	86	285	(95)	49
General and administrative	(32,393)	(24,692)	(53,046)	(41,669)
Total costs and expenses	<u>(289,227)</u>	<u>(299,053)</u>	<u>(546,204)</u>	<u>(565,659)</u>



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27. OTHER OPERATING REVENUES AND EXPENSES

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Revenues				
Revenue from claimed and disposed goods	397	755	397	1,055
Revenue from sale of assets	727	6,760	42,143	6,760
Carbon credit	-	-	1,375	-
Other operating revenues	2,167	1,511	3,623	2,418
	<u>3,291</u>	<u>9,026</u>	<u>47,538</u>	<u>10,233</u>
Expenses				
Costs of claimed and disposed goods	(148)	(49)	(148)	(291)
Cost from sale of assets	(229)	(3,419)	(38,251)	(3,419)
Provision of government grants - State of MG	(299)	(352)	(541)	(558)
Other operating expenses	(308)	(893)	(1,280)	(1,047)
	<u>(984)</u>	<u>(4,713)</u>	<u>(40,220)</u>	<u>(5,315)</u>
Total other operating revenues and expenses	<u>2,307</u>	<u>4,313</u>	<u>7,318</u>	<u>4,918</u>
Revenues				
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Revenue from claimed and disposed goods	397	755	397	1,055
Revenue from sale of assets	727	6,760	42,143	6,760
Carbon credit	-	-	1,375	-
Gain action exclusion of ICMS from the basis of PIS and COFINS contributions	-	-	-	-
Other operating revenues	2,181	1,513	3,663	2,426
	<u>3,305</u>	<u>9,028</u>	<u>47,578</u>	<u>10,241</u>
Expenses				
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Costs of claimed and disposed goods	(148)	(49)	(148)	(291)
Cost from sale of assets	(229)	(3,419)	(38,251)	(3,419)
Provision of government grants - State of MG	(299)	(352)	(541)	(558)
Other operating expenses	(325)	(900)	(1,293)	(1,048)
	<u>(1,001)</u>	<u>(4,720)</u>	<u>(40,233)</u>	<u>(5,316)</u>
Total other operating revenues and expenses	<u>2,304</u>	<u>4,308</u>	<u>7,345</u>	<u>4,925</u>

Revenue from the sale of assets refers mainly to the sale of assets from the discontinued operation, as disclosed in Note 10.



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B3 LISTED NM



28. FINANCE INCOME AND COSTS

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Finance income				
Yields from financial investments	10,167	3,010	20,715	4,581
Interest	1,007	451	1,866	1,044
Discounts obtained	320	46	508	112
	<u>11,494</u>	<u>3,507</u>	<u>23,089</u>	<u>5,737</u>
Exchange-rate change				
Foreign-exchange income	6,799	-	14,517	10,576
Foreign exchange costs	(5,353)	(5,829)	(16,986)	(14,774)
Net exchange-rate change	<u>1,446</u>	<u>(5,829)</u>	<u>(2,469)</u>	<u>(4,198)</u>
Finance costs				
Interest	(27,229)	(13,427)	(50,656)	(23,480)
Discounts granted	(442)	(59)	(940)	(112)
Negative goodwill/bank expenses	(108)	(178)	(218)	(341)
Liability interest on leases	(594)	(522)	(1,186)	(1,061)
Derivative instruments - swap	(499)	-	-	-
Other	(644)	(168)	(1,072)	(266)
	<u>(29,516)</u>	<u>(14,354)</u>	<u>(54,072)</u>	<u>(25,260)</u>
Finance result, net	<u>(16,576)</u>	<u>(16,676)</u>	<u>(33,452)</u>	<u>(23,721)</u>
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Finance income				
Yields from financial investments	10,916	3,140	21,940	4,793
Interest	1,007	453	1,866	1,046
Discounts obtained	320	46	508	113
	<u>12,243</u>	<u>3,639</u>	<u>24,314</u>	<u>5,952</u>
Exchange-rate change				
Foreign-exchange income	6,799	-	14,517	10,576
Foreign exchange costs	(5,353)	(5,829)	(16,986)	(14,774)
Net exchange-rate change	<u>1,446</u>	<u>(5,829)</u>	<u>(2,469)</u>	<u>(4,198)</u>
Finance costs				
Interest	(27,229)	(13,428)	(50,664)	(23,483)
Discounts granted	(454)	(63)	(952)	(153)
Negative goodwill/bank expenses	(117)	(179)	(235)	(342)
Liability interest on leases	(594)	(522)	(1,186)	(1,061)
Derivative instruments - swap	(499)	-	-	-
Other	(649)	(167)	(1,081)	(267)
	<u>(29,542)</u>	<u>(14,359)</u>	<u>(54,118)</u>	<u>(25,306)</u>
Finance result, net	<u>(15,853)</u>	<u>(16,549)</u>	<u>(32,273)</u>	<u>(23,552)</u>



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29. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of effective tax rate:

	Parent company		Parent company	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Operating income before tax effects	125,550	91,547	264,592	174,490
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(42,687)	(31,126)	(89,961)	(59,327)
Tax effect from permanent (additions) exclusions:				
Equity in the results of subsidiaries	5,130	3,569	11,446	6,179
Non-deductible expenses	(201)	(363)	(317)	(451)
Formation (reversal) of tax incentives	(16)	(11)	(30)	(19)
Impairment exclusion - discontinued operation	-	-	13,692	-
Other permanent differences	(3,163)	4,075	(2,661)	3,520
	(40,937)	(23,856)	(67,831)	(50,098)
Current income tax and social contribution	(23,784)	(19,690)	(54,928)	(33,539)
Income tax and social contribution - deferred	(17,153)	(4,166)	(12,903)	(16,559)
Effective rate - %	32.6	26.1	25.6	28.7
	Consolidated		Consolidated	
	Three-month period ended		Six-month period ended	
	06.30.22	06.30.21	06.30.22	06.30.21
Operating income before tax effects	126,131	91,843	265,719	175,012
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(42,885)	(31,227)	(90,344)	(59,504)
Tax effect from permanent (additions) exclusions:				
Non-deductible expenses	(201)	(363)	(317)	(451)
Formation (reversal) of tax incentives	(16)	(11)	(30)	(19)
Impairment exclusion - discontinued operation	-	-	13,692	-
Tax difference (subsidiaries)	4,549	3,273	10,319	5,657
Other permanent differences	(2,965)	4,176	(2,278)	3,697
	(41,518)	(24,152)	(68,958)	(50,620)
Current income tax and social contribution	(24,040)	(19,760)	(55,375)	(33,666)
Income tax and social contribution - deferred	(17,478)	(4,392)	(13,583)	(16,954)
Effective rate - %	32.9	26.3	26.0	28.9

30. FINANCIAL INSTRUMENTS

Capital risk management

The Company's capital structure consists of its net debt (fundings, debentures and derivative financial instruments - swap detailed in Notes 16, 17 and 18, less cash and bank balances and financial investments), as detailed in Note 5, and equity (which includes issued capital, reserves and retained earnings, as disclosed in Note 23).

Company's Management periodically reviews its capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Pursuant to its Financial Management Policy, the Company intends to maintain



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a capital structure from 30% to 50% of own capital and from 70% to 50% of third-party capital. The capital structure on June 30, 2022 was 48% in own capital and 52% in third-party capital.

Indebtedness

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

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Debt (a)	1,100,729	892,321	1,100,729	892,321
Derivative instruments - swap (a)	(1,567)	419	(1,567)	419
Cash and cash equivalents and financial investments	(450,488)	(486,908)	(479,397)	(506,268)
Net debt	648,674	405,832	619,765	386,472
Equity	1,032,489	957,438	1,032,489	957,438
Net indebtedness ratio	0.63	0.42	0.60	0.40

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

Categories of financial instruments

	Note	Parent company		Consolidated	
		06.30.22	12.31.21	06.30.22	12.31.21
Financial assets					
Fair value through profit or loss					
Cash and balance in banks	5	8,782	11,050	37,691	30,410
Derivative instruments - swap	18	1,567	-	1,567	-
Amortized cost					
Interest earning bank deposits	5	441,706	475,858	441,706	475,858
Trade receivables	6	272,768	257,162	273,172	257,468
Other trade receivables	9	35,703	6,590	35,936	6,762
Financial liabilities					
Assigned at fair value through profit or loss					
Derivative instruments - swap	18	-	419	-	419
Amortized cost					
Borrowings and financing	16	499,159	306,004	499,159	306,004
Debentures	17	601,570	586,317	601,570	586,317
Suppliers	19	149,365	151,042	116,127	133,718
Lease liabilities	34	27,172	23,066	27,172	23,066
Tax installment payments	21	12,748	16,743	12,748	16,743
Dividend and interest on shareholders' equity payable		854	16,345	854	16,345
Other accounts payable		13,115	10,322	13,287	10,623

Financial risk factors



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

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

The Company does not make any speculative investments in derivatives or any other financial assets. The derivative financial instrument – swap in force was contracted with the purpose of swapping the interest rate index to optimize the long-term financial liabilities and cash management strategy, as described in Note 18.

Foreign exchange exposure risk

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

	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Accounts receivable	38,703	33,035	38,703	33,035
Advance from clients	(426)	(1,227)	(426)	(1,227)
Suppliers	(773)	(3,632)	(773)	(3,632)
Advance to suppliers	20,368	25,055	20,368	25,055
Borrowings and financing	(47,599)	(28,448)	(47,599)	(28,448)
Net exposure	10,273	24,783	10,273	24,783

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

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

1 – Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company is based on future market projections of B3 for the next reporting date (September 30, 2022).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for September 30, 2022.



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3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for September 30, 2022.

Transaction	Balance ate 06.30.22 US\$	Base scenario Gain (Loss) R\$		Adverse scenario Gain (Loss) R\$		Remote scenario Gain (Loss) R\$	
		Rate	R\$	Rate	R\$	Rate	R\$
Assets							
Trade receivables and banks restricted accot	7,389	5.35	850	6.69	10,738	8.03	20,623
Advances to suppliers	3,889	5.35	447	6.69	5,652	8.03	10,854
Liabilities							
Suppliers and advances from clients	(229)	5.35	(26)	6.69	(333)	8.03	(639)
Borrowings and financing	(9,087)	5.35	(1,045)	6.69	(13,206)	8.03	(25,362)
Net effect			226		2,851		5,476

This sensitivity analysis is intended to measure the impact of changes in foreign exchange market variables on each financial instrument of the Company. The balances at June 30, 2022 were used as a basis for the projection of the future balance. The effective behavior of the debt balances will respect their respective contracts. Moreover, the balances of accounts receivable and payable may fluctuate due to the normal activities of the Company and its subsidiaries. However, settling the transactions involving such estimates may result in sums different from those estimated, owing to the subjectivity contained in the procedure used to prepare these analyses. The Company seeks to maintain its borrowings and financing exposed to exchange-rate changes by making annual net payments that are equivalent to or below its export client portfolio.

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

Interest rate risk

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

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

1 – Base scenario: for the definition of the base scenario, the CDI and SELIC rates used by the Company accompany the future market projections of B3 for the next reporting date (September 30, 2022). TJLP is obtained from BNDES and IPCA from Boletim Focus.



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2 – Adverse scenario: 25% adjustment of interest rates compared to the level projected for September 30, 2022.

3 – Remote scenario: 50% adjustment of interest rates compared to the level projected for September 30, 2022.

Transaction	Index	Balance at 06.30.22	Base scenario		Adverse scenario		Remote scenario	
			Rate % p.a.	Gain (loss) R\$	Rate % p.a.	Gain (loss) R\$	Rate % p.a.	Gain (loss) R\$
Cash and cash equivalents and financial investments								
CDB	CDI	432,817	13.51%	1,598	16.89%	16,588	20.27%	31,578
Treasury bonds	IPCA	40,003	9.00%	(1,303)	11.25%	(289)	13.50%	725
Proceeds from borrowings								
Working capital	CDI	(574,147)	13.51%	(2,215)	16.89%	(22,994)	20.27%	(43,774)
Working capital	IPCA	(68,472)	9.00%	2,087	11.25%	463	13.50%	(1,162)
Finame Direto	IPCA	(417,129)	9.00%	12,565	11.25%	2,785	13.50%	(6,995)
Finame	TJLP	(17)	7.01%	-	8.76%	-	10.52%	(1)
Finame	SELIC	(337)	13.61%	(1)	17.01%	(13)	20.42%	(25)
Derivative financial instruments – Swap								
Swap Assets	IPCA	63,060	9.00%	(1,922)	11.25%	(426)	13.50%	1,070
Swap Liabilities	CDI	(61,493)	13.51%	(223)	16.89%	(2,315)	20.27%	(4,406)
Net effect on results				10,586		(6,201)		(22,990)

Fair value vs. book value

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

- The book balances of accounts receivable, and short-term accounts payable are presented in the Company's balance sheet at amounts that approximate their fair values due to the short terms of settlement.

- Borrowings, debentures and derivative financial instruments - swap - considering the debts, market information and interest rates of borrowings, financing and debentures contracted, the fair value as of June 30, 2022 is R\$ 1,014,589. The Company used discounted cash flow as a valuation technique, considering the present value of the payment expected, discounted by a risk-adjusted discount rate of the Company. In fair value hierarchy, the fair value determined is Level 2.

Credit risks

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



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	Parent company		Consolidated	
	06.30.22	12.31.21	06.30.22	12.31.21
Financial assets				
Banks	6,546	7,470	6,549	7,544
Marketable securities	2,221	3,561	31,114	22,846
Interest earning bank deposits	441,706	475,858	441,706	475,858
Trade receivables	272,768	257,162	273,172	257,468
Other trade receivables	7,203	6,590	7,436	6,762
Maximum credit exposure	730,444	750,641	759,977	770,478

a) Trade receivables

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

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

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

b) Banks, interbank funds applied and financial investments

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

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

	Consolidated	Branch
	06.30.22	
<i>Rating</i> nacional AAA (br)	287,495	Fich/S&P
<i>Rating</i> nacional AA + (br)	191,105	Fich
<i>Rating</i> nacional BB- (br)	769	Fich/S&P
	479,369	

Liquidity risk



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

The table below shows the maturity ranges of the financial liabilities contracted by the Company, where the reported amounts include the principal and fixed interest on transactions, calculated using rates and indices in effect at June 30, 2022, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets and for Derivative financial instruments liabilities - swap, the details on the expected maturity dates, as well as its discounted amounts.

Parent company

	2022	2023	2024	2025	>2026
Liabilities					
Suppliers	149,365	-	-	-	-
Borrowings and financing	60,219	65,460	25,097	42,777	541,831
Debentures	48,098	187,365	179,942	172,519	68,024
Derivative instruments - swap	2,429	3,889	2,755	2,328	(12,967)
Tax installment payments	9,446	926	1,852	524	-
Lease liabilities	8,094	2,662	4,436	4,436	7,544
Dividends and interest on shareholders' equity payable	854	-	-	-	-
Other accounts payable	12,623	492	-	-	-
	<u>291,128</u>	<u>260,794</u>	<u>214,082</u>	<u>222,584</u>	<u>604,432</u>

Consolidated

	2022	2023	2024	2025	>2026
Liabilities					
Suppliers	116,127	-	-	-	-
Borrowings and financing	60,219	65,460	25,097	42,777	541,831
Debentures	48,098	187,365	179,942	172,519	68,024
Derivative instruments - swap	2,429	3,889	2,755	2,328	(12,967)
Tax installment payments	9,446	926	1,852	524	-
Lease liabilities	8,094	2,662	4,436	4,436	7,544
Dividends and interest on shareholders' equity payable	854	-	-	-	-
Other accounts payable	12,795	492	-	-	-
	<u>258,062</u>	<u>260,794</u>	<u>214,082</u>	<u>222,584</u>	<u>604,432</u>



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

Derivative financial instruments

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

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

Note 18 contains further information on the aforementioned transaction.

31. OPERATING SEGMENTS

a) Criteria for identifying operating segments

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

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

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

Sustainable Packaging Paper (Paper) Segment: manufactures low- and high-weight Kraft paper and recycled paper for the domestic and foreign markets. Most of its production is destined to the Corrugated Cardboard Packaging Division with two production units: Paper plant in the municipality of Santa Luzia, in the State of Minas Gerais.

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

b) Consolidated information from operating segments


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	Consolidated				
	Three-month period ended June 30, 2022				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	231,683	123,747	2,311	44	357,785
Foreign market	-	24,723	46,399	-	71,122
Total net sales revenue	231,683	148,470	48,710	44	428,907
Change in fair value - biological assets	-	33,082	2,056	-	35,138
Cost of goods sold	(141,592)	(78,689)	(36,062)	(540)	(256,883)
Gross income	90,091	102,863	14,704	(496)	207,162
Operating expenses	(21,592)	(9,039)	(6,531)	(28,016)	(65,178)
Operating income (loss) before financial income (loss)	68,499	93,824	8,173	(28,512)	141,984
Finance result	(7,896)	(8,802)	744	101	(15,853)
Net operating profit (loss)	60,603	85,022	8,917	(28,411)	126,131
Depreciation and amortization	(5,460)	(10,705)	(486)	(596)	(17,247)

	Consolidated				
	Three-month period ended Jun 30, 2021				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	232,079	106,660	1,873	-	340,612
Foreign market	-	20,986	41,539	-	62,525
Total net sales revenue	232,079	127,646	43,412	-	403,137
Change in fair value - biological assets	-	10,484	3,585	-	14,069
Cost of goods sold	(164,985)	(74,489)	(23,659)	(377)	(263,510)
Gross income	67,094	63,641	23,338	(377)	153,696
Operating expenses	(17,539)	(2,045)	(3,432)	(22,288)	(45,304)
Operating income (loss) before financial income (loss)	49,555	61,596	19,906	(22,665)	108,392
Finance result	(7,386)	(5,234)	(3,929)	-	(16,549)
Net operating profit (loss)	42,169	56,362	15,977	(22,665)	91,843
Depreciation and amortization	(3,998)	(12,272)	(383)	(550)	(17,203)



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	Consolidated				
	Six-month period ended June 30, 2022				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	440,869	243,302	5,114	69	689,354
Foreign market	-	49,239	98,258	-	147,497
Total net sales revenue	440,869	292,541	103,372	69	836,851
Change in fair value - biological assets	-	54,089	7,135	-	61,224
Cost of goods sold	(276,510)	(138,787)	(73,558)	(1,112)	(489,967)
Gross income	164,359	207,843	36,949	(1,043)	408,108
Operating expenses	(41,318)	(14,023)	(12,817)	(41,958)	(110,116)
Operating income (loss) before financial income (loss)	123,041	193,820	24,132	(43,001)	297,992
Finance result	(14,110)	(13,426)	(4,898)	161	(32,273)
Net operating profit (loss)	108,931	180,394	19,234	(42,840)	265,719
Depreciation and amortization	(9,774)	(21,420)	(933)	(1,148)	(33,275)
	Consolidated				
	Six-month period ended Jun 30, 2021				
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	Total
Net sales revenue					
Domestic market	429,734	204,852	3,568	-	638,154
Foreign market	-	39,749	81,395	-	121,144
Total net sales revenue	429,734	244,601	84,963	-	759,298
Change in fair value - biological assets	-	20,157	5,723	-	25,880
Cost of goods sold	(304,696)	(145,084)	(50,664)	(680)	(501,124)
Gross income	125,038	119,674	40,022	(680)	284,054
Operating expenses	(33,756)	(7,297)	(7,800)	(36,637)	(85,490)
Operating income (loss) before financial income (loss)	91,282	112,377	32,222	(37,317)	198,564
Finance result	(11,357)	(9,645)	(2,550)	-	(23,552)
Net operating profit (loss)	79,925	102,732	29,672	(37,317)	175,012
Depreciation and amortization	(7,887)	(24,879)	(770)	(1,078)	(34,614)

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

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

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



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c) Net sales

Net sales revenue in the three-month period ended June 30, 2022 totaled R\$ 428,907 (R\$ 403,137 in the three-month period ended June 30, 2021) and in the six-month period ended June 30, 2022, net sales revenue totaled R\$ 836,851 (R\$ 759,298 in the six-month period ended June 30, 2021).

Net sales revenue for the foreign market in the three-month period ended June 30, 2022 totaled R\$ 71,122 (R\$ 62,525 in the three-month period ended June 30, 2021) and in the six-month period ended June 30, 2022, net sales revenue for the foreign market totaled R\$ 147,497 (R\$ 121,144 in the six-month period ended June 30, 2021), distributed across several countries, as follows:

Consolidated			Consolidated		
Three-month period ended June 30, 2022			Three-month period ended Jun 30, 2021		
Country	Foreign market net sales	% in total net sales	Country	Foreign market net sales	% in total net sales
Germany	14,239	3.32%	China	10,173	2.52%
India	7,946	1.85%	Portugal	7,089	1.76%
Portugal	6,466	1.51%	Argentina	6,200	1.54%
Argentina	5,585	1.30%	Germany	5,729	1.42%
Saudia Arabia	5,430	1.27%	Saudia Arabia	4,475	1.11%
Netherlands	4,639	1.08%	Mexico	3,585	0.89%
Peru	4,170	0.97%	Pakistan	3,454	0.86%
Chile	3,270	0.76%	India	2,711	0.67%
Pakistan	3,194	0.74%	Paraguay	2,582	0.64%
Paraguay	2,928	0.68%	USA	2,572	0.64%
France	2,648	0.62%	Netherlands	2,105	0.52%
South Africa	2,274	0.53%	South Africa	2,006	0.50%
Japan	2,152	0.50%	Chile	1,946	0.48%
Turkey	1,770	0.41%	France	1,777	0.44%
Mexico	1,571	0.37%	Turkey	1,589	0.39%
Spain	1,168	0.27%	Peru	1,390	0.34%
Bolivia	1,111	0.26%	Other countries	3,142	0.78%
Other countries	561	0.13%			
	<u>71,122</u>	<u>16.57%</u>		<u>62,525</u>	<u>15.50%</u>



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Consolidated			Consolidated		
Six-month period ended June 30, 2022			Six-month period ended Jun 30, 2021		
Country	Foreign market net sales	% in total net sales	Country	Foreign market net sales	% in total net sales
Germany	24,244	2.90%	China	26,485	3.49%
Portugal	18,122	2.17%	Argentina	13,676	1.80%
Argentina	14,141	1.69%	Portugal	9,552	1.26%
India	10,517	1.26%	India	8,975	1.18%
Saudi Arabia	9,650	1.15%	Saudia Arabia	7,989	1.05%
France	8,680	1.04%	Germany	6,224	0.82%
Japan	6,992	0.84%	France	5,233	0.69%
Paraguay	6,845	0.82%	Mexico	4,969	0.65%
Netherlands	6,599	0.79%	Hong Kong	4,515	0.59%
Peru	6,384	0.76%	Paraguay	4,368	0.58%
Mexico	6,201	0.74%	Netherlands	3,880	0.51%
Chile	5,789	0.69%	Pakistan	3,602	0.47%
South Africa	5,088	0.61%	South Africa	3,287	0.43%
Spain	4,933	0.59%	Peru	3,273	0.43%
Pakistan	4,324	0.52%	Chile	3,092	0.41%
Turkey	2,352	0.28%	USA	2,572	0.34%
Bolivia	2,190	0.26%	Ireland	2,292	0.30%
USA	1,751	0.21%	Turkey	2,043	0.27%
Egypt	1,103	0.13%	Spain	1,974	0.26%
Other countries	1,592	0.19%	Other countries	3,143	0.41%
	147,497	17.64%		121,144	15.94%

The Company's net sales revenue in the three-month period ended June 30, 2022 in the domestic market totaled R\$ 357,785 (R\$ 340,612 in the three-month period ended June 30, 2021), and in the six-month period ended June 30, 2022, net sales revenue in the domestic market totaled R\$ 689,354 (R\$ 638,154 in the six-month period ended June 30, 2021).

In the six-month period ended June 30, 2022, a single client accounted for 4.7% of net sales in the domestic market of Sustainable Packaging segment (Corrugated Cardboard), equivalent to R\$ 20,755. The Company's other sales in the domestic and foreign markets were spread over a number of clients, none of them accounting for more than 10% of net sales.

32. GOVERNMENT GRANT

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

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



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maintenance of jobs, in addition to the maintenance of regular status with the State obligations.

Regarding the incentive amounts, there will be charges at contractual rates of 4.0% per annum. For the purposes of calculating the present value of this benefit, the Company used the average rate of 17.86% as the funding cost for the financing facilities with characteristics similar to those required for the respective disbursements if it did not have the benefit.

The benefit is effective for 14 years (10 years of fruition and 4 years of grace period), from January 2009 to December 2022, or up to the limit of R\$ 55,199 of deferred ICMS. Up to June 30, 2022, the Company had deferred ICMS liabilities of R\$ 2,147 (R\$ 4,070 as of December 31, 2021) recorded in liabilities, net of government grant of R\$ 2,107 (R\$ 3,942 as of December 31, 2021).

- ii) **ICMS/MG - Presumed 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.

33. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Parent Company and Consolidated

	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01.01.2021	5,165	13,156	2,859	21,180
Depreciation	(1,107)	(2,677)	(2,444)	(6,228)
Addition/write-off of agreements - principal effect	964	4,890	414	6,268
Transfers to right-of-use assets	-	-	3,254	3,254
Net book balance at 12.31.2021	<u>5,022</u>	<u>15,369</u>	<u>4,083</u>	<u>24,474</u>
Cost	7,758	22,124	14,726	44,608
Accumulated depreciation	(2,736)	(6,755)	(10,643)	(20,134)
Net book balance at 12.31.2021	<u>5,022</u>	<u>15,369</u>	<u>4,083</u>	<u>24,474</u>
Balance at 01.01.2022	5,022	15,369	4,083	24,474
Depreciation	(632)	(1,632)	(2,034)	(4,298)
Addition/write-off of agreements - principal effect	840	2,707	3,926	7,473
Net book balance at 06.30.2022	<u>5,230</u>	<u>16,444</u>	<u>5,975</u>	<u>27,649</u>
Cost	8,598	24,831	18,652	52,081
Accumulated depreciation	(3,368)	(8,387)	(12,677)	(24,432)
Net book balance at 06.30.2022	<u>5,230</u>	<u>16,444</u>	<u>5,975</u>	<u>27,649</u>

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

The lease agreements have lease liabilities, as shown below:



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Parent Company and Consolidated

	Land	Buildings and constructions	Equipment and facilities	Total
Balance at 01.01.21	4,713	13,446	2,944	21,103
Lease installment	(1,820)	(4,034)	(1,510)	(7,364)
Addition/write-off of agreements - principal effect	964	4,890	(854)	5,000
Interest on lease	555	1,356	386	2,297
Addition/write-off of agreements - interest effect	-	-	2,030	2,030
Net book balance at 12.31.21	4,412	15,658	2,996	23,066
Balance at 01.01.22	4,412	15,658	2,996	23,066
Lease installment	(80)	(2,344)	(2,255)	(4,679)
Addition/write-off of agreements - principal effect	(269)	2,779	5,056	7,566
Interest on lease	265	640	314	1,219
Net book balance at 06.30.22	4,328	16,733	6,111	27,172

Short-term	8,094
Long-term	19,078

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

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

	Parent Company
Long-term maturity dates:	
2023	3,592
2024	6,002
2025	6,002
2026	5,509
>2027	5,787
	<u>26,892</u>

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

	Nominal	Adjustment to present value
Cash flow		
Lease consideration	49,877	36,028
PIS/COFINS (9.25%)	4,614	3,333

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



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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.

There were no renegotiations of lease agreements in the six-month period ended June 30, 2022.

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

	Actual flow		Nominal flow	
	01.01.19	06.30.22	01.01.19	06.30.22
Parent Company and Consolidated				
Lease liabilities	41,769	34,022	48,992	49,877
Embedded interest	(16,147)	(6,850)	(19,687)	(13,849)
	25,622	27,172	29,305	36,028

34. TRANSACTIONS NOT AFFECTING CASH

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

During the six-month period ended June 30, 2022, the Company realized PIS and COFINS credits over fixed assets items of R\$ 129 and made payments for acquisitions of property, plant and equipment, intangible assets and biological assets in the amount of R\$ 11,321, which were previously financed by suppliers.

During the six-month period ended June 30, 2021, the Company realized PIS and COFINS credits on property, plant and equipment items of R\$ 259, recognized the restatement of PIS and COFINS credits on the exclusion of ICMS on the PIS and COFINS calculation basis in the amount of R\$ 418, and made purchases of fixed assets and biological assets in the amount of R\$ 6,830, which were financed directly by suppliers.

Special Review Report - No Disclaimer

Report on review of quarterly information – ITR

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

Introduction

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

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

Scope of Review

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

Conclusion on parent company and consolidated interim financial information

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

Other matters – Statement of Added Value

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

Porto Alegre, July 29, 2022

KPMG Auditores Independentes

CRC SP-014428/F-7

(Original review report in Portuguese signed by)

Felipe Brutti da Silva

Accountant CRC RS-083891/O-0 T-SC

Executive Officers' Statement On The Interim Financial Statements

Executive officers' statement

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

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

Porto Alegre, RS, July 29, 2022.

Sérgio Luiz Cotrim Ribas – CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Paper and Forest Business Officer

Lindomar Lima de Souza - Packaging Business Officer

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

Executive Officers' Statement On The Independent Auditor's Report

Executive officers' statement

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

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

Porto Alegre, RS, July 29, 2022.

Sérgio Luiz Cotrim Ribas - CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Paper and Forest Business Officer

Lindomar Lima de Souza - Packaging Business Officer

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