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## Company Information/Capital Composition

<b>Number of shares (In Thousands)</b>	<b>Current Quarter 03/31/2022</b>
<b>Paid Up Capital</b>	
Common Shares	256,720
Preferred Shares	0
<b>Total</b>	<b>256,720</b>
<b>Treasury Shares</b>	
Common Shares	7,097
Preferred Shares	0
<b>Total</b>	<b>7,097</b>

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2022</b>	<b>Previous Year 12/31/2021</b>
1	Total Assets	2,435,227	2,375,910
1.01	Current Assets	834,355	937,719
1.01.01	Cash and Cash Equivalents	22,350	11,050
1.01.02	Financial Investments	366,225	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	366,225	475,858
1.01.02.03.02	Financial Investments	366,225	475,858
1.01.03	Accounts Receivable	259,659	255,039
1.01.03.01	Trade accounts receivables	259,659	255,039
1.01.04	Inventories	115,927	122,007
1.01.06	Recoverable Taxes	25,675	20,888
1.01.08	Other Current Assets	44,519	52,877
1.01.08.02	Discontinued Operations Assets	0	41,200
1.01.08.02.01	Non-current Assets Held for Sale	0	41,200
1.01.08.03	Others	44,519	11,677
1.01.08.03.01	Other Assets	44,485	11,677
1.01.08.03.02	Derivative financial instruments - swap	34	0
1.02	Non-current Assets	1,600,872	1,438,191
1.02.01	Long - term receivables	180,544	154,774
1.02.01.04	Accounts Receivable	6,315	6,649
1.02.01.04.01	Trade accounts receivables	1,678	2,123
1.02.01.04.02	Others trade accounts receivable	4,637	4,526
1.02.01.06	Biological Assets	124,642	109,798
1.02.01.10	Other Non-current assets	49,587	38,327
1.02.01.10.03	Recoverable Taxes	22,539	12,284
1.02.01.10.04	Judicial deposits	519	378
1.02.01.10.05	Income Tax and Social Contribution Recoverable	26,291	25,665
1.02.01.10.06	Derivative financial instruments - swap	238	0
1.02.02	Investments	201,115	180,736
1.02.02.01	Equity Investments	179,792	159,369
1.02.02.02	Investment Properties	21,323	21,367
1.02.03	Property, plant and equipment	1,083,835	966,342
1.02.03.01	Property, plant and equipment in operation	1,052,910	941,868
1.02.03.02	Right to use assets – lease	30,925	24,474
1.02.03.02.01	Right to use assets	30,925	24,474
1.02.04	Intangible assets	135,378	136,339
1.02.04.01	Intangible assets	135,378	136,339

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2022</b>	<b>Previous Year 12/31/2021</b>
2	Total Liabilities	2,435,227	2,375,910
2.01	Current Liabilities	320,746	360,244
2.01.01	Social and labor obligations	31,621	48,330
2.01.01.01	Social Obligations	31,621	48,330
2.01.01.01.01	Social security obligations	31,621	48,330
2.01.02	Trade payables	146,415	151,042
2.01.03	Tax obligations	34,567	32,867
2.01.03.01	Federal tax obligations	25,614	23,501
2.01.03.01.01	Income Tax and Social Contribution payable	7,196	3,125
2.01.03.01.02	Tax installments	9,238	9,081
2.01.03.01.03	Other federal taxes	9,180	11,295
2.01.03.02	State tax obligations	8,834	9,237
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	8,834	9,237
2.01.03.03	City tax obligations	119	129
2.01.03.03.01	Service Tax payable	119	129
2.01.04	Loans and financing	83,999	91,332
2.01.04.01	Loans and financing	71,708	69,142
2.01.04.02	Debentures	12,291	22,190
2.01.05	Other obligations	24,144	36,673
2.01.05.02	Others	24,144	36,673
2.01.05.02.01	Dividends and interest on capital payable	519	16,345
2.01.05.02.04	Other accounts payable	13,313	10,263
2.01.05.02.05	Advances from customers	1,710	3,063
2.01.05.02.06	Lease liabilities	8,602	6,950
2.01.05.02.07	Derivative financial instruments - swap	0	52
2.02	Non-current liabilities	1,057,119	1,058,228
2.02.01	Loans and financing	803,412	800,989
2.02.01.01	Loans and financing	236,781	236,862
2.02.01.02	Debentures	566,631	564,127
2.02.02	Other obligations	36,680	36,918
2.02.02.02	Others	36,680	36,918
2.02.02.02.03	Tax installments	5,523	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	21,403	16,116
2.02.02.02.07	Derivative financial instruments - swap	0	367
2.02.02.02.08	Social security obligations	9,262	12,509
2.02.03	Deferred taxes	196,608	200,858
2.02.03.01	Deferred income tax and social contribution	196,608	200,858
2.02.04	Provisions	20,419	19,463
2.02.04.01	Provisions for civil, labor and tax risks	20,419	19,463
2.03	Equity	1,057,362	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	368,893	266,732
2.03.06	Equity valuation adjustments	143,575	145,812

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

Code	Description	Accumulated current	Accumulated – prior
		Year 01/01/2022 to 03/31/2022	year 01/01/2021 to 03/31/2021
3.01	Revenue from sales of goods and/or services	406,169	354,913
3.02	Cost of sales	-225,155	-233,338
3.02.01	Changes in the fair value of biological assets	13,046	6,078
3.02.02	Cost of goods sold	-238,201	-239,416
3.03	Gross Profit	181,014	121,575
3.04	Operating income (expenses)	-25,095	-31,586
3.04.01	Selling expenses	-28,600	-23,076
3.04.02	General and administrative expenses	-19,902	-16,558
3.04.03	Impairment losses on trade receivables	-181	-236
3.04.04	Other operating revenue	5,012	609
3.04.06	Equity method investees	18,576	7,675
3.05	Profit (Loss) before financial income (expenses) and taxes Net financial	155,919	89,989
3.06	(cost) income	-16,877	-7,046
3.06.01	Financial income	19,313	12,806
3.06.02	Financial expenses	-36,190	-19,852
3.07	Operating profit (loss) before taxes	139,042	82,943
3.08	Income tax and social contribution	-26,894	-26,242
3.08.01	Current	-31,144	-13,849
3.08.02	Deferred	4,250	-12,393
3.09	Net income (loss) from continuing operations Profit (loss) for the period	112,148	56,701
3.11	Profit/Loss for the Period	112,148	56,701
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.4493	0.2229

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
4.01	Income (loss) for the period	112,148	56,701
4.03	Comprehensive income (loss) for the period	112,148	56,701

**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 03/31/2022	Accumulated – prior year 01/01/2021 to 03/31/2021
6.01	Net cash provided by (used in) operating activity	45,082	61,066
6.01.01	Cash from operations	127,832	99,407
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	139,042	82,943
6.01.01.02	Changes in Fair Value of Biological Assets	-13,046	-6,078
6.01.01.03	Depreciation, amortization and depletion	16,894	18,229
6.01.01.05	Income/loss in the sale of property, plant and equipment	-3,394	41
6.01.01.06	Equity method investees	-18,576	-7,675
6.01.01.07	Provision/reversal for civil, labor and tax risks	1,185	1,306
6.01.01.08	Provision for impairment of trade receivables	151	-16
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	17,839	10,349
6.01.01.12	Interest on lease	610	538
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-230
6.01.01.19	Extemporaneous tax credits	-12,873	0
6.01.02	Changes in assets and liabilities	-82,750	-38,341
6.01.02.01	Trade receivables	-5,340	-33,705
6.01.02.02	Inventories	6,080	-2,414
6.01.02.03	Recoverable taxes	-1,905	28,667
6.01.02.04	Other assets	-2,113	1,949
6.01.02.06	Trade payables	841	8,822
6.01.02.07	Social charges and social security obligations	-19,956	-13,145
6.01.02.08	Advances from customers	-1,353	-691
6.01.02.09	Tax liabilities	-6,363	-627
6.01.02.10	Other accounts payable	3,428	103
6.01.02.11	Payment of interest on loans, financing and debentures	-30,034	-17,641
6.01.02.12	Payment of interest on lease liabilities	-610	-527
6.01.02.13	Taxes paid (Income tax and social contribution)	-25,425	-9,132
6.02	Net cash provided by use in investing activities	-2,583	-92,435
6.02.01	Acquisition of property, plant and equipment	-118,525	-26,426
6.02.02	Acquisition of biological assets	-2,678	-3,977
6.02.03	Acquisition of intangible asset	-249	-595
6.02.04	Receipt of Non-current assets held for sale	9,850	0
6.02.06	Receipt upon disposal of assets		
6.02.07	Advance for future capital increase	1,233	5
6.02.08	Capital contribution	-232	0
6.02.11	Financial Investments	-1,615	0
6.03	Net cash provided by financing activities	109,633	-61,442
6.03.01	Payments of dividends and interest on shareholder's equity	-31,199	24,661
6.03.02	Payment of lease liabilities	-15,892	-10,361
6.03.03	Issuance of debentures (Net of funding costs)	-1,797	-806
6.03.04	Loans obtained	0	59,547
6.03.05	Loans and debentures paid	5,250	5,405
6.03.06	Repurchase of shares	-6,536	-29,124
6.05	(Decrease) in cash and cash equivalents	-12,224	0
		11,300	-6,708

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
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	22,350	29,001

**Parent Company Financial Statements / Statement of changes in Equity - 01/01/2022 to 03/31/2022****(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
5.05	Total comprehensive income (loss)	0	0	0	114,385	-2,237	112,148
5.05.01	Profit for the period	0	0	0	112,148	0	112,148
5.05.02	Other comprehensive income (loss)	0	0	0	2,237	-2,237	0
5.05.02.06	Realization – deemed cost	0	0	0	2,237	-2,237	0
5.06	Internal changes in equity	0	0	-13,355	1,131	0	-12,224
5.06.04	Realized profit reserve - biological assets	0	0	-1,131	1,131	0	0
5.06.08	Repurchase of shares	0	0	-12,224	0	0	-12,224
5.07	Closing Balance	543,934	960	253,377	115,516	143,575	1,057,362

**Parent Company Financial Statements / Statement of changes in Equity - 01/01/2021 to 03/31/2021****(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
5.05	Total comprehensive income (loss)	0	0	0	58,938	-2,237	56,701
5.05.01	Profit (loss) for the period	0	0	0	56,701	0	56,701
5.05.02	Other comprehensive income (loss)	0	0	0	2,237	-2,237	0
5.05.02.06	Realization – deemed cost	0	0	0	2,237	-2,237	0
5.06	Internal changes in equity	0	0	-823	823	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-823	823	0	0
5.07	Closing Balance	543,934	960	85,678	59,761	152,522	842,855

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
7.01	Revenues	560,939	457,048
7.01.01	Sales of goods and/or services	513,475	452,761
7.01.02	Other revenues	47,615	4,271
7.01.04	Provision/reversal for impairment of trade receivables	-151	16
7.02	Inputs purchased from third parties	-304,125	-263,256
7.02.01	Cost of sales	-183,241	-200,132
7.02.02	Materials, electricity, outsourced services and other	-120,884	-63,124
7.03	Gross value added	256,814	193,792
7.04	Retentions	-3,848	-12,151
7.04.01	Depreciation, amortization and depletion	-16,894	-18,229
7.04.02	Other	13,046	6,078
7.04.02.01	Changes in the fair value of biological assets	13,046	6,078
7.05	Net value added generated	252,966	181,641
7.06	Value added received through transfer	37,889	20,481
7.06.01	Equity in the results of subsidiaries	18,576	7,675
7.06.02	Financial income	19,313	12,806
7.07	Total added value to be distributed	290,855	202,122
7.08	Distribution of added value	290,855	202,122
7.08.01	Personnel	50,040	43,137
7.08.01.01	Direct remuneration	38,544	33,838
7.08.01.02	Benefits	9,354	7,448
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	2,142	1,851
7.08.02	Taxes, duties and contributions	87,576	77,909
7.08.02.01	Federal	65,449	52,415
7.08.02.02	State	21,687	24,901
7.08.02.03	Municipal	440	593
7.08.03	Third-party capital remuneration	37,723	21,315
7.08.03.01	Interest	36,190	19,852
7.08.03.02	Rentals	1,533	1,463
7.08.04	Remuneration of own capital	115,516	59,761
7.08.04.03	Income/(loss) for the period – withheld	115,516	59,761

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2022</b>	<b>Previous Year 03/31/2021</b>
1	Total Assets	2,412,537	2,365,300
1.01	Current Assets	856,468	958,723
1.01.01	Cash and Cash Equivalents	42,974	30,410
1.01.02	Financial Investments	366,225	475,858
1.01.02.03	Financial Investments evaluated at amortized cost	366,225	475,858
1.01.02.03.02	Financial Investments	366,225	475,858
1.01.03	Accounts Receivable	259,963	255,345
1.01.03.01	Trade accounts receivables	259,963	255,345
1.01.04	Inventories	116,790	123,058
1.01.06	Recoverable Taxes	25,682	20,898
1.01.08	Other Current Assets Discontinued	44,834	53,154
1.01.08.02	Operations Assets	0	41,200
1.01.08.02.01	Non-current Assets Held for Sale	0	41,200
1.01.08.03	Others	44,834	11,954
1.01.08.03.01	Other Assets	44,800	11,954
1.01.08.03.02	Derivative financial instruments - swap	34	0
1.02	Non-current Assets Long - term	1,556,069	1,406,577
1.02.01	receivables Accounts	297,364	264,341
1.02.01.04	Receivable	6,341	6,676
1.02.01.04.01	Trade accounts receivables	1,678	2,123
1.02.01.04.02	Other accounts receivable	4,663	4,553
1.02.01.06	Biological Assets	241,154	219,056
1.02.01.10	Other Non-current assets	49,869	38,609
1.02.01.10.03	Recoverable Taxes	22,539	12,284
1.02.01.10.04	Judicial deposits	801	660
1.02.01.10.05	Income Tax and Social Contribution Recoverable	26,291	25,665
1.02.01.10.06	Derivative financial instruments - swap	238	0
1.02.02	Investments	21,323	21,367
1.02.02.02	Investment Properties	21,323	21,367
1.02.03	Property, plant and equipment	1,102,004	984,530
1.02.03.01	Property, plant and equipment in operation	1,071,079	960,056
1.02.03.02	Right to use assets – lease	30,925	24,474
1.02.03.02.01	Right to use assets	30,925	24,474
1.02.04	Intangible assets	135,378	136,339
1.02.04.01	Intangible assets	135,378	136,339

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2022-</b>	<b>Previous Year 03/31/2021</b>
2	Total Liabilities	2,412,537	2,365,300
2.01	Current Liabilities	292,674	344,609
2.01.01	Social and labor obligations Social	32,361	48,898
2.01.01.01	Obligations	32,361	48,898
2.01.01.01.01	Social security obligations	32,361	48,898
2.01.02	Trade payables	115,815	133,718
2.01.03	Tax obligations Federal tax	35,759	33,632
2.01.03.01	obligations	26,790	24,252
2.01.03.01.01	Income Tax and Social Contribution payable	7,932	3,569
2.01.03.01.02	Tax installments	9,238	9,081
2.01.03.01.03	Other federal taxes	9,620	11,602
2.01.03.02	State tax obligations	8,839	9,240
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	8,839	9,240
2.01.03.03	City tax obligations	130	140
2.01.03.03.01	Service Tax payable	130	140
2.01.04	Loans and financing	83,999	91,332
2.01.04.01	Loans and financing	71,708	69,142
2.01.04.02	Debentures	12,291	22,190
2.01.05	Other obligations	24,740	37,029
2.01.05.02	Others	24,740	37,029
2.01.05.02.01	Dividends and interest on capital payable	519	16,345
2.01.05.02.04	Other accounts payable	13,876	10,564
2.01.05.02.05	Advances from customers	1,743	3,118
2.01.05.02.06	Lease liabilities	8,602	6,950
2.01.05.02.07	Derivative financial instruments - swap	0	52
2.02	Non-current liabilities	1,062,501	1,063,253
2.02.01	Loans and financing	803,412	800,989
2.02.01.01	Loans and financing	236,781	236,862
2.02.01.02	Debentures	566,631	564,127
2.02.02	Other obligations	36,680	36,918
2.02.02.02	Others	36,680	36,918
2.02.02.02.03	Tax installments	5,523	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	21,403	16,116
2.02.02.02.07	Derivative financial instruments - swap	0	367
2.02.02.02.08	Social security obligations	9,262	12,509
2.02.03	Deferred taxes	201,638	205,533
2.02.03.01	Deferred income tax and social contribution	201,638	205,533
2.02.04	Provisions	20,771	19,813
2.02.04.01	Provisions for civil, labor and tax risks	20,771	19,813
2.03	Equity	1,057,362	957,438
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	368,893	266,732
2.03.06	Equity valuation adjustments	143,575	145,812

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
3.01	Revenue from sales of goods and/or services	407,944	356,161
3.02	Cost of sales	-206,998	-225,803
3.02.01	Changes in the fair value of biological assets	26,086	11,811
3.02.02	Cost of goods sold	-233,084	-237,614
3.03	Gross Profit	200,946	130,358
3.04	Operating income (expenses)	-44,938	-40,186
3.04.01	Selling expenses	-29,146	-23,590
3.04.02	General and administrative expenses	-20,653	-16,977
3.04.03	Impairment losses on trade receivables	-181	-236
3.04.04	Other operating revenue	5,042	617
3.05	Profit (Loss) before financial income (expenses) and taxes	156,008	90,172
3.06	Net financial (cost) income	-16,420	-7,003
3.06.01	Financial income	19,789	12,889
3.06.02	Financial expenses	-36,209	-19,892
3.07	Operating profit (loss) before taxes	139,588	83,169
3.08	Income tax and social contribution	-27,440	-26,468
3.08.01	Current	-31,335	-13,907
3.08.02	Deferred	3,895	-12,561
3.09	Net income (loss) from continuing operations	112,148	56,701
3.11	Profit (loss) for the period	112,148	56,701
3.11.01	Attributable to owners of the Parent Company	112,148	56,701
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	0.4493	0.2229

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
4.01	Income (loss) for the period	112,148	56,701
4.03	Comprehensive income (loss) for the period	112,148	56,701
4.03.01	Attributable to owners of the Parent Company	112,148	56,701

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

Code	Description	Accumulated current year 01/01/2022 to 03/31/2022	Accumulated – prior Year 01/01/2021 to 03/31/2021
6.01	Net cash provided by (used in) operating activities	45,250	60,717
6.01.01	Cash from operations	140,897	105,333
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	139,588	83,169
6.01.01.02	Changes in Fair Value of Biological Assets	-26,086	-11,811
6.01.01.03	Depreciation, amortization and depletion	23,875	21,987
6.01.01.05	Income/loss in the sale of property, plant and equipment	-3,394	41
6.01.01.07	Reversal/provision for civil, labor and tax risks	1,187	1,306
6.01.01.08	Provision for impairment of trade receivables	151	-16
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	17,839	10,349
6.01.01.12	Interest on lease liabilities	610	538
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	0	-230
6.01.01.20	Extemporaneous tax credits	-12,873	0
6.01.02	Changes in assets and liabilities	-95,647	-44,616
6.01.02.01	Trade receivables	-5,338	-32,956
6.01.02.02	Inventories	6,268	-2,417
6.01.02.03	Recoverable taxes	-1,902	28,677
6.01.02.04	Other assets	-2,150	1,923
6.01.02.06	Trade payables	-12,860	1,177
6.01.02.07	Social charges and social security obligations	-19,784	-13,140
6.01.02.08	Advances from customers	-1,375	-707
6.01.02.09	Tax liabilities	-5,687	-126
6.01.02.10	Other accounts payable	3,690	378
6.01.02.11	Payment of interest on loans, financing and debentures	-30,034	-17,641
6.01.02.12	Payment of interest on lease liabilities	-610	-527
6.01.02.13	Taxes paid (Income tax and social contribution)	-25,865	-9,257
6.02	Net cash provided by use in investing activities	-1,487	-93,221
6.02.01	Acquisition of property, plant and equipment	-118,572	-26,775
6.02.02	Acquisition of biological assets	-3,382	-4,414
6.02.03	Acquisition of intangible asset	-249	-595
6.02.04	Receipt of Non-current assets held for sale	9,850	0
6.02.06	Receipt upon disposal of assets	1,233	5
6.02.11	Financial Investments	109,633	-61,442
6.03	Net cash provided by financing activities	-31,199	24,650
6.03.01	Payments of dividends and interest on shareholder's equity	-15,892	-10,361
6.03.02	Payment of lease liabilities	-1,797	-806
6.03.03	Issuance of debentures (Net of funding costs)	0	59,547
6.03.04	Loans obtained	5,250	5,405
6.03.05	Loans and debentures paid	-6,536	-29,135
6.03.06	Repurchase of shares	-12,224	0
6.05	(Decrease) in cash and cash equivalents	12,564	-7,854
6.05.01	Cash and cash equivalents at the beginning of the period	30,410	54,260
6.05.02	Cash and cash equivalents at the end of the period	42,974	46,406

**Consolidated financial statements / Statement of changes in equity - 01/01/2022 to 03/31/2022****(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
5.05	Total comprehensive income (loss)	0	0	0	114,385	-2,237	112,148	0	112,148
5.05.01	Profit for the period	0	0	0	112,148	0	112,148	0	112,148
5.05.02	Other comprehensive income (loss)	0	0	0	2,237	-2,237	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	2,237	-2,237	0	0	0
5.06	Internal changes in equity	0	0	-13,355	1,131	0	-12,224	0	-12,224
5.06.04	Realized profit reserve - biological	0	0	-1,131	1,131	0	0	0	0
5.06.08	assets	0	0	-12,224	0	0	-12,224	0	-12,224
5.07	Treasury shares	543,934	960	253,377	115,516	143,575	1,057,362	0	1,057,362
	Closing Balance								

**Consolidated Company Financial Statements / Statement of changes in Equity - 01/01/2021 to 03/31/2021****(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
5.05	Total comprehensive income (loss)	0	0	0	58,938	-2,237	56,701	0	56,701
5.05.01	Profit for the period	0	0	0	56,701	0	56,701	0	56,701
5.05.02	Other comprehensive income (loss)	0	0	0	2,237	-2,237	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	2,237	-2,237	0	0	0
5.06	Internal changes in equity	0	0	-823	823	0	0	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-823	823	0	0	0	0
5.07	Closing Balance	543,934	960	85,678	59,761	152,522	842,855	6	842,861

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

<b>Code</b>	<b>Description</b>	<b>Accumulated Current Year 01/01/2022 to 03/31/2022</b>	<b>Accumulated – prior year 01/01/2021 to 03/31/2021</b>
7.01	Revenues	562,927	458,380
7.01.01	Sales of goods and/or services	515,439	454,090
7.01.02	Other revenues	47,639	4,274
7.01.04	Provision/reversal for impairment of trade receivables	-151	16
7.02	Inputs purchased from third parties	-288,917	-255,168
7.02.01	Cost of sales	-172,218	-190,444
7.02.02	Materials, electricity, outsourced services and other	-116,699	-64,724
7.03	Gross value added	274,010	203,212
7.04	Retentions	2,211	-10,176
7.04.01	Depreciation, amortization and depletion	-23,875	-21,987
7.04.02	Other	26,086	11,811
7.04.02.01	Changes in the fair value of biological assets	26,086	11,811
7.05	Net value added generated	276,221	193,036
7.06	Value added received through transfer	19,789	12,889
7.06.02	Financial income	19,789	12,889
7.07	Total added value to be distributed	296,010	205,925
7.08	Distribution of added value	296,010	205,925
7.08.01	Personnel	53,211	45,831
7.08.01.01	Direct remuneration	40,445	35,486
7.08.01.02	Benefits	10,535	8,419
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	2,231	1,926
7.08.02	Taxes, duties and contributions	89,541	78,977
7.08.02.01	Federal	67,355	53,443
7.08.02.02	State	21,699	24,907
7.08.02.03	Municipal	487	627
7.08.03	Third-party capital remuneration	37,742	21,356
7.08.03.01	Interest	36,209	19,892
7.08.03.02	Rentals	1,533	1,464
7.08.04	Remuneration of own capital	115,516	59,761
7.08.04.03	Income/(loss) for the period – withheld	115,516	59,761

## Performance Comment

### COMMENTS ON THE COMPANY'S PERFORMANCE ON THE FIRST 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\$ 408 million in 1Q22, Profit of R\$ 112 million and Adjusted EBITDA of R\$ 137 million, a growth of 36.1% over 1Q21. In the last 12 months, EBITDA reached R\$ 530 million.**

MAIN INDICATORS - CONSOLIDATED	1Q22	4Q21	1Q21	Change – 1Q22/ 4Q21	Change – 1Q22/ 1Q21	LTM22	LTM21	Change – LTM22/ LTM21
<b>Economic and Financial (R\$ thousand)</b>								
Net sales revenue	407,944	414,068	356,161	-1.5%	14.5%	1,657,617	1,149,443	44.2%
Domestic market	331,569	350,716	297,542	-5.5%	11.4%	1,390,345	948,383	46.6%
Foreign market	76,375	63,352	58,619	20.6%	30.3%	267,272	201,060	32.9%
Gross Profit (inclusive*)	200,946	168,073	130,358	19.6%	54.1%	702,612	378,353	85.7%
(* Change in fair value of biological assets)	26,086	3,114	11,811	737.7%	120.9%	58,124	25,716	126.0%
<b>Gross margin</b>	<b>49.3%</b>	<b>40.6%</b>	<b>36.6%</b>	<b>8,7p.p.</b>	<b>12,7p.p.</b>	<b>42.4%</b>	<b>32.9%</b>	<b>9,5p.p.</b>
Operating profit (loss) before taxes and profit sharing	139,588	97,410	83,169	43.3%	67.8%	446,632	173,483	157.5%
<b>Operating margin</b>	<b>34.2%</b>	<b>23.5%</b>	<b>23.4%</b>	<b>10,7p.p.</b>	<b>10,8p.p.</b>	<b>26.9%</b>	<b>15.1%</b>	<b>11,8p.p.</b>
Profit	112,148	63,326	56,701	77.1%	97.8%	340,760	131,474	159.2%
<b>Net margin</b>	<b>27.5%</b>	<b>15.3%</b>	<b>15.9%</b>	<b>12,2p.p.</b>	<b>11,6p.p.</b>	<b>20.6%</b>	<b>11.4%</b>	<b>9,2p.p.</b>
Adjusted EBITDA <sup>1</sup>	136,568	134,181	100,348	1.8%	36.1%	530,141	274,012	93.5%
<b>Adjusted EBITDA margin</b>	<b>33.5%</b>	<b>32.4%</b>	<b>28.2%</b>	<b>1,1p.p.</b>	<b>5,3p.p.</b>	<b>32.0%</b>	<b>23.8%</b>	<b>8,2p.p.</b>
Net debt (R\$ million)	477.9	386.5	215.3	23.7%	122.0%	477.9	215.3	122.0%
Net debt/Adjusted EBITDA (x)	0.90	0.78	0.79	15.4%	13.9%	0.90	0.79	13.9%
<b>Operating Data (t)</b>								
<b>Sustainable Packaging (Corrugated Cardboard)</b>								
Production/Sales	34,434	36,666	40,542	-6.1%	-15.1%	151,441	159,106	-4.8%
<b>Sustainable Packaging Paper (Paper)</b>								
Production	65,620	73,491	75,701	-10.7%	-13.3%	287,107	298,463	-3.8%
Sales	31,766	32,325	31,131	-1.7%	2.0%	126,691	133,188	-4.9%
Domestic market	27,110	28,052	26,844	-3.4%	1.0%	109,423	105,476	3.7%
Foreign market	4,656	4,273	4,287	9.0%	8.6%	17,268	27,712	-37.7%
<b>Sustainable Resins (Gum Rosin and Turpentine)</b>								
Production	4,295	3,235	4,190	32.8%	2.5%	15,555	14,745	5.5%
Sales	4,160	3,249	4,485	28.0%	-7.2%	15,205	14,431	5.4%
Domestic market	99	112	100	-11.6%	-1.0%	441	482	-8.5%
Foreign market	4,061	3,137	4,385	29.5%	-7.4%	14,764	13,949	5.8%

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

- The Net Revenue in the 1Q22 recorded a 14.5% increase when compared to 1Q21 and decreased 1.5% in relation to 4Q21. The increase recorded in 1Q22 is mainly due to the good performance of sales and prices in all segments in which the Company operates.
- The sales volume of the Sustainable Packaging Paper (Corrugated Cardboard) segment decreased 15.1% over 1Q21, and reduced 6.1% when compared to 4Q21, totaling 34.4 thousand tons in 1Q22, mainly due to the demand contraction in the segment at the beginning of the year, compared to previous periods, in which demand for these products was very strong. Sales of the Sustainable Packaging Paper (Paper) segment totaled 31.8 thousand tons, recording an increase of 2.0% over 1Q21, a decrease of 1.7% when compared to 4Q21 and stable in relation to previous periods. The Sustainable Resins (Gum Rosin and Turpentine) segment decreased 7.2% when compared to 1Q21, accounting for an increase of 28.0% when compared to 4Q21, reaching 4.2 thousand tons. Such

## Performance Comment

growth is due to the higher demand and operational productivity and to the off-season period verified in 4Q21, in which the availability of raw material is lower.

- Gross profit in 1Q22 increased 54.1% compared to 1Q21 and 19.6% compared to 4Q21. The growth compared to 1Q21 is mainly related to the growth in revenue for this quarter, while the increase in comparison with 4Q21 is related to the better cost performance, especially old corrugated containers, in 1Q22, and to the growth in the Company's fair value of biological assets verified in relation to 4Q21.
- Sales expenses totaled R\$ 29,146 thousand in 1Q22, accounting for an increase of 23.6% when compared to 1Q21 and a decrease of 3.5% in relation to 4Q21, accounting for 7.1% of consolidated net revenue, higher than the 6.6% recorded in 1Q21 and lower than the 7.3% recorded in 4Q21. Administrative expenses totaled R\$ 20,653 thousand in 1Q22, accounting for an increase of 21.7% when compared to 1Q21 and a decrease of 22.4% in relation to 4Q21, accounting for 5.1% of consolidated net revenue, higher than the 4.8% recorded in 1Q21 and lower than the 6.4% recorded in 4Q21.
- The net result was a profit of R\$ 112,148 thousand in 1Q22, compared to a profit of R\$ 56,701 thousand in 1Q21 and of R\$ 63,326 thousand in 4Q21. The main impacts on profit for this quarter were related to the net revenue when compared to 1Q21, and the decrease in costs and percentage growth in gross margin when compared to 4Q21. Also in this quarter, the amount of R\$ 17,229 thousand (R\$ 11,371 thousand, net of income tax and social contribution) of extemporaneous ICMS credits referring to deemed credit in the State of Santa Catarina was recognized, which has been offset monthly.
- Adjusted EBITDA in 1Q22 totaled R\$ 136,568 thousand, with a margin of 33.5%, 36.1% higher than that recorded in 1Q21, which was R\$ 100,348 thousand, with a margin of 28.2%, and 1.8% higher when compared to 4Q21, which was R\$ 134,181 thousand, with a margin of 32.4%. In the last 12 months, EBITDA reached R\$ 530,141 thousand.
- The net debt/EBITDA ratio was 0.90 times in 1Q22, against 0.79 times in 1Q21 and 0.78 times in 4Q21. The slight worsening of said indicator in both comparisons is due to the increase in net debt, due to 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 first quarter of 2022 (1Q22) was R\$ 409,199 thousand (composed of financial investments, cash and cash equivalents) and 91% of the gross debt is classified in the long term, 97% denominated in local currency and 3% denominated in foreign currency.
- In 1Q22, there was a scheduled maintenance shutdown on machines I and V, which negatively affected production by 5,215 tons of Sustainable Packaging Paper (Rigid) and 1,187 tons of Sustainable Packaging Paper (Flexible).
- Irani achieved an “A” rating in the Pesquisa Humanizadas and was recognized in the “Best for Brazil Award” in the Large Companies category. The survey assesses, among other aspects, the maturity of the company’s management, the organizational culture and the quality of the relationships established with stakeholders.

## Highlights of 1Q22

1Q22 was characterized by the global concern regarding the effects of inflation, driven by the Russia-Ukraine war. As a result, central banks started a cycle of interest rate increases, which should go beyond what was initially expected. The effects of the war are especially felt in the price of fuel and commodities. In Brazil, the Monetary Policy Committee (COPOM) started the cycle of interest rate increases before most countries and, as a consequence, should end the cycle before the others. The interest rate ability to have the expected effect on inflation is unknown, considering that the main cause is the supply shock and not the demand shock. Moreover, the exchange rate, below R\$ 5.00/US\$ 1.00, already reflects the high interest rates in Brazil and a reallocation of capital in emerging markets due to the war. The expectation is that the Brazilian GDP will grow slightly during the year 2022.

According to Empapel, shipping of corrugated cardboard in tons recorded a 9.8% decrease in 1Q22 compared to 1Q21, with 936 thousand tons. The volume decrease is explained by the slowdown in the economy, especially in consumption, in this first quarter. However, current shipment levels remain 5.8% above pre-pandemic levels, demonstrating the industry’s resilience.

Irani’s net revenue in 1Q22 grew 14.5% in relation to 1Q21, reflecting the good performance of sales and prices in the segments in which the Company operates, particularly the increase in prices in all segments in relation to the previous year. The domestic market accounted for 81% of the Company's sales, while the foreign market reached 19% in 1Q22.

## Performance Comment

The Sustainable Packaging Segment (Corrugated Cardboard) represented 51% of Irani's net revenue in 1Q22, the Sustainable Packaging Paper Segment (Paper) accounted for 35%, while the Sustainable Resins (Gum Rosin and Turpentine) accounted for 14%.

We ended the quarter with positive results of R\$ 407,944 thousand in Net Revenue, Profit of R\$ 112,148 thousand and Adjusted EBITDA of R\$ 136,568 thousand. The net debt/EBITDA ratio (operating leverage) was 0.90 times and the cash position (including financial investments) was R\$ 409,199 thousand. As of March 31, 2022, the gross indebtedness totaled R\$ 887,139 thousand, 91% of which maturing in the long term and 97% denominated in local currency.

### 1. OPERATING PERFORMANCE

#### 1.1 Sustainable Packaging (Corrugated Cardboard) Segment

Revenue Contribution 1Q22



The sales volume of sustainable corrugated cardboard packaging in the Empapel Market in tons, as presented in the charts below, decreased 9.8% in 1Q22 when compared to 1Q21, as did the sales volume performance in the Irani Market, which decreased 15.1%, totaling 34,434 tons. Compared to 4Q21, Empapel Market decreased 5.2%, while Irani Market decreased 6.1%. This decrease is mainly due to

the demand reduction in the segment at the beginning of the year and the management of the portfolio's profitability.

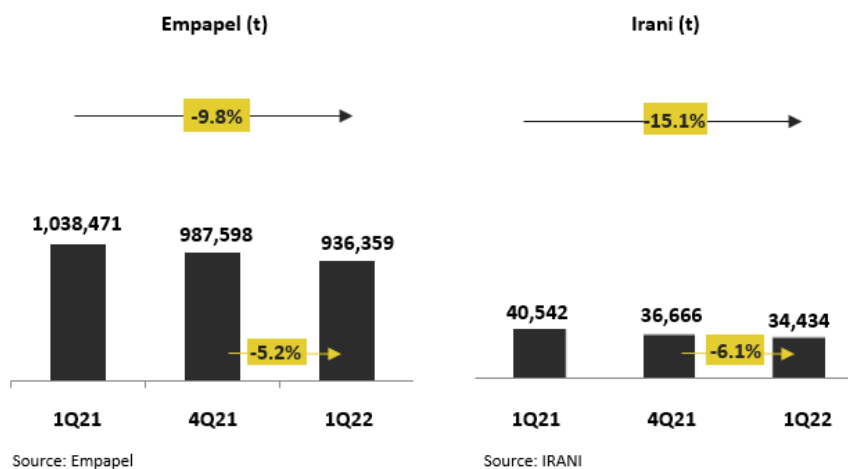
In tons, Irani's market share in the Sustainable Packaging Segment (Corrugated Cardboard) was 3.7% in 1Q22, as well as in 4Q21 and 3.9% in 1Q21.

The cardboard boxes sales volume in 1Q22 of the Irani Market recorded a decrease of 15.6% compared to 1Q21, and a decrease of 4.2% when compared to 4Q21. The sales of cardboard sheets in Irani Market decreased 27.0% in relation to 1Q21 and increased 16.5% when compared to 4Q21.

SP Indaiatuba and SC Campina da Alegria Packaging units accounted for respectively 58% and 42% of the total sold in the 1Q22 in corrugated cardboard, whose productions are entirely destined to the domestic market.

## Performance Comment

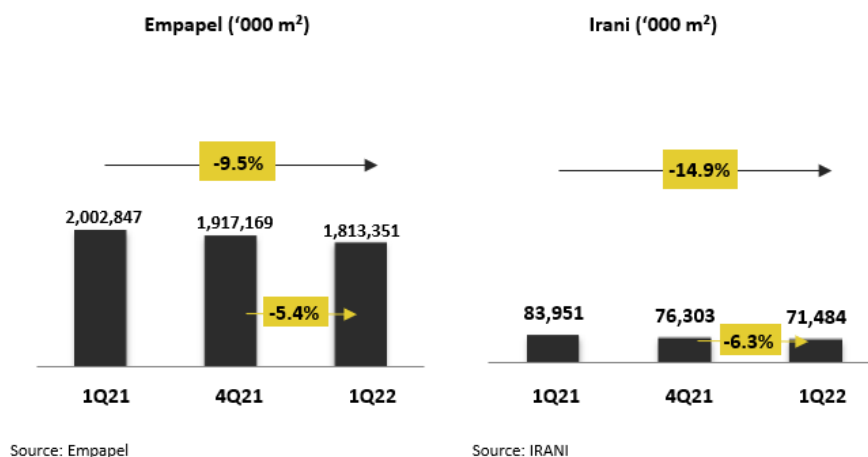
Sales Volume (in tons) – Sustainable Corrugated Cardboard Packaging Segment (Corrugated Cardboard Packaging)



1Q22 Empapel Market (in tons) are prior to closing. There may be changes in the official data.

In square meters (m<sup>2</sup>) the sales volume of sustainable corrugated cardboard packaging of the Empapel Market presented a decrease of 9.5% in 1Q22 when compared to 1Q21, when Irani Market recorded decrease of 14.9%. Compared to 4Q21, Empapel Market decreased 5.4%, while the Irani Market recorded a 6.3% reduction. In square meters, the Irani Market’s share was 3.9% in 1Q22, 4.2% in 1Q21 and 4.0% in 4Q21.

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



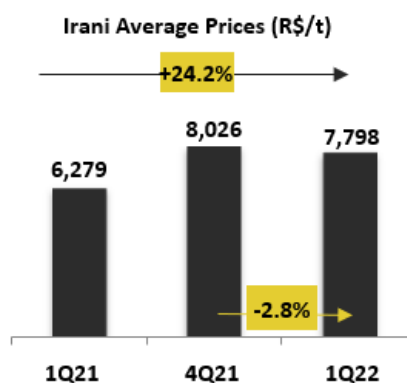
1Q22 Empapel Market (in sqm) are prior to closing. There may be changes in the official data.

The volume of SP Indaiatuba Packaging plant reached 15,330 tons of boxes and 4,563 tons of plates in 1Q22 against 18,093 tons of boxes and 5,252 tons of plates in 1Q21.

## Performance Comment

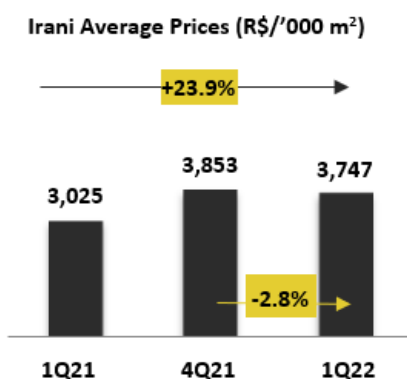
The volume of SC Campina da Alegria Packaging plant recorded sales volume of 12,633 tons of boxes and 1,908 tons of plates in 2021, against 14,233 tons of boxes and 2,964 tons of plates in 1Q21.

The average Irani price (CIF) in tons, increased 24.2% in 1Q22 compared to 1Q21. In the comparison with 4Q21, the Irani market decreased 2.8%.



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

In square meters, the average Irani price (CIF) increased 23.9% in 1Q22 compared to 1Q21. In the fourth quarter of 2021, the Irani Market decreased 2.8%.

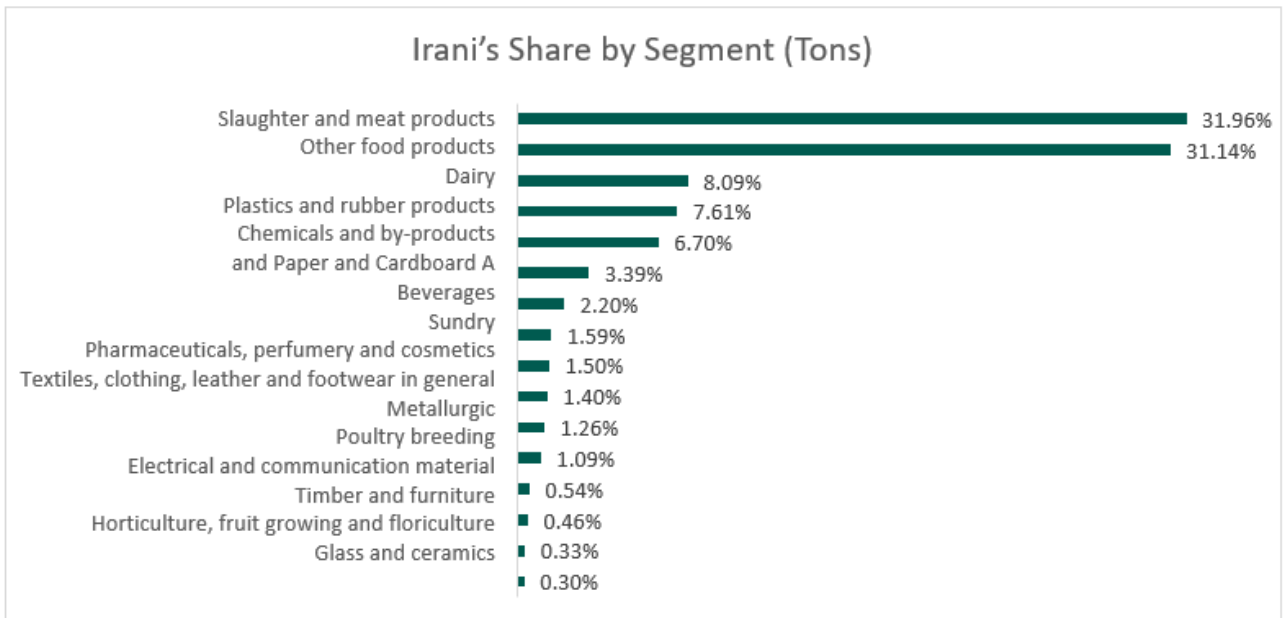
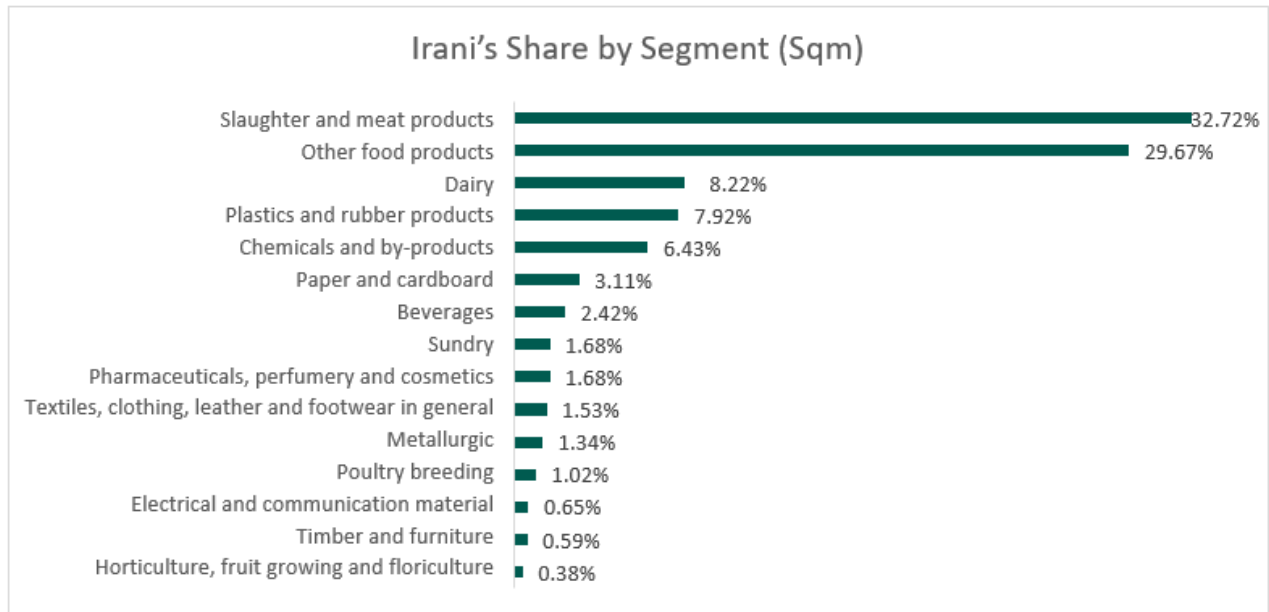


Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

Prices per m<sup>2</sup> 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 1Q22 is presented in the charts below:

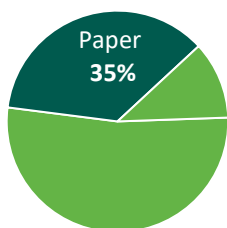
## Performance Comment



## Performance Comment

### 1.2 Sustainable Packaging Paper (Paper) Segment

Revenue Contribution 1Q22

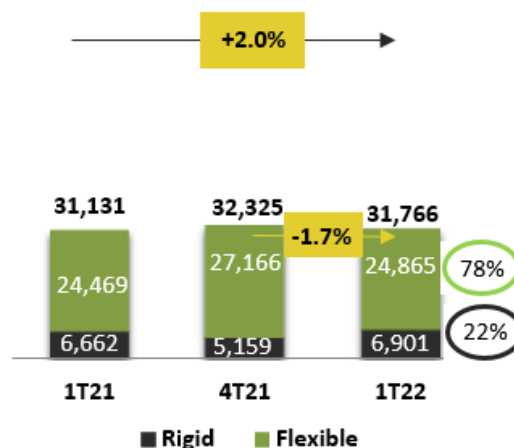
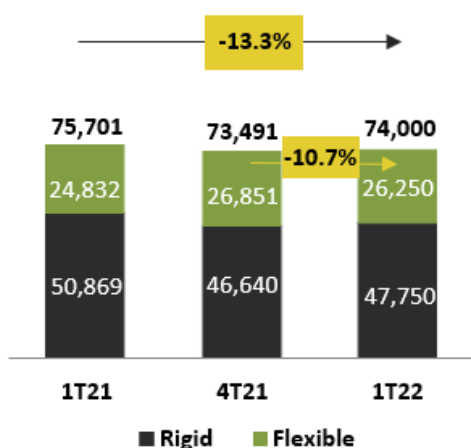


Irani operates in the Sustainable Packaging Paper (Paper) Segment, in the markets of papers for rigid packaging (Corrugated Cardboard) and for flexible packaging (bagging).

The Company's total production of Sustainable Packaging Paper in the quarter reduced 13.3% when compared to 1Q21 and 10.7% in relation to 4Q21. According to the [Notice to the Market](#) as of January 28, 2022, machines I and V were stopped for scheduled maintenance in this quarter, which resulted in a production decrease of 6,402 tons of paper, of which 5,215 tons of paper for rigid packaging paper and 1,187 tons of paper for flexible packaging paper. Sales increased 2.0% when compared to 1Q21, and decreased 1.7% in relation to 4Q21.

Total Production of Sustainable Packaging Paper (t)

Total Sales of Sustainable Packaging Paper(t)



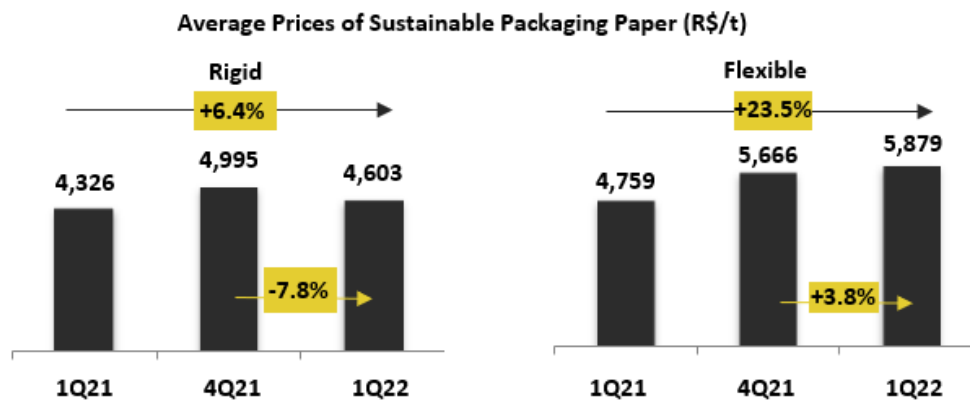
In 1Q22, internal transfers of paper to rigid packaging paper (PO) totaled 33,791 tons (44,386 tons in 1Q21 and 40,108 tons in 4Q21). For the SP Packaging Plant Indaiatuba, they reached 19,239 tons (25,989 tons in 1Q21 and 22,319 tons in 4Q21) and, for the SC Packaging Plant Campina da Alegria, 14,552 tons were transferred in 1Q22 (18,397 tons in 1Q21 and 17,789 tons in 4Q21).

In 1Q22, from the total of internal transfers, 57% were to the SP Indaiatuba packaging plant and 43% were to the SC Campina da Alegria packaging.

Flexible packaging paper, which accounted for 78.3% of paper sales in this quarter, recorded an increase of 23.5% in price when compared to 1Q21, and 3.8% when compared to 4Q21. Rigid packaging paper, which accounted for 21.7% of paper sales in this quarter, recorded an increase of

## Performance Comment

6.4% in price when compared to 1Q21, and a decrease of 7.8% when compared to 4Q21. 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.

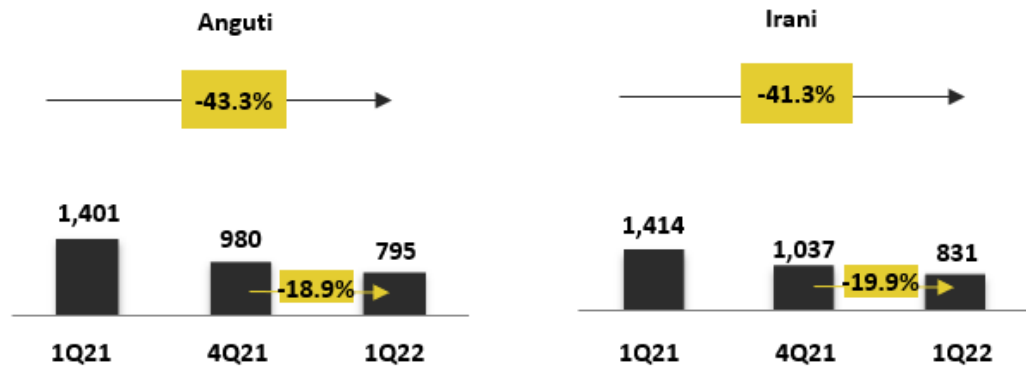


### OCC (Old Corrugated Containers)

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 32% of the total paper production cost in 1Q22. 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 1Q22, as presented in the chart below:

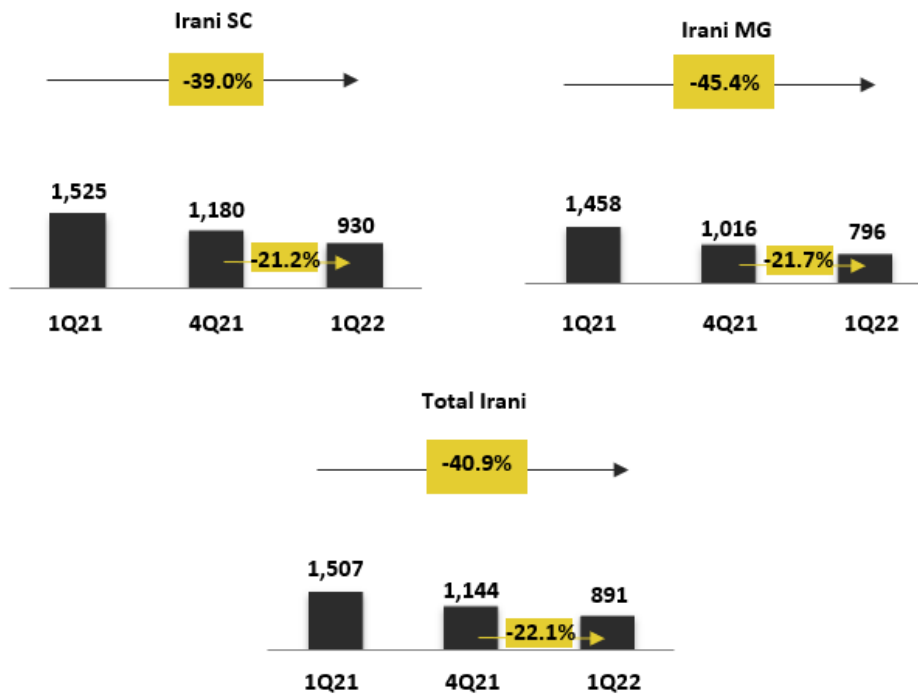
## Performance Comment

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



Note on methodology: Anguti Statistics – Old Corrugated Containers Report.

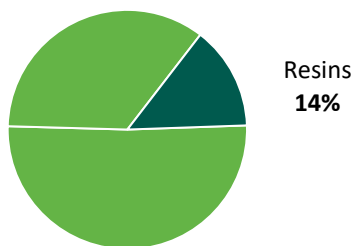
OCC Evolution (Net Price R\$/t | CIF)



## Performance Comment

### 1.3 Sustainable Resins Segment (Gum Rosin and Turpentine)

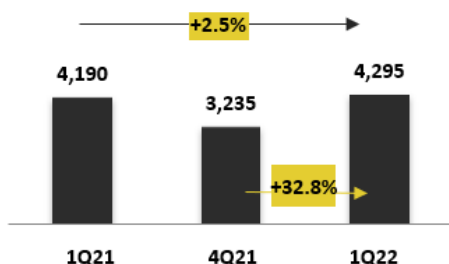
Revenue Contribution 1Q22



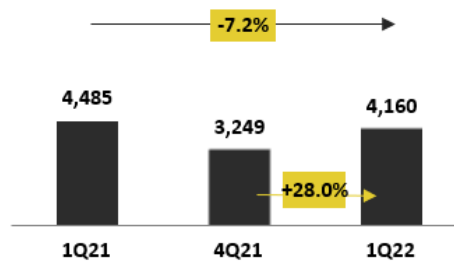
The Rio Grande do Sul forest operation produced and commercialized 17 thousand cubic meters of pine logs to the local market in 1Q22 (12 thousand cubic meters in 1Q21) and supplied 818 tons of in natura resins (597 tons in 1Q21) to be utilized in the industrial process of manufacturing gum rosin and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 1Q22 presented increase of 2.5% when compared to 1Q21 and a 32.8% increase when compared to 4Q21. The sales volume presented a 7.2% decrease when compared to 1Q21, and 28.0% increase in relation to 4Q21.

Production of Gum Rosin and Turpentine (t)

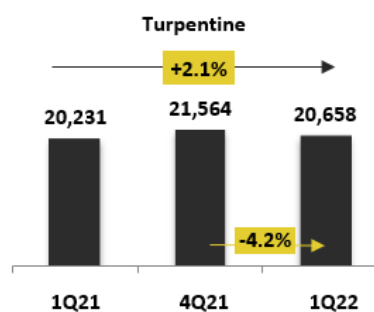
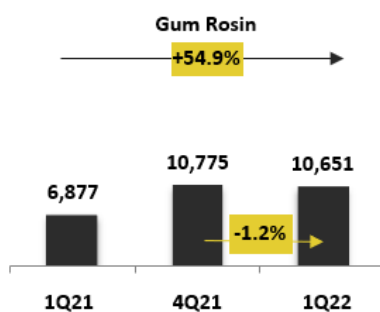


Sale of Gum Rosin and Turpentine (t)



In 1Q22, the average gross price of gum rosin was 54.9% higher than in 1Q21 and 1.2% lower when compared to 4Q21. The price of turpentine increased 2.1% when compared to 1Q21 and decreased 4.2% when compared to 4Q21. The price variations of these products change according to the foreign market and exchange rate.

Average Prices (R\$/t)



## Performance Comment

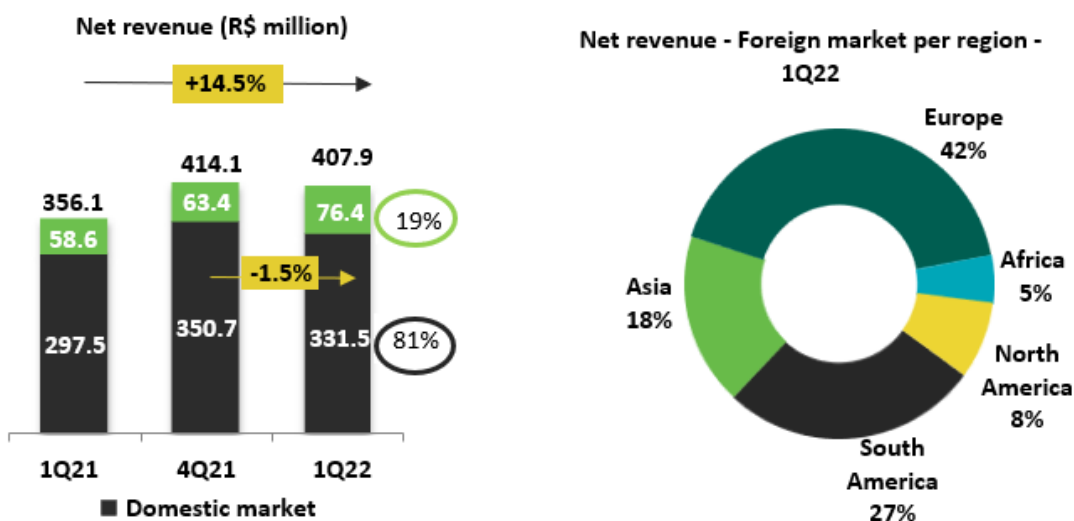
### 2. ECONOMIC AND FINANCIAL PERFORMANCE

#### 2.1 Net Sales Revenue

Net sales revenue in 1Q22 was R\$ 407,944 thousand, accounting for a growth of 14.5% when compared to 1Q21 and a decrease of 1.5% when compared to 4Q21. The growth is mainly due to the good performance of sales and prices of the segments in which the Company operates, especially the increase in prices of all segments in comparison with the previous year.

In the domestic market, net sales revenue was R\$ 331,569 thousand in the quarter and had an increase of 11.4% when compared to that one of 1Q21 and a decrease of 5.5% in relation to 4Q21. Revenue from the domestic market accounted for 81% of Irani’s total revenue in 1Q22.

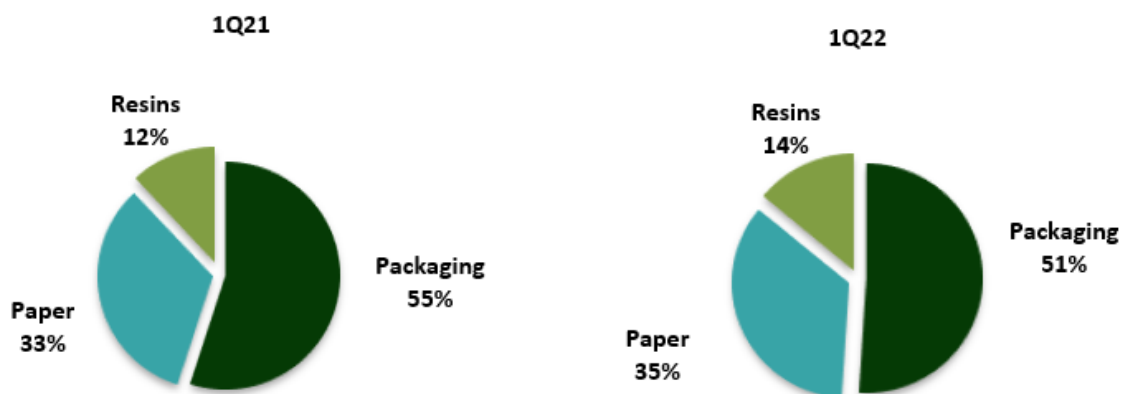
In 1Q22, exports totaled R\$ 76,375 thousand, 30.3% higher than 1Q21 and 20.6% higher than 4Q21, representing 19% of Net sales revenue. Europe was the main destination for exports, concentrating 42% of foreign market revenue, followed by South America with 27%. The other markets are: Asia (18%), North America (8%) and Africa (5%).



Irani’s principal segment of operation is the Sustainable Packaging (Corrugated Cardboard), which accounts for 51% of consolidated net revenue in 1Q22, followed by the segments of Sustainable Packaging Paper (Paper) with 35%, and Sustainable Resins (Gum Rosin and Turpentine), with 14%.

## Performance Comment

Net revenue by segment

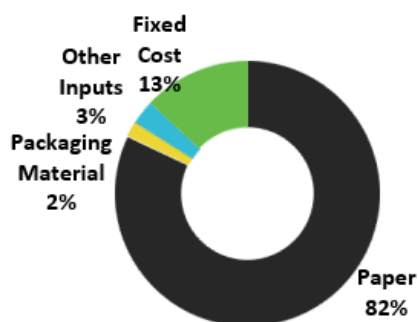


### 2.2 Cost of Goods Sold

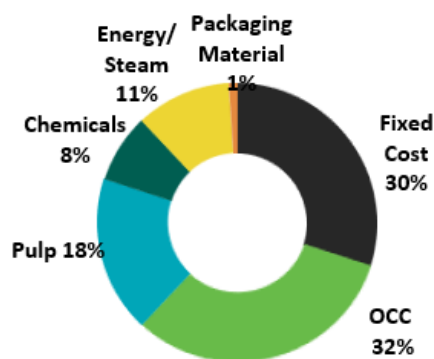
The cost of goods sold in 1Q22 was R\$ 233,084 thousand, 1.9% lower than in 1Q21, due to higher costs and lower sales volumes in 1Q22 over 1Q21. Change in fair value of biological assets is not considered in the cost value of sold products in both periods.

The cost formation per Irani’s segment of operation in 1Q22 is shown in the charts below.

Sustainable Packaging (Corrugated Cardboard)

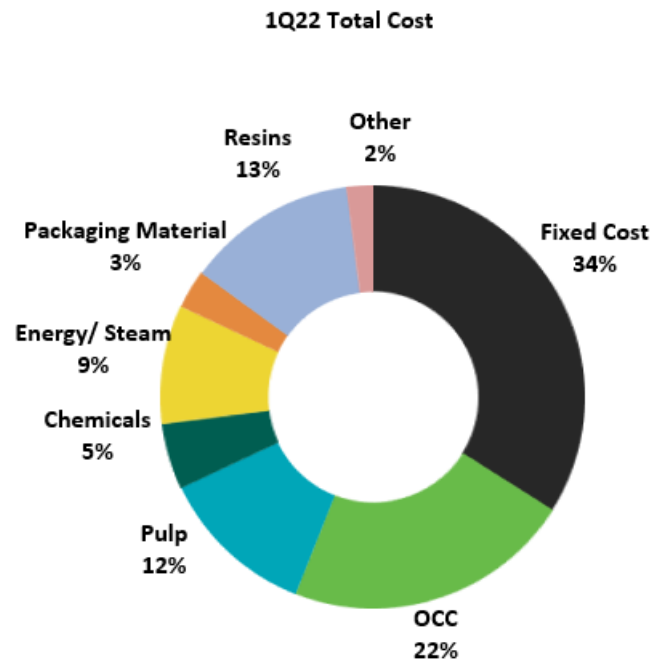


Sustainable Packaging Paper (Paper)\*



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

## Performance Comment



### 2.3 Operating revenues and expenses

Sales expenses in 1Q22 totaled R\$ 29,146 thousand, 23.6% higher when compared to 1Q21, and represented 7.1% of consolidated net revenue, up from 6.6% in 1Q21.

Administrative expenses in 1Q22 totaled R\$ 20,653 thousand (R\$ 16,977 thousand in 1Q21), accounting for an increase of 21.7% when compared to 1Q21 and represented 5.1% of consolidated net revenue, higher than the 4.8% in 1Q21.

Other net operating revenues/expenses resulted in a revenue of R\$ 5,042 thousand in 1Q22, compared to a revenue of R\$ 617 thousand in 1Q21.

### 3. OPERATING CASH GENERATION (Adjusted EBITDA)

Consolidated (R\$ thousand)	1Q22	4Q21	1Q21	Change - 1Q22/ 4Q21	Change - 1Q22/ 1Q21	LTM22	LTM21	Change - LTM22/ LTM21
<b>Profit</b>	<b>112,148</b>	<b>63,326</b>	<b>56,701</b>	<b>77.1%</b>	<b>97.8%</b>	<b>340,760</b>	<b>131,474</b>	<b>159.2%</b>
Current and deferred income tax and social contribution	27,440	34,084	26,468	-19.5%	3.7%	105,872	42,009	152.0%
Depletion	7,847	7,369	4,576	6.5%	71.5%	25,262	12,567	101.0%
Depreciation and amortization	16,028	18,259	17,411	-12.2%	-7.9%	69,070	69,157	-0.1%
Finance result	16,420	13,231	7,003	24.1%	134.5%	55,028	43,017	27.9%
<b>EBITDA</b>	<b>179,883</b>	<b>136,269</b>	<b>112,159</b>	<b>32.0%</b>	<b>60.4%</b>	<b>595,992</b>	<b>298,224</b>	<b>99.8%</b>
<i>EBITDA margin</i>	<i>44.1%</i>	<i>32.9%</i>	<i>31.5%</i>	<i>11.2 p.p.</i>	<i>12.6 p.p.</i>	<i>36.0%</i>	<i>25.9%</i>	<i>10.1 p.p.</i>
<b>Adjustments according to CVM Instruction 527/12</b>								
Change in fair value of biological assets <sup>(1)</sup>	(26,086)	(3,114)	(11,811)	737.7%	120.9%	(58,124)	(25,716)	126.0%
Non-recurring events <sup>(2)</sup>	(17,229)	-	-	-	-	(21,759)	(8,581)	153.6%
Management profit sharing	-	1,026	-	-	-	14,032	10,085	39.1%
<b>Adjusted EBITDA</b>	<b>136,568</b>	<b>134,181</b>	<b>100,348</b>	<b>1.8%</b>	<b>36.1%</b>	<b>530,141</b>	<b>274,012</b>	<b>93.5%</b>
<i>Adjusted EBITDA margin</i>	<i>33.5%</i>	<i>32.4%</i>	<i>28.2%</i>	<i>1.1 p.p.</i>	<i>5.3 p.p.</i>	<i>32.0%</i>	<i>23.8%</i>	<i>8.2 p.p.</i>

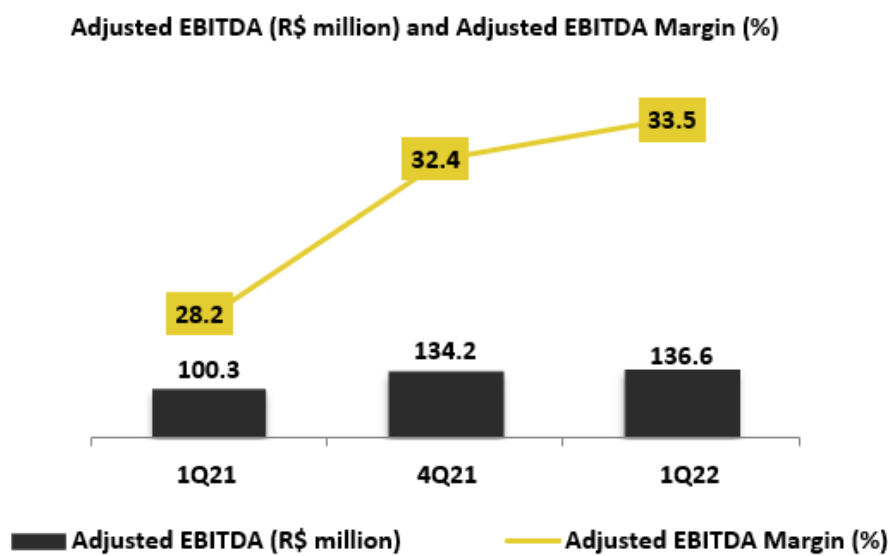
<sup>1</sup> Change in the fair value of biological assets since it does not mean cash generation in the period.

<sup>2</sup> Non-recurring events in 1Q22 (R\$ 17,229 thousand) refer to extemporaneous tax credits recognized in the period.

<sup>3</sup> Management profit sharing the amount of R\$ 14,032 thousand refers to the provision for management's profit sharing.

## Performance Comment

Operating cash generation, measured by the operation's Adjusted EBITDA, totaled R\$ 136,568 thousand in 1Q22, with a margin of 33.5%, 36.1% higher than 1Q21, calculated at R\$ 100,348 thousand and 1.8% higher than 4Q21, calculated at R\$ 134,181 thousand. The increase of 5.3 percentage points in the margin in 1Q22 over 1Q21 and 1.1 percentage points when compared to 4Q21 is mainly due to the Company's good performance in all operating segments, especially the growth of prices presented in this quarter, compared to previous periods. In the last 12 months, EBITDA reached R\$ 530,141 thousand, with a margin of 32%.



## 4. FINANCE RESULT AND INDEBTEDNESS

The finance result is as follows:

R\$ thousand	1Q22	4Q21	1Q21	LTM22 <sup>1</sup>	LTM21 <sup>1</sup>
Finance income	19,789	12,939	12,889	60,161	38,113
Finance costs	(36,209)	(26,170)	(19,892)	(115,189)	(81,130)
Finance result	(16,420)	(13,231)	(7,003)	(55,028)	(43,017)
Foreign-exchange income	7,718	3,504	10,576	28,346	22,353
Foreign exchange costs	(11,633)	(3,339)	(8,945)	(35,577)	(20,931)
Net exchange-rate change	(3,915)	165	1,631	(7,231)	1,422
Finance income without exchange rate change	12,071	9,435	2,313	31,815	15,760
Finance costs without exchange rate change	(24,576)	(22,831)	(10,947)	(79,612)	(60,199)
Finance result without exchange-rate change	(12,505)	(13,396)	(8,634)	(47,797)	(44,439)

<sup>1</sup> Accumulated in the last twelve months.

## Performance Comment

The finance result, with no exchange-rate change, was negative by R\$ 12,505 thousand in 1Q22 compared to R\$ 8,634 thousand in the 1Q21 and R\$ 13,396 thousand in 4Q21. In 1Q22, R\$ 10,327 thousand of interest and sureties related to the FINAME (BNDES) financing for the investments in the Gaia Platform were fixed, while R\$ 7,126 thousand were fixed in 4Q21. Such values are not included in the table above. Considering the property, plant and equipment, the increase in relation to the compared quarters is mainly due to: (i) the normalization of monetary policy via an increase in the SELIC rate and high levels of the IPCA (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 negatively impacted the Company's results by R\$ 3,915 thousand in 1Q22, compared to a positive impact of R\$ 1,631 thousand in 1Q21 and a positive impact of R\$ 165 thousand in 4Q21. The appreciation of the Real against the US Dollar in this quarter had a positive impact on the balance of debt in foreign currency and advances from customers and negatively impacted the balance of accounts receivable from external customers and advances to suppliers of the Gaia platform.

As of March 31, 2022, the Company maintained only 3% of its debt in foreign currency.

Considering the aforementioned factors, the finance result recorded was negative by R\$ 16,420 thousand in 1Q22, accounting for an increase of 134.5% compared to 1Q21, and 24.1% in relation to 4Q21.

### Exchange Rate

The exchange rate of R\$ 5.70/US\$ 1.00 on March 31, 2021 was 16.84% lower than at the end of March 2022, and 15.05% lower when compared to that in 4Q21, and reached R\$ 4.74/US\$ 1.00. The average exchange rate for this quarter was R\$ 5.23/US\$, 4.39% lower when compared to exchange rate of the same period of 2021 and 2.79% lower when compared to the 4Q21.

R\$ thousand	1Q22	4Q21	1Q21	$\Delta$ 1Q22/4Q21	$\Delta$ 1Q22/1Q21
Average foreign exchange rate - Dollar	5.23	5.58	5.47	-6.27%	-4.39%
Final foreign exchange rate - Dollar	4.74	5.58	5.70	-15.05%	-16.84%

## Performance Comment

### Debt

Consolidated (R\$ thousand)	1Q22	1Q21
Current	83,965	24,115
Non-current	803,174	590,967
Gross indebtedness	887,139	615,082
Current	9%	4%
Non-current	91%	96%
Domestic currency	862,961	609,224
Gross indebtedness	887,139	615,082
Domestic currency	97%	99%
Foreign currency	3%	1%
Cash balance	409,199	399,820
Net indebtedness	477,940	215,262
LTM EBITDA	530,141	274,012
<b>Net debt/EBITDA</b>	<b>0.90</b>	<b>0.79</b>

<sup>1</sup> Gross calculations are the sum of financial financing and derivative financial financing – *swap*.

The consolidated net indebtedness on March 31, 2022 totaled R\$ 477,940 thousand against R\$ 215,262 thousand on March 31, 2021, representing an increase of 122.0% or R\$ 262,678 thousand due to the negative free cash flow in the period, mainly due to the disbursements of investments made in Gaia Platform.

The consolidated gross indebtedness on March 31, 2022, totaled R\$ 887,139 thousand compared to R\$ 615,082 thousand on March 31, 2021, accounting for an increase of 44.2% or R\$ 272,057 thousand, mainly due to the partial entry of funds from Finame Direct with BNDES in 4Q21, in the amount of R\$ 236,517 thousand.

At March 31, 2022, the gross indebtedness profile presented 9% of debts maturing in the short term and 91% in the long term and 97% was denominated in local currency and 3% in foreign currency. The average cost of debt was 12.1% per annum as of March 31, 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 March 2022 was R\$ 409,199 thousand (comprised by financial investments, cash and cash equivalents), compared to R\$ 399,820 thousand as of March 31, 2021. The increase in the cash balance is due to generation of operating cash and fundings in the period in relation to negative free cash flow, mainly due to the disbursements of investments made in Gaia Platform.

The net debt/EBITDA ratio was 0.90 times in 1Q22, against 0.79 times in 1Q21. The slight worsening of 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

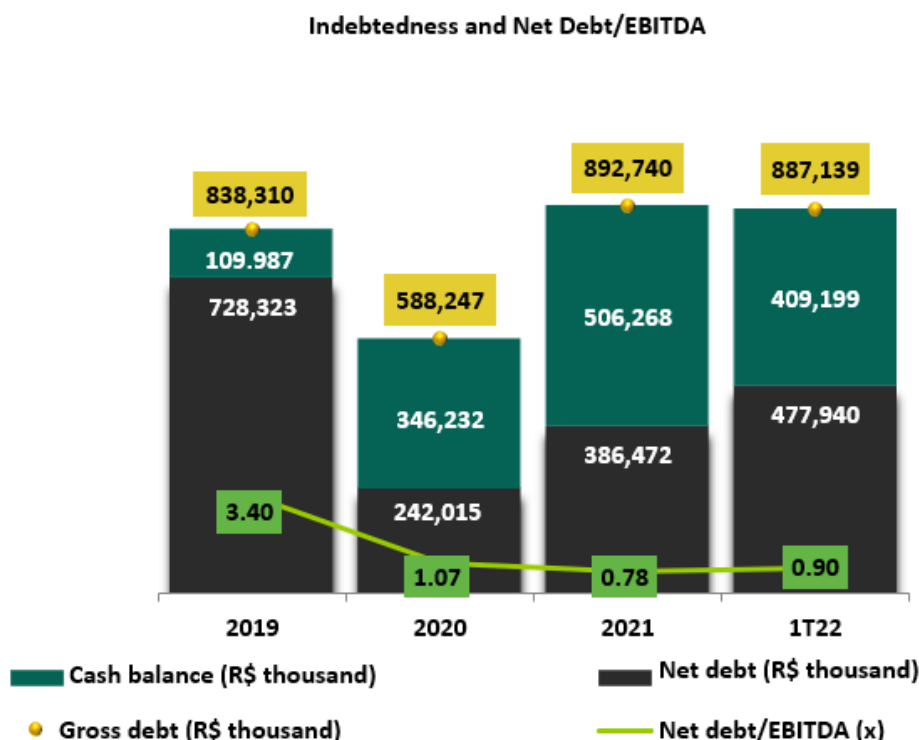
investments made and is in line with the parameters established in the Company's [Financial Management Policy](#), that sets a goal of 2,5x.

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.

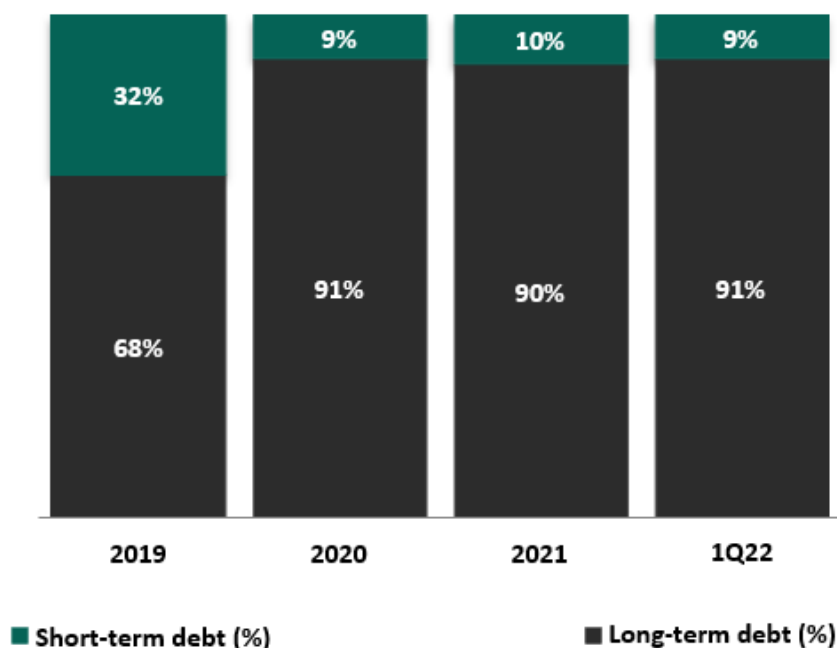
The effective interest, which considers the cost of BNDES and commission of the letters of guarantee for the operation is IPCA + 6.24% p.a.

The inflow of funds will occur upon release requests, as the acquisitions and payment for the Gaia Platform equipment are made. During 4Q21, there was a partial inflow of funds from the operation in the amount of R\$ 236,517 thousand. In 1Q22, the Company did not request the release of funds from said operation.

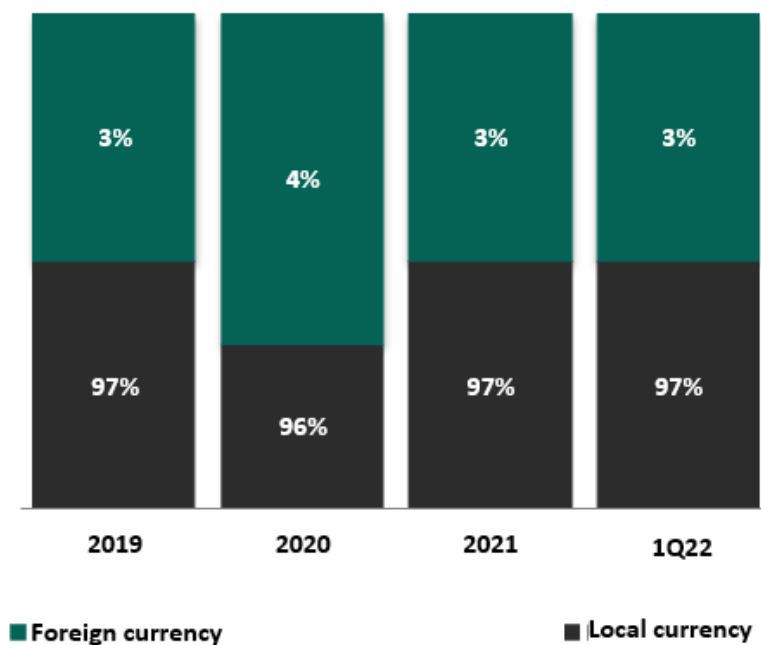


## Performance Comment

Profile of gross indebtedness



Breakdown of Gross Indebtedness



## 5. CREDIT RATING

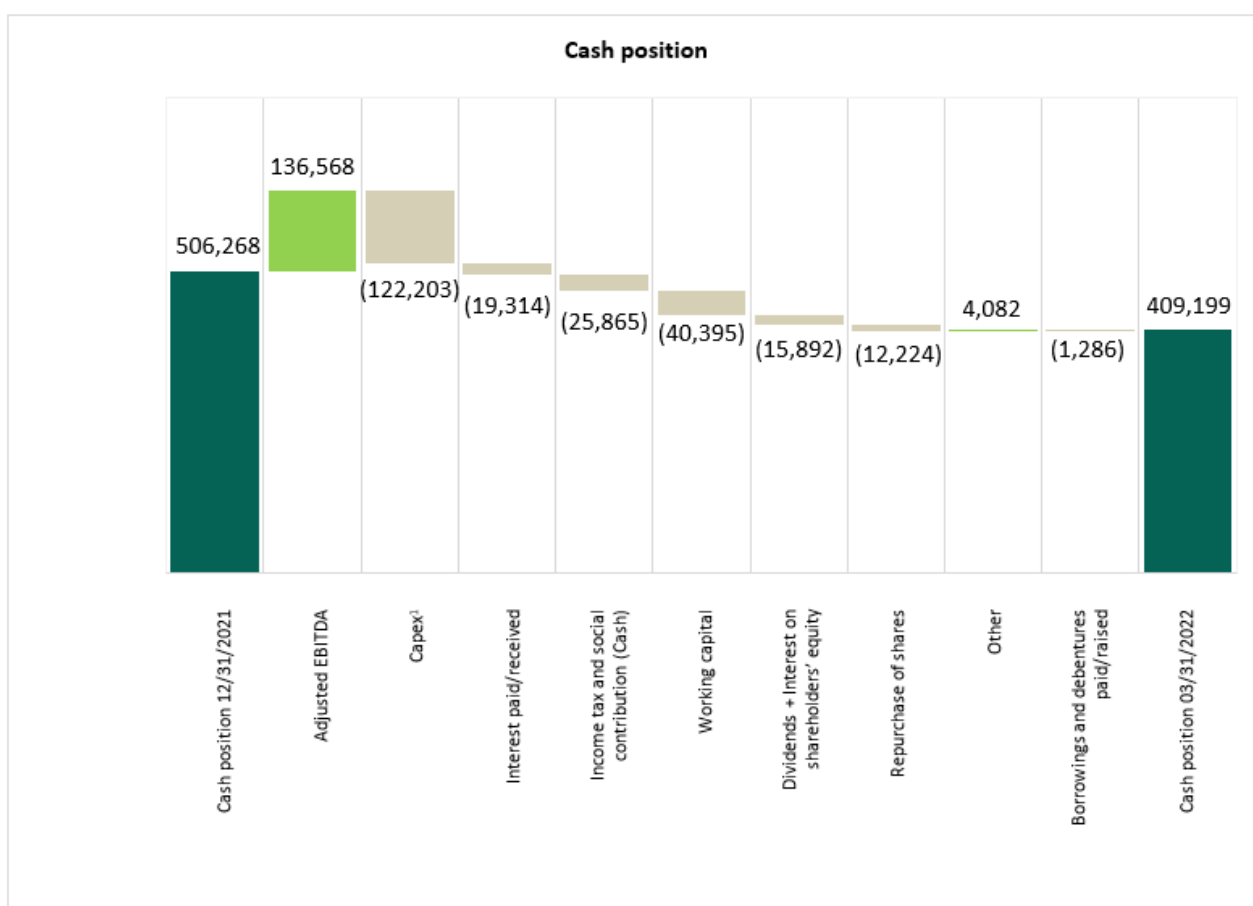
On July 5, 2021, [S&P Global Rating upgraded](#) Irani's long-term issuer credit rating from 'brA' to 'brAA' on the Brazilian National Scale. The ratings assigned to green debenture issues (3rd

## 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 19.2% in 1Q22. The sources and investments of funds are presented as follows:



<sup>1</sup> Considers the disbursement of R\$ 1,162 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	1Q22	4Q21	1Q21	LTM22	LTM21
<b>Adjusted EBITDA</b>	<b>136,568</b>	<b>134,181</b>	<b>100,348</b>	<b>530,141</b>	<b>274,012</b>
(-) Capex <sup>1</sup>	(122,203)	(154,606)	(31,784)	(485,980)	(85,518)
(-) Interest paid/received	(19,314)	(4,025)	(18,168)	(43,980)	(57,018)
(-) Income tax and social contribution (cash)	(25,865)	(30,374)	(9,257)	(102,261)	(29,142)
(+/-) Working capital	(40,935)	(1,990)	(17,997)	(17,891)	41,779
(-) Dividends + Interest on shareholders' equity	(15,892)	(25,670)	(10,361)	(95,464)	(26,905)
(-) Repurchase of shares	(12,224)	(18,565)	-	(30,789)	-
(+/-) Other	11,083	1,014	5	16,718	3,874
<b>Free cash flow</b>	<b>(88,782)</b>	<b>(100,035)</b>	<b>12,786</b>	<b>(229,505)</b>	<b>121,082</b>
Dividends + Interest on shareholders' equity	15,892	25,670	10,361	95,464	26,905
Repurchase of shares	12,224	18,565	-	30,789	-
Gaia Platform <sup>1</sup>	97,926	127,166	17,140	394,744	19,253
Expansion Projects	52	68	650	1,259	11,531
<b>Adjusted free cash flow<sup>2</sup></b>	<b>37,312</b>	<b>71,434</b>	<b>40,938</b>	<b>292,750</b>	<b>178,770</b>
<b>Adjusted FCF Yield<sup>3</sup></b>				<b>16.3%</b>	<b>16.0%</b>

<sup>1</sup> Considers the disbursement of R\$ 1,162 thousand in 1Q22 and R\$ 5,965 thousand in 4Q21 of interest and sureties paid, referring to the financing of investments in the Gaia Platform.

<sup>1</sup> Excluding dividends, interest on shareholders' equity and repurchase of shares, Gaia Platform and Expansion Projects

<sup>3</sup> 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\$ 37,312 thousand in 1Q22, a decrease of 47.8% in relation to 4Q21 and 8.9% in relation to 1Q21.

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

The increase 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 negative working capital in this quarter is mainly a result of the decrease in the social security obligations account, due to the payment of variable compensation for the year 2021, in view of the changes of the other cyclical accounts.

In this quarter, R\$ 15,892 thousand were distributed as dividends referring to the 4Q21 result. The amount represents a decrease of 38.1% in relation to the quarterly dividends distributed in 4Q21 referring to the results of 3Q21. Dividends for 3Q21 were positively impacted by the recognition of the non-levy of IRPJ and CSLL on the SELIC rate in the repetition of undue payment.

## 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.

Total dividends and interest on shareholders' equity paid in the last 12 months, in March 2022 was R\$ 0.376724 per share, totaling R\$ 95,464 thousand, equivalent to an annual dividend yield of 6.76%, considering the share price of R\$ 5.57 on March 31, 2021. As a reference, in the same period, a financial investment remunerated at CDI yielded 6.41%.

Said remuneration amounts are in line with the [Company's Dividend Distribution and Payment of Interest on Shareholders' Equity Policy](#).

In the last 12 months ended March 31, 2022, the Adjusted Free Cash Flow totaled R\$ 292,750 thousand, accounting for an expressive increase of 63.8% in relation to the R\$ 178,770 thousand recorded in the 12 months ended March 31, 2021. This increase was positively impacted by the strong operating cash flow, and negatively impacted by (i) higher payment of income tax and CSLL, considering the higher profit for the period, and (ii) termination of federal tax offsetting (IPI, PIS and COFINS) referring to the lawsuits for the exclusion of ICMS from the PIS and COFINS calculation basis, which took place in 3Q21.

The Free Cash Flow Yield was 16.3% in the last 12 months ended March 31, 2022, accounting for an increase of 0.30 p.p. in relation to that determined in the last 12 months ended March 31, 2021. It is worth highlighting that the Company's average market value in this period was 60.5% higher than that recorded in the prior period, considering the Re-IPO in July 2020 and the positive performance of the RANI3 share on B3.

## 8. RETURN ON INVESTED CAPITAL (ROIC)

Return on Invested Capital (ROIC) was 25.4% in the last 12 months, accounting for an increase of 0.5 p.p. compared to the 12-month period ended December 31, 2021 and significant 10.2% p.p. of increase in relation to 12 months ended March 31, 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.

## Performance Comment

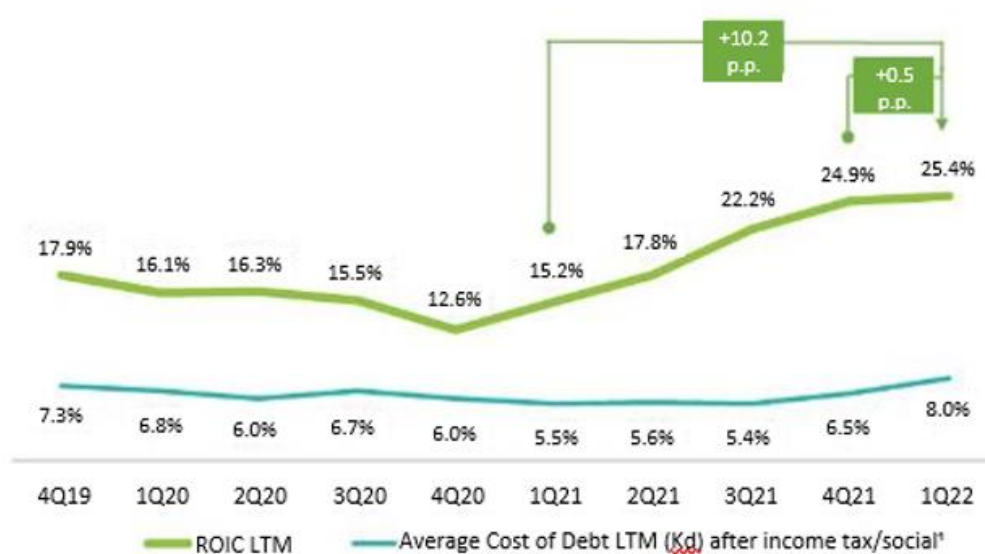
ROIC (R\$ thousand) - LTM <sup>1</sup>	1Q22	4Q21	1Q21
<b>Total Assets</b>	<b>2,211,765</b>	<b>2,083,547</b>	<b>1,776,794</b>
(-) Total liabilities (former debt)	(489,426)	(482,848)	(427,322)
(-) Works in progress	(305,550)	(201,851)	(37,799)
<b>Capital invested</b>	<b>1,416,789</b>	<b>1,398,849</b>	<b>1,311,673</b>
(-) Adjustment - CPC 29 <sup>2</sup>	(87,891)	(81,116)	(63,327)
<b>Adjusted Invested Capital</b>	<b>1,328,898</b>	<b>1,317,733</b>	<b>1,248,346</b>
<b>Adjusted EBITDA</b>	<b>530,141</b>	<b>493,921</b>	<b>274,012</b>
(-) Capex for Maintenance	(89,977)	(79,745)	(54,735)
(-) Income tax and social contribution (cash)	(102,261)	(85,653)	(29,142)
<b>Adjusted operating cash flow</b>	<b>337,903</b>	<b>328,523</b>	<b>190,135</b>
<b>ROIC<sup>3</sup></b>	<b>25.4%</b>	<b>24.9%</b>	<b>15.2%</b>

<sup>1</sup> Average equity balances for the last 4 quarters (Last 12 Months)

<sup>2</sup> Differential in the fair value of biological assets less Deferred Taxes in the Fair value of biological assets

<sup>3</sup> ROIC (Last 12 months): Adjusted operating cash flow / Adjusted invested capital

ROIC LTM x Average Cost of Debt UDM (Kd) after income tax/social contribution



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

## 9. PROFIT

In 1Q22, the profit was R\$ 112,148 thousand, in comparison to the profit of R\$ 56,701 thousand in 1Q21 and R\$ 63,326 thousand in 4Q21. The main impacts on profit for this quarter were related to the net revenue when compared to 1Q21, and the decrease in costs (old corrugated containers) and percentage growth in gross margin when compared to 4Q21. Also in this quarter, the amount of R\$ 17,229 thousand (R\$ 11,371 thousand, net of income tax and social contribution) of

## Performance Comment

extemporaneous ICMS credits referring to deemed credit in the State of Santa Catarina was recognized, which has been offset monthly.

### 10. INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes. Investments in this quarter amounted to R\$ 123,822 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company. Of this amount, R\$ 94,718 thousand were allocated to the investments in the Gaia I, II and III Projects (1st Cycle), in addition to R\$ 2,046 thousand in Gaia VI, VII and IX (2nd Cycle) projects.

R\$ thousand	1Q22
Buildings	1,212
Equipment	118,751
Reforestation	3,859
<b>Total</b>	<b>123,822</b>

### 11. GAIA PLATFORM

#### 1<sup>st</sup> Cycle

In the first quarter of 2022, the **Gaia I** project - Expansion of Chemicals and Utilities Recovery concluded the engineering of the equipment and the civil package for the wood yard and the piling of the foundations for the Recovery Boiler, evaporation, turbo generator and CNG. The execution of the construction site for BOP, electrical, instrumentation and automation process are in progress. In the woodyard, earthworks and excavation for the civil bases are being performed, as well as the continued manufacture of equipment for the woodyard, recovery boiler, turbo generator, digester, pulp washer and sludge filter. The acquisition of packages representing 77% of the total investment was completed.

In the **Gaia II** Project - Expansion of SC Packaging Unit, the focus was on the startup of the Naomi Corrugator and its delivery to the operation, as well as the completion of the installation and first tests of the FFG Falcon printer. The civil multipurpose shed and expedition phase was also completed in the period. The production of the resin machine, acquisitions to adapt the Ward printer to NR 12 and the electrical installation, SPDA and lighting in the multipurpose shed are in

## Performance Comment

progress. The acquisition of packages representing 81.5% of the total investment has already been concluded.

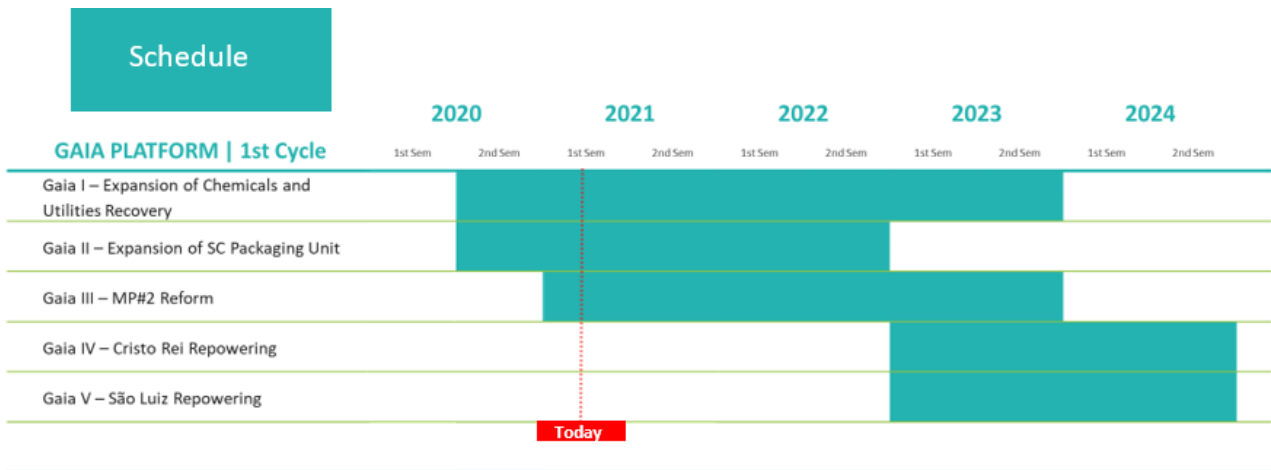
In the **Gaia III** Project - Refurbishment of Paper Machine 2, the design of hydraulic units for the presses and winder was approved by the supplier. The receipt of the rails, hydrofoil and vacuum foil boxes, forming board and refurbished suction roller, as well as the vacuum pump and condenser, was completed. Structural reinforcements were performed in the basement of the machine, the execution of the base of the winder and base of the monolucid. The manufacture of equipment to be replaced in the paper machine, the engineering and scaling of the electrical and automation project, acquisition of assembly packages and mechanical and boiler materials are in progress. With this, the acquisition of packages was concluded, representing 83.9% of the total investment.

In the projects **Gaia IV** - Cristo Rei Repowering and **Gaia V** - São Luiz Repowering, a license for the Integrated Environmental Assessment of the Hydrographic Basin - AAIBH of the Irani River is in progress. Packages referring to said projects have not yet been closed.

In 1Q22, R\$ 94,718 thousand were invested in projects of the 1st Cycle of the Gaia Platform, of which R\$ 74,816 thousand in Gaia I, R\$ 16,655 thousand in Gaia II and R\$ 3,157 thousand in Gaia III. The total invested since the beginning of the 1st Cycle works is R\$ 400,355 thousand, of which R\$ 280,640 thousand in Gaia I, R\$ 100,716 thousand in Gaia II and R\$ 18,999 in Gaia III.

Gaia Platform – 1st Cycle	Unit	Estimated Investment (Gross)	Estimated Investment (Net)	Investment Made 1Q22	Investment Made up to 03/31/2022
Gaia I – Expansion of Chemicals and Utilities Recovery	Paper SC Campina da Alegria	581,309	494,849	74,896	280,640
Gaia II – Expansion of SC Packaging Unit	SC Packing Plant Campina da Alegria	150,433	118,189	16,665	100,716
Gaia III – MP#2 Reform	Paper SC Campina da Alegria	57,613	44,556	3,157	18,999
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	-	-
	<b>Total</b>	<b>883,519</b>	<b>744,767</b>	<b>94,718</b>	<b>400,355</b>

## Performance Comment



Gaia Platform – 1st Cycle	Basic Engineering	Physical execution
Gaia I – Expansion of Chemicals and Utilities Recovery	100%	31,5%
Gaia II – Expansion of SC Packaging Unit	100%	88,7%
Gaia III – MP#2 Reform	100%	68%
Gaia IV – Cristo Rei Repowering	100%	
Gaia V – São Luiz Repowering	100%	

### 2<sup>nd</sup> Cycle

The **Gaia VI** project - Process Information Management System, were concluded the SC Packaging unit network/optical fiber infrastructure project and the analysis of licensing quotations. The preparation of the technical design and budgeting of the sensorization and fiber optic projects for the units, as well as the negotiation with the vendor of the data historian, are in progress.

In the **Gaia VII** project – Effluent Treatment Plant Expansion (ETP), Phase 1, preparations for the diversion of the Rio do Mato pipeline were completed. The details of the structural design of the tanks, acquisitions of the filtering system and validation by the environmental agency for issuing the Environmental Installation License (EIL) are in progress.

In the **Gaia VIII** project – New Cut and Crease Printer, the acquisition of the wrapping machine, bending machine, mezzanine and binding machine was completed. Ex-tariff requests, the drawings of the printer’s civil base and the technical alignment of the conveyor package for the new finishing line are in progress.

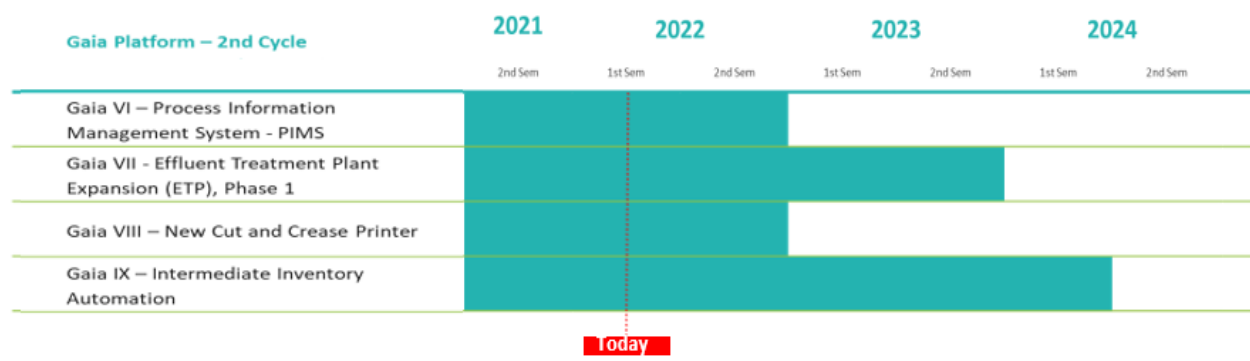
Finally, in the **Gaia IX** – Automation of Intermediate Inventory project, the technical alignment of the proposals was concluded and negotiations with potential suppliers are in progress.

## Performance Comment

In 1Q22, R\$ 2,046 thousand were invested in projects of the 2nd Cycle of the Gaia Platform, of which R\$ 14 thousand in Gaia VI, R\$ 98 thousand in Gaia VII and R\$ 1,934 in Gaia IX. The total invested since the beginning of the 2nd Cycle works is R\$ 4,990.

Gaia Platform – 2nd Cycle	Unit	Estimated Investment (Gross)	Estimated Investment (Net)	Investment Made 1Q22	Investment Made up to 03/31/2022
Gaia VI – Process Information Management System - PIMS	Paper SC Campina da Alegria	5,173	4,330	14	14
Gaia VII - Effluent Treatment Plant Expansion (ETP), Phase 1	Paper SC Campina da Alegria	22,886	20,917	98	104
Gaia VIII – New Cut and Crease Printer	Packaging SP Indaiatuba	21,318	15,034	-	2,938
Gaia IX – Intermediate Inventory Automation	Packaging SP Indaiatuba	42,860	29,897	1,934	1,934
<b>Total</b>		<b>92,237</b>	<b>70,178</b>	<b>2,046</b>	<b>4,990</b>

### Schedule



Gaia Platform – 2nd Cycle	Basic Engineering	Physical execution	
		Progress	Remaining
Gaia VI – Process Information Management System - PIMS	N/A	42%	[Bar]
Gaia VII - Effluent Treatment Plant Expansion (ETP), Phase 1	100%	5%	[Bar]
Gaia VIII – New Cut and Crease Printer	N/A	26,8%	[Bar]
Gaia IX – Intermediate Inventory Automation	N/A	10%	[Bar]

## Performance Comment

### 12. CAPITAL MARKET

#### GREEN DEBENTURES

In 2019, the company issued [Green Debentures \(CELU13\)](#) in the Brazilian capital market, in the amount of R\$ 505,000 thousand. The final payment term of green debentures is 2025, with a principal grace period until July 2023 and interest is paid semi-annually. The issuance was carried out at a CDI rate + 4.5% p.a. at the end of 1Q22 and was being traded on the secondary market at CDI rate + 2.45% p.a.

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

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

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

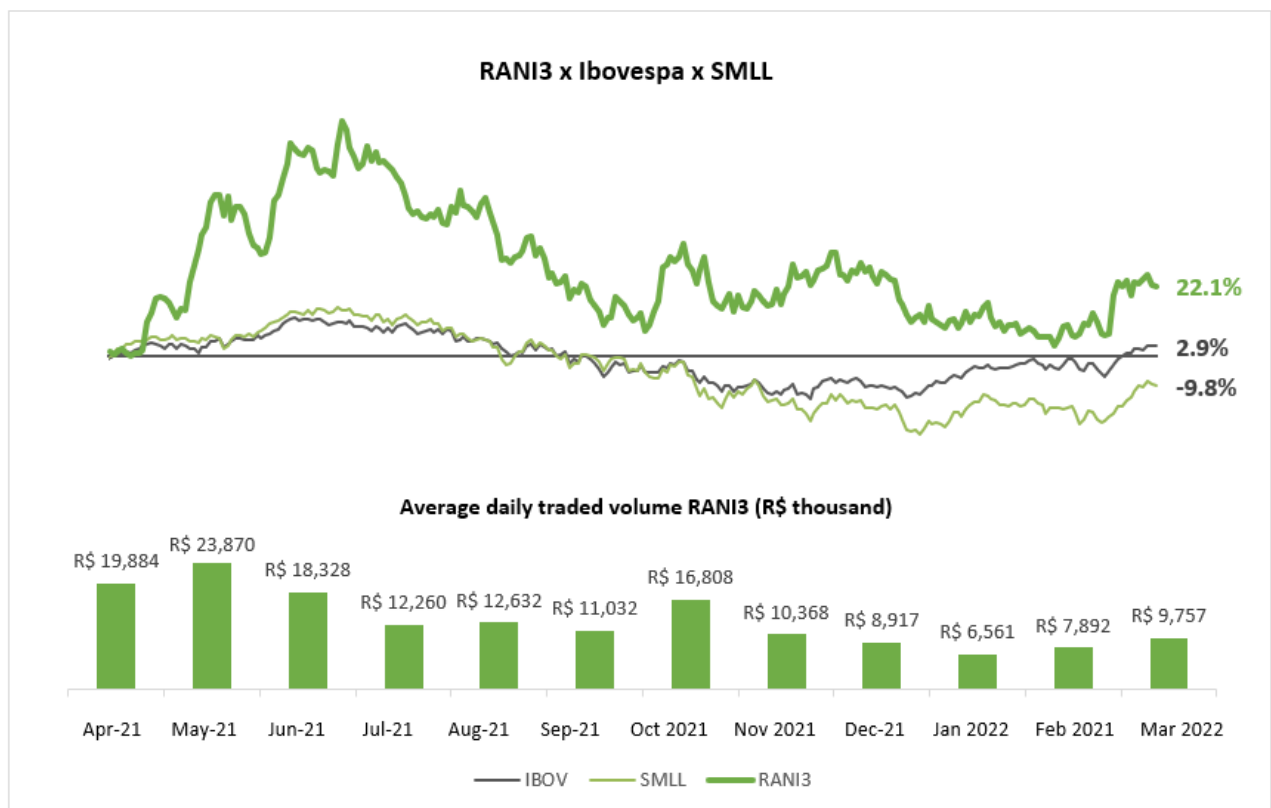
#### SHARE CAPITAL

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

## Performance Comment

All shares have voting rights and are 100% tag along. At the end of 1Q22, common shares were traded at R\$ 6.80. The Company’s shares currently comprise the IGC-NM, IGCX, ITAG, IMAT, IBRA, SMLL, IGCT and IGPTW indices of B3.

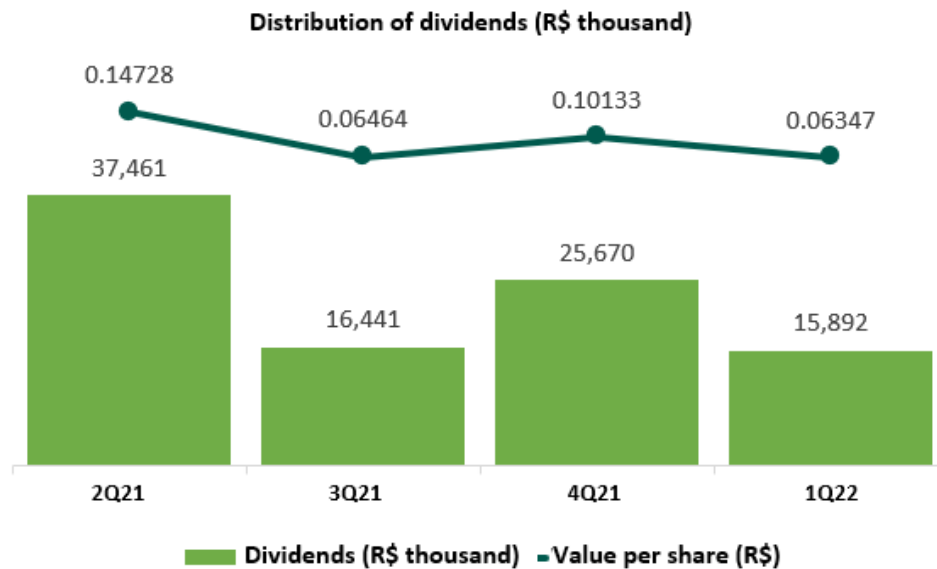
The performance and trading volume of the Company’s shares in the accumulated for the last 12 months, compared to the Ibovespa index (the main performance indicator of shares traded on B3) and the SMLL (performance indicator of B3 companies with lower capitalization, which Irani is part of the theoretical 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\$ 0.376724 per share, totaling R\$ 95,464 thousand, and equivalent to an annual dividend yield of 6.76%, considering the share price of R\$ 5.57 as of March 31, 2021. As a reference, in the same period, a financial investment remunerated at CDI yielded 6.41%.

At the Annual and Extraordinary Shareholders' Meeting held on April 28, 2022, additional dividends were approved for the year 2021, in the total amount of R\$ 70,888 thousand, with the dividend per share totaling R\$ 0.2845563, which will be paid until May 30, 2022.

### REPURCHASE PROGRAM

At the [Board of Directors' meeting held on September 27, 2021](#), the Company's Share Buyback Program was approved, with the objective of maximizing the generation of value for stockholders through an efficient management of the capital structure. 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 March 31, 2022, the Company repurchased 4,720,600 shares, accounting for 57.45% of the program carried out, at the amount of R\$ 30,789 thousand, including trading costs, equivalent to an average price per repurchased share of R\$ 6.52. Irani's share capital on March 31, 2022 was represented by 256,720,235 common shares (RANI3) and the Company held 7,096,716 common shares in treasury.



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## IRANI PAPEL E EMBALAGEM S.A.

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2. PRESENTATION OF FINANCIAL STATEMENTS
3. SIGNIFICANT ACCOUNTING PRACTICES
4. CONSOLIDATION OF FINANCIAL STATEMENTS
5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS
6. TRADE RECEIVABLES
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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
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35. TRANSACTIONS NOT AFFECTING CASH
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## Irani Papel e Embalagem S.A. – CNPJ 92.791.243/0001-03

### NOTES TO INTERIM FINANCIAL STATEMENTS

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

#### 1. OPERATIONS

Irani Papel e Embalagem S.A. (“Company”), is a corporation listed on B3 S.A. – Brasil, Bolsa, Balcão, New Market segment, and headquartered at Avenue Carlos Gomes, 400, rooms 502/503, Building João Benjamin Zaffari, Neighborhood 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 corrugated cardboard packaging, 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 and paper recycling as the basis for all its production.

Its direct subsidiaries are disclosed in Note 4.

The Company is a direct subsidiary of Irani Participações S.A., a Brazilian privately-held corporation. Its ultimate parent company is D.P. Representações e Participações Ltda. both entities of Grupo Habitasul.

##### 1.1. Coronavírus (COVID-19)

The early part 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 Company maintained actions aimed at improving working conditions and assisting in the quality of life of its employees and the communities in which they live, of which we can highlight the following: (i) protection masks donations to all employees; (ii) adaptation of all working posts to improve the distancing conditions necessary for the operations; (iii) adaptation and improvements in the restaurant facilities of the industrial units to attend the necessary protection norms; (iv) for the workers in home office, the Company is conceding cost help for personal expenses with internet and electric energy, and also supplying adequate chairs so that the employees can exercise their functions from their homes.

In 2022, it continued taking all necessary measures to minimize the impact of COVID-19 on its operations, and especially on employees and their families.



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The Company's industrial operations continue at a normal pace of production and sale, while Management has been assessing measures to fight the Coronavirus on a regular basis.

In the Management's opinion, the measures taken to this moment – and which are constantly reassessed – sought to maintain the service level and operational quality that we value in our operations, in addition to seeking to ensure the health and well-being of our employees, suppliers, clients, and society, supporting compliance with the measures provided for by public authorities. We will continue acting to preserve everyone's health, always vigilant and ready to make course corrections as the situation evolves.

Based on long term projections that contemplate the projected cash flows, the Company understands it has the sufficient conditions of maintaining its 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. Any indicatives of the need to alter the premises used for the calculations of the company's fair value of biological assets were also not identified, specially 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 continue improving our protocols to fight COVID-19, intensifying awareness and inspection actions on the correct use of masks, hygiene protocols, use of hand sanitizer and social distancing. 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 interim financial statements are prepared in accordance with the accounting practices adopted in Brazil, including the requirements of Technical Pronouncement CPC 21 (R1)-



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Interim Financial Reporting and with the International Financial Reporting Standards (IFRS) including the requirements of 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 the Quarterly Information – ITR, and demonstrate all relevant information of the financial information, and only them, which are consistent with the information used by the Administration in its tenure.

The issuance of these financial statements was authorized by the Company's Management on April 26, 2022.

The interim financial statements were prepared based on historical cost convention, except biological assets measured at their fair values less costs to sell, financial instruments derivate – swap and financial instruments disclosed in notes 15, 18 and 30, respectively.

### 3. SUMMARY OF MAIN ACCOUNTING POLICES AND CONFORMITY DECLARATION

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

### 4. CONSOLIDATION OF THE FINANCIAL STATEMENTS

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

Participation in capital - %	Business activity	03.31.22	12.31.21
Subsidiaries - direct interest			
Habitassul 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 financial statements. The financial information of the subsidiaries, used for consolidation, was prepared at the same date as that of the Company.



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## 5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

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

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Fixed fund	18	19	19	20
Banks	8,171	7,470	8,186	7,544
Financial investments with immediate liquidity i)	14,161	3,561	34,769	22,846
Total cash and cash equivalents	<u>22,350</u>	<u>11,050</u>	<u>42,974</u>	<u>30,410</u>
Financial investments ii)	366,225	475,858	366,225	475,858
Total financial investments	<u>366,225</u>	<u>475,858</u>	<u>366,225</u>	<u>475,858</u>
Total cash and cash equivalents and financial investments	<u>388,575</u>	<u>486,908</u>	<u>409,199</u>	<u>506,268</u>

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

ii) Financial investments are intended to meet the Company's non-immediate commitments, which mainly refer to investments in the Gaia platform.

Short-term investments with no grace period and short-term investments with a grace period of less than 53 days are remunerated with fixed income at an average rate of 102.5% (102.8% as of December 31, 2022) of the CDI. Cash management is carried out in accordance with the Company's [Financial Management Policy](#) approved by the Board of Directors as of July 23, 2021.

## 6. TRADE RECEIVABLES

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Trade receivables from:				
Clients - Domestic market	244,526	243,435	244,842	243,753
Clients - Related parties	242	242	242	242
Clients - Foreign market	36,474	33,035	36,474	33,035
Clients - Renegotiation	10,698	10,902	10,698	10,902
	<u>291,940</u>	<u>287,614</u>	<u>292,256</u>	<u>287,932</u>
Estimates losses on trade receivables	<u>(30,603)</u>	<u>(30,452)</u>	<u>(30,615)</u>	<u>(30,464)</u>
	<u>261,337</u>	<u>257,162</u>	<u>261,641</u>	<u>257,468</u>
Current installment	259,659	255,039	259,963	255,345
Non-current installment	1,678	2,123	1,678	2,123



**RANI**  
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The aging analysis of trade receivables is as follows:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Falling due	248,863	247,689	249,149	247,952
Overdue up to 30 days	10,361	7,431	10,380	7,474
Overdue, 31–60 days	1,340	2,627	1,340	2,627
Overdue, 61–90 days	233	49	233	49
Overdue, 91–180 days	792	335	792	335
Overdue >180 days	30,351	29,483	30,362	29,495
	<u>291,940</u>	<u>287,614</u>	<u>292,256</u>	<u>287,932</u>

The Company records a provision for doubtful accounts 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 and historical analyzes of losses obtained by the Company. Individual analyzes are performed for those clients who do not yet have overdue notes, considering their credit risks. The following table discloses information regarding the credit risk exposure and expected credit losses provision for trade accounts receivables and contractual assets for individual clients on March 31, 2022 and on December 31, 2021:

#### Consolidated

Exposure to credit risk and credit losses

	Estimated loss weighted average rate	Gross accounting balance on 03.31.2022	Estimated loss provision on 03.31.2022
Falling due	0.22%	249,149	(559)
Overdue up to 30 days	0.29%	10,380	(30)
Overdue, 31–180 days	40.13%	2,365	(949)
Overdue >181 days	95.77%	30,362	(29,077)
		<u>292,256</u>	<u>(30,615)</u>

#### Consolidated

Exposure to credit risk and credit losses

	Estimated loss weighted average rate	Gross accounting balance on 12.31.2021	Estimated loss provision on 12.31.2021
Falling due	0.23%	247,952	(559)
Overdue up to 30 days	0.40%	7,474	(30)
Overdue, 31–180 days	24.44%	3,011	(736)
Overdue >181 days	98.79%	29,495	(29,139)
		<u>287,932</u>	<u>(30,464)</u>



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The expected loss rates are based on real credit loss experience. These rates were multiplied by scalar factors to reflect the differences between conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The credit quality of financial assets that are not past due or committed as of March 31, 2022 is assessed based on historical information on the Company's default rates. In general, 97% of accounts receivable securities have no history of default.

Changes in the provisions may be stated as follows:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Balance at the beginning of the year	(30,452)	(30,535)	(30,464)	(30,814)
Provision for recognized losses	(151)	-	(151)	-
Reversal of provision for recognized losses	-	83	-	350
Balance at the end of the year	<u>(30,603)</u>	<u>(30,452)</u>	<u>(30,615)</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 March 31, 2022.

## 7. INVENTORIES

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Finished goods	56,515	59,353	57,241	60,213
Raw materials	32,584	35,551	32,601	35,589
Consumable materials	25,967	26,367	26,087	26,520
Other inventories	861	736	861	736
	<u>115,927</u>	<u>122,007</u>	<u>116,790</u>	<u>123,058</u>
Write-down to net realizable value	-	-	-	-
	<u>115,927</u>	<u>122,007</u>	<u>116,790</u>	<u>123,058</u>

The cost of inventories recognized in the income (loss) for the year ended does not include the write-down to net realizable value. The amount recognized in other operational expenses as write-down to net realizable value were related to the inventories provision from the discontinued operation.

The cost of inventories recognized in the three-month period ended March 31, 2022 was R\$ 238,201 (R\$ 239,416 in three-month period ended March 31, 2021) in parent company and R\$ 233,084 (R\$ 237,614 in three-month period ended March 31, 2021) in consolidated.



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For the three-month period ended March 31, 2022, the Company did not recognized provisions regarding its inventories.

The movement of the provision can be demonstrated as follows:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	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 SOCIAL CONTRIBUTION

### a) Recoverable taxes

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Value-added Tax on Sales and Services (ICMS)	34,945	22,520	34,945	22,524
Social Integration Program (PIS)/ Social Contribution on Revenues (COFINS)	12,279	9,551	12,283	9,556
Excise Tax (IPI)	31	40	31	40
Income Tax Withheld at Source (IRRF) on investments	-	-	3	1
Other	959	1,061	959	1,061
	<u>48,214</u>	<u>33,172</u>	<u>48,221</u>	<u>33,182</u>
Current installment	25,675	20,888	25,682	20,898
Non-current installment	22,539	12,284	22,539	12,284

ICMS credits are basically credits on the acquisition of property, plant and equipment generated in connection with the purchase of goods for the Company's property, plant and equipment and interstate acquisition of raw material by the Resina/RS unit, through which the Company assesses the possibility of selling credits to third parties. Additionally, in this quarter, the Company recognized extemporaneous ICMS credit referring to presumed credit in the State of SC, which has been compensated monthly.

PIS and COFINS credits 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) Income tax and social contribution recoverable

Are demonstrated as follows:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Income Tax Recoverable	19,332	18,871	19,332	18,871
Social Contribution Recoverable	6,959	6,794	6,959	6,794
	<u>26,291</u>	<u>25,665</u>	<u>26,291</u>	<u>25,665</u>
Non-current installment	26,291	25,665	26,291	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, the Federal Supreme Court (STF) judged the RG/SC RE 1063187, 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\$ 26,291. 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	
	03.31.22	12.31.21	03.31.22	12.31.21
Advances to suppliers	1,179	1,152	1,189	1,182
Receivables from employees	2,512	2,587	2,697	2,759
Rio Negro Propriedades Rurais e Participações S.A.	4,003	4,003	4,003	4,003
São José Desenvolvimento Imobiliário 93 Ltda	31,350	-	31,350	-
Prepaid expenses	4,592	2,345	4,597	2,345
Receivable from lawsuit on abusive interest SP – Precatory	4,637	4,526	4,637	4,526
Other receivables	849	1,590	990	1,692
	<u>49,122</u>	<u>16,203</u>	<u>49,463</u>	<u>16,507</u>
Current installment	44,485	11,677	44,800	11,954
Non-current installment	4,637	4,526	4,663	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 – Precatory 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 precatory 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 administrative board, in September of 2019, the company discontinued the corrugated cardboard operations in the Vila Maria unit in São Paulo/SP. The assets of the unit were evaluated by the administration and classified as held for sale because of the assets' conditions, the high probability of sale realization and by the effort in the sale realization by the company's management, according to classification criteria defined in CPC 31/IFRS 5.

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 conditions. During the 2020 fiscal year, some precedent



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conditions of environmental nature and relative to the property could not be met due to the Covid-19 pandemic that imposed severe restriction to the circulation of people and the functioning of public services. Facing this, the Company sealed in December 2020 the addition to the Private Instrument of Promise of Purchase and Sale stating the postponement of the deadline for the fulfilment of the referred precedent conditions.

In February 2022, the Company sealed the second addition to the Private Instrument of Promise of Purchase and Sale, related to the sale of the assets classified as non-current assets held for sale, ratifying the amount of R\$ 41,200, and adjusting the payment condition considering the amount received of R\$ 6,000 as initial installment, in February 2022, and the received amount in 12 monthly payments updated by variation of bank deposits (“DI”), as measured by the Custody and Financial Settlement Center for Private Securities (“CETIP”). The Company evaluates that the fulfilment of the remain present conditions are close and, considers that the respective amount received as part of the sales price meets the revenue recognition premises according to the guidelines of the CPC 47/IFRS15, recognizes the sale in February 2022, of all non-current assets held for sale, the positive effect on income before income taxes was R\$ 3,383.

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

During 2019, a provision of R\$ 53,122 was recognized for impairment (fair value less selling cost) over the group of assets held for sale. The provision was recorded in the statement of profit and loss for the respective year of the discontinued operation.

(b) Assets held for sale

The group of assets held for sale is presented at fair value less selling cost and it comprised the following assets:

Assets held for sale	03.31.22	12.31.21
Buildings and land	-	41,200
Assets held for sale	-	41,200



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(c) Accumulated gains and losses included in Other comprehensive income (OCI)

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

(d) Measurement of fair value

The fair value of R\$ 41,200 for the group of assets held for sale was measured based on the Private Instrument of Commitment to the 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 a 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 changes in relation to the previous year.

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

ASSETS	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Deferred income tax assets				
On temporary provisions	4,542	8,327	4,542	8,327
On tax loss	10,485	20,490	10,538	20,514
Deferred social contribution assets				
On temporary provisions	1,635	2,997	1,635	2,997
On negative basis	3,775	7,376	3,794	7,385
	<u>20,437</u>	<u>39,190</u>	<u>20,509</u>	<u>39,223</u>
<b>LIABILITEIS</b>				
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	122	-	122	-
Fair value of biological assets	38,014	35,200	39,615	36,545
Deemed cost of property, plant and equipment	96,275	116,116	98,213	118,054
Government grant	22	32	22	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	44	-	44	-
Fair value of biological assets	13,685	12,672	14,550	13,399
Deemed cost of property, plant and equipment	34,660	41,802	35,358	42,500
Government grant	8	11	8	11
Amortization of tax goodwill	9,057	9,057	9,057	9,057
	<u>217,045</u>	<u>240,048</u>	<u>222,147</u>	<u>244,756</u>
Deferred tax liabilities (net)	<u>196,608</u>	<u>200,858</u>	<u>201,638</u>	<u>205,533</u>



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Based on budget forecasts approved by the Board of Directors, management expects deferred tax assets to be realized as follows:

Deferred tax asset:	Parent company	Consolidated
Período	03.31.22	12.31.21
2022	15,013	15,085
2023	1,356	1,356
2024	1,356	1,356
2025	1,356	1,356
2026	1,356	1,356
	<u>20,437</u>	<u>20,509</u>

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

Parent company assets	Opening balance 01.01.2021	Recognized in profit (loss)	Closing balance 12.31.2021
Deferred tax assets regarding:			
Provision for sundry risks	(13,239)	1,915	(11,324)
Total temporary differences	(13,239)	1,915	(11,324)
Tax loss and negative basis	(65,993)	38,127	(27,866)
	<u>(79,232)</u>	<u>40,042</u>	<u>(39,190)</u>

Parent company assets	Opening balance 12.31.2021	Recognized in profit (loss)	Closing balance 31.03.2022
Deferred tax assets regarding:			
Provision for sundry risks	(11,324)	5,147	(6,177)
Total temporary differences	(11,324)	5,147	(6,177)
Tax loss and negative basis	(27,866)	13,606	(14,260)
	<u>(39,190)</u>	<u>18,753</u>	<u>(20,437)</u>

Parent company liabilities	Opening balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21	Recognized in profit (loss)	Closing balance 03.31.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	166	166
Fair value of biological assets	39,704	8,168	47,872	3,827	51,699
Deemed cost and review of useful life	163,690	(5,772)	157,918	(26,983)	130,935
Government grant	54	(11)	43	(13)	30
Amortization of tax goodwill	34,215	-	34,215	-	34,215
	<u>238,076</u>	<u>1,972</u>	<u>240,048</u>	<u>(23,003)</u>	<u>217,045</u>



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<b>Consolidated assets</b>	Opening balance 01.01.2021	Recognized in profit (loss)	Closing balance 12.31.2021		
Deferred tax assets regarding:					
Provision for sundry risks	(13,239)	1,915	(11,324)		
Total temporary differences	(13,239)	1,915	(11,324)		
Tax loss and negative basis	(65,993)	38,094	(27,899)		
	<u>(79,232)</u>	<u>40,009</u>	<u>(39,223)</u>		
<b>Consolidated assets</b>	Opening balance 12.31.2021	Recognized in profit (loss)	Closing balance 31.03.2022		
Deferred tax assets regarding:					
Provision for sundry risks	(11,324)	5,147	(6,177)		
Total temporary differences	(11,324)	5,147	(6,177)		
Tax loss and negative basis	(27,899)	13,567	(14,332)		
	<u>(39,223)</u>	<u>18,714</u>	<u>(20,509)</u>		
<b>Parent company liabilities</b>	Opening balance 01.01.21	Recognized in profit (loss)	Closing balance 12.31.21	Recognized in profit (loss)	Closing balance 03.31.22
Deferred tax liabilities regarding:					
Exchange-rate change recognized on a cash basis	413	(413)	-	166	166
Fair value of biological assets	41,335	8,609	49,944	4,221	54,165
Deemed cost and review of useful life	166,326	(5,772)	160,554	(26,983)	133,571
Government grant	54	(11)	43	(13)	30
Amortization of tax goodwill	34,215	-	34,215	-	34,215
	<u>242,343</u>	<u>2,413</u>	<u>244,756</u>	<u>(22,609)</u>	<u>222,147</u>





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- (ii) During 2021, Iraflor Comércio de Madeiras Ltda. received a capital contribution from its parent company Irani Papel e Embalagem S.A., amounting to R\$ 5,317, which was paid up through the transfer of forest assets.

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

As of February 16, 2022, Irani Soluções para E-commerce Ltda, received a capital contribution from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 1.615, paid in cash.

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

- (iii) On August 10, 2021, the Board of Directors of the Company approved the organization of the company Irani Ventures Ltda, wholly-owned subsidiary of the Company with the objective of investing in selected startups, with innovative solutions, high-tech products and services, already validated by the market and with high growth potential, 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.



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### 13. INVESTMENT PROPERTIES

#### 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>
March 31, 2022			
Opening balance	18,686	2,681	21,367
Depreciation	-	(44)	(44)
Book balance, net	<u>18,686</u>	<u>2,637</u>	<u>21,323</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,740)	(2,740)
Book balance, net	<u>18,686</u>	<u>2,637</u>	<u>21,323</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>
March 31, 2022			
Opening balance	18,686	2,681	21,367
Depreciation	-	(44)	(44)
Book balance, net	<u>18,686</u>	<u>2,637</u>	<u>21,323</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,740)	(2,740)
Book balance, net	<u>18,686</u>	<u>2,637</u>	<u>21,323</u>

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### Land

Mainly refers to:

- i. land held by the Company for the future use or realization, located in the state of Rio Grande do Sul, and recognized at the cost of acquisition of R\$ 16,094. The areas were contributed to the Company together with the acquisition of São Roberto S.A., and are subject to a study for realization by use or sale. They were previously held by the parent company for future installations of wind farms, which would be developed by the Company. Thus, said land was not considered investment property in the consolidated
- ii. the Company received a piece of land in 2019 in exchange for trade receivables in the amount of R\$ 2,432, with total receivables being R\$ 2,709. The difference was recognized in the profit (loss) as a financial discount in the amount of R\$ 277.

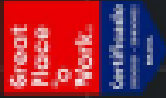
### Buildings

Refers to buildings located in the city of Rio Negrinho, State of Santa Catarina, in the amount of R\$ 2,637 (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:

	<u>Parent company and Consolidated</u>	
	<u>03.31.22</u>	<u>12.31.21</u>
Rental revenues	177	-
Direct operating expenses that generated rental revenue	(134)	(162)

Investment properties are valued at the historical cost as of March 31, 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.



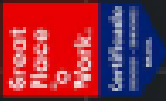
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14. INTANGIBLE ASSETS

a) Breakdown of property, plant and equipment

Parent company	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Property, plant and equipment in	Total
December 31, 2021								
Opening balance	120,685	130,555	328,918	3,535	6,123	33,026	8,296	631,138
Acquisitions	-	2,055	16,069	2,581	2,952	354,090	-	377,747
Write-offs/Disposals	-	(173)	(5,452)	(1)	(120)	(10)	-	(5,756)
Transfers	-	373	19,318	-	131	(19,822)	-	-
Depreciation	-	(5,190)	(49,858)	(792)	(2,017)	-	(645)	(58,502)
PIS and COFINS credit	-	8	250	3	6	228	-	495
Held for sale	-	-	-	(2,526)	(728)	-	-	(3,254)
<b>Book balance, net</b>	<b>120,685</b>	<b>127,628</b>	<b>309,245</b>	<b>2,800</b>	<b>6,347</b>	<b>367,512</b>	<b>7,651</b>	<b>941,868</b>
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)
<b>Book balance, net</b>	<b>120,685</b>	<b>127,628</b>	<b>309,245</b>	<b>2,801</b>	<b>6,346</b>	<b>367,512</b>	<b>7,651</b>	<b>941,868</b>
March 31, 2022								
Opening balance	120,685	127,628	309,245	2,801	6,346	367,512	7,651	941,868
Acquisitions	-	1,212	3,702	884	539	113,559	-	119,896
Write-offs/Disposals	(200)	-	(98)	-	(14)	-	-	(312)
Transfers	-	-	3,151	219	504	-	-	3,874
Depreciation	-	577	9,155	-	290	(10,022)	-	-
Imob. em andamento de Terceiros	-	(1,312)	(10,241)	(257)	(524)	-	(161)	(12,495)
Transfers to right-of-use assets	-	1	31	-	-	47	-	79
<b>Book balance, net</b>	<b>120,485</b>	<b>128,106</b>	<b>314,945</b>	<b>3,647</b>	<b>7,141</b>	<b>471,096</b>	<b>7,490</b>	<b>1,052,910</b>
Cost	120,485	211,094	999,528	13,067	27,684	471,096	16,099	1,859,053
Accumulated depreciation	-	(82,988)	(684,583)	(9,420)	(20,543)	-	(8,609)	(806,143)
<b>Book balance, net</b>	<b>120,485</b>	<b>128,106</b>	<b>314,945</b>	<b>3,647</b>	<b>7,141</b>	<b>471,096</b>	<b>7,490</b>	<b>1,052,910</b>



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	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other PP&E (*)	Construction in progress	Leasehold improvements	Total
<b>Consolidated</b>								
<b>December 31, 2021</b>								
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)
<b>Book balance, net</b>	<b>136,869</b>	<b>128,261</b>	<b>309,314</b>	<b>3,300</b>	<b>6,372</b>	<b>368,289</b>	<b>7,651</b>	<b>960,056</b>
<b>Cost</b>								
Accumulated depreciation	-	213,730	983,862	13,327	26,882	368,289	16,099	1,759,058
<b>Book balance, net</b>	<b>136,869</b>	<b>(85,469)</b>	<b>(674,548)</b>	<b>(10,026)</b>	<b>(20,511)</b>	<b>-</b>	<b>(8,448)</b>	<b>(799,002)</b>
	<u>136,869</u>	<u>128,261</u>	<u>309,314</u>	<u>3,301</u>	<u>6,371</u>	<u>368,289</u>	<u>7,651</u>	<u>960,056</u>
<b>March 31, 2022</b>								
Opening balance	136,869	128,261	309,314	3,301	6,371	368,289	7,651	960,056
Acquisitions	-	1,212	3,737	884	571	113,559	-	119,963
Write-offs/Disposals	(200)	-	(98)	-	(14)	-	-	(312)
Transfers	-	-	3,151	219	504	-	-	3,874
Transferências - Prop. para Investimento	-	577	9,155	-	290	(10,022)	-	-
Imob. em andamento de Terceiros	-	(1,352)	(10,250)	(291)	(527)	-	(161)	(12,581)
Transfers to right-of-use assets	-	1	31	-	-	-	-	79
<b>Book balance, net</b>	<b>136,669</b>	<b>128,699</b>	<b>315,040</b>	<b>4,113</b>	<b>7,195</b>	<b>471,873</b>	<b>7,490</b>	<b>1,071,079</b>
<b>Cost</b>								
Accumulated depreciation	-	215,520	999,838	14,430	28,233	471,873	16,099	1,882,662
<b>Book balance, net</b>	<b>136,669</b>	<b>(86,821)</b>	<b>(684,798)</b>	<b>(10,317)</b>	<b>(21,038)</b>	<b>-</b>	<b>(8,609)</b>	<b>(811,583)</b>
	<u>136,669</u>	<u>128,699</u>	<u>315,040</u>	<u>4,113</u>	<u>7,195</u>	<u>471,873</u>	<u>7,490</u>	<u>1,071,079</u>



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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
March 31, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	-	249	249
Write-offs/disposals	-	-	(3)	-	(3)
Impairment reversal	-	-	19	-	19
Transfers	-	-	249	(249)	-
Amortization	-	-	(1,226)	-	(1,226)
	104,380	-	30,998	-	135,378
Cost	104,380	5,347	54,611	-	164,338
Accumulated amortization	-	(5,347)	(23,613)	-	(28,960)
Book balance, net	104,380	-	30,998	-	135,378
<b>Consolidated</b>		Third-party		Software in	
	Clients'	Goodwill	Software	development	Total
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
March 31, 2022					
Opening balance	104,380	-	31,959	-	136,339
Acquisitions	-	-	-	249	249
Write-offs/disposals	-	-	(3)	-	(3)
Impairment reversal	-	-	19	-	19
Transfers	-	-	249	(249)	-
Amortization	-	-	(1,226)	-	(1,226)
	104,380	-	30,998	-	135,378
Cost	104,380	5,347	54,619	-	164,346
Accumulated amortization	-	(5,347)	(23,621)	-	(28,968)
Book balance, net	104,380	-	30,998	-	135,378



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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 as a weighted average.

	Rate (%)	
	03.31.22	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 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 three-month period ended March 31, 2022, interest on financing in the amount of R\$ 7,880 and expenses with commission of letters of guarantee in the amount of R\$ 2,446 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, as provided for in CPC 20 (R1)/IAS 23 – Borrowing Costs.

Property, plant and equipment in third-party properties refer to the to the improvement of the Packaging plant in Indaiatuba, state of São Paulo, which is depreciated on the straightline 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 fixed assets for the three-month period ended March 31, 2022 and 2021 is disclosed as follows:

	Parent company		Consolidated	
	31.03.22	31.03.21	31.03.22	31.03.21
Property, plant and equipment				
Administrative	250	351	290	391
Productive	12,245	14,424	12,291	14,464
	12,495	14,775	12,581	14,855



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The breakdown of amortization of intangible assets for the three-month period ended March 31, 2022 and 2021 is disclosed as follows:

Intangible assets	Parent company		Consolidated	
	31.03.22	31.03.21	31.03.22	31.03.21
Administrative	290	269	290	269
Productive	936	1,069	936	1,069
	1,226	1,338	1,226	1,338

e) Impairment of property, plant and equipment

Não houve no período de três meses findo em 31 de março de 2022 a necessidade de reconhecimento de *impairment*.

f) Pledged Assets

The Company pledged certain fixed assets as collateral for financing transactions as disclosed 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 in the amount of R\$ 104,380 and is attributable to the expectation of future profitability.

Impairment tests for intangible assets:

On 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 in order to finance its activities.



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

	<u>Assumption:</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 carrying amount.

## 15. BIOLOGICAL ASSETS

The Company's biological assets mainly include the cultivation and planting of pine forests to supply raw material in the production of pulp used in the packaging paper production process, resin production and sales of wood logs to third parties. All the 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 difference of 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	
	03.31.22	12.31.21	03.31.22	12.31.21
Cost of formation of biological assets	54,344	52,118	87,783	85,089
Fair value difference biological assets	70,298	57,680	153,371	133,967
	124,642	109,798	241,154	219,056

Of the total consolidated biological assets, R\$ 199,067 (R\$ 182,691 on 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\$ 163,710 (R\$ 137,512 on December 31, 2020) 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\$ 42,087 (R\$ 36,365 as of December 31, 2020), 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.



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- ii) The model adopted to determine the discount rate used for cash flows was the Cost of Own Capital (Capital Asset Pricing Model - CAPM). The cost of equity is estimated by analyzing the return sought by investors in the market, assuming that an investor requires at least the return offered by securities considered riskfree, 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
	03.31.22	12.31.21	
Planted area (hectares)	15,193	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)	79.00	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 updated in Company's annual financial statements.



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

The main changes in the year are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at 12.31.20	73,985	177,684
Planting	6,060	9,625
Acquisition of forest	9,889	9,889
Depletion		
Historical cost	(2,525)	(6,537)
Fair value	(983)	(15,454)
Transfer for capitalization in subsidiary Iraflor	(5,317)	-
Changes in the fair value	28,689	43,849
Balance at 12.31.2021	<u>109,798</u>	<u>219,056</u>
Planting	1,372	2,481
Acquisition of forest	1,378	1,378
Depletion		
Historical cost	(524)	(2,047)
Fair value	(428)	(5,800)
Changes in the fair value	13,046	26,086
Balance at 03.31.2022	<u>124,642</u>	<u>241,154</u>

Depletion of biological assets in both three-month periods ended March 31, 2022 and 2021 were substantially recognized in the income (loss) for the period, after the allocation in inventories through forest harvesting and use in production process or sale to third parties.

In 2021, the contribution of new biological assets to the subsidiary Iraflor Comércio de Madeiras Ltda., amounting to R\$ 5,317, was authorized. The final objective of this operation was to provide better management of forest 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.



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c) Production on third-party land

The Company still has some 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 9.05% of the total area with the Company's biological assets. The lease liabilities were recognized as disclosed in note 34.

16. LOANS AND FINANCING

a) Breakdown of book balances

	Annual Charges %	Currenc	Parent company		Consolidated	
			03.31.22	12.31.21	03.31.22	12.31.21
<b>Current</b>						
Domestic currency						
Finame	Fixed at 3.71%, TJLP + 5.46%, Selic + 3.76%, IPCA + 6.24%	BRL	13,649	5,788	13,649	5,788
Working capital	149.5% of CDI	BRL	33,881	34,906	33,881	34,906
Financial lease		BRL	-	-	-	-
Total local currency			47,530	40,694	47,530	40,694
Foreign currency						
Advance on Exchange Contract	Fixed at 3.38%	Dollar	24,178	28,448	24,178	28,448
Total foreign currency			24,178	28,448	24,178	28,448
Total current			71,708	69,142	71,708	69,142
<b>Non-current</b>						
Domestic currency						
Finame	Fixed at 3.71%, TJLP + 5.46%, Selic + 3.76%, IPCA + 6.24%	BRL	236,781	236,862	236,781	236,862
Total local currency			236,781	236,862	236,781	236,862
Total non-current			236,781	236,862	236,781	236,862
Total			308,489	306,004	308,489	306,004
	Long-term maturity dates:		Parent company		Consolidated	
			03.31.22	12.31.21	03.31.22	12.31.21
	2023		212	294	212	294
	2024		52	51	52	51
	2025		18,194	18,194	18,194	18,194
	2026		18,194	18,194	18,194	18,194
	> 2027		200,129	200,129	200,129	200,129
			236,781	236,862	236,781	236,862

b) Significant transactions contracted in the period

According to a [material fact dated May 28, 2021](#), the Company's Board of Directors approved the contracting of financing with the Special Agency for Industrial Financing S.A - FINAME (BNDES), in the amount of up to R\$ 484,000, intended for the execution of the investments provided for in the Gaia Platform. The granting of financing in favor of the Company was approved by the FINAME Executive Board on May 27, 2021, under the credit line called FINAME DIRETO and the term of use of the approved line is 2 (two) years, extendable for another 1 (year).



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The operation has a total term of 16 years, with a 3-year 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. During 4Q21, there was a partial inflow of funds from the operation in the amount of R\$ 236,517. In the three-month period ended March 31, 2022 there was no inflow of funds from this financing.

c) Guarantees

Collateral for the loans and financing include mortgages or lien on land, buildings, machinery and equipment, investment properties and lien of receivables, amounting to approximately R\$ 33,600 as of March 31, 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 were contracted as provided for by the [Company's Financial Management Policy](#).

17. DEBENTURES

a) 3rd Public Issue of simple 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, totaling, on the issue 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 Issue 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 Issue is Traded on the secondary market under the ticker CELU13.



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b) 4th issuance of private simple debentures

According to the [Minutes of the Board Meeting held on March 2, 2021](#), the 4th Issuance of Simple Debentures, not convertible into shares, in a single series, of the type with real guarantee for private placement and a unit par value of R\$ 1, was approved, totaling R\$ 60,000 on the date of issue. 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 Issuer with the Issue will be used to make investments to achieve its corporate purpose in the normal course of its business, for which the Issuer 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 Issue of Simple Private Debentures has a brAA+ rating assigned by S&P Global Ratings and is characterized as “Green Debentures” based on the Second Opinion issued by the specialized advisory firm SITAWI Finanças do Bem, based on the June 2018 Green Bond Principles guidelines.

In December 2021, the Company contracted derivative financial instruments (Swap) to swap the remuneration of the 4th 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	
			03.31.22	12.31.21
In domestic currency				
3rd Issuance of Debentures	07.19.19	CDI + 4.50% a.a.	11,289	22,072
4th Issuance of Debentures	03.03.21	IPCA + 5.50% a.a	1,002	118
Total current			12,291	22,190
<b>Non-current</b>				
In domestic currency				
3rd Issuance of Debentures	07.19.19	CDI + 4.50% a.a.	500,614	499,836
4th Issuance of Debentures	03.03.21	IPCA + 5.50% a.a	66,017	64,291
Total non-current			566,631	564,127
			578,922	586,317



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Long-term maturity dates:	Parent company and Consolidated	
	03.31.22	12.31.21
2023	166,871	166,612
2024	166,871	166,612
2025	166,871	166,612
2026	16,504	16,073
>2027	49,513	48,218
	<u>566,631</u>	<u>564,127</u>

#### d) Schedule for amortization of funding costs

	<u>Issue</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>&gt; 2027</u>	<u>Total</u>
In domestic currency								
3 <sup>rd</sup> Issuance of Debentures	07.19.19	2,273	2,743	1,764	657	-	-	7,437
4 <sup>th</sup> Issuance of Debentures	03.03.21	37	62	80	101	87	97	464
Total local currency		<u>2,310</u>	<u>2,805</u>	<u>1,844</u>	<u>758</u>	<u>87</u>	<u>97</u>	<u>7,901</u>

#### e) Collateral

i) The 3rd Issue 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, Catanduvás, Água Doce, Irani and Vargem Bonita.
- Fiduciary assignment of credit rights arising from sales in the amount of R\$ 50,000.

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

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

#### f) Covenants

On March 31, 2022 there was no need to evaluate financial indexes, because these are evaluated yearly, as stipulated in the contracts. The financial ratios calculated in the last financial year are disclosed in the financial statements as of December 31, 2021.



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## 18. DERIVATIVE FINANCIAL INSTRUMENTS - SWAP

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 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 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 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.

Pursuant to CPC 48/IFRS 9, the contracted swap must be recognized in the financial statements at its fair value. In this sense, we started to demonstrate, as of 4Q21, the effects of the swap, as required by the accounting standard. It is worth highlighting that the effect of said recognition will be diluted over the life of the 4th Issue of Debentures, which has final maturity on December 15, 2029, so that its effective cost is ultimately the equivalent of CDI + 0.71% p.a.

The specific characteristics as of March 31, 2022 and the changes of this swap transaction in the three-month period ended March 31, 2022 are presented below:

Maturity	Asset position – IPCA+	Liability position CDI+	Notional	Fair value swap - asset position	Fair value swap - liability position	Loss
December 15, 2029	5.50%	0.75%	66,225	63,844	63,572	272



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### Changes in derivative financial instrument - swap:

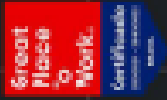
#### Parent company and Consolidated

	<u>Asset position</u>	<u>Liability position</u>
Balance at December 31, 2020	-	-
Losses in the year (recognition in profit (loss))	-	483
Amortization	-	(64)
Balance at December 31, 2021	<u>-</u>	<u>419</u>
winnings in the year periodo (recognition in profit)	272	-
Reversal of losses in the year	-	(419)
Balance at March 31, 2022	<u>272</u>	<u>-</u>
Current installment	34	-
Non-current installment	238	-

## 19. SUPPLIERS

They correspond to obligations to suppliers as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	03.31.22	12.31.21	03.31.22	12.31.21
CURRENT				
Internal	112,608	129,243	113,517	130,086
External	2,298	3,632	2,298	3,632
Related parties	31,509	18,167	-	-
	<u>146,415</u>	<u>151,042</u>	<u>115,815</u>	<u>133,718</u>



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**20. RELATED PARTIES**

Parent company	Receivables		Accounts payable		Revenues		Expenses	
	03.31.22	12.31.21	03.31.22	12.31.21	03.31.22	12.31.21	03.31.22	12.31.21
Habitatul Florestal S.A.	-	-	11,430	5,086	-	-	6,414	4,017
Irafor - Com. de Madeiras Ltda	-	-	20,101	13,082	-	-	9,994	4,984
Irani Soluções para E-Commerce Ltda.	-	-	-	-	15	-	-	-
Companhia Habitatul de Participações	242	242	-	-	726	531	-	-
Habitatul Desenvolvimentos Imobiliários	-	-	-	-	-	-	-	75
MCFD Administração de Imóveis Ltda	-	-	-	-	-	-	543	461
PFD Administradora de Imóveis Ltda.	-	-	-	-	-	-	543	461
Management remuneration	-	-	1,109	2,570	-	-	3,134	2,960
Management profit sharing	-	-	9,262	12,509	-	-	-	-
Long-term profit sharing - "Upside"	-	-	4,825	6,405	-	-	-	-
<b>Total</b>	<b>242</b>	<b>242</b>	<b>46,727</b>	<b>39,652</b>	<b>741</b>	<b>531</b>	<b>20,628</b>	<b>12,958</b>
Current installment	242	242	37,465	27,143	-	-	-	-
Non-current installment	-	-	9,262	12,509	-	-	-	-

Consolidated	Receivables		Accounts payable		Revenues		Expenses	
	03.31.22	12.31.21	03.31.22	12.31.21	03.31.22	12.31.21	03.31.22	12.31.21
Companhia Habitatul de Participações	242	242	-	-	726	531	-	-
Habitatul Desenvolvimentos Imobiliários	-	-	-	-	-	-	-	75
MCFD Administração de Imóveis Ltda	-	-	-	-	-	-	543	461
PFD Administradora de Imóveis Ltda.	-	-	-	-	-	-	543	461
Management remuneration	-	-	1,109	2,570	-	-	3,149	2,975
Management profit sharing	-	-	9,262	12,509	-	-	-	-
Long-term profit sharing - "Upside"	-	-	4,825	6,405	-	-	-	-
<b>Total</b>	<b>242</b>	<b>242</b>	<b>15,196</b>	<b>21,484</b>	<b>726</b>	<b>531</b>	<b>4,235</b>	<b>3,972</b>
Current installment	242	242	5,934	8,975	-	-	-	-
Non-current installment	-	-	9,262	12,509	-	-	-	-



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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 debts with the subsidiary Iraflor Comércio de Madeiras Ltda 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 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 and 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 34. This operation was approved by the Company's Board of Directors, as provided for in the Related Party Transactions policy.

In 2021, management remuneration expenses, excluding payroll charges and including benefits, totaled R\$ 3,134 in the parent company in the three-month period ended March 31, 2022 (R\$ 2,960 in the three-month period ended March 31, 2021), and R\$ 2,975 in the consolidated in the three-month period ended March 31, 2022 (R\$ 12,685 in in the three-month period ended March 31, 2021). The total management remuneration, in the maximum amount of R\$ 17,000, was approved at the Annual Shareholders' Meeting held on April 28, 2021.

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

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

The amount receivable from Companhia 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.



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## 21. TAX INSTALLMENTS PAYMENTS

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
<b>Current</b>				
PIS installment payment	1,319	1,293	1,319	1,293
COFINS Installment	6,074	5,958	6,074	5,958
IPI Installment	1,096	1,073	1,096	1,073
Installment payment of ICMS	705	695	705	695
Social Security installment - RAT	44	62	44	62
	<u>9,238</u>	<u>9,081</u>	<u>9,238</u>	<u>9,081</u>
<b>Non-current</b>				
PIS installment payment	330	647	330	647
COFINS Installment	1,518	2,979	1,518	2,979
IPI Installment	2,101	2,325	2,101	2,325
Installment payment of ICMS	1,574	1,711	1,574	1,711
	<u>5,523</u>	<u>7,662</u>	<u>5,523</u>	<u>7,662</u>
Total installments	<u>14,761</u>	<u>16,743</u>	<u>14,761</u>	<u>16,743</u>

This is a PIS and COFINS installment payment in which the Company made offsetting compensations that were originated in the exclusion of ICMS from the basis of PIS and COFINS. Before the recognition of the liability, 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 Brazilian Supreme Court (STF), it opted for installment payments. The total tax amount paid in installments was R\$ 25,219 (R\$ 31,349 updated with fine and interest), which was divided in 60 monthly installments.

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 amount of tax in installments was R\$ 3,548 (R\$ 4,864 updated with interest and fine).

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 amount of the installed tax was R\$ 3,174 (R\$ 3,371 updated with fine and interest).



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## 22. PROVISION FOR CIVIL, LABOR AND TAX RISKS

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

Breakdown of the balance of provisions:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Civil provisions	2,868	2,742	2,868	2,742
Labor provisions	5,247	4,795	5,599	5,145
Tax contingencies	12,304	11,926	12,304	11,926
<b>Total</b>	<b>20,419</b>	<b>19,463</b>	<b>20,771</b>	<b>19,813</b>

Details to the movement of provisions:

	01.01.2021	Provision	Payments	Reversal	Restricted judicial deposits	12.31.2021
	<b>Parent company</b>					
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>
<b>Consolidated</b>						
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>
<b>Parent company</b>						
Civil	2,742	126	-	-	-	2,868
Labor	4,795	681	(248)	-	19	5,247
Tax	11,926	888	-	(510)	-	12,304
	<u>19,463</u>	<u>1,695</u>	<u>(248)</u>	<u>(510)</u>	<u>19</u>	<u>20,419</u>



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	01.01.2022	Provision	Payments	Reversal	Restricted judicial deposits	03.31.2022
Consolidated						
Civil	2,742	126	-	-	-	2,868
Labor	5,145	683	(248)	-	19	5,599
Tax	11,926	888	-	(510)	-	12,304
	19,813	1,697	(248)	(510)	19	20,771

The provisions mainly refer to:

- a) Civil lawsuits relate, among other issues, to indemnification claims and Commercial Representation contractual terminations. As of March 31, 2022, the provision in these lawsuits totaled R\$ 2,868 in consolidated to cover potential losses in these lawsuits.
- 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 experience and on the opinion of its legal counsel, the Company maintained a provision of R\$ 5,599 on March 31, 2022 (consolidated), which is considered enough to cover probable losses arising from labor lawsuits.
- c) Tax consolidated provisions totaled R\$ 12,304 on March 31, 2022 and relate mainly to:
  - i) Appropriation of Deemed ICMS Credit in the State of Minas Gerais, linked to the Protocol of Intentions for Investment in the Paper plant located in the Municipality of Santa Luzia, which was not started since the Company is awaiting authorization from the Environmental Bodies and for its strategic market reasons. The amount recognized up to March 31, 2022 totaled R\$ 8,394 and a related provision for tax risks was recorded, amounting to R\$ 10,959.
  - ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R\$ 927. The proceedings are in process at the administrative and judicial levels pending judgment.



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## Contingencies

No accounting provisions were recorded for contingencies assessed by management, together with its legal advisors, as possible losses. As of March 31, 2022, the amounts of these possible contingencies of a labor, civil and tax nature were as follows:

	Consolidated	
	03.31.22	12.31.21
Labor contingencies	29,592	29,734
Civil contingencies	9,361	8,598
Tax contingencies	146,030	142,987
	184,983	181,319

### Labor Contingencies:

The labor lawsuits assessed by management and the legal counsel as involving possible risk of loss amounted to R\$ 29,592 on March 31, 2022. The variation verified mainly refers to labor lawsuits resulting from the closure of the activities of the unit of Vila Maria - SP (discontinued operation) in 2019 and relates mainly to indemnity claims (hazardous duty premiums, health hazard premiums, overtime, salary premiums, damages and losses arising from occupational accidents). These lawsuits are currently at different procedural stages.

### Civil Contingencies:

The civil lawsuits classified by management and its legal counsel as involving risk of possible losses totaled R\$ 9,361 on March 31, 2022 and relate mainly to indemnity claims that are currently at different procedural stages.

### Tax Contingencies - Liabilities:

The tax lawsuits assessed by management and its legal counsel as involving possible losses totaled R\$ 140,030 on March 31, 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 that state, which amounted to R\$ 50,713 on March 31, 2022. The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Administrative proceedings related to Tax Assessments for PIS and COFINS, arising from alleged undue tax credits, amounting to R\$ 39,182 on March 31, 2022. The Company has challenged these assessments at the administrative and judicial level and awaits the respective judgments.



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- 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 sale 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 debts and from these credit debits of the same type totaled R\$ 15,573 as of March 31, 2022. The Company is discussing said tax assessment notices in the administrative and judicial spheres.
- Administrative Proceedings relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R\$ 6,303 on March 31, 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 types, amounting to R\$ 3,3357 on March 31, 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\$ 307. 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.



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### Tax Contingencies - Asset:

- 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 Company Lawsuit had an Extraordinary Appeal before the STF admitted and, given the matter being dealt with in General Repercussion in Topic No. 304, STF has determined the return of the Company's lawsuit 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\$ 148,000 and R\$ 165,000, 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, does not meet the criteria of "virtually certain" provided for in CPC 25/IAS 37, item 33, the estimated gain on the lawsuit was not recognized in the Company's interim financial statements.

## 23. EQUITY

### a) Share Capital

On March 31, 2022, the share capital is R\$ 566,895 (R\$ 566,895 on December 31st, 2021), composed of 256,720,235 common shares of no par value on March 31st, 2022 (256,720,235 common shares of no par value on December 31, 2021).

The share capital, net of costs with issuance of shares in the amount of R\$ 22,961 is R\$543,934 as of March 31, 2022 (R\$543,934 as of December 31, 2021).



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## b) Stockholders' remuneration

### i) Interim dividends

The Board of Directors approved, on March 3, 2022, ad referendum of the Annual Stockholders' Meeting of the Company, the distribution of interim dividends on the profit calculated in the fourth quarter of 2021, in the amount of R\$ 15,892, corresponding to R\$ 0.0634698 per common share, to stockholders holding shares issued by the Company on March 8, 2022, paid on March 24, 2022. The Interim Dividends – 4rd Quarter distributed will be imputed to the mandatory minimum dividend actually deliberated by the Annual General Meeting of the Company that approves the managers' accounts for the year 2021, as provided for in the aforementioned Article 29, head provision, of the Company's Bylaws.

### c) Treasury Shares

	Parent company			
	03.31.22		12.31.21	
	Amount	Amount	Amount	Amount
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	4,720,600	30,789	2,790,000	18,565
	<u>7,096,716</u>	<u>37,623</u>	<u>5,166,116</u>	<u>25,399</u>

i) Share repurchase program in 2011: the objective was to maximize the value of the shares for stockholders. This program was concluded within 365 days, on November 23, 2011; therefore, this Program was terminated.

ii) Right to withdraw: the shares acquired suffered changes in relation to the advantages attributed to the Company's preferred shares, as approved at the Annual and Extraordinary General Meeting held on April 19, 2012 and conversion of preferred shares into common shares on October 8, 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) Share repurchase program in 2021: 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 stockholders through an efficient management of the Company's capital structure.



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d) Profit (loss) for the year

Revenue reserves are comprised of: i) legal reserve, ii) biological assets reserve, iii) profit retention reserve, and iv) tax incentives reserve.

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

ii) The biological assets reserve was recorded since the Company valued its biological assets at fair value in the opening balance sheet for initial adoption of IFRS. The creation of this statutory reserve was approved at the Special Shareholders' Meeting held on February 29, 2012, when the amount previously recognized in the unrealized revenue 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 property, plant and equipment 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) A reserva de incentivos fiscais foi constituída pela parcela do lucro líquido de exercícios anteriores decorrente de subvenções governamentais para investimentos na modernização e ampliação da capacidade de produção de papel em Minas Gerais e ampliação da unidade industrial localizada em Santa Catarina, sendo excluída da base do dividendo obrigatório.

e) Carrying value adjustments

It was recorded since the Company valued its property, plant and equipment (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 on March 31, 2022, net of tax effects, represented a gain of R\$ 143,575 (R\$ 145,812 on December 31, 2021).

Changes in carrying value adjustments are as follows:



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	<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>(2,237)</u>
March 31, 2022	<u>143,575</u>

## 24. EARNING PER SHARE

Basic and diluted earnings (loss) per share are calculated by dividing the profit attributable to the Company's stockholders by the weighted average number of shares outstanding during the period. The shares are not subject to the effects of potential dilution, such as debt convertible into shares. Consequently, diluted earnings are equal to basic earnings per share. The weighted average number of shares on the three-month period ended March 31, 2022, is calculated considering the total number of shares of 256,720,235, less treasury shares, which total 7,096,716 shares, thus representing 249,623,519 shares (the weighted average number of shares on the three-month period ended March 31, 2021, is calculated considering the total number of shares of 256,720,235, less treasury shares, which total 2,376,116 shares, thus representing 254,344,119 shares).

### a) Basic and diluted earnings per share:

<b>Parent Company and Consolidated</b>	<u>03.31.22</u>	
	Common shares (ON)	Common shares Total
Weighted average of the number of shares	249,623,519	249,623,519
Income for the attributable year to each type of shares	<u>112,148</u>	112,148
Basic and diluted profit per share - R\$	<u>0.4493</u>	
<b>Parent Company and Consolidated</b>	<u>03.31.21</u>	
	Common shares Common	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	<u>56,701</u>	56,701
Basic and diluted profit per share - R\$	<u>0.2229</u>	



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## 25. NET SALES REVENUE

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

	Parent company		Consolidated	
	03.31.22	03.31.21	03.31.22	03.31.21
Gross revenue from sales of products	513,475	452,761	515,438	454,090
Sales taxes	(101,467)	(93,816)	(101,568)	(93,897)
Sales returns	(5,839)	(4,032)	(5,926)	(4,032)
Net sales revenue	<u>406,169</u>	<u>354,913</u>	<u>407,944</u>	<u>356,161</u>

The Company's revenues are recognized when performance obligations are met, which generally occurs when products are delivered to clients in sales to the domestic market or when products sold are shipped to the foreign market. The main products sold by the Company represent the operating segments established pursuant to Note 32.

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

## 26. COSTS AND EXPENSES BY NATURES

Breakdown of expenses per type is shown as follows:

	Parent company		Consolidated	
	03.31.22	03.31.21	03.31.22	03.31.21
Fixed and variable costs (raw and consumption material)	(190,843)	(195,661)	(175,373)	(187,798)
Personnel expenditures	(39,634)	(33,391)	(43,042)	(36,113)
Changes in fair value of biological assets	13,046	6,078	26,086	11,811
Depreciation, amortization and depletion	(16,894)	(18,229)	(23,875)	(21,987)
Freight - Sales	(18,283)	(13,048)	(18,751)	(13,562)
Services contracted	(10,732)	(8,693)	(11,447)	(8,693)
Other selling expenses	(10,498)	(10,264)	(10,576)	(10,264)
Total costs and expenses by type	<u>(273,838)</u>	<u>(273,208)</u>	<u>(256,978)</u>	<u>(266,606)</u>
Cost of goods sold	(238,201)	(239,416)	(233,084)	(237,614)
Change in fair value of biological assets	13,046	6,078	26,086	11,811
From sales	(28,600)	(23,076)	(29,146)	(23,590)
Impairment losses on trade receivables	(181)	(236)	(181)	(236)
General and administrative	(19,902)	(16,558)	(20,653)	(16,977)
Total costs and expenses	<u>(273,838)</u>	<u>(273,208)</u>	<u>(256,978)</u>	<u>(266,606)</u>



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## 27. OTHER OPERATING REVENUES AND EXPENSES

	Parent company		Consolidated	
	03.31.22	03.31.21	03.31.22	03.31.21
Revenues				
Revenue from claimed and disposed goods	-	301	-	301
Revenue from sale of assets	41,416	-	41,416	-
Carbon credit	1,375	-	1,375	-
Other operating revenues	1,456	910	1,480	912
	<u>44,247</u>	<u>1,211</u>	<u>44,271</u>	<u>1,213</u>
Expenses				
Costs of claimed and disposed goods	-	(242)	-	(242)
Cost from sale of assets	(38,022)	-	(38,022)	-
Provision of government grants - State of MG	(246)	(206)	(246)	(206)
Other operating expenses	(967)	(154)	(961)	(148)
	<u>(39,235)</u>	<u>(602)</u>	<u>(39,229)</u>	<u>(596)</u>
Total other operating revenues and expenses	<u>5,012</u>	<u>609</u>	<u>5,042</u>	<u>617</u>

Revenue from the sale of assets refers to the sale of assets from the discontinued operation, as disclosure in note 10.

## 28. FINANCE INCOME AND COSTS

	Parent company		Consolidated	
	03.31.22	03.31.21	03.31.22	03.31.21
Finance income				
Yields from financial investments	10,548	1,571	11,024	1,653
Interest	859	593	859	593
Discounts obtained	188	66	188	67
	<u>11,595</u>	<u>2,230</u>	<u>12,071</u>	<u>2,313</u>
Exchange-rate change				
Foreign-exchange income	7,718	10,576	7,718	10,576
Foreign exchange costs	(11,633)	(8,945)	(11,633)	(8,945)
Net exchange-rate change	<u>(3,915)</u>	<u>1,631</u>	<u>(3,915)</u>	<u>1,631</u>
Finance costs				
Interest	(23,427)	(10,052)	(23,435)	(10,056)
Discounts granted	(498)	(54)	(498)	(89)
Negative goodwill/bank expenses	(111)	(162)	(116)	(163)
Liability interest on leases	(592)	(539)	(592)	(539)
Derivative instruments - swap	691	-	691	-
Other	(620)	(100)	(626)	(100)
	<u>(24,557)</u>	<u>(10,907)</u>	<u>(24,576)</u>	<u>(10,947)</u>
Finance result, net	<u>(16,877)</u>	<u>(7,046)</u>	<u>(16,420)</u>	<u>(7,003)</u>



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## 29. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of effective tax rate:

	Parent company		Consolidated	
	03.31.22	03.31.21	03.31.22	03.31.21
Operating income before tax effects	139,042	82,943	139,588	83,169
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(47,274)	(28,201)	(47,460)	(28,277)
Tax effect from permanent (additions) exclusions:				
Equity in the results of subsidiaries	6,316	2,610	-	-
Non-deductible expenses	(117)	(62)	(117)	(62)
Formation (reversal) of tax incentives	(14)	8	(14)	8
Offset of negative basis of prior years	13,692	-	13,692	-
Difference in taxation (subsidiaries)	-	-	5,770	2,384
Other permanent differences	503	(597)	689	(521)
	<u>(26,894)</u>	<u>(26,242)</u>	<u>(27,440)</u>	<u>(26,468)</u>
Current income tax and social contribution	(31,144)	(13,849)	(31,335)	(13,907)
Income tax and social contribution - deferred	4,250	(12,393)	3,895	(12,561)
Effective rate - %	19.3	31.6	19.7	31.8

## 30. INSURANCE

Insurance coverage is determined according to the nature of the risks to the assets, and is considered sufficient to cover possible losses arising from damages. At March 31, 2022, the Company had corporate insurance against fire, lightning, explosions, electrical damage and wind storm damage to plants, residential locations and offices, as well as general civil liability coverage and coverage of liabilities of officers and directors (D&O), with a total amount of R\$ 599,140. Group life insurance is also contracted for employees with a minimum coverage of 24 times the employee's salary or a maximum amount of R\$ 1.000, as well as cargo and transport and fleet insurance for vehicles with coverage at market value.

The Company maintains insurance covering Engineering Risk and Civil Liability during the construction of the Gaia I and Gaia II investment projects located at the Vargem Bonita SC plant, with a total insured amount of R\$ 566,380.

With respect to forests, the Company assessed the existing risks and opted not to contract insurance coverage because the preventive measures against fire and other risks have proven to be efficient. Management understands that the risk management structure related to the forestry activities is appropriate to ensure the going concern of the Company's operations.



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## 31. FINANCIAL INSTRUMENTS

### Capital risk management

The Company's capital structure consists of its net debt (borrowings, debentures and derivatives detailed in Note 16, 17 and 18, less cash and bank and financial investments' balances), less cash and bank balances), as disclosed 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. According to its [Financial Management Policy](#), the Company intends to maintain a capital structure from 30% to 50% of own capital and from 70% to 50% of third-party capital. The capital structure on March 31, 2022 was 54% in own capital and 46% in third-party capital.

### Debt to equity ratio

As of March 31, 2022 and 2021, the indebtedness index is as follows:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Debt (a)	887,411	892,321	887,411	892,321
Cash and cash equivalents and financial investments	(272)	419	(272)	419
Bancos conta Vinculada	(388,575)	(486,908)	(409,199)	(506,268)
	<u>498,564</u>	<u>405,832</u>	<u>477,940</u>	<u>386,472</u>
Equity (b)	<u>1,057,362</u>	<u>957,438</u>	<u>1,057,362</u>	<u>957,438</u>
Net indebtedness ratio	<u>0.47</u>	<u>0.42</u>	<u>0.45</u>	<u>0.40</u>

(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. –

(b) Equity includes the Company's entire capital and reserves managed as capital.



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## Categories of financial instruments

	Note	Parent company		Consolidated	
		03.31.22	12.31.21	03.31.22	12.31.21
<b>Financial assets</b>					
Fair value through profit or loss					
Cash and balance in banks	5	22,350	11,050	42,974	30,410
Derivative financial instruments	18	272	-	272	-
Interest earning bank deposits	5	366,225	475,858	366,225	475,858
Trade receivables	6	261,337	257,162	261,641	257,468
Other trade receivables	9	37,865	6,590	38,050	6,762
<b>Financial liabilities</b>					
Assigned at fair value through profit or loss					
Derivative instruments - swap	18	-	419	-	419
Amortized cost					
Borrowings and financing	16	308,489	306,004	308,489	306,004
Debentures	17	578,922	586,317	578,922	586,317
Suppliers	19	146,415	151,042	115,815	133,718
Advance from clients		1,710	3,063	1,743	3,118
Lease liabilities	34	30,005	23,066	30,005	23,066
Tax installment payments	21	14,761	16,743	14,761	16,743
Dividend and interest on shareholders' equity payable		519	16,345	519	16,345
Other accounts payable		13,805	10,322	14,368	10,623

## Financial risk factors

The Company is exposed to sundry financial risks: market risk (including currency risk and interest rate risk), 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 March 31, 2022 and December 31, 2021, these operations presented a net exposure as the table below:



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	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
Accounts receivable	36,474	33,035	36,474	33,035
Advance from clients	(845)	(1,227)	(845)	(1,227)
Suppliers	(2,298)	(3,632)	(2,298)	(3,632)
Advance to suppliers	12,275	25,055	12,275	25,055
Borrowings and financing	(24,178)	(28,448)	(24,178)	(28,448)
Net exposure	21,428	24,783	21,428	24,783

The Company maintains operations in foreign currency with the objective of addressing potential 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 requires 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 results 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 (June 30, 2022).

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

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

Transaction	Balance at 03.31.2022 U\$\$	Base scenario		Adverse scenario		Remote scenario	
		Rate	Gain (Loss) R\$	Rate	Gain (Loss) R\$	Rate	Gain (Loss) R\$
<b>Assets</b>							
Trade receivables and banks restricted account	7,699	4.88	1,065	6.10	10,451	7.31	19,833
Advances to suppliers	2,591	4.88	359	6.10	3,517	7.31	6,674
<b>Liabilities</b>							
Suppliers and advances from clients	(663)	4.88	(92)	6.10	(900)	7.31	(1,708)
Borrowings and financing	(5,103)	4.88	(706)	6.10	(6,927)	7.31	(13,145)
Net effect			626		6,141		11,654

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 March 31, 2022 were used as a basis for the projection of the future balance. The effective behavior of balances of debt and derivative instrument - swap will respect their respective contracts. Moreover, the balances of trade receivables 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 maintains its borrowings exposed to exchange-rate changes by



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making annual net payments that are equivalent to or below its export customer 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 (Interbank Deposit Certificate), SELIC (Special Settlement and Custody System) and IPCA (Broad Consumer Price Index).

The sensitivity analysis calculated for the base, adverse and remote scenarios on the borrowing 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 (June 30, 2022). TJLP is obtained from BNDES and IPCA from Boletim Focus.

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

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

Transaction	Index	Balance at 03.31.2022	Base scenario Gain (loss)		Adverse scenario Gain (loss)		Remote scenario Gain (loss)	
			Rate % p.a.	R\$	Rate % p.a.	R\$	Rate % p.a.	R\$
<b>Cash and cash equivalents and financial investments</b>								
CDB	CDI	400,994	12.47%	3,370	15.59%	16,183	18.71%	28,996
<b>Proceeds from borrowings</b>								
Working capital	CDI	(553,220)	12.47%	(4,866)	15.59%	(23,364)	18.71%	(41,862)
Working capital	IPCA	(67,484)	10.67%	450	13.34%	(1,448)	16.01%	(3,347)
Finame Direto	IPCA	(249,810)	10.67%	1,647	13.34%	(5,297)	16.01%	(12,242)
Finame	TJLP	(27)	6.82%	-	8.53%	(1)	10.23%	(1)
Finame	SELIC	(377)	12.57%	(3)	15.71%	(16)	18.86%	(28)
<b>Derivative financial instruments – Swap</b>								
Swap Assets	IPCA	67,038	10.67%	(447)	13.34%	1,439	16.01%	3,325
Swap Liabilities	CDI	(65,863)	12.47%	(544)	15.59%	(2,612)	18.71%	(4,680)
Net effect on results				<u>(393)</u>		<u>(15,116)</u>		<u>(29,839)</u>



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### Fair value vs. carrying amount

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 trade receivables, 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 loans, financing and debentures contracted, the fair value as of March 31, 2022 is R\$ 834,031. The Company used as a technique for evaluation of discounted cash flows by considering the present value of the payment expected, discounted by a risk-adjusted discount rate of the Company. The fair value calculated is at level 2 in fair value hierarchy.

### Credit risks

The carrying amounts of financial assets classified as loans and receivables represent the maximum credit exposure as shown below:

	Parent company		Consolidated	
	03.31.22	12.31.21	03.31.22	12.31.21
<b>Financial assets</b>				
Banks	8,171	7,470	8,186	7,544
Marketable securities	14,161	3,561	34,769	22,846
Interest earning bank deposits	366,225	475,858	366,225	475,858
Trade receivables	261,337	257,162	261,641	257,468
Other trade receivables	6,515	6,590	6,700	6,762
Maximum credit exposure	656,409	750,641	677,521	770,478

#### a) Trade accounts receivable

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 trade receivables and, where appropriate, a credit guarantee coverage is requested.



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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, financial investments with immediate liquidity 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:

	<u>Consolidated</u>	
	03.31.22	<u>Branch</u>
<i>Rating</i> nacional AAA (br)	265,717	Fich/S&P
<i>Rating</i> nacional AA + (br)	140,825	Fich
<i>Rating</i> nacional BB- (br)	2,638	Fich/S&P
	<u>409,180</u>	

Liquidity risk

Management monitors the liquidity level based on the expected cash flow, in accordance with the [Financial Management Policy](#) which comprises cash, interest earning bank deposits, flows of trade receivables and payable, and payment of borrowings 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 March 31, 2022, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets and for liabilities from derivative financial instruments – swap the expected maturity details, as well as their discounted amounts.


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**Parent company**

	2022	2023	2024	2025	>2026
<b>Liabilities</b>					
Suppliers	146,415	-	-	-	-
Borrowings and financing	77,974	19,432	14,407	32,089	298,932
Debentures	32,606	187,361	179,938	172,515	67,450
Derivative instruments - swap	3,902	3,065	2,116	1,805	(11,159)
Tax installment payments	9,238	3,202	1,806	515	-
Advance from clients	1,710	-	-	-	-
Lease liabilities	8,602	8,602	8,602	4,199	-
Dividends and interest on shareholders' equity payable	519	-	-	-	-
Other accounts payable	13,313	492	-	-	-
	<u>294,279</u>	<u>222,154</u>	<u>206,869</u>	<u>211,123</u>	<u>355,223</u>

**Consolidated**

	2022	2023	2024	2025	>2026
<b>Liabilities</b>					
Suppliers	115,815	-	-	-	-
Borrowings and financing	77,974	19,432	14,407	32,089	298,932
Debentures	32,606	187,361	179,938	172,515	67,450
Derivative instruments - swap	3,902	3,065	2,116	1,805	(11,159)
Tax installment payments	9,238	3,202	1,806	515	-
Advance from clients	1,743	-	-	-	-
Lease liabilities	8,602	8,602	8,602	4,199	-
Dividends and interest on shareholders' equity payable	519	-	-	-	-
Other accounts payable	13,876	59	-	-	-
	<u>264,275</u>	<u>221,721</u>	<u>206,869</u>	<u>211,123</u>	<u>355,223</u>

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

Derivative financial instruments

As of December 1, 2021, the Company entered into a derivative financial instrument - rate swap with Banco Santander, aiming to modify the remuneration linked to the interest rate of the 4th Issue of Debentures.

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

Note 18 contains further information on the aforementioned transaction.



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## 32. OPERATING SEGMENTS

### a) Criteria for identifying operating segments

The Company has three main strategic divisions based on the manner in which Management manages 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 (Tar and Turpentine) as described below:

**Sustainable Packaging (Corrugated Cardboard) Segment:** this segment manufactures light and heavy corrugated cardboard boxes and sheets, in two production units: Embalagem SC - Campina da Alegria e Embalagem SP - Indaiatuba.

**Sustainable Packaging Paper (Paper) Segment:** this segment produces low and highweight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of its production is sent to the Corrugated Cardboard Packaging segment. It has two production units: Paper plant in the municipality of Santa Luzia, in the State of Minas Gerais.

**Sustainable Resins Segment (Tar and Turpentine):** in this segment, the Company plants pine trees for its own consumption, sells timber, and extracts resin from pines trees, which is used as raw material for the production of tar and turpentine.

### b) Consolidated information from operating segments

	Consolidated				Total
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	
Net sales revenue					
Domestic market	209,186	119,556	2,803	24	331,569
Foreign market	-	24,515	51,860	-	76,375
Total net sales revenue	209,186	144,071	54,663	24	407,944
Change in fair value - biological assets	-	21,007	5,079	-	26,086
Cost of goods sold	(134,918)	(60,098)	(37,496)	(572)	(233,084)
Gross income	74,268	104,980	22,246	(548)	200,946
Operating expenses	(19,726)	(4,984)	(6,286)	(13,942)	(44,938)
Operating income (loss) before financial income (loss)	54,542	99,996	15,960	(14,490)	156,008
Finance result	(6,214)	(4,624)	(5,642)	60	(16,420)
Net operating profit (loss)	48,328	95,372	10,318	(14,430)	139,588
Depreciation and amortization	(4,314)	(10,717)	(447)	(550)	(16,028)



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	Consolidated				Total
	Sustainable Packaging (Corrugated Cardboard)	Sustainable Packaging Paper (Paper)	Sustainable resins (Tar and Turpentine)	Corporate/ eliminations	
	03.31.21				
Net sales revenue					
Domestic market	197,655	98,192	1,695	-	297,542
Foreign market	-	18,763	39,856	-	58,619
Total net sales revenue	197,655	116,955	41,551	-	356,161
Change in fair value - biological assets	-	9,673	2,138	-	11,811
Cost of goods sold	(139,711)	(70,595)	(27,005)	(303)	(237,614)
Gross income	57,944	56,033	16,684	(303)	130,358
Operating expenses	(16,217)	(5,253)	(4,368)	(14,348)	(40,186)
Operating income (loss) before financial income (loss)	41,727	50,780	12,316	(14,651)	90,172
Finance result	(3,971)	(4,411)	1,379	-	(7,003)
Net operating profit (loss)	37,756	46,369	13,695	(14,651)	83,169
Depreciation and amortization	(3,889)	(12,607)	(387)	(528)	(17,411)

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

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

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

### c) Net sales revenue

The net sales in the three-month period ended March 31, 2022 totaled R\$ 407,944 (R\$ 407,161 in the three-month period ended March 31, 2021).

Net sales for the foreign market in the three-month period ended March 31, 2022 totaled R\$ 76,375 (R\$ 58,619 in the three-month period ended March 31, 2021). distributed by several countries, as follows:



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Consolidated 03.31.22			Consolidated 03.31.21		
Country	Foreign market net sales	% in total net sales	Country	Foreign market net sales	% in total net sales
Portugal	11,656	2.86%	China	16,312	4.58%
Germany	10,006	2.45%	Argentina	7,476	2.10%
Argentina	8,555	2.10%	India	6,264	1.76%
France	6,032	1.48%	Hong Kong	4,515	1.27%
Japan	4,841	1.19%	Saudi Arabia	3,514	0.99%
Mexico	4,629	1.13%	France	3,456	0.97%
Saudi Arabia	4,220	1.03%	Portugal	2,463	0.69%
Paraguay	3,917	0.96%	Peru	1,883	0.53%
Spain	3,764	0.92%	Paraguay	1,787	0.50%
South Africa	2,814	0.69%	Netherlands	1,775	0.50%
India	2,572	0.63%	Mexico	1,383	0.39%
Chile	2,519	0.62%	South Africa	1,281	0.36%
Peru	2,214	0.54%	Chile	1,147	0.32%
Netherlands	1,959	0.48%	Ireland	1,140	0.32%
USA	1,751	0.43%	Other countries	4,223	1.19%
Pakistan	1,131	0.28%			
Other countries	3,795	0.93%			
	<u>76,375</u>	<u>18.72%</u>		<u>58,619</u>	<u>16.47%</u>

The three-month period ended March 31, 2022 the net sales in domestic market totaled R\$ 33,569 (R\$ 297,542 in the three-month period ended March 31, 2021).

In the first quarter of 2022, a single customer accounted for 4.9% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R\$ 10,218. The Company's other sales in the domestic and foreign markets were spread over a number of customers, none of them accounting for more than 10% of net sales.

### 33. GOVERNMENT GRANTS

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



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Regarding the incentive amounts, there will be interests at contractual rates of 4.0% per year. For the purposes of calculating the present value of this benefit, the Company used the average rate of 16.25% as the funding cost for the financing facilities with characteristics like those required for the respective disbursements if it did not have the benefit.

The benefit is effective for 14 years (10 years of benefit 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 March 31, 2022, the Company had deferred ICMS liabilities of R\$ 2,975 (R\$ 4,070 in December 31, 2021), net of government grant R\$ 2,888 (R\$ 3,942 in December 31, 2021).

- ii) ICMS/MG-~~Crédito Presumido~~: 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.

#### 34. 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	5,022	15,369	4,083	24,474
Cost	7,758	22,124	14,726	44,608
Accumulated depreciation	(2,736)	(6,755)	(10,643)	(20,134)
Net book balance at 12.31.2021	5,022	15,369	4,083	24,474
Balance at 01.01.2022	5,022	15,369	4,083	24,474
Depreciation	(305)	(790)	(1,082)	(2,177)
Addition/write-off of agreements - principal effect	765	2,707	5,156	8,628
Net book balance at 03.31.2022	5,482	17,286	8,157	30,925
Cost	8,523	24,831	19,882	53,236
Accumulated depreciation	(3,041)	(7,545)	(11,725)	(22,311)
Net book balance at 03.31.2022	5,482	17,286	8,157	30,925

The calculation of the right to use assets is equal to the present value of the lease liability discounted using the rates of 12.06% and 14.43% p.a., calculated using the risk-free rate (NTN), the risk spread of the company, the corresponding risk of the country and the specific risk of the asset. The company calculated depreciation using the linear method according to the remaining period of the contracts with an average remaining period 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 01.01.2021	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 12.31.2021	<u>4,412</u>	<u>15,658</u>	<u>2,996</u>	<u>23,066</u>
Balance at 01.01.2022	4,412	15,658	2,996	23,066
Lease installment	(38)	(1,172)	(1,197)	(2,407)
Addition/write-off of agreements - principal effect	(398)	2,779	6,355	8,736
Interest on lease	128	310	172	610
Net book balance at 03.31.2022	<u>4,104</u>	<u>17,575</u>	<u>8,326</u>	<u>30,005</u>
Short-term				8,602
Long-term				21,403

The interest over lease is recorded as financial expenses and appropriated according to the time remaining in each contract.

The long-term payments in undiscounted cash flow are distributed as follows:

Long-term maturity dates:	Parent Company and Consolidated
2023	2,620
2024	6,932
2025	6,887
2026	6,736
> 2027	6,664
	<u>29,839</u>

The impacts on the income statement according to the standard CPC 06 (R2)/ IFRS 16, were that the lease considerations that were previously recorded as lease expenses are now recorded on the lines of depreciation and financial expenses. Even though the new standard did not bring any modifications to the total amount that will be taken to the statement of profit or loss throughout the life of the contracts, there is a time effect in the income.

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:



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### Parent Company and Consolidated

	Nominal	Adjustment to present value
Cash flow		
Lease consideration	40,019	28,748
PIS/COFINS (9.25%)	3,702	2,659

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

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

During the year ended in March 31, 2022 there were no renegotiations in the lease agreements.

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:

Parent Company and Consolidated	Actual flow		Nominal flow	
	01.01.19	03.31.22	01.01.19	03.31.22
Lease liabilities	41,769	37,464	48,992	40,019
Embedded interest	(16,147)	(7,459)	(19,687)	(11,271)
	25,622	30,005	29,305	28,748

### 35. TRANSACTIONS NOT AFFECTING CASH

The Company carried out non-cash transactions relating to operating activities and investment activities, which were not reflected in the statement of cash flows.

During the three-month period ended March 31, 2022, the Company realized PIS and COFINS credits over fixed assets items of R\$ 79.

During the three-month period ended on March 31, 2021, the Company realized PIS and COFINS credits over fixed assets items of R\$ 149 and recognized the update of PIS and COFINS credits over the exclusion of ICMS in the calculation basis of PIS and COFINS in the amount of R\$ 230, additionally the Company completed payments of purchases of fixed assets and biological assets in the amount of R\$ 691 that were financed directly by suppliers.



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### 36. SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

	Parent company			Consolidated		
	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities
<b>Balance at 12.31.2020</b>	588,232	10,467	21,103	588,247	10,467	21,103
<b>Changes affecting cash</b>	18,187	(10,361)	(1,333)	18,176	(10,361)	(1,333)
Payment of dividends and interest on shareholders' equity	-	(10,361)	-	-	(10,361)	-
Lease liability paid	-	-	(806)	-	-	(806)
Borrowings obtained	5,405	-	-	5,405	-	-
Emissão de debêntures (Líquido dos custos de captação)	59,547	-	-	59,547	-	-
Borrowings and debentures paid	(29,124)	-	-	(29,135)	-	-
Payment of interest on borrowings and debentures	(17,641)	-	-	(17,641)	-	-
Interest payment on lease liabilities	-	-	(527)	-	-	(527)
<b>Changes not affecting cash</b>	10,349	47	5,226	10,349	47	5,226
Lease liabilities - Addition/write-off in the period	-	-	4,688	-	-	4,688
Inflation adjustments and charges on borrowings and debentures	10,349	-	-	10,349	-	-
Interest on lease liability	-	-	538	-	-	538
Interest on shareholders' equity	-	47	-	-	47	-
<b>Balance at 03.31.2021</b>	616,768	153	24,996	616,772	153	24,996

	Parent company			Consolidated		
	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities	Loans, financing and debentures	Liabilities Interest on shareholders' equity and dividends	Lease liabilities
<b>Balance at 12.31.2021</b>	892,740	16,345	23,066	892,740	16,345	23,066
<b>Changes affecting cash</b>	(31,320)	(15,892)	(2,407)	(31,320)	(15,892)	(2,407)
Payment of dividends and interest on shareholders' equity	-	(15,892)	-	-	(15,892)	-
Lease liability paid	-	-	(1,797)	-	-	(1,797)
Borrowings obtained	5,250	-	-	5,250	-	-
Issuance of debentures (Net of funding costs)	-	-	-	-	-	-
Borrowings and debentures paid	(6,536)	-	-	(6,536)	-	-
Payment of interest on borrowings and debentures	(30,034)	-	-	(30,034)	-	-
Interest payment on lease liabilities	-	-	(610)	-	-	(610)
<b>Changes not affecting cash</b>	25,719	66	9,346	25,719	66	9,346
Lease liabilities - Addition/write-off	-	-	8,736	-	-	8,736
Inflation adjustments and charges on borrowings and debentures	17,839	-	-	17,839	-	-
Interest on lease liability	-	-	610	-	-	610
Capitalized interest	7,880	-	-	7,880	-	-
Dividends and interest on shareholders' equity	-	66	-	-	66	-
<b>Balance at 03.31.2022</b>	887,139	519	30,005	887,139	519	30,005

## Independent Auditor's Report on review of interim financial statements

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 March 31, 2022, which comprise the statements of financial position on March 31, 2022 and related statements of profit or loss, of comprehensive income (loss), changes in equity and statements of cash flows for the three 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 three-month period ended March 31, 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, April 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 25 of CVM Instruction 480/09

As Executive Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenue Carlos Gomes, 400, rooms 502/503, Building João Benjamin Zaffari, Neighborhood Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, Brazil, 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 25 of CVM Instruction 480, of December 7, 2009, that we reviewed, discussed and agreed with the Company's interim financial statements for the three-month period ended March 31, 2022.

Porto Alegre, RS, April 29, 2022.

Sérgio Luiz Cotrim Ribas - CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Administration, Finance and Investors Relations 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 25 of CVM Instruction 480/09

As Executive Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Avenue Carlos Gomes, 400, rooms 502/503, Building João Benjamin Zaffari, Neighborhood Boa Vista, in the city of Porto Alegre, state of Rio Grande do Sul, Brazil, 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 25 of CVM Instruction 480, of December 7, 2009, 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 March 31, 2022.

Porto Alegre, RS, April 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