

## Summary

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## Company Information/Capital Composition

<b>Number of shares (In Thousands)</b>	<b>Current Quarter 03/31/2021</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	2,376
Preferred Shares	0
<b>Total</b>	<b>2,376</b>

## Parent Company Financial Statements Balance Sheet - Assets

(All amounts in Thousands of Reais)

Code	Description	Current Quarter 03/31/2021	Previous Year 12/31/2020
1	Total Assets	1,911,363	1,819,064
1.01	Current Assets	834,100	751,697
1.01.01	Cash and Cash Equivalents	29,001	35,709
1.01.02	Financial Investments	353,414	291,972
1.01.02.03	Financial Investments evaluated at amortized cost	353,414	291,972
1.01.02.03.02	Financial Investments	353,414	291,972
1.01.03	Accounts Receivable	235,484	201,399
1.01.03.01	Trade accounts receivables	235,484	201,399
1.01.04	Inventories	95,252	92,838
1.01.06	Recoverable Taxes	66,257	73,165
1.01.08	Other Current Assets	54,692	56,614
1.01.08.02	Discontinued Operations Assets	41,200	41,200
1.01.08.02.01	Non-current Assets Held for Sale	41,200	41,200
1.01.08.03	Others	13,492	15,414
1.01.08.03.01	Other Assets	13,492	15,414
1.02	Non-current Assets	1,077,263	1,067,367
1.02.01	Long - term receivables	91,691	106,146
1.02.01.04	Accounts Receivable	3,809	4,173
1.02.01.04.01	Trade accounts receivables	3,809	4,173
1.02.01.06	Biological Assets	81,599	73,985
1.02.01.10	Other Non-current assets	6,283	27,988
1.02.01.10.03	Recoverable Taxes	5,760	27,438
1.02.01.10.04	Judicial deposits	523	550
1.02.02	Investments	175,797	168,165
1.02.02.01	Equity Investments	154,299	146,624
1.02.02.02	Investment Properties	21,498	21,541
1.02.03	Property, plant and equipment	669,779	652,318
1.02.03.01	Property, plant and equipment in operation	645,086	631,138
1.02.03.02	Right to use assets – lease	24,693	21,180
1.02.03.02.01	Right to use assets	24,693	21,180
1.02.04	Intangible assets	139,996	140,738
1.02.04.01	Intangible assets	139,996	140,738

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2021</b>	<b>Previous Year 12/31/2020</b>
2	Total Liabilities	1,911,363	1,819,064
2.01	Current Liabilities	250,656	286,946
2.01.01	Social and labor obligations	31,693	44,838
2.01.01.01	Social Obligations	31,693	44,838
2.01.01.01.01	Social security obligations	31,693	44,838
2.01.02	Trade payables	129,335	119,861
2.01.03	Tax obligations	41,060	33,550
2.01.03.01	Federal tax obligations	27,741	22,723
2.01.03.01.02	Tax installments	8,774	8,830
2.01.03.01.03	Other federal taxes	18,967	13,893
2.01.03.02	State tax obligations	13,226	10,750
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	13,226	10,750
2.01.03.03	City tax obligations	93	77
2.01.03.03.01	Service Tax payable	93	77
2.01.04	Loans and financing	25,098	55,451
2.01.04.01	Loans and financing	21,488	43,483
2.01.04.02	Debentures	3,610	11,968
2.01.05	Other obligations	23,470	33,246
2.01.05.02	Others	23,470	33,246
2.01.05.02.01	Dividends and interest on capital payable	153	10,467
2.01.05.02.04	Other accounts payable	12,883	12,428
2.01.05.02.05	Advances from customers	5,686	6,377
2.01.05.02.06	Lease liabilities	4,748	3,974
2.02	Non-current liabilities	817,852	745,964
2.02.01	Loans and financing	591,670	532,781
2.02.01.01	Loans and financing	34,559	35,912
2.02.01.02	Debentures	557,111	496,869
2.02.02	Other obligations	36,368	36,669
2.02.02.02	Others	36,368	36,669
2.02.02.02.03	Tax installments	14,001	16,039
2.02.02.02.04	Other taxes payable	2,060	3,442
2.02.02.02.05	Other accounts payable	59	59
2.02.02.02.06	Lease liabilities	20,248	17,129
2.02.03	Deferred taxes	171,237	158,844
2.02.03.01	Deferred income tax and social contribution	171,237	158,844
2.02.04	Provisions	18,577	17,670
2.02.04.01	Provisions for civil, labor and tax risks	18,577	17,670
2.03	Equity	842,855	786,154
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	145,439	86,501
2.03.06	Equity valuation adjustments	152,522	154,759

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current Year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
3.01	Revenue from sales of goods and/or services	354,913	234,933
3.02	Cost of sales	-233,338	-160,125
3.02.01	Changes in the fair value of biological assets	6,078	3,916
3.02.02	Cost of goods sold	-239,416	-164,041
3.03	Gross Profit	121,575	74,808
3.04	Operating income (expenses)	-31,586	-35,669
3.04.01	Selling expenses	-23,076	-19,764
3.04.02	General and administrative expenses	-16,558	-16,605
3.04.03	Impairment losses on trade receivables	-236	-170
3.04.04	Other operating revenue	609	255
3.04.06	Equity method investees	7,675	615
3.05	Profit (Loss) before financial income (expenses) and taxes	89,989	39,139
3.06	Net financial (cost) income	-7,046	-19,589
3.06.01	Financial income	12,806	3,282
3.06.02	Financial expenses	-19,852	-22,871
3.07	Operating profit (loss) before taxes	82,943	19,550
3.08	Income tax and social contribution	-26,242	-1,562
3.08.01	Current	-13,849	-492
3.08.02	Deferred	-12,393	-1,070
3.09	Net income (loss) from continuing operations	56,701	17,988
3.11	Profit (loss) for the period	56,701	17,988
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	0.22290	0.10950
3.99.01.02	Preferred shares	0.00000	0.10950

**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 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
4.01	Income (loss) for the period	56,701	17,988
4.03	Comprehensive income (loss) for the period	56,701	17,988

**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 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
6.01	Net cash provided by (used in) operating activities	61,066	4,893
6.01.01	Cash from operations	99,407	49,010
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	82,943	19,550
6.01.01.02	Changes in Fair Value of Biological Assets	-6,078	-3,916
6.01.01.03	Depreciation, amortization and depletion	18,229	14,440
6.01.01.05	Income/loss in the sale of property, plant and equipment	41	-740
6.01.01.06	Equity method investees	-7,675	-615
6.01.01.07	Provision/reversal for civil, labor and tax risks	1,306	-4,652
6.01.01.08	Provision for impairment of trade receivables	-16	170
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	10,349	26,142
6.01.01.12	Interest on lease liabilities	538	525
6.01.01.14	Interest on restricted account investment	0	-74
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	-230	-1,820
6.01.02	Changes in assets and liabilities	-38,341	-44,117
6.01.02.01	Trade receivables	-33,705	-22,120
6.01.02.02	Inventories	-2,414	101
6.01.02.03	Recoverable taxes	28,667	16,356
6.01.02.04	Other assets	1,949	19,619
6.01.02.06	Trade payables	8,822	-9,287
6.01.02.07	Social charges and social security obligations	-13,145	-7,431
6.01.02.08	Advances from customers	-691	6,049
6.01.02.09	Tax liabilities	-627	2,830
6.01.02.10	Other accounts payable	103	-486
6.01.02.11	Payment of interest on loans, financing and debentures	-17,641	-49,366
6.01.02.12	Payment of interest on lease liabilities	-527	-382
6.01.02.13	Taxes paid (Income tax and social contribution)	-9,132	0
6.02	Net cash provided by use in investing activities	-92,435	-17,213
6.02.01	Acquisition of property, plant and equipment	-26,426	-14,023
6.02.02	Acquisition of biological assets	-3,977	-2,365
6.02.03	Acquisition of intangible asset	-595	-1,699
6.02.06	Receipt upon disposal of assets	5	1,504
6.02.11	Financial Investments	-61,442	0
6.02.12	Banks – restricted account	0	-630
6.03	Net cash provided by financing activities	24,661	2,002
6.03.01	Payments of dividends and interest on shareholder's equity	-10,361	0
6.03.02	Payment of lease liabilities	-806	-757
6.03.03	Issuance of debentures (Net of funding costs)	59,547	0
6.03.04	Loans obtained	5,405	41,542
6.03.05	Loans and debentures paid	-29,124	-38,783
6.05	(Decrease) in cash and cash equivalents	-6,708	-10,318
6.05.01	Cash and cash equivalents at the beginning of the period	35,709	78,318
6.05.02	Cash and cash equivalents at the end of the period	29,001	68,000

**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 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 changes in Equity - 01/01/2020 to 03/31/2020****(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	161,895	960	11,918	-1,992	163,704	336,485
5.03	Adjusted opening balance	161,895	960	11,918	-1,992	163,704	336,485
5.05	Total comprehensive income (loss)	0	0	0	20,223	-2,235	17,988
5.05.01	Profit (loss) for the period	0	0	0	17,988	0	17,988
5.05.02	Other comprehensive income (loss)	0	0	0	2,235	-2,235	0
5.05.02.06	Realization – deemed cost	0	0	0	2,235	-2,235	0
5.06	Internal changes in equity	0	0	-716	716	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-716	716	0	0
5.07	Closing Balance	161,895	960	11,202	18,947	161,469	354,473

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
7.01	Revenues	457,048	305,034
7.01.01	Sales of goods and/or services	452,761	300,073
7.01.02	Other revenues	4,271	5,131
7.01.04	Provision/reversal for impairment of trade receivables	16	-170
7.02	Inputs purchased from third parties	-263,256	-173,135
7.02.01	Cost of sales	-200,132	-116,596
7.02.02	Materials, electricity, outsourced services and other	-63,124	-56,539
7.03	Gross value added	193,792	131,899
7.04	Retentions	-12,151	-10,524
7.04.01	Depreciation, amortization and depletion	-18,229	-14,440
7.04.02	Other	6,078	3,916
7.04.02.01	Changes in the fair value of biological assets	6,078	3,916
7.05	Net value added generated	181,641	121,375
7.06	Value added received through transfer	20,481	3,897
7.06.01	Equity in the results of subsidiaries	7,675	615
7.06.02	Financial income	12,806	3,282
7.07	Total added value to be distributed	202,122	125,272
7.08	Distribution of added value	202,122	125,272
7.08.01	Personnel	43,137	39,662
7.08.01.01	Direct remuneration	33,838	30,870
7.08.01.02	Benefits	7,448	7,078
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,851	1,714
7.08.02	Taxes, duties and contributions	77,909	40,264
7.08.02.01	Federal	52,415	25,123
7.08.02.02	State	24,901	14,229
7.08.02.03	Municipal	593	912
7.08.03	Third-party capital remuneration	21,315	24,407
7.08.03.01	Interest	19,852	22,870
7.08.03.02	Rentals	1,463	1,537
7.08.04	Remuneration of own capital	59,761	20,939
7.08.04.03	Income/(loss) for the period – withheld	59,761	20,939

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2021</b>	<b>Previous Year 12/31/2020</b>
1	Total Assets	1,899,665	1,814,117
1.01	Current Assets	852,135	771,598
1.01.01	Cash and Cash Equivalents	46,406	54,260
1.01.02	Financial Investments	353,414	291,972
1.01.02.03	Financial Investments evaluated at amortized cost	353,414	291,972
1.01.02.03.02	Financial Investments	353,414	291,972
1.01.03	Accounts Receivable	235,806	202,470
1.01.03.01	Trade accounts receivables	235,806	202,470
1.01.04	Inventories	95,394	92,977
1.01.06	Recoverable Taxes	66,259	73,167
1.01.08	Other Current Assets	54,856	56,752
1.01.08.02	Discontinued Operations Assets	41,200	41,200
1.01.08.02.01	Non-current Assets Held for Sale	41,200	41,200
1.01.08.03	Others	13,656	15,552
1.01.08.03.01	Other Assets	13,656	15,552
1.02	Non-current Assets	1,047,530	1,042,519
1.02.01	Long - term receivables	198,540	210,218
1.02.01.04	Accounts Receivable	3,836	4,200
1.02.01.04.01	Trade accounts receivables	3,809	4,173
1.02.01.04.02	Other accounts receivable	27	27
1.02.01.06	Biological Assets	188,085	177,684
1.02.01.10	Other Non-current assets	6,619	28,334
1.02.01.10.03	Recoverable Taxes	5,760	27,448
1.02.01.10.04	Judicial deposits	859	886
1.02.02	Investments	21,498	21,541
1.02.02.02	Investment Properties	21,498	21,541
1.02.03	Property, plant and equipment	687,496	670,022
1.02.03.01	Property, plant and equipment in operation	662,803	648,842
1.02.03.02	Right to use assets – lease	24,693	21,180
1.02.03.02.01	Right to use assets	24,693	21,180
1.02.04	Intangible assets	139,996	140,738
1.02.04.01	Intangible assets	139,996	140,738

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter 03/31/2021</b>	<b>Previous Year 12/31/2020</b>
2	Total Liabilities	1,899,665	1,814,117
2.01	Current Liabilities	234,147	277,356
2.01.01	Social and labor obligations	32,308	45,448
2.01.01.01	Social Obligations	32,308	45,448
2.01.01.01.01	Social security obligations	32,308	45,448
2.01.02	Trade payables	110,963	109,095
2.01.03	Tax obligations	41,744	33,800
2.01.03.01	Federal tax obligations	28,415	22,971
2.01.03.01.02	Tax installments	8,774	8,830
2.01.03.01.03	Other federal taxes	19,641	14,141
2.01.03.02	State tax obligations	13,227	10,741
2.01.03.02.02	Value-added Tax on Sales and Services (ICMS) payable	13,227	10,741
2.01.03.03	City tax obligations	102	88
2.01.03.03.01	Service Tax payable	102	88
2.01.04	Loans and financing	25,102	55,466
2.01.04.01	Loans and financing	21,492	43,498
2.01.04.02	Debentures	3,610	11,968
2.01.05	Other obligations	24,030	33,547
2.01.05.02	Others	24,030	33,547
2.01.05.02.01	Dividends and interest on capital payable	153	10,467
2.01.05.02.04	Other accounts payable	13,429	12,699
2.01.05.02.05	Advances from customers	5,700	6,407
2.01.05.02.06	Lease liabilities	4,748	3,974
2.02	Non-current liabilities	822,657	750,601
2.02.01	Loans and financing	591,670	532,781
2.02.01.01	Loans and financing	34,559	35,912
2.02.01.02	Debentures	557,111	496,869
2.02.02	Other obligations	36,368	36,669
2.02.02.02	Others	36,368	36,669
2.02.02.02.03	Tax installments	14,001	16,039
2.02.02.02.04	Other taxes payable	2,060	3,442
2.02.02.02.05	Other accounts payable	59	59
2.02.02.02.06	Lease liabilities	20,248	17,129
2.02.03	Deferred taxes	175,672	163,111
2.02.03.01	Deferred income tax and social contribution	175,672	163,111
2.02.04	Provisions	18,947	18,040
2.02.04.01	Provisions for civil, labor and tax risks	18,947	18,040
2.03	Equity	842,861	786,160
2.03.01	Share capital	543,934	543,934
2.03.02	Capital reserves	960	960
2.03.04	Profit reserves	145,439	86,501
2.03.06	Equity valuation adjustments	152,522	154,759
2.03.09	Non-controlling interests	6	6

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
3.01	Revenue from sales of goods and/or services	356,161	236,323
3.02	Cost of sales	-225,803	-159,002
3.02.01	Changes in the fair value of biological assets	11,811	4,469
3.02.02	Cost of goods sold	-237,614	-163,471
3.03	Gross Profit	130,358	77,321
3.04	Operating income (expenses)	-40,186	-38,135
3.04.01	Selling expenses	-23,590	-21,132
3.04.02	General and administrative expenses	-16,977	-17,087
3.04.03	Impairment losses on trade receivables	-236	-170
3.04.04	Other operating revenue	617	254
3.05	Profit (Loss) before financial income (expenses) and taxes	90,172	39,186
3.06	Net financial (cost) income	-7,003	-19,586
3.06.01	Financial income	12,889	3,296
3.06.02	Financial expenses	-19,892	-22,882
3.07	Operating profit (loss) before taxes	83,169	19,600
3.08	Income tax and social contribution	-26,468	-1,612
3.08.01	Current	-13,907	-533
3.08.02	Deferred	-12,561	-1,079
3.09	Net income (loss) from continuing operations	56,701	17,988
3.11	Profit (loss) for the period	56,701	17,988
3.11.01	Attributable to owners of the Parent Company	56,701	17,988
3.99	Earnings (loss) per share - (reais / share)		
3.99.01	Basic earnings (loss) per share		
3.99.01.01	Common shares	0.22290	0.10950
3.99.01.02	Preferred shares	0.00000	0.10950

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
4.01	Income (loss) for the period	56,701	17,988
4.03	Comprehensive income (loss) for the period	56,701	17,988
4.03.01	Attributable to owners of the Parent Company	56,701	17,988

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

<b>Code</b>	<b>Description</b>	<b>Accumulated current year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior Year 01/01/2020 to 03/31/2020</b>
6.01	Net cash provided by (used in) operating activities	60,717	4,029
6.01.01	Cash from operations	105,333	52,200
6.01.01.01	Profit (loss) before income tax and social contribution (LAIR)	83,169	19,600
6.01.01.02	Changes in Fair Value of Biological Assets	-11,811	-4,469
6.01.01.03	Depreciation, amortization and depletion	21,987	17,499
6.01.01.05	Income/loss in the sale of property, plant and equipment	41	-740
6.01.01.07	Reversal/provision for civil, labor and tax risks	1,306	-4,636
6.01.01.08	Provision for impairment of trade receivables	-16	170
6.01.01.11	Exchange-rate change and interest on loans, financing and debentures	10,349	26,145
6.01.01.12	Interest on lease liabilities	538	525
6.01.01.14	Interest on restricted account investment	0	-74
6.01.01.15	Exclusion of ICMS from PIS and COFINS basis	-230	-1,820
6.01.02	Changes in assets and liabilities	-44,616	-48,171
6.01.02.01	Trade receivables	-32,956	-21,839
6.01.02.02	Inventories	-2,417	-546
6.01.02.03	Recoverable taxes	28,677	16,356
6.01.02.04	Other assets	1,923	19,554
6.01.02.06	Trade payables	1,177	-13,244
6.01.02.07	Social charges and social security obligations	-13,140	-7,187
6.01.02.08	Advances from customers	-707	6,026
6.01.02.09	Tax liabilities	-126	2,656
6.01.02.10	Other accounts payable	378	-199
6.01.02.11	Payment of interest on loans, financing and debentures	-17,641	-49,366
6.01.02.12	Payment of interest on lease liabilities	-527	-382
6.01.02.13	Taxes paid (Income tax and social contribution)	-9,257	0
6.02	Net cash provided by use in investing activities	-93,221	-18,123
6.02.01	Acquisition of property, plant and equipment	-26,775	-14,027
6.02.02	Acquisition of biological assets	-4,414	-3,271
6.02.03	Acquisition of intangible asset	-595	-1,699
6.02.06	Receipt upon disposal of assets	5	1,504
6.02.11	Financial Investments	-61,442	0
6.02.12	Banks – restricted account	0	-630
6.03	Net cash provided by financing activities	24,650	1,991
6.03.01	Payments of dividends and interest on shareholder's equity	-10,361	0
6.03.02	Payment of lease liabilities	-806	-757
6.03.03	Issuance of debentures (Net of funding costs)	59,547	0
6.03.04	Loans obtained	5,405	41,542
6.03.05	Loans and debentures paid	-29,135	-38,794
6.05	(Decrease) in cash and cash equivalents	-7,854	-12,103
6.05.01	Cash and cash equivalents at the beginning of the period	54,260	80,822
6.05.02	Cash and cash equivalents at the end of the period	46,406	68,719

**Consolidated 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 Company Financial Statements / Statement of changes in Equity - 01/01/2020 to 03/31/2020****(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	161,895	960	11,918	-1,992	163,704	336,485	6	336,491
5.03	Adjusted opening balance	161,895	960	11,918	-1,992	163,704	336,485	6	336,491
5.05	Total comprehensive income (loss)	0	0	0	20,223	-2,235	17,988	0	17,988
5.05.01	Profit for the period	0	0	0	17,988	0	17,988	0	17,988
5.05.02	Other comprehensive income (loss)	0	0	0	2,235	-2,235	0	0	0
5.05.02.06	Realization – deemed cost	0	0	0	2,235	-2,235	0	0	0
5.06	Internal changes in equity	0	0	-716	716	0	0	0	0
5.06.04	Realized profit reserve - biological assets	0	0	-716	716	0	0	0	0
5.07	Closing Balance	161,895	960	11,202	18,947	161,469	354,473	6	354,479

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

<b>Code</b>	<b>Description</b>	<b>Accumulated Current Year 01/01/2021 to 03/31/2021</b>	<b>Accumulated – prior year 01/01/2020 to 03/31/2020</b>
7.01	Revenues	458,380	306,517
7.01.01	Sales of goods and/or services	454,090	301,548
7.01.02	Other revenues	4,274	5,139
7.01.04	Provision/reversal for impairment of trade receivables	16	-170
7.02	Inputs purchased from third parties	-255,168	-168,111
7.02.01	Cost of sales	-190,444	-110,173
7.02.02	Materials, electricity, outsourced services and other	-64,724	-57,938
7.03	Gross value added	203,212	138,406
7.04	Retentions	-10,176	-13,030
7.04.01	Depreciation, amortization and depletion	-21,987	-17,499
7.04.02	Other	11,811	4,469
7.04.02.01	Changes in the fair value of biological assets	11,811	4,469
7.05	Net value added generated	193,036	125,376
7.06	Value added received through transfer	12,889	3,296
7.06.02	Financial income	12,889	3,296
7.07	Total added value to be distributed	205,925	128,672
7.08	Distribution of added value	205,925	128,672
7.08.01	Personnel	45,831	42,321
7.08.01.01	Direct remuneration	35,486	32,533
7.08.01.02	Benefits	8,419	7,993
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	1,926	1,795
7.08.02	Taxes, duties and contributions	78,977	40,944
7.08.02.01	Federal	53,443	25,789
7.08.02.02	State	24,907	14,231
7.08.02.03	Municipal	627	924
7.08.03	Third-party capital remuneration	21,356	24,467
7.08.03.01	Interest	19,892	22,879
7.08.03.02	Rentals	1,464	1,588
7.08.04	Remuneration of own capital	59,761	20,940
7.08.04.03	Income/(loss) for the period – withheld	59,761	20,940

## Performance Comment

### COMMENTS ON THE COMPANY'S PERFORMANCE ON THE FIRST QUARTER OF 2021

The following information are presented in a consolidated basis. The values are presented according to the norms published by CVM – Comissão de Valores Mobiliários, applicable to the quarterly financial statements.

#### Irani records Adjusted EBITDA of R\$ 100,348 thousand in 1Q21, an increase of 92.2% in relation to 1Q20

KEY INDICATORS - CONSOLIDATED <sup>1</sup>	1Q21	4Q20	1Q20	Chg 1Q21/ 4Q20	Chg 1Q21/ 1Q20	UDM21	UDM20	Change - LTM21/ LTM20
<b>Economic and Financial (R\$ thousand)</b>								
Net operating revenue	356,161	290,935	236,323	22.4%	50.7%	1,149,443	933,054	23.2%
Domestic market	297,542	253,672	193,719	17.3%	53.6%	948,383	762,412	24.4%
Foreign market	58,619	37,263	42,604	57.3%	37.6%	201,060	170,642	17.8%
Gross Profit (inclusive*)	130,358	91,258	77,321	42.8%	68.6%	378,353	278,338	35.9%
(*) Change in the Fair Value of Biological Assets	11,811	9,555	4,469	23.6%	164.3%	25,716	9,831	161.6%
<b>Gross margin</b>	<b>36.6%</b>	<b>31.4%</b>	<b>32.7%</b>	<b>5.2p.p.</b>	<b>3.9p.p.</b>	<b>32.9%</b>	<b>29.8%</b>	<b>3.1p.p.</b>
Operating profit (loss) before taxes and profit sharing	83,169	35,010	19,600	137.6%	324.3%	173,483	(12,046)	-
<b>Operating margin</b>	<b>23.4%</b>	<b>12.0%</b>	<b>8.3%</b>	<b>11.4p.p.</b>	<b>15.1p.p.</b>	<b>15.1%</b>	<b>-1.3%</b>	<b>16.4p.p.</b>
Profit	56,701	33,917	17,988	67.2%	215.2%	131,474	44,201	197.4%
<b>Net margin</b>	<b>15.9%</b>	<b>11.7%</b>	<b>7.6%</b>	<b>4.2p.p.</b>	<b>8.3p.p.</b>	<b>11.4%</b>	<b>4.7%</b>	<b>6.7p.p.</b>
Adjusted EBITDA of continuing operation <sup>2</sup>	100,348	62,426	52,216	60.7%	92.2%	274,012	229,976	19.1%
<b>Adjusted EBITDA margin</b>	<b>28.2%</b>	<b>21.5%</b>	<b>22.1%</b>	<b>6.7p.p.</b>	<b>6.1p.p.</b>	<b>23.8%</b>	<b>24.6%</b>	<b>-0.8p.p.</b>
Net debt (R\$ million)	217.0	242.0	719.2	-10.4%	-69.8%	217.0	719.2	-69.8%
Net Debt/Adjusted EBITDA(x)	0.79	1.07	3.31	-26.2%	-76.1%	0.79	3.31	-76.1%
Net Debt/pro-forma Adjusted EBITDA (x) <sup>3</sup>	0.42	0.49	2.52	-14.3%	-83.3%	0.42	2.52	-83.3%
<b>Operating Data (t)</b>								
<b>Corrugated Cardboard Packaging (PO)</b>								
Production/Sales	40,542	42,210	36,875	-4.0%	9.9%	159,106	147,557	7.8%
<b>Packaging Paper</b>								
Production	75,701	75,434	70,509	0.4%	7.4%	298,463	291,423	2.4%
Sales	31,131	32,603	33,553	-4.5%	-7.2%	133,188	129,584	2.8%
<b>RS Forests and Resins</b>								
Production	4,190	3,207	4,052	30.7%	3.4%	14,745	13,999	5.3%
Sales	4,485	2,858	3,996	56.9%	12.2%	14,431	14,416	0.1%

<sup>1</sup> Excluding discontinued operation in 2019 used for comparative purposes.

<sup>2</sup> EBITDA (earnings before interest, tax, depreciation and amortization) see the chapter in this release.

<sup>3</sup> Excluding transactions carried out in the period from the net debt, which amounts will be received in the coming months: i) PIS and Cofins credit (ICMS on the Base) in the amount of R\$ 57,712 thousand; ii) Sale of Rural Properties in the amount of R\$ 4,003 thousand; iii) Decommissioning of Vila Maria - SP property in the amount of R\$ 40,200 thousand.

- Net revenue in 1Q21 recorded an increase of 50.7% when compared to 1Q20 and 22.4% in relation to 4Q20, mainly due to the increase in the prices of products in the Corrugated Cardboard Packaging and Packaging Paper segments, in addition to the more favorable exchange rate for the portion of sales for export. The increase in volume and prices in the RS Forest and Resins segment also contributed to the growth of net revenue for the period.
- The sales volume of the Corrugated Cardboard Packaging segment increased 9.9% when compared to 1Q20, and decreased 4.0% when compared to 4Q20, totaling 40.5 thousand tons in 1Q21. This segment continues presenting a strong demand in the period and the Company's industrial activities have been operating at full capacity to serve this market. The Packaging Paper segment totaled 31.1 thousand tons, recording a decrease of 7.2% when compared to 1Q20, and a reduction of 4.5% when compared to 4Q20, owing to the lower availability of the Company's paper to the market, due to the greater use for the Corrugated

## Performance Comment

Cardboard Packaging segment. The RS Forest and Resins segment recorded an increase of 12.2% in volumes when compared to 1Q20, and of 56.9% in comparison to 4Q20, reaching 4.5 thousand tons. Said growth was due to the higher operational productivity and the greater availability of the gum resin, considering the product off-season for 4Q20.

- Gross profit in 1Q21 increased by 68.6% compared to 1Q20 and 42.8% when compared to 4Q20. The growth in 1Q21 is related to the increase in revenue and to the positive change in the fair value of biological assets that offset the increases in costs, especially the sharp increase in scrap paper for the period.
- Sales expenses totaled R\$ 23,590 thousand in 1Q21, accounting for an increase of 11.6% when compared to 1Q20 and of 2.5% in relation to 4Q20, representing 6.6% of consolidated net revenue, lower than the 8.9% recorded in 1Q20 and 7.9% recorded in 4Q20. Administrative expenses totaled R\$ 16,977 thousand in 1Q21, remaining stable when compared to 1Q20 and presenting a decrease of 21.8% when compared to 4Q20, representing 4.8% of consolidated net revenue, 7.2% in 1Q20 and 7.5% in 4Q20. Due to the growth in revenue for the period, the share of sales and administrative expenses in relation to consolidated net revenue fell considerably, thus contributing to the better results of the Company.
- In 1Q21, the profit was R\$ 56,701 thousand, in comparison to the profit of R\$ 17,988 thousand in 1Q20 and R\$ 33,917 thousand in 4Q20. The main impacts on net profit for this quarter were related to the growth in net revenue and the growth in gross margin.
- Adjusted EBITDA in 1Q21 totaled R\$ 100,348 thousand, with a margin of 28.2%, 92.2% higher than that recorded in 1Q20, which was R\$ 52,216 thousand, with a margin of 22.1%, and 60.7% higher when compared to 4Q20, which was R\$ 62,426 thousand, with a margin of 21.5%. This expressive growth in EBITDA is justified by the growth in net revenue and the better margins for all Company's segments in the period.
- The Net Debt/EBITDA ratio was 0.79 times in March 2021, against 1.07 times at the end of 2020. The improvement in the indicator is due to the increase in EBITDA in the last 12 months and the 10.4% reduction in net debt. Considering to exclude from the net debt the amounts that will be received in the coming months in the amount of R\$ 101,915 thousand, related to: i) PIS and COFINS credits in the amount of R\$ 57,712 thousand; ii) Sale of Rural Properties in the amount receivable of R\$ 4,003 thousand; iii) The demobilization of SP Packaging Plant - Vila Maria property, with a balance receivable in the amount of

## Performance Comment

R\$ 40,200 thousand, would result in a pro forma Net Debt of R\$ 115,037 thousand and a pro forma leverage of 0.42 times (0.49 times by the end of 2020).

- The cash position at the end of March 2021 was R\$ 399,820 thousand (composed of financial investments, cash and cash equivalents) and 96% of the gross debt is denominated in the long term, 99% denominated in Reais and 1% denominated in foreign currency.
- Gaia Platform: the investments of Gaia Platform are being made and the schedules are up to date. Contracting of investment packages is ongoing and disbursements for 1Q21 totaled R\$ 17,140 thousand.

## Highlights of 1Q21

1Q21 was also marked by the impact of the pandemic on people and the economy, with several locations facing a second wave more severe than the first. The positive news is the advance of vaccination and the hope that this difficult period will be over quickly. A strong recovery in GDP is expected in several worldwide regions, especially in the USA and China. In Brazil, the estimate is that the GDP will grow around 4% in 2021.

According to Empapel, shipping of corrugated cardboard in tons recorded a 9.2% growth in 1Q21 compared to 1Q20, with 1.004 million tons. The increased use of paper packaging for the food sector, e-commerce, product delivery and for exports has created an environment for the corrugated cardboard and paper packaging sector that is completely different from that experienced by the economy in general.

Irani's net revenue in 1Q21 grew 50.7% compared to 1Q20, mainly reflecting the increase in product prices in the Corrugated Cardboard Packaging and Packaging Paper segments, despite the increase in input costs, particularly the scrap paper used in production. The increase in volume and prices in the RS Forest and Resins segment also contributed to the growth of net revenue for the period. The share of sales to the domestic market represented 84% of the Company's sales, while the sales to the foreign market reached 16%.

The Corrugated Cardboard Packaging Segment (PO) represented in 1Q21 55% of Irani's net revenue, the Packaging Paper Segment represented 33% and the RS Forest and Resins Segment, 12%.

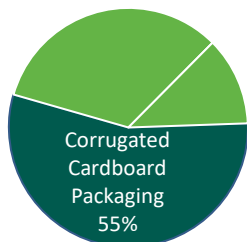
Irani ended the quarter with Net Revenue of R\$ 356,161 thousand, Adjusted EBITDA of R\$ 100,348 thousand and Profit of R\$ 56,701 thousand. Operating leverage (Net Debt/Adjusted EBITDA) was 0.79 times, while the cash balance at the end of 1Q21 was R\$ 399,820 thousand. Gross Debt ended 1Q21 at R\$ 616,772 thousand, 99% in local currency and 1% in foreign currency, and 96% in the long term.

## Performance Comment

### OPERATING PERFORMANCE (not reviewed by an independent auditor)

#### Corrugated Cardboard Packaging Segment (PO)

Revenue Contribution 1Q21



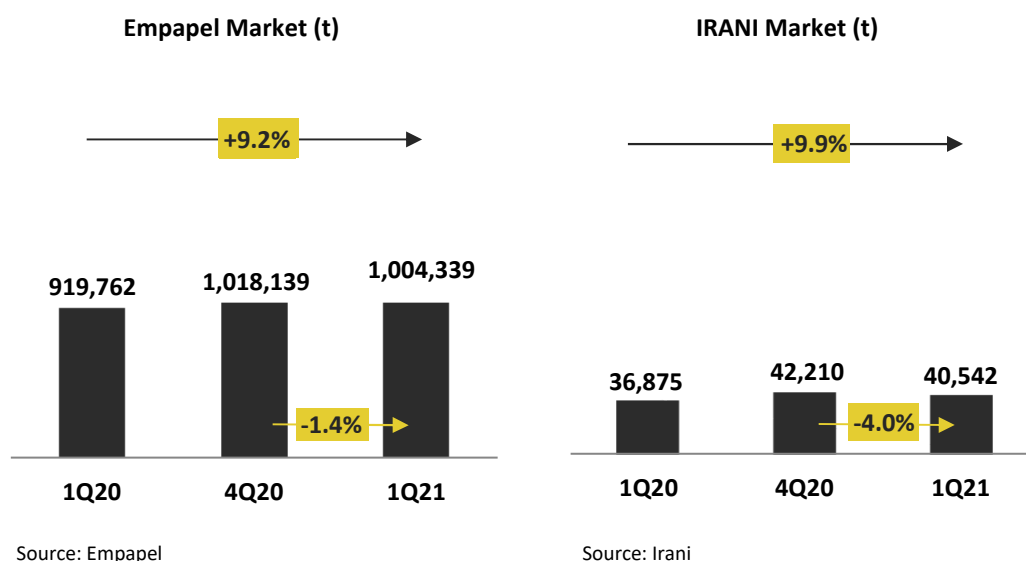
The sales volume of corrugated cardboard packaging in the Empapel Market in tons, as presented in the charts below, increased 9.2% in 1Q21 when compared to 1Q20, as did the sales volume performance in the Irani Market, which increased 9.9%, totaling 40,542 tons. Compared to 4Q20, Empapel Market decreased 1.4%, while Irani Market decreased 4.0%. This growth is due to the strong demand for the segment in the period and the good performance of industrial operations.

In tons, Irani’s market share in the corrugated cardboard packaging was 4.0% in 1Q21, as well as in 1Q20 and 4.1% in 4Q20.

The volume of sales of boxes in 1Q21 of the Irani Market recorded an increase of 9.3% compared to 1Q20, and a decrease of 9.0% when compared to 4Q20. The sales of sheets in Irani Market increased 10.1% in relation to 1Q20 and decreased 2.6% compared to 4Q20.

SP Indaiatuba and SC Campina da Alegria Packaging units accounted for respectively 58% and 42% of the total sold in the 1Q21 in corrugated cardboard, whose productions are entirely destined to the domestic market.

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



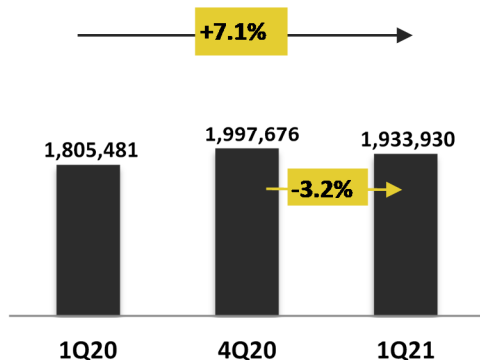
1Q21 Empapel Market (in tons) are prior to closing. There may be changes in the official data.

## Performance Comment

In square meters (m<sup>2</sup>) the sales volume of corrugated cardboard packaging of the Empapel Market presented an increase of 7.1% in 1Q21 when compared to 1Q20, as well as Irani Market that had a 8.3% increase. Compared to 4Q20, Empapel Market decreased 3.2%, while the Irani Market recorded a 4.6% reduction. In square meters, the Irani Market’s share was 4.3% in 1Q21, as well as in 1Q20, and 4.4% in 4Q20.

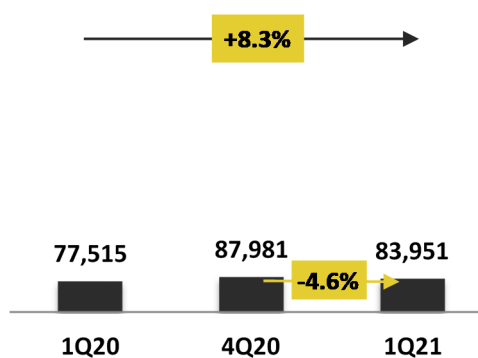
### Sales Volume (in square meters) – Corrugated Cardboard Packaging Segment (PO)

#### Empapel Market (thousand m<sup>2</sup>)



Source: Empapel

#### Irani Market (thousand m<sup>2</sup>)



Source: Irani

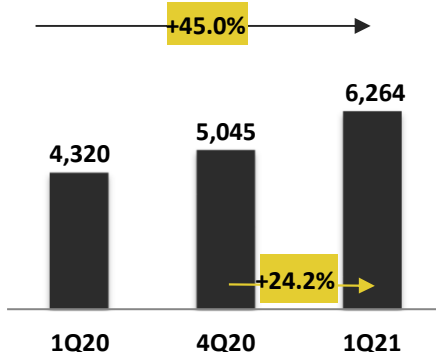
1Q21 Empapel Market (in sqm) are prior to closing. There may be changes in the official data.

The volume of SP Indaiatuba Packaging plant reached 18,093 tons of boxes and 5,252 tons of plates in 1Q21 against 16,128 tons of boxes and 4,931 tons of plates in 1Q20.

The volume of SC Campina da Alegria Packaging plant recorded sales volume of 14,233 tons of boxes and 2,964 tons of plates in 1Q21 against 13,231 tons of boxes and 2,585 tons of plates in 1Q20

The average Irani price (CIF) increased 45.0% in 1Q21 in relation to 1Q20. In the comparison with 4Q20, the Irani market increased 24.2%.

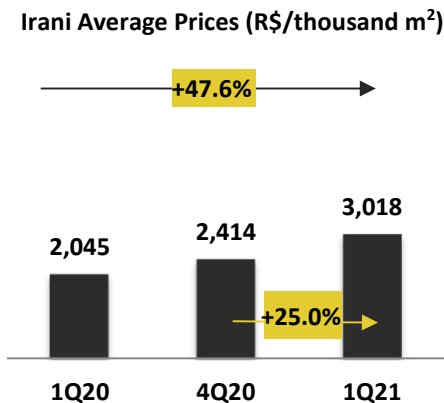
#### Irani Average Prices (R\$/t)



Note on methodology: The Irani prices do not contain IPI, PIS, COFINS and ICMS and are adjusted according to the market mix of boxes and plates.

## Performance Comment

The average Irani price (CIF) increased 47.6% in 1Q21 compared to 1Q20. In the comparison with 4Q20, the Irani market increased 25.0%.

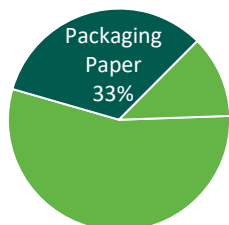


Note on methodology: The Irani prices do not contain IPI, PIS, COFINS and ICMS and are adjusted according to the market mix of boxes and plates.

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.

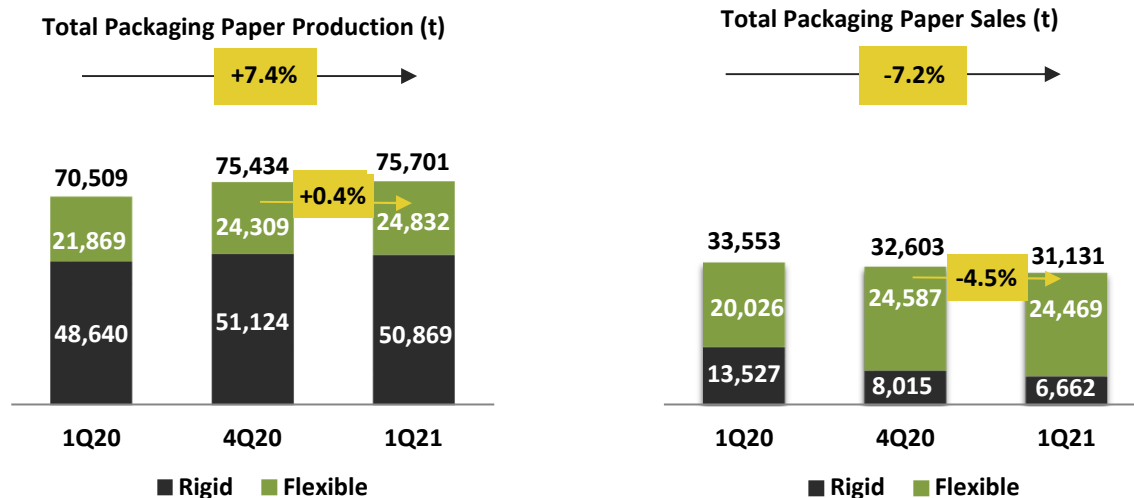
## Packaging Paper Segment

**Revenue Contribution 1Q21**



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

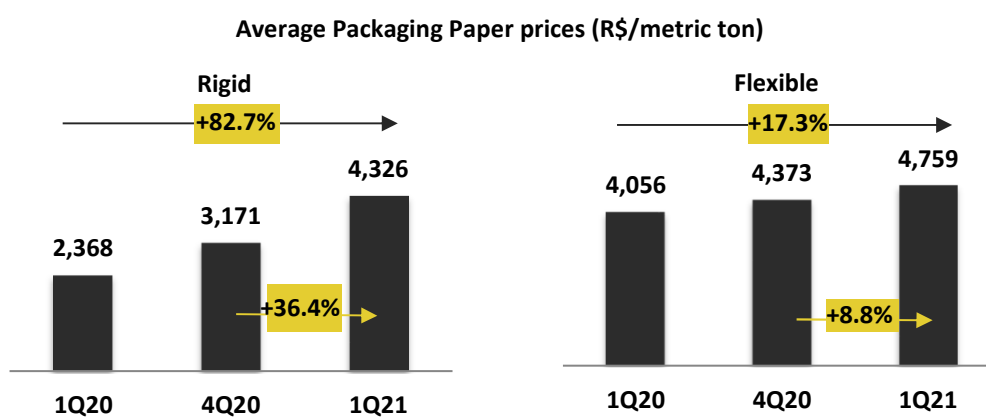
The Company's total production of Packaging Paper in the quarter was 7.4% greater when compared to 1Q20, and stable in relation to 4Q20. Regarding sales, there was a decrease of 7.2% when compared to 1Q20 and a reduction of 4.5% when compared to 4Q20.



## Performance Comment

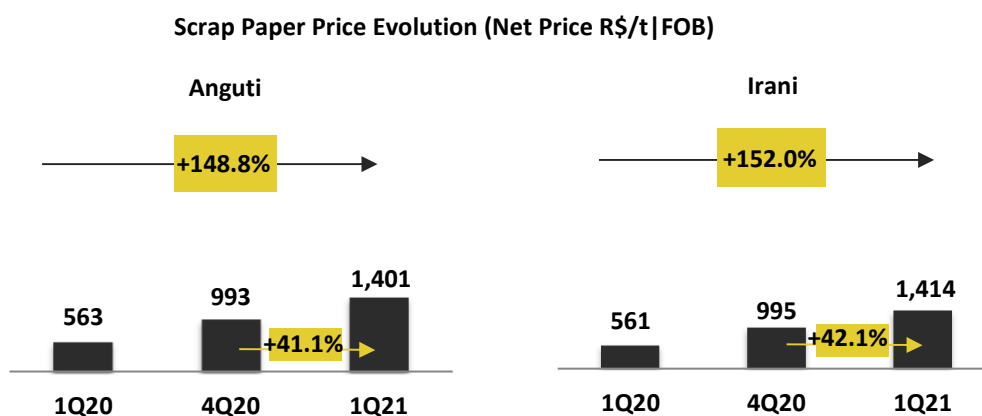
In 1Q21, internal paper transfers for rigid packaging (PO) totaled 44,386 tons (35,337 tons in 1Q20 and 43,365 tons in 4Q20). For the SP Packaging Plant - Campina da Alegria, they reached 25,989 tons (19,164 tons in 1Q20 and 24,550 tons in 4Q20) and, for the SC Packaging Plant - Campina da Alegria, 18,397 tons were transferred in 4Q20 (16,173 tons in 1Q20 and 18,815 tons in 4Q20). In 1Q21, from the total of internal transfers, 59% were to the SP Indaiatuba packaging plant and 41% were to the SC Campina da Alegria packaging.

The rigid packaging paper recorded an increase of 82.7% in the price for 1Q21 when compared to those practiced in 1Q20, and 36.4% when compared to 4Q20. On the other hand, the prices of flexible packaging papers increased 17.3% in comparison with 1Q20 and 8.8% in relation to 4Q20. 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.



## Scrap paper

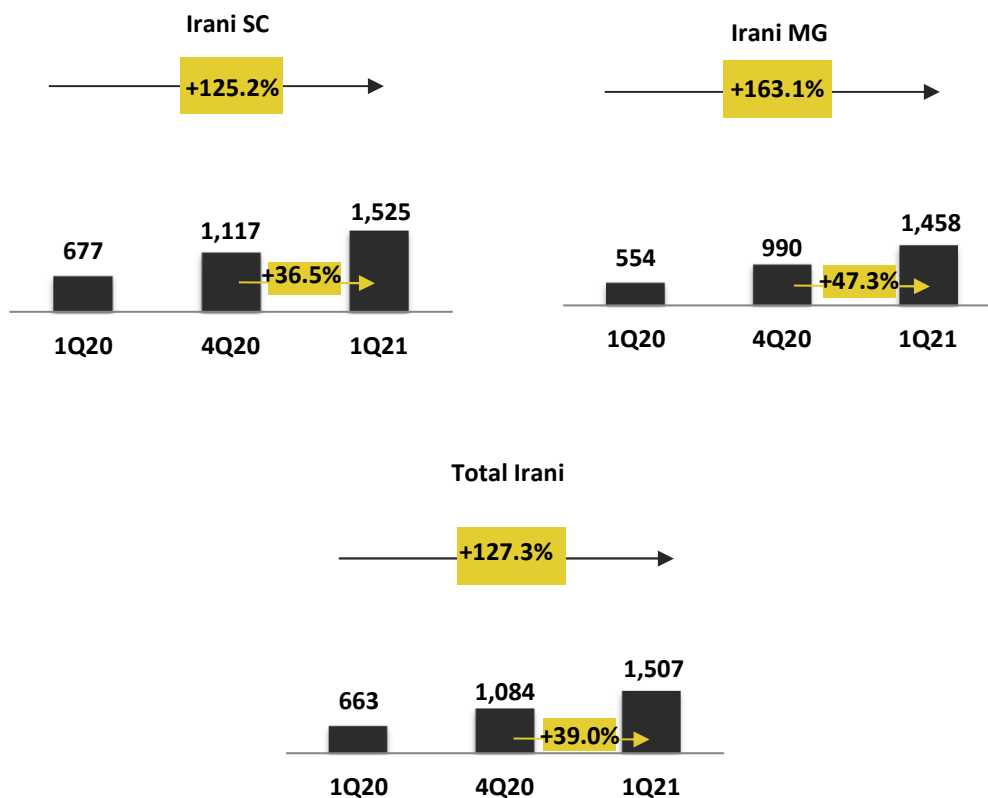
The Packaging Paper Segment uses scrap paper (used paper) as raw material to manufacture most of its products, mainly those used for the production of Corrugated Cardboard Boxes and Plates in the Company’s Corrugated Cardboard Packaging Segment. Scrap paper accounted for 50% of the total paper production cost in 1Q21. The scrap paper 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. During the first quarter of 2021, the scrap paper prices had a significant increase, due to the greater demand, and are presented in the chart below:



Note on methodology: Anguti Statistics – Scrap Paper Report.

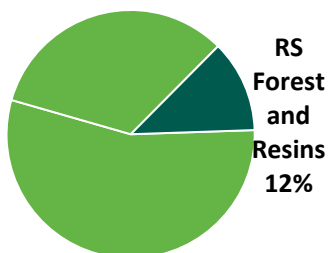
## Performance Comment

### Scrap Paper Evolution (Net Price R\$/t|CIF)



### RS Forests and Resins segment

Revenue Contribution 1Q21

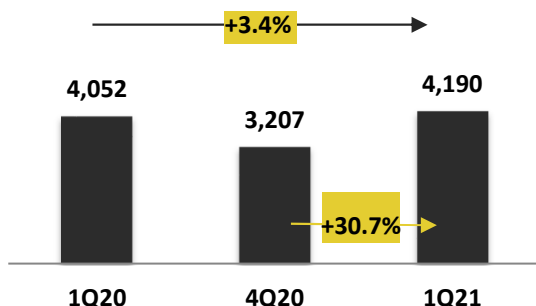


The Rio Grande do Sul forest segment produced and commercialized 12 thousand cubic meters of pine logs to the local market in 1Q21 (12 thousand cubic meters in 1Q20) and supplied 597 tons of in natura resins (236 tons in 1Q20) to be utilized in the industrial process of manufacturing rosin and turpentine.

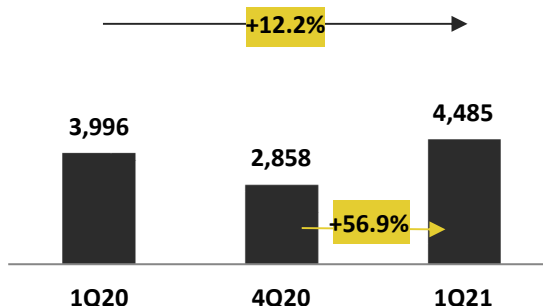
The production volume in the RS Balneário Pinhal Resin unit in 1Q21 presented increase of 3.4% when compared to 1Q20 and a 30.7% increase when compared to 4Q20. Sales volume increased by 12.2% when compared to 1Q20 and by 56.9% when compared to 4Q20.

## Performance Comment

Production of Tar and Turpentine (metric tons)

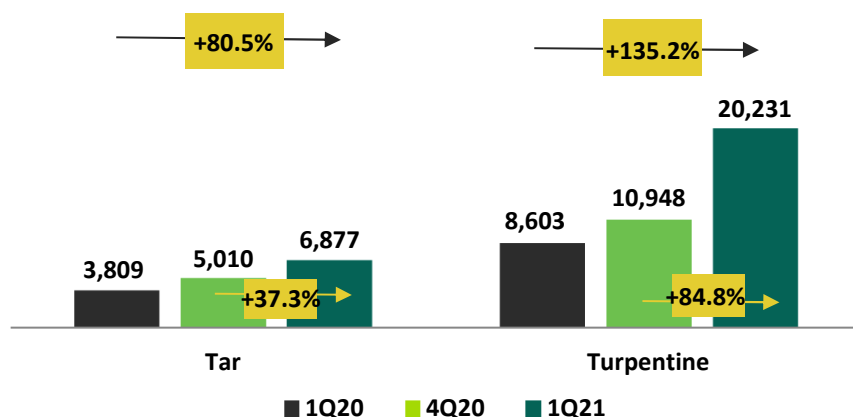


Sale of Tar and Turpentine (metric tons)



In 1Q21, the average gross price of Tar was 80.5% higher than 1Q20 and 37.3% higher when compared to 4Q20. Turpentine increased 135.2% when compared to 1Q20 and 84.8% in relation to 4Q20. The price of these products changes according to the foreign market and exchange rate.

Average Prices (R\$/t)



## Economic and Financial Performance

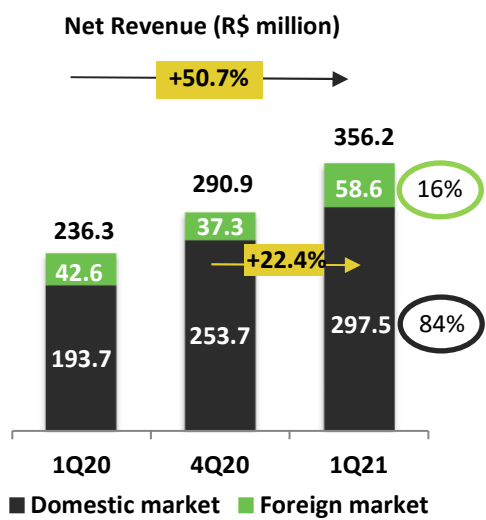
### Net Operating Revenue

Net operating revenue in 1Q21 reached R\$ 356,161 thousand, an increase of 50.7% when compared to 1Q20 and of 22.4% in relation to 4Q20, mainly due to the increase in the prices of products in the Corrugated Cardboard Packaging and Packaging Paper segments, in addition to the more favorable exchange rate for the portion of sales for export. The increase in volume and prices in the RS Forest and Resins segment also contributed to the growth of net revenue for the period.

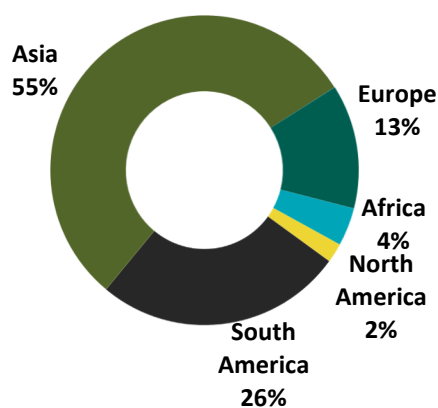
## Performance Comment

In the domestic market, net operating revenue was R\$ 297,542 thousand in the quarter and had an increase of 53.6% when compared to that one of 1Q20 and an increase of 17.3% in relation to 4Q20. Revenue in the domestic market accounted for 84% of Irani’s total revenue in the 1Q21.

In 1Q20, exports totaled R\$ 58,619 thousand, an amount 37.6% higher than 1Q20 and 57.3% lower than 4Q20, representing 16% of total net operating revenue. Asia was the main destination for exports, concentrating 55% of foreign market revenue, followed by South America with 26%. The other markets are: Europe (13%), Africa (4%) and North America (2%).

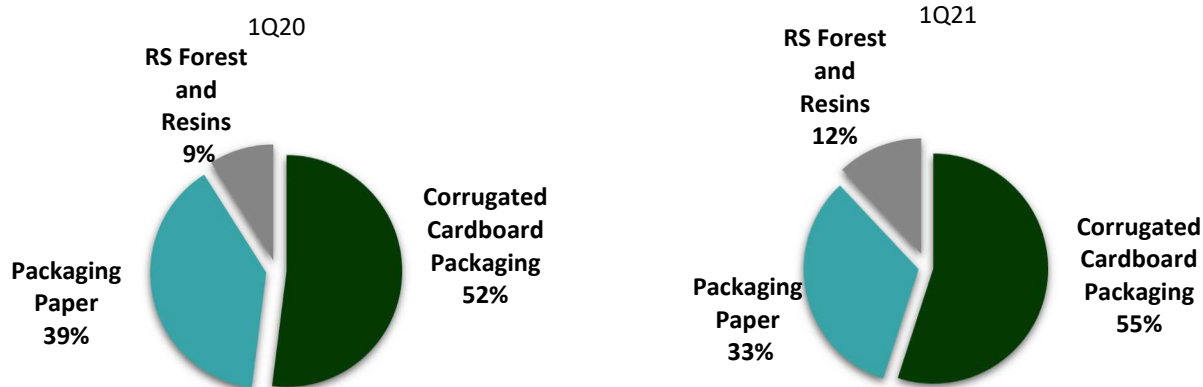


**Foreign market - Net sales revenue per region 1Q21**



Irani’s principal segment of operation is the Corrugated Cardboard Packaging, which accounts for 55% of consolidated net revenue in 1Q21, followed by the segments of Packaging Paper with 33%, and RS Forest and Resins, with 12%.

**Net Revenue by Segment**

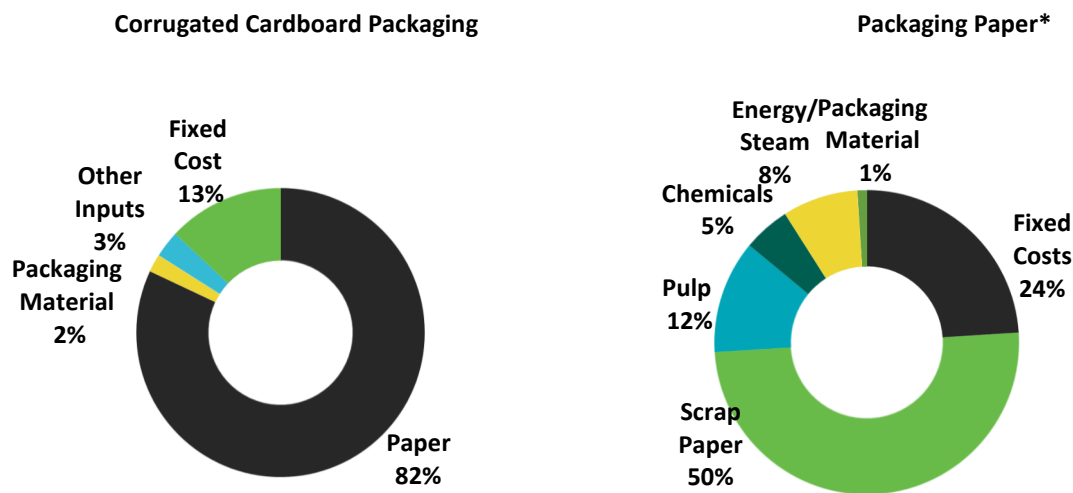


## Performance Comment

### Cost of Goods Sold

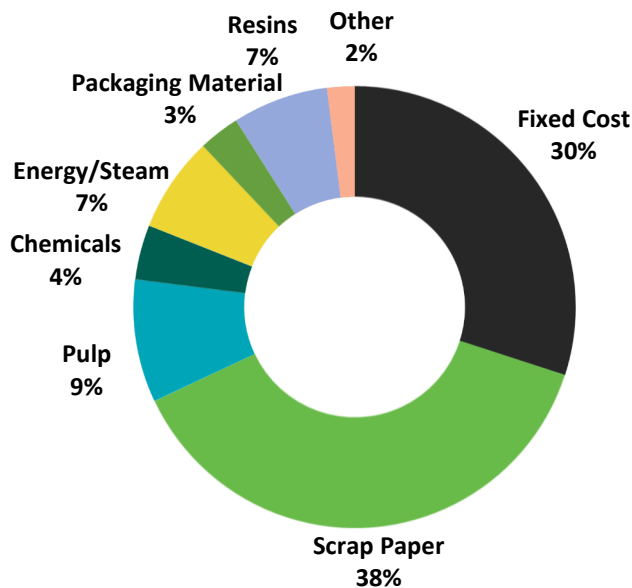
The cost of products sold in 1Q21 was R\$ 237,614 thousand, 45.4% higher than in 1Q20, due to the increase in the cost of inputs, especially paper trimmings. The change in the fair value of biological assets is not being considered in the cost of sales for any of the periods.

The formation of the cost per Irani’s segment of operation in 1Q21 is shown in the graphs below.



\*The cost formation for the packaging paper segment does not consider the change in the fair value of biological assets.

### Total Cost 1Q21



## Performance Comment

### Operating Revenues and Expenses

Sales expenses in 1Q21 totaled R\$ 23,590 thousand, 11.6% higher when compared to 1Q20, and account for 6.6% of consolidated net revenue, compared to 8.9% in 1Q20.

General and administrative expenses totaled R\$ 16,977 thousand in 1Q21 (R\$ 17,087 thousand in 1Q20), remaining stable compared to 1Q20 and accounting for 4.8% of consolidated net revenue (7.2% when compared to 1Q20).

Other operating revenues/expenses resulted in a revenue of R\$ 617,000 in 1Q21 against a revenue of R\$ 254,000 in 1Q20.

### Operating Cash Generation (Adjusted EBITDA)

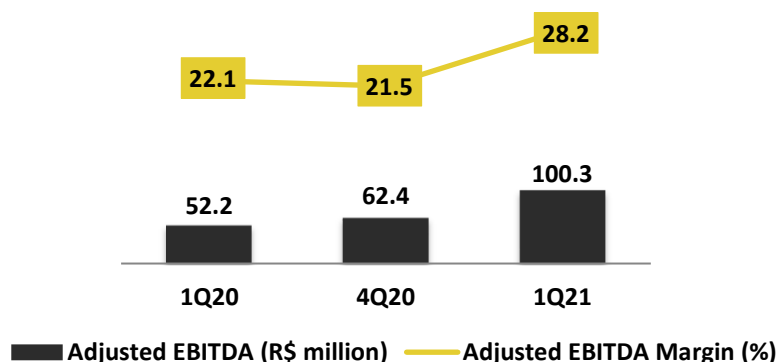
Consolidated (R\$ thousand)	1Q21	4Q20	1Q20	Chg 1Q21/ 4Q20	Chg 1Q21/ 1Q20	UDM21	UDM20	Change - LTM21/ LTM20
<b>Operating Result before taxes and profit sharing</b>	<b>83,169</b>	<b>35,010</b>	<b>19,600</b>	<b>137.6%</b>	<b>324.3%</b>	<b>173,483</b>	<b>(12,046)</b>	-
Depletion	4,576	3,448	3,781	32.7%	21.0%	12,567	56,745	-77.9%
Depreciation and amortization	17,411	18,291	13,718	-4.8%	26.9%	69,157	59,064	17.1%
Finance result	7,003	7,505	19,586	-6.7%	-64.2%	43,017	222,261	-80.6%
<b>EBITDA</b>	<b>112,159</b>	<b>64,254</b>	<b>56,685</b>	<b>74.6%</b>	<b>97.9%</b>	<b>298,224</b>	<b>326,024</b>	<b>-8.5%</b>
<b>EBITDA margin</b>	<b>31.5%</b>	<b>22.1%</b>	<b>24.0%</b>	<b>9.4p.p.</b>	<b>7.5p.p.</b>	<b>25.9%</b>	<b>34.9%</b>	<b>-9.0p.p.</b>
<b>Adjustments pursuant to CVM Instruction 527/12</b>								
Change in fair value of biological assets <sup>(1)</sup>	(11,811)	(9,555)	(4,469)	23.6%	164.3%	(25,716)	(9,831)	161.6%
Non-recurring events	-	771	-	-	-	(8,581)	(86,217)	-90.0%
Management profit sharing	-	6,956	-	-	-	10,085	-	-
<b>Adjusted EBITDA of continuing operation</b>	<b>100,348</b>	<b>62,426</b>	<b>52,216</b>	<b>60.7%</b>	<b>92.2%</b>	<b>274,012</b>	<b>229,976</b>	<b>19.1%</b>
<b>Adjusted EBITDA margin</b>	<b>28.2%</b>	<b>21.5%</b>	<b>22.1%</b>	<b>6.7p.p.</b>	<b>6.1p.p.</b>	<b>23.8%</b>	<b>24.6%</b>	<b>-0.8p.p.</b>
Adjusted EBITDA of discontinued operation	-	-	-	-	-	-	(12,583)	-
<b>Adjusted EBITDA</b>	<b>100,348</b>	<b>62,426</b>	<b>52,216</b>	<b>60.7%</b>	<b>92.2%</b>	<b>274,012</b>	<b>217,393</b>	<b>26.0%</b>

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

Operating cash generation, as measured by Adjusted EBITDA from continuing operation, totaled R\$ 100,348 thousand in 1Q21, 92.2% higher than 1Q20, calculated at R\$ 52,216 thousand, with a 28.2% margin and an increase of 6.1 percentage points in the margin. When compared to 4Q20, Adjusted EBITDA was 60.7% higher, with a margin of 21.5%, which represents an increase of 6.7 percentage points. This expressive growth in EBITDA is justified by the growth in net revenue and the better margins for all Company's segments in the period.

## Performance Comment

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



### Finance Result and Indebtedness

The finance result is as shown below:

R\$ thousand	1Q21	4Q20	1Q20	UDM21 <sup>1</sup>	UDM20 <sup>1</sup>
Finance income	12,889	4,737	3,296	38,113	74,069
Finance costs	(19,892)	(12,242)	(22,882)	(81,130)	(296,330)
Finance result	(7,003)	(7,505)	(19,586)	(43,017)	(222,261)

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

The finance result was negative by R\$ 7,003 thousand in 1Q21, accounting for a decrease of 6.7% compared to 4Q20, and a decrease of 64.2% when compared to 1Q20.

In finance income and costs, exchange-rate change is included as shown below:

R\$ thousand	1Q21	4Q20	1Q20	UDM21 <sup>1</sup>	UDM20 <sup>1</sup>
Foreign-exchange income	10,576	2,192	1,294	22,353	11,261
Negative exchange rate change	(8,945)	(1,016)	(1,725)	(20,931)	(160,961)
Net exchange rate change	1,631	1,176	(431)	1,422	(149,700)

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

The exchange-rate change positively impacted the Company's profit by R\$ 1,631 thousand in 1Q21, a 478.4% increase compared to 1Q20, and a 38.7% increase compared to 4Q20. The decrease in relation to 1Q20 is explained by the lower foreign currency debt exposure. The increase in 1Q21 compared to 4Q20 is mainly due to the devaluation of the real against the dollar in this period and its impact on the balance of trade receivables in the foreign market and the balance of dollar-denominated debts held by the Company (ACCs).

As of March 31, 2021, the Company maintained only 1.0% of its foreign currency debt in working capital operations (ACC – Advance of Exchange Agreement), in line with the volume of trade receivables from external clients.

## Performance Comment

Finance result net of foreign-exchange income was as follows:

R\$ thousand	1Q21	4Q20	1Q20	UDM21 <sup>1</sup>	UDM20 <sup>1</sup>
Finance income without exchange rate change	2,313	2,545	2,002	15,760	62,808
Finance costs without exchange rate change	(10,947)	(11,226)	(21,157)	(60,199)	(135,369)
Finance result without exchange rate change	(8,634)	(8,681)	(19,155)	(44,439)	(72,561)

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

The finance result, excluding the effects of exchange-rate change, was negative by R\$ 8,634 thousand in 1Q21 compared to a negative result of R\$ 19,155 thousand in the 1Q20 and negative R\$ 8,681 thousand in 4Q20. The decrease in 1Q21 compared to 1Q20 is mainly due to: (i) the public offering of shares, resulting in a net inflow of R\$ 382,039 thousand in cash in 2020 and (ii) measures of financial asset and liability management, which involve the settlement of debts at an inappropriate cost to the new capital structure throughout 2020.

### Exchange Rate

The exchange rate which was R\$ 4.46/US\$ on March 31, 2020, was 22.87% higher at the end of March 2021, and reached R\$ 5.48/US\$. The average exchange rate for this quarter was R\$ 5.70/US\$, 9.62% higher when compared to 4Q20 and to the same period of 2020.

R\$ thousand	1Q21	4Q20	1Q20	$\Delta$ 1Q21/4Q20	$\Delta$ 1Q21/1Q20
Average Dollar	5.48	5.40	4.46	+1.48%	+22.87%
Final Dollar	5.70	5.20	5.20	+9.62%	+9.62%

Source: Brazilian Central Bank

### Indebtedness

The consolidated net indebtedness on March 31, 2021 totaled R\$ 216,952 thousand against R\$ 242,015 thousand on December 31, 2020, representing a decrease of 10.4% or R\$ 25,063 thousand due to generation of free cash in the period.

At March 31, 2021, consolidated gross indebtedness totaled R\$ 616,772 thousand, compared to R\$ 588,247 thousand at December 31, 2020. The change in this indicator was mainly impacted by the fundraising from the 4th Issue of Green Debentures in view of the settlements for the period.

At March 31, 2021, the gross indebtedness profile presented 4% of debts maturing in the short term and 96% in the long term and 99% was denominated in local currency and 1% in foreign currency. The average cost of debt on March 31, 2021 was 7.40% per annum, an increase of 1.19 pp in relation to December 31, 2020, as a

## Performance Comment

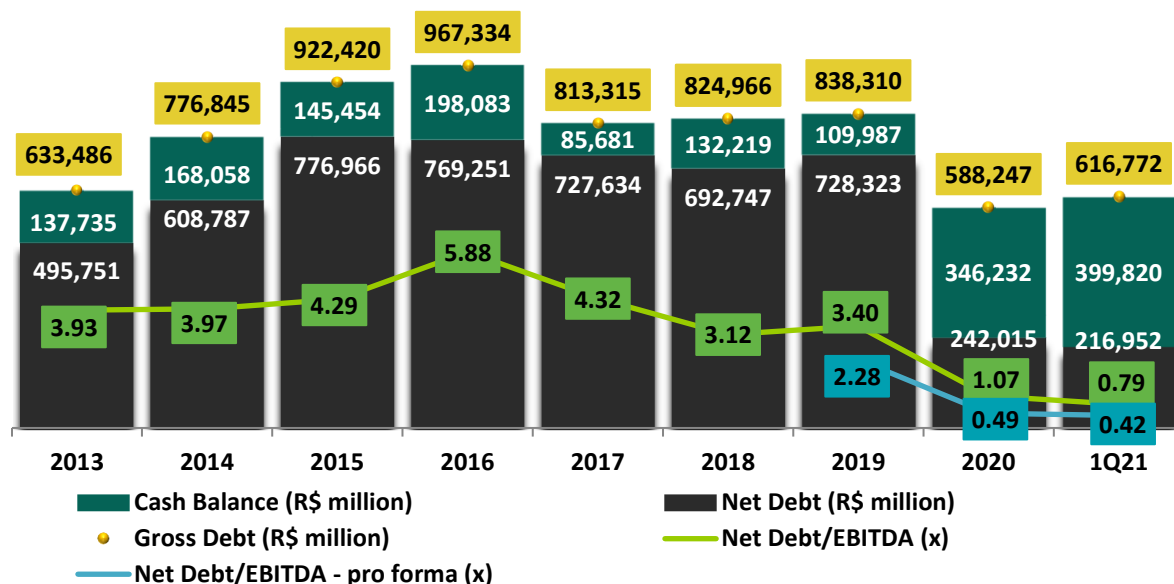
result of the normalization of monetary policy via an increase in the Selic rate and the fundraising arising from of 4th Issue of Green Debentures.

The balance of consolidated cash (comprised by financial investments, cash equivalents) as of March 31, 2021, totaled R\$ 399,820 thousand, compared to R\$ 346,232 thousand as of December 31, 2020. The increase in the cash balance was due to the generation of free cash flow and the fundraising of the 4th Issue of Green Debentures.

The Net Debt/EBITDA ratio was 0.79 times in March 2021, against 1.07 times at the end of 2020. The improvement in the indicator is mainly due to the increase in EBITDA and the 10.4% decrease in net debt.

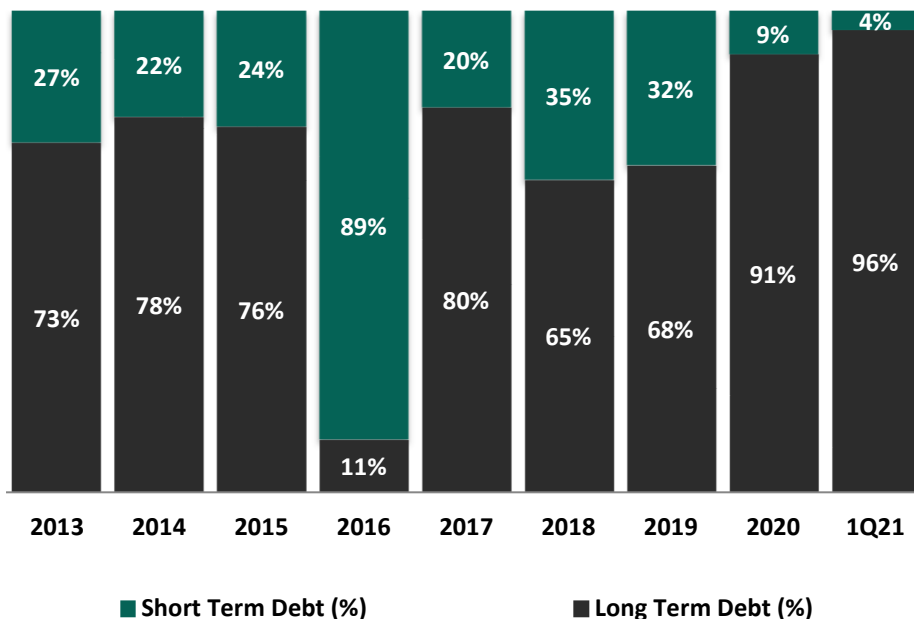
Considering to exclude from the net debt the amounts that will be received in the coming months in the amount of R\$ 101,915 thousand, related to: i) PIS and COFINS credits in the amount of R\$ 57,712 thousand; ii) Sale of Rural Properties in the amount receivable of R\$ 4,003 thousand; iii) The demobilization of SP Packaging Plant - Vila Maria property, with a balance receivable in the amount of R\$ 40,200 thousand, would result in a pro forma Net Debt of R\$ 115,037 thousand and a pro forma leverage of 0.42 times (0.49 times by the end of 2020).

Indebtedness and Net Debt/EBITDA

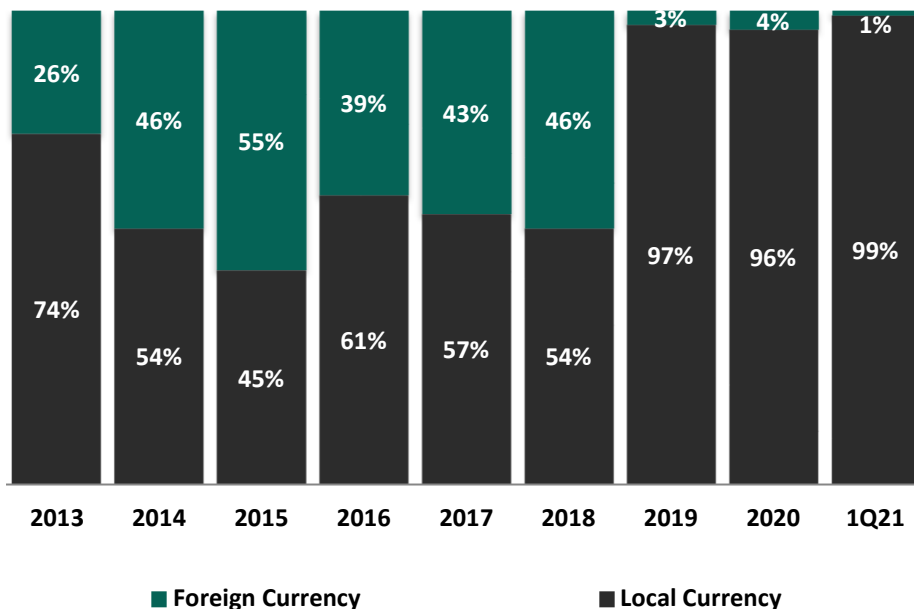


## Performance Comment

Gross Debt Profile



Gross Debt Profile



## Credit rating

In July 2020, the Company’s credit rating assigned by S&P was upgraded to brA, with a stable outlook. The credit rating reflects the resilience of the businesses, the public offering of shares with the improvement of liquidity conditions and the improved governance by joining B3’s *Novo Mercado* (New Market).

## Performance Comment

### Free cash flow

Free cash flow	1Q21	4Q20	1Q20	UDM21	UDM20
<b>Adjusted EBITDA</b>	<b>100,348</b>	<b>62,426</b>	<b>52,217</b>	<b>274,012</b>	<b>217,394</b>
(-) Capex	(31,784)	(22,305)	(18,997)	(85,518)	(85,686)
(-) Interest paid/received	(18,168)	(3,965)	(29,748)	(57,018)	(77,318)
(-) Income tax and social contribution (cash)	(9,257)	(10,974)	(1,213)	(29,142)	(2,236)
(+/-) Working capital	(17,443)	9,547	(18,939)	42,333	(1,297)
(-) Dividends + Interest on shareholders' equity	(10,361)	(5,910)	-	(26,905)	(3,725)
(+/-) Other	5	3,279	22,476	3,874	51,970
<b>Free cash flow</b>	<b>13,340</b>	<b>32,098</b>	<b>5,796</b>	<b>121,636</b>	<b>99,101</b>
Dividends + Interest on shareholders' equity	10,361	5,910	-	26,905	3,725
Gaia Platform	17,140	2,112	-	19,253	-
Expansion Projects	650	2,465	4,951	11,531	35,269
<b>Adjusted free cash flow<sup>1</sup></b>	<b>41,492</b>	<b>42,585</b>	<b>10,747</b>	<b>179,324</b>	<b>138,094</b>
<b>Adjusted FCF Yield<sup>2</sup></b>				<b>16.0%</b>	<b>25.4%</b>

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

<sup>2</sup> Yield - adjusted FCF divided by the average market value in the UDMs.

Adjusted Free Cash Flow, disregarding investments in Gaia Platform and other Expansion Projects, as well as dividends and interest on shareholders' equity paid to stockholders, was R\$ 41,492 thousand for 1Q21, a reduction of 2.6% compared to 4Q20 and an increase of 286.1% in relation to 1Q20.

The strong operating cash generation (EBITDA) contributed positively to free cash flow, justified by the growth in net revenue and the better margins for all the Company's segments in the period.

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 higher payment of income tax and social contribution in this quarter is due to the substantial increase in net profit for the period. The negative working capital in this quarter is mainly due to the increase in trade accounts receivable, due to the increase in revenue.

In this quarter, R\$ 10,361 thousand in dividends related to 4Q20 were distributed, in line with the dividend distribution policy, as well as payment of interest on the Company's shareholders' equity, an increase of 75.3% in relation to the previous quarter.

In the last 12 months ended March 31, 2021, the Adjusted Free Cash Flow totaled R\$ 179,324 thousand, accounting for an expressive increase of 29.9% in relation to the R\$ 138,904 thousand recorded in the 12 months ended March 31, 2020. The positive working capital contributed positively to this increase, in addition to the strong operating cash generation, benefited by the offsetting of federal taxes (IPI, PIS and COFINS) due to the lawsuits for the exclusion of ICMS from the PIS and COFINS basis. It is worth mentioning that EBITDA in

## Performance Comment

the last 12 months ended March 31, 2020 had been positively impacted by the sale of the Company's forests located in the State of Rio Grande do Sul, in the amount of R\$ 39,000 thousand, made on September 25, 2019.

The Free Cash Flow Yield was 16.0% in the last 12 months ended March 31, 2021, accounting for a decrease of 9.4 pp in relation to that determined in the last 12 months ended March 31, 2020. The decrease is due to the increase in the shareholder base and the increase in the average price of the Company's share (RANI3).

### Return on invested capital (ROIC)

Return on Invested Capital (ROIC) was 15.2% in the last 12 months, accounting for an increase of 2.6 pp compared to the 12-month period ended December 31, 2020. This increase is due to the significant increase in Adjusted EBITDA compared to the increase in the average invested capital in preparation for the investments in the Gaia Platform.

ROIC (R\$ thousand) - UDM <sup>1</sup>	1Q21	4Q20	1Q20
<b>Assets Total</b>	<b>1,776,794</b>	<b>1,692,836</b>	<b>1,559,395</b>
(-) Total liabilities (former debt)	(426,900)	(414,771)	(418,272)
(-) Works in progress	(37,799)	(34,243)	(54,654)
<b>Capital invested</b>	<b>1,312,096</b>	<b>1,243,822</b>	<b>1,086,469</b>
(-) Adjustment - CPC 29 <sup>2</sup>	(63,327)	(56,727)	(66,150)
<b>Adjusted Invested Capital</b>	<b>1,248,769</b>	<b>1,187,095</b>	<b>1,020,319</b>
<b>Adjusted EBITDA</b>	<b>274,012</b>	<b>225,881</b>	<b>217,394</b>
(-) Capex for Maintenance	(54,735)	(54,787)	(50,417)
(-) Income tax and social contribution (cash)	(29,142)	(21,098)	(2,236)
<b>Adjusted operating cash flow</b>	<b>190,135</b>	<b>149,996</b>	<b>164,740</b>
<b>ROIC<sup>3</sup></b>	<b>15.2%</b>	<b>12.6%</b>	<b>16.1%</b>

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

<sup>2</sup> Fair value difference 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

## Net Profit

In 1Q21, the profit was R\$ 56,701 thousand, in comparison to the profit of R\$ 17,988 thousand in 1Q20 and R\$ 33,917 thousand in 4Q20. In the last twelve months, net profit was R\$ 131,474 thousand, compared to a profit of R\$ 44,201 thousand in the same period of last year. The main impacts on net profit for this quarter were related to the growth in sales net revenue and the percentage growth in gross margin.

## Investments

The Company maintains its strategy of investing in the modernization and automation of its production processes. Investments in this quarter amounted to R\$ 32,475 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company. Of this amount, R\$ 17,140 thousand were allocated to the investments in the Gaia I and II Projects.

## Performance Comment

R\$ thousand	1Q21
Buildings	18
Equipment	28,696
Intangible assets	595
Reforestation	3,166
<b>Total</b>	<b>32,475</b>

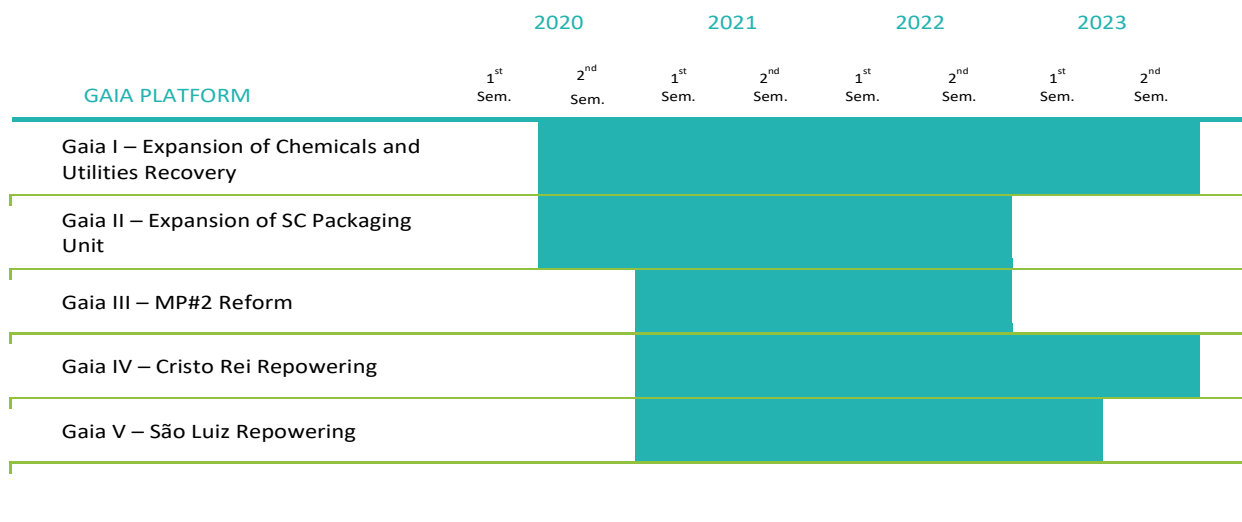
## Gaia Platform

The Gaia Platform comprises Irani's current portfolio of expansion projects ([Access Link](#)) in which significant advances occurred, in line with the planning, with emphasis on negotiations for the acquisition of the main packages of the Gaia I Project - Expansion of Chemicals and Utilities Recovery and the preparation of the project infrastructure, including construction sites, concierge and restaurant. In the Gaia II Project - Expansion of SC Packaging Unit, we made an important progress in the execution of the expansion work for the plant building and the first imported equipment started to be received. On the other hand, the Gaia III Project - MP#2 Reform, completed its basic engineering. At the same time, the Integral analysis of the Rio do Mato Hydrographic Basin is underway at the Environment Institute of Santa Catarina (IMA), regarding the Gaia IV - Cristo Rei Repowering and Gaia V - São Luiz Repowering projects.

In 1Q21, R\$ 17,140 thousand were invested in the Platform, of which R\$ 1,912 thousand in Gaia I and R\$ 15,228 thousand in Gaia II.

Project Description	Unit	Estimated Investment	Investment Made 1Q21
Gaia I – Expansion of Chemicals and Utilities Recovery	SC Paper Plant - Campina da Alegria	455,561	1,912
Gaia II – Expansion of SC Packaging Unit	Packaging - SC Campina da Alegria	149,156	15,228
Gaia III – MP#2 Reform	SC Paper Plant - Campina da Alegria	44,179	-
Gaia IV – Cristo Rei Repowering	SC Paper Plant - Campina da Alegria	31,299	-
Gaia V – São Luiz Repowering	SC Paper Plant - Campina da Alegria	62,864	-
<b>Total (R\$ thousand)</b>		<b>743,059</b>	<b>17,140</b>

## Performance Comment



GAIA PLATFORM	Basic Engineering	Physical execution
Gaia I - Expansion of Chemicals and Utilities Recovery	100%	█
Gaia II - Expansion of SC Packaging Unit	100%	█ 26%
Gaia III – MP#2 Reform	100%	█
Gaia IV – Cristo Rei Repowering	100%	█
Gaia V – São Luiz Repowering	100%	█

## 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 1Q21 and was being traded on the secondary market at CDI rate + 2.97% 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.

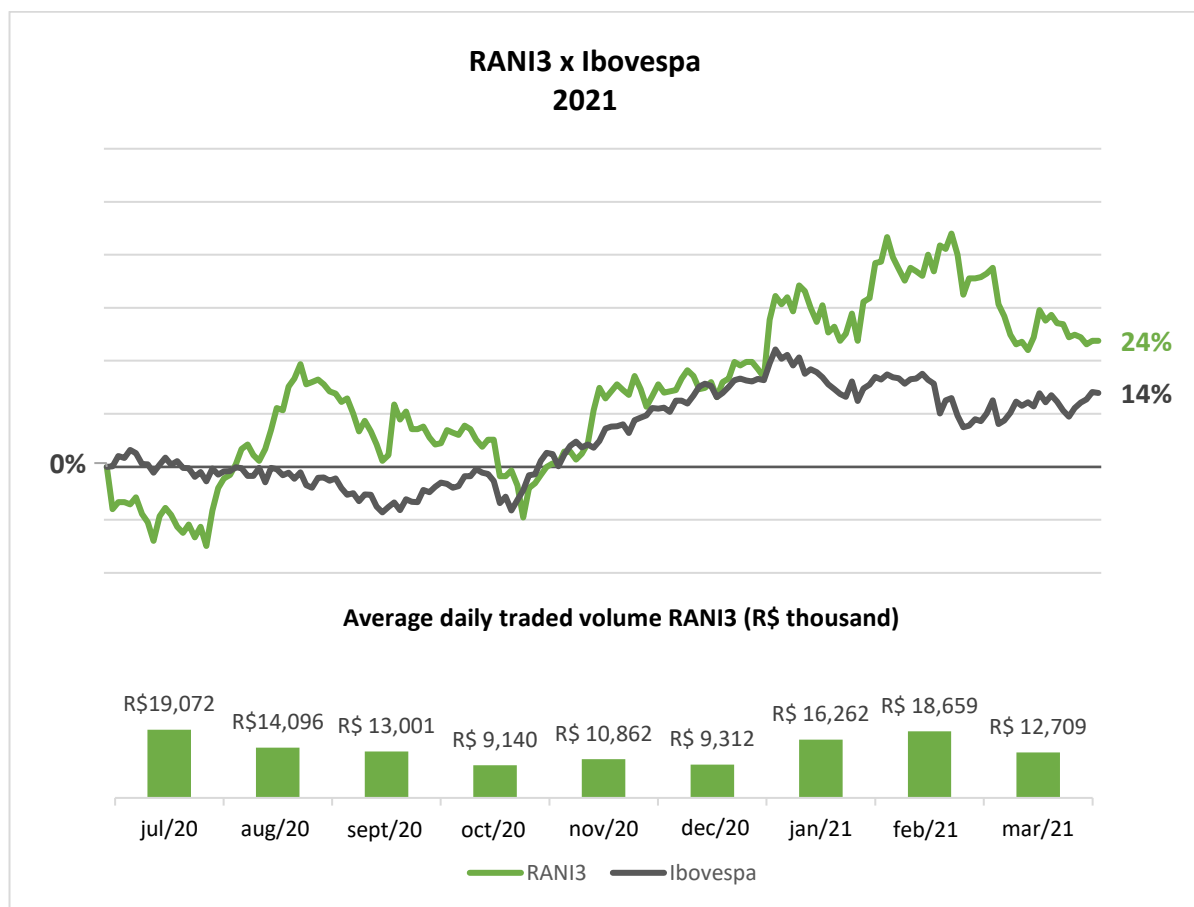
### SHARE CAPITAL

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

Irani’s share capital on March 31, 2021 was represented by 256,720,235 common shares (RANI3) and the Company held 2,376,116 common shares in treasury. All shares have voting rights and are 100% tag along. At the end of 1Q21, common shares were traded at R\$ 5.57. The Company’s shares currently comprise the IGC-NM, IGCX and ITAG indices of B3. In a public preview by B3 on April 16, 2021, Irani was also included in the IMAT, IBRA, SMLL and IGCT indexes.

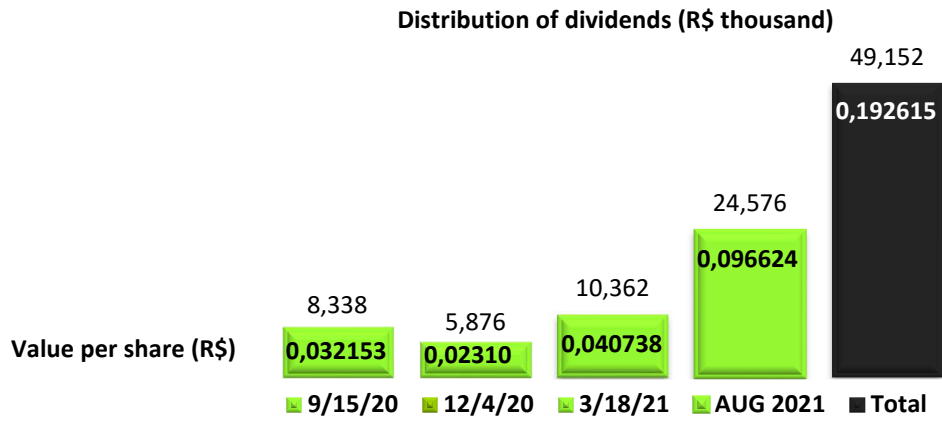
The trading volume of the Company’s shares since the public offering of shares carried out in July 2020, in comparison with the Ibovespa index, is presented in the chart below:



## DIVIDENDS

At the Annual Shareholders’ Meeting held on April 28, 2021, additional dividends were approved for the year 2020, in the total amount of R\$ 24,576 thousand, with the dividend per share totaling R\$ 0.096624. The dividends distributed by the Company for the year 2020 are presented in the chart below:

## Performance Comment



## Notes to the Financial Statements

### IRANI PAPEL E EMBALAGEM S.A.

#### NOTES TO THE FINANCIAL STATEMENTS

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## Notes to the Financial Statements

### 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).

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#### 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 Rua General João Manoel, 157, 9th floor, 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 2021 follows the severe acute respiratory syndrome Covid-19, or Coronavirus, declared a pandemic by the World Health Organization on March 11, 2020. During the subsequent months to the start of the pandemic, the Company took action with the objective of improving work conditions and assisting in the quality of life of its employees, and, also in the communities in which they live, from which we can highlight: (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.

The Company’s industrial operation followed its normal course of production and trade and the Administration is periodically evaluating the combat measures to the Coronavirus. All necessary measures to best minimize the impact of COVID-19 in its operations and mainly on its employees and their families continue to be taken.

## Notes to the Financial Statements

Aware of the importance for the communities where it functions and of its role in the Brazilian economic scenario, the Company already participates in initiatives for the fight against COVID-19, with actions that have the Company's different resources and experiences, focused on health and social assistance, prioritizing the care with the communities of the regions in which the Company has operations. Among these initiatives, we can highlight: i) donations of protection equipment, such as gloves, masks, alcohol gel, aprons and caps to the health agencies of the towns near our units; ii) donation of financial resources to the Company Fund for the Articulated Reaction of Santa Catarina against the Coronavirus (FERA-SC), a FIESC initiative, and its objective is to purchase equipment and solutions for the fight against the coronavirus; iii) Donations of two thousand boxes for our client Carlezani use in the donation of 1.2 million liters of sanitary water, in partnership with Unipar. The product will be used in the cleaning of several locations by the Mayors of São Paulo, Cubatão and Rio Grande da Serra; iv) Donations of 3,500 plates of corrugated cardboard for the production of boxes to transport masks destined to medics and nurses that are in the front lines of the fight against COVID-19.

Still in the first quarter of 2021, the Company was supportive of the movement created by the Cultural Floresta Institute in Rio Grande do Sul, donating financial resources for the purchase of two respirators donated to the Brigada Militar Hospital in Porto Alegre.

For the second quarter, the Company will participate in new donations of materials, such as gloves, alcohol gel, aprons, basic food items, discardable gloves, masks, oximeters, respirators, thermometers and quick tests. These items will be donated to health departments of the cities in the vicinity of its units.

In the understanding of Company's management, the measures taken to this moment – and that are in constant reevaluation – look to keep the level of operating quality and service for which we zeal in our operations, besides looking for assuring the health and well-being of our employees, suppliers, clients and society as a whole, supporting the compliance of measures set by the public authorities. We will continue to act in a manner to preserve the health of everyone, always vigilant and ready to correct the course according to the evolution of the situation.

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.

The Company is still maintaining the policy of isolated prorogation of maturity dates according to the specific needs of each client and has not identified any indication of no liquidation or losses different than those already adopted. In relation to the supply

## Notes to the Financial Statements

chain, any indication of shortages or difficulty of supply by the suppliers that could damage production by lack of raw materials or inputs was also not identified.

In our production plants, we continue to improve our protocols regarding Covid-19, intensifying conscientization acts and oversight of the correct use of masks, sanitation, alcohol gel use and distancing. We have not had severe cases of contaminated employees and have not paralyzed industrial and administrative activities.

We have kept the employees of the commercial and administrative areas working from home and the preventive leave of industrial area employees that show any symptom of Covid-19, avoiding any internal focus of contamination and transmission of the virus.

### 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) - 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 29, 2021.

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

### 3. MAIN ACCOUNTING POLICIES

#### a) Functional currency and translation of foreign currencies

The parent company and consolidated financial statements are presented in Brazilian reais (R\$), which is the functional and reporting currency of the Company and its subsidiaries.

Foreign-currency transactions are originally recorded at the exchange rate effective on the transaction date. Gains and losses arising from the difference between the balances in foreign currency and the translation into the functional currency are recognized in the statement of profit and loss.

## Notes to the Financial Statements

### b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks, and highly liquid investments with a low risk of change in value, and maturing in 90 days or less, which are held for the purpose of meeting short-term cash commitments.

### c) Financial assets

The Company, upon initial recognition of a financial asset, classified its assets as: at amortized cost, at fair value through profit or loss. Financial assets are not reclassified after initial recognition, unless the Company changes the business model for the management of financial assets. The Company carries out an evaluation of the purpose of the business in which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed.

#### c.1) Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is impaired when it is necessary. Interest revenue, foreign exchange gains and impairment losses are directly recognized in the statement of operations. Any gain or loss on derecognition is recognized in income (loss).

#### c.2) Financial assets measured at fair value through profit or loss

These assets are subsequently measured at fair value. Net income, plus interest, is directly recognized in profit (loss).

#### c.3) Impairment of financial assets

The Company recognizes loss provisions for ECLs (Estimated Credit Losses) on financial assets measured at amortized cost.

The company measures the provision for loss in an amount equal to the expected credit loss. In determining if the credit risk of a financial asset increased significantly since its initial recognition and estimating if the expected credit losses, the Company considers reasonable information that is relevant and available without any cost or excessive effort. This includes information and quantitative and qualitative analysis based on the Company's historical experience, credit assessment and forward-looking information.

The expected credit losses provision was calculated based on the credit risk analysis, which contemplates the history of losses, the individual situation of the clients, the economic situation of the group to which they belong, collateral for the debits and the assessment of the judicial consultants and it is considered enough to cover for eventual losses over receivables, including a forward-looking analysis that

## Notes to the Financial Statements

takes into consideration the change or expectation of change in economic factors that affect the credit expected losses, which will be determined based on weighted probabilities. The expected credit losses provision considers the maturity date of the client's credits, in which the Company uses different rates according to the maturity date, calculating the probability of loss, increasing the percentage of the provision for expected loss for longer expiration periods of maturity dates.

The Company measures the provision for loss in an amount equal to credit loss expected for the life of the asset.

### d) Derecognition

The Company derecognizes a financial asset when contract rights to assets' cash flows expire, or when the Company transfers the contract right of receiving a financial asset to contract cash flows, in a transaction in which substantially all risks and rewards of owning the financial asset are transferred or in which the Company neither substantially transfers nor maintains all risks and rewards of owning the financial asset and neither retains control over the financial asset.

### e) Offsetting

Financial assets and liabilities are offset and the net value reported in the balance sheet only when the Company has a legally enforceable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### f) Financial instruments

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at fair value through profit or loss: it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A debt instrument is measured at fair value through other comprehensive income if it meets both conditions below and is not designated as measured at fair value through profit or loss: it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value. In the initial recognition of an investment in an equity instrument not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in other comprehensive income. This choice is made on an investment basis.

## Notes to the Financial Statements

The Company carries out an evaluation of the purpose of the business in which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed and the information is provided to management. The information considered is comprised by: the policies and goals established for the portfolio and practical operation of these policies. They include the question of whether management's strategy focuses on obtaining contractual interest revenues, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets: how the performance of the portfolio is evaluated and reported to the Company's management; risks that affect the performance of the business model (and the financial assets held in that business model) and the way those risks are managed; the sales rate, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales expectations.

### f.1) Evaluation whether the contractual cash flows represent solely payments of principal and interest

For this evaluation purposes, “principal” is defined as the fair value of the financial asset at initial recognition. “Interest” is defined as a consideration for the amount of cash at the time and for the credit risk associated to the outstanding principal value during a certain period and for other risks and base costs of loans (for example, liquidity risk and administrative costs), as well as for the profit margin.

The Company considers the contractual terms of the instruments to evaluate whether the contractual cash flows are only payments of principal and interest. It includes evaluating whether the financial asset contains a contractual term that could change the time or amount of the contractual cash flows so that it would not meet this condition. In making this evaluation, the Company considers the following: contingent events that change the amount or timing of cash flows; terms that may adjust the contractual rate, including variable rates; the prepayment and the extension of the term; the terms that limit the Company's access to cash flows of specific assets (for example, based on the performance of an asset).

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents the unpaid principal and interest amounts on the outstanding principal amount - which may include an additional reasonable offset due to the early termination of the contract.

### g) Inventories

Inventories are stated at the lower of average production or acquisition cost and net realizable value. Inventory cost is based on the weighted average cost principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale.

## Notes to the Financial Statements

The cost of standing timber transferred from biological assets is its fair value less costs to sell at the date of harvest.

### h) Investments in subsidiaries

Investments in subsidiaries are accounted for in the parent company financial statements by the equity method.

According to the equity method, investments in subsidiaries are adjusted to recognize the Company's share of the profit or loss and other comprehensive results of the subsidiary.

Intercompany transactions, balances and unrealized gains on transactions between related parties are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of the subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Company.

### i) Investment property

Investment properties are measured at cost and their fair value is disclosed in an explanatory note.

Depreciation is recognized based on the estimated useful life of each asset on the straight-line basis, to fully write off the cost less the residual value of each asset over its expected useful life. The estimated useful life, residual values and depreciation methods are reviewed annually, and the effects of any changes in estimates are accounted for prospectively.

Revenues from rented investment properties is recognized in the statement of profit and loss on the accrual basis.

Any gain or loss from the sale or write-off of an item recorded within investment properties is determined as the difference between the proceeds received and the carrying amount of the asset sold and recognized in the statement of profit and loss.

### j) Assets held for sale

Non-current assets held for sale are classified as "held for sale" if it is highly probable that they will be primarily recovered through sales instead of the continuous use.

Assets held for sale are generally stated at the lowest value between their carrying amount and the fair value less selling expenses. Impairment losses determined in the initial classification as held for sale and gains and losses from subsequent remeasurements, are recognized in profit or loss.

## Notes to the Financial Statements

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any investment measured under the equity method is no longer subject to the application of the method.

### k) Property, plant and equipment and intangible assets

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses, where applicable. In the case of qualifying assets, borrowing costs are capitalized as part of the costs of construction in progress. These assets are classified in the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation begins when these assets become ready for the intended use and is calculated on the same basis as other property, plant and equipment items.

Subsequent expenditure is capitalized only if it is probable that the future benefits associated with the expenditure will flow to the Company.

The Company calculates depreciation on the straight-line method, taking into consideration the estimated useful lives of the assets, based on expected future economic benefits, except for land, which is not depreciated. The evaluation of the estimated useful life of assets is reviewed annually and adjusted if necessary.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

The Company's intangible assets comprise goodwill, software licenses, brand and client portfolio.

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of assets and liabilities of subsidiary acquired. Goodwill arising from acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. If a gain on a bargain purchase is determined, the amount is recorded as a gain in the income (loss) for the period, at the acquisition date. Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed. Gain and losses for the sale of an entity include the book value of the goodwill related to the sold entity.

The goodwill is allocated to the Cash Generating Units (CGUs) for impairment testing. The allocation is made to the Cash Generating Units that are expected to benefit from the business combinations in which the goodwill arose.

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized

## Notes to the Financial Statements

over the estimated useful life of the software (five years). Costs associated with maintaining computer software programs are expensed as incurred.

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired within a business combination are recognized at fair value on the acquisition date. The Company's trademarks do not have a defined useful life and, therefore, are not amortized.

The client portfolio acquired in a business combination is recognized at fair value at the acquisition date and is accounted for at fair value less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the client relationship.

### l) Biological assets

The Company's biological assets are mainly represented by planted pine forests that are used to produce packaging paper, boxes and plates of corrugated cardboard, and for trading with third parties and extraction of gum resin. The pine forests are located near the pulp and paper plant in the state of Santa Catarina and in the state of Rio Grande do Sul, where they are used to produce gum resin and sale of timber logs.

The biological assets are valued at fair value less cost to sell. The change during each period is recognized in the statement of profit or loss as a change in the fair value of biological assets. The evaluation of fair value of biological assets is based on certain assumptions, as explained on note 15.

### m) Assets of impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment; assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating unit). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

## Notes to the Financial Statements

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

During the year ended December 31, 2020 and in the first quarter of 2021, the Company did not identify any indicators that the book value exceeds the recoverable value of its non-financial assets for its operations, with the exception of the assets of the subsidiaries as disclosed in Note 14.

### n) Income tax and social contribution (current and deferred)

A provision is recorded for current income tax and social contribution based on the taxable income determined according to the prevailing tax legislation, which differs from the income reported in the statement of income, since it excludes revenues or expenses taxable or deductible in other periods, as well as permanently non-taxable or non-deductible items. The provision for income tax and social contribution is calculated individually for each company, based on the prevailing rates in the period. The Company calculates its taxes by applying the statutory rate of 34% on its taxable income.

On temporary differences for tax purposes, tax losses, adjustments of deemed cost and changes in the fair value of biological assets are recorded deferred income tax and social contribution. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, only when it is probable that the Company will present future taxable income in sufficient amount to use these deductible temporary differences.

Deferred income tax assets and liabilities are presented at net amount in balance sheet when there is the legal right and the intention of offsetting them upon calculation of current taxes, in general related to the same legal entity and the same tax authority.

### o) Loans and financing

Loans are stated at their original amounts, less the related transaction costs, where applicable, and adjusted based on indices established in the contracts entered with the creditors. Interest is also calculated using the effective interest rate method, as

## Notes to the Financial Statements

well as the effects of foreign exchange rate changes, where applicable, through the balance sheet dates, as described in the explanatory notes.

### p) Leases

#### p.1) Definition of lease

According to CPC 06 (R2)/ IFRS 16, a contract is or contains a lease if it transfers the rights to control the use of an identified asset for a period in return for a consideration.

#### p.2) The Company as the lessee

The Company leases real estate, production and IT equipment. As a lessee, in accordance with CPC 06 (R2)/IFRS 16, the Company recognizes the right-of-use assets and the lease liabilities for most leases – that is, these leases are recorded in the balance sheet.

Nevertheless, the company chose not to recognize right to use assets and lease liabilities for some leases of low value assets (such as IT equipment). The company recognizes the payments related to these leases as expenses using the linear method over the course of the lease.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following: (i) fixed payments, including in-substance fixed payments; (ii) variable lease payments that depend on an index or a rate, initially measured using the index

## Notes to the Financial Statements

or rate as at the commencement date; (iii) amounts expected to be payable under a residual value guarantee; and (iv) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Management recognized the right to use assets and lease liabilities as they are demonstrated at the accompanying note 33.

p.3) The Company as the lessor

The Company leases its properties for investment in accordance with Note 13. The Company continues to classify this lease as operating lease with no impact on its financial statements.

### q) Provisions

A provision is recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle this obligation, and the amount can be reliably estimated. Provisions are recorded at amounts considered sufficient by management to cover probable losses, and are adjusted through the balance sheet date, based on the nature of each risk, and the opinion of the Company's legal counsel.

### r) Employee benefits

Profit sharing

The Company recognizes liabilities and expenses for profit sharing based on a methodology that takes into consideration the profit attributable to each of the operating segments. The provisions are recognized according to the terms of the agreement entered into between the Company and the employees' representatives, which are reviewed on an annual basis.

## Notes to the Financial Statements

### s) Significant accounting judgments, estimates and assumptions

In preparing these consolidated interim financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The accounting judgments, estimates and assumptions adopted by Management were based on the best information available on the date of interim financial statements, involving the experience with past events, projections about future events, in addition to the assistance of experts, where applicable.

Therefore, the financial statements contain a number of estimates, including, but not limited to: the determination of the useful lives of property, plant and equipment (note 14), the assessment of fair value for assets held for sale (note 10), the realization of deferred tax assets (note 11), the expected credit losses provision for trade accounts receivables (note 6), the assessment of fair value for biological assets (note 15), the tax, social security, civil and labor contingencies provisions (note 21), and the impairment of non-financial assets (note 14), and judgments related to the calculation of the PIS and COFINS tax credit (Note 8).

The actual results of the balances formed with the use of judgments, estimates and accounting assumptions, upon their actual realization, may be different from those recognized in the financial statements.

### t) Revenue recognition

Steps to recognize revenue are: i) identification of the contract with the client; ii) identification of the contractual performance obligations; iii) determination of the transaction price; iv) allocation of the transaction price to the contractual performance obligations; and v) recognition of revenue as the performance obligations are satisfied. Revenue is recognized when the goods are delivered to the customers.

Accordingly, revenue from contracts with customers should be recognized in the amount the Company expects to receive in exchange for the goods and services provided to the customers. The revenue is presented net of taxes, goods returned, rebates and discounts.

### u) Government Grants

Tax payments deferrals granted directly or indirectly by the government, below market interest rates, are treated as a government grant and measured by the

## Notes to the Financial Statements

difference between the carrying amount of taxes and the discounted cash flow present value calculated based on market interest rates. This difference is recorded with a corresponding entry to revenue in the statement of profit and loss and will be allocated based on the amortized cost and the effective rate over the period (Note 32).

### v) Statement of added value (“DVA”)

The Brazilian corporate law requires the presentation of the statement of value added, the parent company and consolidated, as part of the set of financial statements presented by the Company. Accordingly, in conformity with IAS 34, this statement is presented as supplementary information, without prejudice to financial statements. The purpose of this statement is to show the wealth created by the Company and its distribution during the reporting periods.

The statement of value added has been prepared pursuant to the provisions of CPC 09 - "Statement of Value Added", with information obtained from the same book records used to prepare the financial statements.

## 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 - (%)	Atividade	03/31/2021	12/31/2020
Subsidiaries - direct interest			
Habitasul Florestal S.A.	Forestry production	100.00	100.00
HGE - Geração de Energia Sustentável S.A. *	Generation of electricity	100.00	100.00
Iraflor - Comércio de Madeiras LTDA	Trade of timber	99.99	99.99
Irani Soluções para E-Commerce LTDA *, **	Packaging electronic commerce	99.56	99.56

\* non-operating entities

\*\* Previously 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.

## 5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

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

## Notes to the Financial Statements

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Fixed fund	19	19	20	20
Banks	6,870	4,403	6,892	4,424
Financial investments with immediate liquidity i)	22,112	31,287	39,494	49,816
Financial investments ii)	353,414	291,972	353,414	291,972
	<u>382,415</u>	<u>327,681</u>	<u>399,820</u>	<u>346,232</u>

- i) The financial investments with immediate liquidity have the purpose of meeting the Company's immediate cash needs.
- ii) The financial investments have the purpose of meeting the Company's non-immediate cash needs, which basically refer to the investments of the expansion project in progress.

The financial investments with immediate liquidity and the financial investments earn a fixed income at the average of 103.5% (105.4% in December 31, 2020) of the Interbank Deposit Certificate (CDI) interest rate and mature in 85 days or less.

### 6. TRADE ACCOUNTS RECEIVABLES

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Receivables from:				
Trade receivables - Domestic market	220,424	201,520	221,025	202,870
Trade receivables - Foreign market	37,877	22,875	37,877	22,875
Trade receivables - Renegotiation	11,511	11,712	11,511	11,712
	<u>269,812</u>	<u>236,107</u>	<u>270,413</u>	<u>237,457</u>
Provision for impairment of trade receivables	(30,519)	(30,535)	(30,798)	(30,814)
	<u>239,293</u>	<u>205,572</u>	<u>239,615</u>	<u>206,643</u>
Current portion	235,484	201,399	235,806	202,470
Non-current portion	3,809	4,173	3,809	4,173

The aging analysis of trade accounts receivable is in the table below:

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Falling due	213,410	189,816	213,633	190,755
Overdue up to 30 days	18,585	12,287	18,657	12,373
Overdue, 31-60 days	6,407	1,146	6,407	1,155
Overdue, 61-90 days	878	24	891	33
Overdue, 91-180 days	164	1,116	177	1,116
Overdue >180 days	30,368	31,718	30,648	32,025
	<u>269,812</u>	<u>236,107</u>	<u>270,413</u>	<u>237,457</u>

## Notes to the Financial Statements

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, 2021 and on December 31, 2020:

### Consolidated

Exposition to credit risk and credit losses

	Estimated loss weighted average rate	Gross accounting balance on 03.31.2021	Estimated loss provision on 03.31.2021
Falling due	0.25%	213,633	(528)
Overdue up to 30 days	0.13%	18,657	(25)
Overdue, 31 - 180 days	7.76%	7,475	(580)
Overdue > 181 days	96.79%	30,648	(29,665)
		<u>270,413</u>	<u>(30,798)</u>

### Consolidated

Exposition to credit risk and credit losses

	Estimated loss weighted average rate	Gross accounting balance on 12.31.2020	Estimated loss provision on 12.31.2020
Falling due	0.28%	190,755	(528)
Overdue up to 30 days	0.20%	12,373	(25)
Overdue, 31 - 180 days	24.09%	2,304	(555)
Overdue > 181 days	92.76%	32,025	(29,706)
		<u>237,457</u>	<u>(30,814)</u>

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, 2021 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:

## Notes to the Financial Statements

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Balance at the beginning of the year	(30,535)	(29,414)	(30,814)	(29,414)
Provision for recognized losses	-	(1,121)	-	(1,400)
Reversal of provision for recognized losses	16	-	16	-
Balance at end of the year	<u>(30,519)</u>	<u>(30,535)</u>	<u>(30,798)</u>	<u>(30,814)</u>

A portion of receivables, amounting to R\$ 93,838 has been assigned as collateral for certain financing transactions, as disclosed in notes 16 and 17, as of March 31, 2021.

### 7. INVENTORIES

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Finished goods	39,846	39,153	39,846	39,154
Raw materials	33,903	31,361	33,959	31,400
Consumable materials	20,868	21,677	20,954	21,776
Other inventories	671	683	671	683
	<u>95,288</u>	<u>92,874</u>	<u>95,430</u>	<u>93,013</u>
Write-down to net realizable value	(36)	(36)	(36)	(36)
	<u>95,252</u>	<u>92,838</u>	<u>95,394</u>	<u>92,977</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.

For the three-month period ended March 31, 2021, the Company did not recognize provisions regarding its inventories.

The movement of the provision can be demonstrated as follows:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Balance at the beginning of the year	(36)	(2,408)	(36)	(2,408)
Write-off obsolete inventory	-	343	-	343
Reversal of write-down to net realizable value provision	-	2,029	-	2,029
Balance at end of the year	<u>(36)</u>	<u>(36)</u>	<u>(36)</u>	<u>(36)</u>

## Notes to the Financial Statements

### 8. RECOVERABLE TAXES

Taxes recoverable consist of the following:

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Value-added Tax on Sales and Services (ICMS)	8,636	7,431	8,636	7,431
Social Integration Program (PIS)/Social Contribution on Revenues (COFINS)	62,864	92,638	62,864	92,638
Excise Tax (IPI)	42	153	42	153
Income tax	38	38	38	38
Social Contribution	80	80	80	80
Income Tax Withheld at Source (IRRF) on investme	-	-	2	1
Other	357	263	357	274
	<u>72,017</u>	<u>100,603</u>	<u>72,019</u>	<u>100,615</u>
Current portion	66,257	73,165	66,259	73,167
Non-current portion	5,760	27,438	5,760	27,448

PIS and COFINS credits are basically referring to the right to exclusion of ICMS from the calculation basis for PIS and COFINS, as well as compensation for value improperly collected, related to the following lawsuits. The Company expect that the total credit will be consumed in approximately two years from December, 2019:

- i) Number 2006.34.00.035946-0 (Irani Papel e Embalagem S.A.). The company has received a favorable decision for which the right to exclude ICMS from the calculation basis of PIS and COFINS is granted for the period starting in November of 2001. Based on this, the value of updated credits is estimated in R\$ 143,157 (R\$ 81,282 corresponding to the original credit value and R\$ 61,875 referring to the SELIC (interest rate value correction) corresponding to 5 years before the start of the lawsuit (November 2006) to March 2017 (date of the Supreme Court decision) calculated based on the ICMS value in the invoices according to the lawsuit decision, in agreement with the Supreme Court decision RE 574.706 – Aspect 69. The Company recognized the credit in the financial statements, and the criteria of practically certain gain was consummated on October 14, 2019 with the final and unappealable decision of the lawsuit, as well as the granting of the Credit Qualification Request No. 11080.746434/2019-41 occurred on December 24, 2019 which is already being used for offset of its IPI, PIS and COFINS debts. Until March 31, 2021 were already compensate the amount of R\$ 106,151.
- ii) Lawsuit number 5035712-95.2016.4.04.7100 (Irani Papel e Embalagem S.A. as successor of the company Indústria de Papel e Papelão São Roberto S.A.). The Company has received a favorable decision in which it is granted the right to recover values related to the exclusion of ICMS from the calculation basis of PIS and COFINS of the company in the period of May 2011 to December 30, 2014 (Incorporation date). The potential value of the updated credits was estimated in R\$

## Notes to the Financial Statements

17,614 (R\$ 10,585 corresponding to the original value of the credit and R\$ 7,029 related to the SELIC rate value correction). Corresponding to 5 years of the start date of the lawsuits (May 2016) to December 2014 (incorporation date), calculated based on the ICMS value in the invoices according to the lawsuit decision, in agreement with the Supreme Court decision RE 574.706 – Aspect 69. The Company recognized the credit in the financial statements, after the favorable final unappealable decision on September 18, 2020, as well as the granting of the Credit Qualification Request No 10166.749523/2020-71 occurred on November 10, 2020 which will be used for offset of its IPI, PIS and COFINS debts.

### 9. OTHER ASSETS

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Advances to suppliers	2,522	2,476	2,526	2,476
Receivables from employees	2,325	2,481	2,480	2,614
Rio Negro Propriedades Rurais e Participações S.A	4,003	4,003	4,003	4,003
Prepaid expenses	1,151	1,684	1,151	1,684
Receivable from Irani Participações S.A	2,021	2,495	2,021	2,495
Other receivables	1,470	2,275	1,502	2,307
	<u>13,492</u>	<u>15,414</u>	<u>13,683</u>	<u>15,579</u>
Current portion	13,492	15,414	13,656	15,552
Non-current portion	-	-	27	27

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.

### 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 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

## Notes to the Financial Statements

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.

Due to the precedent conditions, following the guidelines of CPC 47 / IFRS 15, there was no recognition of income and expenses from these operations in the Company's financial statements as of March 31, 2021.

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

During the year ended December 31, 2019, a provision of R\$ 53,122 was recognized for impairment of the group of assets held for sale on its accounting value to its fair value less sales costs. The provision was registered in the statement of profit or loss of the year of the discontinued operation in the respective year.

### *(b) Assets held for sale*

On March 31, 2021, the group of assets held for sale is presented as the fair value less sales costs and comprehended the following assets:

Assets held for sale	<u>03/31/2021</u>	<u>12/31/2020</u>
Buildings and land	41,200	41,200
Assets held for sale	<u>41,200</u>	<u>41,200</u>

### *(c) Accumulated gains and losses included in OCI*

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

### *(d) Measurement of fair value*

The measurement of fair value for the group of assets held for sale of R\$ 41,200 was based on quoted prices, which are obtained with received sale proposals and also with the Private Instrument of Promise of Purchase and Sale mentioned above.

## 11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

The Company adopted for the fiscal year 2021 the cash method in the calculation of the income tax and social contribution over the exchange rate change and registered

## Notes to the Financial Statements

deferred tax liability over the exchange rate change to be realized. There was no change in the calculation of income tax and social contribution on exchange-rate change related 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	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Deferred income tax asset				
On temporary provisions	6,393	9,735	6,393	9,735
On tax losses	44,079	48,524	44,079	48,524
Deferred social contribution asset				
On temporary provisions	2,301	3,504	2,301	3,504
On tax losses	15,869	17,469	15,869	17,469
	<u>68,642</u>	<u>79,232</u>	<u>68,642</u>	<u>79,232</u>
LIABILITIES	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Deferred income tax liabilities				
Unrealized exchange-rate change on the cash basis	974	304	974	304
Fair value of the biological assets	30,477	29,194	31,645	30,253
Deemed cost of property, plant and equipment	119,725	120,360	121,664	122,298
Government grants	46	40	46	40
Amortization of goodwill for taxes purposes	25,158	25,158	25,158	25,158
Deferred social contribution liabilities				
Unrealized exchange-rate change on the cash basis	351	109	351	109
Fair value of the biological assets	10,972	10,510	11,602	11,082
Deemed cost of property, plant and equipment	43,102	43,330	43,800	44,028
Government grants	17	14	17	14
Amortization of goodwill for taxes purposes	9,057	9,057	9,057	9,057
	<u>239,879</u>	<u>238,076</u>	<u>244,314</u>	<u>242,343</u>
Deferred tax liabilities (net)	<u>171,237</u>	<u>158,844</u>	<u>175,672</u>	<u>163,111</u>

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

Deferred tax assets	Parent Company and Consolidated
Período	03/31/2021
2021	3,604
2022	12,812
2023	10,384
2024	14,738
> 2025	<u>27,104</u>
	<u>68,642</u>

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

## Notes to the Financial Statements

Parent Company and Assets Consolidated	Opening balance 01.01.20	Recognized in income (loss)	Closing balance 12.31.20
Deferred tax assets regarding:			
Provision for miscellaneous risks	(13,508)	269	(13,239)
Total temporary differences	(13,508)	269	(13,239)
Tax losses	(57,717)	(8,276)	(65,993)
	<u>(71,225)</u>	<u>(8,007)</u>	<u>(79,232)</u>

Parent Company and Assets Consolidated	Opening balance 01.01.21	Recognized in income (loss)	Closing balance 03.31.21
Impostos diferidos ativos com relação a:			
Provisão para riscos diversos	(13,239)	4,545	(8,694)
Total diferenças temporárias	(13,239)	4,545	(8,694)
Prejuízos fiscais	(65,993)	6,045	(59,948)
	<u>(79,232)</u>	<u>10,590</u>	<u>(68,642)</u>

Parent Company Liabilities	Opening balance 01.01.20	Recognized in income (loss)	Closing balance 12.31.20	Recognized in income (loss)	Closing balance 03.31.21
Deferred tax liabilities regarding:					
Unrealized exchange-rate charge on the cash basis	252	161	413	912	1,325
Fair value of the biological assets	37,290	2,414	39,704	1,745	41,449
Deemes cost and review of useful life - spin-off and merger	169,287	(5,597)	163,690	(863)	162,827
Government grants	264	(210)	54	9	63
Client portfolio	589	(589)	-	-	-
Amortization of goodwill for tax purposes	29,734	4,481	34,215	-	34,215
	<u>237,416</u>	<u>660</u>	<u>238,076</u>	<u>1,803</u>	<u>239,879</u>

Consolidated Liabilities	Opening balance 01.01.20	Recognized in income (loss)	Closing balance 12.31.20	Recognized in income (loss)	Closing balance 03.31.21
Deferred tax liabilities regarding:					
Unrealized exchange-rate charge on the cash basis	252	161	413	912	1,325
Fair value of the biological assets	38,716	2,619	41,335	1,912	43,247
Deemes cost and review of useful life - spin-off and merger	171,923	(5,597)	166,326	(862)	165,464
Government grants	264	(210)	54	9	63
Carteira de clientes	589	(589)	-	-	-
Amortização ágio fiscal	29,734	4,481	34,215	-	34,215
	<u>241,478</u>	<u>865</u>	<u>242,343</u>	<u>1,971</u>	<u>244,314</u>

## Notes to the Financial Statements

### 12. INVESTMENTS IN SUBSIDIARIES

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce	Total
Balance ate December 31, 2019	56,132	75,672	541	248	132,593
Equity in net income of subsidiaries	(10,703)	14,080	(541)	(238)	2,598
Proposed dividends	-	(6,611)	-	-	(6,611)
Capital increase (i) and (ii)	17,000	10,044	-	-	27,044
Advance for future capital increase (i)	(9,000)	-	-	-	(9,000)
Balance ate December 31, 2020	53,429	93,185	-	10	146,624
Equity in net income of subsidiaries	3,349	4,326	-	-	7,675
Balance ate March 31, 2021	56,778	97,511	-	10	154,299

	Habitasul Florestal	Iraflor Comércio de Madeiras	HGE Geração de Energia	Irani Soluções para E-Commerce
At March 31, 2021				
Current				
Assets	5,573	31,592	2	10
Liabilities	(2,327)	(305)	(1)	-
Current assets/liabilities, net	3,246	31,287	1	10
Non-current				
Assets	57,321	67,244	-	-
Liabilities	(3,789)	(1,014)	-	-
Non-current assets/liabilities, net	53,532	66,230	-	-
Equity	56,778	97,517	1	10
Net sales	6,242	4,310	-	-
Income (loss) before income tax and social contribution	3,605	4,600	-	-
Income tax and social contribution expense	(256)	(273)	-	-
Net income (loss) for the year	3,349	4,327	-	-
Capital holding in %	100.00	99.99	100.00	99.56

- (i) On November 30th, 2020 the capitalization of the advancements for future capital increase in the amount of R\$ 17,000 occurred. The advancements for future capital increase were approved by the Company on September 16th, 2020 in the amount of R\$ 8,000, and in December 11th, 2019 in the amount of R\$ 9,000 and had as objective to meet the need for working capital on the subsidiary.
- (ii) In the fiscal year 2020, Iraflor Comércio de Madeiras Ltda. received the capital input from the parent company Irani Papel e Embalagem S.A. in the amount of R\$ 10,044 integrated upon incorporation of forestry assets.

## Notes to the Financial Statements

### 13. INVESTMENT PROPERTIES

#### Parent Company

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
December 31, 2020			
Opening balance	18,704	3,030	21,734
Write-off / disposals	(18)	-	(18)
Depreciation	-	(175)	(175)
Net carrying amount	<u>18,686</u>	<u>2,855</u>	<u>21,541</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,522)	(2,522)
Net carrying amount	<u>18,686</u>	<u>2,855</u>	<u>21,541</u>
December 31, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(43)	(43)
Net carrying amount	<u>18,686</u>	<u>2,812</u>	<u>21,498</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,565)	(2,565)
Net carrying amount	<u>18,686</u>	<u>2,812</u>	<u>21,498</u>

#### Consolidated

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
December 31, 2020			
Opening balance	2,545	3,030	5,575
Transfers	16,159	-	16,159
Write-off / disposals	(18)	-	(18)
Depreciation	-	(175)	(175)
Net carrying amount	<u>18,686</u>	<u>2,855</u>	<u>21,541</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,522)	(2,522)
Net carrying amount	<u>18,686</u>	<u>2,855</u>	<u>21,541</u>
December 31, 2021			
Opening balance	18,686	2,855	21,541
Depreciation	-	(43)	(43)
Net carrying amount	<u>18,686</u>	<u>2,812</u>	<u>21,498</u>
Cost	18,686	5,377	24,063
Accumulated depreciation	-	(2,565)	(2,565)
Net carrying amount	<u>18,686</u>	<u>2,812</u>	<u>21,498</u>

## Notes to the Financial Statements

### Lands

It mainly refers to:

- i. Land maintained by the Company, for future real state use, located in the state of Rio Grande do Sul, and are recognized at acquisition cost of R\$ 16,094. The areas are object of study for projects of real state development (allotment) still in its initial phase. They were previously maintained by the parent company for future instalations of wind energy plants, that would be developed by Irani Geração de Energia Sustentável Ltda., and, for this reason, were not considered investment property in the consolidated.
- ii. Land received in exchange for trade receivables credits from clients in a total amount of R\$ 2,432, being that the receivable credits total was R\$ 2,709. The difference was recorded in the income (loss) as a financial discount in the amount of R\$ 277.

### Buildings

These refer to buildings located in the municipality of Rio Negrinho, state of Santa Catarina and valued at R\$ 2,812 (costs less accumulated depreciation, considering depreciation rate of 4% per annum). These buildings are rented to companies within the region.

Revenues and expenses related to investment properties that are rented are recognized in income (loss) as shown below:

	<u>Parent Company and Consolidated</u>	
	<u>03/31/2021</u>	<u>03/31/2020</u>
Rental revenues	-	-
Direct operating expenses that generated rental revenues	(162)	(152)

Investment properties are valued at the historical cost as of March 31, 2021. For disclosure purposes, on December 31, 2020, the Company assessed the fair value less cost to sell of these properties at R\$ 39,021 in the Parent company and Consolidated. 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 is Level 2.

Part of the Company's investment properties has been pledged as collateral for financial transactions as disclosed in note 16.

## Notes to the Financial Statements

### 14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### a) Breakdown of property, plant and equipment

Parent Company	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other property, plant and equipment (*)	Construction in process	Property, plant and equipment in third-party properties	Total
<b>December 31, 2020</b>								
Opening balance	120,685	126,803	304,833	4,365	4,788	65,378	8,941	635,793
Acquisitions	-	5,377	18,865	836	1,879	24,761	-	51,718
Write-offs/disposals	-	(143)	(961)	(4)	(132)	-	-	(1,240)
Transfers	-	6,217	49,908	-	1,293	(57,418)	-	-
Depreciation	-	(7,715)	(44,517)	(1,668)	(1,714)	-	(645)	(56,259)
PIS and COFINS credit	-	16	410	6	9	305	-	746
Transfer for held for sale	-	-	380	-	-	-	-	380
<b>Net carrying amount</b>	<b>120,685</b>	<b>130,555</b>	<b>328,918</b>	<b>3,535</b>	<b>6,123</b>	<b>33,026</b>	<b>8,296</b>	<b>631,138</b>
Cost	120,685	207,041	953,402	15,773	27,279	33,026	16,099	1,373,305
Accumulated depreciation	-	(76,486)	(624,484)	(12,238)	(21,156)	-	(7,803)	(742,167)
<b>Net carrying amount</b>	<b>120,685</b>	<b>130,555</b>	<b>328,918</b>	<b>3,535</b>	<b>6,123</b>	<b>33,026</b>	<b>8,296</b>	<b>631,138</b>
<b>March 31, 2021</b>								
Opening balance	120,685	130,555	328,918	3,535	6,123	33,026	8,296	631,138
Acquisitions	-	18	1,501	-	1,499	25,603	-	28,621
Write-offs/disposals	-	-	(11)	(34)	(1)	-	-	(46)
Transfers	-	-	1,901	-	77	(1,978)	-	-
Depreciation	-	(1,362)	(12,306)	(407)	(539)	-	(161)	(14,775)
PIS and COFINS credit	-	3	81	1	2	61	-	148
<b>Net carrying amount</b>	<b>120,685</b>	<b>129,214</b>	<b>320,084</b>	<b>3,095</b>	<b>7,161</b>	<b>56,712</b>	<b>8,135</b>	<b>645,086</b>
Cost	120,685	207,062	956,874	15,740	28,856	56,712	16,099	1,402,028
Accumulated depreciation	-	(77,848)	(636,790)	(12,645)	(21,695)	-	(7,964)	(756,942)
<b>Net carrying amount</b>	<b>120,685</b>	<b>129,214</b>	<b>320,084</b>	<b>3,095</b>	<b>7,161</b>	<b>56,712</b>	<b>8,135</b>	<b>645,086</b>

## Notes to the Financial Statements

Consolidated	Land	Buildings and constructions	Equipment and facilities	Vehicles and tractors	Other property, plant and equipment (*)	Construction in process	Property, plant and equipment in third-party properties	Total
December 31, 2020								
Opening balance	153,028	127,756	304,970	4,856	4,855	65,379	8,941	669,785
Acquisitions	-	5,377	18,865	836	1,882	25,032	-	51,992
Write-offs/disposals	-	(143)	(961)	(4)	(132)	-	-	(1,240)
Transfers	-	6,217	49,908	-	1,293	(57,418)	-	-
Transfer to Investment properties	(16,159)	-	-	-	-	-	-	(16,159)
Depreciation	-	(7,875)	(44,558)	(1,831)	(1,737)	-	(645)	(56,646)
PIS and COFINS credit	-	16	410	6	9	305	-	746
Transfer for held for sale	-	-	380	-	-	-	-	380
Impairment	-	-	-	-	(16)	-	-	(16)
Net carrying amount	<u>136,869</u>	<u>131,348</u>	<u>329,014</u>	<u>3,863</u>	<u>6,154</u>	<u>33,298</u>	<u>8,296</u>	<u>648,842</u>
Cost	136,869	211,467	953,671	16,861	27,785	33,298	16,099	1,396,050
Accumulated depreciation	-	(80,119)	(624,657)	(12,998)	(21,631)	-	(7,803)	(747,208)
Net carrying amount	<u>136,869</u>	<u>131,348</u>	<u>329,014</u>	<u>3,863</u>	<u>6,154</u>	<u>33,298</u>	<u>8,296</u>	<u>648,842</u>
March 31, 2021								
Opening balance	136,869	131,348	329,014	3,863	6,154	33,298	8,296	648,842
Acquisitions	-	18	1,502	-	1,499	25,695	-	28,714
Write-offs/disposals	-	-	(11)	(34)	(1)	-	-	(46)
Transfers	-	-	1,901	-	77	(1,978)	-	-
Depreciation	-	(1,402)	(12,314)	(433)	(545)	-	(161)	(14,855)
PIS and COFINS credit	-	3	81	1	2	61	-	148
Net carrying amount	<u>136,869</u>	<u>129,967</u>	<u>320,173</u>	<u>3,397</u>	<u>7,186</u>	<u>57,076</u>	<u>8,135</u>	<u>662,803</u>
Cost	136,869	211,488	957,144	16,828	29,362	57,076	16,099	1,424,866
Accumulated depreciation	-	(81,521)	(636,971)	(13,431)	(22,176)	-	(7,964)	(762,063)
Net carrying amount	<u>136,869</u>	<u>129,967</u>	<u>320,173</u>	<u>3,397</u>	<u>7,186</u>	<u>57,076</u>	<u>8,135</u>	<u>662,803</u>

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

## Notes to the Financial Statements

### b) Composition of Intangible assets

<b>Parent Company</b>	Software under				Total
	Goodwill	Client portfolio	Software	development	
December 31, 2020					
Opening balance	104,380	-	19,859	16,994	141,233
Acquisitions	-	-	4,175	-	4,175
Transfers	-	-	16,994	(16,994)	-
Amortization	-	-	(4,675)	-	(4,675)
PIS and COFINS credit	-	-	5	-	5
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>36,358</u>	<u>-</u>	<u>140,738</u>
Cost	104,380	5,347	53,513	-	163,240
Accumulated amortization	-	(5,347)	(17,155)	-	(22,502)
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>36,358</u>	<u>-</u>	<u>140,738</u>
March 31, 2021					
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	54	541	595
Transfers	-	-	541	(541)	-
Amortization	-	-	(1,338)	-	(1,338)
PIS and COFINS credit	-	-	1	-	1
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>35,616</u>	<u>-</u>	<u>139,996</u>
Cost	104,380	5,347	54,109	-	163,836
Accumulated amortization	-	(5,347)	(18,493)	-	(23,840)
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>35,616</u>	<u>-</u>	<u>139,996</u>
<b>Consolidated</b>					
December 31, 2020					
Opening balance	104,380	-	20,615	16,994	141,989
Acquisitions	-	-	4,174	-	4,174
Transfers	-	-	16,994	(16,994)	-
Amortization	-	-	(4,675)	-	(4,675)
PIS and COFINS credit	-	-	5	-	5
Impairment	-	-	(755)	-	(755)
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>36,358</u>	<u>-</u>	<u>140,738</u>
Cost	104,380	5,347	53,517	-	163,244
Accumulated amortization	-	(5,347)	(17,159)	-	(22,506)
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>36,358</u>	<u>-</u>	<u>140,738</u>
March 31, 2021					
Opening balance	104,380	-	36,358	-	140,738
Acquisitions	-	-	54	541	595
Transfers	-	-	541	(541)	-
Amortization	-	-	(1,338)	-	(1,338)
PIS and COFINS credit	-	-	1	-	1
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>35,616</u>	<u>-</u>	<u>139,996</u>
Cost	104,380	5,347	54,113	-	163,840
Accumulated amortization	-	(5,347)	(18,497)	-	(23,844)
Net carrying amount	<u>104,380</u>	<u>-</u>	<u>35,616</u>	<u>-</u>	<u>139,996</u>

## Notes to the Financial Statements

### c) Depreciation / amortization method

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

	Rate %	
	03/31/2021	12/31/2020
Buildings and constructions *	2.73	2.50
Equipment and facilities **	7.95	6.78
Furniture, fixtures and IT equipment	5.71	5.71
Vehicles and tractors	20.00	20.00
Software	20.00	20.00
Client portfolio	11.11	11.11

\* including weighted rates for property, plant and equipment in third-party properties

\*\* include weighted financial lease rates

### 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.

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 straight-line method, at the rate of 4% (four percent) per annum. The property is owned by the companies MCFD - Administração de Imóveis Ltda. and PFC - Administração de Imóveis Ltda., and the cost of the renovation was fully incorporated by Irani Papel e Embalagem S.A.

The breakdown of depreciation of fixed assets for the three-month period ended March 31, 2021 and 2020 is disclosed as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Administrative	351	308	391	344
Productive	14,424	11,469	14,464	11,375
	<u>14,775</u>	<u>11,777</u>	<u>14,855</u>	<u>11,719</u>

The breakdown of amortization of intangible assets for the three-month period ended March 31, 2021 and 2020 is disclosed as follows:

## Notes to the Financial Statements

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Administrative	269	134	269	134
Productive	1,069	653	1,069	653
	<u>1,338</u>	<u>787</u>	<u>1,338</u>	<u>787</u>

### e) Impairment of property, plant and equipment

Immediately before the initial classification of the held for sale group of assets, the carrying amounts of the assets were measured according to the applicable technical statements. The company recognized the impairment loss related to the initial reduction for the group of assets held for sale at fair value less sale expenses.

During the year of 2020, impairment values, fixed assets in the amount of R\$ 16 and intangible assets in the amount of R\$ 755 were identified and recognized.

### b) Pledged Assets

The Company pledged certain fixed assets as collateral for financing transactions as disclosed in notes 16 and 17.

### c) 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, 2020, 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 through the application of the rate determined by the Weighted Average Capital Cost (WACC), which was calculated using the Capital Asset Pricing Model (CAPM) method, also considering several components of financing, debt and equity used by the Company to finance its activities. The WACC therefore considers the weights of the financing, debt and equity components used by the Company to finance its activities.

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

## Notes to the Financial Statements

	<u>Assumptions</u>
Average sales prices of Packaging Paper and Corrugated Cardboard	
Packaging (% of annual growth rate)	4.0%
Gross margin (% on net sales)	31.1%
Estimated growth rate	5.0%
Discount rate (Wacc)	8.65%

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

The Company defined its entire operation as CGU because its main packaging paper and corrugated paper packaging activities are integrated with each other, without defined form of segregation.

Goodwill is allocated to the business segment, which represent the lowest level at which goodwill is monitored by management. The total amount of goodwill is allocated to the CGU represented by "Packaging 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 5.0% in the discount rate and of 4.00% in the growth rate, in the aggregate, the recoverable amount continues higher than the book value.

### 15. BIOLOGICAL ASSETS

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

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

## Notes to the Financial Statements

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cost of formation of biological assets	43,516	41,884	72,732	71,305
Difference in the fair value of biological assets	38,083	32,101	115,353	106,379
	<u>81,599</u>	<u>73,985</u>	<u>188,085</u>	<u>177,684</u>

Of the total consolidated biological assets, R\$ 148,844 (R\$ 140,947 on December 31, 2020) 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\$ 104,448 (R\$ 97,729 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 to produce pulp and paper, and the forests are replanted once harvested, forming a renewal cycle that meets the production demand of the unit.

The consolidated biological assets used to produce resins and log sales represent R\$ 39,241 (R\$ 36,737 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 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 - 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;
- ii) 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 forestry assets, assuming that an investor requires, at a minimum, the return offered by securities considered to be risk-free, plus the excess investment risk;

## Notes to the Financial Statements

- 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 those practiced in the last three years, based on market research in the regions where the assets are located and reported 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 timeframe 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
	03/31/2021	12/31/2020	
Planted area (hectares)	14,638	14,638	If the assumption increases, the fair value also increases
Remuneration of own contributing assets -%	3.00%	3.00%	If the assumption increases, the fair value decreases
Discount rate - Own Forests SC - %	7.50%	7.50%	If the assumption increases, the fair value decreases
Discount rate - Own Forests RS - %	8.00%	8.00%	If the assumption increases, the fair value decreases
Discount rate - Partnerships - %	8.50%	8.50%	If the assumption increases, the fair value decreases
Net Average Sales Price (m³)	63.00	60.00	If the assumption increases, the fair value also increases
Average annual increase (IMA) - Santa Catarina Forests (*)	35.3	35.3	If the assumption increases, the fair value also increases
Average annual increase (IMA) - Rio Grande do Sul Forests (*)	20.7	20.7	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.

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

## Notes to the Financial Statements

The main changes in the year are as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
Balance at December 31, 2019	<u>66,298</u>	<u>154,518</u>
Planting	5,110	8,344
Acquisition of forest	8,220	8,220
Depletion		
Historical cost	(5,005)	(5,770)
Fair value	(1,603)	(6,002)
Transfer to capitalization		
Income (loss) for the period	(10,044)	-
Change in the fair value	11,009	18,374
Balance at December 31, 2020	<u>73,985</u>	<u>177,684</u>
Planting	1,179	1,911
Acquisition of forest	1,255	1,255
Depletion		
Historical cost	(802)	(1,738)
Fair value	(96)	(2,838)
Change in the fair value	6,078	11,811
Balance at March 31, 2021	<u>81,599</u>	<u>188,085</u>

Depletion of biological assets in both three-month periods ended March 31, 2021 and 2020 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 the fiscal year 2020, was authorized the input of new biological assets in the amount of R\$ 10,044, in the subsidiary Iraflor Comércio de Madeiras Ltda. This operation had, as final objective provide a better management of forestry assets.

### b) Biological assets pledged as collateral

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

### c) Production on third-party land

The Company 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 1.2 thousand hectares

## Notes to the Financial Statements

and currently represents approximately 8.5% of the total area with the Company's biological assets. The lease liabilities were recognized as disclosed in note 33.

### 16. LOANS AND FINANCING

#### a) Breakdown of book balances

	Annual Charges %	Currency	Parent company		Consolidated	
			03/31/2021	12/31/2020	03/31/2021	12/31/2020
<b>Current</b>						
Local currency						
Finame	Fixed at 3.70%, TJLP + 5.33%, Selic + 5.61%	Real	698	970	698	970
Working capital	Fixed at 12.41%, CDI + 4.56% and 149% of CDI	Real	13,945	19,911	13,949	19,926
Financial lease	Fixed at 11.03% and CDI + 5.35%	Real	987	1,096	987	1,096
Total local currency			15,630	21,977	15,634	21,992
Foreign currency						
Advance on Exchange Contract	Fixed at 3.80%	Dollar	5,720	21,254	5,720	21,254
Banco De Lage Landen	8.20%	Dollar	138	252	138	252
Total foreign currency			5,858	21,506	5,858	21,506
Total current			21,488	43,483	21,492	43,498
<b>Non-current</b>						
Local currency						
Finame	Fixed at 3.70%, TJLP + 5.33%, Selic + 5.61%	Real	256	315	256	315
Working capital	Fixed at 12.41%, CDI + 4.56% and 149% of CDI	Real	33,600	34,663	33,600	34,663
Financial lease	Fixed at 11.03% and CDI + 5.35%	Real	703	934	703	934
Total local currency			34,559	35,912	34,559	35,912
Total non-current			34,559	35,912	34,559	35,912
Total			56,047	79,395	56,051	79,410
<b>Long-term maturity dates:</b>						
			Parent company		Consolidated	
			03/31/2021	12/31/2020	03/31/2021	12/31/2020
	2021		-	-	-	-
	2022		34,337	35,676	34,337	35,676
	2023		215	229	215	229
	> 2024		7	7	7	7
			34,559	35,912	34,559	35,912

#### b) Schedule for amortization of transaction costs

	Parent company and Consolidated	
	2021	Total
In local currency		
Working capital	22	22
Total local currency	22	22

#### c) Significant transactions contracted in the period

There were no significant operations in the period.

#### d) Guarantees

## Notes to the Financial Statements

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\$ 43,838 as of March 31, 2021.

### 17. DEBENTURES

#### a) 3rd Issuance of Simple Public Debentures

According to relevant fact disclosed on July 31, 2019, the distribution of simple debentures, non-convertible in shares, of quirografic species, composed by 505,000 debentures, with par value of R\$ 1, totaling, on issuance date, the amount of R\$ 505,000, with the subsequent canceling of the non-subscribed or integrated debentures. The debentures have as final maturity date July 19, 2025 and amortization in 3 annual installments starting on July 19, 2023.

The 3rd Issuance of public simple debentures has brA+ rating by S&P Global Ratings and is characterized as “Green Debentures” based on the second opinion evaluation issued by the special consultancy SITAWI Finanças do Bem, based on the Green Bond Principles directives of June, 2018. The issuance is negotiated on the secondary market by the code CELU13.

#### b) 4th Issuance of simple private debentures

According to the Minutes of the Board Meeting of March 2, 2021 the fourth issuance of simple debentures was approved, non-convertible in shares, only series, real guarantee species, for private allocation, with par value of R\$ 1, totaling, at issuance date, the amount of R\$ 60,000. The debentures have final maturity on December 15, 2029 and will be amortized in 8 biannual payments starting on June 15, 2026.

The resources obtained by the company will be used for the execution of investments for the achievement of its social object in the normal course of its businesses, for which the Issuer have or might come to have, according to the latest norms currently in force, licence and/or valid environmental authorization, current and/or effective, as applicable and demanded by Socio-environmental legislation.

The fourth issuance of simple private debentures has brA+ rating by S&P Global Ratings and is characterized as “Green Debentures” based on the second opinion evaluation issued by the special consultancy SITAWI Finanças do Bem, based on the Green Bond Principles directives of June, 2018.

## Notes to the Financial Statements

<b>Current</b>	<b>Issuance</b>	<b>Annual charges %</b>	<b>Parent Company and Consolidated</b>	
			<b>03/31/2021</b>	<b>12/31/2020</b>
In local currency				
3rd Issue of Debentures	07.19.19	CDI + 4.50%	3,610	11,968
<b>Total current</b>			<b>3,610</b>	<b>11,968</b>
<b>Non-current</b>				
In local currency				
3rd Issue of Debentures	07.19.19	CDI + 4.50%	497,564	496,869
4th Issue of Debentures	03.03.21	IPCA + 5.50%	59,547	-
<b>Total non-current</b>			<b>557,111</b>	<b>496,869</b>
			<b>560,721</b>	<b>508,837</b>

<b>Long term maturities:</b>	<b>Parent Company and consolidated</b>	
	<b>03/31/2021</b>	<b>12/31/2020</b>
2023	165,855	165,623
>2024	391,256	331,246
	<b>557,111</b>	<b>496,869</b>

### a) Schedule for amortization of transaction costs

	<b>Issuance</b>					<b>Total</b>
		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>&gt;2024</b>	
In local currency						
3rd Issue of Debentures	07.19.19	2,037	2,968	2,742	2,421	10,168
4th Issue of Debentures	03.03.21	24	43	56	329	452
<b>Total local currency</b>		<b>2,061</b>	<b>3,011</b>	<b>2,798</b>	<b>2,750</b>	<b>10,620</b>

### b) Guarantees

- i) The 3rd Issuance of simple public debentures has guarantees, as follows:
  - Fiduciary assignment of biological assets (6,770.21 hectare of commercial wood plantations, including plantations of pine and eucalyptus).
  - Fiduciary assignment of paper and pulp plant located at Vila Campina da Alegria, Vargem Bonita.
  - Fiduciary assignment of Machines and equipment owned by the Issuer, located at the referred plant.
  - Fiduciary assignment of Rural properties (land), located in the cities of Ponte Serrada, Catanduvas, Água Doce, Irani and Vargem Bonita.
  - Fiduciary assignment of credit rights arising from sales in the amount of R\$ 50,000.
  
- ii) The 4th Issuance of simple private Debentures has guarantees, as follows:
  - Fiduciary assignment of Companys' properties, located at Santa Luzia, State of Minas Gerais (Paper plant).
  - Fiduciary assignment of Machines and equipment owned by the Issuer, located at the referred plant.

## Notes to the Financial Statements

### c) Restrictive Financial Covenants

On March 31, 2021 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, 2020.

## 18. TRADE PAYABLES

Payables to suppliers are as follows:

CURRENT	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Local market	107,655	107,694	108,408	108,695
Foreign market	2,555	400	2,555	400
Related parties	19,125	11,767	-	-
	<u>129,335</u>	<u>119,861</u>	<u>110,963</u>	<u>109,095</u>

## 19. RELATED PARTIES

Parent Company	Accounts Receivable		Accounts Payable	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Habitasul Florestal S.A.	-	-	4,682	1,710
Iraflor - Com. de Madeiras Ltda	-	-	14,443	10,057
Management remuneration	-	-	-	2,676
Management profit sharing	-	-	8,085	8,085
Habitasul Desenvolvimentos Imobiliários	-	-	25	18
Companhia Habitasul de Participações	177	61	-	-
Irani Participações S/A	2,021	2,495	-	-
Total	<u>2,198</u>	<u>2,556</u>	<u>27,235</u>	<u>22,546</u>
Current portion	2,198	2,556	27,235	22,546

Parent Company	Revenues		Expenses	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Companhia Habitasul de Participações	531	-	-	-
Habitasul Florestal S.A.	-	-	4,017	2,395
Iraflor - Com. de Madeiras Ltda	-	-	4,984	2,903
MCFD Administração de Imóveis Ltda	-	-	461	324
PFD Administradora de Imóveis Ltda	-	-	461	324
Irani Participações S/A	-	-	-	518
Habitasul Desenvolvimentos Imobiliários	-	-	75	54
Management remuneration	-	-	2,960	2,625
Total	<u>531</u>	<u>-</u>	<u>12,958</u>	<u>9,143</u>

## Notes to the Financial Statements

Consolidated	Accounts Receivable		Accounts Payable	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Habitasul Desenvolvimentos Imobiliários	-	-	25	18
Management remuneration	-	-	-	2,676
Management profit sharing	-	-	8,085	8,085
Companhia Habitasul de Participações	177	61	-	-
Irani Participações S/A	2,021	2,495	-	-
Total	<u>2,198</u>	<u>2,556</u>	<u>8,110</u>	<u>10,779</u>
Current portion	2,198	2,556	8,110	10,779

Consolidated	Revenues		Expenses	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Irani Participações S/A	-	-	-	518
MCFD Administração de Imóveis Ltda	-	-	461	324
PFD Administradora de Imóveis Ltda	-	-	461	324
Companhia Habitasul de Participações	531	-	-	-
Management remuneration	-	-	2,975	2,638
Habitasul Desenvolvimentos Imobiliários	-	-	75	54
Total	<u>531</u>	<u>-</u>	<u>3,972</u>	<u>3,858</u>

The debts with the subsidiary Habitasul Florestal S.A. are due to commercial operations and acquisition of raw materials at prices and terms under the conditions established between the parties. These transactions were approved by the Board of Directors on March 17, 2021.

The debts with the subsidiary Iraflor Comércio de Madeiras Ltda. are due to commercial operations and acquisition of raw materials at prices and terms under the conditions established between the parties. These transactions were approved by the Board of Directors on March 17, 2021.

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 for a term of 20 years (renewable). The monthly amount paid to the related party as of March, 2021 is R\$ 338, updated annually according to the same change in the General Market Price Index (IGPM), as measured by the Getúlio Vargas Foundation. This agreement was recognized as lease as disclosed in note 33. These transactions were approved by the Board of Directors on January 24, 2021.

The management remuneration expenses, excluding payroll charges and including benefits, totaled R\$ 2,960 in the parent company in the three-month period ended March 31, 2021 (R\$ 2,625 in the three-month period ended March 31, 2020), and R\$ 2,975 in the consolidated in the three-month period ended March 31, 2021 (R\$ 2,638 in the three-month period ended March 31, 2020). The total management remuneration, in the maximum amount of R\$ 17,000, was approved at the Annual Shareholders' Meeting held on April 28, 2021.

## Notes to the Financial Statements

The debt with Irani Participações S/A corresponds mainly to a guarantee remuneration agreement, whereby the Company remunerates sureties and guarantees granted by Irani Participações S/A in its favor to enable the contracting of loans and financing, and the service agreement of support services to the Company's corporate activities, preparation and recording of minutes of the Board of Executive Officers and the Board of Directors and Shareholders' Meeting. In accordance with particular termination terms, both contracts were terminated at the end of 2020 and are no longer in effect since January 1, 2021.

The receivable from Irani Participações S.A. is related to sale agreement signed between the Company and Koch Metalurgica S.A. through a private instrument of partial transfer of contractual rights and obligations of the remaining part of the property (land and building) at Cachoeirinha - RS, in the total amount of R\$ 4,500, to be paid in 30 equal and successive installments of R\$ 150, each adjusted at 1% per month, the first installment due on June 24, 2019 and the last on October 24, 2021. The maturing installments will be monthly adjusted by IGPM/FGV. At the same date, the company Koch Metalúrgica S.A., transferred the debt through a private instrument of debt assumption to the company Irapar Participações S.A. This transaction was approved by the Board of Directors on March 17, 2021. The receivable amount from the Companhia Habitasul de Participações are resulting from a contract for services in the administrative area at prices and terms under the conditions established between the parties.

The amount receivable from Companhia Habitasul de Participações (“CHP”) arises from a contract for the implementation of a new governance model at CHP, with revisions of the amounts every six months. The object of the contract is the sharing of services and intelligence in the areas of strategy and management. This operation was approved by the Board of Directors on January 20, 2021.

## Notes to the Financial Statements

### 20. TAX INSTALLMENTS

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<b>Current</b>				
PIS installment	1,257	1,252	1,257	1,252
COFINS installment	5,788	5,764	5,788	5,764
IPI installment	1,056	1,143	1,056	1,143
ICMS installment	673	671	673	671
	<u>8,774</u>	<u>8,830</u>	<u>8,774</u>	<u>8,830</u>
<b>Non-current</b>				
PIS installment	1,571	1,877	1,571	1,877
COFINS installment	7,234	8,648	7,234	8,648
IPI installment	3,033	3,194	3,033	3,194
ICMS installment	2,163	2,320	2,163	2,320
	<u>14,001</u>	<u>16,039</u>	<u>14,001</u>	<u>16,039</u>
Total of taxes installments	<u>22,775</u>	<u>24,869</u>	<u>22,775</u>	<u>24,869</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).

### 21. PROVISÃO PARA RISCOS CÍVEIS, TRABALHISTAS E TRIBUTÁRIOS

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.

## Notes to the Financial Statements

Breakdown of the balance of provisions:

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil provisions	2,470	2,252	2,470	2,252
Labor provisions	5,484	5,407	5,854	5,777
Tax provisions	10,623	10,011	10,623	10,011
Total	<u>18,577</u>	<u>17,670</u>	<u>18,947</u>	<u>18,040</u>

Details to the movement of provisions:

	01/01/2020	Provision	Payments	Reversal	Restricted judicial deposits	12/31/2020
	Parent company					
Civil	1,873	433	(54)	-	-	2,252
Labor	5,202	1,483	(1,312)	(70)	104	5,407
Tax	16,702	1,731	-	(8,422)	-	10,011
	<u>23,777</u>	<u>3,647</u>	<u>(1,366)</u>	<u>(8,492)</u>	<u>104</u>	<u>17,670</u>
Consolidated						
Civil	2,353	433	(534)	-	-	2,252
Labor	5,625	1,512	(1,335)	(129)	104	5,777
Tax	16,702	1,731	-	(8,422)	-	10,011
	<u>24,680</u>	<u>3,676</u>	<u>(1,869)</u>	<u>(8,551)</u>	<u>104</u>	<u>18,040</u>
Parent company	12/31/2020	Provision	Payments	Reversal	Restricted judicial deposits	03/31/2021
Civil	2,252	218	-	-	-	2,470
Labor	5,407	476	(439)	-	40	5,484
Tax	10,011	1,085	-	(473)	-	10,623
	<u>17,670</u>	<u>1,779</u>	<u>(439)</u>	<u>(473)</u>	<u>40</u>	<u>18,577</u>
Consolidated	12/31/2020	Provision	Payments	Reversal	Restricted judicial deposits	03/31/2021
Civil	2,252	218	-	-	-	2,470
Labor	5,777	476	(439)	-	40	5,854
Tax	10,011	1,085	-	(473)	-	10,623
	<u>18,040</u>	<u>1,779</u>	<u>(439)</u>	<u>(473)</u>	<u>40</u>	<u>18,947</u>

## Notes to the Financial Statements

The provisions mainly refer to:

- a) Civil lawsuits relate, among other issues, to indemnification claims and Commercial Representation contractual terminations. As of March 31, 2021, the provision in these lawsuits totaled R\$ 2,470 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\$ 5,854 on March 31, 2021 (consolidated), which is considered enough to cover probable losses arising from labor lawsuits.
- c) Tax consolidated provisions totaled R\$ 10,623 on March 31, 2021 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, 2021 totaled R\$ 7,353 and a related provision for tax risks was recorded, amounting to R\$ 9,686.
  - ii) Administrative and judicial proceedings relating to the disallowance of ICMS credits by the Finance Department of the State of São Paulo, totaling R\$ 870. The proceedings are in process at the administrative and judicial levels pending judgment.

### Contingencies

No accounting provisions were recorded for contingencies assessed by management, together with its legal advisors, as possible losses. As of March 31, 2021, the amounts of these possible contingencies of a labor, civil and tax nature were as follows:

	Consolidated	
	03/31/2021	12/31/2020
Labor provisions	38,930	32,681
Civil provisions	7,068	6,407
Tax provisions	134,925	134,651
	180,923	173,739

## Notes to the Financial Statements

### Labor Contingencies:

The labor lawsuits assessed by management and the legal counsel as involving possible risk of loss amounted to R\$ 38,930 on March 31, 2021. The variation verified in relation to the year of 2020 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\$ 7,068 on March 31, 2021 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\$ 134,925 on March 31, 2021, 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\$ 44,967 on March 31, 2021. 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\$ 34,849 on March 31, 2021. The Company has challenged these assessments at the administrative and judicial level and awaits the respective judgments.
- 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 debits and from these credit debits of the same type totaled R\$ 14,891 as of March 31, 2021. The Company is discussing said tax assessment notices in the administrative and judicial spheres.

## Notes to the Financial Statements

- Administrative Proceedings relating to federal taxes offset against deemed Excise Tax (IPI) credits on exports, amounting to R\$ 6,173 on March 31, 2021. 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\$ 3,281 on March 31, 2021. 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\$ 290. 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.

### Tax Contingencies - Assets:

- The Company started in 2014, the ordinary action number 1030021-89.2014.8.26.0053 with the objective of obtaining declaration of unenforceability of default interest over ICMS debit payments, as well as over the values of the same tax administratively divided in installments, and over the isolated installments, in rate superior to the SELIC rate. The referred judicial measure was ruled justified recognizing the abuse of the discussed legislation, however, the request for compensation of the debit. The referred judicial decision was final and unappealable on March 11, 2020, because of the decision the Company proceeded with the analysis of the decision and calculations for liquidation, which is estimated to be R\$ 4,470. The process is currently in the phase of execution/enforcement of sentence, on January 29<sup>th</sup> 2021, the Company petitioned the process demonstrating the updated value and requiring the issuance of the respective precatory.

## 22. EQUITY

### a) Share Capital

On March 31, 2021, the share capital is R\$ 566,895 (R\$ 566,895 on December 31<sup>st</sup>, 2020), composed of 256,720,235 common shares of no par value on December 31<sup>st</sup>, 2020 (256,720,235 common shares of no par value on December 31, 2020).

## Notes to the Financial Statements

On the meeting of the Company's board of directors on July 10, 2020, the public offer was approved with restricted placement efforts of common, nominative, shares, with no par value, issued by the Company, all free and clear of any liens or encumbrances ("Restricted Offer").

On the meeting of the Company's board of directors on July 22, 2020, the Company's Board of Directors approved the price per Share at R\$ 4.50, as well as the effective capital increase, within the limits authorized in the terms of article 7 of the Company's social charter, in an aggregate amount of R\$ 405,000,000.00, upon issuance of 90,000,000 new commons shares, as well as its consummation, in the context of the restricted offer.

Because of the increase in the Company's capital in the context of the restricted offer, the new share capital of the Company became R\$ 566,895 represented by 256,720,235 shares, of which 243,909,975 are common shares and 12,810,260 preferred shares, all nominative, carrying and with no par value. The share capital value, net of shares issuance costs of R\$ 22,961, is of R\$ 543,934 as of March 31, 2021 (R\$ 543,934 as of December 31, 2020).

On October 8, 2020, the Extraordinary General Meeting approved the migration of the Company to the special listing segment of B3 SA - Brasil, Bolsa, Balcão ("B3") called Novo Mercado (New Market), as well as the conversion of all preferred shares of issuance of the Company in common shares, in the proportion of 1 (one) common share for each 1 (one) preferred share, and the global reform of the Company's Bylaws to adapt it to the requirements of B3's Novo Mercado Listing Regulation and to incorporate the other adjustments detailed in the Management's proposal, with its respective consolidation, whose validity is conditioned to the approval of the Company's migration to the Novo Mercado by B3.

Also, on October 8, 2020, the Special General Meeting of Shareholders of Preferred Shares ratified the conversion of all preferred shares issued by the Company into common shares, in the proportion of 1 (one) common share for each 1 (one) share preferred shareholder, with a 30-day withdrawal right from October 13, 2020, to the holders of preferred shares who abstained from voting, dissented from the resolution or did not attend the Special Shareholders' Meeting of Preferred Shareholders.

### b) Shareholders Remuneration

#### i) Interest on Equity

The Board of Directors approved on March 01, 2021, "ad referendum" of the General Assembly of Company Shareholders the distribution of intermediate dividends over the results of the fourth quarter of 2020, in the amount of R\$ 10,361, corresponding to R\$ 0.040738 per ordinary share, to the shareholders holding shares of issuance of the

## Notes to the Financial Statements

Company on March 4, 2021, paid on March 18, 2021. The interim dividends - 4th quarter distributed will be summed to the minimum obligatory dividend declared by the General Ordinary Company Assembly that approve the accounts of its administrators relative to the fiscal year 2020, as optioned by article 29, caput, of Social Statute of the Company.

### c) Treasury Shares

		Parent company			
		03/31/2021		12/31/2020	
		Quant.	Amount	Quant.	Amount
i) Repurchase Plan	Common	24,000	30	24,000	30
ii) Withdrawal right	Preferred	2,352,116	6,804	2,352,116	6,804
		<u>2,376,116</u>	<u>6,834</u>	<u>2,376,116</u>	<u>6,834</u>

i) Repurchase plan: its purpose was to maximize the value of the shares to shareholders, with a deadline of 365 days for the performance of the transaction, up to November 23, 2011.

ii) Right of withdrawal: the shares acquired were subject to changes in the advantages assigned to the Company's preferred shares, as resolved at the Annual and Extraordinary Shareholders' Meeting held on April 19, 2012 and the 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 years ended December 31, 2011 and December 31, 2019.

### d) Profit Reserves

The profit reserves comprise: i) legal reserve, ii) biological assets' reserve, iii) profit retention reserve, iv) tax incentive reserve.

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

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

## Notes to the Financial Statements

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

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

### e) Equity Valuation Adjustments

It was recorded since the Company valued its fixed assets (land, machinery and buildings) at deemed cost in the opening balance sheet for initial adoption of IFRS. Its realization will take place as the related deemed cost is depreciated, at which time the related amounts will also be adjusted in the basis for calculating dividends. The balance on March 31, 2021, net of tax effects, represented a credit balance of R\$ 152,522 (R\$ 154,759 on December 31, 2020).

Changes in equity valuation adjustments are as follows:

	<u>Consolidado</u>
Balance at December 31, 2019	<u>163,704</u>
Realization - deemed cost	<u>(8,945)</u>
Balance at December 31, 2020	<u>154,759</u>
Realization - deemed cost	<u>(2,237)</u>
Balance at March 31, 2021	<u>152,522</u>

## 23. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit (loss) 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 profit (losses) per share are equal to basic income (losses) per share.

## Notes to the Financial Statements

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

<b>Parent Company and Consolidated</b>	03/31/2021	
	Common Shares	Total Common Shares
Weighted average of the number of shares	254,344,119	254,344,119
Income for the attributable period to each type of shares	56,701	56,701
Basic and diluted profit per share - R\$	<u>0.2229</u>	

<b>Parent Company and Consolidated</b>	03/31/2020		
	Common Shares	Preferred shares	Common & Preferred shares Total
Weighted average of the number of shares	153,885,975	10,458,160	164,344,135
Income for the attributable period to each type of shares	16,843	1,145	17,988
Basic and diluted profit per share - R\$	<u>0.1095</u>	<u>0.1095</u>	

## 24. NET SALES

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

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Gross sales of goods	452,761	300,073	454,090	301,548
Taxes on sales	(93,816)	(61,662)	(93,897)	(61,747)
Sales returns	<u>(4,032)</u>	<u>(3,478)</u>	<u>(4,032)</u>	<u>(3,478)</u>
Net sales	<u>354,913</u>	<u>234,933</u>	<u>356,161</u>	<u>236,323</u>

The Company's revenues are recognized when the performance obligations are met, which generally occurs when products are delivered to customers on sales to the domestic market or when shipping products sold on sales to the foreign market. Also, the main products sold by the Company represent the operating segments established as per Note 31.

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

## Notes to the Financial Statements

### 25. COSTS AND EXPENSES BY NATURES

Breakdown of expenses by type is shown as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Fixed and variable costs (raw and consumption material)	(195,661)	(119,623)	(187,798)	(113,170)
Personnel expenses	(33,391)	(32,292)	(36,113)	(34,982)
Change in fair value - biological assets	6,078	3,916	11,811	4,469
Depreciation, amortization and depletion	(18,229)	(14,440)	(21,987)	(17,499)
Freight - Sales	(13,048)	(10,749)	(13,562)	(11,214)
Contracting services	(8,693)	(14,291)	(8,693)	(14,907)
Other sales expenses	(10,264)	(9,185)	(10,264)	(10,088)
Total costs and expenses by type	<u>(273,208)</u>	<u>(196,664)</u>	<u>(266,606)</u>	<u>(197,391)</u>
Cost of sales	(239,416)	(164,041)	(237,614)	(163,471)
Change in fair value of biological assets	6,078	3,916	11,811	4,469
Selling expenses	(23,076)	(19,764)	(23,590)	(21,132)
Impairment losses on trade receivables	(236)	(170)	(236)	(170)
General and administrative expenses	(16,558)	(16,605)	(16,977)	(17,087)

### 26. OTHER OPERATING INCOME AND EXPENSES

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues				
Revenue from claimed and disposed goods	301	131	301	131
Revenue from sale of assets	-	1,504	-	1,504
Carbon credit	-	125	-	125
Other operating revenues	910	418	912	427
	<u>1,211</u>	<u>2,178</u>	<u>1,213</u>	<u>2,187</u>
Expenses				
Costs of claimed and disposed goods	(242)	-	(242)	-
Contingency in subsidiary Habitasul Florestal	-	(766)	-	(766)
Provision for government subsidy from the state government of Minas Gerais	(206)	(396)	(206)	(396)
Other operating expenses	(154)	(761)	(148)	(771)
	<u>(602)</u>	<u>(1,923)</u>	<u>(596)</u>	<u>(1,933)</u>
Total other operating income and expenses, net	<u>609</u>	<u>255</u>	<u>617</u>	<u>254</u>

## Notes to the Financial Statements

### 27. FINANCE INCOME AND EXPENSES

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Financial income				
Yields from financial investments	1,571	464	1,653	473
Interest	593	1,228	593	1,228
Discounts obtained	66	296	67	301
	<u>2,230</u>	<u>1,988</u>	<u>2,313</u>	<u>2,002</u>
Exchange-rate change				
Foreign-exchange income	10,576	1,294	10,576	1,294
Foreign exchange costs	(8,945)	(1,725)	(8,945)	(1,725)
Net exchange rate change	<u>1,631</u>	<u>(431)</u>	<u>1,631</u>	<u>(431)</u>
Financial expenses				
Interest	(10,052)	(20,227)	(10,056)	(20,237)
Discounts granted	(54)	(54)	(89)	(54)
Negative goodwill/bank expenses	(162)	(250)	(163)	(250)
Liability interest on leases	(539)	(522)	(539)	(522)
Other	(100)	(93)	(100)	(94)
	<u>(10,907)</u>	<u>(21,146)</u>	<u>(10,947)</u>	<u>(21,157)</u>
Net financial costs	<u>(7,046)</u>	<u>(19,589)</u>	<u>(7,003)</u>	<u>(19,586)</u>

### 28. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the effective tax rate is as follows:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Operating income/(loss) before tax effects	82,943	19,550	83,169	19,600
Basic rate	34%	34%	34%	34%
Tax debit (credit) at the basic rate	(28,201)	(6,647)	(28,277)	(6,664)
Unrecognized income tax and social contribution from previous years	-	679	-	679
Tax effect from permanent (additions) exclusions:				
Equity in net income of subsidiaries	2,610	209	-	-
Non-deductible expenses	(62)	(67)	(62)	(67)
Recognition (reversal) of taxes incentives	8	(72)	8	(72)
Tax rate difference in subsidiaries	-	-	2,384	159
Other permanent differences	(597)	4,336	(521)	4,353
	<u>(26,242)</u>	<u>(1,562)</u>	<u>(26,468)</u>	<u>(1,612)</u>
Current income tax and social contribution	(13,849)	(492)	(13,907)	(533)
Deferred income tax and social contribution	(12,393)	(1,070)	(12,561)	(1,079)
Effective rate - %	31.6	8.0	31.8	8.2

## Notes to the Financial Statements

### 29. INSURANCE

Insurance coverage is determined according to the nature of the risks to the assets and is considered enough to cover possible losses arising from damages. On March 31, 2021, 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\$ 347,112. Company life insurance is also contracted for employees with a minimum coverage of 24 times the employee's salary or a maximum amount of R\$ 500, as well as fleet insurance for vehicles with coverage at market value.

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.

### 30. FINANCIAL INSTRUMENTS

#### Capital risk Management

The Company's capital structure consists of its net debt (loans and financing detailed in Note 16 and 17, less cash, cash equivalents and financial investments), as detailed in note 5, and equity (which includes issued capital, reserves and retained earnings, as disclosed in Note 22).

The Company is not subject to any external capital requirements.

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. The Company intends to maintain a capital structure from 30% to 50% of own capital and from 70% to 50% of third-party capital. On March 31, 2021, the capital structure comprised 80% of own capital and 20% of third-party capital.

#### Indebtedness Level

The Net debt ratio on March 31, 2021 and December 31, 2020 is as follows:

## Notes to the Financial Statements

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Debt (a)	616,768	588,232	616,772	588,247
Cash and cash equivalents and financial investments	(382,415)	(327,681)	(399,820)	(346,232)
Net debt	<u>234,353</u>	<u>260,551</u>	<u>216,952</u>	<u>242,015</u>
Equity (b)	<u>842,855</u>	<u>786,154</u>	<u>842,861</u>	<u>786,160</u>
Net debt ratio	<u>0.28</u>	<u>0.33</u>	<u>0.26</u>	<u>0.31</u>

(a) Debt is defined as short and long-term loans, financing and debentures, as detailed in notes 16 and 17.

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

### Categories of financial instruments

	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
<b>Financial assets</b>					
Fair value through profit or loss					
Cash and cash equivalents	5	29,001	35,709	46,406	54,260
Amortized cost					
Financial investments	5	353,414	291,972	353,414	291,972
Trade accounts receivable	6	239,293	205,572	239,615	206,643
Other accounts receivable	9	6,328	6,484	6,483	6,617
<b>Financial liabilities</b>					
Amortized cost					
Loans and financing	16	56,047	79,395	56,051	79,410
Debentures	17	560,721	508,837	560,721	508,837
Trade payables	18	129,335	119,861	110,963	109,095
Advances from customers		5,686	6,377	5,700	6,407
Lease liabilities	33	24,996	21,103	24,996	21,103
Tax installments	20	22,775	24,869	22,775	24,869
Dividends payables and Interest on shareholders' equity		153	10,467	153	10,467
Other accounts payable		12,942	12,487	13,488	12,758

### Financial risk factors

The Company is exposed to various financial risks, such as market risk (including exchange and interest rate risk), credit 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.

## Notes to the Financial Statements

### 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, 2021, and December 31, 2020, these operations presented a net liability exposure as the table below:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade accounts receivable	37,877	22,875	37,877	22,875
Advances from customers	(3,102)	(2,468)	(3,102)	(2,468)
Trade payables	(2,555)	(400)	(2,555)	(400)
Advances to suppliers	13,433	-	13,433	-
Loans and financing	(5,858)	(21,506)	(5,858)	(21,506)
Net exposure	<u>39,795</u>	<u>(1,499)</u>	<u>39,795</u>	<u>(1,499)</u>

The Company protects the net foreign exchange exposure with the equivalent of less than one month of exports based on the average of exports made during the year ended March 31, 2021, and less than a month of exports based on the average of exports made during 2020.

The Company has identified the main risk factors that could generate losses in connection with its financial instruments. The Company developed a sensitivity analysis 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 income (loss) and equity, as described below:

1 – Base scenario: for the definition of the base scenario, the U.S. dollar quotation used by the Company is based on future market projections of B3 for the next reporting date (June 30, 2021).

2 – Adverse scenario: 25% deterioration in the foreign exchange rate compared to that projected for June 30, 2021.

3 – Remote scenario: 50% deterioration in the foreign exchange rate compared to that projected for June 30, 2021.

Operation	Balance on 03/31/2021 US\$	Base scenario Gain (Loss)		Adverse scenario Gain (Loss)		Remote scenario Gain (Loss)	
		Rate	R\$	Rate	R\$	Rate	R\$
<b>Assets</b>							
Trade accounts receivable and Banks - restricted account	6,648	5.67	(204)	7.08	9,214	8.50	18,634
Advances to suppliers	2,358	5.67	(72)	7.08	3,268	8.50	6,609
<b>Liabilities</b>							
Trade payables and Advances from customers	(993)	5.67	30	7.08	(1,376)	8.50	(2,783)
Loans and financing	(1,028)	5.67	32	7.08	(1,425)	8.50	(2,881)
Net effect			<u>(214)</u>		<u>9,681</u>		<u>19,579</u>

## Notes to the Financial Statements

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 on March 31, 2021 were used as a basis for the projection of the future balance. The actual behavior of debt balances will follow the respective contracts, while trade receivables and payable may fluctuate due to the normal course of the activities of the Company and its subsidiaries. The settlement of transactions involving these projections may result in amounts that differ from those estimated due to the subjectivity of the process used in the preparation of these analyses. The Company maintains its loans and financing exposed to exchange-rate changes by making annual net payments that are equivalent to or below the receipts from its exports.

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 (Official Interest Rate) and IPCA (National Index for Consumer Prices)

The sensitivity analysis calculated for the base, adverse and remote scenarios on the loans and financing 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, 2021). The TLP is extracted from the BNDES and the IPCA from Focus Bulletin.

2 – Adverse scenario: 25% adjustment of interest rates compared to the level projected for June 30, 2021.

3 – Remote scenario: 50% adjustment of interest rates compared to the level projected for June 30, 2021.

Operation	Indexador	Balance 03/31/2021	Base scenario		Adverse scenario		Remote scenario	
			Rate % p.a	R\$	Rate % p.a	R\$	Rate % p.a	R\$
<b>Cash and cash equivalents and financial investments</b>								
CDB	CDI	392,908	3.40%	3,050	4.25%	6,507	5.10%	9,964
<b>Funding</b>								
Working capital	CDI	(559,501)	3.40%	(4,514)	4.25%	(9,629)	5.10%	(14,744)
Working capital	IPCA	(60,000)	7.63%	(967)	9.54%	(2,174)	11.45%	(3,381)
Finame	TLP	(522)	4.61%	(1)	5.76%	(7)	6.92%	(13)
Finame	SELIC	(83)	3.40%	(1)	4.25%	(1)	5.10%	(2)
Net effect on profit or (loss)				<u>(2,433)</u>		<u>(5,304)</u>		<u>(8,176)</u>

## Notes to the Financial Statements

### Fair Value vs. Book Value

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

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

- Loans and financing, including debentures - considering debts and the interest rates on loans, financing and debentures contracted, and based on market information, the fair value of borrowings in March 31, 2021 is R\$ 655,661. The Company applied as valuation technique discounted cash flows, considering the present value of expected payments, discounted using a Company's risk-adjusted discount rate. The fair value measured is Level 2 in the fair value hierarchy

### Credit Risks

The Company's installments sales are managed through a credit rating and credit granting policy. Expected credit losses are adequately covered by provision to cope with possible loss in the realization thereof.

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

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

### Liquidity risk

Management monitors the liquidity level based on the expected cash flow, which comprises cash, financial investments, flows of accounts receivable and payable, and payment of loans and financing. 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.

## Notes to the Financial Statements

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 on March 31, 2021, and the details on the expected maturity dates for non-derivative, undiscounted financial assets, including accrued interest on these assets.

### Parent Company

	2021	2022	2023	2024	> 2024
<b>Liabilities</b>					
Trade payables	129,335	-	-	-	-
Loans and financing	14,825	41,441	218	7	-
Debentures	25,529	25,489	190,111	182,688	242,240
Tax installments	6,581	7,597	6,056	1,982	559
Advances from customers	5,686	-	-	-	-
Leases liabilities	4,748	4,748	4,748	4,748	6,004
Dividends payables Interest on shareholders' equity	153	-	-	-	-
Other accounts payables	12,883	59	-	-	-
	<u>199,740</u>	<u>79,334</u>	<u>201,133</u>	<u>189,425</u>	<u>248,803</u>

### Consolidated

	2021	2022	2023	2024	> 2024
<b>Liabilities</b>					
Trade payables	110,962	-	-	-	-
Loans and financing	14,828	41,481	218	7	-
Debentures	25,529	25,489	190,111	182,688	242,240
Tax installments	6,581	7,597	6,056	1,982	559
Advances from customers	5,700	-	-	-	-
Leases liabilities	4,748	4,748	4,748	4,748	6,004
Dividends payables Interest on shareholders' equity	153	-	-	-	-
Other accounts payables	13,429	59	-	-	-
	<u>181,930</u>	<u>79,374</u>	<u>201,133</u>	<u>189,425</u>	<u>248,803</u>

The amounts included for post-fixed non-derivative financial liability instruments are subject to change if the change in post-fixed interest rates differs from these estimates at the end of the reporting period.

### Derivative financial instruments

As of March 31, 2021 and December 31, 2020, the Company did not hire any derivative financial instrument.

## 31. OPERATING SEGMENTS

### a) Criteria for identifying operating segments

The Company's operating structure is segmented based on the way Management runs the business. The Company's revenue is segmented according to the products and operating segments defined.

## Notes to the Financial Statements

Management has defined the operating segments as follows: corrugated cardboard packaging; packaging paper; and RS forest and resins, as described below:

Corrugated Cardboard Packaging segment (PO Packaging): this division manufactures boxes and light and heavy corrugated cardboard sheets, and has two production plants: Campina da Alegria, in the state of Santa Catarina (SC), and Indaiatuba, São Paulo (SP).

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

RS Forest and Resins Segment: through this segment, the Company grows pine for its own use, sells wood and extracts resin from pine that serves as raw material to produce tar and turpentine.

### b) Consolidated information from operating segments

	Consolidated				Total
	P.O Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	
	03/31/2021				
Net sales:					
Domestic market	197,655	98,192	1,695	-	297,542
Foreign market	-	18,763	39,856	-	58,619
Total net sales	197,655	116,955	41,551	-	356,161
Change in fair value - biological assets	-	9,673	2,138	-	11,811
Cost of sales	(139,711)	(70,595)	(27,005)	(303)	(237,614)
Gross profit	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
Financial income (loss)	(3,971)	(4,411)	1,379	-	(7,003)
Operating net income (loss)	37,756	46,369	13,695	(14,651)	83,169
Depreciation and amortization	(3,889)	(12,607)	(387)	(528)	(17,411)

## Notes to the Financial Statements

	Consolidated				Total
	P.O Packaging	Packaging Paper	RS Forest and Resins	Corporate/ eliminations	
	03/31/2020				
Net sales:					
Domestic market	123,482	68,827	1,410	-	193,719
Foreign market	-	24,109	18,495	-	42,604
Total net sales	123,482	92,936	19,905	-	236,323
Change in fair value - biological assets	-	6,069	(1,600)	-	4,469
Cost of sales	(93,797)	(54,936)	(14,560)	(178)	(163,471)
Gross profit	29,685	44,069	3,745	(178)	77,321
Operating expenses	(13,634)	(6,138)	(3,855)	(14,508)	(38,135)
Operating income (loss) before financial income (loss)	16,051	37,931	(110)	(14,686)	39,186
Financial income (loss)	(10,591)	(11,223)	2,228	-	(19,586)
Operating net (loss) income	5,460	26,708	2,118	(14,686)	19,600
Depreciation and amortization	(3,165)	(9,802)	(365)	(386)	(13,718)

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.

The information referring to financial income (loss) were distributed by operating segment taking in consideration the specific allocation of each financial revenue and expense, and the distribution of revenues and expenses common to the Company by NCG (Working capital needs) 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

The net sales in the first quarter of 2021 totaled R\$ 356,161 (R\$ 236,323 in the first quarter of 2020).

Net sales for the foreign market in the first quarter of 2021 totaled R\$ 58,619 (R\$ 42,604 in the first quarter of 2020), distributed by several countries, as follows:

## Notes to the Financial Statements

Consolidated			Consolidated		
03/31/2021			03/31/2020		
Country	Foreign market net sales	% in total net net sales	Country	Foreign market net sales	% in total net net sales
China	16,312	4.58%	Argentina	6,298	2.66%
Argentina	7,476	2.10%	China	5,570	2.36%
India	6,264	1.76%	Saudi Arabia	5,200	2.20%
Hong Kong	4,515	1.27%	United States	2,582	1.09%
Saudi Arabia	3,514	0.99%	Chile	2,410	1.02%
France	3,456	0.97%	Paraguay	2,023	0.86%
Portugal	2,463	0.69%	Portugal	1,999	0.85%
Peru	1,883	0.53%	South Africa	1,969	0.83%
Paraguay	1,787	0.50%	Peru	1,729	0.73%
Netherlands	1,775	0.50%	Greece	1,677	0.71%
Mexico	1,383	0.39%	Japan	1,463	0.62%
South Africa	1,281	0.36%	Netherlands	1,361	0.58%
Chile	1,147	0.32%	India	1,351	0.57%
Ireland	1,140	0.32%	France	1,342	0.57%
Other Countries	4,223	1.19%	Other Countries	5,630	2.38%
	<u>58,619</u>	<u>16.47%</u>		<u>42,604</u>	<u>18.03%</u>

In the first quarter of 2021, Company's net sales in domestic market totaled R\$ 297,542 (R\$ 193,719 in first quarter of 2020)..

In the first quarter of 2021, a single customer accounted for 4.8% of net sales in the domestic market of the Corrugated Cardboard Packaging segment, equivalent to R\$ 9,422. 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.

### 32. 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.

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 7.43% as the funding cost for the financing facilities with characteristics like those required for the respective disbursements if it did not have the benefit.

## Notes to the Financial Statements

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, 2021, the Company had deferred ICMS liabilities of R\$ 8,213 (R\$ 9,228 in December 31, 2020), net of government grant R\$ 8,029 (R\$ 9,068 in December 31, 2020).

- ii) ICMS/MG – Presumed Credit: The State of Minas Gerais grants as the main benefit ICMS deemed credit resulting in the effective payment of 2% of the value of the shipment operations for the products industrialized by the Company, with the purpose of allowing the expansion of the industrial plant located in the municipality of Santa Luzia, in the State of Minas Gerais.

### 33. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Parent company and Consolidated	Land	Buildings and constructions	Equipment and facilities	Total
Initial recognition at 01/01/2020	5,556	13,605	3,264	22,425
Depreciation	(970)	(2,070)	(928)	(3,968)
Increase/decrease of contracts in the period - main effect	579	1,621	523	2,723
Book balance, net at December 31, 2020	<u>5,165</u>	<u>13,156</u>	<u>2,859</u>	<u>21,180</u>
Cost	6,794	17,234	4,244	28,272
Accumulated depreciation	(1,629)	(4,078)	(1,385)	(7,092)
Book balance, net at December 31, 2020	<u>5,165</u>	<u>13,156</u>	<u>2,859</u>	<u>21,180</u>
Balancete at 01/01/2021	5,165	13,156	2,859	21,180
Depreciation	(262)	(671)	(242)	(1,175)
Increase/decrease of contracts in the period - main effect	622	3,619	447	4,688
Book balance, net at March 31, 2021	<u>5,525</u>	<u>16,104</u>	<u>3,064</u>	<u>24,693</u>
Cost	7,416	20,853	4,691	32,960
Accumulated depreciation	(1,891)	(4,749)	(1,627)	(8,267)
Book balance, net at March 31, 2021	<u>5,525</u>	<u>16,104</u>	<u>3,064</u>	<u>24,693</u>

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:

## Notes to the Financial Statements

<b>Parent company and Consolidated</b>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Equipment and facilities</u>	<u>Total</u>
Initial recognition at 01/01/2020	5,180	13,700	3,517	22,397
Lease installment	(1,610)	(3,180)	(1,272)	(6,062)
Increase/decrease of contracts in the period - main effect	579	1,621	523	2,723
Interest over lease in the period	564	1,272	156	1,992
Increase/decrease of contracts in the period - effect in interest	-	33	20	53
Book balance, net at December 31, 2020	<u>4,713</u>	<u>13,446</u>	<u>2,944</u>	<u>21,103</u>
Balancete at 01/01/2021	4,713	13,446	2,944	21,103
Lease installment in the year	(23)	(1,007)	(303)	(1,333)
Increase/decrease of contracts in the period - main effect	622	3,619	447	4,688
Interest over lease in the period	134	347	57	538
Book balance, net at March 31, 2021	<u>5,446</u>	<u>16,405</u>	<u>3,145</u>	<u>24,996</u>
Current				4,748
Non-current				20,248

The interest over lease are 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:

<u>Long-term maturity dates:</u>	<u>Parent company and Consolidated</u>
2022	5,459
2023	5,459
2024	5,459
2025	5,459
> 2026	15,572
	<u>37,408</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:

<b>Parent company and Consolidated</b>	<u>Nominal</u>	<u>Present Value</u>
Cash Flow		
Lease Consideration	37,194	23,696
PIS/COFINS (9.25%)	3,440	2,192

## Notes to the Financial Statements

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, 2021 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	Real Flow		Nominal Flow	
	01/01/2019	03/31/2021	01/01/2019	03/31/2021
Lease Liability	41,769	36,854	48,992	38,588
Built-In Interest	(16,147)	(11,858)	(19,687)	(15,722)
	<u>25,622</u>	<u>24,996</u>	<u>29,305</u>	<u>22,865</u>

### 34. 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 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.

During the first quarter of 2020, the Company realized PIS and COFINS credits over property, plant and equipment in amounting to R\$ 189 and recognized PIS and COFINS credits related to exclusion of ICMS from PIS and COFINS basis in amounting to R\$ 1,820.

## Notes to the Financial Statements

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

	Parent Company			Consolidated		
	Loans, financing and debentures	Dividends and interest on shareholders' equity	Leases liabilities	Loans, financing and debentures	Dividends and interest on shareholders' equity	Leases liabilities
<b>Balance as of December 31, 2019</b>	838,256	1,818	22,397	838,310	1,818	22,397
<b>Change in cash</b>	(46,607)	-	(1,139)	(46,618)	-	(1,139)
Lease liability paid	-	-	(757)	-	-	(757)
Loans obtained	41,542	-	-	41,542	-	-
Loans and debentures paid	(38,783)	-	-	(38,794)	-	-
Payment of interest on loans, financing and debentures	(49,366)	-	-	(49,366)	-	-
Payment of interest on lease liabilities	-	-	(382)	-	-	(382)
<b>Changes not involving cash</b>	26,142	-	2,883	26,145	-	2,883
Lease liabilities - increase/decrease in the period	-	-	2,358	-	-	2,358
Exchange-rate change and interest on loans, financing and debentures	26,142	-	-	26,145	-	-
Interest on lease liabilities	-	-	525	-	-	525
<b>Balance as of March 31, 2020</b>	817,791	1,818	24,141	817,837	1,818	24,141

	Parent Company			Consolidated		
	Loans, financing and debentures	Dividends and interest on shareholders' equity	Leases liabilities	Loans, financing and debentures	Dividends and interest on shareholders' equity	Leases liabilities
<b>Balance as of December 31, 2020</b>	588,232	10,467	21,103	588,247	10,467	21,103
<b>Change in 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)
Loans obtained	5,405	-	-	5,405	-	-
Issuance of debentures (Net of funding costs)	59,547	-	-	59,547	-	-
Loans and debentures paid	(29,124)	-	-	(29,135)	-	-
Payment of interest on loans, financing and debentures	(17,641)	-	-	(17,641)	-	-
Payment of interest on lease liabilities	-	-	(527)	-	-	(527)
<b>Changes not involving cash</b>	10,349	47	5,226	10,349	47	5,226
Lease liabilities - increase/decrease in the period	-	-	4,688	-	-	4,688
Exchange-rate change and interest on loans, financing and debentures	10,349	-	-	10,349	-	-
Interest on lease liabilities	-	-	538	-	-	538
Dividends and interest on shareholders' equity	-	47	-	-	47	-
<b>Balance as of March 31, 2021</b>	616,768	153	24,996	616,772	153	24,996

### 36. SUBSEQUENT EVENTS

In the General Shareholder Assembly on April 28, 2021, additional dividends for fiscal year 2020 were approved in the amount of R\$ 24,576, being the dividend per share of R\$ 0.096624.

## 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, 2021, which comprise the statements of financial position on March 31, 2021 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, 2021, 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, 2021

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 Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, WE DECLARE, in compliance with the provisions established in paragraph 1, Article 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, 2021.

Porto Alegre, RS, April 30, 2021.

Sérgio Luiz Cotrim Ribas - CEO

Odivan Carlos Cargnin - Administration, Finance and Investors Relations Officer

Henrique Zugman - Paper and Forest Business Officer

Lindomar Lima de Souza - Packaging Business Officer

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

## **EXECUTIVE OFFICERS' STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT**

Executive officers' statement

For the purposes of Article 25 of CVM Instruction 480/09

As Executive Officers of Irani Papel e Embalagem S.A., a corporation headquartered at Rua General João Manoel, 157, 9th floor, room 903, in the city of Porto Alegre, state of Rio Grande do Sul, enrolled in the National Corporate Taxpayers Registry (CNPJ/MF) under No.92.791.243/0001-03, WE DECLARE, in compliance with the provisions established in paragraph 1, Article 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, 2021.

Porto Alegre, RS, April 30, 2021.

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