



Earnings Release 2Q20

Porto Alegre, July 31, 2020. Irani Papel e Embalagem (B3: RANI3 and RANI4), one of the major Brazilian companies in the packaging paper and corrugated cardboard packaging segments, announces today the consolidated profit (loss) for the second quarter of 2020 (2Q20). The consolidated interim financial statements were prepared in accordance with Brazilian Securities Exchange Commission (CVM) and Accounting Pronouncement Council (CPC) standards and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial and operational information are presented based on consolidated figures and in Brazilian reais. Non-financial data, such as volumes, quantity, average price and EBITDA, were not examined by our independent auditors.

Net Revenue
R\$ 241.0 million

Net Income
R\$ 15.3 million

Adjusted EBITDA
continued operation
R\$ 55.6 million

Net Debt/EBITDA
2.94 times

Irani presents adjusted EBITDA of R\$ 55.6 million in 2Q20 with a growth of 19.1% in relation to 2Q19 (continuing operation).

- ▶ Offer: As a subsequent event to this quarterly information, the Company successfully completed its primary public offering of 90,000,000 common shares, accounting for a gross funding of R\$ 405 million. Said funds will be invested in an expansion plan of approximately R\$ 1.2 billion over the next 4 years. The Company will also migrate to the New Market (*Novo Mercado*) in up to 6 months.
- ▶ The net revenue in 2Q20 increased 7.2% when compared to 2Q19 and 2.0% in relation to 1Q20, mainly reflecting an increase in the sales volume in the Packaging Paper segment, coupled with the appreciation of the Dollar and Euro against the Brazilian Real in sales to the foreign market.
- ▶ The sales volume of the Corrugated Cardboard Packaging Segment remained stable when compared to 2Q19 and decreased by 10.0%, when compared to 1Q20, totaling 33.2 thousand metric tons in 2Q20. The decrease in relation to 1Q20 is mainly due to the retraction in some activities caused by the Coronavirus pandemic, especially in April and May. The Packaging Paper Segment totaled 37.5 thousand metric tons, recording an increase of 21.1% when compared to 2Q19 and 11.9% in relation to 1Q20. The increase arises from the larger paper sales for the domestic and foreign markets because of the availability generated by the reduction of the Corrugated Cardboard Packaging segment (PO). The RS Forests and Resins segment was stable in sales volume as compared to the 2Q19 and 1.4% decrease against 1Q20, reaching 3.9 thousand metric tons.
- ▶ The 2Q20 gross profit presented an increase of 25.9% in comparison to 2Q19 and an increase of 2.1% when compared to 1Q20, mainly in relation to the growth of net revenue, especially in the foreign market, and also because of the positive change in the fair value of biological assets in this quarter when compared to 2Q19.
- ▶ Sales expenses in 2Q20 totaled R\$ 23.0 million, an increase of 5.1% when compared to the same quarter of previous year, and 7.6% higher than the 1Q20 (including impairment losses on trade receivables) and represented 9.5% of consolidated net revenue, 9.7% in the 2Q19 and 9.0% in 1Q20. Administrative expenses in 2Q20 totaled R\$ 15.9 million, an increase of 11.3% when compared to the same quarter of previous year, and a decrease of 6.8% in relation to 1Q20, and represented 6.6% of consolidated net revenue, higher than the 6.4% in 2Q19 and lower when compared to 7.2% in the 1Q20.
- ▶ The net profit (loss) of R\$ 15.3 million of income in 2Q20, against the negative amount of R\$ 3.3 thousand in 2Q19 and R\$ 18.0 million of income in 1Q20. The main impacts on the net profit (loss) for this quarter were the growth in net sales revenue, the positive change in the fair value of biological assets and the better export margin due to the appreciation of the Dollar and the Euro against the Brazilian Real.
- ▶ The adjusted EBITDA was R\$ 55.6 million in 2Q20, with a margin of 23.1%, 19.1% higher than that recorded in 2Q19 of R\$ 46.7 million and with a margin of 20.8%, mainly due to the better performance of margins during this quarter, and 6.5% higher when compared to 1Q20, of R\$ 52.2 and margin of 22.1%, also due to the good performance of margins during the quarter, adjusted by sales in foreign market with an appreciated exchange rate.
- ▶ The Net Debt/ Adjusted EBITDA ratio was 2.94 in June 2020, against 3.31 times in March 2020. The change is due to the improvement in adjusted EBITDA and the consequent decrease in the Company's net debt. Considering to exclude from the net debt the amounts that will be received in the coming months, related to: i) PIS and COFINS credits in the amount of R\$ 119.6 million; ii) Sale of land and forests in the amount receivable of R\$ 4.0 million; iii) Sale of the Package SP - Vila Maria property, with a balance receivable in the amount of R\$ 40.2 million, would result in a Pro-forma Net Debt of R\$ 514.9 million and considering the EBITDA of the Continuing Operation in the last 12 months of R\$ 238.9 million, the pro-forma leverage would be 2.16 times (2.38 times at the end of 1Q20).

- The cash position at the end of June 2020 was R\$ 108.2 million (comprised by cash and cash equivalents and banks restricted account) and 72% of the debt was in the long term.

KEY INDICATORS - CONSOLIDATED ¹	2Q20	1Q20	2Q19	Change 2Q20/1Q20	Change 2T20/2T19	6M20	6M19	Change 6M20/6M19	LTM20	LTM19	Change LTM20/LTM19
Economic and Financial (R\$ thousand)											
Net operating revenue	240,984	236,323	224,846	2.0%	7.2%	477,307	426,895	11.8%	949,192	853,933	11.2%
Domestic market	176,405	193,719	171,532	-8.9%	2.8%	370,124	332,886	11.2%	767,285	661,638	16.0%
Foreign market	64,579	42,604	53,314	51.6%	21.1%	107,183	94,009	14.0%	181,907	192,295	-5.4%
Gross Profit (including *)	78,924	77,321	62,709	2.1%	25.9%	156,245	130,092	20.1%	294,553	261,629	12.6%
(*) Change in the Fair Value of Biological Assets	3,617	4,469	(1,270)	-19.1%	-	8,086	1,337	504.8%	14,718	(4,154)	-
Gross margin	32.8%	32.7%	27.9%	0.1p.p.	4.9p.p.	32.7%	30.5%	2.2p.p.	31.0%	30.6%	0.2p.p.
Operating profit (loss) before taxes and profit sharing	22,971	19,600	(2,224)	17.2%	-	42,571	(103)	-	13,149	17,485	-24.8%
Operating margin	9.5%	8.3%	-1.0%	1.2p.p.	10.5p.p.	8.9%	0.0%	8.9p.p.	1.4%	2.0%	-0.6p.p.
Net profit (loss)	15,298	17,988	(3,253)	-15.0%	-	33,286	(3,011)	-	62,752	11,510	445.2%
Net margin	6.3%	7.6%	-1.4%	-1.3p.p.	7.7p.p.	7.0%	-0.7%	7.7p.p.	6.6%	1.3%	5.3p.p.
Adjusted EBITDA of continuing operation ²	55,601	52,216	46,701	6.5%	19.1%	107,817	97,185	10.9%	238,876	197,915	20.7%
Adjusted EBITDA margin	23.1%	22.1%	20.8%	1.0p.p.	2.3p.p.	22.6%	22.8%	-0.2p.p.	25.2%	23.2%	2.0p.p.
Net debt (R\$ million)	678.7	719.2	730.3	-5.6%	-7.1%	678.7	730.3	-7.1%	678.7	730.3	-7.1%
Net Debt/Adjusted EBITDA(x)	2.94	3.31	3.89	-11.2%	-24.4%	2.94	3.89	-24.4%	2.94	3.89	-24.4%
Net Debt/pro-forma Adjusted EBITDA (x) ³	2.16	2.38	-	-9.2%	-	2.16	-	-	2.16	-	-
Operating Data (t)											
Corrugated Cardboard Packaging (PO)											
Production/Sales	33,187	36,875	33,351	-10.0%	-0.5%	70,062	65,931	6.3%	147,393	135,630	8.7%
Packaging Paper											
Production	72,117	70,509	73,840	2.3%	-2.3%	142,626	145,554	-2.0%	289,700	288,596	0.4%
Sales	37,531	33,553	30,995	11.9%	21.1%	71,084	56,314	26.2%	136,120	108,786	25.1%
RS Forests and Resins											
Production	3,704	4,052	3,646	-8.6%	1.6%	7,756	7,379	5.1%	14,057	13,837	1.6%
Sales	3,942	3,996	3,956	-1.4%	-0.4%	7,938	7,040	12.8%	14,402	13,784	4.5%

¹ Excluding discontinued operations in 2Q19, 6M19, LTM20 and LTM19 used for comparative purposes.

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

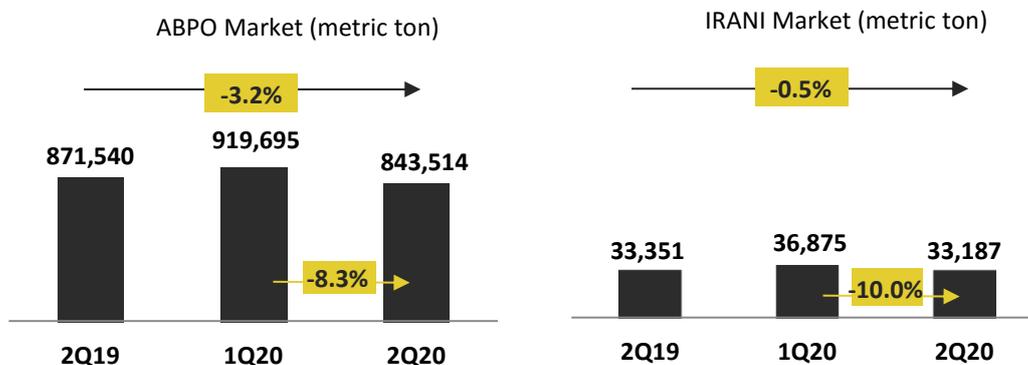
³ Excluding transactions carried out in the period from the net debt, which amounts will be received in the coming months: i) PIS and Cofins credit (ICMS on the Base) in the amount of R\$ 119,574 thousand; ii) Sale of Rural Properties in the amount of R\$ 4,003 thousand; iii) Decommissioning of Vila Maria - SP property in the amount of R\$ 40,200 thousand.

Highlights of 2Q20

2Q20 was marked by the strong impact on the economy caused by the Coronavirus outbreak. The global and Brazilian economies suffered a sharp retraction and an environment of great instability and uncertainty was installed. The impact on the Brazilian GDP is still uncertain, but the best estimates indicate a drop above 5% in 2020. The Coronavirus pandemic continues impacting the economy and there is no definitive solution so far, such as a vaccine or medication, a scenario that can continue clouding the global and Brazilian economic horizon.

The Brazilian Association of Corrugated Cardboard (ABPO) recorded a 3.2% decrease in the shipment in metric tons of corrugated cardboard in 2Q20, compared to 2Q19, while the sales volume of Irani Market was stable in the 2Q20. Compared to 1Q20, ABPO Market decreased 8.3%, while Irani Market decreased 10.0%, following the market decrease trend of ABPO Market for the period. In metric tons, Irani's market share in the Corrugated Cardboard Packaging Segment was 3.9% in 2Q20, 4.0% in 1Q20 and 3.8% in 2Q19.

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



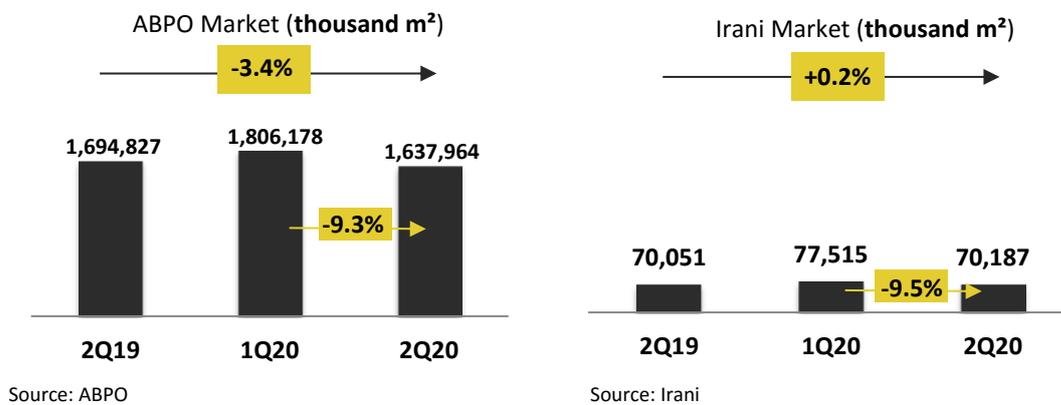
Source: ABPO

Source: Irani

In square meters (m²) the sales volume of corrugated cardboard packaging of the ABPO Market presented a decrease of 3.4% in 2Q20 when compared to 2Q19, when Irani Market recorded remained stable. Compared to 1Q19, ABPO Market presented decrease of 9.3% whereas Irani Market recorded decrease of 9.5%. In square meters, Irani's market share was 4.3% in 2Q20, as well as in 1Q20 and 4.1% in the 2Q19.

The Corrugated Cardboard Packaging Segment (PO) represented in 2Q20 47% of Irani's net revenue, the Packaging Paper Segment represented 44% and the RS Forests and Resins Segment, 9%. In turn, the domestic market corresponded to 73% of net revenue and the foreign market 27%, the growth of 3.1 percentage points in the foreign market's revenue when compared to 2Q19 is mainly due to the increase of sales volume in domestic market in Packaging Paper segment and also due to the appreciation of the Dollar and the Euro against the Brazilian Real.

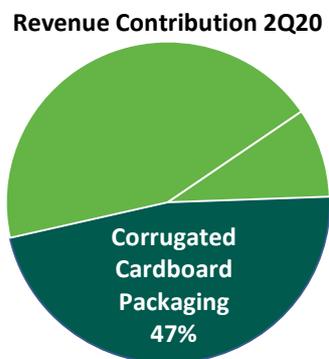
Sales Volume (in square meters) – Corrugated Cardboard Packaging Segment (PO)



2Q20 ABPO (in ton and m²) are closing previews. There may be changes in the official data.

OPERATING PERFORMANCE

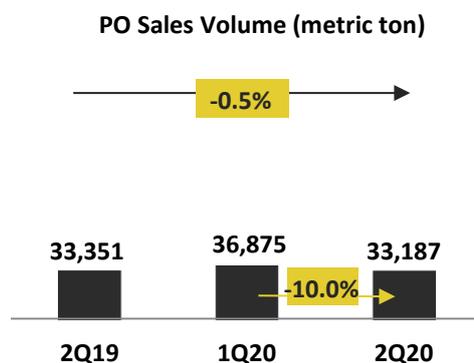
Corrugated Cardboard Packaging Segment (PO)



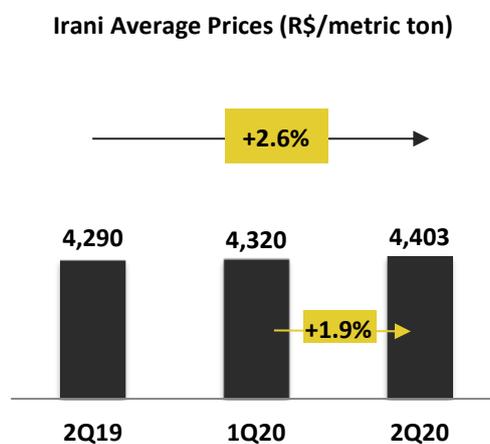
The sales volume of boxes and plates of corrugated cardboard totaled 33,187 metric tons, stable compared to 2Q19 and 10.0% lower when compared to 1Q20, especially due to the retraction in some activities caused by the Coronavirus pandemic, mainly in the months April and May. The sales performance of boxes presented an increase of 1.4% when compared to 2Q19, while sales of plates registered a decrease of 7.6% in the comparison of the quarters. SP Indaiatuba and SC Campina da Alegria Packaging units account for respectively 57% and 43% of the total sold in the second quarter of 2020, whose productions are entirely destined to the domestic market.

The volume of SP Indaiatuba Packaging plant reached 14,301 metric tons of boxes and 4,707 tons of plates in 2Q20 against 14,282 tons of boxes and 4,762 tons of plates in 2Q19.

The volume of SC Campina da Alegria Packaging plant recorded sales volume of 12,382 metric tons of boxes and 1,797 tons of plates in 2Q20 against 12,032 tons of boxes and 2,275 tons of plates in 2Q19.

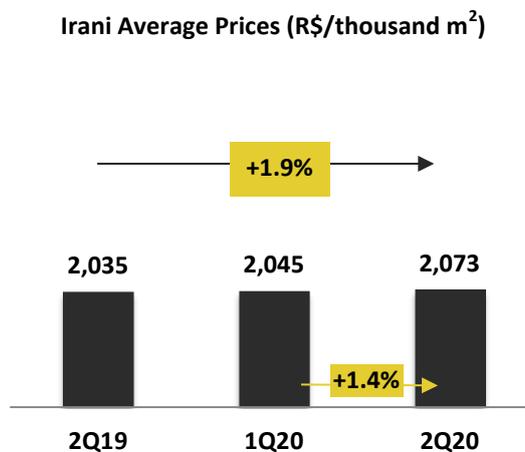


The Irani average price (CIF) per metric ton registered an increase of 2.6% in 2Q20 when compared to 2Q19 and of 1.9% when compared to 1Q20.



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.

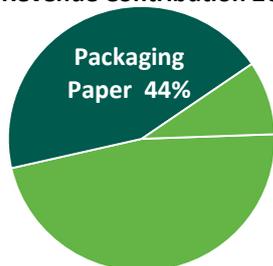
The Irani average price (CIF) per square meter in 2Q20 was 1.9% higher when compared to 2Q19 and 1.4% higher when compared to 1Q20.



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.

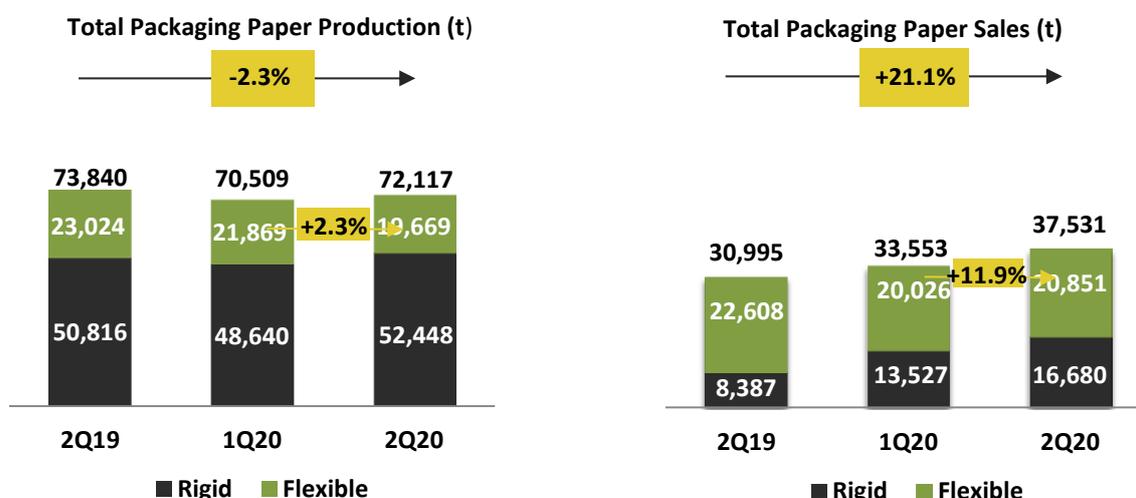
Packaging Paper Segment

Revenue Contribution 2Q20



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

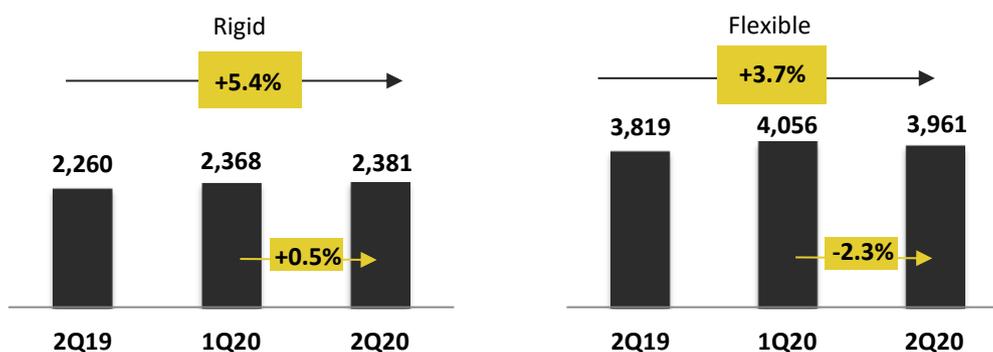
The Company's total production of Packaging Paper in the quarter was 2.3% lower when compared to 2Q19, and 2.3% higher in relation to 1Q20. Sales increased 21.1% when compared to 2Q19, and 11.9% in relation to 1Q20.



In 2Q20, internal paper transfers for rigid packaging (PO) totaled 35,462 tons (36,001 metric tons in 2Q19 and 35,337 tons in 1Q20), for the SP Indaiatuba packaging plant 19,662 tons were transferred (19,740 tons in 2Q19 and 19,164 tons in 1Q20), while for the SC Campina da Alegria packaging plant 15,800 tons were transferred in 1Q20 (16,261 tons in 2Q19 and 16,173 tons in 1Q20). From the total of internal transfers, 55% were to the SP Indaiatuba packaging plant and 45% were to the SC Campina da Alegria packaging plant.

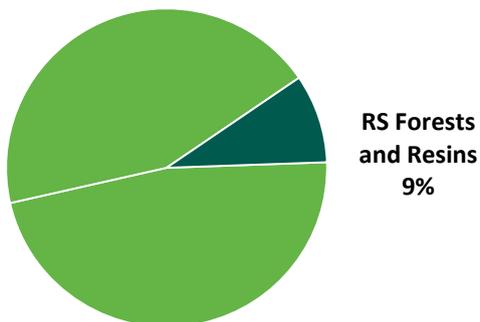
The rigid packaging paper recorded an increase of 5.4% in the price for 2Q20 when compared to those practiced in 2Q19, and stability when compared to 1Q20. Papers for flexible packaging increased 3.7% when compared to 2Q19 and a 2.3% decrease in relation to 1Q20.

Average Packaging Paper prices (R\$/t)



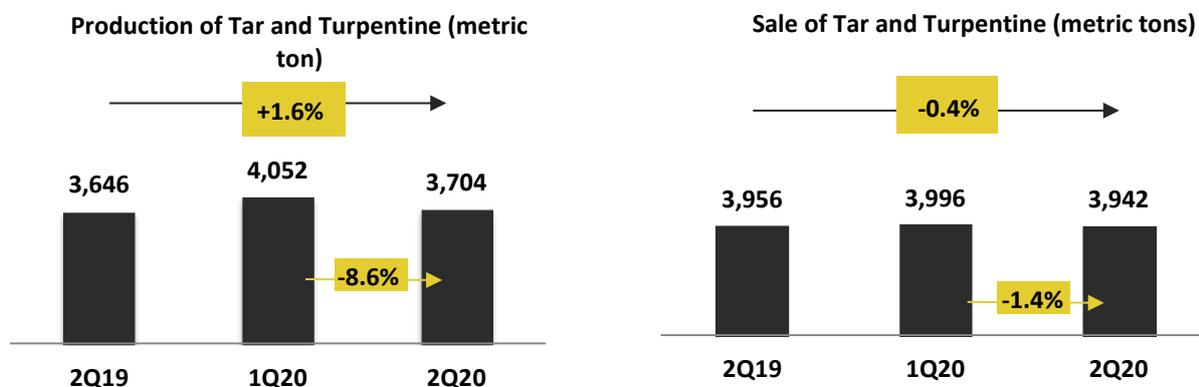
RS Forests and Resins Segment

Revenue Contribution 2Q20



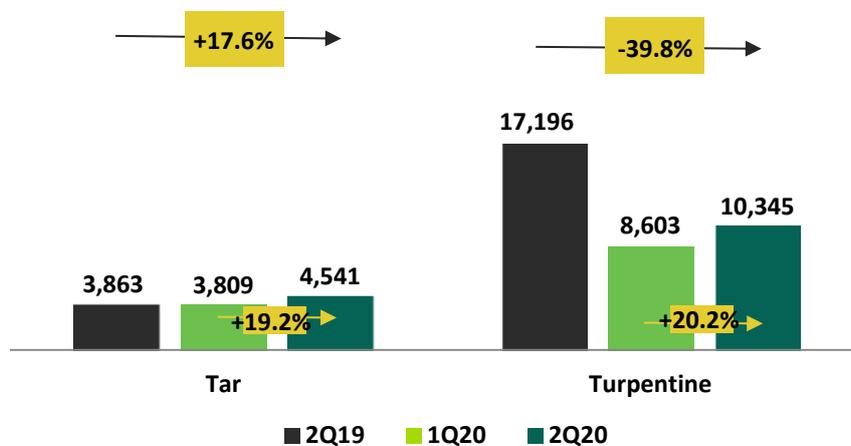
The Rio Grande do Sul forest segment produced and commercialized 5 thousand cubic meters of pine logs to the local market in 2Q20 (19 thousand cubic meters in 2Q19) and supplied 254 metric tons of in natura resins to be utilized in the industrial process of manufacturing tar and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 2Q20 presented increase of 1.6% when compared to 2Q19, and decrease of 8.6% when compared to 1Q20. The sales volume presented stability when compared to 2Q19, and decrease of 1.4% in relation to 1Q20.



In 2Q20, the average gross price of Tar was 17.6% higher than 2Q19 and 19.2% higher when compared to 1Q20. Turpentine decreased 39.8% when compared to 2Q19 and increased 20.2% in relation to 1Q20. The price of these products changes according to the foreign market and exchange rate.

Average Prices (R\$/metric ton)



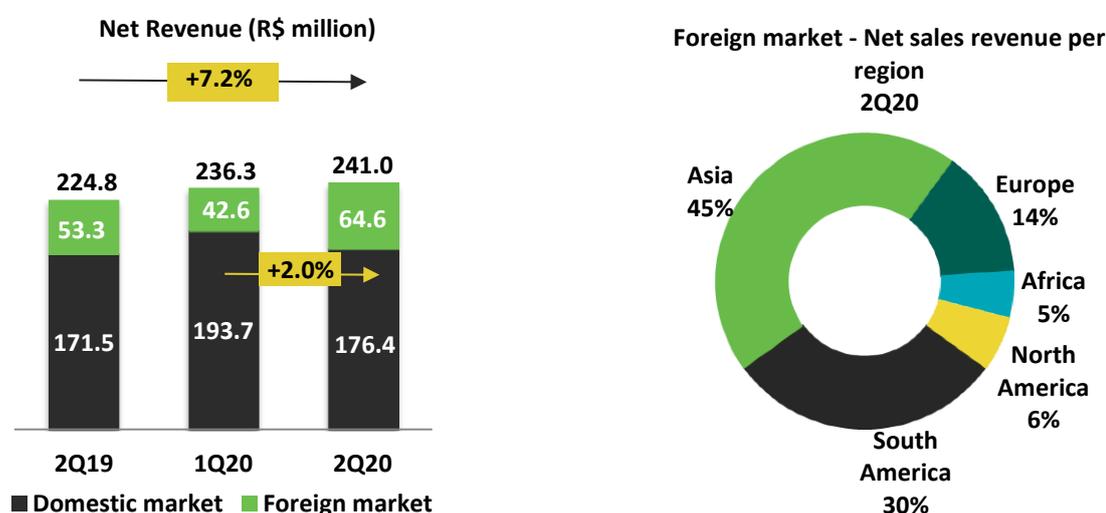
Economic and Financial Performance

Net Operating Revenue

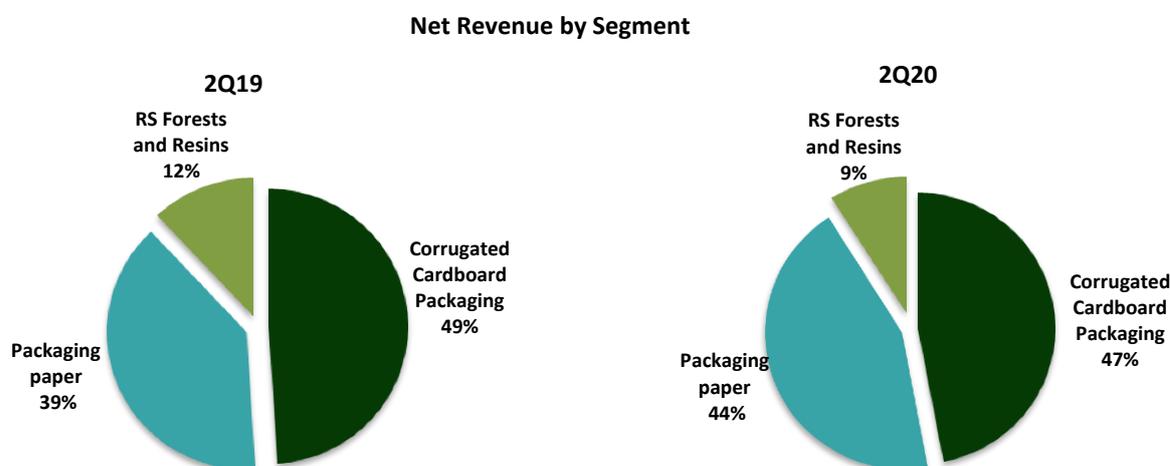
The net revenue in 2Q20 reached R\$ 240,984, accounting for an increase of 7.2% when compared to 2Q19 and of 2.0% in relation to 1Q20, mainly reflecting an increase in the sales volume in the Packaging Paper segment, coupled with the appreciation of the Dollar and Euro against the Brazilian Real in sales to the foreign market.

In the domestic market, net operating revenue was R\$ 176,405 thousand in the quarter and had an increase of 2.8% when compared to that one of 2Q19 and a decrease of 8.9% in relation to 1Q20. Revenue in the domestic market accounted for 73% of Irani's total revenue.

Exports in 2Q20 reached R\$ 64,579 thousand, 21.1% higher than in 2Q19 and 51.6% in relation to 1Q20, representing 27% of total net operating revenue. Asia was the principal destination of exports, concentrating 45% of exported. The other markets are: South America (30%), Europe (14%), North America (6%) and Africa (5%).



Irani's principal segment of operation is the Corrugated Cardboard Packaging segment, which accounts for 47% of consolidated net revenue in 2Q20, followed by the segments of Packaging Paper with 44%, and RS Forests and Resins, with 9%.

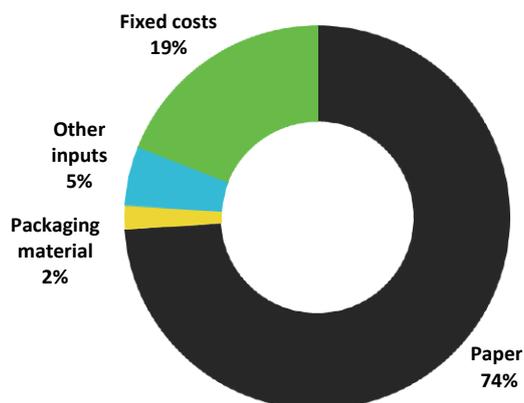


Cost of Goods Sold

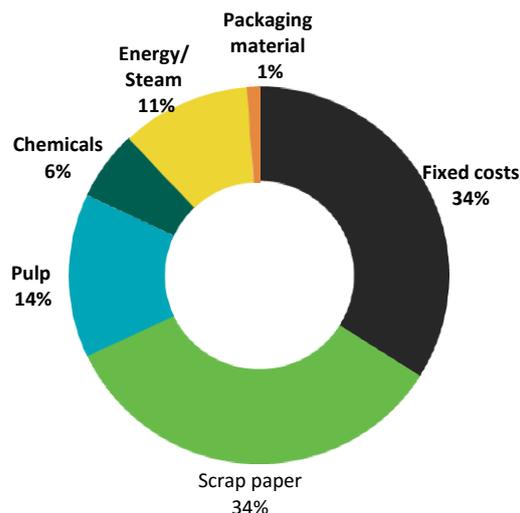
The cost of products sold in 2Q20 was R\$ 165,677 thousand, 3.0% higher than in 2Q19 in absolute numbers. Change in fair value of biological assets is not considered in the cost of goods sold.

The cost formation per Irani's segment of operation in 2Q20 is shown in the charts below.

Corrugated Cardboard Packaging



Packaging Paper*



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

Operating Revenues and Expenses

Sales expenses in 2Q20 totaled R\$ 22,930 thousand, 5.1% higher when compared to 2Q19 and representing 9.5% of consolidated net revenue against 9.7% in 2Q19 (including Impairment losses on trade receivables).

Administrative expenses in 2Q20 totaled R\$ 15,920 thousand (R\$ 21,808 thousand in 2Q19), and 11.3% higher in relation to those in 2Q19 and represented 6.6% of consolidated net revenue, compared to 6.4% in the 2Q19.

Other operating revenues/expenses resulted in a revenue of R\$ 103,000 in 2Q20 against expenses of R\$ 763,000 in 1Q19.

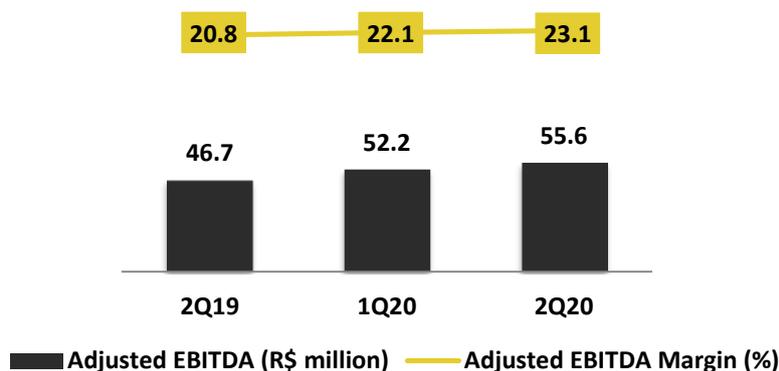
Operating Cash Generation (Adjusted EBITDA)

Consolidated (R\$ thousand)	2Q20	1Q20	2Q19	Change 2Q20/1Q20	Change 2T20/2T19	6M20	6M19	Change 6M20/6M19	LTM20	LTM19	Change LTM20/LTM19
Operating profit (loss) before taxes and profit sharing	22,971	19,600	(2,224)	17.2%	-1132.9%	42,571	(103)	-	13,149	17,485	-24.8%
Depletion	2,893	3,781	3,224	-23.5%	-10.3%	6,674	7,049	-5.3%	56,414	14,245	296.0%
Depreciation and amortization	16,148	13,718	16,369	17.7%	-1.4%	29,866	31,543	-5.3%	58,843	56,052	5.0%
Finance result	17,206	19,586	28,062	-12.2%	-38.7%	36,792	60,033	-38.7%	211,405	110,503	91.3%
EBITDA	59,218	56,685	45,431	4.5%	30.3%	115,903	98,522	17.6%	339,811	198,285	71.4%
EBITDA margin	24.6%	24.0%	20.2%	0.6p.p.	4.4p.p.	24.3%	23.1%	1.2p.p.	35.8%	23.2%	12.6p.p.
Adjustments pursuant to CVM Instruction 527/12											
Change in fair value of biological assets ⁽¹⁾	(3,617)	(4,469)	1,270	-19.1%	-384.8%	(8,086)	(1,337)	504.8%	(14,718)	4,154	-454.3%
Non-recurring events	-	-	-	-	-	-	-	-	(86,217)	(4,524)	1805.8%
Adjusted EBITDA of continuing operation	55,601	52,216	46,701	6.5%	19.1%	107,817	97,185	10.9%	238,876	197,915	20.7%
Adjusted EBITDA margin	23.1%	22.1%	20.8%	1.0p.p.	2.3p.p.	22.6%	22.8%	-0.2p.p.	25.2%	23.2%	2.0p.p.
Adjusted EBITDA of discontinued operation	-	-	(4,336)	-	-	-	(5,513)	-	(8,247)	(10,509)	-21.5%
Adjusted EBITDA	55,601	52,216	42,365	6.5%	31.2%	107,817	91,672	17.6%	230,629	187,406	23.1%

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

Operating cash generation, measured by the continued operation adjusted EBITDA, totaled R\$ 55,601 thousand in 2Q20, a 19.1% increase compared to 2Q19, mainly due to the better performance of margins this quarter and a 6.5% increase compared to 1Q20, also due to the good performance of margins in the quarter, helped by sales in the foreign market with an appreciated exchange rate. The adjusted EBITDA margin in 2Q20 reached 23.1%, an increase of 2.3 percentage points in relation to 2Q19 and 1.0 percentage point when compared to 1Q20.

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



Finance result and Indebtedness

The finance result is as shown below:

R\$ thousand	2Q20	1Q20	2Q19	6M20	6M19	LTM20 ¹	LTM19 ¹
Finance income	6,610	3,296	2,982	9,906	9,497	77,697	23,834
Finance costs	(23,816)	(22,882)	(31,044)	(46,698)	(69,430)	(289,102)	(134,337)
Finance result	(17,206)	(19,586)	(28,062)	(36,792)	(60,033)	(211,405)	(110,503)

¹ Accumulated in the last twelve months.

Finance result was negative by R\$ 17,206 thousand in 2Q20, representing a decrease of 38.7% in comparison with 2Q19, and a 218.7% decrease in relation to 1Q20, due to the several financial restructuring measures carried out in 2019, such as the settlement of transactions in US dollars and the consequent write-off of hedge accounting, the issuance of green debentures maturing in 6 years and with a 4-year grace period, and the sale of assets, in addition to credits tax that the Company was entitled due to the final and unappealable favorable decision regarding the ICMS exclusion from the PIS

and COFINS tax basis. Such measures translate into a new reality for the Company's finance result as of 2020. The lower level of indebtedness and the reductions in the basic interest rate also contributed to this decrease.

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

R\$ thousand	2Q20	1Q20	2Q19	6M20	6M19	LTM20 ¹	LTM19 ¹
Foreign-exchange income	4,815	1,294	2,030	6,109	7,308	14,046	18,055
Negative Exchange rate change	(5,367)	(1,725)	(8,942)	(7,092)	(24,422)	(157,386)	(40,906)
Net Exchange rate change	(552)	(431)	(6,912)	(983)	(17,114)	(143,340)	(22,851)

¹ Accumulated in the last twelve months.

Exchange-rate change negatively impacted the Company's profit (loss) by R\$ 552 thousand in 2Q20, 28.1% increase in relation to 1Q20 due to the local currency's (real) devaluation against the US dollar and a 88.8% decrease in relation to 2Q19, mainly justified by the financial restructuring performed in 2019 that resulted in the settlement of operations in foreign currency.

As of June 30, 2020, the Company maintained only 5.8% of its debt in dollar in working capital transactions, thus eliminating the volatility that mark-to-market of this type of debt caused in profit (loss).

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

R\$ thousand	2Q20	1Q20	2Q19	6M20	6M19	LTM20 ¹	LTM19 ¹
Finance income without exchange rate change	1,795	2,002	952	3,797	2,189	63,651	5,779
Finance costs without exchange rate change	(18,449)	(21,157)	(22,102)	(39,606)	(45,108)	(131,716)	(93,431)
Finance result without exchange rate change	(16,654)	(19,155)	(21,150)	(35,809)	(42,919)	(68,065)	(87,652)

¹ Accumulated in the last twelve months.

The Finance result, excluding the effects of exchange-rate change, was negative by R\$ 16,654 thousand in 2Q20 compared to a negative result of R\$ 21,150 thousand in 2Q19. In 2Q20, the Finance result without foreign-exchange income had a positive impact on interest expenses, mainly due to the financial restructuring measures carried out in 2019, as explained above in addition to the lower level of indebtedness and reductions in the basic interest rate.

Exchange Rate

The exchange rate which was R\$ 3.83/US\$ on June 30, 2019, 43.08% higher at the end of June 2020, and reached R\$ 5.48/US\$. The average exchange rate for this quarter was R\$ 5.39/US\$, 20.85% higher than in 1Q20 and 37.50% higher when compared to the same period of 2019.

R\$ thousand	2Q20	1Q20	2Q19	Δ 2Q20/1Q20	Δ 2Q20/2Q19
Average Dollar	5.39	4.46	3.92	+20.85%	+37.50%
Final Dollar	5.48	5.20	3.83	+5.38%	+43.08%

Source: Brazilian Central Bank

Indebtedness

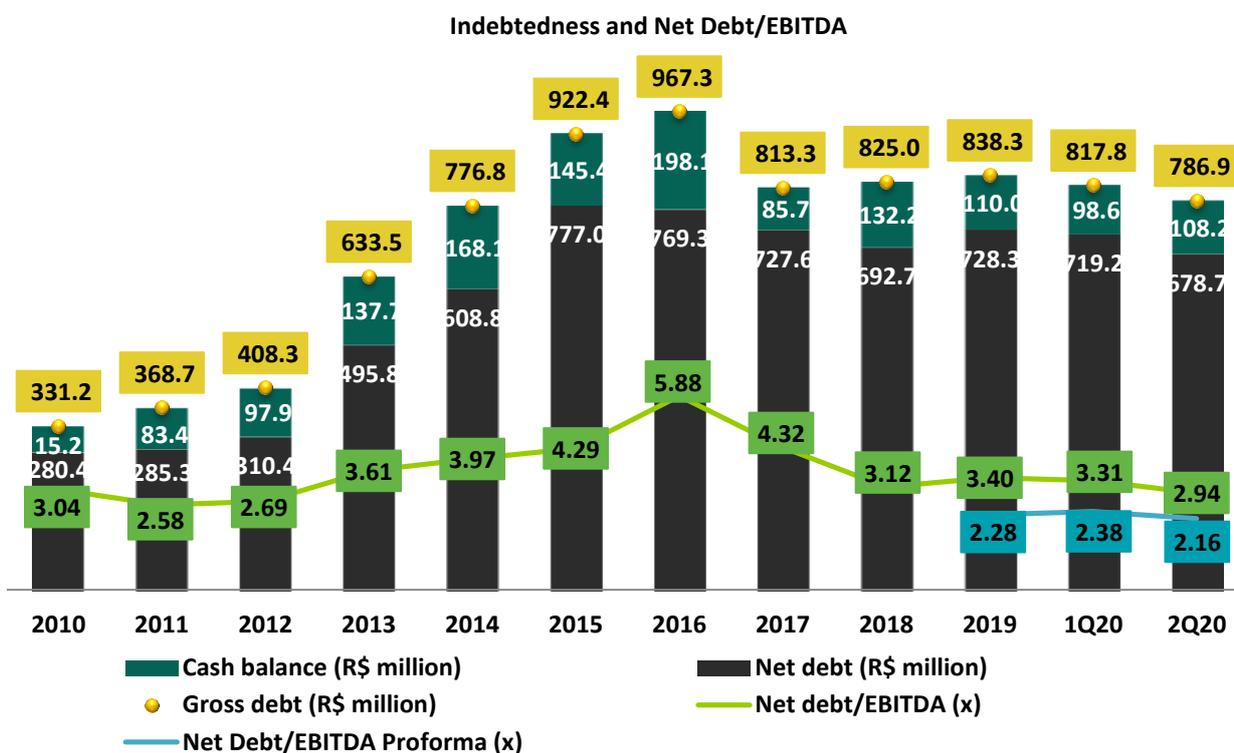
The consolidated net indebtedness on June 30, 2020 totaled R\$ 786.9 million against R\$ 817.8 million on March 31, 2020. The change in this indicator was influenced by the volume of payments higher than funding. At June 30, 2020, the Company's gross debt profile presented 28% of debts maturing in the short term and 72% in the long term. The average cost of debt was 6.86% per annum as of June 30, 2020.

Consolidated cash balance totaled R\$ 108.2 million at June 30, 2020, compared to R\$ 98.6 million at March 30, 2020 (including the balance of bank's restricted accounts in both years). The increase in the cash balance occurred mainly due to the operating cash generation.

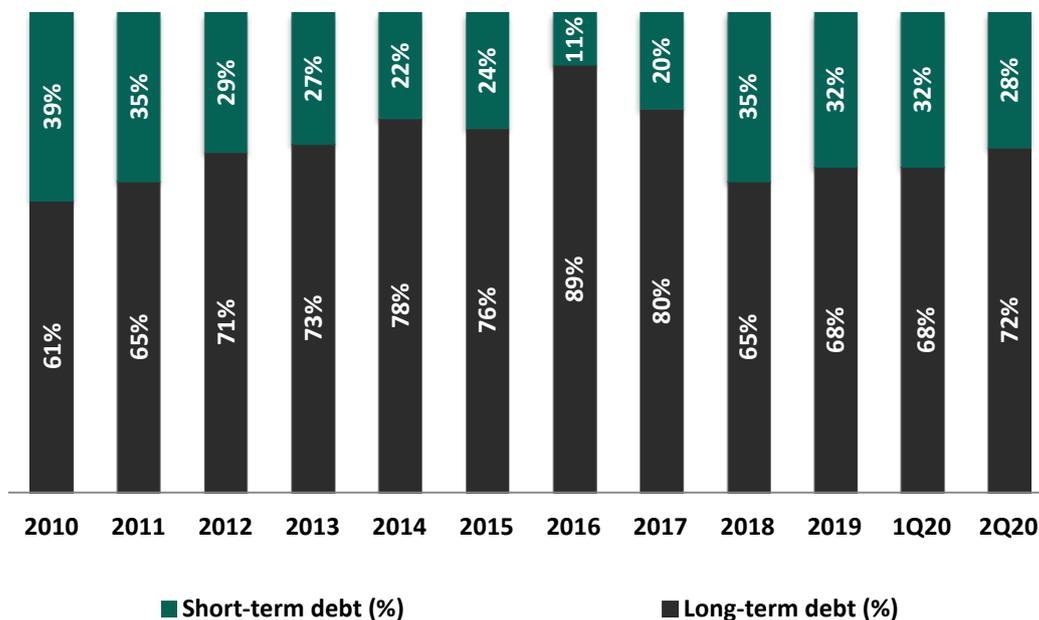
The consolidated net indebtedness on June 30, 2020 totaled R\$ 678.7 million against R\$ 719.2 million on March 31, 2020.

The Net Debt/Adjusted EBITDA ratio was 2.94 times in June 2020, against 3.31 times at the end of 1Q20. The reduction in the indicator is due both to the reduction in net debt and the increase in Adjusted EBITDA.

Considering to exclude from the net debt the amounts that will be received in the coming months, related to: i) PIS and COFINS credits in the amount of R\$ 119.6 million; ii) Sale of land and forests in the amount receivable of R\$ 4.0 million; and iii) Sale of the property of Package SP - Vila Maria, with balance receivable in the amount of R\$ 40.2 million, would result in the pro-forma Net Debt of R\$ 514.9 million and considering the EBITDA of the Continuing Operation of R\$ 238.9 million of the last 12 months, the pro-forma leverage would be 2.16 times.



Gross Debt Profile



Net Profit (loss)

In 2Q20, the net profit (loss) was R\$ 15,298 thousand of income against R\$ 3,253 thousand, negative in 2Q19 and R\$ 17,988 thousand of income in 1Q20. In the last twelve months, net profit (loss) was R\$ 62,752 thousand (income) compared to an income of R\$ 11,510 thousand in the same period of last year. The main impacts on the net profit (loss) for this quarter were the growth in net sales revenue, the positive change in the fair value of biological assets and the better export margin due to the appreciation of the Dollar and the Euro against the Brazilian Real.

Investments

The Company maintains its strategy to invest in the modernization and automation of its production processes on a cautious basis. Investments in this quarter amounted to R\$ 14,149 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company.

R\$ thousand	2Q20	6M20
Buildings	114	132
Equipment	8,502	22,511
Intangible assets	1,361	3,060
Reforestation	4,172	7,443
Total	14,149	33,146

Capital market

Irani's share capital, on June 30, 2020, was composed of 166,720,235 shares, of which 153,909,975 (92%) are common shares and 12,810,260 (8%) are preferred shares. On June 30, 2020, the Company held 2,376,100 treasury shares, of which 24,000 are common shares and 2,352,100 are preferred shares. In the same period, common shares were traded at R\$ 4.65 while preferred shares were traded at R\$ 6.20.

Subsequent Event

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 Offering").

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 will total 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.

In observance of article 9, incise IX of the ANBIMA code, the Company agreed to adhere to the special listing segment New Market of Corporate Governance of B3 in up to 6 (six) months counted from July 22, 2020.

The total net resources stemming from the restricted offer will be destined to the execution of the Company's expansion plan, that consists of the expansion of the chemicals and utilities recovery area of the paper and packaging units in Santa Catarina, in the expansion of the paper and packaging production units in Minas Gerais and the amplification of hydroelectric energy generation, and other improvements, within an estimated total investment of R\$ 1.2 billion.

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The statements of this Notice relating to the business outlook and the growth potential of the Company, constitute forecasts and were based on Management's expectations in relation to the future of the Company. These expectations are highly dependent on changes in the market, in Brazil's general economic performance, in industry and in international markets, and are therefore subject to change.

Annex I – Consolidated Statement of Profit and Loss (R\$ thousand) – Quarterly

	2Q20	1Q20	2Q19	Change - 2Q20/1Q20	Change - 2Q20/2Q19
Net sales revenue	240,984	236,323	224,846	2.0%	7.2%
Change in the fair value of biological assets	3,617	4,469	(1,270)	-19.1%	-
Cost of sales	(165,677)	(163,471)	(160,867)	1.3%	3.0%
Gross profit	78,924	77,321	62,709	2.1%	25.9%
Operating revenues (Expenses)	(38,747)	(38,135)	(36,871)	1.6%	5.1%
From sales	(22,030)	(21,132)	(21,802)	4.2%	1.0%
Impairment losses on trade receivables	(900)	(170)	(6)	429.4%	14,900.0%
General and administrative	(15,920)	(17,087)	(14,300)	-6.8%	11.3%
Other operating (expenses) revenues, net	103	254	(763)	-59.4%	-
Profit (loss) before finance result and taxes	40,177	39,186	25,838	2.5%	55.5%
Net finance income (costs)	(17,206)	(19,586)	(28,062)	-12.2%	-38.7%
Finance income	6,610	3,296	2,982	100.5%	121.7%
Finance costs	(23,816)	(22,882)	(31,044)	4.1%	-23.3%
Operating profit (loss) before tax effects	22,971	19,600	(2,224)	17.2%	-
Current income tax and social contribution	(7,219)	(533)	(75)	1,254.4%	9,525.3%
Deferred income tax and social contribution	(454)	(1,079)	(954)	-57.9%	-52.4%
Net Profit (loss) from continued operations	15,298	17,988	(3,253)	-15.0%	-
Net profit (loss) of discontinued operations	-	-	(9,518)	-	-
Net Profit (loss) for the period	15,298	17,988	(12,771)	-15.0%	-

Annex II – Consolidated Statement of Profit or Loss (R\$ thousand) – Accumulated

	6M20	6M19	Change 6M20/6M19	LTM20	LTM19	Change in LTM20/LTM19
Net sales revenue	477,307	426,895	11.8%	949,192	853,933	11.2%
Change in the fair value of biological assets	8,086	1,337	504.8%	14,718	(4,154)	-
Cost of sales	(329,148)	(298,140)	10.4%	(669,357)	(588,150)	13.8%
Gross profit	156,245	130,092	20.1%	294,553	261,629	12.6%
Operating revenues (Expenses)	(76,882)	(70,162)	9.6%	(69,997)	(133,639)	-47.6%
From sales	(43,163)	(40,826)	5.7%	(85,675)	(79,323)	8.0%
Impairment losses on trade receivables	(1,069)	(6)	17,716.7%	(1,589)	(995)	59.7%
General and administrative	(33,007)	(28,458)	16.0%	(66,454)	(58,634)	13.3%
Other operating (expenses) revenues, net	357	(872)	-	83,721	5,313	1,475.8%
Profit (loss) before finance result and taxes	79,363	59,930	32.4%	224,556	127,990	75.4%
Net finance income (cost)	(36,792)	(60,034)	-38.7%	(211,405)	(110,504)	91.3%
Finance income	9,906	9,496	4.3%	77,697	23,833	226.0%
Finance costs	(46,698)	(69,530)	-32.8%	(289,102)	(134,337)	115.2%
Operating profit (loss) before tax effects	42,571	(104)	-	13,149	17,484	-24.8%
Current income tax and social contribution	(7,752)	(156)	4,869.2%	(7,896)	(302)	2,514.6%
Deferred income tax and social contribution	(1,533)	(2,751)	-44.3%	57,499	(5,673)	-
Net Profit (loss) from continued operations	33,286	(3,011)	-	62,752	11,510	445.2%
Net profit (loss) of discontinued operations	-	(16,123)	-	(89,925)	(27,659)	225.1%
Net Profit (loss) for the period	33,286	(19,134)	-	(27,173)	(16,149)	68.3%

Annex III – Consolidated Balance Sheet (R\$ thousand)

Assets	06/30/2020	12/31/2019	Liabilities and shareholders' equity	06/30/2020	12/31/2019
CURRENT	504,490	503,864	CURRENT	390,924	430,506
Cash and cash equivalents	108,208	80,822	Loans and financing	203,921	247,316
Trade accounts receivable	179,639	162,252	Suppliers	78,678	89,820
Inventories	81,602	76,845	Social charges and social security obligations	34,287	29,649
Recoverable taxes	73,125	79,421	Tax liabilities	25,165	15,004
Banks - restricted account	-	29,165	Income tax and social contribution payable	2,130	274
Other assets	20,336	33,779	Installments taxes	8,527	6,877
Non-current assets held for sale	41,580	41,580	Advance from customers	6,359	4,860
			Dividends payable	40	1,818
NON-CURRENT ASSETS	1,064,474	1,075,682	Other accounts payable	14,960	13,808
Trade accounts receivable	1,980	1,576	Debentures	15,220	18,192
Recoverable taxes	59,737	76,911	Lease liability	1,637	2,888
Judicial deposits	873	952			
Other assets	993	1,951	NON-CURRENT ASSETS	808,263	812,549
Biological assets	163,373	154,518	Loans and financing	72,154	78,467
Investment property	5,488	5,575	Other accounts payable	59	59
Property, plant and equipment	666,217	669,785	Tax liabilities	5,885	8,087
Intangible assets	143,016	141,989	Deferred income tax and social contribution	171,786	170,253
Right to use assets	22,797	22,425	Provisions for civil, labor and tax risks	20,701	24,680
			Installments taxes	20,209	17,159
			Debentures	495,585	494,335
			Lease liability	21,884	19,509
			SHAREHOLDERS' EQUITY	369,777	336,491
			Capital	161,895	161,895
			Capital reserve	960	960
			Revenue reserves	49,676	11,918
			Carrying value adjustments	159,232	163,704
			Accumulated losses	(1,992)	(1,992)
			Shareholders' equity attributable to the controlling stockholders	369,771	336,485
			Non-controlling interest	6	6
TOTAL ASSETS	1,568,964	1,579,546	TOTAL LIABILITIES	1,568,964	1,579,546
			SHAREHOLDERS' EQUITY		

Annex IV – Statement of Cash Flows – Consolidated (in thousands of Reais)

	6M20	6M19
Net cash from operating activities	95,564	29,140
Cash from operations	129,223	44,230
Profit (loss) before income tax and social contribution (LAIR)	42,571	(16,226)
Change in the fair value of biological assets	(8,086)	(1,337)
Depreciation, amortization and depletion	36,540	41,860
Profit (loss) from the disposal of property, plant and equipment	(1,204)	174
Provision/reversal for civil, labor and tax risks	(3,706)	1,381
Provision for impairment of trade receivables	1,069	76
Provision for impairment of other assets	-	(277)
Exchange-rate change and interest on loans, financing and debentures	44,455	62,304
Interest on lease liabilities	1,029	1,044
Interest on restricted account investment	(97)	-
Exclusion of ICMS from PIS and COFINS basis	(2,243)	-
Changes in assets and liabilities	(33,659)	(15,090)
Trade receivables	(18,860)	(13,438)
Inventories	(4,757)	(12,897)
Recoverable taxes	25,399	(3,356)
Other assets	17,973	(3,463)
Trade payables	(11,142)	(15,770)
Social charges and social security obligations	4,638	(5,232)
Advance from customers	1,499	8,038
Tax liabilities	6,763	953
Other accounts payable	(2,618)	396
Payment of interest on loans, financing and debentures	(32,630)	(14,325)
Payment of interest on lease liability	(1,029)	(765)
Net cash from investment activities	(1,911)	(36,179)
Acquisition of property, plant and equipment	(22,643)	(20,281)
Acquisition of biological assets	(7,443)	(5,661)
Acquisition of intangible assets	(3,060)	(10,932)
Receipt upon disposal of property, plant and equipment	1,973	695
Banks - restricted account	29,262	-
Net cash from financing activities	(66,267)	(94,634)
Payments of dividends and interest on shareholder's equity	(1,778)	(3,719)
Payment of lease liabilities	(1,234)	(1,503)
Loans obtained	57,908	42,154
Loans and debentures paid	(121,163)	(131,566)
Increase (decrease) in cash and cash equivalents	27,386	(101,673)
Cash and cash equivalents at the beginning of the period	80,822	132,219
Cash and cash equivalents at the end of the period	108,208	30,546