Earnings Release **3Q20**

Porto Alegre, October 30, 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 third quarter of 2020 (3Q20). 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$ 261.4 million

Net Income
R$ 25.6 million

Adjusted EBITDA
continued operation
R$ 55.6 million

Net Debt/EBITDA
1.10x

Re-IPO Funding of
R$ 405.0 million

Irani presents Adjusted EBITDA of R$ 55.6 million in 3Q20 with a growth of 10.4% in relation to 3Q19 (continued operation).

- Migration to the Novo Mercado (New Market): As an event subsequent to this quarterly information, the Extraordinary General Meeting held on October 8, 2020 approved the migration of the Company to the special listing segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), called Novo Mercado (New Market), as well as the conversion of all preferred shares issued by the Company into common shares, in the proportion of one (1) common share for each one (1) preferred share. The General meeting also approved the global amendment of the Company's Bylaws to adapt it to the requirements of the B3's New Market Regulations Listing and to incorporate the other adjustments detailed in the management's proposal, with their respective consolidation, whose effectiveness is conditioned to the approval of the Company's migration to B3's New Market.

- Re-IPO: The Company successfully completed the issue of 90,000,000 common shares at a price of R$ 4.50 each, totaling R$ 405 million. The funds will be used to strengthen its capital structure and make strategic investments.

- The net revenue in 3Q20 increased 9.4% when compared to 3Q19 and 8.5% in relation to 2Q20, mainly reflecting an increase in the sales volume in the Corrugated Cardboard Packaging segment increase and an increase in average prices for the period, 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 increased 12.7% when compared to 3Q19 and increased 30.1%, when compared to 2Q20, totaling 43.2 thousand tons in 3Q20. This growth is related to the resumption of economic activities that had been reduced due to the Coronavirus pandemic, and the increase in the population's domestic consumption, especially in the food production, hygiene and cleaning segments and the significant increase in e-commerce and deliveries that commonly use paper packaging for transportation.. The Packaging Paper Segment totaled 31.9 thousand tons, remaining stable when compared to 3Q19 and recording a 14.9% decrease in relation to 2Q20. The decrease is mainly due to the greater use of Packaging Paper in the domestic production of Corrugated Cardboard Packaging, thus reducing the availability of paper for sale. The RS Forests and Resins segment recorded a decrease of 7.5% in sales volume compared to the 3Q19 and a 20.2% decrease compared to 2Q20, reaching 3.1 thousand tons.

- The gross profit for 3Q20 increased by 6.9% compared to 3Q19 and decreased by 1.4% compared to 2Q20. The growth compared to 3Q19 was mainly due to the growth in net revenue and the improvement in margins presented in the segments in which the Company operates.

- Sales expenses in 3Q20 totaled R$ 24.5 million, an increase of 12.6% when compared to the same quarter of previous year, and 11.1% higher than 2Q20, accounting for 9.4% of consolidated net revenue, 9.1% in 3Q19 and 2Q20. Administrative expenses in 3Q20 totaled R$ 15.9 million, an increase of 21.7% when compared to the same quarter of previous year, and stable in relation to 2Q20, and represented 6.1% of consolidated net revenue, higher than the 5.5% recorded in 3Q19 and lower when compared to 6.6% in 2Q20.

- The Company recorded net income of 25.6 million in 3Q20, against net income of R$ 15.3 million in 3Q19 and 2Q20. The main impacts on the net result for this quarter were the growth in net sales revenue and the improvement in margins due to the increase in average prices of products sold by the Company. Also in 3Q20, the Company recognized

PIS and COFINS credit due to a favorable final judicial decision, as the successor to the company Indústria de Papel e Papelão São Roberto S.A., by which it guaranteed the right to recover amounts related to the exclusion of ICMS from the PIS and COFINS calculation basis for the period from May 2011 to December 30, 2014 (merger date), for which it estimates the potential value of the restated credits of R$ 17,613 (R$ 10,585 corresponding to the original credit amount and R$ 7,028 referring to the amount update by the SELIC rate).

- The adjusted EBITDA was R$ 55.6 million in 3Q20, with a margin of 21.3%, 10.4% higher than that recorded in 3Q19 of R$ 50.4 million and with a margin of 21.1%, mainly due to the better performance of margins during this quarter, and stable when compared to 2Q20 (R$ 55.6 million), with a margin of 23.1%.

- The Net Debt/adjusted EBITDA ratio was 1.10x in September 30, 2020, against 2.94x in June 30, 2020. The change is due to the net debt decrease by the public offering of shares and cash generation in the quarter and the increase in adjusted EBITDA in the last 12 months. 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$ 115.1 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. Such adjustments would result in a Pro-forma Net Debt of R$ 103.7 million and considering the EBITDA of the Continuing Operation in the last 12 months of R$ 244.1 million, the pro-forma leverage would be 0.42 times (2.16 times at the end of 2Q20).

- The cash position at the end of September 2020 was R$ 377.4 million (comprised by cash and cash equivalents) and 84% of the debt was in the long term. During 3Q20, certain debts were settled in advance to reduce the cost of capital for third parties (Liability Management).

KEY INDICATORS – CONSOLIDATED[1]	3Q20	2Q20	3Q19	Change - 3Q20/2Q20	Change - 3Q20/3Q19	9M20	9M19	Change - 9M20/9M19	LTM20	LTM19	Var. - LTM20/LTM19
Economic and Financial (R$ thousand)											
Net operating revenue	261,363	240,984	238,913	8.5%	9.4%	738,670	665,807	10.9%	971,642	875,923	10.9%
Domestic market	220,764	176,405	193,295	25.1%	14.2%	590,888	526,180	12.3%	794,754	691,376	15.0%
Foreign market	40,599	64,579	45,618	-37.1%	-11.0%	147,782	139,627	5.8%	176,888	184,547	-4.2%
Gross profit (including *)	77,813	78,924	72,762	-1.4%	6.9%	234,058	202,854	15.4%	299,604	255,771	17.1%
(*) Change in the Fair Value of Biological Assets	*733*	*3,617*	*5,956*	-79.7%	-87.7%	*8,819*	*7,294*	20.9%	*9,495*	*(3,157)*	
Gross margin	***29.8%***	***32.8%***	**30.5%**	**-3.0 p.p.**	***-0.7 p.p.***	***31.7%***	***30.5%***	***1.2 p.p.***	***30.8%***	***29.2%***	***1.6 p.p.***
Operating profit (loss) before taxes and profit sharing	32,333	22,971	18,606	40.8%	73.8%	74,904	18,503	304.8%	26,876	7,208	272.9%
Operating margin	***12.4%***	***9.5%***	**7.8%**	**2.9 p.p.**	***4.6 p.p.***	***10.1%***	***2.8%***	***7.3 p.p.***	***2.8%***	***0.8%***	***2.0 p.p.***
Net profit (loss)	25,558	15,298	15,312	67.1%	66.9%	58,844	12,302	378.3%	72,998	396	18333.8%
Net margin	***9.8%***	***6.3%***	***6.4%***	-	-	***8.0%***	***1.8%***	***6.2 p.p.***	***7.5%***	***0.0%***	***7.5 p.p.***
Adjusted EBITDA continued operation[2]	55,637	55,601	50,412	0.1%	10.4%	163,455	147,597	10.7%	244,102	193,602	26.1%
Adjusted EBITDA margin	***21.3%***	***23.1%***	***21.1%***	**-1.8 p.p.**	***0.2 p.p.***	***22.1%***	***22.2%***	***-0.1 p.p.***	***25.1%***	***22.1%***	***3.0 p.p.***
Net debt (R$ million)	263.0	678.7	771.6	-61.2%	-65.9%	263.0	771.6	-65.9%	263.0	771.6	-65.9%
Net debt/Adjusted EBITDA (x)	1.10	2.94	4.22	-62.6%	-73.9%	1.10	4.22	-73.9%	1.10	4.22	-73.9%
Net debt/Pro forma Adjusted EBITDA (x)[3]	0.42	2.16	-	-80.6%	-	0.42	-	-	0.42	-	-
Operating Data (t)											
Corrugated Cardboard Packaging (PO)											
Production/Sales	43,167	33,187	38,300	30.1%	12.7%	113,229	104,231	8.6%	152,260	138,445	10.0%
Packaging Paper											
Production	75,211	72,117	73,172	4.3%	2.8%	217,837	218,726	-0.4%	291,739	290,325	0.5%
Sales	31,923	37,531	32,057	-14.9%	-0.4%	103,007	88,371	16.6%	135,986	114,822	18.4%
RS Forests and Resins											
Production	3,644	3,704	3,522	-1.6%	3.5%	11,400	10,901	4.6%	14,179	13,628	4.0%
Sales	3,146	3,942	3,401	-20.2%	-7.5%	11,084	10,441	6.2%	14,147	13,494	4.8%

[1] Excluding discontinued operations in 2Q19, 9M19, LTM20 and LTM19 used for comparative purposes.

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

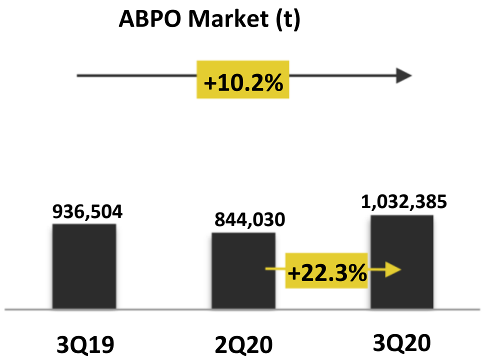
[3] Excluding transactions carried out in the period from the net debt, which amounts will be received in the coming months: i) PIS and Cofins credit (ICMS in the Calculation Basis) in the amount of R$ 115,092 thousand; ii) Sale of Rural Properties in the amount of R$ 4,003 thousand; iii) Decommissioning of Vila Maria - SP property in the amount of R$ 40,200 thousand.

Highlights of 3Q20

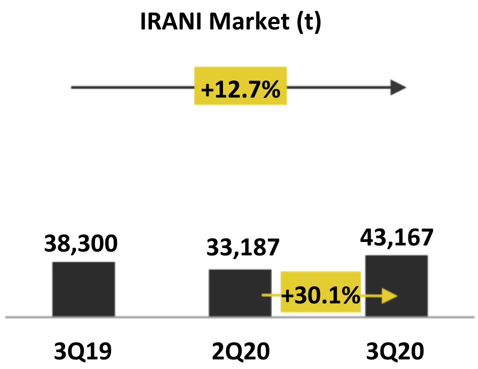
3Q20 was characterized by the gradual recovery of the economy in Brazil and abroad after the severe impact of the pandemic during 2Q20. Forecasts for Brazilian GDP improved marginally and a drop of around 5% is expected for 2020. The Coronavirus pandemic continues impacting the economy and there is no definitive solution so far, such as a vaccine or medication, a scenario that can continue affecting the global and Brazilian economic horizon. For the Packaging segment, 3Q20 ended up being very expressive, generating strong demand for the Company's products.

The Brazilian Association of Corrugated Cardboard (ABPO) recorded a 10.2% increase in the shipment in tons of corrugated cardboard in 3Q20, compared to 3Q19, and the sales volume of Irani Market increased by 12.7% in 3Q20. Compared to 2Q20, the ABPO Market increased 22.3%, while the Irani Market increased by 30.1%, demonstrating the growth in demand for the Company's products. In tons, IRANI's market share in the Corrugated Cardboard Packaging Segment was 4.2% in 3Q20, 3.9% in 2Q20, and 4.1% in 3Q19.

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



Source: ABPO

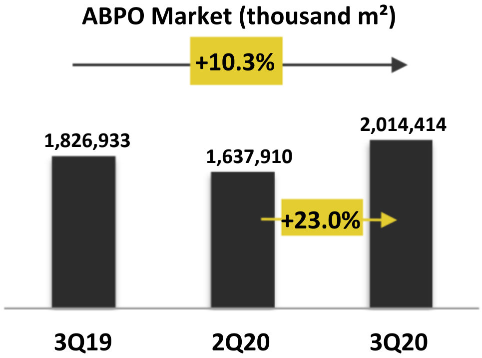


Source: Irani

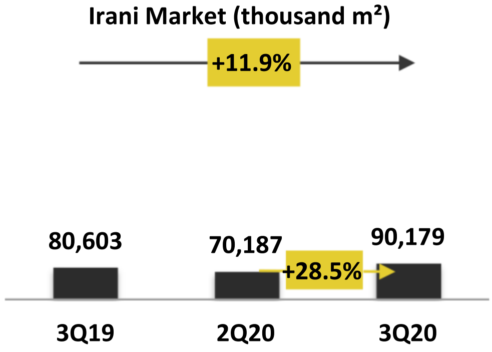
In square meters (m²) the sales volume of corrugated cardboard packaging of the ABPO Market presented an increase of 10.3% in 3Q20 when compared to 3Q19, while Irani Market had a 11.9% increase. Compared to 2Q20, ABPO Market presented an increase of 23.0% whereas Irani Market recorded an increase of 28.5%. In square meters, Irani's market share was 4.5% in 3Q20, 4.3% in 2Q20 and 4.4% in 3Q19.

The Corrugated Cardboard Packaging Segment (PO) represented 57% of Irani's net income in 3Q20, the Packaging Paper Segment represented 36%, while the Forestry RS and Resins Segment represented 7%. In turn, the domestic market accounted for 84% of net revenue, and the foreign market accounted for 16%. The growth of 3.6 percentage points in domestic market revenue compared to 3Q19 is due to revenue growth arising from the Corrugated Cardboard Packaging segment aimed at the domestic market, and the respective decrease in the availability of paper for sale in the foreign market.

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



Source: ABPO



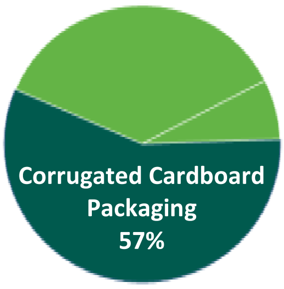
Source: Irani

3Q20 ABPO (in ton and m²) are closing previews. There may be changes in the official data.

OPERATING PERFORMANCE

Corrugated Cardboard Packaging Segment (PO)

Revenue Contribution 3Q20

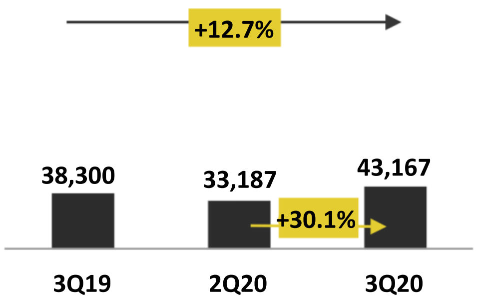


The volume of sales of corrugated cardboard boxes and plates totaled 43,167 ton, an increase of 12.7% in relation to 3Q19, and 30.1% higher when compared to 3Q20, related to the resumption of economic activities that had suffered a reduction due to the Coronavirus pandemic, as well the increase in the population's domestic consumption. The sales performance of boxes presented an increase of 11.0% when compared to 3Q19. Sales of plates grew 19.6% in the quarter comparison. SP Indaiatuba and SC Campina da Alegria Packaging units account for respectively 57% and 43% of the total sold in the third quarter of 2020, whose productions are entirely destined to the domestic market.

The volume of SP Indaiatuba Packaging plant reached 18,668 metric tons of boxes and 6,045 tons of plates in 3Q20 against 17,655 tons of boxes and 4,806 tons of plates in 3Q19.

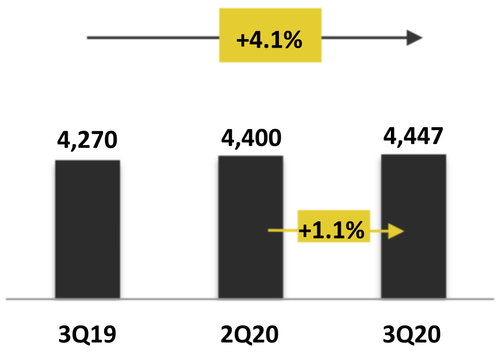
The volume of SC Campina da Alegria Packaging plant recorded sales volume of 15,421 metric tons of boxes and 3,033 tons of plates in 3Q20, against 13,056 tons of boxes and 2,783 tons of plates in 3Q19.

PO Sales Volume (t)



The Irani average price (CIF) per ton registered an increase of 4.1% in 3Q20 when compared to 3Q19 and of 1.1% when compared to 2Q20.

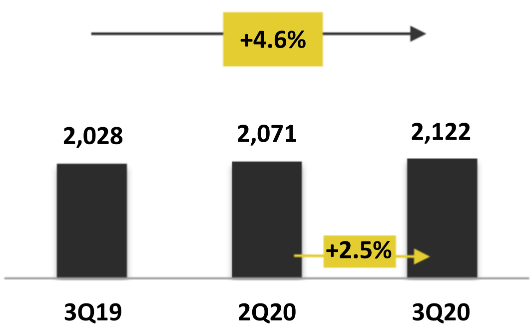
Irani Average Prices (R$/t)



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.

The Irani average price (CIF) per square meter in 3Q20 was 4.6% higher when compared to 3Q19 and 2.5% higher when compared to 2Q20.

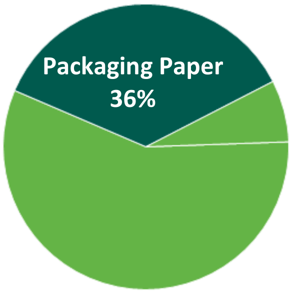
Irani Average Prices (R$/thousand m^2)



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

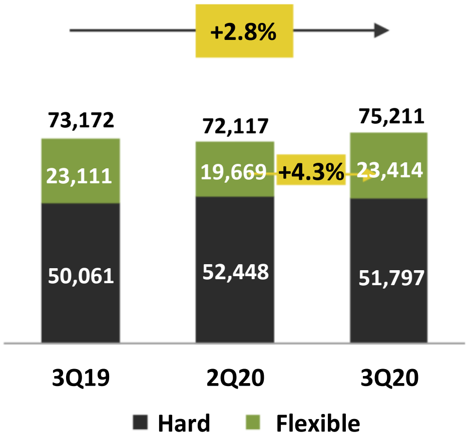
Revenue Contribution 3Q20



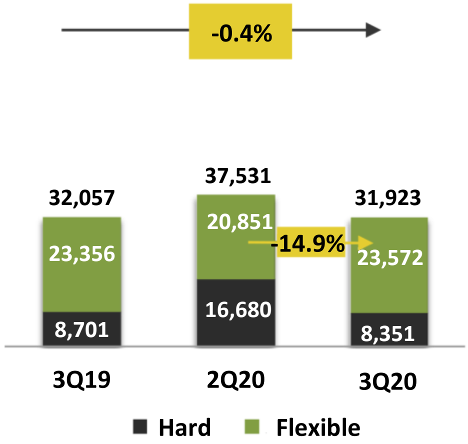
Irani operates in the Packaging Paper Segment, in the markets of papers for rigid packaging (Corrugated Cardboard) as well as for flexible packaging (bagging).

The Company's total production of Packaging Paper in the quarter was 2.8% higher when compared to 3Q19, and 4.3% higher in relation to 2Q20. Sales remained stable when compared to 3Q19 and decreased 14.9% when compared to 2Q20.

Total Packaging Paper Production (t)



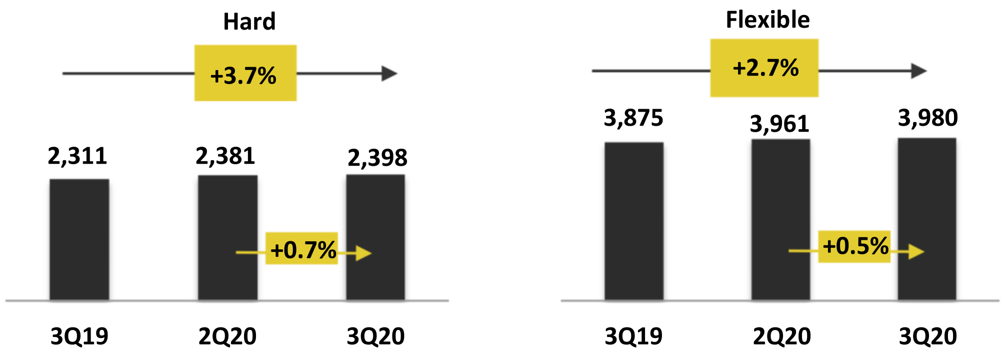
Total Packaging Paper Sales (t)



In 3Q20, internal paper transfers for rigid packaging (PO) totaled 43,546 tons (38,306 tons in 3Q19 and 35,462 tons in 2Q20), for the SP Indaiatuba packaging plant 24,375 tons were transferred (22,217 tons in 3Q19 and 19,662 tons in 2Q20) and for the SC Campina da Alegria packaging plant 19,171 tons were transferred in 3Q20 (16,089 tons in 3Q19 and 15,800 tons in 2Q20). From the total of internal transfers, 56% were to the SP Indaiatuba packaging plant and 44% were to the SC Campina da Alegria packaging plant.

The rigid packaging paper recorded an increase of 3.7% in the price for 3Q20 when compared to those practiced in 3Q19 and remained stable when compared to 2Q20. Papers for flexible packaging increased 2.7% when compared to 3Q19 and remained stable in relation to 2Q20.

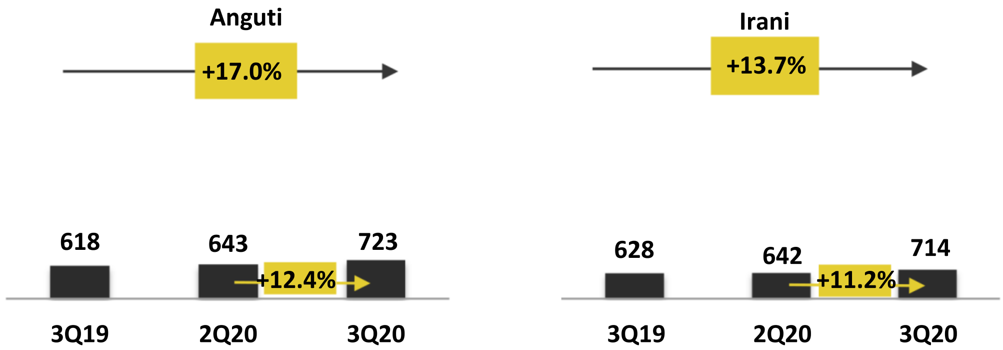
Average Packaging Paper prices (R$/t)



Scrap paper

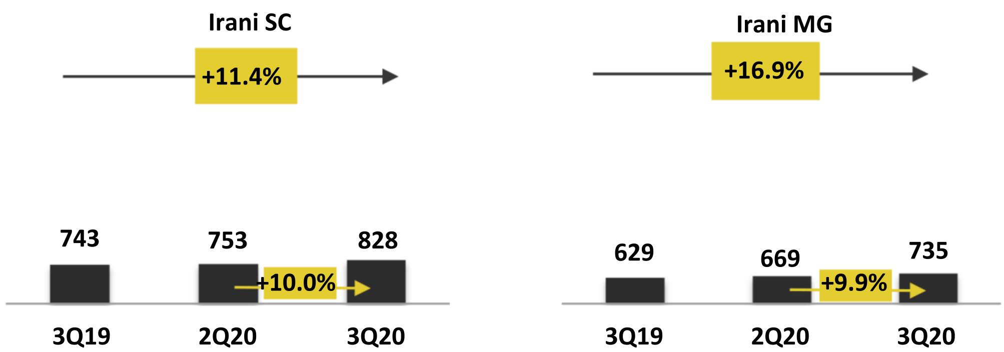
The Packaging Paper Segment uses scrap paper (used paper) as raw material to manufacture most of its products, mainly those used for the production of Corrugated Cardboard Boxes and Plates in the Company's Corrugated Cardboard Packaging Segment. Scrap paper accounted for 36% of the total paper production cost in 3Q20. The scrap paper market undergoes changes related to population consumption, due to the collection of boxes discarded by wholesalers, businesses and consumers, the demand for recycled paper, among other factors. The chart below presents the results for 3Q20:

Scrap Paper Price Evolution (Net Price R$/t|FOB)

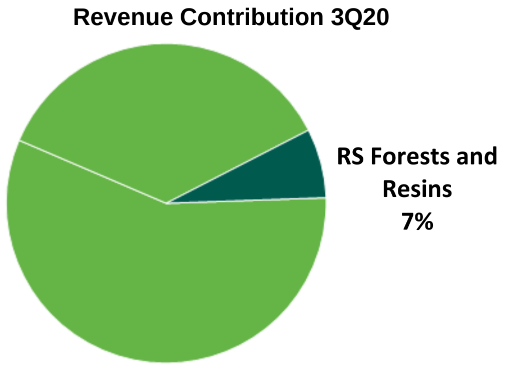


Methodological Note: Anguti Estatística – Scrap Paper Bulletin

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

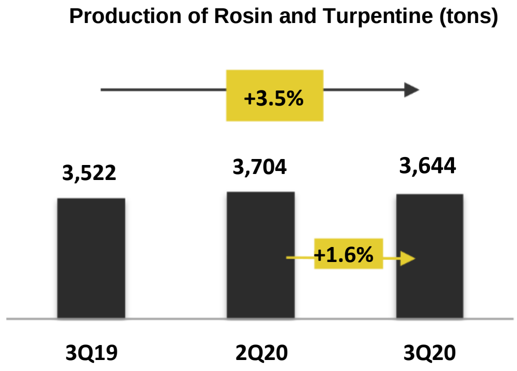


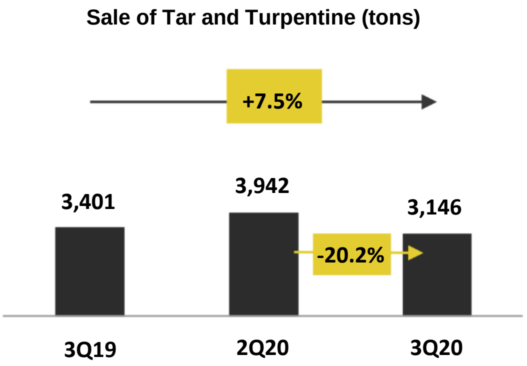
RS Forests and Resins segment



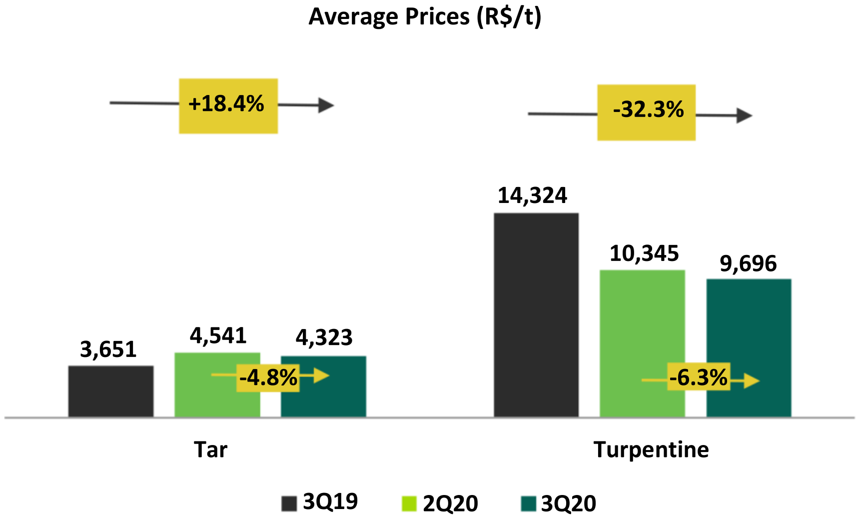
The Rio Grande do Sul forest segment produced and commercialized 11 thousand cubic meters of pine logs to the local market in 3Q20 (30 thousand cubic meters in 3Q19) and supplied 254 metric tons of in natura resins to be utilized in the industrial process of manufacturing tar and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 3Q20 presented increase of 3.5% when compared to 3Q19 and decrease of 1.6% when compared to 2Q20. The sales volume presented a 7.5% decrease when compared to 3Q19, and 20.2% decrease in relation to 2Q20.





In 3Q20, the average gross price of Tar was 18.4% higher than in 3Q19 and 4.8% lower when compared to 2Q20. Turpentine decreased 32.3% when compared to 3Q19 and 6.3% in relation to 2Q20. The price of these products changes according to the foreign market and exchange rate.



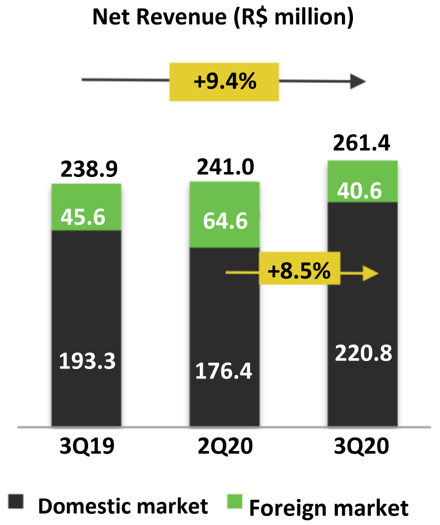
Economic and Financial Performance

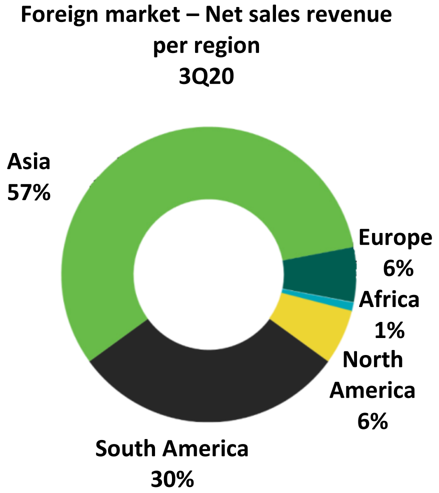
Net Operating Revenue

The net revenue in 3Q20 reached R$ 261,363, accounting for an increase of 9.4% when compared to 3Q19 and of 8.5% in relation to 3Q20, mainly reflecting an increase in the sales volume in the Corrugated Cardboard Paper segment and the increase in average prices for the period, coupled with the appreciation of the Dollar and Euro against the Brazilian Real in sales to the foreign market.

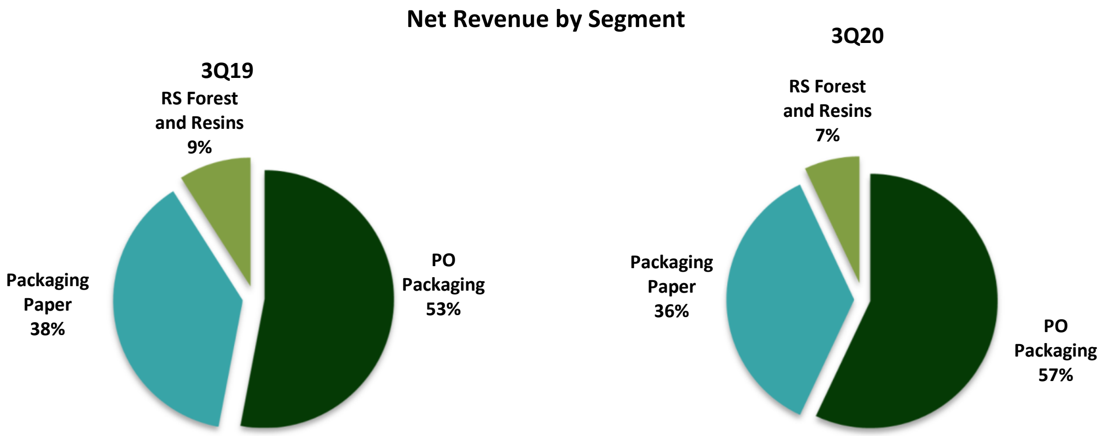
In the domestic market, net operating revenue was R$ 220,764 thousand in the quarter and had an increase of 14.2% when compared to that one of 3Q19 and an increase of 25.1% in relation to 2Q20. Revenue in the domestic market accounted for 84% of Irani's total revenue.

Exports in 3Q20 reached R$ 40,599 thousand, 11.1% lower than 3Q19 and 37.1% lower than 2Q20, accounting for 16% of total net operating revenue for this quarter. Asia was the main destination for exports, concentrating 57% of the total exported. The other markets are: South America (30%), Europe (6%), North America (6%) and Africa (1%).





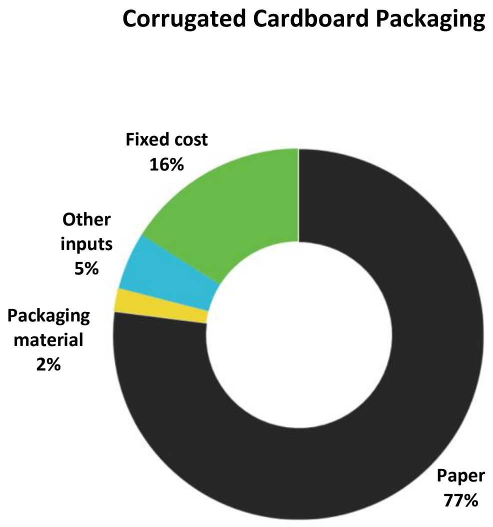
Irani's principal segment of operation is the Corrugated Cardboard Packaging segment, which accounts for 47% of consolidated net revenue in 2Q20, followed by the segments of Packaging Paper with 44%, and RS Forests and Resins, with 9%.

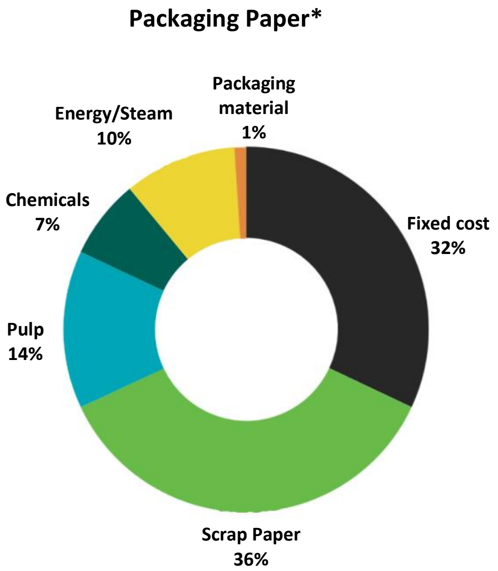


Cost of Goods Sold

The cost of goods sold in 3Q20 was R$ 184,283 thousand, 7.1% higher than in 3Q19 in absolute numbers. Change in fair value of biological assets is not considered in the cost of goods sold.

The formation of the cost per Irani's segment of operation in 3Q20 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.

Operating Revenues and Expenses

Sales expenses in 3Q20 totaled R$ 24,485 thousand, 12.6% higher when compared to 3Q19 and representing 9.4% of consolidated net revenue, against 9.1% in 3Q19.

Administrative expenses in 3Q20 totaled R$ 15,943 thousand (R$ 13,103 thousand in 3Q19), and 21.7% higher in relation to those in 3Q19 and represented 6.1% of consolidated net revenue, compared to 5.5% in 3Q19.

Other operating revenues/expenses resulted in a revenue of R$ 9,447 thousand in 3Q20, against a revenue of R$ 70,603 thousand in 3Q19. In 3Q20, the credit of R$ 10,585 thousand was recognized, based on the favorable final and unappealable decision on the exclusion of ICMS from the PIS and COFINS calculation basis of Indústria de Papel e Papelão São Roberto S.A., which was merged by the Company in 2014.

Operating Cash Generation (Adjusted EBITDA)

Consolidated (R$ thousand)	3Q20	2Q20	3Q19	Var. 3Q20/2Q20	Var. 3Q20/3Q19	9M20	9M19	Var. 9M20/9M19	LTM20	LTM19	Var. LTM20/LTM19
Operating Result before taxes and profit sharing	**32,333**	**22,971**	**18,606**	40.8%	73.8%	**74,904**	**18,503**	**304.8%**	**26,876**	**7,208**	**272.9%**
Depletion	1,650	2,893	4,126	-43.0%	-60.0%	8,324	11,175	-25.5%	53,938	16,156	233.9%
Depreciation and amortization	17,307	16,148	14,326	7.2%	20.8%	47,173	45,869	2.8%	61,824	58,213	6.2%
Finance result	11,303	17,206	89,434	-34.3%	-87.4%	48,096	149,468	-67.8%	133,275	176,462	-24.5%
EBITDA	**62,593**	**59,218**	**126,492**	5.7%	-50.5%	**178,497**	**225,015**	**-20.7%**	**275,913**	**258,039**	**6.9%**
EBITDA margin	***23.9%***	***24.6%***	***52.9%***	***-0.7 p.p.***	***-29.0 p.p.***	***24.2%***	***33.8%***	***-9.6 p.p.***	***28.4%***	***29.5%***	***-1.1 p.p.***
Adjustments pursuant to CVM Instruction 527/12											
Change in the fair value of biological assets [(1)]	(733)	(3,617)	(5,956)	-79.7%	-87.7%	(8,819)	(7,294)	20.9%	(9,495)	3,157	-400.8%
Non-recurring events[(2)]	(9,352)	-	(70,124)	-	-86.7%	(9,352)	(70,124)	-86.7%	(25,445)	(67,594)	-62.4%
Management profit sharing [(3)]	3,129	-	-	-	-	3,129	-	-	3,129	-	-
Adjusted EBITDA of continuing operation	***55,637***	***55,601***	***50,412***	*0.1%*	*10.4%*	***163,455***	***147,597***	*10.7%*	***244,102***	***193,602***	*26.1%*
Adjusted EBITDA margin	***21.3%***	***23.1%***	***21.1%***	***-1.8 p.p.***	***0.2 p.p.***	***22.1%***	***22.2%***	***-0.1 p.p.***	***25.1%***	***22.1%***	***3.0 p.p.***
Adjusted EBITDA of discontinued operation	-	-	**(3,175)**	-	-	-	**(8,688)**	-	**(5,072)**	**(11,374)**	**-55.4%**
Adjusted EBITDA	**55,637**	**55,601**	**47,237**	**0.1%**	**17.8%**	**163,455**	**138,909**	**17.7%**	**239,030**	**182,228**	**31.2%**

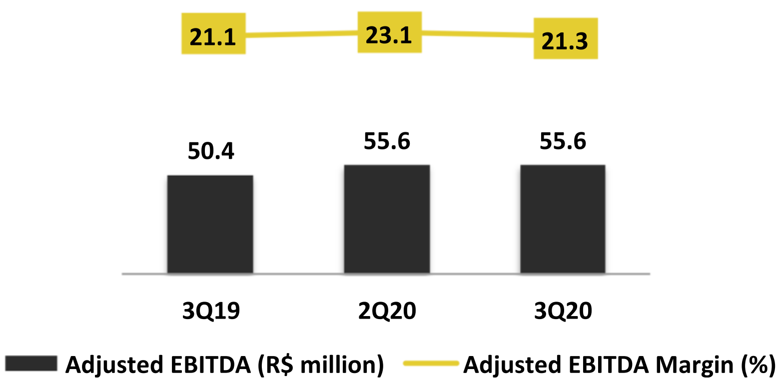
[1] Change in the fair value of biological assets, since it does not mean cash reduction in the period.

[2] Non-recurring events: The amount of (R$ 9,352 thousand) (3Q20) refers to the non-recurring provision for PIS and COFINS credits.

[3] Management profit sharing: The amount of R$ 3,129 thousand refers to the distribution of the Company's income.

Operating cash generation, measured by the continued operation adjusted EBITDA, totaled R$ 55,637 thousand in 3Q20, a 10.4% increase compared to 3Q19, mainly due to the better performance of margins in the comparison of the quarter and stable in relation to 2Q20. The adjusted EBITDA margin in 3Q20 reached 21.3%, a stability in relation to the 3Q19 and a decrease of 1.8 percentage points when compared to 2Q20.

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



Finance result and Indebtedness

The finance result is as shown below:

R$ thousand	3Q20	2Q20	3Q19	9M20	9M19	UDM20[1]	UDM19[1]
Finance income	13,877	6,610	70,737	23,516	80,231	29,493	86,129
Finance costs	(25,180)	(23,816)	(160,171)	(71,612)	(229,699)	(162,768)	(262,591)
Finance result	(11,303)	(17,206)	(89,434)	(48,096)	(149,468)	(133,275)	(176,462)

[1] *Accumulated in the last twelve months.*

The financial result was a negative by R$ 11,303 thousand in 3Q20, accounting for a decrease of 87.4% compared to 3Q19, and a decrease of 34.3% when compared to 2Q20.

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

R$ thousand	3Q20	2Q20	3Q19	9M20	9M19	UDM20[1]	UDM19[1]
Foreign-exchange income	4,770	4,815	13,163	10,879	20,471	14,592	24,316
Negative Exchange rate change	(5,603)	(5,367)	(101,493)	(12,695)	(125,915)	(70,435)	(134,703)
Net Exchange rate change	(833)	(552)	(88,330)	(1,816)	(105,444)	(55,843)	(110,387)

[1] *Accumulated in the last twelve months.*

Exchange-rate change negatively impacted the Company's profit (loss) by R$ 833 thousand in 3Q20, 99.1% decrease in relation to 3Q19 mainly due to settlement of operations in foreign currency in 2019 and consequent write-off of hedge and a 50.9% increase in relation to 2Q20, mainly justified by the local currency's (real) devaluation against the US dollar.

As of September 30, 2020, the Company maintained only 6.9% of its dollar-denominated debt in working capital operations, in line with the volume of accounts receivable from external clients.

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

R$ thousand	3Q20	2Q20	3Q19	9M20	9M19	UDM20[1]	UDM19[1]
Finance income without exchange rate change	9,107	1,795	57,754	12,637	59,760	14,901	61,813
Finance costs without exchange rate change	(19,577)	(18,449)	(58,678)	(58,917)	(103,784)	(92,333)	(127,888)
Finance result without exchange rate change	(10,470)	(16,654)	(1,104)	(46,280)	(44,024)	(77,432)	(66,075)

[1] *Accumulated in the last twelve months.*

The finance result, excluding the effects of exchange-rate change, was negative by R$ 10,470 thousand in 3Q20 compared to a negative result of R$ 1,104 thousand in the 3Q19 and R$ 16,654 thousand in 2Q20. In 3Q20, the financial result without exchange variation had a positive impact arising from the final and unappealable decision regarding the ICMS tax exemption from the PIS and COFINS basis of the merged company Indústria de Papel e Papelão São Roberto S.A., which resulted in the recognition of the respective credit updated by the SELIC rate in the amount of R$ 7,028) and a negative impact of R$ 1,656 thousand related to the cost of early settling certain financial operations (Liability Management).

Exchange Rate

The exchange rate which was R$ 4.16/US$ on September 30, 2019, was 35.58% higher at the end of September 2020, and reached R$ 5.64/US$. The average exchange rate for this quarter was R$ 5.38/US$, stable when compared to the 2Q20 and 35.52% higher when compared to the same period of 2019.

R$ thousand	3Q20	2Q20	3Q19	Δ3T20/2T20	Δ3T20/3T19
Average Dollar	5.38	5.39	3.97	-0.19%	+35.52%
Final Dollar of the period	5.64	5.48	4.16	+2.92%	+35.58%

Source: Brazilian Central Bank

Indebtedness

The consolidated net indebtedness on September 30, 2020 totaled R$ 640.4 million against R$ 786.9 million on June 30, 2020. The change in this indicator was influenced by the financial assets and liabilities management measures (Liability Management) adopted for the quarter, which involve the settlement of debts with an inappropriate cost to the new capital structure. At September 30, 2020, the Company's gross debt profile presented 16% of debts maturing in the short term and 84% in the long term. The average cost of debt was 6.26% per annum as of September 30, 2020, a decrease of 60 p.p. in relation to June 30, 2020, result of aforementioned measures.

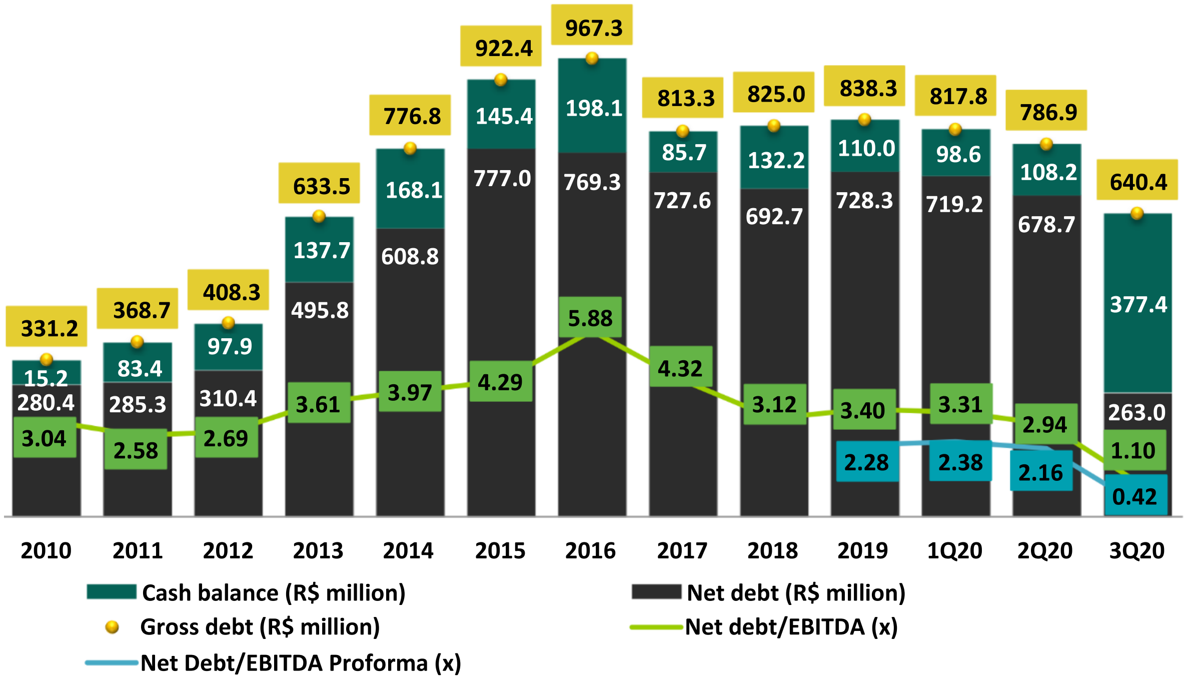
The consolidated cash balance on September 30, 2020 totaled R$ 377.4 million against R$ 108.2 million on June 30, 2020. The increase in the cash balance occurred mainly due to the public offering of shares.

The consolidated net indebtedness on September 30, 2020 totaled R$ 263.0 million against R$ 678.7 million on June 30, 2020, representing a decrease of 61.2% or R$ 415.7 million, mainly due to public offering of shares and cash generation in the quarter.

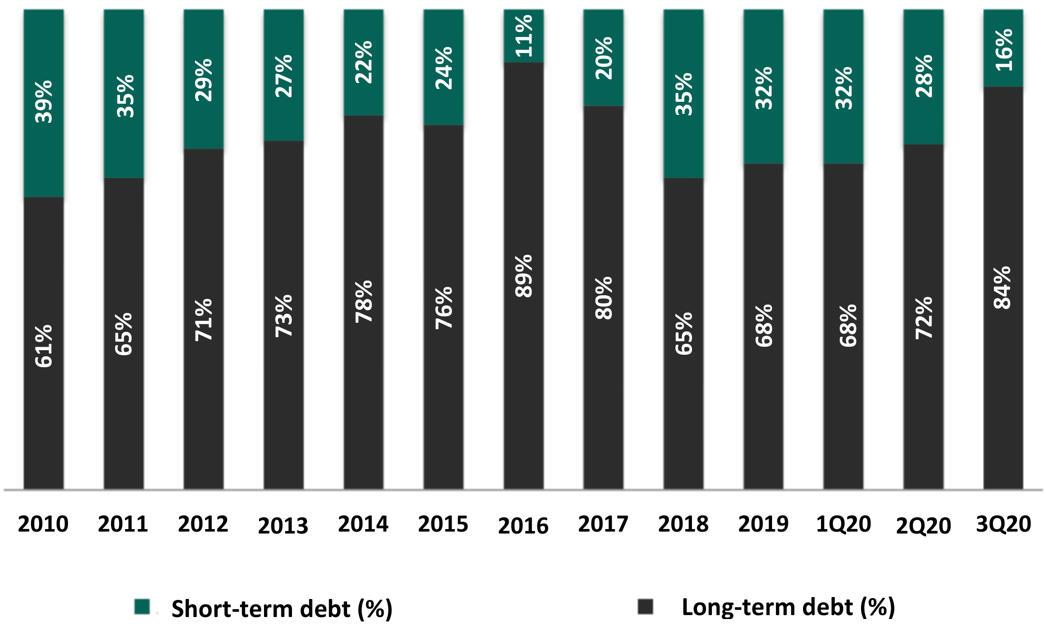
The net debt/Adjusted EBITDA ratio was 1.10 times in September 2020, compared to 2.94 times at the end of 2Q20, due to the decrease in net debt and increase in adjusted EBITDA in the last 12 months.

Considering to exclude from the net debt the amounts that will be received in the coming months in the total amount of R$ 159.3 million, related to: i) PIS and COFINS credits in the amount of R$ 115.1 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$ 103.7 million and considering the EBITDA of the Continuing Operation of R$ 244.1 million of the last 12 months, the pro-forma leverage would be 0.42 times.

Indebtedness and Net Debt/EBITDA



Gross Debt Profile



Net Profit (Loss)

In 3Q20, the net profit (loss) was R$ 25,558 thousand of income in comparison to the income in the amount of R$ 15,312 thousand in the 3Q19 and an income of R$ 15,298 thousand in 2Q20. In the YTD, the net income (loss) was R$ 72,998 thousand of income compared to R$ 396 thousand of income in the same period of the prior year. The main impacts on the net result for this quarter were the growth in net sales revenue and the improvement in margins due to the increase in average prices of products sold by the Company. Also in 3Q20, the Company recognized PIS and COFINS credit due to a favorable judicial decision, as the successor to the company Indústria de Papel e Papelão São Roberto S.A., by which it guaranteed the right to recover amounts related to the exclusion of ICMS from the PIS and COFINS calculation basis of the succeeded company for the period from May 2011 to December 30, 2014 (merger date), for which it estimates the potential value of the restated credits at R$ 17,613 (R$ 10,585 corresponding to the original credit amount and R$ 7,028 referring to the amount update by the SELIC rate).

Investments

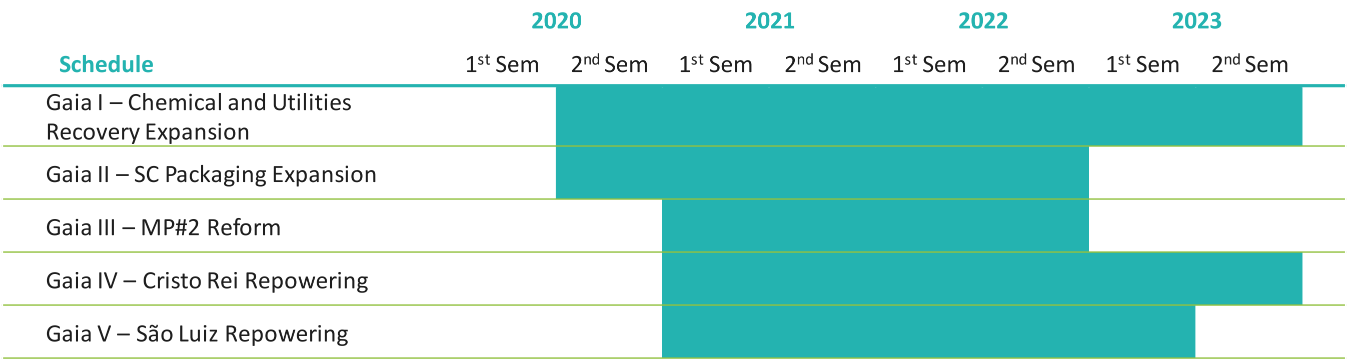
The Company maintains its strategy to invest in the modernization and automation of its production processes on a cautious basis. Investments in this quarter amounted to R$ 17,280 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company.

R$ thousand	3Q20	9M20
Buildings	312	444
Equipment	12,749	34,990
Intangible assets	190	3,250
Reforestation	4,299	11,742
Total	**17,280**	**50,426**

Gaia Platform

The Company's management intends to implement a set of investments with a great positive environmental impact in the coming years that consists mainly of increasing the generation of renewable energy and expanding the production capacity of paper and corrugated cardboard packaging, products from renewable and recyclable sources. In addition to the environmental benefits, investments have an internal rate of return (IRR) higher than the Company’s cost of capital, generating significant additional value for shareholders. We are calling this set of investments the **Gaia Platform (Access link)**. We list the projects comprising the first phase of the Gaia Platform, with estimated values and preliminary schedule.

Project Description	Unit	Estimated Investment
Gaia I – Chemicals and Utilities Recovery Expansion	Paper SC Campina da Alegria	455,560,961
Gaia II – SC Packaging Expansion	Packaging SC Campina da Alegria	149,155,745
Gaia III – MP#2 Reform	Paper SC Campina da Alegria	44,179,027
Gaia IV – Cristo Rei Repowering	Paper SC Campina da Alegria	31,299,832
Gaia V – São Luiz Repowering	Paper SC Campina da Alegria	62,863,856
	Estimated Investment	**743,059,421**



Capital Market

In 3Q20, 90,000,000 common shares were issued at a unit price of R$ 4.50, which represented a gross funding of R$ 405 million (R$ 382 million net of issue costs). The proceeds from the offer will be used to improve the Company's capital structure and make strategic investments.

Irani's share capital, on September 30, 2020, was composed of 256,720,235 shares, of which 243,909,975 (95%) are common shares and 12,810,260 (5%) are preferred shares. On September 30, 2020, the Company held 2,376,100 treasury shares, of which 24,000 are common shares and 2,352,100 are preferred shares. On the same date, common shares were traded at R$ 4.60 while preferred shares were traded at R$ 8.00.

Subsequent Event

The Extraordinary General Meeting held on October 8, 2020 approved the migration of the Company to the special listing segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), called Novo Mercado (New Market), as well as the conversion of all preferred shares issued by the Company into common shares, in the proportion of one (1) common share for each one (1) preferred share. The assembly also approved the global amendment of the Company's Bylaws to adapt it to the requirements of the B3's New Market Regulations Listing and to incorporate the other adjustments detailed in the management's proposal, with their respective consolidation, whose effectiveness is conditioned to the approval of the Company's migration to B3's New Market.

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 one (1) common share for each preferred share, with a 30-day withdrawal right as of October 13, 2020, to the holders of preferred shares who abstained from voting, dissented from the resolution or did not attend the Special General Meeting of Preferred Shareholders.

Management expects to complete the migration process to B3's New Market by the end of November 2020.

For additional information, please visit our website – **www.irani.com.br/ri** or contact the Investor Relations Area:

Odivan Carlos Cargnin
odivancargnin@irani.com.br
Tel.: (51) 99786-3476

Evandro Zabott
evandrozabott@irani.com.br
Tel.: +55 (51) 3303 3893, Extension 1217

Mariciane Brugneroto
maricianebrugneroto@irani.com.br
Tel.: +55 (51) 3303 3893, Extension 1071
Address: Rua Francisco Lindner, 477 Joaçaba/SC 89.600-000
Email: ri@Irani.com.br

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

	3Q20	2Q20	3Q19	Change - 3Q20/2Q20	Change - 3Q20/3Q19
Net sales	**261,363**	**240,984**	**238,913**	**8.5%**	**9.4%**
Change in the fair value of biological assets	733	3,617	5,956	-79.7%	-87.7%
Cost of sales	(184,283)	(165,677)	(172,107)	11.2%	7.1%
Gross profit	**77,813**	**78,924**	**72,762**	**-1.4%**	**6.9%**
Operating revenues (Expenses)	**(34,177)**	**(38,747)**	**35,278**	**11.8%**	**-196.9%**
Selling expenses	(24,485)	(22,030)	(21,742)	11.1%	12.6%
Impairment losses on trade receivables	(67)	(900)	(480)	-92.6%	-86.0%
General and administrative expenses	(15,943)	(15,920)	(13,103)	0.1%	21.7%
Other operating (expenses) revenues, net	6,318	103	70,603	6,034.0%	-91.1%
Profit (Loss) before financial income (expenses) and taxes	**43,636**	**40,177**	**108,040**	**8.6%**	**-59.6%**
Net financial (cost) income	**(11,303)**	**(17,206)**	**(89,434)**	**-34.3%**	**-87.4%**
Financial income	13,877	6,610	70,737	109.9%	-80.4%
Financial expenses	(25,180)	(23,816)	(160,171)	5.7%	-84.3%
Operating profit (loss) before tax effects	**32,333**	**22,971**	**18,606**	**40.8%**	**73.8%**
Current income tax and social contribution	(7,521)	(7,219)	(77)	4.2%	9,667.5%
Deferred income and social contribution taxes	746	(454)	(3,217)	-	-
Net Profit (loss) from continued operations	**25,588**	**15,298**	**15,312**	**67.1%**	**66.9%**
Net profit (loss) of discontinued operations	**-**	**-**	**(74,155)**	**-**	**-**
Net Profit (loss) for the period	**25,588**	**15,298**	**(58,843)**	**67.1%**	**-143.4%**

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

	9M20	9M19	Change - 9M20/9M19	UDM20	UDM19	Change in LTM20/LTM19
Net sales	**738,670**	**665,807**	**10.9%**	**971,642**	**875,923**	**10.9%**
Change in the fair value of biological assets	8,819	7,294	20.9%	9,495	(3,157)	-
Cost of sales	(513,431)	(470,247)	9.2%	(681,533)	(616,995)	10.5%
Gross profit	**234,058**	**202,854**	**15.4%**	**299,604**	**255,771**	**17.1%**
Operating revenues (Expenses)	**(111,058)**	**(34,883)**	**218.4%**	**(139,452)**	**(72,100)**	**93.4%**
Selling expenses	(67,647)	(62,569)	8.1%	(88,418)	(81,155)	8.9%
Impairment losses on trade receivables	(1,137)	(486)	134.0%	(1,176)	(1,475)	-20.3%
General and administrative expenses	(48,950)	(41,559)	17.8%	(69,294)	(58,035)	19.4%
Other operating (expenses) revenues, net	6,676	69,731	-90.4%	19,436	68,565	-71.7%
Profit (Loss) before financial income (expenses) and taxes	**123,000**	**167,971**	**-26.8%**	**160,152**	**183,671**	**-12.8%**
Net financial (cost) income	**(48,096)**	**(149,468)**	**-67.8%**	**(133,275)**	**(176,462)**	**-24.5%**
Financial income	23,516	80,231	-70.7%	29,493	86,129	-65.8%
Financial expenses	(71,612)	(229,699)	-68.8%	(162,768)	(262,591)	-38.0%
Operating profit (loss) before tax effects	**74,904**	**(18,503)**	**304.8%**	**26,876**	**7,208**	**272.9%**
Current income tax and social contribution	(15,273)	(233)	6,454.9%	(15,339)	(312)	4,816.3%
Deferred income and social contribution taxes	(787)	(5,968)	-86.8%	61,461	(6,501)	-
Net Profit (loss) from continued operations	**58,844**	**12,302**	**378.3%**	**72,998**	**396**	**18,333.8%**
Net profit (loss) of discontinued operations	**-**	**(90,278)**	**-**	**(89,925)**	**(106,572)**	**-15.6%**
Net Profit (loss) for the period	**58,844**	**(77,976)**	**-**	**(16,927)**	**(106,176)**	**-84.1%**

Annex III – Consolidated Balance Sheet (R$ thousand)

Assets	09/30/20	12/31/19	Liabilities and equity	09/30/20	12/31/19
CURRENT ASSETS	**765,603**	**503,864**	**CURRENT LIABILITIES**	**281,126**	**430,506**
Cash and cash equivalents	86,424	80,822	Loans and financing	97,092	247,316
Financial Investments	290,947	-	Trade payables	84,115	89,820
Trade accounts receivable	179,854	162,252	Social charges and social security obligations	38,324	29,649
Inventories	80,357	76,845	Tax liabilities	22,357	15,004
Recoverable taxes	72,417	79,421	Income tax and social contribution payable	5,356	274
Banks - restricted account	-	29,165	Installments taxes	8,878	6,877
Other assets	14,024	33,779	Advance from customers	3,536	4,860
Non-current assets held for sale	41,580	41,580	Dividends payable	78	1,818
			Other accounts payable	13,475	13,808
NON-CURRENT ASSETS	**1,058,825**	**1,075,682**	Debentures	3,941	18,192
Trade accounts receivable	2,008	1,576	Lease liability	3,974	2,888
Recoverable taxes	54,924	76,911			
Judicial deposits	892	952			
Other assets	446	1,951	**NON-CURRENT LIABILITIES**	**774,822**	**812,549**
Biological assets	166,755	154,518	Loans and financing	43,203	78,467
Investment property	5,426	5,575	Other accounts payable	59	59
Property, plant and equipment	664,300	669,785	Tax liabilities	4,529	8,087
Intangible assets	141,902	141,989	Deferred income tax and social contribution	171,040	170,253
Right-of-use assets	22,172	22,425	Provision for civil risks, labor and tax	21,152	24,680
			Installments taxes	19,391	17,159
			Debentures	496,163	494,335

			Lease liability	19,285	19,509
			EQUITY	**768,480**	**336,491**
			Share capital	543,934	161,895
			Capital reserves	960	960
			Profit reserves	68,577	11,918
			Equity valuation adjustments	156,995	163,704
			Accumulated losses	(1,992)	(1,992)
			Equity attributable to the controlling stockholders	768,474	336,485
			Non-controlling interest	6	6
TOTAL ASSETS	**1,824,428**	**1,579,546**	**TOTAL LIABILITIES AND EQUITY**	**1,824,428**	**1,579,546**

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

	9M20	9M19
Net cash from operating activities	**144,630**	**48,785**
Cash from operations	**219,387**	**72,024**
Profit (loss) before income tax and social contribution (LAIR)	74,904	(71,775)
Change in the fair value of biological assets	(8,819)	(7,294)
Depreciation, amortization and depletion	55,497	61,920
Impairment on property, plant and equipment	-	54,856
Income/loss in the sale of property, plant and equipment	(1,296)	206
Reversal/provision for civil, labor and tax risks	(2,225)	6,857
Management profit sharing	1,129	-
Provision for impairment of trade receivables	1,151	570
Provision for impairment of other assets	-	(277)
Exchange-rate change and interest on loans, financing and debentures	63,736	189,554
Interest on lease liabilities	1,488	1,553
Interest on restricted account investment	(97)	(367)
Exclusion of ICMS from PIS and COFINS basis	(20,192)	(143,157)
Changes in assets and liabilities	**(74,757)**	**(23,239)**
Trade receivables	(19,185)	(12,960)
Inventories	(3,512)	(5,329)
Recoverable taxes	48,593	(3,297)
Other assets	21,320	(985)
Trade payables	(5,705)	(15,705)
Social charges and social security obligations	7,546	1,514
Advances from customers	(1,324)	5,903
Tax liabilities	7,961	597
Other accounts payable	(1,583)	9,640
Payment of interest on loans, financing and debentures	(63,080)	(21,672)
Payment of interest on lease liability	(1,553)	(1,567)
Taxes paid (Income tax and social contribution)	(10,124)	-
Net cash from investment activities	**(310,017)**	**(118,907)**
Acquisition of property, plant and equipment	(35,434)	(33,723)
Financial Investments	(290,947)	-
Acquisition of biological assets	(11,742)	(11,152)
Acquisition of intangible assets	(3,250)	(13,532)
Receipt upon disposal of assets	2,094	861
Banks - restricted account	29,262	(61,361)
Net cash from financing activities	**170,989**	**(43,094)**
Payment of dividends and interest on shareholders' equity	(10,634)	(3,725)
Paid-up capital	405,000	-
Costs with issue of shares	(22,961)	-
Payment of lease liabilities	(1,849)	(1,886)
Loans obtained	57,908	70,892
Issuance of debentures (Net of funding costs)	-	493,272
Loans and debentures paid	(256,475)	(601,647)
Increase (decrease) in cash and cash equivalents	**5,602**	**(113,216)**
Cash and cash equivalents at the beginning of the period	**80,822**	**132,219**
Cash and cash equivalents at the end of the period	**86,424**	**19,003**