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QUARTERLY REPORT 2Q20

AUGUST 05, 2020

ADJUSTED EBITDA REACHES R\$ 1.333 BILLION IN 2Q20, A 39% INCREASE IN COMPARISON WITH 2Q19

Sales Volume

858 k ton

Resilient markets, efficiency and operational flexibility as well as diversification of products and markets drove sales volume with 5% growth compared with 2Q19.

Net Revenue

R\$ 2.956 bi

With highlight to the coatedboards and kraftliner lines, the Net Revenue increased 14% compared to the same period of 2019.

Adjusted EBITDA

R\$ 1.333 bi

Increase in sales volume, cost discipline and exchange rate depreciation raised adjusted EBITDA to R\$ 1.333 bi, up 39% year-on-year.

Adjusted Free Cash Flow R\$ 1.370 bi

The Company's Adjusted Free Cash Flow was R\$ 1.37 billion in the quarter and exceeding the R\$ 2.6 billion mark in the last twelve months equivalent to a FCF yield of 13.7% p.y..

Approval of Financial Policies

Klabin approved the Dividend/IOC and Financial Debt Policies, formally defining important financial metrics for the Company.

Construction Progress

Following gradual remobilization of the workforce involved in the civil construction and assembly of the Puma II Project, construction of the first machine is currently 45% complete.

Klabin

Market Cap¹
R\$ 22.0 billion
¹based on the price of
KLBN11

KLBN11

Closing Price R\$ 20.33
Average daily traded volume
2Q20
R\$ 170.3 million

Conference Call

Portuguese (with simultaneous translation)
Thursday, 08/06/2020 at 11:00 a.m.
Tel: +1 833 823 6649
Password: Klabin
<https://webcastlite.mziq.com/cover.html?webcastId=4b9c50af-200b-4200-92b4-4ffa86c30185>

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Financial Highlights

R\$ million	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Sales volume (thousand tonnes)	858	849	818	1%	5%	1,707	1,600	7%
% Domestic Market	48%	55%	53%	- 7 p.p.	- 5 p.p.	52%	52%	+ 0 p.p.
Net Revenue	2,956	2,591	2,600	14%	14%	5,548	5,090	9%
% Domestic Market	51%	59%	58%	- 8 p.p.	- 7 p.p.	55%	58%	- 3 p.p.
Adjusted EBITDA	1,333	1,028	957	30%	39%	2,361	1,962	20%
Adjusted EBITDA Margin	45%	40%	37%	+ 5 p.p.	+ 8 p.p.	43%	39%	+ 4 p.p.
Net Income	(383)	(3,143)	72	88%	n/a	(3,525)	(124)	-2745%
Net Debt	20,983	20,381	13,144	3%	60%	20,983	13,144	60%
Net Debt / EBITDA (LTM - BRL)	4.4x	4.7x	3.0x			4.4x	3.0x	
Net Debt / EBITDA (LTM - USD)	3.6x	3.7x	3.0x			3.6x	3.0x	
Capex	998	820	581	22%	72%	1,818	877	107%

Note: Klabin presents its consolidated financial statements according to international accounting standards (International Financial Reporting Standards - IFRS) as determined by CVM 457/07 and CVM 485/10 instructions. Adjusted EBITDA is in accordance with CVM Instruction 527/12. Some of the figures on the charts and tables may not express a precise result due to rounding. LTM - Last Twelve Months

Summary

With the increase in the number of Coronavirus cases (COVID-19) in Brazil during the second quarter, Klabin reinforced the preventive measures announced from the outset of the pandemic. Aligned with World Health Organization (WHO) guidelines, these initiatives - designed to ensure the safety of the company's employees and prioritize the health and wellbeing of all - have also been instrumental in underscoring continuity of the operational activities of Klabin, the largest producer and exporter of packaging papers in Brazil. This in turn has allowed the Company to meet the demand from markets for items of prime necessity, especially in the industrialized and fresh food, personal hygiene, medical and cleansing segments. In this context, it is worth noting that Klabin has approximately 80% of its total production directed to segments deemed as first necessity and characteristically more stable and resilient compared with other sectors of the economy.

As an example of this resilience, indicators for the packaging and packaging paper markets in Brazil reported a second quarter with one of the smaller declines relative to other sectors of the economy.

Data provided by the Brazilian Association of Corrugated Boxes (ABPO) showed a reduction in the shipment of corrugated boxes of just 3.2% in 2Q20 in relation to the same period in 2019, following a year-on-year increase of 7.5% in 1Q20, growth therefore being maintained at 2.1% for the first half of 2020 as a whole. On the corrugated box market, 60% of sales goes to the food sector, notably the fruit, vegetables, protein and processed segments. In the case of Klabin both in the domestic as well as export markets, this exposure is even greater due to the preponderance of virgin fibers in its papers production mix. In addition, since the beginning of the pandemic, there has been an acceleration in domestic market purchases made through e-commerce channels, underlining a trend already witnessed in more mature markets and which have a positive impact on the sales volume for packaging paper. In relation to the board sector, Klabin is well represented in the global market for liquid packaging board, and a product in great demand since the beginning of the pandemic due to its characteristics of preserving food stuffs and used for packaging such items as long-life UHT milk.

Despite the uncertainties surrounding the global economy and the specific impact of the pandemic on pulp markets, it should be noted that the exposure of more than 50% of pulp sales from producers in the hardwood (short fiber) market go to the production of toilet/tissue paper. In addition, fluff pulp production is produced largely for the manufacture of infant and geriatric diapers, as well as sanitary pads for hospital beds and other hospital materials. Exposure to these segments, also considered of prime necessity particularly in the light of the current pandemic crisis, underscores the necessity for ensuring the continuity of the companies in the sector for supplying these production chains. Consequently, FOEX price lists for hardwood (short fiber) and softwood (long fiber) pulp in China, reported an average in the period of US\$ 467/t and US\$ 577/t, respectively, both prices slightly above those prevailing in 1Q20. However, in relation to 2Q19, average prices were still 29% and 15% lower, following the sharp declines reported during last year. For Klabin, its flexibility in producing fluff, long and short fibers as well as the company's regional and customer diversification facilitates the optimization of sales mix and results.

Consequently, through its exposure to sectors of prime necessity and its operational flexibility in working different markets and regions, the Company achieved a sales volume of 858 thousand tons in the period and equivalent to a 5% increase in relation to the second quarter of 2019. Deserving special mention was the increase of 7% in sales volume of paper – board and kraftliner -, examples of markets where Klabin successfully manages to leverage its advantage of operational flexibility, ramping up

better returns, and also through its high degree of exposure to the food sector.

Increased sales volume combined with currency devaluation in the second quarter 2020 more than compensated for continuing lackluster prices for commodities such as pulp, net revenue in 2Q20 reporting R\$ 2.956 billion, 14% greater than the same period in 2019.

Reinforcing protocols for protecting employees and in the light of restrictions on the flow of goods and people due to the pandemic, and as already announced, the Company postponed its maintenance shutdown at the Monte Alegre Unit to the third quarter 2020 in contrast to the second quarter 2019, where the stoppage cost at the plant represented approximately R\$ 90 million.

The foregoing factors plus the Company's cost discipline, good operational performance and cost deflation in some areas, particularly electricity and fuels, boosted Adjusted EBITDA to R\$ 1,333 billion, an increase of 39% in relation to the second quarter 2019.

With this result, Klabin was able to record the best quarterly adjusted EBITDA in its history at a time of major uncertainty due to the economic and social crisis arising from the COVID-19 outbreak. This is a consequence of an integrated and verticalized business model which gives the Company not only the operational flexibility necessary to adjust its production and sales in accordance with the economic cycles, but also capacity to supply production chains essential to the needs of the population.

Exchange Rate

R\$ / US\$	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Average Rate	5.38	4.47	3.92	21%	37%	4.92	3.85	28%
End Rate	5.48	5.20	3.83	5%	43%	5.48	3.83	43%

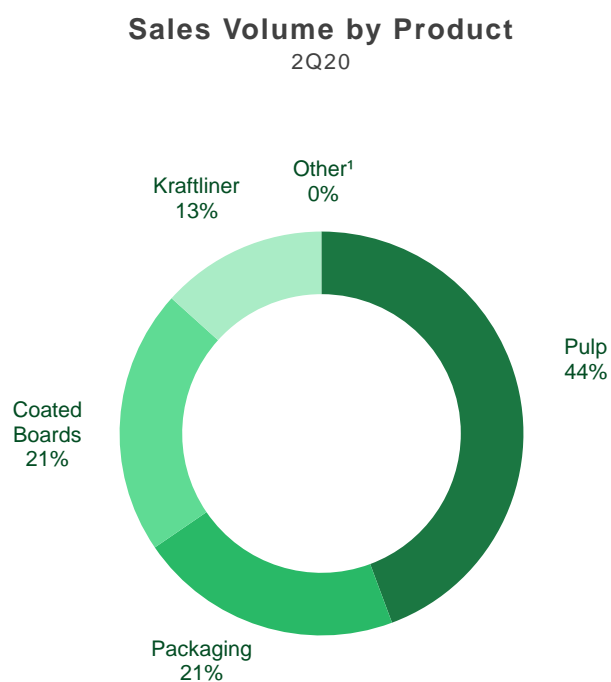
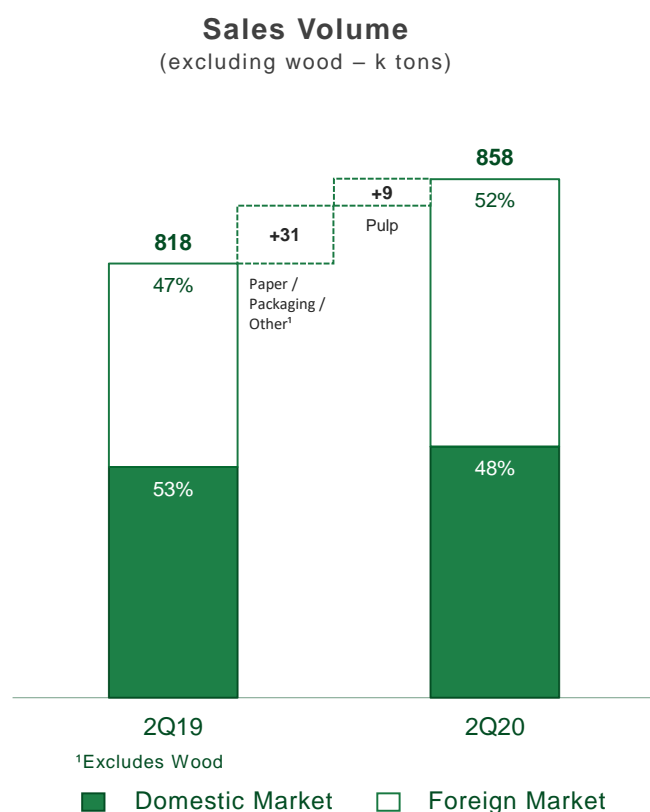
Source: Brazilian Central Bank

The **average exchange rate** during the second quarter 2020 was of R\$ 5.38/US\$, a 21% depreciation of the Real when compared to the previous quarter and 37% in comparison to 2Q19. The devaluation at the end of the quarter was R\$ 5.48/US\$, 5% weaker than compared with 1Q20 and 43% in relation to 2Q19.

Operating and Economic Financial Performance

Sales Volume

Klabin's **total sales volume** during the quarter, excluding wood, reached 858 thousand tons, a year-on-year growth of 5%.



The good performance was due to the close relationship between the Company's product range and consumer goods deemed as essential, especially in the food and beverages, cleansing product, personal and hospital hygiene segments, in addition to the good operational performance at all plants.

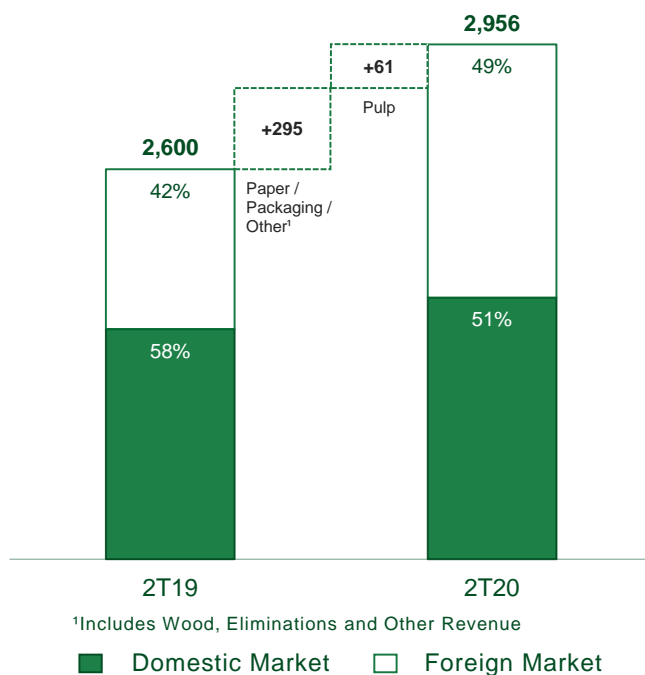
Papers and packaging were the main segments responsible for driving sales volume in the quarter, with a 31 thousand ton increase in relation to the same period of the previous year, demonstrating the resilience of this segment. The highlight was for the paper manufacturing units, with a 22% growth in kraftliner and

10% in boards. In 2Q20, exports represented 52% of the total, benefiting from the greater devaluation of the Real against the dollar.

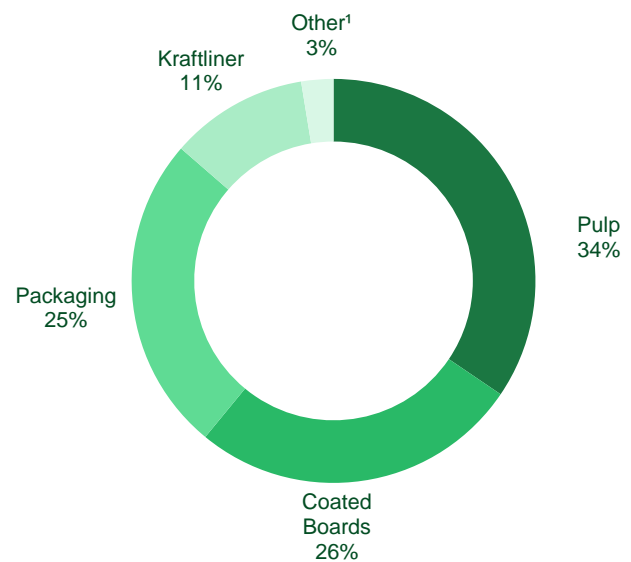
Net Revenues

Net revenue was R\$ 2,956 million for the second quarter of the year, a 14% increase compared to 2Q19. In addition to the increase in total sales volume, the FX variation in the period positively impacted net revenue, mainly in the pulp unit, revenues of which are 100% pegged to the dollar and devaluation of which more than offset the sharp drop in prices in the international markets. Another highlight was board sales, which showed a 31% growth in sales revenue compared to 2Q19, specially driven by overseas demand.

Net Revenue
(R\$ million)



Net Revenue by Product
2Q20



Operating Costs and Expenses

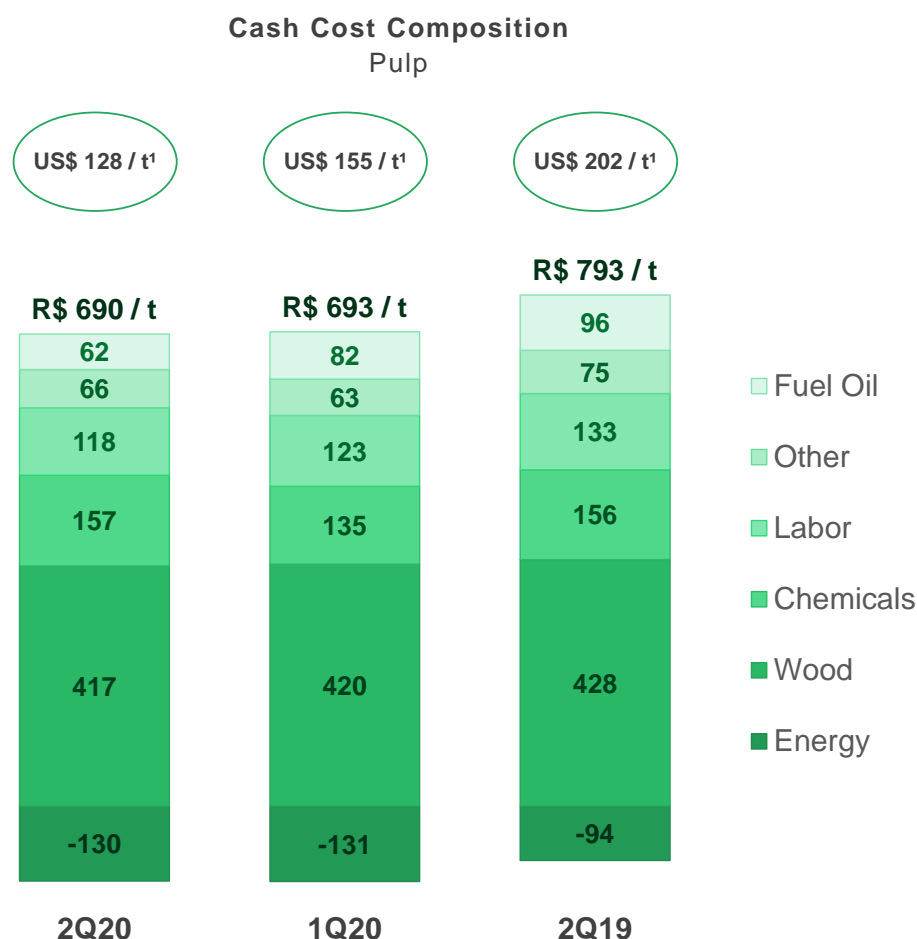
Pulp Cash Cost

For comparative purposes, **the unit cash cost of pulp production** is disclosed, contemplating production costs for hardwood (short fiber), softwood (long fiber) and fluff pulps and tonnage produced during the period. The production cash cost does not include selling and general and administrative expenses, only constituting amounts expended on pulp production as such.

The pulp unit continued to register good operating performance in 2Q20. The Company produced 413 thousand tons in the quarter, 7% growth year-on-year, with a 6% increase in the production of hardwood and 9% in the production of softwood/fluff pulp.

The production cash cost was R\$ 690/ton in the quarter, representing a 13% reduction in relation to the same period of 2019. The main highlights of the quarter were a reduction in the cost of fuel, reflecting investments in the tall oil plant, with a corresponding reduction in consumption in addition to declining fuel

prices throughout 2Q20. Another important benefit was the greater generation of energy in the period since its sale is a reducing factor in cash production costs. With reduction in these cost elements and the devaluation of the Real in the period, production cash cost measured in US Dollars was US\$ 128/ton, a 17% and 37% decrease, respectively, in relation to 1Q20 and 2Q19



¹ Calculated based on the average US\$ for the period.

Total Cash Cost

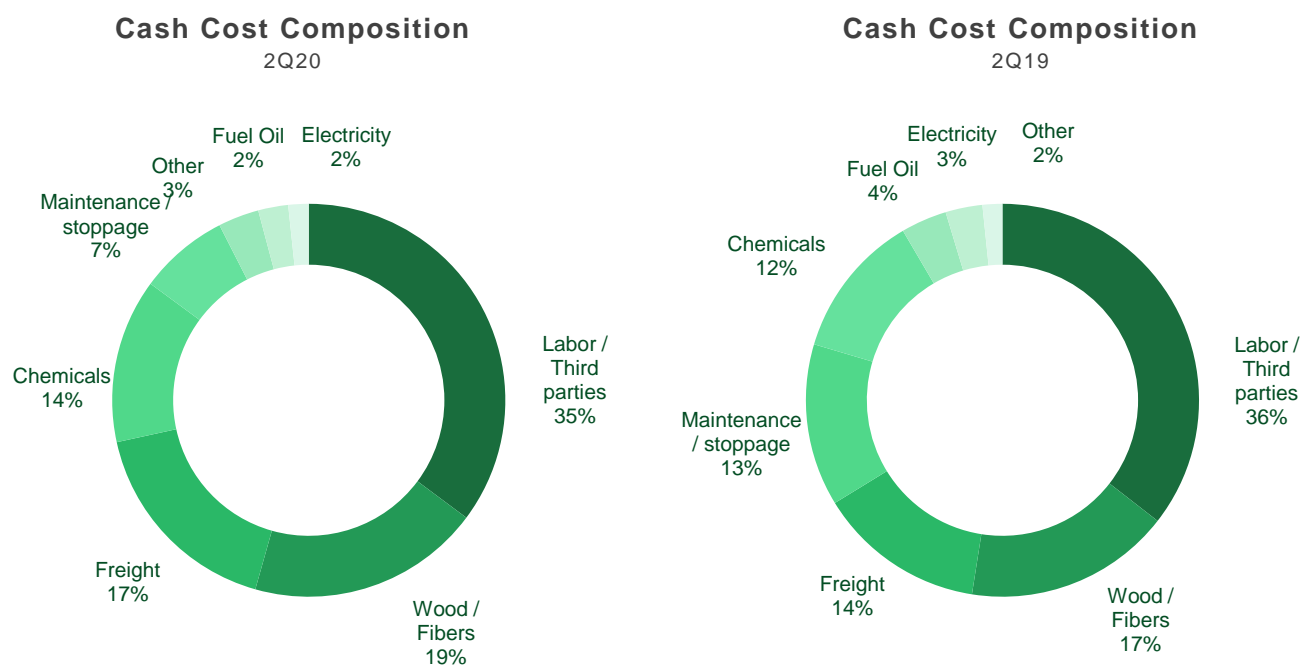
The **total unit cash cost**, which includes the sale of all the Company's products, was R\$ 1,893/ton in the quarter. Ignoring the R\$ 87 million effect of the scheduled shutdown of the Monte Alegre unit, in 2Q19 and which this year was extended to the month of August, there was a 0.5% reduction in unit cash cost. This decrease reflects greater dilution of fixed costs due to an increase in production and sales volume, in addition to the good performance in the fuel and energy lines, as highlighted in the chapter on pulp cash cost.

Cost of goods sold, excluding depreciation, amortization and depletion, was R\$ 1,224 million, representing R\$ 1,427 per ton. This is a 12% reduction in relation to 2Q19 and due to the same factors as in the preceding paragraph.

Sales expenses totaled R\$ 289 million in the quarter versus R\$ 213 million in the same period of the previous year. These expenses represented 10% of net revenue in 2Q20 versus 8% in 2Q19. At the end of 2018, Klabin anticipated the termination of the Fibria/Suzano offtake agreement for sales of hardwood pulp outside South America, and fully incorporated by the Company as of August 2019. This agreement was a free-on-board operation - Port of Paranaguá, and with its termination Klabin incorporated maritime freight costs into selling expenses, costs which had previously been discounted from the sale price. On the same comparative basis, during 1Q20, a period in which Klabin was already selling the total volume of pulp directly, selling expenses were also 10% in relation to net revenue.

General and administrative expenses totaled R\$ 157 million in 2Q20, flat in relation to 2Q19, and R\$ 8 million above the amount in 1Q20, the latter due to R\$ 11 million of expenses in the form of donations and services aimed at strengthening the Company's health protocols in the light of the COVID-19 pandemic.

Other operating revenues/expenses reported revenues of R\$ 47 million in the quarter, due to R\$ 42 million in revenue from a non-current tax reimbursement.



Maintenance Stoppages

The Company's schedule of shutdowns for 2020 is designed to increase production efficiency and to guarantee the operational continuity of its plants. The general shutdown of the Otacílio Costa (SC) unit occurred as planned while there were no changes made for the Ortigueira (PR) - Puma I unit's scheduled maintenance stoppages. The exceptions involve the Monte Alegre (PR) and Correia Pinto (SC) units, where there were changes to the planned dates due to restrictions on the flow of materials and people as a result of the COVID-19 outbreak. The maintenance stoppage at the Monte Alegre unit will have a reduced scope this year, including critical areas only such as boilers, digesters among other equipment, essential to ensure safe operations at the site. The next complete shutdown is expected in the first quarter of 2021. The schedule below is subject to change.

Maintenance Stoppage Schedule												
Manufacturing Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ortigueira (PR) - Puma I										OR		
Monte Alegre (PR)						MA		MA				
Correia Pinto (SC)					CP					CP		
Otacílio Costa (SC)		OC										

Legend:

To be Held Executed Postponed

Effects of variation in fair value of biological assets

During the second quarter 2020, the variation in fair value of biological assets was R\$ 32 million. This amount was negatively impacted by the drop in wood prices used in the valuation and by the revision of the discount rate used in the calculation. In turn, the depletion effect of fair value of the biological assets on the cost of goods sold was R\$ 268 million in the same period. The depletion of biological assets in 2Q20 continued at a level similar to that seen in previous quarters, but higher than the same period in 2019, due to the greater use of third-party wood in the supply of industrial units, harvesting of more mature wood that have greater added value and greater volume of production and sales of pulp and paper.

Accordingly, the non-cash effect of the fair value of biological assets on the operating result (EBIT) for the quarter was negative by R\$ 236 million.

Operating Cash Generation (EBITDA)

R\$ million	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Net Income (loss)	(383)	(3,143)	72	88%	n/a	(3,525)	(124)	-2745%
(+) Income taxes and social contribution	(268)	(1,713)	27	84%	n/a	(1,981)	307	n/a
(+) Net Financial Revenues	1,398	5,488	340	-75%	311%	6,886	790	772%
(+) Depreciation, amortization, depletion	621	635	541	-2%	15%	1,256	975	29%
Adjustments according to IN CVM 527/12 art. 4º								
(-) Biological assets adjustment	(32)	(217)	(21)	-85%	50%	(249)	17	n/a
(-) Equity Pickup	(4)	(22)	(2)	-83%	85%	(26)	(4)	-590%
Adjusted EBITDA	1,333	1,028	957	30%	39%	2,361	1,962	20%
Adjusted EBITDA Margin	45%	40%	37%	+ 4 p.p.	+ 8 p.p.	43%	39%	+ 4 p.p.

n/a - Not applicable

The higher sales volume and the devaluation of the Real were predominant factors in the 14% growth in net revenue for the quarter compared to the same period in 2019. Both were sufficient to offset still depressed commodity prices, such as pulp. In parallel, Klabin's operating performance in the quarter contributed to the result, feeding through to good production levels and cost discipline below budgeted. Results also benefited from the postponed general maintenance stoppage at the Monte Alegre unit.

Adjusted Ebitda in the second quarter was R\$ 1,333 million, a 39% increase in relation to the second quarter of 2019, equivalent to a 45% margin. On a recurring basis, Klabin reported its best quarterly Adjusted EBITDA ever in a period of great uncertainty caused by the pandemic. This reflects both an integrated and vertical business model providing the Company with the operational flexibility necessary to adjust its production and sales according to the economic cycle and also its commercial exposure to resilient sectors of the Brazilian and global economy.

Debt and Financial Investments

Debt (R\$ million)	Jun-20		Mar-20	
Short term				
Local currency	264	1%	873	3%
Foreign currency	406	1%	472	2%
Total short term	670	2%	1.345	5%
Long term				
Local currency	5.489	18%	5.021	18%
Foreign currency	24.514	80%	21.230	77%
Total long term	30.003	98%	26.251	95%
Total local currency	5.753	19%	5.893	21%
Total foreign currency ¹	24.920	81%	21.703	79%
Gross debt	30.673		27.596	
(-) Cash	9.868		7.215	
Net debt	20.805		20.381	
Net debt / EBITDA (LTM) - US\$	3,6 x		3,7 x	
Net debt / EBITDA (LTM) - R\$	4,4 x		4,7 x	

¹Includes BRL to USD swaps, as well as the instrument's mark-to-market gains or losses

Gross debt as at June 30 was R\$ 30,673 million, a R\$ 3,077 million increase in relation to the end of 1Q20, explained mainly by funding earmarked to the Puma II Project and drawn down during the quarter, by the FX translation effect on currency loans and also the marking to market of interest rate swaps, the latter two both with a non-cash effect. Of the Company's total debt, R\$ 24,920 million, or 81% (US\$ 4,547 million) is US dollar denominated, considering company financing with Real x US Dollar swaps

During the period, there was stability in **total average loan maturities** at 113 months at the end of 1Q20 compared with 114 months at the end of 2Q20, 70 months for domestic loans and 123 for currency loans. A mix of liability management and macroeconomic conditions were responsible for marginally reducing **average loan costs** from 5.1% p.y. in 1Q20 to 4.6% p.y. in currency denominated loans. With regard to debts in Reais, financial cost fell from 5.3% p.y. in 1Q20 to 3.6% p.y. in the current quarter, mainly explained by the maturity and conversion of the 1st series of the 7th debenture issue into shares, which had a financial cost of IPCA + 7.25%, and from now on excluded from the Company's debt. Additionally, declines in interest rates and inflation in Brazil have contributed to the reduction of Klabin's cost of debt in Reais.

Average Maturity / Cost of Debt	2Q20	1Q20	2Q19
Local Currency	3.6% p.y.	5.3% p.y.	7.6% p.y.
Foreign Currency	4.6% p.y.	5.1% p.y.	5.6% p.y.
Gross Debt	114 months	113 months	94 months

The Company's **position in cash and cash equivalents** at the end of the quarter amounted to R\$ 9,868 million, R\$ 2,653 million more than at the end of the 1Q20 - due largely to the drawdown of financing earmarked to the Puma II Project plus cash generation in the period. This cash position is sufficient to

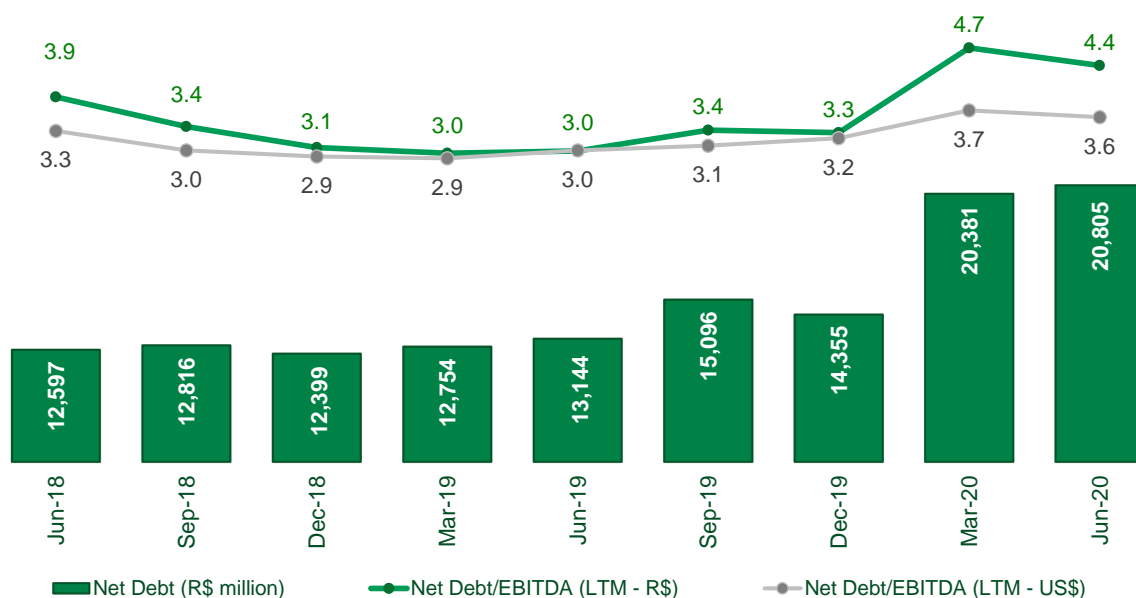
support 65 months of debt amortization. Additionally, Klabin has a US\$500 million revolving credit facility (equivalent to R\$2,738 million), maturing in December 2023 and with a financial cost of 0.4% p.y.. In the event of drawings against this facility, the cost of financing would be Libor + 1.35% p.y.

Klabin also has agreed financing linked to the execution of the Puma II Project, partially drawdown as follows: (i) IBD Invest, IFC and JICA, US\$ 700 million; (ii) Finnvera, US\$ 178 million; (iii) BNDES with R\$ 2 billion. Financing is to be drawn down according to the construction schedule of the Puma II Project and/or in accordance with company cash requirements.

Consolidated net debt as at June 30, 2020 amounted to R\$ 20,805 million, R\$ 424 million more than compared with March 31, 2020, largely reflecting the effect of the negative variation in FX rates on currency loans. This non-cash impact was partially offset by cash generation. Despite the Company's increase in net debt, financial leverage, measured by the Net Debt/Adjusted EBITDA in Brazilian Reais, decreased from 4.7x to 4.4x on the back of the increase in Adjusted EBITDA in comparison to the previous 12 months. The Net Debt/EBITDA ratio in US dollars - which better reflects Klabin's financial leverage, also saw a reduction ending the quarter at 3.6 x from 3.7x in the previous quarter.

Worthy of mention is the Board of Directors' approval of the **Financial Indebtedness** policy. This is one more step towards fine tuning Klabin's corporate governance, establishing metrics and parameters to be adopted by the Company's management. The policy is available and can be consulted by accessing Klabin's IR website, as well as those of B3 and the CVM.

NET DEBT AND LEVERAGE



Financial Result

R\$ million	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Financial Expenses	(308)	(452)	(536)	-32%	-43%	(760)	(947)	-20%
Financial Revenues	126	107	174	17%	-28%	233	314	-26%
Derivative Instruments (SWAP)	(464)	(1,717)	(188)	-73%	146%	(2,181)	(349)	526%
Financial result	(646)	(2,062)	(550)	-69%	17%	(2,708)	(981)	176%
Net Foreign Exchange Losses	(752)	(3,426)	211	-78%	n/a	(4,178)	192	n/a
Net Financial Revenues	(1,398)	(5,488)	(340)	-75%	312%	(6,886)	(789)	772%

n/a - Not applicable

In the second quarter, **financial expenses** were R\$ 308 million, a R\$ 144 million reduction compared to 1Q20, on the back of lower interest and fees expenses linked mainly to the issue of debt securities in the international market. **Financial income** reached R\$ 126 million in the quarter, a R\$ 19 million increase compared to the previous quarter.

The R\$/US\$ exchange rate ended the quarter at R\$ 5.48/US\$, a 5% increase relative to the end of 1Q20 with a negative impact of R\$ 464 million on the mark-to-market value of interest rate swaps. Swaps are linked to financing agreements in Reais and have an effect similar to a liability contracted in US Dollars. The devaluation of the Real also negatively impacted the exchange variation line in R\$ 752 million during the period, due to the impact on Klabin's US Dollar debt. Important to underscore that these variations, which represent a total of R\$ 1,216 million, have no substantially cash effect.

Free Cash Flow

R\$ million	2Q20	1Q20	2Q19	6M20	6M19	LTM ¹
Adjusted EBITDA	1,333	1,028	957	2,361	1,962	4,721
(-) Capex ⁴	(998)	(820)	(581)	(1,818)	(877)	(3,514)
(-) Interest paid/received	(453)	(243)	(280)	(696)	(638)	(1,268)
(-) Income tax	(3)	(1)	(2)	(4)	(161)	(48)
(+/-) Working Capital	578	(308)	(71)	270	(320)	171
(-) Dividends & JCP	-	(223)	(201)	(223)	(471)	(709)
(+/-) Others	(1)	(32)	(1)	(33)	(4)	(32)
Free Cash Flow	457	(600)	(178)	(143)	(509)	(679)
Dividends	-	223	201	223	471	709
Puma II Project	908	527	288	1,436	288	2,419
Special projects and growth	4	23	57	27	107	157
Adjusted Free Cash Flow²	1,370	173	368	1,542	357	2,606
Adjusted FCF Yield³						13.7%

¹ LTM - last twelve months.

² excluding dividends and expansion projects

³ Yield - Adjusted FCF per share (excluding treasury stock) divided by the average price of the Units in the LTM.

⁴ Capex under cash accrual method does not consider investments into SPEs (Special Purpose Entities).

In addition to the impact of Klabin's strong operating performance, cash generation in the period also benefited from a reduction in the Company's working capital of R\$ 578 million. In addition to the continuous search for working capital optimization, in the quarter there was a restart of the receivables discounting operations, which were temporarily suspended in 1Q20 due to the impacts of COVID-19 on its costs.

Regarding the interest paid/received line, this was affected punctually by the payment of R\$ 122 million in interest associated with the conversion of the first series of 7th issue debentures. In addition, in comparison with 2Q19, funds were raised in 2019 and early 2020 through the issuance of bonds whose semiannual interest payments occur in April and October, months that in this way start to concentrate greater cash financial expenses when compared to other periods of the year.

As a result of these, in spite of the R\$ 908 million investments associated with the Puma II expansion project, the Company had a positive **Free Cash Flow** for the period of R\$ 457 million. **Adjusted Free Cash Flow**, disregarding discretionary factors and expansion projects, was R\$ 1,370 million in the quarter.

Adjusted Free Cash Flow in the last twelve months was R\$ 2.606 million, equivalent to a 13.7% free cash flow yield.

Return on Invested Capital (ROIC)

The consolidated return of Klabin, measured by the Return on Invested Capital (ROIC)¹ metric, was 13.3% for the last 12 month accumulated period.

ROIC ¹ (R\$ million) - LTM ³	2Q20	1Q20	2Q19
Total Asset	35.762	35.029	30.887
(-) Total Liability (ex-debt)	3.483	3.561	3.514
(-) Construction in progress	2.424	1.769	562
Invested Capital	29.855	29.699	26.811
(-) CPC 29 Adjustment ²	1.745	1.809	1.935
Adjusted Invested Capital	28.110	27.890	24.876
Adjusted EBITDA	4.721	4.345	4.343
(-) Sustaining Capex	(938)	(1.089)	(915)
(-) Income Tax and Soc. Contr. (cash)	(48)	(47)	(319)
Adjusted Operating Cash-Flow	3.735	3.209	3.109
ROIC	13,3%	11,5%	12,5%

¹ ROIC (Last Twelve Months): Adjusted Operating Cash-Flow / Adjusted Invested Capital

² Fair Value of Biological Assets – Deferred Taxes of Biological Assets

³ Average of the last 4 quarters

Business Performance

Consolidated information per unit in 2Q20:

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	63	311	471	660	(4)	1,501
Exports	-	715	649	92	-	1,455
Third part revenue	63	1,026	1,120	752	(4)	2,956
Segments revenue	401	23	380	8	(813)	-
Total net revenue	464	1,049	1,500	760	(817)	2,956
Change in fair value - biological assets	32	-	-	-	-	32
Cost of goods sold ¹	(712)	(449)	(846)	(650)	813	(1,845)
Gross income	(217)	600	655	109	(4)	1,143
Operating expenses	(1)	(154)	(150)	(89)	(2)	(396)
Operating results before financial results	(218)	446	504	21	(6)	747

Note: In this table, total net revenue includes sales of other products.

¹ Forestry COGS includes the exhaustion on the fair value of biological assets in the period.

Note: Comparison base in Appendix 5

Forestry Business Unit

Volume (k tons)	2Q20	1Q20	2Q19	Δ 2Q20/1Q20	Δ 2Q20/2Q19	6M20	6M19	Δ 6M20/6M19
Wood	404	391	454	3%	-11%	795	901	-12%
Revenue (R\$ million)								
Wood	63	49	69	27%	-9%	112	136	-18%

Klabin shipped 404 thousand tons of timber in 2Q20, an 11% reduction year-on-year. Net revenues from timber sales amounted to R\$ 63 million in the quarter.

Klabin is gradually reducing commercialization of wood to third parties in the light of its increased paper and pulp production capacity

Pulp Business Unit

Production

Volume (k tons)	2Q20	1Q20	2Q19	Δ 2Q20/1Q20	Δ 2Q20/2Q19	6M20	6M19	Δ 6M20/6M19
Short Fiber	299	283	283	6%	6%	582	575	1%
Long Fiber / Fluff	114	114	104	0%	9%	227	208	10%
Total Pulp Production Volume	413	396	387	4%	7%	809	783	3%

Sales Volume

Volume (k tons)	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Short Fiber DM	68	96	82	-29%	-17%	164	141	17%
Short Fiber EM	209	181	192	16%	9%	390	407	-4%
Total Short Fiber Volume	278	277	275	0%	1%	555	547	1%
Long Fiber / Fluff DM	42	48	45	-13%	-7%	90	85	7%
Long Fiber / Fluff EM	60	58	52	5%	16%	118	92	29%
Total Long Fiber / Fluff Volume	102	106	97	-3%	6%	208	176	18%
Total Pulp Volume	380	383	371	-1%	2%	763	724	5%
Revenue (R\$ million)								
Short Fiber	674	546	669	23%	1%	1,220	1,340	-9%
Long Fiber	346	283	289	22%	20%	629	539	17%
Total Pulp Revenues	1,019	829	958	23%	6%	1,849	1,879	-2%

The Pulp Unit posted output of 413 thousand tons in the quarter, a 7% increase on an annual comparison and 4% above 1Q20. Growth reflects the solid operational performance at the Puma Unit, with volume above plan for the period and productivity at elevated levels.

Pulp sales volume in the quarter increased by 2% in comparison to 2Q19, with total shipments of 380 thousand tons in the period and ending the semester with a 5% increase in sales. As the only Brazilian company to produce hardwood, softwood and fluff pulp, the pulp unit's diversification and operational flexibility in addition to the adoption of a commercial strategy with no regional concentration all contributed to growth in a quarter marked by volatility in international markets following the onset of the COVID-19 pandemic.

Early on in the quarter, the pulp industry's supply and demand equation continued to show signs of improvement, driving a modest price recovery across all fibers. There was an attempt to implement further price increases, more successful in long fiber and fluff, driven by the hygiene sector and partially compensating losses in the printing papers segment, the latter experiencing challenging times. In May, with incipient normalization in demand for tissue up to that point compensating for the decrease in printing and writing markets, demand weakened, squeezing pulp prices, mainly in China.

Net revenue from the pulp business reached R\$ 1,019 million in the quarter, 23% more than in 1Q20. This increase was due to the devaluation in FX rates in addition to the successful implementation of hardwood and softwood price increases early on in the year plus higher sales volume of fluff and resilient demand.

Paper Business Unit

Volume (k tons)	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Kraftliner DM	40	47	44	-16%	-9%	87	90	-3%
Kraftliner EM	74	58	50	28%	50%	133	104	27%
Total Kraftliner	114	105	93	8%	22%	220	194	13%
Coated boards DM	95	94	90	1%	6%	189	181	4%
Coated boards EM	87	75	76	15%	15%	162	132	23%
Total Coated boards	182	169	166	8%	10%	351	313	12%
Total Paper	494	482	461	3%	7%	976	900	8%
Revenue (R\$ million)								
Kraftliner	327	264	240	24%	36%	591	508	16%
Coated boards	782	655	599	19%	31%	1,438	1,128	27%
Total Paper	1,109	919	839	21%	32%	2,028	1,635	24%

Kraftliner

There was a small recovery in kraftliner market prices, as indicated by FOEX. Average price for sales in Europe was US\$ 648/ton, up 1% compared to the previous quarter.

Klabin reported sales of 114 thousand tons in the quarter, 22% more when compared to 2Q19. Again, leveraging its operational flexibility, Klabin directed a larger volume of kraftliner and sackraft (paper for bags) to the export market, mitigating the effects of reduced domestic demand for packaging in the industrial (durable goods) and civil construction sectors.

Worthy of note was the operational performance of the paper mills, producing at higher volumes than planned. In addition, the general maintenance shutdown of the Monte Alegre plant was postponed from the customary second quarter to August.

Net revenue from the kraftliner business was R\$ 327 million, up 36% year-on-year. Revenues also benefited from higher sales volumes, the mix of geographies in which Klabin operates, the increases passed on to the domestic market and local currency devaluation.

Coated Boards

In line with the trend seen in the previous quarters, Klabin's sales showed strong traction with volumes of 182 thousand tons in 2Q20, a 10% increase in relation to the same period of the previous year. The main growth driver was exports, these registering a 15% year-on-year increase.

Once more contributing to the Company's positive results is Klabin's exposure to more resilient markets, such as food and beverages and non-durable goods. The growth highlight in the quarter was the sale of liquid packaging board and lines dedicated to the food market.

Net revenue for the coated board business was R\$ 782 million, 31% higher than in the same period of the previous year. Volume growth and the devaluation of the Real in 2Q20 boosted net revenue in the period

Packaging Business Unit

Volume (k tons)	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Total packaging	181	191	188	-5%	-3%	372	370	1%
Revenue (R\$ million)								
Total packaging	742	771	725	-4%	2%	1,512	1,427	6%

According to the Brazilian Association of Corrugated Boxes (ABPO), demand increased by 2.1% during the first half of the year in comparison to the same period of 2019, with notable increase of 7.5% in the first quarter of 2020. On the second quarter, with the worsening of the pandemic and measures of social distancing throughout the country, the volume of corrugated box shipments fell in the months of April and May, mainly due to the reduction in durable goods sales. The gradual reopening during the month of June of industries in addition to the resilience in sales of non-durables, pushed a recovery on shipments, registering a growth of 6.2% in comparison to June 2019, ending the second quarter with a 3.2% drop compared to the same period in 2019.

Klabin's packaging sales totaled 181 thousand tons in the quarter, a 3% reduction in relation to the second quarter of 2019. This drop results mainly from the reduction in industrial bag sales to foreign markets. On the domestic market, the demand for industrial bags was strongly impacted by Covid-19 at the beginning of the quarter, albeit showing some signs of recovery from May onwards. Klabin used its operational flexibility to export rolls of sackraft (paper for bags), minimizing the effects of the reduced domestic demand on results.

In the corrugated boxes market, Klabin relied on strong volumes growth and sustained price levels in comparison to the same period of the previous year, especially in the segments of packaging for protein, processed foods, hygiene and cleansing and e-commerce. With regard to the latter, we saw growth of more than 100% in the three pillars of operation: in the e-commerce of its current customers, in marketplace platforms and also in its virtual platform (Klabin For You). Providing guaranteed supply and flexibility with prompt response to the rapid increase in demand proves the excellence of the service provided by Klabin and the high production and delivery capacity of these products, utilizing the various facilities installed throughout the country. Net sales grew by 2% compared to 2Q19, benefiting from the price increases implemented over the last 12 months, repeating the previous quarters' gains in profitability.

The acquisition of International Paper's (IP) packaging paper and corrugated box business in Brazil, announced in the first quarter, is awaiting approval from CADE (the Brazilian anti-trust authority), with closing expected in the second half of the year. Klabin announced on June 24 that it had signed the necessary documents for the divestment of the kraftliner paper plant located in the city of Nova Campina (SP) - part of the packaging paper and corrugated box unit acquired from International Paper do Brasil - for R\$ 196 million to the Grupo Klingele Paper & Packaging. The transaction is subject to compliance with certain conditions precedent, including the approval by CADE of the acquisition of International Paper's assets in Brazil, as well as its respective closing and the corporate reorganization transferring the assets within the scope of the transaction. The sale of Nova Campina reinforces the strategic rationale announced at the time of the acquisition of IP with the focus on the packaging units – corrugated and recycled paper – and their integration with Klabin's existing and future paper machines.

Investments

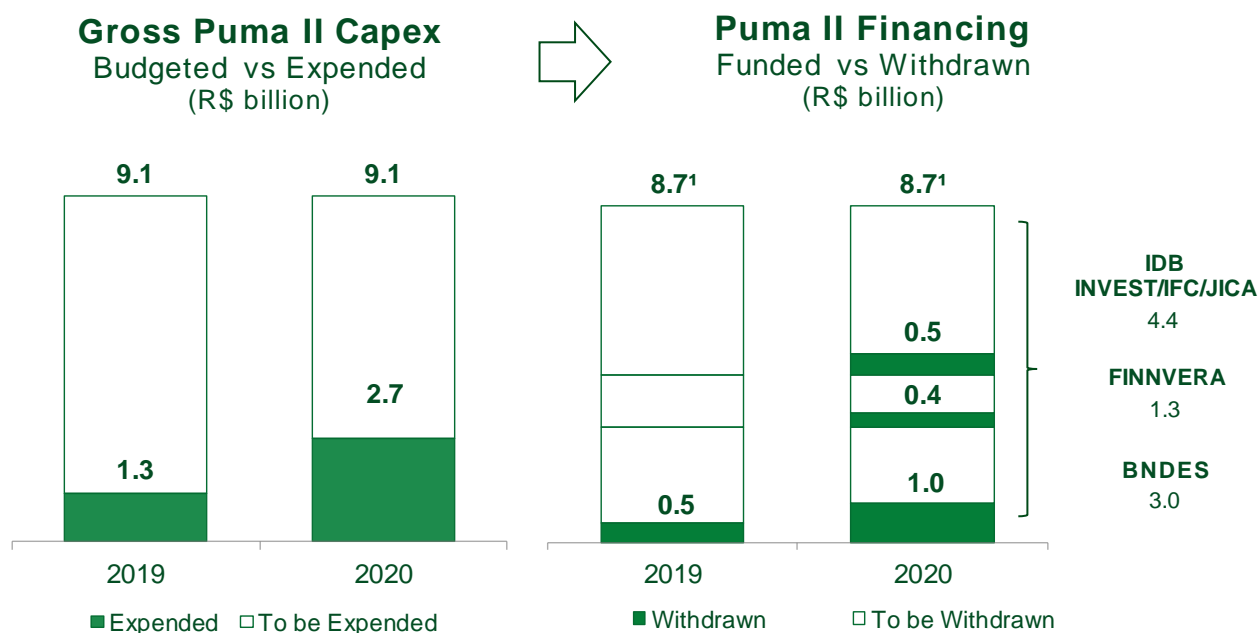
R\$ million	2Q20	1Q20	2Q19	6M20
Forestry	47	72	92	118
Maintenance	39	198	144	237
Special projects and growth	4	23	57	26
Puma II Project	908	527	288	1,435
Total	998	820	581	1,817

Klabin invested R\$ 998 million in the second quarter 2020 in its operations and new expansion projects. Of the total invested, R\$ 47 million was allocated to forestry operations and R\$ 39 million to investments in the operational continuity of the plants that together represent

investment in the Company's operational maintenance. Investments in forestry were lower in the second quarter due to the location of Klabin's forest assets in regions with prolonged drought and the consequent need to postpone planting in some areas. Part of the maintenance investments were also postponed to the second semester, which will concentrate most of the budgeted amount for the year. Despite this calendar effect on Klabin's investments in maintenance, the budget for 2020 remains unchanged. Also, R\$ 4 million was invested in special projects involving operations with a short-term horizon and quick returns with the Company's strategic purposes in mind. These investments represent cash and are not considered as investments involving the forestry activities of subsidiaries through Special Purpose Entities (SPEs) executed through the injection of forest assets already existing in Klabin's balance sheet.

As to the Puma II project, to date R\$ 2.707 billion has been disbursed, of which R\$ 908 million refer to the second quarter of 2020 and R\$ 1.435 billion to the first six months of the year. After the temporary demobilization of the work force involved in the civil construction and assembly work at the project site, announced in a Material Fact released on March 23, 2020, the Company partially reintegrated members of the workforce on site during the course of 2Q20. Currently, work on the project's first packaging paper machine is already 45% complete.

The new expansion cycle approved on April 16 envisages a gross investment of R\$ 9.1 billion, comprising the installation of two paper packaging machines with a nominal capacity of 920 thousand tons of paper and situated at Klabin's Puma Unit where the Company already produces bleached hardwood, softwood and fluff pulp. Klabin has negotiated financing for the project from ECA's, BNDES, IDB Invest, IFC and JICA.



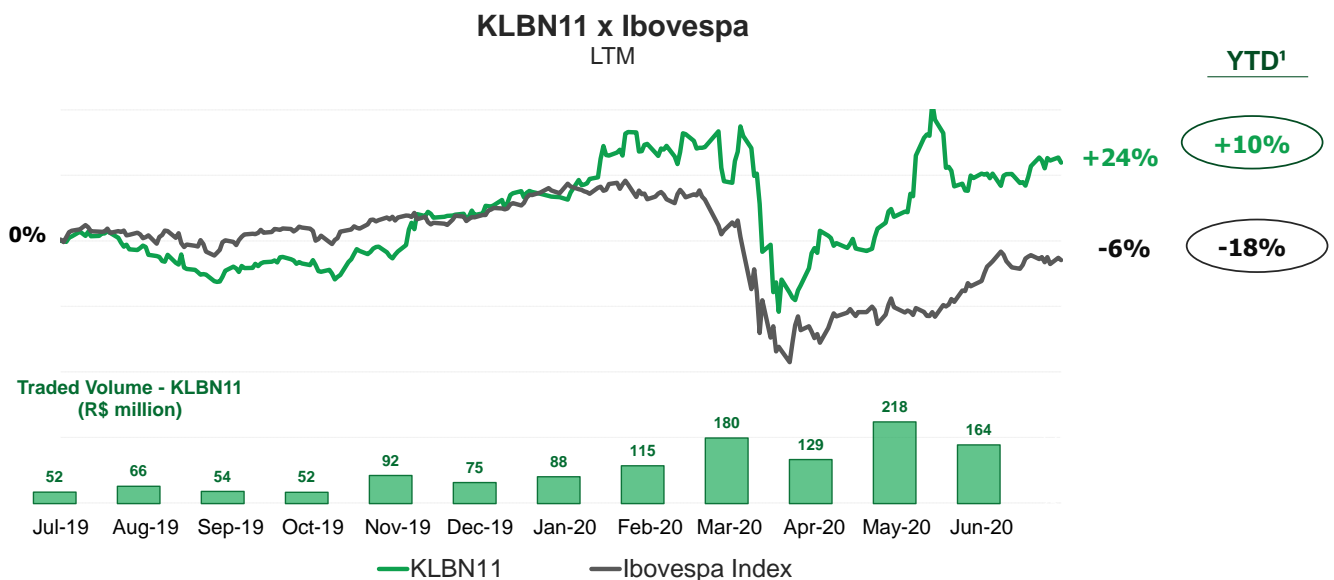
¹Considers the end of period R\$/US\$ rate

Capital Markets

Equity Markets

In the second quarter of 2020, Klabin's units (KLBN11) reported a 27% appreciation versus the 30% in Ibovespa stock index. In the last twelve months, the Units reported a 24% increase while the Ibovespa depreciated 6%. Trading on every business day at B3 – Brasil, Bolsa, Balcão, the Units registered a volume of 543 million securities in the quarter, corresponding to an average daily financial turnover of R\$ 170 million. Units reached a maximum price of R\$ 23.25 on May 13, 2020 and a minimum of R\$ 15.75 on April 1, 2020.

Pursuant to the June 15, 2020 Notice to Shareholders, Klabin increased the Company's subscribed and paid in capital stock through the issue of 27,739,244 common and 110,956,976 preferred shares with the exercising of the Subscription Bonus of the Company's 7th debenture issue. As a result, the Company's subscribed and paid-in capital stock is 5,548 million shares, of which 2,012 million common and 3,536 million preferred. The Company's shares also trade in the United States market and are listed under a Level I ADR program on the Over-the-Counter market under the KLBYA ticker symbol.

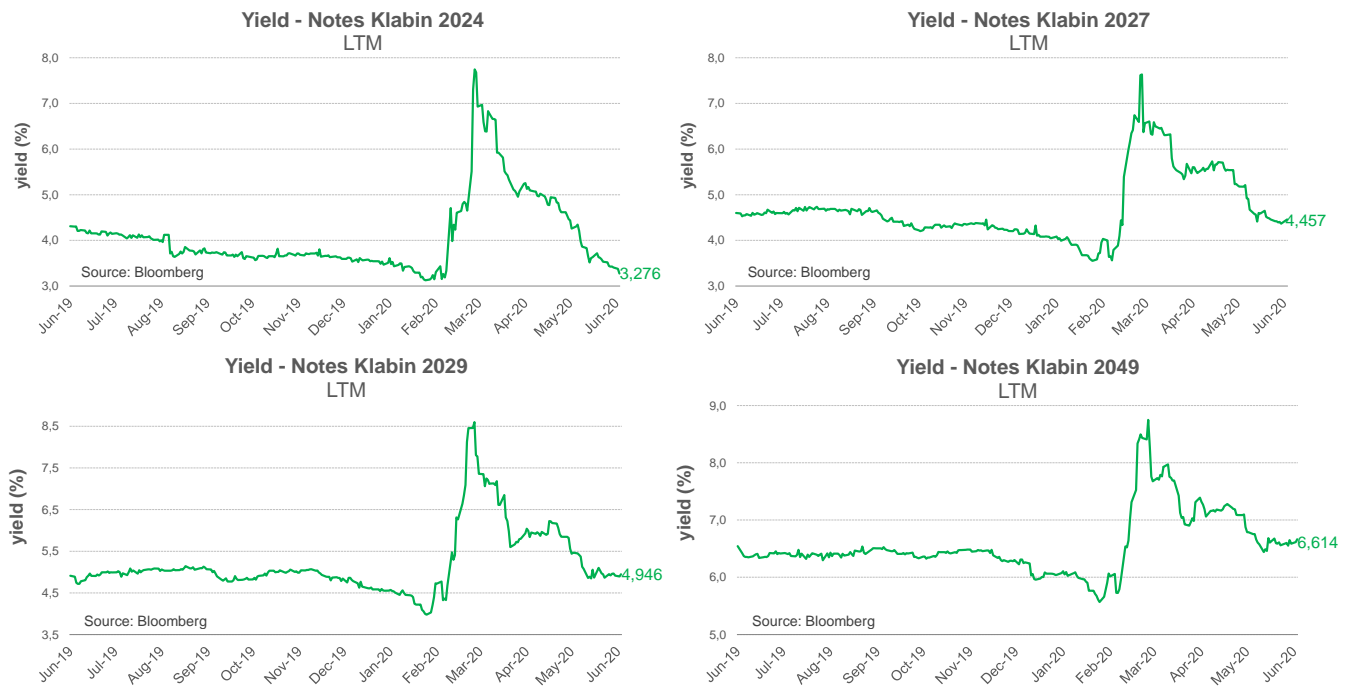


¹ YTD: Year to Date (Return on year). From 12/30/2019 a 06/30/2020

For the eighth consecutive year, Klabin is a component of B3's Corporate Sustainability Index (ISE). The index represents shares of companies that are outstanding in their commitment to the sustainability of the business and the country as a whole. The Stock Index's component companies are selected annually, based on criteria set by Getúlio Vargas Foundation's Center for Sustainability Studies (GVces).

Fixed Income

Klabin has four active notes or bonds issued in international markets. These securities mature in the years 2024, 2027, 2029 and 2049 - with coupons of 5.250% p.y., 4.875% p.y., 5.750% p.y. and 7.000% p.y., respectively, with semi-annual interest payments. Important to point out is that the bonds issued for 2027 and 2049 are green bonds with proceeds going to eligible green projects.



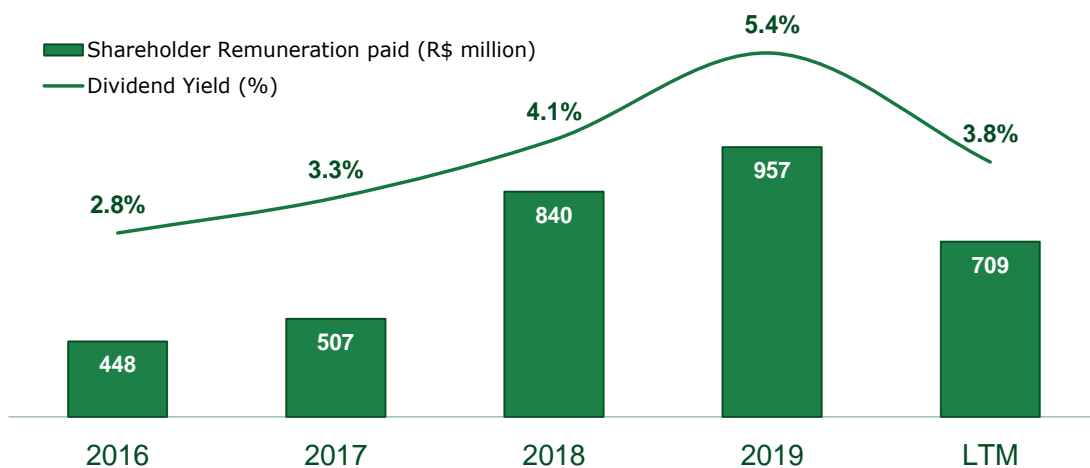
Klabin has a BB+ credit risk classification and a stable outlook from Fitch Ratings and Standard & Poors.

Shareholder Remuneration

The rapid and sudden devaluation of the Real against the US dollar has negatively affected Klabin's net income in recent periods, as explained in the Debt and Financial Results sections. Hence, in compliance with accounting and corporate law, Klabin is temporarily prevented from distributing dividends to its shareholders. As a result, there was no distribution of proceeds in 2Q20.

In the quarter, the Board of Directors' approval of the Company's Dividend and Interest on Capital Policy should be highlighted. This was another step in the improvement of Klabin's corporate governance, establishing metrics and parameters to be adopted by management in the Company's financial management. The policy is available and can be consulted by accessing Klabin's IR website, as well as those of B3 and the CVM.

In the Last Twelve Months (LTM) the Company has distributed to shareholders a total of R\$ 709 million, a dividend yield of 3.8% on the average value of the Unit during the period.



Subsequent Events

- As disclosed through Material Fact, in a meeting held on July 21, 2020, the Board of Directors, by the majority of its independent members, resolved to approve the terms of negotiation carried out between the Company's Executive Board and Sogemar - Sociedade Geral de Marcas Ltda. ("Sogemar"), which foresees the merger of Sogemar by the Company, with the corresponding issuance of 92,902,188 common shares issued by Klabin in favor of Sogemar shareholders ("Merger"). In addition to the preparation and signing of the necessary documents, the Merger will depend, for its implementation, on the approval of the majority of the shareholders present at a general meeting to be called in a timely manner by holders of common and preferred shares issued by the Company and who are not, directly or indirectly, partners of Sogemar.

Conference Call

Português

Quinta-feira, 6 de agosto de 2020 – 11h00 (Brasília).

Senha: Klabin

Telefone: (11) 3193-1133 ou (11) 2820-4133

Replay: (11) 3193-1012 ou (11) 2820-4012

Senha: 4301451#

O áudio da Teleconferência também será transmitido pela internet.

Acesso:

<https://webcastlite.mziq.com/cover.html?webcastId=16659f2f-c811-4d04-bbb3-01587ae70d6e>

English (simultaneous translation)

Thursday, August 6th, 2020 – 10:00 a.m. (NY)

Password: Klabin

Phone: U.S. participants: 1 646 291 8936 or
1 929 270 4027

International participants: 1 800 492 3904 or
1 833 823 6649

Replay: (55 11) 3193-1012 or (55 11) 2820-4012

Password: 2866827#

The conference call will also be broadcasted on the internet.

Access:

<https://webcastlite.mziq.com/cover.html?webcastId=4b9c50af-200b-4200-92b4-4ffa86c30185>

Statements in this release relative to the Company's business perspectives, estimates for operational and financial and the Company's potential growth are merely forecasts and based on Management's expectations in relation to the future of the Company. These expectations are highly dependent on market changes, on Brazilian general economic performance, on the industry and on international markets, therefore being subject to change.

Appendix 1 – Consolidated Income Statement (R\$ thousands)

(R\$ thousands)	2Q20	1Q20	2Q19	Δ	Δ	6M20	6M19	Δ
				2Q20/1Q20	2Q20/2Q19			6M20/6M19
Gross Revenue	3,336,961	2,983,317	3,004,021	12%	11%	6,320,278	5,883,286	7%
Net Revenue	2,956,397	2,591,387	2,599,819	14%	14%	5,547,784	5,089,843	9%
Variation in the fair value of biological assets	31,563	217,258	21,050	-85%	50%	248,821	(17,200)	n/a
Cost of Products Sold	(1,844,908)	(1,814,427)	(1,870,231)	2%	-1%	(3,659,335)	(3,464,173)	6%
Gross Profit	1,143,052	994,218	750,638	15%	52%	2,137,270	1,608,470	33%
Selling Expenses	(289,433)	(246,989)	(213,394)	17%	36%	(536,422)	(403,119)	33%
General & Administrative Expenses	(157,118)	(149,121)	(159,503)	5%	-1%	(306,239)	(297,972)	3%
Other Revenues (Expenses)	47,000	11,913	59,891	295%	-22%	58,913	62,045	-5%
Total Operating Expenses	(399,551)	(384,197)	(313,006)	4%	28%	(783,748)	(639,046)	23%
Operating Income (before Fin. Results)	743,501	610,021	437,632	22%	70%	1,353,522	969,424	40%
Equity pickup	3,745	22,287	2,028	-83%	85%	26,032	3,773	590%
Financial Expenses	(771,583)	(2,169,582)	(724,559)	-64%	6%	(2,941,165)	(1,296,399)	127%
Financial Revenues	125,529	107,491	174,060	17%	-28%	233,020	314,413	-26%
Net Foreign Exchange Losses	(751,547)	(3,426,242)	210,564	-78%	n/a	(4,177,789)	191,889	n/a
Net Financial Revenues	(1,397,601)	(5,488,333)	(339,935)	-75%	311%	(6,885,934)	(790,097)	772%
Net Income before Taxes	(650,355)	(4,856,025)	99,725	-87%	n/a	(5,506,380)	183,100	n/a
Income Tax and Soc. Contrib.	267,625	1,713,482	(27,475)	-84%	n/a	1,981,107	(307,014)	n/a
Net Income (loss)	(382,730)	(3,142,543)	72,250	-88%	n/a	(3,525,273)	(123,914)	2745%
Net income (loss) attributable to noncontrolling interests	55,344	27,968	2,088	98%	2551%	83,312	6,718	1140%
Net income attributable to Klabin's stockholders	(438,074)	(3,170,511)	70,162	-86%	n/a	(3,608,585)	(130,632)	2662%
Depreciation and amortization	621,224	634,759	540,660	-2%	15%	1,255,983	975,227	29%
Change in fair value of biological assets	(31,563)	(217,258)	(21,050)	-85%	50%	(248,821)	17,200	n/a
Adjusted EBITDA	1,333,162	1,027,522	957,242	30%	39%	2,360,684	1,961,851	20%

Appendix 2 – Consolidated Balance Sheet (R\$ thousands)

Assets	Jun-20	Mar-20	Jun-19
Current Assets	14.520.351	12.108.924	15.441.340
Cash and banks	17.165	37.787	55.725
Short-term investments	8.020.119	5.758.862	10.046.919
Securities	1.831.094	1.418.332	1.355.631
Receivables	2.112.812	2.215.161	1.935.491
Inventories	1.557.530	1.462.449	1.460.424
Recoverable taxes and contributions	786.319	977.247	314.745
Other receivables	195.312	239.086	272.405
Noncurrent Assets	22.708.714	21.730.225	18.856.864
Long term			
Deferred Income Tax and Social Contribution	1.244.142	787.227	-
Taxes to compensate	1.046.192	1.157.273	1.148.643
Judicial Deposits	124.673	123.244	101.397
Other receivables	225.402	259.187	276.975
Other investments	265.473	261.728	179.590
Property, plant & equipment, net	14.644.323	14.006.093	12.303.288
Biological assets	4.402.402	4.582.935	4.403.748
Asset use benefit	681.761	478.692	360.809
Intangible assets	74.346	73.846	82.414
Total	37.229.065	33.839.149	34.298.204

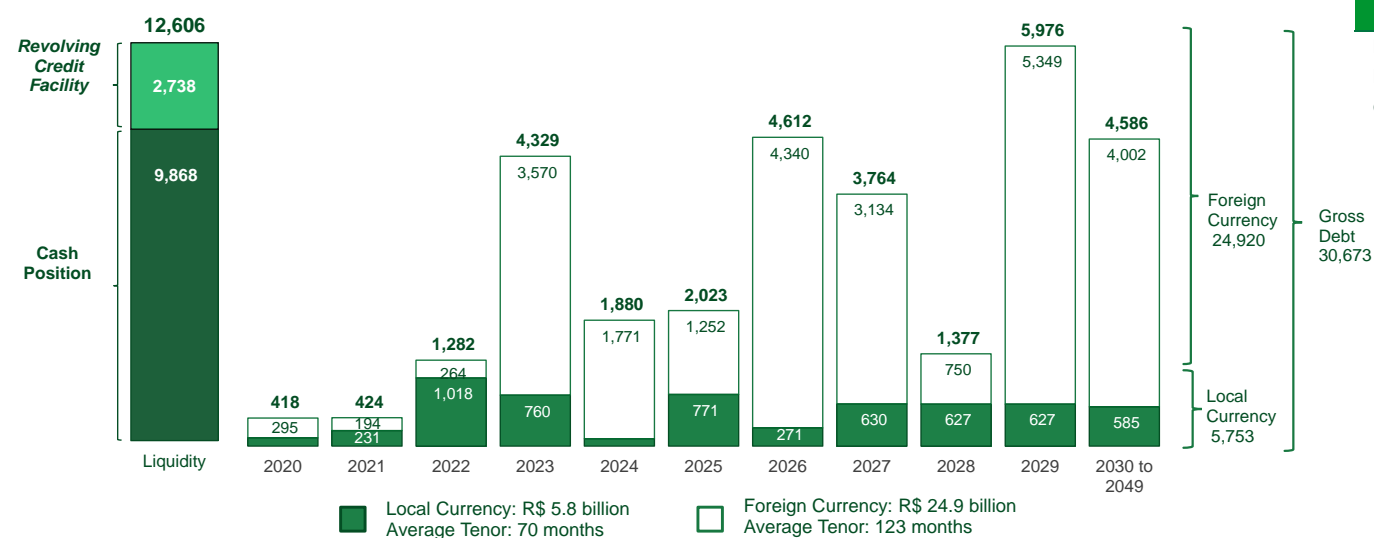
Liabilities and Stockholders' Equity	Jun-20	Mar-20	Jun-19
Current Liabilities	2.568.125	3.083.978	3.187.520
Loans and financing	598.636	773.157	1.186.632
Debentures	71.522	571.881	479.025
Suppliers	1.295.810	1.213.764	915.771
Taxes payable	38.530	57.060	78.245
Salaries and payroll charges	294.269	213.474	268.556
Dividends to pay	-	-	-
Liability use benefit	108.169	99.172	76.456
Other accounts payable	161.189	155.470	182.835
Noncurrent Liabilities	31.287.096	27.334.372	24.907.244
Loans and financing	28.149.962	24.525.033	21.595.736
Debentures	1.853.107	1.726.030	1.340.570
Deferred income tax and social contribution	-	-	1.026.549
Other accounts payable - Investors SCPs	326.266	315.305	310.999
Lease liability	579.840	386.019	287.247
Other accounts payable	377.921	381.985	346.143
Stockholders' Equity	2.788.350	2.885.760	5.955.725
Capital	4.475.481	4.076.035	4.076.035
Capital reserve	(365.791)	(337.244)	(350.624)
Revaluation reserve	48.705	48.705	48.705
Profit reserve	1.517.044	1.517.044	1.748.219
Valuation adjustments to shareholders' equity	922.365	952.618	972.238
Retained earnings	(3.631.585)	(3.193.511)	(351.631)
Treasury stock	(177.869)	(177.887)	(187.217)
Equity attributable to noncontrolling interests	585.494	535.039	247.715
Total	37.229.065	33.839.149	34.298.204

Appendix 3 – Loan Maturity Schedule – 06/30/2020

Debt in R\$ linked to swaps into dollar considered as foreign currency debt for the purpose of this appendix

R\$ million	3Q20	4Q20	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 to 2049	Total
BNDES	15	0	15	1	41	72	72	71	71	71	71	71	585	1,142
Export Credit Notes	45	10	55	115	100	88	38	350	-	-	-	-	-	745
Agribusiness Receivables Certificate	13	0	14	45	846	600	-	350	200	559	556	556	-	3,725
Others	8	0	8	9	-	-	-	-	-	(0)	(0)	(0)	-	17
Debentures	-	31	31	62	31	-	-	-	-	-	-	-	-	123
Local Currency	81	42	123	231	1,018	760	110	771	271	630	627	627	585	5,753
BNDES	4	1	5	-	-	-	-	-	-	-	-	-	-	5
Trade Finance	8	7	15	-	-	3,257	-	939	4,132	68	342	137	-	8,891
Bonds	179	-	179	-	-	-	1,458	-	-	2,658	-	4,013	3,928	12,236
ECA's	25	61	87	194	264	312	312	312	209	75	75	75	73	1,987
Debentures	10	-	10	-	-	-	-	-	-	333	333	1,125	-	1,801
Foreign Currency¹	225	70	295	194	264	3,570	1,771	1,252	4,340	3,134	750	5,349	4,002	24,920
Gross Debt	307	112	418	424	1,282	4,329	1,880	2,023	4,612	3,764	1,377	5,976	4,586	30,673

¹Includes BRL to USD swaps, as well as the instrument's mark-to-market gains or losses



	Average Cost	Average Tenor
Local Currency	3.61% p.y.	70 months
Foreign Currency	4.56% p.y.	123 months
Gross Debt		114 months

Appendix 4 – Consolidated Cash Flow (R\$ thousands)

R\$ thousand	2Q20	1Q20	2Q19	6M20	6M19
Cash flow from operating activities	1.028.771	623.891	531.527	1.652.662	963.768
Operating activities	729.223	982.128	622.646	1.711.351	1.348.489
Net income	(382.730)	(3.142.543)	72.250	(3.525.273)	(123.914)
Depreciation and amortization	271.954	277.415	274.831	549.369	535.458
Depletion in biological assets	349.270	357.344	265.829	706.614	439.769
Change in fair value - biological assets	(31.563)	(217.258)	(21.050)	(248.821)	17.200
Equity Conveyance	1.767	(8.681)	3.680	(6.914)	4.127
Equity Pickup Results	(3.745)	(22.287)	(2.028)	(26.032)	(3.773)
Deferred income taxes and social contribution	(459.671)	(1.934.444)	(133.373)	(2.394.115)	65.610
Interest and exchange variation on loans and financing	1.394.204	5.514.219	147.163	6.908.423	712.588
Interest, exchange variation and profit sharing of debentures	151.271	480.272	179.402	631.543	193.555
Payment of interest on loans	(373.665)	(324.894)	(179.734)	(698.559)	(539.443)
Lease Interests	(187.964)	2.462	11.611	(185.502)	7.291
REFIS Reserve Provision	-	-	7.155	-	14.372
Others	95	523	(3.090)	618	25.649
Variations in Assets and Liabilities	299.548	(358.237)	(91.119)	(58.689)	(384.721)
Receivables	102.349	(355.656)	49.208	(253.307)	105.440
Inventories	(95.081)	(130.205)	(108.420)	(225.286)	(254.071)
Recoverable taxes	304.894	317.500	148.501	622.394	248.231
Marketable Securities	(412.762)	(27.803)	(29.323)	(440.565)	(42.281)
Other receivables	86.403	70.116	46.226	156.519	44.497
Suppliers	13.537	(170.373)	55.983	(156.836)	(10.943)
Taxes and payable	(18.530)	(10.019)	12.039	(28.549)	27.413
Salaries, vacation and payroll charges	80.795	(87.814)	67.670	(7.019)	(31.823)
Income taxes and social contribution	(2.884)	(1.954)	(1.693)	(4.838)	(161.080)
Other payables	240.827	37.971	(331.310)	278.798	(310.104)
Net Cash Investing Activities	(980.029)	(752.035)	(573.362)	(1.732.064)	(870.224)
Purchase of property, plant and equipment (ex taxes)	(861.365)	(688.761)	(390.813)	(1.550.126)	(600.609)
Cost biological assets planting (ex taxes)	(137.174)	(130.355)	(189.820)	(267.529)	(276.886)
Dividends received from subsidiaries	-	3.381	-	3.381	-
Proceeds from disposal of assets	18.510	63.700	7.271	82.210	7.271
Net Cash Financing Activities	2.191.893	(2.415.593)	4.010.963	(223.700)	4.275.246
New Borrowings	2.755.116	987.330	4.725.383	3.742.446	7.565.728
Debentures Capitalization	-	-	995.000	-	995.000
Debentures interest amortization	(153.611)	(26.458)	(31.636)	(180.069)	(31.636)
Payment Lease Liability	(39.212)	(31.415)	(24.701)	(70.627)	(49.506)
Loan amortization	(368.932)	(3.148.838)	(1.447.493)	(3.517.770)	(3.739.501)
Minority stake investment acquisition - cash	-	50.000	(3.226)	50.000	(2.142)
Minority Shareholders exit	-	(2.000)	-	(2.000)	-
Dividends Payment	-	(223.000)	(201.000)	(223.000)	(471.000)
Dividends Payment SCPs	(1.468)	(34.800)	(1.364)	(36.268)	(4.002)
Disposal of Treasury Stocks	-	13.588	-	13.588	12.305
Increase (Decrease) in cash and cash equivalents	2.240.635	(2.543.737)	3.969.128	(303.102)	4.368.790
Cash and cash equivalents at beginning of period	5.796.649	8.340.386	6.133.516	8.340.386	5.733.854
Cash and cash equivalents at end of period	8.037.284	5.796.649	10.102.644	8.037.284	10.102.644

Appendix 5 – Business Units Evolution

2Q20

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	63	311	471	660	(4)	1,501
Exports	-	715	649	92	-	1,455
Third part revenue	63	1,026	1,120	752	(4)	2,956
Segments revenue	401	23	380	8	(813)	-
Total net revenue	464	1,049	1,500	760	(817)	2,956
Change in fair value - biological assets	32	-	-	-	-	32
Cost of goods sold ¹	(712)	(449)	(846)	(650)	813	(1,845)
Gross income	(217)	600	655	109	(4)	1,143
Operating expenses	(1)	(154)	(150)	(89)	(2)	(396)
Operating results before financial results	(218)	446	504	21	(6)	747

Note: In this table, total net revenue includes sales of other products.

¹ Forestry COGS includes the exhaustion on the fair value of biological assets in the period.

1Q20

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	49	313	480	700	(4)	1,538
Exports	-	522	450	81	-	1,053
Third part revenue	49	835	930	781	(4)	2,591
Segments revenue	407	19	406	8	(840)	-
Total net revenue	456	854	1,336	789	(844)	2,591
Change in fair value - biological assets	217	-	-	-	-	217
Cost of goods sold ¹	(735)	(458)	(847)	(661)	887	(1,814)
Gross income	(62)	396	489	128	43	994
Operating expenses	(23)	(131)	(137)	(98)	27	(362)
Operating results before financial results	(85)	265	352	30	70	632

Note: In this table, total net revenue includes sales of other products.

¹ Forestry COGS includes the exhaustion on the fair value of biological assets in the period.

2Q19

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	68	355	442	637	(1)	1,501
Exports	-	607	400	92	-	1,099
Third part revenue	68	962	842	729	(1)	2,600
Segments revenue	358	29	405	6	(798)	-
Total net revenue	426	991	1,247	735	(799)	2,600
Change in fair value - biological assets	21	-	-	-	-	21
Cost of goods sold ¹	(631)	(468)	(971)	(621)	821	(1,870)
Gross income	(184)	523	276	114	22	751
Operating expenses	(33)	(97)	(124)	(97)	40	(311)
Operating results before financial results	(217)	426	152	17	62	440

Note: In this table, total net revenue includes sales of other products.

¹ Forestry COGS includes the exhaustion on the fair value of biological assets in the period.