Klabin S.A.

Financial statements at December 31, 2021 and 2020, and Independent auditor's Report

Klabin

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(in thousands of Brazilian Reais, unless otherwise stated)

Officers' statement on the financial statements

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the set of financial statements, dated February 10, 2021, related to the financial statements for the year ended December 31, 2020.

São Paulo, February 9, 2021.

Cristiano Cardoso Teixeira	Chief Executive Officer
Marcos Paulo Conde Ivo	Chief Financial Officer and Investor Relations Officer
Flávio Deganutti	Officer
Francisco Cezar Razzolini	Officer

(in thousands of Brazilian Reais, unless otherwise stated)

Officers' statement on the independent auditor's report

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the opinions expressed in the independent auditor's report dated February 10, 2021, related to the financial statements for the year ended December 31, 2020.

São Paulo, February 9, 2022.

Cristiano Cardoso Teixeira	Chief Executive Officer
Marcos Paulo Conde Ivo	Chief Financial Officer and Investor Relations Officer
Flávio Deganutti	Officer
Francisco Cezar Razzolini	Officer

Opinion of the Fiscal Board

We have audited the accompanying parent company and consolidated financial statements of Klabin S/A, which comprise the balance sheet as at December 31, 2020, and the respective statements: (i) profit and loss, (ii) comprehensive income (loss), (iii) changes in equity, (iv) cash flows and (v) added value statements, accompanied by the corresponding explanatory information and by Ernst Young Auditores Independentes report, as well as a summary of the main accounting practices, explanatory notes and management report.

Based on the documents examined, the unqualified opinion in Ernst Young Auditores Independentes S.S. report on these financial statements and by the clarifications given by the representatives of the Company’s management, the members of the audit board unanimously agree that the aforementioned financial statements fairly reflect the financial position and the activities of the Company during the year ended December 31, 2020, and that together with the Management Report and the proposal for the allocation of results, can be submitted to the appreciation of the General Stockholders’ Meeting.

São Paulo, February 9, 2022.

João Adamo Junior

João Alfredo Dias Lins

Louise Barsi

Maurício Aquino Halewicz

Raul Ricardo Paciello

Opinion of the Audit Committee

The members of audit Committee has examined the parent company and consolidated financial statements for the year ending December 31, 2021, the Management Report and the report issued without qualifications by independent auditors. Based on the examined documents and the clarifications rendered, the undersigned members of the Audit Committee are of the opinion that the financial statements in all material respects are fairly presented and should be approved.

São Paulo, February 7, 2022.

Luís Eduardo Pereira de Carvalho

Amanda Klabin Tkacz

Pedro Guilherme Zan

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders, Board of Directors and Officers
Klabin S.A.
São Paulo – SP

Opinion

We have audited the individual and consolidated financial statements of Klabin S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2021 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Klabin S.A. as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

Key audit matters (Continued)

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>*Taxes recoverable*</u>

At December 31, 2021, the taxes recoverable disclosed in Note 11 to the financial statements, amounting to R$1,044,934 thousand and R$1,102,605 thousand, Individual and Consolidated, respectively, mainly from income tax credits and social contribution on profit and (ICMS) VAT tax credits. The recoverability of these tax credits is directly associated with the expectation of debts payable in the future that may be offset against the aforementioned recoverable taxes.

Due to the magnitude of the amounts involved and the complexity of the future tax recoverability projection measurement process, which are based on estimates and assumptions whose recoverability may be affected by uncertain market conditions and economic scenarios, as well as Brazilian tax legislation complexity, this matter was considered a key audit matter.

How our audit has addressed this matter

Our audit procedures included, among others, the engagement of tax specialists to help us assess the tax impacts involved. Review of the assumptions used by the Company and its subsidiaries in developing the model used to measure the recoverable amount of tax credits, which considers estimates of future profits, estimates of future sales, inflation projection, estimated exchange rates, estimated profitability of the Company's and its subsidiaries' business, and profit margin.

We have also reviewed the information disclosed by the Company in Note 11, the source of the amounts, as well as the segregation between of such credits in the short and long term recoverable taxes.

Based on the result of the audit procedures performed on taxes recoverable, which is consistent with management's assessment, we consider that the criteria and assumptions adopted for recoverability of such taxes recoverable adopted by management, as well as the respective disclosures in Note 11 are acceptable in the context of the overall financial statements.

Key audit matters (Continued)

Deferred income tax and social contribution

At December 31, 2021, the recoverable deferred taxes disclosed in Note 12, amounting to R$2,821,968 thousand and R$2,826,996 thousand, Individual and Consolidated, respectively, results from income and social contribution on temporary differences, and income loss and social contribution on negative tax basis.

Due to the magnitude of the amounts involved, the complexity of the process of measuring future tax recoverability projections, which are based on estimates and assumptions whose realization may be affected by uncertain market conditions and economic scenarios, as well as by the complexity of tax legislation, this matter was considered a key audit matter.

How our audit has addressed this matter

Our audit procedures included, among others, the engagement of tax specialists to support us to assess the tax impacts involved. Review of the assumptions used by the Company and its subsidiaries in designing the model used to measure the recoverable amount of deferred taxes, which considers estimates of taxable profits projected based on estimates of future sales, inflation projection, estimated exchange rates, estimated profitability of the Company's and its subsidiaries' business, and profit margin.

We have also reviewed the information disclosed by the Company in Note 12, the source of the amounts, the assumptions used in relation to estimated future profitability and realization of such deferred taxes in the short and long term.

Based on the result of the audit procedures performed on deferred taxes, which is consistent with management's assessment, we consider that the criteria and assumptions adopted for estimate the realization of such deferred taxes adopted by management, as well as the respective disclosures in Note 12 are acceptable in the context of the overall financial statements.

Measurement of biological assets

The Company and its subsidiaries record their eucalyptus and pine forests (biological assets) at fair value. At December 31, 2021, the fair value of biological assets, as disclosed in Note 16, was R$3,772,191 thousand and R$5,528,050 thousand, Individual and Consolidated, respectively.

Given the materiality of the amounts involved and complexity of the biological asset fair value calculation process, which takes into account several assumptions that involve a high degree of judgment by Company management, such as forest growth ratio, interest rates for cash flow discounts, projected harvest volume and price of standing timber, this matter was considered a key audit matter.

Key audit matters (Continued)

Measurement of biological assets (Continued)

How our audit has addressed this matter

Our audit procedures included, among others, an understanding of the internal controls related to the measurement of the Company's and its subsidiaries' biological assets, the involvement of our biological assets valuation specialists to support un in assessing the assumptions and methodologies used by the Company, particularly as regards estimated forest growth ratio estimates, interest rates for cash flow discounts, productivity estimates, harvest volume projections and the price of standing timber, as well as an assessment of the adequate disclosure by the Company regarding the assumptions used in measuring the respective fair value, both in noncurrent assets and related effects on profit or loss in the year.

Based on the result of the audit procedures performed on biological asset fair value measurement, which is consistent with management's assessment, we consider that the criteria and assumptions adopted by management to measure the fair value of biological, as well as the respective disclosures in Note 16, are acceptable in the context of the overall financial statements.

Hedge Accounting

As part of its operations, the Company and its subsidiaries have sales transactions, loans and financing in foreign currency. In order to protect against exchange rate volatility risks, on January 4, 2021, the Company adopted a cash flow hedge accounting program. As disclosed in Note 30, the changes in the fair value of the hedging instrument, net of deferred taxes, as of December 31, 2021, totaled R$759,367 thousand, parent company and consolidated.

To be able to apply the hedge accounting method, the Company should comply with certain requirements set forth in the accounting standards, including, but not limited to, formal documentation of the designation for hedge accounting, performance of effectiveness test, and accounting for any ineffectiveness of installment realized in the statement of profit or loss. Given the technical requirements for adoption of hedge accounting, as well as the potential effect of misstatements in the financial statements in the event of an error in the assessment of the effectiveness test of these transactions, this topic was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others, understanding of the internal controls related to hedge accounting, involvement of our derivative financial instrument specialists to assist in the review of the protection structure designated for hedge accounting, review of the policy and documents formalizing the designation for hedge accounting and examination of prospective and retrospective effectiveness tests to assess whether hedging relationships are effective and have been properly calculated, procedures for confirmation of loan and derivative instrument balances with financial institutions, documentary testing on a sampling basis of the individual transactions that are part of the commitments assumed in foreign currency during the year, evaluation of the hedge classification and accounting in accordance with CPC 48 and IFRS 9, and evaluation of the adequacy of the respective disclosures in the individual and consolidated financial statements.

Key audit matters (Continued)

Hedge Accounting (Continued)

Based on the result of the audit procedures performed on the recognition of derivative financial instruments subject to hedge accounting, which is consistent with management's assessment, we consider that the criteria used and documentation maintained by the Company for the use of hedge accounting, as well as the respective disclosures in Note 30, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2021, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor’s responsibilities for audit of the individual and consolidated financial statements (Continued)

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and its subsidiaries’ internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and its subsidiaries’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for audit of the individual and consolidated financial statements (Continued)

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 8, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

Rita de C. S. Freitas
Accountant CRC-1SP214160/O-5

Management Report 2021

February 9, 2022

Message from the Management

If we began 2021 with some uncertainties as to the eventual outcome of mass vaccinations against Covid-19 and the recovery in the global economy, we reached the end of 2021 with our convictions strengthened: that we are an increasingly more solid company, a world benchmark in sustainability and in a state of full and continuous growth.

The strong demand for our products in the domestic and international markets and the integrated, diversified and flexible business model – tried and tested to the maximum in these two years of pandemic – combined with our recognized operational efficiency, have demonstrated, once again, our resilience. In 2021, we were able to report the best operating and financial results in our 122 years of history. Excluding non-recurring effects, Adjusted EBITDA – which measures operating cash generation - totaled R$ 6.865 billion for the year, a growth of 46% in relation to 2020, and the 12th consecutive year of growth.

In spite of being a period marked by adversity, with worldwide logistical challenges; an energy crisis in China; increasing inflation in various countries, among them Brazil; concerns as to the national water crisis and energy generation, to mention some examples, we were able to record deliveries that have taken pride of place in the Company's history. The list includes the successful start-up of MP27 in August, representing the first stage of the Puma II Project.

Advances have also been made in the supply of innovative solutions with products from renewable sources, diversified, recyclable and degradable and in tune with the consumption demands of our clients and society, for both of which we have a genuine vocation. The initial production of Eukaliner®, the first kraftliner in the world made exclusively from eucalyptus fiber in Puma II's PM27, is illustrative of our capacity to reinvent ourselves, reinforcing our portfolio of sustainable products. This innovation is fruit of studies undertaken by our teams at Klabin's Technology Center, which is also responsible for the development of barriers such as those against water, fat and steam, adding still more practicality to our paper and paper packaging.

The year was also marked by the decision to produce coated board – a growing market around the world and where there is no expansion in capacity forecast over the short-term – using PM28, the second paper machine in the Puma II Project with start-up scheduled for the second quarter 2023. In the logistics area, Operations began at the general cargo terminal at Paraná, which doubles our capacity to use the flow of containers from the Puma and Monte Alegre units to the Port of Paranaguá.

We took part in COP26 as representatives of the leadership of private sector companies in Latin America, the result of Klabin's historic commitment to sustainable development and pioneering in relation to practices and initiatives which benefit the planet. We have also launched the ImPacto NetZero campaign in partnership with the Brazilian Network of the United Nations Global Compact in the light of the urgent need of collective mobilization for mitigating climate change.

Another cause for pride was Klabin's inclusion in CDP's Triple A List, a nonprofit international organization that manages a world environmental disclosure system for companies, cities, states and regions. We were the first company in Latin America to reach an "A" classification for the climate change, forestry and water security programs together with 13 other companies similarly classified around the world.

In November, we commemorated the news that for the second consecutive year, Klabin was selected as a component of the Dow Jones Sustainability Index, in the categories World – the most robust and important of them all – and Emerging Markets. Despite a record number of companies competing in this edition, we were successful in being a part of the group of 10% of these entities with the highest scores in the Global category. We were also a highlight with the best score for the industry (Containers & Packaging category) as well as reporting still further progress in the indicators for environmental, social and governance dimensions.

It was the perfect end to a year which began in January with a US$ 500 million revolving credit agreement characterized as Sustainability Linked Bond (SLB) issued in the international market, with a ten-year tenor and lower interest rate – 3.2% p.y. – than is normal for a Brazilian company with the same risk classification. The SLB is linked to key sustainability performance goals. In Klabin's case, these are to be reached by 2025, and are related to a reduction in water consumption, the reuse of waste and the reintroduction into the ecosystem of extinct or threatened species of native animals. For this operation, Klabin won the Bonds & Loans Latin America & Caribbean award in the "ESG Deal of the Year" category, where the focus is on innovative and sustainable operations.

We strengthened our governance model with the support of three advisory committees accountable to the Board of Directors: Audit and Related Parties Committee, Sustainability Committee and People Committee, all of which were put into place in December 2020.

Again in relation to our commitments to good environmental, social and governance practices, in the first half of 2021, we launched the ESG Panel, a platform which centralizes our indicators in a single place, allowing us to track the evolution of our performance and delivery of results under the Klabin agenda 2030, which is inspired by the UN Sustainable Development Goals. Full details can be accessed in https://esg.klabin.com.br.

We have endeavored to reinforce our transparency, proximity and accountability to our investors, which in 2021 among individuals, now represent more than 200 thousand tax identification numbers. In the context of this audience, we have sought to provide the clearest possible information on our final results in a practical and accessible manner by creating weekly content for insertion in the Klabin Invest platform in the form of videos and podcasts. Also during the year we launched a new, totally reformulated Investor Relations website, which can be accessed through the link: https://ri.klabin.com.br.

Regarding our people, it was with much satisfaction that we received the result of an internal poll showing that Klabin's employees are very perceptive of the Company's evolution in initiatives directed towards diversity and particularly gender equality. The same survey also indicated that occupational safety is seen as a priority value at Klabin. This represents a significant recognition since, after all, safety is one of the key pillars supporting our sustainable growth.

We would like to thank our employees, responsible for our results; the Board of Directors and our shareholders, for the trust endowed in our capacity to overcome the challenges; the clients that challenge us to innovate and to work better; the communities that welcome us into their midst and with which we develop a relation of partnership and incentive and to all those that are part of our business environment. Your trust in us is what enables us to invest, grow and create value for society.

Management

FIRST CONSIDERATIONS

Highlights 2021

ADJUSTED EBITDA	Start-up PUMA II	DELEVERAGING	SLB	BENCHMARK IN SUSTAINABILITY
R$ 6.9 billion Excluding non-recurring effects	PM27 Production 99 kt in 2021	2.9x NET DEBT/ EBITDA (US$)	US$ 500 million Rate: 3.2% p.y.	KSDG, DJSI ISE, CDP

Klabin reports Adjusted EBITDA of R$ 6.865 billion excluding non-recurring effects in 2021, an increase of 46% compared with 2020, once more proving its capacity of creating value under different scenarios.

The start-up of the first paper machine in the Puma II Project on August 30, 2021, with an output of 99 thousand tons already in 2021. The construction of the second machine reached 14% of completed execution as per measurements taken on January 30, 2022, with start-up planned for the second quarter 2023.

Solid EBITDA and cash generation in the year contributed to the Company's deleveraging despite this occurring in parallel with the Puma II investment cycle, with a reduction in the net debt/EBITDA ratio measured in US$ to 2.9x at the end of 4Q21 (vs. 4.0x at the end of 4Q20).

In January 2021, the Company raised US$ 500 million in the form of a Sustainability Linked Bond (SLB) issued in the international market with a tenor of ten years and a lower rate of interest at 3.2% p.y., than granted to a Brazilian company with the same risk classification. The SLB is linked to the fulfillment of sustainability goals.

For the second consecutive time, Klabin is a component of the Dow Jones Sustainability Index in the Global and Emerging Markets categories. Despite a record number of companies participating in this edition, we were included in the 10% of those with the best scores in the Global category. In addition, Klabin was included in CDP's Triple A List.

BUSINESS PERFORMANCE

Forestry Business Unit

Operations at Klabin's Forestry Unit have evolved in tandem with the higher production volumes of pulp, paper and packaging due to the increased Company capacity. In 2021, Klabin handled approximately 17 million tons of logs and pine and eucalyptus wood chips as well as biomass for energy generation, sufficient for satisfying internal demand for the manufacture of pulp and paper, in addition to logs sold to sawmills and laminators throughout the year.

Despite the allocation of wood for increased consumption of the operations, in 2021 sales volume was 2.6 million tons, a growth of 73% compared with the 1.5 million in 2020, equivalent to a net revenue of R$ 274 million. This growth largely reflects an opportunistic sale of 819 thousand tons of standing timber in 2Q21, but also but also due to the effect of the ongoing forest expansion for growth projects, such as Puma II as a result of as a result of the sale of logs from acquired forestry assets that have managed forests to generate larger diameter wood.

In December 2021, the Company had land totaling 610 thousand hectares, 278 thousand hectares of pine and eucalyptus forest plantations and a further 333 thousand hectares under preserved indigenous forest, in addition to unplanted areas, roads and improvements. During the year, 28 thousand hectares were planted covering both owned and leased properties.

Pulp Business Unit

Following the impacts caused by measures of social distancing due to the pandemic, generating imbalances between supply and demand in the global pulp market, the year began in strong recovery mode. This resumption in economic activity occurred across all markets, albeit involving different characteristics in the different regions during the year and feeding through to consecutive price increases during the first half. The price surge was more accelerated in China although levelling off and correcting more rapidly as well. Conversely in other regions, such as Europe, United States and Latin America, there was a more gradual recovery, prices peaking at the end of the second quarter and then remaining stable at this level through to the year-end.

Consequently, FOEX data reveals the average price for 2021 for bleached pulp, delivery China, was US$ 651/t for short fiber and US$ 850/t for long fiber, representing a year-on-year increase of 42% and 45%, respectively. On the other hand, in Europe, USA and the domestic market, which adopts FOEX Europe reference prices as its parameter, the increase was 45% in 2021 compared to the average for 2020, considering both short and long fiber.

In the operational sphere, Klabin's pulp unit turned in another excellent performance in 2021. Production volume reached 1,656 thousand tons, 7% greater than the output in the preceding year and once more in excess of nominal capacity, this the result of debottlenecking projects combined with gains in manufacturing productivity. In addition in 2021, there was no general maintenance shutdown since the mill adopts a 15 month period of uninterrupted working, the most recent stoppage occurring in December 2020.

During the year there was a year-on-year 1% increase in pulp sales volume to reach 1,564 thousand tons of bleached pulp, 1,128 thousand tons of short fiber pulp and 436 thousand tons of long fiber/fluff pulp. Worthy of note is that growth would have been still greater had it not been for logistic challenges, which impacted principally sales volume in the final quarter with a carryover to the next quarter of about 15 thousand tons for 1Q22.

In turn, unit net sales benefited mainly from higher average prices in all geographies, from the devaluation of the Real against the US$ as well as flexibility in the sales mix between regions thus allowing the Company to increase its sales volume to Europe, USA and domestic market – these markets posting higher prices in the second half as detailed above. Another important factor making an important contribution was Klabin's sales mix, with participation in the markets for fluff and long fiber pulp where conditions of price and demand were more favorable over the course of 2021. The outcome of these factors was net revenue from the pulp segment for the year of R$ 5.784 billion, a growth of 49% compared with 2020.

Paper Business Unit

In 2021, changes hastened by the pandemic such as demand for more sustainable products driving the move away from single-use plastic to sustainable paper-based packaging as well as the greater participation of e-commerce in sales, became more apparent. This was reflected in the solid demand for papers and in a strong recovery in prices during the year.

Demand in the coated paperboard market continued particularly intense in 2021 – data published by the Brazilian Tree Industry (IBÁ) indicated strong growth of 9.4% in the sales of this product in the accumulated period from January to December 2021, in relation to the same period in 2020, excluding sales of liquid packaging board, and not considered in this report. Klabin is operating at maximum coated paperboard capacity. As a result, despite the increase in demand from the market, sales volume fell 2% in 2021 versus 2020 since the Company began the year with reduced inventory and due to the pandemic-related logistical challenges. Sales revenue grew 4% compared with the preceding year, benefited by price adjustments during the year and the devaluation of the Real against the US$.

On May 5, 2021, an announcement was made on the updated framework of the Puma II Project. The scope of the second stage has been updated for the installation of a coated board machine with the corresponding creation of greater shareholder value. With this move, Klabin reinforces its portfolio of solutions in recyclable, biodegradable products employing renewable sources. Work on the construction of this new machine has already begun with 14% of execution already complete as per measurements taken on January 30, 2022. With a productive capacity of 460 thousand tons annually, PM28 is scheduled to start up in the second quarter of 2023, and representing a further advance in the Company's expansion plans.

In the kraftliner market, demand continued intense. The largest producer and export of this product, the United States, strong domestic consumption continues to dominate the market with a corresponding reduction in export volumes, 21% down on the period from January to October in relation to the same period for the preceding year. In this context FOEX data indicates the average kraftliner price in Europe was US$ 847/t in 2021, 28% more than recorded in 2021, the year-end price closing at US$ 981/t, promising well for the Company in 2022 when volumes will be greater with the ramp up of Puma II's PM27.

During the year, kraftliner sales volume was 421 thousand tons, 2% lower than the volume for 2020 due to greater levels of paper packaging conversion with the incorporation of IP's packaging assets. Nevertheless, net revenue was R$ 1.616 billion, a growth of 35%, reflecting improved pricing as well as the devaluation of the Real against the US$.

In the midst of this positive market scenario, Klabin took one more important step forward in its growth strategy with the start-up of the first paper machine ("PM27") in the Puma II Project, the largest investment in the Company's history, as announced in the Material Fact of August 30, 2021. With an annual capacity of 450 thousand tons, PM27 began the production of Eukaliner®, the first kraftliner paper in the world made entirely from eucalyptus fibers. During 2021, output was 99 thousand tons with a greater concentration in the final quarter. Production was delivered in part for conversion at the Company's packaging units and the remainder to overseas clients, as per existing commercial agreements.

Klabin continues alert to tendencies in the packaging papers market together with constant investment in the development of new lines for supply to a market demanding increasingly sustainable, recyclable and biodegradable solutions. The development of new technologies and the Company's expansion in its geographical footprint, bode well for future results.

Packaging Business Unit

Data published by Empapel, formerly the Brazilian Corrugated Board Association (ABPO) shows 4.3% increased volumes of shipped corrugated boxes and paperboard compared with 2020. In line with forecasted GDP growth in Brazil in this context, worthy of note is sales in the e-commerce segment, which registered a fresh increase in its share of the retail market. The forecast for the segment is to close the year 2021 at 11.9% vs 9.7% in 2020, an increase of 22.7% and despite the reopening of the bricks-and-mortar stores.

Again in 2021, preliminary data published by the National Cement Industry Union (SNIC), shows cement consumption in Brazil – and directly impacting Klabin's sale of industrial bags - growing by 6.6% for the full calendar year.

In the light of these factors, the Company's conversion units operated at full capacity for the larger part of 2021 for meeting robust demand. Sales volume of Klabin's corrugated paperboard packaging reached 953 thousand tons, an increase of 32% in relation to 2020, and 5.7% excluding the additional volume acquired with the assets of IP. Net revenue in turn was R$ 4.657 billion, an increase of 73% year-on-year, a net increase of R$ 994 million originating from the newly acquired units.

The industrial bags business continues operating at maximum capacity in a buoyant scenario of supply and demand in the market of bags for construction and other uses, both in the domestic and international markets. On the basis of an annual comparison, net revenue rose 15% due largely to a better sales mix and by the price passes intended to compensate the cost inflation in the period.

Klabin's strategic positioning in the packaging papers market, especially those markets linked to goods of prime necessity, reinforced by an increased market share in Brazil following the acquisition of assets from International Paper, places the Company in a privileged position for meeting the demand for its products.

ECONOMIC-FINANCIAL PERFORMANCE

R$ million	2021	2020	Δ 2021/2020
Sales Volume (thousand tonnes)	**3,810**	**3,558**	**7%**
Domestic Market	2,234	1,960	14%
Exports	1,576	1,598	-1%
% Domestic Market	59%	55%	+ 4 p.p.
Net Revenue	**16,481**	**11,949**	**38%**
Domestic Market	9,937	6,995	42%
Exports	6,544	4,954	32%
% Domestic Market	60%	59%	+ 1 p.p.
Variation in the Fair Value of Biological Assets	1,309	658	99%
Cost of Products Sold	(10,247)	(7,885)	30%
Gross Profit	**7,543**	**4,722**	**60%**
Selling Expenses	(1,249)	(1,139)	10%
General & Administrative Expenses	(886)	(718)	23%
Other Revenues (Expenses)	74	317	-77%
Total Operating Expenses	**(2,062)**	**(1,540)**	**34%**
Adjusted EBITDA	**6,885**	**4,906**	**40%**
Adjusted EBITDA Margin	42%	41%	2%
Adjusted EBITDA (excl. non-recurring effects)[1]	**6,865**	**4,700**	**46%**
Adjusted EBITDA Margin (excl. non-recurring effects)[1]	42%	39%	6%
Net Income (Loss)	**3,405**	**(2,389)**	**n/a**
Net income (Loss) Attributable to Noncontrolling Interests	385	98	291%
Net Income Attributable to Klabin's Stockholders	**3,020**	**(2,488)**	**n/a**
Net Debt	**20,916**	**19,782**	**6%**
Net Debt/Adjusted EBITDA (US$)	2,9 x	4.0x	

[1] Excluding the non-recurring effect of R$ 206 million related to goodwill gain realized on the acquisition of IP assets in 4Q20 and R$ 20 million related to the net gain from the sale of Nova Campina in 1Q21.

Note: Some figures presented may not express an accurate result due to rounding.

Operating Result

Sales volume (excluding wood) amounted to 3,810 thousand tons in 2021, 7% more than 2020, a reflection of the incremental volume of the corrugated paperboard units acquired from IP, with a total output of 273 thousand tons in 2021 and 74 thousand tons in 2020, plus the sale of initial output of PM27.

Operating on the basis of its integrated, diversified and flexible business model, Klabin posted **net revenue** (including wood) of R$ 16.481 billion in 2021, an increase of 38% in relation to 2020 and 30% of the units acquired from IP are excluded. The solid demand for the Company’s products combined with price readjustments over the year and the devaluation of the Real against the US$ saw an increase in revenue across all business lines.

In 2021, the **total unitary cash cost**, covering the sale of all the Company's products and including sales and general and administrative expenses, was R$ 2,494/t. This represents an increase of 25% in relation to the amount posted in 2020, excluding the impact of maintenance stoppages and the non-recurring effects. Approximately 20% of this increase is due to the change in sales mix of the products after acquisition of IP's packaging assets. Thus now with greater representation, corrugated paperboard has a higher cash cost in relation to the other products but also with higher value added. Additionally, there was an increase in average OCC costs - R$ 1,409/t in 2021 vs. R$ 759/t in 2020 according to market data published by Anguti. A further factor driving higher cash costs was the increased cost of fiber due to the greater share of third party wood in the total mix. This growth was already built into forecasts aligned to the forestry supply strategy for meeting the additional demand from Puma II. Finally, the accentuated spike in commodity prices has impacted the cost of fuel and chemicals in additional inflationary pressures during the period.

The **sales expenses** in 2021 were R$ 1,249 billion, equivalent to 7.6% of net revenue and lower than compared to the 9.5% in the preceding year, explained by the lower export volume in 2021 vs 2020 and the termination of royalty payments in 2020. Additionally, the Company has been successful in maintaining freight costs under control through the use of long-term freight agreements, mainly in the form of break bulk contracts, in spite of the worldwide challenges to logistics experienced since 2020.

General and administrative expenses totaled R$ 886 million in 2021, 23% higher than 2020. This increase is explained, especially, by an increase in payroll due to the incorporation of the IP units, the engagement of consultancies for strategic projects and inflation in the period.

In accumulated 2021, **Free Cash Flow** presented a better result when compared to 2020, explained mainly by Klabin's strong operational performance, with Adjusted EBITDA of R$ 6.885 billion in the period, as well as lower Capex disbursements from Puma II and lower interest expenses. These effects more than offset the positive effect of working capital in 2020 and the higher disbursement of income tax and social contribution in 2021. The Adjusted Free Cash Flow of 2021, disregarding discretionary factors and expansion projects, amounted to R$ 3.808 billion, equivalent to a Free Cash Flow Yield of 13.2%

EBITDA

R$ million	2021	2020	Δ 2021/2020
Net Income (loss)	**3,405**	**(2,389)**	**n/a**
(+) Income Taxes and Social Contribution	1,012	(1,425)	n/a
(+) Net Financial Revenues	1,090	7,029	-84%
(+) Depreciation, Amortization, Depletion	2,696	2,383	13%
Adjustments According to IN.CVM 527/12 art. 4			
(+) Variation of Fair Value of Biological Assets	(1,309)	(658)	-99%
(+) Cash Flow Hedge Effect	16	-	n/a
(+) Equity Pickup	(26)	(33)	23%
Adjusted EBITDA	**6,885**	**4,906**	**40%**
Adjusted EBITDA Margin	42%	41%	+ 1 p.p.
(+) Non-Recurring Effects[1]	(20)	(206)	90%
Adjusted EBITDA (excluding non-recurring effects)[1]	**6,865**	**4,700**	**46%**
Adjusted EBITDA Margin (excluding non-recurring effects)[1]	42%	39%	+ 3 p.p.
Cash Generation (Adjusted EBITDA - Maintenance Capex)[2]	**5,901**	**3,910**	**51%**
Cash Generation/t[23]	**1,571**	**1,099**	**43%**

[1] Refers to R$20 million net gain from the sale of Nova Campina in 1Q21 and of R$ 206 million referring to goodwill gain realized on the purchase of IP assets in 4Q20
[2] Excludes non-recurring effects
[3] Sales volume disconsidering wood

Higher sales volume, price readjustments and the positive impact of the devaluation of the Real against the US$, were determining factors for the increase in net revenue in 2021 in relation to 2020. This increase more than compensated for the rise in costs explained above and resulting in an **Adjusted EBITDA** excluding the non-recurring effects of R$ 6.865 billion, equivalent to an EBITDA margin of 42% and growth of 46% compared with 2020. This was the twelfth consecutive year of EBITDA growth and the result of the Company's integrated, diversified and flexible business model.

Cash generation per ton, measured by Adjusted EBITDA deducted for maintenance Capex in relation to sales volume in the year, was R$ 1,549/t excluding non-recurring effects, 41% more than the amount reported for 2020, demonstrating the Company's capacity to combine growth with solid value creation.

The Adjusted EBITDA for the Pulp Business reported R$ 2,349/t in 2021, an increase of 77% in relation to 2020. This result was mainly a reflection of the increases in prices during the year, the positive foreign exchange translation effect as well as the benefits arising from flexibility of sales between the different geographies of the world and Klabin's exposure to the three grades of pulp fiber. The Paper and Packaging Business recorded an Adjusted EBITDA/t of R$ 1,421/t, 8% higher than 2020, largely a reflection of price readjustments which more than compensated for the increase in costs mentioned above.

Debt

Consolidated **gross debt** at year-end 2021 was R$ 29.338 billion, an increase of R$ 2.999 billion compared with the end of 2020. This result reflects largely foreign exchange variation on currency denominated debt without a material cash effect in the period, as well as the raising of a US$ 500 million credit line in January 2021 through the issue of Sustainability Linked Bonds (SLB), securities representing debt linked to key performance metrics in Sustainability, maturing 2031 and with a yield and coupon of 3.20% p.y..

This issue was instrumental in positively impacting the average cost of Klabin's financing in currency, the Company's principal source of credit, with a reduction of 0.3 p.p. for the year, making a cost of 5.1% p.y. plus exchange variation. For debt in Reais, there was an increase in financial cost of 4.3% p.y. in 4Q20 to 11.5% p.y. in 4Q21, a reflection of the increase in CDI and the acceleration in inflation as measured by the accumulated IPCA in this period.

Cash and financial investments as of December 31 were R$ 8.422 billion, an increase of R$ 1.865 billion compared with 4Q20, a result mainly of the additional funds raised and mentioned previously, some of which was used for investments in the period, 2021 ending a cash position sufficient to amortize 62 months of debt. Pursuant to the Market Announcement of October 7, 2021, Klabin also has a Revolving Credit Facility characterized as Sustainability-Linked totaling US$ 500 million (equivalent to R$ 2.790 billion) maturing in October 2026 and a cost conditional to the performance of environmental indicator of an increase in reuse of solid industrial waste. Thus, the commitment fee will be between 0.36% p.a. and 0.38% p.a. should the line not be disbursed and conversely should it be drawn, the cost will vary between Libor + 1.20% p.y. and Libor + 1.25% p.y.

The consolidated **Net Debt** totaled R$ 20.916 billion, an increase of R$ 1.134 billion in the year, largely due to the negative impact of exchange variation on currency denominated debt partly compensated by robust operating cash generation during the year.

The Company's financial leverage as measured by the **Net Debt/Adjusted EBITDA in US$** and best reflecting Klabin's financial leverage profile, closed the year at a lower level than year-end 2020, declining from 4.0 times to 2.9 times, despite this occurring in parallel with the Puma II investment cycle. This positive performance is explained by the positive performance of free cash flow and EBITDA in the past twelve months, maintaining leverage within the parameters established in the Company's Financial Debt Policy. To access the Policy in full, click here.

Hedge Accounting

From January 2021, Klabin implemented the cash flow hedge accounting method. This practice, in line with the Company's risk management and strategy, seeks to demonstrate the equalization of the effects of foreign exchange variation in the income statement as they are effectively realized with their cash effect.

Debts in US$ are designated as instruments of protection of the highly probable future revenues in US$ and the effects of the currency variation on these debts are recorded under shareholders' equity in the "Valuation adjustments to shareholders' equity" line. With the realization of revenues in US$ linked to the designated debts for hedge accounting purposes, so the respective accumulated amounts of currency variation are recorded in the income statements under "Net revenue".

At the end of 4Q21, the currency variation of debt designated for hedge accounting totaled a net negative effect of R$ 759 million in the "Valuation adjustments to shareholders' equity" in the shareholders' equity. This amount related to the positive balance of R$ 1,167 million in the financial result less the R$ 16 million of realization of the hedge reserve plus R$ 391 million in Income Tax and Social Contribution.

The implementation of hedge accounting is exclusively of an accounting nature and does not impact the Company's cash generation and Adjusted EBITDA.

Investments

R$ million	2021	2020	Δ 2021/2020
Forestry	388	340	14%
Operational Continuity	575	450	28%
Maintenance Capex	**963**	**790**	**22%**
Special Projects and Growth	335	339	-1%
Puma II Project	2,579	4,045	-36%
Total	**3,878**	**5,174**	**-25%**

During 2021, Klabin invested R$ 3.878 billion in its operations and in growth projects. Of the total amount, R$ 388 million were allocated to forestry operations and R$ 575 million invested in the operating continuity of the Company's manufacturing plants. Compared with 2020, the amount was 22% higher. These increases reflect the impact of inflation in services and raw materials, the depreciation of the Real relative to the US$ on dollarized items as well as the increased scope of the units acquired from IP and the forestry expansion.

In addition, R$ 335 million were invested in special projects characterized by high and rapid returns. The amount remained practically unchanged, including the remaining installments for the acquisition of IP and special projects approved in June 2021 – a big part was directed towards increasing paper and packaging conversion capacity.

Finally, it should be pointed out that the amounts do not consider investments related to the forestry activities of the subsidiaries through the medium of Special Purpose Corporations (SPC's), realized via the injection of forestry assets already existing in Klabin's balance sheet.

On April 16, 2019, the Puma II Project was approved at a gross initial investment of R$ 9.1 billion. With the changes made to the scope of the second phase of the Project mentioned above and considering restatement for inflation and foreign exchange for 2021, total investment in the Project was updated to R$ 12.9 billion, of which R$ 1.2 billion in recoverable taxes. By the end of 2021, R$ 7.895 billion had been disbursed, of which R$ 5.316 billion by year-end 2020 and R$ 2.579 billion by year-end 2021. Remaining investments required to conclude the project will be financed out of the Company's cash position and from the generation of cash from current business activity. The Company is able to tap complementary funding by drawing against credit lines already in place with the ECA's, BNDES, BID Invest, IFC and JICA, with no requirements for additional financing.

Capital Markets

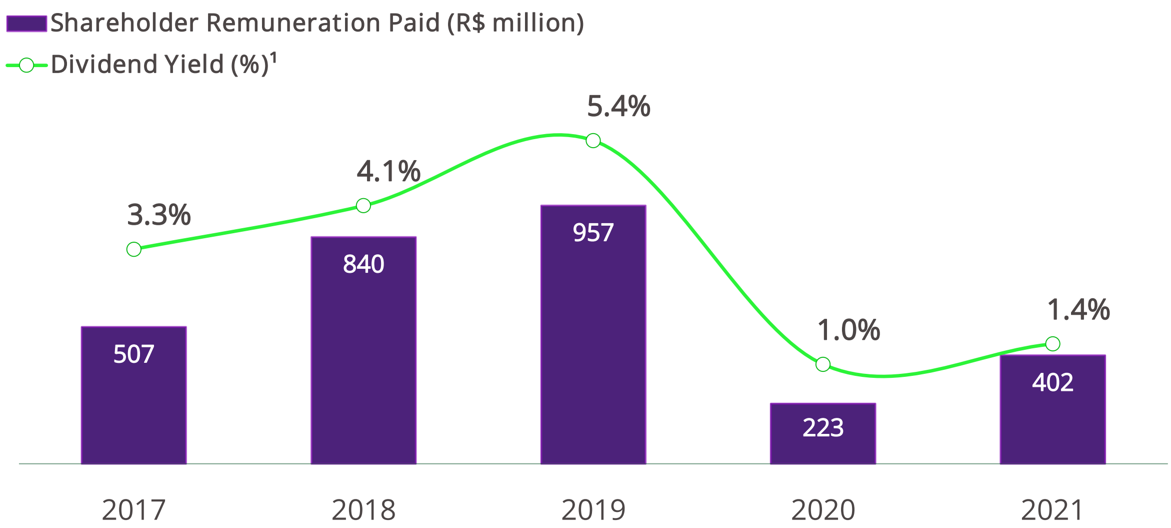
In 2021, Klabin's units (KLBN11) reported a depreciation of 3.1%, compared to a decline of 11.9% in the Ibovespa Stock Index. The Company's units were traded on all the days B3 was open for business, registering approximately 6 million operations and more than 1.7 billion in securities transacted, with an average daily trading volume of R$ 189 million at the end of the period.

The Company's capital stock is made up of 5.618 billion shares, of which 2.082 billion, common shares and 3.536 billion, preferred. Klabin's shares are also listed on the United States OTC market as Level 1 ADRs, under the KLBAY ticker symbol.

Klabin has five active issues of securities in the fixed income market representing debt in the form of notes or bonds maturing in 2024, 2027, 2029, 2031 and 2049 – with coupons of 5.250%p.y., 4.875%p.y., 5.750%p.y., 3.200%p.y. and 7.000% p.y., respectively, and payment of semi-annual interest.

Of particular note are securities issued with maturities in 2027 and 2049 - Green Bonds - and the securities maturing in 2031, denominated Sustainability Linked Bonds. The resources of the first two must necessarily be allocated to investments in eligible green projects while the SLB links the maintenance of the operation's coupon to key performance indicators promoting a more sustainable economy. Klabin maintained its credit risk rating at BB+ from Fitch Ratings and Standard & Poor's agencies, with a stable outlook. As published in the Announcement to the Market on December 22, 2021, for the first time, the risk rating agency Moody's has assigned the Company a rating of Ba1 on the global scale and AAA.br on the national scale, both with stable outlook.

Shareholder remuneration (Cash Method)



[1] Calculated based on the dividend paid per unit and the average closing price of the unit in the period

In 2021, the Company paid out R$ 402 million between dividends and IOC, equivalent to a dividend yield of 1.4% on the average value of the units in the period.

The Controlling Company reported net book income in 2021 of R$ 3.0 billion. With this, accumulated results in the balance sheet at the end of 2021 were approximately R$ 895 million.

The Dividends and Interest on Capital Policy approved in June 2020 establishes a percentage target for shareholder remuneration between 15% and 25% of the Adjusted EBITDA. To see the Policy in full please click here.

Sustainability

In 2021, the Company maintained its trajectory towards fulfilling its sustainability agenda out to 2030 in the form of the Klabin Sustainability Development Goals (KSDG) launched at the end of 2020 and aligned to the United Nations global agenda.

Derived from the Company's growth plan, the relevant and priority themes to be addressed over the next ten years have their performance periodically disclosed in the ESG Panel (https://esg.klabin.com.br/).

This platform combines for the first time all the indicators and externalities related to environmental, social and governance aspects, including all the principal reporting frameworks such as Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), CDP, Global Reporting Initiative (GRI), among others. In this way, the Company provides transparency and an historical base, giving a broad and consistent vision of the management and performance data.

For the first time, Klabin features in the CDP's Triple A list for Water Management, Forestry and Climate Change programs. This achievement positions Klabin among the companies highlighted by the institution as leaders in the transition to the new sustainable economy. The initiative analyzes and recognizes the efforts of companies in the world to manage the environmental impacts of its activities.

In the same year, Klabin's sustainability practices were once more recognized nationally and internationally, more particularly for the Company's continuing presence in the Global and Emerging Markets lists of the Dow Jones Sustainability Index. The index evaluates and highlights companies which are world leaders in ESG performance. For the ninth consecutive time, Klabin is a component of B3's Corporate Sustainability Index (ISE), comprising the shares of the companies which are outstanding for their high degree of commitment with the sustainability of the businesses and the country.

The Company was listed for the first time in The Sustainability Yearbook 2021, organized by S&P Global, responsible for the ESG evaluation from which originated the Dow Jones Sustainability Index. To highlight the companies reporting the best performance in this process, the organization launches a year book to include the companies which are leaders in sustainability in their segments. To draw up the list, S&P Global selects 30% of the best evaluated companies and from this number, 15% for each sector. Klabin features among the most sustainable in the paper packaging segment.

Environmental

Show casing the 2030 agenda, the Company's goals for reducing greenhouse gases were approved by the Science Based Targets Initiative (SBTi), aligning to science its consistent trajectory in reducing 60% of the gases per ton of product since 2003. The

Company's commitment establishes the reduction in GHG emissions (scopes 1 – proprietary emissions and 2 – emissions from purchased energy) per ton of pulp, paper and packaging by 25% up to 2025, and by 49% up to 2035, with a baseline year of 2019.

In addition, with the aim of engaging the private sector and civil society on the urgency of concrete initiatives in the combat of climate change, Klabin has launched the "IMPACT NET ZERO". In alliance with the United Nation's global movement, the Company begins a series of actions for mobilizing various stakeholders in the effective reduction of greenhouse gases.

Again as a way of linking the ambitions enshrined in KSDG to performance and ensuring the long-term return, the sustainable financial instruments of the year involved the issue of the SLB and the raising of the line of credit mentioned previously.

In a partnership which fosters the circular economy, Klabin has joined with Carrefour, a leader in food retailing, to promote reverse logistics and the recycling of paper waste. With this process, the materials will return to the consumption chain as packaging for the retailing network's online sales. The pilot project, begun in May 2021, is already reporting results and now involves 37 stores in the state of São Paulo, including the state capital, interior and coastal region. During this period, more than 1,600 tons of paper were collected for conversion into corrugated paperboard packaging.

In 2021, Tetra Pak recognized Klabin with "Best Positive Impact in Biodiversity" award. Tetra Pak undertakes the initiative to engage its suppliers in the "Join us in protecting the planet" campaign and includes the Climate and Circularity categories. The award was announced during the company's annual suppliers meeting in Switzerland in early December, a year after the launch of the initiative.

A further important result was the obtaining of the FSC® Certifications for Conservation of Biodiversity (ES1), Carbon Sequestration and Storage (ES2) and Services in Hydrographic Basins (ES3), following an audit run by the Instituto de Manejo e Certificação Florestal e Agrícola (Imaflora) at Fazenda das Nascentes, located in the RPPN Complexo Serra da Farofa, state of Santa Catarina. With this recognition, the Company becomes the first in Brazil to obtain all three seals at the same time.

Social

In the social area, Klabin implements and supports programs aligned to its social investment platform, focused on local development, education and culture. The aim is to generate a positive socio-environmental impact and maximize the economic potential of the communities in which it operates. During 2021, the Company invested in socio-environmental and cultural programs as follows:

Solid Waste Program

Existing since 2012, the program in 2021 focused on waste picker community with the support of the ViraSer Program, established by the GAIA Social consultancy. It has benefited approximately 165 waste pickers as well as increased incomes by an average of 106% with greater productivity linked to better conditions of health and safety in the operations.

100% Circular Territory

In partnership with the Hub Incríveis innovation network, Klabin has begun a project to transform Telêmaco Borba into a prototype of the first 100% circular territory in Brazil. In this management model, the larger part of the packaging materials are reused and transformed instead of being sent to landfills, generating opportunities for work and strengthening the local economy. The next stage of TC100 is to attract companies handling plastics and metal, guaranteeing the know-how of all recyclable materials chains.

Seeding Education

Improving public education through training in school management in municipal schools and training of Portuguese and mathematics teachers. In addition to the cities in the state of Paraná already part of the program, in 2021, Seeding Education has been expanded to Goiana, in the state of Pernambuco, and to a further three cities in the state of Santa Catarina (Otacílio Costa, Correia Pinto and Lages). With the new stage, 146 schools and 22 thousand students in the first years of Elementary Education (1st to 5th year) are included in the program.

Matas Sociais (Social Forests) Program

Since 2015, Klabin has been working with small farmers in the region covered by the Matas Sociais Program – Planning Sustainable Properties, encouraging family farming in the stages of production, environmental suitability, sales of food, diversification of the property and incentivizing associativism and cooperativism. Currently, 14 cities benefit from this initiative with more than 600 properties receiving technical consultancy, the program reaching out to more than two thousand people.

In 2020 and 2021, the program spearheaded more than 200 training activities including ongoing efforts to integrate the productive chains with different consumer markets. Other results indicated that 66% of the farmers in the scheme reduced the use of pesticides, 72% of them saw an increase in their income and 57% reported improved production.

IPS

The Social Progress Index (IPS) was launched in 2021 for 12 municipalities in the Campos Gerais region. Official data from public sources, plus a perception survey with 1,500 residents in 12 municipalities in the region in December 2019 were used.

The work was undertaken by Klabin in partnership with Fundación Avina and the Instituto Paranaense de Desenvolvimento Econômico e Social (IPARDES). Results revealed that the average IPS for the Campos Gerais municipalities was 53.17 in 2019. This means that the Company is half way to reaching the Sustainable Development Goals measured by the Index. The data is available for public consultation in the Territory in Development portal, just access www.territorio.app.br.

Corporate Governance

We strengthened the governance model during the year through the activities of three advisory committees to the Board of Directors: the Audit and Related Parties Committee, the Sustainability Committee and the People Committee, all of them established in December 2020. Additionally, a revision of the Code of Conduct was undertaken, approved by the Board of Directors with the aim of bringing greater adherence to the new legislation and internal guidelines as well as to the new themes now being debated in the corporate environment and the sector.

Research, Development and Innovation

During 2021, Klabin's Research, Development and Industrial Innovation area in its development routes were divided into two major groups, Reinforce and Explore. Besides strengthening the Company's product portfolio, the objective is also to seek opportunities in new business and products. These two groups encapsulate all the research routes with activities in:

- Reinforcing the development of the forest-based raw material for pulp, paper and new materials;
- Reinforcing the optimization of paper and new applications with a focus on functional barriers;
- Exploration of the field of biorefinery operations (multiple use of the forestry base, such as lignin, green fuels - Crude Tall Oil, Bio Oil and turpentine);
- Exploration of the field for optimization of processes: environment, reuse of products generated in the process, reduction in the consumption of water, energy and steam;
- Exploration of the field of nanotechnology - pulp fractions on a micro or nanoscale and application in new products.

The Industrial Technology Center recorded some important achievements in 2021 which despite major challenges, was a promising year. There were continuing advances in the evaluation of the quality of wood of new planted genetic materials, the most notable being:

- Evaluation of the quality of wood of more than 1000 Eucalyptus spp.trees using Near Infrared technology for rapid forecasting of the chemical, physical and pulping characteristics of wood.
- Evaluation of new uses of pulp in a product with broad application in the area of packaging and food.

In the context of the optimization of papers and new uses with a focus on functional barriers, worthy of mention are initiatives for enhancing the properties of paper for increasing their effectiveness as a sustainable material for packaging to meet growing demands from the market and society as well as the continuing advances in their intrinsic characteristics such as mechanical resistance and surface quality. There were advances in the development of barriers to a range of different substances (water, steam, fat, oxygen) with the achievement of more effective results in line with stakeholder expectations. In relation to this objective was the conclusion to the modernization of the MR2 coater located at the Monte Alegre unit permitting significant tests to be run on barrier applications to coated board and translating into advances in the direction of new opportunities for enlarging the existing portfolio.

The pilot plant at the Klabin Technology Center accelerated the development of new products. Four new lignin techniques were developed comprising Klabin's kraft lignin portfolio: dry and wet eucalyptus kraft lignin, dry and wet pine/eucalyptus mix kraft lignin. The micro-fibrillated cellulose (MFC) plant conducted five industrial tests focused on the development of new papers and coated paperboard with differentiated properties in relation to the market. At the same time, different generations of cellulose-based products were developed for application in other markets such as cosmetics. Klabin's commitment to sustainability was further strengthened with the obtaining of the pioneering FSC (C172336) certification for Kraft pine lignin and pine and eucalyptus MFC.

The new products team has been developing new solutions in materials for inclusion in the new portfolio, at the same time creating a culture of compliance and safety of the new materials. In this context, the development of new uses such as in cosmetics is advancing.

Progress was made in the substitution of non-renewable materials for biodegradable alternatives based on cellulose fibers, projects in nanotechnology in the use of cellulose fractions in the micro scale (micro fibrillated cellulose – MFC) as well as in the nano scale (nano-crystalline cellulose – CNC) for conceptual trials with products in the Company's papers and packaging portfolio with encouraging results and prospects in the near term for new increasingly more sustainable solutions for end clients.

Sustainability is an omnipresent feature in the Company's research and in the quest for landfill zero and the use of the co-products generated during the recovery cycle in the kraft manufacturing process. An example is Dregs (inorganic waste from the cellulose production process) being incorporated in the production of building bricks with partners in the state of Paraná.

Advances have been made in research into use of wood extract and forest waste to produce green fuels - Crude Tall Oil and Bio-Oil – to make use of all the potential the forest offers, this research being the topic of discussion in larger groups and intellectual institutions around the world in relation to raw materials. Tests for applying these solutions have been made in the Company's units in order to verify their potential.

In 2021, the R&D area supported the protection of the intellectual property rights of Eukaliner®, the first kraftliner in the world to be entirely made from eucalyptus. A total of three new patents were published strengthening the new papers portfolio and the new product from the new paper machine.

The year's highlights:

- The partnership with the Israeli startup, Melodea is already generating the first packaging prototypes with greater renewable material content;
- Partnership with more than 20 startups in search of a partner for various research projects;
- Filing for patents of papers with an oxygen barrier for use in packaging;
- Filing for patent for an innovative process of lignin fractioning;
- Development of the use of wood extract and its fractions in cosmetics in partnership with a company in the area of cosmetics;
- Enhancement of the study and compliance of the new materials as a basis and to create new uses of bio-materials.

Recognition:

- Dispersible KlaSack received World Star Global Packaging Awards 2022 recognition, an international award in the packaging sector sponsored by the WPO – World Packaging Organization.

People and Management

The Klabin Attitude model, which reinforces behavior and attitudes deemed essential for the organization as well as the constant evolution in the Organization's culture, were critical in reaching the exceptional results of 2021. During the year, there was a significant focus on Culture supported by a culture thermometer in the shape of more than 2,000 employees whose opinions were heard through the medium of an internal survey and focus groups to understand which aspects of the culture have advanced, the opportunities and how to direct the focus on the future. Based on these inputs and pursuing a line of joint construction, the drivers of the culture and organizational competencies, known as the Klabin Attitude, were revisited.

One of the drivers of the culture is the Klabin Business School (ENK), the purpose of which is "to develop accessible relevant and innovative learning experiences so that we can transform the day-to-day of the employees, in favor of self-development, excellence in the operation and driving the business strategy". Training is conducted on a customized basis for meeting the needs of the business, career development of the employee and supporting the Company's knowledge management.

To consolidate the online learning experience, investments are constantly being made in the ENK portal, Klabin's remote teaching platform. With this, the employee is able to learn about different topics at any time or location through courses, videos, articles, seminars, posts, knowledge paths and surveys conducted by specialists and renowned institutions. There are more than 16,000 users covering all the Company's units. The Portal is constantly being updated with new functionalities in line with market tendencies, such as for example, in the categorization and disclosure of content based on #atitudeklabin competencies. During the year, more than 200 courses were launched generating 113,000 hours of browsing the platform, and through which 9,000 employees were trained and approximately 120,000 courses and videos were concluded. Specific and customized programs for the Company's operational and commercial teams are also being designed.

The Professional Training Center was set up for the operational team in Paraná. The aim of the Center is to structure technical training programs for meeting the demands of specialized personnel, accelerating employee development and operating in the communities where Klabin carries on its business. The Company offered 160 bursaries for middle technical level courses (Electromechanics and Pulp and Paper) at an investment of approximately R$ 1.300 million. A total of 15 Trainee Operators and 25 Technical Apprentices were also hired, all of them participants in a theoretical and practical learning path, and anticipating their formation of new operators.

The My Attitude Program was designed for the Packaging Paper commercial team, the program also having the participation of 120 sales executives. The objective of the program was to broaden the entrepreneurial activities of the commercial team, focusing on the capture of new business opportunities and to encourage an analytical approach to Organizational Synchronization. The program's main differential was the link with the Company's challenges and requirements and the delivery of 12 structural projects proposing innovative solutions for structural improvements in the business. Each group has the support of specialized teachers as mentors.

In 2021, the Leadership Journey, the path for leaders, was bolstered. This initiative was developed as a result of the cultural evolution of the organization. Its objective is to have leaders prepared for both current and future challenges. In the Journey, we contemplate Directors, Managers, Coordinators and Supervisors, identifying solutions that combine technical with socio-emotional competencies, valorizing the more human side as support for the management of results. In 2021, the emphasis was on businesses, personnel management, safety and emotional health. The Strategy and Business theme was developed on the basis of the Rumos Digital. The objective of this is to ensure an understanding of Klabin's integrated model, marketing vision and future perspectives, democratizing the strategy through the medium of a business game which simulates the Company against artificial intelligence used to simulate the competition. In 2021, there were more than 2,400 hours of training involving 490 managers.

The Company also launched the 1st Career Week. Its purpose is to clarify the roles and responsibilities of the leader, employee and organization, reinforcing the protagonism of the employees in the management of their careers and encouraging self-development and an increased readiness to confront new challenges. A total of six synchronized and assynchronized actions were offered with renowned speakers in the market together with internal multipliers. In the year, approximately 2,500 employees were impacted, satisfaction levels reaching 94%.

Worthy of highlighting here are the results for management succession. Currently, the Statutory Board is made up of 89% of people who have risen through the ranks of the Company, fruit of the Development Acceleration Program. This program was launched in 2019 and has 22 participants identified as potential successors to the members of the Statutory Board. All participants undergo assessment and the general result contributes to the definition of actions for the entire group (cross actions), which in 2021 were Training in Business Strategy and Corporate Governance. This program also focuses on customized individual actions and career-related discussions for the effective monitoring of the Individual Development Plans (PDIs). Successor mapping is undertaken during the Performance cycle, the annual Performance Evaluation process with its focus on continual development for the administrative and leadership audience with the following stages: self-evaluation, evaluation of managers, calibration committees, feedback and individual development plan.

Beginning December 2021, the Performance Evaluation for the 2021/2022 cycle already reflects the Klabin Attitude, revisited in accordance with the drivers of the Culture and in which was included an evaluation of functional competencies for the commercial team. In 2021, 4,127 employees were evaluated, 632 of them in leadership positions and 3,495 from the administrative area. This process further enhances the proactivity of each employee in their career, feeding the organization's pipeline and stimulating continuous learning on the part of each one.

Still on successor development, the Florescer Program was launched in 2021 for feeding the leadership pipeline for coordination positions. Aimed at specialists, supervisors, engineers and analysts in the areas of Production, Maintenance and Quality and similar, the program rests on three pillars: business, technical (with applied project) and behavioral as well as being supported by mentoring from in-house managers. The Program ran a pilot group from June to November with 20 participants, 60% women, more than 120 training hours, a satisfaction level of 93% and the implementation of 4 improvement projects. The second group began training in September, to end in March 2022.

Yet another key theme reflecting Culture drivers is Diversity and Respect. During the year, this aspect was raised through training sessions, campaigns on commemorative dates and in the organization of initiatives such as Diversity Week, Women's Week and Black Awareness Week. These events are always held in partnership with the five affinity groups: K between us and Memoh, for questions of gender equality, Black, which touches on themes related to race, such as structural racism, Kolors, for themes directed at the LGBTQIA+ community and Multiklabin, with its focus on intergenerational relationships. The theme has evolved at the Company. An example of this is progress in the hiring of women with an increase of 3 percentage points in 2021 compared with 2020 both with respect to the number of women in the Company (17%) as well as women in positions of leadership (21%), and this directly connected to one of the Klabin's KSDGs, namely to have at least 30% of women in positions of leadership by 2030.

Another key element in the Klabin culture is safety, an element omnipresent in all that is done in the Company, in all areas, activities and operations. Because to valorize life is to assume the responsibility for caring for ourselves, caring for coworkers, having a caring leadership and a company which cares for all. And in 2021, the importance of fostering a safer and more protected workplace environment was reinforced through the medium of projects and actions such as: "I block accidents", the motto of the annual safety campaign, and the Internal Accident Prevention Week 2021, with the focus on

Critical Activity Requirement (RAC) for blocking energy to machinery, equipment and systems. Thanks to the initiative, there was increased interest in the theme at all units, promoting awareness on the identification and blocking of the various types of energy prior to maintenance work, operations, cleaning or tests, training of teams, preparation of blocking maps and the strengthening of the Klabin culture.

Besides the campaigns and training for Safety, all employees whether direct or contracted, are motivated to intervene in unsafe situations or to recognize safe behavior through the Safety Report. This is a tool which promotes protagonism in safety, promoting preventive initiatives in situations of risk identified by employees, rendering the Company's operation increasingly safer. In 2021, this was reflected in the General Frequency Rate (TFG) which fell 23%, ending the year at 8.23.

The People & Management team are working to improve the work experience of each of Klabin's employees. In 2021, the Company implemented more than 30 specific initiatives in the induction processes for new employees, in-house recruitment, health & wellbeing, career & development, recognition and meritocracy. These initiatives were recognized by the employees in the Employee Experience survey with a general favorability score of 81 points.

Relationship with the Independent Auditors

Pursuant to CVM Instruction 381/03, the Company informs that the auditors, Ernst & Young Auditores Independentes S.S., responsible for the auditing of its financial statements, rendered services not related to the external audit in amounts higher than 5% of the total of its fees, as described in the table below:

Service Description	Hiring date	Validity	% Audit fees	Value
Support to the Silviculture S&OP Implementation - support in providing knowledge, methodology, best practices and references from the technical perspective and in structuring discussions with the Klabin team, with all definitions, prioritizations and decisions being totally of the Company's Management.	02/01/2021	15 months	48%	1,053,993.00
Support to Klabin Forestry PCP Implementation - support in the contribution of knowledge, methodology, best practices and references from the technical perspective and in the structuring of discussions with the Klabin team, with all definitions, prioritizations and decisions being totally of the Company's Management.	03/01/2021	12 months	28%	606,794.00

In addition to engaging the services described above, no other services were contracted at amounts higher than 5%. The Company's policy in contracting services not related to the external audit with its independent auditors is based on principles that preserve the independence of these professionals. These principles – in accordance with internationally accepted guidelines - consist in: (a) the auditor should not audit their own work; (b) the auditor should not exercise managerial functions at their client; and (c) the auditor should not promote the interests of their client.

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(in thousands of Brazilian Reais, unless otherwise stated)

BALANCE SHEET

	Note	Parent Company		Consolidated	
Assets		**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Current					
Cash and cash equivalents	6	5,966,190	4,529,748	6,405,200	5,208,830
Marketable securities	7	2,003,249	1,335,257	2,017,235	1,347,897
Accounts receivable					
Trade receivables	8	2,250,418	1,296,273	2,868,703	1,883,028
Allowance for doubtful debts	8	(59,185)	(56,106)	(60,189)	(76,110)
Related parties	9	533,074	675,185	-	-
Inventory	10	1,774,357	1,203,968	2,003,394	1,379,131
Taxes recoverable	11	343,330	795,780	401,001	824,771
Other assets		261,322	155,218	256,797	218,324
Total current assets		**13,072,755**	**9,935,323**	**13,892,141**	**10,785,871**
Assets held for sale	14	**9,599**	**138,769**	**9,599**	**175,064**
Non-current					
Long-term receivable					
Deferred income tax and social contribution	12	652,363	770,453	629,601	765,099
Judicial deposit	21	112,295	117,409	113,729	118,843
Taxes recoverable	11	701,604	763,475	701,604	769,092
Related parties	9	100,897	21,076	-	-
Other assets		177,737	175,228	178,046	175,502
Total long-term receivable		**1,744,896**	**1,847,641**	**1,622,980**	**1,828,536**
Investments					
Interest in subsidiaries and joint venture	13	1,964,359	2,090,500	261,145	256,072
Other		12,291	12,372	12,291	12,372
Property, plant and equipment	15	18,873,164	16,033,030	19,549,018	16,670,773
Biological assets	16	3,772,191	3,357,941	5,528,050	4,657,821
Right-of-use assets	17	1,021,248	803,477	1,058,099	808,420
Intangible assets		82,376	67,362	142,384	75,332
		25,725,629	**22,364,682**	**26,550,987**	**22,480,790**
Total non-current assets		**27,470,525**	**24,212,323**	**28,173,967**	**24,309,326**
Total assets		**40,552,879**	**34,286,415**	**42,075,707**	**35,270,261**

The explanatory notes are an integral part of the financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
			Resubmitted		Resubmitted
LIABILITIES AND EQUITY		**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Current					
Trade payables	17	1,889,436	1,610,535	1,991,103	1,754,137
Trade payables (Forfait)	17	513,724	248,892	513,724	248,892
Lease liabilities	18	182,714	141,837	185,667	143,721
Tax liabilities		179,095	163,104	229,860	193,871
Social security and Labor obligations		424,000	346,868	431,369	377,816
Borrowings	19	1,913,606	698,634	1,804,995	652,983
Debentures	20	54,305	68,038	54,305	68,038
Provision for income tax and social contribution		70,756	-	52,521	-
Related parties	9	12,137	37,150	-	-
Other payables and provisions		261,973	148,976	307,297	202,537
Total current liabilities		**5,501,746**	**3,464,034**	**5,570,841**	**3,641,995**
Property liabilities held for sale	14	**-**	**-**	**-**	**36,295**
Non-current					
Lease liabilities	18	867,689	676,464	901,034	679,591
Borrowings	19	25,981,321	24,015,045	25,783,921	23,853,204
Debentures	20	1,695,198	1,764,765	1,695,198	1,764,765
Payables - Investors in Special Partnership Companies (SPCs)		-	-	208,246	301,671
Provision for tax, social security, labor and civil contingencies	21	50,092	51,789	50,304	51,951
Provision for actuarial liabilities	31	364,884	342,053	367,890	392,024
Tax obligations		184,996	85,567	184,996	85,567
Other accounts payable and provisions		167,385	76,393	227,050	78,437
Total non-current liabilities		**29,311,565**	**27,012,076**	**29,418,639**	**27,207,210**
Total liabilities		**34,813,311**	**30,476,110**	**34,989,480**	**30,885,500**
Equity					
Share capital	22.1	4,475,625	4,475,625	4,475,625	4,475,625
Capital reserves		(343,463)	(365,791)	(343,463)	(365,791)
Revaluation reserve		48,705	48,705	48,705	48,705
Revenues reserve		1,624,044	-	1,624,044	-
Other comprehensive income	22.2	103,246	823,476	103,246	823,476
Accumulated loss for the year		-	(993,826)	-	(993,826)
Treasury shares	22.3	(168,589)	(177,884)	(168,589)	(177,884)
Shareholders' equity of Klabin	**22**	**5,739,568**	**3,810,305**	**5,739,568**	**3,810,305**
Non-controlling interest	**22.5**	**-**	**-**	**1,346,659**	**574,456**
Consolidated shareholders' equity		**5,739,568**	**3,810,305**	**7,086,227**	**4,384,761**
Total liabilities and equity		**40,552,879**	**34,286,415**	**42,075,707**	**35,270,261**

The explanatory notes are an integral part of the financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

STATEMENTS OF OPERATIONS

	Note	Parent Company 1/1 to 12/31/2021	Parent Company 1/1 to 12/31/2020	Consolidated 1/1 to 12/31/2021	Consolidated 1/1 to 12/31/2020
Net sales revenue	23	16,242,148	11,569,803	16,481,388	11,948,794
Variation in the fair value of biological assets	16	749,003	579,443	1,308,791	658,389
Cost of products sold	24	(10,331,178)	(7,684,945)	(10,247,334)	(7,885,299)
Gross profit		**6,659,973**	**4,464,301**	**7,542,845**	**4,721,884**
Operating expenses/revenues					
Sales	24	(1,131,624)	(1,009,464)	(1,249,359)	(1,139,138)
General and administrative	24	(885,530)	(678,919)	(886,244)	(717,799)
Other, net	24	59,128	305,866	74,020	316,696
		(1,958,026)	**(1,382,517)**	**(2,061,583)**	**(1,540,241)**
Equity income	13	433,020	172,284	25,612	33,123
Profit before financial result and taxes		5,134,967	3,254,068	5,506,874	3,214,766
Financial result	25	(1,129,037)	(7,179,240)	(1,090,463)	(7,029,131)
Profit (loss) before income taxes		**4,005,930**	**(3,925,172)**	**4,416,411**	**(3,814,365)**
Income tax and social contribution					
Current	12	(477,389)	(402,563)	(496,369)	(446,626)
Deferred	12	(508,671)	1,839,865	(515,168)	1,871,501
		(986,060)	1,437,302	(1,011,537)	1,424,875
Profit (loss) in the fiscal year		**3,019,870**	**(2,487,870)**	**3,404,874**	**(2,389,490)**
From continuing operations		**3,017,654**	**(2,480,921)**	**3,402,658**	**(2,382,541)**
From discontinued operations	**14**	**2,216**	**(6,949)**	**2,216**	**(6,949)**
Attributed to Klabin shareholders		**3,019,870**	**(2,487,870)**	**3,019,870**	**(2,487,870)**
Attributed to non-controlling shareholders		**-**	**-**	**385,004**	**98,380**
Earnings (loss) per share:					
Basic/diluted earnings(loss) per ON share – R$	27	**0.5499**	**(0.4537)**	**0.5499**	**(0.4537)**
Basic/diluted earnings(loss) per PN share – R$	27	**0.5499**	**(0.4537)**	**0.5499**	**(0.4537)**
Earnings (loss) per share - discontinued operations					
Basic/diluted earnings(loss) per ON share – R$	27.1	**0.0004**	**(0.0013)**	**0.0004**	**(0.0013)**
Basic/diluted earnings(loss) per PN share – R$	27.1	**0.0004**	**(0.0013)**	**0.0004**	**(0.0013)**

The explanatory notes are an integral part of the financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

		Parent Company		Consolidated	
	Note	1/1 to 12/31/2021	1/1 to 12/31/2020	1/1 to 12/31/2021	1/1 to 12/31/2020
Profit (Loss) for the year		**3,019,870**	**(2,487,870)**	**3,404,874**	**(2,389,490)**
Other comprehensive results:					
Foreign currency translation adjustments(i)		11,226	(16,963)	11,226	(16,963)
Hedge accounting update	30	(1,150,556)	-	(1,150,556)	-
Deferred income tax on hedge accounting	30	391,189	-	391,189	-
Actuarial liability	31	39,568	(161,932)	39,568	(161,932)
Deferred income tax on actuarial liabilities	31	(13,453)	55,057	(13,453)	55,057
Total comprehensive (loss) income for the year, net of taxes		**2,297,844**	**(2,611,708)**	**2,682,848**	**(2,513,328)**
Attributed to Klabin's shareholders		**2,297,844**	**(2,611,708)**	**2,297,844**	**(2,611,708)**
Attributed to non-controlling shareholders		**-**	**-**	**385,004**	**98,380**

(i) Effects that may affect income in the future, only in the event of the investee disposal or depletion. See Note 2.1

The explanatory notes are an integral part of the financial statements.

(a free translation of original in portuguese)

Klabin S.A.

Individual and Consolidated Financial Statements
as at December 31, 2021 and 2020
(in thousands of Brazilian Reais, unless otherwise stated)

STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital	Capital reserves	Revaluation Reserve	Revenues Reserve	Other Comprehensive Income	Treasury Shares	Accumulated Loss	Shareholder's equity from Klabin	Non-controlling interest (i)	Consolidated shareholder's equity
As at December 31, 2019		**4,076,035**	**(350,622)**	**48,705**	**1,517,044**	**942,994**	**(187,274)**	**-**	**6,046,882**	**454,391**	**6,501,273**
Profit (loss) for the year		-	-	-	-	-	-	(2,487,870)	**(2,487,870)**	97,713	**(2,390,157)**
Other comprehensive income for the fiscal year		-	-	-	-	(123,838)	-	-	**(123,838)**	-	**(123,838)**
Total comprehensive income for the fiscal year		-	-	-	-	(123,838)	-	(2,487,870)	**(2,611,708)**	**97,713**	**(2,513,995)**
Debentures conversion (7th issue - 1st series)	1	399,446	(28,502)	-	-	-	-	-	**370,944**	-	**370,944**
Sogemar Merge	1	144	-	-	-	-	-	-	**144**	-	**144**
Capital contribution	1	-	-	-	-	-	-	-	**-**	50,000	**50,000**
Stock Option Plan:	24	-	-	-	-	-	-	-	**-**	-	**-**
Disposal of treasury shares		-	8,872	-	-	-	4,716	-	**13,588**	-	**13,588**
Treasury shares awarded		-	-	-	-	(4,716)	4,716	-	**-**	-	**-**
Recognition of stock plan return		-	-	-	-	13,455	-	-	**13,455**	-	**13,455**
Stock plan return		-	4,506	-	-	(4,506)	-	-	**-**	-	**-**
Grant plan outflow		-	(45)	-	-	87	(42)	-	**-**	-	**-**
Absorption of loss for the year:	19	-	-	-	-	-	-	-	**-**	-	**-**
Losses absorbed from profit reserves		-	-	-	(1,494,044)	-	-	1,494,044	**-**	-	**-**
Dividends distributed		-	-	-	(23,000)	-	-	-	**(23,000)**	(27,648)	**(50,648)**
As at December 31, 2020		**4,475,625**	**(365,791)**	**48,705**	**-**	**823,476**	**(177,884)**	**(993,826)**	**3,810,305**	**574,456**	**4,384,761**
Profit (loss) for the year		-	-	-	-	-	-	3,019,870	**3,019,870**	399,137	**3,419,007**
Other comprehensive income for the fiscal year		-	-	-	-	(722,026)	-	-	**(722,026)**	-	**(722,026)**
Total comprehensive income for the fiscal year		-	-	-	-	**(722,026)**	-	**3,019,870**	**2,297,844**	**399,137**	**2,696,981**
Capital contribution (note 5)	1	-	-	-	-	-	-	-	**-**	422,000	**422,000**
Stock Option Plan: (note 26)	24	-	-	-	-	-	-	-	**-**	-	**-**
Disposal of treasury shares		-	14,250	-	-	-	4,696	-	**18,946**	-	**18,946**
Treasury shares awarded		-	-	-	-	(4,696)	4,696	-	**-**	-	**-**
Recognition of stock plan return		-	-	-	-	14,485	-	-	**14,485**	-	**14,485**
Stock plan return		-	8,090	-	-	(8,090)	-	-	**-**	-	**-**
Grant plan outflow		-	(12)	-	-	97	(97)	-	**(12)**	-	**(12)**
Absorption of loss for the year: (note 22)	18	-	-	-	-	-	-	-	**-**	-	**-**
Constitution of Profit Reserves		-	-	-	-	-	-	-	**-**	-	**-**
Constitution of Legal Reserve		-	-	-	80,851	-	-	(80,851)	**-**	-	**-**
Reconstitution of the tax incentives reserve		-	-	-	295,541	-	-	(295,541)	**-**	-	**-**
Constitution of tax incentives reserve for the fiscal year		-	-	-	113,480	-	-	(113,480)	**-**		**-**
Realization of biological assets reserve (own)		-	-	-	(527,135)		-	527,135	**-**		**-**
Constitution of biological assets reserve (own)	18	-	-	-	494,342	-	-	(494,342)	**-**		**-**
Constitution of biological assets reserve (subsidiaries)	19	-	-	-	43,771	-	-	(43,771)	**-**	-	**-**
Constitution of investment and working capital reserve		-	-	-	746,194	-	-	(746,194)	**-**	-	**-**
Complementary Dividends Proposed		-	-	-	377,000	-	-	(377,000)	**-**	-	**-**
Dividends Distribution		-	-	-	-	-	-	(300,000)	**(300,000)**	(48,934)	**(348,934)**
Anticipated Interest on Shareholders' Equity for fiscal year 2021		-	-	-	-	-	-	(102,000)	**(102,000)**	-	**(102,000)**
As at December 31, 2021		**4,475,625**	**(343,463)**	**48,705**	**1,624,044**	**103,246**	**(168,589)**	**-**	**5,739,568**	**1,346,659**	**7,086,227**

(i) In fiscal year 2021, the percentage interest of minority shareholders has changed.

The explanatory notes are an integral part of the financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

STATEMENTS OF CASH FLOWS

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net cash provided by operating activities	**5,023,023**	**6,740,637**	**4,891,249**	**7,011,533**
Cash provided by operations	**6,608,477**	**3,764,698**	**6,687,489**	**3,981,613**
Profit (loss) from continuing operations	3,017,654	(2,480,921)	3,402,658	(2,382,541)
Profit (loss) from discontinued operations	2,216	(6,949)	2,216	(6,949)
Depreciation and amortization	1,020,856	1,135,553	1,003,515	1,164,807
Change in the fair value of biological assets	(749,003)	(579,443)	(1,308,791)	(658,389)
Depletion of biological assets	1,457,850	944,236	1,692,826	1,218,104
Deferred income tax and social contribution	508,671	(1,839,865)	515,168	(1,871,501)
Interest and foreign exchange variations on borrowings	1,782,753	7,293,670	1,414,447	7,063,821
Hedge reserve realization	16,088	-	16,088	-
Interest on leases	56,767	(306,266)	60,184	(306,425)
Exchange variation of accounts receivable and related parties	(42,062)	(12,403)	(42,356)	(13,051)
Allowance for doubtful debts ("AFDD")	(4,702)	6,655	(15,921)	26,641
Estimated inventory losses	15,067	7,819	9,064	14,738
Result on disposal of assets	(9,864)	(4,376)	(9,864)	(4,376)
Equity in the results of joint venture	(433,020)	(172,284)	(25,612)	(33,123)
Advantageous purchase gain	-	(206,061)	-	(206,061)
Other	(30,794)	(14,667)	(26,133)	(24,082)
Changes in assets and liabilities	**(1,585,454)**	**2,975,939**	**(1,796,240)**	**3,029,920**
Trade receivables and related parties	(762,191)	220,903	(943,319)	38,997
Inventory	(585,456)	(45,168)	(633,327)	(61,625)
Taxes recoverable	1,004,464	890,678	997,864	865,749
Marketable securities	(667,992)	47,002	(669,338)	42,632
Other assets	(183,320)	130,925	(35,903)	93,331
Trade payables	(574,111)	722,153	(616,046)	843,692
Tax obligations	186,176	70,656	187,939	98,269
Social security and labor obligations	77,132	49,513	53,553	76,528
Other liabilities	201,807	818,333	368,943	979,295
Income tax and social contribution paid	(490,143)	-	(506,606)	(9,545)
Disposal of merger assets and liabilities	208,180	70,944	-	62,597
Net cash used in investing activities	**(3,025,821)**	**(4,728,356)**	**(3,675,855)**	**(5,069,428)**
Purchase of Property, Plant and Equipment acquisitions	(2,544,113)	(4,026,340)	(2,904,093)	(4,160,796)
Planting cost of biological assets	(709,309)	(495,211)	(973,599)	(624,870)
Acquisition of companies	-	(388,071)	-	(388,000)
Proceeds from disposal of assets	181,298	95,757	181,298	95,757
Dividends received from subsidiaries	46,303	85,509	20,539	8,481
Net cash from financing activities	**(560,760)**	**(5,218,101)**	**(19,024)**	**(5,073,661)**
Borrowings	2,696,599	3,569,502	2,718,480	3,726,207
Debenture (net of funding costs)	(1,130,435)	(6,750,182)	(1,096,665)	(6,932,229)
Payment of interest and participation in debenture results	(1,417,613)	(1,634,610)	(1,203,477)	(1,451,959)
Payment of lease liabilities	(239,709)	(158,159)	(243,179)	(158,590)
Treasury share disposals	18,946	13,588	18,946	13,588
Subsidiaries acquisition, investment and payment in (cash)	(86,548)	(35,240)	422,000	50,000
SPC Closure	-	-	(54,200)	(25,000)
Outflow of SPCs investors	-	-	-	(2,000)
Dividends paid SPCs and SPEs	-	-	(178,929)	(70,678)
Dividends paid	(402,000)	(223,000)	(402,000)	(223,000)
Increase (decrease) in cash and cash equivalents	**1,436,442**	**(3,205,820)**	**1,196,370**	**(3,131,556)**
Cash and cash equivalent at the beginning of the year	**4,529,748**	**7,735,568**	**5,208,830**	**8,340,386**
Cash and cash equivalent at the end of the year	**5,966,190**	**4,529,748**	**6,405,200**	**5,208,830**

The explanatory notes are an integral part of the financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

STATEMENT OF ADDED VALUE

	Parent Company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Revenues				
Sales of products	19,148,506	13,514,331	19,426,997	13,993,100
Change in the fair value of biological assets	749,003	579,443	1,308,791	658,389
Other revenues	181,298	158,619	181,298	158,620
Allowance for doubtful debts ("AFDD")	(59,185)	6,655	(60,189)	26,641
	20,019,622	**14,259,048**	**20,856,897**	**14,836,750**
Inputs acquired from third parties				
Cost of goods sold	(6,556,839)	(4,043,687)	(6,647,249)	(4,253,417)
Materials, energy, third-party services and other	(3,490,429)	(2,892,223)	(3,177,465)	(2,803,906)
	(10,047,268)	**(6,935,910)**	**(9,824,714)**	**(7,057,323)**
Gross Added Value	**9,972,354**	**7,323,138**	**11,032,183**	**7,779,427**
Retentions				
Depreciation, amortization and depletion	(2,478,706)	(2,096,906)	(2,696,341)	(2,382,963)
Net added value created	**7,493,648**	**5,226,232**	**8,335,842**	**5,396,464**
Value added received through transfer				
Equity in the results of investes	433,020	172,284	25,612	33,123
Finance income, including exchange variations	415,738	919,737	521,175	964,636
	848,758	**1,092,021**	**546,787**	**997,759**
Total added value for distribution	**8,342,406**	**6,318,253**	**8,882,629**	**6,394,223**
Distribution of value added:				
Personnel				
Direct compensation	1,356,792	1,121,766	1,383,945	1,142,915
Benefits	446,989	359,457	453,685	364,308
Government Severance Indemnity Fund for Employees (FGTS)	105,569	82,163	105,769	82,359
	1,909,350	**1,563,386**	**1,943,399**	**1,589,582**
Taxes, charges and contributions				
Federal	1,565,360	(1,070,503)	1,619,667	(1,013,899)
State	303,051	198,189	303,051	198,189
Municipal	-	16,074	-	16,074
	1,868,410	**(856,240)**	**1,922,718**	**(799,636)**
Return on third parties' capital				
Interest	1,544,775	8,098,977	1,611,638	7,993,767
	1,544,775	**8,098,977**	**1,611,638**	**7,993,767**
Return on shareholders' equity				
Dividends	402,000	23,000	402,000	23,000
Acumulated earnings (losses) profits retained for the year	2,617,870	(2,510,870)	2,617,870	(2,510,870)
Net income attributable to non-controlling shareholders	-	-	385,004	98,380
	3,019,870	**(2,487,870)**	**3,404,874**	**(2,389,490)**
Added value distribution	**8,342,406**	**6,318,253**	**8,882,629**	**6,394,223**

The explanatory notes are an integral part of the financial statements.

1. GENERAL INFORMATION

Klabin S.A. ("Company") and its subsidiaries and joint ventures operate in segments of pulp and paper industry supplying domestic and foreign markets with wood, pulp, packaging paper, paper bags and corrugated cardboard boxes. Their operations are fully integrated, from forestry activities to the production of the to finished products. Klabin is a publicly held corporation whose shares and certificates of deposit of shares ("Units") are traded on B3 – São Paulo Stock Exchange under ticker KLBN11. The Company is domiciled in Brazil and headquartered in São Paulo.

The Company also has ownership interests in other companies (notes 4 and 13) whose operational activities relate to the Company's business purposes.

1.1 Compliance statement

The individual and consolidated financial statements ("financial statements") have been prepared based on all of the Company's' relevant information, corresponding to the information that Management uses for its own purposes.

Approval of the present financial statements and authorization for their disclosure were approved at the meeting of the Board of Directors held on February 8, 2022.

Management has evaluated the Company's and its subsidiaries' ability to continue its operation, being convinced that it has the necessary resources and capacity to develop its business in the future on a continuing basis. Management is not aware of uncertainties capable of raising material doubts as to continuity of business operations.

Management declares that all relevant information inherent to the financial statements, and that information only, is disclosed herein, and that this information corresponds to that which Management uses for its purposes.

Certain lines of the financial statements for fiscal year ended December 31, 2020, have been recategorized to enable comparability with the financial statements as at December 31, 2021.

The amount previously presented as "Other accounts payable and provisions" was reclassified to Tax Obligations, affecting working capital by R$ 28,523 thousand.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND MAIN ACCOUNTING PRACTCIES

The Company provides its individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, which include the Brazilian Securities and Exchange Commission's (CVM) rules and the pronouncements of the Accounting Standards Committee (CPC), the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). It provides all material information appropriate to the financial statements, and only that information, which is consistent with that which Management uses for administration.

The main accounting practices that the Company and its subsidiaries use are disclosed below, or in the appropriate notes, and have been applied consistently to the fiscal years. They exclude all unrealized balances, revenues, expenses, gains and losses arising from transactions between the Group's subsidiaries. The subsidiaries included in the consolidated financial statements are those listed in Note 4.

The financial statements have been prepared considering historical cost as the basis value of assets and liabilities, and fair value through profit or loss (FVTPL) approach for all financial assets and liabilities and biological assets.

2.1 Functional currency and foreign-currency translation

The financial statements are presented in Brazilian Reais (R$), which is the functional and presentation currency of the Company and its subsidiaries and joint ventures, with the exception of subsidiary Klabin Argentina, whose functional currency is the Argentine Peso (A$).

a) Transactions and balances

Foreign-currency transactions are initially recognized at the exchange rate effective on the transaction date. Gains and losses arising from the translation of difference of foreign currency-denominated assets and liabilities at the end of the reporting period are recognized in the Company's statement of profit or loss.

b) Foreign subsidiaries

Foreign subsidiaries with branch characteristics operate with the same functional currency as the Company's. Concerning the subsidiary with a functional currency other than the Company's, foreign exchange differences arising from translation of its financial statements are recognized separately in an equity account named "equity valuation adjustments" (comprehensive income). Upon disposal of a foreign subsidiary, the respective recognized equity value is recorded in the statement of profit or loss.

The assets and liabilities of this foreign subsidiary are translated at the closing exchange rate of the balance sheet as-at date. Revenues and expenses are translated at the exchange rates of the transaction dates.

c) Hyperinflationary Economies

Pursuant to CPC 42/IAS 29 (Financial Reporting in Hyperinflatinoary Economies), the non-monetary assets and liabilities, the equity and the statements of profit or loss of subsidiaries operating in highly inflationary economies are restated in line with the general change in purchasing capacity of the relevant currency by means of the application of a general price index.

The finalcial statements of an entity whose functional currency is that of a highly inflationary economy must be expressed in terms of the unit of measure effective on the as-at date of the balance sheet, and translated into Brazilian Reais at the exchange rate effective as of the end of the financial statments.

Because of the foregoing, the Company has applied highly inflationary economy accounting to Klabin Argentina, as per the standards CPC 42/IAS 29.

2.2 Accounting judgments, estimates and assumptions

In preparing the financial statements, judgments, estimates and assumptions are utilized to account for certain assets, liabilities and other transactions and in registering income and expenses for the year. The accounting judgments, estimates and assumptions adopted by management are made using the best available information at the financial statement reporting date, involving experience of past events, forecasts of future events and the assistance of experts, when applicable.

The effective results of balances established based on judgments, estimations and accounting assumptions may differ from those disclosed in the financial statements. The Company may therefore be exposed to potentially material losses. These estimates are periodically reviewed.

Material items subject to these estimates include:
a) credit risk analysis for the purposes of setting up allowance for doubtful debts;
b) determination of provisions for estimated inventory losses;
c) review of the useful economic life of property, plant and equipment;
d) analysis of the recoverability of tangible and intangible assets;
e) fair-value measurement of financial instruments;
f) obligations under employee benefit plans;
g) transactions involving the stock-based plan;
h) fair-value adjustment of biological assets;
i) deferred income tax and social contribution; and
j) tax, social security, labor and civil provisions.

2.3 Financial instruments

Financial instruments are initially booked at fair value, plus, in the case of a financial asset or a financial liability other than at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability. Subsequent measurement thereof takes place on the as-at date of each balance sheet date, in accordance with the classification of financial instruments according to the following categories: (i) amortized cost, (ii) fair value through profit or loss, and (iii) fair value through other comprehensive income.

Financial assets and liabilities are settled and the net amount is presentented on the balance statement date where a legal right exists to settle the amounts recognized and the intention exists to settle on a net basis or to simultaneously realize the asset and settle the liability. The legal right must not be contingent upon future events and must be applicable in the regular course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.4 Noncurrent assets and liabilities

These include assets and rights receivable and obligations payable after a period of twelve months from the as-at date of the financial statements, accrued of the respective charges and monetary variation, where applicable, until the as-at date of the balance sheet date.

2.5 Provisions

A provision is recognized when the Company has a present legal or implied obligation arising from past events, and probability that a future outflow of resources is likely to be required to settle an obligation, measured based on a reliable estimate of the provisioned amount.

The expense associated with any provision is presented in the statement of profit or loss, net of any reimbursements. If the time effect of the amount is material, the provision is discounted at a discount rate that reflects, as the case may be, the specific risks inherent to the obligation.

2.6 Government subsidies

Government subsidies grants to the Company are recognized as the conditions associated with those grants subsidies are met. Subsidies granted to offset expenses are recognized as reductions to the expenses to be offset.

In case of grants subsidies for the purpose of investment in assets, benefits are recognized in the balance sheet as awarded by the relevant government authority, and may be booked as deferred revenues, in liability, recognized as revenue in income instatment over the duration of the acquired asset’s life, or deducted from the asset associated with the grant, and recognized by means of credits to the depreciation recorded as an expense in the statement of profit or loss.

Where a contingent obligation exists to not distribute benefits received as government grants to the shareholders, the amounts previously are recategorized through the related profit in loss must be transferred to a specific equity reserve named “Tax Benefits Reserve”.

2.7 Statement of value added (“DVA”)

Brazilian corporation law requires publicly listed companies to disclose a statement of value added as part of the set of their financial statements. The purpose of this statement is to demonstrate the wealth that the Company creates and its allocation in the relevant reporting periods.

IFRS does not require the presentation of this statement. As a consequence, this statement is disclosed as supplementary information, and not as part of to the complete set of financial statements.

(in thousands of Brazilian Reais, unless otherwise stated)

3. NEW ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES ADOPTED

In fiscal year 2021, the Brazilian Accounting Standards Committee ("Comitê de Pronunciamentos Contábeis" – CPC) revised the following standards, effective in 20201:

Announcement	Amendment
CPC 06 (R2) - Arrendamentos/IFRS 16 *Leases* (i)	Amendment to the reference interest rate that enables replacing a financial asset's or a financial liability's effective rate with a new economically equivalent rate
CPC 11 - Contratos de Seguro / IFRS 4 *Insurance Contracts*	
CPC 38 - Financial Instruments: Recognition and Measurement (revoked since 01/01/2018)	
CPC 40 - Instrumentos Financeiros: Evidenciação/IFRS7 *Financial Instruments: Disclosures*	
CPC 48 - Instrumentos Financeiros/IFRS9 *Financial Instruments*	

(i) Effects of Covid-19 on contracts maturing after 06/30/2021

Management reviewed and adopted the amendments, which had no effects on the Company's financial statements arising from application thereof.

Furthermore, the o IASB (*International Accounting Standards)* issues new standards and revises existing ones, which will become effective on January 01, 2023, through convergence with CPC pronouncements, as follows:

Announcement	Amendment
IAS 1 - *Presentation of Financial Statements / IFRS - Pratice Statements*	Institutes the concept of materiality for decision-making on accounting policy disclosures
IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*	Clarification on the distinction between changes in accounting estimations and changes in accounting policies and error correction
IFRS 17 - *Insurance Contracts*	Standard not applicable to the Company

Management is reviewing the impacts such items may have on its financial statements as they are regulated by the Brazilian Securities and Exchange Commission ("Comissão de Valores Mobiliários" – CVM).

4. CONSOLIDATION OF FINANCIAL STATEMENTS

Subsidiaries are fully consolidated from the date of acquisition of a control and remain consolidated until the date on which such control ceases, except for jointly controlled subsidiaries (joint ventures), which are valued based on the equity method in both the individual and consolidated financial statements.

The subsidiaries' financial statements are prepared for the same reporting periods as the parent Company, using accounting practices consistent with those that the parent Company uses. The following criteria apply for consolidation purposes: (i) exclusion of investments in and equity in earnings of subsidiaries; and (ii) exclusion of profits or loss from operations between consolidated companies, as well as of the respective assets and liabilities balances.

(in thousands of Brazilian Reais, unless otherwise stated)

The consolidated Financial Statements include Klabin S.A. and its subsidiaries as at December 31, 2021 and 2020, as follows:

	Home country	Activity	Participation	Participation overship %	
				12/31/2021	12/31/2020
Subsidiaries:					
Cerejeira Reflorestadora S.A.	Brazil	Reforestation	Direct	100	100
Klabin da Amazônia - Soluções em Embalagens de Papel Ltda (i)	Brazil	Goods manufacture and sales	Direct	100	100
Klabin Argentina S.A.	Argentina	Industrial bags	Direct	100	100
Klabin Áustria GmbH	Austria	Sale of products in the foreign Market	Direct	100	100
Klabin do Paraná Produtos Florestais Ltda.	Brazil	Phytotherapeutic products manufacture	Direct	100	100
Klabin Finance S.A.	Luxemburg	Financing Company	Direct	100	100
Klabin Fitoprodutos Ltda.	Brazil	Phytotherapeutic products manufacture	Direct	100	100
Klabin Florestal Ltda.	Brazil	Afforestation	Direct	100	100
Klabin Forest Products Company	United States	Sale of products in the foreign Market	Direct	100	100
Klabin Paranaguá SPE S.A.	Brazil	Port services	Direct	100	100
Kla Holding S.A. (i)	Brazil	Equity investing	Direct	100	100
IKAPÊ Empreendimentos Ltda.	Brazil	Hospitality	Direct	100	100
Monterla Holdings S.A.	Brazil	Equity investing	Direct	100	100
Klabin Foryou Soluções em Papel S.A.	Brazil	Packaging customization services	Direct	100	100
Manacá Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	100	-
Cambará Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	100	-
Guaricana Reflorestadora S.A.	Brazil	Reforestation	Direct	35	35
Aroeira Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	18	100
Sapopema Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	17	26
Embacorp Soluções em Embalagens de Papel Ltda (i)	Brazil	Manufacture and marketing of products	Direct	-	100
Riohold Holdings (i)	Brazil	Equity investing	Direct	-	100
Special Purpose Entities:					
Harmonia	Brazil	Reforestation	Direct	73	72
Serrana	Brazil	Reforestation	Direct	65	64
Araucária	Brazil	Reforestation	Direct	63	56
Monte Alegre (i)	Brazil	Reforestation	Direct	-	75
Joint subsidiaries (unconsolidated):					
Florestal Vale do Corisco S.A.	Brazil	Reforestation	Direct	51	51
Pinus Taeda Florestal S.A. (i)	Brazil	Reforestation	Direct	26	26

(i) See Note 5 for information

5. MAIN EVENTS OF THE REPORTING PERIOD Major events in year ended

5.1 Expansion project – "Puma II"

As announced to the market in the Material Facts of April 16, 2019, and May 5, 2021, phases I and II, respectively, of the packaging paper capacity expansion project named "Puma II Project" have been approved, comprehending construction of two paper mills with integrated pulp production, at Klabin's industrial unlit in the municipality of Ortigueira (PR) named "Puma Unit".

Installation of the Puma II Project is divided into two stages:

(i) On August 30, 2021, the Company released a Material Fact announcement stating that the Project's first stage had been completed and began producing on the same date, including construction of a main fibers line for unbleached pulp production, integrated with a kraftliner and white kraftliner (white top liner) paper mill. Production capacity is 450 thousand annual tons, which are being marketed under the Eukaliner® brand, the world's first kraftliner made from 100% eucalyptus fibers.

(ii) Stage two, after market, engineering and economic feasibility studies done in May 2021, will include a cardboard paper mill integrated with a complementary fibers line, with 460 thousand annual tons production capacity.

Construction of stage two began in September 2021, and operational startup is slated for the second quarter of 2023.

The gross investment budgeted for construction of the Puma II Project, including incremental investment to convert the machine in stage two to cardboard production, is R$ 13 billion, subject to exchange rate fluctuations and inflation restatements. Out of this, R$ 8 billion had been disbursed by December 31, 2021, and the remaining until to 2023. Approximately R$ 1 billion of gross investment relates to recoverable taxes.

Investments in the Project will be funded by the Company's cash position and cash generation from ongoing business, and may be complemented by drawdowns from standing and unused financing contracts.

5.2 Investment in special projects and expansions

As stated in the Market Announcement of June 29, 2021, the Company approved a total 23 Special Projects and Expansions featuring swift and high returns, in continuation of its growth and deleveraging strategy, with total investment of R$ 342 million, of which R$ 54 million were disbursed in 2021 and the remainder is expected to be disbursed in 2022.

The bulk of the investments, for a total R$ 251 million, is being allocated to increase the capacity for converting paper into packaging, particular emphasis due on two new printers to be set up at the Betim (MG) and Goiana (PE) units, and a new miscellaneous bags line at the Lages (SC) unit. The remaining projects are distributed across all of Klabin's areas of operations, and focus materially on costs optimization.

5.3 Special Purpose Entities (SPEs) (Forestry)

The purpose of Forestry SPEs is to expand the Company's forest stock in partnership with investors, for the purposes of supplying existing factories and enabling expansion projects.

5.3.1 Cerejeira Reflorestadora S.A.

On March 28, 2019, the Company incorporated Cerejeira Reflorestadora S.A., with the main purpose of exploring forestry activity in the state of Paraná - PR. The new Entity is in its structuring phase, with no active operations.

Extraordinary meetings held April 30 and August 17, 2021, approved capital increases in the respective amounts of R$ 38 thousand and R$ 50 thousand, which Klabin S.A. subscribed for and paid in.

As at December 31, 2021, the SPE's capital is R$ 88.5 thousand, represented by 88,500 (eighty-eight thousand and five hundred) fully subscribed and paid in common registered shares with no par value.

5.3.2 Sapopema Reflorestadora S.A.

On July 26, 2019, the Company, together with a Timber Investment Management Organization ("TIMO"), incorporated the privately-held Entity Sapopema Reflorestadora S.A., whose main purpose is to explore the forestry activity in the state of Paraná - PR.

Klabin S.A. contributed to the formation of the Entity's share capital with an investment of 8 thousand hectares of planted forests in the state of Paraná - PR, in the amount of R$ 55 million, and on May 28, 2020, with an additional contribution of 3 thousand hectares of planted forests, in the amount of R$ 28 million. The TIMO, in turn, contributed R$ 185 million in cash at the closing of the operation, R$ 50 million on March 27, 2020 and the remaining R$ 335 million will be contributed in up to 2 years.

The funds contributed by the TIMO will fund acquisition of approximately 15 thousand hectares of useful area for planting, investments in reforestation and working capital. The Company will have the right of preference to purchase Sapopema's forestry production, among other typical rights for the controlling shareholders of an Entity of this type, just as TIMO has its obligations established in the shareholders' agreement defined by the parties.

Klabin holds 62% of the voting capital and 26% of the Entity's total share capital, whereas the TIMO holds the remainder of the capital, being entitled to the election of one member of the Board of Directors and to vote on certain resolutions, including in situations that require a special quorum.

Extraordinary meetings held in fiscal year 2021 approved capital increases that the TIMO has fully subscribed and paid in to purchase forests, as follows:

- On January 12, 2021, an amount of R$ 50 million, represented by 29,004,368 common, registered shares with no par value, at a unit issue price of R$ 1.00, and 6,321,605 preferred, registered shares with no par value, at a unit issue price of R$ 3.32.
- On April 30, 2021, an amount of R$ 50 million, represented by 15,054,570 preferred, registered shares with no par value, at a unit issue price of R$ 3.32.
- On September 14, 2021, an amount of R$ 80 million, represented by 24,087,314 preferred, registered shares with no par value, at a unit issue price of R$ 3.32.

As at December 31, 2021, the SPE's share capital was R$ 498 million, divided into 163,261,171 common shares and 116,592,002 preferred shares. The TIMO holds 49% of the voting stock and 83% of total stock. Klabin holds 51% of the voting stock and 17% of total stock in the SPE (62% of voting stock and 26% of total stock as at December 31, 2021).

5.3.3 Constitution of Pinus Taeda Florestal S.A.

On January 21, 2020, the required agreements were executed for association with a Timber Investment Management Organization ("TIMO"), for the main purpose of exploring forestry activities in the center-south of the State of Paraná, enabling access to new lands to increase the Company's forest stock.

The Company's contribution to the build-up of the SPE's assets was through the contribution of approximately 9 thousand hectares of planted forests, in the amount of R$ 72 million, with a 26% interest in the SPE. The TIMO, in turn, contributed approximately 11 thousand hectares of planted forests and 7 thousand hectares of land assets, in the amount of R$ 211 million, for a 74.5% interest.

The rights and obligations of the Company and the TIMO are regulated by a shareholders' agreement executed by and between the parties. As for its shared control structure, the SPE is categorized as a jointly controlled subisidiary (joint venture), and recognized according to the equity method in the Company's individual and consolidated financial statements.

The Company has the right of preference in the purchase of process wood produced by SPE, among other typical rights granted to shareholders of a company of this type.

5.3.4 Constitution of Aroeira Reflorestadora S.A.

On September 9, 2020, the Company incorporated the privately-held entity Aroeira Reflorestadora S.A., a Special Purpose Entity (SPE) whose main purpose is to explore forestry activities in the state of Santa Catarina (SC).

On January 26, 2021, the required instruments were executed for association with a TIMO. The Company's contribution to the buildup of the Entity's assets was through the contribution of approximately 9.7 thousand hectares of planted forests, whereas the TIMO will contribute a cash amount of up to R$ 500 million, partly upon closing and the remained within three years.

The funds injected into the SPE are being used to purchase and lease approximately 19.5 thousand hectares of effective planted land, as well as to face reforestation expenditures of these areas, primarily with pinus. Klabin will have the right of preference in the purchase of wood produced by the SPE, among other rights typically awarded to the controlling shareholders of entities of this type.

Klabin holds 51% of the voting stock and 18% of the total stock of the SPE, whereas the TIMO holds the remainder, being entitled to elect members to the SPE's Board of Directors and to voting rights in certain resolutions, including those that require a special quorum.

Klabin S.A. may exercise preemptive rights to the purchase of the SPE's shares held by the TIMO, pursuant to an elective option to be exercised between 2031 and 2041.

Meetings held March 17 and September 14, 2021, approved capital increases in the respective amounts of R$ 50 million and R$ 55 million, which the TIMO fully subscribed and paid in.

On June 29, 2021, Aroeira acquired land and forests in the amount of R$ 125,155.

As at December 31, 2021, Klabin S.A. had contributed R$ 53.7 million, and the TIMO had contributed R$ 242 million. Therefore, the SPE's total capital is R$ 295.7 million, represented by 148,871,781 fully subscribed and paid in shares. The SPE's shares are divided into 104,420,676 common, registered shares with no par value, and 44,451,105 preferred, registered shares with no par value.

5.3.5 Constitution of Manacá Reflorestadora S.A.

On April 26, 2021, the Company incorporated Manacá Reflorestadora S.A., an SPE whose main purpose is to explore forestry activities in the state of Santa Catarina (SC).

On November 22, 2021, Klabin S.A. contributed with a capital increase in the amount of R$ 100 thousand, at a rate of one share per R$ 1.00 advanced.

5.3.6 Constitution of Cambará Reflorestadora S.A.

On April 26, 2021, the Company incorporated Cambará Reflorestadora S.A., n SPE whose main purpose is to explore forestry activities in the state of Paraná - PR.

On November 23, 2021, and December 17, 2021, Klabin S.A. contributed with capital increases in the total amount of R$ 100 million, being R$ 50 million on each date. The capital increases were performed at a rate of one share per R$ 1.00 advanced.

5.4 Construction of the Paranaguá Port

As announced to the market on August 13, 2019, at an auction held at the headquarters of B3 in São Paulo, Klabin S.A. placed the winning bid for a warehouse at the Port of Paranaguá for handling and storage of general cargo, in particular paper and pulp.

The Company's interest was driven by the representativeness of the Port of Paranaguá for its exports, given both existing shipment volumes and expected ones to arise from the operation of the new paper machines of the Puma II Project.

The operation will provide long-term operational assurance, enabling a direct railway connection from the manufacturing operations to the port's primary zones, with high loading efficiency and preferred berthing.

The lease provides access to a 27,530 square-meter are for a period of 25 years which may be extended for an additional 45 years; the Entity has budgeted allocating R$ 144 million to construction of the warehouse and operational startup is scheduled for the latter half of 2022.

To approve and manage construction, on October 31, 2019, the Entity incorporated the wholly owned subsidiary Klabin Paranaguá SPE S.A. headquartered in the municipality of Paranaguá – PR, with capital in the amount of R$ 20 million, divided into 20,000 fully subscribed and paid in common, registered shares with no par value.

On Main 10, 2021, Klabin S.A. executed an advance for future capital increases in the amount of R$ 80 million, to be paid in within 120 days from the end of fiscal year 2021, to enable the expected investments.

5.5 Special Partnerships Companies ("Sociedades em Conta de Participação" – SCPs)

5.5.1 Closure of SCP CG Forest

The merger of Special Partnership CG Forest ("SCP CG Forest") took place on December 9, 2020, as mutually agreed between its partners (Klabin and investing partners). In the settlement of assets, R$ 25 million were paid to the investing partners in connection related to their interest in the partnership, whereas the Company merged the remaining net assets comprising R$ 71 million in cash and cash equivalents and R$ 40 million in working capital.

5.5.2 Closure of SCP Monte Alegre

The closure of Monte Alegre took place on September 24, 2021, as mutually agreed between the partners (Klabin and investing partners). At the settlement of assets, R$ 50 million and R$ 4 million were paid to the investing partners in connection with their interest in the Entity and as dividends, respectively, whereas the Company merged the remaining net assets, comprising R$ 120 million in cash and cash equivalents, R$ 187 million in biological assets, and R$ 63 million in working capital.

5.6 Conversion of 7th issue debentures (1st series)

As announced to Shareholders on June 15, 2020, the 1st series of the 7th debentures issue matured, with 27,739,244 debentures converted into Company shares, pursuant to the terms of Clause VI of the indenture deed for the 7th private issue of simple debentures, together with the bonus of April 22, 2014, as decided by the debenture holders.

A total 27,739,244 Units were issued, comprising 27,739,244 common shares and 110,956,976 preferred shares, for a capital increase of R$ 399,446. As a consequence of the resolution, the Company's subscribed for and paid in capital increased from R$ 4,076,035 to R$ 4,475,481, divided into 5,548,498,060 registered shares with par value, being 2,012,333,899 common shares and 3,536,164,161 preferred shares.

5.7 Acquisition of assets from International Paper do Brasil

On October 14, 2020, the conditions for the acquisition of the packaging paper and corrugated fiberboard business conducted by International Paper do Brasil ("IP"), located in Brazil, were concluded and all legal agreements and approvals were signed. The first installment, of R$ 280 million, was disbursed on this date, and the remaining R$ 50 million will be paid after one year, subject to certain contractual conditions, totaling R$ 330 million for the acquisition. In addition, IP has to be reimbursed for the working capital received in excess on that date, in the amount of R$ 56 million in the first quarter of 2021. The Company used its own funds for the payment.

(in thousands of Brazilian Reais, unless otherwise stated)

IP's operations adquired have a production capacity of 305 thousand tons of corrugated fiberboard per year. The acquisition also includes packaging paper units (virgin and recycled fiber), with total capacity of 310 thousand tons per year.

The transaction is in line with the Company's strategy of growth in the paper and paper packaging business, expanding its operational flexibility and bringing greater stability to its results. Shareholders are not required to ratify the operation, as it is not covered by the requirements provided for in article 256 of Law No. 6.404/76.

5.7.1 Acquisition sheet

The assets involved in the transaction with IP were effectively acquired on October 14, 2020 through the acquisition of all the shares of Embacorp Soluções em Embalagens de Papel Ltda. ("Embacorp") and Embacorp da Amazônia - Soluções em Embalagens de Papel Ltda. ("Embacorp Amazônia"), which became part of the Company's economic group as a wholly-owned subsidiary as of this date.

As at the acquisition date, the acquirees' statement balance sheet presents no balances that could not be reliably measured, and is represented the following group of assets and liabilities:

Assets	**10/14/2020**	**Liabilities**	**10/14/2020**
Cash and cash equivalents	62,597	Trade Payables	96,715
Accounts receivable	228,222	Social security and labor obligations	47,264
Inventory	116,035	Tax payables	12,624
Other assets	13,219	Lease liabilities	13,374
Total current assets	**420,073**	Other payables and provisions	23,769
		Total current assets	**193,746**
Non-current			
Long-term receivables		Provision for actuarial liabilities	42,888
Deferred income tax and social cont.	17,810	Actuarial liabilities	8,401
Other assets	794	Deferred income tax and social cont.	19,226
Property, plant and equipment	193,668	Other payables and provisions	10,188
Right of use asset	9,555	**Total non-current liabilities**	**80,703**
Intangible assets	31,649		
Total non-current assets	**253,476**	**Shareholders' Equity**	**399,100**
Total assets	**673,549**	**Total liabilities and shareholders' equity**	**673,549**

The inclusion of the new assets acquired in the Company's operations generated R$ 258,000 in Net Revenue and R$ 12,000 in Net Income, included in the Company's profit or loss on December 31, 2020.

CPC 15 - Business Combinations (IFRS3 Business Combinations) requires disclosure of the combined entity's revenue and profit or loss for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. The Company concluded disclosure is impracticable, as determining this effect should consider the operation under its management, including the synergies and business strategies to be applied, which could not be reliably measured at this time given the short period of its asset management, as the acquisition was completed at the end of 2020.

On November 16, 2021, the corporate name of Embacorp da Amazônia – Soluções em Embalagens de Papel Ltda was changed to Klabin da Amazônia Soluções em Embalagens de Papel Ltda.

5.7.2 Business combination effects – gain from a bargain purchase

According to the criteria of CPC 15 - Business Combinations (IFRS3 Business Combinations), the operation with IP, related to the acquisition of all shares of Embacorp and Embacorp Amazônia, was characterized as a business combination. Therefore, the fair value of assets and liabilities acquired is to be measured using the purchase price allocation process ("PPA" - Purchase Price Allocation).

At the end of 2020, the Company engaged specialists to appraise the assets and liabilities of Embacorp and Embacorp Amazônia. The net effect of the gain from the bargain purchase of the assets acquired from IP amounted to R$ 206 million, which was allocated to the Company's profit or loss, in the "Other net" line. The gain resulted from the R$ 11 million of net assets acquired above the purchase price; the valuation of fixed assets at market value of R$ 216 million above the book values of the acquisition balance sheet property, plant and equipment items marked to market above the acquisition statement of financial position book values, and (R$ 21 million) of intangible assets below book values.

The fair value of the adjusted assets above was determined through an analysis obtained in comparison with similar property, plant and equipment items in the market, considering their best use. The appraisal of intangible assets presented a loss, due to the decrease in customer portfolio recorded in the initial acquisition balance.

Accounting Practice

According to CPC 15(R1) / IFRS 3, a Company determines that it has acquired a business when the set emerging from activities and assets includes at least one resource input and one substantive process that, once combined, contribute significantly to the ability of generating an output.

Business combinations are recognized according to the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred considering the fair value on the date of acquisition, considering the Purchase Price Allocation – PPA across the acquired assets and liabilities.

A business combination generate a goodwill when the acquisition price exceeds the value of the net assets acquired (identifiable assets acquired, net, and acquired liabilities). If the acquisition price is lower than the fair value of the acquired net assets, the difference must be recognized as a bargain gain in the profit in loss.

For consolidation purposes, the effects of Purchase Price Allocation on the consolidated balance sheet are booked as intangibles when they arise from goodwill, or are distributed to assets and liabilities when their valuation indicates added value.

5.7.3 Corporate reorganization of Embacorp

On December 28, 2020, Embacorp's corporate reorganization was approved, with partial spin-off of the net assets acquired from IP, excluding the net assets related to the assets and liabilities of the Nova Campina (SP) branch. The spun-off portion of R$ 467.4 million was transferred to Riohold Holdings S.A., a wholly-owned subsidiary of the Company. As of this date, Embacorp's equity included assets and liabilities related to the Nova Campina (SP) unit, only.

The transaction is aligned with Management's strategy of merger the assets acquired from IP. Merger of the assets transferred to Riohold Holdings S.A. took place on January 4, 2021 (see Note 5.6.5 for details). Sale of Embacorp was completed on January 29, 2021 (see Note 14 for details).

5.7.4 Sale of Nova Campina (SP) unit

As announced to the market on June 24, 2020, the Company executed the necessary documents for the sale of the unit located in Nova Campina (SP), arising from the assets acquired from IP, to the Klingele Paper & Packaging Group for R$ 196 million, of which R$ 132 million were paid after closing, which took place on January 29, 2021, and the remainder to be paid in two annual installments of the same amount.

(in thousands of Brazilian Reais, unless otherwise stated)

5.7.5 Merger of Riohold Papel e Celulose S.A

On January 04, 2021, a Special General Meeting ("SGM") approved the merger of Riohold Papel e Celulose S.A. ("Riohold"). The merger resulted in no capital increase and did not lead to new shares being issued, as the Company already held all of Riohold's capital. The merger is part of Management's strategy of integrating the assets acquired from IP.

The operation led to the merger of the balances into the Parent Company's balance sheet on January 04, 2021, comprehending net assets in the amount of R$ 426 million broken down as follows:

Assets	01/04/2021	Liabilities	01/04/2021
Cash and cash equivalents	1,703	Trade payables	53,645
Accounts receivable	225,249	Social security and labor obligations	24,685
Allowance for doubtful debts	(7,781)	Tax liabilities	12,529
Inventory	69,462	Lease liabilities	1,078
Other assets	3,793	Other payables and provisions	8,208
Total current assets	**292,426**	**Total current assets**	**100,145**
Long-term receivables			
Deferred income tax and social cont.	24,851		
Property, plant and equipment	257,496	Provision for actuarial liabilities	47,686
Intangible assets	7,233	Deferred income tax and social cont.	9,599
Right-of-use assets	1,297	Actuarial liabilities	219
Other assets	174	Other payables and provisions	161
Total long-term receivable	**291,051**	**Total non-current liabilities**	**57,665**
		Total net assets	**425,667**

5.8 Incorporation of Kla Holding S.A.

On November 12, 2020, Kla Holdings S.S. was created to facilitate the future acquisition of interests in other companies, in line with the Company's growth strategy.

5.9 Closure of subsidiaries

At the end of 2020, the Company terminated its foreign subsidiaries Klabin Limited, Klabin Trade and Klabin Overseas, and its domestic subsidiary Celucat. These subsidiaries were not in operation and no future operational use was expected.

5.10 Acquisition of royalty-bearing brands and merger of Sogemar

On November 26, 2020, a Special General Meeting approved approved the merger of SOGEMAR - Sociedade Geral de Marcas ("Sogemar"), owner of the brands involved in the royalties contract.

As a result of the merger, Klabin becomes the owner of the brands owned by Sogemar, with the consequent extinction on that date of the respective license agreement and payment of royalties related to such brands.

The merger involved replacement of Sogemar's shares by means of the issuance of 69,394,696 (sixty-nine million, three hundred and ninety-four thousand, six hundred and ninety-six) new common shares of the Company, all registered and without par value, to Sogemar partners, with a R$ 144 increase in the Company's capital.

After the transaction was approved, the Company's capital increased from R$ 4,475 million to R$ 4,476 million, comprising 5,617,892,756 shares, of which 2,081,728,595 are common shares and 3,536,164,161 are preferred shares.

5.11 Effects arising from COVID 19

The Company is actively working on preventive measures to help control the spread of Coronavirus (COVID-19), reinforcing sanitary protocols, spreading information on the topic through its internal communication channels and following the guidelines of the World Health Organization (WHO), holding internal events in virtual format and restricting travel. To prevent agglomeration, the Company also adopted flexible work routines, with increase in use of electronic media.

To date, the Company's Management has not identified significant impacts on its operations, maintaining its forecasts of production, sales and shipment of its products, which are part of the supply chain of items of basic necessity for the population, related to the food, cleaning products and personal and hospital hygiene segments, which increased market demand due to needs created by Covid.

As concerns Puma II, an additional R$ 294,415 were spent since the pandemic began to cover delays and schedule adjustments, all of which was absorbed by the project's contingency allowance, causing no changes to the overall budget.

As for the financial market's volatility, including the effects of the domestic currency's depreciation in relation to the US Dollar, the Company owns a robust cash position and a lengthy debt profile. Furthermore, despite the exchange rate effects recognized in the "Finance result" section of the financial statements, particularly in 2021 (as per the exchange rate risk exposure analysis that Note 29 mentions), this does not materially affect the Company's cash because it is substancially associated with long-term foreign currency-denominated borrowings, and will be offset with the expected cash flow from export revenues, which exceed or approximate the payments flow of the liabilities in question. In addition, the Company adopted cash flow hedge accounting beginning on January 4, 2021, reducing the volatility associated with the recognition of unrealized exchange rate differences (see Note 30), which brings the result close to the Company's cash flow generation.

Given the current scenario, and in accordance with the Brazilian Securities and Exchange Commission's (CVM) requirements, Management analyzed the potential impacts of an increase in expected losses or a significant change in the risks to which it is exposed (see Note 29 for information) capable of affecting the recoverability of its assets and the measure of the provisions disclosed in the financial statements in question. This revision addressed subsequent events had until the as-at date of these financial statements, and no significant effects were found that should be reflected in the financial statements as at December 31, 2021.

(in thousands of Brazilian Reais, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS

The Company, in line with its funds investment policies, has been maintaining low-risk investments with financial institutions that Management regards as top-tier both in Brazil and abroad (according to rankings by risk rating agencies, as disclosed in Note 29).

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and bank deposits - local currency	27,761	32,538	29,776	42,265
Cash and bank deposits - foreign currency (i)	286,630	572,540	401,365	1,033,172
Marketble securities- local currency	5,651,799	3,924,670	5,974,059	4,133,393
Marketble securities - foreign currency (i)	-	-	-	-
Total cash and cash equivalents	**5,966,190**	**4,529,748**	**6,405,200**	**5,208,830**

(i) Substantially in US dollars

Local currency-denominated marketable securities, corresponding to Bank Deposit Certificates – CDBs and other repurchase operations, are indexed to the variation of the Interfinancial Deposit Certificate – CDI, with average annual return of 9.51% in the fiscal year ended December 31, 2021 (1.94% as at December 31, 2020). Foreign currency-denominated marketable securities, which correspond to overnight operations, show average annual return rates of 0.30%, for the fiscal year ended December 31, 2021 (0.28% on overnight operations as at December 31, 2020), with immediate liquidity guaranteed by the relevant financial institutions.

Accounting practice

These represent cash, cash equivalents and highly liquid short-term marketable securities that can be promptly converted into a known amount of cash, subject to remote risk of changes in value, as per CPC 03 (R2) / IAS 7.

7. MARKETABLE SECURITIES

The balance of marketable securities comprehends:

(i) National Treasure Bills ("Letras Financeiras do Tesouro Nacional" – LFTs) and Direct Treasury Notes ("Títulos do Tesouro Direto" – NTN-B). the return on LFTs is indexed to the variation of the Selic funds rate and mature in 2023, whereas the NTN-B returns the IPCA + 4.63% (average) per year, maturing from 2022 to 2040, for an amount corresponding to R$ 2,003 million at the Parent Company and R$ 2,017 million consolidated as at December 31, 2021 (R$ 1,335 million at the Parent Company and R$ 1,348 million in consolidated terms as at December 31, 2020).

(ii) Bonds purchased through wholly owned subsidiary Klabin Finance, executed in US Dollars with fixed returns from 3.52% to 4.02%, maturing in 2028 and 2038 and in an amount corresponding to R$ 13,986 as at December 31, 2021 (R$ 12,640 as at December 31, 2020).

As at December 31, 2021 the balance of these marketable securities amounted to R$ 2,003 million at the Parent Company and R$ 2,017 million in consolidated terms (R$ 1,335 million and R$ 1,348 million, respectively, as at December 31, 2020). Given the securities' features, their fair value is essentially the principal plus interest as originally stipulated.

Accounting practice

Marketable securities are characterized as financial assets measured at fair value through profit or loss, with long-term maturity, and immediate liquidity. They are recognized added to financial results, corresponding to the fair value.

Management has categorized them as financial assets measured at fair value through profit or loss, pursuant to CPC 48 – Instrumentos Financeiros (IFRS9 *Financial Instruments),* as they can be sold to realize gains/losses.

Marketable securities fall into Tier 1 of the fair-value measuring hierarchy, as per the hierarchy provided in CPC 46– Mensurações do Valor Justo (IFRS 13 *Fair Value Measurement*), as their prices are market quoted.

(in thousands of Brazilian Reais, unless otherwise stated)

8. TRADE RECEIVABLE

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Customers				
Local	1,933,163	1,051,911	1,960,100	1,299,784
Foreign	317,255	244,362	908,603	583,244
	2,250,418	**1,296,273**	**2,868,703**	**1,883,028**
Allowance for doubtful debts ("AFDD")	(59,185)	(56,106)	(60,189)	(76,110)
Total customers	**2,191,233**	**1,240,167**	**2,808,514**	**1,806,918**
Overdue	**25,303**	**13,571**	**33,841**	**30,187**
% on total portfolio (without AFDD)	-1.51%	1.05%	-0.92%	1.60%
01-10 days	6,714	1,910	6,745	1,910
11-30 days	16,297	7,521	20,483	10,872
31-60 days	1,743	1,333	5,733	1,600
61-90 days	421	810	880	1,308
Over 90 days	128	1,997	-	14,497
Not due	2,225,115	1,282,702	2,834,862	1,852,841
Total Customers	**2,250,418**	**1,296,273**	**2,868,703**	**1,883,028**

As at December 31, 2021, the average customer accounts receivable period was approximately 88 days (82 days as at December 31, 2020) for domestic sales and approximately 125 days (112 days as at December 31, 2020) for foreign sales, with interest applying after the negotiated payment period. As Note 29 mentions, the Company has standards for setting credit limits, and monitors past-due invoices and the risk of default on amounts arising from term-sales operations.

Accounting practice

According to CPC 47 / IFRS 15, trade accounts receivable are booked at the nominal amount of invoices issued in the regular course of business, adjusted according to exchange rate differences when denominated in foreign currency and, as applicable, with the deduction of expected credit losses.

8.1 Allowance for doubtful debts ("AFDD")

Management understands that the allowance for doubtful debts ("AFDD") is sufficient to cover any losses from outstanding amounts receivable. The figure below shows the evolution of estimated losses:

(in thousands of Brazilian Reais, unless otherwise stated)

	Parent Company	Consolidated
Balance as at December 31, 2019	**(49,451)**	**(49,469)**
Allowance for doubtful debts	(12,873)	(32,877)
Estimated loss reversals	3,240	3,258
Write-off	2,978	2,978
Balance as at December 31, 2020	**(56,106)**	**(76,110)**
Allowance for doubtful debts	(14,866)	(15,870)
Estimated loss reversals	16,765	28,055
Write-off	2,803	3,736
Incorporation balance (i)	(7,781)	-
Balance as at December 31, 2021	**(59,185)**	**(60,189)**

(i) See Note 5.7.

The balance of allowance for doubtful debts is substantively equivalent to invoices with a high risk of default. The Company constantly mentors its receivables balance and estimated defaults in the light of the concepts of effective losses and expected losses and, in the event of any expected loss, a provision is set up for it. Expenses with the establishment of provisions for expected losses are recorded in the statement of profit or loss as "Operating expenses/revenues from sales".

The Company maintains an insurance policy for its local and foreign receivables covering all business units, except as concerns wood customers of the Forestry unit, in addition to certain customers that fail to meet specific risk requirements, such as continuity and liquidity, which the insurance company reviews for the purposes of inclusion in the policy. The standing policy's term is September 2023.

Accounting practice

According to CPC 48 / IFRS 9, allowance for doubtful debts ("AFDD") are computed based on an individual analysis of amounts receivable, considering: (i) the concept of effective loss and expected loss, taking into account default events with probability of occurrence within twelve months from the date of disclosure of the relevant financial statements, (ii) financial instruments with significantly increased credit risk, but with no objective evidence of impairment, and (iii) financial assets with objective evidence of impairment as at December 31, 2021.

8.2 Receivables banking operations

In the fiscal year ended December 31, 2021, non-recourse receivables banking operations were held with specific customers in the amount of R$ 1,992 million at the Parent Company and R$ 3,985 million in consolidated terms (R$ 1,234 million at the Parent Company and R$ 2,773 million in consolidated terms as at December 31, 2020), in connection with which all risks and benefits associated with the assets were transferred to the counterparty, so that receivables involved in advances from third parties have been disregarded in the financial statements.

The financial cost banks charge in such operations are recognized in the statement of profit or loss, in the "Discounts and Rebates" line (Note 23).

(in thousands of Brazilian Reais, unless otherwise stated)

9. RELATED PARTIES

9.1 Related parties' balances and transactions

	Klabin Argentina	Klabin Finance	Special Purp. Entity	Klabin Austria	Klabin Forest Products Company	Cambará Reflorestadora	Other	Parent Company 12/31/2021 Total	Parent Company 12/31/2020 Total
Relationship Type	(i) Subsidiary	(vi) Subsidiary	(ii) and (iv) Subsidiary	(i) (vi) Subsidiary	(i) Subsidiary	(v) Subsidiary	(i) (ii) (iii) (iv) and (v)		
Balances									
Current assets	166,495	-	22,519	293,508	40,328	-	10,224	**533,074**	**675,185**
Non-current assets	31	-	-	-	-	100,000	866	**100,897**	**21,076**
Current liabilities	-	-	10,115	329,286	-	-	2,032	**341,433**	**273,364**
Non-current liabilities	-	-	-	14,732,520	-	-	-	**14,732,520**	**12,793,815**
Transactions									
Sales revenues	86,205	-	47,937	4,085,342	81,526	-	109,060	**4,410,070**	**3,484,745**
Purchases	-	-	(134,950)	-	-	-	(133,976)	**(268,926)**	**(207,854)**
Interest expense on financing	-	(127,007)	-	(850,265)	-	-	-	**(977,272)**	**(1,086,059)**
Guarantee commission - expenses	-	-	-	-	-	-	(595)	**(595)**	**(2,554)**
Royalties expense	-	-	-	-	-	-	-	**-**	**(63,165)**

(i) Outstanding balance of goods sales at the prices and payment terms (180 days on average) as mutually agreed between the parties.
(ii) Purchase of wood at prices and payment terms (45 days) as agreed between the parties. Includes all SCPs and SPEs described in Note 4.
(iii) Semiannual warrant commission, calculated based on the indenture deed of the 7th Debentures Issue
(iv) Supply of saplings, seed and services at the prices and terms under the commercial agreements between the parties.
(v) Advance for future capital increase.
(vi) *Bonds* (notes) described in Note 20.

(in thousands of Brazilian Reais, unless otherwise stated)

9.2 Management and Fiscal Council compensation and benefits

Management and Fiscal Council compensation is set by shareholders at the Annual General Meeting - AGM, in accordance with Brazilian corporate law and the Company's bylaws. Accordingly, the global amount of the annual compensation of Management and the Fiscal Council was proposed at the Annual General Meeting held on March 24, 2021, at up to R$ 58 million for fiscal year 2021 (R$ 49 million with the deduction of INSS, which the Company bears pursuant to the applicable CVM instructions).

The table below shows the compensation paid to Management and the Fiscal Council:

	Parent Company and consolidated							
	Board of directors remuneration (i)		**Benefits** (ii)		**Bonus and Remuneration based on shares** (i) (ii)		**Total benefits** (iv)	
		Resubmitted		Resubmitted		Resubmitted		Resubmitted
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Fiscal Board and statutory director's	31,184	29,212	2,374	2,394	25,495	52,696	59,053	84,302

(i)Amount includes charges.
(ii) The benefits granted are those usually practiced in the market for senior management.
(iii)For Statutory Officers only.
(iv)The excess between the maximum amount fixed and the amount realized of R$ 813, will be submitted for approval "ad referendum" at the AGM.

Furthermore, the Company offers a Share Award Plan (ILP Matching and ILP Performance) to statutory officers and other executives, as described in Note 26.

10. INVENTORY

	Parent Company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Finished products	531,081	263,804	713,073	327,996
Product in progress	47,686	29,869	52,358	33,831
Timber and logs	209,084	250,645	209,138	250,645
Maintenance materials	389,693	283,913	400,307	287,992
Raw materials	601,354	370,974	651,117	478,493
Estimated inventory losses	(36,252)	(21,185)	(37,273)	(28,209)
Other	31,711	25,948	14,674	28,383
Total Inventory	**1,774,357**	**1,203,968**	**2,003,394**	**1,379,131**

Stocks of raw materials include paper spools transferred from paper production units to conversion units.

The expense for the establishment of estimated inventory obsolescence is booked in the statement of profit or loss as “Cost of goods sold”.

(in thousands of Brazilian Reais, unless otherwise stated)

The increase in raw materials in stock, as well as of wood and logs, is connected with the new Puma II paper mill, as discussed in Note 5.1.

The Company has no inventories pledged as collateral.

Accounting practice

In accordance with CPC 16 (R1) / IAS 2, inventories are recognized at the average cost of acquisition, net of recoverable taxes as applicable, and biological assets at fair value on harvest date, which is lower that the net realized cost of sales. Finished goods inventories are valued at the cost of processed raw materials, direct labor and other production costs.

As needed, inventories undergo deductions for estimated losses, which occur in the event of inventory devaluation, obsolescence, and physical inventory losses. Furthermore, because of the nature of the Company's goods, in the event of obsolescence or physical damages preventing the sale of finished goods, said goods may be recycled into the production of new inventory.

11. TAXES RECOVERABLE

	12/31/2021		12/31/2020	
	Current Assets	Non-current Assets	Current Assets	Non-current Assets
Value-added Tax on Sales and Services (ICMS)	275,230	547,522	214,008	665,565
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	51,901	18,403	418,657	92,650
Income tax/social contribution (IR/CSLL)	-	130,481	111,216	-
Tax on Industrialized Products (IPI)	6,323	-	9,322	-
Special regime for the reintegration of tax amounts for exporting companies (Reintegra)	6,241	-	7,982	-
Other	3,635	5,198	34,595	5,260
Parent Company	**343,330**	**701,604**	**795,780**	**763,475**
Subsidiaries	57,671	-	28,991	5,617
Consolidated	**401,001**	**701,604**	**824,771**	**769,092**

The balance of PIS/COFINS, IPI and ICMS maintained in the short term is expected to be offset against these same taxes payable in the next 12 months. Based on analysis and budget projection approved by Management, the Company does not provide for risks of non-realization of these credits, as long as the budget projections are realized.

a) ICMS

Tax credits and contributions levied on acquisitions of property, plant and equipment in accordance with current legislation, in addition to a government ICMS subsidy granted by the Government of Paraná on behalf of the Puma I Project, which has been used to compensate taxes payable of the same nature. The ICMS credits of the Puma I Project are indexed by the FCA - Conversion and Monetary Update Factor of the State of

Paraná, with a compensation period up to 2036 provided for in the protocol granting the subsidy.

b) PIS/COFINS

The balances recognized in Current Assets concern PIS and COFINS credits arising pursuant to Article # of Law No. 10.637/02 and Law No. 10.833/03.

By July 2021, the Company had fully offset the PIS and COFINS credit associated with the process of excluding the ICMS from the PIS and COFINS taxable bases. The amounts recorded in the noncurrent group concern appropriation of PIS and COFINS credits on buildings incorporated into PP&E, acquired or built for production of the goods sold by the Company, within a period of twenty-four (24) months, and calculated on the cost of construction or acquisition, as per Article 6 of Law No. 11.488/07.

c) INCOME AND SOCIAL CONTRIBUTION TAXES

On September 23, 2021, the Federal Supreme Court ("STF") unanimously decided on the non-levy of IR and CSLL on the amounts related to the SELIC rate, paid by the taxpayer as refund of tax overpaid.

On October 16, 2019, the Company filed a Writ of Mandamus seeking recognition of the non-levy of IRPJ and CSLL on amounts arising from monetary restatement and default interest, including SELIC, in view of its indemnity nature, applied on refund of tax overpaid, and the case was ruled in favor of the Company.

Given this scenario, as there is a probability of success for the company as a result of the STF decision, and based on the definitions of CPC 32 – Income Taxes and ICPC 22 - Uncertainty over Income Tax Treatments, the Company recorded R$130,481.

IRPJ and CSLL credits were recorded in profit or loss for the year, in the current income and social contribution taxes line item, against noncurrent taxes recoverable, thus recognized in the statement of financial position due to the absence of a final and unappealable decision. The Company is awaiting the court’s definition of the necessary elements regarding the specific circumstances relevant to the specific case, which would allow certainty about the tax credits that could be used, in the absence of the binding effect of the STF decision. The credits will be offset after the final and unappealable decision and subsequent approval of credits by the tax authority.

12. CURRENT AND DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

The Company, which runs under the Taxable Profit (“Lucro Real”) regime, changed its Taxable Profit regime to annual basis for fiscal year 2021 (from Quarterly basis in 2020), and maintained the taxation regime for cash exchange rate differences, that is, exchange rate effects are taxable as they are effectively settled.

(in thousands of Brazilian Reais, unless otherwise stated)

This option does not apply to subsidiaries operating under the Deemed Profit ("Lucro Presumido") regime, as well as to foreign subsidiaries.

Pursuant to ICPC 22 – Uncertainty over Income Tax Treatments, the Company evaluated the standard's concept of potential interpretation disputes with tax authorities, and found no items to be emphasized within its practices.

12.1 Nature and expected realization of deferred taxes

The balances of deferred tax assets and liabilities breakdown as follows:

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Provision for tax, social security, labor and civil contingencies	5,000	6,413	5,000	6,413
Non-deductible provisions	173,193	114,385	174,005	127,443
Tax losses and negative bases	304,716	580,976	308,713	585,696
Actuarial liability	124,061	116,298	125,083	118,548
Provision for labor	13,346	32,926	13,346	32,926
Deferred exchange rate variation (i)	1,153,717	887,628	1,153,717	887,628
Gains or losses from financial instruments	845,755	843,974	845,755	843,974
Right-of-use assets(IFRS 16)	138,476	69,435	138,575	73,580
Other temporary differences	63,704	46,793	62,802	44,543
Non-current assets	**2,821,968**	**2,698,828**	**2,826,996**	**2,720,751**
Biological assets at fair value	1,094,715	539,685	1,122,388	557,363
Depreciation tax rate vs. useful life rate (Law 12.973/14)	474,144	419,727	474,166	419,727
Deemed cost of property, plant and equipment (land)	-	544,903	-	544,903
Interest capitalized (Law 12,973/14)	319,816	189,614	319,816	189,614
Revaluation reserve	25,092	25,091	25,092	25,091
Accelerated Depreciation (Law 12.272/12)	62,423	68,817	62,423	68,817
Lease liabilities (IFRS 16)	113,969	55,852	114,066	59,839
Other temporary differences	79,446	84,686	79,444	90,298
Non-current liabilities	**2,169,605**	**1,928,375**	**2,197,395**	**1,955,652**
Net Balance - assets / (liabilities)	**652,363**	**770,453**	**629,601**	**765,099**

(i) Effect of the cash exchange rate variation tax regime.

Management, based on the approved budget, estimates that tax credits arising from temporary differences, IRPJ and CSLL tax losses are realized as follows:

	12/31/2021	
	Parent Company	**Consolidated**
2022	578,199	578,199
2023	185,689	185,689
2024	91,478	91,478
2025	114,181	114,181
2026	197,904	197,904
2027 onwards	1,654,517	1,659,545
Total	**2,821,968**	**2,826,996**

Expected balance realization considers the use of IRPJ and CSLL tax losses limited to offsetting 30% of the fiscal year's taxable profits. The forecast may not materialize if the estimates used differ from those effective results, which were analyzed in the light of future results forecasts prepared based on internal assumptions and economic scenarios, evaluated as part of the budgeting process approved by the Company's Management.

(in thousands of Brazilian Reais, unless otherwise stated)

Note 21 addresses the Company's information on taxes under litigation.

12.2 Reconciliation of the effects of income tax and social contribution on profit or loss

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Pretax income	**4,005,930**	**(3,925,172)**	**4,416,411**	**(3,814,365)**
	34%	34%	34%	34%
Income tax and social contribution tax (at nominal rates of 25% and 9% respectively)	**(1,362,016)**	**1,334,558**	**(1,501,580)**	**1,296,884**
Permanent (Additions) / Exclusions	5,925	(7,026)	(9,550)	44,393
Tax Benefits (PAT / LE / Deductions Donations)	49,732	27,583	56,531	27,583
Interest on own Capital	34,680	-	34,680	-
Equity Income	147,227	58,577	(4,223)	18,223
CIT/Social Contribution Credits over Selic (i)	130,481	-	130,481	-
Investment Subsidy (ii)	27,583	9,764	27,583	9,764
CIT and Social Contribution from previous fiscal yea	(19,505)	13,274	(16,889)	13,274
Taxation difference - Subsidiaries	-	-	274,603	14,182
Other	(407)	332	(3,653)	332
Portion exempted from the 10% (surcharge CIT)	240	240	480	240
	(986,060)	**1,437,302**	**(1,011,537)**	**1,424,875**
Current taxes	(477,389)	(402,563)	(496,369)	(446,626)
Deferred taxes	(508,671)	1,839,865	(515,168)	1,871,501
Effective rate - %	**24.62%**	**36.62%**	**22.90%**	**37.36%**

(i) See Note 11 for information on the IRPJ/CSLL credit

(ii) ICMS tax and financial benefits and incentives treated as investment subsidies, pursuant to Supplementary Law (LC) No. 160/2017.

(in thousands of Brazilian Reais, unless otherwise stated)

12.3 Reconciliation of the effects of income tax and social contribution on comprehensive statement of profit or loss

		Parent Company and Consolidated	
	Note	**1/1 to 12/31/2021**	**1/1 to 12/31/2020**
Cash flow hedge revaluation (i)	30	391,189	-
Actuarial liability revaluation	31	(13,453)	55,057
Deferred		**377,736**	**55,057**

(i) See Note 30 for information on adoption of cash-flow hedge accounting.

Accounting practice

Pursuant to CPC 32 / IAS 12, the Company calculates its current and deferred corporate income tax (IRPJ) and social contribution tax on net profit (CSLL) bills based on the fiscal year's taxable profits, applying 15% tax rates plus 10% surtax on income in excess of R$ 240 for IRPJ and 9% for CSLL.

Deferred IRPJ and CSLL are measured based on each reporting period's temporary differences used to determine taxable profits, including IRPJ and CSLL tax losses, as applicable. The current and deferred IRPJ and CSLL are recognized in the Company's income, except where they correspond to items booked as "equity valuation adjustments" in equity accounts.

The recoverability of asset-side deferred IRPJ is revised annually, and is recognized where the availability of future taxable for recovery is probable.

Asset- and liability-side deferred IRPJ and CSLL are recognized at their net amounts in the noncurrent sections of the Parent Company's balance sheet, net of advance tax payments made in the reporting period, and in consolidated terms only as applicable.

Subsidiaries' taxes are calculated and provisioned for pursuant to the laws of their home country and/or specific tax regime, including deemed profit in certain cases. Provisions for the fiscal year's current income tax and social contribution are shown in the statements of financial position, net of advance tax payment as made in the reporting period.

(in thousands of Brazilian Reais, unless otherwise stated)

13. INTEREST IN SUBSIDIARIES AND JOINTLY CONTROLED SUBSIDIARIES

Parent Company

	Klabin Finance S.A.	Klabin Áustria GmbH	Embacorp Sol. Embal. Papel Ltda	Riohold Holdings	Aroeira Reflorest. S.A.	Sapopema Reflorest. S.A.	Cambará Reflorest. S.A.	Silent Partnerships	Jointly controled subsidiaries: Florestal Vale do Corisco S.A.	Jointly controled subsidiaries: Pinus Taeda Florestal S.A.	Other	Total
			(iv)	(iv)	(iv)	(iv)	(iv)		(i)	(i)	(vi)	
As at December 31, 2019	**86,471**	**187,829**	**-**	**-**	**-**	**70,343**	**-**	**814,095**	**160,970**	**-**	**222,353**	**1,542,061**
Acquisitions and capital contributions (iv)	-	-	388,071	-	-	28,168	-	(110,604)	-	72,165	35,240	413,040
Added value (iv)	-	-	181,396	-	-	-	-	-	-	-	24,665	206,061
Corporate reorganization(iv)	-	-	(442,731)	425,667	-	-	-	-	-	-	17,064	-
Transfer to held for sale (v)	-	-	(138,769)	-	-	-	-	-	-	-	-	(138,769)
Distributed dividends	-	-	-	-	-	-	-	(2,151)	(10,186)	-	(74,877)	(87,214)
Equity in the results of investees (ii)	40,356	163,942	12,033	-	-	27,823	-	(69,697)	7,179	25,944	13,573	221,153
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	-	-	(16,963)	(16,963)
Unrealized profit from intercompany sales	-	(40,026)	-	-	-	-	-	-	-	-	(8,843)	(48,869)
As at December 31, 2020	**126,827**	**311,745**	**-**	**425,667**	**-**	**126,334**	**-**	**631,643**	**157,963**	**98,109**	**212,212**	**2,090,500**
Acquisitions and capital contributions (iv)	-	-	-	-	53,657	-	100,000	-	-	-	86,548	140,205
Merged subsidiaries (iv)	-	-	-	(425,667)	-	-	-	(246,868)	-	-	10,462	(662,073)
Transfer to held for sale (v)	-	-	(2,216)	-	-	-	-	-	-	-	-	(2,216)
Distributed dividends	-	-	-	-	-	(7,564)	-	(4,582)	(12,320)	(8,219)	(13,618)	(46,303)
Equity in the results of investees (ii)	(107,447)	558,869	2,216	-	49,356	(3,602)	223	1,010	13,309	12,303	66,259	592,273
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	-	-	11,226	11,226
Unrealized profit from intercompany sales	-	(184,747)	-	-	8,639	3,582	-	22,811	-		(9,538)	(159,253)
As at December 31, 2021	**19,380**	**685,867**	**-**	**-**	**111,652**	**118,750**	**100,223**	**404,014**	**158,952**	**102,193**	**363,551**	**1,964,359**

Summary of subsidiaries' financial information as at December 31, 2021

	Klabin Finance S.A.	Klabin Áustria GmbH	Embacorp Sol. Embal. Papel Ltda	Riohold Holdings	Aroeira Reflorest. S.A.	Sapopema Reflorest. S.A.	Cambará Reflorest. S.A.	Silent Partnerships	Florestal Vale do Corisco S.A.	Pinus Taeda Florestal S.A.
Total assets	19,550	15,982,929	-	-	651,871	718,326	100,351	617,427	414,296	413,401
Total liabilities	170	15,112,314	-	-	45,296	28,697	128	21,259	103,947	12,642
Equity capital	19,380	870,615	-	-	606,575	689,629	100,223	596,168	310,349	400,759
Income	(109,007)	489,189	-	-	310,870	52,712	223	50,996	26,096	48,249

(i) Because they are joint ventures (see Note 4), Vale do Corisco and Pinus Taeda Florestal are unconsolidated, and are the only investments booked in the statements of financial position with recognized equity in earnings of subsidiaries.
(ii) Includes the effects of the variation and realization of the fair value of biological assets (Note 16) where this impact affects a subsidiary’s income, in addition to exchange rate effects on international investments not characterized as branches.
(iii) the exchange rate effect on subsidiaries and affiliates with branch characteristics is recognized in other comprehensive income.
(iv) See Note 5 for information.
(v) See Notes 5 and 14 for information.

Accounting practice

Represented by investments in subsidiaries and jointly controlled subsidiaries, valued according to the equity method because of the Company's interest in these entities. The financial statements of subsidiaries and jointly controlled subsidiaries are prepared for the same reporting period as the Parent Company's. Adjustments are made as needed to align accounting practices with those adopted by the Company.

Unrealized gains and losses from transactions between the Company and subsidiaries and jointly controlled subsidiaries are eliminated for equity pick-up purposes in the individual and consolidated statements of financial position.

On the closing date of each balance sheet, the Company determines if there is objective evidence that the investment in subsidiaries and jointly controlled subsidiaries has been impaired. Where this is the case, the Company calculates the impairment amount and recognizes it in the statement of profit or loss.

Foreign exchange effects on investment in international subsidiaries recognized in "Comprehensive Income" are categorized as equity valuation adjustments in equity accounts and realized by means of realization of the investment it concerns.

In the Company's consolidated financial statements, the interests of special partners in Special Partnerships (Notes 3 and 11) are booked in the liabilities section of the balance sheet, as "Other accounts payable –SCP investors", as they are financial liabilities and not equity instruments, pursuant to CPC 39 – Instrumentos Financeiros: Apresentação (IAS 32 Financial Instruments: Presentation).

Management categorizes the Special Partnerships ("Sociedades em Conta de Participação" – SCPs), as stand-alone entities with features of subsidiaries. They are recorded in the Company's individual financial statements through subsidiary investment valuation, using the equity method.

Because of its characteristics, investments in Florestal Vale do Corisco S.A. and Pinus Taeda Florestal S.A. are booked as jointly controlled subsidiarie (joint ventures), and recognized in the individual and consolidated financial statements using the equity method.

14. ASSETS HELD FOR SALE

As stated in Note 5, on October 14, 2020, the Company completed the acquisition of the assets of International Paper do Brasil. Within the context of the acquisition of these assets, on June 24, 2020, the Company release a market announcement concerning its commitment to sell the unit located in Nova Campina (SP), with production capacity for 162 thousand tons of kraftliner paper, to the Klingele Paper & Packaging Group.

The sale, booked on December 31, 2020, as an asset held for sale at the equity investment price, in the amount of R$ 139 million Parent Company (R$ 175 million as assets and R$ 36 million as liabilities in the consolidated), bet of selling expenses, was completed on January 29, 2021, after a mutual closing with the Klingele Paper & Packaging Group, leading to the transfer of 100% of the shares held by the Company. The amount of the transaction was R$ 160 million, of which R$ 132 million were received on the closing date and the remainder will be paid in two equal annual installments.

The sale produced a gain of R$ 20,231 as at December 31, 2020, which were booked as income under "Other revenues and expenses, net", considering R$160 million in revenues and R$ 139 million in costs.

The Statement of profit or loss shows a loss from discontinued operations in the amount of R$ 2 million, in the fiscal year ended December 31, 2021, associated with the respective assets. Detailed analysis of this result is waived because the amounts involved are immaterial and do not represent a relevant line apart from the Company's business units. These amounts only produced effects after the acquisition ion October 14, 2020, the unit having been acquired exclusively for subsequent sale.

As at December 31, 2021 the Company has a balance of R$ 9,599 in Assets held for sale associated with decommissioned assets such as machinery, equipment and property. These assets are covered by a Fixed Asset Disposal Proposal ("Proposta de Alienação de Ativo Fixo" - PAAF), and depreciation has been suspended.

Accounting practice

The Company books assets held for sale when the probability of sale is high and the asset or group of assets held for sale are available for immediate sale as-is, subject only to habitual terms and conditions for realization.

The amount of the assets held for sale does not exceed their recoverable value, and is measured as the lowest between book value and fair value net of incremental selling expenses directly associated with the disposal, including all available assets and liabilities, recognized separately in the balance sheet. Discontinued operations are presented separately from the results of continuing operations in profit or loss for the year.

(in thousands of Brazilian Reais, unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Composition of property, plant and equipment

			12/31/2021			12/31/2020
Parent Company	**Cost**	**Accumulated Depreciation**	**Net**	**Cost**	**Accumulated Depreciation**	**Net**
Land	2,164,045	-	**2,164,045**	2,051,026	-	**2,051,026**
Buildings	3,377,465	(842,327)	**2,535,138**	2,680,628	(729,393)	**1,951,235**
Machinery, equipment and facilities	19,032,748	(7,360,221)	**11,672,527**	12,808,926	(6,459,098)	**6,349,828**
Construction in progress	2,360,463	-	**2,360,463**	5,538,261	-	**5,538,261**
Other (i)	602,473	(461,482)	**140,991**	561,685	(419,005)	**142,680**
Total	**27,537,194**	**(8,664,030)**	**18,873,164**	**23,640,526**	**(7,607,496)**	**16,033,030**
Consolidated						
Land	2,503,224	-	**2,503,224**	2,374,134	-	**2,374,134**
Buildings	3,421,004	(851,832)	**2,569,172**	2,821,878	(747,070)	**2,074,808**
Machinery, equipment and facilities	19,059,463	(7,389,145)	**11,670,318**	12,936,401	(6,504,244)	**6,432,157**
Construction in progress	2,648,029	-	**2,648,029**	5,648,428	-	**5,648,428**
Other (i)	625,075	(466,800)	**158,275**	568,824	(427,578)	**141,246**
Total	**28,256,795**	**(8,707,777)**	**19,549,018**	**24,349,665**	**(7,678,892)**	**16,670,773**

(i) Balance corresponding to classes of fixed assets such as improvements, vehicles, furniture and utensils, and computer equipment.

Note 20 provides information on property, plant and equipment pledged as collateral in operations executed by the Company.

15.2 Changes in property, plant and equipment

						Parent Company
	Land	**Buildings**	**Machinery, Equipment and Installations**	**Construction in progress**	**Other**	**Total**
Balance as at December 31, 2019	**2,037,213**	**1,976,389**	**7,003,534**	**1,850,410**	**167,168**	**13,034,714**
Purchases (i) e (ii)	593	-	-	3,942,008	-	3,942,601
Disposals	(166)	-	(10,111)	(15)	(736)	(11,028)
Depreciation	-	(96,105)	(1,000,771)	-	(68,706)	(1,165,582)
Internal transfers	13,386	67,844	356,666	(481,076)	43,180	-
Capitalized interest (iii)	-	-	-	218,820	-	218,820
Other (iv)	-	3,107	510	8,114	1,774	13,505
Balance as at December 31, 2020	**2,051,026**	**1,951,235**	**6,349,828**	**5,538,261**	**142,680**	**16,033,030**
Purchases (i) e (ii)	-	-	-	3,381,292	-	3,381,292
Disposals	-	(163)	(3,313)	-	(566)	(4,042)
Depreciation	-	(112,578)	(1,008,383)	-	(60,573)	(1,181,534)
Internal transfers	22,355	627,113	6,284,503	(7,001,030)	67,059	-
Embacorp merger (ii)	90,677	91,521	72,023	1,017	2,258	257,496
Capitalized interest (iii)	-	-	-	431,156	-	431,156
Other (iv)	(13)	(21,990)	(22,131)	9,767	(9,867)	(44,234)
Balance as at December 31, 2021	**2,164,045**	**2,535,138**	**11,672,527**	**2,360,463**	**140,991**	**18,873,164**

(i) Net of recoverable taxes (see Note 11).
(ii) See Note 5 for information.
(iii) Capitalized interest related to ongoing projects with attached loans**.**
(iv) Includes subsidies and transfers to other balance sheet groups.

(in thousands of Brazilian Reais, unless otherwise stated)

						Consolidated
	Land	Buildings	Machinery, Equipment and Installations	Construction in progress	Other	Total
Balance as at December 31, 2019	**2,210,453**	**1,972,798**	**7,012,633**	**1,873,387**	**171,910**	**13,241,181**
Purchases (i) e (ii)	908	-	-	4,076,149	-	4,077,057
Disposals	(166)	-	(10,111)	(15)	2,698	(7,594)
Depreciation	-	(96,164)	(1,002,191)	-	(68,856)	(1,167,211)
Internal transfers	56,611	67,869	357,801	(526,486)	44,205	-
Capitalized interest (iii)	-	-	-	218,820	-	218,820
Acquisition of IP Assets(ii)	11,998	45,757	139,697	1,104	(4,888)	193,668
Allocation of goodwill from assets (ii)	102,041	91,028	21,520	273	1,097	215,959
Transfer of assets held for disposal (iv)	(7,701)	(13,730)	(86,845)	(167)	(832)	(109,275)
Other (v)	(10)	7,250	(347)	5,363	(4,088)	8,168
Balance as at December 31, 2020	**2,374,134**	**2,074,808**	**6,432,157**	**5,648,428**	**141,246**	**16,670,773**
Purchases (i) e (ii)	-	-	-	3,741,272	-	3,741,272
Disposals	-	(163)	(3,313)	-	(566)	(4,042)
Depreciation	-	(113,011)	(1,011,353)	-	(60,914)	(1,185,278)
Internal transfers	132,452	625,700	6,278,463	(7,104,016)	67,401	-
Capitalized interest (iii)	-	-	-	431,156	-	431,156
Other (v)	(3,362)	(18,162)	(25,636)	(68,811)	11,108	(104,863)
Balance as at December 31, 2021	**2,503,224**	**2,569,172**	**11,670,318**	**2,648,029**	**158,275**	**19,549,018**

(i) Net of recoverable taxes (see Note 11).
(ii) See Note 5 for information.
(iii) Capitalized interest related to ongoing projects with attached loans**.**
(iv) See Note 14 for transaction information.
(v) Includes subsidies and transfers to other balance sheet groups.

Depreciation is largely appropriated in the reporting period's production cost.

15.3 Useful life and depreciation method

The table below shows the annual depreciation rates calculated based on the straight-line method, which were applicable in the years ended December 31, 2021 and 2020, defined based on the economic useful live of assets:

	Average % rate in em 2021	**Average % rate in em 2020**
Buildings	4.95	5.02
Machinery, equipment and installations	10.05	9.87
Other	11.98	11.80

15.4 Construction and installations in progress

As of December 31, 2020, the balance of works and facilities in progress substantially concerns industrial development projects, such as construction of a paper mill for complementary fiber production, integrated with a cardboard mill, located at Klabin's industrial unit in the municipality of Ortigueira (PR), corresponding to stage two of the Puma II Project, as discussed in Note 5. It also includes construction of a water treatment plant for boiler IV, with completion slated for June 2022, and an incinerator construction, with completion slated for March 2022, at the Monte Alegre (PR) unit, in addition to other projects associated with the Company's operational continuity.

15.5 Assets impairment

For the purposes of impairment value analysis, the future cash flows from cash-generating units (CGUs) are estimated based on budget forecasts over 5 years and in perpetuity, and discounted to present value at discount rate that reflects the specific risks inherent to the Company's business based on its average cost of capital.

As at December 31, 2021, the Company used a weighted average cost of capital of 4.48% in constant currency (4.78% as at December 31, 2020) to prepare the estimated future cash flows of cash-generating units.

Where an identifiable loss occurs, it is recognized in the profit in loss at the amount by which the asset's book value exceeds its impairment value, which is the greatest between an asset's net selling price and value in use.

Accounting practice

According to CPC 27 / IAS 16, property, plant and equipment is booked at acquisition or construction cost, minus recoverable taxes, where applicable, and accumulated depreciation. Furthermore, based on the Company's choice upon initial adoption of IFRS, the "land" PP&E class has been valued at fair value by means of application of deemed cost to the assets.

The Company uses the straight-line depreciation method, defined based on each asset's expected useful life, which is determined based on the expected generation of future economic benefits, with the exception of land assets, which do not depreciate. The assets' estimated useful life is reviewed annually and adjusted as needed. It may vary based on technological progress and/or the form and frequency of use of each unit.

Expenses associated with maintenance of the Company's assets are directly allocated to the profit in loss as they are effectively realized. Financial charges are capitalized to the PP&E asset, when incurred on ongoing operations, as applicable.

16. BIOLOGICAL ASSETS

The Company's biological assets comprise cultivation and planting pinus and eucalyptus forests to provide raw materials for the production of short-fiber, long-fiber and fluff pulp, and for use in the paper production process and sale of logs to third parties.

As at December 31, 2021, the Company had 277 thousand hectares (267 thousand hectares as at December 31, 2020) of planted forests, ex- permanent preservation and legal reserve areas under the Company's protection and in compliance with Brazilian environmental laws.

(in thousands of Brazilian Reais, unless otherwise stated)

The fair-value balance of the Company's biological assets breakdown as follows:

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cost of development of biological assets	2,168,680	1,788,191	3,026,145	2,514,101
Fair value adjustment of biological assets	1,603,511	1,569,750	2,501,905	2,143,720
	3,772,191	**3,357,941**	**5,528,050**	**4,657,821**

In the fiscal years ended December 31, 2021 and 2020, no need for impairment provisions was identified.

16.1 Assumptions regarding recognition of the fair value of biological assets

The fair-value valuation of biological assets considers certain estimations, such as: price of wood, discount rate, forest harvest plan, and productivity volume, which are subject to uncertainty and whose variations may affect future income.

The Company recognizes its biological assets affair value, adopting the following assumptions:

(i) Eucalyptus forests will be maintained at historical cost until the third year of planting and pine forests until the fifth year of planting, due to Management's assumptions that during this period, the historical cost of biological assets is close to its fair value, in addition to the fact that it is possible to carry out inventories to assess growth and forest production expectations only after this period;

(ii) The forests, after the third and fifth year of planting, of eucalyptus and pine, respectively, are valued at their fair value, which reflects the sale price of the asset less the costs necessary to place the product in conditions of sale or consumption;

(iii) The methodology used to measure the fair value of biological assets corresponds to the projection of future cash flows discounted according to the projected productivity cycle of the forests, taking into account the variations in price and growth of biological assets;

(iv) The discount rate used in cash flows corresponds to the weighted average cost of capital of the Company, which is reviewed by Management annually within the budget process or to the extent that there are situations that require such a review;

(v) The projected productivity volumes of forests are defined based on stratification according to each species, genetic material, forest management regime, productive potential, rotation and age of the forests. The set of these characteristics compose an index called AAI (Average Annual Increment), expressed in cubic meters per hectare / year used as a basis in the productivity projection. The harvest plan maintained by the Company varies mainly between 6 and 7 years for eucalyptus and between 14 and 15 years for pine;

(in thousands of Brazilian Reais, unless otherwise stated)

(vi) The prices of biological assets (standing wood), denominated in R$ / cubic meter, are obtained through market price surveys, published by specialized companies. The prices obtained are adjusted by deducting the capital costs related to land, due to the fact that they are contributing assets for the planting of forests and other costs necessary for placing the assets in a condition of sale or consumption;

(vii) Planting expenses refer to the costs of forming biological assets;

(viii) The depletion of biological assets is determined based on the fair value of the biological assets harvested in the period;

(ix) The Company carries out the revaluation of the fair value of its biological assets on a quarterly basis, under the assumption that this interval is sufficient so that there is no significant gap in the fair value balance of the biological assets recorded in its financial statements.

16.2 Reconciliation of fair value changes

	Parent Company	Consolidated
Balance as at December 31, 2019	**3,375,564**	**4,712,381**
Planting and standing wood acquisition(i)	495,211	624,870
Forest assets acquisition	(47,550)	(47,550)
Depletion:	**(944,236)**	**(1,218,104)**
Historical cost	(222,769)	(306,291)
Fair-value adjustment	(721,467)	(911,813)
Fair-value change due to:	**579,443**	**658,389**
Price	(13,271)	(23,360)
Growth	592,714	681,749
Subsidiary constitution (ii)	(100,491)	(72,165)
Balance as at December 31, 2020	**3,357,941**	**4,657,821**
Planting and standing wood acquisition(i)	989,974	1,254,264
Depletion:	**(1,457,850)**	**(1,692,826)**
Historical cost	(662,503)	(746,186)
Fair-value adjustment	(795,347)	(946,640)
Fair-value change due to:	**866,240**	**1,308,791**
Price	971,361	1,445,962
Growth (iii)	(105,121)	(137,171)
Subsidiary constitution(ii)	(53,657)	-
Fair-value adjustment to subsidiary constitution (ii)	(117,237)	
SCP Closure (ii)	186,780	-
Balance as at December 31, 2021	**3,772,191**	**5,528,050**

(i) Net of recoverable taxes (see Note 11).
(ii) See Note 5 for information on forest additions in the Incorporation and capitalization of subsidiaries and jointly controlled subsidiaries.
(iii) In addition to the forest growth effect due to its upcoming harvest this amount, it corresponds to adjustments arising from assumptions that affect the fair value of biological assets, such as review of the harvest plan, productivity table, change in the discount rate , change in administrative costs, and others.

The depletion of biological assets in the reporting periods ended December 31, 2021 and 2020 was largely appropriated in production cost, after allocation to inventory upon harvest and use in production processes or sale to third parties.

16.3 Sensitivity analysis

According to the hierarchy of CPC 46 Mensurações do Valor Justo (IFRS 13 – Fair Value Measurements), calculation of biological assets falls under Lever 3, due to their complexity and calculation structure.

Among the assumptions used in the calculation, the sensitivity to prices used in the valuation and the discount rate used in the discounted cash flow stand out. Prices refer to those practiced in the regions where the Company is located, whereas the discount rate corresponds to the average cost of capital, taking into consideration the basic interest rate (Selic) and inflation levels.

Significant increases (decreases) in the prices used in the valuation would result in an increase (decrease) in the measurement of the fair value of biological assets. The weighted average price used in the valuation of the asset as at December 31, 2021 was R$93/cbm (R$66/cbm as at December 31, 2020).

Regarding the discount rate, the significant effects of an increase (decrease) in the rate used to measure the fair value of biological assets would result in a decrease (increase) in the measured values. As at December 31, 2021, the Company used a weighted average cost of capital of 4.48% in constant currency for the Parent Company and 5.34% for the subsidiaries (4.78% Parent Company and 5.34% subsidiaries as at December 31, 2020).

Accounting practice

Pursuant to CPC 29 / IAS 41, the Company performs quarterly valuation of its biological assets, recognizing gains or losses arising from changes in fair value in the statement of profit or loss of the reporting period in which they occur, in a specific statement of profit or loss line named "Change in fair value of biological assets". The depletion value of biological assets is measured as the amount of wood harvested valued at fair value.

Fair-value determination uses the revenue-approach method, applying the discounted cash flow model in line with the assets' forecast productivity cycle.

(in thousands of Brazilian Reais, unless otherwise stated)

17. TRADE PAYABLE

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Local currency	1,754,959	1,401,267	1,784,387	1,471,110
Foreign currency	134,477	209,268	206,716	283,027
Total trade payables (without Forfait)	**1,889,436**	**1,610,535**	**1,991,103**	**1,754,137**
Local currency (Forfait)	513,724	248,892	513,724	248,892
Total trade payables	**2,403,160**	**1,859,427**	**2,504,827**	**2,003,029**

The Company generally operates at a payment period of approximately 67 days with its operational suppliers (67 days as at December 31, 2020). Concerning suppliers of property, plant and equipment, payment terms abide by mutual negotiations in each case.

17.1 Reverse fortait vendor

The suppliers balance associated with reverse forfait operations as at December 31, 2021, in the amount of R$ 513,724 (R$ 248,892 as at December 31, 2020) at the Parent Company and in consolidated terms, underwent no material changes in terms of procurement conditions (negotiated payment terms and prices), remaining under regular market conditions. These operations enable suppliers to better manage their cash flow needs, enabling improved trade relations with the Company.

Accounting practice

Trade accounts payable includes outstanding obligations associated with goods or services acquired in the regular course of business, in addition to investments in the Company's projects. They are initially recognized at fair value and the measured at amortized cost using the effective interest rate method, where applicable, pursuant to CPC 40 (R1) / IFRS 7.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

18.1 Accounting practicies and assumptions

Right-of-use assets and lease liabilities are recognized at the net present value of the future value of the payments under the relevant agreement. Right-of-use assets undergo straight-line amortization over the duration of the agreement, in the appropriate line of each reporting period's statement of profit or loss ("Cost of goods sold" / "Administrative Expenses" / "Selling Expenses"). Interest expenses corresponding to the amortization of the net present-value adjustment of the agreements are allocated to "Finance result".

Depreciation of right-of-use assets is calculated according to the straight-line method, in line with each agreement's remaining term.

The Company recognizes its Right-of-use assets and Lease liabilities in the light of the following assumptions:

(i) operations involving contracts with terms exceeding 12 months are recognized under the appropriate standard. The Company has reviewed renewal aspects of its methodology and, finding no indication of renewal, decided not to consider contract renewals, as the assets involved in its operation are not essential to the pursuit of its business, and may be replaced upon contract term with new assets acquired or new operations other than those agreed.

(ii) contracts involving the use of low-value underlying assets.

(iii) consider only operations involving specific assets as defined in the contract for exclusive use over the contract's term.

(iv) inclusion of recoverable taxes in the definition of payments under the contracts, where applicable.

(v) the methodology used to determine the net present value of contracts is the cash flow of payments discounted at the discount rate applicable to the asset class.

(vi) the discount rates for the fiscal year ended December 31, 2021, were calculated based on the Brazilian market's risk-free rates and adjusted to the Company's reality. The rates on leases of forests, administrative buildings and commercial warehouses for contracts executed in 2021 are 6.49% per year for contracts with maturities up to five years; 7.13% for maturity in the 6-10 year range; 7.57% for maturity in 11-15 years; 8.19% for maturity in 16-20 year; and 8.62% for maturities exceeding 20 years, in addition to 6.36% per year on operations involving machinery and equipment. The effective rates (net of inflation) were obtained for financing operations for the same asset classes by means of surveys with the banks that serve the Company.

(vii) re-measurement to reflect any revaluation of or changes to the leases will take place on the month of the one-year anniversary of each contract (reset), when the Company will determine the need for adjustments to the monthly and annual payments. Where applicable, any adjustments will be recognized in assets against lease liabilities.

(viii) The Company evaluated, as concerns operations covered by the relevant standard, the effects of contingencies and impairment risks, finding no impacts.

The Company's lease operations in force as at December 31, 2021 include no covenant clauses, and no variable payment clauses or guaranteed residual value clauses or purchase options upon contract term.

The Company performed an evaluation on December 31, 2021, and found that no impacts too place in terms of the segregation of lease contract components, and no impacts on the initial direct costs associated with the contracts as concerns asset measurement.

(in thousands of Brazilian Reais, unless otherwise stated)

18.2 Right-of-use assets and lease liabilities

As at December 31, 2021, the Company had 451 lease contracts at the Parent Company and 469 in consolidated terms (369 at the Parent Company and 381 in consolidated terms as at December 31, 2020). The breakdown of and changes in right-of-use assets and lease liabilities are as follows:

Parent Company

Right-of-use assets	12/31/2020	Amortization	Additions/Write-offs	12/31/2021
Land	501,910	(41,772)	133,831	593,969
Buildings	8,325	(11,816)	49,090	45,599
Machinery and Equipment	293,242	(142,388)	229,529	380,383
Merger Balance (i)	-	-	1,297	1,297
Total in assets	**803,477**	**(195,976)**	**413,747**	**1,021,248**

Lease liabilities	12/31/2020	Interest	Payments	Additions/Write-offs	Trans. CP/LP	Merger (i)	12/31/2021
Current liabilities	141,837	(16,805)	(239,709)	141,585	154,728	1,078	182,714
Non-current liabilities	676,464	(47,514)	-	393,248	(154,728)	219	867,689
Total in liabilities	**818,301**	**(64,319)**	**(239,709)**	**534,833**	**-**	**1,297**	**1,050,403**

Consolidated

Right-of-use assets	12/31/2020	Amortization	Additions/ Write-offs (i)	12/31/2021
Land	504,973	(43,082)	168,597	630,488
Buildings	8,712	(11,080)	48,258	45,890
Machinery and Equipment	294,735	(142,543)	229,529	381,721
Total in assets	**808,420**	**(196,705)**	**446,384**	**1,058,099**

Lease liabilities	12/31/2020	Interest	Payments	Additions/ Write-offs (i)	Trans. CP/LP	12/31/2021
Current liabilities	143,721	(18,805)	(243,179)	148,037	155,893	185,667
Non-current liabilities	679,591	(49,514)	-	426,850	(155,893)	901,034
Total in liabilities	**823,312**	**(68,319)**	**(243,179)**	**574,887**	**-**	**1,086,701**

(i) See note 5

Parent Company

Right-of-use assets	12/31/2019	Amortization	Additions/Write-offs	12/31/2020
Land	361,474	(42,127)	182,563	501,910
Buildings	18,084	(9,427)	(332)	8,325
Machinery and Equipment	112,058	(80,960)	262,144	293,242
Total in assets	**491,616**	**(132,514)**	**444,375**	**803,477**

Lease liabilities	12/31/2019	Interest	Payments	Additions/Write-offs	Trans. CP/LP	12/31/2020
Current liabilities	100,198	(125,799)	(158,159)	215,021	110,576	141,837
Non-current liabilities	394,233	(180,467)	-	573,274	(110,576)	676,464
Total in liabilities	**494,431**	**(306,266)**	**(158,159)**	**788,295**	**-**	**818,301**

Consolidated

Right-of-use assets	12/31/2019	Amortization	Additions/ Write-offs (i)	12/31/2020
Land	364,258	(42,494)	183,209	504,973
Buildings	18,084	(9,427)	55	8,712
Machinery and Equipment	112,057	(80,960)	263,638	294,735
Total in assets	**494,399**	**(132,881)**	**446,902**	**808,420**

Lease liabilities	12/31/2019	Interest	Payments	Additions/ Write-offs (i)	Trans. CP/LP	12/31/2020
Current liabilities	100,509	(125,711)	(158,590)	216,609	110,904	143,721
Non-current liabilities	396,720	(180,714)	-	574,489	(110,904)	679,591
Total in liabilities	**497,229**	**(306,425)**	**(158,590)**	**791,098**	**-**	**823,312**

(i) Includes changes from the IP acquisition as discussed in Note 5

In the fiscal year ended December 31, 2021, the Company recognized R$ 17,301 in expenses associated with short-term leases (contracts under 12 months) or operations involving low-value assets.

(in thousands of Brazilian Reais, unless otherwise stated)

18.3 Lease maturity schedule

	Parent Company 12/31/2021				Consolidated 12/31/2021			
	Land	Buildings	Machinery and Equipment	Total	Land	Buildings	Machinery and Equipment	Total
2022	70,318	13,861	150,698	234,877	74,559	13,861	150,982	239,402
2023	62,023	12,010	102,524	176,557	66,347	12,010	102,589	180,946
2024	59,613	9,430	83,380	152,423	63,938	9,430	83,380	156,748
2025	57,782	9,365	66,731	133,878	62,106	9,365	66,731	138,202
2026 - 2030	272,295	4,683	30,531	307,509	292,469	4,683	30,531	327,683
2031 - 2035	234,176	-	-	234,176	253,626	-	-	253,626
2036 - 2040	113,711	-	-	113,711	124,909	-	-	124,909
2041 - 2058	118,961	-	-	118,961	122,806	-	-	122,806
	988,879	**49,349**	**433,864**	**1,472,092**	**1,060,760**	**49,349**	**434,213**	**1,544,322**
Interest	(377,175)	(3,038)	(41,476)	(421,689)	(413,096)	(3,038)	(41,487)	(457,621)
Lease liability	**611,704**	**46,311**	**392,388**	**1,050,403**	**647,664**	**46,311**	**392,726**	**1,086,701**

18.4 Potential right to recoverable PIS/COFINS

The Company has a potential right to recover the PIS/COFINS included in the payments associated with leases of buildings, machinery and equipment. Measurement of lease cash flows did not single out tax credits, and the potential effects of PIS/COFINS are shown in the table below:

	Parent Company and Consolidated	
Cash flow	**Nominal**	**Present-value adjusted**
Lease consideration	483,562	439,037
PIS/COFINS (9.25%)	44,729	40,611

18.5 Misleading due to full application of CPC 06 (R2) – IFRS16 Leases

Pursuant to CIRCULAR LETTER/CVM/SNC/SEP/No. 02/2019, the Company chose as an accounting policy the requirements of CPC06 (R2) (IFRS16 *Leases*) for measurement and re-measurement of its rights-of-use, using the discounted cash flow model without considering inflation. Management assessed the use of nominal cash flows and found that they do not show material distortions from the information disclosed.

To protect faithful representation of the information for the purpose of compliance with CPC06 (R2) (IFRS16 *Leases*) and wit the CVM's technical guidelines, the Company provides the balance of assets and liabilities free from inflation, as effectively booked (real flow x real rate), and the estimated inflated balances in the comparative periods (nominal flow x nominal rate).

Other assumptions, such as the liabilities maturity schedule and the interest rates used in calculations are shown in other items of the same Note; inflation indices can be observed from the market, so that users of the financial statements can develop the nominal flows.

(in thousands of Brazilian Reais, unless otherwise stated)

	Parent Company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Actual Flow				
Right to use assets	1,021,248	803,477	1,058,099	808,420
Lease liability	1,472,091	1,126,311	1,544,320	1,132,437
Interest	(421,688)	(308,010)	(457,619)	(309,125)
	1,050,403	**818,301**	**1,086,701**	**823,312**
Flow with inflation effects				
Right to use assets	1,287,729	1,035,701	1,337,326	1,045,575
Lease liability	1,922,216	1,509,699	2,021,816	1,520,695
Interest	(549,579)	(411,268)	(596,587)	(412,269)
	1,372,637	**1,098,431**	**1,425,229**	**1,108,426**

Accounting practice

Pursuant to CPC 06 (R2) / IFRS 16, right-of-use assets and lease liabilities concern lease contracts for land, machinery, equipment and buildings with terms in excess of 12 months, material value and exclusive use. They are recognized at net present value of the future amount of the payments under the contract. Right-of-use assets are amortized linearly for the duration of the contract in the appropriate line of the reporting period's statement of profit or loss ("Cost of goods sold"/"Administrative expenses"/"Sales Expenses"). Interest expenses associated with amortization of the net present value adjustment of contracts are allocated to "Finance result".

(in thousands of Brazilian Reais, unless otherwise stated)

19. BORROWINGS

19.1 Breakdown of borrowings

	Annual interest			12/31/2021
		Current	Non-Current	Total
In domestic currency				
BNDES - Puma II Project	TLP + 3.58%	43,522	1,104,452	1,147,974
BNDES - Other	TJLP	10,910	154,515	165,425
Export credit notes (in R$)	102% of CDI	9,410	350,000	359,410
CRA	95%-102% of CDI or IPCA + 3.50%-IPCA + 4.51%	1,235,193	2,916,310	4,151,503
Other	0.76%-8.5%	1,907	3,259	5,166
Cost with funding		(14,690)	(70,564)	(85,254)
		1,286,252	4,457,972	5,744,224
In foreign currency (i)				
Export prepayments (ii)	USD + 5.40%	3,244	697,563	700,807
Export credit notes (ii)	4.70%, 5.64% and 5.67%	17,732	3,004,373	3,022,105
Export prepayments in subsdiares	USD + 5.20%-8.29%	329,296	14,732,520	15,061,816
Term Loan (BID Invest e IFC) (ii)	Libor + 1.59%	51,691	508,923	560,614
Finnvera (ii)	USD + Libor + 0;60%-0.95% or USD + 3.38%	251,186	1,051,719	1,302,905
ECA (ii)	EUR + 0.45%	7,339	25,494	32,833
Gain/loss from derivatives (swap) (ii)	4.70%-5.67%		1,688,053	1,688,053
Cost with funding		(33,134)	(185,296)	(218,430)
		627,354	21,523,349	22,150,703
Total Parent Company		**1,913,606**	**25,981,321**	**27,894,927**
At Subsidiaries:				
In foreign currency (i)				
Bonds (Notes) (ii)	3.20%-7.00%	234,277	14,632,136	14,866,413
Cost with funding		(13,592)	(97,016)	(110,608)
		220,685	14,535,120	14,755,805
Exclusion of prepaid exports w/ subsidiaries		**(329,296)**	**(14,732,520)**	**(15,061,816)**
Consolidated Total		**1,804,995**	**25,783,921**	**27,588,916**

(i) In US Dollars.
(ii) Designated under the hedge accounting program; see Note 30.

	Annual interest			12/31/2020
		Current	Non-Current	Total
In domestic currency				
BNDES - Puma II Project	TLP + 3.58%	4,767	1,032,055	1,036,822
BNDES - Other	TJLP	1,162	121,151	122,313
Export credit notes (in R$)	102%-105.50% of CDI	119,922	575,000	694,922
CRA	95%-102% of CDI or IPCA + 3.50%-IPCA + 4.51%	165,941	3,762,228	3,928,169
Other	0.76%-8.5% or TJLP	5,554	4,857	10,411
Cost with funding		(17,241)	(85,254)	(102,495)
		280,105	5,410,037	5,690,142
In foreign currency (i)				
Export prepayments (ii)	USD + 5.40%	2,339	649,588	651,927
Export credit notes (ii)	4.70%-5.67%	5,088	3,004,373	3,009,461
Export prepayments in subsdiares	USD + 5.20%-8.29% or USD + Libor + 1.48%	230,285	11,640,608	11,870,893
Term Loan (BID Invest e IFC)	Libor + 1.59%	2,432	519,670	522,102
Finnvera	USD + Libor + 0.60%-0.95% ou USD + 3.38%	200,781	1,204,537	1,405,318
ECA	EUR + 0.45%	7,417	33,073	40,490
Gain/loss from derivatives (swap) (ii)	4.70%-5.67%	-	1,748,282	1,748,282
Cost with funding		(29,813)	(195,123)	(224,936)
		418,529	18,605,008	19,023,537
Parent Company Total		**698,634**	**24,015,045**	**24,713,679**
At Subsidiariess:				
In foreign currency (i)				
Bonds (Notes)	4.88%-7.00%	191,551	11,545,645	11,737,196
Cost with funding		(6,917)	(66,878)	(73,795)
		184,634	11,478,767	11,663,401
Exclusion of prepaid exports w/ subsidiaries		**(230,285)**	**(11,640,608)**	**(11,870,893)**
Consolidated Total		**652,983**	**23,853,204**	**24,506,187**

(i) IN US Dollars.

a) BNDES

The Company has contracts with the BNDES whose purpose is to finance industrial and forest development projects, social projects and paper segment, named "Projeto Puma II", with settlement scheduled for 2039. The amortization of the financing is carried out monthly with the interest.

b) Export prepayments and export credit notes

Prepayments and export credit notes (in R$ and USD) were raised as a source of working capital and for developing the Company's operations. The contracts are expected to be settled by April 2029.

c) Bonds (Notes)

The Company, through its wholly owned subsidiaries Klabin Finance S.A. and Klabin Austria GmbH, issued debt securities (Notes) on the international market with listing on the Luxembourg Stock Exchange (Euro MTF) and on the Singapore Stock Exchange (SGX) under Senior issue type Notes 144A / Reg S.

(i) In July 2014, the fundraising of USD 500 million was completed, with a 10-year term and maturity in 2024, with a coupon of 5.25% paid semi-annually, with the purpose of financing the activities of the Company and its subsidiaries within the normal course of business and serving the respective corporate purposes. In April 2019 and January 2021, the Company carried our repurchases in the respective amounts of USD 228.5 million and USD 98 million, in line with its debt management strategy.

(ii) In September 2017, the Company issued Green Bonds in the amount of USD 500 million, with a 10-year term due in 2027, with a semiannual coupon of 4.88%. The resource is destined to reforestation activities, restoration of native forests, investments in renewable energy, efficient logistics using rail transport, recycling of solid waste and development of eco-efficient products, among other sustainability practices. During 2020, a USD 9.5 million repurchase was carried out, in line with the Company's debt management strategy.

(iii) In March 2019, the fundraising of USD 500 million was completed with a 10 year term and maturity in 2029 and a coupon of 5.75% per year and USD 500 million in Green Bonds with a 30- year term and maturity in 2049, with coupon of 7% per year, with the purpose of prepaying or refinancing the debts of the Company and its subsidiaries, as well as to reinforce cash. During 2020, a USD 19 million repurchase of the Bonds maturing in 2029 was carried out in line with the Company's debt management strategy.

(iv) In July 2019, the Bonds maturing in 2029 were reopened and an additional funding of USD 250 million of nominal value was concluded, with a coupon of 5.75% and yield of 4.90% per year, with the aim of purpose of the prepayment or refinancing of debts of the Company and its subsidiaries, as well as cash reinforcement.

(v) In January 2020, Green Bonds maturing in 2049 were reopened and the additional funding of USD 200 million of nominal value was concluded, with a coupon of 7.00% and yield of 6.10% per year, aim to the purpose the financing or refinancing, in whole or in part, of costs and / or investments in eligible Green Projects.

(vi) In January 2021, the Company finished raising USD 500 million in Sustainability Linked Bonds (SLB) maturing in 2031 at a coupon of 3.20% per year, for the purposes of early repurchase of the Bond maturing in 2024.

d) Finnvera (Finland Export Credit Agency)

As part of the funding necessary for the execution of the Puma I, the Company entered into a contract to raise funds, to be used to finance the assets acquired from the Puma Project. The amount of the commitment is up to USD 460 million, maturing in 2026, divided into two tranches, the first of which is up to USD 414 million with interest of 3.4% per year and the second tranche of up to USD 46 million with interest of Libor 6M + 1% p.a., with two disbursements in 2015 totaling USD 325.7 million and a final disbursement of USD 38.6 million was released in the fourth quarter of 2016, totaling USD 364.3 million. The amount raised in USD was lower than initially expected due to the support of imports being in Euro and the appreciation of the dollar against the Euro in the period. USD 67 million were raised for the Puma II Project bearing semiannual Libor 6M + 0.55% per year and maturing in 2031.

e) Term Loan (BID Invest and IFC)

As part of the funding needed to carry out the Puma II Project, USD 100 million was raised, divided into two tranches, the first was USD 48 million with interest of Libor 6M + 1.45% per year maturing in 2026, and the second tranche of USD 52 million with interest of Libor 6M + 1.75% maturing in 2029.

f) CRA – Agribusiness Receivables Certificate

The Company issued simple debentures as underlying assets for the issue of Certificates of Agribusiness Receivables ("CRA"), as follows:

(i) CRA I - issued by "Eco Securitizadora de Direitos Creditórios do Agronegócio S.A" in March 2017 in the amount of R$ 846 million, with a term of 5 years and semiannual interest of 95% of the CDI.

(ii) CRA II - issued by "Eco Securitizadora de Direitos Creditórios do Agronegócio S.A" in December 2017 in the amount of R$ 600 million, with a 6-year term and semiannual interest of 97.5% of the CDI.

(iii) CRA III - issued by Ápice Securitizadora S.A in September 2018 in the amount of R$ 350 million, with a 6-year term and semiannual interest of 102% of the CDI.

(iv) CRA IV - issued by VERT Companhia Securitizadora in April 2019 in the amount of R$ 1 billion divided into two series. The first series in the total amount of R$ 200 million, with a 7-year maturity and semiannual interest of 98% of the CDI. The second series in the total amount of R$ 800 million, with a 10-year maturity and semiannual interest corresponding to the internal rate of return of the IPCA + 4.5081% p.a.

(v) issued by VERT Companhia Securitizadora in July 2019 in the amount of R$ 966 million with a 10-year term and interest at IPCA + 3.5% per year.

g) Derivatives (swaps)

In December 2018, the Company obtained a new R$ 1,879 million export credit note from Bank Bradesco with maturity in 2026 and interest of 114% of the CDI, without collateral and without covenant, linked together with two foreign exchange and interest rate swaps, but in USD and interest of 5.6%, with the same credit note maturity, and no instrument can be settled separately.

In March 2019, the Company contracted a swap with Bank Itaú with an asset position at 114.65% of the CDI and a liability at USD 5.40% per year This operation is linked to the 12th issue of debentures in the amount of R$ 1 billion, which occurred in April 2019, as disclosed in Note 20 b).

In May 2019, the Company contracted a swap with Bradesco with an active position at 114.03% of the CDI and liability at USD 4.70% per year. This operation is linked to an export credit note of R$ 1,125 million, contracted in May 2019 with the same bank and maturing in May 2026.

Gains and losses derivative instruments are marked to market, corresponding to their fair value.

h) Revolving Credit Facility (RCF)

On October 7, 2021, the Company took out a Revolving Credit Facility ("RCF") amounting to US$ 500 million and maturing in October 2026, characterized as Sustainability-Linked.

In case this facility is not disbursed, its commitment fee will range from 0.36% p.a. to 0.38% p.a.; if is is drawn down, from Libor+1.20% p.a. to Libor+1.25% p.a..

The cost of this revolving credit facility is linked to the annual performance of the environmental indicator of increased reuse of solid industrial waste. The sustainability indicator used in this Operation is part of Klabin's Sustainable Development Goals ("KODS") to be achieved by 2030.

(in thousands of Brazilian Reais, unless otherwise stated)

i) Export Credit Agency (ECA)

On December 30, 2021, the Company retained an ECA (Export Credit Agency) line of credit in the amount of USD 447 million and drawdown period until February 2024, at the floating rate Labor plus 0.40% p.a. and maturity in September 2033. The financing is guaranteed by Finnvera and relates to import of equipment for stage two of the Puma II Project. As at December 31, 2021, there had been no drawdowns from this line of credit.

19.2 Schedule of noncurrent maturities

The maturities of the Company's financings booked as noncurrent liabilities in the Consolidated as at December 31, 2021 are as follows:

Year	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 and later**	**Total**
Amount	979,301	1,348,853	2,585,538	3,815,026	3,529,050	13,526,153	**25,783,921**

19.3 Summary of changes in borrowings

	Parent Company	**Consolidated**
Balance as at December 31, 2019	**22,376,127**	**22,241,175**
Borrowing	3,569,502	3,726,207
Gain or loss from financial instruments	1,348,208	1,348,208
Accrued interest	1,479,355	1,222,271
Foreign exchange and monetary variations	4,093,608	4,120,843
Repayments	(6,750,182)	(6,932,229)
Payment of interest	(1,402,939)	(1,220,288)
Balance as at December 31, 2020	**24,713,679**	**24,506,187**
Borrowing	2,696,599	2,718,480
Gain or loss from financial instruments	(60,229)	(60,229)
Accrued interest	1,817,832	1,546,456
Foreign exchange and monetary variations	1,171,065	1,074,134
Repayments	(1,069,234)	(1,035,464)
Payment of interest	(1,374,784)	(1,160,648)
Balance as at December 31, 2021	**27,894,927**	**27,588,916**

The Company carried out the voluntary early settlement of export prepayment operations and export credit notes in the amount of R$ 6 billion and R$ 22 million in contracts with Finnvera during the fiscal year ended December 31, 2020, according to its debt profile management strategy.

The higher interest payments as the Parent Company than in consolidated terms correspond to related party operations that are eliminated for consolidation purposes.

(in thousands of Brazilian Reais, unless otherwise stated)

19.4 Guarantees

BNDES financing is guaranteed by land, buildings, improvements, machinery, equipment and facilities at the Ortigueira - PR plant, which are the subject of the respective financing.

Finnvera financing is guaranteed by the industrial plants of Angatuba (SP), Piracicaba (SP), Betim (MG), Goiana (PE), Otacílio Costa (SC), Jundiaí (SP) and Lages (SC).

The financing from BID Invest and IFC is guaranteed by the industrial plants in Correia Pinto (SC) and Telêmaco Borba (PR).

Export credit loans, export prepayments, BONDs, Agribusiness Receivables Certificates and working capital do not have collateral.

19.5 Restrictive covenants

As at the closing date of the financial statements, the Company and its subsidiaries had no financing contracts in place featuring covenants establishing obligations to maintain certain financial indicators as concerns income, liquidity and leverage in connection with the contracted operations, breach whereof would make the debt immediately due and payable.

Accounting practice

The balance of borrowings corresponds to the amount of funds raised, plus interest and charges proportional to the incurred period, minus any amortized portions. Where applicable, the balance of borrowings includes exchange rate differences on the liability, as per CPC 48 / IFRS 9.

20. DEBENTURES

20.1. Breakdown of the balance of debentures

	Parent Company and consolidated					
			12/31/2021			12/31/2020
	7th issue	12th issue	Total	7th issue	12th issue	Total
Principal	30,769	-	30,769	61,538	-	61,538
Interest	829	22,707	23,536	488	6,012	6,500
Current liabilities	**31,598**	**22,707**	**54,305**	**62,026**	**6,012**	**68,038**
Principal	-	1,000,000	1,000,000	30,769	1,000,000	1,030,769
Gain / loss on derivative instruments (swap)	-	695,198	695,198	-	733,996	733,996
Non-current liabilities	**-**	**1,695,198**	**1,695,198**	**30,769**	**1,733,996**	**1,764,765**
Total liability from debentures	**31,598**	**1,717,905**	**1,749,503**	**92,795**	**1,740,008**	**1,832,803**

20.2. Changes in the balance of debentures

(in thousands of Brazilian Reais, unless otherwise stated)

	Parent Company and Consolidated
Balance as at December 31, 2019	**1,844,097**
12th issue	526,460
Gain or loss on financial instruments (SWAP)	64,859
Interest and monetary variations on debentures	(62,053)
Repayents (7th issue)	(370,942)
Payment of interest and results (7th issue)	(128,014)
Payment of interest (12th issue)	(41,604)
Balance as at December 31, 2020	**1,832,803**
Gain or loss on financial instruments (SWAP)	(38,798)
Interest and monetary variations on debentures	59,528
Repayents (7th issue)	(61,201)
Payment of interest and results (7th issue)	(10,192)
Payment of interest (12th issue)	(32,637)
Balance as at December 31, 2021	**1,749,503**

a) 7ª debentures issue

On June 23, 2014, the Company completed its 7th debentures issue, with 55,555,000 simple, guaranteed, debentures issued in combination with subscription bonuses, at a nominal unit value of R$ 14.40, totaling R$ 800 million, divided in two series of 27,777,500 debentures each simultaneously.

	Quantity	Unit Price	Total in R$ thousands	Interest Rate	Maturity	Amortization	Interest	Type	Subscription Bond
7th issue (2nd series)	27,777,500	14.40	399,996	IPCA + 2,50%	06/15/2022	semiannual	semiannual	debt	No

(i) 1st Series - The 1st Series Debentures matured on June 15, 2020, with yield an IPCA + 7.25% per year, with interest payments semiannually and two-year grace period, without amortization of the principal, and have nature of convertible debt, since they can be used at any time until maturity, at the discretion of the holder, to subscribe and pay in shares issued by the Company in the form of "Units" (composed of 1 common share - ON and 4 shares preferred shares - PN), in the proportion of 1 (one) "Unit" for each Debenture, through the exercise of subscription bonuses that will be attributed as an additional advantage to the debenture holders.

The 1st series of the 7th debentures issue matured in June 2020, with the conversion of 27,739,244 debentures into shares of the Company. The Company issued 27,739,244 Units comprising 27,739,244 common shares and 110,956,976 preferred shares, for a total capital increase of R$ 399,446.

1st series debenture holders who chose to convert into shares were also paid returns in an amount equivalent to dividends and interest on shareholders' 'equity paid by the Company from June 2014 to June 2020, totaling R$ 101,075.

(ii) 2nd series – The 2nd Series Debentures mature on June 15, 2022, will yield IPCA + 2.50% per year, paid semiannually together with the principal amortization, with a two-year grace period, and have no convertible debt, and are therefore unrelated to the Subscription Warrants.

(in thousands of Brazilian Reais, unless otherwise stated)

Acquirers of the 1st series must acquire 2nd series debentures as well. Equity was allocated R$ 28,502 from from the subscription bonus of the debentures issued. Debenture holders have the option of early conversion into Units at any time.

BNDES subscribed 98.86% of the debentures, with market debenture holders subscribing the remainder.

b) 12ª debentures issue

On April 1, 2019, the Company completed its 12th debentures issue, with 100 thousand debentures issued at a nominal unit value of R$ 10 million, totaling R$ 1 billion, with maturity on March 19, 2029. The interest paid will be of 114.65% of the CDI semiannually and amortization will occur at the end of the 8th, 9th and 10th year. This transaction has a linked swap contracted with Banco Itaú with an asset position in CDI at 114.65% of CDI and passive in USD 5.40% per year, as disclosed in Note 20.

	Quantity	Unit Price	Total in R$ thousands	Interest Rate	Maturity	Amortization	Interest	Type	Subscription Bond
12th issue	100,000	10,000.00	1,000,000	114,65% do CDI	03/19/2029	Annual (8th, 9th and 10th year)	semiannual	debt	No

Accounting practice

The balance of debentures with required conversion into shares, defined as hybrid financial instruments is segregated at issue into debt and equity components. The liabilities section represents the amount of interest to be paid to the debenture holders until the date of conversion, measured at present value and accrued of monetary variation of the liability, as applicable.

Debentures without required conversion into shares are represented in liabilities at an amount corresponding to the amount of funds raised, accrued of interest and charges proportional to the relevant period, minus amortized installments and interest paid.

(in thousands of Brazilian Reais, unless otherwise stated)

21 PROVISION FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL CONTINGENCIES

21.1 Provisioned risks

Based on the individual analysis of the lawsuits filed against the Company and its subsidiaries, and supported by the opinion of its legal advisers, provisions were set up in noncurrent liabilities for risks with losses deemed probable, as follows:

				12/31/2021
At the parent Co.:	**Provisioned Amount**	**Restricted judicial deposits (i)**	**Net Liabilities**	**Unrestricted judicial deposits (i)**
Tax:				
PIS/COFINS	-	-	-	32,108
ICMS/IPI	-	-	-	47,693
Income tax/social contribution	-	-	-	875
OTHER	(22)	22	-	11,289
	(22)	**22**	**-**	**91,965**
Labor	(39,254)	14,639	(24,615)	-
Civil	(10,816)	5,669	(5,147)	-
	(50,092)	**20,330**	**(29,762)**	**91,965**
At subsidiaries:				
Other contingencies	(212)	1,434	1,222	-
Consolidated	**(50,304)**	**21,764**	**(28,540)**	**91,965**

(i) Balance corresponding to the amount of judifical deposits in noncurrent assets

				12/31/2020
At the parent Co.:	**Provisioned Amount**	**Restricted judicial deposits (i)**	**Net Liabilities**	**Unrestricted judicial deposits (i)**
Tax:				
PIS/COFINS	-	-	-	31,805
ICMS/IPI	-	-	-	46,390
Income tax/social contribution	(10,824)	10,824	-	863
OTHER	(22)	22	-	11,043
	(10,846)	**10,846**	**-**	**90,101**
Labor	(32,926)	13,884	(19,042)	-
Civil	(8,017)	2,578	(5,439)	-
	(51,789)	**27,308**	**(24,481)**	**90,101**
At subsidiaries:				
Other contingencies	(162)	1,434	1,272	-
Consolidated	**(51,951)**	**28,742**	**(23,209)**	**90,101**

(i) Balance corresponding to the amount of judifical deposits in noncurrent assets

(in thousands of Brazilian Reais, unless otherwise stated)

21.2 Changes in provisions

				Consolidated
	Tax	Labor	Civil	Net Exposure
Balance as at December 31, 2019	**(7,100)**	**(22,885)**	**(2,520)**	**(32,505)**
New lawsuits/increases	(3,245)	(554)	(1,125)	**(4,924)**
(Provision)/reversals	-	9,892	628	**10,520**
Deposit transactions	10,345	(5,334)	(1,150)	**3,861**
Merger balance (i)	-	(161)	-	**(161)**
Balance as at December 31, 2020	**-**	**(19,042)**	**(4,167)**	**(23,209)**
New lawsuits/increases	-	(6,328)	(2,799)	**(9,127)**
(Provision)/reversals	-	-	-	**-**
Deposit transactions	-	755	3,041	**3,796**
Balance as at December 31, 2021	**-**	**(24,615)**	**(3,925)**	**(28,540)**

(i) See note 5.

21.3 Unrecognized tax, social security, labor and civil contingencies

As of December 31, 2020, the Company and its subsidiaries were parties to other tax, labor and civil proceedings involving risks of loss for the Company assessed as "possible", which total approximately: R$ 5,147 million, R$ 214 million and R$ 61 million, respectively (R$ 4,553 million, R$ 232 million and R$ 69 million as at December 31, 2020). Based on the individual analysis of the corresponding legal and administrative proceedings, and supported by the opinion of its legal advisors, Management understands that loss is deemed "possible" and, therefore, they are not provisioned.

As at December 31, 2021, the Company was a defendant in several proceedings, such as:

a) Tax lawsuits

(i) Tax collection claim filed by the Federal Government aiming at the collection of IRPJ due to alleged undue deductions for royalties for the use of brands and goodwill formed in the acquisitions of the companies Klamasa and Igaras. The total amount of this lawsuit as at December 31, 2021, was approximately R$ 1,317 million (R$ 1,296 million as at December 31, 2020), of which R$ 904 million as goodwill, R$ 77 million as royalties and R$ 337 million IRPJ and CSLL tax losses.

(ii) Tax collection claim filed by the Municipality of Lages/SC, whose subject matter is the collection of ISS on the manufacture of packaging with personalized graphic prints, from January 2001 to December 2004 and January to April 2011. The total amount of these executions as at December 31, 2021 was approximately R$ 2,126 million (R$ 1.699 million as at December 31, 2020).

(iii) Tax collection claim filed by the Municipality of Rio de Janeiro/RJ, whose object is the collection of ISS on the manufacture of packaging with personalized graphic prints, from September 1996 to October 2001. The total amount of this execution as at December 31, 2021 was approximately R$ 262 million (R$ 233 million as at December 31, 2020).

(iv) Tax collection claim filed by the Federal Government to collect the difference in IRPJ and CSLL, for carrying out an indirect legal transaction involving the companies Norske Skog Pisa Ltda. and Lille Holdings S/A., with a fine increased from 75% to 150%. The total amount of this execution as at December 31, 2021 was approximately R$ 93 million (R$ 91 million as at December 31, 2020).

(v) Plea for reversal filed by the Federal Government against Klabin S/A and Aracruz Celulose S/A, to reverse the judgment handed down in the civil case to rule out the application of the SELIC rate, as well as the rates provided for in CIEX resolution No. 2/79 in relation to the IPI premium credit. The total amount of this action December 31, 2021 was approximately R$ 106 million (R$ 104 million as at December 31, 2020).

(vi) Administrative proceedings whose subject is the collection of a contribution of 2.6% on gross revenue from the sale of the production of the agro-industrial activity. The total amount involved in these proceedins as at December 31, 2021 was approximately R$ 375 million (R$ 370 million as at December 31, 2020).

(vii) Administrative proceeding whose purpose is to adjust the IRPJ and CSLL tax bases, calendar year 2013, under the allegation that the Company would have made undue exclusions due to the change in the exchange variation regime. The total amount of this proceeding as at December 31, 2021, was approximately R$ 244 million (R$ 239 million as at December 31, 2020).

(viii) Offset disallowance in view of the disagreement on the FINSOCIAL credit correction criterion occurred in 2017. The total amount of the proceeding as at December 31, 2021 was approximately R$ 122 million (R$ 119 million as at December 31, 2020).

(ix) COFINS credit offset disallowance, arising from overpayments related to the expansion of the calculation base referred to in Law No. 9,718 / 98. The total amount of the proceeding as at December 31, 2021 was approximately R$ 69 million (R$ 54 million as at December 31, 2020).

b) Civil and environmental lawsuits

(i) Class Action filed in 2009 by the Association of Environmental Fishermen of Paraná - APAP, due to alleged damages to the Tibagi River (PR) from disposal of burnt coal waste, used by the Company until 1998. Despite there is no evidence of environmental damage, in December 2015 an unfavorable sentence was handed down to the Company, condemning it to the obligation to remove the burned mineral coal deposited in the riverbed. The case is currently in sentence execution phase. Only after completion of this phase can the amount for consideration be stipulated.

c) Labor claims

The main claims concern overtime, pain and suffering, health-exposure and risk-exposure premiums, as well as indemnities and subsidiary liability of third parties. No individual action is relevant enough to have an adverse and material impact on the Company's results.

d) Cases filed by the Company

As of December 31, 2021, the Company was a plaintiff in several lawsuits for which no amounts have been recognized in its financial statements, the assets being recognized only after the lawsuits are final and the gain is definitely certain.

Accounting practice

Pursuant to CPC 25 / IAS 37, provisions for tax, labor and civil contingencies are recognized as individual cases are deemed probable losses by the Company's legal advisors and Management. This determination is made in the light of the nature of the cases at hand, similarities with previously adjudicated cases, and the progress of each case.

When the Company expects the amount of a provision to be fully or partly reversed, the asset in question is only recognized when realization is deemed certain, and no assets are established under uncertain circumstances.

(in thousands of Brazilian Reais, unless otherwise stated)

22 EQUITY

22.1 Share Capital

Klabin S.A.'s subscribed-for and paid-in capital as at December 31, 2021, is divided into 5,617,892,756 shares (5,617,892,756 as at December 31, 2020), with par value, corresponding to R$ 4,476 million (R$ 4,476 million as at December 31, 2020), distributed as follows:

	12/31/2021		12/31/2020	
Shareholders (i)	**Common shares**	**Preferred shares**	**Common shares**	**Preferred shares**
Klabin Irmãos S.A.	945,359,142	-	945,359,143	-
Niblak Participações S.A.	142,023,010	-	142,023,010	-
Monteiro Aranha S.A.	57,952,818	190,207,058	61,047,714	244,190,856
The Bank of New York Department (ii)	61,974,654	247,898,616	78,548,705	272,590,606
BLACKROCK	47,481,895	189,927,580	45,775,687	183,102,748
Treasury shares	25,140,398	100,561,592	26,528,918	106,115,672
Other (iii)	801,796,678	2,807,569,315	782,445,418	2,730,164,279
Total shares	**2,081,728,595**	**3,536,164,161**	**2,081,728,595**	**3,536,164,161**

(i) Position may diverge from the bookkeeping bank's base for transaction logging registration issues.
(ii) Foreign shareholders.
(iii) Shareholders with under 5% in interest.

In addition to registered common and preferred shares, the Company negotiates certificates of deposit of shares, "Units", corresponding to the lot of 1 (one) common share - ON and 4 (four) preferred shares - PN.

The Company's authorized capital is 6,400,000,000 common registered shares - ON and/or preferred registered shares – PN, as approved at the SGM held March 24, 2021.

On June 15, 2020, after the maturity of the 1st series of debentures of the 7th issue (see Note 5) 27,739,244 "Units" were issued, comprising 27,739,244 common shares and 110,956,976 preferred shares, totaling an increase capital in the Company of R$ 399 million.

On November 26, 2020, after the approval of the merger of Sogemar (see note 5), 69,394,696 common and registered shares with no par value were issued with an increase of R$ 144 in the share capital.

22.2 Equity adjustments

The "Equity Adjustments" group, created by Law No. 11.638/07 as part of the equity accounts, concerns valuation adjustments arising from asset and liability increases and decreases, where applicable.

The balance recognized by the Company corresponds to adoption of the deemed cost of PP&E para for forest land, which the Company elected upon initial adoption of the new accounting standards converging with IFRS on January 1st, 2009; exchange rate changes associated with foreign subsidiaries with a functional currency other than the Company's; balances associated with the share awards plan granted to executives (Note 26); cash flow hedge accounting (Note 30), and actuarial liability variations.

(in thousands of Brazilian Reais, unless otherwise stated)

	Parent Company and Consolidated	
	12/31/2021	12/31/2020
Deemed cost of property, plant and equipment (i)	1,057,752	1,057,752
Foreign exchange variations - subsidiaries abroad	(70,430)	(81,656)
Stock option plan	12,136	10,340
Cash flow hedge reserve (i)	(759,367)	-
Actuarial liability (i)	(136,845)	(162,960)
Total equity adjustments	**103,246**	**823,476**

(i) Net of the respective current/deferred taxes, as applicable, at a 34% tax rate.

Exchange rate differences on foreign subsidiaries is realized against income only in the event of the disposal or termination of the subsidiary. Other items in the equity adjustment account, for their nature and by virtue of accounting standards, are not realized against income, even upon financial settlement.

Changes in Equity Valuation Adjustment balances are shown in the "Statements of comprehensive income" and "Statement of changes in equity".

22.3 Treasury shares

As at December 31, 2021, the Company holds 125.701.990 shares of its own issue in treasury, corresponding to 25.140.398 Units. As at December 31, 2021, the trading price on the São Paulo Stock Exchange was R$ 25.66 per "Unit" (B3 ticker KLBN11).

Pursuant to the Share Awards Plan, as described in Note 26, which is granted to the Company's executives as long-term compensation, in February 2021 3,502,075 shares held as treasury shares at an amount of R$ 14 million, were awarded, corresponding to 700,415 "Units", and usufruct was awarded for 3,502,075 shares, corresponding to 700,415 "Units", which were written off from treasury at the historical cost of R$ 5 million.

22.4 Dividends/Interest on shareholders' equity

Dividends/interest on equity represent the portion of profits earned by the Company which is distributed to shareholders as return on the capital invested in the fiscal years. All shareholders are entitled to dividends and interest on equity, proportional to their shareholding, as ensured by Brazilian corporation law and the Company's Bylaws. The Bylaws also provide for the Administration's ability to approve interim distributions during the year in advance, "ad referendum" to the Annual General Meeting convening to review the fiscal year's accounts.

Interest on equity, for purposes of complying with tax rules, is booked against the "Finance costs" line. For the purposes of preparing said financial statements, interest on equity reverts from income to the retained earnings account, making up the balance of the minimum mandatory dividend, as instructed by the CVM.

(in thousands of Brazilian Reais, unless otherwise stated)

The basis for calculating the mandatory dividend defined in the Company's Bylaws is adjusted by the setup, realization and reversal, in the respective fiscal year, of the " Biological Assets Reserves", giving the Company's shareholders the right to receive a minimum mandatory dividend of 25% of each year's adjusted net income. In addition, the Company is entitled to distribute dividends and interest on equity from "Profit Reserves" balances held in Equity.

22.5 Minority interests

As at December 31, 2021, non-controlling shareholders' share of consolidated equity is R$ 1,347 million (R$ 574 million as at December 31, 2020). This corresponds to the 65.26%, 83.30% and 81.85% of capital held by shareholders of subsidiaries Guaricana Reflorestadora S.A., Sapopema Reflorestadora S.A. and Aroeira Reflorestadora S.A., respectively and proportionally. These companies are 100% consolidated into the Company's financial statements, and these shareholders' interests are shown separately, as they are characterized as equity instruments because of the entities' corporate structure.

			12/31/2021
% Participation	**Guaricana Reflorestadora S.A.**	**Sapopema Reflorestadora S.A.**	**Aroeira Reflorestadora S.A.**
Non-controlling shareholders (TIMO)	65.26%	83.30%	81.85%
Klabin S.A	34.74%	16.70%	18.15%
Total	**100%**	**100%**	**100%**

(in thousands of Brazilian Reais, unless otherwise stated)

22.6 Allocation of the fiscal year's income

Allocation of the income made in fiscal year 2021 is shown below, and will be presented at the Annual General Meeting to be held March 23, 2022, together with the approval of the fiscal year's accounts.

		Parent Company
(=)	**Income allocated to the shareholders of Klabin**	**3,019,870**
(-)	Absorption of loss for the year 2020	(993,826)
(=)	**Net income allocated to the shareholders of Klabin**	**2,026,044**
(-)	Constitution of tax incentives reserve	(409,021)
(-)	Constitution of legal reserve (5% of net earnings - tax ben. reserve)	(80,851)
(+)	Realization of biological assets reserve - own	527,135
(-)	Constitution of biological assets reserve - own	(494,342)
(-)	Constitution of biological assets reserve - subsidiaries	(43,771)
(=)	**Basic earnings for mandatory dividends distribution**	**1,525,194**
(=)	**Minimum Mandatory Dividends as per the Bylaws (25%)**	**381,299**
	Interim dividends distributed in 2021	
	November (paid November 11, 2021)	300,000
	R$ 54.62 per lot of 1,000 common and preferred shares	
	R$ 273.11 per lot of 1,000 Units	
	Interim interest on shareholders' equity paid in 2021	
	November (paid November 11, 2021)	102,000
	R$ 18.57 per lot of 1,000 common and preferred shares	
	R$ 92.86 per lot of 1,000 Units	
(=)	**Total interim dividends distributed in 2021**	**402,000**
(=)	**Total Complementary dividends proposed**	**377,000**
(-)	**Constitution of investment and working capital reserve**	**746,194**

23 NET SALES REVENUE

The Company's net revenues break down as follows:

	Parent Company		Consolidated	
	1/1 to 12/31/2021	**1/1 to 12/31/2020**	**1/1 to 12/31/2021**	**1/1 to 12/31/2020**
Gross sales revenue	18,679,592	13,206,654	19,011,678	13,697,654
Discounts and rebates	(49,006)	(69,976)	(78,378)	(105,469)
Cash flow hedge	(16,088)	-	(16,088)	-
Taxes on sales	(2,372,350)	(1,566,875)	(2,435,824)	(1,643,391)
Net sales revenue	**16,242,148**	**11,569,803**	**16,481,388**	**11,948,794**
Domestic market	9,987,219	4,863,284	9,921,341	6,995,071
Foreign market	6,254,929	6,706,519	6,560,047	4,953,723
Net sales revenue	**16,242,148**	**11,569,803**	**16,481,388**	**11,948,794**

(in thousands of Brazilian Reais, unless otherwise stated)

Accounting practice

Pursuant to CPC 47 / IFRS 15, sales revenues are shown net of applicable taxes and discounts and rebates granted. Revenues are recognized when all relevant risks and benefits inherent to a product are transferred to the buyer; insofar as economic benefits have a probability of being generated and flowing to the Company its subsidiaries and jointly controlled subsidiaries and can be reliably measured based on the fair value of the consideration received or to be received, net of discounts, rebates, and taxes or charges on sales.

24 COSTS, EXPENSES AND OTHER REVENUES BY NATURE

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cost of products sold				
Variable costs (raw materials and consumables)	(4,990,076)	(3,240,079)	(5,179,174)	(3,111,278)
Personnel	(2,100,964)	(1,708,619)	(2,122,186)	(1,753,164)
Depreciation and amortization	(999,042)	(1,082,576)	(981,611)	(1,110,749)
Depletion	(1,457,850)	(944,236)	(1,692,826)	(1,218,104)
Other	(783,246)	(709,435)	(271,537)	(692,004)
	(10,331,178)	**(7,684,945)**	**(10,247,334)**	**(7,885,299)**
Sales expenses				
Freight	(909,249)	(739,890)	(962,349)	(793,580)
Royalties (i)	-	(63,165)	-	(63,165)
Commissions	(41,164)	(18,356)	(79,688)	(51,387)
Personnel	(121,894)	(110,867)	(131,069)	(111,987)
Depreciation and amortization	(3,522)	(4,257)	(3,594)	(4,344)
Storage and port expenses	(76,950)	(72,432)	(96,616)	(72,432)
Other	21,155	(497)	23,957	(42,243)
	(1,131,624)	**(1,009,464)**	**(1,249,359)**	**(1,139,138)**
General and administrative expenses				
Personnel	(461,491)	(368,013)	(461,953)	(371,730)
Services contracted	(296,470)	(199,651)	(296,767)	(201,667)
Depreciation, amortization and depletion	(18,292)	(48,720)	(18,310)	(49,714)
Maintenance	(21,076)	(21,293)	(21,097)	(21,508)
Other	(88,201)	(41,242)	(88,117)	(73,180)
	(885,530)	**(678,919)**	**(886,244)**	**(717,799)**
Other revenues and expenses, net				
Proceeds from the disposal o PP&E (i)	161,560	64,398	161,560	64,398
Cost of sales and write-offs of prop, plant and equip.	(151,696)	(60,022)	(151,696)	(60,022)
Gains from bargain purchase	-	206,061	-	206,061
Compensations received	-	75,784	-	75,784
Other	49,264	19,645	64,156	30,475
	59,128	**305,866**	**74,020**	**316,696**
Total	**(12,289,204)**	**(9,067,462)**	**(12,308,917)**	**(9,425,540)**

(i) See note 5.

(in thousands of Brazilian Reais, unless otherwise stated)

25 FINANCE RESULT

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Financial revenues				
Income from financial investments	281,471	257,777	300,685	270,235
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on interest income	(18,872)	(18,173)	(18,934)	(18,173)
Update of tax credits	48,123	99,154	48,231	99,154
Other	3,702	5,888	49,511	31,387
	314,424	**344,646**	**379,493**	**382,603**
Financial expenses				
Interest of borrowings and debentures	(1,833,154)	(1,856,636)	(1,614,233)	(1,622,307)
Interest capitalized on property, plant and equipment (i)	431,156	218,820	431,156	218,820
Loan guarantees from related parties (ii)	(134,170)	(2,009,832)	(134,171)	(2,009,832)
Borrowings guarantee	(595)	(2,554)	(595)	(2,554)
Investor Compensation - SCPs	-	-	(63,738)	(38,518)
Commissions	(61,766)	(182,644)	(132,047)	(247,973)
Other	(77,859)	(85,924)	(129,342)	(88,636)
	(1,676,388)	**(3,918,770)**	**(1,642,970)**	**(3,791,000)**
Foreign exchange variations				
Foreign exchange variation - assets	101,315	575,093	99,748	582,031
Foreign exchange variation - liabilities (ii)	131,612	(4,180,209)	73,266	(4,202,765)
	232,927	**(3,605,116)**	**173,014**	**(3,620,734)**
Finance result	**(1,129,037)**	**(7,179,240)**	**(1,090,463)**	**(7,029,131)**

(i) See Note 15 for information.
(ii) Considers the effects of adopting hedge accounting, as described in Note 30.

26 STOCK OPTION PLAN

26.1 ILP Matching

At the Extraordinary Shareholders' Meeting, held July 10, 2012, the Stock Option Plan (“Plan”) was approved as an annual benefit to members of the executive board and strategic employees of the Company.

CVM authorized the Company, through OFICIO / CVM / SEP / GEA-2 / No 221/2012 to carry out the private operations covered by the incentive plan for its officers and employees, with the exclusion of controlling shareholders, to carry out a private transfer of shares held in treasury.

According to the Plan, the Company established that statutory and non-statutory officers may use a percentage of 15% to 25% (until 2018 the percentage was 15% to 50%), managers from 15% to 40% and the other employees in the position of coordinators and consultants from 5% to 10% of their variable remuneration for the acquisition of shares held in treasury, where the Company will grant the usufruct of the same number of shares to the acquirer for three years on a grant basis, with the ownership of the shares being transferred to the beneficiaries after 3 years, provided compliance with the Plan’s clauses.

Usufruct grants the beneficiary a right to dividends and interest on shareholder’s equity distributed in the period in which the benefit is valid.

The acquisition price of the treasury shares by Plan beneficiaries shall be the average of the trading prices in the 60 trading sessions preceding of the Company's shares, or of their trading prices on the acquisition date, whichever is the lower. The value of the shares granted in usufruct shall correspond to the price of the shares being traded on the São Paulo Stock Exchange on the day of the transaction.

(in thousands of Brazilian Reais, unless otherwise stated)

The clauses governing consummation of the transfer of the granted shares establish the beneficiary's permanence in the Company and non-disposal of the shares acquired upon adhesion to the Plan. The shares awarded can also be immediately assigned in the event of dismissal at the initiative of the Company, retirement or death of the beneficiary. In the latter case, title over the shares shall convey to the estate.

The shares awarded and the expense proportional to the granting period, recognized in the statement of profit or loss, shall accumulate in shareholders' equity in the "Equity Valuation Adjustments" group, until the end of the award period, either through expiration of the three-year term, or any other clause of the Plan that terminates the award.

The table below provides information on the agreed plans:

Statutory and non-statutory officers

	2016 Plan (i)	2017 Plan (i)	2018 Plan	2019 Plan	2020 Plan	Total
Start of the plan	24/02/2017	28/02/2018	28/02/2019	28/02/2020	26/02/2021	
Final grant date	24/02/2020	28/02/2021	28/02/2022	28/02/2023	26/02/2024	
Treasury shares granted with right to use	2,774,345	2,039,185	1,146,395	1,140,020	1,169,700	8,269,645
Purchase value per share (R$)	3.04	3.58	3.61	3.87	5.41	
Treasury shares awarded as usufruct	2,774,345	2,039,185	1,146,395	1,140,020	1,169,700	8,269,645
Value of the right to use per share (R$)	3.04	3.58	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	8,101	7,320	3,906	2,742	1,758	23,827
Plan expenses - 1/1-12/31/2021	-	408	1,379	1,496	1,758	5,041
Plan expenses - 1/1 - 12/31/2020	176	2,422	1,363	1,246	-	5,207

(i) Plan closed

Managers

	2016 Plan (i)	2017 Plan (i)	2018 Plan	2019 Plan	2020 Plan	Total
Start of the plan	24/02/2017	28/02/2018	28/02/2019	28/02/2020	26/02/2021	
Final grant date	24/02/2020	28/02/2021	28/02/2022	28/02/2023	26/02/2024	
Treasury shares granted with right to use	1,531,400	1,616,585	1,809,185	1,848,470	1,834,990	8,640,630
Purchase value per share (R$)	3.04	3.58	3.61	3.87	5.41	
Treasury shares awarded as usufruct	1,531,400	1,616,585	1,809,185	1,848,470	1,834,990	8,640,630
Value of the right to use per share (R$)	3.04	3.58	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	4,468	5,615	6,193	4,133	2,757	23,166
Plan expenses - 1/1-12/31/2021	-	310	2,185	2,255	2,757	7,507
Plan expenses - 1/1 -12/31/2020	225	1,852	2,149	2,801	-	7,027

(i) Plan closed

Other employees

(in thousands of Brazilian Reais, unless otherwise stated)

	2018 Plan	2019 Plan	2020 Plan	Total
Start of the plan	28/02/2019	28/02/2020	26/02/2021	
Final grant date	28/02/2022	28/02/2023	26/02/2024	
Treasury shares granted with right to use	548,300	527,285	497,385	1,572,970
Purchase value per share (R$)	3.61	3.87	5.41	
Treasury shares awarded as usufruct	548,300	527,285	497,385	1,572,970
Value of the right to use per share (R$)	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	1,608	1,333	718	3,659
Plan expenses - 1/1-12/31/2021	523	696	718	1,937
Plan expenses - 1/1 - 12/31/2020	586	635	-	1,221

26.2 ILP Performance

The purpose of this Program is to strengthen alignment with the Company's strategy and the interests of Shareholders, conditioning its receipt to the achievement of a performance objective, namely, the TSR[1] (Total Shareholder Return) X Cost of Equity (Ke[2]).

The target value corresponds to 25% of the short-term variable compensation target of each executive, based on the fees/salaries in force in January of the year in which the program begins. This target value is converted into "virtual units", considering the average price of the last 30 trading sessions of the year prior to the current plan. The plan has a duration of 5 years and its receipt is conditioned to the achievement of the performance objectives after this period of 5 years (vesting), in addition to the permanence in Klabin.

Once the performance objective is reached, in addition to the "virtual units", the executive will be entitled, as additional income from the ILP Performance, to the amount equivalent to dividends and/or interest on equity distributed by KLABIN S/A to shareholders throughout the vesting period. These amounts are converted into "virtual units" over these 5 years of the vesting period and accumulated in a graphic account.

After a period of 5 years, in addition to the determination of the achievement of the performance indicator, a discretionary assessment is carried out by the Board of Directors, in which the final result may be adjusted, increased or reduced by up to 10%, in order to mitigate exogenous impacts.

The total amount of ILP Performance Units will be converted into amounts at the Unit quotation (KLBN11), considering the average of the last 30 trading sessions prior to the closing of the Plan. On the calculated amount, the income tax will be increased and the payment to the employee will be made as a Bonus.

As at December 31, 2021, the balance corresponds to the amount of R$18 million (R$9 million as at December 31, 2020.)

(in thousands of Brazilian Reais, unless otherwise stated)

Accounting practice

The stock option plan offered by the Company is measured at fair value on the date of the award and the respective expense is recognized in income in the reporting period in which the awarding rights are gained, against equity in the "equity valuation adjustments" group.

27 EARNINGS (LOSS) PER SHARE

The basic earnings (loss) per share are calculated by dividing the profit for the period attributable to holders of common shares - ON and preferred shares - PN of the Company, by the weighted average number of shares available during the period. The Company does not have any instruments that may have a dilutive effect.

As mentioned in Note 22, changes in the balance of treasury shares affect the weighted average number of preferred shares in treasury in the calculation as of December 31, 2020, the weighted average being used in the calculation of the earnings (loss) per share calculated as follows:

Weighted number of Treasury shares as at December 31, 2021 (i)			
Jan	**+**	132,654,290	x 1/12
Feb	**+**	125,650,140	x 1/12
MarApr	**+**	125,652,955	x 2/12
May	**+**	125,654,630	x 1/12
Jun	**+**	125,654,925	x 1/12
Jul	**+**	125,666,295	x 1/12
Aug	**+**	125,666,295	x 1/12
Sep	**+**	125,681,480	x 1/12
Oct	**+**	125,700,795	x 1/12
Nov	**+**	125,701,990	x 1/12
Dec	**+**	125,701,990	x 1/12
12 Months 2021	**=**	126,253,228	

(i) As the Company only holds Units in treasury, the breakdown into ON and PN shares abides by the Units' breakdown.

(in thousands of Brazilian Reais, unless otherwise stated)

The table below presented in Brazilian Reais (R$), reconciles the income made in the fiscal years ended December 31, 2021 and 2020 in the calculations of basic and diluted earnings per share:

	Parent company and consolidated		
			1/1-12/31/2021
	Common (ON)	Preferred (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted number of treasury shares	(25,251)	(101,003)	(126,253)
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Shares as % of the total	**37.45%**	**62.55%**	**100%**
Numerator			
Earnings (Loss) atributtred to each class of shares (R$)	**1,130,864**	**1,889,006**	**3,019,870**
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Basic and diluted earnings per share (R$)	**0.5499**	**0.5499**	

	Parent company and consolidated		
			1/1-12/31/2020
	Common (ON)	Preferred (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted number of treasury shares	(26,761)	(107,046)	(133,807)
Weighted average number of outstanding shares	**2,054,967**	**3,429,119**	**5,484,086**
Shares as % of the total	**37.47%**	**62.53%**	**100%**
Numerator			
Earnings (Loss) atributtred to each class of shares (R$)	**(932,241)**	**(1,555,629)**	**(2,487,870)**
Weighted average number of outstanding shares	**2,054,967**	**3,429,119**	**5,484,086**
Basic and diluted earnings per share (R$)	**(0.4537)**	**(0.4537)**	

27.1 Earnings per share from discontinued operations

As discussed in Note 14, the Company categorized the operations of subsidiary Embacorp, comprehending the Nova Campina (SP) assets acquired from IP (see Note 5), as Assets Held for Sale, as they were acquired for this purpose, the effects of which were discontinued with completion of the sale on January 29, 2021.

As shown in the statement of profit or loss for the fiscal year ended December 31, 2021, discontinued operations correspond to R$ 2 million in income, comprehending effects on basic diluted earnings per share assignable to the holders of the Company's Common – ON and Preferred – PN shares as shown below:

(in thousands of Brazilian Reais, unless otherwise stated)

	Parent company and consolidated		
			1/1-12/31/2021
	Common (ON)	Preferred (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted number of treasury shares	(25,251)	(101,003)	(126,253)
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Shares as % of the total	**37.45%**	**62.55%**	**100%**
Numerator			
Earnings (Loss) atributtred to each class of shares (R$)	**830**	**1,386**	**2,216**
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Basic and diluted earnings per share (R$)	**0.0004**	**0.0004**	

28 OPERATING SEGMENTS

28.1 Criteria for identification of operating segments

The Company’ segments its operational structure in consideration of now Management runs the business pursuant to CPC 22 / IFRS 8. The operational segments defined by Management are shown next:

(i) Forest Segment: involves the planting and forestry operations of pine and eucalyptus to supply the Company's pulp and paper mills and sale of wood (logs) to third parties in the domestic market.

(ii) Paper Segment: substantially involves the production and sale of reels of cardboard, kraftliner and recycled paper in the domestic and foreign markets.

(iii) Conversion Segment: involves the production and sale of corrugated boxes, corrugated sheets and industrial bags, in the domestic and foreign markets.

(iv) Pulp Segment: involves the production and sale of short, long and fluffed pulp in the domestic and foreign markets.

(in thousands of Brazilian Reais, unless otherwise stated)

28.2 Consolidated information on operational segments

						1/1-12/31/2021
	Forestry	Paper	Conversion	Pulp	Corp/ Exclusions	Consolidated Total
Net revenues:						
Local market	327,176	2,547,892	5,236,126	2,041,643	(231,496)	**9,921,341**
Foreign market	-	2,162,235	453,436	3,750,568	193,808	**6,560,047**
Revenues from sales to third parties	**327,176**	**4,710,127**	**5,689,562**	**5,792,211**	**(37,688)**	**16,481,388**
Revenue between segments	1,704,824	2,321,186	39,027	147,509	(4,212,546)	**-**
Total sales, net	**2,032,000**	**7,031,313**	**5,728,589**	**5,939,720**	**(4,250,234)**	**16,481,388**
Change in fair-value biological assets	1,308,791	-	-	-	-	**1,308,791**
Cost of products sold	(3,236,670)	(4,619,507)	(4,571,007)	(2,080,958)	4,260,808	**(10,247,334)**
Gross profit	**104,121**	**2,411,806**	**1,157,582**	**3,858,762**	**10,574**	**7,542,845**
Operating income (expenses)	(43,039)	(625,702)	(561,096)	(699,894)	(106,240)	**(2,035,971)**
Operational income before financial results	**61,082**	**1,786,104**	**596,486**	**3,158,868**	**(95,666)**	**5,506,874**
Sales of goods (tons)						
Local market	-	631,392	1,045,832	537,943	19,213	**2,234,380**
Foreign market	-	466,918	61,643	1,012,466	35,200	**1,576,227**
Inter-segmental	-	995,538	4,358	37,010	(1,036,906)	**-**
	-	**2,093,848**	**1,111,833**	**1,587,419**	**(982,493)**	**3,810,607**
Wood sales (tons)						
Local market	2,637,839	-	-	-	584	**2,638,423**
Inter-segmental	14,105,789	-	-	-	(14,105,789)	**-**
	16,743,628	**-**	**-**	**-**	**(14,105,205)**	**2,638,423**
Cash investments in the fiscal year	493,888	298,617	348,583	2,666,728	69,876	**3,877,692**
Depreciation, depletion and amortization	(1,629,336)	(437,279)	(115,934)	(512,730)	(1,062)	**(2,696,341)**
Total assets - 12/31/2021	10,601,920	4,798,179	3,112,035	15,139,749	8,423,824	**42,075,707**
Total liabilities - 12/31/2021	3,158,894	1,142,019	978,747	1,593,291	28,116,529	**34,989,480**
Equity - 12/31/2021	6,096,367	3,656,160	2,133,288	13,546,458	(19,692,705)	**5,739,568**
Minority interest	1,346,659	-	-	-	-	**1,346,659**

						1/1-12/31/2020
	Florestal	Papéis	Conversão	Celulose	Corp/ Eliminações	Total Consolidated
Net revenues:						
Local market	246,362	2,156,474	3,259,563	1,377,360	(44,688)	**6,995,071**
Foreign market	-	2,047,399	376,670	2,536,208	(6,554)	**4,953,723**
Revenues from sales to third parties	**246,362**	**4,203,873**	**3,636,233**	**3,913,568**	**(51,242)**	**11,948,794**
Revenue between segments	1,535,747	1,680,344	175,922	107,408	(3,499,421)	**-**
Total sales, net	**1,782,109**	**5,884,217**	**3,812,155**	**4,020,976**	**(3,550,663)**	**11,948,794**
Change in fair-value biological assets	658,389	-	-	-	-	**658,389**
Cost of products sold	(2,659,864)	(3,636,268)	(3,256,062)	(1,977,725)	3,644,620	**(7,885,299)**
Gross profit	**(219,366)**	**2,247,949**	**556,093**	**2,043,251**	**93,957**	**4,721,884**
Operating income (expenses)	(87,738)	(589,155)	(422,873)	(576,405)	169,053	**(1,507,118)**
Operational income before financial results	**(307,104)**	**1,658,794**	**133,220**	**1,466,846**	**263,010**	**3,214,766**
Sales of goods (tons)						
Local market	-	619,867	823,420	516,958	-	**1,960,245**
Foreign market	-	533,350	51,595	1,012,784	-	**1,597,729**
Inter-segmental	-	832,382	74,252	34,848	(941,482)	**-**
	-	**1,985,599**	**949,267**	**1,564,590**	**(941,482)**	**3,557,974**
Wood sales (tons)						
Local market	1,520,911	-	-	-	-	**1,520,911**
Inter-segmental	13,243,519	-	-	-	(13,243,519)	**-**
	14,764,430	**-**	**-**	**-**	**(13,243,519)**	**1,520,911**
Cash investments in the period	397,531	294,078	340,381	4,122,295	19,381	**5,173,666**
Depreciation, depletino and amortization	(1,312,571)	(393,788)	(96,475)	(557,728)	(22,349)	**(2,382,911)**
Total - assets 12/31/2020	9,029,294	4,360,436	2,056,010	12,086,594	7,737,927	**35,270,261**
Total liabilities - 12/31/2020	2,688,515	769,421	651,394	1,130,812	25,645,358	**30,885,500**
Equity - 12/31/2020	5,766,323	3,591,015	1,404,616	10,955,782	(17,907,431)	**3,810,305**
Minority Interest	574,456	-	-	-	-	**574,456**

The balance in the Corporate/Exclusions column concerns the corporate unit's expenses not apportioned among the segments, and eliminations refer to adjustments of operations between the segments.

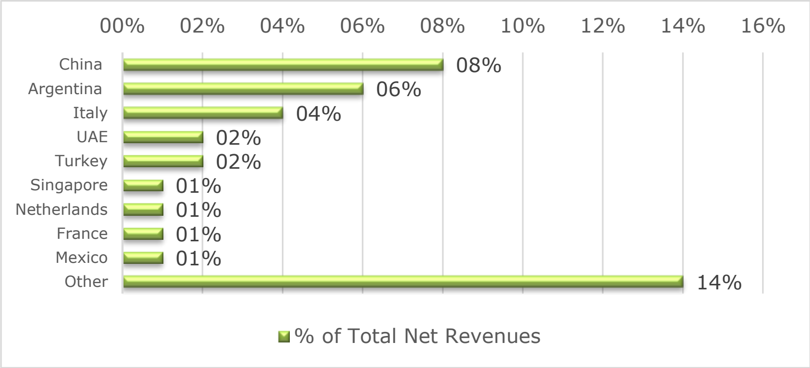
(in thousands of Brazilian Reais, unless otherwise stated)

Information on finance results and income tax was not disclosed in the segment reporting because management does not use this data on a segmental basis as the data is managed and analyzed on a consolidated basis.

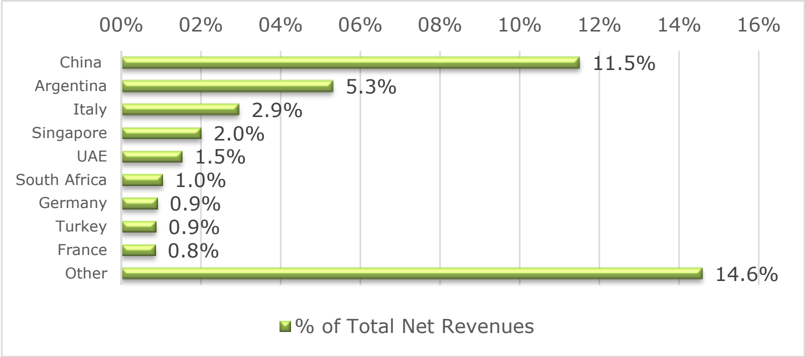
28.3 Information on net sales revenues

The table below the distribution of net revenues from the foreign market in the fiscal years ended December 31, 2021 and 2020:

	Consolidated 12/31/2021	
Country	**Total revenue (R$ million)**	**% of Total Net Revenues**
China	525	8.0%
Argentina	394	6.0%
Italy	262	4.0%
UAE	131	2.0%
Turkey	131	2.0%
Singapore	66	1.0%
Netherlands	66	1.0%
France	66	1.0%
Mexico	66	1.0%
Other	4,854	14.0%
	6,560	**40%**



	Consolidated 12/31/2020	
País	**Total revenue (R$ million)**	**% of Total Net Revenues**
China	1,374	11.5%
Argentina	634	5.3%
Italy	352	2.9%
Singapore	238	2.0%
UAE	181	1.5%
South Africa	122	1.0%
Germany	107	0.9%
Turkey	103	0.9%
France	101	0.8%
Other	1,742	14.6%
	4,954	**41%**



In the fiscal year ended December 31, 2021, a customer in the paper segment was responsible for approximately 8.7% (R$ 1,430 million) of the Company's net revenues. The remainder of the Company's customer base is diluted, and no single customer concentrates a material share (over 10%) of net sales from revenues.

In the fiscal year ended December 31, 2021, no customer was responsible for more than 10% of the Company's net revenues.

29 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

29.1 Risk management

(in thousands of Brazilian Reais, unless otherwise stated)

The Company and its subsidiaries participate in transactions involving financial instruments, all recorded in equity accounts, with the purpose of meeting their operational needs, as well as to reduce exposure to financial risks (related mainly to credit and marketable securities), market risks (exchange and interest), and liquidity risk, to which it believes it may be exposed, according to the nature of their business and operating structure.

These risks are managed through the definition of strategies developed and approved by the Company's management, linked to the establishment of control systems and determination of position limits. There are no transactions involving financial instruments for speculative purposes.

Additionally, Management proceeds with the timely assessment of the Company's consolidated position, monitoring the finance results obtained, evaluating future projections, as a way of ensuring compliance with the defined business plan and monitoring the risks to which it is exposed.

The Company's main risks are described below:

29.2 Market Risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices. In the case of the Company, market prices are affected by two types of risk: interest rate risk and exchange rate risk. Financial instruments affected by market risk include marketable securities, accounts receivable from customers, accounts payable, loans payable, bonds and securities.

a) Foreign exchange rate risk

The Company maintains operations denominated in foreign currencies (substantially US dollars) that are exposed to market risks arising from changes in the prices of the respective foreign currencies. Any exchange rate fluctuation may increase or decrease these balances. This exposure breaks down as follows:

	Consolidated	
	12/31/2021	**12/31/2020**
Bank deposits anf financial investments	401,365	1,033,172
Trade receivables (net of provision for doubtful debts)	908,603	563,240
Other assets and liabilities	1,620,000	(573,000)
Borrowing and debentures	(23,562,597)	(20,556,053)
Net exposure	**(20,632,629)**	**(19,532,641)**

As at December 31, 2021, the balance of this net exposure breaks down by year of maturity as follows:

Year	**2022**	**2023**	**2024**	**2025**	**2026**	**2027 and later**	**Total**
Amount	(1,672,247)	(1,033,870)	(1,401,174)	(2,634,619)	(3,855,396)	(10,035,323)	**(20,632,629)**

(in thousands of Brazilian Reais, unless otherwise stated)

As of December 31, 2020, the Company has no derivatives contracted to hedge against cash flow foreign exchange exposure. To protect against this net liability exposure, the Company has highly likely sales forecasts whose forecast annual cash flow of USD-denominated revenues was approximately USD 1 billion. Its receipts, if confirmed, exceed or approach the payments flow of the respective liabilities, offsetting the future exchange rate exposure's cash effect.

Furthermore, from January 4, 2021, the Company adopted a cash flow hedge accounting program, taking the balances of foreign currency-denominated borrowings as hedge instruments, designating its highly probable future US Dollar-denominated revenues as hedge objects. This policy aims to mitigate the exchange rate effects seen in the Company's income statement and demonstrate the effectiveness of the previously managed exchange rate management. See Note 30 for details on the hedge program and more information on Management's strategy for the topic.

In addition, the Company only has in place derivative instruments (Notes 16 and 18) for exchange rate-interest rate swaps, converting the issue of a certain export credit note and local currency debentures into US Dollars. These are not matched operations, and they are executed exclusively to convert domestic currency-denominated borrowings into foreign currency-denominated operations.

b) Interest rate risk

The Company's borrowings are indexed to the TJLP, LIBOR, IPCA and CDI, e and marketable securities indexed to the CDI, Selic and IPCA, exposing these liabilities and assets to interest rate variations, as the interest rate-sensitivity table below shows. The Company has no hedge/swap contracts in place against the exposure to these market risks.

The Company understands that the high cost associated with contracting the fixed rates that the Brazilian macroeconomic scenario indicates justifies its choice of floating rates.
The breakdown of interest rate risk by asset- and liability-side instrument is as follows:

		Consolidated
	12/31/2021	**12/31/2020**
Financial investments - CDI	5,974,059	4,133,393
Financial investments - Selic	828,294	626,566
Financial investments - IPCA	1,174,956	708,691
Asset exposure	**7,977,309**	**5,468,650**
Financings - CDI	(4,510,913)	(4,623,091)
Financings - TJLP	(1,318,565)	(1,169,546)
Financings - Libor	(5,586,431)	(5,588,808)
Debentures - IPCA	(1,749,503)	(1,832,803)
Liability exposure	**(13,165,412)**	**(13,214,248)**

(in thousands of Brazilian Reais, unless otherwise stated)

29.3 Funds investment risk

The Company is subject to funds investment risks, including deposits with banks and financial institutions, foreign currency transactions, marketable securities, and other financial instruments. The amount disclosed corresponds largely to the Company's marketable securities and marketable securities operations, at the amounts described in Notes 4 and 5, respectively.

Concerning the quality of the Company’s financial assets invested with financial institutions, an internal policy applies to approving operation types and rating analyses as indicated by rating agencies, to determine the feasibility of investing funds with a given institution, as long as such an institution meets the policy’s acceptance criteria.

The table below shows the Company’s cash, cash equivalents and marketable securities investments, rating the amounts in line with the Fitch and Moody’s ratings of domestic financial institutions:

	Consolidated	
	12/31/2021	**12/31/2020**
National rating AAA(bra)	5,349,093	4,741,806
National rating AA+(bra)	3,073,342	1,814,921
	8,422,435	**6,556,727**

29.4 Credit risk

Credit risk is the risk of a counterparty defaulting on an obligation under a financial instrument, advance to supplier, or agreement with a customer, causing a financial loss. In addition to the fund investments discussed above, the Company is exposed to credit risk in its operational activities (particularly as concerns accounts receivable).

As at December 31, 2021, The Company’s maximum exposure to credit risk on trade accounts receivable is equivalent to the balances disclosed in Note 8. Note 28 provides information on customer concentration.

Credit risk quality in the Company’s operational activities is managed based on specific rules governing customer acceptance, credit analysis and setting exposure limits by customer, all of which undergo periodic review. Past-due invoices are promptly monitored in purrsuit of settlement, and allowances for doubtful debts are set up in connection with items under risk of default.

The Company maintains an insurance policy for domestic and international receivables for all of it business units, as Note 9 describes.

29.5 Liquidity risk

(in thousands of Brazilian Reais, unless otherwise stated)

The Company monitors the risk of scarcity of resources in the global market, managing its capital through a recurring liquidity planning tool, in order to ensure financial resources available for the proper fulfillment of its obligations, substantially concentrated in the financing arrangements executed with financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Company, in the consolidated, where the amounts presented include the value of principal and future interest on operations, calculated using the rates and indices in effect on December 31, 2021:

	2022	2023	2024	2025	2026	2027 and later	Total
Trade payables	(2,504,827)	-	-	-		-	**(2,504,827)**
Finacing /debenture	(2,846,587)	(2,626,581)	(2,935,493)	(4,075,306)	(5,089,905)	(26,786,915)	**(44,360,786)**
Total	**(5,351,414)**	**(2,626,581)**	**(2,935,493)**	**(4,075,306)**	**(5,089,905)**	**(26,786,915)**	**(46,865,613)**

The budgetary projection for the coming years as approved by Management demonstrates the capacity to honor obligations.

29.6 Capital management

The Company's capital structure is monitored through net indebtedness, made up of the balance of borrowings (Note 19) and debentures (Note 20), minus cash, cash equivalents and marketable securities (Notes 4 and 5), and through the net debt index obtained as net debt-to-equity (Note 22), including the balance of all capital issued and all reserves established.

	Consolidated	
	12/31/2021	**12/31/2020**
Cash, cash equivalents and marketable securities	8,422,435	6,556,727
Borrowing and debentures	(29,338,419)	(26,338,990)
Net debt	**(20,915,984)**	**(19,782,263)**
Equity	5,739,568	3,810,305
Net debt-to-Equity	**(3.64)**	**(5.19)**

29.7 Financial instruments by category

The Company holds the following financial instruments by category:

(in thousands of Brazilian Reais, unless otherwise stated)

		Consolidated
	12/31/2021	12/31/2020
Cash and cash equivalents	6,405,200	5,208,830
Trade receivables (AFDD)	2,808,514	1,806,918
Other assets	548,572	512,669
Assets - amortized cost	**9,762,286**	**7,528,417**
Marketable securities	2,017,235	1,347,897
Assets - fair value through profit or loss	**2,017,235**	**1,347,897**
Borrowings and debentures	29,338,419	26,338,990
Trade payables	1,991,103	1,754,137
Trade payables (reverse forfait)	513,724	248,892
Other payables	1,121,321	1,107,622
Liabilities - amortized cost	**32,964,567**	**29,449,641**

a) Amortized cost

The financial instruments included in this group concern balances arising from regular transactions, such as accounts receivable, trade payables, borrowings and debentures, marketable securities and cash and cash equivalents held by the Company. All of these are booked at their nominal amounts plus, where applicable, contractual charges and interest, in respect of which the related income and expenses are recognized in P&L for the year.

b) Fair value through profit or loss

The Company categorized marketable securities represented by Treasury Finance Letters and Direct Treasure Notes (LFT and NTN –B) (Note 7) as financial assets measured at fair value through the income approach, as they may be traded in the future and booked at fair value, which, in practice, corresponds to the invested amount plus interest recognized in the investment’s return in the reporting period’s P&L.

29.8 Sensitivity analysis

The Company provides, below, sensitivity tables for the exchange rate and interest rate risks to which it is exposed, given that any time effects would affect future income, based on the exposures as at December 31, 2021. Equity effects are essentially the same as on income. The sensitivity analysis does not take account of the impacts of exhange rate variations on the Company’s cash flow.

a) Exchange rate exposure

The Company has foreign currency-denominated assets and liabilities on its balance sheet as at December 31, 2021 and, for sensitivity analysis purposes, it has adopted the forward market rate in force in the reporting period as scenario I. For scenarios II and III, the rate was adjusted by 25% and 50% respectively.

(in thousands of Brazilian Reais, unless otherwise stated)

Sensitivity analysis to exchange rate differences was calculated on net exchange rate exposure (basically from foreign currency-denominated borrowings, trade accounts receivable, and trade accounts payable). The analysis does not take account of forecast future exports that will offset this net exchange rate exposure.

Furthermore, the Company adopts a hedge accounting practicy (see Note 30), so that the effects of exchange rate differences do not directly affect each fiscal year's income, and are recorded in equity until their effective liquidation, as other comprehensive results.

Therefore, all other conditions remaining constant, the table below simulates the effects of exchange rate differences on equity, other comprehensive income, and finance results, given the respective balances as at December 31, 2021:

	Balance 12/31/2021	Scenario I		Scenario II		Scenario III	
	US$	Rate	R$ gain (loss)	Rate	R$ gain (loss)	Taxa	R$ gain (loss)
Assets							
Cash and cash equivalents	71,923	5.52	(4,020)	6.91	95,621	8.29	194,875
Trade receivables, net of allowance for doubtful debts	162,817	5.52	(9,101)	6.91	216,466	8.29	441,154
Other assets and Financing	290,297	5.52	(16,228)	6.91	385,949	8.29	786,559
Borrowing and debentures	(4,222,309)	5.52	236,027	6.91	(5,613,560)	8.29	(11,440,347)
Net balance-sheet effect			**206,678**		**(4,915,524)**		**(10,017,759)**
Effect on other comprehensive income			**202,228**		**(4,809,702)**		**(9,802,096)**
Net effect on financial result			**4,450**		**(105,822)**		**(215,663)**

b) Interest rate exposure

The Company has marketable securities, loans, financings and debentures pegged to the CDI, TJLP, IPCA, Selic and Libor floating interest rates. For sensitivity analysis purposes, the Company adopts the rates effective on dates close to the as-at date of its financial statements, drawn from the Central Bank of brazil's Website, using the same rate for the Selic, Libor, IPCA and CDI in Scenario I because of their similarity. The rates were adjusted by 25% and 50% in scenarios II and III, respectively.

Therefore, all other conditions remaining constant, the table below simulates the effects of interest rate changes on equity and income (consolidated) 12 months into the future, assuming the balances as at December 31, 2021:

(in thousands of Brazilian Reais, unless otherwise stated)

		Balance 12/31/2021	Scenario I		Scenario II		Scenario III	
		R$	Rate	R$ gain (loss)	Rate	R$ gain (loss)	Taxa	R$ gain (loss)
Financial investments								
CDB's	CDI	5,974,059	4.40%	262,859	5.50%	65,715	6.60%	131,429
LFT's	Selic	828,294	4.40%	36,445	5.50%	9,111	6.60%	18,222
NTN - B	IPCA	1,174,956	9.99%	117,378	12.49%	29,345	14.99%	58,689
Financing								
NCE (R$) and CRA	CDI	(4,510,913)	4.40%	(198,480)	5.50%	(49,620)	6.60%	(99,240)
BNDES	TJLP	(1,318,565)	5.32%	(70,148)	6.65%	(17,537)	7.98%	(35,074)
Debentures	IPCA	(1,749,503)	9.99%	(174,775)	12.49%	(43,694)	14.99%	(87,388)
Export prepayment, Term Loan and Finnvera	Libor	(5,586,431)	0.60%	(33,686)	0.75%	(8,422)	0.90%	(16,843)
Net effect on financial results				**(60,407)**		**(15,102)**		**(30,205)**

30 CASH FLOW HEDGE ACCOUNTING

30.1 Hedge accounting

The Company has a hedge accounting practice in place to improve the informational quality of its Financial Statements. The purpose of this policy is to demonstrate the effects of exchange rate variation on profit in loss, arising from the natural hedge between its USD-denominated revenues and indebtedness in USD, only in so far as these operations do take place.

On January 4, 2021, the Company adopted a cash flow hedge accounting program for highly probable future revenues, designating foreign loans, financings and debentures ("debt instruments") denominated in foreign currency (USD) and/or converted into foreign currency through swaps as hedge instruments for its highly probable future revenues denominated in the same currency.

In cash flow hedge, the effective portion of exchange rate variation on USD-denominated debt instruments is presented in the balance sheet, in the Equity Valuation Adjustments account, and recognized in other comprehensive income, net of deffered income taxes, and is determined by the difference between the closing PTAX rate on the date of operation and the PTAX rate on the date of the hedge designation.

Adoption of this hedge accounting program produces no cash effects; its effects are limited to the accounting representation of the operations involved in the hedge, and the hedge relationship is expected to be highly effective.

30.2 Breakdown of the cash flow hedge program

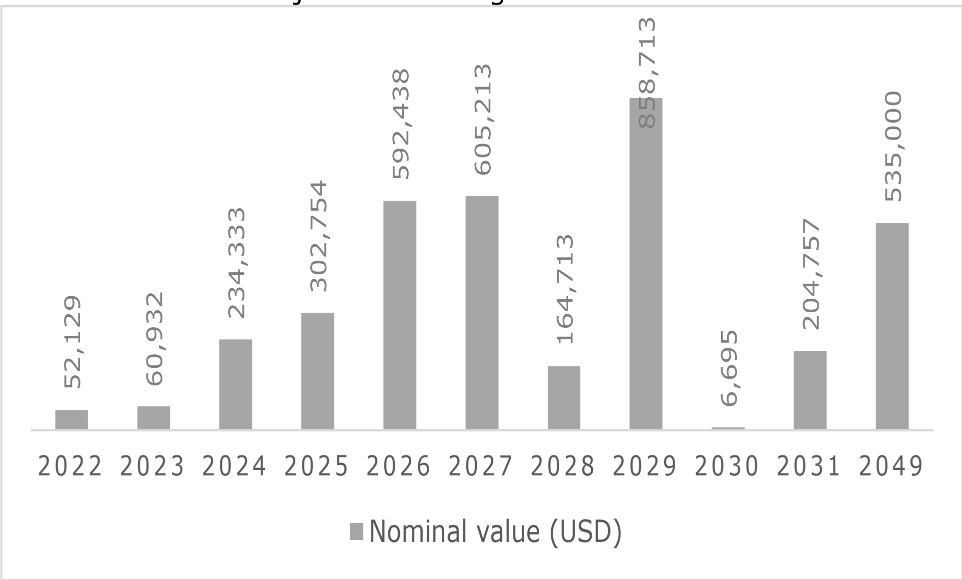
Hedge instruments comprehend 29 foreign currency-denominated loan and financing agreements, including debentures, bonds export credit notes, prepaid exports, term loans (BID Invest and IFC), ECA and SWAP , the last payment of which is due in April 2049.

(in thousands of Brazilian Reais, unless otherwise stated)

							Parent Company and consolidated
							12/31/2021
Hedge instrument	**Currency**	**Maturity until**	**Nominal value (USD)**	**Contract close rate**	**Exchange variation rate recognized in the hedge reserve**	**Hedge cost**	**Adjustment to revenues**
Bonds	USD	Apr-49	2,128,462	5,16 e 5,46	1,080,015	-	-
Debenture	USD	Mar-29	265,783	5.16	111,071	(142,190)	-
ECA	USD	Sep-31	231,789	5.16	96,865	-	(16,088)
Export credit notes	USD	May-26	766,643	5.16	320,380	(393,524)	-
Prepaid exports	USD	Apr-29	125,000	5.16	52,237	-	-
Term loan	USD	Oct-29	100,000	5.16	41,790	-	-
			3,617,677		**1,702,358**	**(535,714)**	**(16,088)**

These financial instruments are recorded as current and noncurrent liabilities in the Company's balance sheet, under "Borrowings" and "Debentures". Notes 19 and 20 provide details on the operations described.

The table below shows the portion of highly probable future USD-denominated revenues defined as the subject of the hedge.



30.3 Changes in the year

The table below shows changes in the Cash flow hedge reserve allocated to the equity:

	Parent Company and consolidated
Balance as at December 31, 2020	**-**
Hedge instrument fair value change	1,166,644
Realization of hedge reserve for income	(16,088)
Income tax and social contribution effect (i)	(391,189)
Balance as at December 31, 2021	**759,367**

(i) Net of the respective current/deferred taxes, as applicable, at a 34% tax rate.

In the fiscal year ended December 31, 2021, the borrowings involved in the hedge instrument underwent exchange rate variation (fair-value change) in the amount of R$ 1,702 million, recorded in equity under "other comprehensive income value", for as long as the future USD-denominated revenues (hedge subject) remain unrealized.

In the same period, the Company realized export revenues in the amount of USD 36.6 million under the hedge accounting program and whose borrowings designated as hedge instruments were concurrently settled, incurring a R$ 16 million expense as accumulated exchange rate variation, which was recorded in the profit in loss under "Sales revenues".

The effects of marking to market the hedge instruments' fair value and of settling the hedge objects by means of the realization of the hedge reserve in Sales Revenues resulted in an amount of R$ 1,151 million recognized in the comprehensive statement of profit or loss of the fiscal year ended December 31, 2021, equivalent to R$ 759 million after taxes.

30.4 Hedge accounting effectiveness test

In the fiscal year ended December 31, 2021, the Company ran effectiveness tests showing that the adopted hedge accounting program is highly effective in terms of the economic connection arising from analysis of the *hedge ratio*, from the credit-risk effect involved in the hedge instrument and object, and in the review of critical terms.

Accounting practice

Based on CPC 48 – Instrumentos Financeiros / IFRS 9 – *Financial Instruments,* the Company has since January 2021 adopted cash flow hedge accounting for highly probable future transactions, designating its debt contracted in USD or converted into USD by means of swaps as hedge instruments for its USD-denominated revenues (hedge objects) in each case denominated nominally in US Dollars. The practice is in line with Management's risk management and strategy, in an effort to demonstrate the equalization of exchange rate differences effects on income as these effects occur.

The Company's swaps are regarded as "matched" operations directly connected with specific financing operations, resulting in the conversion of a given domestic currency-denominated loan and financing into a foreign currency-denominated operation. Thus, the swap's underlying risk is identical to the protected component under the hedge accounting program. These operations are therefore covered by the hedge instruments.

For its hedge program, the Company designates the spot exchange rate element of the hedge's designated financial instruments. The fair-value change in forward points of the FX contracts involved in the swap operations underlying the hedge is also recognized in equity, under "equity adjustments", but in a different accounting entry, as part of the hedging cost.

The effects of exchange rate (fair-value) changes affecting the hedge's designated financial instruments (borrowings and swaps) is recorded in equity, under "Equity adjustments", net of deferred income tax and social contribution. As the USD-denominated revenues designated under the hedge accounting program is generated, the respective exchange rate variation recognized in "Equity adjustments" will be offset against the hedge in income, under "Net sales revenues".

The Company evaluates the effectiveness of its hedge program by means of effectiveness tests in line with the criteria provided in the referenced accounting standards, comparing fair-value changes of the hedge instrument with fair-value changes of the object in connection with the hedged risk. Where a hedge relationship proves ineffective and lies outside the limits set for the desired level of protection, the ineffective portion of the exchange rate variation effect on borrowings is recategorized to the statement of profit or loss, under "Finance results".

Changes in the hedge accounting program are recognized in the comprehensive income of each year.

31 EMPLOYEE BENEFITS AND PRIVATE PENSION PLAN

The Company provides its employees with life insurance, health care and retirement plan benefits. These benefits are accounted for on an accrual basis.

The Company has in place certain healthcare plans characterized as benefits according to the criteria set forth in CPC 33 – Benefícios a Empregados (IAS19 *Employee Benefits*). Given this, it maintains a provision for actuarial liabilities estimated at R$ 365 million and R$ 368 million as at December 31, 2021, for the Parent Company and in consolidated terms, respectively (R$ 342 million and R$ 393 million at December 31, 2020, Parent Company and consolidated) in noncurrent liabilities, under "actuarial liability provisions".

(in thousands of Brazilian Reais, unless otherwise stated)

31.1 Provision of actuarial liability

	Parent Company	Consolidated
Balance as at December 31, 2019	**167,984**	**167,984**
Benefit payments	(4,099)	(4,099)
Interest on actuarial liability	16,236	24,137
Actuarial gains and losses (i)	161,932	161,932
Business combination effects(ii)	-	42,888
Transfer to assets held for sale (iii)	-	(818)
Balance as at December 31, 2020	**342,053**	**392,024**
Benefit payments	(16,921)	(16,983)
Interest on actuarial liability	(47,502)	(47,263)
Actuarial gains and losses (i)	39,568	40,112
Business combination effects(ii)	47,686	-
Transfer to assets held for sale (iii)	-	-
Balance as at December 31, 2021	**364,884**	**367,890**

(i) Effect allocated to equity and included in the Comprehensive Income Statement.
(ii) See Note 5 for information.
(iii) See Note 14 for information.

The actuarial valuation makes the following economic and biometric assumptions: 8.6% p.a. nominal average discount rate, variable nominal medical costs growth rate beginning in 2021 at 10,48% p.a., reaching 5.32% p.a. in 2032; 3.25% p.a. long-term inflation, and RP 2000 biometric mortality table, Considering the same determination methodology for each fiscal year. Actuarial updates are recorded in equity, under "Equity adjustments" As (comprehensive income), as required by CPC 33 (R1) – Benefícios a Empregados (IAS19 *Employee Benefits*).

Significant increases (decreases) in the inflation and medical cost indicators used to measure the actuarial liability would cause an increase (decrease) of the provision. Concerning the discount rate, significant effects from an increase) (decrease) in the rate used to measure the actuarial liability would cause a decrease (increase) in the measured values.

The Company's plans hold no assets for disclosure.

31.2 Medical Assistance

31.2.1 Law No. 9.656/98 – Articles 30 and 31

Pursuant to Law No. 9.656/98, employees making fixed monthly paycheck-deducted contributions to healthcare plans have a right to remain with the Company's healthcare plan in the event of dismissal without cause or retirement, as long as they bear the costs post-employment.

(in thousands of Brazilian Reais, unless otherwise stated)

The duration of persistence with the Company's policy is proportional to the duration of the contribution period, and may be for life where the contribution period exceeds 10 years.

a) SulAmérica

In April 2019, the Company offered to employees who had not yet reached 10 years' permanence with the policy the option of not making monthly fixed contributions, thereby losing the benefit of permanence with the policy. For employees admitted after April 2019, the new rule applies, with the Company paying for 100% of the cost of the healthcare plan.

31.3 Benefits to employees arising from mergers

In 2020, a Klabin acquired the units of Embacorp Soluções em Embalagens de Papel Ltda. ("Embacorp") and Embacorp da Amazônia – Soluções em Embalagens de Papel Ltda. ("Embacorp Amazônia"), pursuant to Note 5.4.1. As part of this operation, the Company absorbed the obligations associated with post-employment benefits associated with healthcare providers Sepaco (Mutualismo), Unimed Rio Verde and Samel (former CNU Manaus).

			12/31/2021			12/31/2020
Medical Assistance	**Active**	**Retired**	**Total by plan**	**Active**	**Retired**	**Total by plan**
Parent Company	**2,078**	**693**	**2,771**	**2,214**	**822**	**3,036**
SulAmérica	596	319	915	712	365	1,077
Sepaco (Mutualism)	1,171	121	1,292	1,212	109	1,321
Unimed Rio Verde	311	-	311	290	-	290
Invalids	-	253	253	-	348	348
Subsidiaries	**217**	**6**	**223**	**190**	**6**	**196**
Samel (frmr CNU Manaus)	217	6	223	190	6	196
Total lives	**2,295**	**699**	**2,994**	**2,404**	**828**	**3,232**

31.4 Union agreement

The Company, by means of an agreement made with Unions, guarantees permanent and for-life payment of healthcare plans for its former employees retiring until 2001, as well as their legal dependents. The program is closed to new entrants.

The population is concentrated on two healthcare operators:

Medical Assistance Union agreement	**12/31/2021**	**12/31/2020**
Sepaco (operating cost)	322	340
Unimed (CNU)	196	166
Total lives	**518**	**506**

31.5 Life Insurance

By means of an agreement made with Unions, the Company guarantees permanent and for-life payment of life insurance policies for its former employees retiring until 2001. The program is closed to new entrants.

On the as-at date of December 31, 2021, 240 individuals were entitled to the benefit (259 individuals as at December 31, 2020).

31.6 Private pension plan

Klabin's private pension plan - Plano Prever, managed by Itaú Vida e Previdência S.A., was established in 1986 under the defined benefit model. Since 1998, the plan was restructured and converted into the defined contribution model.

In November 2001, a new private pension plan was put into place: Plano de Aposentadoria Complementar Klabin - PACK, managed by Bradesco Vida e Previdência S.A. and structured as a PGBL – Free benefits Generating Plan.

Participants of the Plano Prever were given the option of migration to the new plan. In each case, the Company accepts no responsibility for the assurance of minimum benefit levels to retiring participants.

The Company has no responsibility for management of the funds, which is the exclusive purview of the plan. Monitoring of Bradesco Vida e Previdência S.A. is done by a group of employees as representatives of the program's other participants.

31.7 Other employee benefits

The Company grants its employees the following benefits: healthcare, day nursery reimbursement, assistance to parents with children with special needs, agreement for discounts at drugstores, school supplies, dental care plan, private pension plan and life insurance, in addition to the benefits established by law (meal vouchers, transportation vouchers, profit sharing and food purchase vouchers). Furthermore, the Company has an organizational development program for its employees. For the year ended December 31, 2021, expenditures on training programs totaled R$ 12,507 (R$ 8,522 in the year ended December 31, 2020).

All these benefits are recognized on an accruals basis and are discontinued at the end of the employee's employment relationship with the Company.

Accounting practice

The Company grants its employees benefits including life insurance, healthcare, profit sharing and others, which are recognized on an accrual basis and discontinued at the end of the employee's employment relationship with the Company.

(in thousands of Brazilian Reais, unless otherwise stated)

In addition, the Company provides post-employment benefits such as private pension and healthcare plans for retired employees and certain employees hired on or before 2019. It has recently become the successor in the post-employment benefits plan of former Embacorp employees. For these benefits, the Company recognizes liabilities and resujlts measured based on actuarial valuation by an independent expert. The gains and losses found in the actuarial valuation of benefits, generated by changes in assumptions, are recorded in the equity account "equity adjustments" (comprehensive income), as required by CPC 33 (R1) – Employee Benefits (IAS19 Employee Benefits).

32 INSURANCE COVERAGE

To protect its operational risks, assets and liabilities, the Company maintains insurance coverage for several types of events that could impact equity and operations.

Within the best market practices, the Company has contracted operational risk insurance policies, including loss of profits and several other coverage for material damages involving all industrial, administrative and inventory facilities.

The Company also has other insurance policies, such as general liability insurance, D&O liability, national and international transport and forest insurance, cyber-related risks insurance, environmental pollution insurance, credit insurance for the domestic and international markets, crane insurance, drone insurance, and insurance against third-party damages caused by vehicle.

As at December 31, 2021, the following insurance policies were in place:

Insurance Mode	maximum indemnity (R$ thousands)	Currency	Term
Operational Risks + Lost Profits	3,700,000	R$	5-Oct-2022
Protection and Indemnity - P&I (maritime risks)	350,000	US$	13-Mar-2022
Domestic Market Credit	240,000	R$	30-Sep-2023
Foreign Market Credit	160,000	US$	30-Sep-2023
Cyber	144,175	R$	11-Jun-2022
Officers and Managers - D&O	120,000	R$	2-Jul-2022
General Liability - RCG	75,000	R$	31-Jul-2022
Environmental Liability	50,000	R$	13-Jul-2022
Named Risks	41,745	R$	22-Feb-2023
Export Shipping (merchandise)	20,000	US$	30-Apr-2022
Import Shipping (merchandise)	20,000	US$	30-Apr-2022
Domestic Freight (merchandise)	15,000	R$	30-Apr-2022
Forests (fires and weather events)	12,000	R$	19-Nov-2022
Various Risks (cranes and drones)	6,185	R$	21-Mar-2022
Mandatory Liability	3,080	R$	17-Jun-2022
Elective Vehicle Liability Insurance - RCFV	250	R$	30-Oct-2022

33 SUBSEQUENT EVENTS

A Meeting of the Board of Directors held on February 8, 2022 approved payment of complementary dividends ("Dividends") to the holders of the Company's equity shares, as detailed below:

Dividends
Amount distributed: R$ 377,000,000.00 (three hundred and seventy-seven million Brazilian Reais)
Amount assigned to common and preferred shares, at R$ 0.06864291793/share.
Amount assigned to Units, at R$ 0.34321458965/Unit

Payments
The Company clarifies that, as approved at the same Meeting, (i) payment of the dividends "will take place on February 22, 2022"; and (ii) the shares will be traded "ex-dividends" from February 15, 2022.

Horizon Project
According to the Notice to the Market released on February 9, 2022, Klabin approved a new corrugated cardboard converting unit located in Horizonte, Ceará. The Project, with start-up scheduled for January 2023, has an incremental production capacity of 80 thousand tons of corrugated cardboard per year and aims to meet, mainly, the growing fruit market in the northeast region of Brazil. The total investment will be BRL 188 million, with an estimated BRL 100 million for disbursement in 2022 and the remainder in 2023.

KLABIN S.A.
CNPJ Nº 89.637.490/0001-45
A publicly listed corporation

BOARD OF DIRECTORS

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Wolff Klabin

Directors
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Celso Lafer
Daniel Miguel Klabin
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Horacio Lafer Piva
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Paulo Sergio Coutinho Galvão Filho
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Marcos Paulo Conde Ivo	Chief Financial and Investor Relations Officer
Flávio Deganutti	Paper Business Officer
Francisco Cezar Razzolini	Industrial Technology, Innovation and Sustainability Officer

Herbert Wang Ho	Ana Paula Marzano Cerqueira
Controllership Officer	Accountant – CRC 1SP204118/O

PROPOSAL FOR CAPITAL BUDGET

In accordance with article 196 of Law 6,404/76, the management of Klabin S.A. comes to present this Capital Budget proposal.

The investment budget for the year 2022, approved at an ordinary meeting of the Board of Directors held on February 7, 2022, totals R$ 4,702 million, distributed as follows:

	R$ Million
INVESTMENTS	
PUMA II Project	2,744
Maintenance of operations and forestry	1,531
Special projects - Expansion	427
	4,702

SOURCES OF RESOURCES	
Third Party Resources	
BNDES	1,800
IDB - Inter-American Development Bank	-
ECA - Export Credit Agency	970
Sulc Forest	224
Total Financing	**2,994**
Own resources	
Cash resources and / or generation of operating cash in the year	1,708
	4,702

The Company's Management remains at the disposal of the Shareholders to provide any additional clarifications they deem necessary.

1 EBITDA DISCLOSURE

Pursuant to CVM instruction 527/12, the Company adopted voluntary disclosure of non-accounting information as additional information integral to its financial statements, with the release of EBITDA – Earnings before Interest, Income Tax including Social Contribution on Net Earnings (Losses), Depreciation and Amortization for the fiscal years ending December 31, 2021 and 2020.

In general terms, EBITDA represents the Company's operational cash generation, which corresponds to how much cash the Company generates from its operational activities alone, excluding financial and tax effects. It is worth emphasizing that EBITDA does not represent the relevant periods' cash flows, and must not be mandatorily use as basis for dividends distribution, an alternative for net earnings, or as a liquidity indicator

		Consolidated
	12/31/2021	**12/31/2020**
(=) Net income (loss) in the fiscal year	3,404,874	(2,389,490)
(+) Income tax and social contribution	1,011,537	(1,424,875)
(+/-) Net financial income	1,090,463	7,029,131
(+) Amortization, depreciation an depletion in income	2,696,342	2,382,911
EBITDA	**8,203,216**	**5,597,677**
Adjustments as per CVM Inst. 527/12		
(+/-) Change in the fair value of biological assets(i)	(1,308,791)	(658,389)
(+/-) Equity income (ii)	(25,612)	(33,123)
(+/-) Cash flow hedge realization (iii)	16,088	-
Adjusted EBITDA	**6,884,901**	**4,906,165**
(+/-) Non-recurring gains from asset disposals (iv)	(20,231)	(206,061)
Adjusted EBITDA (ex- non-recurring effects)	**6,864,670**	**4,700,104**

Adjustments for the definition of Adjusted EBITDA:

(i) Biological assets fair-value change

The change in the fair value of biological assets corresponds to gains or losses from the biological transformation of forest assets until they are put in the appropriate conditions for use/sale over the course of the formation cycle.

Because this is an expected value of assets that affects the Company's income as calculated from assumptions made in connection with its discounted cash flow, with no cash effect upon recognition, the change in fair value is disregarded for EBITDA calculation purposes.

(ii) Equity income and EBITDA of a jointly held subsidiary.

The equity income shown in the Company's equity accounts reflects income/loss made by the subsidiary and calculated in line with it percentage interest in the investment.

The income/losses of a jointly controlled subsidiary is influenced by items that EBITDA calculations exclude, such as: net financial income, income tax and social contribution, amortization, depreciation and depletion, and the change in the fair value of biological assets. For this reason, equity income is excluded for calculation purposes, with the addition of the EBITDA generated by the jointly held subsidiary proportionally to the Company's interest, calculated in a manner consisted with the foregoing criteria.

(iii) Cash flow hedge realization

The Company adopts a hedge accounting policy, pursuing a strategy of minimizing the effects of exchange rate variations on the hedge object, which is defined as certain highly probable future revenues from exports, designating foreign currency-denominated borrowing operations as hedge instruments, documenting the economic ties between hedge instruments and hedge objects, demonstrating that changes in the cash flow of both are effectively mutually offsetting=.

The effects of exchange rate variations (fair value) on financial instruments designated for hedging (borrowings) are recognized in equity, under "equity income adjustments", net of applicable income taxes. The accumulated amounts recognized in equity accounts are realized in the income statement, under "Net sales revenues", insofar as drawdowns are effectively made against the designated borrowings, generating the respective export revenues designated as hedge object to offset the foreign currency-denominated cash disbursed, At this point, the exchange rate variation on the hedge instrument is recognized in the income statement. The amount recognized in net sales revenues is added to EBITDA.

(iv) Non-recurring proceeds from assets sale

On January 29, 2021, the Company completed the disposal of the Nova Campina unit (see Footnote 12), producing a non-recurring gain of R$ 20,231 recognized in the income statement under "Other, net", considering R$160,000 in revenues and R$ 139,769 in costs.