

APPRAISAL REPORT
AP-01027/20-02
RIOHOLD PAPEL E CELULOSE S.A.

APPRAISAL REPORT:	AP-01027/20-02	VALUATION DATE:	September 30 th , 2020
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APPRAISAL REPORT OF THE RIOHOLD PAPEL E CELULOSE S.A.'S NET EQUITY, DETERMINED BY ACCOUNTING BOOKS

APSYS CONSULTORIA E AVALIAÇÕES LTDA., limited simple society, established at Rua do Passeio, no. 62, 6th floor, in the City and State of Rio de Janeiro, subscribed with the Nacional Register of Legal Entities of the Brazilian Ministry of Finance under no. 08.681.365/0001-30, registered in the Regional Council of Accounting of the State of Rio de Janeiro under no. 005112/O-9, represented by its undersigned partner, Mr. LUIZ PAULO CESAR SILVEIRA, accountant, bearer of the National General Registry no. 89100165-5, subscribed in the Individual Registration under no. 886.681.937-91 e registered in the Regional Council of Accounting of the State of Rio de Janeiro under no. 118.263/P-0, resident and domiciled in the City and State of Rio de Janeiro, with head office localized at Rua do Passeio, no. 62, 6th floor, nominated by the KLABIN S.A.'s management, hereinafter denominated KLABIN, established at Avenida Brigadeiro Faria Lima, no. 3.600, 3rd to 5th floor, Itaim Bibi, in the City and State of São Paulo, subscribed with the Nacional Register of Legal Entities of the Brazilian Ministry of Finance under no. 89.637.490/0001-45, to proceed with the appraisal of the RIOHOLD PAPEL E CELULOSE S.A.'s net equity, constituted by determined assets and liabilities, hereinafter denominated RIOHOLD PAPEL E CELULOSE, established at Avenida Brigadeiro Faria Lima, no. 3.600, set 41, Itaim Bibi, in the City and State of São Paulo, subscribed with the Nacional Register of Legal Entities of the Brazilian Ministry of Finance under no. 05.678.196/0001-91, on September 30th, 2020, in accordance with the Brazilian accounting practices, features next the result of its work.

1. PURPOSE OF APPRAISAL

The accounting net equity's appraisal on September 30th, 2020 of the company RIOHOLD PAPEL E CELULOSE for the purposes of its incorporation by KLABIN.

2. PRINCIPLES AND DISCLAIMERS

- The consultants have no interest, directly or indirectly, in the companies involved or in the operation, nor is there any other relevant circumstance that could characterize a conflict of interest.
- APSIS 'professional fees are in no way subject to the conclusions of this Report.
- To the best of the consultants' knowledge and credit, the analyzes, opinions and conclusions expressed in this Report are based on true and correct data, diligences, research and surveys.
- The information received from third parties is assumed to be correct, and its sources are contained and cited in said Report.
- This Report complies with recommendations and criteria established by Organs competent bodies.
- The controller and the administrators of the companies involved did not direct, limit, hinder or perform any acts that have or may have compromised the access, use or knowledge of information, assets, documents or work methodologies relevant to the quality of the conclusions contained in this Report.

3. MANAGEMENT'S RESPONSIBILITY ABOUT THE ACCOUNTING INFORMATION

The company's management is responsible for the bookkeeping and elaboration of the accounting information in accordance with the Brazilian accounting practices, as well as for the relevant internal controls than it determined as necessary to permit the elaboration, free of relevant distortions, of this accounting information, independently if these distortions were caused by fraud or mistake. The abstract of the principal accounting practices adopted for the company is described in the Attachment 3 of the Appraisal Report.

4. SCOPE OF WORK AND ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express a conclusion about the accounting value of the net equity constituted by determined assets and liabilities on September 30th, 2020, based in the works conducted in accordance with the Brazilian Technical Communicated CTG 2002, approved by the Federal Council of Accounting (CFC), which provides for the application of exam procedures applied to accounts that register the determined assets and liabilities present in the attachment of this report and that on that date were registered in company's balance sheet.

On the same base date of this report, RIOHOLD PAPEL E CELULOSE is receiving the spun-off assets and liabilities from EMBACORP SOLUÇÕES EM EMBALAGENS DE PAPEL LTDA., hereinafter referred to as EMBACORP, with headquarters at Avenida Engenheiro Luiz Carlos Berrini, no. 105, set 161, 16th floor, room República, Cidade Monções, in the City and State of São Paulo, registered in the National Register of Legal Entities of the Ministry of Economy under number 32.779.402/0001-22, presented in Report AP-01027/20-01. With the split event of EMBACORP with a later version of the assets and liabilities for RIOHOLD PAPEL E CELULOSE, we have taken into consideration the subsequent event reported in the Report

AP-01027/20-01 for the analysis of the shareholders' equity that will be incorporated into KLABIN, shown in the Attachment 2.

Thus, we examine the Company's balance sheet in accordance with the applicable accounting standards, which require compliance with ethical requirements by the accountant, as well as planning and execution in order to obtain reasonable assurance that the object is free from material misstatement.

The formulation of the appraisal report involves the execution of selected procedures to obtainment of evidences relative to accounting values. These selected procedures depend on of the accountant's judgment, including the appraisal of the risks of relevant distortions in the net equity, independently if these distortions are caused by fraud or mistake. In this appraisal of the risks, the accounting considers the relevant intern controls to the elaboration of the company's balance sheet to planning the procedures that is appropriate in the circumstances, however does not express an opinion about the effectiveness of these company's intern controls.

The work includes too, the appraisal of adequacy of the accounting policies used and the reasonableness of the accounting estimates made by management. We believe that the evidence obtained is sufficient and appropriate to substantiate our conclusion.

5. CONCLUSION

Based in the realize works, we concluding that the assets's value of **R\$ 344,445,112.97** (three hundred and forty-four million, four hundred and forty-five thousand, one hundred and twelve reais, and ninety-seven centavos), resumed in the attachments, in according to the balance sheet on September 30th, 2020 and the register of the accounting books, represent, in all relevant aspects, the net equity formed by determinate **RIOHOLD PAPEL E CELULOSE's** assets, appraised in accordance with the Brazilian accounting practices.

São Paulo, November 27th, 2020.

APSIS CONSULTORIA E AVALIAÇÕES LTDA.
CRC/RJ 005112/O-9

LUIZ PAULO CESAR SILVEIRA
Vice President (CRC/RJ 118.263/P-0)

GIANCARLO NALDI FALKENSTEIN
Projects (CRC/SP 317492/O-1)

6. LIST OF ATTACHMENTS

1. SUPPORTING DOCUMENTATION
2. BALANCE SHEET WITH SUBSEQUENT EVENTS
3. ABSTRACT OF THE PRINCIPAL ACCOUNTING PRATICES ADOPTED BY RIOHOLD PAPEL E CELULOSE
4. GLOSSARY

RIO DE JANEIRO - RJ
Rua do Passeio, nº 62, 6º andar
Centro, CEP 20021-280
Tel.: + 55 (21) 2212-6850 Fax: + 55 (21) 2212-6851

SÃO PAULO - SP
Av. Angélica, nº 2.503, Conj. 101
Consolação, CEP 01227-200
Tel.: + 55 (11) 4550-2701

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ATTACHMENT 1

BALANÇO PATRIMONIAL EM 30/09/2020

RIOHOLD HOLDING S.A

ATIVO	30/09/2020	31/12/2019
Não circulante		
Realizável a longo prazo		
Partes relacionadas	994,00	994,00
	994,00	994,00
Investimentos:		
. Outros		1,39
		1,39
Total do ativo não circulante	994,00	995,39
Total do ativo	994,00	995,39
PASSIVO E PATRIMÔNIO LÍQUIDO		
Patrimônio líquido		
Capital social	51.000,00	51.000,00
Resultados acumulados	(50.006,00)	(50.004,61)
	994,00	995,39
Total do passivo e patrimônio líquido	994,00	995,39



Leonardo Garcia Guerra Fialho
CPF: 326.185.088-40
Contador CRC 1SP 315250/O-1
Klabin S/A.

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ATTACHMENT 2

RIOHOLD PAPEL E CELULOSE S.A.		FINANCIAL STATEMENT	
BALANCE SHEET (R\$)	BALANCE IN 09/30/2020	NET EQUITY INCORPORATED IN 09/30/2020	BALANCE AFTER INCORPORATION
CURRENT ASSETS	994.00	333,303,775.78	333,304,769.78
Cash and Cash Equivalents	994.00	53,596,638.32	53,597,632.32
Accounts Receivable of Customers	-	218,701,163.53	218,701,163.53
Inventories	-	43,344,936.72	43,344,936.72
Taxes to Recover	-	1,403,109.23	1,403,109.23
Related Parties	-	8,991,587.66	8,991,587.66
Other Assets	-	7,266,340.32	7,266,340.32
NON CURRENT ASSETS	-	195,643,011.02	195,643,011.02
LONG TERM ASSETS	-	62,564,248.21	62,564,248.21
Accounts Receivable of Customers	-	794,161.11	794,161.11
Inventories	-	31,392,168.64	31,392,168.64
Deferred Income and Social Contribution Taxes	-	24,330,048.02	24,330,048.02
Taxes to Recover	-	6,047,870.44	6,047,870.44
INVESTMENTS	-	-	-
FIXED ASSETS	-	101,429,756.39	101,429,756.39
INTANGIBLE	-	31,649,006.42	31,649,006.42
TOTAL ASSETS	994.00	528,946,786.80	528,947,780.80
CURRENT LIABILITY	-	147,276,996.09	147,276,996.09
Suppliers	-	74,959,327.39	74,959,327.39
Payroll and Social Charges	-	33,749,798.59	33,749,798.59
Tax Liabilities	-	12,219,792.86	12,219,792.86
Related Parties	-	6,786,341.14	6,786,341.14
Other Obligations	-	19,561,736.11	19,561,736.11
NON-CURRENT LIABILITIES	-	37,225,671.74	37,225,671.74
LONG-TERM LIABILITIES	-	37,225,671.74	37,225,671.74
Employee Benefits	-	36,644,609.55	36,644,609.55
Provision for Tax, Environmental, Labor and Civil Risks	-	-	-
Other Obligations	-	581,062.19	581,062.19
NET EQUITY	994.00	344,444,118.97	344,445,112.97
TOTAL LIABILITY	994.00	528,946,786.80	528,947,780.80

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ATTACHMENT 3

ABSTRACT OF THE PRINCIPAL ACCOUNTING PRACTICES ADOPTED BY RIOHOLD PAPEL E CELULOSE

The preparation of the information presented here requires the use of certain critical accounting estimates and, more than that, requires an exercise of judgment by the company's management in the process of applying accounting policies.

- **Cash and Cash Equivalents**

Include bank balances, recorded in cash, and as also financial applications of the short term of high liquidity.

- **Customers**

Includes all accounts receivable of customers and intercompany accounts.

- **Inventories**

The inventories are represented by the values of direct raw material, stock of products in process, finished products ready for sale and other inventories, such as material for use and consumption, material of third parties in possession of the company, stopped stock, imports in progress and loss provision.

- **Taxes**

Concentrates all the amount of taxes to be recovered/offset, considering ICMS, IPI, PIS, COFINS and IRPJ.

- **Other Amounts Receivable**

Comprises accounts of advances to suppliers, employees, customs and even advances on imports.

- **Prepaid Expenses**

Basically, these are FGTS insurance and early payment premiums.

- **Income Tax (IR) and Social Contribution on Net Income (CSLL)**

Consider the deferred balance and the balance on IR and CSLL tax losses.

- **Fixed Assets**

Stated at acquisition or construction cost, it is deducted from depreciation and loss due to reduction to accumulated recoverable value, when necessary. It is recorded as part of the costs of fixed assets in progress – in the case of qualifying assets, these are capitalized borrowing costs. Such fixed assets are classified in the appropriate categories of the fixed asset when completed and ready for the intended use.

Assets begin to depreciate when they are ready for use. Land is not depreciated. It is recognized based on the useful life of each asset, estimated using the straight-line method, so that the value of the cost less the residual value, after the useful life of the asset, is fully written off (except for land).

The expected useful life, residual values and depreciation methods are reviewed at the end of each year, and the effect of any changes in estimates is accounted for prospectively in the income statement. Depreciation is calculated considering the years as the estimated economic useful life of the assets. Residual values and useful lives of assets are reviewed and adjusted, if appropriate, for each year.

Property, plant and equipment acquired separately, through the business combination, are measured at fair value at the time of their initial recognition. Then, they are presented at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is written off after disposal or when there are no future economic benefits resulting from its continued use. Any gains or losses on its sale or write-off are determined by the difference between the amounts received on sale and the book value of the asset; in addition, they are recognized in the income for the year.

- **Intangible**

It considers the recorded value of the customer and software portfolio, as well as their amortization balances.

- **Suppliers**

It concentrates the balances of national suppliers and suppliers located abroad, in addition to freight and payments related to imports and services.

- **Payroll and Social Charges**

Include all costs of paying employee and employee obligations, such as taxes, social obligations and benefits offered.

- **Tax Liabilities**

It includes all taxes relevant to the operation and continuity of the company.

- **Related Parties**

Correspond to all transactions with companies in the same group.

- **Other Accounts Payable**

Include commissions, provision of suppliers and services necessary for the operation.

- **Contingencies**

Comprises the amounts allocated to the company's contingency for specific purposes, such as medical plan for retirees and retirement bonuses, in addition to provision for actuarial plans.

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ATTACHMENT 4

Glossary

A

Amortization

Systematic allocation of the depreciable value of an asset over its useful life.

Asset

A resource controlled by the entity as a result of past events from which future economic benefits are expected for the entity.

Asset Approach

Valuation of companies where all assets (including those not accounted for) have their values adjusted to the market. Also known as market net equity.

B

Base Date

Specific date (day, month and year) of application of the assessment value.

Basic Infrastructure

Urban rainwater drainage equipment, street lighting, sewage system, drinking water, public and home electricity supply and access routes.

Book Value

The value at which an asset or liability is recognized on the balance sheet.

Business Combination

Union of separate entities or businesses producing financial statements of a single reporting entity. Transaction or other event by which an acquirer obtains control of one or more businesses, regardless of the legal form of operation.

C

CAPEX (Capital Expenditure)

Fixed asset investments.

Capital Structure

Composition of a company's invested capital, between own capital (equity) and third-party capital (debt).

Cash Flow

Cash generated by an asset, group of assets or business during a given period of time. Usually the term is supplemented by a qualification referring to the context (operating, nonoperating, etc...).

Cash Flow on Invested Capital

Cash flow generated by the company to be reverted to lenders (interest and amortizations) and shareholders (dividends) after consideration of cost and operating expenses and capital investments.

Cash-Generating Unit

Smallest identifiable group of assets generating cash inflows that are largely independent on inputs generated by other assets or groups of assets.

Company

Commercial or industrial entity, service provider or investment entity holding economic activities.

Conservation Status

Physical status of an asset as a result of its maintenance.

Control

Power to direct the strategic policy and administrative management of a company.

Cost

The total direct and indirect costs necessary for production, maintenance or acquisition of an asset at a particular time and situation.

Cost of Capital

Expected rate of return required by the market as an attraction to certain investment funds.

CFC

Conselho Federal de Contabilidade

CPC (Comitê de Pronunciamentos Contábeis)

Accounting Pronouncements Committee.

CVM

Securities and Exchange Commission.

D

Date of Issue

Closing date of the valuation report, when conclusions are conveyed to the client.

DCF (Discounted Cash Flow)

Discounted cash flow.

D & A

Depreciation and amortization.

Depreciable Value

Cost of the asset, or other amount that substitutes such cost (financial statements), less its residual value.

Depreciation

Systematic allocation of the depreciable value of an asset during its useful life.

Direct Production Cost

Spending on inputs, including labor, in the production of goods.

Discount Rate

Any divisor used to convert a flow of future economic benefits into present value.

E

EBIT (Earnings before Interest and Taxes)

Earnings before interest and taxes.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

Earnings before interest, taxes, depreciation and amortization.

Economic Benefits

Benefits such as revenue, net profit, net cash flow, etc.

Enterprise

Set of properties capable of producing revenue through marketing or economic exploitation. It can be: real estate (e.g. subdivision, commercial / residential buildings), real-estate based (e.g., hotel, shopping mall, theme parks), industrial or rural.

Enterprise Value

Economic value of the company.

Equity Value

Economic value of the equity.

Expertise

Technical activity performed by a professional with specific expertise to investigate and clarify facts, check the status of property, investigate the causes that motivated a particular event, appraise assets, their costs, results or rights.

F

Facilities

Set of materials, systems, networks, equipment and operational support services for a single machine, production line or plant, according to the degree of aggregation.

Fair Market Value

Value at which an asset could have its ownership exchanged between a potential seller and a potential buyer, when both parties have reasonable knowledge of relevant facts and neither is under pressure to do so.

Financial Lease

That which substantially transfers all the risks and benefits related to the ownership of the asset, which may or may not eventually be transferred. Leases that are not financial leases are classified as operating leases.

Fixed Asset

Tangible asset available for use in the production or supply of goods or services, in third-party leasing, investments, or for management purposes, expected to be used for more than one accounting period.

G

Goodwill

See Premium for Expected Future Profitability.

I

IAS (International Accounting Standards)

Principles-based standards, interpretations and the framework adopted by the International Accounting Standards Board (IASB). See International Accounting Standards.

IASB (International Accounting Standards Board)

International Accounting Standards Board. Standard setting body responsible for the development of International Financial Reporting Standards (IFRSs).

IFRS (International Financial Reporting Standards)

International Financial Reporting Standards, a set of international accounting pronouncements published and reviewed by the IASB.

Impairment

See Impairment losses

Impairment Losses (impairment)

Book value of the asset that exceeds, in the case of stocks, its selling price less the cost to complete it and expense of selling it; or, in the case of other assets, their fair value less expenditure for sale.

Income Approach

Valuation method for converting the present value of expected economic benefits.

Indirect Production Cost

Administrative and financial costs, benefits and other liens and charges necessary for the production of goods.

Intangible Asset

Identifiable non-monetary asset without physical substance. This asset is identifiable when: a) it is separable, i.e., capable of being separated or divided from the entity and sold, transferred, licensed, leased or exchanged, either alone or together with the related contract, asset or liability; b) it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

International Accounting Standards (IAS)

Standards and interpretations adopted by the IASB. They include: International Financial Reporting Standards (IFRS) International Accounting Standards (IAS) and interpretations developed by the Interpretation Committee on International Financial Reporting Standards (IFRIC) or by the former Standing Interpretations Committee (SIC).

Investment Property

Property (land, building or building part, or both) held by the owner or lessee under the lease, both to receive payment of rent and for capital appreciation or both, other than for use in the production or supply of goods or services, as well as for administrative purposes.

Investment Value

Value for a particular investor based on individual interests in the property in question. In the case of business valuation, this value can be analyzed by different situations, such as the synergy with other companies of an investor, risk perceptions, future performance and tax planning.

L

Liability

Present obligation that arises from past events, whereby it is hoped that the settlement thereof will result in the inflow of funds from the entity embodying economic benefits.

Liquidity

Ability to rapidly convert certain assets into cash or into the payment of a certain debt.

M

Market Approach

Valuation method in which multiple comparisons derived from the sales price of similar assets are adopted.

Multiple

Market value of a company, share or invested capital, divided by a valuation measurement of the company (EBITDA, income, customer volume, etc...).

N

Net Debt

Cash and cash equivalents, net position in derivatives, short-term and long-term financial debts, dividends receivable and payable, receivables and payables related to debentures, short-term and long-term deficits with pension funds, provisions, and other credits and obligations to related parties, including subscription bonus.

Non-Operating Assets

Those not directly related to the company's operations (may or may not generate revenue) and that can be disposed of without detriment to its business.

O

Operating Assets

Assets that are basic to the company's operations.

Operating Lease

That which does not substantially transfer all the risks and benefits incidental to the ownership of the asset. Leases that are not operating leases are classified as financial leases.

P

Parent Company

An entity that has one or more subsidiaries.

Premium for Expected Future Profitability (goodwill)

Future economic benefits arising from assets not capable of being individually identified or separately recognized.

Present Value

The estimated present value of discounted net cash flows in the normal course of business.

Price

The amount by which a transaction is performed involving a property, a product or the right thereto.

Property

Something of value, subject to use, or that may be the object of a right, which integrates an equity.

R

Real Estate

Property, consisting of land and any improvements incorporated thereto. Can be classified as urban or rural, depending on its location, use or to its highest and best use.

Recoverable Value

The highest fair value of an asset (or cashgenerating unit) minus the cost of sales compared with its value in use.

Remaining Life

A property's remaining life.

Replacement Cost

A property's reproduction cost less depreciation, with the same function and features comparable to the property assessed.

Replacement Value for New

Value based on what the property would cost (usually in relation to current market prices) to be replaced with or substituted by a new, equal or similar property.

Reproduction Cost

Expense required for the exact duplication of a property, regardless of any depreciation.

Reproduction Cost Less Depreciation

A property's reproduction cost less depreciation, considering the state it is in.

Residual Value

Value of new or used asset projected for a date limited to that in which it becomes scrap, considering its being in operation during the period.

Residual Value of an Asset

Estimated value that the entity would obtain at present with the sale of the asset, after deducting the estimated costs thereof, if the asset were already at the expected age and condition at the end of its useful life.

S

Shareholders' Equity at Market Prices

See Assets Approach.

Subsidiary

Entity, including that with no legal character, such as an association, controlled by another entity (known as the parent company).

Supporting Documentation

Documentation raised and provided by the client on which the report premises are based.

T

Tangible Asset

Physically existing asset, such as land, building, machinery, equipment, furniture and tools.

Technical Report

Detailed report or technical clarification issued by a legally qualified and trained professional on a specific subject.

U

Useful Economic Life

The period in which an asset is expected to be available for use, or the number of production or similar units expected to be obtained from the asset by the entity.

V

Valuation

Act or process of determining the value of an asset.

Valuation Methodology

One or more approaches used in developing evaluative calculations for the indication of the value of an asset.