



Earnings
Release

3Q21



Earnings Release

3Q21



October 26, 2021

ADJUSTED EBITDA REACHES R\$ 1.928 BILLION IN 3Q21, GROWTH OF 56% IN RELATION TO 3Q20

Net Revenue **R\$ 4.358 bn**

Net Revenue increased 40% on an annual comparison basis with consistent growth reported for all lines of business, and 29% excluding additional revenue from the units acquired from International Paper (IP).

ROIC **19.8%**

ROIC (Return on Invested Capital) reached 19.8% in the last twelve months, demonstrating consistent value generation for the shareholders.

Adjusted EBITDA **R\$ 2,028/t**

Price readjustments along all segments increased Adjusted EBITDA/t to R\$ 2,028/t, 50% more than 3Q20, while Cash Generation/t¹ increased 55% on the same comparative basis.

Indebtedness **Deleveraging**

Solid EBITDA and cash generation contribute to the Company's deleveraging, despite the ongoing Puma II investment cycle, with a reduction in the net debt/EBITDA ratio in US\$ to 3.1x in the quarter (vs. 3.6x in 2Q21).

Adjusted FCF yield **15.0%**

The Adjusted Free Cash Flow (FCF) amounted to R\$ 4.4 billion in the last twelve months, corresponding to an Adjusted FCF yield of 15.0%.

Puma II **Startup of the 1st Machine**

In accordance with the Material Fact published on August 30, 2021, the startup of the first phase of the Puma II Project took place, beginning the production of Eukaliner®, the first kraftliner in the world to be made exclusively from eucalyptus fiber.

¹ Adjusted EBITDA – Maintenance Capex divided by sales volume (ex-wood)

Klabin

Market Cap

R\$ 26.6 billion¹

¹based on the KLBN11 price on 09/30/21

KLBN11

Closing Price

R\$ 24.21/unit

3Q21 Average Daily Trading Volume

R\$ 165 million

Conference Call

10/27/21 (Wednesday)

10:00 a.m. (NYC)

USA DI +412 717-9627

Code: Klabin

Links: [HD Web Phone](#)
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IR Channels

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Klabin Invest:

Videos and Podcasts

Financial Highlights

R\$ million	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Sales Volume (thousand tonnes)	951	946	910	0%	4%	2,806	2,617	7%
% Domestic Market	59%	59%	55%	+ 0 p.p.	+ 4 p.p.	60%	53%	+ 7 p.p.
Net Revenue	4,358	4,076	3,109	7%	40%	11,900	8,657	37%
% Domestic Market	61%	60%	58%	+ 1 p.p.	+ 3 p.p.	61%	56%	+ 5 p.p.
Adjusted EBITDA	1,928	1,798	1,233	7%	56%	5,000	3,594	39%
Adjusted EBITDA Margin	44%	44%	40%	+ 0 p.p.	+ 4 p.p.	42%	42%	+ 0 p.p.
Adjusted EBITDA (excl. non-recurring effects)¹	1,928	1,798	1,233	7%	56%	4,980	3,594	39%
Adjusted EBITDA Margin (excl. non-recurring effects) ¹	44%	44%	40%	+ 0 p.p.	+ 4 p.p.	42%	42%	+ 0 p.p.
Net Income	1,215	719	(191)	69%	n/a	2,355	(3,716)	n/a
Net Debt	19,950	18,770	21,053	6%	-5%	19,950	21,053	-5%
Net Debt / EBITDA (LTM - BRL)	3.2x	3.3x	4.6x			3.2x	4.6x	
Net Debt / EBITDA (LTM - USD)	3.1x	3.6x	4.0x			3.1x	4.0x	
CAPEX	1,000	904	1,348	11%	-26%	2,719	3,166	-14%

¹ Disconsidering the non-recurring effect of R\$20 million referring to the net gain from the sale of Nova Campina in 1Q21

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

Quarterly Message

Strong demand for Klabin's products in both international and domestic markets continued in the third quarter. These favorable market conditions combined with the Company's commercial flexibility and solid operational performance boosted results in the period.

In the pulp market, the balance between supply and demand remained in equilibrium during the quarter in the light of sharp differences in consumption between geographies. Demand weakened in China but remained strong in Europe, USA and Latin America while supply continued to be affected by logistical constraints. Set against this scenario, Klabin proved the benefits of its flexibility in the sales mix between regions and of its diversified pulp portfolio (short fiber, long fiber and fluff), with price differentials remaining considerable throughout the period. As a result, the Pulp Business's EBITDA was a record in the quarter at R\$ 1.042 billion.

In the paper for packaging segment, demand for kraftliner continued intense. In the USA, the largest producer and exporter of this product, robust domestic consumption remained the key factor in the reduction of export volume, 34% down for the period between January and July 2021 compared to the same period in the preceding year. With this, the average FOEX Europe price for kraftliner was US\$ 883/t in 3Q21, 30% greater than the average for 3Q20 and 9% above the preceding quarter.

Set against this positive market background, Klabin has just increased its kraftliner production capacity. During the quarter, the Company took a further important step forward in the implementation of its growth strategy with the startup of the first paper machine ("PM27") of the Puma II Project, the largest investment in Klabin's history, as announced in the Material Fact published on August 30, 2021. With a productive capacity of 450 thousand tons annually, PM27 begins production of Eukaliner®, the first kraftliner in the world made exclusively from eucalyptus fiber.

Still in the paper for packaging segment, the accelerated tendency towards replacing single-use plastic with sustainable packaging continues to drive demand for coated board. Brazilian Tree Industry data (IBÁ) shows sales to the Brazilian market growing by approximately 21% year-on-year for the period from January to August 2021. In this context and parallel to the startup of PM27, work on the construction of the second paper machine ("PM28") in the Puma II Project has already begun. With a productive capacity of 460 thousand tons of coated board every year, PM28 startup is scheduled for the second quarter of 2023, continuing the Company's ongoing expansion plans.

In the packaging market, Empapel reported a decline of 2.5% in preliminary data for shipment volumes of corrugated boxes in the third quarter of 2021 compared to the same period of the previous year. Even with this reduction, volumes still represent the second best result for the historical series in the period. For the year to the end of the third quarter 2021, shipment volumes increased 7.3% in relation to the same period in 2020. In the light of this scenario and the effect of price increases on revenue, the corrugated boxes segment reported robust growth both on an annual and also quarterly basis.

Still in the packaging business, sales in the industrial bags segment have been driven by increased cement output in Brazil, the latter accumulating a price increase of 9.7% in the period between

January and September 2021 compared to the same period in 2020 and based on preliminary National Cement Industry Union (SNIC) data. In addition, consumption of industrial bags for new uses with greater value added continues at a fast pace.

Increased sales volume together with price readjustments across all the businesses produced strong revenue growth in the third quarter, amounting to R\$ 4.358 billion, 40% more than the same period in the preceding year or 29% when excluding revenue from assets acquired from IP. This result combined with the Company's cost discipline lifted the Adjusted EBITDA for the quarter to R\$ 1.928 billion, 56% up on 3Q20. The higher Adjusted EBITDA and efficient capital allocation helped drive cash generation in the period and consequently, creation of shareholder value, measured by ROIC, of about 20% over the last 12 months.

**ROIC reached 19.8%
and FCF Yield 15.0%
in the last twelve
months**

The third quarter also saw the roll out of the Container Rail Terminal operation in the state of Paraná and planned to provide additional capacity for handling the Company's new expansion cycle as well as optimizing the current paper products operation. The terminal brings both an increase in productivity as well as lesser environmental impact with the distribution of products by rail reducing both traffic on the highways as well as CO2 emissions.

The Company also became a signatory to the Business and LGBTI+ Rights Forum, assuming ten commitments for promoting respect diversity in the LGBTI+ community. This initiative is aligned to the Klabin 2030 Agenda's KODS - Klabin's Sustainable Development Goals.

The operational results for recent quarters have shown the benefits of Klabin's integrated, diversified and flexible business model and the consistent generation of value for all stakeholders. Throughout its history, Klabin has transformed sustainability in its essence and will continue growing, committed to the construction of a sustainable future for all.

Operating and Economic-Financial Performance

Pulp and Paper Production

Volume (k tons)	3Q21	2Q21	3Q20	Δ	Δ	9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Pulp	413	416	415	-1%	0%	1,242	1,224	2%
Short Fiber	296	298	319	-1%	-7%	889	900	-1%
Long Fiber/Fluff	117	118	96	-1%	22%	353	323	9%
Paper	555	549	488	1%	14%	1,606	1,494	8%
Kraftliner	266	259	258	2%	3%	779	768	1%
Coated Boards	190	189	165	1%	16%	530	534	-1%
Recycled	99	101	65	-3%	51%	298	191	56%
Total Production Volume	968	966	903	0%	7%	2,848	2,717	5%

In the third quarter 2021, pulp **production volume** remained stable at a high level on both an annual and quarterly basis. Project for debottlenecking together with productivity gains have enabled the Puma Unit to operate above its nominal capacity.

Paper production in 3Q21 was 14% higher than for the same period in 2020. The increase is a reflection largely of the acquisition of two recycled paper units acquired from International Paper. The startup of the first machine in the Puma II Project on August 30, 2021 with the production of 17 thousand tons of Eukaliner® already produced in this quarter, also contributed to output.

Maintenance Stoppages

As scheduled, during the third quarter, there was a general maintenance stoppage at the Otacílio Costa Unit at a cost of approximately R\$ 22 million. The Company has thus completed all its programmed stoppages for 2021 as shown below.

Manufacturing Plant	Maintenance Stoppage Schedule 2021											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ortigueira (PR) - Puma I												
Monte Alegre (PR)		MA										
Correia Pinto (SC)												
Otacílio Costa (SC)							OC					

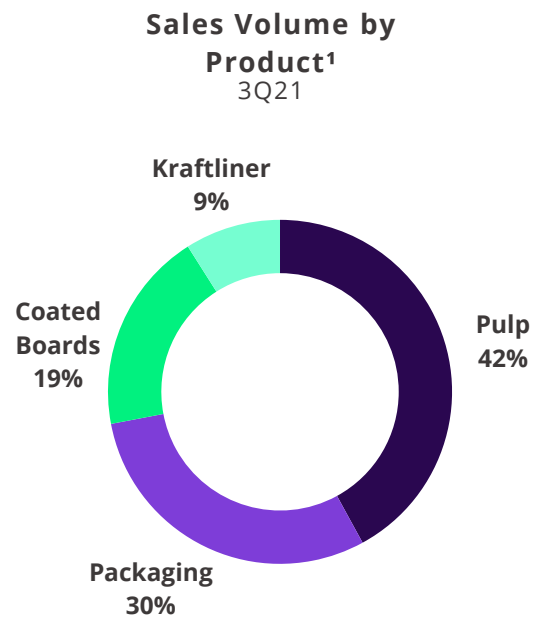
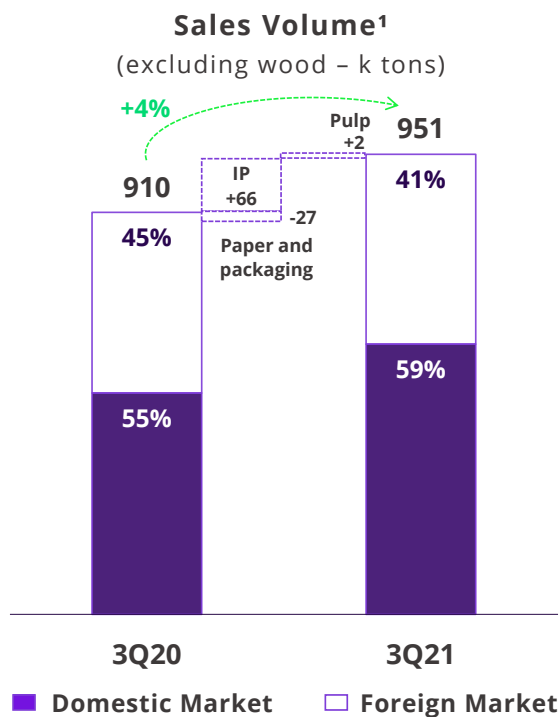
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Sales Volume

Volume (k tons)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Pulp	400	399	398	0%	0%	1,172	1,161	1%
Short Fiber	285	289	281	-1%	2%	843	836	1%
Long Fiber/Fluff	115	110	117	4%	-2%	329	325	1%
Paper	271	265	295	2%	-8%	792	866	-9%
Kraftliner	87	90	111	-3%	-21%	281	330	-15%
Coated Boards	183	175	185	5%	-1%	511	536	-5%
Packaging	279	282	217	-1%	29%	841	589	43%
Corrugated Boxes	239	243	175	-2%	36%	723	481	50%
Industrial Bags	40	39	42	2%	-4%	119	109	9%
Total Sales Volume (ex-wood)	951	946	910	0%	4%	2,806	2,617	7%

In line with the movement in previous quarters, in 3Q21 all product sales continued robust as a result of strong demand in the Company's chosen markets. **Total sales volume**, excluding wood, was 951 thousand tons in the period, a growth of 4% compared with the same quarter in the preceding year. Since Klabin is already operating at maximum production capacity, this increase largely reflects the output of 66 thousand tons from the assets acquired from IP. On a quarter-on-quarter basis, sales remained stable.



¹Excludes Wood

Foreign Exchange

R\$ / US\$	3Q21	2Q21	3Q20	Δ	Δ	9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Average Rate	5.23	5.29	5.38	-1%	-3%	5.33	5.08	5%
End of Period	5.44	5.00	5.64	9%	-4%	5.44	5.64	-4%

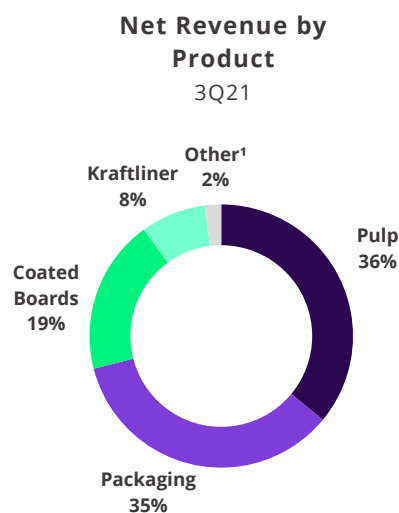
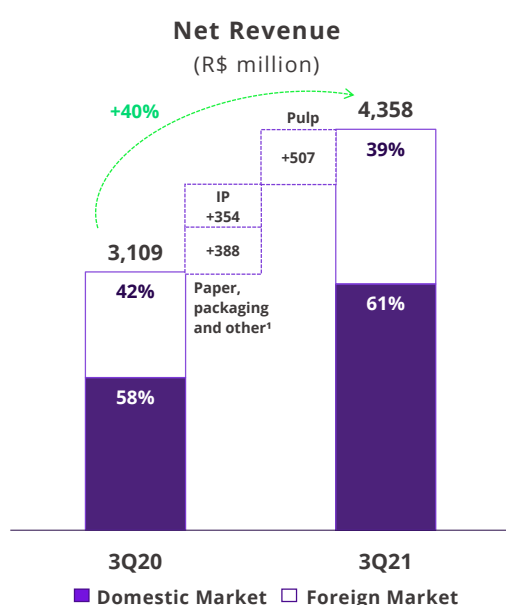
Source: Brazilian Central Bank

Net Revenue

Net Revenue (R\$ million)	3Q21	2Q21	3Q20	Δ	Δ	9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Wood	60	96	57	-38%	5%	218	153	42%
Pulp	1,558	1,511	1,051	3%	48%	4,263	2,900	47%
Short Fiber	1,002	991	660	1%	52%	2,775	1,881	48%
Long Fiber/Fluff	557	520	391	7%	42%	1,488	1,020	46%
Paper	1,180	1,113	1,064	6%	11%	3,267	3,092	6%
Kraftliner	361	333	310	9%	16%	1,017	901	13%
Coated Boards	819	780	754	5%	9%	2,249	2,191	3%
Packaging	1,547	1,387	900	12%	72%	4,193	2,413	74%
Corrugated Boxes	1,286	1,129	656	14%	96%	3,416	1,763	94%
Industrial Bags	261	258	244	1%	7%	777	649	20%
Other¹	13	(31)	36	n/a	-65%	(39)	98	n/a
Total Net Revenue	4,358	4,076	3,109	7%	40%	11,900	8,657	37%

¹ Includes by-product sales and hedge accounting

Net Revenue amounted to R\$ 4.358 billion in 3Q21, a growth of 40% in relation to 3Q20. Excluding the effect of the additional revenue from the units acquired from IP, R\$ 354 million in the quarter, there was an increase of 29% on an annual comparative basis. This performance is a result of significant price readjustments across all the business segments in domestic and international markets in the light of strong demand for Klabin's products. Additionally, revenue from the pulp business benefited from the Company's flexibility in the sales mix between regions as well as the diversified portfolio of products (short fiber, long fiber and fluff).



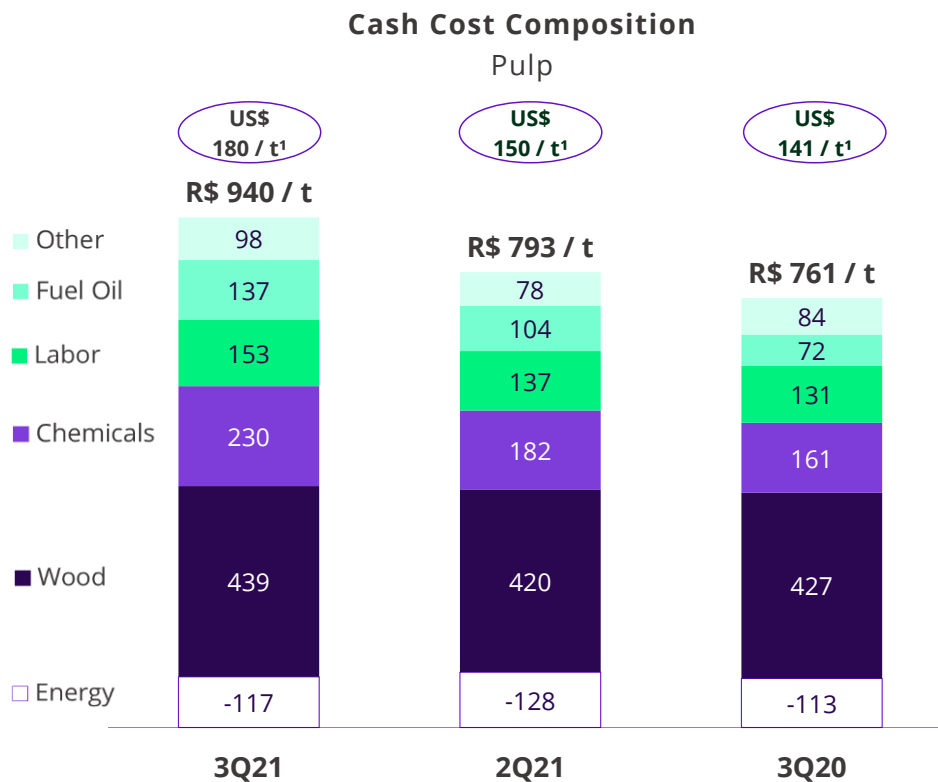
¹Includes wood, by-product sales and hedge accounting

Operational Costs and Expenses

Pulp Cash Cost

For informational purposes, the unitary cash cost of pulp production is shown, covering the production costs of short and long/fluff fibers in relation to the output of pulp volume in the period. Production cash costs do not include selling, general and administrative expenses, constituting solely the amount expended on pulp production as such.

The production **cash cost** of pulp in 3Q21 was R\$ 940/t, a growth of 24% compared to 3Q20, and 19% compared with 2Q21. The main reasons for the increase on an annual comparative basis are related to rising commodity prices impacting the costs of fuel and chemical inputs, above all sulfuric acid, in addition to the inflation in the period.

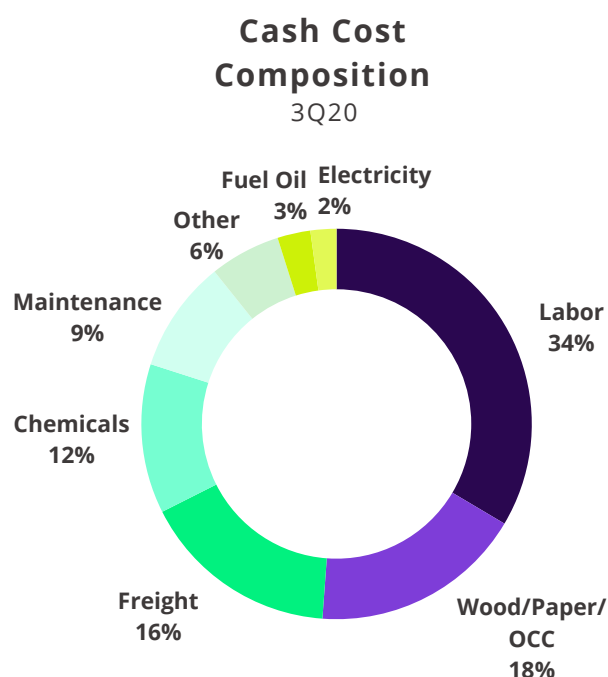
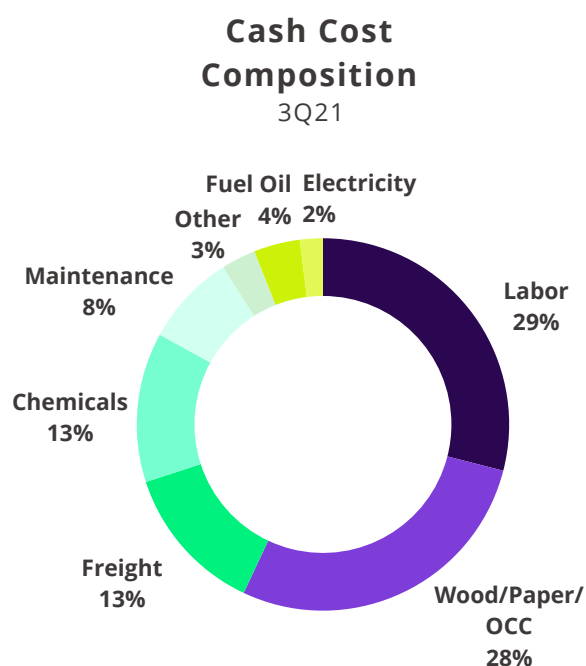


¹Calculated on the average US Dollar for the period

Total Cash Cost

Encompassing the sale of all the Company's products and excluding the impact of the maintenance stoppages at the Otacílio Costa Unit in 3Q21 and the Monte Alegre Unit in 3Q20, **total unitary cash cost** was R\$ 2,538/t in the quarter, 25% higher than the cost in 3Q20. About a quarter of this increase, as mentioned in previous quarters, reflects the changing product sales mix following the acquisition of IP's packaging assets, since the corrugated board business, which has become more representative, has a higher cash cost in relation to the other products given the greater value added involved. Additionally, there was also the impact from the increase in OCC costs for supplying the recycled paper plants. Market data published by Anguti shows average OCC costs increasing to R\$ 1,331/t in 3Q21 compared to the average of R\$ 755/t in 3Q20.

Compared with 2Q21, which already includes the effect of the IP assets incorporation in the Company's sales mix, and excluding the impact of the maintenance stoppage at Otacílio Costa in 3Q21, there was a 5% increase in cash cost per ton. This increase is explained by higher commodity prices, which had an impact on fuel and chemical inputs costs, in addition to the increase in inflation in general, offsetting the reduction in OCC costs – 27% lower compared to the previous quarter, according to market data from Anguti.



Costs and Expenses (R\$ million)	3Q21	2Q21	3Q20	Δ		9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Cost of Goods Sold (COGS)¹	(1,965)	(1,764)	(1,409)	11%	39%	(5,493)	(3,813)	44%
Variable Costs	(1,356)	(1,271)	(789)	7%	72%	(3,722)	(2,243)	66%
Labor and Third Parties	(529)	(504)	(438)	5%	21%	(1,515)	(1,260)	20%
Other	(81)	11	(182)	n/a	-56%	(256)	(310)	-17%
COGS/t	(2,067)	(1,864)	(1,548)	11%	34%	(1,958)	(1,457)	34%
Sales Expenses	(310)	(296)	(296)	5%	5%	(873)	(833)	5%
Administrative Expenses	(196)	(220)	(166)	-11%	18%	(620)	(472)	31%
Other Net Expenses²	36	3	(4)	n/a	n/a	71	55	30%
Total Cash Cost	(2,435)	(2,277)	(1,876)	7%	30%	(6,916)	(5,063)	37%

¹ Net of Depreciation, Amortization and Exhaustion contained in COGS and SG&A. Includes maintenance downtime cost

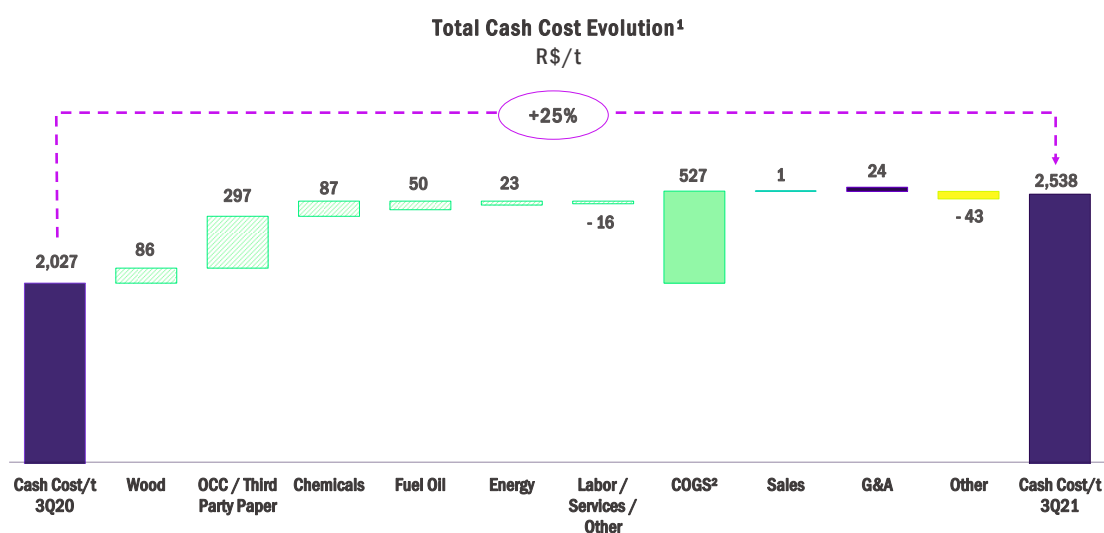
² Includes the non-recurring effect of R\$20 million regarding the net gain from the sale of Nova Campina in 1Q21

The **cost of goods sold (COGS)**, excluding depreciation, amortization and depletion, was R\$ 1.965 billion in the third quarter of 2021, equivalent to R\$ 2,067/t, 34% more than 3Q20. As already mentioned, this increase is explained by the product mix with a greater share of packaging at a higher average unitary cost and higher value added, as well as the increase of 76% in average OCC prices in 3Q21 compared to 3Q20 together with the rise in the costs of chemicals and fuels.

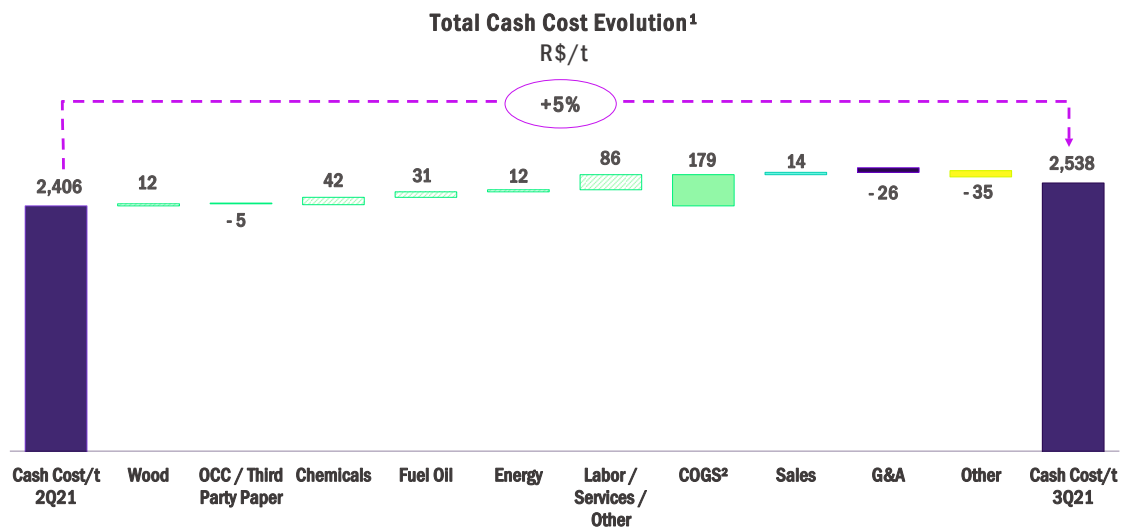
Sales expenses amounted to R\$ 310 million in the period, equivalent to 7.1% of net revenue, a decrease in relation to the 9.5% reported in 3Q20, and 7.3% in 2Q21. On the basis of an annual comparison, the reduction in relation to net revenue is explained by smaller export volumes and by the elimination of royalty payments from 1Q21. 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 cargos, in spite of the worldwide challenges to logistics experienced since last year.

General and administrative expenses amounted to R\$ 196 million in 3Q21, an increase of 18% on an annual comparison basis and in addition to inflation, represents the greater number of employees due to the incorporation of the IP units and by the engagement of consultancies for strategic projects. In relation to the preceding quarter, there was a reduction in general and administrative expenses of 11%.

Other net expenses produced a revenue of R\$ 36 million in the quarter.



¹ Cost of goods sold and operating expenses, excluding depreciation, amortization and exhaustion. ² COGS represents the sum of the categories detailed in the graph: Forestry / Paper / OCC + Chemicals + Fuel Oil + Energy + Labor / Services / Others



¹ Cost of goods sold and operating expenses, excluding depreciation, amortization and exhaustion. ² COGS represents the sum of the categories detailed in the graph: Forestry / Paper / OCC + Chemicals + Fuel Oil + Energy + Labor / Services / Others

Effect of the variation of fair value of biological assets

Biological Assets (R\$ million)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Beginning Balance	4,579	4,543	4,402	1%	4%	4,658	4,712	-1%
Additions and Subtractions	285	291	109	-2%	161%	785	329	138%
Planting	285	291	109	-2%	161%	785	377	108%
Disposal of Biological Assets	-	-	-	n/a	n/a	-	(48)	n/a
Exhaustion	(421)	(454)	(208)	-7%	103%	(1,241)	(914)	36%
Historical Cost	(258)	(197)	(75)	31%	243%	(590)	(231)	155%
Fair Value Adjustment	(163)	(256)	(132)	-36%	-23%	(651)	(683)	-5%
Fair Value Variation	403	199	69	103%	489%	645	245	163%
Price	588	131	53	349%	998%	913	(40)	n/a
Growth	(184)	68	15	n/a	n/a	(269)	358	n/a
SPV Constitution	-	-	-	n/a	n/a	-	(72)	n/a
Ending Balance	4,846	4,579	4,373	6%	11%	4,846	4,373	11%

The **evaluation of the biological assets** at their fair value takes into account certain estimates such as the price of wood, discount rate, forest harvest plan and productivity, variations of which have non-cash effects on the Company's results.

In the third quarter 2021, the variation in fair value of the biological assets resulted in revenue of R\$ 403 million, mainly due to the impact from the increase in price of the biological assets (standing timber) based on market surveys published by specialized companies, partially offset by the negative effect of growth following the revision of the harvest plan. The plan has been revised to take into account the large volume of purchases from third parties, this leading to a longer period required for harvesting proprietary wood. Additionally, the depletion effect of the fair value of biological assets on the costs of products sold was R\$ 163 million in the same period. Hence, the non-cash effect of the fair value of the biological assets on operating results (EBIT) in 3Q21 was a positive R\$ 240 million.

EBITDA and Operating Cash Generation

R\$ million	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Net Income (loss)	1,215	719	(191)	69%	n/a	2,355	(3,716)	n/a
(+) Income Taxes and Social Contribution	192	372	(95)	-49%	n/a	621	(2,076)	n/a
(+) Net Financial Revenues	291	207	1,072	40%	-73%	701	7,958	-91%
(+) Depreciation, Amortization, Depletion	637	701	517	-9%	23%	1,964	1,773	11%
Adjustments According to IN.CVM 527/12 art. 4								
(+) Variation of Fair Value of Biological Assets	(403)	(199)	(69)	-103%	489%	(645)	(317)	-103%
(+) Cash Flow Hedge Effect	5	-	-	n/a	n/a	16	-	n/a
(+) Equity Pickup	(9)	(2)	(1)	-405%	742%	(11)	(27)	58%
Adjusted EBITDA	1,928	1,798	1,233	7%	56%	5,000	3,594	39%
Adjusted EBITDA Margin	44%	44%	40%	+ 0 p.p.	+ 4 p.p.	42%	42%	+ 0 p.p.
(+) Non-Recurring Effects ¹	-	-	-	n/a	n/a	(20)	-	n/a
Adjusted EBITDA (excluding non-recurring effects)¹	1,928	1,798	1,233	7%	56%	4,980	3,594	39%
Adjusted EBITDA Margin (excluding non-recurring effects) ¹	44%	44%	40%	+ 0 p.p.	+ 4 p.p.	42%	42%	+ 0 p.p.
Cash Generation (Adjusted EBITDA - Maintenance Capex)	1,681	1,613	1,042	4%	61%	4,317	3,047	42%
Cash Generation/t²	1,768	1,705	1,144	54%	55%	1,539	1,164	32%

¹ Refers to the net gain from the sale of Nova Campina in 1Q21

² Sales volume disconsidering wood

Higher sales volume and price readjustments were determining factors in the increase in net income in 3Q21 compared with the same period in 2020. Combined with the Company's cost discipline, the increase resulted in an **Adjusted EBITDA** of R\$ 1.928 billion in the third quarter, 56% higher than 3Q20 and 7% more than 2Q21. Adjusted EBITDA Margin in 3Q21 was 44%, a 4 p.p. increase in relation to the same period in 2020. Cash generation per ton, measured by the Adjusted EBITDA less maintenance Capex in relation to volume sold, was R\$ 1,768/t in 3Q21, an increase of 55% on an annual comparative basis, an indication of the Company's capacity to match growth with value creation.

EBITDA by Segment ¹	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9Q21	9Q20	Δ 9Q21/9Q20
Adjusted EBITDA (R\$ million)	1,928	1,798	1,233	7%	56%	5,000	3,594	39%
Pulp	1,042	992	564	5%	85%	2,749	1,548	78%
% EBITDA Participation	54%	55%	46%	- 1 p.p.	+ 9 p.p.	55%	43%	+ 12 p.p.
Paper and Packaging	886	806	669	10%	32%	2,251	2,045	10%
% EBITDA Participation	46%	45%	54%	+ 1 p.p.	- 9 p.p.	45%	57%	- 12 p.p.
Adjusted EBITDA/t²	2,028	1,900	1,354	7%	50%	1,782	1,373	30%
Pulp	2,605	2,489	1,417	5%	84%	2,347	1,334	76%
Paper and Packaging	1,609	1,472	1,305	9%	23%	1,377	1,405	-2%

¹ Excluding non-recurring effects. For purposes of this EBITDA by segment calculation, the 'others' results were allocated in the respective businesses

² Sales volume disconsidering wood sales to third parties

In 3Q21, total Adjusted EBITDA per ton was R\$ 2,028/t, 50% greater than 3Q20, the effect of price readjustments across all business lines and implemented over recent quarters. The Adjusted EBITDA for the Pulp Business reported a record result for the quarter at R\$ 1.042 billion, while EBITDA/t for the segment increased year-on-year by a significant 84% in 3Q21. This result was mainly a reflection of the increases in prices as well as the benefits arising from flexibility of sales between the different regions of the world and Klabin's exposure to three grades of pulp fiber. In the paper and packaging segment, the increase in EBITDA/t of 23% versus 3Q20 is mainly explained by the price readjustments which more than offset inflationary pressures and increased OCC costs, mentioned above.

Debt and Financial Investments

Debt (R\$ million)	Sep-21	Prop. %	Jun-21	Prop. %
Short Term				
Local Currency	1,218	4%	1,128	4%
Foreign Currency	580	2%	426	2%
Total Short Term	1,798	6%	1,554	6%
Long Term				
Local Currency	4,397	15%	4,384	16%
Foreign Currency	22,707	79%	21,083	78%
Total Long Term	27,105	94%	25,467	94%
Total Local Currency	5,615	19%	5,512	20%
Total Foreign Currency ¹	23,287	81%	21,509	80%
Gross Debt	28,903		27,021	
(-) Cash	8,953		8,250	
Net Debt	19,950		18,770	
Net Debt / EBITDA (LTM) - US\$	3.1 x		3.6 x	
Net Debt / EBITDA (LTM) - R\$	3.2 x		3.3 x	

¹Includes BRL to USD swaps, as well as the market fair value of these instruments

Gross debt stood at R\$ 28.903 billion as of September 30, 2021, an increase of R\$ 1.882 billion in relation to the close of 2Q21. This increase is largely explained by the effect of exchange rate depreciation on currency denominated debt, albeit without a material cash effect in the period.

Average Maturity / Cost of Debt	3Q21	2Q21	3Q20
Local Currency Cost	10.4% a.a.	8.5% a.a.	4.1% a.a.
Foreign Currency Cost	5.1% a.a.	5.1% a.a.	4.7% a.a.
Average maturity	108 months	110 months	117 months

The total average maturity of loans and financing at the end of 3Q21 was 108 months, 58 months for debt in Reais and 119 months in currency denominated debt. The average cost of currency denominated financing, the main source of the Company's credit, remained unchanged on a quarterly comparison basis at 5.1% annually. For debt in local currency, the increase in financial cost to 10.4% p.a. in 3Q21 reflects accelerating inflation as measured by the accumulated IPCA for the past twelve months, the latter increasing from 8.4% in June 2021 to 10.3% in September in the same year and the CDI, which increased from 4.2% in June 2021 to 6.2% in September 2021.

Cash and financial investments ended the third quarter 2021 at R\$ 8.953 billion, an increase of R\$ 703 million in relation to 2Q21, and reflecting cash generation in the period. This cash position would be sufficient to amortize 65 months of debt. As per Notice to the Market of October 7, 2021, the Company has a Revolving Credit Facility, characterized as Sustainability-Linked, for US\$ 500 million (equivalent to R\$ 2.720 billion) maturing in October 2026, its cost being conditional on the performance of the environmental indicator. The commitment fee will be between 0.36% p.a. and 0.38% p.a. and in case the line is drawn, the cost will vary between Libor + 1.20% p.a. and Libor + 1.25% p.a..

Klabín also has financing earmarked to the execution of the Puma II Project, contracted, and partially drawn for the following amounts: (i) BID Invest, IFC and JICA, US\$ 700 million; (ii) Finnvera, US\$ 178 million; (iii) BNDES, R\$ 2 billion. These credit lines may be drawn either in full or partially, according to the progress of the construction schedule of the Puma II Project and/or Company's cash requirements.

Consolidated net debt as of September 30, 2021 amounted to R\$ 19.950 billion, an increase of R\$ 1,179 billion compared to the net amount at the close of 2Q20 and largely due to the negative impact of exchange variation on US\$ denominated debt – with no material cash effect during the period – although partially offset by cash generation.

Financial leverage measured by the Net Debt/Adjusted EBITDA ratio in US\$ - which best reflects Klabín's financial leverage - continued a deleveraging trajectory, begun in the previous quarter and terminating in 3Q21 at 3.1 times compared with 3.6 times in 2Q21, this being implemented in parallel with the ongoing Puma II investment cycle. The positive performance is related to increased cash generation and to the accumulated Adjusted EBITDA over the past twelve months, maintaining leverage within the parameters established in the **Company's Financial Debt Policy**.

Hedge Accounting

From January 2021, Klabín 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 3Q21, the currency variation of debt designated for hedge accounting totaled a net negative effect of R\$ 560 million in the "Valuation adjustments to shareholders' equity" in the shareholders' equity. This amount related to the positive balance of R\$ 865 million in the financial result less the R\$ 16 million realization of the hedge reserve plus R\$ 288 million in Income Tax and Social Contribution.

In 3Q21, revenue was realized in the amount of US\$ 18 million linked to the settlement of loans and financing, designated as a hedge instrument. This revenue generated an accumulated foreign exchange expense of R\$ 5 million, excluded from the Adjusted EBITDA to better show the Company's cash generation.

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

For more information, please see the financial statements for the period.

Financial Result¹

R\$ million	3Q21	2Q21	3Q20	Δ	Δ	9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Financial Expenses	(310)	(379)	(316)	-18%	-2%	(1,159)	(1,142)	1%
Financial Revenues	83	72	63	15%	30%	184	296	-38%
Subtotal	(228)	(307)	(252)	-26%	-10%	(975)	(846)	15%
Net Foreign Exchange Variation	(1,199)	1,845	(535)	n/a	124%	(509)	(4,646)	-89%
Derivative Instruments (SWAP)	(430)	684	(285)	n/a	51%	(81)	(2,466)	-97%
Hedge Accounting Effect	1,566	(2,429)	-	n/a	n/a	865	-	n/a
Subtotal	(63)	100	(819)	n/a	-92%	274	(7,112)	n/a
Financial Result	(291)	(207)	(1,072)	40%	-73%	(701)	(7,958)	-91%

¹ Pro-forma numbers. For more details, please access the Company's Financial Statements

In 3Q21, financial expenses excluding hedge accounting and swap effects amounted to R\$ 310 million, 18% lower than the preceding quarter and in line with the same period in 2020. Financial revenues totaled R\$ 83 million in the quarter, an increase of R\$ 11 million in relation to 2Q21 and R\$ 20 million compared with 3Q20, both a reflection of the increase in the CDI.

The closing FX rate for the quarter was R\$ 5.44/US\$, 9% above the rate at the end of 2Q21, thus generating the negative result in the net foreign exchange variation line of R\$ 1.199 billion due to the impact on US\$ denominated debt and R\$ 430 million in the marking-to-market of interest rate swaps. These swaps are linked to loans and financing contracted in Reais and through these derivative instruments, have an effect similar to a liability contracted in US\$.

As mentioned in the preceding section, the Company has adopted the hedge accounting methodology, with a positive pre-Income Tax/Social Contribution effect of R\$ 1.566 billion in 3Q21, a reflection of the appreciation in the Real against the US\$ on the marking of currency denominated debt. This amount ceases to be booked to the income statement through an offsetting amount to stockholders equity in the "Valuation adjustments to shareholders' equity" line. Important to note that the currency variation on US\$ denominated debt, the marking-to-market of the swaps as well as the partial compensation according to the hedge accounting methodology – amounting to negative R\$ 63 million in 3Q21 - had no cash effect in the period.

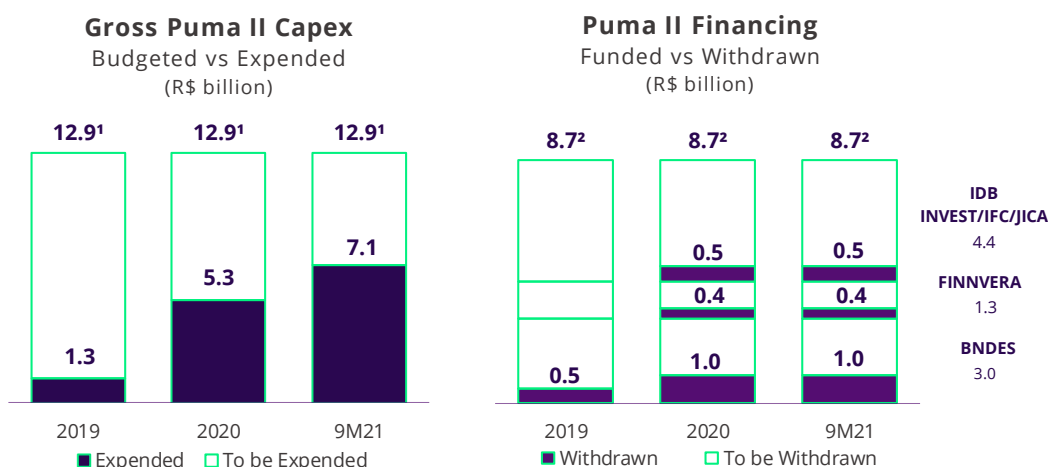
Investments

R\$ million	3Q21	2Q21	3Q20	Δ		9M21	9M20	Δ
				3Q21/2Q21	3Q21/3Q20			9M21/9M20
Forestry	134	70	88	90%	52%	271	206	31%
Operational Continuity	113	115	104	-1%	9%	413	340	21%
Maintenance Capex	247	185	191	33%	29%	683	546	25%
Special Projects and Growth	130	18	15	607%	743%	216	43	407%
Puma II Project	623	700	1,141	-11%	-45%	1,820	2,577	-29%
Total	1,000	904	1,348	11%	-26%	2,719	3,166	-14%

In 3Q21, Klabin invested R\$ 1.0 billion in its operations and expansion. Of the total amount invested, R\$ 134 million were allocated to forestry operations and R\$ 113 million to the operational continuity of the plants. The total of these two amounts, R\$ 247 million, represents the investments in the operational maintenance of the Company. On an annual comparison basis, the largest investments reflect principally the impact of accelerating inflation on services and inputs during the period. A further R\$ 130 million were invested in special projects and expansions, among which those projects approved at the end of June 2021.

As these are investments from a cash point of view, the amounts do not consider investments related to the forestry activities of the subsidiaries through Special Purpose Corporations (SPC's), executed via the injection of forestry assets already existing in Klabin's balance sheet.

Regarding the Puma II Project investments, to the present, R\$ 7.136 billion has been invested, of which R\$ 5.316 billion up to 2020 and R\$ 1.820 billion in the first nine months of 2021. As already commented, the startup of the Project's first machine took place during the third quarter 2021 and the startup of the second machine is scheduled for the second quarter of 2023. 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. Complementary funding can be obtained by drawing against credit lines already in place with the ECA's, BNDES, BID Invest, IFC and JICA, with no requirements for additional financing.



¹ Initial gross capex of R\$9.1 bi (2019) updated to 2021 prices by exchange rate variation and inflation added to incremental capex of R\$2.6 bi due to the change in PM 28 to coated board

² Considers the end of period R\$/US\$ rate

Free Cash Flow

R\$ million	3Q21	2Q21	3Q20	LTM 3Q21	LTM 3Q20
Adjusted EBITDA	1,928	1,798	1,233	6,313	4,558
(-) Capex ¹	(1,000)	(904)	(1,348)	(4,727)	(4,017)
(-) Interest Paid/Received	(134)	(391)	(179)	(1,383)	(1,256)
(-) Income Tax	(203)	(71)	(2)	(316)	(9)
(+/-) Working Capital Variation	206	328	915	928	1,568
(-) Dividends & IOC	-	-	-	-	(517)
(+/-) Others	(86)	3	(19)	(249)	(48)
Free Cash Flow	712	763	600	566	279
Dividends & IOC	-	-	-	-	517
Puma II Project	623	700	1,141	3,288	3,130
Special Projects and Growth	130	18	15	512	52
Adjusted Free Cash Flow²	1,465	1,481	1,757	4,366	3,978
Adjusted FCF Yield³				15.0%	18.7%

¹ Capex under cash accrual method does not consider investments into SPVs (Special Purpose Vehicles)

² Excluding dividends and expansion projects

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

The Adjusted Free Cash Flow for the third quarter 2021 was driven by the increase in Adjusted EBITDA as well as the reduction in working capital, largely the result of monetization of tax credits, and a larger outstanding balance to suppliers.

In the 'Interest Paid/Received' line, the amount in 3Q21 was less than compared to 2Q21 due to the interest on bonds maturing in 2029 and 2049 and settled in the preceding quarter.

The 'Others' line reported higher expenses in 3Q21 when compared to 2Q21 and 3Q20. This line incorporates the booking of dividends paid by companies controlled by Klabin, SCPs/SPEs, whose main objective is the exploitation of forestry activities with efficient use of capital.

Excluding discretionary factors and growth projects, the **Adjusted Free Cash Flow** for the last twelve months amounted to R\$ 4.366 billion, equivalent to a Free Cash Flow Yield of 15.0%.

ROIC - Return on Invested Capital

ROIC (R\$ million) - LTM ¹	3Q21	2Q21	3Q20
Total Asset	38,242	36,993	35,402
(-) Total Liability (ex-debt)	(4,861)	(4,435)	(3,473)
(-) Construction in Progress	(6,067)	(6,010)	(3,230)
Invested Capital	27,314	26,548	28,699
(-) CPC 29 Adjustment ²	(1,745)	(1,716)	(1,645)
Adjusted Invested Capital	25,569	24,831	27,054
Adjusted EBITDA	6,313	5,618	4,558
(-) Maintenance Capex	(927)	(872)	(835)
(-) Income Tax and Soc. Contr. (cash)	(316)	(116)	(9)
Adjusted Operating Cash Flow	5,069	4,630	3,714
ROIC³	19.8%	18.6%	13.7%

¹ Average of the last 4 quarters (Last Twelve Months)

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

³ ROIC (Last Twelve Months): Adjusted Operating Cash-Flow / Adjusted Invested Capital

Klabın's consolidated return as measured by the Return on Invested Capital (ROIC)¹ metric was 19.8% in the last 12 months, better than the results for previous quarters. The improvement in this indicator is directly related to the better performance of Adjusted EBITDA over the past 12 months and as explained in the preceding sections. As already described, the startup of the first stage of the Puma II Project took place during the quarter, albeit still with no material impact on EBITDA. Consequently, the investments continue being deducted from the Asset in the 'Construction in Progress' line for the purpose of calculating the ROIC.

Business Performance

Consolidated information by unit in 3Q21:

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	75	578	644	1,443	(63)	2,677
Exports	-	982	545	103	52	1,681
Third part revenue	75	1,560	1,188	1,546	(11)	4,358
Segments revenue	433	48	588	9	(1,078)	0
Total net revenue	507	1,608	1,776	1,555	(1,088)	4,358
Change in fair value - biological assets	403	-	-	-	-	403
Cost of goods sold ¹	(797)	(542)	(1,178)	(1,229)	1,143	(2,602)
Gross income	114	1,067	598	327	54	2,159
Operating expenses	10	(171)	(151)	(150)	-	(461)
Op. results before financial results	124	896	447	177	54	1,698

Note: In this table, total net revenue includes sales of other products; Comparison basis in Appendix V

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

Forestry Business Unit

Volume (k tons)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Wood	515	1,369	429	-62%	20%	2,294	1,224	87%
Revenue (R\$ million)								
Wood	60	96	57	-38%	5%	218	153	42%

In 3Q21, 515 thousand tons of wood were sold, in volume terms 20% higher than the same quarter in 2020, the result of stronger sales of standing timber. With this, revenue amounted to R\$ 60 million in the period. On a quarter-on-quarter basis, the reduction is explained by the one-off sale of 819 thousand tons of standing timber in 2Q21.

Pulp Business Unit

Volume (k tons)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Short Fiber DM	83	84	79	-2%	5%	244	244	0%
Short Fiber EM	202	204	202	-1%	0%	599	592	1%
Short Fiber	285	289	281	-1%	2%	843	836	1%
Long Fiber/Fluff DM	57	57	51	-1%	13%	167	141	19%
Long Fiber/Fluff EM	57	53	66	9%	-13%	162	184	-12%
Long Fiber/Fluff	115	110	117	4%	-2%	329	325	1%
Total Pulp	400	399	398	0%	0%	1,172	1,161	1%
Revenue (R\$ million)								
Short Fiber	1,002	991	660	1%	52%	2,775	1,881	48%
Long Fiber/Fluff	557	520	391	7%	42%	1,488	1,020	46%
Total Pulp	1,558	1,511	1,051	3%	48%	4,263	2,900	47%
Net Price (R\$/ton)								
Short Fiber	3,511	3,435	2,350	2%	49%	3,292	2,250	46%
Long Fiber/Fluff	4,861	4,719	3,345	3%	45%	4,526	3,136	44%
Total Pulp	3,898	3,790	2,642	3%	48%	3,639	2,498	46%

Pulp volume sold in 3Q21 was 400 thousand tons, in line with volumes for the same quarter of 2020, the result of the Puma Unit's solid operational performance and the strong demand across all pulp grades, notably in the European, United States and Latin American markets.

In the light of the sharp differences in relation to pulp consumption in the different geographical markets in the period, the balance between supply and demand remained in equilibrium. On the demand side, China reported some market weakness for seasonal reasons, together with government restrictions introduced due to the energy crisis. On the other hand, demand continued robust in Europe, USA and Latin America, driven by the lifting of COVID -19 pandemic restrictions. On the supply side, logistical difficulties continued with little expectation of normalization in the short-term, the equilibrium between supply and demand growing tighter.

In this scenario, Klabin benefited from the flexibility in the sales mix between regions, increasing sales volume in line with reference prices in Europe, USA and for domestic business, these markets together increasing by approximately 14% on average both for short as well as long fiber in 3Q21 compared with the average for 2Q21. By contrast, in China, prices for short and long fiber reported an average of US\$ 657/t and US\$ 855/t, respectively. These amounts represent a decline of 15% and 12% respectively in relation to 2Q21. Both grades measured at the FOEX price index.

Klabin's position as the only Brazilian company producing hardwood, softwood and fluff pulps translates into greater flexibility in building a strategic sales mix, allowing the Company to benefit from price increases in the three fibers, thus maximizing returns from the business. The price differential between hardwood and softwood pulp remained high, ending the quarter at US\$ 208/t in China. It is worth also highlighting the solid performance in fluff pulp, with characteristics of greater resilience both in terms of demand as well as price.

Given this favorable market scenario and in spite of a more appreciated Real against the US\$, net revenue from the pulp business was R\$ 1.558 billion in 3Q21, a growth of 48% compared to the same period in 2020, the result of the strong price recovery and better sales mix.

Paper Business Unit

Volume (k tons)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Kraftliner DM	39	43	48	-10%	-20%	135	135	0%
Kraftliner EM	49	48	62	3%	-22%	146	195	-25%
Kraftliner	87	90	111	-3%	-21%	281	330	-15%
Coated Boards DM	114	107	116	6%	-2%	330	305	8%
Coated Boards EM	69	68	68	2%	1%	181	231	-22%
Coated Boards	183	175	185	5%	-1%	511	536	-5%
Paper	271	265	295	2%	-8%	792	866	-9%
Revenue (R\$ million)								
Kraftliner	361	333	310	9%	16%	1,017	901	13%
Coated Boards	819	780	754	5%	9%	2,249	2,191	3%
Paper	1,180	1,113	1,064	6%	11%	3,267	3,092	6%
Net Price (R\$/ton)								
Kraftliner	4,139	3,691	2,807	12%	47%	3,622	2,729	33%
Coated Boards	4,465	4,455	4,078	0%	9%	4,400	4,087	8%
Paper	4,360	4,195	3,602	4%	21%	4,124	3,570	16%

Kraftliner

Demand in the kraftliner market remained intense throughout the 3Q21 both in the domestic as well as the export market. The United States, the main producer and exporter of kraftliner, continues converting more of its output internally and reducing exports, that in the accumulated period between January and July fell 34% in relation to the same period in 2020. In 3Q21, the average price in Europe as measured by the FOEX price index for kraftliner, was US\$ 883/t, 30% more than the average for 3Q20 and 9% greater compared with the average for 2Q21.

During the quarter, Klabin's sales volume of kraftliner fell 21% on an annual comparative basis due to the programmed maintenance stoppage at the Otacílio Costa Unit and the higher integrated volume in conversion to meet the high demand for packaging in the Brazilian market. Despite the reduction in sales volume, net revenue rose 16% in the same period as a result of price readjustments implemented in recent quarters.

Coated Boards

The coated board market continues in the same vein of robust demand in the domestic and international markets, driven by the accelerated tendency of replacing single-use plastic packaging for sustainable packaging, manufactured from recyclable, renewable and biodegradable raw materials. According to the Brazilian Tree Industry (IBÁ), domestic sales rose 20.9% in the accumulated period from January to August 2021 in relation to the same period in 2020.

Klabin's sales volume of coated boards in the third quarter of 2021 reported stability on an annual comparative basis given that the Company is already operating at maximum production capacity. Revenue from the segment rose 9% year-on-year on the back of price readjustments in the period.

Packaging Business Unit

Volume (k tons)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Corrugated Boxes	239	243	175	-2%	36%	723	481	50%
Industrial Bags	40	39	42	2%	-4%	119	109	9%
Packaging	279	282	217	-1%	29%	841	589	43%
Revenue (R\$ million)								
Corrugated Boxes	1,286	1,129	656	14%	96%	3,416	1,763	94%
Industrial Bags	261	258	244	1%	7%	777	649	20%
Packaging	1,547	1,387	900	12%	72%	4,193	2,413	74%
Net Price (R\$/ton)								
Corrugated Boxes	5,380	4,645	3,743	16%	44%	4,728	3,666	29%
Industrial Bags	6,511	6,574	5,846	-1%	11%	6,544	5,983	9%
Packaging	5,542	4,913	4,147	13%	34%	4,984	4,093	22%

Corrugated Boxes

Klabin's sales volume of corrugated boxes posted 239 thousand tons in 3Q21, an increase of 36% compared to the same period in 2020, considering additional volumes from the IP acquisition. Excluding sales from the acquisition, volume remained flat year-on-year. In turn, revenue grew 96% in relation to 3Q20 and 43% on the same comparative basis if the revenue from the new units is excluded. Increased revenue is largely a reflection of price increases in the period, driven by strong demand and the passing through to prices of increased OCC costs since the outset of the pandemic.

Data published by Empapel, formerly the Brazilian Association of Corrugated Board (ABPO), shows shipments of corrugated boxes in 3Q21 were 2.5% down on the same period in the preceding year, taking into account preliminary information for the month of September. Following a sequence of 13 consecutive months of growth, August and September reported declining volumes on an annual comparative basis, although the historic series for both months still representing the second largest shipment volumes on record. This expected accommodation in shipments is explained by the resumption of services that were affected during the period of social isolation.

Industrial Bags

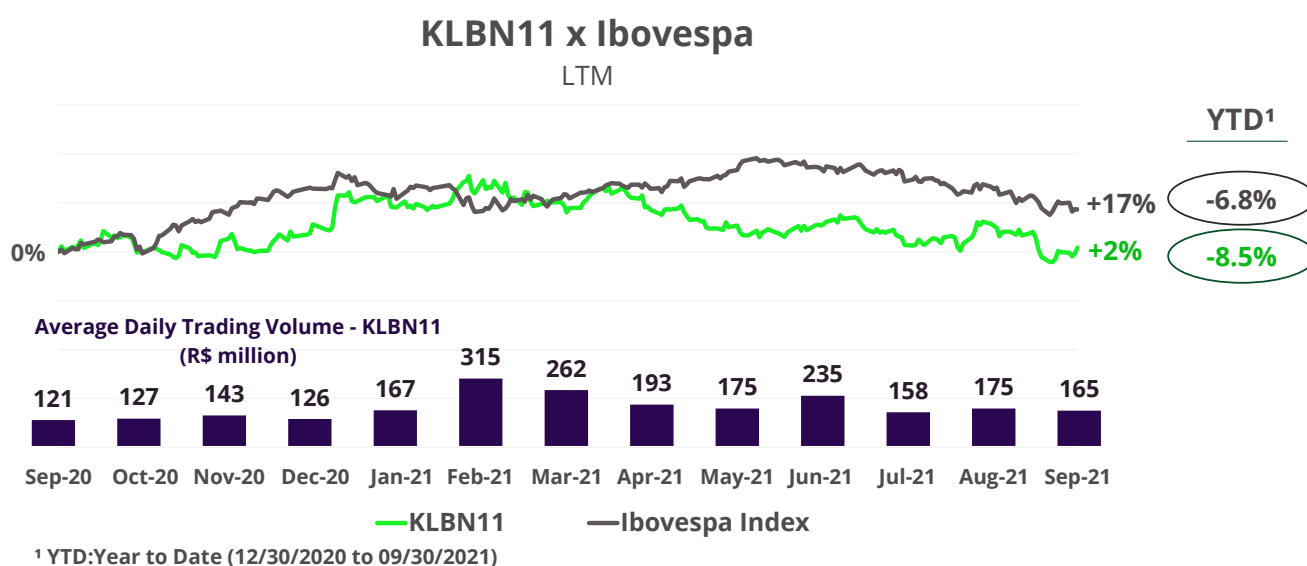
Preliminary data published by the National Cement Industry Union (SNIC) indicates Brazilian cement consumption - directly impacting Klabin's sales of industrial bags in Brazil - posting an increase of 9.7% from January to September 2021 compared with the preceding year, 10.2% considering sales per business day.

The Company's industrial bags conversion units operated at maximum capacity to meet strong demand from both domestic and export markets. In 3Q21, the segment reported increased net revenue of 7% compared with the same period in 2020 reflecting a greater sales mix directed to new bag uses with greater value added as well as the passing on of increased costs to prices in the period.

Capital Markets

Equity Income

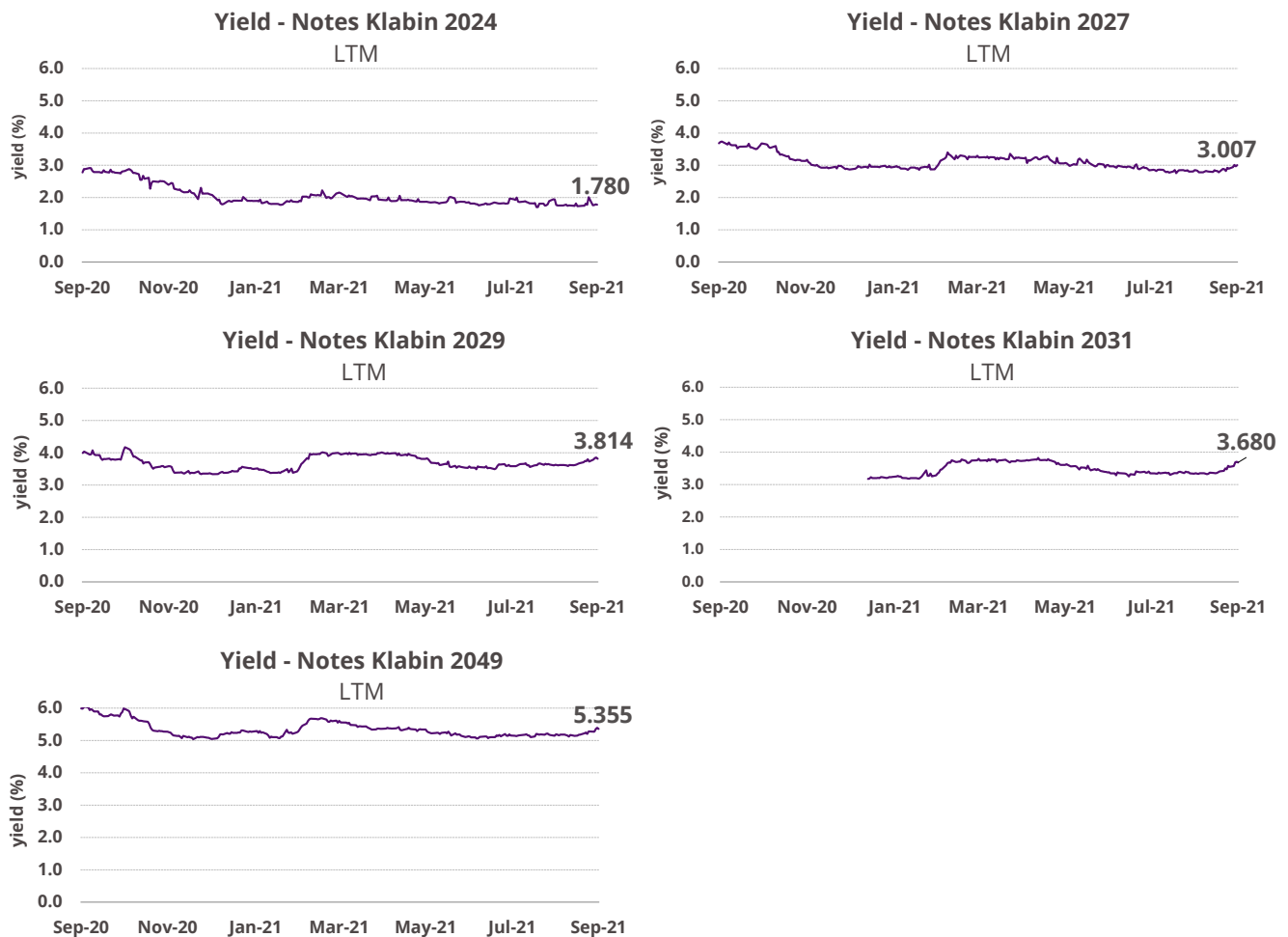
In the third quarter of 2021, Klabin's Units (KLBN11) reported a depreciation of 8% as against a depreciation of 12% in the Ibovespa, closing the period priced at R\$ 24.21/unit. The units were traded on all the days B3 was open for business, in the quarter turnover amounting to approximately 420 million transactions with an average daily trading volume of R\$ 165 million. The maximum price reached during the period was R\$27.34/unit on July 7, 2021, while the minimum was R\$ 22.80/unit on September 20, 2021.



Fixed Income

The Company has five active note or bond issues in the international market. Among these are two Green Bond issues, the securities of which must necessarily have their resources earmarked to eligible green projects. There are also two conventional debt issues. And finally, a Sustainability Linked Bond (SLB), the coupon of which is linked to sustainability performance metrics. Differently from the other issues, interest paid on SLB securities is directly linked to meeting certain goals by 2025 and described in the issue's Framework, published in the Company's Investor Relations website. All coupons and maturities are shown in the respective graphs below.

In 3Q21, Klabin maintained its credit risk rating at BB+, with a stable outlook by the agencies Fitch Ratings and Standard & Poors.



Shareholder Remuneration

As explained in the fourth quarter 2020 earnings release, Klabin's booked net income in 2020 was negatively affected by the intense devaluation of the Real against the US\$. Consequently, in compliance with bookkeeping and corporate legislation, Klabin was temporarily unable to distribute earnings to its shareholders and consequently there was no distribution of earnings in the first nine months of 2021.

The Controlling Company reported a book net income of R\$ 2.1 billion in the first nine months of 2021. With this, accumulated results in the balance sheet at the end of 3Q21 totaled approximately R\$ 1.1 billion, making the Company eligible to pay out dividends. Klabin's Dividend and Interest on Capital Policy, approved in June 2020, established a target percentage for payment of shareholder remuneration of between 15% and 25% of the Adjusted EBITDA. To see the Policy in full, [click here](#).

Subsequent Events

Revolving Credit Facility Agreement

Pursuant to the Notice to the Market published on October 7, 2021, the Company contracted a Revolving Credit Facility worth US\$ 500 million, characterized as Sustainability-Linked. The cost of this facility is conditional on the annual performance of the environmental indicator relative to the increased reutilization of solid industrial waste. To access the Notice, please [click here](#).

Green Bonds Report

On October 20, 2021, according to the Notice the Market released, Klabin published its annual Green Bonds Report. In this report, Klabin accounts for the use of resources raised under the Green Bonds in the period from July 2020 and June 2021. To access the Report, please [click here](#).

Conference Call

English (Simultaneous Translation)

Wednesday, October 27, 2021

Time: 10:00 a.m. (NYC) / 11:00 a.m. (Brasília)

Phone: +1 412 717 9627 or +1 844 204 8942

Code: Klabin

Access via HD Web Phone: [click here](#)

Access via Webcast: [click here](#)

Replay: +55 11 3193-1012

Code: 5169469#

Portuguese

Wednesday, October 27, 2021

Time: 11:00 a.m. (Brasília) / 10:00 a.m. (NYC)

Phone: +55 11 4090-1621

Code: Klabin

Access via HD Web Phone: [click here](#)

Access via Webcast: [click here](#)

Replay: +55 11 3193-1012

Code: 8374387#

IR Channels

Investor Relations website: <http://ri.klabin.com.br>

Klabin Invest: video and podcast platform available on YouTube and Spotify



E-mail: invest@klabin.com.br

Phone: +55 11 3046-8401

The Investor Relations team is at your disposal:

- Marcos Ivo – Chief Financial and Investor Relations Officer
- Marcos Maciel – IR Manager
- Luiza Chaves – IR Coordinator
- Anna Atui – IR Analyst
- Fabiana Cruz – IR Analyst
- Rafaela Silveira – IR Analyst
- Marcos Ribeiro – IR Intern

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

Appendix 1 – Consolidated Income Statement

(R\$ thousands)	3Q21	2Q21	3Q20	Δ 3Q21/2Q21	Δ 3Q21/3Q20	9M21	9M20	Δ 9M21/9M20
Gross Revenue	5,037,071	4,695,747	3,559,504	7%	42%	13,751,658	9,879,782	39%
Discounts and Rebates	(673,770)	(620,194)	(405,001)	9%	66%	(1,835,239)	(1,198,444)	53%
Cash Flow Hedge Realization	(5,070)	-	-	n/a	n/a	(16,088)	-	n/a
Net Revenue	4,358,231	4,075,553	3,108,828	7%	40%	11,900,331	8,656,612	37%
Variation in the Fair Value of Biological Assets	403,232	198,701	68,515	103%	489%	644,637	317,336	103%
Cost of Products Sold	(2,602,482)	(2,464,809)	(1,926,325)	6%	35%	(7,457,245)	(5,585,660)	34%
Gross Profit	2,158,981	1,809,445	1,251,018	19%	73%	5,087,723	3,388,288	50%
Selling Expenses	(310,379)	(296,087)	(296,275)	5%	5%	(873,307)	(832,697)	5%
General & Administrative Expenses	(195,921)	(219,869)	(165,833)	-11%	18%	(620,258)	(472,072)	31%
Other Revenues (Expenses)	36,184	2,782	(4,404)	1201%	n/a	70,837	54,509	30%
Total Operating Expenses	(470,116)	(513,174)	(466,512)	-8%	1%	(1,422,728)	(1,250,260)	14%
Operating Income (Before Fin. Results)	1,688,865	1,296,271	784,506	30%	115%	3,664,995	2,138,028	71%
Equity Pickup	8,749	1,732	1,039	405%	742%	11,406	27,071	-58%
Financial Expenses	(310,090)	(379,290)	(587,588)	-18%	-47%	(1,159,172)	(3,528,753)	-67%
Liabilities Foreign Exchange Result	(172,590)	255,750	(701,353)	n/a	-75%	196,906	(5,455,803)	n/a
Total Financial Expenses	(482,680)	(123,540)	(1,288,941)	291%	-63%	(962,266)	(8,984,556)	-89%
Financial Revenues	82,515	72,060	63,373	15%	30%	184,406	296,393	-38%
Assets Foreign Exchange Result	109,469	(155,566)	153,868	n/a	-29%	77,009	730,529	-89%
Total Financial Revenues	191,984	(83,506)	217,241	n/a	-12%	261,415	1,026,922	-75%
Financial Result	(290,696)	(207,046)	(1,071,700)	40%	-73%	(700,851)	(7,957,634)	-91%
Net Income Before Taxes	1,406,918	1,090,957	(286,155)	29%	n/a	2,975,550	(5,792,535)	n/a
Income Tax and Soc. Contrib.	(191,614)	(372,201)	94,938	-49%	n/a	(620,782)	2,076,045	n/a
Net Income (Loss)	1,215,304	718,756	(191,217)	69%	n/a	2,354,768	(3,716,490)	n/a
Net income (Loss) Attributable to Noncontrolling Interests	121,026	59,583	7,666	103%	1479%	230,121	90,978	153%
Net Income Attributable to Klabin's Stockholders	1,094,278	659,173	(198,883)	66%	n/a	2,124,647	(3,807,468)	n/a
Depreciation/Amortization/Exhaustion	637,110	700,755	517,110	-9%	23%	1,964,003	1,773,093	11%
Change in Fair Value of Biological Assets	(403,232)	(198,701)	(68,515)	103%	489%	(644,637)	(317,336)	103%
Net Realization of Cash Flow Hedge	5,070	-	-	n/a	n/a	16,088	-	n/a
Adjusted EBITDA	1,927,813	1,798,325	1,233,101	7%	56%	5,000,449	3,593,785	39%
Non-Recurring Effects ¹	-	-	-	n/a	n/a	(20,231)	-	n/a
Adjusted EBITDA (excl. non-recurring effects)	1,927,813	1,798,325	1,233,101	7%	56%	4,980,218	3,593,785	39%

¹Refers to the net gain from the sale of Nova Campina in 1Q21

Appendix 2 – Consolidated Balance Sheet

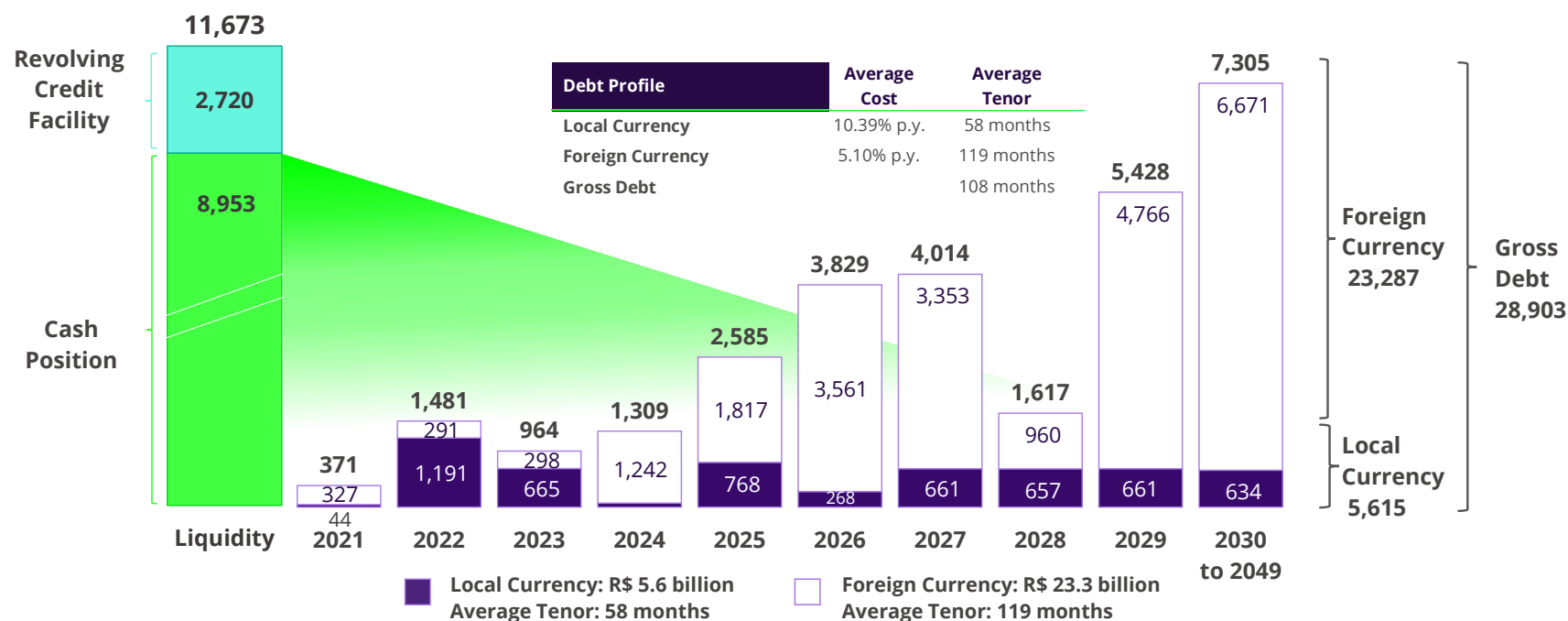
Assets (R\$ thousands)	sep-21	jun-21	sep-20	Liabilities and Equity (R\$ thousands)	sep-21	jun-21	sep-20
Current Assets	14,075,288	12,967,285	12,256,202	Current Liabilities	5,415,631	4,689,374	3,154,189
Cash and Cash-Equivalents	6,958,432	6,510,101	6,534,884	Loans and financing	1,732,143	1,467,814	695,000
Securities	1,994,787	1,740,234	1,305,584	Debentures	66,057	82,348	64,130
Receivables	2,656,638	2,498,094	1,992,740	Suppliers	2,461,924	2,198,278	1,548,908
Inventories	1,789,381	1,612,234	1,379,460	Taxes payable	211,285	212,037	142,840
Recoverable taxes and contributions	393,111	459,139	866,902	Salaries and payroll charges	474,861	374,260	373,868
Other receivables	282,939	147,483	176,632	Liability use benefit	193,012	186,214	147,400
				Other accounts payable	276,349	168,423	182,043
Noncurrent Assets	26,760,772	25,312,922	23,582,263	Noncurrent Liabilities	28,963,277	27,274,409	29,509,266
Deferred income tax and social contribution	693,581	308,260	1,337,976	Loans and financing	25,409,346	23,865,645	26,220,060
Taxes to compensate	789,908	622,057	821,362	Debentures	1,695,329	1,604,948	1,914,073
Judicial Deposits	113,289	109,486	123,144	Other accounts payable - Investors SCPs	197,976	285,421	327,210
Other receivables	195,979	208,654	205,977	Lease liability	881,625	865,561	700,654
Investments	264,833	264,586	266,137	Taxes payable	204,961	129,736	39,150
Property, plant & equipment, net	18,658,891	18,098,745	15,545,148	Other accounts payable	574,040	523,098	308,119
Biological assets	4,846,420	4,579,168	4,372,570				
Right of use asset	1,052,433	1,033,167	837,856	Stockholders' Equity	5,397,998	5,335,412	2,594,903
Intangible assets	145,438	88,799	72,093	Capital	4,475,625	4,475,625	4,475,481
				Capital reserve	(343,463)	(343,451)	(365,791)
				Revaluation reserve	48,705	48,705	48,705
				Profit reserve	-	-	1,517,044
				Valuation adjustments to shareholders' equity	254,873	1,286,500	927,803
				Retained earnings	1,130,821	36,543	(3,830,468)
				Treasury stock	(168,563)	(168,510)	(177,871)
				Equity Attrib. to Noncont. Interests	1,059,154	981,012	580,107
Total Asset	40,836,060	38,280,207	35,838,465	Total Liability + Equity	40,836,060	38,280,207	35,838,465

Appendix 3 - Financing Redemption Schedule – 09/30/2021

Debt raised in Reais linked to swaps for US\$ considered as currency denominated debt for the purpose of this appendix

R\$ million	4Q21	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 to 2049	Total
BNDES	5	5	44	77	77	76	76	76	76	76	634	1,220
Export Credit Notes	(1)	(1)	(1)	(3)	(3)	348	(2)	-	-	-	-	338
Agribusiness Receiv. Certificate	5	5	1,115	591	(8)	344	194	585	582	585	-	3,993
Others	1	1	1	1	0	0	(1)	(1)	(1)	(0)	(1)	0
Debentures	33	33	31	-	-	-	-	-	-	-	-	64
Local Currency	44	44	1,191	665	67	768	268	661	657	661	634	5,615
Trade Finance	84	84	(1)	(1)	(1)	1,517	3,357	68	340	136	-	5,499
Bonds	250	250	24	(9)	935	(8)	(8)	2,661	(4)	4,005	6,615	14,460
ECA's	(8)	(8)	266	308	308	308	213	59	59	60	57	1,631
Debentures	0	0	2	-	-	-	-	565	565	565	-	1,697
Foreign Currency¹	327	327	291	298	1,242	1,817	3,561	3,353	960	4,766	6,671	23,287
Gross Debt	371	371	1,481	964	1,309	2,585	3,829	4,014	1,617	5,428	7,305	28,903

¹Includes BRL to USD swaps, as well as the market fair value of these instruments



Appendix 4 – Consolidated Cash Flow Statement

R\$ thousand	3Q21	2Q21	3Q20	9M21	9M20
Net Cash from Operating Activities	1,893,835	934,020	3,478,636	3,476,193	5,131,298
Cash Generated from Operations	2,312,153	1,307,105	1,977,898	4,991,533	3,692,587
Net Profit/Loss From Ongoing Operations	1,215,304	718,756	(191,217)	2,352,552	(3,716,490)
Net Profit/Loss From Discontinued Operations	-	-	-	2,216	-
Depreciation and Amortization	216,304	247,171	309,449	723,076	858,818
Change in Fair Value of Biological Assets	(403,232)	(198,701)	(68,515)	(644,637)	(317,336)
Exhaustion of Biological Assets	420,806	453,585	207,661	1,240,928	914,275
Deferred Income Tax and Social Contribution	146,854	218,495	(94,264)	370,849	(2,488,379)
Interest and Currency Variations on Financing Operations	620,177	(126,658)	1,743,086	880,967	8,584,493
Interest on Leases	18,705	10,620	(15,935)	39,633	(201,437)
Realization of Cash Flow Hedge Reserve	5,070	-	-	16,088	-
Currency Fluctuation on Receivables	67,785	14,902	94,545	57,233	98,100
Estimated Bad Debt Loss/Recovery	(4,138)	(7,522)	28,390	(13,409)	26,641
Estimated Inventory Loss/Composition	1,077	3,646	(1,204)	4,630	328
Result of Disposal of Assets	2,385	2,855	4,878	(9,849)	(2,036)
Equity Pickup	(8,749)	(1,732)	(1,039)	(11,406)	(27,071)
Other	13,805	(28,312)	(37,937)	(17,338)	(37,319)
Changes in Assets and Liabilities	(418,318)	(373,085)	1,500,738	(1,515,340)	1,438,711
Trade Receivables and Related Parties	(222,191)	(54,029)	64,490	(893,544)	(190,623)
Inventories	(178,224)	(141,123)	179,602	(414,880)	(47,216)
Taxes Recoverable	100,778	411,844	146,578	724,671	768,972
Marketable Securities	(254,553)	(223,143)	525,510	(646,890)	84,945
Other Assets	(126,584)	16,217	39,235	(79,538)	195,754
Suppliers	121,568	(413,982)	295,937	(281,689)	139,101
Taxes Obligations	133,364	26,815	106,143	136,808	77,594
Social Security and Labor Obligations	100,601	114,128	79,599	97,045	72,580
Other Liabilities	109,524	(40,174)	65,975	156,504	344,773
Income Tax and Social Contribution Paid	(202,601)	(69,638)	(2,331)	(313,827)	(7,169)
Net Cash Used in Investing Activities	(985,089)	(895,714)	(1,334,940)	(2,540,496)	(3,067,004)
Purchase of Property, Plant and Equipment	(714,926)	(612,645)	(1,238,537)	(1,934,078)	(2,788,663)
Planting Cost of Biological Assets	(284,826)	(291,288)	(109,314)	(784,890)	(376,843)
Proceeds from Disposal of Assets	10,837	5,101	12,911	168,133	95,121
Dividends Received from Subsidiaries	3,826	3,118	-	10,339	3,381
Net Cash Provided Used in Financing Activities	(460,415)	(542,515)	(3,646,096)	813,905	(3,869,796)
New Borrowings	666	(739)	(12,969)	2,697,975	3,729,477
Amortization of Loans and Debentures	(92,232)	(273,971)	(2,677,983)	(1,039,578)	(6,195,753)
Payment of Interests on Loans	(212,056)	(423,940)	(895,061)	(840,035)	(1,075,130)
Payment of Lease Liabilities	(66,051)	(63,365)	(41,286)	(177,081)	(111,913)
Disposal of Treasury Shares	-	-	-	18,946	13,588
Acquisition of Investments and Payment in Subsidiaries (Cash)	-	219,500	-	287,000	50,000
Outflow of JV's Investors	-	-	-	-	(2,000)
Dividends Paid/Received JVs and SPVs	(90,742)	-	(18,797)	(133,322)	(55,065)
Dividends Paid & IOC Paid	-	-	-	-	(223,000)
Increase (Decrease) in Cash and Cash Equivalents	448,331	(504,209)	(1,502,400)	1,749,602	(1,805,502)
Cash and Cash Equivalents at Beginning of Period	6,510,101	7,014,310	8,037,284	5,208,830	8,340,386
Cash and Cash Equivalents at End of Period	6,958,432	6,510,101	6,534,884	6,958,432	6,534,884

Appendix 5 – Business Segments Evolution

3Q21

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	75	578	644	1,443	(63)	2,677
Exports	-	982	545	103	52	1,681
Third part revenue	75	1,560	1,188	1,546	(11)	4,358
Segments revenue	433	48	588	9	(1,078)	0
Total net revenue	507	1,608	1,776	1,555	(1,088)	4,358
Change in fair value - biological assets	403	-	-	-	-	403
Cost of goods sold ¹	(797)	(542)	(1,178)	(1,229)	1,143	(2,602)
Gross income	114	1,067	598	327	54	2,159
Operating expenses	10	(171)	(151)	(150)	-	(461)
Op. results before financial results	124	896	447	177	54	1,698

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

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

2Q21

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	105	543	609	1,283	(79)	2,460
Exports	-	978	519	118	-	1,615
Third part revenue	105	1,520	1,129	1,401	(79)	4,076
Segments revenue	423	31	587	10	(1,051)	-
Total net revenue	528	1,551	1,716	1,411	(1,130)	4,076
Change in fair value - biological assets	199	-	-	-	-	199
Cost of goods sold ¹	(829)	(491)	(1,098)	(1,149)	1,102	(2,465)
Gross income	(103)	1,060	618	262	(28)	1,809
Operating expenses	(82)	(183)	(156)	(142)	52	(511)
Op. results before financial results	(185)	877	462	120	24	1,298

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

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

3Q20

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
Net revenue						
Domestic market	64	372	569	808	(4)	1,809
Exports	-	687	510	103	-	1,300
Third part revenue	64	1,059	1,079	910	(4)	3,109
Segments revenue	387	32	436	6	(862)	(0)
Total net revenue	451	1,091	1,515	917	(866)	3,109
Change in fair value - biological assets	69	-	-	-	-	69
Cost of goods sold ¹	(578)	(494)	(970)	(755)	871	(1,926)
Gross income	(58)	597	545	162	5	1,251
Operating expenses	(35)	(175)	(151)	(100)	(4)	(465)
Op. results before financial results	(93)	422	394	62	1	786

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

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