



**International Conference Call
Klabin S/A (KLBN11)
2Q25 Earnings Results
August 6th, 2025**

Operator: Good morning and welcome to Klabin's conference call.

At this time, all participants are in listen-only mode. Later, we will start a question-and-answer session, and instructions will be given. We kindly ask that for the benefit of time, each analyst asks a maximum of two questions.

As a reminder, this conference call is being recorded, and the presentation will be in Portuguese with simultaneous translation into English. All participants will be able to choose which language they wish to hear by clicking on the Interpretation button and the language of the presentation by clicking on Portuguese Presentation Screen located above.

I'd like to make a brief announcement for those participants following us in English.

Any statements eventually made during this conference call in connection with Klabin's business outlook, projections, operating and financial targets and potential growth should be understood as merely forecasts based on the Company's management expectations in relation to the future of Klabin. Such expectations are highly dependent on market conditions, on Brazil's overall economic performance, and on industry and international market behaviors, and therefore are subject to change.

We have with us today, Mr. Cristiano Teixeira, CEO, Mr. Marcos Ivo, CFO and IRO, and the other officers.

Initially, Mr. Teixeira and Mr. Ivo will comment on the Company's performance during the 2Q25. After that, they will be available to answer any questions that you may wish to ask.

Now I will hand over to Mr. Cristiano. Please go ahead, sir.

Cristiano Teixeira:

Thank you. Good morning, everyone, and welcome to our 2Q25 earnings call.

As a reminder, I'm going to make a few comments about our sales volume, revenue, and give you a general overview of our business during this quarter, and then Marcos Ivo will go into the figures and I'll come back to give you an overview of our alerts, our dashboard for the 2Q, and then we'll continue with the Q&A.

So let's get started. This is a special moment. I'd like to highlight something to everyone and make it clear that right now we are in what we call a harvest season. Parallel to our own foresting initiatives, the Company is well-positioned to start strengthening its cash position. As you know, this will happen in the medium-term with ramp-up volumes from our entire industrial park. And we're moving on to a different moment. Here, I'm referring not only to that replacement of the furnace in Monte Alegre, which will make this a state-of-the-art site after this investment period, but I'm referring especially to the major investments that we have made to structure the Company to face any circumstance.

So, I'll start by talking briefly on the major investments that we've executed in the last four years, and here I'm making reference to Puma II. If you've been with us and if you've followed what we have done in the last 15 to 20 years, you know how important it is to have this machine. It's a modern Kraftliner machine that would be competitive anywhere in the world.

As you know, this was a state-of-the-art machine that would be competitive in any geography. And afterwards, we had a robust coated board machine, which is robust and is prepared for the high-end part of the paper and pulp industry. It's a very well-qualified machine, which is also flexible. And again, if you've kept up with the Company for a long time, you know that 27 and 28 give us a total capacity of nearly 1 billion tons. It's a benchmark product. And if you know that, you understand how robust these two products are in diversified market, as you know, for food and hygiene and cleaning.

I'd also like to remind you of Figueira. If you had the opportunity to visit it, you know that this is one of the most modern and automated sites in the world in corrugated boxes. We have two very efficient corrugators, which gives us a great shipping level at the site, making its competitive cost one of the lowest in the world, and that's a major improvement for Klabin and our sites.

We truly believe in the sites we have and the Figueira Project had an essential role in this context, making conversion more competitive. And this is something that we have said for a number of years, but conversion has always been designed and qualified according to the Company's strategy to protect our ROIC. Figueira was a great example of that.

I would briefly like to touch on other things. I know I'm going into history. I'm not going to bore you with that, but since we are talking about corrugated boxes, I'd like to remind everyone that the acquisition of the packaging business from International Paper in Brazil demonstrates that Klabin is prepared for robust organic investments, like Puma II and Figueira, with a track record that you know very well with execution

quality, but we're also a Company that is prepared for M&As. So please remember that we can classify companies as model A or model B. And I just like to show you that the Company has demonstrated its vision and management with this important M&A. We maintained our market share at first, and in the future, adding to the Figueira Project, Klabin is gaining robust market share in corrugated boxes with major clients at the same time as it is gaining on price with a premium over inflation.

So with corrugated boxes, we are now in the eighth year with a growth in price that is above inflation. This is not only due to the service that we're providing, but also because of our competence in managing efficiently at M&A.

So finally, concluding the strong investment period that we've just gone through, I'd like to mention this. Klabin, as you know, stands out because we are unique in softwood. Having only softwood would not be enough though. So based on softwood, we need to have people, we need to have a good vision and processes to create high-end products like from 28 and others. But we need to have softwood, pinus, people, technology and a good process. And this is what makes the Company different from any other in the world because of how competitive we are on softwood.

And I'm sorry if this sounds pretentious, but I'd like to remind everyone why, in my perspective, the Company stands out. Because we have the best cash cost in the world in both hardwood and softwood and approved products, as you know, in every segment; we can mention fluff, LPB, which can be used for packaging liquids, and pine. So the Company provides a good combination of products. So at the conclusion of this strong investment cycle, at the end of Caetê, not only did we supply softwood, but we're also looking at the long-term with a large land area, and we've explained how this will be monetized, and this will create future investment opportunities.

So, I'll conclude this section, and I apologize for its length, by saying why I'm describing this as a harvest. There have been other initiatives that have given strength to the Company, and we now have excess installed capacity of port volume if we need to export anything. And this will be important, right? It will be important to have more capacity in the Paranaguá port for our goals and objectives, not only on the 3Q, but later on. So, all of these investments have brought us to this current harvest.

We're focused, we have executed all of these investments. As you know, there are some still missing, but we are on our traditional track record of executing and delivering. The boiler is still missing, and this will benefit the Monte Alegre site, but by adding it to the investments I mentioned, Puma II, Figueira with a major conversion machine, and Caetê with enough fibers for all of this activity, and also providing for our future, this will make Klabin very able to execute everything that we have been investing on and that we're now offering. And this harvest for our shareholders means that we are again focusing on efficiency. We have many qualified projects happening in the Company and it's such an uncertain macroeconomic scenario that we are really focusing on internal efficiency.

Again, I'd like to draw your attention to what I have always stated in the last few years, or at least I've tried to bring your attention to it, I'd like to highlight the increase in net revenue, which was brilliant, but always focusing on corrugated boxes. Please, look at our main item right now when we are expanding our revenue. We have been able to execute, and we are executing a strategy in which we are gaining in volume and price.

And I apologize for repeating myself. If you've kept up with our track record, you'd know how controversial this was 10 years ago and see what Klabin has been doing in the last eight years always focusing on major accounts, service level, high-quality investments, always aiming at improving our ROIC. Our production in corrugated boxes and industrial bags has demonstrated what we have been saying for a long time. We have always talked about flexibility, business flexibility for the Company, and I think that is very clear right now.

Finally, before I hand it over to Marcos, I would like to draw your attention for the brilliant effort in the financial area. We have a robust liquidity position and this conservative vision to position the Company's cash has been achieved, not only cash position, but especially having an extended debt profile.

Whenever we look at the indicators, we analyze whenever we see any kind of instability, we have to be robust, especially now in this current moment, which I'm calling a harvest, you can see the Company's net cashflow. We have a number of years to deleverage the Company, but we have a very robust liquidity position, which will be extended so that we can go through this period without any trouble.

So that's all for me. Marcos will continue and I'll come back at the end.

Marcos Ivo:

Thank you, Cristiano. Good morning, everyone, and thank you for being with us again.

On page 4 of our presentation, we start with our sales volume, which was 1.011 million tons in the period, an increase of 2% compared to the 2Q24. This increase is explained by progress in pulp exports and growth in corrugated boxes, as Cristiano mentioned.

Net revenue in the 1Q reached R\$ 5.3 billion, an increase of 6% year-on-year. This increase was driven by the higher price of Kraftliner and packaging, and also by the devaluation of the Brazilian real against the US dollar, showing the strength of the Company's business model with our flexibility and integration. Adjusted EBITDA reached R\$ 2 billion in the 2Q of the year, which is stable compared to 2024.

Moving on to page 5, the total cash cost per ton was R\$ 3,148 in the quarter, down 5% versus the 1Q. This improvement in cash cost is mainly due to lower chemical expenses and a reduction in general and administrative expenses, which is one of our efforts, which was partially offset by an increase in sales expenses.

Moving on to slide 6, Klabin ended Q2 2025 with a net debt of R\$ 28 billion, a reduction of around R\$ 2.5 billion compared to the end of Q1 25. This reduction is explained by the appreciation of the real against the US dollar, also the receipt of the second installment of the Plateau Project and a positive free cash flow in the quarter.

Leverage measured by the net debt to adjusted EBITDA indicator in US dollars was at 3.9x at the end of the quarter, flat compared to Q1 and within the parameters established to the Company's financial debt policy.

Moving on to the next slide, the Company's liquidity remains robust, ending the quarter at R\$ 10.8 billion. This liquidity is made up of R\$ 8.1 billion in cash and the rest in undrawn revolving credit lines. The average debt maturity at the end of the quarter was 86 months and the average cost of debt in dollars was 5.4% per year.

Turning to slide 8, this quarter, Klabin generated a positive free cash flow of R\$ 134 million. This result highlights the Company's current momentum, which is totally focused on ramping up production at Puma II, cost discipline, and CAPEX, with free cash flow generation and deleveraging as a consequence. In the last 12 months, adjusted free cash flow was R\$ 3.2 billion, representing a free cash flow yield of 12.6%.

Continuing on slide 12, the dividends paid out to shareholders over the last 12 months totaled R\$ 1.426 billion. This amount represents a dividend yield of 5.7%. I'd like to highlight the approval on August 5th by the Board of Directors of dividends amounting to R\$ 306 million to be paid on August 19.

I'll now give the floor back to Cristiano, who will give more details on business trends.

Cristiano Teixeira:

Thank you, Marcos. So in conclusion, so we can move on to the Q&A, I'll go into our market thermometer, or alerts as we call them internally. So, we'll go column by column. First, we'll talk about all markets and then I'll talk about sales volume, and we will conclude with our vision on price trends for the 3Q.

So, starting with the market, we can see that short fiber (or hardwood) as stable demand. Our perception of consumer trends from – and let me describe this to you – a structural standpoint, we have been looking at, you know, a 20-year history in China and its effect around the world. I always like to talk about structural issues because it gives us more perspective than the cloudy moment that we're in right now. So, from the market perspective, we can see that Asia has expanded, it's very confident in its macroeconomic figures, and this trend, this decades long trend of consuming tissue is maintained, and there are high expectations for other parts of the world.

So, at least in our mind, we are not concerned about having such a winning product. We're not affected by the current conditions, especially in the 3Q, we believe our demand will be flat versus the 2Q, and we do not see any threats here. And we're

combining here a short-term for the 3Q and a long-term vision to sustain the Company's pillars.

On fluff, comparing the 2Q to the 3Q, fluff remains strong. It's a product that we have used for a long time, it's a winning product. We have softwood, which we also believe in, and we use some products partially according to our clients' blends, but we are betting on 100% softwood fluff. And this market continues to be strong, it's a high-revenue market, we are focusing on adult diapers, we are seeing a higher demand in many places of the world. And wherever you go around the world, go into a pharmacy, a drug store, and look at the dedicated space for this product.

And again, looking at the short-term, in the 3Q, we don't really see any threats or anything that would create a negative expectation for fluff. Quite contrary. I can mention some developments that we had in the Northern hemisphere, specifically the US, which gives us good expectations on this product and a level of confidence in it. So, from the market standpoint, this is still a winning product and we're betting on it for the future, as you know very well.

In coated board, we see a slight increase, both with coated board, Kraftliner and corrugated boxes. From the market perspective, we see a seasonal pattern here, which is preparation for the holidays. As you know, we have a positive perspective for the market versus the 2Q. The same seasonal pattern appears in Kraftliner, and with this one, of course, we need to see more details. And I'm sure that you've seen that the US, as a major exporter of Kraftliner in the world, and in the US, this is integrated to corrugated boxes, so when the corrugated box market is weaker in the US, we see Kraftliner being shipped abroad.

So, we're not going to talk about tariffs yet to keep it simple, but the seasonal pattern should be positive for Kraftliner, but we are seeing a higher volume from the US being exported, especially in the last few weeks. But still on Kraftliner, considering what we should expect for the 3Q, we might see some effects. We have at least 2 million tons of virgin fibers announced as closedowns in the US, so that might lead to a market effect. If this Kraftliner is taken offline, this might offset this excess Kraftliner from the US, which we have seen so far. There's been a reduction in corrugated boxes in the 1Q25 versus the 1Q24.

I know that this is complicated. We can elaborate on this during the Q&A, but our vision for the liner, Kraftliner market includes many factors. So again, we'll leave this for the Q&A.

Corrugated boxes is simpler. We see a strong demand. Brazil is doing well. Income levels have been going up. There are some recent inflation effects which has reduced purchase tickets, so we feel that inflation has affected that somewhat, but for Klabin, as we've mentioned a few times, we have made efforts, especially in acquiring International Paper on the Figueira Project, we want to be the big benchmark in Latin America in service level for major clients. And we've been very successful at doing that, whether it is for the stability of our service or the seasonal pattern in the 3Q,

which is always better than the 2Q, we are expecting a strong market for corrugated boxes in the 3Q. And we believe that industrial bags will remain flat versus the 2Q.

Now we'll go through the second column very quickly so that we can continue with the Q&A. Short fiber will be flat versus the 2Q. The same goes for fluff. With coated board, we see some turbulence due to geopolitical and macroeconomic circumstances, but our expectation is positive for the market. We have some important products for the 3Q, and we have good expectations for the domestic market for coated board in the 3Q.

With Kraftliner, here I'm going to refer to what I started with during today's call, which is Machine 28. When we look at this in practice, it underscores our conceptual vision. The 28 Machine has played a very important role in Kraftliner, and it has brought Kraftliner to a different level. With these machines, we can now access any market in the world because of the range and paper weight, and now we see stability in some cases, in other cases an increase in some of the markets that we have gone into, such as Central America, Philippines, and so on, and this is due to the two machines I mentioned.

Volumes for corrugated boxes have been growing consistently as I mentioned before, and I'm not going to repeat myself, but we are very confident with the corrugated box market for Klabin Brazil.

With industrial bags, we see a slight increase in sales volume, and this matches what we have been doing with Kraftliner. We're finding new volume from new markets. So we should see an improvement here.

And finally, to go on over the last column, we see a slight decreasing trend in short fiber, but what I'd like to delve into is this, I know that you are making calculations and that's the most objective way of analyzing the market, so we can look at the historical prices. US inflation is the main reference around the world for pulp price, pulp cash costs, and if we make this calculation, we always have the manufacturing price. So it's US\$ 380 as we saw in May 2024, and if you add inflation to that, the current prices, especially in the Chinese market, show that we are at the same price levels, which is about US\$ 400.

So I do think that we are at the bottom, at least in comparison to the Asian market. The difference between China and Europe has gone down significantly. So Europe is a bit behind what happens in China, but there's always an effect, they might distance themselves from that, but we believe that we are at the minimum. And this minimum will be perceived in the 3Q. So for the 3Q versus the 2Q, we see a slight downward trend, but we should hit that minimum price in the 3Q.

About fluff, our perspective is that prices will remain flat. We don't foresee any event threatening fluff prices in the short, medium, or long term. I've talked a lot about fluff here already.

Coated board, we expect prices to be stable in the 3Q versus the 2Q. And the case of Kraftliner, we see a slight reduction, and I'm referring here to the markets I just mentioned, so that creates a slight downward effect in Kraftliner. Corrugated boxes should have flat prices for the 3Q, but throughout the year, we have been getting a premium on inflation. And in the case of industrial bags, we also foresee a slight reduction on the average price due to the mix.

I think you had the opportunity of reading the interview that Marcos gave yesterday to a major newspaper in Brazil. The effect of the tariffs have been very slight in Klabin, and this mainly affected the industrial bags market. In the 2014 crisis in civil construction, we had gotten prepared for diversification. So we made a very efficient move. This was something that was executed by Douglas Dalmasi, our Business Director, this was a winning strategy and we're going to feel the impact of these higher tariffs in the US, but I would like to give you some good news; this volume was actually more than offset by the other markets that we could not service.

We were looking at the American market due to its prices, but with the tariffs, we're going to go back to markets that we were not servicing before. So the 2% volume which was affected has now been allocated to other markets, and as soon as we implement our service quality strategy in the markets that we usually expand to, we will recover on price as well. So this effect will be null in Klabin with regard to the tariffs.

So that's it for our thermometer, and we can continue with the Q&A.

Question-and-Answer Session

Operator: Ladies and gentlemen, we will now begin the Q&A. If you'd like to ask a question, please click on the raise hand button. If you'd like to remove your question from the queue, please click on lower hand.

Leonardo Correa, from BTG Pactual: Hi, everyone, good morning. Thank you. And I have two points here, Cristiano, that you mentioned in your introduction. First, on corrugated boxes, you mentioned there has been an eight-year-long real increase in price. You've talked about gains in market share. And you've also said that we might underestimate Klabin's capacity to continue to have high prices, capturing market share as you have been doing in the last quarters.

I have an additional point to mention. When you look at the competition – and I know that Klabin has a different business model, which is much less exposed to stoppages, but – stoppages have been going up year-on-year, and this obviously has an impact on the entire chain with competitors. So how has that helped Klabin? And if you can quantify what magnitude increase you're seeing, that would also be very helpful.

My second point, considering the numbers that we've been seeing in some reports, we're talking about this harvest in Klabin, especially after this investment cycle as

projects mature, the Company is benefiting from this cash. So how far will this harvest go and when would you turn the key for investment cycles?

I'm sure you have projects for the future, and I'd just like to understand a little bit better if anything has changed in your analysis to understand how long this harvest will last and when you expect it to grow again. Thank you.

Cristiano Teixeira: Thank you for that question, Leo. So starting with corrugated boxes, I think that the market has underestimated us, with all due respect, but I think that's been changing and I'm very excited about that. Especially with the acquisition of International Paper, that's created an important effect, and with the investments in Figueira, we'll be able to support these major accounts.

Corrugated boxes were undervalued in Brazil and US dollars. Their prices were not appropriate due to the level of service and quality that we're providing. We're having good conversations with our partners and with our accounts and let me make a side note; I sat down with Douglas, and we realized that 70% of our corrugated box market are three-to-five-year contracts, usually renewed.

So 70% of my conversion and my integration of papers protecting us from price instability and protect our ROIC, 70% of over these 1 million tons has three-to-five-year contracts. So we're very proud of that. We reached that in the last few years with Douglas leading the team and we've been very successful. So, with corrugated boxes, we are at a special moment, and I think that underscores that Klabin will be seen as many American companies are seen, as a quality Company producing corrugated boxes with good service levels and so on. So we're not going to be seen as a paper Company, but rather a packaging services Company.

Regarding scrap, that is a fact, I would need to delve into that, but the generation of scrap has a few factors behind it. So this is measured in kilos per person per year. There are many other factors as well. And scrap generation in Brazil has demonstrated to be a factor. But of course, in the last few years, we've grown by over 500,000 tons in corrugated boxes, and the conversion factor for recycled is done through the volume of scraps, and at some moments in the last years, we even needed to offset that with imports. So scraps are very balanced in Brazil.

When we look at the balance between consumption and generation, it is very sensitive to price. So the price has gone to \$1,400, and this price was sustained for at least one year, there was a slight reduction now. There are no signs that this will go down more than that, so scraps will continue to pressure our cost and will continue to pressure recycled paper manufacturers.

Klabin has the capacity of working with these machines when scraps are higher and liner prices don't make up for it, then we can work them for the other market. It's a little bit more complex than what we normally say, but I don't know if you can go into this completely during a call, but high levels of scrap support Klabin.

And now let's talk specifically about this harvest period. It's a simple answer. We're absolutely focused on providing free cashflow for the Company. We're going to deleverage the Company as you've never seen before, very quickly in the next years. We're very confident about this and no, no investments are on our radar. What we want is to reap the benefits of this harvest. And if you're with us in Klabin, you're going to benefit from that. So that's what's on our radar.

Leonardo Correa: Thank you.

Caio Greiner, from UBS: Hi, good morning. Thank you. I have a couple of questions. My first question is about production volumes and the growth guidance of 200,000 tons that you mentioned in last year's Klabin Day. I think we can see that the production growth in the 1Q was very low, not at the levels that we saw, and we can understand the reasons. There were some maintenance stoppages at Puma in the 1Q, that demand for some products seems to be below expectations. So I'd just like to know what the projections are for the Company for the 2Q.

Do you believe that you can reach the guidance? And what is your expected growth volume for the second half? And if you can also talk about the main drivers for changes that you might have made for this outlook.

My second question, still on sales and production, is about the coated board market. For the last few quarters, you've been seeing that it's a challenging environment for coated board, and we saw that IBA asked for tariff increases specifically for coated board. They're assessing that there's excess exports from China. So I'd just like to hear a little bit more about this environment, and of course, we're trying to understand the demand but focusing specifically on the import supply. Thank you.

Cristiano Teixeira: Thank you, Caio. I'll try to answer and if I don't, we can get our directors to participate, they're here. So I'm referring to Ricardo Cardoso, our Industrial Director, and José Soares, who's our Commercial Director for Paper. But let me start by answering your question about production volume. For the 3Q, it will continue the same pace as the 2Q. Machines are stable, we are confident about the stability that we have in our machines, and we have no exceptions right now. The variation from the guidance that you mentioned, we have to clarify that we do some stoppages due to the market – and I'm referring here to the answer I just provided to Leo on recycled paper machines –, we do have a capacity for recycled paper that we operate according to the opportunity costs.

That's how it goes. So this variation, as you mentioned, we had an issue in maintenance, which was a one-off and has already been fixed. Machines are operating well, we don't see that affecting us in any way, but with the price for scrap, as I mentioned before, we still believe that these machines will be stopped, or at least partially stopped. So this variation from the production guidance will always happen due to market issues. And this can usually be explained by recycled paper machines.

About coated board, I'm going to refer to something that is a little bit more elaborate. I have to draw a quick parallel. In Kraftliner, this is a more competitive product in many places of the world, it's extremely flexible and I could give you several examples of it, but Kraftliner has a capacity due to the corrugated boxes market, it's a very dynamic market around the world and it has huge ease of use, it has several industrial uses as well, but this is a very dynamic and big volume product.

When I talk about coated board, this is a niche market, I mentioned 200 million in container board and I could mention the major fiber markets in the world, nearly 400 million tons. Coated board is a small market in comparison, and when we look at the products that we operate, LPB and so on, we always try to have high-end and niche products, and these are much lower volumes. They are big when we look at the numbers, 4 or 5 million tons, but in the global context, they are small.

So this is a market that is very sensitive to income reductions. Whenever we see that, this market will migrate partially to plastics, and despite what we hear on the use of single-use plastics, we still see that recycling is very low, below historical levels even. And due to the cost, major brands are still migrating towards using single-use plastics.

Coated board is recyclable, at high rates, so the brands that value that don't change their volumes. But since this is a small market globally, in terms of production, coated boards are usually affected by lower income levels in more competitive moments.

This, of course, is just the current circumstance. Coated board is a winning product and in the long-term we look at the R&D in manufacturers of liquid products and there will be revolutionary innovations in this market. So the flexibility of Machine 28 that I mentioned will offset this volume reduction. And I am glad that we prepared this machine for a Kraftliner in the past, which will have a higher weight than American Kraftliner. But in any case, the market has been affected by drops in volume and we've offset that with Kraftliner.

Finally, the Chinese exports from the last few years were an attempt at deflation. They were exporting their deflation. So this folding coated board is not at the same level of product that we're talking about because they require a softwood integrated machines and so on. But China did place these machines. When we look at the price for pulp and what is sold, we don't understand – we're not going to elaborate on that –, but when that happens in the case of folding coated board, this does create an issue.

I want to make this clear, and it's always important to qualify what we mean by coated board. Our volume, nearly 80% of what we produce, 80% of our total coated board capacity are used for high added-value products like LPB or for use with liquids or beverages. And we produce very little folding coated boards, which compete with the Chinese, and they have invaded South America and Europe as well. So we'll see how this goes. But again, we're not focusing on folding products, which are the ones most affected by the competition from China.

Caio Greiner: Thank you, Cristiano.

Rafael Barcellos, from Bradesco BBI: Good morning, everyone. Thank you for taking my questions. My first question is about coated board. I understand that the setup in Machine 28 is one of the main drivers for value in the medium-term for the Company. You recently mentioned how PM28 is at a mix that's short of its potential. So I'm going to split my question into two. I'll ask about the short-term and the medium-term.

So specifically in the 1H of the year, how do you believe the mix and volume is doing? And on the medium-term – and I believe this is where you have the most opportunities –, when do you expect to extract the best mix and the highest value from PM28?

My second question is about the costs and expenses line. From the cost side, can you talk a little bit about trends for pulp for the 2Q, specifically fiber costs? I'd like to know why this item was a bit higher in the last quarter.

And from the expense side, specifically expenses with sales, I understand that this line went up due to the readjustment in containers that we've seen lately. But it would be great if you could give us some more details on what new level of expenses you expect. Thank you.

Cristiano Teixeira: So with coated board, you are correct, we expect to produce more Kraftliner with Machine 28, and here I can mention that with this estimated reduction of nearly 2 million in virgin Kraftliner in the US with major closures announced, you can refer back to past calls, we've always said that liner will be more used for recycled paper and I just mentioned, you know, the balance between supply and demand and how sensitive it is to price, but whatever is left in virgin fibers will either be used to replace the chain for that cycle of times that you can replace fibers in a box, but we believe that we will have a long-term premium and price for Kraftliner.

100% virgin fiber Kraftliner will be restricted to the products that really need them due to humidity or being in direct contact with food items. So on the long term – well, you asked about the short and the medium-term, so –, on the short-term, we expect more liner in this machine. And for the long-term, you asked if we see the ramp-up of 28 as a major value creation for Klabin, and I'll say again that I think you're right.

Yes, 28, the biggest benefit is its value creation, but I'd like to remind you that we have forests that are much closer with the acquisition of IP, and we have a much higher integration capacity with Figueira. So the context of Klabin with this investment cycle that we just finished, we'll have a period of at least two years, a ramp-up with the structural benefits of everything I mentioned, and then obviously, we'll be very deleveraged to think about the future.

So, yes, on the short-term, I believe we will see more Kraftliner on Machine 28. On the medium-term, this should flatten out. The potential of filling it with a coated board should flatten out around 2027, early 2027. But I want to add a footnote here: liner, especially with this higher weight, which is higher than American products, on the long-term will be a product that will have a price premium.

And I'd like to remind you of something. I don't know if you remember, but for the last eight years, I've been talking about the premium that softwood will have on hardwood. If you look back at some of our previous calls, this was a debate in other events. And today, I don't think anyone has any questions about this premium. And we were talking about the fact that softwood would go up because of the cash cost in the Northern Hemisphere, but its restricted use would create a higher premium and this will be sustained.

I want to refer again to liner. On the long-term, high weight Kraftliner will have a premium versus what we have today. Not only will we be able to fill our machine with this in the future, but Kraftliner will also be a great alternative for Machine 28. Regarding costs, we did see a weather effect. You've also been with Klabin for a long time, and you understand that our structural radius has gone down, but we have a lot of stability in our weather. So I always like to be transparent about issues and also talk about our structural vision.

You cannot forget that in Paraná, and I could also mention Santa Catarina, but specifically about the Ortigueira site, we are in the most productive place in the world for eucalyptus. We cannot leave that out of our radar. And the benefit of that, as you know, is our soil, the sunlight that we get, and the rainfall as well. Being in one of the most productive places in the world also has a benefit. If you look at the rainfall patterns in Paraná versus other parts of the world, even other parts of Brazil, the Brazilian Midwest is very dry during this time of the year, and in Paraná we have a lot of rain. So that does create some issues with logistics in the short-term, and that affects our fiber costs.

Now, looking at the medium and long-term, this will be resolved completely, and the variation that we have, if you look at the cash costs at Klabin, whether it is due to the volumes that are yet to come from production or from the basket of fibers that we have, you know, with a very small radius and our best productivity in the world, then we believe that this cost will go down nominally versus the current volumes. So this is just a reference to the weather that will resolve and be positive in the long-term.

Logistics as you said, our Director, Roberto Bisogni, is also, but I'll answer the question briefly. Yes, we saw an increase in sales expenses. This should continue, this matches our mix when we're looking at new markets. We are stepping away from some contracts, and as a reminder, in 2025 we're looking at our 2026 contracts, so we're looking at our mix so that we can negotiate tariffs and volumes with ship owners.

Throughout the year we're changing destinations, and this would make us exposed to a spot contract if we did not have agreed on the previous contracts. But once again,

this is the same reference I made recently on price. When we look at a new market, we are looking at worse prices and the same goes for shipping, but we can resolve it on the medium-term. So logistics are being figured out as we establish our mix.

Rafael Barcellos: Perfect, thank you.

Operator: This concludes the questions and answers session. We will now hand it over to Mr. Cristiano Teixeira for his closing remarks. Go ahead, Mr. Cristiano.

Cristiano Teixeira: Thank you, everyone. We'll see you for the next call.

Operator: This concludes Klabin's conference call. Thank you and have a good afternoon.