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

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

As a reminder, this conference 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'll make a brief announcement for those watching us in English. Any statements made during this conference call in connection with the Company's business outlooks, projections, operating and financial targets, and potential growth should be understood as merely forecasts based on the Company's management expectations about the Company's future. These 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; Gabriela Woge, CFO and IRO; and other officers from the Company.

Mr. Cristiano and Ms. Gabriela will start by commenting on the Company's performance during the 2Q26. After that, the officers will be available to answer any questions that you may wish to ask.

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

Cristiano Teixeira:

Thank you and welcome to our earnings call for the 2Q26.

I'll break from protocol and mention a name here in my presentation. For now, you'll only listen to them, but then you will meet Christian Cetera through our Investor Relations area; he's the Executive Director for People and Management. He is Argentinian, we have a plant in Argentina that we're very proud of, so he is a fellow Latin American and we're very happy to have him here. He's very experienced and this is something that we need right now. He's 57, he's been in companies like GE and GM, he has over 30 years of experience and whenever we look at our vision for the next 10 years, the biggest challenge we find is training and retaining talent.

If we had to list the main challenges for the Company's next 10 years or for the market, that would be among them. So we're very happy to have Christian with us and we hope that you get to meet him through our Investor Relations Department.

So we're going to start talking about our performance for the 2Q. First, we'll give you some topics about the market and then we'll mention our perspective and return for a Q&A.

The first point I'd like to raise is that this was a quarter of great operational performance. We were able to put the best management model into practice, and this is something that we don't always get results from. But for the 2Q, we were able to see that planning and the way we run the business, even despite all the hardships in the market, have led to an extraordinary performance. So I'd like to congratulate our entire group of directors for that.

Fluff had extraordinary performance in the Fibers Business – represented here by the word Pulp, but this is something I call fibers as we hear in many other places –, our Long Fiber Fluff, which represents 12% of our total in the Company in revenue, but when we look at the business's revenue, it represents 30% of our volume and 40% of the revenue. So this is a product that has either been widening its premium or maintaining it at around US$300, possibly US$350, depending on when the snapshot was taken. But this is a minimum premium and this is what we expect for other Long Fiber products in the near future.

Deals continue to be closed, especially in Long Fiber. We see many closures, some of them which are definitive, some of which are temporary. Klabin product in Latin America, which, as you know, is the highest-yield area in the world for Long Fiber pinus. This has allowed us to go into new markets in which we find a price advantage for premium products. We once again reinforce what we believe in. We have done and continue to do Fiber-to-Fiber. But we also believe in maintaining a significant volume in long fiber products. It is worth remembering that this is still a 24-million-ton market for Long Fiber pulp. It is not a product that will disappear from the market; it is a durable, long-term product that will remain relevant, and there will always be premium, high value-added grades that allow us to capture this premium.

This is the premium I have been talking to you about for many years, even when it did not yet exist. Today, I can confidently say that I see premium potential in the future for Long Fiber Kraftliner and other similar products. As you know, everything we do is guided by our strategy, which today is supported by a forest base composed of 55% Long Fiber, the most productive in the world.

Now looking at Paper, you can see our evolution in Coated Board, and the world is suffering from the Chinese deflation in Coated Board. This is of course the main item suffering from that, especially Folding, which uses more Short Fibers.

Throughout this whole period of the so-called "Chinese threat", affecting manufacturers in Europe, especially in the United States, and also in Latin America, Klabin has continued to gain significant market share in Coated board, increasing its volumes and further expanding its market share.

Where has this been happening? In the product segments we know well: milk, beer, household and personal care products, among others. Therefore, we remain confident in our products and, based on Long Fiber, we are gaining market share in countries where we previously did not have a presence. China is obviously the main example here, but we are actually selling more to China even as China exports Short Fiber Folding Coated board. This further highlights the importance of Klabin's specialty products.

We're only going to make Folding Coated Board when it makes sense in our product mix for clients who buy both fibers. However, Klabin remains confident that, within a few years, of our current 1.2 million tons of Coated board capacity, which today includes around 200 thousand tons of Kraft, between 180 and 200 thousand tons per year that we have been producing on this Coated board machine, it is currently worthwhile to produce Kraft on Machine 28, as you know. Kraft has, and I will speak briefly about this, global price increases.

We are talking about the latest announcement from a major Kraft producer in Europe, but virtually all the major U.S. and European producers, including Klabin, have announced a US$100 increase, an increase that obviously is not yet reflected in 2Q prices, but the price recovery in 3Q will be significant for Kraft.

Now, going back quickly to Coated Boards, we're going to continue to produce Kraftliner in this machine, and by improving the mix in this machine, mainly with LPB and CUK (as it is known in the market; we call it Klamulti), we continue with this migration process, now placing Klamulti in China, placing CUK in China, and placing CUK in South Africa in larger volumes than we used to. So we continue to be very excited about this migration of added-value products on Machine 28.

We've been seeing the results from that right now: someone you all know well, Marcos Ivo, is in Vietnam together with Soares, working on the leadership transition and also exploring new opportunities in Vietnam. So, we are very excited about the Paper business.

I spoke briefly about Kraftliner, but we're in a special moment for it. There are also some closures in this area, but prices are starting to give us confidence so that we can use more Kraftliner. We have been exporting about 50,000 tons per month, and these prices are giving us confidence that we can continue to sustain this volume and support our internal demands with other papers. There are some opportunities that we have in Brazil, and of course, there are recyclable machines.

So this is a moment in which we're making use of the flexibility that I discussed for so long, that's the opportunity cost of exporting versus converting into boxes. Corrugated boxes left the standards very high, but Kraftliner seems to be able to get some of that share, and that always adds to the Company’s results. Of course, we're always looking at the opportunity costs.

Finally, I started speaking about Packaging, but just to continue, this is a very special moment in the Packaging area. We have consolidated into big accounts, we're very confident with our clients and contracts, and adjustments are always taking place based on the service level that we can offer to our clients. We have major global partners that feel comfortable, obviously, with our service level. Obviously, the weight of our paper is lower than the rest of the market, so we can convert a higher area into cash on a per-ton basis. So that's something that's very good about the Packaging area.

So that concludes my introduction. I'd just like to say that in a quarter that was operationally strong with things under control in the market, we've been able to gain market share in products by standing out with Long Fibers, and we have very good expectations for the future.

But I'll refer back to this at the end. Let's continue with Gabi.

Gabriela Woge:

Thank you, Cristiano. Good morning, everyone, and thank you for joining our conference call.

On page 4, I present the quarter's results, which reflected the operational stability of our plants and the continued ramp-up of Machine 28. Quarterly sales volumes reached 1,018 million metric tons, virtually in line with the 2Q25. Net revenue for the quarter reached R$5.2 billion, also in line with the 2Q25, reflecting primarily the increase in Pulp prices in dollars and Packaging prices in the domestic market, combined with growth in Paper and Packaging volumes, which partially offset the effect of the Real's appreciation against the dollar.

In this context, EBITDA for the quarter was R$2 billion with a stable margin of around 38%, resulting from business performance and cost discipline. Since cost reduction initiatives have supported these results, even amid inflationary pressures on inputs and preparations for El Niño.

Turning to page 5, the total cash cost per metric ton in the 2Q26 was R$3,204, unchanged from the same period last year. This performance reflects cost reduction initiatives, particularly from those targeting variable costs implemented during the quarter. These measures offset the increase in input and shipping prices, resulting from ongoing geopolitical conflicts, as well as the rise in fiber costs.

Moving on to slide 6, Klabin ended the 2Q26 with a net debt of R$24 billion and a leverage measured by the net debt to adjusted EBITDA ratio in dollars of 3.2x, a reduction of 0.7x compared to the 2Q25. The Company remains focused on its disciplined path of reducing leverage, confirming the consistent execution of its strategy and stronger capital structure.

Moving on to the next page, the Company's liquidity remains robust, ending the quarter at R$12.7 billion. This liquidity consists of R$10.1 billion in cash, with the remainder in an undrawn revolving credit line. The average debt maturity at the end of the quarter was 84 months, and the average cost in dollars was 5.1% a year, a decrease of 0.3 p.p. compared to June 2025. This reflects the Company's debt management initiatives implemented over the past few months.

Moving on to page 8, we have the Company's free cash flow. Over the last 12 months, the Company generated R$700 million in cash flow.

Moving on to slide 9, distributions to shareholders over the past 12 months totaled R$1,180 billion. This amount represents a dividend yield of 5.3%. I would also like to highlight the advanced dividend declaration approved last year in light of the transitional rules provided for in the legislation, to the amount of R$1.112 billion, with the next payment, the third installment, scheduled for August 2019, to the amount of R$278 million.

Also in the 2Q, we announced the Share Buyback Program; a sign of the Company's confidence in its fundamentals. To date, we have executed 13% of the planned volume, which represents around R$70 million. These initiatives reinforce the Company's commitment to creating value for its shareholders.

Finally, the Company continues to benefit from its unique portfolio structure, which provides operational flexibility and helps mitigate the volatility of its results.

I will now turn the floor back to Cristiano who will present the business trends for the Company.

Cristiano Teixeira:

Thank you, Gabi. As a reminder, we have Nicolini here and Douglas. Both of them are available to answer your questions. Marcos and Soares are not with us, so I'm going to answer questions on Coated Boards and Kraftliner.

So here we have some trends for the 3Q. We see some challenges for Short Fiber, obviously, China is the big issue here, even on the short-term, we don't see much space for significant reductions. We might see a slight downward trend, but we expect it to recover to the levels we're seeing today. The reason for this is precisely the difficulty that major pulp producers currently face in sustaining operations at these price levels.

In terms of cash costs, there is a volume of around 10 to 12 million tons that is operating under considerable pressure at current prices. Therefore, we see little room for further price declines in short-fiber pulp. It is worth noting that the more long-fiber pulp recovers and widens this spread, the more room it creates for short-fiber pulp prices. So, this remains a key challenge, and we are simply reaffirming that view here, especially based on the last indicator in our price trend outlook.

For Fluff, it's a positive moment. The fibers that China has been using, the available Long Fiber in China has been consumed and hasn't been replanted. So we expect it to run out in the 3Q or 4Q. But it's evident that clients in China operating with high-end products, especially those that provide OEM manufacturing for major brands, have difficulty using this so-called “recycled” fiber that is used in China.

China has been switching to Long Fiber Fluff from countries that produce it, like us. And since we're seeing a thread on the short and long-term in Short Fibers, in Fluff we don't see any threads on the short or the long-terms. In the long term, because pinus in China is fundamentally unsuitable for production due to the characteristics of the available land. Even if, in some specific regions, they are able to grow pinus, productivity remains very low, as we observe today in other parts of the world when compared with ours.

There is also still a great deal to learn, not only in terms of forest management, but especially regarding which genetic material to plant and how to improve the productivity of these trees over time. In fact, the more we study this market, and we have gone through a period of intensive analysis, not just us, but I believe all pulp producers have spent considerable time studying China over the last two to three years, the more confident we become in this opportunity in long-fiber pulp. This confidence stems mainly from the fact that we do not view China as a competitive threat in this type of wood resource, whether in the short, medium, or long term.

As for eucalyptus, yes, we do see potential, as you know, although it is also limited. We know that you often refer to the 6 to 6.5 million hectares planted in China. What we have learned during this period is that, yes, they can achieve productivity gains on that same area.

Today, on average, they are harvesting these trees at productivity levels that, as you know, we measure through what we call MAI (Mean Annual Increment), with an average harvesting MAI of around 15. However, they are planting trees that will be harvested in a few years' time. In theory, that would be after seven years, although they may harvest earlier, as they sometimes do there.

But they will most likely be harvesting that wood at a higher MAI than they achieve today.

How far can that go? From our perspective, it wouldn't go over 20-25, in 15 years, which would be roughly equivalent to the lowest productivity levels found in Brazil, in the far northern region of Mato Grosso do Sul.

Copilot said:

Therefore, we remain quite confident in the structural outlook for this business, including short-fiber pulp, particularly over the long term. However, there is currently a period in which productivity improvements on the areas already planted in China are taking place. China is not significantly expanding its planted area in the region, which we all know as southern China and which you have certainly researched or perhaps even visited.

We see this same planted area becoming more productive, potentially reaching, as I mentioned, an MAI of around 20 to 25. We are also available, through our Investor Relations team, to arrange a discussion with our director who specializes in this subject so that he can speak with you about it.

So, returning to the market thermometer here, and sorry for taking a somewhat more strategic perspective, but this has been a topic of interest for you lately, we remain very confident about long-fiber pulp. We have a substantial amount of data that we can share with you to demonstrate why we are so confident in this regard. Ultimately, the Company's strategic choice, made many years ago, is now being validated.

And in Short Fibers, a threat that exists, but it will still take some years, and their planted area is growing only slightly. And as you know, 70% of the wood chips imported to China comes from Vietnam, and Vietnam is also very limited in its exports. Therefore, in the long term and from a structural perspective, even in short-fiber pulp, Latin America, and Brazil in particular, remains a major global powerhouse.

Sorry for taking so long on Pulp, I just wanted to delve into this after so many years studying this area. And again, if you're interested, Darlon can explain more.

When it comes to Coated Board, we also see a positive moment in price and volume. Kraftliner is also very positive, we have been paying attention to how far this can go. Of course, the issue here is not only demand; it is also related to capacity closures. But we are, so to speak, quite encouraged by the current situation in the kraftliner market, which is opening up a “crocodile’s mouth” relative to pulp itself.

Normally, if you look at it from a statistical perspective and compare with other periods, kraftliner and pulp tended to move along fairly similar curves. Even though the markets are completely different, as you know, there was usually a certain correlation between them. However, that correlation has now diverged, and the gap between the two curves has widened. Kraftliner is at a very special moment in prices as well, and obviously there are limitations due to the capacity closures, and price announcements from the global players will definitely confirm this narrative that we're bringing to you about how prices will react even more in the 3Q.

Corrugated Boxes remain positive. We are also benefiting from the current seasonal period, with stronger fruit and tobacco harvests coming in. As a result, we continue to see solid pricing performance. We have already achieved a strong price performance, with prices up 4% year over year during this same period, and we expect this positive trend to continue. There is still some additional upside driven by our product mix and by the seasonality of our packaging business here in Brazil.

So that's it about the markets. I'm sorry for taking so long. I wanted to talk about the strategic perspective, but I think we can continue with questions and answers. Thank you.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the questions and answers session. For the sake of time, we would like to request you to ask one question per analyst.

If you'd like to ask a question, please click on the *raise hand* button. If you would like to remove yourself from the queue, click on the *lower hand* button.

Rafael Barcelos, Bradesco BBI: Good morning. Congratulations on your results. My question is about costs. This is something that has been debated among investors. The Company has posted a better-than-expected result in costs, especially in Paper and Packaging. If you can tell us a bit more about how sustainable this is for the next quarters, if you can tell us about the contributing factors for this.

And also when we look at Pulp, the fuel line drew our attention. I think it's natural, according to what we see in the macroeconomic scenarios, but I'd just like to understand if this line will be reduced in the next quarters and what you expect from fuel costs and how it will affect your Pulp costs. I know that there is a lag from these costs.

Cristiano, if you can give us a general panorama about the Company's cost trajectory. We still have El Niño ahead of us, so what potential impacts do you believe can happen from that?

My second question is for Nico. First of all, congratulations on your results. You've been making a commercial effort, and the prices have been very good, so I'd just like to understand how sustainable that is, the gap versus the benchmark and the prices being used by other players.

Do you believe the Company will continue to deliver on these price levels in the future? And if you can give us a general view of the cycle. We've been seeing prices going down in Short Fibers, so has the demand improved? For August, do you see any signs of price stability in Short Fibers? And in Long Fibers, it's a more dramatic scenario, so I'd look to understand that as well. Thank you.

Cristiano Teixeira: Thank you, Rafael. I'll comment on what you mentioned, Gabi will talk about costs, and Nico will talk about the markets.

First, when it comes to costs, we're at a very confident moment about what we have implemented in the last years. So I'm going to take up some time here and you can complain afterwards if I go on for too long, but in the last 10 years in the Company, we invested about R$30 billion. All of our plants are at a unique position, our equipment is at great conditions, so we're about to do a startup, which has been going very well to recover our Monte Alegre boiler. This is a plant and a site that for the last few years has been made much simpler and more objective.

So when it comes to costs, from the industrial perspective, efficiency is marginal, but it is important in this context, it's not only about the cost, there's an indirect side because when you have a plant that has a better performance but also a higher equipment availability, this availability becomes volume and this reduces a fixed cost. So we did that very well. This cycle is being concluded now with this boiler.

For the next 5 years, we don't expect any significant investments in the Company. Like I mentioned, we're going to generate free cash flow for the next years. We're basically turning this curve, so for the next quarters you're going to see a significant free cash flow generation in the Company – I've been saying this frequently – and you'll see it happen soon.

But when it comes to costs, I saved the most important point for last: I would like to revisit the acquisition of Arauco’s land assets. I have always regarded Arauco as a company for whose forests we have great respect, and the forests we acquired have productivity levels comparable to our own. They are neighboring properties in Monte Alegre, as you know.

It is a remarkable project, which we named Project Plateau. From the standpoint of cash consumption, it was difficult to digest when we announced it, but we understood the strategic importance of this asset.

Why am I mentioning this? This purchase is going to mature probably in 2029, in our experience. I'm referring here to the forestry plan and even considering El Niño, which I'll discuss. Considering our current activity, the way in which we harvest and manage these areas, what am I referring here to as the maturity Our average hauling radius will decline significantly by 2029. What is the strategic story behind this? We first discussed it with you ten years ago. We acquired land close to Klabin's operations and, throughout this period, as you know well, and I apologize for being repetitive, we have continued purchasing wood from distant locations. This will still be the case through 2028, even with the addition of the Arauco assets, which provided a degree of supply security and had an immediate impact on costs.

However, the real cost benefit will come when we stop harvesting wood from these more distant areas, with hauling distances exceeding 300 to 350 kilometers, and move to an average company-wide hauling radius of between 100 and 120 kilometers.

When that happens, given the importance of wood fiber in the Company's variable costs and cash costs, we will reach what I consider to be the optimal cash-cost level.

Until then, what I can say is that the Company is managing its assets, our assets are of very good quality, the people who do day-to-day work, this is all represented in our costs. Threats are especially chemical products and fuel. Fuel is connected to the reduced distance that I mentioned. So, structurally, we will become less dependent on fuel. In addition, we are testing alternative solutions for vehicles, including heavy-duty trucks, such as natural gas, biodiesel, and even electric trucks.

Therefore, in the future, the sector will not depend on diesel. And in what I would call the medium term, we will significantly reduce that dependence precisely because of the reduction in our average hauling distance.

In the short term, what I can say is this: if a variable cost comes in, it will go out through pricing, without a doubt, and margins will be preserved.

Gabriela Woge: Thank you, Cristiano. I'd like to add to what Cristiano mentioned. This quarter, we've faced significant logistics issues, which are due to the geopolitical conflicts around the world. We also have the effects of El Niño and our preparations for it. These are outside factors that the Company had to deal with in its cost basis.

So I'd just like to underscore again that we are directing the Company’s guidance to the total cash cost in order not to go into each business, because the way we manage this is by trying to offset these factors internally, the factors that affected our costs, and we use some of them, as we've been saying for some time, through variable cost reduction initiatives, which have in some ways offset the inflationary pressures we experienced during the quarter.

But, to answer your question specifically, within the breakdown of pulp cash costs, what we saw was an increase in BPF oil, which is a petroleum-derived fuel oil. As a result, it experienced a price impact that was directly related to that conflict.

However, this was not reflected as significantly in the overall cash cost because, among the variable-cost reduction initiatives I mentioned, we had one that was specific to the Paper segment. That initiative involved the renegotiation of a significant contract, which had a direct impact on that particular segment.

So if we put all of this in the same account, I would say that, in terms of total cash costs, the Company was extremely disciplined in trying to contain these inflationary impacts, and once again we delivered on our cash cost guidance.Therefore, I would like to reiterate our commitment to ensuring that this continues going forward.

Cristiano Teixeira: Gabi reminded me of a very important point that I'd like to mention to you. Obviously, I mentioned vehicles, that's our reliance on diesel. She mentioned BPF, which is another one. And I'd also like to remind you that on the long-term, we won't need BPF either. Today, we already have wood gasification technology in place, with equipment operating at the Ortigueira mill. You are welcome to visit it, if you are interested. This technology replaces BPF fuel oil in the lime kiln.

So, looking ahead, this last frontier within the mill, namely the use of fuel oil, will be structurally eliminated as we continue advancing this wood gasification technology, which is already a reality today, okay?

Alexandre Nicolini: Hi Rafael. Thank you for your question and comments. This was a strong quarter, the 2Q, when it comes to price recovery in Short Fibers. However, it is important to remember that prices are still at relatively low levels compared with previous years. We also saw a stronger recovery in the fluff pulp market, which is consistent with what you have been observing: a very resilient market dynamic, with prospects for maintaining this same level of strength into the next quarter.

So looking at the 3Q, of course, it is naturally a period of weaker seasonality, as it is every year, not to mention the influence of the China factor, a market that has been facing certain challenges for several years now. So we're always a bit more cautious when it comes to anticipating market scenarios and developments. We continue to closely monitor price trends, inventory levels, and the overall supply-demand dynamics of the market.

When it comes to fibers in general, in Short Fibers, demand, especially in China, remains moderate. We do see an improvement compared with the second quarter. Since around mid-May during 2Q, we experienced a considerable slowdown in demand coming from China. Following two price corrections between June and July, we saw the market return. As a result, volumes and pulp consumption overall began to improve. There is also a prospect of inventory replenishment, which, in our view, remain at low levels, including in the downstream segment. We expect this inventory rebuilding process to begin toward the end of this quarter.

When we look at the other markets, demand overall remains stable. We don't see any critical situations affecting fiber consumption in general wether in mature markets, in Brazil, or Latin America. We expect to have normal sales volumes for the 3Q with no impacts from this, and obviously, we're going to keep an eye on how prices change as the quarter goes.

Any additional price pressure, something that we have observed in China at the beginning of the third quarter, is, in our view, likely to be limited, given that prices are already at very low levels. At these levels, pressure is placed on high-cost producers, as Cristiano mentioned.

With regard to long-fiber pulp, Cristiano also touched on the issue of capacity closures. I think it is worth highlighting that, in the 1H26, 1.2 million tons of capacity were permanently closed, while another 2.5 million tons of capacity, mainly in the Northern Hemisphere, announced market-related shutdowns.

This has a significant impact. The movement represents an important supply-side adjustment and should contribute to a better market balance. While the effects may not yet be fully felt in the third quarter, there is an expectation that they will become more noticeable starting in the fourth quarter of this year.

So to speak about the Fluff market, the market remains strong. We expect consistent demand with volumes among the normal levels that we've been reporting with the same price captures that were announced in the previous quarter, and we expect one more consistent quarter of this segment's performance.

Cristiano Teixeira: Thank you.

Rafael Barcelos: Perfect, thank you, Cris, Gabi e Nico.

Operator: Ladies and gentlemen, we would like to reinforce that due to the available time, we would request you to ask a single question.

Rodolfo Angele, JP Morgan: Good morning. I was prepared to ask two questions, so I'll ask only one.

Cristiano Teixeira: I'll try to keep it short in my answers.

Rodolfo Angele: Okay, so my first question is about capital allocation and your strategy for the future. You mentioned that you had an expectation for free cash flow generation increases in the next years. So what should we consider for the next projects? Is this starting to figure into your strategic planning? Is there anything that you can share with us?

Finally, I'd like to ask you to give us some more details on PM28's mix and how Kraft has performed versus Coated Board. Thank you.

Cristiano Teixeira: And Rodolfo, I apologize; I'm the one who's been speaking for too long.

Capital allocation and free cash flow generation. We are generating strong free cash flow. There are no significant investments planned at Klabin over the next five years. If any investment does arise, it will be marginal and, of course, we will discuss it with you and bring the matter forward. No proposal is expected to be submitted to the Board at this time. That doesn't mean that the Company doesn't have a 10-year vision. We remain confident in the long fiber opportunity in Santa Catarina, but we don't have any expectations of bringing this to the Board in the next 5 years.

This is truly a long-term perspective. In the meantime, we are entering what we call a period of free cash flow generation. With capex under control, this is the Company's absolute focus. You have seen our share buyback strategy; that is the path we intend to follow. The objective is to significantly reduce net debt and to repurchase shares through free cash flow generation.

Operational cash flow generational ,as measured by EBITDA, depends on prices. But I'm saying this without assuming any improvement in prices from current levels. This free cash flow generation will occur regardless of how the price curve evolves from here, based on the factors we have already discussed related to costs and, naturally, the absence of significant capex over the next five years.

Finally, on the product mix, it is currently 60-40, beginning to move beyond the 60% threshold and trending closer to 65%, and we are very encouraged by the current performance of the coated board mix on Machine 28.

Rodolfo Angele: Thank you.

Gabriel Barra, Citi: Hi, everyone. Thank you. I'll stick to one question so that everyone gets a chance. You mentioned 1.5 to 2.5 cash generation for 2027 as something that can be reached by the Company. When you put that into perspective, considering that leverage is already within the range we would expect for the Company, it seems that, although there is still a desire to continue deleveraging, there may not be as much pressure to do so.

So how should we think about the pace of the share buyback program? The current program is for 1 million units, while at the same time the Company continues to deleverage...

Cristiano Teixeira: Gabriel, I'm sorry to interrupt. I apologize, but we can't hear your question. So I'll let Gabi answer your question about share buyback and free cash flow, and then we'll continue with the next question.

Gabriela Woge: Hi, Gabriel, good morning. So going back to the Company's deleveraging process, I'd just like to underscore that we always talk about this information referring to the future, but this is something that has already happened to a major extent.

In the last 12 months, we were close to the top range of our policy, 3.9x, and we brought this consistently to the middle of our policy. This doesn't mean that we won't have more in the future. Obviously, we're trying to deleverage. This is a natural movement that Cristiano mentioned of things that have been done in the Company which will be reflected in our cash flow generation.

So this is something that we expect, but we brought the Company to a very comfortable level in managing our debt. We have a long debt maturity profile, no significant near-term maturities, and, due to the characteristics of the market itself, our leverage is either in line with or below the industry average. So, the pace of that process will be faster or slower depending on what market conditions allow. However, we have been acting with financial discipline, consistently positioning the Company along this path.

So in this context, and as we move closer to this transition point and turning point, like Cristiano said, we also announced this quarter the share buyback program, reflecting our strong conviction in the Company's fundamentals and our confidence that we have good years ahead of us. I think this is an important signal from the Company to the market.

So since we're not expecting to make significant investments like Cristiano said, returns to shareholders becomes part of this framework, with share buyback representing an important capital allocation alternative for us going forward.

Does that mean that we're going to stop paying our debt? No. We're always looking at the opportunities that we have in the Company, and as cash generation becomes more intensive in the future, this will be an important alternative. But of course, this will depend on the performance of the share.

Cristiano Teixeira: One last point, Gabriel, referring to Rodolfo's previous question as well, now Klabin has 4.4 million tons of capacity, and a product portfolio that, with all due respect to our global peers, I do not believe has an equal anywhere in the world.

So, I am very enthusiastic and optimistic, and my view is grounded in facts that you can, of course, examine in greater depth, namely the products that Klabin offers to the market and the basket of fiber products that we have. And, naturally, I always come back to the topic of long-fiber pulp.

Given that context, a company with 4.4 million tonnes of capacity and this product portfolio, I said to Rodolfo that we're not going to invest in any transformational capacity for the next 5 years. This doesn't mean that Klabin will not become larger relative to its peers than it is today. Our peers that have Long Fibers, LPB, CUK, and prime products, these companies are reducing their capacity. So Klabin in 5 years, even without any investments, will be globally stronger than it is right now. And then in 5 years, with the different geopolitical situation and so on, we can think about greater transformations.

Leonardo Correa, BTG Pactual: Hi everyone. Can you hear me?

Cristiano Teixeira: Yes.

Leonardo Correa: Good morning. So I have a couple of quick questions. If you can answer this in a minute or less, that will give others the chance to ask as well. I wasn't even going to ask this question, but I've been hearing from you that buyback has been your focus, we seem to be hearing this more frequently than in the past. A few months ago, you changed the dividend policy from roughly 20% to 15% of EBITDA. Is there any possibility of making another change to the dividend policy in order to create more room for share buybacks, potentially allowing more capital to be allocated to buybacks? That's my first question.

And secondly, talking quickly about Coated Boards, your outlook is clearly for an improvement in the second half of the year. I would like to understand how this pricing environment fits with the trade-down scenario that you have still been experiencing over the last few quarters. So those are my questions. Thank you.

Cristiano Teixeira: I'll try to be brief. On that first point, we revisited the policy not long ago. In practice, we generally distribute at the midpoint of the policy range. We are currently paying out 15% of cash generation, but we could pay 10%. So there is already flexibility within the current policy itself. Just as we could pay 20%.

In our view, the current 15% payout is quite appropriate. And share buybacks have become more prominent in our communication because, in the past, we were presenting investment opportunities that, even if you and the market did not necessarily share the same vision we had at the time, consistently offered returns of four or more percentage points above the WACC.

That was true across the board, including Projeto Figueira, which was a major success. We take great pride and satisfaction in talking about Figueira. For roughly two years, we were selling paper at US$450 per ton and transferring that paper to our Packaging division at US$650 per ton. It was a success story that I believe you now understand well.

Therefore, the share buyback is, without any doubt, fundamentally about return generation. When I look at our capital allocation strategy, in my view, in the view of my colleagues here, and in the view of the Board of Directors, it has been highly effective over the past few years, and it is now being equally effective with the buyback program.

That is why we are speaking about it so emphatically. In the past, it simply was not the best alternative when compared with the returns we expected from the investments we were making.

And your next question was about Coated Board. So yes, out of the 1 million tons that we're producing now, we have 700,000 tons of LPB, which is for milk, and we're exporting this to all LPB manufacturers in the world. We also have strong exposure to the beer market. In Latin America, we have 70,000 tons of CUK. We remain very confident in these segments. Of course, there are fluctuations. As you noticed, we saw Heineken and others saying that the beer consumption went down after the World Cup. At one point, we saw peaks driven by inventory builds for the event itself, reaching volumes of 7,000 to 8,000 tons. That now appears to have returned to around 6,000 tons. It's not a dramatic change, but for us, 5,000 to 6,000 tons represents the floor for beer-related coated board demand.

So we're confident about milk and beer segments. If you look at the household hygiene and cleaning market, manufacturers of detergents and related cleaning products in Brazil have grown significantly in recent months, which has also translated into very meaningful volumes for us. These are among the applications that require long-fiber pulp, along with several others I could mention.

Therefore, yes, we are reaffirming that we will continue to implement price increases for these premium products. And, as has always been our strategy, we do not focus on the Folding coated board segment, which is the more commoditized category that competes directly with Chinese imports.

Instead, we serve customers who choose our coated board for its quality, particularly its printing performance. As such, our pricing strategy remains focused on premium long-fiber-based paperboard products.

Leonardo Correa: Great. Thank you.

Daniel Sasson, Itaú BBA: Hi, everyone. I'll be brief as well. My question is about Pulp. So Nico if you could comment a little on this. You have delivered very strong price realizations relative to your competitors and relative to pulp price indices over the last two quarters. So, if you could elaborate somewhat on the reasons behind this outperformance, and whether you believe it is sustainable going forward.

We are seeing a somewhat more challenging environment for the pulp market overall. Given that, do you believe that the recent price declines, particularly in short-fiber pulp have been enough to bring buyers back to the table? Was this enough for you to see an increase in your order book, which might have been weaker at the end of the quarter? But in any case, congratulations on pricing performance, to you, Henrique Braga, and the entire commercial team. Thank you.

Alexandre Nicolini: Thank you for your question and your comments. So I don't think it will come as news, because we've always been saying about how we have limited exposure to the Chinese market. We've always given preference to contracted volumes in mature markets where we have a competitive logistics position. While we also have some competitive spreads into China, our preference has always been the tissue segment, which is a resilient market.

We have been increasing our exposure to tissue year after year while reducing our exposure to graphic papers, concentrating on tissue and specialty grades, and focusing on segments where we can capitalize on the advantages of our fiber basket. So these are clients who buy not only Short Fibers, but also our Long Fibers and Fluff. This all maximizes our prices and margins.

We try to get ahead of the market whenever we can, obviously. Naturally, our production volumes of short-fiber pulp, long-fiber pulp, and fluff pulp are not as large as those of some competitors, which helps us with flexibility in moving values among regions. But the same strategy is seen in other players. So we try to get ahead of them as much as we can to maximize these results, and this approach will continue because of course revenue management is a core part of our day-to-day operations.

Daniel Sasson: Thank you, Nico. And this recent drop, was it enough to turn buyers back on or has it still been difficult to close deals at these lower levels?

Alexandre Nicolini: Sorry, I forgot to answer that question, but yes, we do see that despite our smaller share of the market in China, this price correction that we saw in the last two months is triggering a higher fiber consumption. As a result, we are seeing stronger consumption activity within China itself.

We didn't see any difference in Europe or in other markets during this 3Q. We still expect volumes to be normal. What we're looking at now is that we expect the market to remain stable after September in the short-fiber pulp market, given all the cost pressure currently being faced by high-cost producers.

Daniel Sasson: Thank you.

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

Operator: This concludes Klabin’s conference call. Thank you and have a good day.