Klabin

# Earnings Release
# 1Q21


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Klabin

May 11, 2021

## ADJUSTED EBITDA, EXCLUDING NON-RECURRING EFFECTS, REACHES R$ 1.254 BILLION IN 1Q21, A GROWTH OF 22% IN RELATION TO 1Q20

### Net Revenue — R$ 3.467 bn

With growth reported in all lines of the business, Net Revenue increased 34% in the yearly comparison and 22% excluding the additional revenue from the acquisition of International Paper (IP).

### Adjusted FCL yield — 17.4%

The Adjusted Free Cash Flow (FCL) amounted to R$ 4.5 billion in the last twelve months, equivalent to an Adjusted FCL yield of 17.4%.

### ROIC — 16.5%

ROIC (Return on Invested Capital) reaches 16.5% in 1Q21, proving the Company's ability to consistently generate value.

### Coated Board Machine — Puma II

As per the Material Fact released on May 5, 2021, the second stage update of the Puma II Project was approved, with the installation of a coated board machine, creating greater shareholder value.

### Construction Progress — Puma II

The construction of the first machine reached 88% of execution as measurement of 05/02/2021, with start-up foreseen for the second half of July/21.

### Issuance of SLB — Environment

Issuance of Sustainability Linked Bonds (SLB) related to sustainability performance metrics. Total amount of US$ 500 million, ten-year term and coupon and yield of 3.2% per year.

**Klabin**

Market Cap[1]

**R$ 30.3 billion**

[1]based on the price of KLBN11 on 03/31/21

**KLBN11**

Closing Price

**R$ 27.63/share**

Average Daily Trading Volume 1Q21

**R$ 247.6 million**

**Conference Call**

**05/12/21** (Wednesday)
**10:00 a.m.** (NYC)
USA DI +412 717-9627
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Links: HD Web Phone
Webcast

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# Financial Highlights

| R$ million | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Sales Volume (thousand tonnes)** | **909** | **941** | **849** | **-3%** | **7%** |
| % Domestic Market | 61% | 62% | 55% | - 1 p.p. | + 6 p.p. |
| **Net Revenue** | **3,467** | **3,292** | **2,591** | **5%** | **34%** |
| % Domestic Market | 62% | 65% | 59% | - 3 p.p. | + 3 p.p. |
| **Adjusted EBITDA** | **1,274** | **1,312** | **1,028** | **-3%** | **24%** |
| Adjusted EBITDA Margin | 37% | 40% | 40% | - 3 p.p. | - 3 p.p. |
| **Adjusted EBITDA (excl. non-recurring effects)[1]** | **1,254** | **1,106** | **1,028** | **13%** | **22%** |
| Adjusted EBITDA Margin (excl. non-recurring effects) | 36% | 34% | 40% | + 2 p.p. | - 4 p.p. |
| **Net Income** | **421** | **1,327** | **(3,143)** | **-68%** | **n/a** |
| **Net Debt** | **21,744** | **19,782** | **20,381** | **10%** | **7%** |
| Net Debt / EBITDA (LTM - BRL) | 4.2x | 4.0x | 4.7x | | |
| Net Debt / EBITDA (LTM - USD) | 4.0x | 4.0x | 3.7x | | |
| **CAPEX** | **815** | **2,008** | **820** | **-59%** | **-1%** |

[1] Disconsidering the non-recurring effect of R$20 million referring to the net gain from the sale of Nova Campina in 1Q21 and the goodwill of R$206 million realized on the purchase of IP's assets in 4Q20

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. LTM - Last Twelve

# Quarterly Message

The first quarter of 2021 followed the trend observed during the second half of last year, with recovering demand both in the domestic and export market after the strong impact of the Coronavirus pandemic. This scenario was instrumental in establishing the conditions for price readjustments across all lines of Klabin's business and combined with a solid operational performance and the devaluation of the Real, provided the momentum for the Company's results in the period.

In the global pulp market, a much more balanced supply and demand scenario led to increases in FOEX price lists for both short fiber (BHKP) and long fiber (BSKP) pulp in China at US$ 610/t and US$ 827/t respectively, on average in the period, according to FOEX index. These amounts represent increases of 32% and 34% in relation to 4Q20 and are indicative of the wide spread between short and long fiber at US$ 217/t. Klabin, as the only Brazilian Company to produce three different pulp grades (short fiber, long fiber and fluff), benefits once again from its diversified portfolio.

The concentration of annual maintenance stoppages during the end of 2020, postponed due to the COVID-19 pandemic, drove the pulp producers' to begin 2021 with lower levels of inventories, while economic recovery activity increased the demand. This positive situation of a balanced supply and demand holds out promising perspectives for 2021.

The same trend also characterized the Kraftliner market. In the United States – the largest producer and exporter of virgin fiber paper in the world – strong domestic demand increased volumes directed towards conversion and sale to the domestic American market with a corresponding reduction in exports. With this, average FOEX Europe prices of Kraftliner were US$ 731/t in 1Q21, an increase of 14% compared with 1Q20 and 8% in relation to the previous quarter.

In the first quarter of 2021, the maintenance shutdown at Monte Alegre unit was carried out, affecting primarily the output of coated board. This year, the scope of the stoppage was expanded given the Company's decision last year to undertake maintenance with a more limited scope than usual given the ongoing pandemic. However, the additional sales generated from the assets acquired from International Paper and the strong demand at all business units more than compensated this effect. As a result, total sales volume reached 909 thousand tons in the period, a 7% improvement on the first quarter 2020. Excluding additional volumes from the IP acquisition, there was a 2% decrease in 1Q21 compared to 1Q20 as a result of the Monte Alegre maintenance shutdown and pulp sales slightly lower due to replenish inventory following the general stoppage at the Puma I unit in December 2020. With the increase in sales volume, the devaluation of the Real against the Dollar and the price recovery across all pulp, paper and packaging markets, net revenue in 1Q21 was R$ 3.467 billion, 34% higher than the same quarter in 2020. Excluding the additional revenue generated from the units acquired, the increase was 22% in the first quarter 2021 in relation to 1Q20.

In the packaging market, Empapel, formerly Brazilian Association of Corrugated Boxes (ABPO), reported 9% growth in shipments of corrugated boxes in 1Q21 in relation to the same period in 2020. The sector has benefited from accelerated demand in the domestic market, a reflection of expansion in consumption, growth in Brazilian exports, notably proteins and fruits, and the increased participation of e-commerce in sales. Strong demand linked to the sharp increase of OCC (old corrugated containers) costs enabled these effects to be passed on to corrugated board packaging prices. As for the industrial bags market, preliminary data from the National Cement Industry Union (SNIC), shows cement consumption jumped a significant 19% in relation to 1Q20, directly impacting Klabin's sales of this product.

The foregoing factors, combined with the Company's cost discipline and solid operational performance, boosted Adjusted EBITDA - excluding non-recurring effects in the quarter - to R$ 1.254 billion, an increase of 22% compared to the same period of 2020. This amount excludes the non-recurring net gain of R$ 20 million from the sale of the Nova Campina paper unit, acquired earlier from IP.

The combined effect of the increase in Adjusted EBITDA in the period and discipline in the capital allocation was instrumental in driving cash generation and the corresponding creation of shareholder value. Excluding the discretionary amounts of investments in expansion, among which capex allocated to the Puma II Project, the Adjusted Free Cash Flow in the last twelve months was R$ 4.546 billion, equivalent to a 17.4% yield. The

ROIC reached **16.5%** and FCF Yield **17.4%** in the last twelve months return on employed capital, according to the ROIC metric, was 16.5% in the same period.

With an integrated, diversified, and flexible business model, performance in 1Q21 is demonstrative of Klabin's capacity to deliver solid results under the most varied of market conditions.

Also in 1Q21, Klabin launched a campaign whose objective is to engage both the private sector and the civil society on the urgency of concrete actions for combating climate change. In addition, the Company, as the only Brazilian representative at the COP26 Business Leaders event, assumed a protagonist commitment in the climate change agenda in Brazil.

During the quarter, the Company's recognized sustainable development credentials could be gauged by the issue of a Sustainability Linked Bond of US$ 500 million for a ten-year term and a coupon and yield of 3.2% per year linked to certain performance parameters in Sustainability. Interest rates are directly earmarked to the meeting of goals by 2025. With this, Klabin aligns these objectives of optimization in the use of natural resources and preservation of the ecosystem to metrics of its economic-financial indicators, with the accompanying value creation for all stakeholders.

Another recent landmark event was the announcement on May 5, 2021 of the updated framework of the Puma II Project, the largest investment in the Company's history. The start-up of the first stage, the construction of a paper machine producing Eukaliner® and Eukaliner® White is planned for the second half of July 2021. The framework of the second stage has been updated to include the installation of a coated board machine, with increased shareholder value creation. Start-up of stage two is scheduled for the second quarter of 2023. With this, Klabin underscores its diversified product portfolio as well as offering recyclable, biodegradable solutions developed from renewable sources.

All the achievements in early 2021 once more bear witness to Klabin's capacity to capture market opportunities and deliver solid results under the most varied of economic scenarios. With a history going back 122 years, the Company's management continues to be based on Sustainable Development, seeking integrated and responsible growth, combining profitability, social development, and environmental commitment.

# Foreign Exchange

| R$ / US$ | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Average Rate | 5.48 | 5.39 | 4.47 | 2% | 23% |
| End of Period | 5.70 | 5.20 | 5.20 | 10% | 10% |

Source: Brazilian Central Bank

# Operating and Economic-Financial Performance

## Paper and Pulp Production

| Volume (k tons) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Paper** | **502** | **574** | **502** | **-12%** | **0%** |
| Kraftliner | 254 | 288 | 250 | -12% | 1% |
| Coated Boards | 150 | 183 | 188 | -18% | -20% |
| Recycled | 98 | 103 | 64 | -5% | 54% |
| **Pulp** | **413** | **322** | **396** | **28%** | **4%** |
| Short Fiber | 295 | 238 | 283 | 24% | 4% |
| Long Fiber/Fluff | 118 | 84 | 114 | 41% | 4% |
| **Total Production Volume** | **915** | **895** | **898** | **2%** | **2%** |

First quarter 2021 production volume from Klabin's paper units was in line with output for the same quarter last year, reflecting on the one hand the reduction in volumes following the scheduled maintenance stoppage at the Monte Alegre unit – further details in the next section - but on the other hand, additional volumes coming from the acquired IP assets. Compared with the final quarter of 2020, production was 12% lower as a reflection of the Monte Alegre shutdown, with a greater impact on coated board output, the main product at this unit.

Production volumes of the three pulp fibers (short fiber, long fiber and fluff) totaled 413 thousand tons in the first quarter 2021, 4% up in relation to 1Q20 and 28% more than the immediately preceding quarter, as a result of the maintenance stoppage at the Puma I Unit in December 2020.

Consequently, total pulp and packaging papers production in the first quarter of 2021 rose 2% in both yearly and quarterly comparison.

## Maintenance Stoppages

In the first quarter of 2021, there was a general shutdown at the Monte Alegre unit in accordance with the Company's maintenance schedule. The maintenance shutdown of this site is held every 12 months, however in 2020, due to the pandemic, the Company chose to conduct a maintenance shutdown with a reduced scope and covering only the stoppage of critical plants. Thus, the maintenance stoppage this year was expanded, with a cost of R$ 96 million, above the R$ 30 million disbursed in 3Q20 and the total cost under normal circumstances.

As for the remainder of the year 2021, only the Otacílio Costa unit maintenance stoppage is contemplated as shown in the schedule below. Since the maintenance stoppages occur every 15 months and given the date of those executed in 2020, no shutdowns are planned this year at either the Ortigueira pulp or the Correia Pinto paper' units.

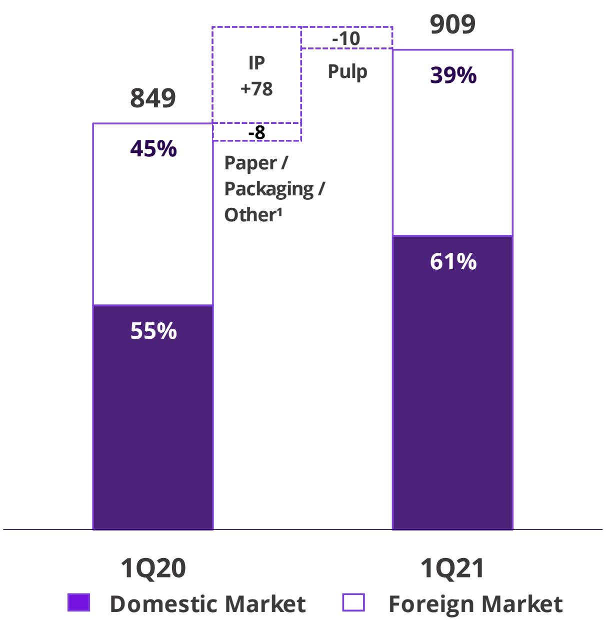
| | Maintenance Stoppage Schedule 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Manufacturing Plant | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Ortigueira (PR) - Puma I | | | | | | | | | | | | |
| Monte Alegre (PR) | | MA | | | |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

Legend: Executed | To be Exec.

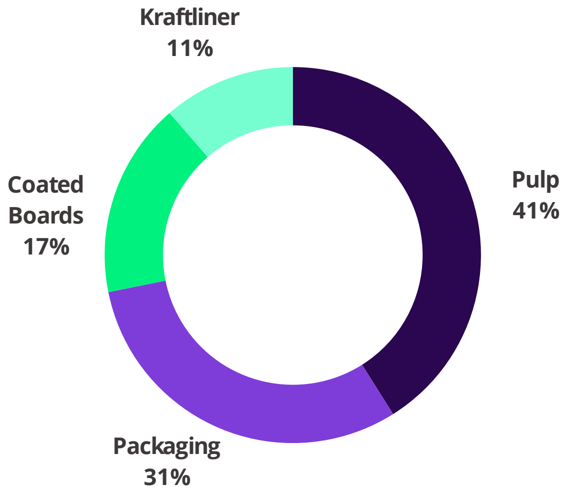
## Sales Volume

In line with the performance for 4Q20, sales kept the strong growth across all lines of the business in 1Q21, as a result of surging demand in the markets where the Company operates. Total volume excluding wood in the quarter was 909 thousand tons, a growth of 7% compared to the same period of 2020. This increase is largely explained by the additional volumes of 78 thousand tons produced by the assets acquired from IP in 4Q20. Excluding this additional volume, there was a reduction of 2% in 1Q21 compared with 1Q20, reflecting principally the maintenance stoppage at the Monte Alegre unit as already explained. Additionally, sales volume of pulp was slightly lower as a result of the inventory building following the Puma I general shutdown that took place in December 2020.

**Sales Volume**
(excluding wood – k tons)




**Sales Volume by Product**
1Q21




[1]Excludes Wood

# Net Revenue

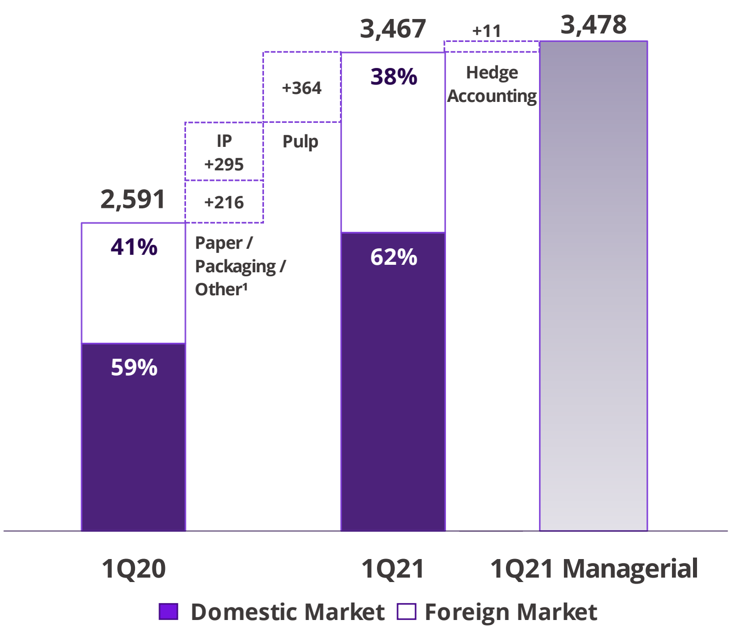
| Net Revenue (R$ million) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Total Net Revenue** | **3,467** | **3,292** | **2,591** | **5%** | **34%** |
| **Wood** | **62** | **55** | **48** | **14%** | **31%** |
| **Pulp** | **1,194** | **987** | **829** | **21%** | **44%** |
| Short Fiber | 782 | 682 | 546 | 15% | 43% |
| Long Fiber/Fluff | 412 | 305 | 283 | 35% | 45% |
| **Paper** | **973** | **1,059** | **919** | **-8%** | **6%** |
| Kraftliner | 323 | 296 | 264 | 9% | 22% |
| Coated Boards | 650 | 763 | 655 | -15% | -1% |
| **Packaging** | **1,259** | **1,183** | **771** | **6%** | **63%** |
| Corrugated Boxes | 1,001 | 930 | 563 | 8% | 78% |
| Industrial Bags | 258 | 252 | 207 | 2% | 24% |
| **Other[1]** | **(21)** | **8** | **24** | **n/a** | **n/a** |

[1] Includes Hedge Accounting effect

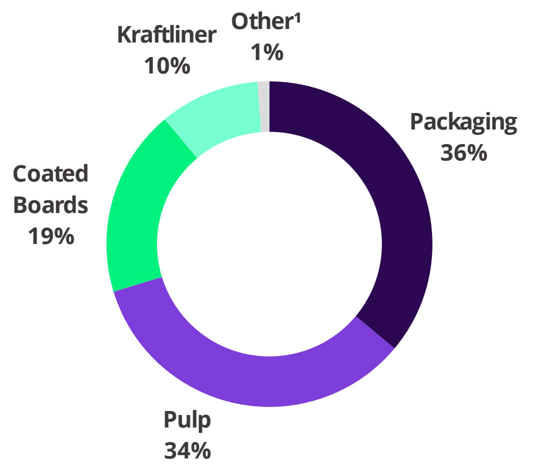
**Net Revenue** totaled R$ 3.467 billion in 1Q21, a growth of 34% compared to 1Q20. Excluding the additional revenue generated from the units acquired from IP of R$ 295 million, growth was 22% higher on an annual comparative basis. This performance is the result of price readjustments across all business units and reflects robust demand in both domestic and export markets in addition to the devaluation of the Real against the US$.

In January 2021, the Company adopted the cash flow hedge accounting method – see details under the 'Hedge Accounting' section. In 1Q21, the impact on Net Revenue regarding the percentage of revenue designated as a protected item by the hedge accounting method was negative at R$ 11.0 million. Excluding this effect, Net Revenue would have been R$ 3.478 billion in the period.

**Net Revenue**
(R$ million)




**Net Revenue by Product²**
1Q21



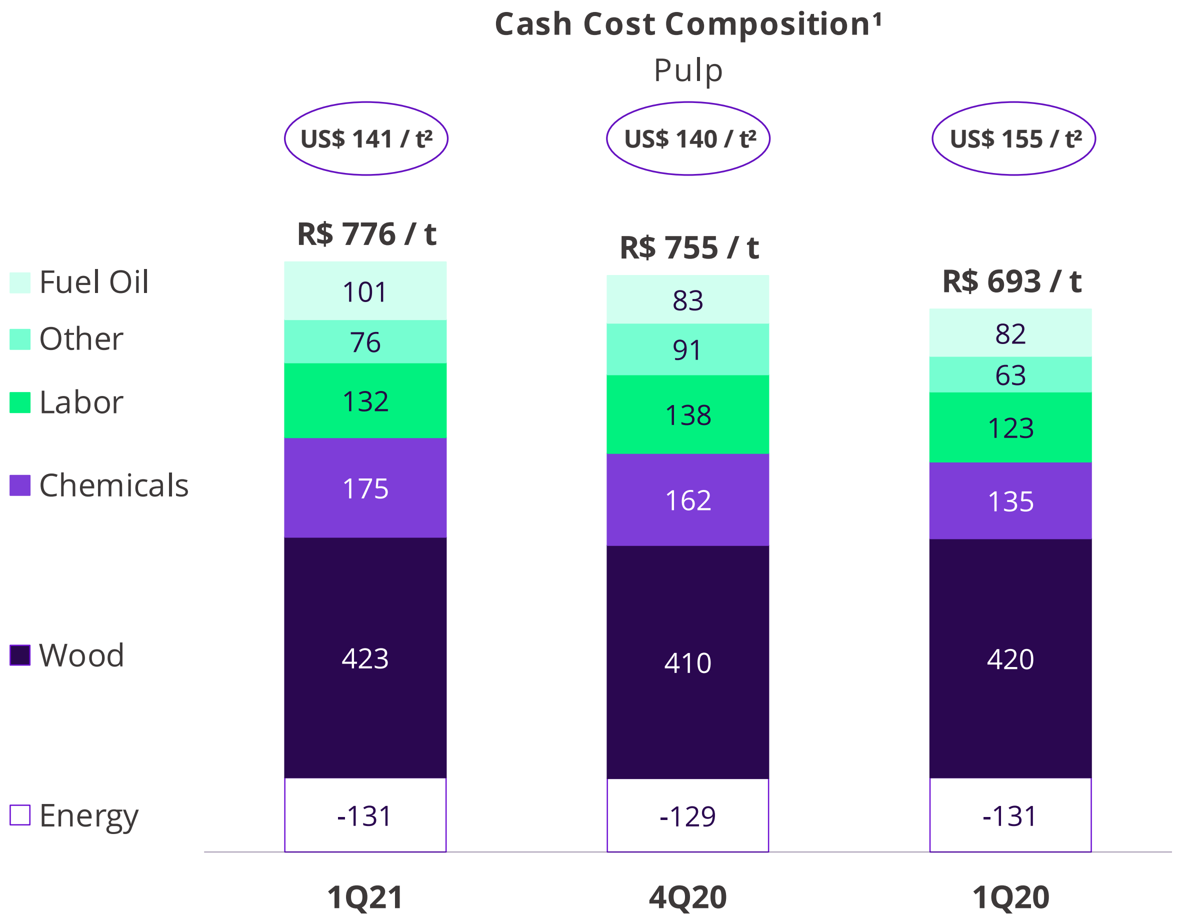

[1] Includes Wood, Eliminations and Other Revenue
[2] Excluding the effect of Hedge Accounting

# 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, long and fluff fibers and pulp volume output 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 the period was R$ 776/t, a growth of 12% compared to 1Q20 and 3% compared with 4Q20 (excluding the maintenance stoppage impacts). In relation to the same period of 2020, in addition to the inflation factor, the main reasons for higher cash costs were increased costs of chemicals and fuels, a reflection of the generalized hike in commodity prices and the devaluation of the local currency against the US$. In chemicals, the major impact is due to the increase in raw material prices, specially chlorate and soda. As for fuels, the main reason was price increases during the period. The pulp cash cost in US$ for 1Q21 was US$ 141/t, 9% down versus 1Q20 and flat over 4Q20.

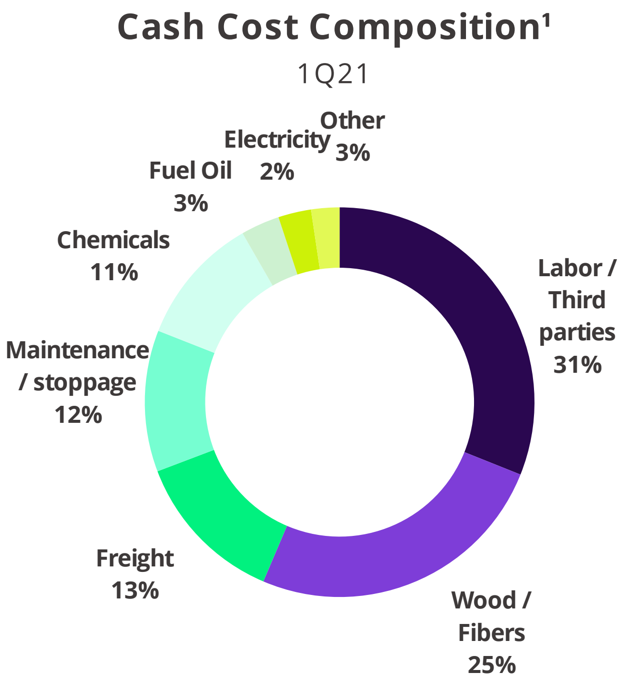


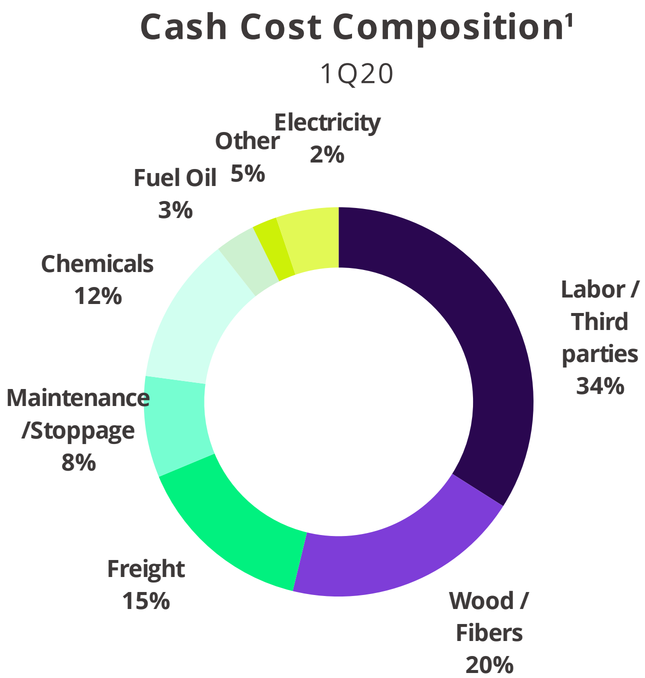

[1] Does not include costs of maintenance stoppage; [2] Calculated on the average US Dollar for the period

## Total Cash Cost

Incorporating the sale of all the Company's products, the quarter's **total unitary cash cost** was R$ 2,424/t. Excluding the impact of maintenance shutdowns and the non-recurring result from the divestment of the Nova Campina papers' unit (more information below), total unitary cash cost was R$ 2,341/t in the period, an increase of 29% compared to 1Q20. Approximately half of this growth is explained by changes in the product sales mix and the sharp increase in OCC costs. As to the change in product mix, after the acquisition of IP's packaging assets, the sale of corrugated boxes – with a higher cash cost than the Company's other products, became more representative. Average prices of OCC were R$ 1,449/t in 1Q21 compared with an average of R$ 580/t in 1Q20, according to market data published by Anguti. This increase affects the cost of recycled paper, production volumes of which have increased due to the acquisition of the IP paper units.

Compared with 4Q20, a quarter which already sweeps up the impact of IP in the Company's sales mix and excluding the effects of maintenance stoppages and the sale of Nova Campina, there was a cash cost increase per ton of 4%. This was largely due to the increase in expenditures with chemicals and fuels, as explained in the preceding section.




[1] The cash cost considers the maintenance stoppages held in 1Q21 and 1Q20, alongside the net gain from the sale of Nova Campina in 1Q21

| Total Costs and (R$ million) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Cost of Goods Sold (COGS)[1]** | **(1,764)** | **(1,690)** | **(1,180)** | **4%** | **50%** |
| Variable Costs | (1,096) | (869) | (738) | 26% | 48% |
| Labor and Third Parties | (482) | (493) | (406) | -2% | 19% |
| Other | (186) | (328) | (36) | -43% | 418% |
| **Sales Expenses** | **(267)** | **(306)** | **(247)** | **-13%** | **8%** |
| **Administrative Expenses** | **(204)** | **(246)** | **(149)** | **-17%** | **37%** |
| **Other Net Expenses[2]** | **32** | **262** | **12** | **-88%** | **168%** |

[1] Net of Depreciation, Amortization and Exhaustion contained in COGS and SG&A; [2] Includes the non-recurring effect of R$20 million regarding the net gain from the sale of Nova Campina in 1Q21 and the goodwill of R$206 million realized on the purchase of IP assets in 4Q20

The cost of products sold excluding depreciation, amortization, and depletion, was R$ 1.764 billion, representing R$ 1,941/t - 40% higher than 1Q20. Excluding maintenance cost stoppages, the cost was R$ 1,835/t, an increase of 34% on an annualized comparative basis. The main explanation for this increase is the product mix with a greater share of packaging (which carries a higher average unit cost) as well as the spike in OCC prices.

Sales expenses totaled R$ 267 million in the period, equivalent to 7.7% of the net revenue and down in relation to the 9.5% reported in 1Q20 and 9.3% in 4Q20, following the increase in net revenue. In addition to the termination of royalty payments during the quarter and despite the recent challenges presented by global logistics, the Company successfully maintained freight costs under control through long-term contracts, mainly of break bulk cargos.

General and administrative expenses amounted to R$ 204 million in 1Q21, an increase of R$ 55 million compared with the same period in 2020. In addition to inflationary pressures, this increase reflects the execution of IT projects, innovation, and consultancy fees as well as COVID-19 expenditures such as donations and services to reinforce the Company's health protocols. However, compared to 4Q20, there was a reduction of R$ 41 million.

Other operational revenues/expenses were R$ 32 million in the quarter, R$ 20 million of which relating to the sale of the Nova Campina paper unit. During the quarter and as published in a Notice to the Market on January 29, 2021, the sale of this unit – acquired as part of the International Paper acquisition – was concluded. The result was a net gain of R$ 20 million (total value discounted the cost of the asset) and booked to the Other Operational Revenues/Expenses line.



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# Effect of variation of the fair value of the biological assets

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 first quarter of 2021, the variation in the fair value of the biological assets resulted in revenue of R$ 43 million, the difference being largely the impact of the increase in the price of the biological assets (standing timber) based on market price surveys published by specialized companies. Additionally, the depletion effect of the fair value of the biological assets on the cost of goods sold was R$ 232 million in the same period. Hence, the non-cash effect of the fair value of the biological assets on operating results (EBIT) in 1Q21 was a negative R$ 189 million.

# Operating Cash Generation (EBITDA)

| R$ million | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Net Income (loss)** | **421** | **1,327** | **(3,143)** | **-68%** | **n/a** |
| (+) Income Taxes and Social Contribution | 57 | 651 | (1,713) | -91% | n/a |
| (+) Net Financial Revenues | 203 | (929) | 5,488 | n/a | -96% |
| (+) Depreciation, Amortization, Depletion | 626 | 610 | 635 | 3% | -1% |
| **Adjustments According to IN.CVM 527/12 art. 4°** | | | | | |
| (-) Biological Assets Adjustment | (43) | (341) | (217) | 87% | -80% |
| (+) Cash Flow Hedge Effect | 11 | - | - | n/a | n/a |
| (-) Equity Pickup | (1) | (6) | (22) | 85% | -96% |
| **Ajusted EBITDA** | **1,274** | **1,312** | **1,028** | **-3%** | **24%** |
| Adjusted EBITDA Margin | 37% | 40% | 40% | - 3 p.p. | - 3 p.p. |
| (-) Non-Recurring Effects[1] | (20) | (206) | - | 90% | n/a |
| **Adjusted EBITDA (excluding non-recurring effects)** | **1,254** | **1,106** | **1,028** | **13%** | **22%** |
| Adjusted EBITDA Margin (excluding non-recurring effects) | 36% | 34% | 40% | + 2 p.p. | - 4 p.p. |

[1] Refers to the net gain from the sale of Nova Campina in 1Q21 and the goodwill realized on the purchase of IP's assets in 4Q20

Higher sales volume, price readjustments and the devaluation of the local currency were determining factors for the net revenue increase in 1Q21 compared with the same quarter in 2020. This increase, together with the Company's cost discipline, resulted in an **Adjusted EBITDA,** excluding non-recurring effects, of R$ 1.254 billion, corresponding to an EBITDA Margin of 36%, a year-on-year increase of 22% and a quarter-on-quarter improvement of 13%.

The 4 p.p. reduction in Adjusted EBITDA Margin, excluding non-recurring effects in 1Q21, in relation to the same period in 2020, is due to the greater participation of corrugated boxes in the sales mix – with higher cash cost by being a premium product. The Adjusted EBITDA Margin was also affected by the maintenance stoppage at the Monte Alegre unit, already explained before.

The EBITDA excluding non-recurring effects (volume sold not considering wood) was R$ 1,380/t in the first quarter of 2021, which represents an increase of 14% compared to the same quarter of the previous year and 17% compared to 4Q20.

## Debt and Financial Investments

| Debt (R$ million) | Mar-21 | Prop. % | Dec-20 | Prop. % |
|---|---|---|---|---|
| **Short Term** | | | | |
| Local Currency | 1,192 | 4% | 342 | 1% |
| Foreign Currency | 536 | 2% | 379 | 2% |
| **Total Short Term** | **1,728** | **6%** | **721** | **3%** |
| **Long Term** | | | | |
| Local Currency | 4,587 | 15% | 5,441 | 20% |
| Foreign Currency | 23,961 | 79% | 20,177 | 77% |
| **Total Long Term** | **28,548** | **94%** | **25,618** | **97%** |
| Total Local Currency | 5,779 | 19% | 5,783 | 21% |
| Total Foreign Currency[1] | 24,497 | 81% | 20,556 | 79% |
| **Gross Debt** | **30,276** | | **26,339** | |
| (-) Cash | 8,531 | | 6,557 | |
| **Net Debt** | **21,744** | | **19,782** | |
| **Net Debt / EBITDA (LTM) - US$** | **4.0 x** | | **4.0 x** | |
| **Net Debt / EBITDA (LTM) - R$** | **4.2 x** | | **4.0 x** | |

[1]Includes BRL to USD swaps, as well as the intrument's mark-to-market gains or losses

Gross debt as of March 31, 2021 was R$ 30.276 billion, an increase of R$ 3.937 billion compared with the end of 2020. This increase is largely explained by the negative exchange variation effect on currency denominated debt and by the mark-to-market of the interest rate swap instruments, both without any material cash effect in the period. Additionally, in January 2021, the Company raised US$ 500 million through the issue of a Sustainability Linked Bond (SLB). SLBs are securities representing debt linked to sustainability performance metrics. The bond matures in 2031 and carries an annual yield and coupon of 3.20%. Part of the resources raised through the SLB was used for the early repurchase of US$ 98 million of the 2024 Bond.

| Average Maturity / Cost of Debt | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| Local Currency | 6.5% p.y. | 4.3% p.y. | 5.3% p.y. |
| Foreign Currency | 5.1% p.y. | 5.4% p.y. | 5.1% p.y. |
| **Gross Debt** | **128 months** | **116 months** | **113 months** |

The issue of the debt securities mentioned in the preceding paragraph resulted in a total average maturity for loans and financing at the end of 1Q21 of 128 months, 61 months for local currency debt and 142 months for currency denominated debt. The most recent issue had a positive impact on the average cost of currency financing of Klabin, its main source of credit, with a reduction of 0.3 p.p. in the quarter, translating into an annual cost of 5.1% plus foreign exchange variation. For domestic currency debt, there was an increase in the annual financial cost from 4.3% in 4T20 to 6.5% in 1Q21, largely a reflection of an increase in the IPCA and the CDI rate in the period.

**Cash and cash equivalents** at quarter end totaled R$ 8.531 billion, an increase of R$ 1.974 billion in relation to 4Q20, a reflection of the additional funding via SLB. This cash position gives sufficient coverage to amortize 68 months-worth of maturing debt. In addition, the Company has a Revolving Credit Facility of US$ 500 million (equivalent to R$ 2.850 billion) maturing in December 2023 at an annual financial cost of 0.4%. Should the line be drawn down, the cost would be Libor + 1.35% annually.

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

Consolidated **net debt** as of March 31, 2021 amounted to R$ 21.744 billion, an increase of R$ 1.962 billion compared to the net amount at the end of 4Q20. The increase is largely due to the negative impact of exchange variation on US$ denominated debt.

The Company's financial leverage, measured by the Net Debt/Adjusted EBITDA ratio, in US Dollars, which best reflects Klabin's financial leverage profile, remained stable on 4.0 times. Due to the Company's strong cash generation, and despite the disbursements for investments in the Puma II Project, financial leverage has remained at the same levels for the last few month and within the parameters set out in the Company's **Financial Debt Policy.**

## Hedge Accounting

From January 4, 2021, Klabin adopted the accounting method of hedge accounting of cash flows of highly probable future revenue. Through this methodology, financial statements now reflect the natural hedge realized by the Company as the impact of the temporal difference is eliminated between the currency variation of the revenue flow and currency denominated debt.

US$ debts are designated as an instrument of protection of the highly probable future revenues in US$ and the effects of the currency variation on these debts are recorded as Stockholders Equity in the "Valuation adjustments to shareholders' equity" line. With the effective realization of this matched revenues linked to the US$ designated debt, the respective accumulated amounts of currency variation are booked in the income statements to "Net Revenue".

In 1Q21, currency variation of debt designated for hedge accounting totaled a negative net effect of R$ 1.134 billion, booked to Stockholders Equity, "Valuation adjustments to shareholders' equity" line, while there is no effective future revenue realization. This amount refers to the R$ 1.728 billion of variation in fair value of the debt designated for hedge accounting less R$ 584 million in Income Tax and Social Contribution and R$ 11.0 million of realization of the hedge reserve.

In the same period, the Company realized a revenue of US$ 18.3 million related to the settlement of loans and financing, designated as a hedging instrument of this revenue. Therefore, incurring an accumulated exchange rate variation expense of R$ 11.0 million, recorded in "Net Revenue", and excluded from the Adjusted EBITDA to better represent the Company's cash generation.

**The implementation of hedge accounting is exclusively accounting and has no impact on the Company's cash generation and Adjusted EBITDA.**

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

## Financial Result[1]

| R$ million | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Financial Expenses | (370) | (718) | (452) | -48% | -18% |
| Financial Revenues | 30 | 86 | 107 | -65% | -72% |
| **Subtotal** | **(340)** | **(632)** | **(345)** | **-46%** | **-1%** |
| Net Foreign Exchange Losses | (1,256) | 1,104 | (3,426) | n/a | -63% |
| Derivative Instruments (SWAP) | (336) | 456 | (1,717) | n/a | -80% |
| Hedge Accounting Effect | 1,728 | - | - | n/a | n/a |
| **Subtotal** | **137** | **1,560** | **(5,143)** | **-91%** | **n/a** |
| **Financial Result** | **(203)** | **929** | **(5,488)** | **n/a** | **-96%** |

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

In 1Q21, financial expenses excluding the effect of hedge accounting and swaps, amounted to R$ 370 million, 48% less than 4Q20, the latter quarter impacted by R$ 310 million in non-recurring expenses relative to the recalculation the monetary restatement for an IPI tax credit. Financial revenues totaled R$ 30 million in the quarter, R$ 56 million less than in 4Q20, and reflecting the mark-to-market of the NTN-Bs and LFTs held in cash equivalents.

The foreign exchange rate ended the quarter at R$ 5.70/US$, 10% higher than the closing rate of 4Q20 and causing a negative result in the net foreign exchange line of R$ 1.256 billion due to the impact on US$ denominated debt and also the negative effect of mark-to-market the interest rate swaps of R$ 336 million. These swaps are earmarked to loans and financing contracted in Reais and through these derivative instruments have an effect similar to a liability denominated in US$.

As mentioned in the preceding section, the Company adopted the hedge accounting methodology with an effect of R$ 1.728 billion in 1Q21. This amount ceases to be booked in the income statement through a compensating entry to stockholders' equity in the "Valuation adjustments to shareholders' equity" line. Important to note that the currency variation on US$ denominated debt, the mark-to-market of the swaps as well as the partial compensation under the hedge accounting methodology – amounting to R$ 137 million, has no significant cash effect in the period.

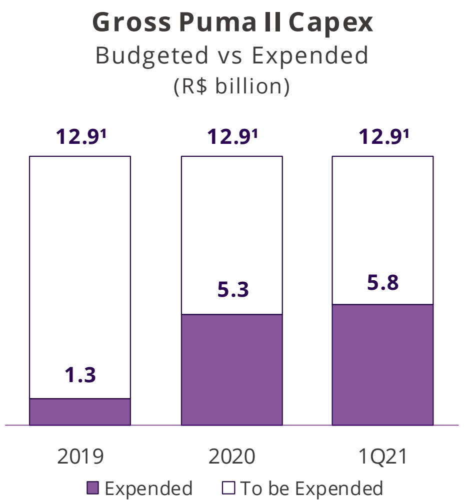
# Investments

| R$ million | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| Forestry | 67 | 134 | 72 |
| Maintenance | 184 | 110 | 198 |
| Special Projects and Growth | 67 | 296 | 23 |
| Puma II Project | 497 | 1,468 | 527 |
| **Total** | **815** | **2,008** | **820** |

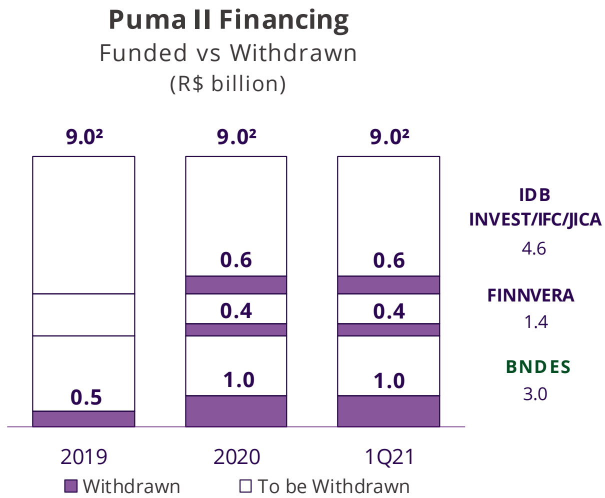
Klabin invested R$ 815 million in the first quarter of 2021 in its operations and expansion projects. Of the total amount invested, R$ 67 million were allocated to forestry operations and R$ 184 million to investments in the operational continuity of the plants. Together these amounts represent investments in the Company's operational maintenance. Additionally, R$ 67 million were invested in special and expansion projects.

These invested amounts do not consider investments involving the forestry activities of subsidiaries through Special Purpose Corporations (SPCs) executed via injection of forestry assets already existing in Klabin's balance sheet.

Currently, a total of R$ 5.813 billion has been disbursed to the Puma II Project, of which R$ 5.316 billion until 2020 and R$ 497 million in 1Q21. The start-up of the first paper machine is planned for the second half of July 2021. According to the latest measurements on May 2, 2021, the construction of the first machine reached 88% of execution. On May 5, 2021, the Company announced the updated framework of the Project with increased expected gross investment to R$ 12.9 billion at 2021 prices – for further details, please click here to access the Material Fact. The financing for the project has been contracted by Klabin with the ECA's, BNDES, IDB Invest, IFC and JICA.




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




[2] Considers the end of period R$/US$ rate

# Free Cash Flow

| R$ million | 1Q21 | 4Q20 | 1Q20 | LTM 1T21 | LTM 1T20 |
|---|---|---|---|---|---|
| **Adjusted EBITDA** | **1,274** | **1,312** | **1,028** | **5,153** | **4,345** |
| (-) Capex[1] | (815) | (2,008) | (820) | (5,169) | (3,097) |
| (-) Interest Paid/Received | (222) | (636) | (243) | (1,490) | (1,095) |
| (-) Income Tax | (40) | (2) | (1) | (48) | (47) |
| (+/-) Working Capital | (532) | 926 | (308) | 1,887 | (478) |
| (-) Dividends & IOC | - | - | (223) | - | (910) |
| (+/-) Others | 74 | (240) | (32) | (186) | (32) |
| **Free Cash Flow** | **(261)** | **(648)** | **(600)** | **148** | **(1,314)** |
| Dividends & IOC | - | - | 223 | - | 910 |
| Puma II Project | 497 | 1,468 | 527 | 4,014 | 1,798 |
| Special Projects and Growth | 67 | 296 | 23 | 383 | 210 |
| **Adjusted Free Cash Flow[2]** | **303** | **1,116** | **173** | **4,546** | **1,604** |
| **Adjusted FCF Yield[3]** | | | | **17.4%** | **7.6%** |

[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.

The increase in Adjusted EBITDA boosted cash generation during the quarter. On the other hand, Adjusted Free Cash Flow was impacted by the negative variation in the Company's working capital due to the higher sales income and lower receivables discount.

The interest paid/received line in 1Q21 was in line with the first quarter of 2020. As for the immediately preceding quarter, the reduction reflects the non-recurring financial expense in 4Q20 relative to the re-mensuration of a calculation for updating the monetary restatement on an IPI tax credit in the amount of R$ 310 million. In the 'Others' line, R$ 112 million relates to the receipt of the net amount from the first installment of the Nova Campina unit sale, that is, R$ 132 million received in this quarter less the non-cash effect of R$ 20 million included in the Adjusted EBITDA.

The Capex line remained stable in the first quarter compared to the same quarter in 2020, although in relation to the fourth quarter 2020, there was a reduction in investments, mainly those related to the Puma II Project.

Excluding discretionary factors and expansion projects, in the last twelve months, Adjusted Free Cash Flow amounted to R$ 4.546 billion, equivalent to a Free Cash Flow Yield of 17.4%, representing a significant increase in relation to the R$ 1.604 billion reported for the 12 months ending 1Q20. This performance is illustrative of the Company's capacity to maintain a strong cash generation under the most varied of market conditions.

## ROIC - Return on Invested Capital

| ROIC (R$ million) - LTM[1] | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| **Total Asset** | **36,730** | **35,544** | **35,029** |
| (-) Total Liability (ex-debt) | (4,006) | (3,580) | (3,561) |
| (-) Construction in Progress | (5,065) | (4,174) | (1,769) |
| **Invested Capital** | **27,660** | **27,790** | **29,699** |
| (-) CPC 29 Adjustment[2] | (1,367) | (1,596) | (1,809) |
| **Adjusted Invested Capital** | **26,292** | **26,194** | **27,890** |
| **Adjusted EBITDA** | **5,153** | **4,906** | **4,345** |
| (-) Sustaining Capex | (773) | (790) | (1,089) |
| (-) Income Tax and Soc. Contr. (cash) | (48) | (9) | (47) |
| **Adjusted Operating Cash-Flow** | **4,333** | **4,107** | **3,209** |
| **ROIC[3]** | **16.5%** | **15.7%** | **11.5%** |

[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

Klabin's consolidated return according to the Return on Invested Capital (ROIC)[1] metric was 16.5% in the last 12 months. The improvement in this indicator is directly associated with the increase in cash generation in the period.

# Business Performance

Consolidated information by unit in 1Q21:

| R$ million | Forestry | Pulp | Papers | Packaging | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Net revenue** | | | | | | |
| Domestic market | 71 | 388 | 601 | 1,154 | (54) | 2,160 |
| Exports | - | 813 | 386 | 118 | (11) | 1,306 |
| **Third part revenue** | **71** | **1,201** | **987** | **1,272** | **(65)** | **3,467** |
| Segments revenue | 388 | 25 | 563 | 9 | (986) | - |
| **Total net revenue** | **459** | **1,226** | **1,550** | **1,281** | **(1,050)** | **3,467** |
| Change in fair value - biological assets | 43 | - | - | - | - | 43 |
| Cost of goods sold[1] | (692) | (494) | (1,140) | (1,073) | 1,010 | (2,390) |
| **Gross income** | **(190)** | **733** | **409** | **208** | **(41)** | **1,119** |
| Operating expenses | 22 | (162) | (152) | (136) | (11) | (439) |
| **Op. results before financial results** | **(169)** | **571** | **258** | **72** | **(51)** | **681** |

Note: In this table, total net revenue includes sales of other products.
[1] Forestry COGS includes the exaustion on the fair value of biological assets in the period.

Note: Comparison base in Attachment V

## Forestry Business Unit

| Volume (k tons) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Wood | 410 | 297 | 391 | 38% | 5% |
| **Revenue (R$ million)** | | | | | |
| Wood | 62 | 55 | 48 | 14% | 31% |

In 1Q21, 410 thousand tons of wood were sold, an increase of 5% compared with 1Q20, due to spot wood sales. As a result, net revenues from wood sales totaled R$ 62 million in 1Q21, 31% higher than in 1Q20, reflecting a more favorable environment for price adjustments.

## Pulp Business Unit

| Volume (k tons) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Short Fiber DM | 76 | 83 | 96 | -8% | -21% |
| Short Fiber EM | 193 | 198 | 181 | -3% | 6% |
| **Total Short Fiber Volume** | **269** | **281** | **277** | **-4%** | **-3%** |
| Long Fiber / Fluff DM | 52 | 50 | 48 | 6% | 9% |
| Long Fiber / Fluff EM | 52 | 38 | 58 | 36% | -10% |
| **Total Long Fiber / Fluff Volume** | **104** | **88** | **106** | **19%** | **-2%** |
| **Total Pulp Volume** | **373** | **369** | **383** | **1%** | **-3%** |
| **Revenue (R$ million)** | | | | | |
| Short Fiber | 782 | 682 | 546 | 15% | 43% |
| Long Fiber / Fluff | 412 | 305 | 283 | 35% | 45% |
| **Total Pulp Revenues** | **1,194** | **987** | **829** | **21%** | **44%** |

In 1Q21, the volume of pulp sold reached 373 thousand tons, 3% lower compared to the same quarter of the previous year as a result of low inventory levels due to the lower availability of fiber as a consequence of the general maintenance shutdown held in December 2020.

Supply and demand conditions in the pulp industry exhibited improvement throughout 2020, allowing for a stronger recovery in prices through all markets from 4Q20 onwards.

Klabin's pulp sales to Europe, the USA and the domestic market followed market reference prices which increased 16% for short fiber and long fiber on average in the first quarter of 2021 when compared to the same period of the previous year. In China, the implementation of pulp price increases occurred more rapidly in both short fiber and long fiber. The two fibers, measured by the FOEX Index were priced, respectively, at US$ 610/t and US$ 827/t on average in the first quarter of 2021. These values represent increases of 32% and 34% in comparison with 4Q20.

On the supply side, the focus comes from the concentration of scheduled maintenance stoppages starting in the last half of 2020, causing the global stock of producers to start the year at 35 days of supply, based on data from the PPPC (Pulp and Paper Products Council) for the end of December 2020. Added to this, logistical constraints faced mainly by producers in the northern hemisphere as well as weather problems have affected some players. Regarding demand, a sharper acceleration in the recovery of economic activity, especially in the Chinese and American markets, boosted pulp consumption in virtually all paper segments.

Klabin's position as the only Brazilian company producing hardwood, softwood and fluff pulp translates into greater flexibility in building a strategic sales mix and higher returns, allowing the Company to benefit from price increases within the three fibers simultaneously. With the successful implementation of these readjustments in all grades, the price differential between hardwood and softwood pulp in China reached US$ 230/t at the end of March.

Given this favorable market scenario, net revenues from the pulp business reached R$ 1.194 billion in 1Q21, a growth of 44% compared to the same period in 2020, the result of the strong recovery in prices, a better sales mix and the devaluation of the Brazilian real.

## Paper Business Unit

| Volume (k tons) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Kraftliner DM | 54 | 53 | 47 | 2% | 15% |
| Kraftliner EM | 49 | 49 | 58 | 1% | -15% |
| **Total Kraftliner** | **103** | **102** | **105** | **2%** | **-2%** |
| Coated Boards DM | 109 | 126 | 94 | -14% | 16% |
| Coated Boards EM | 44 | 59 | 75 | -26% | -42% |
| **Total Coated Boards** | **153** | **185** | **169** | **-18%** | **-10%** |
| **Total Paper** | **256** | **287** | **275** | **-11%** | **-7%** |
| **Revenue (R$ million)** | | | | | |
| Kraftliner | 323 | 296 | 264 | 9% | 22% |
| Coated Boards | 650 | 763 | 655 | -15% | -1% |
| **Total Paper** | **973** | **1,059** | **919** | **-8%** | **6%** |

### Kraftliner

Demand in the Kraftliner market remained intense in the first quarter of the year and a continuation of the movement observed since the middle of 2020. The accentuated acceleration in demand occurred not only in Brazil but in various regions, notably the United States, the world's leading producer and exporter of virgin fiber. In the light of this scenario, American producers exported less, using greater volumes for conversion and sales to the domestic market.

Reflecting reduced supply of papers and intense demand, the market became more favorable for passing on prices as from the beginning of the second semester 2020. In 1Q21, the average Europe price measured by FOEX were US$ 731/t, an increase of 14% in relation to 1Q20 and 8% in relation to the preceding quarter.

This scenario represents the ideal market conditions for the start-up of the first stage of the Puma II Project in the second half of July 2021. The first machine will contribute with about 160 thousand tons of additional volumes in 2021 out of a total annual capacity of 450 thousand tons.

## Coated Boards

In 2020, the coated board market reported an important recovery in volumes in Brazil, especially in the second half. Brazilian Tree Industry (IBÁ) data shows that there was a 7% growth in demand for this product, excluding sales of coated boards for liquids. In 2021, this trend has been intensifying, preliminary data showing an accumulated growth of 26% for the first two months of the year compared with the same period of 2020. Demand has been the main source of unbalanced supply/demand equation and in other world markets as well as Brazil, driven by the opportunity of migrating from single-use plastic.

At Klabin, coated board sales in 1Q21 fell 10% year-on-year as a consequence of the scheduled maintenance stoppage at Monte Alegre – impacting more particularly coated board production –, the unit operating with reduced inventory over recent quarters due to increasing demand. Notable has been the larger sales volumes to the domestic market boosted by strong demand as already mentioned above.

In spite of lower sales volume, net revenue was less impacted, falling only 1% in relation to the same period last year, driven by price readjustments and the devaluation of the Real against the US$ Dollar.

# Packaging Business Unit

| Volume (k tons) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| Corrugated Boxes | 240 | 243 | 156 | -1% | 54% |
| Industrial Bags | 39 | 43 | 35 | -7% | 12% |
| **Total Packaging** | **280** | **286** | **191** | **-2%** | **46%** |
| **Revenue (R$ million)** | | | | | |
| Corrugated Boxes | 1,001 | 930 | 563 | 8% | 78% |
| Industrial Bags | 258 | 252 | 207 | 2% | 24% |
| **Total Packaging** | **1,259** | **1,183** | **771** | **6%** | **63%** |

Data published by Empapel, formerly the Brazilian Association of Corrugated Boxes (ABPO) indicates a significant increase of 9% in shipped volumes of corrugated board boxes and sheets in 1Q21 compared with the same quarter in the preceding year.

Growth in shipment volumes has remained at high levels, and much above the general level of economic activity, since the second half of 2020, in the light of the strong recovery in the local market, driven by the expansion in consumption, e-commerce and such export sectors as proteins and fruits.

Klabin's sales volume of corrugated boxes board packaging reached 240 thousand tons in 1Q21, an increase of 54% in relation to the same period in 2020, albeit boosted by the additional output post-acquisition of IP's assets. Excluding the new ex-IP units, year-on-year growth would have been 13% in relation to 1Q20. Net revenue in turn increased 78% in relation to 1Q20 and 31% on the same comparative basis excluding the revenue from the new units. The growth in net revenue was driven by increased shipment volume, sales mix, and the recovery in prices on the back of the significant increase in the OCC cost.

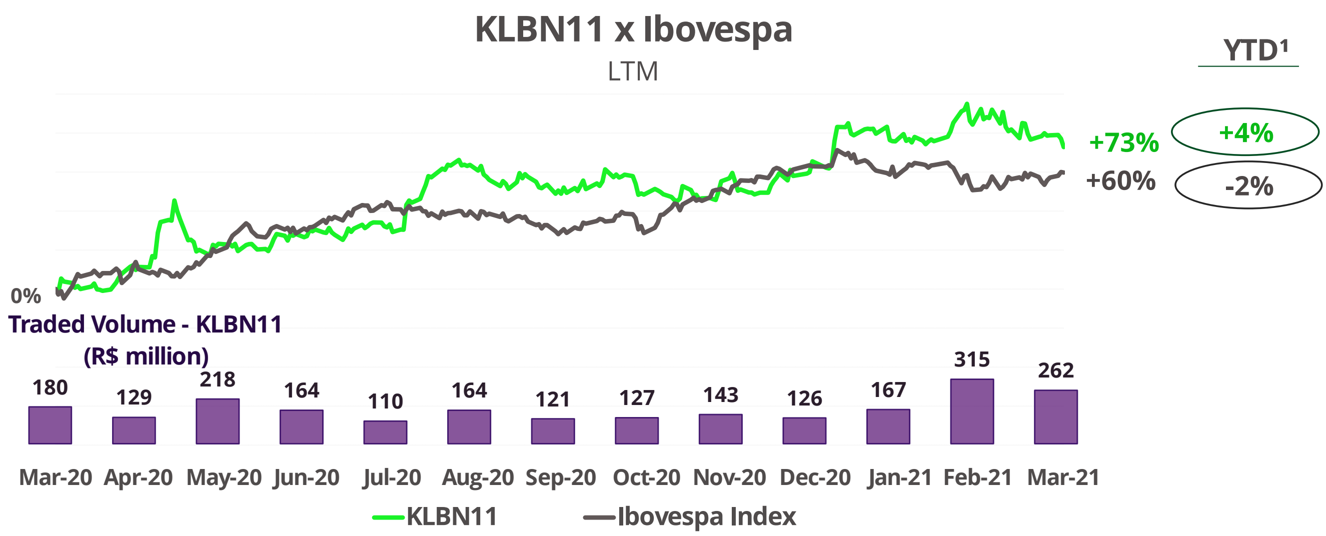
Preliminary data published by the National Cement Industry Union (SNIC) show cement consumption in Brazil increasing by 19% in relation to 1Q20, this having a direct impact on the sale of Klabin's industrial bags.

Klabin's bag conversion units operated at full capacity during the quarter in order to meet strong demand from the internal and export markets. With this, bag sales volume increased 12% in relation to the first quarter 2020 while net revenue was 24% higher on the same comparative basis, this also due to price readjustments and the devaluation of the Real against the US$, the latter also benefiting products destined for export as well as the increased sales volume.

# Capital Markets

## Equity Income

In the first quarter of 2021, Klabin Units (KLBN11) reported an appreciation of 4% against 2% decrease of Ibovespa, closing the period priced at R$ 27.63/share. The Units were traded all business days at B3, turnover amounting to 511 million transactions with an average daily financial volume of R$ 248 million. The maximum price reached during the period was R$ 31.54/share on February 25, 2021, while the minimum was R$ 25.40/share on January 05, 2021.



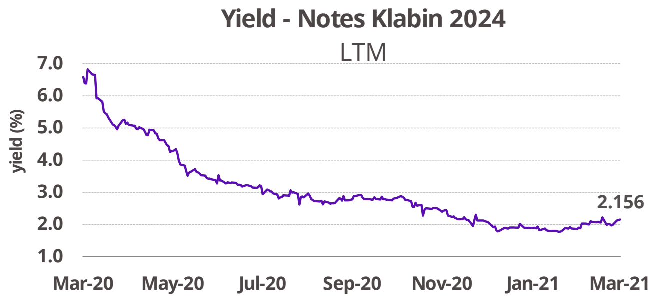

[1] YTD:Year to Date (12/30/2020 to 03/31/2021)

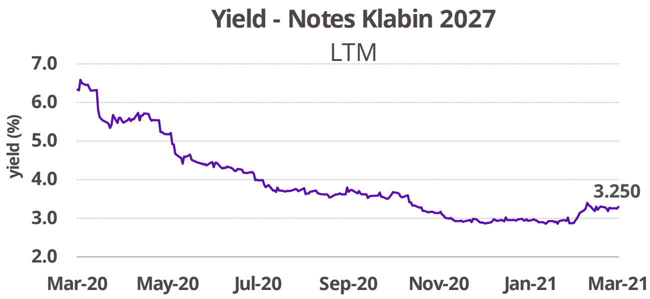
## Fixed Income

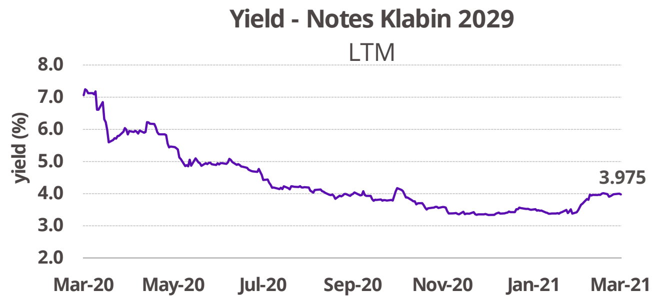
As announced to the market on January 06, 2021, Klabin concluded the issue of Sustainability Linked Bond (SLB), the coupon of which is linked to sustainability performance metrics. Interest paid on SLB securities is directly linked to meeting certain goals by 2025 and described in the Framework of the issue, published in the Company's Investor Relations website.

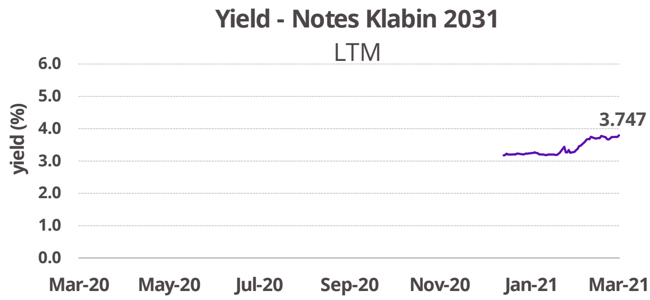
The Company has five active note or bond issues in the international market. Among these issues are two Green Bond issues, the securities of which must necessarily have their resources earmarked to eligible green projects. There are also two conventional debt issues. All coupons and maturities are shown in the respective graphs below.

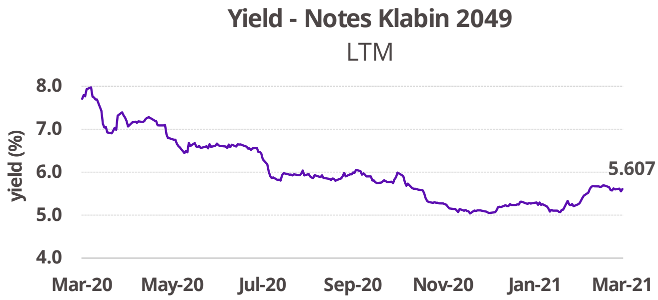
In 1Q21, Fitch and Standard and Poors rating agencies reiterated Klabin's credit risk classification at BB+ with stable outlook.




# 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 is temporarily unable to distribute earnings to its shareholders and consequently there was no distribution of earnings in 1Q21.

# Subsequent Events

## Fitch Affirms Klabin's Ratings

As announced to the market on April 29, 2021, Fitch Ratings has affirmed the Company's Long-Term Foreign and Local Currency Issuer Default Ratings at 'BB+' and national scale long-term rating at 'AAA(bra)'. The rating outlook for Klabin remains stable.

To access the Fitch Ratings report in full, click here.

## Puma II Project Update

As announced in a Material Fact published on May 5, 2021, the Company's Board of Directors approved the updated framework of the Puma II Project's second stage for the installation of a coated board machine.

For more information, access here the full version of the Material Fact.

# Conference Call

## Portuguese

Wednesday, May 12, 2021

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

Phone: +55 11 3181-8565 or +55 11 4210-1803

Code: Klabin

Access via HD Web Phone: click here

Access via Webcast: click here

Replay: +55 11 3193-1012 / +55 11 2820-4012

Code: 8374387#

## English (Simultaneous Translation)

Wednesday, May 12, 2021

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

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

# Appendix 1 – Consolidated Income Statement

| (R$ thousands) | 1Q21 | 4Q20 | 1Q20 | Δ 1Q21/4Q20 | Δ 1Q21/1Q20 |
|---|---|---|---|---|---|
| **Gross Revenue** | **4,007,822** | **3,817,872** | **2,983,317** | **5%** | **34%** |
| Discounts and Rebates | (541,275) | (550,416) | (391,930) | -2% | 38% |
| Cash Flow Hedge Realization | (11,018) | - | - | n/a | n/a |
| **Net Revenue** | **3,466,547** | **3,292,182** | **2,591,387** | **5%** | **34%** |
| Variation in the Fair Value of Biological Assets | 42,704 | 341,053 | 217,258 | -87% | -80% |
| Cost of Products Sold | (2,389,954) | (2,299,639) | (1,814,427) | 4% | 32% |
| **Gross Profit** | **1,119,297** | **1,333,596** | **994,218** | **-16%** | **13%** |
| Selling Expenses | (266,841) | (306,441) | (246,989) | -13% | 8% |
| General & Administrative Expenses | (204,468) | (245,727) | (149,121) | -17% | 37% |
| Other Revenues (Expenses) | 31,871 | 262,187 | 11,913 | -88% | 168% |
| **Total Operating Expenses** | **(439,438)** | **(289,981)** | **(384,197)** | **52%** | **14%** |
| **Operating Income (Before Fin. Results)** | **679,859** | **1,043,615** | **610,021** | **-35%** | **11%** |
| **Equity Pickup** | **925** | **6,052** | **22,287** | **-85%** | **-96%** |
| Financial Expenses | (438,478) | (262,247) | (2,169,582) | 67% | -80% |
| Liabilities Foreign Exchange Result | 82,432 | 1,253,038 | (3,896,684) | -93% | n/a |
| **Total Financial Expenses** | **(356,046)** | **990,791** | **(6,066,266)** | **n/a** | **-94%** |
| Financial Revenues | 29,831 | 86,210 | 107,491 | -65% | -72% |
| Assets Foreign Exchange Result | 123,106 | (148,498) | 470,442 | n/a | -74% |
| **Total Financial Revenues** | **152,937** | **(62,288)** | **577,933** | **n/a** | **-74%** |
| **Financial Result** | **(203,109)** | **928,503** | **(5,488,333)** | **n/a** | **-96%** |
| **Net Income Before Taxes** | **477,675** | **1,978,170** | **(4,856,025)** | **-76%** | **n/a** |
| Income Tax and Soc. Contrib. | (56,967) | (651,170) | 1,713,482 | -91% | n/a |
| **Net Income (Loss)** | **420,708** | **1,327,000** | **(3,142,543)** | **-68%** | **n/a** |
| Net income (Loss) Attributable to Noncontrolling Interests | 49,512 | 7,402 | 27,968 | 569% | 77% |
| **Net Income Attributable to Klabin's Stockholders** | **371,196** | **1,319,598** | **(3,170,511)** | **-72%** | **n/a** |
| | | | | | |
| Depreciation/Amortization/Exhaustion | 626,138 | 609,818 | 634,759 | 3% | -1% |
| Change in Fair Value of Biological Assets | (42,704) | (341,053) | (217,258) | -87% | -80% |
| Net Realization of Cash Flow Hedge | 11,018 | - | - | n/a | n/a |
| **Adjusted EBITDA** | **1,274,311** | **1,312,380** | **1,027,522** | **-3%** | **24%** |
| Non-Recurring Effects[1] | (20,077) | (206,061) | - | -90% | n/a |
| **Adjusted EBITDA (excl. non-recurring effects)** | **1,254,234** | **1,106,319** | **1,027,522** | **13%** | **22%** |

[1] Refers to the net gain from the sale of Nova Campina in 1Q21 and the goodwill on the purchase of IP's assets in 4Q20

# Appendix 2 – Consolidated Balance Sheet

| Assets (R$ thousands) | mar-21 | dec-20 | mar-20 |
|---|---|---|---|
| **Current Assets** | **13,351,011** | **10,960,935** | **12,108,924** |
| Cash and Cash-Equivalents | 7,014,310 | 5,208,830 | 5,796,649 |
| Securities | 1,517,091 | 1,347,897 | 1,418,332 |
| Receivables | 2,451,445 | 1,806,918 | 2,215,161 |
| Inventories | 1,474,757 | 1,379,131 | 1,462,449 |
| Recoverable taxes and contributions | 731,717 | 824,771 | 977,247 |
| Other receivables | 161,691 | 393,388 | 239,086 |
| **Noncurrent Assets** | **25,232,389** | **24,309,326** | **21,730,225** |
| Deferred income tax and social contribution | 1,350,584 | 765,099 | 787,227 |
| Taxes to compensate | 691,685 | 769,092 | 1,157,273 |
| Judicial Deposits | 122,548 | 118,843 | 123,244 |
| Other receivables | 197,601 | 175,502 | 259,187 |
| Investments | 265,973 | 268,444 | 261,728 |
| Property, plant & equipment, net | 17,135,924 | 16,670,773 | 14,006,093 |
| Biological assets | 4,542,764 | 4,657,821 | 4,582,935 |
| Right of use asset | 847,424 | 808,420 | 478,692 |
| Intangible assets | 77,886 | 75,332 | 73,846 |
| **Total** | **38,583,400** | **35,270,261** | **33,839,149** |

| Liabilities and Equity (R$ thousands) | mar-21 | dec-20 | mar-20 |
|---|---|---|---|
| **Current Liabilities** | **4,569,553** | **3,649,767** | **3,083,978** |
| Loans and financing | 1,661,756 | 652,983 | 773,157 |
| Debentures | 65,823 | 68,038 | 571,881 |
| Suppliers | 2,062,423 | 2,003,029 | 1,213,764 |
| Taxes payable | 141,977 | 165,348 | 57,060 |
| Salaries and payroll charges | 260,132 | 377,816 | 213,474 |
| Liability use benefit | 154,403 | 143,721 | 99,172 |
| Other accounts payable | 223,039 | 238,832 | 155,470 |
| **Noncurrent Liabilities** | **30,229,613** | **27,235,733** | **27,334,372** |
| Loans and financing | 26,741,095 | 23,853,204 | 24,525,033 |
| Debentures | 1,806,886 | 1,764,765 | 1,726,030 |
| Other accounts payable - Investors SCPs | 274,673 | 301,671 | 315,305 |
| Lease liability | 712,408 | 679,591 | 386,019 |
| Other accounts payable | 694,551 | 636,502 | 381,985 |
| **Stockholders´ Equity** | **3,066,894** | **3,810,305** | **2,885,760** |
| Capital | 4,475,625 | 4,475,625 | 4,076,035 |
| Capital reserve | (343,451) | (365,791) | (337,244) |
| Revaluation reserve | 48,705 | 48,705 | 48,705 |
| Profit reserve | - | - | 1,517,044 |
| Valuation adjustments to shareholders'equity | (322,847) | 823,476 | 952,618 |
| Retained earnings | (622,630) | (993,826) | (3,193,511) |
| Treasury stock | (168,508) | (177,884) | (177,887) |
| **Equity Attrib. to Noncont. Interests** | **717,340** | **574,456** | **535,039** |
| **Total** | **38,583,400** | **35,270,261** | **33,839,149** |



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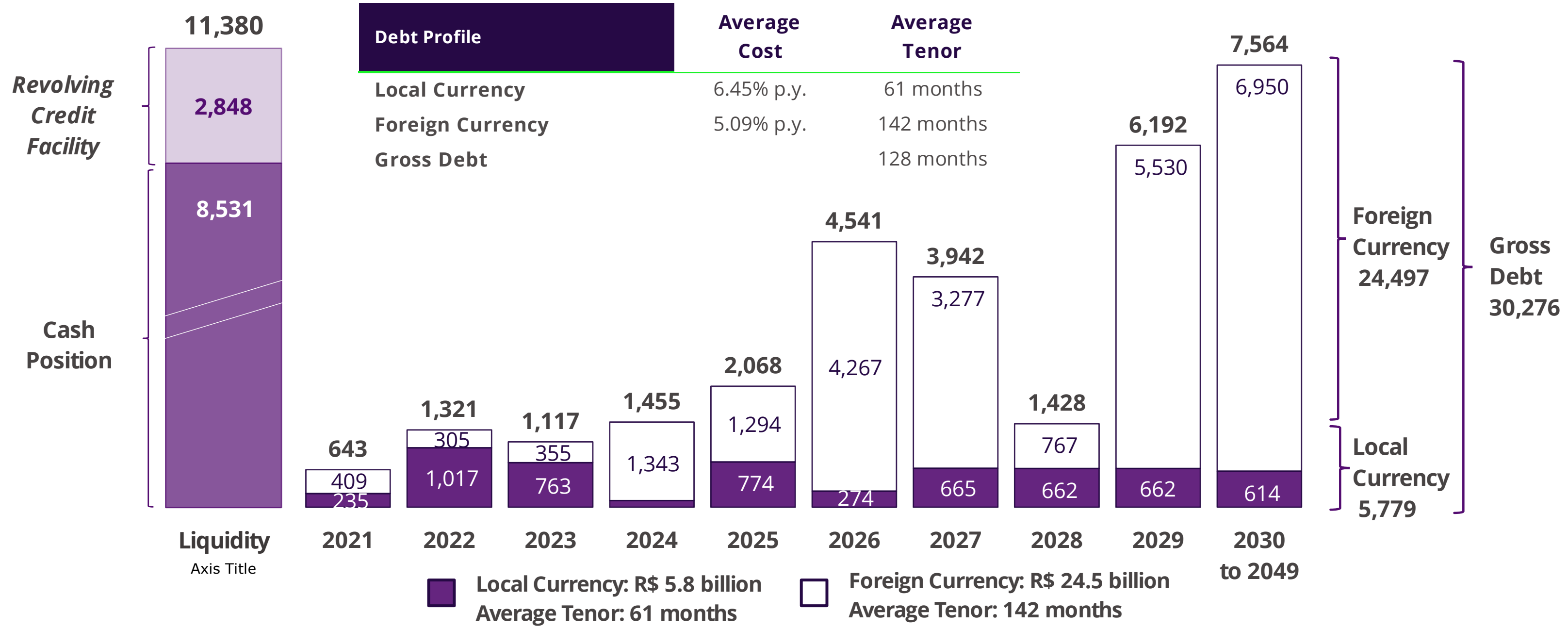
# Appendix 3 – Financing Redemption Schedule – 03/31/2021

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

| R$ million | 2Q21 | 3Q21 | 4Q21 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 to 2049 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BNDES | 5 | 0 | 0 | 6 | 43 | 75 | 75 | 74 | 74 | 74 | 74 | 74 | 614 | 1,185 |
| Export Credit Notes | 10 | 39 | 13 | 62 | 100 | 88 | 38 | 350 | - | - | - | - | - | 637 |
| Agribusiness Receiv. Certificate | 96 | 2 | - | 98 | 838 | 600 | - | 350 | 200 | 591 | 588 | 588 | - | 3,853 |
| Others | 4 | - | - | 4 | 5 | - | - | - | - | - | - | - | - | 9 |
| Debentures | 34 | - | 31 | 65 | 31 | - | - | - | - | - | - | - | - | 96 |
| **Local Currency** | **150** | **41** | **43** | **235** | **1,017** | **763** | **113** | **774** | **274** | **665** | **662** | **662** | **614** | **5,779** |
| Trade Finance | 18 | - | - | 18 | - | - | - | 939 | 4,021 | 71 | 356 | 142 | - | 5,548 |
| Bonds | 290 | - | - | 290 | - | - | 988 | - | - | 2,795 | - | 4,201 | 6,874 | 15,147 |
| ECA`s | - | 1 | - | 1 | 305 | 355 | 355 | 355 | 247 | 78 | 78 | 78 | 76 | 1,926 |
| Debentures | 7 | 92 | - | 100 | - | - | - | - | - | 333 | 333 | 1,109 | - | 1,876 |
| **Foreign Currency[1]** | **315** | **93** | **-** | **409** | **305** | **355** | **1,343** | **1,294** | **4,267** | **3,277** | **767** | **5,530** | **6,950** | **24,497** |
| **Gross Debt** | **465** | **134** | **43** | **643** | **1,321** | **1,117** | **1,455** | **2,068** | **4,541** | **3,942** | **1,428** | **6,192** | **7,564** | **30,276** |

[1]Includes BRL to USD swaps, as well as the intrument's mark-to-market gains or losses

| Debt Profile | Average Cost | Average Tenor |
|---|---|---|
| Local Currency | 6.45% p.y. | 61 months |
| Foreign Currency | 5.09% p.y. | 142 months |
| Gross Debt | | 128 months |



# Appendix 4 – Consolidated Cash Flow Statement

| R$ thousand | 1Q21 | 4Q20 | 1Q20 |
|---|---|---|---|
| **Net Cash from Operating Activities** | **648,338** | **1,887,184** | **948,785** |
| **Cash Generated from Operations** | **1,372,275** | **353,363** | **1,163,554** |
| Net Profit/Loss From Ongoing Operations | 418,492 | 1,333,949 | (3,142,543) |
| Net Profit/Loss From Discontinued Operations | 2,216 | - | - |
| Depreciation and Amortization | 259,601 | 305,989 | 277,415 |
| Change in Fair Value of Biological Assets | (42,704) | (341,053) | (217,258) |
| Exhaustion of Biological Assets | 366,537 | 303,829 | 357,344 |
| Deferred Income Tax and Social Contribution | 5,500 | 616,878 | (1,934,444) |
| Interest and Currency Variations on Financing Operations | 387,448 | (1,411,697) | 5,994,491 |
| Interest and Monetary Variations on Debentures | - | (108,975) | - |
| Realization of Cash Flow Hedge Reserve | 11,018 | - | - |
| Interest on Leases | 10,308 | (104,988) | 2,462 |
| Currency Fluctuation on Receivables | (25,454) | (13,051) | (150,832) |
| Estimated Bad Debt Loss/Recovery | (1,749) | 26,641 | 5,745 |
| Estimated Inventory Loss/Composition | (93) | 14,738 | 1,619 |
| Result of Disposal of Assets | (15,089) | (2,340) | (8,681) |
| Equity Pickup | (925) | (6,052) | (22,287) |
| Goodwill in Assets Acquisition | - | (206,061) | - |
| Other | (2,831) | (54,444) | 523 |
| **Changes in Assets and Liabilities** | **(723,937)** | **1,533,821** | **(214,769)** |
| Trade Receivables and Related Parties | (617,324) | 172,232 | (210,569) |
| Inventories | (95,533) | (14,409) | (131,824) |
| Taxes Recoverable | 212,049 | 96,777 | 317,500 |
| Marketable Securities | (169,194) | (42,313) | (27,803) |
| Other Assets | 30,829 | (102,423) | 70,116 |
| Suppliers | 10,725 | 704,591 | (170,373) |
| Taxes Obligations | (23,371) | 35,558 | (10,019) |
| Social Security and Labor Obligations | (117,684) | 3,948 | (87,814) |
| Other Liabilities | 87,154 | 619,639 | 37,971 |
| Income Tax and Social Contribution Paid | (41,588) | (2,376) | (1,954) |
| Working Capital Change as Result of Acquisition | - | 62,597 | - |
| **Net Cash Used in Investing Activities** | **(659,693)** | **(2,002,424)** | **(752,035)** |
| Purchase of Property, Plant and Equipment | (606,507) | (1,372,133) | (688,761) |
| Planting Cost of Biological Assets | (208,776) | (248,027) | (130,355) |
| Acquisition of Companies | - | (388,000) | - |
| Proceeds from Disposal of Assets | 152,195 | 636 | 63,700 |
| Dividends Received from Subsidiaries | 3,395 | 5,100 | 3,381 |
| **Net Cash Provided Used in Financing Activities** | **1,816,835** | **(1,203,865)** | **(2,740,487)** |
| New Borrowings | 2,698,048 | (3,270) | 987,330 |
| Amortization of Loans and Debentures | (673,375) | (736,476) | (3,148,838) |
| Payment of Interests on Loans | (204,039) | (340,404) | (351,352) |
| Payment of Interests on Debentures | - | (36,425) | - |
| Payment of Lease Liabilities | (47,665) | (46,677) | (31,415) |
| Disposal of Treasury Shares | 18,946 | - | 13,588 |
| Acquisition of Investments and Payment in Subsidiaries (Cash) | 67,500 | - | 50,000 |
| Termination of JV's | - | (25,000) | - |
| Outflow of JV's Investors | - | - | (2,000) |
| Dividends Paid/Received JVs and SPVs | (42,580) | (15,613) | (34,800) |
| Dividends Paid & IOC Paid | - | - | (223,000) |
| **Increase (Decrease) in Cash and Cash Equivalents** | **1,805,480** | **(1,319,105)** | **(2,543,737)** |
| **Cash and Cash Equivalents at Beginning of Period** | **5,208,830** | **6,534,884** | **8,340,386** |
| **Cash and Cash Equivalents at End of Period** | **7,014,310** | **5,215,779** | **5,796,649** |

# Appendix 5 – Business Segments Evolution

## 1Q21

| R$ million | Forestry | Pulp | Papers | Packaging | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Net revenue** | | | | | | |
| Domestic market | 71 | 388 | 601 | 1,154 | (54) | 2,160 |
| Exports | - | 813 | 386 | 118 | (11) | 1,306 |
| **Third part revenue** | **71** | **1,201** | **987** | **1,272** | **(65)** | **3,467** |
| Segments revenue | 388 | 25 | 563 | 9 | (986) | - |
| **Total net revenue** | **459** | **1,226** | **1,550** | **1,281** | **(1,050)** | **3,467** |
| Change in fair value - biological assets | 43 | - | - | - | - | 43 |
| Cost of goods sold[1] | (692) | (494) | (1,140) | (1,073) | 1,010 | (2,390) |
| **Gross income** | **(190)** | **733** | **409** | **208** | **(41)** | **1,119** |
| Operating expenses | 22 | (162) | (152) | (136) | (11) | (439) |
| **Op. results before financial results** | **(169)** | **571** | **258** | **72** | **(51)** | **681** |

Note: On this table, total net revenue includes sales of other products.
[1] Forestry COGS includes the exaustion on the fair value of biological assets in the period.

## 4Q20

| R$ million | Forestry | Pulp | Papers | Packaging | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Net revenue** | | | | | | |
| Domestic market | 70 | 382 | 636 | 1,092 | (33) | 2,148 |
| Exports | - | 611 | 438 | 101 | (7) | 1,144 |
| **Third part revenue** | **70** | **994** | **1,074** | **1,193** | **(39)** | **3,292** |
| Segments revenue | 340 | 32 | 458 | 154 | (985) | 0 |
| **Total net revenue** | **410** | **1,026** | **1,533** | **1,347** | **(1,024)** | **3,292** |
| Change in fair value - biological assets | 341 | - | - | - | - | 341 |
| Cost of goods sold[1] | (634) | (576) | (973) | (1,190) | 1,074 | (2,299) |
| **Gross income** | **118** | **450** | **560** | **156** | **50** | **1,334** |
| Operating expenses | (29) | (117) | (151) | (136) | 148 | (285) |
| **Op. results before financial results** | **89** | **333** | **409** | **21** | **198** | **1,050** |

Note: On this table, total net revenue includes sales of other products.
[1] Forestry COGS includes the exaustion on the fair value of biological assets in the period.

## 1Q20

| R$ million | Forestry | Pulp | Papers | Packaging | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Net revenue** | | | | | | |
| Domestic market | 49 | 313 | 480 | 700 | (4) | 1,538 |
| Exports | - | 522 | 450 | 81 | - | 1,053 |
| **Third part revenue** | **49** | **835** | **930** | **781** | **(4)** | **2,591** |
| Segments revenue | 407 | 19 | 406 | 8 | (840) | - |
| **Total net revenue** | **456** | **854** | **1,336** | **789** | **(844)** | **2,591** |
| Change in fair value - biological assets | 217 | - | - | - | - | 217 |
| Cost of goods sold[1] | (735) | (458) | (847) | (661) | 887 | (1,814) |
| **Gross income** | **(62)** | **396** | **489** | **128** | **43** | **994** |
| Operating expenses | (23) | (131) | (137) | (98) | 27 | (362) |
| **Op. results before financial results** | **(85)** | **265** | **352** | **30** | **70** | **632** |

Note: On this table, total net revenue includes sales of other products.
[1] Forestry COGS includes the exaustion on the fair value of biological assets in the period.