Klabin S.A.

Financial Statements at December 31, 2022 and 2021, and Independent Auditor's Report

Management Report 2022

Klabin

February 8, 2023

Message from the Management

The year 2022 was marked by a turbulent macroeconomic environment. While the global consequences are still emerging from the COVID-19 pandemic, we were surprised by the outbreak of the conflict between Russia and Ukraine, that, besides the irreparable damage it has taken in humanitarian terms, it has also impacted supply chains and also a significant increase in European energy costs, affecting economies of countries in various regions of the globe.

Despite this challenging environment, we have continued to pursue a strategy of strengthening Klabin's businesses along several fronts and also with the Company expansion process, supported by an integrated and flexible business model, with a diversified product portfolio. Our strategy for growth rests on important pillars related to sustainable development, competitiveness, and the creation of value: a highly productive forestry asset, outstanding operational efficiency of the factories and continuous technological development, solutions and products which sustain Klabin's capacity to generate results over the long-term.

That being said, in 2022, we are able to report one more set of excellent results, the 13th consecutive year of growth in Adjusted EBITDA, which reached the record level of R$ 7.8 billion, excluding non-recurring effects. Higher Adjusted EBITDA and the diligent allocation of capital benefited cash generation in the period and consequently, the creation of shareholders value, with the return on invested capital, as measured by the ROIC (Return on Invested Capital) metric of 19.2% in 2022, evidence of our capacity to combine growth and generation of value under a diverse range of operating conjunctures. It is in the light of this performance that we were able to celebrate, at the end of 2022, the milestone of 400 thousand personal investors in our shareholder base, a reflection of the confidence in our work.

The year was also characterized by two major events in Klabin's paper business. The first, the operation of the Puma II Project's Paper Machine 27 (PM27), which completed one year since start-up, reporting an excellent learning curve, consolidating a new product in our portfolio: Eukaliner®, 100% made from short fiber and its quality recognized by our clients. This operation certainly opens new paths for other innovative initiatives at Klabin.

The other landmark event during 2022 was PM 28, the Puma II Project's new coated board machine in Ortigueira (PR) with operations expected to begin in the second quarter of 2023. In 2022, as published on the Notice to the Market dated December 6 2022, an approval was given for a complementary investment in the production of virgin fiber white coated board, representing an addressable market estimated at more than US$ 20 billion. PM28 is expected to bring important results and opportunities for Klabin, confirming the tendency towards strong growth in demand for sustainable products and paper packaging.

In line with consumption demands of our clients and society as a whole, we continue to progress in the supply of innovative solutions, with renewable sourced, recyclable and biodegradable products. EkoFlex, the first paper for flexible packaging, is one those initiatives. Produced from long fiber it presents better performance and greater resistance with application in a range of different market segments. A further new product launch, PineFluff eXcel is made from fluff pulp, a mix of long and short fiber, and targeting the hygiene product market.

The Company has also sought to ensure the viability of projects which expand corrugated box capacity: the expansion of the Horizonte Unit (CE), expanding its annual installed capacity by 80 thousand tons; and the Figueira Project in Piracicaba (SP) for the installation of a state of the art manufacturing facility with an annual incremental capacity of 100 thousand tons of corrugated boxes.

We also invested in logistics with the rollout of the terminal at the Port of Paranaguá - PR. The new structure will allow us to operate at a higher level of productivity, with improved railway integration in the port zone. It will also contribute to reducing impacts on the environment since the use of rail transportation decreases road traffic and corresponding levels of CO_2 emissions.

In the context of the management of atmospheric emissions, also worthy of mention is the entry into operations of the sulfuric acid plant at the Puma Unit, burning elemental sulfur and concentrated non-condensable gases captured in the pulp production process. Operations also began at a plant for removal of potassium sulfate at the same unit. In addition to environmental benefits, these improvements will help us to reduce operational costs.

Again on the ESG front, Klabin was the object of some important recognitions in 2022: for the second consecutive year, the Company is one of a group making up the "Triple A-List", with the highest scores awarded by the CDP for the three programs: Climate Changes, Water and Forests; for the third consecutive year, Klabin forms part of the select Dow Jones Sustainability Index portfolio - global category and for the tenth year, the Company is a component of B3's ISE.

The basis of our growth is people, who manifested a high degree of engagement in the results from an employee climate survey held in 2022. We obtained an 81% favorability rating, while for the first time, according to Korn Ferry consultancy, we are included in 25% of the companies which recorded the best results for organizational climate.

With the implementation of the Corporate Life Protection Policy, a set of guidelines, criteria and sanctions related to occupational safety, common to all units and businesses, we reinforce our concern for the wellbeing of the people responsible for building our business on a daily basis.

We wish to thank our employees for the results we have delivered in spite of the many challenges; the Board of Directors and our shareholders for their trust in our capacity to overcome the challenges; our clients, who motivate us and challenge us to always seek new solutions; the communities with which we cultivate relations of partnership and incentive and all those that are part of our business environment.

The Management

FIRST CONSIDERATIONS

Highlights 2022

ADJUSTED EBITDA	ROIC	DELEVERAGING	FIGUEIRA PROJECT	BELLWETHER IN SUSTAINABILITY
R$ 7.8 billion	**19.2%**	**2.6x NET DEBT/ EBITDA (US$)**	Capacity Increase in corrugated box	**KSDGs, DJSI ISE, CDP**
Excluding non-recurring effects	Growth with generation of value			

Klabin reaches a record Adjusted EBITDA of R$ 7.8 billion excluding non-recurring effects in 2022, an increase of 13% compared with 2021, evidence once more of the strength of its integrated, diversified and flexible business model.

Consistent performance of the Company's ROIC and close to the 20% level over the course of various quarters, a demonstration of the assertive allocation of capital on the part of Klabin, combining growth with the solid creation of value to the shareholders.

Increase in operating cash generation as measured by EBITDA contributed to the deleveraging of the Company even during Puma II investment cycle, with a reduction in the Net Debt/Adjusted EBITDA ratio measured in US$ to 2.6x at the end of 2022 (vs. 2.9x in 2021).

In July 2022, approval was given for the Figueira Project for the construction of a new state of the art corrugated box unit with a net incremental capacity of about 100 thousand tons annually, reinforcing Klabin's confidence in the Brazilian market, particularly in corrugated box packaging.

Klabin has once more been included in CDP's Triple A-List, and one of a select group of 12 global companies which received the organization's 'A' classification for the Climate Change, Water and Forests programs. The Company was also included for the third consecutive year in the global portfolio of the Dow Jones Sustainability Index, reinforcing its position as one of the most sustainable companies in the world. For the 10th consecutive year, Klabin is also a component of B3's Corporate Sustainability Index (ISE).

BUSINESS PERFORMANCE

Forestry Business Unit

Operations at the Forestry Unit have developed in line with the greater volumes of pulp, paper and packaging production as Klabin's capacity has increased. In 2022, Klabin handled approximately 16 million tons of logs and pine and eucalyptus wood chips for processing and sale to the market as well as biomass for energy generation, satisfying internal demand for pulp and paper manufacture.

Delivery of wood for greater internal consumption of the pulp and paper operations has been reducing the sales of logs to third parties due to the increase in productive capacity in pulp and paper. In 2022 sales volume of logs reached 1.0 million tons, equivalent to net revenues of R$ 192 million.

The total area of the Company was 719 thousand hectares at the close of the year, 356 thousand hectares productive for planting pine and eucalyptus and a further 304 thousand hectares of preserved indigenous forest and infrastructure. In 2022 Klabin planted 34 thousand hectares on own and leased land.

Pulp Business Unit

In 2022, significant restrictions on global supply due to delays in the start-up of new capacity, strikes, weather related problems, production difficulties, unexpected shutdowns in capacity, logistic chain difficulties, among others, combined with demand running at healthy levels, led pulp prices peak to the highest historical levels. There were consecutive increases in prices in all regions, especially China, where values practiced reported significant disparities in relation to other markets such as Europe.

Based on FOEX data, in this context, the average price in 2022 for bleached pulp, delivery China, was US$ 796/t for short fiber and US$ 935/t for long fiber, an increase of 22% and 10%, respectively in relation to the average for 2021. Conversely, in Europe, USA and the domestic market, which adheres to FOEX Europe reference prices, the increase was 22% in 2022 compared with the average for the preceding year, both for short fiber as well as long fiber.

Klabin's position as sole Brazilian company producing and selling three grades of virgin fibers (short fiber, long fiber/fluff), together with the flexibility of the sales mix between geographies, ensured that Klabin was able to maximize margins from the business. Particular mention should be made of the solid performance of fluff pulps, prices for which remained at record levels.

Klabin's pulp unit maintained a good performance during 2022, operating above the plant's nominal capacity thanks to projects for debottlenecking together with gains in manufacturing productivity. Production volume reached 1,586 thousand tons, 4% lower in volume terms compared with 2021, since there was no general shutdown at the pulp mill, which programmed maintenance is being conducted at 15 month intervals.

In 2022, net sales revenue from the pulp business was R$ 6.995 billion, a growth of 21% and an operating cash generation using the EBITDA metric of R$ 3.964 billion in the year, 8% higher than 2021, the best result since the start-up of the Puma Project in 2016, notwithstanding volumes similar to 2021 and the appreciation of the local currency in relation to the US$.

Paper Business Unit

In 2022, the structural changes accelerated by the pandemic, such as the search for more sustainable products, the trend towards the replacement of single use plastic for paper packaging, in addition to the greater representation of e-commerce in sales, become more apparent, reflecting in solid results from the paper business unit.

Coated Board

Following a year of robust growth, demand remained intense in the market for coated board in 2022. Data published by the Brazilian Tree Industry (IBÁ) revealed 2% growth in sales of this product in the period between January to November when compared to the same period in 2021, excluding sales of liquid packaging board, which is not considered in this report. Klabin is operating at maximum capacity for coated board production and consequently, despite strong market demand, sales volume remained practically stable on the basis of a 2022 x 2021 comparison.

Coated board sales revenue, R$ 3.538 billion in 2022, represented growth of 15% compared with the preceding year, reflecting the implementation of price readjustments during the year, more than compensating for the negative foreign exchange effect.

In 2022, Klabin took one more important step in relation to the Puma II Project. In addition to the physical progress in work which reached 82% completion based on measurements taken on January 29, 2023, negotiations advanced rapidly on sales of coated board production from PM28, with a capacity of 460 thousand tons annually and start-up forecast for the second quarter of 2023. Thus, we closed the year with around 60% of the total volume from the machine already contracted in addition to prospects for anticipating the full occupancy curve in coated board production ahead of the forecasted seven years from original approval date and now expected for early 2024.

Containerboard

The kraftliner market began 2022 at elevated price levels close to the historical maximum following a year of strong growth. In the first half of the year, price increases were driven by cost pressures at northern hemisphere producers, mainly a response to the energy matrix in Europe. However, in the second half, the weakening of demand, increase in supplies and higher clients' inventory levels as a result of improvements in logistical conditions, led to the start of a correction in prices. In this context, FOEX data shows average kraftliner prices, in Europe at US$ 969/t in 2022, 14% more than the preceding year, and its closing price being US$ 866/t for 2022.

In the light of this scenario, as from the fourth quarter, Klabin was able to apply its ability of integration at its packaging paper business, reducing production volume of recycled paper while increasing the conversion of kraftliner in corrugated boxes.

Sales volume of containerboard was 568 thousand tons in the year, 35% greater than the volume for 2021, reflecting largely the incremental volumes of Eukaliner® produced by PM 27. Net sales revenue was R$ 2,820 billion, year-on-year growth of 75% due to the increase in volumes combined with price readjustments, offsetting the negative effect of foreign exchange translation during this period.

Packaging Business Unit

Corrugated Boxes

According to preliminary information published by Empapel, shipment volumes of corrugated boxes and sheeting fell by 2.2% in 2022 compared with the preceding year. Corrugated box shipments in 2022 totaled 3.953 million tons, maintaining levels above periods prior to the COVID-19 pandemic.

After two years of pandemic, the normalization of activities brought on the part of the market, a greater economic reopening and recovery in the services segment. If on the one hand there was a resurging services segment, on the other hand, the e-commerce and consumer goods segment decelerated, as expected. In addition, the year was marked by poorer tobacco and fruit harvests - involving marketing issues, particularly in Europe, and weather-related events – sectors where Klabin has a significant market share in the supply of corrugated boxes. Added to this mix of factors was lower protein consumption in the Chinese market, impacted by the zero-COVID policy. Given these factors and the reduction in market share in the sale of corrugated sheeting and reduction of the package weight from the greater use of papers with lower grammage supplied by MP27, corrugated box sales volume at Klabin was 876 thousand tons in 2022, an 8% reduction compared with 2021. Net revenue in turn was R$ 4.973 billion for the year, a 7% improvement on 2021, a reflection of price transfers carried out throughout the year in order to offset inflation cost.

Industrial Bags

In 2022, according to the National Cement Industry Union (SNIC), consumption of cement in Brazil, which directly impacts Klabin's sales of industrial bags, posted a 3% decline for the year.

The Industrial Bag Business continues to operate at full capacity, driven by demand for sustainable packaging, mainly as a substitute for single use plastic. In 2022, the annual 4% reduction in sales volume of industrial bags is a reflection in sales mix with greater volumes dedicated to new uses such as bags for animal feed, sugar, coffee and flour. Such bags for new uses are smaller in size and lighter compared to those for civil construction when measured in terms of tonnage, representing lower volume and higher added value. Consequently, net revenue reached R$ 1.217 billion in 2022, a growth of 17%, the result of a better sales mix and price readjustments compensating cost inflation for the period.

ECONOMIC-FINANCIAL PERFORMANCE

R$ million	2022	2021	Δ 2022/2021
Sales Volume (thousand tonnes)	**3,852**	**3,810**	**1%**
Domestic Market	2,139	2,234	-4%
Exports	1,714	1,576	9%
% Domestic Market	56%	59%	- 3 p.p.
Net Revenue	**20,033**	**16,481**	**22%**
Domestic Market	11,749	9,937	18%
Exports	8,283	6,544	27%
% Domestic Market	59%	60%	- 1 p.p.
Variation in the Fair Value of Biological Assets	1,883	1,309	44%
Cost of Products Sold	(12,401)	(10,247)	21%
Gross Profit	**9,515**	**7,543**	**26%**
Selling Expenses	(1,901)	(1,249)	52%
General & Administrative Expenses	(1,051)	(886)	19%
Other Revenues (Expenses)	85	74	14%
Total Operating Expenses	**(2,868)**	**(2,062)**	**39%**
Adjusted EBITDA	**7,931**	**6,885**	**15%**
Adjusted EBITDA Margin	40%	42%	-5%
Adjusted EBITDA (excl. non-recurring effects)[1]	**7,784**	**6,865**	**13%**
Adjusted EBITDA Margin (excl. non-recurring effects)[1]	39%	42%	-7%
Net Income (Loss)	**4,689**	**3,405**	**38%**
Net income (Loss) Attributable to Noncontrolling Interests	228	385	-41%
Net Income Attributable to Klabin's Stockholders	**4,461**	**3,020**	**48%**
Net Debt	**21,038**	**20,916**	**1%**
Net Debt/Adjusted EBITDA (US$)	2.6x	2.9 x	

[1]Referring to the non-recurring effect of R$147 million in 2Q22 related to the extemporaneous PIS/COFINS credit on the purchase of trimmings and of R$20 million in 1Q21 related to the net gain from the sale of Nova Campina
Note: Some figures presented may not express an accurate result due to rounding.

Operating Result

Sales volume (excluding wood) amounted to 3,852 thousand tons in 2022, 1% up compared to 2021, reflecting largely the incremental volume of Eukaliner® produced from PM27, which compensated the reduced volume registered by other segments.

Reflecting the Company's integrated, diversified and flexible business model, **net revenue** reached R$ 20.033 billion in 2022, 22% greater year-on-year, with increases at the pulp, paper and packaging businesses, driven by price readjustments over the course of the year and offsetting the appreciation of the local currency against the US$ in the period.

In 2022, **total unitary cash cost** covering the sale of all the Company's products and including sales, general and administrative expenses, excluding scheduled shutdowns, was R$ 3,111 per ton, 24% up on the value posted for 2021.

This increase is due mainly to higher costs of chemicals, fuels, services and labor inflation costs as well as the reduced dilution of fixed costs due to lower sales volume. In addition, as planned and already announced, there was an increase in the cost of fibers, the result of the greater acquisition of third party wood aiming to supply the first cycle of the Puma II Project while the Company's own forest plantations mature ready for harvesting during the second cycle.

Some of this increase was offset by a reduction in the OCC average costs and purchasing volume due to lower recycled paper production and third party paper purchases, both a reflection of the greater integration of kraftliner in the corrugated box manufacture.

Sales expenses in 2022 were R$ 1.901 billion, equivalent to 9.5% of net sales revenue, higher when compared to the 7.6% in the preceding year, due to higher freight costs and a higher percentage of sales destined for export markets.

General and administrative expenses totaled R$ 1.051 billion in 2022, 19% up on 2021. This increase is mainly due to an increase in headcount for supporting growth of the Company as well as inflationary effects during the period.

In 2022, **Adjusted Free Cash Flow**, excluding discretionary factors and expansion projects, amounted to R$ 4.1 billion, equivalent to the Free Cash Flow Yield of 17.0%, above the 13.2% posted in 2021. This result was mainly a reflection of the increase in EBITDA for the period.

EBITDA

R$ million	2022	2021	Δ 2022/2021
Net Income (loss)	**4,689**	**3,405**	**38%**
(+) Income Taxes and Social Contribution	1,910	1,012	89%
(+) Net Financial Revenues	91	1,090	-92%
(+) Depreciation, Amortization, Depletion	3,169	2,696	18%
Adjustments According to IN.CVM 527/12 art. 4			
(+) Variation of Fair Value of Biological Assets	(1,883)	(1,309)	-44%
(+) Cash Flow Hedge Effect	(2)	16	n/a
(+) Equity Pickup	(44)	(26)	-70%
Adjusted EBITDA	**7,931**	**6,885**	**15%**
Adjusted EBITDA Margin	40%	42%	- 2 p.p.
(+) Non-Recurring Effects[1]	(147)	(20)	n/a
Adjusted EBITDA Excluding Non-Recurring Effects[1]	**7,784**	**6,865**	**13%**
Adjusted EBITDA Margin Excluding Non-Recurring Effects[1]	39%	42%	- 3 p.p.
Cash Generation (Adjusted EBITDA - Maintenance Capex)[2]	**6,075**	**5,901**	**3%**
Cash Generation/t[2,3] (R$/t)	**1,577**	**1,549**	**2%**

[1] Refers to the non-recurring effect of R$ 147 million in 2Q22 related to the extemporaneous PIS/COFINS credit on OCC purchases and of R$ 20 million in 1Q21 related to the net gain from the sale of Nova Campina

[2] Excludes non-recurring effects
[3] Sales volume excludes wood

In 2022, Adjusted EBITDA excluding non-recurring effects reported a record R$ 7.8 billion, an increase of 13% in relation to 2021, reflecting price increases at all segment and compensating cost pressures during the period as well as appreciation of the US$.

Cash generation per ton, measured by Adjusted EBITDA, less maintenance Capex in relation to sales volume was R$ 1,577/t in 2022, 2% more than 2021, the result of greater cash generation compensating the increase in investments in the period.

Debt

Consolidated **gross debt** at the end of 2022 was R$ 27.5 billion and a reduction of R$ 1.8 billion when compared to 2021 due to the appreciation of the Real against the US$ on currency denominated debt, without any material cash effect in the period and greater level of net funding in the period.

The average cost of Klabin's foreign currency debt, the Company's main source of credit, remained stable at an annual 5.2%. Debt costs in local currency fell to 10.8% p.y. due to the dollarization of debt in Reais through swap agreements.

Cash and financial investments at December 31, 2022 amounted to R$ 6.5 billion, a cash position sufficient to amortize the next 40 months of debt payments. Klabin also has a Revolving Credit Facility characterized as Sustainability-Linked amounting US$ 500 million (equivalent to R$ 2.6 billion) and maturing in October 2026.

Klabin also has financing earmarked to the execution of the Puma II Project, contracted, and partially disbursed with the following amounts still available for withdrawing: (i) BID Invest, IFC and JICA, R$ 3.3 billion and (ii) Finnvera, R$ 2.4 billion. These credit lines may be withdrawn either in full or partially, according to progress in the construction schedule of the Puma II Project and/or the Company's cash requirements.

Consolidated **net debt** as at December 31, 2022 totaled R$ 21.0 billion, an increase of R$ 1.3 billion in relation to the end of 2021, to a large degree explained by negative cash flow in the period.

The **Net Debt/Adjusted EBITDA** ratio measured in US$ - best reflecting the profile of financial leverage at Klabin - closed 2022 at 2.6 times, a reduction from the 2.9 times in December 2021. The increase in EBITDA contributed to the reduction in the Company's leverage, this in spite of the continuing Puma II Project investment cycle, reaching close to the floor established for the parameters in Klabin's **Financial Debt Policy** (click here to access).

Investments

R$ million	2022	2021	Δ 2022/2021
Forestry	1,002	388	158%
Operational Continuity	707	575	23%
Maintenance Capex	**1,709**	**963**	**77%**
Special Projects and Growth	904	335	170%
Puma II Project	3,204	2,579	24%
Total	**5,817**	**3,878**	**50%**

During 2022, Klabin invested R$ 5.817 billion in its operations and expansion projects. Of this total, R$ 1.709 billion relates to Maintenance Capex of which R$ 1.002 billion was allocated to forestry operations as compared with R$ 388 million invested in 2021. This increase reflects the acquisition of standing forests, silviculture inflationary costs and an increase in area under plantations for the supply of the Puma II Project. A further R$ 707 million was expended on operational continuity at the manufacturing plants, an increase of 23% over 2021, reflecting greater inflation on services and inputs as well as enhanced operational scope with the ramp-up of operations at Puma II.

In the light of their cash nature, the amounts invested do not include investments related to the forestry activities of the subsidiaries through the medium of the Special Purpose Vehicles (SPV's), realized via the injection of forestry assets already existing in Klabin's balance sheet. It is worth noting that there is a temporal mismatch between the amount disbursed by Klabin in these forestry assets and the entry into the cash position of the SPV investors.

Additionally, R$ 904 million were invested in special projects in 2022 and above the R$ 335 million in the preceding year. The variation reflects mainly those investments destined to projects approved on June 29, 2021 as disclosed in the Notice to the Market, the construction of the port terminal in the Port of Paranaguá, as per the announced start of operations in the Notice to the Market on December 16, 2022, investments in projects such as the Horizonte Project as described in the Notice to the Market of February 8,e 2022 and the Figueira Project as per the Material Fact of July 20, 2022. The Company also invested R$ 307 million in standing forest strategically located in the state of Santa Catarina for future expansion.

In relation to the Puma II Project, Klabin invested R$ 3.204 billion in 2022, total disbursements in the Project amounting to R$ 11.099 billion. Currently, the Company is at the construction phase of the Project's second paper machine, the physical progress of which was 82% complete according to measurements taken on January 29, 2023. The machine's start-up is expected for the second quarter of 2023. Remaining investments required to conclude the Project will be financed out of the Company's cash position and by cash generation from current business activity. If necessary, the Company can tap complementary funding by withdrawing of credit lines already in place with the ECA's, BNDES, BID Invest, IFC and JICA, which were never withdrawn, with no further requirements needed for additional financing.

Capital Markets

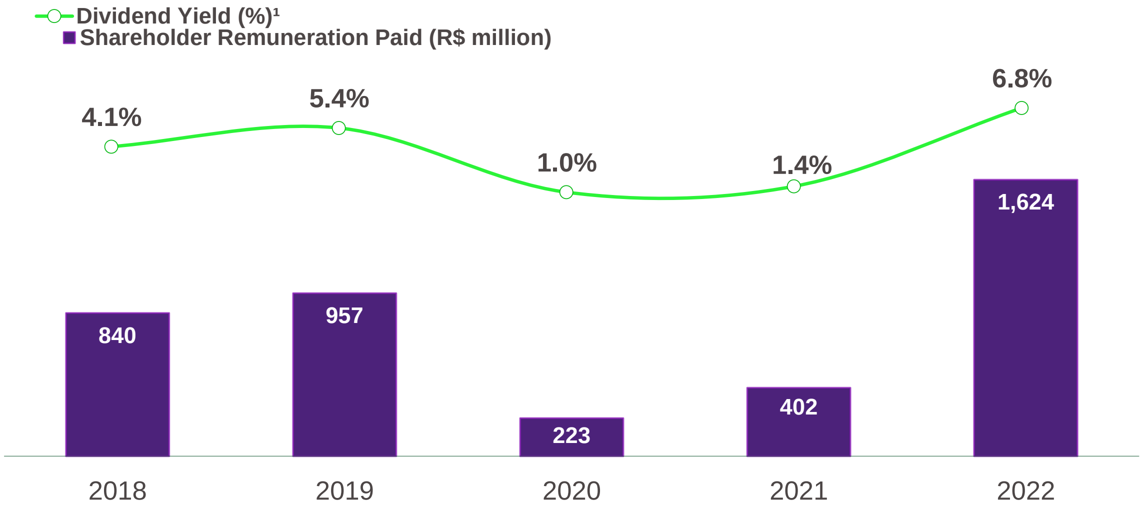
In 2022, Klabin's Units (KLBN11) reported a depreciation of 22%, compared to an appreciation of 5% in the Ibovespa Stock Index. The Company's Units were traded on all the days B3 was open for business, registering more than 5 million operations and approximately 1.6 billion in securities transacted, with an average daily trading volume of R$ 137 million.

The Company's capital stock is made up of 5.618 billion shares, of which 2.082 billion are common shares and 3.536 billion, preferred. Klabin's shares are also listed on the United States OTC market ("over-the-counter") as Level 1 ADRs, under the KLBAY ticker code.

In the fixed income market, the Company has five active note or bond issues in the international market. Among these are two Green Bond issues (2027 and 2049), the securities of which must necessarily have their resources earmarked to eligible green projects. Additionally, there are two conventional debt issues (2024 and 2029). And finally, Sustainability Linked Bonds (SLB 2031), coupon and earmarked to sustainability-linked performance indicators.

Over the course of 2022, Klabin's credit risk rating was reiterated by the rating agencies at Ba1 for Moody's, BB+ for Standard & Poor's and BB+ for Fitch Ratings, all on the global scale with stable outlook.

Shareholder Remuneration (cash method)



[1] Calculated based on the Dividends and IOC paid per unit and the average daily closing price of the unit in the period

In 2022, the Company paid out R$ 1.624 billion between dividends and IoC (Interest on Capital), together representing a dividend yield of 6.8% on the average value of the units in the period.

The Controlling Company reported net book income in 2022 of R$ 4.7 billion. The Dividends and Interest on Capital Policy establishes a percentage target for shareholder remuneration between 15% and 25% of the Adjusted EBITDA. To see the Policy in full click here.

Sustainability

In 2022, the Company continued on track for meeting the targets enshrined in the sustainability agenda 2030 in the form of the Klabin Sustainability Development Goals (KSDGs) launched at the end of 2020 and aligned with the United Nations global agenda.

Originating from the Company's growth plan, the performance of the relevant and priority themes to be addressed over the next ten years is periodically disclosed in the ESG Panel (https://esg.klabin.com.br/).

This platform combines all the indicators and externalities related to the environmental, social and governance elements, including all the principal reporting frameworks relating to the financial sector such as Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), CDP, Global Reporting Initiative (GRI), among others. In this way, the Company provides transparency and an historical base, permitting a broad and consistent vision of management and performance data.

For one more consecutive year, Klabin features on CDP's Triple A List for the Forest, Water and Climate Change programs, part of a select group of just 12 companies in the world, and the only one in Latin America, to have achieved this classification. This achievement ranks Klabin among companies showcased by the institution as leaders in the transition to a new sustainable economy. The initiative analyzes and recognizes the efforts of companies around the world to manage the environmental impacts of their activities.

In the same year, Klabin's sustainability practices were once more recognized nationally and internationally, more particularly for the Company's continuing presence in the global list of the Dow Jones Sustainability Index with a nine point increase in final performance (86). The index evaluates and highlights companies which are world leaders in ESG performance. For the tenth consecutive time, Klabin is a component of B3's Corporate Sustainability Index (ISE), comprising the shares of the companies which are outstanding for their high degree of commitment to the sustainability of the businesses and the country.

The Company was listed in the Gold category for the first time in The Sustainability Yearbook 2021, organized by S&P Global, responsible for the ESG evaluation and on which the Dow Jones Sustainability Index is based. To highlight the companies reporting the best performance in this process, the organization launches a year book to include the companies which are leaders in sustainability in their segments. To draw up the list, S&P Global selects 30% of the best evaluated companies and from this number, 15% for each sector. Klabin features among the most sustainable in the paper packaging segment.

In addition, Klabin maintained its place in the Platinum category in EcoVadis Evaluation of Corporate Responsibility, a select group of 1% of all companies with the best performance in the Paper and Pulp sector in the world. The evaluation analyzes 21 criteria divided into four principal themes: Labor Practices and Human Rights, Environment, Ethics and Sustainable Purchases.

Environment

In 2022, Klabin took part in the 27th United Nations Conference on Climate Change (COP27). For the second consecutive year, the Company was the only Latin American corporation to be part of the Business Leaders, a group responsible for the objective of presenting the corporate position on climate ambition and for discussing solutions leading to sustainable economic growth for reaching the goals of the Paris Agreement.

With its focus on the 2030 agenda, the Company has made progress towards fulfilling the biodiversity goal for the "reintroduction of two species proven to be extinct", a condition of the Sustainability-Linked Bond (SLB), a sustainability linked financial instrument issued in 2021. In March 2022 in Klabin's Ecological Park in Telêmaco Borba (PR), 10 of the first species to be chosen were released. The species in question is the jacutinga (black fronted piping-guan) – a bird considered to be an important seed disperser, contributing to the restoration of forests – and which for decades has not been seen in the wild in this particular region of Paraná.

In the same year, Klabin was the winner in the 'Debt' category, 2022 edition of the Golden Tombstone award (sponsored by the São Paulo Institute of Brazilian Finance Executives – IBEF SP), with the case of the sustainable financial instrument "Sustainability-Linked Bond (SLB)".

In partnership with the Heineken Group, the second largest brewery in Brazil, Klabin launched the 100% Circular Territory project in Telêmaco Borba, Paraná. The initiative involves the correct disposal of all recyclable solid waste in the city for transforming, reusing or recycling and avoiding disposal in landfills. The goal is to become the first 100% circular territory in packaging in Brazil so that the model can potentially be replicated in all cities.

We work with the aim of constructing a climatically resilient society. To this end, we establish goals for reducing greenhouse gas emissions (GHG). One of the highlights of the year was the start-up in the Biomass Gasification Plant at our Puma Unit in March 2022, producing Syngas, a renewable fuel generated from wood biomass. With the replacement of fossil fuels by Syngas, Klabin ceases to emit 67 thousand tons of CO_2 (carbon dioxide) annually as well as increasing the participation of renewable fuels in our energy matrix.

In 2022, during INOVA Klabin, the Company held the first edition of the "Suppliers of the Year Award". A total of 19 partners were recognized as outstanding during 2021 and 2022 in five main categories and two special themes: Sustainability and Innovation. Three suppliers were recognized for the themes: Raw Materials, Forestry, Industry, Logistics and Corporate Services, including partners from different segments of activity and regions of Brazil as well as other countries.

Social

One of Klabin's Sustainable Development Goals (KSDGs) is obtaining the acceptance of the communities surrounding our operations. And our best evaluation instrument is the Community Acceptance Survey which is run annually, between November and December. This latest survey has shown some excellent results in 2022: we reached an average of 83.6% of approval in the municipalities where we have operations exceeding the KSDG goal of 80% acceptance of the communities in four of the six territories measured (12 cities with forestry and industrial operations in Paraná, nine cities in Santa Catarina, in addition to Angatuba and Goiana).

In the social area, Klabin implements and supports programs aligned to its social investment platform, focused on local development, education and culture. The aim is to generate a positive socio-environmental impact and maximize the economic potential of the communities in which the Company operates. During 2022, the Company invested in socio-environmental and cultural programs as follows:

Government Management Support Program

The Company provides specialized consultancy services in planning, supporting the preparation of the Pluriannual Plans (PPAs) of the new municipal governments in 14 cities in the states of Paraná, Santa Catarina, São Paulo and Pernambuco, establishing definitions for more than 2,140 actions in total.

Semeando Educação (Sowing Education)

Support for the municipalities in improving the Basic Education Development Index (Ideb), measured by the learning of students in Portuguese and mathematics in accordance with approval rates. In the three cities in the state of Paraná which have been included in the program since its inception in 2015, there was an increase of 41% in the Ideb score in Telêmaco Borba, 13% in Ortigueira and 16% in Imbaú, the first two continuing above the target established by Ideb. In 2022, the Klabin Sowing Education Program has been launched in five more municipalities: Congonhinhas and Rio Negro (PR), Itararé (SP), Ponte Alta and Palmeira (SC).

The Ortigueira State Forestry and Agricultural Professional Education Center graduated a new group of students: the only mechanical and forestry machinery operations technical school in Latin America graduated 50 students of the Forestry Machines and Heavy Machinery Maintenance courses. Of the total number of graduates, 46 completed the Internship Program at Klabin.

Matas Sociais (Social Forests)

Designed to encourage small agricultural businesses, the program is offered in 16 cities in Paraná and Santa Catarina in 2022 with more than 1,100 properties attended involving more than 4,000 people. The program was also instrumental in work with city governments in the Campos Gerais region for the implementation of the Municipal Inspection System (SIM) which inspects and ratifies the sale of products of animal origin in establishments in the cities including restaurants and hotels.

Solid Waste Program

The program was responsible for the recovery of more than 2,400 tons of recyclable materials in 2021 and extended in 2022 with the holding of the 1st Workshop for Training Environmental Government Managers with 7 municipalities comprising the Caminhos do Tibagi Consortium: Telêmaco Borba, Imbaú, Ortigueira, Tibagi, Reserva, Sapopema and Rio Branco do Ivaí, with 38 participants and the preparation of Action Plans and decisions taken on goals for the forthcoming two years. The program was also launched in Goiana (PE) with initial steps taken for a diagnosis of the existing situation in the municipality, preparation of a Municipal Plan for Selective Waste Collection and the organizing of a recycling agents group: Recicla Goiana.

100% Circular Territory

Holding of 'Pitch Day TC100' with the presentation of solutions of impact for the circularity of packaging and conducted within the scope of the initiative jointly with Klabin, HEINEKEN Group and HUB Incríveis, with the aim of transforming Telêmaco Borba in Paraná as the first city in Brazil as 100% circular territory.

Social Progress Index

The Social Progress Index (IPS) was launched for 12 cities in the Mountain Region of Santa Catarina, including Lages, Correia Pinto, Otacílio Costa as well as a further nine municipalities: Painel, Urupema, Rio Rufino, Palmeira, Ponte Alta do Norte, Bocaina do Sul, Ponte Alta, São Cristóvão do Sul and Bom Retiro.

Superação Atletismo (Resilience in Athletics) in Reserva

Klabin is a partner in the Resilience athletics project in Reserva (PR). Young people living in rural areas are encouraged to practice sport and have already achieved positive results. In 2022, 10 competitions were held in four different states, the year going down in history as a record one for medals: 101, 67 at the regional level, 18 at the macro-regional level, 14 at the state level and two at the national level, one of them gold, in the Brazilian Schools Games. The winner was the athlete João Emanoel Domingues, who become the first athlete from the Telêmaco Borba Regional Nucleus to become Brazilian school champion.

Artistic Gymnastics at Telêmaco Borba

In partnership with Telêmaco Borba City Government, Klabin has supported the Artistic Gymnastic Center for more than ten years. The Center is frequented by more than 100 children. Ariely Miranda, a Telêmaco Borba athlete, was champion, gold medalist in the XLI National Artistic Tournament, 41st edition, junior category (up to 15 years of age), held in Goiânia from November 15 to 20. There were 98 participants in the category with clubs nationwide represented.

Since she was 9 years old, Ariely has been one of the rising stars to be selected from groups originating out of an agreement between the City Government through its Education Department with the Artistic Gymnastics Training Center (CTGA).

Corporate Governance

The Company bases its actions and decisions on the best governance practices, supported on the primary pillars of transparency and accountability. We have strengthened our governance model through the activities of three advisory committees to the Board of Directors: Audit and Related Parties Committee, Sustainability Committee and the People Committee with the objective of providing assistance and advice regarding decision making through detailed study of specific themes.

Reinforcing its commitment to Governance, in 2022, Klabin was able to report advances along various fronts: for the first time conducting an evaluation of its Board of Directors with the support of an independent consultancy; approved the Policy of Transactions with Related Parties; adjusted the Internal Regiment of the Board of Directors in the light of best market practices; approved the Internal Regiment of the Executive Board in order to discipline its activities; over the course of the year, revised throughout 2022 important policies such as – Management of Risks, Sustainability, Disclosure and Trading of Securities and Hedge Accounting. In addition, the Company acted prudently in the monitoring of risks to the Company, always with a view to the stability and longevity of the businesses.

Research, Development and Innovation

In 2022, Klabin directed its efforts to becoming a global bellwether in responsible solutions which meet the constant changes in society, offering multiple use, renewable, recyclable and biodegradable forestry based products. With the proposition of contributing to a sustainable economy and inspiring consumer choices, the Company prioritizes the prosperity of the planet, principles aligned to KSDGs, creating value for its investors, employees, business partners and the communities.

So that it can achieve these aspirations, Klabin encourages investments in forestry and industrial-based projects covering the entire production chain.

Klabin's Forestry Research, Development and Innovation area is based on the conducting projects as part of different lines of research:

- Genetic Improvement of Eucalyptus;
- Genetic Improvement of Pine;
- Cloning;

- Forestry Biotechnology;
- Plant Health;
- Nutrition and Silviculture;
- Ecophysiology;
- Quality of wood

We would mention as highlights for 2022:

- Expansion of the pine and eucalyptus genetic improvement populations in PR and SC, with a view to achieving genetic gains over the medium and long terms, recommending new hybrids with greater production potential in fibers;
- Expansion of the experimental base in Eucalyptus and Corymbia, through planting and analysis of new genetic materials for guaranteeing new alleles for resisting adverse conditions such as climate change and expansion into new production sites;
- Expansion of strategies of genetic improvement of the Corymbia based on a selection of hybrid clones with high productive potential for producing new clones suitable to conditions of hydric stress; as well as increasing the basic density of the wood:
- Expansion of the genetic base of tropical and hybrid pine, via selection, and obtaining seeds of 100 new controlled pollination families as well as the selection of matrices for establishing new nurseries for seed production;
- Increase production capacity of genetically improved seeds of Pinus taeda, Pinus maximinoi and Pinus tecunumanii through the implementation of new orchards which meet the requirements for expanding the Company's forestry base;
- Improvement of protocols of somatic embryogenesis and develop new Pinus taeda clones with use of the technique, for the expansion of the experimental network clonal selection program;
- Continuity of the internal technical committee known as FIP (Forestry, Industry and Research), focused on the understanding of the characteristics of wood quality and on the solution of deviations which can reflect in the quality of the final product;
- Success in the identification of ants' nests in the field using SAR/RADAR technology. A tool which has the potential to identify and monitor ants' nests in the field using drone-borne radars;
- Expansion of the use of technological tools in the field as a complement of ecophysiological modeling (predictability of forest growth) with the installation of sensors for hydrological monitoring in 4 forestry environments in the Company's areas;

- Expansion in the physical-hydric properties of classes of soil in the state of Paraná for understanding the capacity of water retention (predictability of forest growth);
- Expanding the concept of silviculture precision with an increase in the specific recommendations for silvicultural husbandry at the productive plot level, with associated customized fertilizing and soil preparation, guaranteeing the maximization of potential productivity of the site;
- Definition of fertilizing protocol in Pinus taeda, showing gains in productivity for soils with low fertility.

People and Management

Klabin focuses on the evolution of its culture as a driver of engagement of people and strategy for leveraging the results of the businesses. For this reason, in 2022, it continued to work on the theme and invited its employees to put the culture into practice through concrete actions in their day-to-day activities.

Various initiatives were organized aiming to generate value to perceptions brought up by the team, lending continuity to the Company's cultural management, such as the "Culture Dialogs". The "Good Conversations" were conducted by leaders of the business areas in 19 units with the purpose of consolidating the theme locally.

One of the drivers of the culture is the Klabin Business School (ENK), the purpose of which is to develop accessible relevant and innovative learning experiences so that we can transform the day-to-day of the people, in favor of self-development, excellence in the operation and driving the business strategy. Training is designed on a customized basis for helping the career development of the teams, management of knowledge of the Company, evolution of the leadership and the necessities of each business. In 2022, the ENK Portal, the online content platform, registered more than 197 thousand hours of browsing, training of 13 thousand employees and the conclusion of about 210 thousand courses and videos. The project rated in the Top 3 of the Think Works Flash Innovations 2022 in the HR Digital Transformation category.

As part of the process of debating professional development the "Career Week" was held for clarifying the roles and responsibilities of all as well as reinforcing protagonism in the management of careers and accelerating promptitude for new challenges. In this year's edition, 6 actions were offered with well-known speakers from the market and inhouse multipliers. Approximately, 2,310 employees were impacted, their satisfaction level reached 98%.

In 2022, the "Leadership Journey" was bolstered with the aim of preparing the leadership for current and future challenges. The initiative merges actions designed for the Company and self-directed actions in an effort to stimulate a leading role in the learning process with opportunities to practice learning on the job. In 2022, the emphasis was on the themes of businesses, personnel management, occupational safety, and mental health. Over all, more than 7,569 hours of training was given with a total of 902 leaders being trained.

A highlight of the training and development program at Klabin during 2022 was "My Attitude Beyond Commercial", prepared for the Packaging team. This had as tis major differential, the connection with the Company's challenges and needs. It received international recognition as a finalist in the Learning Technologies Awards 2022 - Excellence in the Design of Learning Content category. Klabin was the sole Latin American representative in this London-based corporate education global award scheme.

Another driver of Culture is Diversity and Respect, one of the four priority drivers of the Company for 2022. This initiative reflected directly in the Company's performance in constructing environments which are increasingly more welcoming, respectful and diverse with actions impacting positively on the organizational climate, commitment and productivity at Klabin.

Among the developments that were implemented, there was an increase in the number of women in leadership from 21% in 2021 to 23% in 2022 and black employees from 31% in 2021 to 35% in 2022. In addition, according to the results of the Employee Climate Survey, there was an advance on this front as well as in the ratio of employees pertaining to diversity groups that evaluated positively conditions of respect and equality in the workplace.

For the first time, the Company ran six internal campaigns with a focus on Diversity, collaborating with five affinity groups: "K entre nós" and "Memoh", covering awareness regarding gender equality, "Black", which covers themes related to race, as structural racism, "Kolors", focused on people LGBTQIA+, and "Multiklabin", directed for people awareness on the difference between generations. Other key actions were: expansion of the affinity groups to other units, training of People with Special Needs in Santa Catarina and adherence to the Forestry Woman Network.

In addition to the abovementioned themes, since 2021, Klabin is training all teams to increasingly strive for a workplace environment free of harassment. More than 9 thousand people were given instruction on the sexual harassment theme.

Klabin also focuses on attracting and developing higher education students with the idea of building a new generation of Company. Currently with 320 interns, the Company's goal is to attract students aligned to the essence of the Klabin Attitude committed to their personal and professional development and which can strengthen the workplace with a more diverse environment. Also worthy of mention is the "Integra

Klabin", the Social Intern Program for students from low income backgrounds, currently with 74 active interns and a hiring ratio of 44%.

In the Wellbeing pillar, it is worth mentioning Klabin's actions in relation to the COVID-19 pandemic, which in 2022 continued to afflict the communities in which we operate, notably in more significant numbers in the first quarter due to the Omnicron variant. In this context, we maintained meetings of Klabin Medical Committee, guaranteeing protocols and guidance on general measures of hygiene, close monitoring of cases and intensification of campaigns on the importance immunization and its booster dose. We closed the year with 99.3% of all employees duly immunized with two shots and 77% with one booster dose, in addition to incentivizing vaccination against influenza, a campaign which is run annually at all units.

As part of the Quality of Life – Living Well Program, which aims the comprehensive health prevention, the pillars of physical, emotional, financial and social health were focused with the promotion of various campaigns during 2022 such as the September Yellow, October Pink, November Blue, Financial Education, among others.

In relation to mental health, training and updating was extended to the medical teams, People and Management and multidisciplinary teams, bringing themes as burnout, prevention to suicide and first aid for emotional problems with more than 120 participants. Another highlight in this context was the creation of a multidisciplinary group by the name of "Live Well Ambassadors", with the purpose of reinforcing quality of life initiatives at the units.

In addition, more than 20 rounds of conversations were held at the units at different levels for raising the awareness of the theme and self-care, involving more than 400 participants. In all these actions, the support channels on offer to employees and family members were emphasized.

All actions involving care for the employees and family members contributed to the bolstering of the Employee Assistance Program, with a 37% increase in its use in 2022 when compared with 2021, with legal (civil, fiscal, social security and penal) and psychological (children, young people, adults, family, social and financial) guidance.

Another fundamental aspect at the Company is Occupational Safety, a non-negotiable value, which is presented in a structured format for guaranteeing increasingly safer and protected workplace environments which promote integrity, health and physical and psychological wellbeing of people in the exercising of their functions. Klabin believes in occupational safety based on the management of risks, robustness and safeguards in the productive system, that being, favorable contexts are designed so that safe behavior is inherent to the operation.

As a reflection, the Company has launched a Health and Occupational Safety track record compared it to other companies in the sector according to the Dow Jones Sustainability Index (DJSI) in 2022. In addition to recognition by the financial market, Klabin is also recognized for its employees. Workplace safety is a driver of the culture and in the Organization Climate Survey conducted in 2022, the Occupational Safety theme was a priority for the second consecutive year, reflection of the Klabin way of caring for people. The Company continues its infinite journey of improving environments and valuing people.

Every two years, the Organization Climate Survey is held with the aim of opening a direct channel with all Klabin's employees in order to understand perceptions of evolution and opportunities for developing the workplace environment and engagement in general.

In this edition, the Company achieved an adherence of 86% and 81% in favorability, a percentage which indicates that the team perceives the organizational climate in a positive way, positioning Klabin in the group of companies with the 25% best results according to the consultancy, Korn Ferry. In addition, the result revealed an evolution of five percentage points in relation to general data from the last survey run in 2019. In the same period, the market as whole reported an increase of 2 percentage points.

In addition to the organizational culture, one of the key aspects of People and Management, with a view to the professional development of the employees and continuous improvement of the Company's results is the Performance Cycle. As part of the Performance Cycle 2022, the annual performance 4,788 employees was evaluated, 742 representing leadership and specialists and 4,046 drawn from the administrative team. The program involved discussion rounds with specialists, podcasts and internal materials for expanding knowledge and strengthening the effectiveness of the evaluations and potentializing the stages of feedback and Individual Development Plans.

One of the results of the Performance Cycle is the successors mapping. Currently, management is comprised of 75% of people that have been promoted inhouse at Klabin. This result has been fast-tracked by the Acceleration of Talents for Managers Program, launched in 2019 and which involved 28 participants in the 2022 edition. We also have a further two successor development programs, the Florescer Program, launched in 2021, with the goal to prepare potential successors for supervisory posts and having over 120 hours of training. In these two years, 38 were trained and 21% of this number promoted to supervisory positions. A further program is the Coordinators Acceleration Program, presenting 24 participants.

All these initiatives are designed to achieve Klabin's growth and development and also its employees on a sustainable basis and with a long-term focus.

Relationship with the Independent Auditors

Pursuant to CVM Resolution 162/22, the Company informs that the auditors, PricewaterhouseCoopers Auditores Independentes Ltda., responsible for the auditing of its financial statements, was hired in 2022 to provide services not related to the external audit at levels greater than 5% of its total fees, as shown below:

Service Description	Hiring Date	% Fees	Value
Granflor Project - *Due Diligence*	01/18/2022	16%	348,688.00
KAA Project - Aimara - *Due Diligence*	01/26/2022	16%	348,688.00
Green Project - *Due Diligence*	11/10/2022	18%	385,000.00

The Company's policy in contracting services unrelated to the external audit with its independent auditors is based on principles that preserve the independence of these professionals. These principles – in accordance with internationally accepted guidelines - consist in: (a) the auditor should not audit their own work; (b) the auditor should not exercise managerial functions at their client; and (c) the auditor should not promote the interests of their client.

BALANCE SHEETS

		Parent Company		Consolidated	
ASSETS	**Note**	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Current					
Cash and cash equivalents	6	3,798,650	5,966,190	4,683,945	6,405,200
Marketable securities	7	1,805,291	2,003,249	1,818,368	2,017,235
Trade receivables	8	2,284,046	2,191,233	2,674,899	2,808,514
Related parties	9	475,068	533,074	-	-
Inventories	10	2,216,517	1,774,357	2,442,005	2,003,394
Taxes recoverable	11	535,315	343,330	505,351	401,001
Other assets		355,777	261,322	379,436	256,797
Total current assets		**11,470,664**	**13,072,755**	**12,504,004**	**13,892,141**
Assets held for sale		**11,675**	**9,599**	**11,675**	**9,599**
Non-current					
Deferred income tax and social contribution	12	-	652,363	-	629,601
Judicial deposits	22	118,179	112,295	118,179	113,729
Taxes recoverable	11	369,772	701,604	369,772	701,604
Related parties	9	326,111	100,897	-	-
Other assets		119,533	177,737	120,093	178,046
		933,595	**1,744,896**	**608,044**	**1,622,980**
Investments					
Interests in subsidiaries and joint venture	13	2,953,390	1,964,359	274,217	261,145
Other		14,778	12,291	14,778	12,291
Property, plant and equipment	15	22,654,139	18,873,164	24,159,980	19,549,018
Biological assets	17	5,671,069	3,772,191	8,108,959	5,528,050
Right-of-use assets	18	1,489,607	1,021,248	1,610,604	1,058,099
Intangible assets	16	85,706	82,376	285,097	142,384
		32,868,689	**25,725,629**	**34,453,635**	**26,550,987**
Total non-current assets		**33,802,284**	**27,470,525**	**35,061,679**	**28,173,967**
Total assets		**45,284,623**	**40,552,879**	**47,577,358**	**42,075,707**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

LIABILITIES AND EQUITY	Note	Parent Company 12/31/2022	Parent Company 12/31/2021	Consolidated 12/31/2022	Consolidated 12/31/2021
Current			(restated) (i)		(restated) (i)
Trade payables	19	2,222,349	1,772,337	2,383,700	1,874,004
Forfaiting	19	531,646	513,724	531,646	513,724
Forfaiting forestry operations	19	21,330	117,099	21,330	117,099
Lease liabilities	18	255,638	182,714	262,923	185,667
Tax obligations		454,920	179,095	475,768	229,860
Social security and labor obligations		476,210	424,000	485,046	431,369
Borrowings	20	2,010,619	1,913,606	1,910,289	1,804,995
Debentures	21	42,691	54,305	42,691	54,305
Provision for income tax and social contribution		-	70,756	4,252	52,521
Related parties	9	87,468	12,137	-	-
Dividends and/or interest on capital paid	23	36,000	-	36,000	-
Other payables and provisions		254,742	261,973	308,105	307,297
Total current liabilities		**6,393,613**	**5,501,746**	**6,461,750**	**5,570,841**
Non-current					
Trade payables	19	131,695	2,154	131,695	2,154
Forfaiting forestry operations	19 / 2.1	414,041	87,628	414,041	87,628
Lease liabilities	18	1,268,711	867,689	1,381,965	901,034
Borrowings	20	24,437,384	25,981,321	24,239,278	25,783,921
Debentures	21	1,348,354	1,695,198	1,348,354	1,695,198
Deferred income tax and social contribution	12	1,163,855	-	1,198,049	-
Special Partnership Companies		-	-	199,387	208,246
Provision for tax, social security, labor and civil contingencies	22	59,227	50,092	59,350	50,304
Provision for actuarial liabilities		356,245	364,884	358,423	367,890
Tax obligations		107,610	184,996	107,610	184,996
Other payables and provisions		44,404	77,603	109,190	137,268
Total non-current liabilities		**29,331,526**	**29,311,565**	**29,547,342**	**29,418,639**
Total liabilities		**35,725,139**	**34,813,311**	**36,009,092**	**34,989,480**
Equity					
Share capital	23.1	4,475,625	4,475,625	4,475,625	4,475,625
Capital and revaluation reserves		(270,399)	(294,758)	(270,399)	(294,758)
Revenue reserves		4,425,294	1,624,044	4,425,294	1,624,044
Carrying value adjustments	23.2	1,084,324	103,246	1,084,324	103,246
Treasury shares		(155,360)	(168,589)	(155,360)	(168,589)
Equity attributable to the equity holders of Klabin	**23**	**9,559,484**	**5,739,568**	**9,559,484**	**5,739,568**
Non-controlling interests	**23.5**	**-**	**-**	**2,008,782**	**1,346,659**
Consolidated equity		**9,559,484**	**5,739,568**	**11,568,266**	**7,086,227**
Total liabilities and equity		**45,284,623**	**40,552,879**	**47,577,358**	**42,075,707**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

STATEMENTS OF INCOME

		Parent Company		Consolidated	
	Note	**12/31/2022**	**12/31/2021**	**12/31/2022**	**12/31/2021**
Net sales revenue	24	19,719,660	16,242,148	20,032,699	16,481,388
Change in the fair value of biological assets	17	1,379,447	749,003	1,883,087	1,308,791
Cost of products sold	25	(12,455,186)	(10,331,178)	(12,400,931)	(10,247,334)
Gross profit		**8,643,921**	**6,659,973**	**9,514,855**	**7,542,845**
Operating expenses (income)					
Selling	25	(1,733,369)	(1,131,624)	(1,901,242)	(1,249,359)
General and administrative	25	(1,014,016)	(885,530)	(1,051,201)	(886,244)
Other income, net	25	84,486	59,128	84,615	74,020
		(2,662,899)	**(1,958,026)**	**(2,867,828)**	**(2,061,583)**
Share of profit (loss) of subsidiaries and joint ventures	13	504,793	433,020	43,566	25,612
Profit before finance result and taxes		**6,485,815**	**5,134,967**	**6,690,593**	**5,506,874**
Finance result	26	**(226,865)**	**(1,129,037)**	**(91,439)**	**(1,090,463)**
Finance income		501,507	415,738	580,706	521,175
Finance costs		(728,372)	(1,544,775)	(672,145)	(1,611,638)
Profit before taxes on income		**6,258,950**	**4,005,930**	**6,599,154**	**4,416,411**
Income tax and social contribution					
Current	12	(487,047)	(477,389)	(588,924)	(496,369)
Deferred	12	(1,310,653)	(508,671)	(1,321,328)	(515,168)
		(1,797,700)	**(986,060)**	**(1,910,252)**	**(1,011,537)**
Profit for the year		**4,461,250**	**3,019,870**	**4,688,902**	**3,404,874**
From continuing operations		**4,461,250**	**3,017,654**	**4,688,902**	**3,402,658**
From discontinued operations		**-**	**2,216**	**-**	**2,216**
Attributable to the equity holders of Klabin		**4,461,250**	**3,019,870**	**4,461,250**	**3,019,870**
Attributable to non-controlling interests		**-**	**-**	**227,652**	**385,004**
Earnings per share:					
Basic and diluted earnings per common share - R$	28	**0.8109**	**0.5499**	**0.8109**	**0.5499**
Basic and diluted earnings per preferred share - R$	28	**0.8109**	**0.5499**	**0.8109**	**0.5499**
Earnings per share - discontinued operations:					
Basic and diluted earnings per common share - R$	28.1	**-**	**0.0004**	**-**	**0.0004**
Basic and diluted earnings per preferred share - R$	28.1	**-**	**0.0004**	**-**	**0.0004**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

STATEMENTS OF COMPREHENSIVE INCOME

		Parent Company		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit for the year		**4,461,250**	**3,019,870**	**4,688,902**	**3,404,874**
Other comprehensive income:					
Foreign currency translation adjustments (i)		(3,250)	11,226	(3,250)	11,226
Adjustment of cash flow hedge	31	1,452,846	(1,150,556)	1,452,846	(1,150,556)
Deferred income tax on cash flow hedge	31	(493,968)	391,189	(493,968)	391,189
Adjustment of actuarial liabilities	32	34,110	39,568	34,110	39,568
Deferred income tax on actuarial liabilities	32	(11,597)	(13,453)	(11,597)	(13,453)
Total comprehensive income for the year		**5,439,391**	**2,297,844**	**5,667,043**	**2,682,848**
Attributable to the equity holders of Klabin		**5,439,391**	**2,297,844**	**5,439,391**	**2,297,844**
Attributable to non-controlling interests		**-**	**-**	**227,652**	**385,004**

(i) Effects that may impact the result in the future only in the event of disposal or dissolution of the subsidiary.

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital	Capital and revaluation reserves	Revenue reserves	Carrying value adjustments	Treasury Shares	Retained earnings (accumulated	Equity attributable to the equity holders of Klabin	Non-controlling interests (i)	Consolidated equity
At December 31, 2020		**4,475,625**	**(317,086)**	**-**	**823,476**	**(177,884)**	**(993,826)**	**3,810,305**	**574,456**	**4,384,761**
Profit for the year		-	-	-	-	-	3,019,870	3,019,870	399,137	**3,419,007**
Other comprehensive income for the year		-	-	-	(722,026)	-	-	**(722,026)**	**-**	**(722,026)**
Total comprehensive income for the year		-	-	-	**(722,026)**	**-**	**3,019,870**	**2,297,844**	**399,137**	**2,696,981**
Capital increase by non-controlling shareholders	5	-	-	-	-	-	-	-	422,000	**422,000**
Stock option plan:	27	**-**	**22,328**	**-**	**1,796**	**9,295**	**-**	**33,419**	**-**	**33,419**
Treasury shares sold		-	14,250	-	-	4,696	-	18,946	-	**18,946**
Award of treasury shares		-	-	-	(4,696)	4,696	-	-	-	**-**
Recognition of the stock option plan remuneration		-	-	-	14,485	-	-	14,485	-	**14,485**
Maturity of stock option plan		-	8,090	-	(8,090)	-	-	-	-	**-**
Withdrawals from stock option plan		-	(12)	-	97	(97)	-	(12)	-	**(12)**
Allocation of profit for the year:	23	**-**	**-**	**1,624,044**	**-**	**-**	**(2,026,044)**	**(402,000)**	**(48,934)**	**(450,934)**
Constitution of revenue reserves		-	-	-	-	-	-	-	-	**-**
Constitution of legal reserve		-	-	80,851	-	-	(80,851)	-	-	**-**
Reconstitution of tax incentive reserve		-	-	295,541	-	-	(295,541)	-	-	**-**
Constitution of tax incentive reserve for the year		-	-	113,480	-	-	(113,480)	-	-	**-**
Realization of biological assets reserve (own)		-	-	(527,135)		-	527,135	**-**	-	**-**
Constitution of biological assets reserve (own)		-	-	494,342	-	-	(494,342)	-	-	-
Constitution of biological assets reserve (subsidiaries)		-	-	43,771	-	-	(43,771)	-	-	-
Constitution of investment and working capital reserve		-	-	746,194	-	-	(746,194)	-	-	-
Complementary dividends proposed		-	-	377,000	-	-	(377,000)	-	-	-
Distribution of dividends		-	-	-	-	-	(300,000)	(300,000)	(48,934)	(348,934)
Interest on capital for 2021 paid in advance		-	-	-	-	-	(102,000)	(102,000)	-	**(102,000)**
At December 31, 2021		**4,475,625**	**(294,758)**	**1,624,044**	**103,246**	**(168,589)**	**-**	**5,739,568**	**1,346,659**	**7,086,227**
Profit for the year		-	-	-	-	-	4,461,250	**4,461,250**	249,920	**4,711,170**
Other comprehensive income for the year		-	-	-	978,141	-	-	**978,141**	-	**978,141**
Total comprehensive income for the year		-	-	-	**978,141**	**-**	**4,461,250**	**5,439,391**	**249,920**	**5,689,311**
Capital increase by non-controlling shareholders		-	-	-	-	-	-	-	464,626	**464,626**
Stock Option Plan		**-**	**24,359**	**-**	**2,937**	**13,229**	**-**	**40,525**	**-**	**40,525**
Treasury shares sold		-	16,668	-	-	6,839	-	**23,507**	-	**23,507**
Award of treasury shares		-	-	-	(6,839)	6,839	-	**-**	-	**-**
Recognition of the stock option plan remuneration		-	-	-	17,001	17	-	**17,018**	-	**17,018**
Maturity of stock option plan		-	7,691	-	(7,691)	-	-	**-**	-	**-**
Withdrawals from stock option plan		-	-	-	466	(466)	-	**-**	-	**-**
Allocation of profit for the year:	23	**-**	**-**	**2,801,250**	**-**	**-**	**(4,461,250)**	**(1,660,000)**	**(52,423)**	**(1,712,423)**
Constitution of revenue reserves		-	-	-	-	-	-	**-**	-	**-**
Constitution of legal reserve		-	-	217,490	-	-	(217,490)	**-**	-	**-**
Constitution of tax incentive reserve for the year		-	-	111,444	-	-	(111,444)	**-**	-	**-**
Realization of biological assets reserve (own)		-	-	(561,825)	-	-	561,825	**-**	-	**-**
Constitution of biological assets reserve (own)		-	-	910,435	-	-	(910,435)	**-**	-	**-**
Constitution of biological assets reserve (subsidiaries)		-	-	119,110	-	-	(119,110)	**-**	-	**-**
		-	-	2,036,596	-	-	(2,036,596)	**-**	-	**-**
Complementary dividends proposed		-	-	345,000	-	-	(345,000)	**-**	-	**-**
Distribution of dividends and interest on capital	23	-	-	(377,000)	-	-	(1,283,000)	**(1,660,000)**	(52,423)	**(1,712,423)**
At December 31, 2022		**4,475,625**	**(270,399)**	**4,425,294**	**1,084,324**	**(155,360)**	**-**	**9,559,484**	**2,008,782**	**11,568,266**

(i) During the year 2022, there were changes in the % of equity interest held by non-controlling interests.

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

STATEMENTS OF CASH FLOWS

	Parent Company		Consolidated	
		(restated)		(restated)
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net cash provided by operating activities	**5,725,263**	**5,023,023**	**7,107,043**	**4,891,249**
Cash provided by operations	**6,333,569**	**6,608,477**	**6,746,440**	**6,687,489**
Profit for the year from continuing operations	4,461,250	3,017,654	4,688,902	3,402,658
Profit for the year from discontinued operations	-	2,216	-	2,216
Depreciation and amortization	-	1,020,856	-	1,003,515
Change in the fair value of biological assets	(1,379,447)	(749,003)	(1,883,087)	(1,308,791)
Depletion of biological assets	1,504,141	1,457,850	1,842,751	1,692,826
Deferred income tax and social contribution	1,310,653	508,671	1,321,328	515,168
Interest and foreign exchange variations on borrowing and debentures	600,554	1,782,753	340,390	1,414,447
Adjustment to present value - forfaiting forestry operations	22,050	-	22,050	-
Realization of hedge reserve	(1,632)	16,088	(1,632)	16,088
Interest on leases	72,280	56,767	77,414	60,184
Foreign exchange variations on trade receivables and related parties	160,989	(42,062)	270,313	(42,356)
Allowance for expected credit losses	17,009	(4,702)	18,452	(15,921)
Estimated inventory losses	37,886	15,067	37,884	9,064
Result on disposal of assets	-	(9,864)	-	(9,864)
Share of profit (loss) of subsidiaries and joint ventures	(504,793)	(433,020)	(43,566)	(25,612)
Other	32,629	(30,794)	55,241	(26,133)
Changes in assets and liabilities	**(608,306)**	**(1,585,454)**	**360,603**	**(1,796,240)**
Trade receivables and related parties	(438,019)	(762,191)	(155,150)	(943,319)
Inventories	(480,046)	(585,456)	(476,495)	(633,327)
Taxes recoverable	639,028	1,004,464	761,940	997,864
Marketable securities	197,958	(667,992)	198,867	(669,338)
Other assets	(258,641)	(183,320)	(288,892)	(35,903)
Trade payables	(748,993)	(484,329)	(170,826)	(526,264)
Tax obligations	127,683	186,176	120,253	187,939
Social security and labor obligations	52,210	77,132	53,677	53,553
Other liabilities	799,695	112,025	851,687	279,161
Income tax and social contribution paid	(499,181)	(490,143)	(534,458)	(506,606)
Changes in assets and liabilities from mergers	-	208,180	-	-
Net cash used in investing activities	**(4,992,301)**	**(3,112,369)**	**(6,562,906)**	**(3,675,855)**
Purchases of property, plant and equipment	(3,178,958)	(2,544,113)	(4,595,279)	(2,904,093)
Planting and purchases of standing wood	(1,543,535)	(709,309)	(2,215,801)	(973,599)
Acquisition of investments and payment in subsidiaries (cash)	(212,387)	(86,548)	10,200	-
Advances on future capital increases	(325,900)	-	-	-
Proceeds from disposal of assets	217,680	181,298	217,680	181,298
Dividends received from subsidiaries	50,799	46,303	20,294	20,539
Net cash provided by (used in) financing activities	**(2,900,502)**	**(474,212)**	**(2,265,392)**	**(19,024)**
New borrowing	5,423,974	2,696,599	5,429,328	2,718,480
Repayment of borrowing and debentures	(4,542,204)	(1,130,435)	(4,558,013)	(1,096,665)
Payment of interest on borrowing and debentures	(1,833,228)	(1,417,613)	(1,555,034)	(1,203,477)
Payment of lease liabilities	(326,632)	(239,709)	(337,211)	(243,179)
Disposal of treasury shares	37,588	18,946	37,588	18,946
Capital increase in subsidiaries by non-controlling interests	-	-	464,626	422,000
Withdrawal of investors - SPCs	-	-	-	(54,200)
Payment of dividends - SCPs and SPEs	-	-	(86,676)	(178,929)
Dividends/interest on capital paid	(1,660,000)	(402,000)	(1,660,000)	(402,000)
Increase (decrease) in cash and cash equivalents	**(2,167,540)**	**1,436,442**	**(1,721,255)**	**1,196,370**
Cash and cash equivalents at the beginning of the year	**5,966,190**	**4,529,748**	**6,405,200**	**5,208,830**
Cash and cash equivalents at the end of the year	**3,798,650**	**5,966,190**	**4,683,945**	**6,405,200**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

STATEMENTS OF VALUE ADDED

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenue				
Sales of products	22,913,636	19,148,506	23,257,919	19,426,997
Change in the fair value of biological assets	1,379,447	749,003	1,883,087	1,308,791
Other revenue	217,680	181,298	217,680	181,298
Allowance for expected credit losses (ECLs)	(17,009)	(59,185)	(18,452)	(60,189)
	24,493,754	**20,019,622**	**25,340,234**	**20,856,897**
Inputs acquired from third parties				
Cost of products sold	(7,887,000)	(6,556,839)	(6,251,445)	(6,647,249)
Materials, electricity, outsourced services and other	(4,717,810)	(3,490,429)	(6,196,972)	(3,177,465)
	(12,604,810)	**(10,047,268)**	**(12,448,417)**	**(9,824,714)**
Gross value added	**11,888,944**	**9,972,354**	**12,891,817**	**11,032,183**
Retentions				
Depreciation, amortization and depletion	(2,872,586)	(2,478,706)	(3,169,155)	(2,696,341)
Net value added generated by the Company	**9,016,358**	**7,493,648**	**9,722,662**	**8,335,842**
Value added received through transfer				
Share of profit (loss) of subsidiaries and joint ventures	504,793	433,020	43,566	25,612
Finance income, including exchange variations	501,507	415,738	580,706	521,175
	1,006,300	**848,758**	**624,272**	**546,787**
Total value added for distribution	**10,022,658**	**8,342,406**	**10,346,934**	**8,882,629**
Distribution of value added:				
Personnel				
Direct compensation	1,556,249	1,356,792	1,588,210	1,383,945
Benefits	470,632	446,989	479,445	453,685
Government Severance Indemnity Fund for Employees (FGTS)	116,179	105,569	116,356	105,769
	2,143,060	**1,909,350**	**2,184,011**	**1,943,399**
Taxes and contributions				
Federal	2,382,660	1,565,360	2,494,560	1,619,667
State	278,737	303,051	278,737	303,051
Municipal	28,579	-	28,579	
	2,689,976	**1,868,411**	**2,801,876**	**1,922,718**
Remuneration of third party capital				
Interest	728,372	1,544,775	672,145	1,611,638
	728,372	**1,544,775**	**672,145**	**1,611,638**
Remuneration of own capital				
Dividends/interest on capital	1,283,000	402,000	1,335,423	402,000
Profit for the year	3,178,250	2,617,870	3,125,827	2,617,870
	-	-	227,652	385,004
	4,461,250	**3,019,870**	**4,688,902**	**3,404,874**
Value added distributed	**10,022,658**	**8,342,406**	**10,346,934**	**8,882,629**

The accompanying notes are an integral part of these individual and consolidated financial statements.

(all amounts in thousands of Reais unless otherwise stated)

1. GENERAL INFORMATION

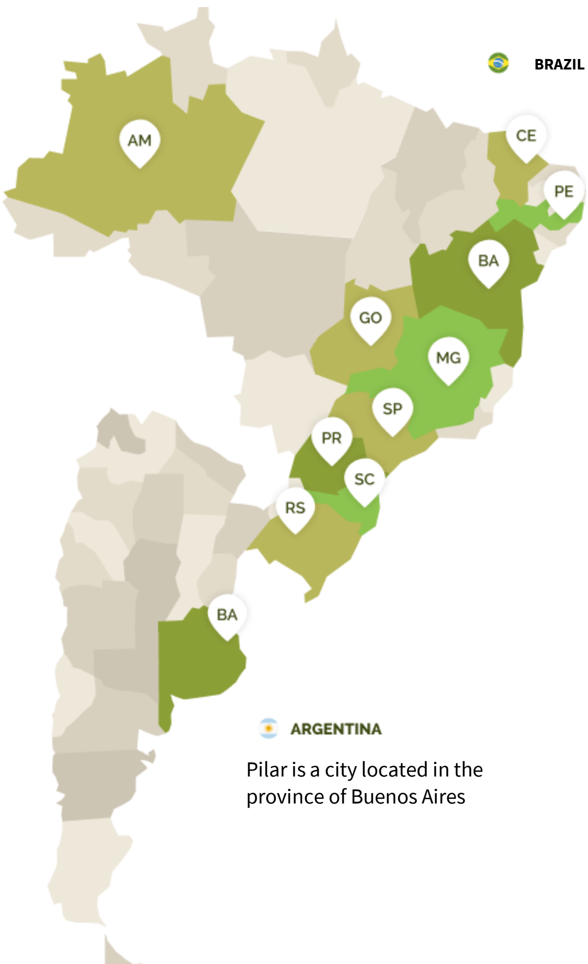
Klabin S.A. (the "Company"), its subsidiaries and joint ventures operate in various segments of the pulp and paper industry supplying the domestic and foreign markets with wood, pulp, packaging paper, paper sacks, and corrugated cardboard boxes (Note 29). Their operations are vertically integrated, from forestry activities to the production of the final products. Klabin S.A. is a publicly-held corporation whose shares and certificates of deposit of shares (units) are traded on B3 S.A. - Brasil, Bolsa, Balcão (B3) (São Paulo Stock Exchange) under the tickers KLBN3, KLBN4 and KLBN11. The Company is domiciled in Brazil and has its headquarters in São Paulo (SP).

Currently, the Company has 21 industrial units (23 industrial units as of December 31, 2021) spread across the country as well as one industrial unit in Argentina; it has also technology centers for the development of new forest-based products, seedlings of high productive content and resistance, packaging for various purposes, and two commercial offices, one in the United States and one in Austria. In addition, the Company owns a total land area of 719,000 hectares, of which 310,000 hectares are planted (pine and eucalyptus) and 409,000 hectares are preservation and unplanted areas (total areas of 610,000 hectares, of which 278,000 hectares are planted areas and 332,000 hectares are conservation areas and unplanted areas at December 31, 2021).

To serve the domestic and foreign markets, these units produce three types of cellulose fiber (short, long and fluff), kraftliner paper (virgin fiber brown paper for packaging), testliner (recycled paper), sack kraft (paper for sacks) and coated cardboard; corrugated cardboard packaging (virgin and/or recycled fiber) and industrial bags. Additionally, in the forestry sector, the Company sells timber, a large part of which is used in internal consumption.

Through its focus on key markets, ensuring consistent growth in the pursuit of new technologies and innovation, in the pulp and paper line and associated to high productivity in fibers, Klabin is able to maintain leadership in the corrugated cardboard sector and serves various segments of the economy and of the market. The company is recognized for the quality and personalized service to customers, with an emphasis on civil construction, food, chemical products and agribusiness.

The Company manufactures Kraftliner paper for export to more than 60 countries as well as to supply the Company's corrugated cardboard packaging plants in an integrated manner, along with recycled paper.



SHORT AND LONG FIBER PULP, AND FLUFF

PR	Ortigueira

PAPER FOR PACKAGING

SP	Angatuba
PR	Monte Alegre
PR	Ortigueira
SC	Correia Pinto
SC	Otacílio Costa

CORRUGATED CARDBOARD PACKAGING

AM	Manaus I
AM	Manaus II
PE	Goiana
BA	Feira de Santana
MG	Betim
SP	Jundiaí TP
SP	Jundiaí DI
SP	Paulínia
SP	Piracicaba
SP	Suzano
RS	São Leopoldo
CE	Horizonte
GO	Rio Verde
PR	Rio Negro
SC	Itajaí

RECYCLED PAPERS

PE	Goiana
SP	Paulínia
SP	Piracicaba

KRAFT SACK PACKAGING

PE	Goiana
SC	Lages
BUENOS AIRES	Pilar

FORESTRY

SP	Alto do Paranapanema
PR	Planalto Guarapuava
PR	Campos Gerais
PR	Vale do Corisco
SC	Alto Vale do Itajaí

The Company also has equity interests in other companies (Notes 4 and 13) with operating activities related to its business objectives, comprising one terminal in the port located in Paraná and several reforestation companies to supply the current plants and to carry out expansion projects.

1.1 ESG Vision

As for the assessment of climate and water scarcity risks that may directly affect the productivity (IMA index) of our biological assets and potentially the virgin fiber pulp and paper production capacity, the Company, through its Technological Center of Forestry Research, conducts studies and continuous monitoring of its forests to understand the behavior of the development and adaption of its biological assets in the face of changes in temperature and water availability. Historically the forest massifs that serve the Company's pulp and paper manufacturing units are located in regions with subtropical climate and low water deficiency throughout the year. According to internal and external studies based on mathematical models and field experiments, these region have shown to be more resilient to the climate impacts projected for the future.

In terms of risks of obsolescence over the life cycle of products manufactured and sold by the Company, there is no evidence in the market that indicates a movement against or a reduction in the use of recyclable, biodegradable materials with low carbon emissions. However, considering the Company is present in several countries and segments of the paper and cellulose industry, sales may be affected if by regulations that may or may not incentive the use of biodegradable and recyclable materials.

The Company also has trained brigade teams on its cutting fronts, and advanced equipment and technology such as long-range cameras (more than 20 km), drones and satellites to monitor smoke detection and heating in certain regions to mitigate the risk of large fires in its massive forests in the areas where it operates.

1.2 Effects of the Russia-Ukraine war

The Company continues to monitor the possible direct and indirect impacts on the pulp and paper market of the Russia-Ukraine war, including inflation caused by the increase in the price of oil, food, as well as energy shortages in the European market and interruption in the supply of fertilizers. Petroleum products are used to generate some chemical products which are used in industrial processes. Fuel is used to transport wood, raw materials and final products, and it also enables the generation of energy at some industrial units, while the fertilizers are used in forestry activity.

In this regard, the Company draws a high percentage of its fuel from renewable sources within the industrial process, which minimizes the impacts on its business as a result of the war. One of the recent innovations adopted by the Company is replacing fuel oil with a 100% clean and renewable energy source: biomass gasification.

This review considered subsequent events that occurred up to the date of issue of these financial statements, and no significant effects were identified that should be reflected in the financial statements for the year ended December 31, 2022.

Although the Company believes that it will be difficult to measure the long-term impacts of the war, and that conditions, forecasts and analyses will change continuously as global geopolitical events unfold; the impacts that can be measured at December 31, 2022 were considered and did not result in adjustments to the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The parent company and consolidated financial statements (financial statements) have been prepared based on all the relevant information of the Company, which corresponds to the information used by management in the discharge of their duties.

The Company presents the parent company and consolidated financial statements in accordance with the accounting practices adopted in Brazil, which include the rules issued by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements of the Brazilian Accounting Pronouncements Committee (CPC). It also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The main accounting practices adopted by the Company and its subsidiaries are disclosed below or presented in the notes to the financial statements and have been consistently applied to all the years presented. All unrealized balances, revenues, expenses, gains and losses arising from transactions between the Group's subsidiaries are eliminated. The subsidiaries included in the consolidated financial statements are presented in Note 4.

The financial statements have been prepared considering the historical cost as the basis for the value of assets and liabilities, and the fair value through profit or loss (FVTPL) for financial assets and liabilities and biological assets.

Some line items for the financial statements for the year ended December 31, 2021 presented herein have been reclassified to allow comparability with the financial statements at December 31, 2022.

	Parent Company			Consolidated		
BALANCE SHEETS	**12/31/2021**	**reclassification**	**12/31/2021 restated**	**12/31/2021**	**reclassification**	**12/31/2021 restated**
Current liabilities						
Trade payables	1,889,436	(117,099)	1,772,337	1,991,103	(117,099)	1,874,004
Forfaiting forestry operations	-	117,099	117,099	-	117,099	117,099
Non-current liabilities						
Trade payables	-	2,154	2,154	-	2,154	2,154
Forfaiting forestry operations	-	87,628	87,628	-	87,628	87,628
Other payables and provisions	167,385	(89,782)	77,603	227,050	(89,782)	137,268
Total	**2,056,821**	**-**	**2,056,821**	**2,218,153**	**-**	**2,218,153**
Statement of cash flows						
Changes in assets and liabilities						
Trade payables	(574,111)	89,782	(484,329)	(616,046)	89,782	(526,264)
Other liabilities	201,807	(89,782)	112,025	368,943	(89,782)	279,161
Total	**(372,304)**	**-**	**(372,304)**	**(247,103)**	**-**	**(247,103)**
Breakdown of borrowings (Note 20.1)						
In foreign currency - non-current						
Gain/loss on derivative instruments (swap)	1,688,053	(1,688,053)	-	1,688,053	(1,688,053)	-
Financial instruments						
Gain/loss on derivative instruments (swap)	-	1,688,053	1,688,053	-	1,688,053	1,688,053
Total	**1,688,053**	**-**	**1,688,053**	**1,688,053**	**-**	**1,688,053**

These financial statements were approved and authorized for issue at the Board of Directors' meeting held on February 7, 2023.

(all amounts in thousands of Reais unless otherwise stated)

2.2 Accounting practices

2.2.1 Functional currency and foreign currency translation

The financial statements are presented in Brazilian Reais (R$), which is the functional and presentation currency of the Company and its subsidiaries and joint ventures, with the exception of the subsidiary Klabin Argentina, whose functional currency is the Argentine Peso (AR$).

a) Transactions and balances

Foreign-currency transactions are initially recognized applying the exchange rate effective on the transaction date. Gains and losses arising from the translation of differences arising from foreign currency-denominated assets and liabilities at the end of the reporting period are recognized in the Company's statement of income.

b) Foreign subsidiaries

Foreign subsidiaries with the characteristics of a branch have the same functional currency as the Company's. For subsidiaries with functional currency different to that of the Company, foreign exchange differences arising from the translation of its financial statements are recognized separately in an equity account named "Carrying Value Adjustments" (Comprehensive Income). Upon the disposal of a foreign subsidiary, the amount recognized in equity related to that subsidiary is recorded in the statement of income.

The assets and liabilities of this foreign subsidiary are translated at the closing exchange rate of the balance sheet date. Revenue and expenses are translated at the exchange rates on the transaction dates.

c) Hyperinflationary economies

Pursuant to CPC 42/IAS 29 – "Financial Reporting in Hyperinflationary Economies" the non-monetary assets and liabilities, equity and the statements of income of subsidiaries operating in highly inflationary economies are restated in line with the general change in purchasing power of the relevant currency through the application of a general price index.

The financial statements of an entity whose functional currency is that of a highly inflationary economy must be expressed in terms of the unit of measure effective on the balance sheet date, and translated into Brazilian Reais at the exchange rate effective as of the end date of the financial statements.

The Company has applied highly inflationary economy accounting to its subsidiary Klabin Argentina S.A. using the standards CPC 42/IAS 29. The effects arising from the translation of the functional currency (Argentinian pesos) to the presentation currency (Brazilian real) are recorded in the statement of comprehensive income and impact the profit or loss for the year only upon its sale or dissolution.

2.2.2 Non-current assets and liabilities

These include assets and rights receivable and obligations payable after a period of twelve months from the date of the financial statements, plus the respective charges and monetary variations, where applicable, up to the balance sheet date.

2.2.3 Provisions

A provision is recognized when the Company has a present legal or constructive obligation arising from past events, and probability that a future outflow of resources is likely to be required to settle an obligation, measured based on a reliable estimate of the provision amount.

The expense associated with any provision is presented in the statement of income, net of any reimbursements. If the timing effect of the amount is material, the provision is discounted at a discount rate that reflects the specific risks inherent to the obligation.

2.2.4 Government grants

Government grants to the Company are recognized as and when the conditions associated with those grants are met. Grants given to offset expenses are recognized as reductions in the expenses to be offset.

In the case of grants for the purpose of making investment in assets, benefits are recognized in the balance sheet as awarded by the relevant government authority, and may be booked as deferred revenues, in liabilities, recognized as revenue in the statement of income over the life of the acquired asset, or deducted from the asset associated with the grant, and recognized by means of credits to the depreciation recorded as an expense in the statement of income.

Where a contingent obligation exists not to distribute benefits received in the form of government grants to the shareholders, the amounts are reclassified through the related profit or loss to a specific account "Revenue reserve – tax incentives" in equity.

2.2.5 Statement of value added

The presentation of the statement of value added is mandatory only for listed companies, in accordance with item 3 of NBC TG 09, approved by CFC Resolution 1,138/08 and amended by CFC Resolution 1,162/09. The purpose of this statement is to demonstrate the wealth created by the Company and its allocation to the relevant reporting years.

IFRS does not require the presentation of this statement. As a consequence, this statement is disclosed as supplementary information, and not as part of to the complete set of financial statements.

2.3 Accounting judgments, estimates and assumptions

In the record of income and expenses for the year and in preparing the financial statements, judgments, estimates and assumptions are utilized to account for certain assets, liabilities, income and expenses for the year and other transactions. The accounting judgments, estimates and assumptions adopted by management are made using the best available information at the financial statement reporting date, involving experience of past events, forecasts of future events and the assistance of experts, when applicable.

The effective results of balances established based on accounting judgments, estimates and assumptions may differ from those disclosed in the financial statements. The Company may therefore be exposed to losses, which could be material. These estimates are reviewed periodically.

Material items subject to these estimates include:

Note	Critical estimates / judgments
8	credit risk analysis to determine the allowance for expected credit losses
10	determination of provisions for estimated inventory losses
12	deferred income tax and social contribution
15	review of the useful economic life of property, plant and equipment
16	analysis of the recoverability of tangible and intangible assets
17	fair value adjustment of biological assets
18	contract periods and incremental borrowing rate in lease agreements
22	provision for tax, social security, labor and civil contingencies
27	transactions involving the stock-based plan
29	fair value measurement of financial instruments
31	cash flow hedge accounting
32	commitments with employee benefit plan

3. NEW TECHNICAL PRONOUNCEMENTS, REVISIONS AND INTERPRETATIONS

In the fiscal year 2022, the Brazilian Accounting Pronouncements Committee revised the following standards, effective for 2022:

(all amounts in thousands of Reais unless otherwise stated)

Pronouncement	Amendment / Improvement
Amendments to IAS 16/CPC 27 Property, Plant and Equipment	The amendment to IAS 16/CPC 27 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. These revenues and related costs must be recognized in profit or loss.
Amendments to IAS 37/CPC 25 Provisions, Contingent Liabilities and Contingent Assets	The amendment clarifies that, for purposes of assessing whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.
Amendments to IFRS 3/CPC 15 (R1) Business Combinations	Replaces references from the old version of the conceptual framework with the most recent one issued in 2018.
IFRS 9/CPC 48 - Financial Instruments	Clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
IFRS 16/CPC 06 (R2) - Leases	Amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
IFRS 1/CPC 37 First-Time Adoption of International Financial Reporting Standards	Simplifies the application of that standard by a subsidiary that adopts IFRS for the first time after its parent company in relation to the measurement of the accumulated amount of foreign exchange gains (losses).
IAS 41/CPC 29 Agriculture	Removal of the requirement for entities to exclude taxes (IR/CS) from cash flow estimates when measuring the fair value of biological assets and agriculture produce, thus aligning the fair value measurement requirements in IAS 41 with those of other IFRS standards.

The amendments were reviewed and adopted by the Company's management, and there were no effects on its financial statements arising from the application thereof.

Furthermore, the IASB has issued new standards and revised existing ones, which will become effective on January 1, 2023, through convergence with CPC pronouncements, as follows:

Pronouncement	Corporate	Effective Period
IAS 1 - *Presentation of Financial Statements / IFRS - Practice Statements*	Disclosure of "material" accounting policies rather than "significant" accounting policies. The amendments define what is 'material accounting policy information' and explain how to ident when accounting policy information is material.	As of January 1, 2023
IAS 1 - *Presentation of Financial Statements / IFRS - Practice Statements*	For an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settling the liabilities for at least twelve months from the balance sheet date.	as of January 1, 2024
IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*	Clarification on the distinction between changes in accounting estimates from changes in accounting policies and correction of errors	As of January 1, 2023
IFRS 17 - *Insurance Contracts*	Standard not applicable to the Company	As of January 1, 2023
IAS 12 – *Income Taxes*	Requires entities to recognize deferred tax on lease transactions, decommissioning and restoration obligations.	As of January 1, 2023

Management is assessing the impacts which these changes may have on its financial statements as the standards are regulated by the CVM.

(all amounts in thousands of Reais unless otherwise stated)

4. CONSOLIDATION OF FINANCIAL STATEMENTS

a) Parent company financial statements

The Company controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Company obtains the control until the date on which such control ceases. In the parent company financial statements, the financial information of subsidiaries is accounted for under the equity method.

b) Consolidated financial statements

The following policies are applied in the preparation of the consolidated financial statement:

(i) Subsidiaries

The Company has direct interest in all its subsidiaries and they are fully consolidated from the date of acquisition of control, and continue to be consolidated until the date on which such control ceases to exist.

(ii) Joint ventures

The subsidiaries Florestal Vale do Corisco SA and Pinus Taeda Florestal SA are joint ventures with the Company, which has significant influence over them through the members of the Board of Directors, but do not hold the control and operational management of the daily activities. Vale do Corisco currently holds land for lease and Pinus Taeda operates land and forests in regions outside the main area of operation of the Company. Joint ventures are accounted for using the equity method both in the parent company and in the consolidated financial statements. The consolidated financial statements are prepared for the same reporting years as the parent company, using accounting practices that are consistent with the policies adopted by the parent company.

c) Non-controlling interests

The Company holds interests in subsidiaries in which it does not conduct the relevant activity for definition of control.

The Company presents non-controlling interests in its consolidated financial statements within equity, and the results attributable to them in the statement of income.

Changes in the Company’s ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions, which are accounted for using the equity method.

d) Transactions eliminated in the consolidation

Balances and transactions with related parties, any unrealized income or expenses derived from transactions between related parties and unrealized profits derived from transactions between the Company and its subsidiaries are eliminated. Unrealized gains derived from transactions with subsidiaries accounted for using the equity method are eliminated against the investment to the extent of the Company's share in the subsidiary. Unrealized losses are eliminated similarly to unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include Klabin S.A. and its subsidiaries at December 31, 2022 and 2021, as follows:

	Country	Activity	Equity interest - %	
			12/31/2022	12/31/2021
Subsidiaries				
Klabin da Amazônia - Soluções em Embalagens de Papel Ltda	Brazil	Manufacture and sale of products	100	100
Klabin Argentina S.A.	Argentina	Industrial sacks	100	100
Klabin Austria GmbH	Austria	Sale of products in the foreign market	100	100
Klabin do Paraná Produtos Florestais Ltda.	Brazil	Manufacture of herbal medicines	100	100
Klabin Finance S.A.	Luxembourg	Finance	100	100
Klabin Fitoprodutos Ltda.	Brazil	Manufacture of herbal medicines	100	100
Klabin Forest Products Company	United States	Sale of products in the foreign market	100	100
Klabin Paranaguá SPE S.A.	Brazil	Port services	100	100
Kla Holding S.A.	Brazil	Investments in companies	100	100
IKAPÊ Empreendimentos Ltda.	Brazil	Hotels	100	100
Klabin Foryou Soluções em Papel S.A.	Brazil	Packaging customization services	100	100
Manacá Reflorestadora S.A. (i)	Brazil	Reforestation	100	100
Cambará Reflorestadora S.A. (i)	Brazil	Reforestation	100	100
Jatobá Reflorestadora S.A. (i)	Brazil	Reforestation	100	-
Pinheiro Reflorestadora S.A. (i)	Brazil	Reforestation	100	-
Cerejeira Reflorestadora S.A. (i) (iii)	Brazil	Reforestation	50	100
Guaricana Reflorestadora S.A. (iii)	Brazil	Reforestation	35	35
Sapopema Reflorestadora S.A. (i) (iii)	Brazil	Reforestation	14	17
Aroeira Reflorestadora S.A. (i) (iii)	Brazil	Reforestation	12	18
Klabin Florestal Ltda.	Brazil	Forestry	-	100
Monterla Holdings S.A.	Brazil	Investments in companies	-	100
Silent Partnership Companies				
Harmonia	Brazil	Reforestation	80	73
Araucária	Brazil	Reforestation	72	63
Serrana	Brazil	Reforestation	71	65
Joint ventures (ii)				
Florestal Vale do Corisco S.A.	Brazil	Reforestation	51	51
Pinus Taeda Florestal S.A.	Brazil	Reforestation	26	26

(i) See information in Note 5.

(ii) Investments in unconsolidated joint ventures, according to the shareholder's agreement.

(iii) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, which are those that confer voting right and participation in the Company's decisions (see Note 5).

(all amounts in thousands of Reais unless otherwise stated)

5. MAIN EVENTS FOR THE YEAR

5.1 Puma II Project

As announced to the market in the Material Facts dated April 16, 2019 and May 5, 2021, phases I and II, respectively, of the packaging paper capacity expansion project named “Puma II Project” were approved, comprising the construction of two paper mills with integrated pulp production, at Klabin's industrial unit in the municipality of Ortigueira (PR) named “Puma Unit”.

The Puma II Project is divided into two stages:

(i) On August 30, 2021, the Company released a Material Fact announcement stating that the Project’s first stage had been completed when its production started, including the construction of a main fibers line for unbleached pulp production, integrated with a kraftliner and white kraftliner (white top liner) paper mill. The production capacity is 450 thousand annual tons, and the product is marketed under the Eukaliner® brand, as the world’s first kraftliner 100% made from eucalyptus fibers.

(ii) The second stage of the Puma II Project (Cardboard machine MP 28) had 82% of the construction completed based on the measurement performed on January29, 2023 and startup is slated for the second quarter of 2023.

With production capacity initially estimated at 460 thousand annual tons, on December 6, 2022, the Company announced to the market the approval by the Board of Directors of an additional investment for production of white cardboard, which will allow flexibility in production of up to 105 thousand tons of white cardboard replacing brown cardboard beginning in September 2024.

The total gross investment will be R$ 183,000, of which R$ 77,000 is expected to be disbursed in 2023 and the remainder in 2024, including approximately R$ 23,000 in credits of taxes recoverable.

With this Project, the Company will enter the largest cardboard segment of the market, virgin fiber white cardboard, which represents an estimated addressable market of more than US$ 20 million, and with a high expected growth rate for the coming years.

The gross investment budgeted for the construction of the Puma II Project, including the incremental investment to convert the machine from the second phase of the project to cardboard production, is R$ 12,900,000 (subject to inflation and exchange rate fluctuations), of which R$ 11,099,065 was disbursed by December 31, 2022 (R$ 7,895,360 disbursed by December 31, 2021), and the remainder by 2023. Approximately R$ 1,200,000 relates to taxes recoverable.

Investments in the PUMA II Project will be funded from the Company's availability and the future cash generated from its current business, which may be complemented by withdrawals from the contracted and unused financing facilities.

5.2 Investments in special projects and expansions

In 2022, investments in special projects and expansions totaled R$ 904,197 (R$ 334,543 at December 31, 2021), allocated mainly to projects for construction of the port terminal in the Paranaguá Port Project, Horizonte Project and Figueira Project. Of this amount, R$ 9,500 was invested in the purchase of strategic forests located in Santa Catarina for future expansion.

5.2.1 Horizonte Project

As announced to the market on February 8, 2022, the Company's Board of Directors approved the expansion of the corrugated cardboard conversion unit located in Horizonte, Ceará.

The project, start-up of which is scheduled for the first quarter of 2023, has an incremental production capacity of 80,000 tons of corrugated cardboard per year, and mainly aims to serve the growing fruit market in the northeast region of Brazil. The Project includes the acquisition of a corrugator and printer, in addition to the transfer of two printers from the Goiana (PE) Unit. The investment totals R$ 188,000, of which R$ 52,000 has been disbursed up to December 31, 2022, and the remainder will be disbursed in 2023.

5.2.2 Figueira Project

As stated in a material fact to the market on July 20, 2022, the Company informed that the Board of Directors approved, at a meeting held on that date, the construction of a new corrugated cardboard unit (the Figueira Project).

The Project will be implemented in the city of Piracicaba, SP. The site has a strategic location, 950 thousand m^2 of space and conditions to receive future recycled paper production projects and additional corrugated cardboard capacity.

The scope of the Project includes the installation of two corrugators and nine printers, in addition to all the infrastructure and support areas of the site. The annual production capacity of the new unit in Piracicaba will be of 240,000 tons of corrugated cardboard. After the optimization of the current assets, the unit’s incremental net capacity for corrugated cardboard will be approximately 100,000 tons per year. With this Project and the addition of capacity of the Horizonte Project, Klabin’s nominal corrugated cardboard conversion capacity will be approximately 1.3 million tons per year.

The total estimated investment in the Figueira Project is R$ 1,570,000, including around R$ 200,000 of taxes recoverable. The disbursement will occur between the years 2022 and 2024 and will be financed from the

Company's cash position. Up to December 31, 2022, R$ 104,464 had been disbursed. Project start-up is scheduled for the second quarter of 2024.

The Figueira Project is aligned with Klabin's growth plan and, reinforces its commitment to the Brazilian market, especially in the corrugated cardboard packaging sector, its commitment to the creation of sustainable value for all stakeholders and the confidence in its integrated, diversified and flexible business model.

5.3 Special Purpose Entities (SPEs) – Forestry

The purpose of the Forestry SPEs is to expand the Company's forest mass in partnership with investors, aiming to supplying current factories, as well as making expansion projects viable. The governance bodies of the SPEs are composed of members of the Company and respective investors and operationally they are managed by the Company's employees considering the strategy of each SPE and taking advantage of the gain of scale in joint operations.

5.3.1. Pinheiro Reflorestadora S.A.

On January 17, 2022, Pinheiro Reflorestadora S.A. was established with the main purpose of exploring forestry activity in the state of Rio Grande do Sul.

In 2022, advances on future capital increases were made by Klabin S.A. as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Capital increase	April 28, 2022	60,000	60,000,000	1.00
Klabin S.A.	Capital increase	July 15, 2022	35,000	35,000,000	1.00
			95,000	**95,000,000**	

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, which are those that confer voting right and participation in the Company's decisions.

5.3.2. Cerejeira Reflorestadora S.A.

On March 28, 2019, the Company incorporated Cerejeira Reflorestadora S.A., with the main purpose of exploring forestry activities in the state of Paraná - PR.

Extraordinary meetings held on April 30 and August 17, 2021 approved capital increases in the respective amounts of R$ 38,000 and R$ 50,000, respectively, which were subscribed and paid up by Klabin S.A.

(all amounts in thousands of Reais unless otherwise stated)

On September 5, 2022, an agreement was signed for the investment in the SPE JV Kaa-Aimara Project, made up by shareholders Klabin S.A, KAA Empreendimentos Imobiliários and Aimara Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda, with the main purpose of exploring and expanding the Company's forests.

The Company made a capital contribution of R$ 8,500 for SPE forest expansion, equivalent to 8,500,000 new common shares.

The investor KAA Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda. (KAA) contributed as follows: (i) capital contribution of R$ 9,009; (ii) contribution of nearly two thousand hectares of planted forests in the amount of R$ 75,566 and (iii) land contribution of R$ 67,620, equivalent to 152,194,656 new common shares.

The investor Aimara Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda (AIMARA) contributed land in the amount of R$ 21,200, equivalent to 21,200,000 new common shares.

On the same date, the Company acquired 82,403,079 new shares held by KAA. The Company will pay a total amount of R$ 62,937 to KAA.

At December 31, 2022 the SPE's capital is R$ 182,132, represented by 182,132,156 registered common shares with voting rights, fully paid-up and with no par value. The SPE's total capital is represented as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Capital increase	September 5, 2022	90,992	90,991,579	1.00
KAA	Capital increase	September 5, 2022	69,791	69,791,577	1.00
Aimara	Capital increase	September 5, 2022	21,200	21,200,000	1.00
KAA	Land contribution	December 29, 2022	149	149,000	1.00
KAA	Sale of shares	December 29, 2022	(0.001)	(74,500)	-
Klabin S.A.	Purchase of shares	December 29, 2022	0.001	74,500	-
			182,132	**182,132,156**	

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions.

The Company holds control pursuant to a shareholders' agreement and, consequently, consolidates the SPE and presents investors' interest as non-controlling interest in the consolidated.

5.3.3. Sapopema Reflorestadora S.A.

On July 26, 2019, the Company, together with a timber investment management organization (TIMO), established the SPE Sapopema Reflorestadora S.A., whose main business is to explore forestry activities in the state of Paraná - PR.

(all amounts in thousands of Reais unless otherwise stated)

Extraordinary meetings held in the fiscal year 2022 approved the capital increases that the TIMO has subscribed and paid in to purchase forests, as follows:

<table>
<tr><th>Shareholder</th><th>Type</th><th>Date</th><th>R$</th><th>Common shares (ii)</th><th>Unit price</th></tr>
<tr><td>Klabin (i)</td><td>Capital increase</td><td>February 28, 2019</td><td>54,873</td><td>54,872,591</td><td>1.00</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>February 28, 2019</td><td>185,000</td><td rowspan="2">51,058,086</td><td rowspan="2">1.00</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>March 25, 2020</td><td>50,000</td></tr>
<tr><td>Klabin (i)</td><td>Capital increase</td><td>May 28, 2020</td><td>28,326</td><td>28,326,126</td><td>1.00</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>February 3, 2021</td><td>50,000</td><td>29,004,368</td><td>1.00</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>May 20, 2021</td><td>50,000</td><td>-</td><td>-</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>October 11, 2021</td><td>80,000</td><td>-</td><td>-</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>March 3, 2022</td><td>30,000</td><td>-</td><td>-</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>April 8, 2022</td><td>30,000</td><td>-</td><td>-</td></tr>
<tr><td>Timo</td><td>Capital increase</td><td>December 12, 2022</td><td>20,000</td><td>-</td><td>-</td></tr>
<tr><td></td><td></td><td></td><td>578,199</td><td>163,261,171</td><td></td></tr>
</table>

(i) Contribution in the form of biological assets.
(ii) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company’s decisions.

At December 31, 2022, the SPE’s share capital is R$ 578,199, divided into 163,261,171 common shares and 140,679,315 preferred shares. The TIMO holds 49% of the voting stock and 86% of the total stock. Klabin holds 51% of the voting stock and 14% of the total stock of the SPE (51% of the voting stock and 17% of the total stock at December 31, 2021). The Company holds control pursuant to a shareholders' agreement and, consequently, consolidates the SPE and presents TIMO's interest as non-controlling interest in the consolidated.

At an extraordinary meeting on January 10, 2022, the distribution of dividends in the amount of R$ 30,000 was approved, of which R$ 7,784 to Klabin S.A. and R$ 22,216 to TIMO.

5.3.4. Aroeira Reflorestadora S.A.

On September 9, 2020, the Company incorporated the SPE Aroeira Reflorestadora S.A. (Aroeira), whose main purpose is to explore forestry activities in the state of Santa Catarina.

On January 26, 2021, the required instruments were executed for an association with a TIMO. The Company’s contribution to the buildup of the Entity’s assets took the form of a contribution of approximately 9.7 thousand hectares of planted forests.

The funds injected into the SPE are being used to purchase and lease approximately 19.5 thousand hectares of effective planted land, as well as to bear reforestation expenditure for these areas, primarily with pine. Klabin will have preference rights to purchase wood produced by the SPE, among the other rights typically awarded to the controlling shareholders of entities of this type.

(all amounts in thousands of Reais unless otherwise stated)

In 2022, capital increases subscribed and paid up by Klabin S.A. and the TIMO, were approved through extraordinary meetings, for the purchase of the following forestry areas:

Shareholder	Type	Date	R$	Common shares (ii)	Unit price
Klabin	Capital increase	September 15, 2020	0.500	500	1.00
Klabin (i)	Capital increase	January 26, 2021	53,657	53,656,914	1.00
Timo	Capital increase	January 26, 2021	20,000	20,000,000	1.00
Timo	Capital increase	March 19, 2021	17,500	30,763,262	1.00
		April 22, 2021	32,500		
Timo	Capital increase	June 1, 2021	117,000	-	-
Timo	Capital increase	October 14, 2021	55,000	-	-
Timo	Capital increase	May 2, 2022	195,560	-	-
Klabin (i)	Capital increase	May 2, 2022	18,099	18,098,956	1.00
Timo	Capital increase	June 20, 2022	30,000	16,983,134	1.00
		August 10, 2022	38,000		
Timo	Capital increase	December 14, 2022	30,000	-	-
			607,316	**139,502,766**	

(i) Contribution in biological assets.

(ii) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions.

Klabin holds 51% of the voting stock and 12% of the total stock of the SPE, while the TIMO holds the remainder, and is entitled to elect members to the SPE's Board of Directors, as well as having voting rights in certain resolutions, including those that require a special forum. The Company holds control pursuant to a shareholders' agreement and, consequently, consolidates the SPE and presents TIMO's interest as non-controlling interest in the consolidated.

Klabin S.A. may exercise preemptive rights to purchase the shares in the SPE held by the TIMO, pursuant to an elective option to be exercised between 2031 and 2041.

5.3.5. Manacá Reflorestadora S.A.

On April 26, 2021, the Company established the SPE Manacá Reflorestadora S.A., whose main purpose is to explore forestry activities in the State of Santa Catarina.

In 2022 and 2021, capital increases, subscribed and paid up by Klabin S.A., and advances on future capital increases were approved through extraordinary meetings, as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Capital increase	November 21, 2021	100	100,000	1.00
Klabin S.A.	Capital increase	January 26, 2022	28,000	28,000,000	1.00
Klabin S.A.	Advance for future capital increase	May 13, 2022	1,200	1,200,000	1.00
Klabin S.A.	Advance for future capital increase	May 30, 2022	2,200	2,200,000	1.00
Klabin S.A.	Advance for future capital increase	June 24, 2022	4,600	4,600,000	1.00
Klabin S.A.	Advance for future capital increase	October 31, 2022	30,000	30,000,000	1.00
			66,100	**66,100,000**	

(all amounts in thousands of Reais unless otherwise stated)

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions.

5.3.6. Cambará Reflorestadora S.A.

On April 26, 2021, the Company established the SPE Cambará Reflorestadora S.A., whose main purpose is to explore forestry activities in the state of Paraná.

In 2022 and 2021, capital increases, subscribed and paid up by Klabin S.A., and advances on future capital increases were approved at extraordinary meetings, as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Capital increase	January 18, 2022	106,000	106,000,000	1.00
Klabin S.A.	Capital increase	April 25, 2022	170,000	170,000,000	1.00
Klabin S.A.	Advance for future capital increase	July 4, 2022	114,000	114,000,000	1.00
			390,000	**390,000,000**	

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions (see Note 5).

5.3.7. Klabin Paranaguá SPE S.A.

As announced to the market on August 13, 2019, at an auction held at the headquarters of B3 in São Paulo, Klabin S.A. placed the winning bid for a warehouse at the Port of Paranaguá for the handling and storage of general cargo, in particular paper and pulp.

The Company's interest was driven by the importance of the Port of Paranaguá for its exports, given both the existing shipment volumes and those expected to arise from the operations of the new paper and cardboard machines of the Puma II Project.

This transaction provides long-term operational assurance, with a direct railway connection from the manufacturing operations to the port's primary zones, with high loading efficiency and preferred berthing.

The lease provides access to a 27,530 square-meter area for a period of 25 years which may be extended for an additional 45 years. The Entity has budgeted allocating R$ 144,000 to the construction of the warehouse and operational startup occurred on December 19, 2022. The amount disbursed by December 31, 2022 was R$ 139,276.

To approve and manage the warehouse construction, on October 31, 2019 the Entity incorporated the wholly-owned subsidiary Klabin Paranaguá SPE S.A. headquartered in the municipality of Paranaguá (PR), with capital in the amount of R$ 20,000, divided into 20,000 fully subscribed and paid up in common, registered shares with no par value.

(all amounts in thousands of Reais unless otherwise stated)

In 2022 and 2021, capital increases, subscribed and paid up by Klabin S.A., and advances on future capital increases were approved at extraordinary meetings, as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Capital increase	May 17, 2021	80,000	80,000,000	1.00
Klabin S.A.	Capital increase	May 18, 2022	44,000	44,000,000	1.00
Klabin S.A.	Advance for future capital increase	November 21, 2022	18,000	18,000,000	1.00
			142,000	**142,000,000**	

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions (see Note 5).

5.3.8. Jatobá Reflorestadora S.A.

On September 30, 2022, the Company established the SPE Cerejeira Reflorestadora S.A., whose main purpose it to explore the forestry activities in the State of Paraná - PR.

In 2022, capital increases subscribed and paid up by Klabin S.A., and advances on future capital increases, were approved at extraordinary meetings, as follows:

Shareholder	Type	Date	R$	Common shares (i)	Unit price
Klabin S.A.	Initial contribution	October 19, 2022	0.1	100	1.00
Klabin S.A.	Advance for future capital increase	November 29, 2022	58,000	58,000,000	1.00
			58,000	**58,000,100**	

(i) The Company has interest in common shares exceeding 50%, corresponding to the voting capital, and which confer voting right and participation in the Company's decisions (see Note 5).

5.4. Special partnership companies ("Sociedades em Conta de Participação" - SCPs)

5.4.1 Closure of SCP Monte Alegre

The closure of Monte Alegre took place on September 24, 2021, as mutually agreed between the partners (Klabin and investing partners). Upon the settlement of assets, R$ 50,000 and R$ 4,200 were paid to the investing partners in connection with their interest in the Entity, and as dividends, respectively, whereas the Company merged the remaining net assets, comprising R$ 119,773 in cash and cash equivalents, R$ 186,780 into biological assets, and R$ 62,494 into working capital.

5.4.2 Accounts payable - Investors of Special Partnership Companies

(all amounts in thousands of Reais unless otherwise stated)

Investing partners may, at any time, exercise the right to withdraw fully or partially from the company and have their contributions redeemed by the ostensible partner or by the company itself, whose assets will be determined under the terms of the company's contract. This clause stipulates that, in the event of early withdrawal of the investing partner from the company, the rate of return on the invested amount will vary depending on the period the partner remained in the company, deducting from the amount invested dividends already paid by the company.

Investing partners have the right to receive an annual remuneration (priority dividends) of 8% of the invested capital, in addition to the IPCA variation, cumulatively, provided that there has been sufficient profit in the year or there is accumulated amount for the payment, after the allocation to the biological assets reserve.

At December 31, 2022, the balance payable to SCP investors is R$ 199,387 (R$ 208,246 at December 31, 2021).

5.5 Corporate reorganization - merger of subsidiaries

On March 23, 2022, at the Annual and Special General Meeting the Company approved the merger of two wholly-owned subsidiaries – Klabin Florestal and Monterla Holding – operation completed on April 20, 2022. The merger of Florestal and Monterla into the Company reflect an effort to simplify and rationalize the Company's corporate structure, with the main purpose of generating administrative, financial and operational efficiency gains, as well as avoiding unnecessary expenses.

5.6 Franco da Rocha Unit – suspension of operations

On November 18, 2022, the Company decided to suspend the operations of the Franco da Rocha unit for an indeterminate period, to enable periodic maintenance of equipment for conservation purposes during the suspension period.

The suspension of operations is not expected to impact the supply of products to the company's customers. The suspension was based on the Unit's limited scale and lack of competitiveness, as well as the global market situation in terms of paper demand. See Note 15.

5.7 14th issue of debentures

On June 17, 2022, the Company informed the market, through a Material Fact, of the approval by its Board of Directors, at a meeting held on that date, of the 14th issue of simple, non-convertible, unsecured debentures, in a single series, with a total principal amount of R$ 2,500,000, at a rate corresponding to IPCA + 6.7694% p.a. and a term of 12 years. The Debentures were subject to private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables (CRA). The CRAs were the object of a swap transaction, exchanging the amount of principal from Reais to US Dollars, with a final fixed effective rate of 5.2% p.a. (see Note 21).

5.8 Acquisition of the assets of Farol Florestas e Verde Paraná

On April 7, 2022, the conditions were met for the acquisition of Farol Florestas e Participações Ltda and, indirectly, of Verde Paraná Agroflorestal Ltda, located in Brazil. All legal agreements and approvals were signed and R$ 132,721 was disbursed on this date. The Company used its own funds to make the payment.

The acquired assets consist of six thousand hectares of mature forests.

The objective of the transaction is the acquisition of forest assets, in line with the Company's strategy of growth in the forestry business, expanding its operational flexibility and bringing greater stability to its results. Shareholders are not required to ratify the transaction, as it is not covered by the requirements provided for in article 256 of Law 6,404/76.

The business opportunity occurred through the supply of the 1st cycle of Puma II with timber from third parties.

In 2022, capital increases, subscribed and paid up by Klabin S.A., were approved through extraordinary meetings, as follows:

Shareholder	Type	Date	R$	Common shares	Unit price
Klabin S.A.	Capital increase	July 4, 2022	50	50,000	1.00
Klabin S.A.	Capital increase	July 4, 2022	400	400,000	1.00
Klabin S.A.	Capital increase	September 23, 2022	180	180,000	1.00
Klabin S.A.	Capital increase	November 21, 2022	193	193,000	1.00
Klabin S.A.	Capital increase	November 30, 2022	9,216	9,216,000	1.00
			10,039	**10,039,000**	

5.8.1 Acquisition balance sheet

The assets involved in the transaction were effectively acquired on April 7, 2022 through the acquisition of all the quotas of Farol Florestas e Participações Ltda and of Verde Paraná Agroflorestal Ltda, which became part of the Company's economic group as a wholly-owned subsidiary from this date.

At the acquisition date, the acquiree's balance sheet represented by the following groups of assets and liabilities presented no balances that could not be reliably measured:

(all amounts in thousands of Reais unless otherwise stated)

Verde Paraná Agroflorestal Ltda

Assets	04/07/2022	Liabilities	04/07/2022
Cash and cash equivalents	186	Trade payables	34
Trade receivables:	131	Taxes payable	49
Taxes recoverable	20		
Total current assets	**337**	**Total current liabilities**	**83**
Long-term receivables		Deferred income tax and social contribution	21,689
Property, plant and equipment	9	**Total non-current liabilities**	**21,689**
Biological assets	109,766		
Total non-current assets	**109,775**	**Equity**	**88,340**
Total assets	**110,112**	**Total liabilities and equity**	**110,112**

Farol Florestas Participações Ltda

Assets	04/07/2022	Liabilities	04/07/2022
Cash and cash equivalents	25	Loans with related companies	73,544
Total current assets	**25**	**Total non-current liabilities**	**73,544**
Long-term receivables			
Deferred taxes	5,998		
Biological assets	88,340		
Total non-current assets	**94,338**	**Equity**	**20,819**
Total assets	**94,363**	**Total liabilities and equity**	**94,363**

5.8.2 Forestry operations - Sale of assets of Verde Paraná and Farol Florestas

On October 21, 2022, the Company informed the market that on that date it signed the documents for the sale of approximately 8,000 hectares of forests (not including land), equivalent to 3.2 million m^3 of standing timber, for a sales price of R$ 230,000. At the same time, the Company entered into a repurchase option agreement effective to 2036 of up to 2.2 million m^3 of wood.

The advances in the acquisitions for timber supply in Paraná allowed the sale of these assets. The operation increased the Company's operational and financial efficiency while it assures access to timber in the future at defined prices. In addition, the reduction of operating costs, since the areas are more distant from the factories and from the forest massifs than the Company's average, and also the early monetization since the trade wood would be sold only at the time of the forest harvesting.

The operation was approved by the CADE (Brazilian antitrust regulatory agency) and completed on December 19, 2022.

(all amounts in thousands of Reais unless otherwise stated)

The sale transaction arose due to a market opportunity and did not impact the Company's forest supplying strategy and its diligent management of the cost of assets and wood and the efficiency in the allocation of capital.

According to the criteria of CPC 15 – "Business Combinations" (IFRS 3 – "Business Combinations"), the transaction related to the acquisition of all shares of Verde Paraná and Farol Florestas was characterized as a business combination. As such, the fair value of the assets and liabilities acquired must be measured using the Purchase Price Allocation ("PPA") process.

The Company engaged specialists to appraise the assets and liabilities of Verde Paraná and Farol Florestas, which identified a net effect of goodwill on expected future profitability on the acquisition of assets of R$ 880 allocated to the Company's intangible assets. The goodwill resulted from the net assets below the purchase price and the assessment of the market value of the biological assets of R$ 43,501 above the book values in the acquisition balance sheet. The fair value of the assets above was established by estimating the market present value of the biological assets, pursuant to CPC 29/IAS 41 "Biological Assets".

5.9 Distribution of dividends and interest on capital

During 2022, in extraordinary meetings of the Board of Directors, the following distributions of dividends and interest on capital were approved:

Event	Approval	Distribution	Payment	Class	Amount per thousand shares	Source	Total distributed
RECA	05/03/2022	Dividend	05/18/2022	ON and PN Units	R$62.88 R$314.42	Interim 2022	346,000
RECA	07/27/2022	Dividend	08/11/2022	ON and PN Units	R$72.52 R$362.59	Interim 2022	399,000
RECA	10/26/2022	Dividend	11/14/2022	ON and PN Units	R$ 51.07 R$255.36	Intercalary 2022	281,000
RECA	10/26/2022	Interest on capital	11/14/2022	ON and PN Units	R$ 40.17 R$200.83	-	221,000
RECA	12/15/2022	Interest on capital	02/22/2023	ON and PN Units	R$ 6.54 R$32.72	-	36,000
							1,283,000

The interest on capital is subject to 15% withholding income tax, except for shareholders who are demonstrably exempt, in accordance with current legislation regarding interest on capital, to be charged to the 2022 interim results, in compliance with the terms of Article 20 of the Company's bylaws.

In addition, the declared dividends and interest on capital will be considered in the mandatory minimum dividends for the current year, and should be deducted from the amount declared by the Annual General Meeting to be held in 2023, according to the statutory and legal provisions (see Note 23).

(all amounts in thousands of Reais unless otherwise stated)

5.10 Amendment to the financing agreement

Further to the notice to the market disclosed on October 31, 2019, on September 30, 2022 the Company signed an amendment to the financing agreement linked to the execution of the Puma II Project, comprising A-Loans and Co-Loans with BID Invest, IFC and JICA, as well as B-Loans with commercial banks ("Financing"), changing the average payment term from 3.1 years to 6.9 years and maintaining the original cost of the financing.

BID Invest, IFC and JICA are institutions recognized worldwide for supporting companies and sustainable projects aimed at achieving financial results and maximizing the economic, social and environmental development, reaffirming the Company's commitment to the best practice in these areas.

This transaction is part of the continuous liability management carried out, improving the Company's liquidity profile and indebtedness.

6. CASH AND CASH EQUIVALENTS

In accordance with its practice, the Company has made low-risk investments in financial institutions considered by management as prime banks (according to the ratings assigned to them by risk ratings agencies as disclosed in Note 30) in Brazil and abroad.

	Parent Company			Consolidated
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash and bank deposits - local currency	862	27,761	3,175	29,776
Cash and bank deposits - foreign currency (i) (ii)	516,962	286,630	960,193	401,365
Financial investments - local currency	3,280,826	5,651,799	3,720,577	5,974,059
Total cash and cash equivalents	**3,798,650**	**5,966,190**	**4,683,945**	**6,405,200**

(i) Mainly in U.S. Dollars.
(ii) Includes overnight operations

Financial investments in local currency relating to bank deposit certificates– CDBs and other repurchase transactions are indexed to the interbank deposit certificate – CDI rate, with an average annual yield of 13.81% at December 31, 2022 (9.51% at December 31, 2021). Financial investments in foreign currency relating to overnight operations had an average annual yield of 3.11% at December 31, 2022 (0.30% at December 31, 2021), with immediate liquidity as guaranteed by the financial institutions.

(all amounts in thousands of Reais unless otherwise stated)

Accounting practices

These practices represent cash, cash equivalents and highly liquid short-term marketable securities that can be readily converted into a known amount of cash, subject to a remote risk of changes in value, as per CPC 03 (R2) / IAS 7 – “Statement of Cash Flow”.

7. MARKETABLE SECURITIES

Marketable securities are comprised of:

(i) National Treasury Bills (LFT) and National Treasury Notes (NTN-B). LFT has yields indexed to the Special System for Settlement and Custody (SELIC) interest rate, and with maturities in 2023, and NTN-B has yields indexed to the Amplified Consumer Price Index (IPCA) + 4.63% (average) p.a. and maturities from 2022 to 2040, with an amount corresponding to R$ 1,805,291 in the parent company and R$ 1,818,368 in the consolidated at December 31, 2022 (R$ 2,003,249 in the parent company and R$ 2,017,235 in the consolidated at December 31, 2021).

(ii) Bonds purchased through the wholly-owned subsidiary Klabin Finance, denominated in U.S. Dollars, with fixed returns from 3.52% to 4.02%, maturing in 2028 and 2038, and with an amount corresponding to R$ 13,077 at December 31, 2022 (R$ 13,986 at December 31, 2021).

At December 31, 2022, the marked-to-market balance of these securities was R$ 1,805,291 in the parent company and R$ 1,818,368 in the consolidated (R$ 2,003,249 and R$ 2,017,235, respectively, at December 31, 2021).

Accounting practice

Marketable securities are characterized as financial assets measured at fair value through profit or loss, with long-term maturity, and high liquidity. They are recognized and added to the finance results, corresponding to the fair value.

Management has categorized them as financial assets measured at amortized cost, pursuant to CPC 48/IFRS 9 – “Financial Instruments”, as they can be sold.

8. TRADE RECEIVABLES

	Parent Company		Consolidated	
	(restated)		(restated)	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade receivables				
Local	2,099,052	1,933,163	2,125,632	1,960,100
Foreign	261,188	317,255	627,908	908,603
	2,360,240	**2,250,418**	**2,753,540**	**2,868,703**
Allowance for expected credit losses (ECLs)	(76,194)	(59,185)	(78,641)	(60,189)
Total trade receivables	**2,284,046**	**2,191,233**	**2,674,899**	**2,808,514**
Past due	**108,543**	**84,488**	**126,785**	**94,158**
Past due without ECL % (i)	1.37%	1.12%	1.75%	1.18%
Not yet due	2,251,697	2,165,930	2,626,755	2,774,545
1 to 10 days	4,325	6,714	4,339	6,745
11 to 30 days	17,883	16,297	28,867	20,483
31 to 60 days	4,546	1,743	8,635	5,733
61 to 90 days	5,592	421	6,279	880
Over 90 days	76,197	59,313	78,665	60,317
Total trade receivables	**2,360,240**	**2,250,418**	**2,753,540**	**2,868,703**

(i) % of past due trade receivables without considering the allowance for expected credit losses.

At December 31, 2022, the average collection period for trade receivables is approximately 82 days (88 days at December 31, 2021) for domestic market sales, and approximately 130 days (125 days at December 31, 2021) for foreign market sales, and interest is charged after the contractual maturity date.

As mentioned in Note 30, the Company has standards setting credit limits, and monitors invoices past-due and the risk of defaults on amounts arising from term-sales operations.

Accounting practice

According to CPC 47/IFRS 15 – “Revenue from Contracts with Customers”, trade receivables are booked at the nominal amounts of the invoices issued in the regular course of business, adjusted for exchange rate differences when denominated in foreign currency and, where applicable, with the deduction of expected credit losses.

In the context of the operating cycle, Management considers that there is an alignment between average receipt and payment terms.

(all amounts in thousands of Reais unless otherwise stated)

8.1 Allowance for expected credit losses (ECLs)

The allowance for expected credit losses (ECLs) is considered by Management to be sufficient to cover any losses on the outstanding receivables.

The balance of the allowance for expected credit losses is broadly equivalent to the amount of invoices with a high risk of default. The Company continuously monitors its receivables balance and estimated defaults in the light of the concepts of effective losses and expected losses and, in the event of any expected loss, a provision is set up for it. Expenses for the establishment of provisions for expected losses are recorded in the statement of income as "operating expenses/income".

The Company maintains an insurance policy for receivables in the domestic and foreign markets in the amounts of R$240,000 and R$160,000, respectively, for all business units, except for wood product customers of the Forestry unit, and certain customers that do not meet specific risk requirements, such as going concern status and liquidity. The current policy expires in September 2023.

The changes to the allowance for expected credit losses were as follow:

	Parent Company	Consolidated
At December 31, 2020	**(56,106)**	**(76,110)**
ECLs for the year	(14,866)	(15,870)
Reversals of ECLs	16,765	28,055
Definitive write-off	2,803	3,736
Merger balance	(7,781)	-
At December 31, 2021	**(59,185)**	**(60,189)**
ECLs for the year	(37,488)	(40,822)
Reversals of ECLs	15,779	17,670
Definitive write-off	4,700	4,700
At December 30, 2022	**(76,194)**	**(78,641)**

Accounting practice

According to CPC 48/IFRS 9 – "Financial Instruments", the allowance for expected credit losses (ECL) is computed based on an individual analysis of the amounts receivable, considering: (i) the concept of incurred loss and expected loss, taking into account default events with a probability of occurrence within twelve months of the date of disclosure of the relevant financial statements; (ii) financial instruments with a significantly increased credit risk, but with no objective evidence of impairment; and (iii) financial assets with objective of impairment at December 31, 2022.

(all amounts in thousands of Reais unless otherwise stated)

8.2 Receivables discounting operations

In the year ended December 31, 2022, receivables discounting transactions without right of return were carried out with specific customers in the amount of R$ 3,598,850 in the parent company and R$ 7,068,371 in the consolidated (R$ 2,227,075 in the parent company and R$ 4,222,860 in the consolidated at December 31, 2021), for which all the risks and benefits associated with the assets were transferred to the counterparty, meaning that prepaid receivables from third parties were excluded in the financial statements.

The cost of the receivables discount for the year ended December 31, 2022 was R$ 158,925 in the parent company and R$ 174,399 in the consolidated (R$ 49,006 in the parent company and R$ 78,378 in the consolidated at December 31, 2021). This transaction is recognized in profit or loss under “discounts and rebates” (Note 24).

9. RELATED PARTIES

9.1 Balances and transactions with related parties

													Parent Company
										12/31/2022		12/31/2022	12/31/2021
	Klabin Argentina	Silent Partnership Companies	Klabin Austria	Klabin Forest Products Company	Pinheiro Reforestation	Aroeira Reforestation	Guaricana Reforestation	Sapopema Reforestation	Other	Total	Klabin Austria	Total	Total
	(i)	(ii)	(i)	(i)	(iv)	(ii)	(ii)	(ii)	(i) (ii) (iii) and (v)		(v)		
Type of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary			Subsidiary		
Balances													
nt assets	170.001	48.561	201.738	32.565	-	1.079	2.938	6.474	11.712	**475.068**	-	**475.068**	**533.074**
:urrent assets	-	-	-	-	95.000	56	16	37	231.002	**326.111**	-	**326.111**	**100.897**
nt liabilities	-	45.531	-	10.188	-	8.074	13.589	17.615	(7.529)	**87.468**	284.632	**372.100**	**341.433**
:urrent liabilities	-	-	-	-	-	-	-	-	-	**-**	12.309.598	**12.309.598**	**14.732.520**
Transactions													
revenue	77.552	51.792	5.270.743	95.702	-	13.685	4.545	17.674	89.195	**5.620.888**	-	**5.620.888**	**4.410.070**
Purchases	(44,481)	(45,531)	-	-	-	(71,010)	(63,594)	(74,765)	-	**(299,381)**	-	**(299,381)**	**(268,926)**
:st expenses on financing	-	-	-	-	-	-	-	-	-	**-**	(917.309)	**(917.309)**	**(977.272)**
Guarantee commission - expenses									(113)	**(113)**	-	**(113)**	**(595)**

(i) Balance receivable from product sales transactions carried out at prices and based on terms (average of 180 days) and conditions established between the parties.

(ii) Purchases of timber at prices and based on terms (45 days) under conditions established between the parties. Considers all SCPs and SPEs described in Note 4.

(iii) Guaranteed commission paid semiannually to Klabin Irmãos Companhia (KIC), calculated based on the 7th issue debenture agreement.

(iv) Advances on future capital increases, substantially in subsidiaries Cambará, Jatobá, Manacá and Paranaguá.

(v) Financial operations between related parties (see Note 20).

(all amounts in thousands of Reais unless otherwise stated)

9.2 Management and Supervisory Board compensation and benefits

Management and Supervisory Board compensation is determined by the shareholders at the Annual General Meeting (AGM), in accordance with the Brazilian corporate legislation and the Company's bylaws. Accordingly, at the AGM held on March 23, 2022, the shareholders determined the overall amount of the annual compensation of the Management and Supervisory Board as being up to R$ 71,000 for 2022 (R$ 58,000 at December 31, 2021), or R$ 57,000 (R$ 49,000 at December 31, 2021) excluding the INSS, which is to be borne by the Company as instructed by the CVM.

The table below shows the compensation of the Management and Supervisory Board:

	Parent Company and Consolidated							
	Short term		Long term					
	Board fees (i)		Benefits (ii)		Bonus and share-based compensation (i) (iii)		Total compensation	
	1/1 a 12/31/2022	1/1 a 12/31/2021	1/1 a 12/31/2022	1/1 a 12/31/2021	1/1 a 12/31/2022	1/1 a 12/31/2021	1/1 a 12/31/2022	1/1 a 12/31/2021
Board of Directors and Supervisory Board	23,123	31,184	2,518	2,374	17,879	25,495	43,520	59,053

(i) Amount includes charges.
(ii) The benefits granted are those usually available in the market for senior management.
(iii) For statutory officers only.

10. INVENTORIES

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finished products	666,901	531,081	823,998	713,073
Work in progress	65,490	47,686	70,351	52,358
Timber and logs	328,463	209,084	328,463	209,138
Maintenance supplies	467,588	389,693	479,123	400,307
Raw materials	743,030	601,354	795,766	651,117
Estimated inventory losses	(74,138)	(36,252)	(75,157)	(37,273)
Other	19,183	31,711	19,460	14,674
Total inventories	**2,216,517**	**1,774,357**	**2,442,005**	**2,003,394**

The Company's inventory at December 31, 2022 is mainly composed of 34% of raw materials and 30% of finished products (34% of raw materials and 30% of finished products at December 31,

(all amounts in thousands of Reais unless otherwise stated)

2021) for the parent company and 33% and 34% (33% and 36% at December 31, 2021) for the consolidated respectively.

Raw materials inventories include paper rolls transferred from paper units to conversion units. Finished products inventories are mostly committed to approved sales orders.

The expenses incurred for the recognition of estimated inventory losses is recorded in the statement of income under “cost of products sold.”

The increases in the inventories of raw materials, as well as wood and logs, is connected to the new Puma II paper production machine, as mentioned in Note 5.1.

There are no finished products whose market value exceeds cost and the Company does not have any inventory pledged as collateral.

Accounting practice

In accordance with CPC 16 (R1)/IAS 2 – “Inventories” inventory is recognized at the average cost of acquisition, net of taxes recoverable as applicable, and biological assets at fair value on the harvest date, which is lower that the net realized cost of sales. Inventory of finished goods is valued at the cost of the processed raw materials, direct labor and other production costs.

As needed, inventory is subject to deductions for estimated losses, which occur in the event of inventory devaluation, obsolescence, and physical inventory losses. Furthermore, because of the nature of the Company’s goods, in the event of obsolescence or physical damage preventing the sale of finished goods, said goods may be recycled into the production of new inventory.

11. TAXES RECOVERABLE

	12/31/2022		12/31/2021	
	Assets Current	Non-current Current	Assets Current	Non-current Current
Value-added Tax on Sales and Services ICMS	255,225	201,981	275,230	547,522
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	208,646	1,455	51,901	18,403
Income tax and social contribution (IR/CS)	55,500	161,076	-	130,481
Tax on Industrialized Products (IPI)	2,862	-	6,323	-
Special regime for the reintegration of tax amounts for exporting companies (Reintegra)	10,699	-	6,241	-
Other	2,383	5,260	3,635	5,198
Parent Company	**535,315**	**369,772**	**343,330**	**701,604**
Other (i)	(29,964)	-	57,671	-
Consolidated	**505,351**	**369,772**	**401,001**	**701,604**

(i) Balance includes the amount related to VAT calculated for companies abroad.

(ii) Income tax and social contribution balance offset against the liabilities in the consolidated.

PIS/COFINS, IPI and ICMS within current assets are expected to be offset in the next 12 months. Based on analyses and budget projections approved by Management, the Company does not foresee any risk of non-realization of these tax credits.

a) ICMS

Tax credits and contributions levied on acquisitions of property, plant and equipment in accordance with the current legislation, in addition to a government ICMS subsidy granted by the Government of Paraná on behalf of the Puma I Project, which has been used to offset taxes payable of the same nature. The ICMS credits of the Puma I Project are indexed by the Conversion and Monetary Update Factor (FCA) of the State of Paraná, with an offset period up to 2036 provided for in the protocol granting the subsidy.

There is no risk that the establishments with accumulated ICMS credits will not use them.

b) PIS/COFINS

The balances recognized in current assets relate to PIS and COFINS credits arising pursuant to Article 3 of Laws 10,637/02 and 10,833/03. The amount recorded in the non-current group refers to the recording of PIS and COFINS credits on buildings incorporated into PP&E, acquired or built for the purpose of production of goods for sale by the Company, within a period of 24 months, calculated based on the cost of construction or acquisition of the building, as per Article 6 of Law 11,488/07. The PIS and COFINS credits from a final and unappealable decision, occurred on June 17, 2022, and recognizing the possibility of using these credits on purchases of waste paper prospectively, and the simultaneous recovery of these credits from October 2007 to June 2022, in the total amount of R$ 197,400, were fully used by the Company to offset other federal taxes in the second half of 2022.

(all amounts in thousands of Reais unless otherwise stated)

c) INCOME TAX AND SOCIAL CONTRIBUTION

On September 23, 2021, the Federal Supreme Court (STF) unanimously decided on the non-levying of corporate income tax (IRPJ) and social contribution on net profit (CSLL) on the amounts related to the SELIC rate, paid by the taxpayer as a refund for the overpayment of tax.

On October 16, 2019, the Company filed a writ of mandamus seeking the recognition of the non-levying of IRPJ and CSLL on amounts arising from monetary adjustment and default interest, including SELIC, in view of its nature as an indemnity, applied to the refunding of tax overpaid, and the case was ruled in favor of the Company.

Given this scenario, as there is a probability of success for the company in the STF decision, and based on the definitions of CPC 32 – "Income Taxes" and ICPC 22 – "Uncertainty Regarding Income Tax Treatments", the Company recognized R$130,000 in non-current assets. In the calendar year 2022, the full amount of such tax overpaid was recognized, as well as the effects of the Selic update on this amount.

IRPJ and CSLL credits were recorded in the profit or loss for the year, in the "current income and social contribution taxes" line item, against noncurrent "taxes recoverable", and were thus recognized in the balance sheet due to the absence of a final and unappealable decision. The Company is awaiting the court's definition of the necessary elements in terms of the specific circumstances relevant to the specific case, which would provide certainty on the tax credits that could be used, in the absence of the binding effects of the STF decision. The credits will be offset after the final and unappealable decision and the subsequent approval of credits by the tax authority.

In current assets, the recorded balance refers to the negative residual balance of IRPJ and CLL of 2021, as well as the remaining IRRF balance and recoverable CSRF for 2022.

12. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The Company, included in the Taxable Profit regime, opted for the annual calculation system for the calendar year 2023, and maintained the cash regime for the taxation of foreign exchange variations, that is, exchange rate effects are taxable as and when they are settled. This option is not valid for foreign subsidiaries that adopt the nominal rate as established in the jurisdictions where they are based. For the other subsidiaries, the following IRPJ and CSLL taxation system is adopted:

	Taxation Regime	Nominal Rate IRPJ	Nominal Rate CSLL
Subsidiaries			
Klabin da Amazônia - Soluções em Embalagens de Papel Ltda	Taxable Profit (ii)	25%	9%
Klabin Paranaguá SPE S.A.	Taxable Profit	25%	9%
IKAPÊ Empreendimentos Ltda.	Taxable Profit	25%	9%
Klabin Foryou Soluções em Papel S.A.	Taxable Profit	25%	9%
Klabin do Paraná Produtos Florestais Ltda.	Presumed Profit (iii)	2.00%	1.08%
Klabin Fitoprodutos Ltda.	Presumed Profit (iii)	2.00%	1.08%
Klabin Florestal Ltda.	Presumed Profit (iii)	2.00%	1.08%
Kla Holding S.A.	Presumed Profit (iii)	2.00%	1.08%
Monterla Holdings S.A.	Presumed Profit (iii)	2.00%	1.08%
Manacá Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Cambará Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Jatobá Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Pinheiro Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Cerejeira Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Guaricana Reflorestadora S.A.	Presumed Profit (iii)	2.00%	1.08%
Sapopema Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Aroeira Reflorestadora S.A. (i)	Presumed Profit (iii)	2.00%	1.08%
Silent Partnership Companies			
Harmonia	Presumed Profit (iii)	2.00%	1.08%
Araucária	Presumed Profit (iii)	2.00%	1.08%
Serrana	Presumed Profit (iii)	2.00%	1.08%

(i) See Note 5.
(ii) Exclusively for this entity, a 75% reduction on IRPJ is applied due to the tax incentive for operating profit.
(iii) Presumed rates applied to the nominal rates of 8% for IRPJ and 12% for CSLL.

Pursuant to ICPC 22/IFRIC 23 – "Uncertainty Regarding Income Tax Treatment", the Company opted for the evaluation procedures introduced by the standard for any differences in interpretation compared to the tax authorities, and has not identified any aspects of its practices which need to be highlighted for the year ended December 31, 2022.

(all amounts in thousands of Reais unless otherwise stated)

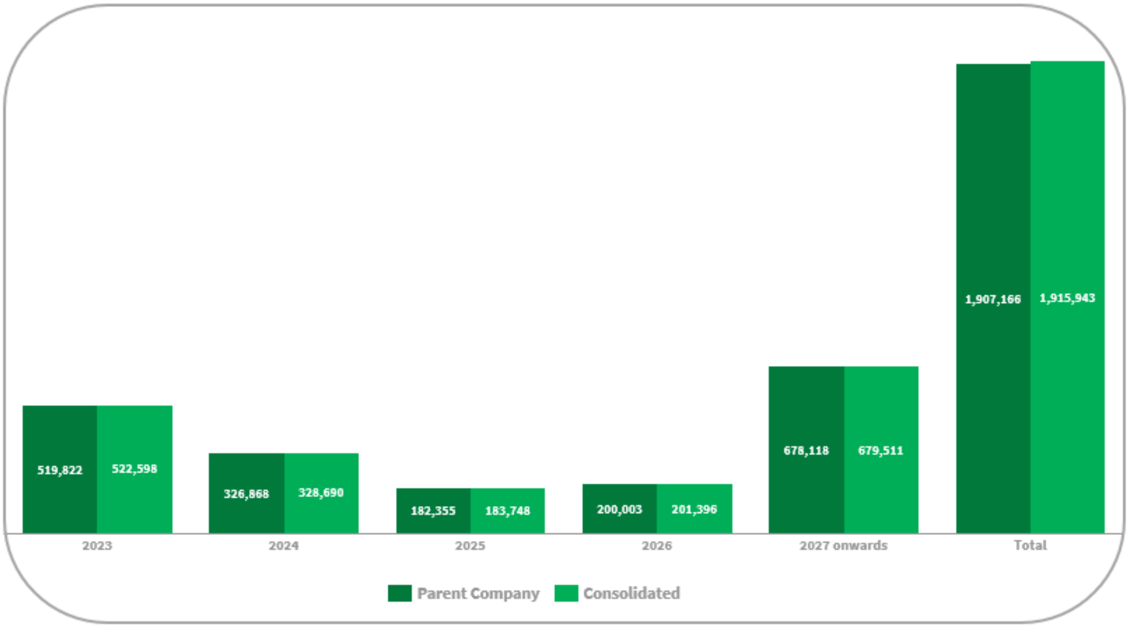
12.1 Nature and expected realization of deferred taxes

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax losses and negative bases	68,040	304,716	68,343	308,713
Provision for tax, social security and civil contingencies	6,415	5,000	6,415	5,000
Nondeductible provisions	211,561	173,193	212,544	174,005
Actuarial liability	121,123	124,061	121,864	125,083
Provision for labor contingencies	15,663	13,346	15,663	13,346
Foreign exchange variations	696,140	1,153,717	696,140	1,153,717
Gain or (loss) on financial instruments	216,408	845,755	216,408	845,755
Right-of-use assets (IFRS 16)	518,279	357,137	525,244	357,252
Other temporary differences	53,537	63,704	53,322	62,802
Non-current assets	**1,907,166**	**3,040,629**	**1,915,943**	**3,045,673**
Fair value of biological assets	728,549	549,337	764,485	577,009
Depreciation tax rate vs. useful life rate (Law 12,973/14)	609,871	474,144	609,984	474,166
Deemed cost of property, plant and equipment (land)	545,378	545,378	545,378	545,378
Interest capitalized (Law 12,973/14)	529,803	319,816	529,803	319,816
Asset revaluation reserve	25,092	25,092	25,092	25,092
Accelerated depreciation (Law 12,272/12)	56,408	62,423	56,408	62,423
Lease liabilities (IFRS 16)	479,713	332,630	486,635	332,743
Other temporary differences	96,207	79,446	96,207	79,445
Non-current liabilities	**3,071,021**	**2,388,266**	**3,113,992**	**2,416,072**
Net balance in the balance sheet - assets/(liabilities)	**(1,163,855)**	**652,363**	**(1,198,049)**	**629,601**

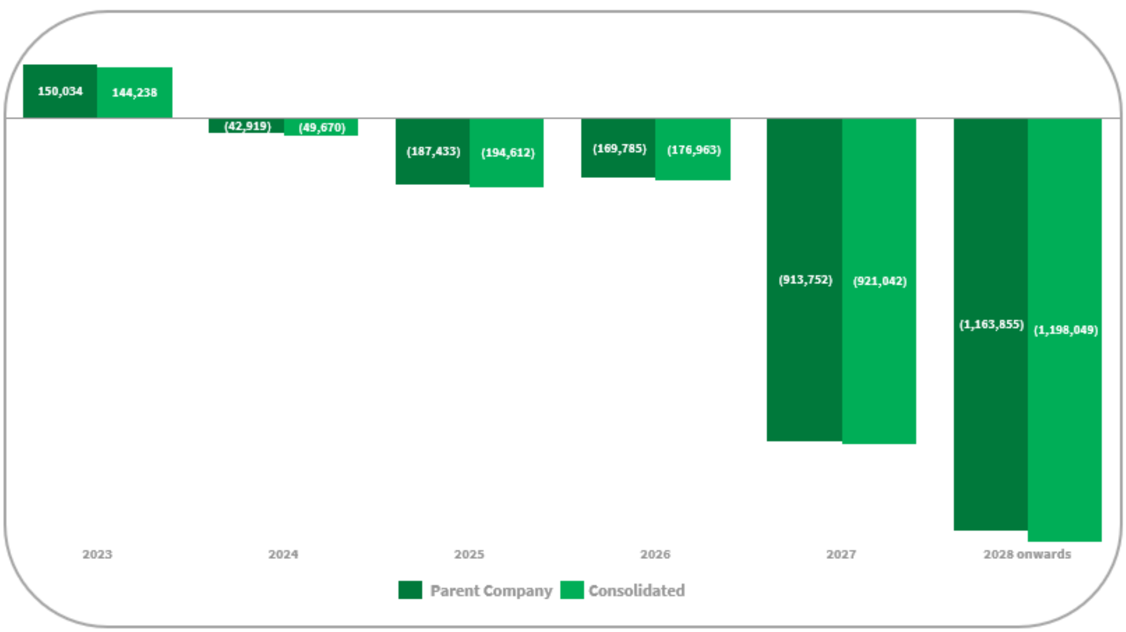
All deferred taxes on temporary differences are recognized, for all subsidiaries. Management, based on the approved budget, estimates that the tax credits arising from temporary differences and tax losses will be realized as follows:

(all amounts in thousands of Reais unless otherwise stated)

Deferred tax assets



Deferred tax liabilities



The projected realization of the balance considers the limitations on the utilization of tax losses amounting to 30% of the actual profit for the year. The projection may not materialize if the estimates used differ from those which actually occur, analyzed based on the projections of future results prepared and based on internal assumptions and future economic scenarios, evaluated as part of the budget process approved by the Company's Management.

12.2 Analysis of income tax and social contribution in the results

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit before income tax and social contribution	**6,258,950**	**4,005,930**	**6,599,154**	**4,416,411**
Combined tax rate	34%	34%	34%	34%
Tax (expense) income at nominal rate	**(2,128,043)**	**(1,362,016)**	**(2,243,712)**	**(1,501,580)**
Permanent (additions) exclusions	(21,903)	5,925	(21,938)	(9,550)
Tax Incentives (PAT/LE/Deductions donations)	55,147	49,732	60,406	56,531
Interest on capital	87,380	34,680	87,380	34,680
Share of profit (loss) of subsidiaries and joint ventures	171,630	147,227	171,630	(4,223)
Income tax and social contribution on SELIC	33,583	130,481	33,583	130,481
Investment subsidies (i)	32,177	27,583	32,177	27,583
Income tax and social contribution from prior years	25,152	(19,505)	(17,118)	(16,889)
Differences in income tax and social contribution rates of subsidiaries	-	-	40,035	274,603
Other	124	(407)	124	(3,653)
Unrecognized deferred taxes from prior years	(52,971)	-	(53,137)	-
Portion exempt from the 10% surcharge	24	240	318	480
Income tax and social contribution	**(1,797,700)**	**(986,060)**	**(1,910,252)**	**(1,011,537)**
Current	(487,047)	(477,389)	(588,924)	(496,369)
Deferred	(1,310,653)	(508,671)	(1,321,328)	(515,168)
Effective rate	**28.72%**	**24.62%**	**28.95%**	**22.90%**

(ii) ICMS tax and financial benefits and incentives treated as investment subsidies, pursuant to Complementary Law 160/2017.

12.3 Analysis of income tax and social contribution in the statement of comprehensive income

		Parent Company and Consolidated	
	Note	**12/31/2022**	**12/31/2021**
Deferred income tax on cash flow hedge	31	(493,968)	391,189
Deferred income tax on actuarial liabilities	32	(11,597)	(13,453)
Deferred		**(505,565)**	**377,736**

12.4 Tax lawsuits

At December 31, 2022, the Company was a defendant in proceedings related to IRPJ and CSLL deemed possible (see Note 22.3), some of them (with material importance) are mentioned below:

(all amounts in thousands of Reais unless otherwise stated)

(i) Tax collection claim filed by the Federal government for collection of IRPJ due to alleged improper deductions, as royalties, for the use of brands and goodwill on the acquisitions of the companies Klamasa and Igaras. The total amount of this lawsuit at December 31, 2022 is approximately R$ 1,382,000 (R$ 1,317,000 at December 31, 2021), of which R$ 908,000 as goodwill, R$ 81,000 as royalties, and R$ 341,000 as tax losses.

(ii) Tax-collection claim filed by the Federal Government to collect differences in IRPJ and CSLL, for carrying out an indirect legal transaction involving the companies Norske Skog Pisa Ltda. and Lille Holdings S/A., with a fine increased from 75% to 150%. The total amount of this execution at December 31, 2022 was approximately R$ 97,000 (R$ 93,000 at December 31, 2021).

(iii) Administrative proceeding claiming for adjustments to the IRPJ and CSLL calculation bases, calendar year 2013, alleging that the company would have made improper exclusions as a result of the change of the foreign exchange variation regime. The total amount of this lawsuit at December 31, 2022 is approximately R$ 260,000 (R$ 244,000 at December 31, 2021).

Accounting practice

a) Current and deferred taxes

Pursuant to CPC 32/IAS 12 – "Income Taxes", the Company calculates its current and deferred corporate income tax and social contribution on net profit based on the taxable profits for the fiscal year, applying a 15% rate of tax plus a 10% surtax on income in excess of R$ 240 for IRPJ and 9% for CSLL.

As permitted by the Brazilian tax legislation, certain subsidiaries opted for the presumed profit regime. For these companies, the income tax and social contribution calculation base is based on the estimated profit at the rates of 8% and 12% on gross revenues, respectively, to which the nominal rates are applied.

Deferred IRPJ and CSLL are measured based on the temporary differences for each reporting period used to determine taxable profits, including the IRPJ and CSLL tax losses, as applicable. The current and deferred IRPJ and CSLL are recognized in the Company's income, except where they correspond to items booked as "carrying value adjustments" in equity.

The recoverability of deferred IRPJ assets is revised annually, and is recognized when the availability of future taxable profits for recovery is probable.

Deferred IRPJ and CSLL assets and liabilities are recognized at their net amounts in the non-current accounts of the Parent Company's balance sheet, net of advance tax payments made during the reporting year, and in the consolidated figures only, as applicable.

Subsidiaries' taxes are calculated and provisions are made for them pursuant to the laws of their home country and/or specific tax regime, including deemed profit in certain cases. Provisions for the fiscal year's current income tax and social contribution are shown in the balance sheets, net of advance tax payments made during the reporting year.

Uncertainty over income tax treatments

Technical Interpretation CPC 22/IFRIC 23 – Uncertainty over Income Tax Treatments requires that uncertainties over income tax treatments be evaluated when recognizing and measuring these taxes. An uncertainty arises when the treatment applicable to a particular transaction is not clear in the tax legislation or when it is not clear whether the tax authority will accept the treatment adopted by the entity.

In such circumstances, the entity shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32/IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined on the basis of this interpretation.

13. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Parent Company

	Klabin Finance S.A.	Klabin Austria GmbH	Embacorp Sol. Embal. Papel Ltda	Riohold Holdings	Aroeira Reflorest. S.A.	Sapopema Reflorest. S.A.	Cerejeira Reflorest. S.A.	Silent Partnership Companies	Other	Joint ventures: Florestal Vale do Corisco S.A.	Joint ventures: Pinus Taeda Florestal S.A.	Total
					(iv)	(iv)	(iv)		(v)	(i)	(i)	
At December 31, 2020	**126,827**	**311,745**	**-**	**425,667**	**-**	**126,334**	**-**	**631,643**	**212,212**	**157,963**	**98,109**	**2,090,500**
Acquisition and capital contribution (iv)	-	-	-	-	53,657	-	88	-	86,460	-	-	140,205
Merger of subsidiaries (iv)	-	-	-	(425,667)	-	-	-	(246,868)	10,462	-	-	(662,073)
Transfer to assets held for sale	-	-	(2,216)	-	-	-	-	-	-	-	-	(2,216)
Dividends distributed	-	-	-	-	-	(7,564)	-	(4,582)	(13,618)	(12,320)	(8,219)	(46,303)
Share of profit (loss) of subsidiaries and joint ventures (ii)	(107,447)	558,869	2,216	-	49,356	(3,602)	(55)	1,010	66,314	13,309	12,303	592,273
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	11,226	-	-	11,226
Unrealized intercompany profit	-	(184,747)	-	-	8,639	3,582	-	22,811	(9,538)	-		(159,253)
At December 31, 2021	**19,380**	**685,867**	**-**	**-**	**111,652**	**118,750**	**33**	**404,014**	**363,518**	**158,952**	**102,193**	**1,964,359**
Acquisition and capital contribution (iv)	-	-	-	-	18,099	-	90,978	-	439,410	(10,200)	-	538,287
Dividends distributed	-	-	-	-	-	(7,784)	-	(1,712)	(21,009)	(11,369)	(8,925)	(50,799)
Share of profit (loss) of subsidiaries and joint ventures (ii)	(2,785)	154,745	-	-	(3,056)	12,600	(15,461)	172,640	118,441	11,478	32,089	480,691
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	(3,250)	-	-	(3,250)
Unrealized intercompany profit	-	21,958	-	-	1,467	(1,573)	-	3,086	(837)	-		24,101
At December 31, 2022	**16,595**	**862,570**	**-**	**-**	**128,162**	**121,993**	**75,550**	**578,028**	**896,274**	**148,861**	**125,357**	**2,953,390**
Summary of the financial information of subsidiaries at December 31, 2022												
Total assets	16,595	13,677,694	-	-	1,155,013	878,269	150,351	868,046	1,959,393	393,717	495,767	
Total liabilities	-	12,652,334	-	-	91,360	41,028	(750)	261,536	491,247	101,832	4,173	
Equity	16,595	1,025,360	-	-	1,063,653	837,241	151,101	606,510	1,468,146	291,885	491,594	
Net revenue:	-	5,465,587	-	-	67,128	70,503	-	159,029	523,038	47,207	72,184	
Profit (loss) for the year	(2,785)	154,745	-	-	145,418	97,612	(30,976)	181,396	143,011	22,506	125,836	

(ii) Because they are joint ventures (Note 4), Vale do Corisco and Pinus Taeda Florestal are not consolidated, and they are the only investments presented in the consolidated balance sheets as investments, with the recognition of the respective shares of the profits (losses) of subsidiaries and joint ventures.

(ii) Includes the effects of the variation and realization of the fair value of biological assets (Note 17) when the results of the subsidiary suffer such an impact, in addition to foreign exchange variations on investments abroad not characterized as business units.

(iii) Subsidiaries and associates with the characteristics of business units with foreign exchange variations allocated to other comprehensive income.

(iv) See Note 5.

(v) Amount of contributions mostly represented by contributions made in subsidiary Cambará (Note 5).

(all amounts in thousands of Reais unless otherwise stated)

Accounting practices

Represented by investments in subsidiaries and joint ventures, accounted for using the equity method due to the Company's interest in these companies. The financial statements of subsidiaries and joint ventures are prepared for the same reporting year as the Parent Company. Adjustments are made as required to align the accounting practices with those adopted by the Company.

Unrealized gains and losses on transactions between the Company and subsidiaries and joint ventures are eliminated for the purposes of calculating the share of the profit (loss) of the subsidiaries and joint ventures in the parent company balance sheet and for consolidation purposes.

On the closing date of each balance sheet, the Company determines whether there is objective evidence that the investment in subsidiaries and joint ventures has been impaired. Where this is the case, the Company calculates the impairment amount and recognizes it in the statement of income.

Foreign exchange effects on investments in foreign subsidiaries recognized in "comprehensive income" are categorized as carrying value adjustments in equity and realized by means of the realization of the relevant investment.

According to CPC 36/IFRS 10 –Consolidated Financial Statements, for SPEs, the parent company must present non-controlling interests in the consolidated balance sheet, within equity, separately from the equity attributable to the equity holders of the parent company.

In the Company's consolidated financial statements, the interests of special partners in special partnerships are booked in the liabilities section of the balance sheet, as "other payables –SCP investors", as they are financial liabilities and not equity instruments, pursuant to CPC 39/IAS 32 – "Financial Instruments: Presentation".

Management categorizes SCPs as standalone entities with the features of subsidiaries. They are recorded in the parent company financial statements by accounting for investments in subsidiaries using the equity method.

Because of their characteristics and the shareholders' agreements guaranteed for both partners, the investment in Florestal Vale do Corisco S.A. and Pinus Taeda Florestal S.A. is classified as joint ventures and is accounted for using the equity method in the parent company and consolidated financial statements.

14. ASSETS HELD FOR SALE

At December 31, 2022, the Company had a balance of R$ 11,675 in Assets held for sale (R$ 9,599 at December 31, 2021) associated with decommissioned assets such as machinery, equipment and properties. These assets are covered by a fixed asset disposal proposal, and depreciation has been suspended.

Accounting practice

According to CPC 31/ IFRS 5 – Non-Current Assets Held as for Sale and Discontinued Operations, the Company classifies assets held for sale when the probability of sale is high and the asset or group of assets held for sale is available for immediate sale as-is, subject only to normal terms and conditions for realization.

The balance of assets held for sale does not exceed their recoverable amount, and is measured as the lower of their carrying amount and the fair value net of incremental selling expenses directly associated with the sale including all available assets and liabilities, recognized separately in the balance sheet. Discontinued operations are presented separately from the results of continuing operations in the profit or loss for the year.

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Composition of property, plant and equipment

			12/31/2022			12/31/2021
Parent Company	**Cost**	**Accumulated depreciation**	**Net**	**Cost**	**Accumulated depreciation**	**Net**
Land	2,254,807	-	**2,254,807**	2,164,045	-	**2,164,045**
Buildings and construction	3,394,982	(963,548)	**2,431,434**	3,377,465	(842,327)	**2,535,138**
Machinery, equipment and facilities	20,056,604	(8,521,132)	**11,535,472**	19,032,748	(7,360,221)	**11,672,527**
Construction and installations in progress	6,265,428	-	**6,265,428**	2,360,463	-	**2,360,463**
Other (i)	658,831	(491,833)	**166,998**	602,473	(461,482)	**140,991**
Total	**32,630,652**	**(9,976,513)**	**22,654,139**	**27,537,194**	**(8,664,030)**	**18,873,164**
Consolidated						
Land	2,932,230	-	**2,932,230**	2,503,224	-	**2,503,224**
Buildings and construction	3,405,713	(965,403)	**2,440,310**	3,421,004	(851,832)	**2,569,172**
Machinery, equipment and facilities	20,093,391	(8,527,833)	**11,565,558**	19,059,463	(7,389,145)	**11,670,318**
Construction and installations in progress	7,048,245	-	**7,048,245**	2,648,029	-	**2,648,029**
Other (i)	667,205	(493,568)	**173,637**	625,075	(466,800)	**158,275**
Total	**34,146,784**	**(9,986,804)**	**24,159,980**	**28,256,795**	**(8,707,777)**	**19,549,018**

(i) Refers to leasehold improvements, vehicles, furniture and fittings and IT equipment and assets held by third parties.

Information on property, plant and equipment pledged as collateral for the Company's transactions is included in Note 20.

(all amounts in thousands of Reais unless otherwise stated)

15.2 Changes in property, plant and equipment

						Parent Company
	Land	Buildings and construction	Machinery, equipment and facilities	and installations in progress	Other	Total
At December 31, 2020	**2,051,026**	**1,951,235**	**6,349,828**	**5,538,261**	**142,680**	**16,033,030**
Purchases (i) and (ii)	-	-	-	3,381,292	-	3,381,292
Disposals	-	(163)	(3,313)	-	(566)	(4,042)
Depreciation	-	(112,578)	(1,008,383)	-	(60,573)	(1,181,534)
Internal transfers	22,355	627,113	6,284,503	(7,001,030)	67,059	-
Embacorp merger	90,677	91,521	72,023	1,017	2,258	257,496
Interest capitalized (iii)	-	-	-	431,156	-	431,156
Other (iv)	(13)	(21,990)	(22,131)	9,767	(9,867)	(44,234)
At December 31, 2021	**2,164,045**	**2,535,138**	**11,672,527**	**2,360,463**	**140,991**	**18,873,164**
Purchases (i) and (ii)	8,660	-	-	4,563,591	-	4,572,251
Disposals	-	(12,937)	(3,132)	-	(25)	(16,094)
Depreciation	-	(130,795)	(1,251,498)	-	(53,742)	(1,436,035)
Internal transfers	82,102	32,141	1,126,452	(1,344,331)	103,636	-
Interest capitalized (iii)	-	-	-	685,622	-	685,622
Other (iv)	-	7,887	(8,877)	83	(23,862)	(24,769)
At December 31, 2022	**2,254,807**	**2,431,434**	**11,535,472**	**6,265,428**	**166,998**	**22,654,139**

(i) Net of taxes recoverable (Note 11).
(ii) See information in Note 5.
(iii) Capitalized interest on loans related to ongoing projects.
(iv) Includes subsidies and transfers to other balance sheet groups.

						Consolidated
	Land	Buildings and construction	Machinery, equipment and facilities	and installations in progress	Other	Total
At December 31, 2020	**2,374,134**	**2,074,808**	**6,432,157**	**5,648,428**	**141,246**	**16,670,773**
Purchases (i) and (ii)	-	-	-	3,741,272	-	3,741,272
Disposals	-	(163)	(3,313)	-	(566)	(4,042)
Depreciation	-	(113,011)	(1,011,353)	-	(60,914)	(1,185,278)
Internal transfers	132,452	625,700	6,278,463	(7,104,016)	67,401	-
Interest capitalized (iii)	-	-	-	431,156	-	431,156
Other (iv)	(3,362)	(18,162)	(25,636)	(68,811)	11,108	(104,863)
At December 31, 2021	**2,503,224**	**2,569,172**	**11,670,318**	**2,648,029**	**158,275**	**19,549,018**
Purchases (i) and (ii)	164,887	-	-	5,403,327	-	5,568,214
Disposals	-	(12,937)	(3,132)	-	(25)	(16,094)
Depreciation	-	(131,047)	(1,253,472)	-	(54,659)	(1,439,178)
Internal transfers	272,827	32,141	1,137,626	(1,553,228)	110,634	-
Interest capitalized (iii)	-	-	-	685,622	-	685,622
Other (iv)	(8,708)	(17,019)	14,218	(135,505)	(40,588)	(187,602)
At December 31, 2022	**2,932,230**	**2,440,310**	**11,565,558**	**7,048,245**	**173,637**	**24,159,980**

(i) Net of taxes recoverable (Note 11).
(ii) See information in Note 5.
(iii) Capitalized interest on loans related to ongoing projects.
(iv) Includes subsidies and transfers to other balance sheet groups.

Depreciation was mainly allocated to the production costs for the year.

(all amounts in thousands of Reais unless otherwise stated)

15.3 Capitalization of interest for qualified items of property, plant and equipment

The Company capitalizes borrowing costs directly attributable to the construction of the Puma II as part of the cost of the asset, pursuant to CPC 20/IAS 23 – “Borrowing costs”.

The Company began capitalizing borrowing costs as part of the cost of the qualifying asset on the construction start date, as per Note 5.

At December 31, 2022, the amount of interest capitalized during the year is R$ 685,622 at TLP + fixed rate of 3.58% p.a. (R$ 431,156 at TLP + fixed rate of 3.58% p.a. at December 31, 2021), as per Note 20.

15.4 Useful life and depreciation method

The table below shows the annual depreciation rates calculated based on the straight-line method, which were applicable for the years ended December 31, 2022 and 2021, defined based on the economic useful lives of assets:

	Average rate in 2022	Average rate in 2021
Buildings and constructions	4.97%	4.95%
Machinery, equipment and facilities	10.21%	10.05%
Other	12.46%	11.98%

15.5 Construction and installations in progress

At December 31, 2022, as described in Note 5, the balance of works and facilities in progress mainly relates to industrial development projects, such as the construction of a paper mill for complementary fiber production, integrated with a cardboard mill, located at Klabin's industrial unit in the municipality of Ortigueira (PR), corresponding to stage two of the Puma II Project. It also includes the Figueira Project, a new unit for the conversion of corrugated cardboard with a capacity of 240 thousand tons/year, located in the municipality of Piracicaba (SP) and the Horizonte Project, a new unit for the conversion of corrugated cardboard with capacity of 80 thousand tons/year located in the municipality of Horizonte (CE).

15.6 Impairment of assets

In estimating the recoverable amounts of assets, the future cash flow from each cash-generating unit (CGU) is estimated based on the budget projections for a five-year period and in perpetuity, discounted to present value, using a discount rate that reflects the specific risks inherent to the Company’s business, based on the average cost of capital.

(all amounts in thousands of Reais unless otherwise stated)

At December 31, 2022, the Company used a weighted average cost of capital of 6.67% in local currency (4.48% at December 31, 2021) to estimate the future cash flow from each cash-generating unit.

Where an indication of impairment is identified, it will be recognized in profit or loss at the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the net sales price and the value in use of the asset.

On November 18, 2022, the Company suspended the operations of the Franco da Rocha unit for an indetermined period, and impaired all the operational assets. In the studies prepared by the Company, the asset's recoverable amount was lower than its carrying amount, the recoverable amount of the asset or CGU i' the higher of its value in use and its fair value less costs to sell.

The amounts determined in the impairment calculation total a gross expense of R$ 24,895 (or R$ 16,431 net of income tax and social contribution).

15.6.1 Sensitivity analysis

Using the cash flow method for impairment analysis of assets in use, considering the discount rate used were 5% lower than Management's estimates at December 31, 2022, impairment losses would not be recorded in the property, plant and equipment recoverability analyses.

Accounting practices

According to CPC 27/IAS 16 – "Property, Plant and Equipment", property, plant and equipment is stated at its acquisition or construction cost, less recoverable taxes, where applicable, and accumulated depreciation. Furthermore, based on the Company's choice upon initial adoption of IFRS, the "land" category of PP&E class has been valued at fair value by means of the application of deemed cost to the assets.

Useful life is the period of time during which the entity expects to use the asset; or the number of units of production or similar units that the entity expect to obtain for the use of the asset.

The Company uses the straight-line depreciation method, defined based on each asset's expected useful life, which is determined based on the expected generation of future economic benefits, with the exception of land assets, which do not depreciate. The assets' estimated useful lives are reviewed annually and adjusted as required. It may vary based on technological progress and/or the form and frequency of use of each unit.

Expenses associated with the maintenance of the Company's assets are directly allocated to the profit and loss as they are effectively realized. Finance charges are capitalized to the cost of the PP&E asset, when incurred on ongoing operations, as applicable.

16. INTANGIBLE ASSETS

16 Breakdown of intangible assets

			12/31/2022
Parent Company	Cost	Accumulated depreciation	Net
Right of Use	162,704	(120,598)	42,106
Trademarks and patents	63	-	63
Goodwill CPC-15	62,717	(19,180)	43,537
Construction and installations in progress	-	-	-
Other	-	-	-
	225,484	**(139,778)**	**85,706**
Consolidated			
Right of Use	224,382	(121,244)	103,138
Trademarks and patents	93	-	93
Goodwill CPC-15	63,130	(19,180)	43,950
Construction and installations in progress	132,518	-	132,518
Other	5,398	-	5,398
	425,521	**(140,424)**	**285,097**

			12/31/2021
	Cost	Accumulated depreciation	Net
Parent Company	208,590	(126,214)	**82,376**
Consolidated	269,075	(126,691)	**142,384**

16.2 Changes in intangible assets

						Parent Company
	Right of Use	Trademarks and patents	Goodwill CPC-15	Construction and installations in progress	Other	Total
At December 31, 2021	**37,458**	**63**	**44,856**	**-**	**-**	**82,376**
Additions	-	-	-	16,642	-	16,642
Disposals	-	-	-	-	-	-
Depreciation/Depletion	(12,479)	-	(1,319)	-	-	(13,798)
Internal transfers	16,642	-	-	(16,642)	-	-
Capitalized interest	-	-	-	-	-	-
Merger of subsidiaries	-	-	-	-	-	-
Other (*)	486	-	-	-	-	486
At December 31, 2022	**42,107**	**63**	**43,537**	**-**	**-**	**85,706**

(all amounts in thousands of Reais unless otherwise stated)

	Right of Use	Trademarks and patents	Goodwill CPC-15	Construction and installations in progress	Other	Consolidated Total
At December 31, 2021	**97,435**	**93**	**44,856**	**-**	**-**	**142,384**
Additions	-	-	413	158,790	-	159,203
Disposals	-	-	-	-	-	-
Depreciation/Depletion	(12,776)	-	(1,319)	-	-	(14,095)
Internal transfers	20,873	-	-	(26,272)	5,399	-
Capitalized interest	-	-	-	-	-	-
Merger of subsidiaries	-	-	-	-	-	-
Other (*)	(2,395)	-	-	-	-	(2,395)
At December 31, 2022	**103,137**	**93**	**43,950**	**132,518**	**5,399**	**285,097**

Accounting practice

Intangible assets acquired are measured at cost at their initial recognition. Intangible assets acquired in a business combination have their cost defined as the fair value on the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful life of intangible assets is classified as finite and indefinite.

Intangible assets with finite useful lives are amortized over their useful economic lives and assessed for impairment whether there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each year’s end. The amortization of intangible assets with finite useful lives is recognized in the statement of income in the expense category related to their use and consistent with the economic useful life of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are tested annually for impairment, individually or at the CGU level. The allocation is made to the CGU or group of CGUs that represents the lowest level within the entity, in which goodwill is monitored for internal management purposes, and which benefited from the business combination.

17. BIOLOGICAL ASSETS

The Company’s biological assets are comprised of the cultivation and planting of pine and eucalyptus forests to provide raw materials for the production of short-fiber, long-fiber and fluff pulp, and for use in the paper production process and for the sale of wood to third parties.

At December 31, 2022, the Company and its subsidiaries had 310,000 hectares (277,000 hectares at December 31, 2021) of planted forests, not considering permanent preservation and legal reserve areas under the Company’s protection in compliance with Brazilian environmental laws.

The fair value balance of the Company’s biological assets is as follows:

(all amounts in thousands of Reais unless otherwise stated)

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cost of development of biological assets	3,529,475	2,168,680	4,800,573	3,026,145
Fair value adjustment of biological assets	2,141,594	1,603,511	3,308,386	2,501,905
	5,671,069	**3,772,191**	**8,108,959**	**5,528,050**

For the years ended December 31, 2022 and 2021, no need for impairment provision was identified.

17.1 Assumptions regarding the recognition of the fair value of biological assets

The fair value measurement of biological assets considers certain estimates, such as: the price of wood, the discount rate, the harvesting plan for the forests and the productivity level, all of which are subject to uncertainty and fluctuations which could impact the Company's future results.

The Company recognizes its biological assets at fair value. When calculating this fair value, the Company adopts the following assumptions:

(i) Eucalyptus forests are recorded at historical cost through the third year of planting and pine forests through the fifth year of planting, based on analyses carried out by the Company indicating that during this period the historical costs of biological assets will approximate their fair values, in addition to the fact that it is only possible to carry out inventory to assess the growth and expected production of the forest after this period;

(ii) After the third and fifth years of the planting of eucalyptus and pine forests, respectively, the forests are measured at fair value, which reflects the sales prices of the assets less the costs necessary to prepare the assets for their intended use or sale;

(iii) The methodology utilized for the fair value measurement of biological assets is based on the discounted future cash flow, estimated according to the projected productivity cycle of the forests, taking into consideration price variations and the growth of biological assets;

(iv) The discount rate utilized for cash flow is the Company's weighted average cost of capital, which is reviewed annually by Management as part of the budget process or to the extent there are situations that require such a review;

(v) The projected productivity volumes of forests are determined based on the forest type, genetic material, handling system, productive potential, rotation, region and age. Together, these characteristics make up an index called the average annual growth (AAG) index, which is expressed in cubic meters per hectare/year, and which is utilized as a basis for projecting a forest's productivity. The Company's harvest plan timescale varies mainly from 6 to 7 years for eucalyptus trees and 14 and 15 years for pine trees;

(all amounts in thousands of Reais unless otherwise stated)

(vi) The prices of biological assets (standing timber), denominated in R$/cubic meter, are obtained through market price surveys carried out by specialized firms. The prices obtained are subject to the deduction of the cost of capital relating to land, since this asset contributes to the planting of forests, and any other costs necessary to prepare the assets for sale or for consumption;

(vii) Planting expenses related to the costs of developing the biological assets;

(viii) The depletion of biological assets is calculated based on the fair value of the biological assets harvested during the year;

(ix) The Company reviews the fair value of its biological assets on a quarterly basis, since it understands that this period is sufficiently short to prevent any significant misstatement of the fair value of the biological assets recorded in its financial statements.

17.2 Reconciliation and movements in fair value

	Parent Company	Consolidated
At December 31, 2020	**3,357,941**	**4,657,821**
Planting and purchases of standing wood (i)	989,974	1,254,264
Depletion	**(1,457,850)**	**(1,692,826)**
Historical cost	(662,503)	(746,186)
Fair value adjustment	(795,347)	(946,640)
Change in fair value due to	**866,240**	**1,308,791**
Price	971,361	1,445,962
Growth (iii)	(105,121)	(137,171)
Contribution/Establishment of subsidiary (ii)	**(53,657)**	-
Fair value adjustment on contribution/establishment of subsidiary (ii)	**(117,237)**	-
Dissolution of SPC	**186,780**	-
At December 31, 2021	**3,772,191**	**5,528,050**
Planting and purchases of standing wood (i)	**2,041,671**	**2,540,573**
Pine	1,521,286	2,011,799
Eucalyptus	520,385	528,774
Depletion	**(1,504,141)**	**(1,842,751)**
Historical cost	**(662,777)**	**(766,087)**
Pine	(454,954)	(568,779)
Eucalyptus	(207,823)	(197,308)
Fair value adjustment	**(841,364)**	**(1,076,664)**
Pine	(544,074)	(761,345)
Eucalyptus	(297,290)	(315,319)
Change in fair value due to	**1,379,447**	**1,883,087**
Price	**1,096,504**	**1,628,685**
Pine	774,163	1,286,418
Eucalyptus	322,341	342,267
Growth (iii)	**282,943**	**254,402**
Pine	247,540	310,876
Eucalyptus	35,403	(56,474)
Contribution to subsidiary (ii)	**(18,099)**	**-**
At December 31, 2022	**5,671,069**	**8,108,959**

(i) Net of taxes recoverable (Note 11).
(ii) See information in Note 5, related to forest additions in the establishment and capital contribution of subsidiaries.
(iii) In addition to the effects of forest growth due to its upcoming harvest, this amount refers to adjustments arising from assumptions that affect the fair value of biological assets, such as a review of the harvest plan, productivity table, changes in the discount rate, changes in administrative costs, and others.

The depletion of biological assets for the years ended December 31, 2022 and 2021 was substantially appropriated to production costs, after an allocation to inventory through forest harvesting and use in the production process or for sale to third parties.

(all amounts in thousands of Reais unless otherwise stated)

In accordance with CPC 46 (equivalent to IFRS 13) – Fair Value Measurement, the calculation of biological assets is classified at level 3 of the fair value hierarchy due to its complexity and calculation structure.

The assumptions applied include sensitivity to the prices used in the evaluation, and the discount rate used to obtain the discounted cash flow. Prices refer to the prices obtained in the regions in which the Company is located. The discount rate corresponds to the average cost of capital, taking into consideration the basic interest rate (SELIC) and the inflation rate.

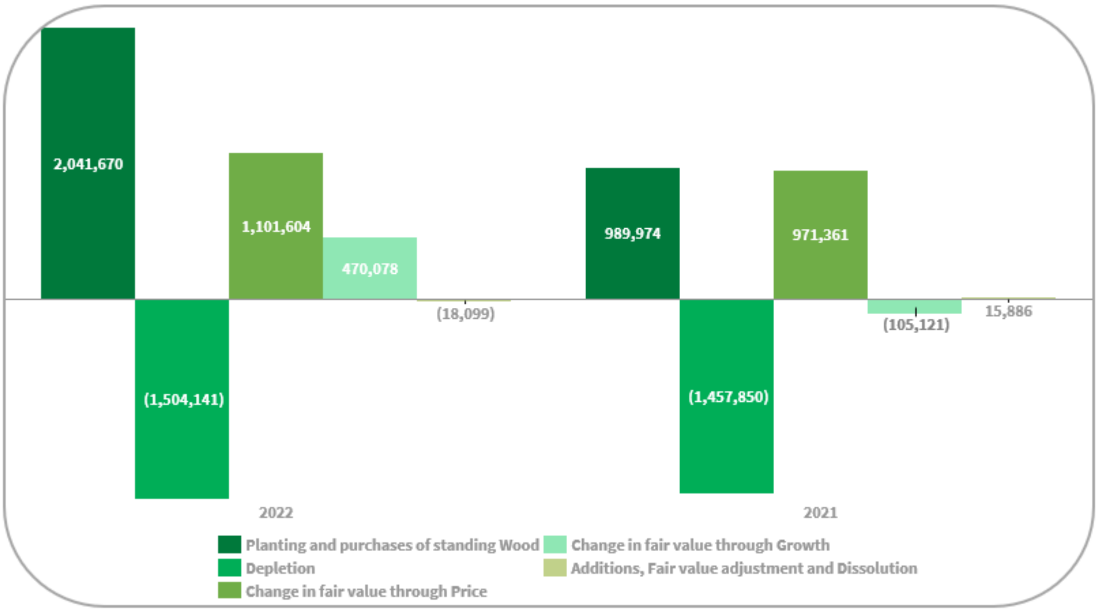
The weighted average price used for the appraisal of the biological assets at December 31, 2022 was R$ 122/m3 (R$ 93/m3 at December 31, 2021).

The effects of a significant increase (decrease) in the discount rate used for the measurement of the fair value of biological assets would result in a decrease (increase) in the values measured. At December 31, 2022, the Company used a weighted average cost of capital of 6.67% in local currency for the parent company and 8.26% for the subsidiaries (4.48% for the parent company and 5.34% for the subsidiaries at December 31, 2021).

The variation of all events related to the biological asset was proportionally greater due to the forestry expansion project.

The main assumptions, discount rate and average gross selling price of pine and eucalyptus stand out as being the ones with the greatest influence, generating increases or reductions that result in significant gains or losses in the measurement of the fair value.

Parent Company



Consolidated

The change in the fair value of biological assets was justified by the variation in the aforementioned indicators, which combined, resulted in a positive average variation of 81% in the parent company and 66% in the consolidated, recognized under line item "Change in the fair value of biological assets" in the statement of income.

Accounting practice

Pursuant to CPC 29 / IAS 41 - Agriculture, the Company performs quarterly valuations of its biological assets, recognizing gains or losses arising from changes in fair value in the statement of income of the reporting period in which they occur, in a specific statement of income line item named “Change in the fair value of biological assets”. The depletion value of biological assets is measured at the amount of wood harvested, at its fair value.

The fair-value determination uses the revenue approach, applying the discounted cash flow model in line with the assets’ forecast productivity cycle.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

18.1 Assumptions for recognition

The right-of-use assets and lease liabilities are recognized at the future value of the consideration assumed in the contract, discounted to net present value, considering the incremental borrowing rate. Right-of-use assets undergo straight-line amortization over the duration of the agreement and recorded in the appropriate line of each reporting period's statement of income (cost of goods sold/administrative expenses/selling expenses). Interest expenses corresponding to the amortization of the net present-value adjustment of the agreements are allocated to "Finance result".

Depreciation of right-of-use assets is calculated based on to the straight-line method, in line with the remaining term of each agreement.

The Company recognizes its right-of-use assets and lease liabilities in light of the following assumptions:

(i) Operations involving contracts with terms exceeding 12 months are recognized under the appropriate standard. The Company has reviewed the renewal aspects of its methodology and, finding no indication of renewal, decided not to consider renewing the contracts, as the assets involved in its operations are not essential to the pursuit of its business, and may be replaced upon the completion of the contract term, with new assets acquired or new transactions other than those agreed;

(ii) Contracts involving the use of low-value underlying assets;

(iii) Only operations involving specific assets as defined in the contract for exclusive use over the contract's term are considered;

(iv) Inclusion of taxes recoverable in the definition of the consideration assumed in the contracts in which it is applicable, and, in the case of land and properties, excluding costs such as rural property tax (ITR), common area maintenance fee, and municipal real estate tax (IPTU);

(v) The methodology used to determine the net present value of contracts is the cash flow of payments discounted at the incremental borrowing rate applicable to the asset class;

(vi) The incremental borrowing rate for the fiscal year ended December 31, 2022 was calculated based on the Brazilian market's risk-free rates and adjusted to the Company's reality. The rates on leases of forests, administrative buildings and commercial warehouses for contracts executed in 2022 are 8.06% per year for contracts with maturities up to five years; 9.15% for maturity in the 6-10 year range; 9.64% for maturity in 11-15 years; 10.15% for maturity in 16-20 year; and 10.52% for maturities exceeding 20 years, in addition to 7.93% per year on operations involving machinery and equipment;

(vii) Re-measurement to reflect any revaluation of or changes to the leases will take place on the month of the one-year anniversary of each contract (reset), when the Company will determine the need for adjustments to the monthly and annual payments. Where applicable, any adjustments will be recognized in assets against lease liabilities; and

(viii) The Company evaluated, as regards operations covered by the relevant standard, the effects of contingencies and impairment risks, finding no impacts.

The Company's leases in force as at December 31, 2022 include no covenant clauses, and no variable payment clauses or guaranteed residual value clauses or purchase options upon the expiry of the contract term.

At December 31, 2022, the Company performed an evaluation and found no impacts in terms of the segregation of lease contract components, and there were no impacts on the initial direct costs associated with the contracts regarding asset measurement.

18.2 Breakdown of and changes to right-of-use assets and lease liabilities

At December 31, 2022, the Company had 520 lease contracts in the parent company and 555 in the consolidated (451 in the parent company and 469 in the consolidated at December 31, 2021). The breakdown of and changes to right-of-use assets and lease liabilities are as follow:

Parent Company

Right-of-use assets	12/31/2021	Amortization (iii)	Additions/Write-offs	12/31/2022
Land	593,969	(47,138)	295,685	842,516
Buildings	45,599	(12,869)	4,614	37,344
Machinery and equipment	380,383	(149,563)	377,630	608,450
Merger balance (i)	1,297	-	-	1,297
Total assets	**1,021,248**	**(209,570)**	**677,929**	**1,489,607**

Lease liabilities	Current liabilities	Non-current liabilities	Total liabilities
12/31/2021	**182,714**	**867,689**	**1,050,403**
Installment (iii)	(326,632)	-	(326,632)
Interest (iii)	72,280	-	72,280
Additions/Write-offs	131,452	596,846	728,298
Transfer from noncurrent to current (ii)	195,824	(195,824)	-
12/31/2022	**255,638**	**1,268,711**	**1,524,349**

(i) Balance of merger related to assets acquired from International Paper.
(ii) Transfers from non-current to current
(iii) The amortization of right-of-use assets, interest and installments is booked against the result for the year.

Consolidated

Right-of-use assets	12/31/2021	Amortization (iii)	Additions/Write-offs	12/31/2022
Land	630,488	(50,938)	363,604	943,154
Buildings	45,890	(12,869)	4,614	37,635
Machinery and equipment	381,721	(150,643)	398,737	629,815
Total assets	**1,058,099**	**(214,450)**	**766,955**	**1,610,604**

Lease liabilities	Current liabilities	Non-current liabilities	Total liabilities
12/31/2021	**185,667**	**901,034**	**1,086,701**
Installment (iii)	(337,211)	-	(337,211)
Interest (iii)	77,414	-	77,414
Additions/Write-offs	138,232	679,752	817,984
Transfer from noncurrent to current (ii)	198,821	(198,821)	-
12/31/2022	**262,923**	**1,381,965**	**1,644,888**

(ii) Transfers from non-current to current
(iii) The amortization of right-of-use assets, interest and installments is booked against the result for the year.

Parent Company

Right-of-use assets	12/31/2020	Amortization (iii)	Additions/Write-offs	12/31/2021
Land	501,910	(41,772)	133,831	593,969
Buildings	8,325	(11,816)	49,090	45,599
Machinery and equipment	293,242	(142,388)	229,529	380,383
Merger balance (i)	-	-	1,297	1,297
Total assets	**803,477**	**(195,976)**	**413,747**	**1,021,248**

Lease liabilities	Current liabilities	Non-current liabilities	Total liabilities
12/31/2020	141,837	676,464	818,301
Installment (iii)	(239,709)	-	(239,709)
Interest (iii)	(16,805)	(47,514)	(64,319)
Additions/Write-offs	141,585	393,248	534,833
Transfer from noncurrent to current (ii)	154,728	(154,728)	-
Merger balance (i)	1,078	219	1,297
12/31/2021	**182,714**	**867,689**	**1,050,403**

(i) Balance of merger related to assets acquired from International Paper
(ii) transfers from non-current to current
(iii) The amortization of right-of-use assets, interest and installments is booked against the result for the year.

(all amounts in thousands of Reais unless otherwise stated)

				Consolidated
Right-of-use assets	**12/31/2020**	**Amortization (iii)**	**Additions/Write-offs**	**12/31/2021**
Land	504,973	(43,082)	168,597	630,488
Buildings	8,712	(11,080)	48,258	45,890
Machinery and equipment	294,735	(142,543)	229,529	381,721
Total assets	**808,420**	**(196,705)**	**446,384**	**1,058,099**

Lease liabilities	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
12/31/2020	143,721	679,591	823,312
Installment (iii)	(243,179)	-	(243,179)
Interest (iii)	(18,805)	(49,514)	(68,319)
Additions/Write-offs	148,037	426,850	574,887
Transfer from noncurrent to current (ii)	155,893	(155,893)	-
12/31/2021	**185,667**	**901,034**	**1,086,701**

(ii) Transfers from non-current to current
(iii). The amortization of right-of-use assets, interest and installments is booked against the result for the year.

In the year ended December 31, 2022, the Company recognized an expense of R$ 19,683 (R$ 17,301 at December 31, 2021) related to short-term leases (contracts of less than 12 months) or operations involving low-value assets.

18.3 Maturity schedule of the leases

	Parent Company				Consolidated			
	12/31/2022				12/31/2022			
	Land	**Buildings**	**Machinery and equipment**	**Total**	**Land**	**Buildings**	**Machinery and equipment**	**Total**
2023	100,773	13,683	231,114	345,570	112,630	13,683	235,699	362,012
2024	94,250	10,787	186,346	291,383	106,107	10,787	190,866	307,760
2025	91,378	10,588	149,043	251,009	103,235	10,588	153,563	267,386
2026	89,488	5,510	87,694	182,692	101,345	5,510	92,214	199,069
2027 - 2031	426,166	-	43,738	469,904	483,570	-	50,729	534,299
2032 - 2036	368,805	-	-	368,805	425,914	-	-	425,914
2037 - 2041	175,590	-	-	175,590	205,463	-	-	205,463
2042 - 2058	180,484	-	-	180,484	216,105	-	-	216,105
	1,526,934	**40,568**	**697,935**	**2,265,437**	**1,754,369**	**40,568**	**723,071**	**2,518,008**
Embedded interest	(665,650)	(2,147)	(73,291)	(741,088)	(793,031)	(2,147)	(77,942)	(873,120)
Lease liabilities	**861,284**	**38,421**	**624,644**	**1,524,349**	**961,338**	**38,421**	**645,129**	**1,644,888**

18.4 Potential rights to PIS/COFINS recoverable

The Company has a potential right to PIS/Cofins recoverable embedded in the consideration associated with leases of buildings, machinery and equipment. For the measurement of cash flow from leases, tax credits were not separately disclosed, and the potential effects of PIS/Cofins are as presented in the following table:

Parent Company and Consolidated		
Cash flow	**Nominal**	**Adjusted to present value**
Lease consideration	763,639	683,550
PIS/COFINS (9.25%)	70,637	63,228

(all amounts in thousands of Reais unless otherwise stated)

18.5 Projected flow with inflation for compliance with CPC 06 (R2) /IFRS 16 – "Leases"

Pursuant to Circular letter/CVM/SNC/SEP/No. 02/2019, the Company chose as an accounting policy the requirements of CPC06 (R2)/IFRS16 – "Leases" for the measurement and re-measurement of its rights-of-use, using the discounted cash flow model without considering inflation. Management assessed the use of nominal cash flow, and found that they did not show material distortions compared to the information disclosed.

To ensure the faithful representation of information for the purposes of compliance with CPC06 (R2)/IFRS16 – "Leases" and the CVM's technical guidelines, the Company states the balances of its assets and liabilities, excluding inflation, as stated (real flow x real rate), and the estimated inflated interest in comparative years (nominal flow x nominal rate).

Other assumptions, such as the maturity schedule of the liabilities, and the interest rates used in calculations are shown in other items within the same Note. Inflation indices can be derived from the market, so that users of the financial statements can determine the nominal flows.

	Parent Company		Consolidated	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
Actual flow				
use assets	1,489,607	1,021,248	1,610,604	1,058,099
bilities	2,265,437	1,472,091	2,518,008	1,544,320
ed interest	(741,088)	(421,688)	(873,120)	(457,619)
	1,524,349	**1,050,403**	**1,644,888**	**1,086,701**
Flow with inflation effects				
use assets	1,445,830	924,155	1,558,056	949,376
bilities	2,265,437	1,472,091	2,518,008	1,544,320
ed interest	(784,280)	(549,579)	(925,244)	(596,587)
	1,481,157	**922,512**	**1,592,764**	**947,733**

Accounting practices

Pursuant to CPC 06 (R2)/IFRS 16 – "Leases", right-of-use assets and lease liabilities related to lease contracts for land, machinery, equipment and buildings with terms in excess of 12 months, material value and for the exclusive use of the Company. They are recognized at the net present value of the future amounts of the payments in the contract. Right-of-use assets are amortized on a linear basis for the duration of the contract in the appropriate line of the reporting period's statement of income (Cost of Goods Sold/Administrative Expenses/Sales Expenses). Interest expenses associated with the amortization of the net present value adjustments of contracts are allocated to "Finance result".

(all amounts in thousands of Reais unless otherwise stated)

19. TRADE PAYABLES

	Parent Company	(restated)	Consolidated	(restated)
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current				
Local currency	1,971,273	1,637,860	2,099,459	1,667,288
Foreign currency	251,076	134,477	284,241	206,716
Forfaiting	531,646	513,724	531,646	513,724
Forfaiting forestry operations	22,556	117,099	22,556	117,099
(-) Adjustment to present value - forfaiting forestry operations	(1,226)	-	(1,226)	-
Total trade payables current	**2,775,325**	**2,403,160**	**2,936,676**	**2,504,827**
Non-current				
Local currency	131,695	2,154	131,695	2,154
Forfaiting forestry operations	535,581	87,628	535,581	87,628
(-) Adjustment to present value - forfaiting forestry operations	(121,540)	-	(121,540)	-
Total trade payables non-current	**545,736**	**89,782**	**545,736**	**89,782**
Total trade payables	**3,321,061**	**2,492,942**	**3,482,412**	**2,594,609**

The Company generally operates with an average payment term of approximately 63 days with its operational suppliers (67 days at December 31, 2021). In the case of suppliers of property, plant and equipment, the payment terms are determined based on the commercial negotiations for each transaction.

19.1 Trade payables (Forfaiting)

The suppliers balance associated with reverse forfait operations at December 31, 2022, in the amount of R$ 967,017 (R$ 718,451 at December 31, 2021) at the Parent Company and in consolidated terms. The Company has forfaiting arrangement with financial institutions to manage its commitments with strategic suppliers. In this operation, suppliers transfer the right to receive the amounts to the financial institution and, in exchange, receive these amounts in advance from the financial institution, which, in turn, becomes the creditor of the operation.

Considering the guidelines of Circular Letter CVM SMC/SEP 01/21, for 2022, the Company elected to present these amounts in two different groups:

Forfaiting: it includes operations for the acquisition of inputs and various raw materials for short-term consumption. Suppliers choose the financial institution that best meets their cash flow needs, and negotiations between supplier and financial institution are usually carried out bilaterally, with the supplier being the decision maker. They do not present changes in the purchase conditions (payment terms and negotiated prices), remaining under conditions usually practiced in the market.

(all amounts in thousands of Reais unless otherwise stated)

Forfaiting forestry operation: it includes operations for the acquisition of standing wood (forests) which, due to their long operational cycle, require structuring with specific financial institutions that will exclusively serve suppliers who choose to discount receivables. Due to the long-term nature of the balance payable, the amounts involved in the transaction are adjusted to present value on the transaction date using pre-agreed discount rates between all parties. The adjustment to present value is initially recognized as a reduction in the Trade Payables - Forfaiting Forestry Operation account and the net value of the transaction has its contra entry in the biological assets account. The trade payables account is measured at amortized cost, with interest on the contract being recognized as a finance cost over the payment period. As of the base date Dec/22, the weighted average term of forfaiting forestry operations is 2.2 years with a weighted average cost of CDI + 14.5%.

Accounting practices

Trade payables include outstanding obligations associated with goods or services acquired in the regular course of business, in addition to investments in the Company's projects. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, where applicable, pursuant to CPC 40 (R1)/IFRS 7 – "Financial Instruments: Disclosure".

In accordance with CPC 12, the Forfaiting Forest Operation balances were recognized at present value considering the amount to be discounted, the realization dates, the settlement dates, and the discount rate.

20. BORROWING

20.1 Breakdown of borrowing

	Annual interest rate - %			12/31/2022
		Current	Non-current	Total
In local currency				
BNDES - Project Puma II	TLP + 3.58%	191,445	2,963,090	3,154,535
BNDES - Other	TLP	20,495	135,572	156,067
Export credit notes (in R$)	102% of CDI	19,540	350,000	369,540
CRA	97.5% to 102% of CDI	825,794	550,000	1,375,794
Other	0.76% to 8.5%	582	1,817	2,399
Borrowing cost		(25,356)	(184,061)	(209,417)
		1,032,500	**3,816,418**	**4,848,918**
In foreign currency (i)				
Export prepayments (ii)	USD + 5.40%	3,522	652,213	655,735
Export credit notes (ii)	4.70%	21,710	1,125,491	1,147,201
Export prepayments in subsidiaries	USD + 5.20% to 8.29%	284,632	12,309,598	12,594,230
Term Loan (BID Invest and IFC) (ii)	Libor + 1.60% or SOFR + 2.02%	5,495	759,697	765,192
Finnvera (ii)	USD + Libor + 0.60% to 0.95% or USD + 3.38%	336,470	1,446,214	1,782,684
CRA linked to debentures	USD + 2.45% to 5.20%	359,114	4,266,312	4,625,426
ECA (ii)	EUR + 0.45%	6,560	91,179	97,739
Borrowing cost		(39,384)	(255,805)	(295,189)
		978,119	**20,394,899**	**21,373,018**
Financial instruments				
Gain/loss on derivative instruments (swap) (ii)	2.45% to 5.20%	-	226,067	226,067
		-	**226,067**	**226,067**
Total Parent Company		**2,010,619**	**24,437,384**	**26,448,003**
Subsidiaries:				
In foreign currency (i)				
Bonds (Notes) (ii)	3.20% to 7.00%	196,306	12,186,351	12,382,657
Borrowing cost		(12,004)	(74,859)	(86,863)
		184,302	**12,111,492**	**12,295,794**
Elimination of prepayments in subsidiaries		**(284,632)**	**(12,309,598)**	**(12,594,230)**
Total Consolidated		**1,910,289**	**24,239,278**	**26,149,567**

(i) In US Dollars.

(ii) Transaction designated as subject to hedge accounting (see Note 31).

(all amounts in thousands of Reais unless otherwise stated)

	Annual interest rate - %	Current	Non-current	Reclassified 12/31/2021 Total
In local currency				
BNDES - Project Puma II	TLP + 3.58%	43,522	1,104,452	1,147,974
BNDES - Other	TLP	10,910	154,515	165,425
Export credit notes (in R$)	102% of CDI	9,410	350,000	359,410
CRA linked to debentures	95% to 102% of CDI or IPCA 3.50% to IPCA + 4.51%	1,235,193	2,916,310	4,151,503
Other	0.76% to 8.5%	1,907	3,259	5,166
Borrowing cost		(14,690)	(70,564)	(85,254)
		1,286,252	4,457,972	5,744,224
In foreign currency (i)				
Export prepayments (ii)	USD + 5.40%	3,244	697,563	700,807
Export credit notes (ii)	4.70%, 5.64% and 5.67%	17,732	3,004,373	3,022,105
Export prepayments in subsidiaries	USD + 5.20% to 8.29%	329,296	14,732,520	15,061,816
Term Loan (BID Invest and IFC) (ii)	Libor + 1.59%	51,691	508,923	560,614
Finnvera (ii)	USD + Libor + 0.60% to 0.95% or USD + 3.38%	251,186	1,051,719	1,302,905
ECA (ii)	EUR + 0.45%	7,339	25,494	32,833
Borrowing cost		(33,134)	(185,296)	(218,430)
		627,354	19,835,296	20,462,650
Financial instruments				
Gain (loss) on derivative instruments (swap) (ii)	4.70% to 5.67%	-	1,688,053	1,688,053
		-	1,688,053	1,688,053
Total Parent Company		**1,913,606**	**25,981,321**	**27,894,927**
Subsidiaries:				
In foreign currency (i)				
Bonds (Notes) (ii)	3.20% to 7.00%	234,277	14,632,136	14,866,413
Borrowing cost		(13,592)	(97,016)	(110,608)
		220,685	14,535,120	14,755,805
Elimination of prepayments in subsidiaries		**(329,296)**	**(14,732,520)**	**(15,061,816)**
Total Consolidated		**1,804,995**	**25,783,921**	**27,588,916**

(i) In U.S. Dollars.
(ii) Transaction designated as subject to hedge accounting (see Note 31).

20.2 General context on borrowings

The item "gains/losses on derivative instruments (swaps)" for the year ended December 31, 2021, presented in the composition of loans and financing, was reclassified to the group of "Financial Instruments" to allow comparability with the financial statements at December 31, 2022.

On July 27, 2017, the Financial Conduct Authority (FCA) announced the discontinuation of the use of the London interbank offered rate (Libor). This change became applicable at the end of 2021 for new contracts. For existing contracts, the change will be applied in June 2023. Most likely, the trading rate of the contract indexes will be replaced by the SOFR (secured overnight financing rate), which is currently the rate most used by banks in the market. Given the data available at the moment, no significant impacts on the Company's financial results are expected.

(all amounts in thousands of Reais unless otherwise stated)

20.3 Nature of main borrowings

a) National Bank for Economic and Social Development (BNDES) – Project PUMA II and others

The Company has contracts with BNDES for the financing of industrial and forest development projects, social projects and the Puma II paper production expansion project, the settlement of which is projected to take place in 2039. This financing is being repaid monthly, along with the applicable interest.

b) Export prepayments and export credit notes

Export prepayment and credit note transactions (in R$ and US$) were carried out for the purposes of working capital management and the development of the Company's operations. These agreements will be settled up to April 2029.

c) Agribusiness Receivables Certificates (CRAs)

The Company issued simple debentures as underlying assets for the issue of Certificates of Agribusiness (CRAs):

Type	Issued	Amount raised (BRL)	Term	Maturity	Issuer	Periodicity (Interest)	Interest	Status
CRA	Mar-17	846,000	5 years	Mar-22	Eco Securitizadora	Semiannual	95% of CDI	Closed
CRA	Dec-17	600,000	6 years	Dec-23	Eco Securitizadora	Semiannual	97.5% of CDI	In progress
CRA III	Sep-18	350,000	6 years	Sep-24	Ápice Securitizadora	Semiannual	102% of CDI	In progress
CRA	Apr-19	200,000 800,000	7 years 10 years	Apr-26 Apr-29	VERT Securitizadora	Semiannual Semiannual	98% of CDI IPCA + 4.5081% p.a.	In progress
CRA	Jul-19	966,000	10 years	Jul-29	VERT Securitizadora	Semiannual	IPCA + 3.5% p.a.	In progress
CRA	Jul-22	2,500,000	12 years	May-34	VERT Securitizadora	Semiannual	IPCA + 6.7694% p.a.	In progress

d) Finnvera (Finnish export credit agency)

As part of efforts to obtain funds necessary for the execution of the Puma Project, the Company entered into a loan agreement for the financing of the assets acquired from the Puma I Project. US$ 67 million was capitalized for the Puma II Project in 2020 and US$ 165 million in March 2022 with an interest rate of LIBOR 6M + 0.60% p.a. maturing in 2031.

(all amounts in thousands of Reais unless otherwise stated)

e) Term loans (BID Invest and IFC)

As part of the funding for the Puma II Project, the Company contracted financing composed of A-Loans and Co-Loans from IDB Invest, IFC & JICA, and B-Loans from commercial banks. As announced to the market on September 30, 2022, an amendment to the financing contract was signed, extending the average maturity from 3.1 years to 6.9 years, but maintaining the original cost of the financing.

The disbursed amount of this financing contract is currently US$ 94 million divided into three tranches, the first of US$ 32 million with interest at SOFR + 1.88% p.a., maturing in 2029, the second of US$ 52 million with interest at SOFR + 2.18% p.a. and maturity in 2032, and the third of US$ 10 million with interest at SOFR + 1.83% p.a., maturing in 2032.

f) Derivatives (swaps)

In December 2018, the Company obtained a R$ 1,87,000 export credit note from Banco Bradesco S.A. with maturity in 2026 and interest at 114% of the CDI, without collateral and without covenants, linked with two foreign exchange and interest rate swaps, although in US$ and with interest at a rate of 5.6%, with the same maturity as the credit note, and none of these instruments can be settled separately.

In March 2019, the Company contracted a swap with Banco Itaú Unibanco S.A. with an asset position at 114.65% of the CDI and a liability at US$ 5.40% per year. This transaction is linked to the 12th issue of debentures in the amount of R$ 1,000,000, which occurred in April 2019, as disclosed in Note 21.

In May 2019, the Company contracted a swap with Banco Bradesco S.A. with an active position at 114.03% of the CDI and liability at US$ 4.70% per year. This transaction is linked to an export credit note of R$ 1,125 million, contracted in May 2019 with the same bank and maturing in May 2026.

On July 15, 2022, the Company carried out the early settlement of the swaps linked to the export credit note, as well as the full early amortization of the NCE. On that date, principal of R$ 1,879,000 and interest of R$ 24,200 were paid for the full amortization of the NCE, the early settlement of the swap in the amount of R$ 779,021 took place at the time when the transaction was completed.

On September 1, 2022, the Company carried out a swap operation related to the debentures that back up the ongoing issuance of the certificates of agribusiness receivables (CRA), maturing on June 15, 2029, in the total principal amount of R$ 1,000,000, with a rate corresponding to IPCA + 3.5% p.a., exchanging the amount in Reais for US Dollars, with a final fixed effective rate of 2.45% p.a.

On December 8, 2022, the Company carried out a swap operation related to the debentures that back up the ongoing issuance of certificates of agribusiness receivables, maturing on March 15, 2027, 2028 and 2029, with a total principal amount of R$ 1,000,000, and an interest rate corresponding to the IPCA + 4.51%, exchanging the amount in Reais for US Dollars, with a final fixed effective rate of 3.82% p.a.

Gains and losses on derivative instruments are marked to market, corresponding to their fair value. At December 31, 2022, the balance of financial instruments marked to market corresponded to a gain (loss) of R$ 226,067 (R$ 1,688,053 at December 31, 2021), and the amounts recorded in the statement of income for the year then ended, under line item "financial result", correspond to revenue of R$ 15,461 in the parent company and R$ 197,663 in the consolidated (expense of R$ 134,170 in the parent company and R$ 134,171 in the consolidated for the year ended December 31, 2021).

g) Revolving credit facility (RCF)

On October 7, 2021, the Company took out a revolving credit facility characterized as Sustainability-Linked amounting to US$ 500 million and maturing in October 2026.

In the event that this facility is not disbursed, the commitment fee will range from 0.36% p.a. to 0.38% p.a., while if it is drawn down, the rate will range from LIBOR+1.20% p.a. to LIBOR+1.25% p.a..

The cost of this revolving credit facility is linked to the annual performance of the environmental indicator on the increased reuse of solid industrial waste. The sustainability indicator used for this transaction is one of Klabin's Sustainable Development Goals (KODS) to be achieved by 2030.

h) Export credit Agency (ECA)

On December 30, 2021, the Company retained an ECA (Export Credit Agency) line of credit in the amount of US$ 447 million and a drawdown period until February 2024, at a floating rate of LIBOR plus 0.40% p.a. and maturity in September 2033. The financing is guaranteed by Finnvera and relates to imports of equipment for stage two of the Puma II Project. Up to December 31, 2022, there had been no drawdown on this line of credit.

i) Bonds (notes)

The Company, through its wholly-owned subsidiaries Klabin Finance S.A. (Luxembourg) and Klabin Austria GmbH (Austria), has issued debt securities (Notes) of the Senior Unsecured Notes 144A/Reg S type in the international market, which are listed on the Luxembourg Stock Exchange (Euro MTF) and on the Singapore Stock Exchange (SGX).

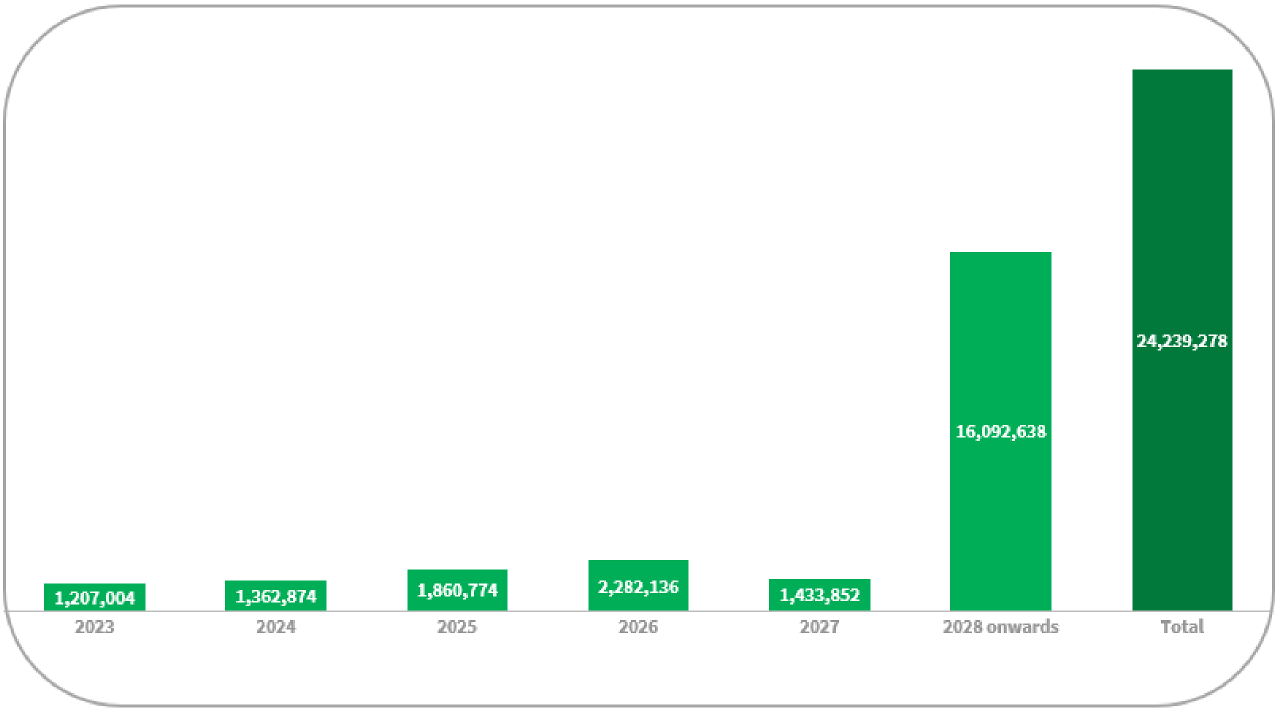
At December 31, 2022, the Bonds in circulation were as follows:

Type	Fundraising	Amount raised (USD thousand)	Term	Maturity	Coupon	Yield	Amortization	Repurchase Date	Repurchase Amount (USD thousand)
Bonds	Jul-14	500,000	10 years	2024	5.25%		Semiannual	Apr-19 Jan-21 Mar-22	228,500 98,000 36,000 (i)
Green Bonds	Sep-17	500,000	10 years	2027	4.88%		Semiannual	Jul-05 Mar-22	10,000 235,000 (i)
Green Bonds	Mar-19	500,000	10 years	2029	5.75%		annual	Jul-05	18,500
Green Bonds	Mar-19	500,000	30 years	2049	7%		annual		
Bonds	Jul-19	250,000	10 years	2029	5.75%	4.90%	annual		
Green Bonds	Jan-20	200,000	29 years	2049	7%	6.10%	annual		
Sustainability Linked Bonds (SLB)	Jan-21	500,000	10 years	2031	3.20%		annual		

(i) On March 21, 2022, early partial repurchases of US$ 36 million and US$ 235 million were carried out. These repurchases are in line with the Company's debt management strategy.

20.4. Schedule of non-current maturities

The maturity dates of the Company's borrowing at December 31, 2022, classified within non-current liabilities in the consolidated balance sheet, are as follow:



(all amounts in thousands of Reais unless otherwise stated)

20.5. Summary of changes in borrowing

	Parent Company	Consolidated
At December 31, 2020	**24,713,679**	**24,506,187**
Fundraising	2,696,598	2,718,480
Gain on financial instruments	(60,229)	(60,229)
Accrued interest	1,817,832	1,546,456
Exchange and monetary variations	1,171,065	1,074,134
Amortization	(1,069,234)	(1,035,464)
Interest payment	(1,374,784)	(1,160,648)
At December 31, 2021	**27,894,927**	**27,588,916**
Fundraising	5,423,974	5,429,328
Gain on financial instruments	(1,461,983)	(1,461,983)
Accrued interest	3,212,136	1,740,345
Exchange and monetary variations	(2,397,731)	(1,186,104)
Amortization	(4,511,100)	(4,526,909)
Interest payment	(1,712,220)	(1,434,026)
At December 31, 2022	**26,448,003**	**26,149,567**

Klabin Austria GMbH, located in Austria and a wholly-owned subsidiary of Klabin S.A., announced on March 21, 2022 the early repurchase of the 2024 and 2027 senior notes, through a takeover bid. The transaction was well received by the market, and reached a total amount of US$ 271 million of which US$ 36 million corresponded to the 2024 bond and US$ 235 million to the 2027 bond.

The Company also has financing linked to the execution of the Puma II Project with BNDES, contracted and disbursed in the amount of R$2,000,000 on April 18, 2022 and May 30, 2022, respectively, completing the disbursements for this financing line.

The overpayment of interest by the parent company in relation to the consolidated refers to related party transactions, which are eliminated upon consolidation.

20.6. Guarantees

BNDES financing is guaranteed by land, buildings, improvements, machinery, equipment and facilities at the Ortigueira - PR plant, which are the subjects of the respective financing.

Finnvera financing is guaranteed by the industrial plants of Angatuba (SP), Piracicaba (SP), Betim (MG), Goiana (PE), Otacílio Costa (SC), Jundiaí (SP) and Lages (SC).

The financing from BID Invest and IFC is guaranteed by the industrial plants in Correia Pinto (SC) and Telêmaco Borba (PR).

Export credit loans, export prepayments, bonds, agribusiness receivables certificates and working capital do not have collateral.

(all amounts in thousands of Reais unless otherwise stated)

20.7. Restrictive covenants

As at the closing date of the financial statements, the Company and its subsidiaries had no borrowings or financing contracts in place featuring covenants establishing obligations to maintain certain financial ratios linked to the results, liquidity and leverage in connection with the contracted operations. Breaches of these covenants would lead to the debt becoming immediately due and payable.

Accounting practice

The balance of borrowing corresponds to the amount of funds raised, plus interest and charges proportional to the period during which they were incurred, less any amortized portions. Where applicable, the balance of borrowing includes exchange rate differences on the liability, per CPC 48 – Financial Instruments (IFRS 9 – Financial Instruments).

21. DEBENTURES

21.1 Breakdown

				Parent Company and Consolidated		
						12/31/2021
	7th Issue	12th Issue	Total	7th Issue	12th Issue	Total
Principal	-	-	-	30,769	-	30,769
Interest	495	42,196	42,691	829	22,707	23,536
Current liabilities	**495**	**42,196**	**42,691**	**31,598**	**22,707**	**54,305**
Principal	-	1,000,000	1,000,000	-	1,000,000	1,000,000
Gain (loss) on derivative instruments (swap)	-	348,354	348,354	-	695,198	695,198
Non-current liabilities	**-**	**1,348,354**	**1,348,354**	**-**	**1,695,198**	**1,695,198**
Total liability from debentures	**495**	**1,390,550**	**1,391,045**	**31,598**	**1,717,905**	**1,749,503**

21.2 Changes

	Parent Company and Consolidated
At December 31, 2020	**1,832,803**
Gain on financial instruments	(38,798)
Accrued interest and monetary variation	59,528
Amortizations (7th issue)	(61,201)
Interest paid (7th issue)	(10,192)
Interest paid (12th issue)	(32,637)
At December 31, 2021	**1,749,503**
Gain on financial instruments	(346,846)
Accrued interest and monetary variation	140,500
Amortizations (7th issue)	(31,104)
Interest paid (7th issue)	(2,107)
Interest paid (12th issue)	(118,901)
At December 31, 2022	**1,391,045**

(all amounts in thousands of Reais unless otherwise stated)

a) 7th issue of debentures

The 2nd series of the 7th issue debentures matured on June 15, 2022, with a yield at the IPCA + 2.50% p.a., paid semiannually together with principal amortization, with a two-year grace period. The debentures have no convertible debt, meaning they are unrelated to the subscription warrants.

b) 12th issue of debentures

On April 1, 2019, the Company completed its 12th issue of debentures, with 100 thousand debentures issued at a nominal unit value of R$ 10, totaling R$ 1,000,000, with maturity on March 19, 2029. The interest paid will be 114.65% the CDI semiannually and amortization will occur in 2027, 2028 and 2029. This transaction has a linked swap contracted with Banco Itaú Unibanco S.A. with an asset position in CDI at 114.65% of the CDI and liability position at US$ at 5.40% per year, as disclosed in Note 20.

12th issue	
Number	100,000
Unit value	10,000
Total value (R$ thousand)	1,000,000
Interest rate	114.65% of CDI
Maturity	19/03/2029
Amortization	Annual (8th, 9th and 10th year)
Interest	Semiannual
Nature	Debt
Subscription warrant	No

c) 9th issue of debentures (CRA II)

On October 19, 2017, the Company completed its 9th issue of simple, non-convertible, unsecured debentures, in a single series, in the total principal amount of R$ 810,000 (Debentures), in the context of a securitization transaction with a rate corresponding to 97.50% of the CDI and a maximum term of six years (maturity in 2023).

The debentures were subject to a private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables.

d) 10th issue of debentures (CRA III)

On September 18, 2018, the Company completed its 10th issue of simple, non-convertible, unsecured debentures, in a single series, in the total principal amount of R$ 350,000 in the context of a securitization transaction with a rate corresponding to 102% of the CDI and a maximum term of seven years (maturity in 2025).

The debentures were subject to a private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables.

(all amounts in thousands of Reais unless otherwise stated)

e) 11th issue of debentures (CRA IV)

On March 15, 2019, the Company completed its 11th issue of simple, non-convertible, unsecured debentures, in a single series, with a total principal amount of R$ 1,000,000 in the context of a securitization transaction with a rate corresponding to 98% of the CDI, DI series, and IPCA + 4.5081%, IPCA series, and maximum terms of seven and ten years, respectively (maturities in 2026 and 2029).

The debentures were subject to private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables, which were the object of a swap operation, exchanging the principal amount of principal from Reais to US Dollars, with a final fixed effective rate of 3.82% per year.

f) 13th issue of debentures (CRA VI)

On June 15, 2019, the Company completed its 13th issue of simple, non-convertible, unsecured debentures, in a single series, with a total principal amount of R$ 1,000,000 in the context of a securitization transaction with a rate corresponding to IPCA + 3.50% and a maximum term of ten years (maturity in 2029).

The debentures were subject to a private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables, which were the object of a swap operation, exchanging the principal from Reais to US Dollars, with a final fixed effective rate of 2.45% per year.

g) 14th issue of debentures (CRA VI)

On July 15, 2022, the Company completed its 14th issue of simple, non-convertible, unsecured debentures, in a single series, in the total principal amount of R$ 2,500,000 in the context of a securitization transaction with a rate corresponding to IPCA + 6.7694% and a maximum term of up to 12 years (maturity in 2034).

The Debentures were subject to a private placement, fully subscribed by the securitization company and linked to certificates of agribusiness receivables (CRA), which were the object of a swap operation, exchanging the amount of principal from Reais to US Dollars, with a final fixed effective rate of 5.2% per year. This transaction is part of the ongoing liability management carried out by Klabin, improving the Company's liquidity profile and financial indebtedness level.

Accounting practices

The balance of debentures with required conversion into shares, which are defined as hybrid financial instruments, is segregated upon issue into debt and equity components. The liabilities section presents the amount of interest to be paid to the debentureholders up to the date of conversion, measured at present value plus monetary variations on the liability, as applicable.

Debentures without required conversion into shares are represented in liabilities at an amount corresponding to the amount of funds raised, plus interest and charges proportional to the relevant period, less amortized installments and interest paid.

22. PROVISION FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL RISKS

22.1 Provisioned risks

Based on the individual analysis of the lawsuits filed against the Company and its subsidiaries, and the opinion of legal counsel, provisions were recorded in non-current liabilities for losses considered probable, as follow:

				12/31/2022
Parent Company	**Provisioned amount**	**Judicial deposits restricted (i)**	**Liabilities, Net**	**Judicial deposits unrestricted (i)**
Tax				
PIS/COFINS	-	-	-	33,726
ICMS/IPI	-	-	-	51,071
Income tax and social contribution (IR/CS)	(23)	-	(23)	1,599
IPTU	(8,405)	-	(8,405)	-
OTHER	-	-	-	17,013
	(8,428)	**-**	**(8,428)**	**103,409**
Labor	(46,066)	14,021	(32,045)	-
Civil	(4,733)	749	(3,984)	-
	(59,227)	**14,770**	**(44,457)**	**103,409**
Subsidiaries				
Other risks	(123)	-	-	-
Consolidated	**(59,350)**	**14,770**	**(44,457)**	**103,409**

(i) Balance corresponding to the amount of judicial deposits in non-current assets

				12/31/2021
Parent Company	**Provisioned amount**	**Judicial deposits restricted (i)**	**Liabilities, Net**	**Judicial deposits unrestricted (i)**
Tax				
PIS/COFINS	-	-	-	32,108
ICMS/IPI	-	-	-	47,693
Income tax and social contribution (IR/CS)	-	-	-	875
OTHER	(22)	22	-	11,289
	(22)	**22**	**-**	**91,965**
Labor	(39,254)	14,639	(24,615)	-
Civil	(10,816)	5,669	(5,147)	-
	(50,092)	**20,330**	**(29,762)**	**91,965**
Subsidiaries				
Other risks	(212)	1,434	1,222	-
Consolidated	**(50,304)**	**21,764**	**(28,540)**	**91,965**

(i) Balance corresponding to the amount of judicial deposits in non-current assets

(all amounts in thousands of Reais unless otherwise stated)

22.2 Changes in the provision amounts

				Consolidated
	Tax	Labor	Civil	Net exposure
At December 31, 2020	**-**	**(19,043)**	**(5,439)**	**(24,482)**
Increases/new lawsuits	-	(6,328)	(2,799)	**(9,127)**
Write-offs and reversals	-	-	-	**-**
Changes in deposits	-	755	3,091	**3,846**
At December 31, 2021	**-**	**(24,616)**	**(5,147)**	**(29,763)**
Increases/new lawsuits	(8,877)	(19,991)	(4,268)	**(33,136)**
Write-offs and reversals	449	13,179	10,351	**23,979**
Changes in deposits	-	(617)	(4,920)	**(5,537)**
At September 30, 2022	**(8,428)**	**(32,045)**	**(3,984)**	**(44,457)**

(i) See Note 5.7.5

22.3 Tax, social security, labor and civil contingencies classified as a possible loss - not accounted for

At December 31, 2022, the Company and its subsidiaries were parties to other tax, labor and civil proceedings involving risks of loss for the Company assessed as possible, totaling approximately R$ 5,667,022, R$ 256,788 and R$ 83,292, respectively (R$ 5,147,000, R$ 214,000 and R$ 61,000 at December 31, 2021). Based on individual analyses of the corresponding legal and administrative proceedings, and supported by the opinion of its legal advisors, Management understands that since these losses are deemed possible they are not subject to provision.

At December 31, 2022, the Company was a defendant in several proceedings, such as:

a) Tax lawsuits

(i) Tax collection claim filed by the Municipality of Lages/SC regarding the collection of ISS on the manufacture of packaging with custom printed graphics from January 2001 to December 2004 and January to April 2011. The total amount of this execution at December 31, 2022 was approximately R$ 2,259,402 (R$ 2,126,000 at December 31, 2020).

(ii) Plea for reversal filed by the Federal Government against Klabin S.A. and Aracruz Celulose S.A., to reverse the judgment handed down in the civil case ruling out the application of the Selic rate, as well as the rates provided for in CIEX Resolution No. 2/79 in relation to the IPI premium credit. The total amount of this action at December 31, 2022 was approximately R$ 110,000 (R$ 106,000 at December 31, 2021).

(iii) Administrative proceedings regarding the collection of a contribution of 2.6% on gross revenue from the sale of the production of agro-industrial activities. The total amount involved at December 31, 2022 was approximately R$ 390,000 (R$ 375,000 at December 31, 2021).

(all amounts in thousands of Reais unless otherwise stated)

(iv) Disallowing of the offsetting in view of the disagreement regarding the FINSOCIAL credit correction criterion in 2017. The total amount involved at December 31, 2022 was approximately R$ 131,000 (R$ 122,000 at December 31, 2021).

(vi) Disallowing of the offsetting of COFINS credits arising from underpayments related to the expansion of the calculation base referred to in Law 9,718/98. The total amount involved at December 31, 2022 was approximately R$ 71,000 (R$ 69,000 at December 31, 2021).

b) Civil and environmental lawsuits

Class Action filed in 2009 by the Association of Environmental Fishermen of Paraná (APAP) due to alleged damage to the Tibagi River (PR) from the disposal of burnt coal waste by the Company up to 1998. Despite there being no evidence of environmental damage, in December 2015 a decision unfavorable to the Company was handed down, condemning it to remove the burned mineral coal deposited in the riverbed. The case is currently in the sentence execution phase. Only after the completion of this phase can the amount of consideration be stipulated.

On January 3, 2023, Água e Terra – "IAT" (local environmental agency) filed a report that was favorable to the Company's understanding in the lawsuit that the attempt to remove coal waste from the Tibagi river may cause concrete environmental impact, more serious than the maintenance of the material in the area where it is found.

Labor claims

The main claims concern overtime, pain and suffering, health exposure and risk exposure premiums, as well as indemnities and subsidiary liability of third parties. No individual lawsuit is of a significant enough amount to have an adverse and considerable impact on the Company's results.

c) Lawsuits filed by the Company

At December 31, 2022, the Company was a plaintiff in lawsuits for which no amounts were recognized in its financial statements. The assets are recognized only after a final and unappealable court decision is rendered and in which the gain is certain.

Accounting practice

Pursuant to CPC 25/IAS 37 – "Provisions, Contingent liabilities and Contingent assets", provisions for tax, labor and civil contingencies are recognized as when individual cases are deemed to represent probable losses by the Company's legal advisors and Management. This determination is made based on the nature of the cases at hand, similarities with previously adjudicated cases, and the progress of each case.

When the Company expects the amount of a provision to be fully or partly reversed, the asset in question is only recognized when realization is deemed certain, and no active is established under uncertain circumstances.

For cases in which the expectation of any disbursement to settle a provision is not probable, but also where the disbursement is not remote, the Company classifies the risk of loss as possible and discloses the uncertainties related to the occurrence of the event, as well as an expectation of the amount involved.

23. EQUITY

23.1 Share capital

Klabin S.A.'s subscribed and paid-up capital is R$ 4,475,625 at December 31, 2022 (R$ 4,475,625 at December 31, 2021), comprising 5,617,892,756 shares (5,617,892,756 at December 31, 2021), without par value, held as follows:

	12/31/2022		12/31/2021	
Shareholders (i)	**Common shares**	**Preferred shares**	**Common shares**	**Preferred shares**
Klabin Irmãos S.A.	945,359,142		945,359,142	-
Niblak Participações S.A.	142,023,010		142,023,010	-
Monteiro Aranha S.A.	68,085,893	230,760,007	57,952,818	190,207,058
The Bank of New York Department (ii)	62,684,236	250,736,944	61,974,654	247,898,616
BLACKROCK	52,326,432	209,305,728	47,481,895	189,927,580
Treasury shares	23,172,552	92,690,208	25,140,398	100,561,592
Other (iii)	788,077,330	2,752,671,274	801,796,678	2,807,569,315
Total shares	**2,081,728,595**	**3,536,164,161**	**2,081,728,595**	**3,536,164,161**

(i) The position may differ from the bookkeeping bank's base for transaction logging registration issues.
(ii) Foreign shareholders.
(iii) Shareholders holding less than 5% of the shares.

In addition to registered common and preferred shares, the Company negotiates certificates of deposit of shares (units) corresponding to one common share (ON) and four preferred shares (PN).

The Company's authorized capital is 6,400,000,000 common registered shares (ON) and/or preferred registered shares (PN), as approved at the Special General Meeting held on March 24, 2021.

23.2 Carrying value adjustments

The "carrying value adjustments" group, created by Law No. 11,638/07 as part of the equity accounts, contains valuation adjustments arising from increases and decreases in assets and liabilities, where applicable.

The balance recognized by the Company refers to: (i) the adoption of the deemed cost of PP&E for forest land, which the Company opted for upon the initial adoption of the new accounting standards converging with IFRS on January 1, 2009; (ii) exchange rate changes associated with foreign subsidiaries with a functional currency other than that of the Company; (iii) balances associated with the share awards plan granted to executives (Note 27); (iv) cash flow hedge accounting (Note 31); and (v) actuarial liability variations.

(all amounts in thousands of Reais unless otherwise stated)

	Parent Company and Consolidated	
	12/31/2022	12/31/2021
Deemed cost of property, plant and equipment (land) (i)	1,058,680	1,058,680
Foreign currency translation adjustments	(73,680)	(70,430)
Stock option plan	14,145	11,208
Cash flow hedge reserve (i)	199,511	(759,367)
Actuarial liability (i)	(114,332)	(136,845)
Total carrying value adjustments	**1,084,324**	**103,246**

(i) Net of the corresponding current/deferred taxes, when applicable, at the rate of 34%.

Exchange rate differences on foreign subsidiaries are realized against income only in the event of the disposal or termination of the subsidiary. Other items in the carrying value adjustment account, because of their nature and by virtue of the applicable accounting standards, are not realized against income, even upon financial settlement.

Changes in carrying value adjustments balances are shown in the “statements of comprehensive income” and “statements of changes in equity.”

23.3 Treasury Shares

At December 31, 2022, the Company held 115,862,760 of its own shares in treasury, corresponding to 23,172,552 units (125,701,990 shares, corresponding to 25,140,398 units at December 31, 2021). At December 31, 2022, the trading price on B3, the São Paulo Stock Exchange, was R$19.97 per unit (B3 ticker KLBN11).

In accordance with the stock option plan described in Note 27, access to which is granted as a form of long-term compensation to the Company's officers, in February 2022 10,197,840 Treasury shares were sold for R$ 16,668, corresponding to 2,039,568 units. The right to use 10,197,840 shares, corresponding to 2,039,568 units, was also granted. The amount was derecognized from the Treasury shares account at a historical cost of R$ 6,839.

23.4 Dividends/interest on capital

Dividends and interest on capital represent a portion of the profits earned by the Company, which are distributed to the shareholders as remuneration of the capital invested during the fiscal year. All shareholders are entitled to dividends and interest on capital, proportional to their shareholding, as guaranteed by the Brazilian corporation law and the Company's Bylaws. The Bylaws also authorize Management to approve interim distributions during the year in advance, "ad referendum" to the Annual General Meeting convened to review the fiscal year’s accounts.

(all amounts in thousands of Reais unless otherwise stated)

Interest on capital, for the purposes of compliance with the tax rules, is booked against the “finance costs” line item. For the purposes of preparing the said financial statements, interest on capital reverts from income to the retained earnings account, making up the balance of the minimum mandatory dividend, as instructed by the CVM.

The basis for calculating the mandatory dividend defined in the Company's Bylaws is adjusted by the setup, realization and reversal, during the respective fiscal year, of the " biological assets reserves", giving the Company's shareholders the right to receive a minimum mandatory dividend of 25% of each year's adjusted net income. In addition, the Company is entitled to distribute dividends and interest on capital from the "revenue reserves" balances held in Equity.

23.5 Non-controlling interests

At December 31, 2022, the non-controlling shareholders' share of the consolidated equity is R$ 2,069,402 (R$ 1,346,659 at December 31, 2021). This corresponds to the 65.26%, 85.61%, 88.18% and 49.99% of the capital held by the shareholders of the subsidiaries Guaricana Reflorestadora S.A., Sapopema Reflorestadora S.A., Aroeira Reflorestadora S.A. and Cerejeira Reflorestadora S.A., respectively and proportionally. These companies are 100% consolidated into the Company's financial statements, and these shareholders' interests are shown separately, since they are characterized as equity instruments because of these entities' corporate structures.

				12/31/2022
Equity interest %	**Guaricana Reflorestadora S.A.**	**Sapopema Reflorestadora S.A.**	**Aroeira Reflorestadora S.A.**	**Cerejeira Reflorestadora S.A.**
Non-controlling shareholders	65.26%	85.61%	88.18%	49.99999%
Klabin S.A	34.74%	14.39%	11.82%	50.00001%
Total	**100%**	**100%**	**100%**	**100%**

			12/31/2021
Equity interest %	**Guaricana Reflorestadora S.A.**	**Sapopema Reflorestadora S.A.**	**Aroeira Reflorestadora S.A.**
Non-controlling shareholders	65.26%	83.30%	81.85%
Klabin S.A	34.74%	16.70%	18.15%
Total	**100%**	**100%**	**100%**

23.6 Allocation of the income for the fiscal year

Allocation of the income made during the fiscal year 2022 is shown below, and will be presented at the Annual General Meeting to be held on April 5, 2023, together with the approval of the accounts for the fiscal year.

(all amounts in thousands of Reais unless otherwise stated)

		Parent Company	
		2022	2021
(=)	**Profit for the year allocated to the shareholders of Klabin**	**4,461,250**	**3,019,870**
(-)	**Offset of accumulated loss**	-	(993,826)
(=)	**Profit for the year allocated to the shareholders of Klabin**	**4,461,250**	**2,026,044**
(-)	Constitution of tax incentive reserve	(111,444)	(409,021)
(-)	Constitution of legal reserve (5% of profit for the year - tax incentive reserve)	(217,490)	(80,851)
(+)	Realization of biological assets reserve - own	561,825	527,135
(-)	Constitution of biological assets reserve - own	(910,435)	(494,342)
(-)	Constitution of biological assets reserve - subsidiaries	(119,110)	(43,771)
(=)	**Base profit for mandatory dividend distribution**	**3,664,596**	**1,525,194**
(=)	**Minimum mandatory dividend as per the Bylaws (25%)**	**916,149**	**381,299**
	Interim dividends distributed in 2022		
	Dividends May 2022		
	(paid on May 18, 2022)	346,000	
	R$ 62.88 per lot of 1,000 common and preferred shares		
	R$ 314.42 per lot of 1,000 units		
	Dividends July 2022		
	(paid on August 11, 2021)	399,000	
	R$ 72.52 per lot of 1,000 common and preferred shares		
	R$ 362.59 per lot of 1,000 units		
	Dividends October 2022		
	(paid on November 14, 2022)	281,000	300,000 (i)
	R$ 51.07 per lot of 1,000 common and preferred shares		
	R$ 255.36 per lot of 1,000 units		
	Interest on capital distributed in October 2022		
	(paid on November 14, 2022)	221,000	102,000 (i)
	R$ 40.17 per lot of 1,000 common and preferred shares		
	R$ 200.83 per lot of 1,000 units		
	Interest on capital proposed in December 2022		
	To be paid on February 22, 2023	36,000	
	R$ 6.54 per lot of 1,000 common and preferred shares		
	R$ 32.72 per lot of 1,000 units		
(=)	**Total dividends/interest on capital**	**1,283,000**	**402,000**
(=)	**Total supplementary dividends proposed (ii)**	**345,000**	**377,000**
(-)	**Constitution of investment and working capital reserve**	**2,036,596**	**746,194**

(i) Details of the 2021 distribution disclosed in the annual financial statements for 2021.

(ii) Proposed supplementary dividends with payment estimated for 2/24/2023.

(all amounts in thousands of Reais unless otherwise stated)

24. NET SALES REVENUE

The Company's net revenue breakdown is as follows:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Gross sales revenue	22,580,365	18,679,592	23,010,161	19,011,678
Discounts and rebates	(158,925)	(49,006)	(174,399)	(78,378)
Cash flow hedge	1,632	(16,088)	1,632	(16,088)
Taxes on sales	(2,703,412)	(2,372,350)	(2,804,695)	(2,435,824)
Net sales revenue	**19,719,660**	**16,242,148**	**20,032,699**	**16,481,388**
Domestic market	11,544,343	9,987,219	11,749,420	9,921,341
Foreign market	8,175,317	6,254,929	8,283,279	6,560,047
Net sales revenue	**19,719,660**	**16,242,148**	**20,032,699**	**16,481,388**

Accounting practices

Pursuant to CPC 47/IFRS 15 – “Revenue from Contracts with Customers”, sales revenue is shown net of the applicable taxes and discounts and rebates granted. Revenue is recognized when all of the relevant risks and benefits inherent to a product are transferred to the buyer, insofar as it is probably that economic benefits will be generated and will flow to the Company, its subsidiaries and joint ventures, and the amount of these benefits can be reliably measured based on the fair value of the consideration received or to be received, net of discounts, rebates, and taxes or charges on sales.

(all amounts in thousands of Reais unless otherwise stated)

25. COSTS, EXPENSES AND OTHER INCOME BY NATURE

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cost of products sold				
Variable costs (raw materials and consumables)	(5,677,887)	(4,990,076)	(5,895,266)	(5,179,174)
Personnel	(2,386,216)	(2,100,964)	(2,434,914)	(2,122,186)
Depreciation and amortization	(1,318,084)	(999,042)	(1,275,092)	(981,611)
Depletion	(1,504,141)	(1,457,850)	(1,842,751)	(1,692,826)
Other (i)	(1,568,858)	(783,246)	(952,908)	(271,537)
	(12,455,186)	**(10,331,178)**	**(12,400,931)**	**(10,247,334)**
Selling expenses				
Freight	(1,393,396)	(909,249)	(1,466,338)	(962,349)
Commission	(50,312)	(41,164)	(106,024)	(79,688)
Personnel	(134,892)	(121,894)	(137,645)	(131,069)
Depreciation and amortization	(3,748)	(3,522)	(3,748)	(3,594)
Port and storage expenses	(94,560)	(76,950)	(121,911)	(96,616)
Other (i)	(56,461)	21,155	(65,576)	23,957
	(1,733,369)	**(1,131,624)**	**(1,901,242)**	**(1,249,359)**
General and administrative expenses				
Personnel	(510,190)	(461,491)	(520,602)	(461,953)
Services contracted	(327,535)	(296,470)	(334,219)	(296,767)
Depreciation and amortization	(46,613)	(18,292)	(47,564)	(18,310)
Maintenance	(25,078)	(21,076)	(25,590)	(21,097)
Other (i)	(104,601)	(88,201)	(123,226)	(88,117)
	(1,014,017)	**(885,530)**	**(1,051,201)**	**(886,244)**
Other income (expenses), net				
Revenue from sales of property, plant and equipment	38,303	161,560	38,303	161,560
Cost of sales and write-offs of property, plant and equipment	(25,670)	(151,696)	(25,670)	(151,696)
PIS/COFINS tax credits	140,087	-	140,087	-
Other (i)	(68,234)	49,264	(68,105)	64,156
	84,486	**59,128**	**84,615**	**74,020**
Total	**(15,118,085)**	**(12,289,204)**	**(15,268,759)**	**(12,308,917)**

(i) Amounts including maintenance, insurance, materials for use and consumption, indemnities, travel and lodging, fairs and events, and other amounts individually lower than R$ 20,000.

(all amounts in thousands of Reais unless otherwise stated)

26. FINANCE RESULT

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finance income				
Income from financial investments	583,537	281,471	629,890	300,685
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on finance income	(39,802)	(18,872)	(40,290)	(18,934)
Monetary adjustment	51,638	48,123	134,119	48,231
Other	86,394	3,702	29,071	49,511
	681,767	**314,424**	**752,790**	**379,493**
Finance costs				
Interest and monetary adjustment on borrowing	(2,090,712)	(1,833,154)	(1,841,390)	(1,614,233)
Interest capitalized on property, plant and equipment (i)	684,332	431,156	684,332	431,156
Derivative financial instruments (SWAP) (ii)	197,663	(134,170)	197,663	(134,171)
Guarantees on borrowing	(113)	(595)	(113)	(595)
Remuneration of investors - SCPs	-	-	(25,395)	(63,738)
Commission	(72,659)	(61,766)	(129,845)	(132,047)
Other	(112,274)	(77,859)	(136,222)	(129,342)
	(1,393,763)	**(1,676,388)**	**(1,250,970)**	**(1,642,970)**
Foreign exchange variations				
Foreign exchange variation - assets	(180,261)	101,315	(141,871)	99,748
Foreign exchange variation - liabilities (ii)	665,392	131,612	548,612	73,266
	485,131	**232,927**	**406,741**	**173,014**
Finance result	**(226,865)**	**(1,129,037)**	**(91,439)**	**(1,090,463)**

(i) See information in Note 15.
(ii) Considers the effects of adopting hedge accounting, as described in Note 31.

27. STOCK OPTION PLAN

27.1 ILP Matching

At the Special General Meeting held on July 10, 2012, the Stock Option Plan (the Plan) was approved as an annual benefit to the members of the Executive Board and the strategic employees of the Company.

CVM authorized the Company, through OFICIO/CVM/SEP/GEA-2/No. 221/2012 to carry out the private transactions covered by the incentive plan for its officers and employees, with the exclusion of the controlling shareholders, allowing the private transfer of the shares held in treasury.

According to the Plan, the Company established that statutory and non-statutory officers may use for the acquisition of shares held in treasury a percentage of 15% to 35% (up to 2021 the percentage range was 15% to 25%), senior managers from 15% to 40%, managers 15% to 25%, and the other employees in the position of coordinators and consultants from 5% to 10% of their variable remuneration. The Company will grant the usufruct of the same number of shares to the acquirer for three years on a grant basis, with the ownership of the shares being transferred to the beneficiaries after three years, pending compliance with the applicable clauses of the Plan.

(all amounts in thousands of Reais unless otherwise stated)

Usufruct grants the beneficiary a right to dividends and interest on capital distributed during the period in which the benefit is valid.

The acquisition price of the Treasury shares by plan beneficiaries shall be the average prices of the Company's shares for the 60 preceding trading sessions, or of their trading prices on the acquisition date, whichever is lower. The value of the shares granted in usufruct shall correspond to the price of the shares traded on the São Paulo Stock Exchange on the day of the transaction.

The clauses governing the consummation of the transfer of the granted shares establish the beneficiary's continuing employment at the Company and the non-disposal of the shares acquired upon joining the Plan. The shares awarded can also be immediately assigned in the event of the dismissal of the employee on the initiative of the Company, or upon the retirement or death of the beneficiary. In the latter case, title over the shares shall be conveyed to the estate.

The shares awarded and the expenses proportional to the granting period, recognized in the statement of income, shall accumulate in equity in the "carrying value adjustments" group, until the end of the award period, either through the expiration of the three-year term, or under any other clause of the Plan that terminates the award.

The table below presents information on the plans:

Statutory and non-statutory officers

	2018 Plan (i)	2019 Plan	2020 Plan	2021 Plan	Total
Start of the plan	February 28, 2019	February 28, 2020	February 26, 2021	February 28, 2022	
Final grant date	February 28, 2022	February 28, 2023	February 26, 2024	February 28, 2025	
Treasury shares acquired by beneficiaries	1,146,395	1,140,020	1,169,700	1,355,905	6,851,205
Purchase value per share (R$)	3.61	3.87	5.41	4.64	
Treasury shares awarded as usufruct	1,146,395	1,140,020	1,169,700	1,355,905	6,851,205
Value of the right to use per share (R$)	3.61	3.87	5.41	4.64	
Accumulated plan expenses - from the beginning	4,136	4,238	3,867	1,748	21,309
Plan expenses - 1/1 to 12/31/2022	230	1,496	2,109	1,748	5,583
Plan expenses - 1/1 to 12/31/2021	1,379	1,496	1,758	-	5,041

(i) Terminated plans

Managers

	2018 Plan (i)	2019 Plan	2020 Plan	2021 Plan	Total
Start of the plan	February 28, 2019	February 28, 2020	February 26, 2021	February 28, 2022	
Final grant date	February 28, 2022	February 28, 2023	February 26, 2024	February 28, 2025	
Treasury shares acquired by beneficiaries	1,809,185	1,848,470	1,834,990	2,399,645	9,508,875
Purchase value per share (R$)	3.61	3.87	5.41	4.64	
Treasury shares awarded as usufruct	1,809,185	1,848,470	1,834,990	2,399,645	9,508,875
Value of the right to use per share (R$)	3.61	3.87	5.41	4.64	
Accumulated plan expenses - from the beginning	6,427	6,069	5,772	3,026	26,909
Plan expenses - 1/1 to 12/31/2022	234	1,936	3,015	3,026	8,211
Plan expenses - 1/1 to 12/31/2021	2,185	2,255	2,757	-	7,507

(i) Terminated plans

(all amounts in thousands of Reais unless otherwise stated)

Other employees

	2018 Plan (i)	2019 Plan	2020 Plan	2021 Plan	Total
Start of the plan	February 28, 2019	February 28, 2020	February 26, 2021	February 28, 2022	
Final grant date	February 28, 2022	February 28, 2023	February 26, 2024	February 28, 2025	
Treasury shares acquired by beneficiaries	548,300	527,285	497,385	1,343,955	2,916,925
Purchase value per share (R$)	3.61	3.87	5.41	4.64	
Treasury shares awarded as usufruct	548,300	527,285	497,385	1,343,955	2,916,925
Value of the right to use per share (R$)	3.61	3.87	5.41	4.64	
Accumulated plan expenses - from the beginning	1,696	1,994	1,509	1,667	6,866
Plan expenses - 1/1 to 12/31/2022	88	661	791	1,667	3,207
Plan expenses - 1/1 to 12/31/2021	523	696	718	-	1,937

(i) Terminated plans

27.2 ILP Performance

The purpose of this program is to increase the alignment of management with the Company's strategy and the interests of shareholders, with receipt being conditional upon the achievement of a specific performance indicator, namely, the TSR (total shareholder return) X Ke[2] (cost of equity).

The target value corresponds to 25% of the short-term variable compensation target of each executive, based on the fees/salaries in force in January of the year in which the program begins. This target value is converted into virtual units, considering the average price of the Company’s shares over the last 30 trading sessions of the year prior to the current plan. The plan has a duration of five years, and its receipt is conditional upon the achievement of the performance objectives after this period of five years (the vesting period), in addition to the employee’s continuing employment at Klabin.

Once the performance objective has been achieved, in addition to the virtual units, the executive will be entitled, as additional income from the ILP Performance, to an amount equivalent to the dividends and/or interest on capital distributed by Klabin S/A to shareholders throughout the vesting period. These amounts are converted into virtual units over these five years of the vesting period and accumulated in an escrow account.

After a period of five years, in addition to measuring the achievement of the relevant performance indicator, a discretionary assessment is carried out by the Board of Directors, as a result of which the final result may be adjusted, increased or reduced by up to 10%, in order to mitigate the impact of any exogenous factors.

The total number of ILP Performance units will be converted into amounts at the Unit quotation (KLBN11), considering the average price for the last 30 trading sessions prior to the closing of the plan. Based on the calculated amount, the income tax will be increased and the payment to the employee will be made in the form of a bonus.

At December 31, 2022, the provision balance amounted to R$ 14,145 (R$ 17,375 at December 31, 2021).

(all amounts in thousands of Reais unless otherwise stated)

Accounting practices

The Matching stock option plan offered by the Company is measured at its fair value on the date of the award, and the respective expense is recognized in income, against equity in the "carrying value adjustments" group, in the reporting period during which the awarding rights were gained.

The stock option plan Performance, offered by the Company, is measured at fair value on a quarterly basis up to the conclusion of the plan, and its expenses are recognized in profit or loss, during the period in which the grant right is acquired, against the liabilities in "Other payables and provisions".

28. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit for the year attributable to the holders of the Company's common shares (ON) and preferred shares (PN) by the weighted average number of shares available during the year. The Company does not have any instruments that could have a dilutive effect, since shareholders' benefits are transferred to the professional who holds the right to participate on the program from the moment the units are granted.

As mentioned in Note 23, the changes in the balance of Treasury shares affect the weighted average number of preferred shares held in Treasury recorded in the calculation for the year ended December 31, 2022. The weighted average used in the calculation of the earnings per share was determined as follows:

Weighted average number of treasury shares at December 31, 2022 (i)			
Month		**Treasury Shares**	**Ratio**
Jan	+	125,708,750	x 1/12
Feb	+	115,635,160	x 1/12
Mar	+	115,661,640	x 1/12
Apr	+	115,710,605	x 1/12
May	+	115,742,715	x 1/12
Jun	+	115,761,165	x 1/12
Jul	+	115,803,245	x 1/12
Aug	+	115,810,400	x 1/12
Sept	+	115,828,170	x 1/12
Oct	+	115,832,015	x 1/12
Nov	+	115,855,985	x 1/12
Dec	+	115,861,230	x 1/12
12 months 2022	**=**	**116,600,923**	**x 1/12**

(*) As the Company only holds units in treasury, the breakdown into ON and PN shares is in line with the breakdown of Units.

The tables below reconcile the profit for the years ended December 31, 2022 and 2021 with the amounts used to calculate the basic and diluted earnings per share:

(all amounts in thousands of Reais unless otherwise stated)

	Parent Company and Consolidated		
	1/1 to 12/31/2022		
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted average number of treasury shares	(23,320)	(93,281)	(116,601)
Weighted average number of outstanding shares	**2,058,408**	**3,442,883**	**5,501,292**
% of shares in relation to the total	**37.42%**	**62.58%**	**100.0%**
Numerator			
Profit attributable to each class of shares	**1,669,258**	**2,791,992**	**4,461,250**
Weighted average number of outstanding shares	**2,058,408**	**3,442,883**	**5,501,292**
Basic and diluted earnings per share	**0.8109**	**0.8109**	

	Parent Company and Consolidated		
	1/1 to 12/31/2021		
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted average number of treasury shares	(25,251)	(101,003)	(126,253)
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
% of shares in relation to the total	**37.45%**	**62.55%**	**100.00%**
Numerator			
Profit attributable to each class of shares	**1,130,864**	**1,889,006**	**3,019,870**
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Basic and diluted earnings per share	**0.5499**	**0.5499**	

28.1 Earnings per share from discontinued operations

As discussed in Note 14, the Company categorized the operations of the subsidiary Embacorp, comprising the Nova Campina (SP) assets acquired from International Paper as Assets Held for Sale, as they were acquired for this purpose. The accounting effects were discontinued with completion of the sale on January 29, 2021.

As shown in the statement of income for the fiscal year ended December 31, 2022, discontinued operations showed a profit of R$ 2,216, comprising the effect on basic diluted earnings per share attributable to the holders of the Company's Common (ON) and Preferred (PN) shares as shown below:

(all amounts in thousands of Reais unless otherwise stated)

	Parent Company and Consolidated		
			1/1 to 12/31/2021
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Total weighted average number of shares	2,081,729	3,536,164	5,617,893
Weighted average number of treasury shares	(25,251)	(101,003)	(126,253)
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
% of shares in relation to the total	**37.45%**	**62.55%**	**100%**
Numerator			
Profit attributable to each class of shares (R$)	**830**	**1,386**	**2,216**
Weighted average number of outstanding shares	**2,056,478**	**3,435,162**	**5,491,640**
Basic and diluted earnings per share (R$)	**0.0004**	**0.0004**	

29. OPERATING SEGMENTS

29.1 Criteria for the identification of operating segments

The Company's operating structure is divided into segments based on how management manages the business, in accordance with CPC 22/IFRS 8. The operating segments defined by Management are as follow:

Forestry segment: involves operations relating to planting and growing pine and eucalyptus trees to supply the Company's plants. It also involves selling commercial timber to third parties in the domestic market;

Paper Segment: mainly involves the production of cardboard, kraftliner and recycled paper rolls and their sale in the domestic and foreign markets.

Conversion Segment: involves the production of corrugated cardboard boxes, corrugated cardboard and industrial bags and their sale in the domestic and foreign markets; and

Pulp Segment: includes the production of short, long and fluff fiber pulp and their sale in the domestic and foreign markets.

(all amounts in thousands of Reais unless otherwise stated)

29.2 Consolidated information about operating segments

	Forestry	Paper	Conversion	Pulp	Corporate eliminations	12/31/2022 Total Consolidated
Net revenue:						
Domestic market	371,962	3,162,167	5,750,221	2,481,960	(16,890)	**11,749,420**
Foreign market	-	3,288,487	512,728	4,482,064	-	**8,283,279**
Revenue from sales to third parties	**371,962**	**6,450,654**	**6,262,949**	**6,964,024**	**(16,890)**	**20,032,699**
Revenue between segments	2,486,725	3,798,206	81,796	120,283	(6,487,010)	-
Total net sales	**2,858,687**	**10,248,860**	**6,344,745**	**7,084,307**	**(6,503,900)**	**20,032,699**
Change in the fair value of biological assets	1,883,143	-	-	(56)	-	**1,883,087**
Cost of products sold	(4,228,651)	(6,039,110)	(5,727,129)	(2,810,381)	6,404,340	**(12,400,931)**
Gross profit	**513,179**	**4,209,750**	**617,616**	**4,273,870**	**(99,560)**	**9,514,855**
Operating expenses (income) (i)	25,671	(1,113,104)	(760,244)	(887,278)	(89,307)	**(2,824,262)**
Operating profit before finance result	**538,850**	**3,096,646**	**(142,628)**	**3,386,592**	**(188,867)**	**6,690,593**
Sales of products (metric tons)						
Domestic market	-	629,249	973,403	536,201	367	**2,139,220**
Foreign market	-	647,463	58,568	1,007,485	-	**1,713,516**
Inter-segmental	-	1,073,908	5,042	27,921	(1,106,871)	-
	-	**2,350,620**	**1,037,013**	**1,571,607**	**(1,106,504)**	**3,852,736**
Sales of timber (in metric tons)						
Domestic market	1,022,171	-	-	-	-	**1,022,171**
Inter-segmental	15,119,867	-	-	-	(15,119,867)	-
	16,142,038	**-**	**-**	**-**	**(15,119,867)**	**1,022,171**
Investments during the year	1,532,537	3,549,504	460,210	154,616	118,793	**5,815,660**
Depreciation, depletion and amortization	(1,794,058)	(645,778)	(127,445)	(574,430)	(27,444)	**(3,169,155)**
Total assets - 12/31/2022	15,490,780	5,098,814	3,487,230	17,931,035	5,569,499	**47,577,358**
Total liabilities - 12/31/2022	4,571,458	1,340,976	945,595	1,641,149	27,509,914	**36,009,092**
Equity - 12/31/2022	8,910,540	3,757,838	2,541,635	16,289,886	(21,940,415)	**9,559,484**
Non-controlling interests	2,008,782	-	-	-	-	**2,008,782**

	Forestry	Paper	Conversion	Pulp	Corporate eliminations	12/31/2021 Total Consolidated
Net revenue:						
Domestic market	327,176	2,547,892	5,236,126	2,041,643	(231,496)	**9,921,341**
Foreign market	-	2,162,235	453,436	3,750,568	193,808	**6,560,047**
Revenue from sales to third parties	**327,176**	**4,710,127**	**5,689,562**	**5,792,211**	**(37,688)**	**16,481,388**
Revenue between segments	1,704,824	2,321,186	39,027	147,509	(4,212,546)	-
Total net sales	**2,032,000**	**7,031,313**	**5,728,589**	**5,939,720**	**(4,250,234)**	**16,481,388**
Change in the fair value of biological assets	1,308,791	-	-	-	-	**1,308,791**
Cost of products sold	(3,236,670)	(4,619,507)	(4,571,007)	(2,080,958)	4,260,808	**(10,247,334)**
Gross profit	**104,121**	**2,411,806**	**1,157,582**	**3,858,762**	**10,574**	**7,542,845**
Operating expenses (income) (i)	(43,039)	(625,702)	(561,096)	(699,894)	(106,240)	**(2,035,971)**
Operating profit before finance result	**61,082**	**1,786,104**	**596,486**	**3,158,868**	**(95,666)**	**5,506,874**
Sales of products (metric tons)						
Domestic market	-	631,392	1,045,832	537,943	19,213	**2,234,380**
Foreign market	-	466,918	61,643	1,012,466	35,200	**1,576,227**
Inter-segmental	-	995,538	4,358	37,010	(1,036,906)	-
	-	**2,093,848**	**1,111,833**	**1,587,419**	**(982,493)**	**3,810,607**
Sales of timber (in metric tons)						
Domestic market	2,637,839	-	-	-	584	**2,638,423**
Inter-segmental	14,105,789	-	-	-	(14,105,789)	-
	16,743,628	**-**	**-**	**-**	**(14,105,205)**	**2,638,423**
Investments during the year	493,888	298,617	348,583	2,666,728	69,876	**3,877,692**
Depreciation, depletion and amortization	(1,629,336)	(437,279)	(115,934)	(512,730)	(1,062)	**(2,696,341)**
Total assets - 12/31/2021	10,601,920	4,798,179	3,112,035	15,139,749	8,423,824	**42,075,707**
Total liabilities - 12/31/2021	3,158,894	1,142,019	978,747	1,593,291	28,116,529	**34,989,480**
Equity - 12/31/2021	6,096,367	3,656,160	2,133,288	13,546,458	(19,692,705)	**5,739,568**
Non-controlling interests	1,346,659	-	-	-	-	**1,346,659**

(i) The line of operating income (expenses) also includes the share of profit (loss) of joint ventures.

(all amounts in thousands of Reais unless otherwise stated)

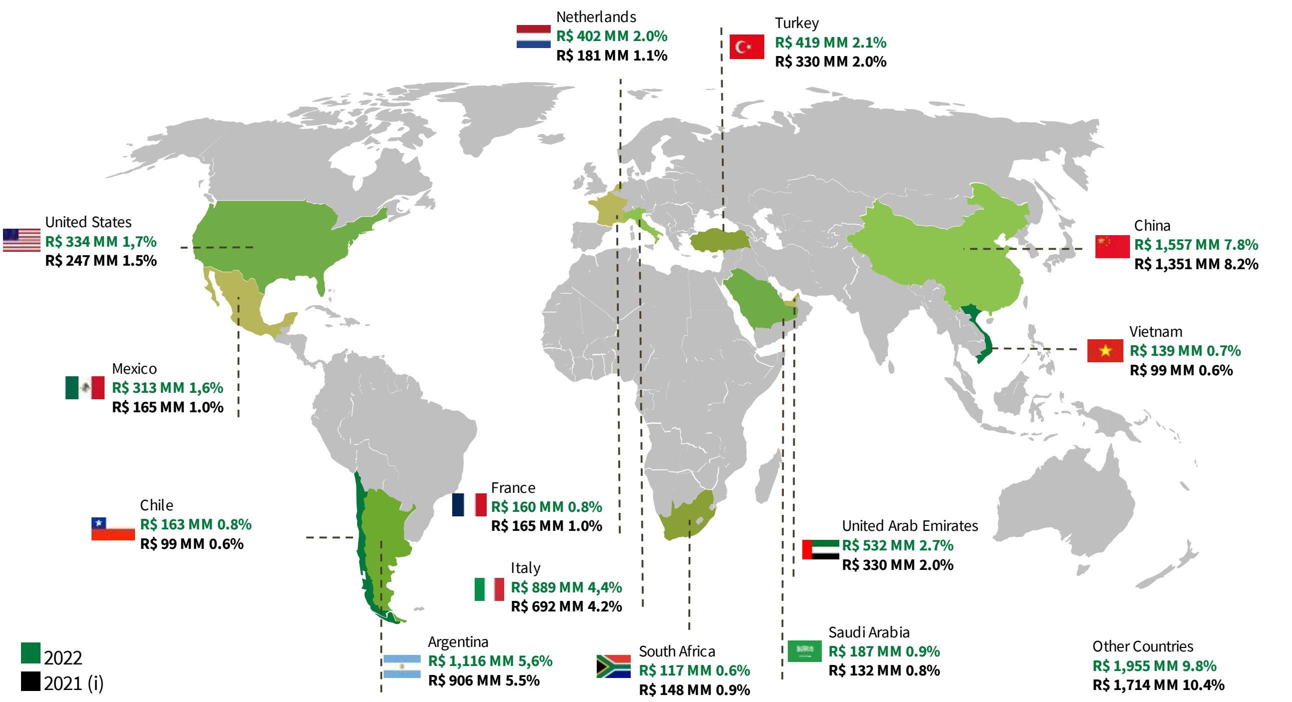
The balance in the Corporate/eliminations column concerns the corporate unit's expenses not apportioned among the segments, and eliminations refer to adjustments of operations between the segments.

Information about the finance result and income tax was not disclosed in the segment reporting because management does not consider such data on a segmented basis, but rather on a consolidated basis.

29.3 Information on net sales revenue

The table below shows the distribution of net revenue from the foreign market for the years ended December 31, 2022 and 2021:

Consolidated



(i) The countries presented in 2021 were re-presented for better comparability with the year 2022.

In the year ended December 31, 2022, a single customer from the paper segment accounted for approximately 8.13% (R$ 1,339,636) of the Company's net revenue (R$ 1,430,000 at December 31, 2021, 8.7% of net sales revenue). The remaining customer base is diluted, as none of the other customers individually represents a material share (above 10%) of the Company's net sales revenue.

During the year ended December 31, 2022, no customer accounted for more than 10% of the Company's net sales revenue.

30. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

30.1 Risk management

The Company and its subsidiaries enter into transactions involving financial instruments, all of which are recorded in the balance sheet accounts, in order to meet their operational needs and reduce their exposure to financial risks. These transactions mainly relate to credit risk and the investments of funds, market risks (foreign exchange and interest rates) and liquidity risks to which the Company believes it is exposed based on the nature of its business and its operating structure.

These risks are managed through strategies developed and approved by the Company's management, linked to the establishment of control systems and determination of position limits. There are no transactions involving financial instruments for speculative purposes.

Additionally, Management carries out regular assessments of the Company's consolidated position, monitoring the finance results obtained, and evaluating future projections, as a way of ensuring consistency with the defined business plan and monitoring the risks to which the Company is exposed.

The main risks to which the Company is exposed are described below:

30.1.1 Market risk

Market risk is the risk that the fair value of the future cash flow from a financial instrument will fluctuate due to changes in market prices. The Company is exposed to market prices which are affected by two types of risk: interest rate and foreign exchange. The financial instruments affected by market risk are financial investments, trade receivables, trade payables, borrowing and marketable securities.

a) Foreign exchange rate risk

The Company has transactions denominated in foreign currencies (mainly in U.S. Dollars) that are exposed to market risks arising from fluctuations in foreign exchange rates. Any fluctuation in a foreign exchange rate could increase or reduce these balances. This exposure is made up as follows:

		Consolidated
	12/31/2022	**12/31/2021**
Bank deposits and financial investments	960,193	401,365
Trade receivables (net of allowance for expected credit losses)	591,357	908,603
Other assets and liabilities	1,277,000	1,620,000
Borrowing and debentures (i)	(22,691,199)	(23,562,597)
Net exposure	**(19,862,649)**	**(20,632,629)**

(i) Protected by the hedge program (Note 31).

(all amounts in thousands of Reais unless otherwise stated)

At December 31, 2022, the balances of this net exposure by year of maturity was as follows:

Year	2023	2024	2025	2026	2027	2028 onwards	Total
Amount	1,918,161	(964,911)	(418,466)	(1,696,719)	(2,566,308)	(16,134,406)	**(19,862,649)**

At December 31, 2022, the Company did not have derivatives contracted to hedge against foreign exchange exposure on its cash flow. To protect against this net liability exposure, the Company has highly probable sales forecasts with forecast annual cash flow from US Dollars-denominated revenue of approximately US$ 1 billion. Its receipt, if confirmed, exceeds or approximates the flow of the payments of the related liabilities, offsetting the cash effect of any future exchange rate exposure.

Furthermore, from January 4, 2021, the Company adopted a cash flow hedge accounting program, using the balances of foreign currency-denominated borrowing as hedge instruments, and designating its highly probable future US Dollar-denominated revenues streams as hedge the objects. This policy aims to mitigate the exchange rate effects seen in the Company's income statement and demonstrate the effectiveness of the previously managed exchange rate management. See Note 30 of the hedge program and more information on Management's strategy on this topic.

In addition, the Company only has in place derivative instruments (Notes 20 and 21) for exchange rate-interest rate swaps, converting the issue of a certain export credit notes and local currency debentures into US Dollars. These are not linked transactions, and they are executed exclusively to convert domestic currency-denominated borrowing into foreign currency-denominated operations.

b) Interest rate risk

The Company's borrowing is indexed to the TJLP, LIBOR, IPCA and CDI, and financial investments indexed to the CDI, SELIC and IPCA, exposing these liabilities and assets to interest rate variations, as the interest rate-sensitivity table below shows. The Company has no hedge/swap contracts in place against the exposure to these market risks.

The Company understands that the high costs associated with contracting the fixed rates required by the Brazilian macroeconomic scenario justifies its choice of floating rates.
The composition of the Company's interest rate risk by type of asset and liability instrument is as follows:

		Consolidated
	12/31/2022	**12/31/2021**
Financial investments - CDI	3,720,577	5,974,059
Financial investments - Selic	69,269	828,294
Financial investments - IPCA	1,736,022	1,174,956
Asset exposure	**5,525,868**	**7,977,309**
Financing - CDI	(1,745,334)	(4,510,913)
Financing - TJLP	(3,313,001)	(1,318,565)
Financing - Libor	(4,350,812)	(5,586,431)
Debentures - IPCA	(1,391,045)	(1,749,503)
Liability exposure	**(10,800,192)**	**(13,165,412)**

(all amounts in thousands of Reais unless otherwise stated)

30.1.2 Risk relating to the application of funds

The Company is subject to funds investment risks, including deposits with banks and financial institutions, foreign currency transactions, financial investments, and other financial instruments. The amount disclosed corresponds mainly to the Company's financial investments and marketable securities operations, at the amounts described in Notes 6 and 7, respectively.

Regarding the quality of the Company's financial assets invested in financial institutions, an internal policy requires the approval of certain types of transactions and the obtaining of ratings from rating agencies, to determine the feasibility of investing funds in a given institution, as provided such an institution meets the policy's acceptance criteria.

The table below presents the cash, cash equivalents and marketable securities invested by the Company, classifying the amounts according to the national classification of the financial institutions by the rating agencies Fitch and Moody's:

		Consolidated
	12/31/2022	**12/31/2021**
National rating AAA (bra)	3,859,311	5,349,093
National rating AA+(bra)	2,643,002	3,073,342
Total	**6,502,313**	**8,422,435**

30.1.3 Credit risk

Credit risk is the risk of a counterparty defaulting on its obligations under a financial instrument, an advance to supplier, or an agreement with a customer, causing a financial loss. In addition to the investments of funds discussed above, the Company is exposed to credit risk in its operational activities (particularly as concerns accounts receivable).

At December 31, 2022, the maximum exposure to credit risk was the carrying amount of the trade receivables shown in Note 8. Note 29 provides information on customer concentration risk.

Credit risk quality in the Company's operational activities is managed based on specific rules governing customer acceptance, credit analysis and setting exposure limits per customer, all of which undergo periodic reviews. Past-due invoices are promptly monitored in pursuit of settlement, and allowances for expected credit losses are made in connection with items at risk of default.

The Company maintains insurance policies for domestic and international receivables for all its business units, as described in Note 8.

(all amounts in thousands of Reais unless otherwise stated)

30.1.4 Liquidity risk

The Company monitors the risk of scarcity of resources in the global market, managing its capital through a recurring liquidity planning tool, in order to ensure that financial resources are available for the proper fulfillment of its obligations, which are substantially concentrated on the financing arrangements executed with financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Company and reported in the consolidated balance sheet: the amounts include principal and future interest on transactions, calculated using the rates and indices prevailing at December 31, 2022:

	2023	2024	2025	2026	2027 and thereafter	Total
Trade payables	(2,405,030)	(545,736)	-	-	-	**(2,950,766)**
Lease liabilities	(362,012)	(307,760)	(267,386)	(199,069)	(1,381,781)	**(2,518,008)**
Borrowing and debentures	(2,750,082)	(2,773,186)	(2,784,820)	(3,406,676)	(28,828,071)	**(40,542,835)**
Total	**(5,517,124)**	**(3,626,682)**	**(3,052,206)**	**(3,605,745)**	**(30,209,852)**	**(46,011,609)**

The budgetary projection for the coming years approved by Management demonstrates the capacity to honor obligations.

30.2 Capital management

The Company's capital structure is monitored based on its net indebtedness, made up of the balance of borrowing (Note 20) and debentures (Note 21), less cash, cash equivalents and marketable securities (Notes 6 and 7), and based on the net debt ratio, derived from the net debt-to-equity ratio (Note 23), including the balance of all capital issued and all reserves established.

		Consolidated
	12/31/2022	**12/31/2021**
Cash and cash equivalents and marketable securities	6,502,313	8,422,435
Borrowing and debentures	(27,540,612)	(29,338,419)
Net indebtedness	**(21,038,299)**	**(20,915,984)**
Equity	9,559,484	5,739,568
Net indebtedness ratio	**(2.20)**	**(3.64)**

30.3 Financial instruments by category

The Company has the following categories of financial instruments:

(all amounts in thousands of Reais unless otherwise stated)

		Consolidated
	12/31/2022	12/31/2021
		(restated)
Cash and cash equivalents	4,683,945	6,405,200
Trade receivables (net of allowance for expected credit losses)	2,674,899	2,808,514
Other assets	617,708	548,572
	1,818,368	2,017,235
Assets - at amortized cost	**9,794,920**	**11,779,521**
Borrowing and debentures	27,540,612	29,338,419
Trade payables	2,515,395	1,993,257
Forfaiting forestry operations	967,017	718,451
Other payables	988,266	1,121,321
Liabilities at amortized cost	**32,011,290**	**33,171,448**

a) Amortized cost

The financial instruments included in this group refer to balances arising from usual transactions, such as trade receivables, trade payables, borrowing and debentures, financial investments, marketable securities and cash and cash equivalents. All these instruments are recorded at their notional amounts plus, when applicable, contractual charges and interest rates, in respect of which the related income and expenses are recognized in the results for each year.

30.4 Sensitivity analysis

The Company presents below its sensitivity analysis of the foreign exchange and interest rate risks to which it is exposed, considering any effects that could impact the future results based on the exposure at December 31, 2022. The sensitivity analysis does not consider the impacts of foreign exchange variations on the Company's cash flow.

a) Foreign exchange exposure

The Company has assets and liabilities indexed to a foreign currency in the balance sheet as at December 31, 2022 and, for sensitivity analysis purposes, it adopted for Scenario I the future market rate in effect in the year. For Scenarios II and III this rate was adjusted by 25% and 50%, respectively.

The sensitivity analysis to exchange rate differences was calculated based on the net exchange rate exposure (basically from foreign currency-denominated borrowings, trade receivables, and trade payables). The analysis does not take account forecast future exports that will offset this net exchange rate exposure.

Furthermore, the Company adopts a hedge accounting policy (see Note 31), meaning that the effects of exchange rate differences do not directly affect each fiscal year's income, and are recorded in equity until their effective liquidation, in other comprehensive income.

(all amounts in thousands of Reais unless otherwise stated)

Therefore, all other conditions remaining constant, the table below shows a simulation of the effects of exchange rate differences on the balance sheet, other comprehensive income, and finance result, given the respective balances as at December 31, 2022:

	At 12/31/2022	Scenario I		Scenario II		Scenario III	
	USD thousand	Rate (A)	R$ gain (loss)	Rate (B) = A+25%	R$ gain (loss)	Rate (C) = A+50%	R$ gain (loss)
Active							
Cash and cash equivalents	184,026	5.14	(14,299)	6.43	223,095	7.71	458,648
Trade receivables (net of allowance for expected credit los	120,342	5.14	(9,351)	6.43	145,891	7.71	299,928
Other assets and liabilities	244,744	5.14	(19,017)	6.43	296,703	7.71	609,975
Borrowing and debentures	(4,348,889)	5.14	337,909	6.43	(5,272,158)	7.71	(10,838,737)
Net effect on balance sheet			**295,242**		**(4,606,469)**		**(9,470,186)**
Effect on other comprehensive income			**403,564**		**(6,296,537)**		**(12,944,700)**
Net effect on finance result			**(108,322)**		**1,690,068**		**3,474,514**

b) Interest rate exposure

The Company has financial investments, borrowing and debentures pegged to the CDI, TLP, IPCA, SELIC and LIBOR floating interest rates. For sensitivity analysis purposes, the Company adopts the rates effective on dates close to the dates of its financial statements, obtained from the website of the Central Bank of Brazil, using the same rates for the SELIC, LIBOR, IPCA and CDI for scenario I, because of the similarity of these rates. The rates are then adjusted by 25% and 50% for Scenarios II and III, respectively.

As such, with all other variables remaining constant, the table below simulates the effects of interest rate changes on the equity and future results (consolidated) for 12 months, considering the balances at December 31, 2022:

		At 12/31/2022	Scenario I		Scenario II		Scenario III	
		R$	Rate (A)	R$ gain (loss)	Rate (B) = A+25%	R$ gain (loss)	Rate (C) = A+50%	R$ gain (loss)
Financial investments								
CDBs	CDI	3,720,577	13.65%	507,859	17.06%	126,965	20.48%	253,929
LFTs	Selic	69,269	13.75%	9,524	17.19%	2,381	20.63%	4,762
NTN - B	IPCA	1,736,022	7.17%	124,473	8.96%	31,118	10.76%	62,236
Borrowing								
NCE (R$) and CRA	CDI	(1,745,334)	13.65%	(238,238)	17.06%	(59,560)	20.48%	(119,119)
BNDES	TLP	(3,313,001)	7.37%	(244,168)	9.21%	(61,042)	11.06%	(122,084)
Debentures	IPCA	(1,391,045)	7.17%	(99,738)	8.96%	(24,934)	10.76%	(49,869)
Exp. prepayments, term loan and Finnvera	Libor	(4,350,812)	5.13%	(223,184)	6.41%	(55,796)	7.69%	(111,592)
Net effect on finance result				**(163,472)**		**(40,868)**		**(81,737)**

Accounting practice

Financial instruments are initially recorded at fair value, plus, in the case of a financial asset or a financial liability other than at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of a financial asset or financial liability. Subsequent measurement thereof takes place at each balance sheet date, in accordance with the classification of financial instruments according to the following categories: (i) amortized cost, (ii) fair value through profit or loss, and (iii) fair value through other comprehensive income.

(all amounts in thousands of Reais unless otherwise stated)

Financial assets and liabilities are offset and the net amount is presented in the balance date where a there is legal right to offset the recognized amounts and there is the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously. The legal right must not be contingent upon future events and must be applicable both in the regular course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

31. CASH FLOW HEDGE ACCOUNTING

31.1 Hedge accounting

The Company has a hedge accounting policy in place to improve the quality of the information in its financial statements. The purpose of this policy is to demonstrate the effects of exchange rate variation on profit in loss, arising from the natural hedge between its US$-denominated revenues and indebtedness in USD, only in so far as these transactions do take place.

On January 4, 2021, the Company adopted a cash flow hedge accounting program for highly probable future revenue, designating foreign loans, financings and debentures (debt instruments) denominated in foreign currency (US$) and/or converted into foreign currency through swaps as hedge instruments for its highly probable future revenue denominated in the same currency.

In cash flow hedges, the effective portion of exchange rate variation on US$-denominated debt instruments is presented in the balance sheet, in the carrying value adjustments account, and recognized in other comprehensive income, net of deferred income taxes, and is determined at the difference between the closing PTAX rate on the date of transaction and the PTAX rate on the date of the hedge designation.

The adoption of this hedge accounting program produces no cash effects, and its effects are limited to the accounting representation of the operations involved in the hedge, and the hedge relationship is expected to be highly effective.

On March 30, 2022, the Company carried out the partial repurchase of its bonds maturing in 2024 and 2027 in the amount of US$ 271 million. Such debt contracts are considered as hedging instruments in the context of the Company's hedge accounting program. Of the repurchased amount, US$ 121 million was rolled out using the Bonds maturing in 2031.

The amount rolled out will remain in other comprehensive income (OCI) until the related revenue (hedged item) is realized.

31.2 Breakdown of the cash flow hedge program

The hedging instruments are comprised of 24 foreign currency-denominated borrowing agreements, including debentures, bonds, export credit notes, prepaid exports, term loans (BID Invest and IFC), ECA and SWAP (debentures and NCE), the last payment of which is due in April 2049.

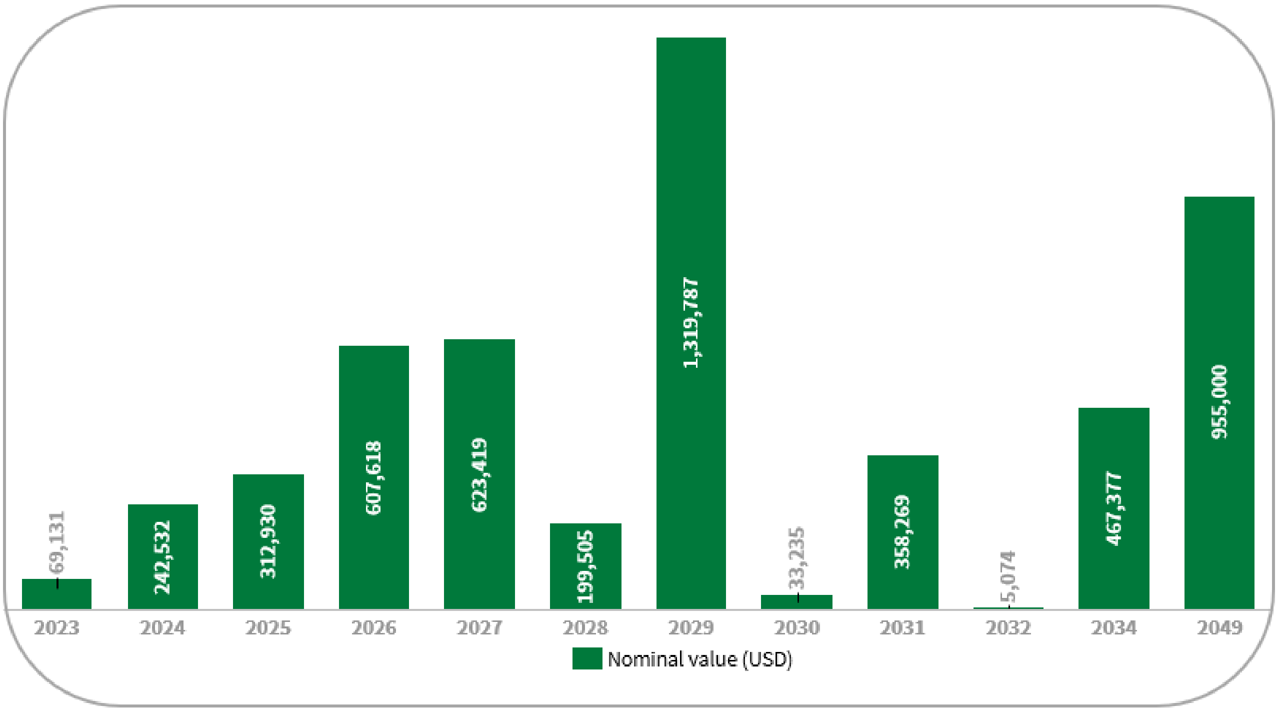
					Parent Company and Consolidated		
							12/31/2022
Hedging instrument	Currency	Maturity until	Nominal value (USD)	Contract close rate	Exchange variation recognized in the hedge reserve	Hedge cost	Adjustment to revenue
Bonds	USD	Apr-49	2,682,648	5.16 and 5.46	(237,682)	-	-
Debenture	USD	Mar-29	265,783	5.16	(14,645)	376,930	-
ECA	USD	Sep-31	295,544	5.16	(16,284)	-	(1,632)
Export credit notes	USD	Dec-26	766,643	5.16	(105,744)	223,075	-
Export prepayments	USD	Apr-29	125,000	5.16	(6,887)	-	-
Term loan	USD	Oct-32	164,600	5,16/5,21/5,25	(7,467)	-	-
CRA	USD	May-34	893,659	5,17/5,23/5,34	54,592	36,404	-
			5,193,877		**(334,117)**	**636,409**	**(1,632)**

					Parent Company and Consolidated	
Hedging instrument	Currency	Maturity until	value (USD)	close rate	variation	Hedge cost
Bonds	USD	Apr-49	2,128,462	5.16 and 5.46	(1,080,015)	-
Debenture	USD	Mar-29	265,783	5.16	(111,071)	142,190
ECA	USD	Sep-31	231,789	5.16	(96,865)	-
Export credit notes	USD	May-26	766,643	5.16	(320,380)	393,524
Export prepayments	USD	Apr-29	125,000	5.16	(52,237)	-
Term loan	USD	Oct-29	100,000	5.16	(41,790)	-

These financial instruments are recorded as current and non-current liabilities in the Company's balance sheet, under "Borrowing" and "Debentures". Notes 20 and 21 provide details of the transactions.

The table below shows the portion of highly probable future US$-denominated revenue which is defined as the hedged item.

(all amounts in thousands of Reais unless otherwise stated)



31.3 Changes in the year

The table below shows changes in the cash flow hedge reserve allocated to equity during the year:

	Parent Company and Consolidated
At December 31, 2020	-
Change in the fair value of the hedging instrument	(1,166,644)
Realization of hedge reserve to profit or loss	16,088
Income tax and social contribution (i)	391,189
At December 31, 2021	**(759,367)**
Change in the fair value of the hedging instrument	1,454,478
Realization of hedge reserve to profit or loss	(1,632)
Income tax and social contribution (i)	(493,968)
At December 31, 2022	**199,511**

(i) Net of the corresponding current/deferred taxes, when applicable, at the effective rate of 34%.

The table above has been adjusted to improve presentation.

In the year ended December 31, 2022, the borrowing related to the hedging instrument was subject to foreign exchange variations (fair value changes) in the amount of R$ 334,117 (R$ 1,702,358 at December 31, 2021) recognized in equity under "carrying value adjustments", for as long as the future U.S. Dollars-denominated revenue (hedged item) remains unrealized.

(all amounts in thousands of Reais unless otherwise stated)

In the same year, the Company realized export revenue in the amount of US$ 56 million (US$ 37 million at December 31, 2021) under the hedge accounting program, for which borrowing designated as hedging instruments was settled concurrently, giving rise to income of R$ 1,632 from accumulated foreign exchange variations (expense of R$ 16,088 at December 31, 2021), recognized in the statement of income for the year under "sales revenue".

The effects of marking to market the fair values of hedge instruments and of settling the hedge objects by means of the realization of the hedge reserve in sales revenue resulted in a credit balance of R$ 1,452,846, recognized in the statement of comprehensive income for the year ended December 31, 2022, of which R$ 958,878 refers to the balance net of taxes (debit balance of R$ 1,150,556 recognized in the statement of comprehensive income for the year ended December 31, 2021), of which R$ 759,367 net of taxes.

31.4 Hedge accounting effectiveness test

In the year ended December 31, 2022, the Company conducted effectiveness tests which demonstrated that the hedge accounting program is highly effective given the economic relationship arising from the analysis of the hedge ratio, the effects of the credit risk involved in the instrument and the hedged item, and the assessment of the critical terms.

Accounting practice

Based on CPC 48/IFRS 9 – "Financial Instruments", the Company has since January 2021 adopted cash flow hedge accounting for highly probable future transactions, designating its debt contracted in US$ or converted into US$ by means of swaps as hedge instruments for its US$-denominated revenue (hedge objects) in each case denominated nominally in US Dollars. This practice is in line with Management's risk management and strategy, in an effort to demonstrate the equalization of the effects of exchange rate differences effects on income as these effects occur.

The Company's swaps are regarded as "matched" operations directly connected with specific financing operations, resulting in the conversion of a specific domestic currency-denominated loan or financing transaction into a foreign currency-denominated operation. Thus, the swap's underlying risk is identical to that of the hedged component under the hedge accounting program. These operations are therefore covered by the hedge instruments.

For its hedge program, the Company designates the spot exchange rate element of the hedge's designated financial instruments. The fair-value change in the forward points of the FX contracts involved in the swap operations underlying the hedge is also recognized in equity, under "carrying value adjustments", but as a separate accounting entry, as part of the hedging cost.

The effects of exchange rate (fair value) changes affecting the hedge's designated financial instruments (borrowing and swaps) are recorded in equity, under "carrying value adjustments", net of deferred income tax and social contribution. As the US$-denominated revenue designated in the hedge accounting program is generated, the respective exchange rate variation recognized in “carrying value adjustments” will be offset against the hedge in income, under “net sales revenue”.

The Company evaluates the effectiveness of its hedge program by means of effectiveness tests in line with the criteria set out in the applicable accounting standards, comparing fair value changes of the hedge instrument with fair value changes of the object in connection with the hedged risk. Where a hedge relationship proves ineffective or lies outside the limits set for the desired level of protection, the ineffective portion of the exchange rate variation effect on borrowing is recategorized to the statement of income, under “Finance result”.

Changes in the hedge accounting program are recognized in the comprehensive income for each year.

32. EMPLOYEE BENEFITS AND PRIVATE PENSION PLAN

The Company provides its employees with life insurance, healthcare and retirement plan benefits. These benefits are accounted for on an accruals basis.

The Company has place certain healthcare plans characterized as benefits according to the criteria set forth in CPC 33/IAS 19 – “Employee Benefits”. As such, t maintains a provision for actuarial liabilities estimated at R$ 356,245 and R$ 358,423 for the Parent Company and in consolidated terms, respectively at December 31, 2022 (R$ 364,884 and R$ 367,890 at December 31, 2022, Parent Company and consolidated, respectively) in non-current liabilities, under “actuarial liability provisions”.

32.1 Provision for actuarial liabilities

	Parent Company	Consolidated
At December 31, 2020	**342,053**	**392,024**
Benefit payments	(16,921)	(16,983)
Interest on actuarial liabilities	(47,502)	(47,263)
Actuarial gains and losses (i)	39,568	40,112
Efeitos de combinação de negócios	47,686	-
At December 31, 2021	**364,884**	**367,890**
Benefit payments	(13,877)	(14,025)
Interest on actuarial liabilities	(28,872)	(30,096)
Actuarial gains and losses (i)	34,110	34,654
At December 31, 2022	**356,245**	**358,423**

(i) Effect allocated to equity and included in the Statement of Comprehensive Income.

In the actuarial valuation the following economic and biometric assumptions were used, considering the same determination methodology for each fiscal year:

(all amounts in thousands of Reais unless otherwise stated)

Actuarial updates are recorded in equity, under "carrying value adjustments" (comprehensive income), as required by CPC 33 (R1) / IAS 19 – Employee Benefits.

Significant increases (decreases) in the inflation and medical cost indicators used to measure the actuarial liability would cause an increase (decrease) of the provision. In terms of the discount rate, significant effects arising from an increase (decrease) in the rate used to measure the actuarial liability would cause a decrease (increase) in the measured values.

The Company's plans hold no assets for disclosure.

32.2 Medical assistance

32.2.1 Law No. 9.656/98 - Articles 30 and 31

Pursuant to Law No. 9,656/98, employees making fixed monthly paycheck-deducted contributions to healthcare plans have a right to remain with the Company's healthcare plan in the event of retirement or dismissal without cause, provided they bear the post-employment costs.

The time remaining enrolled in the Company's policy is proportional to the duration of the contribution period, and may be for life where the contribution period exceeds ten years.

32.2.2 SulAmérica

In March 2019, the Company offered to employees who had not yet reached ten years of permanent membership of the plan the option to make monthly fixed contributions, thereby losing the benefits of permanent membership of the plan. For employees admitted after April 2019, the new rule applies, with the Company paying 100% of the cost of the healthcare plan.

For employees who have contributed for more than 10 years, the Company maintains a 10% discount on the award value.

32.3 Benefits to employees arising from mergers

In 2020, a Klabin acquired the units of Embacorp Soluções em Embalagens de Papel Ltda. (Embacorp) and Embacorp da Amazônia – Soluções em Embalagens de Papel Ltda. (Embacorp Amazônia), and in this acquisition the Company absorbed the post-employment defined benefit obligations of the plans Sepaco (Mutualism), Unimed Rio Verde (plan canceled and in 04/2022 the lives were migrated to the CNU Contract in post-payment) and CNU Manaus (plan canceled and in 07/2021 the lives were migrated to the Samel contract).

Medical Assistance	Active	Retired	12/31/2022 Total by plan	Active	Retired	12/31/2021 Total by plan
Parent Company	**2,063**	**753**	**2,816**	**2,078**	**693**	**2,771**
SulAmérica	533	368	901	596	319	915
Sepaco (Mutualism)	1,241	125	1,366	1,171	121	1,292
Unimed Rio Verde	289	-	289	311	-	311
Other - disabled	-	260	260	-	253	253
Subsidiaries	**158**	**6**	**164**	**217**	**6**	**223**
Samel (fmr CNU Manaus)	158	6	164	217	6	223
Total lives	**2,221**	**759**	**2,980**	**2,295**	**699**	**2,994**

32.4 Union agreement

The Company, by means of an agreement made with Unions, guarantees permanent and for-life payment of healthcare plans for its former employees retiring until 2001, as well as their legal dependents. The program is closed to new entrants.

The population is concentrated on two healthcare operators:

Medical Assistance Union Agreement	12/31/2022	12/31/2021
Sepaco (operating cost)	300	322
Unimed (CNU)	189	196
Total lives	**489**	**518**

32.5 Life insurance

By means of an agreement made with Unions, the Company guarantees permanent and for-life payment of life insurance policies for its former employees retiring until 2001. The program is closed to new entrants.

At December 31, 2022, 240 individuals were entitled to the benefit (259 individuals at December 31, 2021).

32.6 Private pension plan

Klabin’s private pension plan - Plano Prever, managed by Itaú Vida e Previdência S.A., was established in 1986 under the defined benefit model. Since 1998, the plan was restructured and converted into the defined contribution model.

In November 2001, a new private pension plan was put into place: Plano de Aposentadoria Complementar Klabin - PACK, managed by Bradesco Vida e Previdência S.A. and structured as a PGBL – Free Benefits Generating Plan.

Participants in the Plano Prever were given the option to migrate to the new plan. In each case, the Company accepts no responsibility for assuring minimum benefits to retiring participants.

(all amounts in thousands of Reais unless otherwise stated)

The Company has no responsibility to manage of the funds, which is performed exclusively by the fund. Bradesco Vida e Previdência S.A. is monitored by a group of employees as representatives of the program's other participants.

32.7 Other employee benefits

The Company grants its employees the following benefits: healthcare, dental care plan, day nursery reimbursement, assistance to parents with children with special needs, agreement for discounts at drugstores, school supplies, private pension plan and life insurance, in addition to the benefits established by law (meal vouchers, transportation vouchers, profit sharing and food purchase vouchers).

Furthermore, the Company has an organizational development program for its employees. For the year ended December 31, 2021, expenditure on training programs totaled R$ 14,613 (R$ 12,507 in the year ended December 31, 2020).

All these benefits are recognized on an accruals basis and are discontinued at the end of the employee's employment relationship with the Company.

Accounting practices

The Company grants its employees benefits including life insurance, healthcare, profit sharing and others, which are recognized on an accruals basis and discontinued at the end of the employee's employment relationship with the Company.

In addition, the Company provides post-employment benefits such as private pension and healthcare plans for retired employees and certain employees hired on or before 2019. It has recently become the successor for the post-employment benefits plan of former Embacorp employees. For these benefits, the Company recognizes liabilities and results measured based on an actuarial valuation by an independent expert. The gains and losses identified in the actuarial valuation of benefits, generated by changes in assumptions, are recorded in the equity account "carrying value adjustments" (comprehensive income), as required by CPC 33 (R1)/IAS 19 – "Employee Benefits".

33. INSURANCE COVERAGE

To protect its operational risks, assets and liabilities, the Company maintains insurance coverage against various types of events that could impact its equity and operations.

In line with market best practice, the Company has contracted operational risk insurance policies, including loss of profits and several other areas of coverage for material damages involving all industrial, administrative and inventory facilities.

The Company also has other insurance policies, such as general liability insurance, D&O liability, national and international transport and forest insurance, cyber-related risk insurance, environmental pollution insurance, credit insurance for the domestic and international markets, crane insurance, drone insurance, and insurance against third party damage caused by vehicles.

At December 31, 2022, the following insurance policies were in place:

Insurance Type	Insured Assets	(unaudited) Maximum Indemnity Limit (R$ thousand)	Currency	Effective Period
Operational Risks + Lost Profits	Plants and inventories	3,700,000	R$	October 5, 2023
Protection and Indemnity - P&I (marine risks)	Chartered vessel	350,000	USD	March 13, 2023
Domestic Market Credit	Foreign Customers Credit	240,000	R$	September 30, 2023
Foreign Market Credit	Foreign Customers Credit	160,000	USD	September 30, 2023
Directors and Officers (D&O)	Legal Guarantee for Directors	120,000	R$	July 2, 2023
Cyber	Cyberattacks	119,000	R$	June 11, 2023
General Liability (RCG)	Damage to Third Parties	75,000	R$	July 31, 2023
Environmental Liability	Environment Damage to Third Parties	50,000	R$	July 13, 2024
Named Risks	Office	41,745	R$	February 22, 2023
Forests (fire and weather events)	Forests	25,000	R$	December 26, 2023
Export Shipping	(merchandise)	20,000	USD	April 30, 2023
Import Shipping	(merchandise)	20,000	USD	April 30, 2023
Domestic Freight	(merchandise)	15,000	R$	April 30, 2023
Miscellaneous Risks	(cranes)	6,185	R$	April 30, 2023
Mandatory Liability	Damages to Third Parties – Legal Requirement	4,210	R$	June 17, 2023
Elective Vehicle Liability Insurance (RCFV)	Vehicles	250	R$	October 30, 2023
Responsibilities of the Air Operator or Carrier "RETA"	Drones	94	R$	September 11, 2023

34. SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS

In accordance with CPC 03 / IAS 7 – Statement of Cash Flows, some investing and financing activities do not have direct impact on the current cash flows, although they affect the Company's capital and assets structure. The exclusion of transactions not involving cash and cash equivalents is consistent with the objective of such statement since these items do not involve cash flows in the current period.

	2022		2021	
Transactions not involving cash	**Parent Company**	**Consolidated**	**Parent Company**	**Consolidated**
Investing Activities				
Purchase of property, plant and equipment in installments	(1,075,025)	(711,807)	837,179	837,179
Purchase of forests in installments	(480,037)	(324,772)	280,665	280,665
Investing Activities total	**(1,555,062)**	**(1,036,579)**	**1,117,844**	**1,117,844**

(all amounts in thousands of Reais unless otherwise stated)

35. EVENTS AFTER THE REPORTING PERIOD

35.1 Annual General Meeting

In compliance with the provisions of article 37, paragraph 2, of CVM Resolution 81, on January 13, 2023, the Company informed its shareholders and the market in general that its Annual General Meeting will be held on April 5, 2023. Guidance on participation, call and related materials will be disclosed on a timely basis, pursuant to applicable laws and regulations.

35.2 2022 complementary dividends

At the Board of Directors' Meeting of February 7, 2023, the Company informed its shareholders of the approval of the payment of complementary dividends for the Company's capital shares, as detailed below:

Dividends

The distribution amounting to R$ 345,000 corresponds to the common and preferred shares at 0.06270412925/share and R$ 0.31352064625/unit.

Payment

The Company clarifies that, as approved on the same date: (i) the payment of the dividends declared, which will be included in the minimum mandatory dividends related to the current year, will be made on February 24, 2023; and (ii) the shares will start to be traded ex-dividend as from February 14, 2023.

1. DISCLOSURE OF EBITDA

Pursuant to CVM Instruction 527/12, the Company has adopted the voluntary disclosure of non-financial information, as additional information included in its financial statements, and presents EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization, for the years ended December 31, 2022 and 2021.

In general terms, EBITDA represents the Company's operational generation of cash, corresponding to the funds generated by the Company through its operating activities only, without financial effects or taxes. It is important to note that this does not represent the cash flows for the years presented, and it must not be considered as a basis for the distribution of dividends, as an alternative to profit or loss, nor as an indication of liquidity.

		Consolidated	
		12/31/2022	**12/31/2021**
(=)	Profit (loss) for the year	4,688,902	3,404,874
(+)	Income tax and social contribution	1,910,252	1,011,537
(+/-)	Net finance result	91,439	1,090,463
(+)	Amortization, depreciation and depletion in income	3,169,156	2,696,342
	EBITDA	**9,859,749**	**8,203,216**
	Adjustments as per CVM Inst. 527/12		
(+/-)	Change in the fair value of biological assets (i)	(1,883,087)	(1,308,791)
(+/-)	Share of profit (loss) of subsidiaries and joint ventures (ii)	(43,566)	(25,612)
(+/-)	Cash flow hedge realization (iii)	(1,632)	16,088
Adjusted EBITDA		**7,931,464**	**6,884,901**
(+/-)	Non-recurring gains from asset disposals (iv)	-	(20,231)
(+/-)	Non-recurring gains from PIS/COFINS credits (v)	(147,480)	-
Adjusted EBITDA (ex- non-recurring effects)		**7,783,984**	**6,864,670**

Adjustments for definition of EBITDA - adjusted:

(i) Change in the fair value of biological assets

The change in the fair value of biological assets corresponds to the gains or losses obtained on the biological transformation of the forest assets, up to placing them in the conditions required for use/sale, during the formation cycle.

All amounts in thousands of Reais unless otherwise stated

Since expectations relating to the value of assets are reflected in the Company's results and fair value is calculated based on the assumptions included in the discounted cash flows, without cash effects from its recognition, the change in the fair value is excluded from the calculation of EBITDA.

(ii) Share of profit (loss) of subsidiaries and joint ventures and EBITDA of joint venture

The share of profit (loss) of subsidiaries and joint ventures in the Company's consolidated result reflects the profit (loss) of subsidiaries, calculated in accordance with its percentage of ownership interest in the subsidiaries.

The profit (loss) of the joint ventures is influenced by items that are excluded from the EBITDA calculation, such as net finance result, income tax and social contribution, amortization, depreciation and depletion, and the change in the fair value of biological assets. For this reason, the share of profit (loss) of subsidiaries and joint ventures is excluded from the calculation, but the EBITDA generated by the joint venture is included, in proportion to the Company's ownership interest and calculated in a manner consistent with the above criteria.

(iii) Realization of cash flow hedge

The Company adopts a hedge accounting policy, pursuing a strategy of minimizing the effects of foreign exchange variation on its hedged item, defined as certain highly probable future export revenues, designating foreign currency borrowing operations as a hedging instrument, documenting the economic relationship between the hedging instrument and the hedged item, demonstrating that the changes in the cash flow of both effectively offset each other.

The effects of foreign exchange variation (fair value) of the financial instruments designated in the hedge (borrowings) are recognized in equity, under "Carrying value adjustments", net of applicable income taxes. Such amounts accumulated in equity are realized in the statement of income, under the line item "Net sales revenue", to the extent that there is an actual disbursement of designated borrowings, with the generation of the related export revenue designated in the hedge against the cash disbursed in foreign currency, at which time the exchange variation of the hedging instrument is recognized in profit or loss. The amount recognized in net sales revenue is added to EBITDA.

(iv) Non-recurring gain on the sale of assets

On January 29, 2021, the Company recorded the sale of the Nova Campina unit (see Note 14), which resulted in a non-recurring gain of R$ 20,231 recognized in the statement of income under "Other, net", considering income of R$ 160,000 and cost of R$ 139,769.

(v) Non-recurring gains on PIS/COFINS credits

Other Information

With the final unappealable decision on June 17, 2022, recognizing the possibility of using the PIS and COFINS credits on purchase of waste paper prospectively, and the recovery of credits from October 2007 to September 2022 extemporaneously, the Company recognized in its balance sheet R$ 197,410 related to credits against profit for the year, of which R$ 47 million refers to monetary adjustment. The Company also recognized in profit for the year the amount of R$ 3 million related to charges due to success fees and tax advisory.

2. COMPANY'S OWNERSHIP INTEREST, INCLUDING SHAREHOLDERS WITH MORE THAN 5% OF THE SHARES, DETAILED TO THE INDIVIDUAL LEVEL

a) Company's ownership interest

	SHARES					
SHAREHOLDERS	**COMMON**	**%**	**PREFERRED**	**%**	**TOTAL**	**%**
Klabin Irmãos S.A.	945,359,142	45	-	-	945,359,142	17
Niblak Participações S.A.	142,023,010	7	-	-	142,023,010	3
Monteiro Aranha S.A.	68,085,893	3	230,760,007	7	298,845,900	5
BNY **(*)**	62,684,236	3	250,736,944	7	313,421,180	6
BLACKROCK	52,326,432	3	209,305,728	6	261,632,160	5
Treasury shares	23,172,552	1	92,690,208	3	115,862,760	2
Other **(**)**	788,077,330	38	2,752,671,274	78	3,540,748,604	63
TOTAL	**2,081,728,595**	**100**	**3,536,164,161**	**100**	**5,617,892,756**	**100**

(*) Foreign stockholders.
(**) Stockholders with less than 5% of the shares.

b) Distribution of the controlling shareholders' share capital to the individual level

CONTROLLING SHAREHOLDER/INVESTOR:

A) KLABIN IRMÃOS S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Jacob Klabin Lafer Adm. Partic. S.A.	118,336,276	13
VFV Participações S.A.	59,201,226	6
Miguel Lafer Participações S.A.	59,201,226	6
PRESH S.A.	118,368,418	13
GL Holdings S.A.	118,368,418	13
Glimdas Participações S.A.	104,686,235	11
DARO Participações S.A.	104,686,235	11
DAWOJOBE Participações S.A.	104,686,235	11
ESLI Participações S.A.	78,979,084	8
LKL Participações S.A.	78,845,789	8
TOTAL	**945,359,142**	**100**

A.1) Jacob Klabin Lafer Adm. Partic. S.A.

All amounts in thousands of Reais unless otherwise stated

Other Information

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Vera Lafer	116,442,896	98
Novo Horizonte Agropecuária Ltda.	1,893,380	2
TOTAL	**118,336,276**	**100**

A.2) VFV Participações S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Jacob Klabin Lafer Adm. Partic. S.A.	59,201,185	100
Vera Lafer Lorch Cury	20	0
Francisco Lafer Pati	20	0
TOTAL	**59,201,226**	**100**

A.2.1) Jacob Klabin Lafer Adm. Partic. S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Vera Lafer	58,253,966	98
Novo Horizonte Agropecuária Ltda.	947,219	2
TOTAL	**59,201,185**	**100**

A.3) Miguel Lafer Participações S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Jacob Klabin Lafer Adm. Partic. S.A.	59,201,211	100
Novo Horizonte Agropecuária Ltda.	14	0
TOTAL	**59,201,226**	**100**

A.3.1) Jacob Klabin Lafer Adm. Partic. S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Vera Lafer	58,253,992	98
Novo Horizonte Agropecuária Ltda.	947,219	2
TOTAL	**59,201,211**	**100**

A.4) PRESH S.A.

	SHARES	
SHAREHOLDERS	**COMMON**	**%**
Horácio Lafer Piva	39,456,100	33
Eduardo Lafer Piva	39,456,100	33
Regina Piva Coelho Magalhães	39,456,218	33
TOTAL	**118,368,418**	**100**

All amounts in thousands of Reais unless otherwise stated

A.5) GL Holdings S/A

SHAREHOLDERS	SHARES COMMON	%
Graziela Lafer Galvão	-	-
Paulo Sergio Coutinho Galvão Filho	59,184,209	50
Maria Eugênia Lafer Galvão	59,184,209	50
TOTAL	**118,368,418**	**100**

(*) Shares subject to rights to use, with the beneficiary Graziela Lafer Galvão having voting right.

A.6) GLIMDAS Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
LÉA MANELA KLABIN (naked owner) *	5,608,203	5
ALBERTO KLABIN (naked owner) *	14,955,176	14
LEONARDO KLABIN (naked owner) *	14,955,176	14
STELA KLABIN (naked owner) *	14,955,176	14
MARIA KLABIN (naked owner) *	13,085,776	12
DAN KLABIN (naked owner) *	13,085,776	12
GABRIEL KLABIN (naked owner) *	13,085,776	12
MARIA KLABIN (naked owner) *	14,954,183	14
MAURÍCIO KLABIN'S ESTATE	994	0
TOTAL	**104,686,235**	**100**

(*) Registered common and preferred shares subject to rights to use, with the beneficiary ISRAEL KLABIN having voting right and registered preferred shares NOT subject to rights to use.

A.7) DARO Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
Daniel Miguel Klabin	7,233,819	7
Rose Klabin (*)	32,484,139	31
Amanda Klabin (*)	32,484,139	31
David Klabin (*)	32,484,139	31
TOTAL	**104,686,235**	**100**

(*) Shares subject to rights to use, with the beneficiary Daniel Miguel Klabin having voting right.

All amounts in thousands of Reais unless otherwise stated

Other Information

A.8) DAWOJOBE Participações S.A.

	SHARES	
SHAREHOLDERS	COMMON	%
Armando Klabin's estate	121,481	0
Wolff Klabin	15,671,047	15
Daniela Klabin	15,671,047	15
Bernardo Klabin	15,671,047	15
José Klabin	15,671,047	15
Klaro Paticipações Ltda.	41,880,568	40
TOTAL	**104,686,235**	**100**

A.8.1) Klaro Paticipações Ltda.

	SHARES	
SHAREHOLDERS	COMMON	%
Armando Klabin's estate	251,618	1
Rosa Maria Lisboa Klabin	418,471	1
Daniela Klabin Basílio (*)	10,302,620	25
Wolff Klabin (*)	10,302,620	25
José Klabin (*)	10,302,620	25
Bernardo Klabin (*)	10,302,620	25
TOTAL	**41,880,568**	**100**

(*) Shares subject to rights to use, with the beneficiary Rosa Maria Lisboa Klabin having voting right.

A.9) ESLI Participações S.A. (*)

	SHARES	
SHAREHOLDERS	COMMON	%
Cristina Levine Martins Xavier	26,326,335	33
Regina Klabin Xavier	26,326,335	33
Roberto Klabin Martins Xavier	26,326,414	33
TOTAL	**78,979,084**	**100**

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

A.10) LKL Participações S.A. (*)

	SHARES	
SHAREHOLDERS	COMMON	%
Cristina Levine Martins Xavier	26,281,903	33
Regina Klabin Xavier	26,281,903	33
Roberto Klabin Martins Xavier	26,281,982	33
TOTAL	**78,845,789**	**100**

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

All amounts in thousands of Reais unless otherwise stated

Other Information

B) NIBLAK PART. S/A

SHAREHOLDERS	SHARES COMMON	Total %
Miguel Lafer Part. S/A	17,782,701	13
VFV Participações S/A	17,782,701	13
GL Holdings S/A	17,782,843	13
Glimdas Participações S.A.	15,727,202	11
Verde Vivo Investimentos Florestais Ltda.	15,727,202	11
Dawojobe Partic. S.A.	15,000,328	11
Armando Klabin's estate	726,874	1
Esli Participações S.A.	23,710,315	17
Eduardo Lafer Piva	5,927,614	4
Horácio Lafer Piva	5,927,614	4
Regina Piva Coelho de Magalhães	5,927,614	4
TOTAL	**142,023,010**	**100**

B.1) Miguel Lafer Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
Jacob Klabin Lafer Adm. Partic. S.A.	17,782,697	100
Novo Horizonte Agropecuária Ltda.	4	0
TOTAL	**17,782,701**	**100**

B.1.1) Jacob Klabin Lafer Adm. Partic. S.A.

SHAREHOLDERS	SHARES COMMON	%
Vera Lafer	17,498,174	98
Novo Horizonte Agropecuária Ltda.	284,523	2
TOTAL	**17,782,697**	**100**

B.2) VFV Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
Jacob Klabin Lafer Adm. Partic. S.A.	17,782,689	100
Vera Lafer Lorch Cury	6	0
Francisco Lafer Pati	6	0
TOTAL	**17,782,701**	**100**

B.2.1) Jacob Klabin Lafer Adm. Partic. S.A.

SHAREHOLDERS	SHARES COMMON	%
Vera Lafer	17,498,166	98
Novo Horizonte Agropecuária Ltda.	284,523	2
TOTAL	**17,782,689**	**100**

B.3) GL Holdings S/A

All amounts in thousands of Reais unless otherwise stated

Other Information

SHAREHOLDERS	SHARES COMMON	%
Graziela Lafer Galvão	-	-
Paulo Sergio Coutinho Galvão Filho	8,891,422	50
Maria Eugênia Lafer Galvão	8,891,422	50
TOTAL	**17,782,843**	**100**

(*) Shares subject to rights to use, with the beneficiary Graziela Lafer Galvão having voting right.

B.4) GLIMDAS Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
Léa Manela Klabin (naked owner) *	842,530	5
Alberto Klabin (naked owner) *	2,246,743	14
Leonardo Klabin (naked owner) *	2,246,743	14
Stela Klabin (naked owner) *	2,246,743	14
Maria Klabin (naked owner) *	1,965,900	12
Dan Klabin (naked owner) *	1,965,900	12
Gabriel Klabin (naked owner) *	1,965,900	12
Antonia Klabin	2,246,594	14
Maurício Klabin's estate	149	0
TOTAL	**15,727,202**	**100**

(*) Registered common and preferred shares subject to rights to use, with the beneficiary ISRAEL KLABIN having voting right and registered preferred shares NOT subject to rights to use.

B.5) Verde Vivo Investimentos Florestais Ltda.

SHAREHOLDERS	SHARES COMMON	%
Amanda Klabin Tkacz (*)	5,242,401	33
Rose Klabin (*)	5,242,401	33
David Klabin (*)	5,242,401	33
TOTAL	**15,727,202**	**100**

(*) Shares subject to rights to use, with the beneficiary Daniel Miguel Klabin having voting right.

B.6) DAWOJOBE Participações S.A.

SHAREHOLDERS	SHARES COMMON	%
Armando Klabin's estate	17,407	0
Wolff Klabin	2,245,480	15
Daniela Klabin	2,245,480	15
Bernardo Klabin	2,245,480	15
José Klabin	2,245,480	15
Klaro Paticipações Ltda.	6,001,002	40
TOTAL	**15,000,328**	**100**

B.6.1) Klaro Paticipações Ltda.

All amounts in thousands of Reais unless otherwise stated

Other Information

SHAREHOLDERS	SHARES COMMON	%
Armando Klabin’s estate	36,054	1
Rosa Maria Lisboa Klabin	59,962	1
Daniela Klabin Basílio (*)	1,476,246	25
Wolff Klabin (*)	1,476,246	25
José Klabin (*)	1,476,246	25
Bernardo Klabin (*)	1,476,246	25
TOTAL	**6,001,002**	**100**

(*) Shares subject to rights to use, with the beneficiary Rosa Maria Lisboa Klabin having voting right.

B.7) ESLI Participações S.A. (*)

SHAREHOLDERS	SHARES COMMON	%
Cristina Levine Martins Xavier	7,903,431	33
Regina Klabin Xavier	7,903,431	33
Roberto Klabin Martins Xavier	7,903,454	33
TOTAL	**23,710,315**	**100**

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

3. CHANGES IN OWNERSHIP INTEREST

		12/30/2021		Change					12/29/2022		
SHAREHOLDERS	Type	Number of Shares	%	Purchase/Subscription	Sale	New Investors	Withdrawals	Corporate Changes*	Number of Shares	%	Change %
Controlling Shareholders	ON	1,294,941,465	62.21	5,683,505	-10,029,224	0	0	0	1,290,595,746	62.00	-0.34
	PN	368,779,023	10.43	21,843,808	-40,116,896	0	0	0	350,505,935	9.91	-4.96
Members of the Board of Directors	ON	59,130,758	2.84	273,241	-5,000	288,592	-593	0	59,686,998	2.87	0.94
	PN	199,840,865	5.65	1,112,964	-20,000	1,369,668	-602	0	202,302,895	5.72	1.23
Members of the Executive Board	ON	1,224,393	0.06	339,746	-44,800	0	0	0	1,519,339	0.07	24.09
	PN	4,897,572	0.14	1,401,784	-222,000	0	0	0	6,077,356	0.17	24.09
Members of the Supervisory Board	ON	6,575	0.00	0	0	0	0	0	6,575	0.00	0.00
	PN	6,300	0.00	10,000	0	0	0	0	16,300	0.00	158.73
Treasury Shares	ON	25,140,398	1.21	-1,967,846	0	0	0	0	23,172,552	1.11	-7.83
	PN	100,561,592	2.84	-7,871,384	0	0	0	0	92,690,208	2.62	-7.83
Other Shareholders	ON	701,285,006	33.69	-4,328,646	10,079,024	-288,592	593	0	706,747,385	33.95	0.78
	PN	2,862,078,809	80.94	-16,497,172	40,358,896	-1,369,668	602	0	2,884,571,467	81.57	0.79
Total	**ON**	**2,081,728,595**	**100.00**	**0**	**0**	**0**	**0**	**0**	**2,081,728,595**	**100.00**	0.00
	PN	**3,536,164,161**	**100.00**	**0**	**0**	**0**	**0**	**0**	**3,536,164,161**	**100.00**	0.00

All amounts in thousands of Reais unless otherwise stated

4. NUMBER OF THE COMPANY'S SHARES DIRECTLY OR INDIRECTLY HELD BY CONTROLLING SHAREHOLDERS AND MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND SUPERVISORY BOARD AND NUMBER OF SHARES OUTSTANDING IN THE MARKET

At 12/31/2022

	SHARES					
SHAREHOLDERS	COMMON	%	PREFERRED	%	TOTAL	%
Controlling Shareholders	1,290,595,746	62	350,505,935	10	1,641,101,681	29
Members of the Board of Directors	59,686,998	3	202,302,895	6	261,989,893	5
Members of the Executive Board	1,519,339	0	6,077,356	0	7,596,695	0
Members of the Supervisory Board	6,575	0	16,300	0	22,875	0
Treasury shares	23,172,552	1	92,690,208	3	115,862,760	2
Other Shareholders	706,747,385	34	2,884,571,467	82	3,591,318,852	64
Total	**2,081,728,595**	**100**	**3,536,164,161**	**100**	**5,617,892,756**	**100**
Number of Outstanding Shares	**706,747,385**	**34**	**2,884,571,467**	**82**	**3,591,318,852**	**64**

At 12/31/2021

	SHARES					
SHAREHOLDERS	COMMON	%	PREFERRED	%	TOTAL	%
Controlling Shareholders	1,294,941,465	62	368,779,023	10	1,663,720,488	30
Members of the Board of Directors	59,130,758	3	199,840,865	6	258,971,623	5
Members of the Executive Board	1,224,393	0	4,897,572	0	6,121,965	0
Members of the Supervisory Board	6,575	0	6,300	0	12,875	0
Treasury Shares	25,140,398	1	100,561,592	3	125,701,990	2
Other Shareholders	701,285,006	34	2,862,078,809	81	3,563,363,815	63
Total	**2,081,728,595**	**100**	**3,536,164,161**	**100**	**5,617,892,756**	**100**
Number of Outstanding Shares	**701,285,006**	**34**	**2,862,078,809**	**81**	**3,563,363,815**	**63**

All amounts in thousands of Reais unless otherwise stated

PROPOSAL FOR CAPITAL BUDGET

In accordance with article 196 of Law 6,404/76, the management of Klabin S.A. presents this proposal for Capital Budget.

The investment budget for the year 2022, approved at an ordinary meeting of the Board of Directors held on February 7, 2023, totals R$ 5,401 million, distributed as follows:

INVESTMENTS - Amounts in R$ millions	
PUMA II Project	2,055
Figueira Project	835
Forest Expansion	146
Maintenance of operations and forestry	2,101
Special Projects	264
Total	**5,401**

SOURCES OF FUNDS	
Third Party Funds	
IDB - Inter-American Development Bank (i)	3,339
ECA - Export Credit Agency (i)	2,062
Total Financing	**5,401**

(i) Amounts considering the translation rate of R$/US$ 5.2177.

The Company's Management remains at the disposal of the Shareholders to provide any additional clarifications they deem necessary.

(all amounts in thousands of Reais unless otherwise stated)

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors, Advisors and Stockholders
Klabin S.A.

Opinion

We have audited the accompanying parent company financial statements of Klabin S.A. (the "Company"), which comprise the balance sheet as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Klabin S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

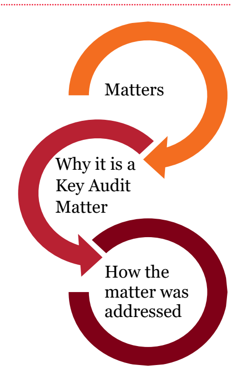
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Klabin S.A. and of Klabin S.A. and its subsidiaries as at December 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Why it is a Key Audit Matter	How the matter was addressed in the audit
Fair value of biological assets (Note (17))	
The Company's biological assets arise from the cultivation and planting of pine and eucalyptus forests to provide raw materials for the production of short-fiber, long-fiber and fluff pulp, for use in the production of paper and for the sale of logs to third parties. Biological assets are measured at fair value less costs necessary to prepare the assets for their intended use or sale, by applying the discounted cash flow method. This method uses data and assumptions that require significant judgment of management, including: the growth rate index for different forests, the price of standing timber in different regions, the interest rates for the discounting of cash flows, the harvesting plan for the forests and estimates of productivity volume. We considered this an area of focus in our audit because of the significance of the biological assets balance and the high degree of judgment involved, as well as the volume of data collected which rely on manual internal controls, which could materially impact the fair value estimates and, consequently, the results for the year.	Our audit procedures included, among others, obtaining an understanding of the internal controls used by management to measure the fair value, as well as the valuation methodology and assumptions and data used in the calculation. With the support of our biological asset valuation specialists, we evaluated the discounted cash flow method used, including its logical and arithmetical consistency. For the main assumptions, considered significant to the audit, we compared these to external sources assessing these against historical trends and past data points. Also with the support of our specialists we reviewed, on a sample basis, the measurements of the planted areas and the age of forests by plot. We also assessed the competence, objectivity and skills of the internal specialists and those contracted by management to assist in the fair value measurement. We matched the information we obtained with that disclosed in the explanatory notes and used in the calculations prepared by management, and assessed the adequacy of disclosure requirements pursuant to the accounting standards. We consider that the criteria and assumptions adopted by the Company for the fair value measurement of biological assets, as well as the disclosures in the explanatory notes, to be consistent with the evidence obtained.
Designation of financial instruments for purposes of cash flow hedge accounting (Note 31)	
The Company and its subsidiaries' significant exports provide a partial natural hedge for their foreign currency transactions including borrowings used to finance expansion projects. Consequently, the Company adopts cash flow hedge accounting recognizing, in the result for the year, the effects of	Our principal audit procedures, among others, included: . Understanding the risk management process and internal controls over the documentation for recording these financial instruments.

This document will be signed electronically using DocuSign (www.docusign.com.br), pursuant to art. 10, § 2, of Medida Provisória (Provisional Decree) No. 2200-2/2001 and was prepared on the date indicated, being valid for all legal purposes.

Why it is a Key Audit Matter	How the matter was addressed in the audit
exchange rate variation from borrowings denominated in foreign currency once the exports are shipped. Accounting standards for hedge accounting require that the Company comply with certain requirements, among which the preparation of formal documentation for the hedge accounting designation, performance of effectiveness test and to record any ineffectiveness in the statement of income for the year. Due to the complexity in designating and periodically measuring the effectiveness of the hedge relationships, we treated this as a key matter in our audit.	. Analyzing the hedge accounting policy and program with the assistance of our specialists in derivative financial instruments. . Recalculating, on a sample basis, the fair value measurement of the financial instruments. . Examining the supporting documentation for the financial instrument designation and analyzing the effectiveness tests prepared by Company management. . Requesting confirmation directly from financial institutions of the balances of financial instruments. We also read the accounting practices disclosures, the description of the transactions and balances of operations involving cash flow hedge accounting. We consider that the assumptions and judgments adopted by management when applying cash flow hedge accounting to be consistent with the data and information obtained during our audit.
Evaluation and disclosure of tax, labor and civil risks (Notes 12.4 and 22.3)	
The Company and its subsidiaries are defendants at the judicial and administrative levels for proceedings involving tax, labor and civil cases arising in the normal course of their business. Management estimates their likely outcomes, under the advice of its outside legal counsel, and estimates any probable cash outflows which serve as a basis for a provision. When management determines that risk of loss is only possible, and in the case of uncertain tax treatment for income tax and social contribution it determines that the tax authority will likely accept the Company and its subsidiaries' position, no provisions are recorded but disclosures of the circumstances are provided for in the notes to the financial statements.	Our audit procedures included, among others, obtaining an understanding of management's internal controls used to identify, measure, record and disclose contingencies and uncertain income tax treatments, as well as to monitor the progress of the legal proceedings and case law. We requested direct confirmation from management's internal legal advisors and the Company's outside legal counsel responsible for accompanying the proceedings at the administrative and judicial levels. For the more significant proceedings, with the support of our legal specialists, we discussed with management the reasonableness of the likelihood of risk of loss as determined by the Company and its subsidiaries.

Klabin S.A.

Why it is a Key Audit Matter	How the matter was addressed in the audit
At December 31, 2022, these possible risk of loss and uncertain tax treatment contingencies total R$ 6.007.102 thousand in the Consolidated. The determination of the likelihood of loss and their respective amounts are subjective and rely on management's judgment, depending on judicial precedent, among others. Because of the materiality of the amounts involved, any changes in estimates and assumptions affecting the estimates of likelihood of loss could have a significant impact on the Company's financial statements. For this reason, this was considered an area of focus in our audit.	On a sample basis, we tested the calculations for the estimated amounts and evaluated whether the disclosures made are consistent with the supporting documentation, as well as with the relevant accounting standards. We read the related disclosures in the explanatory notes. We consider that the criteria and assumptions adopted by management to determine the provisions and disclosures to be consistent with the positions taken by the legal advisors.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Audit of the comparative financial information

The financial statements for the year ended December 31, 2021, were audited by another firm of independent auditors whose report, dated February 8, 2022, expressed an unqualified opinion on those statements.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Klabin S.A.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 7, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by:
Renato Barbosa Postal
Assinado por: RENATO BARBOSA POSTAL:13794189841
CPF: 13794189841
Data/Hora da Assinatura: 08 February 2023 | 19:07 BRT
ICP Brasil
2F5068F0522C4168975845D3E586328A

Renato Barbosa Postal
Contador CRC 1SP187382/O-0

This document will be signed electronically using DocuSign (www.docusign.com.br), pursuant to art. 10, § 2, of Medida Provisória (Provisional Decree) No. 2200-2/2001 and was prepared on the date indicated, being valid for all legal purposes.

OFFICERS' STATEMENT ON THE FINANCIAL STATEMENTS

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3.600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/000145, declare that we have reviewed, discussed and agreed with the set of financial statements for the year ended December 31, 2022.

São Paulo, February 7, 2023

Cristiano Cardoso Teixeira	Chief Executive Officer
Marcos Paulo Conde Ivo	Chief Financial and Investor Relations Officer
Flávio Deganutti	Chief Paper Business Officer
Francisco Cezar Razzolini	Chief Industrial Technology, Innovation, Sustainability and Project Officer

OFFICERS' STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3.600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/000145, declare that we have reviewed, discussed and agreed with the opinions expressed in the independent auditor's report related to the set of financial statements for the year ended December 31, 2022.

São Paulo, February 7, 2023

Cristiano Cardoso Teixeira	Chief Executive Officer
Marcos Paulo Conde Ivo	Chief Financial and Investor Relations Officer
Flávio Deganutti	Chief Paper Business Officer
Francisco Cezar Razzolini	Chief Industrial Technology, Innovation, Sustainability and Project Officer

Opinion of the Supervisory Board

We have examined the parent company and consolidated financial statements of Klabin S.A., which comprise the balance sheet as at December 31, 2022 and the statements of: (i) income, (ii) comprehensive income, (iii) changes in equity, (iv) cash flows, and (v) value added, accompanied by the corresponding explanatory information and the report of PricewaterhouseCoopers Auditores Independentes Ltda.; as well as a summary of the main accounting practices, explanatory notes and management report.

Based on the documents examined, the unqualified opinion in PricewaterhouseCoopers Auditores Independentes Ltda. report on these financial statements and the clarifications given by the representatives of the Company's management, the members of the Supervisory Board unanimously agree that the aforementioned financial statements present fairly the financial position and the activities of the Company for the year ended December 31, 2022, and that together with the Management Report and the proposal for the allocation of results, can be submitted to the appreciation of the Board of Directors and subsequently to the approval at the Company's Annual General Meeting of Stockholders.

São Paulo, February 6, 2023

João Adamo Junior

João Alfredo Dias Lins

Louise Barsi

Maurício Aquino Halewicz

Raul Ricardo Paciello

Opinion of the Audit Committee

In compliance with the laws and the Company's bylaws, the members of the Audit Committee and Related Parties of the Company have examined the Financial Statements, the Management Report and the Independent Auditor's Report for the year ended December 31, 2022 and have expressed favorably to their approval by the Board of Directors, under the terms of the documents provided, which remain filed in the Company's headquarters.

São Paulo, February 6, 2023.

Camilo Marcantonio Junior

Amanda Klabin Tkacz

Pedro Guilherme Zan

KLABIN S.A.
CNPJ 89.637.490/0001-45
Listed company

BOARD OF DIRECTORS

Chairman
Paulo Sergio Coutinho Galvão Filho

Board Members

Wolff Klabin
Camilo Marcantonio Junior
Celso Lafer
Daniel Miguel Klabin
Francisco Lafer Pati
Horácio Lafer Piva
Alberto Klabin
Mauro Gentile Rodrigues da Cunha
Roberto Klabin Martins Xavier
Roberto Luiz Leme Klabin
Sergio Francisco Monteiro de Carvalho Guimarães
Vera Lafer
Isabella Saboya de Albuquerque

SUPERVISORY BOARD

João Adamo Junior
João Alfredo Dias Lins
Louise Barsi
Maurício Aquino Halewicz
Raul Ricardo Paciello

EXECUTIVE BOARD

Cristiano Cardoso Teixeira	Chief Executive Officer
Marcos Paulo Conde Ivo	Chief Financial and Investor Relations Officer
Flávio Deganutti	Chief Paper Business Officer
Francisco Cezar Razzolini	Chief Industrial Technology, Innovation, Sustainability and Project Officer

Herbert Wang Ho
Chief Controlling Officer

Ana Paula Marzano Cerqueira
Accountant – CRC 1SP204118/O-1