

(A free translation of the original in Portuguese)

KLABIN S.A.

All amounts in thousands of Reais

Klabin S.A.

Quarterly Information (ITR)

at June 30, 2021

**and report on review of
quarterly information**

(A free translation of the original in Portuguese)

KLABIN S.A.

All amounts in thousands of Reais

Officers' statement on the Quarterly Information

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at 3600 Brigadeiro Faria Lima Avenue, 3rd, 4th and 5th floors, Itaim Bibi, Zip Code 04538-132, Brazil, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the set of quarterly information, dated August 10, 2021, related to the quarterly information for the period ended June 30, 2021.

São Paulo, August 10, 2021.

Cristiano Cardoso Teixeira
Marcos Paulo Conde Ivo
Flavio Deganutti
Francisco Cezar Razzolini

Chief Executive Officer
Chief Financial Officer and Investor Relations Officer
Officer
Officer

(A free translation of the original in Portuguese)

KLABIN S.A.

All amounts in thousands of Reais

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 3600 Brigadeiro Faria Lima Avenue, 3rd, 4th and 5th floors, Itaim Bibi, Zip Code 04538-132, Brazil, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the opinions expressed in the independent auditor's report dated August 10, 2021, related to the quarterly information for the period ended June 30, 2021.

São Paulo, August 10, 2021.

Cristiano Cardoso Teixeira
Marcos Paulo Conde Ivo
Flavio Deganutti
Francisco Cezar Razzolini

Chief Executive Officer
Chief Financial Officer and Investor Relations Officer
Officer
Officer

Independent auditor's review report on quarterly information

To the Shareholders, Board of Directors and Officers of
Klablin S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Klablin S.A. (the "Company"), for the quarter ended June 30, 2021 comprising the statement of financial position as at June 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and six-month periods then ended and the statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with accounting pronouncement NBC TG 21 (R4) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this financial information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 (R4) and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the overall individual and consolidated interim financial information.

São Paulo, August 10, 2021

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Rita de C. S. Freitas
Accountant CRC-1SP214160/O-5

Financial Highlights

R\$ million	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Sales Volume (thousand tonnes)	946	909	858	4%	10%	1,855	1,707	9%
% Domestic Market	59%	61%	48%	- 2 p.p.	+ 11 p.p.	60%	52%	+ 8 p.p.
Net Revenue	4,076	3,467	2,956	18%	38%	7,542	5,548	36%
% Domestic Market	60%	62%	51%	- 2 p.p.	+ 9 p.p.	61%	55%	+ 6 p.p.
Adjusted EBITDA	1,798	1,274	1,333	41%	35%	3,073	2,361	30%
Adjusted EBITDA Margin	44%	37%	45%	+ 7 p.p.	- 1 p.p.	41%	43%	- 2 p.p.
Adjusted EBITDA (excl. non-recurring effects)¹	1,798	1,254	1,333	43%	35%	3,052	2,361	29%
Adjusted EBITDA Margin (excl. non-recurring effects) ¹	44%	36%	45%	+ 8 p.p.	- 1 p.p.	40%	43%	- 3 p.p.
Net Income	719	421	(383)	71%	n/a	1,139	(3,525)	n/a
Net Debt	18,770	21,744	20,983	-14%	-11%	18,770	20,983	-11%
Net Debt / EBITDA (LTM - BRL)	3.3x	4.2x	4.4x			3.3x	4.4x	
Net Debt / EBITDA (LTM - USD)	3.6x	4.0x	3.6x			3.6x	3.6x	
CAPEX	904	815	998	11%	-9%	1,719	1,818	-5%

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

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

Quarterly Message

Strong demand for Klabin's products in both the domestic and international markets continued apace in the second quarter 2021. These favorable market conditions, combined with a solid operational performance, boosted the Company's results in the period.

In the pulp market, the balance between supply and demand remained positive throughout the quarter, mainly driven by the recovery in paper consumption in Europe and the United States. Consequently, larger sales volume could be directed to these regions and to the domestic market with market reference prices in the period increasing both for short fiber as well as long fiber and fluff according to the FOEX price index. In China, price recovery that had begun in the second half of 2020, continued across all pulp grades. As the only Brazilian company to produce three different pulp grades (short fiber, long fiber and fluff), Klabin was again able to benefit from its diversified portfolio.

Demand for Kraftliner continued intense during the quarter. In the United States, the largest producer and exporter of this product, strong domestic demand driven by sales via e-commerce and by the recovery in economic activity, remained the main factor behind the reduction in export volume. With this, average FOEX Europe prices for Kraftliner were US\$ 813/t in 2Q21, an increase of 26% compared with the average in 2Q20 and 11% in relation to the first quarter 2021.

This scenario created very favorable commercial conditions for the start-up of the first stage of the Puma II Project, scheduled for the second half of August 2021, as announced in the Material Fact of August 5, 2021. The new paper machine that will produce Eukaliner®, the first Kraftliner in the world made exclusively from eucalyptus fiber, already has 100% of its output sold, 70% of it under contracts. This project represents the largest investment in the history of Klabin and reinforces its integrated, diversified, and flexible business model.

In the packaging market, Empapel reported a significant growth of 16.7% in volume of corrugated box shipments in the second quarter of 2021 in relation to the same period in 2020. The sector has benefited from expansion in domestic market consumption, a reflection of growth in exports such as proteins and fruits as well as increased e-commerce sales combined with the shift in consumer preference to more sustainable forms of packaging.

Similarly, demand in the industrial bags market has been boosted by rising cement consumption in Brazil, which has accumulated an increase of 15.8% compared with the first six months of 2020, based on preliminary data published by the National Cement Industry Union (SNIC). Demand has also been driven by the growing tendency for consumption of packaging made of raw materials derived from recyclable, biodegradable and renewable sources for products such as flour, sugar, and animal feed.

In order to meet this increased demand in the packaging segment, at the end of June this year, a set of 23 special and growth projects was approved, with a total investment of R\$ 342 million. This investment will be directed largely to increasing capacity for converting paper into packaging and to the offer of state of the art technology for the highest quality printing.

The growth in sales volume combined with price increases at all the businesses boosted net revenue in 2Q21 to a total of R\$ 4.076 billion, 38% greater than the same period in the preceding year, and 27% excluding revenues from the assets acquired from IP. This result together with the Company's cost discipline, lifted the Adjusted EBITDA for the quarter to R\$ 1.798 billion, 35% more than in 2Q20. The Adjusted EBITDA and the efficient capital allocation in the period drove cash generation and consequently the creation of shareholder value.

**ROIC reached
18.7% and FCF
Yield 16.4% in the
last twelve months**

Again in the second quarter, Klabin's targets for reducing greenhouse gas emissions (GHG) were approved under the Science Based Targets initiative (SBTi). Over the past 15 years, the Company has reduced its GHG emissions by 60%. Based on scientific criteria, the commitment with the SBTi represents an even more ambitious contribution to the mitigation of the climate change effects, establishing targets for the reduction in GHG emissions per ton of pulp, paper, and packaging production by 25% until 2025, and 49% until 2035, with 2019 as the baseline year.

In June, Klabin published its Sustainability Report containing the main initiatives and practices adopted in 2020 for managing environmental, social and governance themes. An ESG panel has also been launched, combining all the Company's ESG indicators on a single platform and enhancing transparency and facilitating access to information. To access, [click here](#).

The recent initiatives and investments strengthening the portfolio of recyclable, biodegradable solutions and those based on renewable sources are an indication of the Company's protagonism in the development of a more sustainable world. This, combined with operational and financial performance in recent quarters, clearly demonstrates Klabin's capacity to grow and create value for all its stakeholders.

Operating and Economic-Financial Performance

Pulp and Paper Production

Volume (k tons)	2Q21	1Q21	2Q20	Δ		6M21	6M20	Δ	
				2Q21/1Q21	2Q21/2Q20			6M21/6M20	
Pulp	416	413	413	1%	1%	829	809	2%	
Short Fiber	298	295	299	1%	0%	593	582	2%	
Long Fiber/Fluff	118	118	114	0%	4%	236	227	4%	
Paper	549	502	504	9%	9%	1,052	1,005	5%	
Kraftliner	259	254	260	2%	0%	513	510	1%	
Coated Boards	189	150	181	26%	4%	339	369	-8%	
Recycled	101	98	62	3%	63%	199	126	58%	
Total Production Volume	966	915	916	6%	5%	1,881	1,814	4%	

In the second quarter 2021, pulp **production volume** were stable at a high level when compared both annually and quarterly. Debottlenecking projects together with productivity gains have allowed the Puma Unit to operate above its nominal capacity.

Paper production in 2Q21 was 9% higher than for the same period in 2020. The increase is a reflection largely of the additional volumes from the two recycled paper units acquired from International Paper. On a quarterly comparative basis, growth in paper production was also 9%, reflecting higher volumes of coated board, the main product manufactured at the Monte Alegre Unit where there was a maintenance stoppage in the first quarter this year.

Maintenance Stoppages

There were no maintenance stoppages at Klabin's plants during the second quarter 2021. However, in line with plan, there was a general maintenance shutdown at the Otacílio Costa Unit in July, the impact of which will show up in third quarter results this year. Thus, the Company has already completed all its programmed stoppages for 2021 as shown in the following schedule.

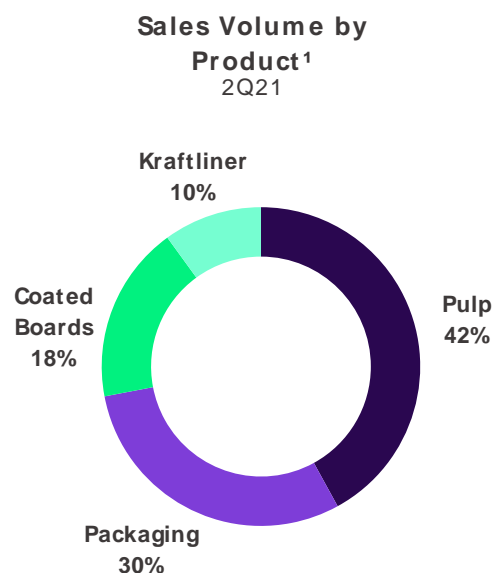
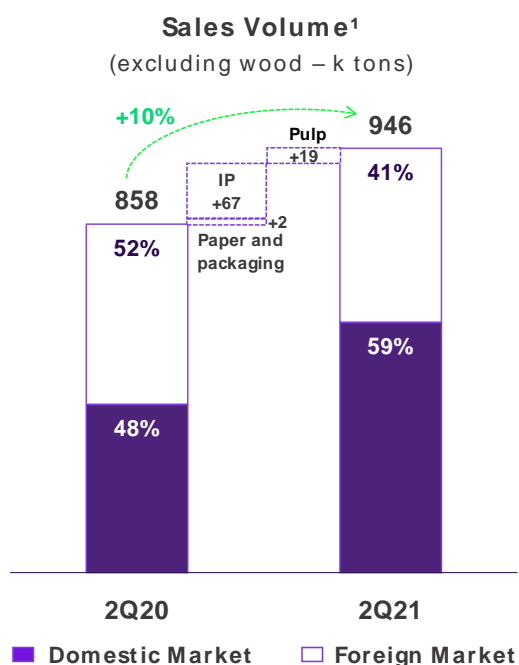
Maintenance Stoppage Schedule 2021												
Manufacturing Plant	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ortigueira (PR) - Puma I												
Monte Alegre (PR)		MA										
Correia Pinto (SC)												
Otacílio Costa (SC)							OC					

Legend: Executed

Sales Volume

Volume (k tons)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Pulp	399	373	380	7%	5%	772	763	1%
Short Fiber	289	269	278	7%	4%	557	555	0%
Long Fiber/Fluff	110	104	102	6%	7%	214	208	3%
Paper	265	256	296	4%	-10%	521	571	-9%
Kraftliner	90	103	114	-13%	-21%	194	220	-12%
Coated Boards	175	153	182	15%	-4%	328	351	-7%
Packaging	282	280	181	1%	56%	562	372	51%
Corrugated Boxes	243	240	150	1%	62%	484	306	58%
Industrial Bags	39	39	31	0%	25%	79	67	18%
Total Sales Volume (ex-wood)	946	909	858	4%	10%	1,855	1,707	9%

In line with the movement seen in previous quarters, in 2Q21, all product sales continued robust as a result of strong demand in the markets in which the Company operates. **Total sales volume** excluding wood was 946 thousand tons in the period, a growth of 10% compared with the same period in the preceding year. Since Klabin is already operating at its maximum production capacity, this increase largely reflects the output of 67 thousand tons from the assets acquired from IP. Excluding this additional volume, the Company posted a 2% increase in 2Q21 compared to 2Q20. On a quarter-on-quarter comparison, sales rose by 4%, since in 1Q21, inventories were replenished following the general maintenance shutdown at the Puma Unit in December 2021 and also coated board sales suffered the impact of the general maintenance stoppage at the Monte Alegre Unit.



¹Excludes Wood

Foreign Exchange

R\$ / US\$	2Q21	1Q21	2Q20	Δ		6M21	6M20	Δ
				2Q21/1Q21	2Q21/2Q20			6M21/6M20
Average Rate	5.29	5.48	5.38	-4%	-2%	5.39	4.92	9%
End of Period	5.00	5.70	5.48	-12%	-9%	5.00	5.48	-9%

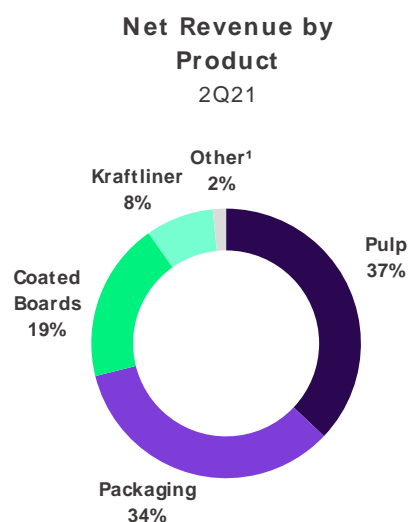
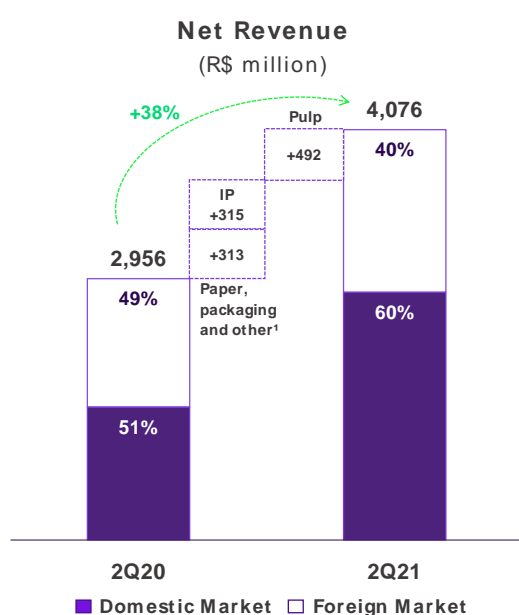
Source: Brazilian Central Bank

Net Revenue

Net Revenue (R\$ million)	2Q21	1Q21	2Q20	Δ		6M21	6M20	Δ
				2Q21/1Q21	2Q21/2Q20			6M21/6M20
Total Net Revenue	4,076	3,467	2,956	18%	38%	7,542	5,548	36%
Wood	96	62	49	53%	95%	158	97	64%
Pulp	1,511	1,194	1,019	27%	48%	2,704	1,849	46%
Short Fiber	991	782	674	27%	47%	1,773	1,220	45%
Long Fiber/Fluff	520	412	346	26%	50%	931	629	48%
Paper	1,113	973	1,109	14%	0%	2,086	2,028	3%
Kraftliner	333	323	327	3%	2%	656	591	11%
Coated Boards	780	650	782	20%	0%	1,430	1,438	-1%
Packaging	1,387	1,259	742	10%	87%	2,646	1,512	75%
Corrugated Boxes	1,129	1,001	543	13%	108%	2,130	1,107	92%
Industrial Bags	258	258	198	0%	30%	516	405	27%
Other¹	(31)	(21)	37	-44%	n/a	(52)	62	n/a

¹ Includes by-product sales, hedge accounting and sales reversals

Net Revenue amounted to R\$ 4.076 billion in 2Q21, a growth of 38% in relation to 2Q20. Excluding the additional revenue from the units acquired from IP of R\$ 315 million in the quarter, there was an increase of 27% on an annual comparative basis. This performance is the result of price readjustments across all the business units due to the strong demand both in the domestic market as well as export markets, in addition to greater sales volume in the period.



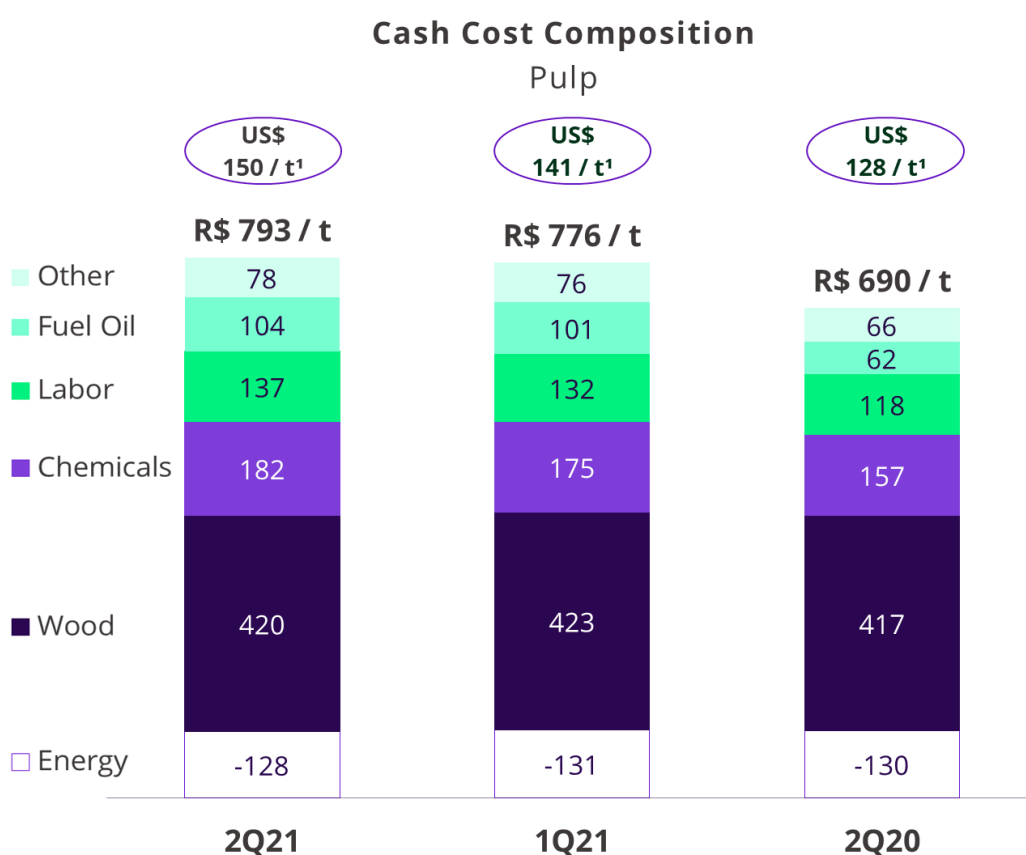
¹Includes Wood, Eliminations and Other Revenues

Operational Costs and Expenses

Pulp Cash Cost

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

The production **cash cost** of pulp in 2Q21 was R\$ 793 per ton, a growth of 15% compared to 2Q20, and 2% compared with 1Q21. The main reasons for the increase on an annual comparative basis, in addition to inflation, relate to rising commodity prices which impacted costs of fuel oils and chemical inputs, more particularly chlorate and caustic soda. With an increase in these lines and the appreciation in the Real in the period, pulp cash costs in US\$ in 2Q21 were US\$150/t, 17% higher in relation to 2Q20 and 6% greater than 1Q21.

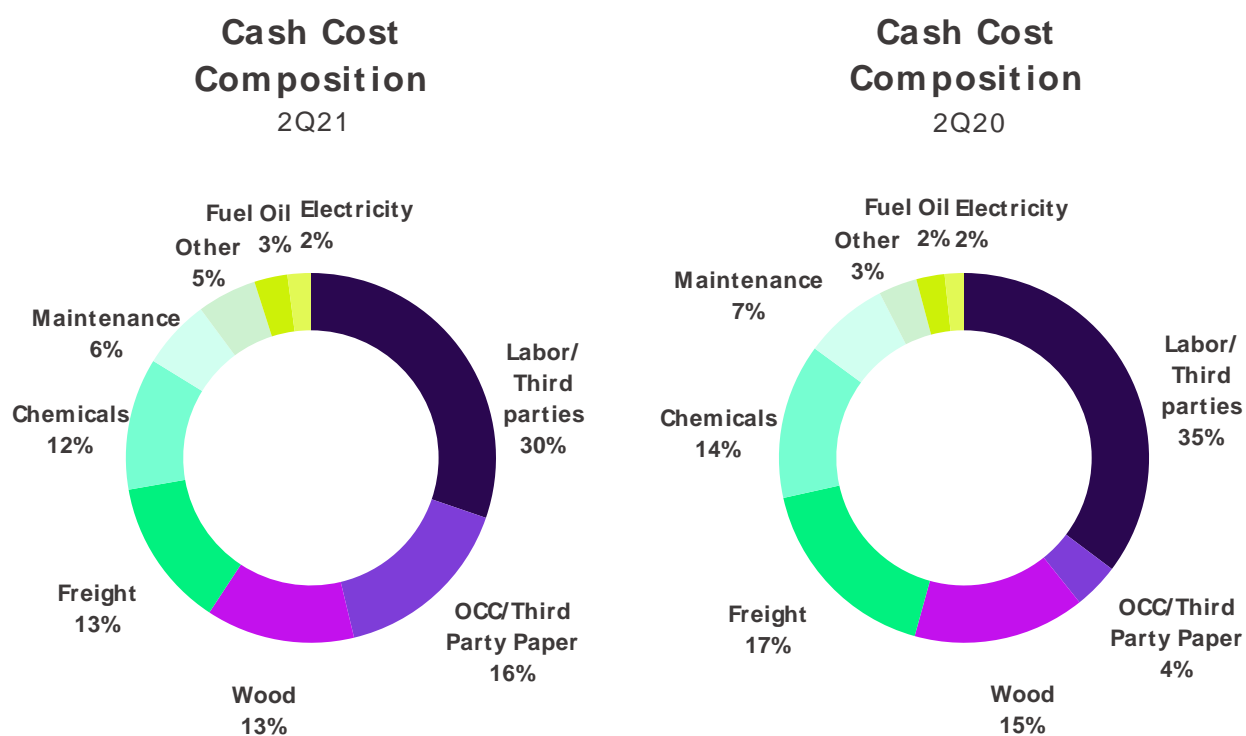


¹Calculated on the average US Dollar for the period

Total Cash Cost

Incorporating the sale of all the Company's products, **total unitary cash cost** was R\$ 2,406/t in the quarter, 27% higher than in 2Q20. Approximately two thirds of this increase, as mentioned in the previous quarters, reflect the changing product sales mix following the acquisition of IP's packaging assets, as corrugated boxes, which has become more representative, has a higher cash cost in relation to other products given its greater value added. Additionally, there was also an impact of the OCC cost increase for supplying the recycled paper plants. Market data published by Anguti shows average OCC prices increasing to R\$ 1,816/t in 2Q21 compared to the average of R\$ 669/t in 2Q20.

Compared with 2Q21, which already includes the IP incorporation effect in the Company's sales mix, and excluding the impact of the Monte Alegre Unit maintenance stoppage carried out in 1Q21, there was a 4% increase in cash cost per ton. This was mainly the result of the 25% increase in average OCC costs in 2Q21 in relation to 1Q21 (based on market data from Anguti), in addition to greater volumes of wood acquired from third parties.



Costs and Expenses (R\$ million)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Cost of Goods Sold (COGS)¹	(1,764)	(1,764)	(1,224)	0%	44%	(3,528)	(2,403)	47%
Variable Costs	(1,271)	(1,096)	(745)	16%	71%	(2,366)	(1,496)	58%
Labor and Third Parties	(504)	(482)	(416)	4%	21%	(986)	(821)	20%
Other	11	(186)	(63)	n/a	n/a	(175)	(86)	104%
Sales Expenses	(296)	(267)	(289)	11%	2%	(563)	(536)	5%
Administrative Expenses	(220)	(204)	(157)	8%	40%	(424)	(306)	39%
Other Net Expenses²	3	32	47	-91%	-94%	35	59	-41%
Total Cash Cost	(2,277)	(2,203)	(1,623)	-3%	-40%	(4,480)	(3,187)	-41%
Cash Cost/t	2,406	2,424	1,893	-1%	27%	2,415	1,868	29%

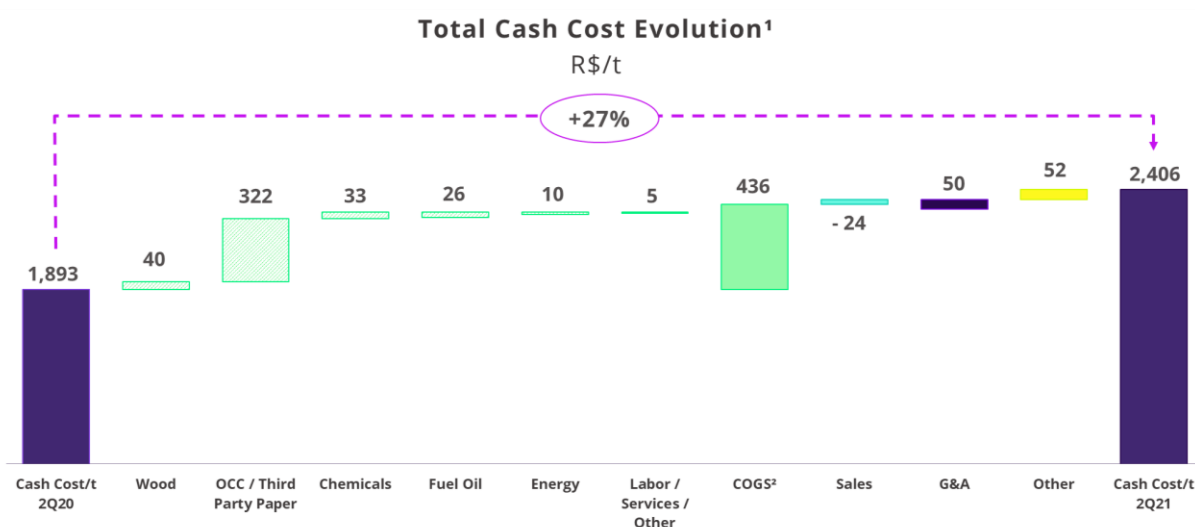
¹ Net of Depreciation, Amortization and Exhaustion contained in COGS and SG&A

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

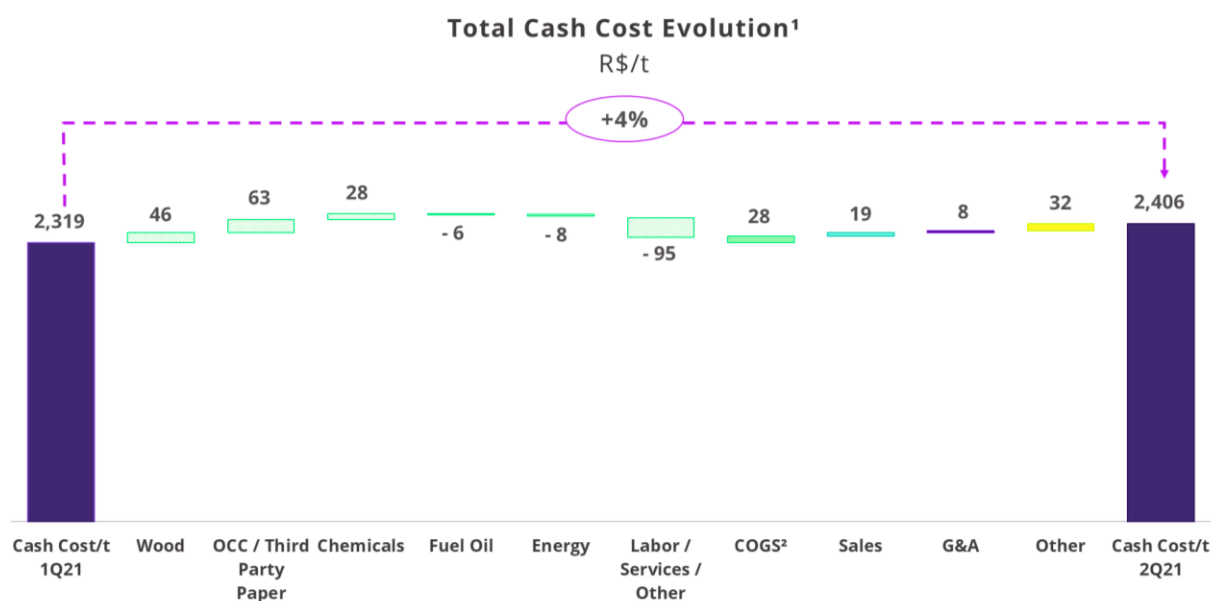
The **cost of goods sold (COGS)**, excluding depreciation, amortization, and depletion, was R\$ 1.764 billion in the second quarter 2021, and equivalent to R\$ 1,864/t, 31% above 2Q20. As already mentioned, this reflects the changing product mix with an increased share of packaging at a greater average unitary cost given the higher value added nature of the product in addition to the increase in OCC prices.

Sales expenses amounted to R\$ 296 million in the period, equivalent to 7.3% of net revenue and less than the 9.8% registered in 2Q20 and the 7.7% in 1Q21, in line with the increase in net revenue. On an annual comparison basis, the reduction in relation to net revenue reflects lower export volumes and the elimination of royalty payments from 1Q21. Additionally, the Company was successful in maintaining freight costs under control through the use of long-term freight agreements, mainly in the form of break bulk cargos, in spite of the worldwide logistics challenges experienced since last year.

General and administrative expenses totaled R\$ 220 million in 2Q21, an increase of R\$ 63 million compared to the same period in 2020. In addition to inflationary pressures, the increase was driven by the engagement of consultancies for strategic projects as well as expenditures relating to COVID-19 in the form of donations and services for reinforcing the Company's health protocols. In relation to the preceding quarter, this item increased by 8%.



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



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

Effect of the variation of fair value of biological assets

Biological Assets (R\$ million)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Beginning Balance	4,543	4,658	4,583	-2%	-1%	4,658	4,712	-1%
Additions and Subtractions	291	209	137	40%	112%	500	220	127%
Planting	291	209	137	40%	112%	500	268	87%
Disposal of Biological Assets	-	-	-	n/a	n/a	-	(48)	n/a
Exhaustion	(454)	(367)	(349)	24%	30%	(820)	(707)	16%
Historical Cost	(197)	(135)	(81)	46%	143%	(332)	(156)	113%
Fair Value Adjustment	(256)	(232)	(268)	11%	4%	(488)	(551)	-11%
Fair Value Variation	199	43	32	365%	530%	241	177	37%
Price	131	195	(57)	-33%	n/a	326	(94)	n/a
Growth	68	(152)	88	n/a	-23%	(85)	343	n/a
SPV Constitution	-	-	-	n/a	n/a	-	(72)	n/a
Ending Balance	4,579	4,543	4,402	1%	4%	4,579	4,402	4%

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

In the second quarter 2021, the fair value variation of the biological assets resulted in revenue of R\$ 199 million, principally due to the impact of the increase in price of the biological assets (standing timber) based on market surveys published by specialized companies. Additionally, the depletion effect of the fair value of the biological assets on the cost of products sold was R\$ 256 million in the same period. Hence, the non-cash effect of the fair value of the biological assets on operating results (EBIT) in 1Q21 was a negative R\$ 57 million.

EBITDA and Operating Cash Generation

R\$ million	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Net Income (loss)	719	421	(383)	71%	n/a	1,139	(3,525)	n/a
(+) Income Taxes and Social Contribution	372	57	(268)	553%	n/a	429	(1,981)	n/a
(+) Net Financial Revenues	207	203	1,398	2%	-85%	410	6,886	-94%
(+) Depreciation, Amortization, Depletion	701	626	621	12%	13%	1,327	1,256	6%
Adjustments According to IN.CVM 527/12 art. 4								
(+) Variation of Fair Value of Biological Assets	(199)	(43)	(32)	-365%	530%	(241)	(249)	3%
(+) Cash Flow Hedge Effect	-	11	-	n/a	n/a	11	-	n/a
(+) Equity Pickup	(2)	(1)	(4)	-87%	-54%	(3)	(26)	90%
Adjusted EBITDA	1,798	1,274	1,333	41%	35%	3,073	2,361	30%
Adjusted EBITDA Margin	44%	37%	45%	+ 7 p.p.	- 1 p.p.	41%	43%	- 2 p.p.
(+) Non-Recurring Effects ¹	-	(20)	-	n/a	n/a	(20)	-	n/a
Adjusted EBITDA (excluding non-recurring effects)	1,798	1,254	1,333	43%	35%	3,052	2,361	29%
Adjusted EBITDA Margin (excluding non-recurring effects)	44%	36%	45%	+ 8 p.p.	- 1 p.p.	40%	43%	- 3 p.p.
Cash Generation (Adjusted EBITDA - Maintenance Capex)	1,613	1,003	1,247	61%	29%	2,616	2,177	20%
Cash Generation / t²	1,705	1,103	1,455	54%	17%	1,410	1,276	11%

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

² Sales volume disconsidering wood

Higher sales volume and price readjustments were determining factors for the increase in net revenue in 2Q21 in relation to 2Q20. Combined with the Company's cost discipline, the increase resulted in an **Adjusted EBITDA** of R\$ 1.798 billion, 35% higher than 2Q20 and 43% more than 1Q21, excluding non-recurring effects. The adjusted EBITDA margin in 2Q21 was 44%, an 8 p.p. expansion relative to 1Q21, excluding non-recurring effects. Cash generation per ton, measured by the Adjusted EBITDA less maintenance Capex in relation to volume sold, was R\$ 1,705/t in 2Q21, a 17% annual increase and an indication of the Company's capacity to match growth with the creation of value.

EBITDA by Segment ¹	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Adjusted EBITDA (R\$ million)	1,798	1,254	1,333	43%	35%	3,052	2,361	29%
Pulp	992	716	581	39%	71%	1,708	984	74%
% EBITDA Participation	55%	57%	44%	- 2 p.p.	+ 13 p.p.	56%	42%	+ 14 p.p.
Paper and Packaging	806	538	752	50%	7%	1,344	1,376	-2%
% EBITDA Participation	45%	43%	56%	+ 2 p.p.	- 13 p.p.	44%	58%	- 14 p.p.
Adjusted EBITDA/t²	1,900	1,380	1,555	38%	22%	1,645	1,383	19%
Pulp	2,489	1,918	1,528	30%	63%	2,213	1,290	72%
Paper and Packaging	1,472	1,005	1,576	46%	-7%	1,241	1,459	-15%

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

² Sales volume disconsidering wood sales to third parties

In 2Q21, total Adjusted EBITDA per ton was R\$ 1,900/t, 22% higher than 2Q20, driven by price readjustments for all lines of business implemented in recent quarters. Adjusted EBITDA/t for the pulp segment rose 63% in 2Q21 compared with the same period in 2020. In addition to higher prices, Klabin enjoys the benefits of diversified exposure to the three types of pulp fibers. In the paper and packaging segment, the 7% annual reduction in EBITDA/t on an annual comparative basis is largely explained by the sales mix with a greater preponderance of corrugated boxes and also the increase in OOC costs, already mentioned. However, the increase of 46% in Adjusted EBITDA when comparing 2Q21 x 1Q21 shows that this effect is being compensated by price readjustments.

Debt and Financial Investments

Debt (R\$ million)	Jun-21	Prop. %	Mar-21	Prop. %
Short Term				
Local Currency	1,128	4%	1,192	4%
Foreign Currency	426	2%	536	2%
Total Short Term	1,554	6%	1,728	6%
Long Term				
Local Currency	4,384	16%	4,587	15%
Foreign Currency	21,083	78%	23,961	79%
Total Long Term	25,467	94%	28,548	94%
Total Local Currency	5,512	20%	5,779	19%
Total Foreign Currency ¹	21,509	80%	24,497	81%
Gross Debt	27,021		30,276	
(-) Cash	8,250		8,531	
Net Debt	18,770		21,744	
Net Debt / EBITDA (LTM) - US\$	3.6 x		4.0 x	
Net Debt / EBITDA (LTM) - R\$	3.3 x		4.2 x	

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

Gross debt as of June 30, 2021 was R\$ 27.021 billion, a reduction of R\$ 3.255 billion in relation to the end of 1Q21. This decrease is largely explained by the effect of exchange rate appreciation on currency denominated debt, albeit without a material cash effect in the period, in addition to the early settlement of three Credit Note for Exportation (NCEs) worth R\$ 277 million in the period.

Average Maturity / Cost of Debt	2Q21	1Q21	2Q20
Local Currency Cost	8.5% p.y.	6.5% p.y.	3.6% p.y.
Foreign Currency Cost	5.1% p.y.	5.1% p.y.	4.6% p.y.
Average maturity	110 months	114 months	114 months

The total average maturity of loans and financing at the end of 2Q21 was 110 months, 61 months for local currency debt and 122 months in currency denominated debt. The average cost of currency denominated financing, the main source of the Company's credit, remained unchanged on a quarterly comparison basis at 5.1% per year. For debt in local currency, the financial cost increased to 8.5% p.y. in 2Q21, a result of the acceleration of inflation as measured by the accumulated IPCA which increased from 6.1% in March 2021 to 8.1% in June 2021 and from CDI rates that rose from 2.7% in March 2021 to 4.2% in June 2021.

Cash and cash equivalents ended the second quarter 2021 totaling R\$ 8.250 billion, a reduction of R\$ 281 million compared to 1Q21, mainly reflecting the early settlement in June of this year of three NCEs amounting to R\$ 277 million. This cash position gives sufficient coverage to amortize 68 months of debt. The Company also has a Revolving Credit Facility of US\$ 500 million (equivalent to R\$ 2.501 billion) maturing in December 2023 at an annual cost of 0.4%. Should the credit line be drawn, the cost of the financing would be 12-month Libor + 1.35%.

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

Consolidated **net debt** as of June 30, 2021 amounted to R\$ 18.770 billion, a reduction of R\$ 2.974 billion compared to the net amount at the close of 1Q21 and largely due to the positive impact of exchange variation on US\$ denominated debt and cash generation in the period.

Financial leverage measured by the Net Debt/Adjusted EBITDA ratio in US\$ - which best reflects Klabin's financial leverage – fell from 4.0x in 1Q21 to 3.6x in 2Q21, even during the Puma II investment cycle, and remaining within parameters established in the **Company's Financial Debt Policy**. This positive performance is related to the increase in cash generation and to the accumulated Adjusted EBITDA over the past twelve months.

Hedge Accounting

From January 2021, Klabin implemented the cash flow hedge accounting method. This practice, in line with the Company's risk management and strategy, seeks to demonstrate the equalization of the effects of exchange variation in the income statement as they are effectively realized with their cash effect.

Debts in US\$ are designated as instruments of protection of the highly probable future revenues in US\$ and the effects of the currency variation on these debts are recorded under shareholders' equity in the "Valuation adjustments to shareholders' equity" line. With the realization of revenues in US\$ linked to the designated debts for hedge accounting purposes, so the respective accumulated amounts of currency variation are recorded in the income statements under "Net Revenue".

At the end of the 2Q21, the currency variation of debt designated for hedge accounting totaled a positive net effect of R\$ 470 million in the shareholders' equity. This amount summed to R\$ 11 million of realization of the hedge reserve plus R\$ 242 million of Income Tax and Social Contribution totaled the balance of R\$ 701 million in the "Valuation adjustments to shareholders' equity" line.

In 2Q21, no revenue linked to the settlement of loans and financing designated as a hedge instrument was realized.

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

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

Financial Result¹

R\$ million	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Financial Expenses	(379)	(470)	(312)	-19%	22%	(849)	(826)	3%
Financial Revenues	72	30	126	142%	-43%	102	233	-56%
Subtotal	(307)	(440)	(186)	-30%	65%	(747)	(593)	26%
Net Foreign Exchange Losses	1,845	(1,156)	(747)	n/a	n/a	689	(4,111)	n/a
Derivative Instruments (SWAP)	684	(336)	(464)	n/a	n/a	349	(2,181)	n/a
Hedge Accounting Effect	(2,429)	1,728	-	n/a	n/a	(701)	-	n/a
Subtotal	100	237	(1,211)	-58%	n/a	337	(6,292)	n/a
Financial Result	(207)	(203)	(1,398)	2%	-85%	(410)	(6,886)	-94%

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

In 2Q21, financial expenses, excluding the hedge accounting and the swaps effects, amounted to R\$ 379 million, 19% lower than the preceding quarter, largely due to the positive effect from the devaluation of the US\$ Dollars against the Real on the interest of US\$ dollar denominated debt. The increase of 22% on an annual comparison basis was mainly due to the increasing inflation (IPCA) in the period. Financial revenues totaled R\$ 72 million in the quarter, an increase of R\$ 42 million in relation to 1Q21, the latter having been negatively impacted by the mark-to-market of the NTN-Bs and LFTs. Compared with the same period in 2020, the reduction of 43% is due to non-recurring events in 2Q20.

The closing FX rate for the quarter was R\$ 5.00/US\$, 12% less than the rate at the end of 1Q21, thus generating the positive result in the net foreign exchange variation line of R\$ 1.845 billion due to the impact on US\$ denominated debt and R\$ 684 million in the mark-to-market of interest rate swaps. These swaps are earmarked to loans and financing contracted in Reais and through these derivative instruments, have an effect similar to a liability contracted in US\$ Dollars.

As mentioned in the preceding section, the Company adopted the cash flow hedge accounting methodology, with a negative pre-Income Tax/Social Contribution effect of R\$ 2.429 billion in 2Q21, a reflection of the appreciation in the Real against the US\$ Dollars on the marking of currency denominated debt. This amount ceases to be booked to the income statement through an offsetting amount to shareholders' equity in the "Valuation adjustments to shareholders' equity" line. Important to note that the currency variation on US\$ Dollars denominated debt, the mark-to-market of the swaps as well as the partial compensation according to the hedge accounting methodology – amounting to R\$ 100 million – had no cash effect in the period.

Investments

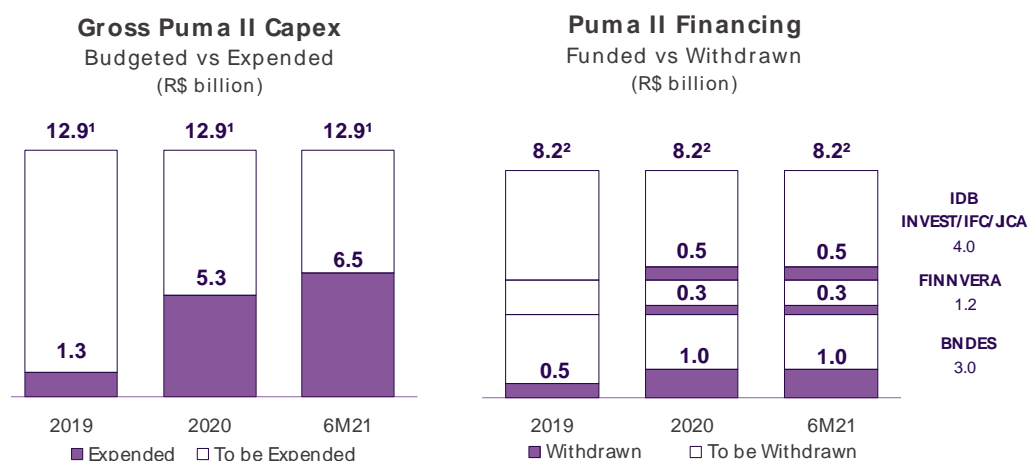
R\$ million	2Q21	1Q21	2Q20	Δ		6M21	6M20	Δ
				2Q21/1Q21	2Q21/2Q20			6M21/6M20
Forestry	70	67	47	5%	51%	137	118	16%
Operational Continuity	115	184	39	-38%	194%	299	237	26%
Maintenance Capex	185	251	86	-26%	116%	436	355	23%
Special Projects and Growth	18	67	4	-73%	325%	86	27	216%
Puma II Project	700	497	908	41%	-23%	1,197	1,435	-17%
Total	904	815	998	11%	-9%	1,719	1,817	-5%

In 2Q21, Klabin invested R\$ 904 million in its operations and in expansion projects. Out of the total amount invested, R\$ 70 million were allocated to forestry operations and R\$ 115 million to the operational continuity of the plants. Together these amounts, R\$ 185 million, represent investments in the operational maintenance of the Company. On an annual comparison basis, the largest investments reflect the partial postponement of maintenance capex from 2Q20 to the second half of the same year due to the pandemic-related restrictions. In addition, a further R\$ 18 million was invested in special projects and expansions in the period.

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

As per the Notice to the Market published on June 29, 2021, approval was given to a set of 23 special and growth projects with fast and high returns. The total investment is R\$ 342 million, of which R\$ 125 million is to be disbursed in the second half of 2021 and the remainder in 2022. [Click here](#) to access the Notice to the Market.

Regarding the Puma II Project, until the end of 2Q21, R\$ 6.513 billion has been disbursed, of which R\$ 5.316 billion up to 2020 and R\$ 1.197 billion in the first six months of 2021. Investments in the project will be financed by the Company's cash position and through cash generation from current businesses. Complementary funding could be obtained by drawing against credit lines already in place with the ECA's, BNDES, BID Invest, IFC and JICA, with no requirements for additional financing.



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

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

Free Cash Flow

R\$ million	2Q21	1Q21	2Q20	LTM 2Q21	LTM 2Q20
Adjusted EBITDA	1,798	1,274	1,333	5,618	4,721
(-) Capex ¹	(904)	(815)	(998)	(5,075)	(3,514)
(-) Interest Paid/Received	(391)	(222)	(453)	(1,428)	(1,268)
(-) Income Tax	(71)	(40)	(3)	(116)	(48)
(+/-) Working Capital Variation	328	(532)	578	1,637	171
(-) Dividends & IOC	-	-	-	-	(709)
(+/-) Others	3	74	(1)	(181)	(32)
Free Cash Flow	763	(261)	457	454	(679)
Dividends & IOC	-	-	-	-	709
Puma II Project	700	497	908	3,806	2,419
Special Projects and Growth	18	67	4	397	157
Adjusted Free Cash Flow²	1,481	303	1,370	4,657	2,606
Adjusted FCF Yield³				16.4%	13.7%

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

² Excluding dividends and expansion projects

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

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

The interest paid/received line in 2Q21 was impacted by the seasonal effect of semi-annual interest payments in the months of April and October on the bonds maturing in 2029 and 2049.

Excluding discretionary factors and growth projects, the **Adjusted Free Cash Flow** for the last twelve months amounted to R\$ 4.657 billion, equivalent to a Free Cash Flow Yield of 16.4%, and a significant increase in relation to the R\$ 2.606 billion reported for the twelve month period ending 2Q20, illustrative of the Company's capacity to grow, at the same time generating value for shareholders.

ROIC - Return on Invested Capital

ROIC (R\$ million) - LTM ¹	2Q21	1Q21	2Q20
Total Asset	36,993	36,730	35,762
(-) Total Liability (ex-debt)	(4,446)	(4,006)	(3,483)
(-) Construction in Progress	(6,010)	(5,065)	(2,424)
Invested Capital	26,537	27,660	29,855
(-) CPC 29 Adjustment ²	(1,716)	(1,543)	(1,745)
Adjusted Invested Capital	24,821	26,116	28,110
Adjusted EBITDA	5,618	5,153	4,721
(-) Sustaining Capex	(872)	(773)	(938)
(-) Income Tax and Soc. Contr. (cash)	(116)	(48)	(48)
Adjusted Operating Cash-Flow	4,630	4,333	3,735
ROIC³	18.7%	16.6%	13.3%

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

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

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

Klabin's consolidated return as measured by the Return on Invested Capital (ROIC)¹ metric was 18.7% in the last 12 months, better than the results both for 2Q20 and also 1Q21. The improvement of this indicator is directly related to the increase in cash generation and the reduction in invested capital in the period, mainly due to the release of working capital in the last twelve months, with emphasis on the higher balance of suppliers, as a result of investments in the Puma II Project.

Business Performance

Consolidated information by unit in 2Q21:

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

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

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

Forestry Business Unit

Volume (k tons)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Wood	1,369	410	404	234%	239%	1,779	795	124%
Revenue (R\$ million)								
Wood	96	62	49	53%	95%	158	97	64%

In 2Q21, 1,369 thousand tons of wood were sold, a volume considerably larger than 2Q20 and 1Q21. The increase in volume and, consequently, in revenue was the result of an opportunistic sale of 819 thousand tons of standing timber during the quarter.

Pulp Business Unit

Volume (k tons)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Short Fiber DM	84	76	68	11%	24%	161	164	-2%
Short Fiber EM	204	193	209	6%	-2%	397	390	2%
Short Fiber	289	269	278	7%	4%	557	555	0%
Long Fiber/Fluff DM	57	52	42	10%	37%	110	90	22%
Long Fiber/Fluff EM	53	52	60	2%	-13%	104	118	-12%
Long Fiber/Fluff	110	104	102	6%	7%	214	208	3%
Total Pulp	399	373	380	7%	5%	772	763	1%
Revenue (R\$ million)								
Short Fiber	991	782	674	27%	47%	1,773	1,220	45%
Long Fiber/Fluff	520	412	346	26%	50%	931	629	48%
Total Pulp	1,511	1,194	1,019	27%	48%	2,704	1,849	46%
Net Price (R\$/ton)								
Short Fiber	3,435	2,908	2,427	18%	42%	3,181	2,199	45%
Long Fiber/Fluff	4,719	3,954	3,373	19%	40%	4,347	3,018	44%
Total Pulp	3,790	3,200	2,682	18%	41%	3,504	2,423	45%

Pulp volume sold in 2Q21 was 399 thousand tons, a growth of 5% compared with the same quarter of 2020, the result of the Puma Unit's solid operational performance and the strong demand across all pulp grades, notably in the European and United States' markets.

The balance between supply and demand in the market remained positive throughout the quarter, driven mainly by the recovery in paper consumption in both Europe and the United States. With the reduction of restrictions resulting from the COVID-19 pandemic, stronger demand paved the way for an expansion in contracted volumes with some clients in these regions. On the supply side, logistical difficulties continued with low expectation of normalization in the short-term, the balance in the supply and demand remaining tight.

In the light of this market scenario, Klabin was able to implement price increments for long and short fiber. Sales to Europe, USA and the domestic market followed reference prices with increases of 27% compared with the average for 1Q21. In China, with further price hikes during the course of the quarter, short and long fiber posted average price quotations of US\$ 774/t and US\$ 975/t, respectively, representing adjustments of 27% and 18% in relation to 1Q21. Both grades measured by the FOEX price index.

Klabin's position as the only Brazilian company producing hardwood, softwood and fluff pulps translates into greater flexibility in building a strategic sales mix, allowing the Company to benefit from price increases in the three fibers, thus maximizing returns from the business. With the successful implementation of these price readjustments across all grades, the price differential between hardwood and softwood pulp in China reached US\$ 201/t at the end of June. It is worth also highlighting the solid performance in fluff pulp, with characteristics of greater resilience both in terms of demand as well as price.

Given this favorable market scenario and in spite of a more appreciated Real against the US\$, net revenue from the pulp business was R\$ 1.511 billion in 2Q21, a growth of 48% compared to the same period in 2020, the result of the strong recovery and better sales mix.

Paper Business Unit

Volume (k tons)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Kraftliner DM	43	54	40	-21%	7%	97	87	11%
Kraftliner EM	48	49	74	-4%	-36%	97	133	-27%
Kraftliner	90	103	114	-13%	-21%	194	220	-12%
Coated Boards DM	107	109	95	-1%	13%	216	189	15%
Coated Boards EM	68	44	87	55%	-22%	112	162	-31%
Coated Boards	175	153	182	15%	-4%	328	351	-7%
Paper	265	256	296	4%	-10%	521	571	-9%
Revenue (R\$ million)								
Kraftliner	333	323	327	3%	2%	656	591	11%
Coated Boards	780	650	782	20%	0%	1,430	1,438	-1%
Paper	1,113	973	1,109	14%	0%	2,086	2,028	3%
Net Price (R\$/ton)								
Kraftliner	3,691	3,126	2,864	18%	29%	3,389	2,690	26%
Coated Boards	4,455	4,258	4,299	5%	4%	4,363	4,093	7%
Paper	4,195	3,801	3,746	10%	12%	4,002	3,553	13%

Kraftliner

Demand in the Kraftliner market continued intense in 2Q21. The United States, the largest producer and exporter of this product in the world, has restricted its exports at lower levels to domestic market demand. As a result, the supply and demand equation continues tight.

In this context, the price recovery which began in the second half of 2020, has continued with further announcements of price increases and their subsequent implementation. In 2Q21, the average price in Europe as measured by the FOEX price index for Kraftliner, was US\$ 813/t, 26% more than the average for 2Q20 and 11% greater compared with the average for 1Q21.

In the 2Q21 Klabin's kraftliner sales volume was down on a quarterly comparative basis, reflecting greater integration of volumes for conversion in order to meet the strong demand for packaging in the Brazilian market.

Market conditions continue very favorable for the sale of the production from the Puma II Project's first paper machine, with 100% of its production sold, 70% of which on a contractual basis.

Coated Boards

Just as with Kraftliner, the coated board market continues on a growth trajectory with good perspectives for the second half of 2021. Business has been largely driven by the movement away from single-use plastic to sustainable packaging as well as a growing tendency in the food market on the part of the consumer towards food service, such as delivery and to go food. This scenario has been reflected in increased domestic demand which, based on Brazilian Tree Industry (IBÁ) data, rose 28% in the first five months in relation to 2020.

Klabin's coated boards sales in 2Q21 was 15% higher than 1Q21 due to the maintenance shutdown at the Monte Alegre Unit in that quarter. Compared to 2Q20, sales continued flat but bearing in mind that the Company's plants were already operating at maximum capacity. Sales to export markets fell by 22% compared with 2Q20 due to a spike in export business in the latter quarter.

Given the current market context, the Company has been able to readjust prices during the quarter. Thus, the sales of coated boards increased by 14% versus 1Q21, despite the Real appreciation against the US\$.

Packaging Business Unit

Volume (k tons)	2Q21	1Q21	2Q20	Δ 2Q21/1Q21	Δ 2Q21/2Q20	6M21	6M20	Δ 6M21/6M20
Corrugated Boxes	243	240	150	1%	62%	484	306	58%
Industrial Bags	39	39	31	0%	25%	79	67	18%
Packaging	282	280	181	1%	56%	562	372	51%
Revenue (R\$ million)								
Corrugated Boxes	1,129	1,001	543	13%	108%	2,130	1,107	92%
Industrial Bags	258	258	198	0%	30%	516	405	27%
Packaging	1,387	1,259	742	10%	87%	2,646	1,512	75%
Net Price (R\$/ton)								
Corrugated Boxes	4,645	4,163	3,628	12%	28%	4,405	3,622	22%
Industrial Bags	6,574	6,547	6,294	0%	4%	6,560	6,069	8%
Packaging	4,913	4,498	4,091	9%	20%	4,707	4,061	16%

Corrugated Board

Data published by Empapel, formerly the Brazilian Association of Corrugated Board (ABPO), shows a notable increase of 16.7% in volumes of corrugated boxes shipments in 2Q21 compared with 2Q20.

Growth in shipment volumes has continued at record levels and well above general economic activity since the second half of 2020. Figures from Empapel show that on an annual comparative basis, June 2021 was a record for the 12th consecutive month, reflecting expanded consumption and growth in the e-commerce segment of retailing as well as in exporting sectors such as proteins and fruit.

Klabin's sales volume of corrugated board including additional volumes following the acquisition of the IP assets, reached 243 thousand tons in 2Q21, an increase of 62% compared with the same period in 2020. Excluding volumes from the new units, growth was 19% in relation to 2Q20. Net revenue increased by 108% in relation to 2Q20 and 51% on the same comparative base excluding revenue from the new units. The increase in net revenue reflects higher shipment volumes and price readjustments in the face of significantly higher costs such as those of OCC.

Industrial Bags

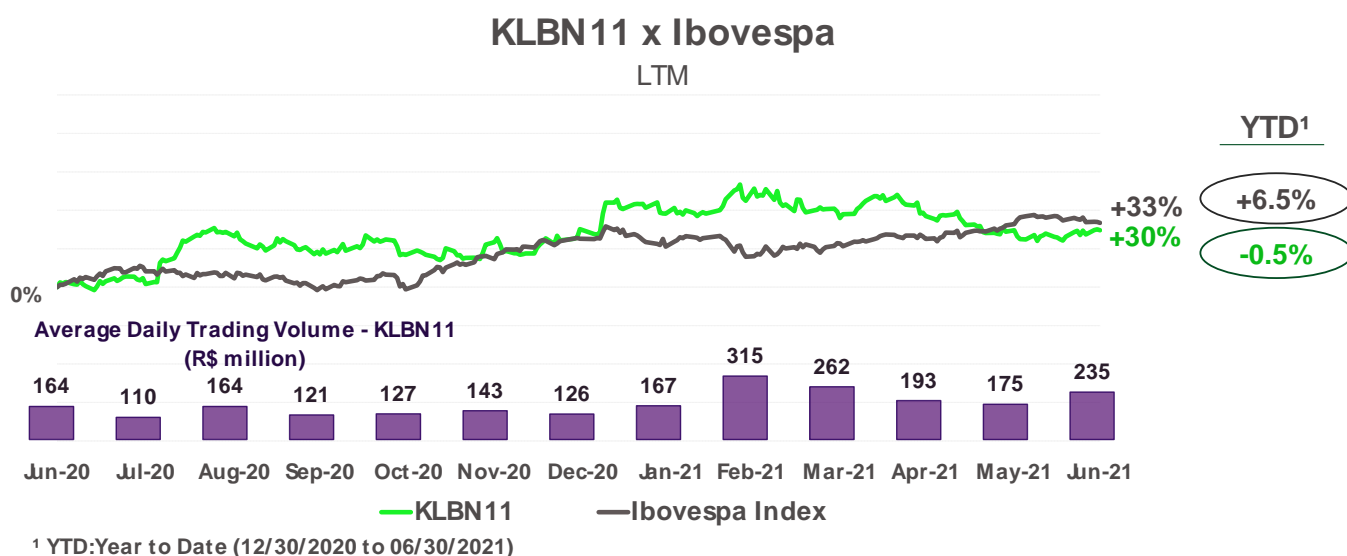
Preliminary data published by the National Cement Industry Union (SNIC) indicates that Brazilian cement consumption - directly impacting Klabin's sales of industrial bags in Brazil – continued intense, accumulating a high of 15.8% from January to June 2021 compared with the same period of the preceding year. Additionally, the use of paper packaging has gained traction in markets such as flour, sugar, coffee, and animal feed, driving growth in sales of industrial bags for these segments.

Over the past quarters, the Company's bag conversion units have been operating at maximum capacity to meet strong demand from both domestic and export markets. The 25% increase in industrial bag sales volume in addition to changes in sales mix towards higher added value products were instrumental in boosting net revenue for 2Q21 by 30% over the same period in 2020.

Capital Markets

Equity Income

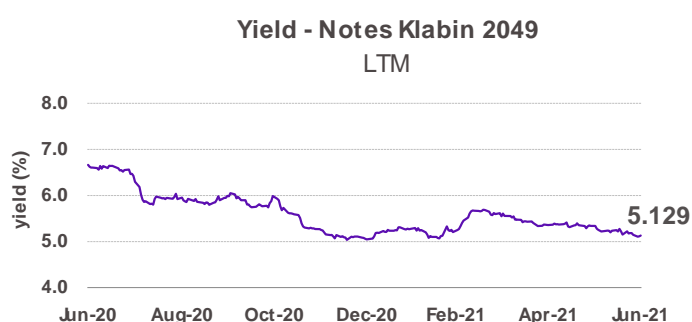
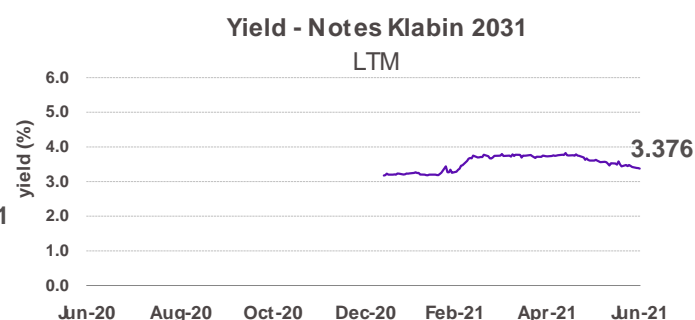
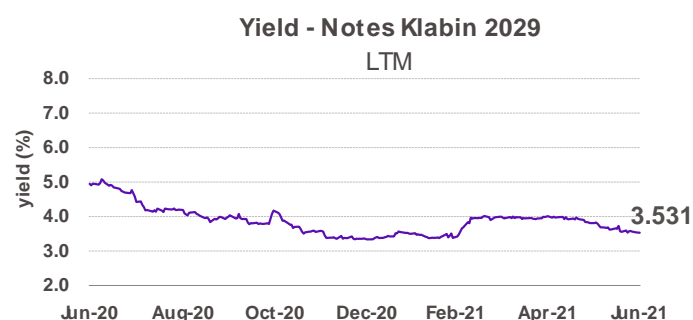
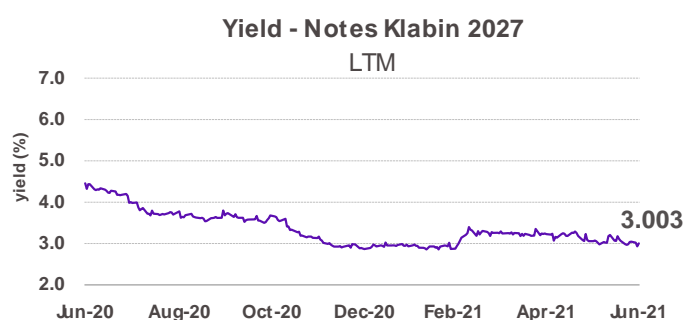
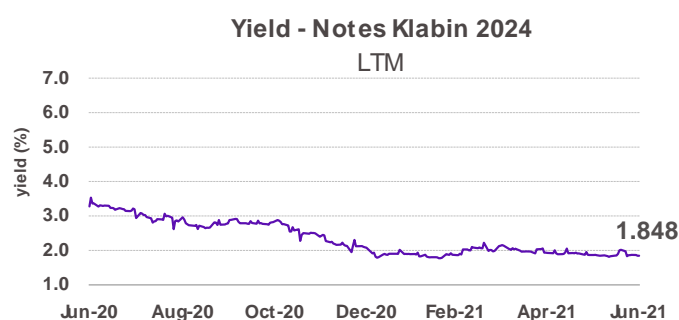
In the second quarter of 2021, Klabin's units (KLBN11) reported a depreciation of 5% as against an appreciation of 9% in the Ibovespa, closing the period priced at R\$ 26.34/unit. The units were traded on all the days B3 was open for business, turnover amounting to 461 million transactions with an average daily trading volume of R\$ 201 million. The maximum price reached during the period was R\$30.09/unit on April 20, 2021, while the minimum was R\$ 25.21/unit on June 08, 2021.



Fixed Income

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

In 2Q21, Fitch and Standard and Poors rating agencies reiterated Klabin's credit risk classification at BB+ with stable outlook.



Shareholder Remuneration

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

Subsequent Events

Start-up of the Puma II Project

As stated in the Material Fact disclosed on August 5, 2021, the scheduled start-up of the first machine of the Puma Project II will take place in the second half of August 2021. To access the Material Fact, [click here](#).

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KLABIN S.A.

All amounts in thousands of Reais

Klabin S.A.



Klabin

Quarterly Information (ITR) at June 30, 2021

KLABIN S.A.

All amounts in thousands of Reais

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KLABIN S.A.
All amounts in thousands of Reais

BALANCE SHEET AT JUNE 30, 2021 AND DECEMBER 31, 2020
(All amounts in thousands of Reais)

	Note	Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
ASSETS					
Current					
Cash and cash equivalents	4	4,744,695	4,529,748	6,510,101	5,208,830
Marketable securities	5	1,727,697	1,335,257	1,740,234	1,347,897
Accounts receivable:					
. Trade receivables	6	2,115,560	1,296,273	2,564,933	1,883,028
. Provision for expected credit loss ("PECL")	6	(63,029)	(56,106)	(66,839)	(76,110)
Related parties	7	484,458	675,185	-	-
Inventory	8	1,492,430	1,203,968	1,612,234	1,379,131
Taxes recoverable	9	417,271	795,780	459,139	824,771
Other assets		134,389	155,218	147,483	218,324
Total current assets		11,053,471	9,935,323	12,967,285	10,785,871
Assets held for sale					
	12	-	138,769	-	175,064
Non-current					
long-term receivables					
Deferred income tax and social contribution	10	316,740	770,453	308,260	765,099
Judicial deposits	19	108,052	117,409	109,486	118,843
Taxes recoverable	9	622,057	763,475	622,057	769,092
Related parties	7	171	21,076	-	-
Other assets		208,416	175,228	208,654	175,502
		1,255,436	1,847,641	1,248,457	1,828,536
Investments:					
. Interests in subsidiaries and joint venture	11	2,022,536	2,090,500	252,215	256,072
. Other		12,371	12,372	12,371	12,372
Property, plant and equipment	13	17,602,891	16,033,030	18,098,745	16,670,773
Biological assets	14	3,035,700	3,357,941	4,579,168	4,657,821
Right of use asset	15	1,030,141	803,477	1,033,167	808,420
Intangible assets		88,297	67,362	88,799	75,332
		23,791,936	22,364,682	24,064,465	22,480,790
Total non-current assets		25,047,372	24,212,323	25,312,922	24,309,326
Total assets		36,100,843	34,286,415	38,280,207	35,270,261

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

BALANCE SHEET AT JUNE 30, 2021 AND DECEMBER 31, 2020
(All amounts in thousands of Reais)

	Note	Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
LIABILITIES AND EQUITY					
Current					
Borrowings	16	1,491,277	698,634	1,467,814	652,983
Debentures	17	82,348	68,038	82,348	68,038
Trade payables	18	1,744,734	1,610,535	1,831,082	1,754,137
Trade payables (Forfait)	18	367,196	248,892	367,196	248,892
Lease liability	15	185,784	141,837	186,214	143,721
Tax payables		110,649	134,581	141,578	165,348
Social security and labor obligations		368,070	346,868	374,260	377,816
Provision for income tax and social contribution		41,021	-	27,214	-
Related parties	7	41,214	37,150	-	-
Other payables and provisions		145,791	148,976	168,423	202,537
Total current liabilities		4,578,084	3,435,511	4,646,129	3,613,472
Property liabilities held for sale	12	-	-	-	36,295
Non-current					
Borrowings	16	23,026,440	24,015,045	23,865,645	23,853,204
Debentures	17	1,604,948	1,764,765	1,604,948	1,764,765
Lease liability	15	862,868	676,464	865,561	679,591
Payables - Investors in Special Partnership Companies (SPCs)		-	-	285,421	301,671
Provision for tax, social security, labor and civil contingencies	19	45,455	51,789	45,659	51,951
Actuarial liabilities		400,381	342,053	403,129	392,024
Other payables and provisions		247,255	190,483	247,291	192,527
Total non-current liabilities		26,187,347	27,040,599	27,317,654	27,235,733
Total liabilities		30,765,431	30,476,110	31,963,783	30,885,500
Equity					
Share capital		4,475,625	4,475,625	4,475,625	4,475,625
Capital reserves		(343,451)	(365,791)	(343,451)	(365,791)
Revaluation reserve		48,705	48,705	48,705	48,705
Other comprehensive income		1,286,500	823,476	1,286,500	823,476
Retained earnings		36,543	(993,826)	36,543	(993,826)
Treasury shares		(168,510)	(177,884)	(168,510)	(177,884)
Shareholders' equity of Klabin	20	5,335,412	3,810,305	5,335,412	3,810,305
Non-controlling interest	20	-	-	981,012	574,456
Consolidated shareholders' equity		5,335,412	3,810,305	6,316,424	4,384,761
Total liabilities and equity		36,100,843	34,286,415	38,280,207	35,270,261

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

STATEMENT OF OPERATIONS FOR THE AND THREE AND SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020

(All amounts in thousands of Reais unless otherwise stated)

		Parent Company			
		From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Note					
Net sales revenue	21	3,860,852	7,206,402	2,985,201	5,605,942
Variation in the fair value of biological assets	14	250,000	86,248	(26,408)	208,691
Cost of products sold	22	(2,459,413)	(4,833,858)	(1,824,926)	(3,620,415)
Gross profit		<u>1,651,439</u>	<u>2,458,792</u>	<u>1,133,867</u>	<u>2,194,218</u>
Operating expenses					
Sales	22	(267,295)	(511,845)	(265,855)	(497,503)
General and administrative	22	(209,142)	(405,496)	(153,129)	(299,482)
Other net	22	(1,145)	26,854	50,561	61,915
		<u>(477,582)</u>	<u>(890,487)</u>	<u>(368,423)</u>	<u>(735,070)</u>
Equity in the results of joint venture	11	(2,333)	213,623	38,942	124,370
Profit before finance result and taxes		<u>1,171,524</u>	<u>1,781,928</u>	<u>804,386</u>	<u>1,583,518</u>
Finance result	23	(141,083)	(323,774)	(1,512,734)	(7,176,693)
Profit (loss) before taxes on income		<u>1,030,441</u>	<u>1,458,154</u>	<u>(708,348)</u>	<u>(5,593,175)</u>
Income tax and social contribution					
. Current	10	(151,390)	(197,292)	(189,160)	(406,958)
. Deferred	10	(219,878)	(230,493)	459,434	2,391,548
		<u>(371,268)</u>	<u>(427,785)</u>	<u>270,274</u>	<u>1,984,590</u>
Profit (loss) for the period		<u>659,173</u>	<u>1,030,369</u>	<u>(438,074)</u>	<u>(3,608,585)</u>
From continuing operations		<u>659,173</u>	<u>1,028,153</u>	<u>(438,074)</u>	<u>(3,608,585)</u>
From discontinued operations	12	<u>-</u>	<u>2,216</u>	<u>-</u>	<u>-</u>
Attributed to Klabin's shareholders		<u>659,173</u>	<u>1,030,369</u>	<u>(438,074)</u>	<u>(3,608,585)</u>
Attributed to non-controlling shareholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings (loss) per share:					
Basic earnings per common share - R\$	25	<u>0.1201</u>	<u>0.1877</u>	<u>(0.0653)</u>	<u>(0.6666)</u>
Diluted earnings per common share - R\$	25	<u>0.1201</u>	<u>0.1877</u>	<u>(0.0653)</u>	<u>(0.6666)</u>
Earnings (loss) per share - discontinued operations:					
Basic earnings per common share - R\$	25	<u>-</u>	<u>0.0004</u>	<u>-</u>	<u>-</u>
Diluted earnings per common share - R\$	25	<u>-</u>	<u>0.0004</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

	Note	Consolidated			
		From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Net sales revenue	21	4,075,553	7,542,100	2,956,397	5,547,784
Variation in the fair value of biological assets	14	198,701	241,405	31,563	248,821
Cost of products sold	22	(2,464,809)	(4,854,763)	(1,844,908)	(3,659,335)
Gross profit		<u>1,809,445</u>	<u>2,928,742</u>	<u>1,143,052</u>	<u>2,137,270</u>
Operating expenses					
Sales	22	(296,087)	(562,928)	(289,433)	(536,422)
General and administrative	22	(219,869)	(424,337)	(157,118)	(306,239)
Other net	22	<u>2,782</u>	<u>34,653</u>	<u>47,000</u>	<u>58,913</u>
		(513,174)	(952,612)	(399,551)	(783,748)
Equity in the results of joint venture	11	<u>1,732</u>	<u>2,657</u>	<u>3,745</u>	<u>26,032</u>
Profit before finance result and taxes		<u>1,298,003</u>	<u>1,978,787</u>	<u>747,246</u>	<u>1,379,554</u>
Finance result	23	<u>(207,046)</u>	<u>(410,155)</u>	<u>(1,397,601)</u>	<u>(6,885,934)</u>
Profit (loss) before taxes on income		<u>1,090,957</u>	<u>1,568,632</u>	<u>(650,355)</u>	<u>(5,506,380)</u>
Income tax and social contribution					
. Current	10	(153,706)	(205,173)	(192,046)	(413,008)
. Deferred	10	<u>(218,495)</u>	<u>(223,995)</u>	<u>459,671</u>	<u>2,394,115</u>
		(372,201)	(429,168)	267,625	1,981,107
Profit (loss) for the period		<u>718,756</u>	<u>1,139,464</u>	<u>(382,730)</u>	<u>(3,525,273)</u>
From continuing operations		<u>718,756</u>	<u>1,137,248</u>	<u>(382,730)</u>	<u>(3,525,273)</u>
From discontinued operations	12	<u>-</u>	<u>2,216</u>	<u>-</u>	<u>-</u>
Attributed to Klabin's shareholders		<u>659,173</u>	<u>1,030,369</u>	<u>(438,074)</u>	<u>(3,608,585)</u>
Attributed to non-controlling shareholders		<u>59,583</u>	<u>109,095</u>	<u>55,344</u>	<u>83,312</u>
Earnings (loss) per share:					
Basic earnings per common share - R\$	25	<u>0.1201</u>	<u>0.1877</u>	<u>(0.0653)</u>	<u>(0.6666)</u>
Diluted earnings per common share - R\$	25	<u>0.1201</u>	<u>0.1877</u>	<u>(0.0653)</u>	<u>(0.6666)</u>
Earnings (loss) per share - discontinued operations:					
Basic earnings per common share - R\$	25	<u>-</u>	<u>0.0004</u>	<u>-</u>	<u>-</u>
Diluted earnings per common share - R\$	25	<u>-</u>	<u>0.0004</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

**STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR THE AND THREE AND SIX-MONTH PERIODS
ENDED JUNE 30, 2021 AND 2020**
(All amounts in thousands of Reais)

	Parent Company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Income (loss) for the period	659,173	1,030,369	(438,074)	(3,608,585)
Other comprehensive income:				
. Foreign currency translation adjustments (i)	5,645	5,746	(40,750)	(19,877)
. Actuarial liability remeasurement (ii)	(5,322)	(10,644)	6,326	3,555
. Deferred income tax on actuarial liabilities	1,810	3,619	942	(1,209)
. Hedge accounting update	2,429,497	712,027	-	-
. Deferred income tax on hedge accounting	(826,029)	(242,089)	-	-
Total comprehensive income for the period, net of taxes	2,264,774	1,499,028	(471,556)	(3,626,116)
Attributed to Klabin's shareholders	-	1,499,028	-	(3,626,116)

	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Income (loss) for the period	718,756	1,139,464	(382,730)	(3,525,273)
Other comprehensive income:				
. Foreign currency translation adjustments (i)	5,645	5,746	(40,750)	(19,877)
. Actuarial liability remeasurement (ii)	(5,322)	(10,644)	6,326	3,555
. Deferred income tax on actuarial liabilities	1,810	3,619	942	(1,209)
. Hedge accounting update	2,429,497	712,027	-	-
. Deferred income tax on hedge accounting	(826,029)	(242,089)	-	-
Total comprehensive income for the period, net of taxes	2,324,357	1,608,123	(416,212)	(3,542,804)
Attributed to Klabin's shareholders	2,264,774	1,499,028	(471,556)	(3,626,116)
Attributed to non-controlling shareholders	59,583	109,095	55,344	83,312

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

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020
(All amounts in thousands of Reais)

			Revaluation reserve	Revenue reserves				Other comprehensive income value adjustments	Treasury shares	Retained earnings	Shareholder's equity from Klabin	Non-controlling interest	Consolidated shareholder's equity
	Share capital	Capital reserves	Own assets	Legal	Tax incentives	Biological assets	Investments and working capital						
At December 31, 2019	4,076,035	(350,622)	48,705	184,739	238,637	470,658	623,010	942,994	(187,274)	-	6,046,882	454,391	6,501,273
Profit (loss) for the period										(3,608,585)	(3,608,585)	81,103	(3,527,482)
Other comprehensive income for the period								(17,531)			(17,531)	-	(17,531)
Comprehensive income for the period	-	-	-	-	-	-	-	(17,531)	-	(3,608,585)	(3,626,116)	81,103	(3,545,013)
Conversion of debentures (7th issue - 1st series)	399,446	(28,502)									370,944		370,944
Prepaid dividends for 2020										(23,000)	(23,000)		(23,000)
Capital contribution from non-controlling shareholders (Note 1)											-	50,000	50,000
Stock option plan (Note 24):											-		-
. Treasury shares sold		8,872							4,716		13,588		13,588
. Award of treasury shares								(4,716)	4,716		-		-
. Recognition of the stock option plan remuneration								6,052			6,052		6,052
. Maturity of stock option plan		4,506						(4,506)			-		-
. Grant plan outflow		(45)						72	(27)		-		-
At June 30, 2020	4,475,481	(365,791)	48,705	184,739	238,637	470,658	623,010	922,365	(177,869)	(3,631,585)	2,788,350	585,494	3,373,844
At December 31, 2020	4,475,625	(365,791)	48,705	-	-	-	-	823,476	(177,884)	(993,826)	3,810,305	574,456	4,384,761
Profit for the period										1,030,369	1,030,369	119,556	1,149,925
Other comprehensive income for the period								468,659			468,659	-	468,659
Comprehensive income for the period	-	-	-	-	-	-	-	468,659	-	1,030,369	1,499,028	119,556	1,618,584
Capital contribution from non-controlling shareholders (Note 1)											-	287,000	287,000
Stock option plan (Note 24):											-		-
. 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								7,133			7,133		7,133
. Maturity of stock option plan		8,090						(8,090)			-		-
. Grant plan outflow								18	(18)		-		-
At June 30, 2021	4,475,625	(343,451)	48,705	-	-	-	-	1,286,500	(168,510)	36,543	5,335,412	981,012	6,316,424

The accompanying notes are an integral part of this quarterly information.

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KLABIN S.A.

All amounts in thousands of Reais

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020
Net cash provided by operating activities	1,775,041	2,128,319	1,582,358	1,652,662
Cash provided by operations	2,604,180	2,241,219	2,679,380	1,714,689
Net profit (loss) for the period from continuing operations	1,028,153	(3,608,585)	1,137,248	(3,525,273)
Net profit for the period from discontinued operations	2,216	-	2,216	-
Depreciation and amortization	523,574	538,381	506,772	549,369
Change in fair value of biological assets	(86,248)	(208,691)	(241,405)	(248,821)
Depletion of biological assets	700,267	551,013	820,122	706,614
Deferred income tax and social contribution	230,493	(2,391,548)	223,995	(2,394,115)
Interest and foreign exchange variations on borrowings and debentures	456,678	7,633,052	260,790	6,841,407
Realization of the hedge reserve	11,018	-	11,018	-
Interest on leases	19,555	(185,565)	20,928	(185,502)
Exchange variation on accounts receivable	(746)	3,683	(10,552)	3,555
Provision for expected credit loss ("PECL")	(858)	5,985	(9,271)	(1,749)
Estimated losses with stocks	9,345	1,532	3,553	1,532
Result on disposal of assets	(12,234)	(6,914)	(12,234)	(6,914)
Equity result of investees and JV	(213,623)	(124,370)	(2,657)	(26,032)
Other	(63,410)	33,246	(31,143)	618
Changes in assets and liabilities	(829,139)	(112,900)	(1,097,022)	(62,027)
Trade receivables and related parties	(620,033)	(353,649)	(671,353)	(255,113)
Inventories	(297,807)	(143,493)	(236,656)	(226,818)
Taxes recoverable	623,958	623,564	623,893	622,394
Marketable securities	(392,440)	(435,851)	(392,337)	(440,565)
Other assets	17,903	180,018	47,046	156,519
Suppliers	(346,003)	(179,058)	(403,257)	(156,836)
Tax obligations	17,089	(30,487)	3,444	(28,549)
Social security and labor obligations	21,202	(7,042)	(3,556)	(7,019)
Other liabilities	105,337	233,098	46,980	278,798
Income tax and social contribution paid	(104,031)	-	(111,226)	(4,838)
Change in assets and liabilities under incorporation	145,686	-	-	-
Net cash used in investing activities	(1,286,303)	(1,538,848)	(1,555,407)	(1,732,064)
Purchase of property, plant and equipment	(1,106,807)	(1,473,685)	(1,219,152)	(1,550,126)
Planting cost of biological assets	(345,435)	(221,268)	(500,064)	(267,529)
Proceeds from disposal of assets	157,296	82,210	157,296	82,210
Dividends received from subsidiaries	8,643	73,895	6,513	3,381
Net cash provided used in financing activities	(273,791)	(964,570)	1,274,320	(223,700)
New borrowings	1,600,298	3,584,092	2,697,309	3,742,446
Repayment of borrowings and debentures	(1,008,504)	(3,305,585)	(947,346)	(3,517,770)
Payment of interest on borrowings and debentures	(688,932)	(963,255)	(627,979)	(180,069)
Payment of lease liabilities	(110,748)	(70,410)	(111,030)	(70,627)
Disposal of treasury shares	18,946	13,588	18,946	13,588
Acquisition of investments and payment in subsidiaries (cash)	(84,851)	-	287,000	50,000
Outflow of SCPS investors	-	-	-	(2,000)
Dividends paid SPCs	-	-	(42,580)	(36,268)
Dividends paid	-	(223,000)	-	(223,000)
Increase (Decrease) in cash and cash equivalents	214,947	(375,099)	1,301,271	(303,102)
Cash and cash equivalent at the beginning of the period	4,529,748	7,735,568	5,208,830	8,340,386
Cash and cash equivalent at the end of the period	4,744,695	7,360,469	6,510,101	8,037,284

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

KLABIN S.A.
All amounts in thousands of Reais

STATEMENT OF VALUE ADDED FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020
(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	From 1/1 to	From 1/1 to	From 1/1 to	From 1/1 to
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues				
. Sales of products	8,530,625	6,491,295	8,891,728	6,443,044
. Change in fair value of biological assets	86,248	208,691	241,405	248,821
. Other income	157,296	82,210	157,296	82,210
. Provision for expected credit loss ("PECL")	5,829	10,390	9,185	10,166
	8,779,998	6,792,586	9,299,614	6,784,241
Inputs acquired from third parties				
. Cost of products sold	(3,055,533)	(2,038,767)	(3,115,597)	(2,108,643)
. Materials, electricity, outsourced services and other	(2,345,289)	(1,227,007)	(2,570,899)	(1,068,196)
	(5,400,822)	(3,265,774)	(5,686,496)	(3,176,839)
Gross value added	3,379,177	3,526,812	3,613,118	3,607,402
Retentions				
. Depreciation, amortization and depletion	(473,802)	(1,089,394)	(265,367)	(1,255,983)
Net value added generated	2,905,375	2,437,418	3,347,751	2,351,419
Value added received through transfer				
. Equity in the results of investees	213,623	124,370	2,657	26,032
. Finance income, including exchange variations	61,052	774,131	(27,000)	809,684
	274,675	898,501	(24,343)	835,716
Total value added to distribute	3,180,050	3,335,919	3,323,408	3,187,135
Distribution of value added:				
Personnel				
. Direct compensation	644,149	536,262	658,423	544,668
. Benefits	219,463	170,251	222,455	172,311
. Government Severance Indemnity Fund for Employees (FGTS)	52,292	32,587	52,420	32,686
	915,904	739,100	933,299	749,665
Taxes and contributions				
. Federal	703,540	(1,830,747)	722,080	(1,818,202)
. State	138,854	79,829	138,854	79,829
. Municipal	6,556	5,498	6,556	5,498
	848,951	(1,745,420)	867,490	(1,732,875)
Remuneration of third-party capital				
. Interest	384,826	7,950,824	383,155	7,695,618
	384,826	7,950,824	383,155	7,695,618
Remuneration of own capital				
. Dividends	-	23,000	-	23,000
. Profits (loss) reinvested for the period	1,030,369	(3,631,585)	1,030,369	(3,631,585)
. Net income attributable to non-controlling shareholders	-	-	109,095	83,312
	1,030,369	(3,608,585)	1,139,464	(3,525,273)
	3,180,050	3,335,919	3,323,408	3,187,135

The accompanying notes are an integral part of this quarterly information.

KLABIN S.A.

All amounts in thousands of Reais

Notes to the quarterly information
(Presented in thousands of Reais unless otherwise stated)

1 GENERAL INFORMATION

Klabin S.A. (the "Company") and its subsidiaries operate in segments of paper and pulp industry supplying domestic and foreign markets, with wood, packaging paper, paper sacks, corrugated cardboard boxes and pulp. Their operations are fully 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 under the code KLB11, on the São Paulo Commodities, Futures and Stock Exchange – B3. The Company is domiciled in Brazil and headquartered in São Paulo.

The Company also has ownership interests in other companies (Notes 3 and 11) whose operational activities relate to the Company's business purposes.

1.1 Declaration of conformity

The issuance of this quarterly information of Klabin S.A. and its subsidiaries was authorized by the Chief Financial Officer on August 10, 2021.

Management evaluated the Company's and its subsidiaries' ability to continue its operation being convinced that it has the necessary resources and capacity to develop its business in the future on a continuous basis, with no knowledge of uncertainties or material probabilities that could generate significant doubts regarding its continuity.

Management affirms that all relevant information specific to the quarterly information, and only them, is being disclosed and that corresponds to those used by it in its management.

1.2 Expansion project - Puma II

As disclosed in the Material Fact to the market on April 16, 2019 and May 05, 2021, the capacity expansion project in the packaging paper segment called "Projeto Puma II", was approved, covering the construction of two paper machines, with pulp production, located at Klabin's industrial unit in the city of Ortigueira (PR) ("Puma Unit").

The installation of the Puma II Project is divided into two stages:

(i) First stage consists of the construction of a fiber line for the production of unbleached pulp integrated with a kraftliner and white kraftliner paper machine, which will be marketed under the Eukaliner brand, with a capacity of 450 thousand tons per year. This step also includes the construction and/or adjustment of support facilities to the new fiber lines, recovery areas and utilities.

(ii) Second stage contemplates the construction of a complementary fiber line integrated with a card board machine with a capacity of 460 thousand tons per year and the expansion of some support structures.

The first machine is planned to start-up in the second half of August 2021 according to the Material Fact released on August 5, 2021, and that of the second machine is scheduled for the second quarter of 2023.

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All amounts in thousands of Reais

The gross investment budgeted for the construction of the Puma II Project is R\$ 12,9 billion, subject to exchange rate fluctuations and adjustments resulting from inflation, being R\$ 6,5 billion disbursed up to June 30, 2021 and the remainder by 2023. Approximately R\$ 1,2 billion of gross investment refers to recoverable taxes. Considering that most equipment will be installed in the first stage of the project, approximately two thirds of disbursements that are expected to occur until 2021.

The Project's investments will be financed by the Company's cash position and cash generation from in the operation, which may be complemented by the withdrawal of financing already contracted and not yet withdrawn.

1.3 Constitution of Pinus Taeda Florestal S.A.

On January 21, 2020, the necessary agreements were signed for association with a Timber Investment Management Organization ("TIMO") for the incorporation of a Special Purpose Company ("SPC"), whose main stated purpose is the exploration of forestry activity in the center-south of the State of Paraná, allowing access to new lands to increase its forest base.

The Company's contribution to the build-up of the SPC's assets was through the contribution of approximately 9 thousand hectares of planted forests, in the amount of R\$ 72,000, with a 26% interest in the SPC. TIMO, in turn, contributed with approximately 11 thousand hectares of forests and 7 thousand hectares of land assets.

The rights and obligations of the Company and TIMO were regulated by means of a shareholders' agreement signed between the parties. Considering the SPC's shared control structure, it is classified as a jointly controlled entity (joint venture), being recorded under the equity method in the individual and consolidated quarterly information of the Company.

The Company has the right of first refusal in the purchase of process wood produced by SPC, among other typical rights granted to shareholders of a company of this nature.

1.4 Conversion of 7th issue debentures (1st series)

According to the notice to shareholders published on June 15, 2020, the 1st series of debentures of the 7th issue matured, in which 27,739,244 debentures were converted into shares of the Company, in accordance with the terms of clause VI of the private deed instrument of the 7th private issuance of simple debentures, combined with a bonus dated April 22, 2014 by decision of the debenture holders.

27,739,244 "Units" were issued, comprising 27,739,244 common shares and 110,956,976 preferred shares, totaling a capital increase in the Company of R\$ 399,446. As a result of this resolution, the Company's subscribed and paid-in capital increased from R\$ 4,076,035 to R\$ 4,475,481, divided into 5,548,498,060 shares, all nominative and with no nominal amount, with 2,012,333,899 common shares and 3,536,164,161 preferred shares.

1.5 Acquisition of International Paper do Brasil's assets

On October 14, 2020, the conditions for the acquisition of the packaging paper and corrugated cardboard business located in Brazil by International Paper do Brasil ("IP") were concluded and all legal agreements and approvals were signed, with the disbursement of the first installment of R\$ 280,000 on this date, with R\$ 50,000 remaining to be paid after one year, subject to certain contractual conditions, totaling R\$ 330,000 for the acquisition, in addition to reimbursing IP for the working capital received in excess at that acquisition date in the amount of R\$ 56,000 in the first quarter of 2021. The Company used its own funds for payment.

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All amounts in thousands of Reais

The operations acquired from IP have a production capacity of 305 thousand tons of corrugated cardboard per year. The acquisition also includes packaging paper units (virgin and recycled fiber) with a total capacity of 310 thousand tons per year.

The transaction is aligned with the Company's strategy of growth in the paper and paper packaging business, expanding its operational flexibility and bringing greater stability to its results. The ratification of the transaction by the shareholders is exempted since it does not fit the cases provided for in Article 256 of Law No. 6,404/76.

Acquisition balance sheet

The assets involved in the transaction with IP were effectively acquired on October 14, 2020 through the acquisition of all the shares of Embacorp Soluções em Embalagens de Papel Ltda. ("Embacorp") and Embacorp da Amazônia - Soluções em Embalagens de Papel Ltda. ("Embacorp Amazônia"), which became part of the Company's economic group as a wholly-owned subsidiary as of this date.

At the acquisition date, the acquirees' balance sheet present no balances that could not be reliably measured, and is represented the following group of assets and liabilities:

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
Cash and cash equivalents	62,597	Trade payables	96,715
Accounts receivable	228,222	Social security and labor obligations	47,264
Inventory	116,035	Tax payables	12,624
Other assets	13,219	Lease liability	13,374
Total current assets	420,073	Other payables and provisions	23,769
		Total current liabilities	193,746
Non-current		Actuarial liabilities	42,888
long-term receivables		Lease liability	8,401
Deferred income tax and social contribution	17,810	Deferred income tax and social contribution	19,226
Other assets	794	Other payables and provisions	10,188
Property, plant and equipment	193,668	Total non-current liabilities	80,703
Right of use asset	9,555		
Intangible assets	31,649	Equity	399,100
Total non-current assets	253,476		
Total assets	673,549	Total liabilities and equity	673,549

The inclusion of the new assets acquired in the Company's operations generated R\$ 258,000 in Net Revenue and R\$ 12,000 of Net Income, included in the Company's profit or loss in 2020.

CPC 15 - Business Combinations (IFRS3 Business Combinations) requires disclosure of the combined entity's revenue and profit or loss for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. The Company understands that such disclosure is impracticable, as determining this effect should consider the operation under its management, including the synergies and business strategies that would have been applied, which could not be reliably measured, given the short period of its asset management, as the acquisition was completed at the end of 2020.

Business combination effects – gain from a bargain purchase

According to criteria of CPC 15 - Business Combinations (IFRS3 Business Combinations), the operation with IP, related to the acquisition of all shares of Embacorp and Embacorp Amazônia, is characterized as a business combination. Therefore, the fair value of assets and liabilities acquired is to be measured using the purchase price allocation process ("PPA" - Purchase Price Allocation).

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At the end of 2020, the Company engaged specialists to appraise the assets and liabilities of Embacorp and Embacorp Amazônia. The net effect of the gain from the bargain purchase of the assets acquired from IP amounted to R\$ 206,061, which was allocated to the Company's profit or loss, in the "Other net" line.

At the end of 2020, the Company hired specialists to evaluate the assets and liabilities of Embacorp and Embacorp Amazônia, in which there was a net effect of a bargain purchase in the acquisition of assets from IP of R\$ 206,061 allocated in the Company's results, in the "Other net" line. The gain was the result of R\$ 11,101 of net assets acquired above the purchase price, the valuation at market value of fixed assets R\$ 215,959 above the book values of the acquisition balance sheet and the reduction of intangible assets whose valuation at value of market was below book values by (R\$ 20,999).

The fair value of the adjusted assets above was determined through an analysis obtained in comparison with similar property, plant and equipment items in the market, considering their best use. The appraisal of intangible assets presented a loss, due to the decrease in customer portfolio recorded in the initial acquisition balance.

Embacorp's corporate reorganization

On December 28, 2020, Embacorp's corporate reorganization was approved, with a partial spin-off of the net assets acquired from IP, excluding the net assets related to the assets and liabilities of the Nova Campina (SP) branch. The spun-off portion of R\$ 467,396 was transferred to Riohold Holdings S.A., a wholly-owned subsidiary of the Company. On that date, Embacorp started to have in its balance sheet only the assets and liabilities related to the Nova Campina (SP) unit.

The operation is aligned with the Administration's strategy of integrating the assets acquired from IP. The merger into the parent company referring to assets transferred to Riohold Holdings S.A. took place on January 4, 2021, see details in note 1.11. On January 29, 2021, the sale of Embacorp was completed, see details in note 12.

1.6 Constitution of Aroeira Reflorestadora S.A.

On September 9, 2020, the Company incorporated the privately-held entity - Aroeira Reflorestadora S.A, a Special Purpose Entity (SPC), with the main purpose of exploring forestry activity in the state of Santa Catarina - SC.

On January 26, 2021, the necessary agreements were signed for association with a Timber Investment Management Organization ("TIMO"). The Company will contribute to the formation of the entity's equity by providing approximately 9.7 thousand hectares of planted forests, while TIMO will contribute up to R\$ 500,000 in cash, a portion of which at the closing of the operation and the remaining portion in up to 3 years. Until June 30, 2021, an investment of R\$ 53,657 was made by Klabin S.A. and R\$ 187,000 by TIMO.

The funds contributed to the SPE will be used for acquisitions and leases of approximately 19,500 hectares of effective planting, as well as reforestation expenses, substantially from Pinus, in these areas. Klabin will have the preemptive right to purchase the wood produced by the SPE, among other typical rights granted to controlling shareholders of an entity of this nature. This association will allow the Company to expand its forest massif in the state of Santa Catarina with capital efficiency. This expansion aims at supplying the current factories in the region as well as making future expansion projects viable.

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All amounts in thousands of Reais

As of June 30, 2021, Klabin holds 51% of the voting capital and 22% of the total capital of the entity, while TIMO holds the remaining capital and may elect Board of Directors' members and participate in certain decisions of the entity with the right to vote, including in situations that require a qualified forum.

Klabin S.A. may exercise preemptive rights in the purchase of the entity's shares belonging to TIMO, an option to be exercised between 2031 and 2041.

On June 29, 2021 the Company through its subsidiary Aroeira Reflorestadora S.A., acquired land and forests in the amount of R\$ 124,000.

1.7 Constitution of Kla Holding S.A.

On November 12, 2020, the company Kla Holdings S.A. ("Kla Holdings") was created in order to facilitate the future acquisition of interests in other companies, aligned with the Company's growth strategy.

1.8 Acquisition of brands involved in royalties and merger of Sogemar

On November 26, 2020, the Special General Meeting approved the merger of SOGEMAR - Sociedade Geral de Marcas ("Sogemar"), owner of the brands involved in the royalties contract.

As a result of the merger, Klabin becomes the owner of the brands owned by Sogemar, with the consequent extinction on this date of the respective license agreement and payment of royalties related to such brands.

Given the merger, Sogemar's units of interest were replaced by the issue of 69,394,696 (sixty-nine million, three hundred and ninety-four thousand, six hundred and ninety-six) new common shares of the Company, all registered and without par value, to Sogemar partners, with a R\$ 144 increase in the Company's capital stock.

After the transaction was approved, the Company's capital increased from R\$ 4,475,481 to R\$ 4,475,625, comprising 5,617,892,756 shares, of which 2,081,728,595 are common shares and 3,536,164,161 are preferred shares.

1.9 Closure of silent partnership CG Forest

The merger of Silent Partnership CG Forest ("SCP CG Forest") took place on December 9, 2020, as determined by its partners after the closing of the partnership's operations. In the settlement of assets, R\$ 25,000 was paid to the investing partners related to their interest in the partnership, whereas the Company merged the remaining net assets comprising R\$ 70,944 in cash and cash equivalents and R\$ 39,660 in working capital.

1.10 Closure of subsidiaries

At the end of 2020, the Company closed the activities of its foreign subsidiaries Klabin Limited, Klabin Trade and Klabin Overseas, and of its national subsidiary Celucat. Their operations were terminated as they were not in operation and no operational use is expected.

1.11 Merger of Riohold Papel e Celulose S.A

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On January 4, 2021, the Special General Meeting approved the merger of Riohold Papel e Celulose S.A. ("Riohold"). The merger did not result in a capital increase or issuance of new shares, since the entire capital of Riohold was already held by the Company. The merger is part of management's strategy to integrate the assets acquired from Internacional Paper do Brasil Ltda.

The transaction resulted in the merger of net asset balances of R\$ 425,667 into the parent company's statement of financial position on January 4, 2021, distributed as follows:

<u>ASSETS</u>	<u>04/01/2021</u>	<u>LIABILITIES AND EQUITY</u>	<u>04/01/2021</u>
Cash and cash equivalents	1,703	Trade payables	53,645
Accounts receivable	225,249	Social security and labor obligations	24,685
Provision for expected credit loss ("PECL")	(7,781)	Tax payables	12,529
Inventory	69,462	Lease liability	1,078
Other assets	3,793	Other payables and provisions	8,208
Total current assets	292,426	Total current liabilities	100,145
Non-current			
long-term receivables			
Deferred income tax and social contribution	24,851	Actuarial liabilities	47,686
Property, plant and equipment	257,496	Deferred income tax and social contribution	9,599
Intangible assets	7,233	Lease liability	219
Right of use asset	1,297	Other payables and provisions	161
Other assets	174	Total non-current liabilities	57,665
	291,051		
		Total net assets	425,667

1.12 Sale of Nova Campina unit (SP)

On January 29, 2021, the Company signed the necessary documents to sell the unit located in Nova Campina (SP) to Klingele Paper & Packaging Group for R\$ 160,000, of which R\$ 132,000 were paid after the closing of the operation, on this date, and the remaining amount in two annual installments. The Nova Campina (SP) unit, with production capacity of 162 thousand tons of kraftliner, originated from the assets acquired from Internacional Paper.

1.13 Capital Increase in Sapopema Reflorestadora S.A.

The special meeting held on January 12, 2021 approved, the capital increase amounting to R\$ 50,000 subscribed and paid in by the investor (Timber XII SPE SA) for the purchase of forests, with 29,004,368 registered common shares with no par value, at the unit issue price of R\$ 1.00, and 6,321,605 registered preferred shares with no par value, at the unit issue price of R\$ 3.32. Accordingly, the Company's capital increased from R\$ 318,199 to R\$ 368,199, divided into 163,261,171 common shares and 77,450,118 preferred shares. After the increase, Klabin now holds 51% of the voting capital and 23% of the total capital of the Company (62% of voting capital and 26% of total capital at December 31, 2020).

The special meeting held on April 30, 2021 approved, the capital increase in the amount of R\$ 50,000 subscribed and paid in by the investor (Timber XII SPE S.A.) for the purchase of forests with 15,054,570 registered preferred shares, without par value, at the unit issue price of R\$ 3.32. Accordingly, the Company's capital increased from R\$ 368,199 to R\$ 418,199, divided into 163,261,171 common shares and 92,504,688 preferred shares. After the increase, Klabin now holds 51% of the voting capital and 20% of the Company's total capital (62% of the voting capital and 26% of the total capital at December 31, 2020).

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1.14 Investment in special projects and expansions

According to the Notice to the Market released on June 29, 2021, the Company approved a set of 23 Special Projects and Expansions of rapid and high return to continue its growth and deleveraging strategy, with a total investment of R\$ 342 million, of which R\$ 125 million will be disbursed in 2021 and the remaining amount in 2022.

Most of the investments, totaling R\$ 251 million, will be used to increase the capacity for converting paper into packaging, with two new printers to be installed at the Betim (MG) and Goiana (PE) units and a new line of bags for miscellaneous hazardous materials at the unit in Lages (SC). The other projects are distributed across all of Klabin's operating segments and are substantially focused on cost optimization.

1.15 Construction of the Port of Paranaguá

As communicated to the market on August 13, 2019, Klabin S.A. won a tender for a warehouse in the Port of Paranaguá for the handling and storage of general cargo, especially pulp and paper, in an auction held at B3's headquarters in São Paulo. The lease guarantees access to an area of 27,530 m² for a period of 25 years, which can be extended for another 45 years, with planned total investments of R\$ 130 million and start of operations scheduled for the second half of 2022.

On October 21, 2019, the wholly-owned subsidiary “Klabin Paranaguá SPE S.A.” was organized with subscribed and paid-in capital of R\$ 20 million divided into 20,000 registered shares with no par value, headquartered in the municipality of Paranaguá state of Paraná, plus R\$ 80 million corresponding to 80,000 registered shares with no par value, on May 10, 2021.

The Company has the sole and exclusive purpose of operating the leased areas, port facilities and public infrastructure, located within the Organized Port of Paranaguá, to carry out unloading (unloading, internal handling, storage and dispatch) and shipment receiving, storage, internal handling and shipment) of general cargo, especially paper and pulp, all under the terms of the Lease Agreement Draft arising from Auction No. 03/2019-ANTAQ, entered into with the Federal Government, through the Ministry of Infrastructure.

The Company's interest was motivated by the large representation of the Port of Paranaguá in its export volume, targeting both current volumes and those referring to the new paper machines of the Puma II Project. This operation will guarantee operations in the long-term, allowing direct rail connection of the manufacturing operations to the Terminal in the primary zone, with high loading efficiency and berthing preference.

1.16 Impacts of COVID-19

The Company is actively working on preventive measures to help control the spread of Coronavirus (COVID-19), reinforcing hygiene protocols, spreading information on the topic through its internal communication channels and following the guidelines of the World Health Organization (WHO), canceling internal events and trips, adopting electronic means of communication, making work routines more flexible to avoid agglomerations, adherence to remote work for various groups of professionals, among other initiatives.

To date, management has not identified any significant impacts on Company operations, maintaining its forecasts of production, sales and shipment of products, which are part of the supply chain of essential items for the population, related to the food segment, cleaning and personal and hospital hygiene products, whose market boomed in order to meet current demands. In relation to Puma II

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project, additional expenses of R\$ 159,000 were required so as to cover delays and schedule adjustments, which were absorbed by the project's contingent budget, without changing its overall budget.

Regarding financial market volatility, including the effects of the devaluation of Brazilian currency against the US dollar, the Company has a robust cash position and an extended debt profile. Additionally, in spite of the foreign exchange effects recorded in "Finance Income (Costs)" in referred to quarterly information, according to the analysis of the currency risk exposure mentioned in Note 28, this effect is not material on the Company's cash since it is substantially linked to loans and long-term foreign currency financing, will be offset against projected cash flow from export revenue, and exceed, or approximate, the payment flow of the respective liabilities.

In view of the current scenario, and in line with the requirements of the Brazilian Securities and Exchange Commission ("CVM"), Company management analyzed any impacts due to an increase in expected losses or a significant change in the risks to which the Company is exposed (Note 28) based on the estimates, judgments and assumptions that could affect the recoverability of Company assets and measurement of the provisions presented in referred to quarterly information. This review considered the subsequent events that occurred up to the date of issue of this quarterly information and no significant impacts were identified that should be reflected in the quarterly information for the three and six-month periods ended June 30, 2021.

2 BASIS OF PRESENTATION OF THE QUARTERLY INFORMATION AND SIGNIFICANT ACCOUNTING PRACTICES

2.1 Basis of presentation of the quarterly information

The Company presents the individual and consolidated Quarterly Information in accordance with NBC TG 21 (R4) - Interim Statement, issued by the CFC - Conselho Federal de Contabilidade and IAS 34 - Interim Financial Report, issued by the IASB - International Accounting Standards Board, applicable the preparation of the Quarterly Information - ITR, and presented in a manner consistent with the rules established by CVM - Comissão de Valores Mobiliários.

The Quarterly Information was prepared considering the historical cost as a basis of value, which, in the case of financial assets measured at fair value through profit or loss, other financial assets and liabilities and biological assets are adjusted to reflect the measurement at fair value.

2.2 Summary of significant accounting practices adopted and statement of compliance

The accounting practices adopted by the Company and its subsidiaries in the preparation of this Quarterly Information for the three and six-month periods ended June 30, 2021 are consistent with those applied in the preparation of the last Annual Financial Statements as of December 31, 2020 and described in Note 2, except for the application of hedge accounting adopted as from January 4, 2021, whose accounting practice is described below. This Quarterly Information should be read in conjunction with those Annual Financial Statements disclosed on February 10, 2021.

The quarterly information for the three and six-month periods ended June 30, 2021 contains all information that is relevant for obtaining an understanding of the Company's financial position in the period.

a) Hedge accounting / cash flow hedge

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Based on CPC 48 - Financial Instruments / IFRS 9 - Financial Instruments, as from January 2021, the Company adopted the cash flow hedge accounting for highly probable future transactions, designating as hedging instruments its debts raised and/or converted by SWAP instruments into US dollars (USD) to protect its revenues in USD (hedged items), both nominally denominated in USD. This practice is aligned with the risk strategy adopted by management, which seeks to demonstrate the equalization between the effects of exchange rate variations in the statement of financial position to the extent that they are effectively realized and their cash effect.

The SWAPs agreed by the Company are considered “matched” transactions, directly linked to specific financing transactions, and result in the conversion of a specific loan and financing in domestic currency into a foreign currency transaction. Accordingly, the underlying risk involved in the SWAP is identical to the item protected in its hedge accounting program, therefore, such operations are included in hedging instruments.

The Company designates in its hedge program the spot element of the exchange rate involved in the financial instruments designated in the hedge. Changes in fair value of the future element of foreign exchange contracts (forward points) involved in SWAP operations included in the hedge are also recognized in equity under “Equity valuation adjustments”, however in a separate book account comprising the cost of the hedge.

The effects of exchange variation (fair value) of the financial instruments designated in the hedge (loans, financing and swaps) are recorded in equity, under “Equity valuation adjustments”, net of deferred income and social contribution taxes. To the extent that the respective revenue in USD designated in the hedge accounting program is generated, the respective exchange variation accumulated in “Equity valuation adjustments” will be matched against the hedged item in P&L, under “Net sales revenue”.

The Company evaluates the effectiveness of its hedge program through effectiveness tests using the criteria established in referred to accounting pronouncements, comparing changes in fair value of the hedging instrument with changes in fair value of the hedged item in relation to the hedged risk. If the hedging relationship is not effective within the limits established in relation to the desired protection, the ineffective portion of the effects of exchange rate variations on loans and financing are reclassified to the statement of profit or loss under “Finance income/(costs)”.

Changes in the hedge accounting program are recognized in the calculation of comprehensive income for the period.

3 CONSOLIDATED QUARTERLY INFORMATION

The subsidiaries are fully consolidated from the date of acquisition of the control, and continue to be consolidated until the date when this control ceases to exist, except the subsidiaries that have joint control (joint venture) with other entities, which are evaluated by the equity accounting method both in the individual and consolidated quarterly information.

The quarterly information of the subsidiaries are prepared for the same reporting periods as those of the parent company, using accounting policies that are consistent with the policies adopted by the parent company. For the consolidation, the following criteria are adopted: (i) elimination of investments in subsidiaries, as well as the results of equity investments and (ii) elimination of profits from intercompany transactions between consolidated companies, as well as the corresponding asset and liabilities balances.

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The consolidated Quarterly Information covers Klabin S.A. and its subsidiaries as of June 30, 2021, December 31, 2020 and June 30, 2020, as follows:

	Country	Activity	Participation	Ownership - %		
				06/30/2021	12/31/2020	06/30/2020
<u>Subsidiaries:</u>						
Aroeira Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	22	100	-
Celucat (i)	Brazil	Investment in companies	Direct	-	-	100
Cerejeira Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	100	100	100
Embacorp Soluções em Embalagens de Papel Ltda (i)	Brazil	Manufacture and marketing of products	Direct	-	100	-
Embacorp da Amazônia - Soluções em Embalagens de Papel Ltda (i)	Brazil	Manufacture and marketing of products	Direct	100	100	-
Guaricana Reflorestadora S.A.	Brazil	Reforestation	Direct	35	35	35
Klabin Argentina S.A.	Argentina	Industrial sacks	Direct	100	100	100
Klabin Áustria GmbH	Áustria	Sale of products in the foreign market	Direct	100	100	100
Klabin do Paraná Produtos Florestais Ltda.	Brazil	Manufacture of phytotherapeutic products	Direct	100	100	100
Klabin Finance S.A.	Luxemburgo	Finance	Direct	100	100	100
Klabin Fitoprodutos Ltda.	Brazil	Manufacture of phytotherapeutic products	Direct	100	100	100
Klabin Florestal Ltda.	Brazil	Forestry	Direct	100	100	100
Klabin Forest Products Company	Estados Unidos	Sale of products in the foreign market	Direct	100	100	100
Klabin Limited (i)	Ilhas Cayman	Investment in companies	Direct	-	-	100
Klabin Overseas (i)	Inglaterra	Investment in companies	Direct	-	-	100
Klabin Paranaguá SPES.A. (i)	Brazil	Port services	Direct	100	100	100
Klabin Trade (i)	Inglaterra	Sale of products in the foreign market	Indirect	-	-	100
Kla Holding S.A. (i)	Brazil	Investment in companies	Direct	100	100	-
IKAPÊ Empreendimentos Ltda.	Brazil	Hotels	Direct	100	100	100
Monterla Holdings S.A.	Brazil	Investment in companies	Direct	100	100	100
Riohold Holdings (i)	Brazil	Investment in companies	Direct	-	100	100
Santa Catarina Florestal	Brazil	Packaging customization services	Direct	100	100	100
Sapopema Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	20	26	26
<u>Special Partnership Companies ("SPC"):</u>						
CG Forest (i)	Brazil	Reforestation	Direct	-	-	67
Monte Alegre	Brazil	Reforestation	Direct	83	75	71
Harmonia	Brazil	Reforestation	Direct	73	72	70
Serrana	Brazil	Reforestation	Direct	74	64	67
Araucária	Brazil	Reforestation	Direct	57	56	62
<u>Joint ventures (not consolidated):</u>						
Florestal Vale do Corisco S.A.	Brazil	Reforestation	Direct	51	51	51
Pinus Taeda Florestal S.A. (i)	Brazil	Reforestation	Direct	26	26	26
(i) See information in note 1.						

(i) See information in note 1.

Investment in joint ventures

Considering its characteristics, the investment in Florestal Vale do Corisco S.A. and Pinus Taeda Florestal S.A. is classified as a joint venture, and is recorded based on the equity accounting method in the parent company and consolidated quarterly information.

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4 CASH AND CASH EQUIVALENTS

The Company, following its investment policy, has maintained its marketable securities in low-risk investments, in financial institutions that the Management believes are top notch both in Brazil and abroad, according to the rating released by investment agencies risk classification presented in Note 28. Management has considered these financial assets as cash equivalents due to their immediate liquidity with the issuing financial institutions, with an insignificant risk of change in value.

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and bank deposits - local currency	2,893	32,538	5,438	42,265
Cash and bank deposits - foreign currency (i)	-	-	14,486	7,723
Marketable securities- local currency	4,117,227	3,924,670	4,521,649	4,133,393
Marketable securities - foreign currency (i)	624,575	572,540	1,968,528	1,025,449
	4,744,695	4,529,748	6,510,101	5,208,830

(i) Substantially in US dollars

Marketable securities in national currency, corresponding to Bank Deposit Certificates - CDBs and other repurchase transactions, are indexed by the variation of the Interbank Deposit Certificate - CDI, with an average annual remuneration rate of 4.36% (1.94% on 31 December 2020), and foreign currency investments corresponding to overnight operations and *time deposit*, have an average annual remuneration rate of 0.33% and 0.65%, respectively (0.28% of overnight operations on December 31, 2020), with immediate liquidity guaranteed by the financial institutions.

5 MARKETABLE SECURITIES

The balance of marketable securities is represented by:

(i) Financial Treasury Bills ("LFT") and Direct Treasury Bills ("NTN-B"). LFT has remuneration indexed to the SELIC variation and matures in 2023 and NTN-B is remunerated by the variation of the IPCA + 4.63% (average) per year with maturities from 2022 to 2040, with an amount corresponding to R\$ 1,727,697 on June 30, 2021 (R\$ 1,335,257 on December 31, 2020).

(ii) Bonds, through its wholly-owned subsidiary Klabin Finance, signed in dollars with fixed interest rates from 3.52% to 4.02%, with maturity in 2028 and 2038 and an amount corresponding to R\$ 12,537 in June 30, 2021 (R\$ 12,640 on December 31, 2020).

As of June 30, 2021, the balance of these securities amounted to R\$ 1,727,697 in the parent company and R\$ 1,740,234 in the consolidated (R\$ 1,335,257 and R\$ 1,347,897 respectively, as of December 31, 2020). These securities have an active trading market. Considering its characteristics, the fair value is basically the principal amount plus the interest originally established in these securities. Management classified financial assets measured at fair value through profit or loss, in accordance with CPC 48/ IFRS9 - Financial Instruments, given the possibility of selling these securities to realize gains/losses.

The bonds and securities fall under Level 1 of the hierarchy of measurement at fair value, according to the hierarchy of CPC 46 IFRS 13 – Fair Value Measurement, as they are assets with prices quoted on the market .

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6 TRADE RECEIVABLES

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Trade receivables				
. Local	1,774,315	1,051,911	1,801,160	1,299,784
. Foreign	341,245	244,362	763,773	583,244
Total trade receivables	2,115,560	1,296,273	2,564,933	1,883,028
Provision for expected credit loss ("PECL")	(63,029)	(56,106)	(66,839)	(76,110)
	2,052,531	1,240,167	2,498,094	1,806,918
Overdue	78,703	69,677	109,672	106,297
% on total portfolio (without PECL)	0.74%	1.05%	1.67%	1.60%
1 to 10 days	3,744	1,910	3,807	1,910
11 to 30 days	6,385	7,521	25,104	10,872
31 to 60 days	1,562	1,333	4,561	1,600
61 to 90 days	1,201	810	4,003	1,308
Over 90 days	65,811	58,103	72,197	90,607
Falling due	2,036,857	1,226,596	2,455,261	1,776,731
Total portfolio	2,115,560	1,296,273	2,564,933	1,883,028

On June 30, 2021, the average term for receiving accounts receivable from customers corresponds to approximately 87 days (82 days on December 31, 2020) for domestic sales and approximately 117 days (112 days on December 31, 2020) December 2019) for sales in the foreign market, with interest charged after the expiration of the term defined in the negotiation. As mentioned in Note 28, the Company has rules for monitoring overdue credits and receivables and the risk of not receiving amounts arising from credit sales.

The Company analyzed the effects of adjustment to present value on the balance, considering its immaterial.

a) Provision for expected credit loss ("PECL")

In Management's assumptions, the provision for expected credit loss ("PECL") is considered sufficient to cover possible losses on the amounts receivable outstanding. The movement of estimated losses is shown below:

	Parent Company	Consolidated
At December 31, 2019	(49,451)	(49,469)
Provision for expected credit loss ("PECL")	(12,873)	(32,877)
Reversals	3,240	3,258
Write-off	2,978	2,978
At December 31, 2020	(56,106)	(76,110)
Provision for expected credit loss ("PECL")	(12,502)	(13,569)
Reversals	13,213	21,760
Write-off	147	1,080
Incorporation balance (i)	(7,781)	-
At June 30, 2021	(63,029)	(66,839)

(i) See note 1.

The balance of the provision for expected credit loss substantially corresponds to trade bills with a high risk of non-receipt. The Company constantly monitors the balance of receivables and its default estimates, considering the concept of loss incurred and expected loss and when in the least expectation that there is no possibility of receiving it, the provision for expected credit loss is

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constituted. The expense with the credit loss constitution is recorded in the income statement, under the caption "Operating expenses/revenues - with sales".

The Company maintains an insurance policy for receivables in the domestic and foreign markets for all business units, except for wood customers of the Forestry unit, in addition to certain customers who do not meet specific risk requirements, such as continuity and liquidity, analyzed by the insurer to be incorporated into the insurance policy. The current insurance policy expires in October 2021.

b) Receivables discount operations

In the three-month period ended June 30, 2021, receivables discount operations with no right of return were carried out with specific customers in the amount of R\$ 815,175 in the parent company and R\$ 1,635,284 in the consolidated (R\$ 1,234,195 in the parent company and R\$ 2,773,151 in the consolidated at December 31, 2020), for which all risks and benefits associated with the assets were transferred to the counterparty, so that the receivables anticipated with third parties were derecognised from the quarterly information.

The financial cost charged by the bank in the transaction is recorded in the income statement in the "Discounts and rebates" line (Note 21).

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7 RELATED PARTIES

a) Balances and transactions with related parties

							Parent company		
							06/30/2021	12/31/2020	06/30/2020
	Klabin Argentina	Klabin Finance	Special Partnership Companies	Klabin Austria	Others	Total	Total	Total	
	(i)		(ii) e (iv)	(i)	(i) (iii) (iv) e (v)				
Type of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary					
Balances									
Current assets	137,865	-	15,338	289,083	42,172	484,458	675,185	-	
Non-current assets	30	-	-	-	141	171	21,076	-	
Current liabilities	-	56,634	40,639	169,767	(792)	266,248	273,364	-	
Non-current liabilities	-	3,338,968	-	8,866,400	-	12,205,368	12,793,815	-	
Transactions									
Sales revenue	42,269	-	26,212	1,697,403	81,770	1,847,654	-	1,872,122	
Purchases	-	-	(106,282)	-	(89,521)	(195,803)	-	(83,351)	
Interest expenses on financing	-	(99,483)	-	(339,008)	-	(438,491)	-	(584,452)	
Guarantee commission - expenses	-	-	-	-	(359)	(359)	-	(2,072)	
Royalty expenses	-	-	-	-	-	-	-	(32,698)	

- (i) Balance receivable from product sales operations carried out at prices and terms (average of 180 days) under the conditions established between the parties;
- (ii) Purchase of wood made at prices and terms (45 days) under the conditions established between the parties. It considers all companies in a participation account described in note 3;
- (iii) Guarantee commission paid semiannually, calculated based on the Puma I and the 7th issue debenture contracts.
- (iv) Supply of seedlings, seeds and services at prices and terms in the commercial conditions established between the parties;
- (v) Advances on future capital subscriptions.

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	Consolidated		
	06/30/2021	12/31/2020	06/30/2020
Klabin			
Irmãos S.A.	Total	Total	Total
(i)			
Shareholder			
Type of relationship			
Balances			
Current liabilities	-	-	5,929
Non-current liabilities	-	-	1,153,206
Transactions			
Guarantee commission - expenses	(359)	(359)	(2,072)

(i) Guarantee commission, calculated on the BNDES financing balance of 0.8% per year - operation settled at the end of 2019, with the last installment settled in January 2020.

b) Management and Fiscal Board remuneration and benefits

Management and Fiscal Council compensation is set by shareholders at the Annual Shareholders' Meeting - AGM, in accordance with Brazilian corporate law and the Company's bylaws. Accordingly, it was proposed at the Annual General Meeting held on March 24, 2021, the global amount of the annual compensation of Management and the Fiscal Council, set at up to R\$ 58,240 for fiscal year 2021 (R\$ 49,947 disregarding the INSS burden of the Company as per CVM instruction).

The table below shows the remuneration of Management and the Fiscal Council:

	Parent company and Consolidated							
	Short term		Long term					
	Board of directors remuneration		Pension plan		Remuneration based on shares		Total benefits	
	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020	From 1/1 to 06/30/2021	From 1/1 to 06/30/2020
Fiscal Board and statutory director's	16,748	15,906	231	438	2,555	1,706	19,534	18,050

Management remuneration includes the fees paid to the Board, along with the fees paid to, and variable remuneration of statutory directors. Long-term benefits refer to contributions made by the Company to the pension plan and calculation of the stock option plan. These amounts are recorded substantially in the item "Operating expenses - general and administrative".

In addition, the Company grants to the statutory directors and other executives a Stock Option Plan, described in Note 24.

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8 INVENTORY

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Finished products	362,934	263,804	440,910	327,996
Product in process	40,401	29,869	43,207	33,831
Timber and logs	243,633	250,645	243,695	250,645
Maintenance supplies	334,208	283,913	343,343	287,992
Raw materials	499,341	370,974	534,598	478,493
Estimated losses	(30,530)	(21,185)	(31,762)	(28,209)
Other	42,443	25,948	38,243	28,383
	1,492,430	1,203,968	1,612,234	1,379,131

Stocks of raw materials include reels of paper transferred from paper production units to conversion units.

The expense for the constitution of estimated losses on inventories is recorded in the income statement, under the caption "Cost of products sold".

The Company does not have inventories pledged as collateral.

9 TAXES RECOVERABLE

	06/30/2021		12/31/2020	
	Current assets	Non-current assets	Current assets	Non-current assets
Value-added Tax on Sales and Services (ICMS)	239,412	615,758	214,008	665,565
Social Integration Program (PIS)/Social Contribution on Revenue (COFINS)	118,546	447	418,657	92,650
Income tax/social contribution (IR/CSLL)	-	-	111,216	-
Tax on Industrialized Products (IPI)	13,313	-	9,322	-
Special regime for the reintegration of tax amounts for exporting companies (Reintegra)	10,277	-	7,982	-
Other	35,723	5,852	34,595	5,260
Parent company	417,271	622,057	795,780	763,475
Subsidiaries	41,868	-	28,991	5,617
Consolidated	459,139	622,057	824,771	769,092

The balance of PIS/COFINS, IPI and ICMS maintained in the short term is expected to be compensated against these same taxes payable in the next 12 months, as well as based on analysis and budget projection approved by the Management, it does not provide for risks of non-realization of these credits as long as the budget projections are realized.

PIS/COFINS

According to a material fact disclosed to the market on August 22, 2019, the decision was final and unappealable, accepting the Company's intention to exclude ICMS from the PIS and COFINS calculation basis, effective as of April 2002. The Company calculated a total amount of out-of-date credit of R\$ 631,000 in principal and R\$ 383,000 in interest and monetary restatement, totaling R\$ 1,014,000 reais. The method chosen for calculating these credits was the application of the PIS and COFINS percentage rate on the ICMS highlighted in the invoice. As of March 2020, out-of-date

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credits were approved and started to be offset with federal tax debts, as well as the calculation of said taxes follows the new calculation criteria.

The segregation between current and non-current assets was made based on Management's expectation of their compensation.

ICMS

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

10 INCOME TAX AND SOCIAL CONTRIBUTION

The Company, under the Real Profit regime, changed for the year 2021 the methodology for calculating Real Profit to annual (in 2020 the methodology used was quarterly Real Profit), and maintained the regime of taxation of the exchange variation, ie, exchange rate effects are offered for taxation as they are effectively settled.

This option is not valid for subsidiaries covered by the Presumed Profit regime, as well as foreign subsidiaries.

According to ICPC 22 - Uncertainty about the Treatment of Taxes on Profit, the Company evaluated the concept brought by the standard in relation to possible differences of understanding with the tax authorities and not identifying items to be highlighted within its practices.

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a) Nature and expected realization of deferred taxes

The balances of deferred tax assets and liabilities were as follows:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Provision for tax, social security, labor and civil contingencies	3,139	6,413	3,139	6,413
Non-deductible provisions	115,859	114,385	116,789	127,443
Tax losses and negative bases	491,323	580,976	500,080	585,696
Actuarial liability	136,129	116,298	137,063	118,548
Provision for labor	12,315	32,926	12,315	32,926
Deferred foreign exchange variations (i)	626,628	887,628	626,628	887,628
Gain or loss on financial instruments	687,514	843,974	687,514	843,974
Right of use (IFRS 16)	100,171	69,435	100,449	73,580
Other temporary differences	46,325	46,793	47,066	44,543
Non-current assets	2,219,403	2,698,828	2,231,043	2,720,751
Fair value of biological assets	427,485	539,685	447,595	557,363
Depreciation tax rate x useful life rate (Law 12,973/14)	427,256	419,727	427,256	419,727
Deemed cost of property, plant and equipment (land)	545,378	544,903	545,378	544,903
Interest capitalized (Law 12,973/14)	247,703	189,614	247,703	189,614
Revaluation reserve	25,092	25,091	25,092	25,091
Accelerated Depreciation - Law 12,272/12	65,565	68,817	65,565	68,817
Lease liability (IFRS 16)	82,088	55,852	82,096	59,839
Other temporary differences	82,096	84,686	82,098	90,298
Non-current liabilities	1,902,663	1,928,375	1,922,783	1,955,652
Net balance (liability)	316,740	770,453	308,260	765,099

(i) Effect of the cash exchange variation taxation regime.

Management, based on the approved budget, estimates that tax credits arising from temporary differences, tax losses and negative social contribution basis are realized as shown below:

	06/30/2021	
	Parent Company	Consolidated
2021	280,619	280,619
2022	255,147	255,147
2023	130,838	130,838
2024	151,914	151,914
2025	166,737	166,737
2026 onwards	1,234,148	1,245,788
	2,219,403	2,231,043

The projection for realizing the balance considers the use of tax losses and negative bases to limit the compensation of 30% of the taxable income for the year. The projection may not materialize if the estimates used differ from those actually made, which were analyzed considering the projections of future results prepared and based on internal assumptions and future economic scenarios, evaluated within the projections approved by the Company's Management.

The Company's information on taxes under litigation is disclosed in note 19.

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b) Analysis of income tax and social contribution expenses

	Parent Company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Current tax expense	(641,194)	(495,772)	(240,839)	(1,901,680)
Adoption of the exchange variation cash regime (i)		-	333,638	1,468,933
PIS / COFINS extemporaneous credit (ii)	-	-	(8,084)	336,676
Constitution (consumption) of tax loss and negative basis	116,159	89,653	(185,615)	(185,615)
Other additions / exclusions	373,645	208,827	(88,260)	(125,272)
Current	(151,390)	(197,292)	(189,160)	(406,958)
Recognition and reversal of temporary differences	2,013	(16,550)	16,997	(18,450)
Constitution (consumption) of tax loss and negative basis	(63,147)	(89,653)	(81,262)	(185,615)
Gain or loss on financial instruments	(260,715)	(156,461)	148,162	728,395
Right of use (IFRS 16)	2,117	4,500	1,745	2,885
Interest capitalized (Law 12,973/14)	(29,800)	(58,089)	(11,070)	(17,214)
ICMS on PIS/COFINS calculation basis	-	-	(8,216)	336,676
Actuarial liability	-	-	(1,916)	855
Adoption of the exchange variation cash regime (i)	140,569	(18,911)	333,638	1,468,933
Depreciation tax rate x useful life rate (Law 12,973/14)	(7,306)	(7,529)	(14,858)	1,156
Variation in fair value and depletion of biological assets	(3,609)	112,200	76,214	73,927
Deferred	(219,878)	(230,493)	459,434	2,391,548

	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Current tax expense	(695,745)	(533,335)	(221,120)	(1,872,169)
Adoption of the exchange variation cash regime (i)		-	332,998	1,468,933
PIS / COFINS extemporaneous credit (ii)	-	-	(8,084)	336,676
Constitution (consumption) of tax loss and negative basis	151,121	89,653	(185,615)	(185,615)
Other additions / exclusions	390,918	238,509	(110,225)	(160,833)
Current	(153,706)	(205,173)	(192,046)	(413,008)
Recognition and reversal of temporary differences	(14,608)	(11,807)	(5,620)	(70,404)
Constitution (consumption) of tax loss and negative basis	(63,147)	(89,653)	(81,262)	(185,615)
Gain or loss on financial instruments	(260,715)	(156,461)	148,162	728,395
Right of use (IFRS 16)	(3,235)	4,334	1,637	2,777
Interest capitalized (Law 12,973/14)	(29,800)	(58,089)	(11,070)	(17,214)
ICMS on PIS/COFINS calculation basis	-	-	(8,216)	336,676
Actuarial liability	-	-	(1,916)	855
Adoption of the exchange variation cash regime (i)	140,569	(18,911)	333,638	1,468,933
Depreciation tax rate x useful life rate (Law 12,973/14)	(7,305)	(7,528)	(14,858)	1,156
Variation in fair value and depletion of biological assets	19,746	114,120	99,176	128,556
Deferred	(218,495)	(223,995)	459,671	2,394,115

(i) Includes the effect of changes in the exchange variation regime (competence and cash) for purposes of calculating income tax and social contribution.

(ii) See information in note 9 regarding the extemporaneous credit of the ICMS lawsuit on the basis of Pis / Cofins.

(iii) See information on the adoption of cash flow hedge accounting in Note 27.

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c) Composition of income tax and social contribution in the statement of comprehensive income

	Parent Company and Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Update of actuarial liability	1,810	3,619	942	(1,209)
Update of hedge accounting	(826,029)	(242,089)	-	-
Deferred	(824,219)	(238,470)	942	(1,209)

(i) See information on the adoption of cash flow hedge accounting in Note 27.

d) Reconciliation of income tax and social contribution with the result of applying the statutory tax rate

	Parent Company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Income before income tax and social contribution	1,030,441	1,458,154	(708,348)	(5,593,175)
Income tax and social contribution at the rate of 34 %	(350,350)	(495,772)	240,838	1,901,680
Tax effect on permanent differences:				
Difference in tax regime - controlled companies	-	-	-	-
Equity results of investees	(793)	72,632	13,240	42,286
Other effects	(20,125)	(4,645)	16,196	40,624
	(371,268)	(427,785)	270,274	1,984,590
Income tax and social contribution				
. Current	(151,390)	(197,292)	(189,160)	(406,958)
. Deferred	(219,878)	(230,493)	459,434	2,391,548
Income tax and social contribution expense	(371,268)	(427,785)	270,274	1,984,590

	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Income before income tax and social contribution	1,090,957	1,568,632	(650,355)	(5,506,380)
Income tax and social contribution at the rate of 34 %	(370,925)	(533,335)	221,121	1,872,169
Tax effect on permanent differences:				
Difference in tax regime - controlled companies	32,270	90,613	42,580	62,704
Equity results of investees	589	903	1,273	8,851
Other effects	(34,135)	12,651	2,651	37,383
	(372,201)	(429,168)	267,625	1,981,107
Income tax and social contribution				
. Current	(153,706)	(205,173)	(192,046)	(413,008)
. Deferred	(218,495)	(223,995)	459,671	2,394,115
Income tax and social contribution expense	(372,201)	(429,168)	267,625	1,981,107

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11 INVESTMENTS IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

	Klabin Finance S.A.	Klabin Áustria GmbH	Em bacorp Sol. Em bal. Papel Ltda (iv)	Riohold Holdings S.A. (iv)	Aroeira Reflorest. S.A. (iv)	Sapopema Reflorest. S.A. (iv)	Special Partnership Companies	Florestal Vale do Corisco S.A. (i)	Pinus Taeda Florestal S.A. (i)	Parent Company	
										Other	Total
At December 31, 2019	86,471	187,829	-	-	-	70,343	814,095	160,970	-	222,353	1,542,061
Acquisitions and capital contributions (iv)	-	-	388,071	-	-	28,168	(110,604)	-	72,165	35,240	413,040
Added Value (iv)	-	-	181,396	-	-	-	-	-	-	24,665	206,061
Corporate reorganization (iv)	-	-	(442,731)	425,667	-	-	-	-	-	17,064	-
Transfer to held for sale (v)	-	-	(138,769)	-	-	-	-	-	-	-	(138,769)
Dividends distributed	-	-	-	-	-	-	(2,151)	(10,186)	-	(74,877)	(87,214)
Equity in the results of investees (ii)	40,356	163,942	12,033	-	-	27,823	(69,697)	7,179	25,944	13,573	221,153
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	-	(16,963)	(16,963)
Unrealized profit from intercompany sales	-	(40,026)	-	-	-	-	-	-	-	(8,843)	(48,869)
At December 31, 2020	126,827	311,745	-	425,667	-	126,334	631,643	157,963	98,109	212,212	2,090,500
Acquisitions and capital contributions (iv)	-	-	-	-	53,657	-	-	-	-	84,851	138,508
Corporate reorganization (iv)	-	-	-	(425,667)	-	-	-	-	-	10,685	(414,982)
Transfer to held for sale (v)	-	-	(2,216)	-	-	-	-	-	-	-	(2,216)
Dividends distributed	-	-	-	-	-	-	(2,130)	(3,395)	(3,118)	-	(8,643)
Equity in the results of investees (ii)	(61,230)	289,295	2,216	-	29,253	(9,882)	41,438	4,678	(2,022)	3,148	296,894
Foreign exchange variations on investments abroad (iii)	-	-	-	-	-	-	-	-	-	5,746	5,746
Unrealized profit from intercompany sales	-	(51,819)	-	-	-	(3,216)	(9,717)	-	-	(18,519)	(83,271)
At June 30, 2021	65,597	549,221	-	-	82,910	113,236	661,234	159,246	92,969	298,123	2,022,536

Summary of the financial information of subsidiaries at June 30, 2021

Total assets	3,415,855	10,823,350	-	-	378,878	600,209	1,018,563	409,557	385,457
Total liabilities	3,350,258	10,222,310	-	-	7,021	14,727	30,262	103,471	3,848
Equity	65,597	601,040	-	-	371,857	585,482	988,301	306,086	381,609
Profit/(loss) for the period	(61,230)	249,241	-	-	131,152	2,370	99,695	3,380	(3,131)

(i) As it is a joint venture (see note 3), Vale do Corisco and Pinus Taeda Florestal are not consolidated, being the only investments presented in the consolidated balance sheets as investments with equity recognition.

(ii) Includes effects of variation and realization of the fair value of biological assets (note 13), when the result of the subsidiary suffers this impact, in addition to the exchange variation on investments abroad not characterized as a subsidiary.

(iii) Subsidiary and associated companies with affiliate characteristics with exchange variation allocated to other comprehensive income.

(iv) See note 1.

(v) See note 1 and 12.

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	Consolidated		
	Florestal Vale do Corisco S.A. (i)	Pinus Taeda Florestal S.A. (i)	Total
At December 31, 2019	160,970	-	160,970
Acquisitions and capital contributions (iii)	-	72,165	72,165
Dividends distributed	(10,186)	-	(10,186)
Equity in the results of investees (ii)	7,179	25,944	33,123
At December 31, 2020	157,963	98,109	256,072
Dividends distributed	(3,395)	(3,118)	(6,513)
Equity in the results of investees (ii)	4,678	(2,022)	2,656
At June 30, 2021	159,246	92,969	252,215

Summary of the financial information of subsidiaries at June 30, 2021

Total assets	409,557	385,457
Total liabilities	103,471	3,848
Equity	306,086	381,609
Profit/(loss) for the period	3,380	(3,131)

(i) As this is a joint venture (note 3), Vale do Corisco and Pinus Taeda Florestal are not consolidated, and the only investments shown in the consolidated balance sheets as investments with equity pickup recognition.

(ii) Includes the effects of variation and realization of the fair value of biological assets (note 13), when the subsidiary's result is impacted, in addition to the exchange variation on investments abroad not characterized as a branch.

(iii) See information in explanatory note 1.

12 ASSETS HELD FOR SALE

As disclosed in note 1, the Company concluded on October 14, 2020 the acquisition of assets of International Paper do Brasil. Within the context of the acquisition of these assets, the Company informed in a statement to the market on June 24, 2020, the commitment to sell to the Klingele Paper & Packaging Group of the unit located in Nova Campina (SP), with a production capacity of 162 thousand tons of kraftliner.

The sale transaction, recorded on December 31, 2020, as an asset held for sale, at the equity value of the investment in the amount of R\$ 138,769 in the parent company's balance sheet (R\$ 175,064 in assets and R\$ 36,295 in liabilities in the consolidated balance sheet), net of selling expenses, was concluded on January 29, 2021 after closing together with the Klingele Paper & Packaging Group with the transfer of 100% of its shares. The transaction amounted to R\$ 160,000, of which R\$ 132,000 was received on this date and the remainder will be received in two annual installments of the same amount.

The sale resulted in a gain of R\$ 20,231 recorded in income under the caption "Other net". Considering revenue of R\$ 160,000 and cost of R\$ 138,769.

The Income Statement shows a loss from discontinued operations of R\$ 2,216 in the six-month period ended June 30, 2020 related to the respective assets. The detailed analysis of the result is not necessary given the immateriality of the amounts involved, so that they do not represent an important separate line from the Company's business units, as it only took effect after its acquisition on October 14, 2020, with the unit being acquired exclusively for its subsequent sale.

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13 PROPERTY, PLANT AND EQUIPMENT

a) Composition of property, plant and equipment

	06/30/2021			12/31/2020		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Parent company						
Land	2,141,703	-	2,141,703	2,051,026	-	2,051,026
Buildings and construction	2,790,109	(781,609)	2,008,500	2,680,628	(729,393)	1,951,235
Machinery, equipment and facilities	12,999,241	(6,887,591)	6,111,650	12,808,926	(6,459,098)	6,349,828
Construction in progress	7,212,484	-	7,212,484	5,538,261	-	5,538,261
Other (i)	573,948	(445,394)	128,554	561,685	(419,005)	142,680
	25,717,485	(8,114,594)	17,602,891	23,640,526	(7,607,496)	16,033,030
Consolidated						
Land	2,446,286	-	2,446,286	2,374,134	-	2,374,134
Buildings and construction	2,831,677	(790,949)	2,040,728	2,821,878	(747,070)	2,074,808
Machinery, equipment and facilities	13,027,682	(6,915,531)	6,112,151	12,936,401	(6,504,244)	6,432,157
Construction in progress	7,373,904	-	7,373,904	5,648,428	-	5,648,428
Other (i)	576,153	(450,477)	125,676	568,824	(427,578)	141,246
	26,255,702	(8,156,957)	18,098,745	24,349,665	(7,678,892)	16,670,773

(i) Balance corresponding to classes of fixed assets such as improvements, vehicles, furniture and computer equipment and utensils.

Property, plant and equipment pledged as collateral in transactions carried out by the Company is disclosed in Note 16.

b) Summary of changes in property, plant and equipment

	Parent company					
	Land	Building and construction	Machinery, equipment and facilities	Construction in progress	Other	Total
At December 31, 2019	2,037,213	1,976,389	7,003,534	1,850,410	167,168	13,034,714
Purchases (i) e (ii)	593	-	-	3,942,008	-	3,942,601
Disposals	(166)	-	(10,111)	(15)	(736)	(11,028)
Depreciation	-	(96,105)	(1,000,771)	-	(68,706)	(1,165,582)
Internal transfers	13,386	67,844	356,666	(481,076)	43,180	-
Capitalized interest (iii)	-	-	-	218,820	-	218,820
Other	-	3,107	510	8,114	1,774	13,505
At December 31, 2020	2,051,026	1,951,235	6,349,828	5,538,261	142,680	16,033,030
Purchases (i) e (ii)	-	-	-	1,705,313	-	1,705,313
Disposals	-	(24)	(1,613)	-	(2,372)	(4,009)
Depreciation	-	(51,230)	(476,745)	-	(32,075)	(560,050)
Internal transfers	-	13,600	176,429	(225,264)	35,235	-
Embacorp Incorporation (ii)	90,677	91,521	72,023	1,017	2,258	257,496
Capitalized interest (iii)	-	-	-	193,102	-	193,102
Other	-	3,398	(8,272)	55	(17,172)	(21,991)
At June 30, 2021	2,141,703	2,008,500	6,111,650	7,212,484	128,554	17,602,891

(i) Net of recoverable taxes (see note 9).

(ii) See information in note 1.

(iii) Capitalized interest related to projects in progress that have linked loans.

(iv) Includes transfers of grants and transfers to other balance sheet groups.

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	Consolidated					
	Land	Building and construction	Machinery, equipment and facilities	Construction in progress	Other	Total
Saldo 31 de dezembro de 2019	2,210,453	1,972,798	7,012,633	1,873,387	171,910	13,241,181
Purchases (i) e (ii)	908	-	-	4,076,149	-	4,077,057
Disposals	(166)	-	(10,111)	(15)	2,698	(7,594)
Depreciation	-	(96,164)	(1,002,191)	-	(68,856)	(1,167,211)
Internal transfers	56,611	67,869	357,801	(526,486)	44,205	-
Capitalized interest (iii)	-	-	-	218,820	-	218,820
Acquisition of IP Assets (i)	11,998	45,757	139,697	1,104	(4,888)	193,668
Added value (i)	102,041	91,028	21,520	273	1,097	215,959
(iv)	(7,701)	(13,730)	(86,845)	(167)	(832)	(109,275)
Other (v)	(10)	7,250	(347)	5,363	(4,088)	8,168
At December 31, 2020	2,374,134	2,074,808	6,432,157	5,648,428	141,246	16,670,773
Purchases (i) e (ii)	-	-	-	1,817,658	-	1,817,658
Disposals	-	(24)	(1,613)	-	(2,372)	(4,009)
Depreciation	-	(51,512)	(477,663)	-	(32,223)	(561,398)
Internal transfers	75,505	11,247	166,481	(288,084)	34,851	-
Capitalized interest (iii)	-	-	-	193,102	-	193,102
Other (v)	(3,353)	6,209	(7,211)	2,800	(15,826)	(17,381)
At June 30, 2021	2,446,286	2,040,728	6,112,151	7,373,904	125,676	18,098,745

(i) Net of recoverable taxes (see note 9).

(ii) See information in note 1.

(iii) Capitalized interest related to projects in progress that have linked loans.

(iv) See information on the transaction in note 12.

(iv) Includes transfers of grants and transfers to other balance sheet groups.

Depreciation was mainly allocated to the production cost for the period.

c) Useful live and depreciation method

The table below shows the average annual depreciation rates using the straight-line method that were applicable to the three and six-month periods ended June 30, 2021 and to the year ended December 31, 2020, defined based on the economic useful lives of the assets:

	Rate - %
Buildings and construction	2.86 to 3.33
Machinery, equipment and facilities (i)	2.86 to 10
Other	4 to 20

(i) Average rate 8%.

d) Construction in progress

As of June 30, 2021, the balance of works and installations in progress refers substantially to projects for the development of its industrial activity, such as the construction of two paper machines, with integrated pulp production, located at Klabin's industrial unit in the municipality of Ortigueira (PR) (Puma II), according to note 1, the construction of a water treatment plant for boiler IV in Monte Alegre (PR) with conclusion preview on September 2021 and the construction of an incinerator at the Monte Alegre (PR) unit with expected completion for July 2021, in addition to the Company's other operational continuity projects.

e) Impairment of property, plant and equipment

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The Company, applying the requirements of CPC 01(R1) – Reduction of recoverable value of assets (IAS36 - Impairment of Assets), performed the applicable analyses and did not identify indicators that book value exceeds the recoverable value of its assets at June 30, 2021 and December 31, 2020.

14 BIOLOGICAL ASSETS

The Company's biological assets comprise the cultivation and planting of pine and eucalyptus forests to supply raw material in the production of short, long and fluffed pulp, as well as used in the paper production process and sales of wood logs for the 3rd.

As of June 30, 2021, the Company has 271 thousand hectares (267 thousand hectares on December 31, 2020) of planted forests, disregarding the areas of permanent preservation and legal reserve that must be maintained in order to comply with Brazilian environmental legislation.

The balance of the Company's biological assets, at fair value, can be shown as follows:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cost of development of biological assets	1,797,579	1,788,191	1,879,885	2,514,101
Fair value adjustment of biological assets	1,238,121	1,569,750	2,699,283	2,143,720
	3,035,700	3,357,941	4,579,168	4,657,821

The evaluation of biological assets at their fair value considers certain estimates, such as: wood price, discount rate, forest harvesting plan and productivity volume, which are subject to uncertainties, which may have effects on future results due to its variations.

In the six-month period ended June 30, 2021 and the year ended December 31, 2020, no impairment provision need was identified.

a) Assumptions regarding the recognition of the fair value of biological assets

The Company recognizes its biological assets at fair value using the following assumptions in its calculation:

(i) Eucalyptus forests will be maintained at historical cost until the third year of planting and pine forests until the fifth year of planting, due to Management's assumptions that during this period, the historical cost of biological assets is close to its fair value, in addition to the fact that it is possible to carry out inventories to assess growth and forest production expectations only after this period;

(ii) The forests, after the third and fifth year of planting, of eucalyptus and pine, respectively, are valued at their fair value, which reflects the sale price of the asset less the costs necessary to place the product in conditions of sale or consumption;

(iii) The methodology used to measure the fair value of biological assets corresponds to the projection of future cash flows discounted according to the projected productivity cycle of the forests, taking into account the variations in price and growth of biological assets;

(iv) The discount rate used in cash flows corresponds to the weighted average cost of capital of the Company, which is reviewed by Management annually within the budget process or to the extent that there are situations that require such a review;

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(v) The projected productivity volumes of forests are defined based on stratification according to each species, genetic material, forest management regime, productive potential, rotation and age of the forests. The set of these characteristics compose an index called AAI (Average Annual Increment), expressed in cubic meters per hectare / year used as a basis in the productivity projection. The harvest plan maintained by the Company varies mainly between 6 and 7 years for eucalyptus and between 14 and 15 years for pine;

(vi) The prices of biological assets (standing wood), denominated in R\$ / cubic meter, are obtained through market price surveys, published by specialized companies. The prices obtained are adjusted by deducting the capital costs related to land, due to the fact that they are contributing assets for the planting of forests and other costs necessary for placing the assets in a condition of sale or consumption;

(vii) Planting expenses refer to the costs of forming biological assets;

(viii) The depletion of biological assets is determined based on the fair value of the biological assets harvested in the period;

(ix) The Company carries out the revaluation of the fair value of its biological assets on a quarterly basis, under the assumption that this interval is sufficient so that there is no significant gap in the fair value balance of the biological assets recorded in its quarterly information.

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b) Reconciliation and movement in fair value

	Parent company	Consolidated
At December 31, 2019	3,375,564	4,712,381
Planting and standing wood shopping (i)	495,211	624,870
Disposal of forest assets	(47,550)	(47,550)
<u>Depletion:</u>	<u>(944,236)</u>	<u>(1,218,104)</u>
. Historical cost	(222,769)	(306,291)
. Fair value adjustment	(721,467)	(911,813)
<u>Change in fair value due to:</u>	<u>579,443</u>	<u>658,389</u>
. Price	(13,271)	(23,360)
. Growth	592,714	681,749
Constitution of subsidiary (i)	(100,491)	(72,165)
At December 31, 2020	3,357,941	4,657,821
Planting and standing wood shopping (i)	345,435	500,064
<u>Depletion:</u>	<u>(700,267)</u>	<u>(820,122)</u>
. Historical cost	(282,390)	(332,048)
. Fair value adjustment	(417,877)	(488,074)
<u>Change in fair value due to:</u>	<u>86,248</u>	<u>241,405</u>
. Price	236,785	325,954
. Growth (iii)	(150,537)	(84,549)
Constitution of subsidiary (i)	(53,657)	-
At June 31, 2021	3,035,700	4,579,168

(i) Net of recoverable taxes (see note 9).

(ii) See information in note 1, referring to contributions from forests in the constitution and capital contribution of subsidiaries and jointly-owned subsidiaries.

(iii) In addition to the forest growth effect due to its upcoming harvest this amount, it corresponds to adjustments arising from assumptions that affect the fair value of biological assets, such as review of the harvest plan, productivity table, change in the discount rate, change in administrative costs, and others.

The depletion of biological assets for six-month period ended June 30, 2021 and the year ended December 31, 2020 was substantially allocated to production cost, after allocation to inventories through harvesting and using them in the production process or sale to third parties.

c) Sensitivity analysis

According to the hierarchy of CPC 46 (equivalent to IFRS 13) - Fair Value Measurements, the calculation of biological assets falls under Level 3, due to their complexity and calculation structure.

Among the assumptions used in the calculation, the sensitivity to prices used in the valuation and the discount rate used in the discounted cash flow stand out. Prices refer to those practiced in the regions where the Company is located, whereas the discount rate corresponds to the average cost of capital, taking into account the basic interest rate (Selic) and inflation levels.

Significant increases (decreases) in the prices used in the valuation would result in an increase (decrease) in the measurement of the fair value of biological assets. The weighted average price used in the valuation of the asset on June 30, 2021 was equivalent to R\$ 69/m³ (R\$ 66/m³ on December 31, 2020).

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Regarding the discount rate, the significant effects of an increase (decrease) in the rate used to measure the fair value of biological assets would result in a decrease (increase) in the measured values. On June 30, 2021, the Company used the weighted average cost of capital of 4.48% in constant currency for the parent company and 5.34% for the subsidiaries (4.48% and 5.34% for the parent and subsidiaries in 31 December 2020).

15 RIGHT OF USE ASSET AND LEASE LIABILITY

a) Accounting policy and assumptions for recognition

The right to use the assets and the liabilities for the leases are recognized at the future value of the installments assumed in the contract, brought to the net present value. The right to use the assets is amortized on a straight-line basis over the term of the contract in the income statement of the periods in the line that is related to its nature ("Cost of products sold" / "Administrative expenses" / "Selling expenses"), as well as financial expenses, corresponding to the amortization of the adjustment to the net present value of the contracts, is allocated to the "Financial result".

Depreciation of the right-of-use asset is calculated using the straight-line method in accordance with the remaining term of each contract.

The Company recognizes its right of use and lease liabilities considering the following assumptions:

(i) Operations with contracts signed for more than 12 months fall within the scope of the standard. The Company evaluated the aspects of renewal in its methodology and because it did not identify aspects of renewal, it chose not to consider contract renewals, given that the assets involved in its operation are not indispensable for the conduct of its business, and may be replaced at the end the contract for new assets acquired or for operations other than those agreed upon.

(ii) Contracts that involve the use of low-value underlying assets.

(iii) Only transactions involving specific assets defined in the contract or for exclusive use over the period of the contract are considered.

(iv) Inclusion of recoverable taxes in the definition of the assumed installments of the contracts in which it is applicable.

(v) The methodology used to calculate the net present value of the contracts corresponds to the cash flow of the assumed installments discounted at the discount rate defined for the asset class.

(vi) The discount rate for the three and six-month periods ended June 30, 2021 was based on the risk-free interest rates observed in the Brazilian market and adjusted to the reality of the Company, for forest and real estate lease operations administrative and commercial warehouses were 1.98% per year for contracts with a maturity of up to 5 years, 2.48% with a maturity of 6 to 10 years, 2.98% with maturities of 11 to 15 years, 3.48% with maturities from 16 to 20 years and 3.86% with maturities over 20 years, in addition to 1.86% for operations involving machinery and equipment. The rates, net of inflation, were obtained by financing operations for assets of these classes through surveys with the banks that serve the Company, net of inflation.

(vii) Remeasurement to reflect any revaluation or modifications to the lease will be made on the one-year anniversary month of each contract (reset), in which the Company will assess the need for readjustments in monthly and annual payments and, if applicable, readjustments will be realized in assets against lease liabilities.

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(viii) The Company analyzed the effects related to contingencies and impairment risks within the operations that fall within the scope of the standard and did not identify any impacts.

The Company's leasing operations in effect on June 30, 2021 do not have any restriction clauses that impose the maintenance of financial ratios, as well as no variable payment clauses, or residual value guarantee clauses payment and purchase options at the end of the contracts.

The Company evaluated on June 30, 2021 and there were no impacts related to the separation of components in the lease agreements, as well as there are no impacts on the initial direct costs linked to the contracts in the measurement of the asset.

b) Summary composition and movement of right-of-use assets and lease liabilities

As of June 30, 2021, the Company has 409 lease agreements with the parent company and 412 with the consolidated (369 in the parent company and 381 in the consolidated as of December 31, 2020) recognized in its balance sheet.

Parent company							
Right of use	12/31/2020	Amortization	Additions / Disposals	06/30/2021			
Lands	501,910	(22,522)	62,654	542,042			
Buildings	8,325	(5,707)	48,134	50,752			
Machines and equipment	293,242	(65,354)	208,162	436,050			
Incorporation (i)	-		1,297	1,297			
Total assets	803,477	(93,583)	320,247	1,030,141			
Lease liabilities	12/31/2020	Interest	Payments	Additions / Disposals	CP / LP Transfer	Incorporation (i)	06/30/2021
Current	141,837	(14,115)	(110,748)	88,687	79,045	1,078	185,784
Non-current	676,464	(41,504)	-	306,734	(79,045)	219	862,868
Total in liabilities	818,301	(55,619)	(110,748)	395,421	-	1,297	1,048,652
Consolidated							
Right of use	12/31/2020	Amortization	Additions / Disposals	06/30/2021			
Lands	504,973	(22,723)	62,654	544,904			
Buildings	8,712	(5,707)	47,747	50,752			
Machines and equipment	294,735	(65,388)	208,164	437,511			
Total assets	808,420	(93,818)	318,565	1,033,167			
Lease liabilities	12/31/2020	Interest	Payments	Additions / Disposals	CP / LP Transfer	06/30/2021	
Current	143,721	(15,853)	(111,030)	90,113	79,263	186,214	
Non-current	679,591	(41,717)	-	306,950	(79,263)	865,561	
Total in liabilities	823,312	(57,570)	(111,030)	397,063	-	1,051,775	

(i) See note 1.

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Parent company						
Right of use	12/31/2019	Amortization	Additions / Disposals	12/31/2020		
Lands	361,474	(42,127)	182,563	501,910		
Buildings	18,084	(9,427)	(332)	8,325		
Machines and equipment	112,058	(80,960)	262,144	293,242		
Total assets	491,616	(132,514)	444,375	803,477		
	12/31/2019	Interest	Payments	Additions / Disposals	CP / LP Transfer	12/31/2020
Lease liabilities	100,198	(125,799)	(158,159)	215,021	110,576	141,837
Current	394,233	(180,467)	-	573,274	(110,576)	676,464
Non-current	494,431	(306,266)	(158,159)	788,295	-	818,301
Total in liabilities						
Consolidated						
Right of use	12/31/2019	Amortization	Additions / Disposals	12/31/2020		
Lands	364,258	(42,494)	183,209	504,973		
Buildings	18,084	(9,427)	55	8,712		
Machines and equipment	112,057	(80,960)	263,638	294,735		
Total assets	494,399	(132,881)	446,902	808,420		
	12/31/2019	Interest	Payments	Additions / Disposals	CP / LP Transfer	12/31/2020
Lease liabilities	100,509	(125,711)	(158,590)	216,609	110,904	143,721
Current	396,720	(180,714)	-	574,489	(110,904)	679,591
Non-current	497,229	(306,425)	(158,590)	791,098	-	823,312
Total in liabilities						

(i) Includes changes in the IP acquisition balance mentioned in explanatory note 1

As of three-month period ended June 30, 2021, the Company recorded an expense of R\$ 7,306 related to short-term leases (less than 12 months of the contract) or operations with low value assets involved in the contracts.

c) Lease maturity schedule

	Parent company				Consolidated			
	Lands	Buildings	and	06/30/2021 Total	Lands	Buildings	Equipment	06/30/2021 Total
2021	30,670	6,968	76,828	114,466	30,916	6,968	76,863	114,748
2022	57,561	12,741	129,473	199,776	58,053	12,741	129,544	200,339
2023	50,241	11,153	90,009	151,403	50,733	11,153	90,074	151,960
2024	48,760	9,427	81,117	139,305	49,253	9,427	81,117	139,797
2025 - 2029	228,478	14,540	97,246	340,264	229,926	14,540	97,246	341,712
2030 - 2034	198,706	57	-	198,763	198,995	57	-	199,053
2035 - 2039	105,904	-	-	105,904	106,015	-	-	106,015
2040 - 2058	121,857	-	-	121,857	121,857	-	-	121,857
	842,178	54,885	474,674	1,371,737	845,750	54,885	474,845	1,375,481
Interest	(289,009)	(3,686)	(30,391)	(323,086)	(289,626)	(3,686)	(30,395)	(323,706)
Lease liabilities	553,169	51,200	444,283	1,048,652	556,124	51,200	444,451	1,051,775

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d) Potential right to Pis / Cofins tax recoverble

The Company has the potential right of PIS/COFINS to be recovered embedded in the consideration for the leases of buildings and machinery and equipment. In the measurement of cash flows from leases, tax credits were not disclosed, and the potential effects of PIS/COFINS are shown in the following table:

Parent Company and Consolidated		
Cash flow	Nominal	Adjusted present value
Lease consideration	529,731	495,650
Pis/Cofins (9.25 %)	49,000	45,848

e) Misleading in the full application of CPCo6 (R2)

In accordance with the Memorandum Circular CVM/SNC/SEP No. 02/2019, the Company adopted as an accounting policy the requirements of CPCo6 (R2) (IFRS16 Leases) in the measurement and remeasurement of its right of use, proceeding with the use of the discounted cash flow without considering inflation. Management evaluated the use of nominal flows and concluded that they do not present significant distortions in the information presented.

In order to safeguard the reliable presentation of the information premised of the requirements of CPCo6 (R2) (IFRS16 Leases) and to comply with the guidelines of the technical areas of the CVM, the balances of assets and liabilities without inflation, effectively accounted (real flow x real rate), and the estimate are provided inflated balances in the comparison periods (nominal flow x nominal rate).

Other assumptions, such as the maturity schedule of the liabilities and interest rates used in the calculation, are disclosed in other items of this same Note, as well as the inflation indices are observable in the market, so that the nominal flows can be prepared by the users of the quarterly information.

	Parent company		Consolidated	
	12/31/2020	06/30/2021	12/31/2020	06/30/2021
<u>Actual flow</u>				
Right to use assets	803,477	1,030,141	808,420	1,033,167
Lease Liabilities	1,126,311	1,371,737	1,132,437	1,375,481
Interest	(308,010)	(323,086)	(309,125)	(323,706)
	818,301	1,048,652	823,312	1,051,775
<u>Flow with inflation effects</u>				
Right to use assets	1,035,701	1,347,762	1,045,575	1,351,441
Lease Liabilities	1,509,699	1,863,148	1,520,695	1,867,724
Interest	(411,268)	(445,137)	(412,269)	(445,881)
	1,098,431	1,418,011	1,108,426	1,421,843

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a) Composition of borrowings

	Annual interest rate - %	06/30/2021		
		Current	Non-Current	Total
<u>In local currency</u>				
. BNDES - Project Puma (ii)	TLP + 3.58	9,977	1,074,605	1,084,582
. BNDES – Other (ii)	TJLP	926	2,377	3,303
. Export credit notes (in R\$)	102 CDI	3,829	350,000	353,829
. CRA	95 a 102 do CDI ou IPCA + 3.50% a IPCA + 4.51%	1,059,757	2,916,312	3,976,069
. Other	0.76 a 8.5 ou TJLP	3,786	122,043	125,829
. Cost with funding		(16,220)	(77,654)	(93,874)
		1,062,055	4,387,683	5,449,738
<u>In foreign currency (i)</u>				
. Export prepayments (iii)	USD + 5.40	2,439	625,275	627,714
. Export credit notes (iii)	4.70 a 5.67	9,933	3,004,372	3,014,305
. Export prepayments in subsidiaries	USD + 5.20 a 8.29	225,436	12,205,368	12,430,804
. Term Loan (BID Invest and IFC) (iii)	Libor + 1.59	2,268	500,220	502,488
. Finnvera (iii)	USD + Libor + 0.60 a 0.95 ou USD + 3.38	209,007	1,051,093	1,260,100
. ECA (iii)	EUR + 0.45%	6,888	27,323	34,211
. Gain / loss on derivative instruments (swap) (iii)	4.70 a 5.67	4,845	1,417,150	1,421,995
. Cost with funding		(31,594)	(192,044)	(223,638)
		429,222	18,638,757	19,067,979
Total parent company		1,491,277	23,026,440	24,517,717
<u>Subsidiaries:</u>				
<u>In foreign currency (i)</u>				
. Bonds (Notes) (iii)	3.20% a 7.00%	209,999	13,119,959	13,329,958
. Cost with funding		(8,026)	(75,386)	(83,412)
		201,973	13,044,573	13,246,546
. Elimination of prepayments in subsidiaries		(225,436)	(12,205,368)	(12,430,804)
Total Consolidated		1,467,814	23,865,645	25,333,459
(i) In US dollars				
(ii) Operation designated in the hedge accounting program, see note 27.				

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	Annual interest rate - %	12/31/2020		
		Current	Non-Current	Total
<u>In local currency</u>				
. BNDES - Project Puma (ii)	TLP + 3.58	4,767	1,032,055	1,036,822
. BNDES – Other (ii)	TJLP	1,162	121,151	122,313
. Export credit notes (in R\$)	102 to 105.50 of CDI	119,922	575,000	694,922
. CRA	95 to 102 of CDI or IPCA + 3.50% to IPCA + 4.51%	165,941	3,762,228	3,928,169
. Other	0.76 to 8.5 or TJLP	5,554	4,857	10,411
. Cost with funding		(17,241)	(85,254)	(102,495)
		280,105	5,410,037	5,690,142
<u>In foreign currency (i)</u>				
. Export prepayments	USD + 5.40	2,339	649,588	651,927
. Export credit notes	4.70 to 5.67	5,088	3,004,373	3,009,461
. Export prepayments in subsidiaries	USD + 5.20 to 8.29 or USD + Libor + 1.48	230,285	11,640,608	11,870,893
. Term Loan (BID Invest and IFC)	Libor + 1.59	2,432	519,670	522,102
. Finnvera	USD + Libor + 0.60 a 0.95 or USD + 3.38	200,781	1,204,537	1,405,318
. ECA	EUR + 0.45%	7,417	33,073	40,490
. Gain /loss on derivative instruments (swap)	4.70 to 5.67	-	1,748,282	1,748,282
. Cost with funding		(29,813)	(195,123)	(224,936)
		418,529	18,605,008	19,023,537
Total parent company		698,634	24,015,045	24,713,679
Subsidiaries:				
<u>In foreign currency (i)</u>				
. Bonds (Notes)	4.88% to 7.00%	191,551	11,545,645	11,737,196
. Cost with funding		(6,917)	(66,878)	(73,795)
		184,634	11,478,767	11,663,401
. Elimination of prepayments in subsidiaries		(230,285)	(11,640,608)	(11,870,893)
Total Consolidated		652,983	23,853,204	24,506,187
(i) In US dollars				

National Bank for Economic and Social Development (BNDES)

The Company has contracts with the BNDES whose purpose was to finance industrial and forest development projects, social projects and paper segment, called "Projeto Puma II", with settlement scheduled for 2039. The amortization of the financing is carried out monthly with the interest.

Export prepayments and export credit notes

Prepayments and export credit notes (in R\$ and USD) were raised for the purpose of managing working capital and developing the Company's operations. The contracts are expected to be settled by April 2029.

Bonds (Notes)

A Companhia, por meio de suas subsidiárias integrais Klabin Finance S.A. e Klabin Áustria GmbH emitiram títulos representativos de dívida (Notes) no mercado internacional com listagem na Bolsa de Luxemburgo (Euro MTF) e na Bolsa de Singapura (SGX) com tipo de emissão *Senior Unsecured Notes* 144A/Reg S.

(i) In July 2014, the fundraising of USD 500 million was completed, with a 10-year term and maturity in 2024, with a coupon of 5.25% paid semi-annually, with the purpose of financing the activities of the Company and its subsidiaries within the normal course of business and serving the respective corporate purposes. In April 2019 and January 2021, respectively a USD 228.5 million and USD 98 million, repurchase was carried out, aligned with the Company's debt management strategy.

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(ii) In September 2017, the Company issued Green Bonds in the amount of USD 500 million, with a 10 year term due in 2027, with a semiannual coupon of 4.88%. The resource is destined to reforestation activities, restoration of native forests, investments in renewable energy, efficient logistics using rail transport, recycling of solid waste and development of eco-efficient products, among other sustainability practices. During 2020, a USD 9.5 million repurchase was carried out, aligned with the Company's debt management strategy.

(iii) In March 2019, the fundraising of USD 500 million was completed with a 10 year term and maturity in 2029 and a coupon of 5.75% per year and USD 500 million in Green Bonds with a 30-year term and maturity in 2049, with coupon of 7% per year, with the purpose of prepaying or refinancing the debts of the Company and its subsidiaries, as well as to reinforce cash. During 2020, a USD 18.5 million repurchase was carried out aligned with the Company's debt management strategy.

(iv) In July 2019, the Bonds maturing in 2029 were reopened and an additional funding of USD 250 million of nominal value was concluded, with a coupon of 5.75% and yield of 4.90% per year, with the aim of purpose of the prepayment or refinancing of debts of the Company and its subsidiaries, as well as cash reinforcement.

(v) In January 2020, Green Bonds maturing in 2049 were reopened and the additional funding of USD 200 million of nominal value was concluded, with a coupon of 7.00% and yield of 6.10% per year, aim to th purpose the financing or refinancing, in whole or in part, of costs and / or investments in eligible "Green Projects".

(vi) In January 2021, the raising of USD 500 million in Sustainability Linked Bonds (SLB) with maturity in 2031 and a coupon of 3.20% per year was completed, with the objective of early repurchase of the Bond maturing in 2024 and the achievement of the Company's general objectives.

Finnvera (Finland Export Credit Agency)

As part of the funding necessary for the execution of the Puma I, the Company entered into a contract to raise funds, to be used to finance the assets acquired from the Puma Project. The amount of the commitment is up to USD 460 million, maturing in 2026, divided into two tranches, the first of which is up to USD 414 million with interest of 3.4% per year and the second tranche of up to USD 46 million with interest of Libor 6M + 1% p.a., with two disbursements in 2015 totaling USD 325.7 million and a final disbursement of USD 38.6 million was released in the fourth quarter of 2016, totaling USD 364.3 million. The amount raised in USD was lower than initially expected due to the support of imports being in Euro and the appreciation of the dollar against the Euro in the period. USD 67 million were raised for the Puma II Project bearing semiannual Libor 6M + 0.55% per year and maturing in 2031.

Term Loan (BID Invest and IFC)

As part of the funding needed to carry out the Puma II Project, USD 100 million was raised, divided into two tranches, the first was USD 48 million with interest of Libor 6M + 1.45% per year maturing in 2026, and the second tranche of USD 52 million with interest of Libor 6M + 1.75% maturing in 2029.

CRA – Agribusiness Receivables Certificates

The Company issued simple debentures that support the issuance of Certificates of Agribusiness Receivables ("CRA"), being:

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(i) CRA I - issued by “Eco Securitizadora de Direitos Creditórios do Agronegócio S.A” in March 2017 in the amount of R\$ 845.9 million, with a term of 5 years and semiannual interest of 95% of the CDI.

(ii) CRA II - issued by “Eco Securitizadora de Direitos Creditórios do Agronegócio S.A” in December 2017 in the amount of R\$ 600 million, with a 6-year term and semiannual interest of 97.5% of the CDI.

(iii) CRA III - issued by Ápice Securitizadora S.A in September 2018 in the amount of R\$ 350 million, with a 6-year term and semiannual interest of 102% of the CDI.

(iv) CRA IV - issued by VERT Companhia Securitizadora in April 2019 in the amount of R\$ 1 billion divided into two series. The first series in the total amount of R\$ 200 million, with a 7-year maturity and semiannual interest of 98% of the CDI. The second series in the total amount of R\$ 800 million, with a 10-year maturity and semiannual interest corresponding to the internal rate of return of the IPCA Treasury.

(v) CRA V - issued by VERT Companhia Securitizadora in July 2019 in the amount of R\$ 966 million with a 10-year term and interest at IPCA + 3.5% per year.

Derivative instruments (swap) - gain/loss

In December 2018, the Company obtained a new R\$ 1,879 million export credit note from Bank Bradesco with maturity in 2026 and interest of 114% of the CDI, without collateral and without covenant, linked together with two foreign exchange and interest rate swaps, but in USD and interest of 5.6%, with the same credit note maturity, and no instrument can be settled separately.

In March 2019, the Company contracted a swap with Bank Itaú with an asset position at 114.65% of the CDI and a liability at USD 5.40% per year. This operation is linked to the 12th issue of debentures in the amount of R\$ 1 billion, which occurred in April 2019, as disclosed in note 17 b).

In May 2019, the Company contracted a swap with Bradesco with an active position at 114.03% of the CDI and liability at USD 4.70% per year. This operation 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.

The gain and loss on derivative instruments is determined by marking it to the market, corresponding to its fair value.

b) Schedule of non-current maturities

The maturity of the Company's financing on June 30, 2021 classified as non-current liabilities in the consolidated balance sheet is shown as follows:

Year	2022	2023	2024	2025	2026	2027	2028 onwards	Total
Amount	197,629	988,000	1,255,400	2,026,700	4,099,200	3,250,800	12,047,916	23,865,645

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c) Summary of changes in borrowing

	Parent company	Consolidated
At December 31, 2019	22,376,127	22,241,175
Borrowing	3,569,502	3,726,207
Gain or loss on financial instruments	1,348,208	1,348,208
Accrued interest	1,479,355	1,222,271
Foreign exchange and monetary variations	4,093,608	4,120,843
Repayments	(6,750,182)	(6,932,229)
Payment of interest	(1,402,939)	(1,220,288)
At December 31, 2020	24,713,679	24,506,187
Borrowing	1,600,298	2,697,309
Gain or loss on financial instruments	(331,132)	(331,132)
Accrued interest	770,217	701,792
Foreign exchange and monetary variations	(585,073)	(712,536)
Repayments	(977,735)	(947,346)
Payment of interest	(672,537)	(580,815)
At June 30, 2021	24,517,717	25,333,459

The Company voluntarily prepaid export prepayments and export credit notes in the amount of R\$ 6.2 billion and R\$ 22 million in contracts with Finnvera for the year ended December 31, 2020, within of its debt profile management strategy.

The payment of interest in the parent company in relation to the consolidated corresponds to the operations of related parties, which are eliminated in the consolidation.

d) Guarantees

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

Finnvera financing is guaranteed by the industrial plants of Angatuba - SP, Piracicaba - SP, Betim - MG, Goiana - PE, Otacílio Costa - SC, Jundiá - 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.

e) Restrictive covenants

The Company and its subsidiaries do not have any financing contracts maintained on the date of said quarterly information that have restrictive clauses that establish obligations regarding the maintenance of financial ratios on contracted operations whose non-compliance automatically makes payment of the debt.

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17 DEBENTURES**a) 7th issue of debentures**

The Company concluded on June 23, 2014 the 7th issue of debentures, with 55,555,000 simple debentures being issued, with personal guarantee, combined with subscription bonuses, for the nominal unit value of R\$ 14.40, totaling R\$ 800 million, divided in two series of 27,777,500 debentures each simultaneously.

	Quantity	Unit Value	Total Value (R\$ thousand)	Interest rates	Maturity	Amortization	Interest	Nature	Subscription bonus
First series	27,777,500	14.40	399,996	IPCA + 7.25%	06/15/2020	Without amortization	Semi-annual	Convertible debt	Yes
Second series	27,777,500	14.40	399,996	IPCA + 2.50%	06/15/2022	Semi-annual	Semi-annual	debt	No
	55,555,000		799,992						

(i) First Series - The 1st Series Debentures matured on June 15, 2020, with yield an IPCA + 7.25% per year, with interest payments semiannually and two-year grace period, without amortization of the principal, and have nature of convertible debt, since they can be used at any time until maturity, at the discretion of the holder, to subscribe and pay in shares issued by the Company in the form of "Units" (composed of 1 common share - ON and 4 shares preferred shares - PN), in the proportion of 1 (one) "Unit" for each Debenture, through the exercise of subscription bonuses that will be attributed as an additional advantage to the debenture holders.

In June 2020, the 1st series of 7th issue debentures matured, in which 27,739,244 debentures were converted into shares. 27,739,244 "Units" were issued, comprising 27,739,244 common shares and 110,956,976 preferred shares, totaling a capital increase in the Company of R\$ 399,446.

For 1st series debenture holders who opted for conversion into shares, amounts were also paid as debt compensation, amounts equivalent to dividends and interest on equity paid by the company from June 2014 to June 2020, totaling R\$ 101,075.

(ii) Second Series - The 2nd Series Debentures mature on June 15, 2022, will yield IPCA + 2.50% per year, paid semiannually together with the principal amortization, with a two-year grace period, and have no convertible debt, and are therefore unrelated to the Subscription Warrants.

The 1st Series acquirer must acquire 2nd Series debentures. The amount of R\$ 28,502 was allocated to shareholders' equity due to the subscription bonus for the debentures issued. Debenture holders are responsible for the possibility of converting debentures into "Units" in advance at any time.

98.86% of the debentures were subscribed by the BNDES and the rest by the other debenture holders in the market.

b) 12th issue of debentures

The Company concluded on April 1, 2019, the 12th issue of debentures, with 100 thousand debentures being issued for the nominal unit value of R\$ 10,000, totaling R\$ 1 billion, with maturity on March 19, 2029. The interest paid will be of 114.65% of the CDI semiannually and amortization will occur at the end of the 8th, 9th and 10th year. This transaction has a linked swap contracted with Banco Itaú with an asset position in CDI at 114.65% of CDI and passive in USD 5.40% per year., as disclosed in Note 16.

Quantity	Unit Value	Total Value (R\$ thousand)	Interest rates	Maturity	Amortization	Interest	Nature	Subscription bonus
100,000	10,000.00	1,000,000	114.65% do CDI	03/19/2029	Annual (8th, 9th and 10th grade)	Semi-annual	Debt	No
100,000		1,000,000						

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c) Composition of the balance of debentures

	Parent company and consolidated					
	06/30/2021			12/31/2020		
	7th issue	12th issue	Total	7th issue	12th issue	Total
Current liabilities						
. Principal	61,538	-	61,538	61,538	-	61,538
. Interest	492	20,318	20,810	488	6,012	6,500
	62,030	20,318	82,348	62,026	6,012	68,038
Non-current liabilities						
. Principal	-	1,000,000	1,000,000	30,769	1,000,000	1,030,769
. Gain / loss on derivative instruments (swap)	-	604,948	604,948	-	733,996	733,996
	-	1,604,948	1,604,948	30,769	1,733,996	1,764,765
Total debenture liability	62,030	1,625,266	1,687,296	92,795	1,740,008	1,832,803

d) Debenture movement

	Parent company and consolidated
At December 31, 2019	1,844,097
Gain or loss on financial instruments (SWAP)	526,460
Interest and monetary variations on debentures	64,859
Repayments (7th issue)	(62,053)
Debenture capitalization (7th issue)	(370,942)
Payment of interest and results (7th issue)	(128,014)
Payment of interest (12th issue)	(41,604)
At December 31, 2020	1,832,803
Gain or loss on financial instruments (SWAP)	(129,048)
Interest and monetary variations on debentures	30,705
Amortization (7th issue)	(30,769)
Payment of interest (7th issue)	(5,773)
Payment of interest (12th issue)	(10,622)
At June 30, 2021	1,687,296

18 TRADE PAYABLES

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Local currency	1,537,528	1,401,267	1,553,763	1,471,110
Foreign currency	207,206	209,268	277,319	283,027
Total trade payables (without Forfait)	1,744,734	1,610,535	1,831,082	1,754,137
Local currency (Forfait)	367,196	248,892	367,196	248,892
Total trade payables	2,111,930	1,859,427	2,198,278	2,003,029

The Company, in general, operates with an average payment term with its operating suppliers of approximately 65 days (67 days on December 31, 2020). In the case of suppliers of fixed assets, the terms follow the commercial negotiation of each operation.

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Of the balance of suppliers on June 30, 2021, R\$ 367,196 (R\$ 248,892 on December 31, 2020) in the parent company and in the consolidated, corresponds to the forfait operations in which there were no relevant changes in the purchase conditions (payments and negotiated prices) with suppliers, remaining as usual in the market. The forfait operations enable suppliers to better manage their cash flow needs, to the detriment of greater intensification of commercial relations with the Company.

19 PROVISION FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL CONTINGENCIES

a) Provisioned risks

Based on the individual analysis of the lawsuits filed against the Company and its subsidiaries and supported by the opinion of its legal advisors, provisions were set up in non-current liabilities, for risks with losses considered probable, shown below:

	06/30/2021			
	Provisioned	Restricted	Net	Unrestricted
In the parent com	amount	judicial	liability	judicial
Tax:		deposits (i)		deposits (i)
. PIS/COFINS	-	-	-	31,958
. ICMS/IPI	-	-	-	47,257
. Income tax/social contribution	-	-	-	869
. OTHER	(22)	22	-	10,825
	(22)	22	-	90,909
Labor	(36,222)	14,487	(21,735)	-
Civil	(9,211)	2,634	(6,577)	-
	(45,455)	17,143	(28,312)	90,909
Subsidiaries:				
Other	(204)	1,434	1,230	-
Consolidated	(45,659)	18,577	(27,082)	90,909

(i) Balance corresponds to the amount of judicial deposits of non-current assets.

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In the parent company	12/31/2020			
	Provisioned amount	Restricted judicial deposits (i)	Net liability	Unrestricted judicial deposits (i)
Tax:				
. PIS/COFINS	-	-	-	31,805
. ICMS/IPI	-	-	-	46,390
. Income tax/social contribution	(10,824)	10,824	-	863
. OTHER	(22)	22	-	11,043
	(10,846)	10,846	-	90,101
Labor	(32,926)	13,884	(19,042)	-
Civil	(8,017)	2,578	(5,439)	-
	(51,789)	27,308	(24,481)	90,101
Subsidiaries:				
Other	(162)	1,434	1,272	-
Consolidated	(51,951)	28,742	(23,209)	90,101

(i) Balance corresponds to the amount of judicial deposits of non-current assets.

b) Summary of changes to the provisioned amounts

	Consolidated			
	Taxes	Labor	Civil	Net Exposure
At December 31, 2019	(7,100)	(22,885)	(2,520)	(32,505)
New lawsuits/increases	(3,245)	(554)	(1,125)	(4,924)
(Provision)/reversals	-	9,892	628	10,520
Deposit transactions	10,345	(5,334)	(1,150)	3,861
Incorporation balance (i)	-	(161)	-	(161)
At December 31, 2020	-	(19,042)	(4,167)	(23,209)
New lawsuits/increases	-	(3,296)	(1,236)	(4,532)
(Provision)/reversals	-	-	-	-
Deposit transactions	-	603	56	659
At June 30, 2021	-	(21,735)	(5,347)	(27,082)

(i) See note 1.

c) Provisions for tax, social security, labor and civil contingencies not recognized

As of June 30, 2021, the Company and its subsidiaries were parties to other tax, labor and civil proceedings involving risks of loss for the Company assessed as “possible”, which total approximately: R\$ 4,923,105, R\$ 215,333 and R\$ 59,548 respectively (R\$ 4,552,754, R\$ 232,237 and R\$ 68,618 as of December 31, 2020). Based on the individual analysis of the corresponding legal and administrative and supported by the opinion of its legal advisors, Management understands that these proceedings have the likelihood of loss assessed as “possible” and, therefore, are not provisioned.

At June 30, 2021, the Company appeared in the passive pole in several lawsuits, such as:

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Tax Lawsuits

(i) Tax foreclosure filed by the Federal Government aiming at the collection of IRPJ due to alleged undue deductions for royalties for the use of brands and goodwill formed in the acquisitions of the companies Klamasa and Igaras. The total amount of this lawsuit on June 30, 2021 is approximately R\$ 1,302,563 (R\$ 1,296,197 on December 31, 2020), of which R\$ 894,096 as goodwill, R\$ 75,721 as royalties and R\$ 332,745 as losses and negative bases.

(ii) Tax foreclosures filed by the Municipality of Lages/SC, whose object is the collection of ISS on the manufacture of packaging with personalized graphic prints, from January 2001 to December 2004 and January to April 2011. The total amount of these executions on June 30, 2021 is approximately R\$ 2,008,524 (R\$ 1,699,131 on December 31, 2020).

(iii) Tax execution filed by the Municipality of Rio de Janeiro/RJ, whose object is the collection of ISS on the manufacture of packaging with personalized graphic prints, from September 1996 to October 2001. The total amount of this execution in June 30, 2021 is approximately R\$ 245,605 (R\$ 233,464 on December 31, 2020).

(iv) Tax Foreclosure filed by the Federal Government to collect the difference 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 on June 30, 2021 is approximately R\$ 91,908 (R\$ 91,487 on December 31, 2020).

(v) Termination action by the Federal Government against Klabin S/A and Aracruz Celulose S/A, to rescind the judgment handed down in the ordinary action file, to rule out the application of the SELIC rate, as well as the rates provided for in CIEEX resolution No. 2/79 in relation to the IPI premium credit. The total amount of this action on June 30, 2021 is approximately R\$ 104,462 (R\$ 103,924 on December 31, 2020).

(vi) Administrative proceedings whose object is the collection of a contribution of 2.6% on gross revenue from the sale of the production of the agro-industrial activity. The total value of these shares on June 30, 2021 is approximately R\$ 371,617 (R\$ 369,573 on December 31, 2020).

(vii) Administrative proceeding whose purpose is to adjust the calculation bases of IRPJ and CSLL, calendar year 2013, under the allegation that the company would have made undue exclusions due to the change in the exchange variation regime. The total amount of this proceeding on June 30, 2021 is approximately R\$ 240,212 (R\$ 238,555 on December 31, 2020).

(viii) Exemption in view of the disagreement on the FINSOCIAL credit correction criterion occurred in 2017. The total amount of the lawsuit on June 30, 2021 is approximately R\$ 119,572 (R\$ 118,620 on December 31, 2020).

(ix) Exemption of COFINS credit compensation, arising from overpayments related to the expansion of the calculation base referred to in Law No. 9,718 / 98. The total amount of the lawsuit on June 30, 2021 is approximately R\$ 68,968 (R\$ 54,270 on December 31, 2020).

Civil and environmental lawsuits

(i) Public Civil Action proposed in 2009 by the Association of Environmental Fishermen of Paraná - APAP, in the face of alleged damage to the Tibagi River (PR), for the disposal of burnt coal waste, used by the Company until 1998. Despite there is no evidence of environmental damage, in December 2015 an unfavorable sentence was handed down to the Company, condemning it to the obligation to

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remove the burned mineral coal deposited in the riverbed. Currently, the lawsuit is suspended for 90 working days, as agreed between the parts. Only with the completion of the settlement phase will it be possible to stipulate the amount to be considered.

Labor Lawsuits

The main claims are related to overtime, pain and suffering, unhealthy work and hazardous work premiums, as well as indemnities and subsidiary liability of third parties. No individual action is relevant enough to have an adverse and material impact on the Company's results.

d) Lawsuits filed by the Company

As of June 30, 2021, the Company was involved in lawsuits involving active claims, for which there are no amounts recognized in its quarterly information, the assets being recognized only after the lawsuits are final and the gain is definitely certain.

20 EQUITY

a) Share Capital

Klabin S.A.'s share capital subscribed and paid up, as of June 30, 2021 is divided into 5,617,892,756 shares (5,617,892,756 as of December 31, 2020), with no par value, corresponding to R\$ 4,475,625 (R\$ 4,475,625 as of December 31, 2020, distributed as follows:

Stockholders (i)	06/30/2021		12/31/2020	
	Common shares	Preferred shares	Common shares	Preferred shares
Klabin Irmãos S.A.	945,359,142	-	945,359,143	-
Niblak Participações S/A	142,023,010	-	142,023,010	-
The Bank of New York Department	61,258,226	245,032,904	61,047,714	244,190,856
Monteiro Aranha S/A	76,689,905	265,155,406	78,548,705	272,590,606
BlackRock, Inc	48,482,504	193,930,016	45,775,687	183,102,748
Treasury shares	25,130,985	100,523,940	26,528,918	106,115,672
Other	782,784,823	2,731,521,895	782,445,418	2,730,164,279
	2,081,728,595	3,536,164,161	2,081,728,595	3,536,164,161

(i) The position may differ from the base of the custodian bank for recording of transactions.

In addition to registered common and preferred shares, the Company trades certificates of deposit of shares, called "Units", corresponding to the lot of 1 (one) common share - ON and 4 (four) preferred shares - PN.

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

On June 15, 2020, after the maturity of the 1st series of debentures of the 7th issue (see note 1), 27,739,244 "Units" were issued, comprising 27,739,244 common shares and 110,956,976 preferred shares, totaling an increase in the Company's capital of R\$ 399,446.

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On November 26, 2020, after the approval of the merger of Sogemar (see Note 1), 69,394,696 registered common shares with no par value were issued with an increase of R\$ 144 in the share capital.

b) Treasury shares

As of June 30, 2021, the Company holds 125,654,925 shares in treasury, corresponding to 25,130,985 "Units". The price as of June 30, 2021 traded on the São Paulo Stock Exchange was R\$ 26.34 per "Unit" (code KLBN11 in B3).

According to the Stock Option Plan, described in Note 24, granted as long-term compensation to the Company's executives, in February 2021 3,502,075 shares held in treasury, corresponding to 700,415 "Units", were sold for R\$ 14,250, and the beneficial entitlement to 3,502,075 shares, corresponding to 700,415 "Units", written off from treasury at the historical cost of R\$ 4,696, was granted.

c) Equity adjustments

Created by Law 11,638 / 07, the group "Equity adjustments" maintained in the Company's equity includes adjustments due to increases and decreases in assets and liabilities, when applicable.

The balance maintained by the Company corresponds to the adoption of the deemed cost of property, plant and equipment for forest land, an option exercised on initial application of the new accounting pronouncements converging to IFRS on January 1, 2009; exchange difference of foreign subsidiaries with a functional currency different from that of the parent company; balances referring to the stock option plan granted to executives (Note 24); cash flow hedge accounting (Note 27); and restatements of actuarial liabilities.

	Parent company and Consolidated	
	06/30/2021	12/31/2020
Deemed cost of property, plant and equipment (land) (i)	1,057,752	1,057,752
Foreign exchange variations - subsidiaries abroad	(75,910)	(81,656)
Stock option plan	4,705	10,340
Hedge accounting reserve (i)	469,938	-
Actuarial liability (i)	(169,985)	(162,960)
	1,286,500	823,476

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

The foreign exchange difference of a foreign subsidiary will be realized against profit or loss only in the case of disposal or liquidation of the investee. The other items that make up the equity adjustment balance, due to their nature and under the accounting standard, will not be realized against profit or loss, even upon their financial realization.

Changes in Equity adjustments are balances presented in the "Statement of Comprehensive Income" and in the "Statement of Changes in Equity".

d) Dividends / Interest on equity

Dividends/interest on equity represent the portion of profits earned by the Company, which is distributed to shareholders as remuneration for the capital invested in the fiscal years. All

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shareholders are entitled to receive dividends and interest on equity, proportional to their equity interest, as provided for by the Brazilian Corporation Law and the Company's Bylaws. The Bylaws also provide for the Management's ability to approve interim distributions during the year in advance, subject to approval at the Annual General Meeting held to assess the accounts for the year.

For purposes of complying with the tax rules, interest on equity is recorded against "Finance costs". For the purposes of preparing the quarterley information, IOE is reversed from profit or loss against the retained earnings account, making up the mandatory minimum dividend balance, according to the CVM rules.

The basis for calculating the mandatory dividend defined in the Company's Bylaws is adjusted by the recognition, realization and reversal, in the respective year, of the "Biological Assets Reserves", granting to the Company's shareholders the right to receive, in each fiscal year, mandatory a minimum dividends of 25% of the annual adjusted net income. In addition, the Company is entitled to distribute dividends and interest on equity with "Profit Reserves" balances held in Equity.

e) Non-controlling interests

As of June 30, 2021, non-controlling interests in the consolidated equity amount to R\$ 981,012 (R\$ 574,456 as of December 31, 2020), corresponding to the capital held by shareholders in the subsidiaries Guaricana Reflorestadora S.A., Sapopema Reflorestadora S.A. and Aroeira Reflorestadora S.A., proportionally to the equity of these companies of 65.26%, 80.11% and 77.70%, respectively. These companies are 100% consolidated in the Company's financial statements and the interest held by such shareholders is presented separately, as it is considered as equity instruments due to their corporate structure.

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21 NET SALES REVENUE

The Company's net sales revenue is composed as follows:

	Parent company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Gross sales revenue	4,455,673	8,324,445	3,351,098	6,351,305
Discounts and rebates	(9,613)	(15,537)	(2,825)	(20,652)
Hedge accounting	-	(11,018)	-	-
Taxes on sales	(585,208)	(1,091,488)	(363,072)	(724,711)
	3,860,852	7,206,402	2,985,201	5,605,942
. Domestic market	2,433,948	4,550,247	1,491,698	3,012,988
. Foreign market	1,426,904	2,656,155	1,493,503	2,592,954
Net sales revenue	3,860,852	7,206,402	2,985,201	5,605,942

	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
Gross sales revenue	4,695,747	8,714,587	3,336,961	6,320,278
Discounts and rebates	(32,157)	(54,367)	(22,450)	(47,805)
Hedge accounting	-	(11,018)	-	-
Taxes on sales	(588,037)	(1,107,102)	(358,114)	(724,689)
	4,075,553	7,542,100	2,956,397	5,547,784
. Domestic market	2,449,471	4,609,624	1,500,937	3,038,524
. Foreign market	1,626,082	2,932,476	1,455,460	2,509,260
Net sales revenue	4,075,553	7,542,100	2,956,397	5,547,784

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22 COSTS, EXPENSES AND OTHER INCOME BY NATURE

	Parent company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
<u>Cost of products sold</u>				
Variable costs (raw materials and consumables)	(1,198,387)	(2,344,318)	(611,889)	(1,412,347)
Personnel	(502,556)	(981,710)	(411,490)	(813,266)
Depreciation and amortization	(210,387)	(498,250)	(253,826)	(512,845)
Depletion	(413,637)	(707,206)	(269,668)	(551,013)
Other	(134,446)	(302,374)	(278,053)	(330,944)
	(2,459,413)	(4,833,858)	(1,824,926)	(3,620,415)
<u>Sales expenses</u>				
Freight	(218,071)	(408,094)	(195,131)	(362,739)
Royalties (i)	-	-	(17,167)	(32,698)
Commissions	(6,742)	(12,558)	(5,362)	(9,419)
Personnel	(26,802)	(56,492)	(23,764)	(48,355)
Depreciation and amortization	(963)	(1,740)	(1,150)	(2,310)
Storage and port expenses	(14,509)	(32,310)	(21,696)	(40,566)
Other	(208)	(651)	(1,585)	(1,416)
	(267,295)	(511,845)	(265,855)	(497,503)
<u>General and administrative expenses</u>				
Personnel	(114,364)	(225,600)	(85,161)	(142,484)
Services contracted	(63,368)	(120,274)	(40,504)	(64,553)
Depreciation, amortization and depletion	(11,928)	(23,584)	(11,539)	(23,226)
Maintenance	2,805	(7,512)	(10,317)	(14,247)
Other	(22,287)	(28,526)	(5,608)	(54,972)
	(209,142)	(405,496)	(153,129)	(299,482)
<u>Other net</u>				
Revenue from sales of prop, plant and equipment	706	161,768	236	60,206
Cost of sales and write-offs of prop, plant and equipment	(3,561)	(149,534)	(2,003)	(53,292)
Indemnities received	-	-	41,956	41,956
Other	1,710	14,620	10,372	13,045
	(1,145)	26,854	50,561	61,915
Total	(2,936,995)	(5,724,345)	(2,193,349)	(4,355,485)

(i) See information in note 1.

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	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
<u>Cost of products sold</u>				
Variable costs (raw materials and consumables)	(1,270,927)	(2,366,446)	(745,183)	(1,495,698)
Personnel	(503,658)	(985,942)	(415,647)	(821,481)
Depreciation and amortization	(234,016)	(480,931)	(259,006)	(523,311)
Depletion	(453,585)	(820,122)	(349,270)	(706,614)
Other	(2,623)	(201,322)	(75,802)	(112,231)
	(2,464,809)	(4,854,763)	(1,844,908)	(3,659,335)
<u>Sales expenses</u>				
Freight	(231,865)	(434,010)	(204,495)	(377,998)
Royalties (i)	-	-	(17,167)	(32,698)
Commissions	(15,873)	(30,709)	(14,201)	(23,679)
Personnel	(28,819)	(58,809)	(24,004)	(48,843)
Depreciation and amortization	(983)	(1,775)	(1,173)	(2,357)
Storage and port expenses	(20,166)	(43,154)	(21,696)	(40,566)
Other	1,619	5,529	(6,697)	(10,281)
	(296,087)	(562,928)	(289,433)	(536,422)
<u>General and administrative expenses</u>				
Personnel	(115,519)	(227,879)	(86,021)	(143,923)
Services contracted	(64,008)	(121,488)	(40,913)	(65,205)
Depreciation, amortization and depletion	(12,172)	(24,066)	(11,775)	(23,701)
Maintenance	2,834	(7,587)	(3,970)	(7,327)
Other	(31,004)	(43,317)	(14,439)	(66,083)
	(219,869)	(424,337)	(157,118)	(306,239)
<u>Other net</u>				
Revenue from sales of prop, plant and equipment	706	161,768	236	60,206
Cost of sales and write-offs of prop, plant and equipment	(3,561)	(149,534)	(2,003)	(53,292)
Indemnities received	-	-	41,956	41,956
Other	5,637	22,419	6,811	10,043
	2,782	34,653	47,000	58,913
Total	(2,977,983)	(5,807,375)	(2,244,459)	(4,443,083)

(i) See information in note 1.

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23 FINANCE RESULT

	Parent company			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
<u>Finance income</u>				
. Income from financial investments	56,260	62,661	77,743	146,279
. Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on interest income	(3,349)	(5,365)	(4,205)	(9,122)
. Update of tax credits	11,464	32,012	34,539	65,618
. Other (i)	2,304	2,637	(6,283)	(3,526)
	66,679	91,945	101,794	199,249
<u>Finance costs</u>				
. Interest on borrowing and debentures	(373,798)	(785,603)	(358,668)	(806,947)
. Interest capitalized on property, plant and equipment (ii)	98,773	193,103	43,685	72,883
. Derivative financial instruments (SWAP) (ii)	(96,363)	(164,756)	(463,893)	(2,181,110)
. Loan guarantees from related parties	(174)	(359)	(964)	(2,072)
. Investor Compensation - SCPs	-	-	-	-
. Commissions	(15,892)	(30,945)	(18,937)	(111,839)
. Other	(9,558)	(20,122)	(24,077)	(42,183)
	(397,012)	(808,682)	(822,854)	(3,071,268)
<u>Exchange variations</u>				
. Foreign exchange variations on assets	(154,044)	(30,893)	105,098	574,884
. Foreign exchange variations on liabilities (ii)	343,294	423,856	(896,772)	(4,879,558)
	189,250	392,963	(791,674)	(4,304,674)
<u>Finance result</u>	(141,083)	(323,774)	(1,512,734)	(7,176,693)

(i) See information in note 13.

(ii) Includes the effects of the hedge adoption described in note 27.

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	Consolidated			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
<u>Finance income</u>				
. Income from financial investments	61,006	71,968	82,406	154,602
. Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on interest income	(3,359)	(5,375)	(4,205)	(9,122)
. Update of tax credits	11,464	32,012	34,539	65,618
. Other (i)	2,949	3,286	12,789	21,922
	72,060	101,891	125,529	233,020
<u>Finance costs</u>				
. Interest on borrowing and debentures	(342,191)	(731,080)	(289,654)	(636,226)
. Interest capitalized on property, plant and equipment (ii)	98,773	193,103	43,685	72,883
. Derivative financial instruments (SWAP) (ii)	(96,363)	(164,756)	(463,893)	(2,181,110)
. Loan guarantees from related parties	(174)	(359)	(964)	(2,072)
. Investor Compensation - SCPs	(10,747)	(26,329)	(12,430)	(31,352)
. Commissions	(18,731)	(98,838)	(23,869)	(120,390)
. Other	(9,856)	(20,823)	(24,458)	(42,898)
	(379,289)	(849,082)	(771,583)	(2,941,165)
<u>Exchange variations</u>				
. Foreign exchange variations on assets	(155,566)	(32,460)	106,219	576,661
. Foreign exchange variations on liabilities (ii)	255,749	369,496	(857,766)	(4,754,450)
	100,183	337,036	(751,547)	(4,177,789)
<u>Finance result</u>	(207,046)	(410,155)	(1,397,601)	(6,885,934)

(i) See information in note 13.

(ii) Includes the effects of the hedge adoption described in note 27.

24 STOCK OPTION PLAN

At the Extraordinary General Meeting held on July 10, 2012, the Stock Option Program ("Plan") was approved as a benefit granted annually to members of the executive board and strategic employees of the Company.

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

According to the aforementioned Plan, the Company established that statutory and non-statutory directors may use a percentage of 15% to 25% (until 2018 the percentage was 15% to 50%), managers from 15% to 40% and the other employees in the position of coordinators and consultants from 5% to 10% of their variable remuneration for the acquisition of shares held in treasury, where 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 3 years, provided they are fulfilled the clauses established in the Plan.

The usufruct grants the beneficiary the right to dividends and interest on equity distributed in the period in which the benefit is valid.

The acquisition value of the treasury shares by the Plan's beneficiaries will be obtained by the average of the market value quotations of the last 60 trading sessions of the Company's shares, or of their quotation on the acquisition date, whichever is the lower. The value of the shares granted in usufruct corresponds to the price of the shares being traded on the São Paulo Stock Exchange on the day of the transaction.

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The clauses for the transfer of the granted shares to be consummated, establish the beneficiary's permanence in the Company and not alienation of the shares acquired in the adhesion to the Plan. The shares granted can also be immediately assigned in the event of dismissal at the initiative of the Company, retirement or death of the beneficiary, in the latter case passing the right of the shares to the estate.

The shares granted and the expense proportional to the granting period, recognized in the income statement is accumulated in shareholders' equity in the group "Equity Valuation Adjustments", until the end of the grant, either by the expiration of the three-year term, or any other clause of the Plan that terminates the grant.

The table below shows the information on the agreed plans:

a) Statutory and non-statutory Board Members

	Plan 2016 (i)	Plan 2017 (i)	Plan 2018	Plan 2019	Plan 2020	Total
Start of the plan	2/24/2017	2/28/2018	2/28/2019	2/28/2020	2/26/2021	
Final grant date	2/24/2020	2/28/2021	2/28/2022	2/28/2023	2/26/2024	
Treasury shares acquired by the beneficiaries	2,774,345	2,039,185	1,146,395	1,140,020	1,169,700	8,269,645
Purchase value per share (R\$)	3.04	3.58	3.61	3.87	5.41	
Treasury shares granted with right to use	2,774,345	2,039,185	1,146,395	1,140,020	1,169,700	8,269,645
Value of the right to use per share (R\$)	3.04	3.58	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	8,101	7,320	3,217	1,994	703	21,335
Expenses of the plan - 1/1 to 06/30/2021	-	408	696	748	703	2,555
Expenses of the plan - 1/1 to 06/30/2020	176	1,195	673	498	-	2,542

(i) Plan ended.

b) Managers

	Plan 2016 (i)	Plan 2017 (i)	Plan 2018	Plan 2019	Plan 2020	Total
Start of the plan	2/24/2017	2/28/2018	2/28/2019	2/28/2020	2/26/2021	
Final grant date	2/24/2020	2/28/2021	2/28/2022	2/28/2023	2/26/2024	
Treasury shares acquired by the beneficiaries	1,531,400	1,616,585	1,809,185	1,848,470	1,834,990	8,640,630
Purchase value per share (R\$)	3.04	3.58	3.61	3.87	5.41	
Treasury shares granted with right to use	1,531,400	1,616,585	1,809,185	1,848,470	1,834,990	8,640,630
Value of the right to use per share (R\$)	3.04	3.58	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	4,468	5,615	5,111	3,006	1,103	19,303
Expenses of the plan - 1/1 to 06/30/2021	-	310	1,093	1,127	1,103	3,633
Expenses of the plan - 1/1 to 06/30/2020	225	921	1,056	751	-	2,953

(i) Plan ended.

c) Other employees

	Plan 2018	Plan 2019	Plan 2020	Total
Start of the plan	2/28/2019	2/28/2020	2/26/2021	
Final grant date	2/28/2022	2/28/2023	2/26/2024	
Treasury shares acquired by the beneficiaries	548,300	527,285	497,385	1,572,970
Purchase value per share (R\$)	3.61	3.87	5.41	
Treasury shares granted with right to use	548,300	527,285	497,385	1,572,970
Value of the right to use per share (R\$)	3.61	3.87	5.41	
Accumulated plan expenses - from the beginning	1,363	1,006	298	2,667
Expenses of the plan - 1/1 to 06/30/2021	278	369	298	945
Expenses of the plan - 1/1 to 06/30/2020	299	258	-	557

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25 EARNINGS (LOSS) PER SHARE

The basic earnings (loss) per share are calculated by dividing the profit for the period attributable to holders of common shares - ON and preferred shares - PN of the Company, by the weighted average number of shares available during the period. The Company does not have any instruments that may have a dilutive effect.

As mentioned in Note 20, changes in the balance of treasury shares affect the weighted average number of preferred shares in treasury in the calculation in the six month period ended at June 30, 2021, the weighted average being used in the calculation of the earnings (loss) per share calculated as follows:

Weighted average number of treasury shares**June 30, 2021 (i)**

Jan	+	132,654,290	x 1/6
Feb	+	129,152,215	x 1/6
Mar a Apr	+	129,155,030	x 2/6
May	+	129,156,705	x 1/6
Jun	+	129,157,000	x 1/6

6 Months 2021 = 129,738,378

(i) Because the Company only has Units held in treasury, the distribution between common and preferred shares is made according to the composition of the Units.

The table below, presented in R\$, shows the reconciliation of the results for the six-month period ended June 30, 2021 and 2020 in the calculation of basic and diluted earnings (loss) per share:

	Parent company and Consolidated		
	From 1/1 to 06/30/2021		
	Common (ON)	Preferred (PN)	Total
<u>Denominator</u>			
Total weighted average number of shares	2,081,728,595	3,536,164,161	5,617,892,756
Weighted average number of treasury shares	(25,947,676)	(103,790,703)	(129,738,378)
Weighted average number of outstanding shares	2,055,780,919	3,432,373,458	5,488,154,378
% of shares in relation to the total	37.46%	62.54%	100%
<u>Numerator</u>			
Earnings attributable to each class of shares (R\$)	385,960,887	644,408,113	1,030,369,000
Weighted average number of outstanding shares	2,055,780,919	3,432,373,458	5,488,154,378
Basic and diluted earnings per share (R\$)	0.1877	0.1877	

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	Parent company and Consolidated		
	From 1/1 to 03/31/2020		
	Common (ON)	Preferred (PN)	Total
<u>Denominator</u>			
Total weighted average number of shares	2,012,333,899	3,536,164,161	5,548,498,060
Weighted average number of treasury shares	(26,995,014)	(107,980,054)	(134,975,068)
Weighted average number of outstanding shares	1,985,338,886	3,428,184,107	5,413,522,993
% of shares in relation to the total	36.67%	63.33%	100%
<u>Numerator</u>			
Earnings attributable to each class of shares (R\$)	(1,323,401,440)	(2,285,183,560)	(3,608,585,000)
Weighted average number of outstanding shares	1,985,338,886	3,428,184,107	5,413,522,993
Basic and diluted earnings per share (R\$)	(0.6666)	(0.6666)	

Loss per share from discontinued operations

As mentioned in note 12, the Company classified the operations of the subsidiary Embacorp, which comprises the assets of Nova Campina (SP) acquired from IP (see note 1) for Assets Held for Sale, since they were acquired for this purpose, having its effects discontinued. The sale was completed on January 29, 2021.

As highlighted in the Income Statement for the three-month period ended June 30, 2021, the discontinued operations correspond to a loss of R\$ 2,216, comprising the effect on the calculation of the diluted basic loss per share attributable to holders of common shares - ON and preferred - PN of the Company as presented below:

	Parent company and Consolidated		
	From 1/1 to 06/30/2021		
	Common (ON)	Preferred (PN)	Total
<u>Denominator</u>			
Total weighted average number of shares	2,081,728,595	3,536,164,161	5,617,892,756
Weighted average number of treasury shares	(25,947,676)	(103,790,703)	(129,738,378)
Weighted average number of outstanding shares	2,055,780,919	3,432,373,458	5,488,154,378
% of shares in relation to the total	37.46%	62.54%	100%
<u>Numerator</u>			
Earnings attributable to each class of shares (R\$)	830,081	1,385,919	2,216,000
Weighted average number of outstanding shares	2,055,780,919	3,432,373,458	5,488,154,378
Basic and diluted earnings per share (R\$)	0.0004	0.0004	

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26 OPERATING SEGMENTS**a) Criteria for identification of operating segments**

The Company's operating structure is divided into segments according to the manner in which management manages the business. The operating segments defined by management are as follows:

(i) Forest Segment: involves the planting and forestry operations of pine and eucalyptus to supply the Company's pulp and paper mills and sale of wood (logs) to third parties in the domestic market.

(ii) Paper Segment: substantially involves the production and sale of reels of cardboard, kraftliner and recycled paper in the domestic and foreign markets.

(iii) Conversion Segment: involves the production and sale of corrugated boxes, corrugated sheets and industrial bags, in the domestic and foreign markets.

(iv) Pulp Segment: involves the production and sale of short, long and fluffed pulp in the domestic and foreign markets.

b) Consolidated information about operating segments

	From 1/1 to 06/30/2021					
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	175,976	1,210,263	2,436,777	930,706	(133,080)	4,620,642
.Foreign market	-	905,281	236,472	1,790,723	(11,018)	2,921,458
Revenue from sales to third parties	175,976	2,115,544	2,673,249	2,721,429	(144,098)	7,542,100
Revenue between segments	811,066	1,149,991	19,081	56,060	(2,036,198)	-
Total net sales	987,042	3,265,535	2,692,330	2,777,489	(2,180,296)	7,542,100
Changes in the fair value of biological assets	241,405	-	-	-	-	241,405
Cost of products sold	(1,521,831)	(2,238,411)	(2,222,233)	(984,406)	2,112,118	(4,854,763)
Gross profit	(293,384)	1,027,124	470,097	1,793,083	(68,178)	2,928,742
Operating income (expenses)	(60,738)	(307,536)	(278,100)	(344,738)	41,157	(949,955)
Operating result before finance result	(354,122)	719,588	191,997	1,448,345	(27,021)	1,978,787
Sales of products (in metric tons)						
.Domestic market	-	313,009	530,809	270,445	-	1,114,263
.Foreign market	-	208,336	31,358	501,287	-	740,981
.Inter-segmental	-	496,260	2,234	16,595	(515,089)	-
	-	1,017,605	564,401	788,327	(515,089)	1,855,244
Sales of timber (in metric tons)						
.Domestic market	1,779,316	-	-	-	-	1,779,316
.Inter-segmental	6,718,253	-	-	-	(6,718,253)	-
	8,497,569	-	-	-	(6,718,253)	1,779,316
Investments during the period	161,470	161,072	113,526	1,250,920	32,228	1,719,216
Depreciation, depletion and amortization	(809,205)	(192,812)	(55,796)	(258,382)	(10,699)	(1,326,894)
Total assets - 06/30/2021	9,440,688	4,270,975	2,868,348	13,867,421	7,832,775	38,280,207
Total liabilities - 06/30/2021	2,820,708	861,141	794,549	1,305,274	26,182,111	31,963,783
Equity - 06/30/2021	5,638,968	3,409,834	2,073,799	12,562,147	(18,349,336)	5,335,412
Non-controlling shareholders	981,012	-	-	-	-	981,012

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	4/1 to 06/30/2021					
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	104,930	609,487	1,282,669	542,781	(79,378)	2,460,489
.Foreign market	-	519,249	118,264	977,551	-	1,615,064
Revenue from sales to third parties	104,930	1,128,736	1,400,933	1,520,332	(79,378)	4,075,553
Revenue between segments	422,726	586,990	10,126	30,775	(1,050,617)	-
Total net sales	527,656	1,715,726	1,411,059	1,551,107	(1,129,995)	4,075,553
Changes in the fair value of biological assets	198,701	-	-	-	-	198,701
Cost of products sold	(829,439)	(1,098,062)	(1,148,974)	(490,736)	1,102,402	(2,464,809)
Gross profit	(103,082)	617,664	262,085	1,060,371	(27,593)	1,809,445
Operating income (expenses)	(82,268)	(155,691)	(142,159)	(183,051)	51,727	(511,442)
Operating result before finance result	(185,350)	461,973	119,926	877,320	24,134	1,298,003
<u>Sales of products (in metric tons)</u>						
.Domestic market	-	150,007	266,247	141,928	-	558,182
.Foreign market	-	115,364	16,044	256,735	-	388,143
.Inter-segmental	-	254,699	1,211	7,938	(263,848)	-
	-	520,070	283,502	406,601	(263,848)	946,355
<u>Sales of timber (in metric tons)</u>						
.Domestic market	1,369,445	-	-	-	-	1,369,445
.Inter-segmental	3,491,346	-	-	-	(3,491,346)	-
	4,860,791	-	-	-	(3,491,346)	1,369,445
Investments during the period	76,173	65,884	89,174	714,640	(41,938)	903,933
Depreciation, depletion and amortization	(454,311)	(97,254)	(28,668)	(114,378)	(6,145)	(700,756)
<u>1/1 a 30/06/2020</u>						
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	111,893	951,462	1,359,954	623,084	(7,869)	3,038,524
.Foreign market	-	1,099,107	172,581	1,237,572	-	2,509,260
Revenue from sales to third parties	111,893	2,050,569	1,532,535	1,860,656	(7,869)	5,547,784
Revenue between segments	808,283	785,874	15,861	43,103	(1,653,121)	-
Total net sales	920,176	2,836,443	1,548,396	1,903,759	(1,660,990)	5,547,784
Changes in the fair value of biological assets	248,821	-	-	-	-	248,821
Cost of products sold	(1,447,752)	(1,693,005)	(1,310,856)	(907,591)	1,699,869	(3,659,335)
Gross profit	(278,755)	1,143,438	237,540	996,168	38,879	2,137,270
Operating income (expenses)	(23,758)	(287,236)	(187,142)	(284,510)	24,930	(757,716)
Operating result before finance result	(302,513)	856,202	50,398	711,658	63,809	1,379,554
<u>Sales of products (in metric tons)</u>						
.Domestic market	-	275,959	348,815	254,630	-	879,404
.Foreign market	-	295,059	23,600	508,488	-	827,147
.Inter-segmental	-	393,713	2,229	15,714	(411,656)	-
	-	964,731	374,644	778,832	(411,656)	1,706,551
<u>Sales of timber (in metric tons)</u>						
.Domestic market	795,038	-	-	-	-	795,038
.Inter-segmental	6,902,012	-	-	-	(6,902,012)	-
	7,697,050	-	-	-	(6,902,012)	795,038
Investments during the period	179,843	133,600	27,561	1,465,401	11,250	1,817,655
Depreciation, depletion and amortization	(740,411)	(187,099)	(46,552)	(270,925)	(10,996)	(1,255,983)
Total assets - 03/31/2020	8,764,844	4,881,051	1,981,075	10,827,576	10,774,519	37,229,065
Total liabilities - 03/31/2020	2,405,080	900,749	428,539	1,046,725	29,074,128	33,855,221
Equity - 03/31/2020	5,774,270	3,980,302	1,552,536	9,780,851	(18,299,609)	2,788,350
Non-controlling shareholders	585,494	-	-	-	-	585,494

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						1/4 à 30/06/2020
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	62,683	471,499	660,076	310,638	(3,959)	1,500,937
.Foreign market	-	648,669	91,565	715,226	-	1,455,460
Revenue from sales to third parties	62,683	1,120,168	751,641	1,025,864	(3,959)	2,956,397
Revenue between segments	401,055	380,149	8,074	23,427	(812,705)	-
Total net sales	463,738	1,500,317	759,715	1,049,291	(816,664)	2,956,397
Changes in the fair value of biological assets	31,563	-	-	-	-	31,563
Cost of products sold	(712,408)	(845,752)	(650,340)	(449,347)	812,939	(1,844,908)
Gross profit	(217,107)	654,565	109,375	599,944	(3,725)	1,143,052
Operating income (expenses)	(980)	(150,105)	(88,868)	(153,646)	(2,207)	(395,806)
Operating result before finance result	(218,087)	504,460	20,507	446,298	(5,932)	747,246
<u>Sales of products (in metric tons)</u>						
.Domestic market	-	134,878	169,760	110,344	-	414,982
.Foreign market	-	161,355	11,492	269,730	-	442,577
.Inter-segmental	-	190,328	1,108	7,548	(198,984)	-
	-	486,561	182,360	387,622	(198,984)	857,559
<u>Sales of timber (in metric tons)</u>						
.Domestic market	403,818	-	-	-	-	403,818
.Inter-segmental	3,434,630	-	-	-	(3,434,630)	-
	3,838,448	-	-	-	(3,434,630)	403,818
Investments during the period	74,479	15,991	(10,877)	917,176	1,770	998,539
Depreciation, depletion and amortization	(378,710)	(94,542)	(23,424)	(133,564)	9,016	(621,224)

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

Information about the financial result and income tax was not disclosed in the segment reporting because management does not utilize such data on a segmental basis, and the data is instead managed and analyzed on a consolidated basis.

c) Information on net of external market sales revenue

The table below shows the distribution of net revenue from the foreign market, at three and six-month periods ended June 30, 2021 and 2020:

Country	Consolidated			
	04/01 to 06/30/2021		From 1/1 to 06/30/2021	
	Total revenue (R\$/million)	% of total net revenue	Total revenue (R\$/million)	% of total net revenue
China	241	5.9%	830	11.0%
Argentina	204	5.0%	377	5.0%
Italy	163	4.0%	302	4.0%
United Arab Emi	116	2.8%	151	2.0%
Turkey	116	2.8%	151	2.0%
Singapore	40	1.0%	75	1.0%
France	40	1.0%	75	1.0%
Netherlands	40	1.0%	75	1.0%
South Africa	40	1.0%	75	1.0%
Others	626	15.4%	821	10.9%
	1,626	40%	2,932	39%

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Country	Consolidated			
	04/01 to 06/30/2020		From 1/1 to 06/30/2020	
	Total revenue (R\$/million)	% of total net revenue	Total revenue (R\$/million)	% of total net revenue
China	355	12.0%	666	12.0%
Argentina	233	7.9%	388	7.0%
Italy	118	4.0%	222	4.0%
Singapore	33	1.1%	111	2.0%
United Arab Emi	85	2.9%	111	2.0%
Turkey	29	1.0%	55	1.0%
Saudi Arabia	29	1.0%	55	1.0%
Germany	29	1.0%	55	1.0%
South Africa	29	1.0%	55	1.0%
Others	515	17.4%	791	14.3%
	1,455	49%	2,509	45%

In the six-month period ended June 30, 2021, a customer in the paper segment was responsible for approximately 15% (R\$ 744,508) of the Company's net revenue. The remainder of the Company's customer base is dispersed, so that none of the other customers, individually, concentrates a relevant share (above 10%) of net sales revenue.

In the six-month period ended June 30, 2021, no customer was responsible for more than 10% of the Company's net revenue.

27 CASH FLOW HEDGE ACCOUNTING

a) Hedge accounting policy

The Company adopts a hedge accounting policy seeking to improve the information quality of its Financial Statements. The purpose of this policy is to demonstrate the effects of exchange rate variations on P&L deriving from the natural hedge between Company revenues and indebtedness in USD, only when these operations occur.

On January 4, 2021, the Company adopted a cash flow hedge accounting program for highly probable future revenue designating loans, financing and debentures ("debt instruments") in foreign currency (USD) and/or converted into currency foreign currency through SWAPS, as an instrument to protect its highly probable future revenues in the same currency.

In the cash flow hedge, the effective portion of the exchange variation of debt instruments in USD is presented in the statement of financial position under other comprehensive income value adjustments and recognized in other comprehensive income, net of deferred income taxes, and is determined by the difference between the PTAX rate at end of period or settlement of the transaction versus the PTAX exchange rate on the date when the hedging relationship was designed.

Adoption of this hedge accounting program does not have a cash effect, only the accounting representation effects of the operations involved in the hedge, and the hedging relationship is expected to be highly effective.

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b) Breakdown of hedge program

The hedging instruments comprise 29 foreign currency loan and financing contracts, corresponding to debentures, bonds, export credit notes, export prepayments, term loan (BID Invest and IFC), ECA and SWAP whose last installment matures in April 2049.

Parent company and consolidated 06/30/2021						
Hedge instrument	Currency	Expiration until	Nominal value (USD)	Contract closing rate	variation recognized in the hedge reserve	Hedge Cost Revenue adjustment
Bonds	Dólar	Apr-49	1,873,462	5.16 e 5.46	(111,247)	-
Debenture	Dólar	Mar-29	265,783	5.16	(42,632)	(98,125)
ECA	Dólar	Sep-31	250,104	5.16	(40,117)	(11,018)
Export credit notes	Dólar	May-26	766,643	5.16	(122,970)	(249,829)
Export prepayments	Dólar	Apr-29	125,000	5.16	(20,050)	-
Term loan	Dólar	Oct-29	100,000	5.16	(16,039)	-
			3,380,992		(353,055)	(347,954)
						(11,018)

(i) In the second quarter of 2021, the Company, within its monthly assessment of foreign exchange exposure, prospectively reduced the volume of debt designated as a hedging instrument by USD 420 million, in order to ensure compliance with the foreign exchange exposure limits defined in the hedging policy.

These financial instruments are recorded in current and noncurrent liabilities in the Company's balance sheet position under "Borrowings" and "Debentures", with details of the operations described in Notes 16 and 17.

The table below shows the portion of highly probable USD revenues defined in the hedged item.

Expiration until	Nominal value (USD)
2021	18,315
2022	52,129
2023	60,932
2024	234,333
2025	302,754
2026	592,439
2027	605,213
2028	164,713
2029	858,713
2030	6,695
2031	204,756
2049	<u>280,000</u>
	3,380,992

c) Changes in the period

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

Parent company and consolidated	
At December 31, 2020	-
Change in fair value of the hedge instrument	(701,009)
Realization of hedge reserve for income	(11,018)
Income tax and contribution effect Social (i)	242,089
At June 30, 2021	(469,938)

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

KLABIN S.A.

All amounts in thousands of Reais

In the six-month period ended June 30, 2021, loans and financing involved in the hedging instrument incurred an exchange variation (fair value variation) of R\$ 353,055 recorded in equity under other comprehensive income value adjustments as long as future revenues in USD (hedged items) are not realized.

In this period, the Company settled USD 18,315 in loans and financing involved in the hedge, incurring an expense of R\$ 11,018 referring to accumulated exchange variation recorded in P&L for the period under "net sales revenue", arising from realization of revenues in USD designated in the hedge program.

The effects of changes in fair value of the instruments involved in the hedge and settlement of the hedged items with realization of the hedge reserve in the net sales revenue resulted in an amount of R\$ 712,027 recognized in the statement of comprehensive income for the six-month period ended June 30, 2021, amounting to R\$ 469,938 net of deferred income taxes.

d) Hedge accounting effectiveness test

In the first half-year of 2021, effectiveness tests were carried out to demonstrate that the hedge accounting program implemented is highly effective, considering the economic relationship based on the hedge ratio analysis, the effect of credit risk involved in the instrument and hedged item, and evaluation of critical terms.

28 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Risk management

The Company and its subsidiaries participate in transactions involving financial instruments, all recorded in equity accounts, which are intended to meet their operational needs, as well as to reduce exposure to financial risks, mainly credit and investment of funds, market risks (exchange and interest) and liquidity risk, to which it believes it is exposed, according to its nature of business and operating structure.

These risks are managed through the definition of 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 proceeds with the timely assessment of the Company's consolidated position, monitoring the financial results obtained, evaluating future projections, as a way of ensuring compliance with the defined business plan and monitoring the risks to which it is exposed.

The Company's main risks are described below:

Market risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices. In the case of the Company, market prices are affected by two types of risk: interest rate risk and exchange rate risk. Financial instruments affected by market risk include financial investments, accounts receivable from customers, accounts payable, loans payable, bonds and securities.

KLABIN S.A.

All amounts in thousands of Reais

(i) Foreign Exchange rate risk

The Company maintains operations denominated in foreign currencies (substantially US dollars) that are exposed to market risks arising from changes in the quotations of the respective foreign currencies. Any exchange rate fluctuation may increase or decrease these balances. The composition of this exhibition is as follows:

	Consolidated	
	06/30/2021	12/31/2020
Bank deposits and financial investments	1,983,014	1,033,172
Trade receivables (net of provision for doubtful debts) □	763,773	563,240
Other assets and liabilities	727,000	(573,000)
Borrowing	(21,508,987)	(20,556,053)
Net exposure	(18,035,200)	(19,532,641)

The balance per year due on June 30, 2021 of this net exposure is divided as follows:

Year	2021	2022	2023	2024	2025	2026	2027 onwards	Total
Amount	8,528,395	(1,290,800)	(988,000)	(1,255,400)	(2,026,700)	(4,099,200)	(16,903,495)	(18,035,200)

As of June 30, 2021, the Company has no derivatives contracted to hedge foreign exchange exposure in the cash flow. In order to protect against this net liability exposure, the Company has a sales plan whose projected cash flow of export earnings of approximately USD 1 billion annually and its receipts, if they materialize, exceed, or approach, the payment flow of the respective liabilities, offsetting the cash effect of this foreign exchange exposure in the future.

Additionally, as of January 4, 2021, the Company has adopted a cash flow hedge accounting policy, considering the balances of loans and financing in foreign currency as a hedging instrument, designating its future revenues in highly probable USD as a hedge object. This policy aims to mitigate the effects of exchange rate variations found in the Company's income statement. See details of the hedge program in note 27 for more information on Management's strategy related to the topic.

In addition, the Company only has contracted derivatives (notes 16 and 17) referring to foreign exchange and interest rate SWAP converting the issue of a certain export credit note and local currency debentures to US dollars. These operations are matched, agreed only to convert loans and financing in national currency to operations in foreign currency.

(ii) Interest rate risk

The Company has loans indexed to the variation of TJLP, LIBOR, IPCA and CDI, and marketable securities indexed to the variation of CDI, Selic and IPCA, exposing these assets and liabilities to fluctuations in interest rates as shown in the interest sensitivity table below. The Company has not entered into derivative contracts to hedge / swap against the exposure of these market risks.

The practice adopted is to continuously monitor market interest rates in order to assess the possible need for contracting derivatives to protect against the risk of volatility in these rates. Additionally, the Company considers that the high cost associated with contracting fixed rates signaled by the Brazilian macroeconomic scenario justifies its option for floating rates.

The composition of interest rate risk by type of asset and liability is shown as follows:

KLABIN S.A.

All amounts in thousands of Reais

	Consolidated	
	06/30/2021	12/31/2020
Financial investments - CDI	4,521,649	4,133,393
Financial investments - Selic	998,565	626,566
Financial investments - IPCA	729,131	708,691
Asset exposure	6,249,345	5,468,650
Financing - CDI	(4,329,898)	(4,623,091)
Financing - TJLP	(1,213,714)	(1,169,546)
Financing - LIBOR	(5,404,607)	(5,588,808)
Debentures - IPCA	(1,687,296)	(1,832,803)
Liability exposure	(12,635,515)	(13,214,248)

Risk relating to investment

The Company is exposed to risk regarding the investment of funds, including deposits with banks and financial institutions, foreign exchange transactions, marketable securities and other financial instruments contracted. The amount exposed by the Company corresponds substantially to marketable securities and operation of bonds and securities, with amounts described in notes 4 and 5, respectively.

Regarding the quality of the Company's financial assets invested in financial institutions, an internal policy is used to approve the type of operation being agreed upon and the rating analysis, according to risk rating agencies, to assess the feasibility of investing resources in a given institution. , as long as it falls within the policy acceptance criteria.

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

	Consolidated	
	06/30/2021	12/31/2020
National rating AAA(bra)	6,057,687	4,741,806
National rating AA+(bra)	2,192,648	1,814,921
	8,250,335	6,556,727

Credit risk

Credit risk is the risk that the counterparty of a business will fail to comply with an obligation under a financial instrument, supplier advance or contract with a customer, which would lead to financial loss. In addition to the investments mentioned above, the Company is exposed to credit risk in its operating activities (mainly in relation to accounts receivable).

As of June 30, 2021, the maximum amount exposed by the Company to the credit risk of accounts receivable from customers is equivalent to the balances presented in Note 6. The information on customer concentration is described in Note 26.

The quality of credit risk in the Company's operating activities is managed by specific rules for customer acceptance, credit analysis and establishment of exposure limits per customer, which are periodically reviewed. The monitoring of overdue bills is carried out promptly to seek their receipt, with estimated losses being recorded as provision for expected credit loss for items with risk of non-

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KLABIN S.A.

All amounts in thousands of Reais

receipt.

The Company maintains an insurance policy for receivables in the domestic and foreign markets for all business units as described in Note 6.

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 financial resources available for the proper fulfillment of its obligations, substantially concentrated in the financing signed with financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Company, in the consolidated balance sheet, where the amounts presented include the value of principal and future interest on operations, calculated using the rates and indices in effect on June 30, 2020:

	2021	2022	2023	2024	2025	2026	2027 onwards	Total
Trade payables	(2,198,278)	-	-	-	-	-	-	(2,198,278)
Financing/debt	(666,566)	(2,419,208)	(2,184,023)	(2,418,342)	(3,119,752)	(3,676,907)	(25,672,251)	(40,157,049)
Total	(2,864,844)	(2,419,208)	(2,184,023)	(2,418,342)	(3,119,752)	(3,676,907)	(25,672,251)	(42,355,327)

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

Capital management

The Company's capital structure is formed by net indebtedness, composed of the balance of loans and financing (Note 16) and debentures (Note 17), deducted by the balance of cash, cash equivalents and marketable securities (notes 4 and 5), and the balance of shareholders' equity (Note 20), including the balance of issued capital and all reserves set up.

The net debt to equity ratio of the Company is composed as follows:

	Consolidated	
	06/30/2021	12/31/2020
Cash and cash equivalents and marketable securities	8,250,335	6,556,727
Borrowing and debentures	(27,020,755)	(26,338,990)
Net indebtedness	(18,770,420)	(19,782,263)
Equity	5,335,412	3,810,305
Net indebtedness ratio	(3.52)	(5.19)

b) Financial instruments, by category

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KLABIN S.A.

All amounts in thousands of Reais

The Company has the following categories of financial instruments:

	Consolidated	
	06/30/2021	12/31/2020
Assets - at amortized cost		
. Cash and cash equivalents	6,510,101	5,208,830
. Trade receivables (net of provision for impairment of trade receivables)	2,498,094	1,806,918
. Other assets	465,623	512,669
	9,473,818	7,528,417
Assets - fair value by results		
. Marketable securities	1,740,234	1,347,897
	1,740,234	1,347,897
Liabilities - at amortized cost		
. Borrowing and debentures	27,020,755	26,338,990
. Trade payables	1,831,082	1,754,137
. Trade payables (Forfait)	367,196	248,892
. Other payables	1,113,497	1,107,622
	30,332,530	29,449,641

(i) Amortized cost

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

(ii) Fair value through profit or loss

The Company classified the securities that are represented by Treasury Financial Bills and Direct Treasury Bills (LFT and NTN –B) (Note 5) as financial assets measured at fair value through profit or loss, as they may be traded on future, being recorded at fair value, which, in practice, corresponds to the applied value plus interest recognized in the income from the operation in the income for the periods.

c) Sensitivity analysis

The Company presents below the sensitivity tables for the risks of foreign exchange and interest rates to which it is exposed considering that the eventual temporal effects would impact future results based on the exposures presented on June 30, 2021, being, the effects on equity are basically the same as income. The sensitivity analysis does not assess the impacts of exchange rate variations on the Company's cash flow.

(i) Foreign exchange exposure

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KLABIN S.A.

All amounts in thousands of Reais

The Company has assets and liabilities linked to foreign currency in the balance sheet as of June 30, 2021 and for the purposes of sensitivity analysis, it adopted as scenario I the future market rate in force in the exercise of preparing these quarterly information. For scenario II this rate was corrected by 25% and for scenario III by 50%.

The sensitivity analysis of the foreign exchange variation was calculated on the net foreign exchange exposure (basically for loans and financing, accounts receivable from customers and suppliers payable in foreign currency), not considering the projection of future exports that will face this exchange exposure liquid.

Additionally, the Company adopts a hedge accounting policy (see note 27) so that the effects of exchange variation do not directly affect the result for the periods, being recorded in shareholders' equity until its effective settlement, shown in comprehensive income.

Thus, keeping the other variables constant, the table below shows a simulation of the effect of the exchange rate variation on the balance sheet, comprehensive income and financial income considering the balances on June 30, 2021:

	At 06/30/2021	Scenario I		Scenario II		Scenario III	
	US\$	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)
Assets							
Cash and cash equivalents	396,428	5.18	69,296	6.47	581,878	7.77	1,097,234
Trade receivables, net of allowance for doubtful debts	152,687	5.18	26,690	6.47	224,115	7.77	422,608
Other assets and liabilities	145,336	5.18	25,405	6.47	213,324	7.77	402,261
Financing	(4,299,905)	5.18	(751,623)	6.47	(6,311,401)	7.77	(11,901,278)
Net effect on finance results			(630,232)		(5,292,084)		(9,979,175)
Net effect on comprehensive income			(590,997)		(4,962,620)		(9,357,910)
Net effect on finance results			(39,235)		(329,464)		(621,265)

(ii) Interest Exposure

The Company has financial investments, loans, financing and debentures linked to the post-fixed interest rate of the CDI, TJLP, IPCA, Selic and Libor. For the purposes of sensitivity analysis, the Company adopted rates in force on dates close to the presentation of the referred quarterly information, extracted from the website of the Central Bank of Brazil, using the same rate for Selic, Libor, IPCA and CDI due to their proximity, in the scenario I projection, for scenario II these rates were corrected by 25% and for scenario III by 50%.

Thus, keeping the other variables constant, the following table shows a simulation of the effect of changes in interest rates on shareholders' equity and on the future result of 12 months (consolidated) considering the balances at June 30, 2021:

		At 06/30/2021	Scenario I		Scenario II		Scenario III	
		R\$	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)
Financial investments								
CDBs	CDI	4,521,649	2.27%	102,641	2.84%	25,660	3.41%	51,321
LFTs	Selic	998,565	2.27%	22,667	2.84%	5,667	3.41%	11,334
NTN - B	IPCA	729,131	6.11%	44,550	7.64%	11,137	9.17%	22,275
Financing								
NCE (BRL) and CRA	CDI	(4,329,898)	2.27%	(98,289)	2.84%	(24,572)	3.41%	(49,144)
BNDES	TJLP	(1,213,714)	4.61%	(55,952)	5.76%	(13,988)	6.92%	(27,976)
Debentures	IPCA	(1,687,296)	6.11%	(103,094)	7.64%	(25,773)	9.17%	(51,547)
Export prepayment, Term Loan and Finnvera	Libor	(5,404,607)	0.24%	(13,208)	0.31%	(3,302)	0.37%	(6,604)
Net effect on finance results				(100,685)		(25,171)		(50,341)

KLABIN S.A.

All amounts in thousands of Reais

29 INSURANCE COVERAGE

In order to protect its operational risks, assets and liabilities, the Company maintains insurance coverage for several types of events that could impact equity and operations.

Within the best market practices, the Company has contracted operational risk insurance policies, including loss of profits and several other 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.

30 EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period relevant to disclosure referred to quarterly information.

1 DISCLOSURE OF EBITDA

Pursuant to CVM Instruction 527/12, the Company has opted for the voluntary disclosure of non-financial information, as additional information included in its quarterly information, and presents EBITDA for the quarters ended June 30, 2021 and 2020.

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 periods 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			
	From 4/1 to 06/30/2021	From 1/1 to 06/30/2021	From 4/1 to 06/30/2020	From 1/1 to 06/30/2020
(=) Profit (loss) for the period	718,756	1,139,464	(382,730)	(3,525,273)
(+) Income tax and social contribution	372,201	429,168	(267,625)	(1,981,107)
(+/-) Finance results, net	207,046	410,155	1,397,601	6,885,934
(+) Amortization, depreciation and depletion in the results	700,755	1,326,893	621,224	1,255,983
EBITDA	1,998,758	3,305,680	1,368,470	2,635,537
Adjustments pursuant to CVM Instruction 527/12				
(+/-) Changes in the fair value of biological assets (i)	(198,701)	(241,405)	(31,563)	(248,821)
(+/-) Equity in the results of investees (ii)	(1,732)	(2,657)	(3,745)	(26,032)
(+/-) Realization of hedge accounting (iii)	-	11,018	-	-
Adjusted EBITDA	1,798,325	3,072,636	1,333,162	2,360,684
(+/-) Non-recurring gain from sale of assets (iv)	-	(20,231)	-	-
Adjusted EBITDA (excluding non-recurring effects)	1,798,325	3,052,405	1,333,162	2,360,684

Adjustments for definition of EBITDA - adjusted:

(i) Variation in the fair value of biological assets.

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

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 variation in fair value is excluded from the calculation of EBITDA.

(ii) Equity in the results and EBITDA of investees.

Equity in the results of investees in the statement of operations reflects the profit/loss of subsidiaries in the parent company's quarterly information, calculated in accordance with its percentage of participation in the subsidiary.

The profit/loss of the joint venture is influenced by items that are excluded from the EBITDA calculation, such as net finance results, income tax and social contribution, amortization, depreciation and depletion, and the variations in the fair value of biological assets. For this reason, the result of the equity in the results of investees is excluded from the calculation, but the EBITDA generated by the joint venture is included, being calculated in the same manner.

(iii) Realization of hedge accounting

The Company adopts a hedge accounting policy, seeking as a strategy to minimize the effects of exchange variation of its hedge object, defined as certain foreign currency loan and financing

operations, designating highly probable future export revenues, documenting the economic relationship between instrument and hedged, demonstrating that the changes in the cash flow of both of them effectively offset each other.

The effects of exchange variation (fair value) of the financial instruments designated in the hedge (loans and financing), are recorded in equity, under the caption "Equity valuation adjustments", net of applicable income taxes. Such amounts accumulated in shareholders' equity are realized in the income statement, under the caption "Net sales revenue", to the extent that there is an actual disbursement of the designated loans and financing, with the generation of the respective export revenue designated in the hedge that against cash disbursed in foreign currency, with the exchange rate variation of the hedge instrument being recorded in the income statement. The amount recorded in net sales revenue is being 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 12), which resulted in a non-recurring gain of R\$ 20,231 recorded in the income statement under "Other net", considering the revenue from R\$ 160,000 and cost of R\$ 139,769.

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

a) Company's ownership interest

STOCKHOLDER	SHARES				
	COMMON	%	PREFERRED	TOTAL	%
Klabin Irmãos S.A.	945,359,142	45.41	-	945,359,142	16.83
Niblak Participações S.A.	142,023,010	6.82	-	142,023,010	2.53
Monteiro Aranha S.A.	76,689,905	3.68	265,155,406	341,845,311	6.08
BNY (*)	61,258,226	2.94	245,032,904	306,291,130	5.45
BLACKROCK	48,482,504	2.33	193,930,016	242,412,520	4.32
Ações em Tesouraria	25,130,985	1.21	100,523,940	125,654,925	2.24
Outros (**)	782,784,823	37.60	2,731,521,895	3,514,306,718	62.56
TOTAL	2,081,728,595	100.00	3,536,164,161	5,617,892,756	100.00

(*) Foreign stockholders.

(**) Stockholder with less than 5% of the shares.

(***) The position may differ from the base of the bookkeeping bank for operational reasons of recording transactions.

b) Distribution of the controlling stockholders' share capital to the individual level**CONTROLLING STOCKHOLDER/ INVESTOR:****A) Klabin Irmãos S.A.**

STOCKHOLDER	SHARES	
	ON	%
Jacob Klabin Lafer Adm. Partic. S.A.	118,358,965	12.52
VFV Participações S.A.	59,179,482	6.26
Miguel Lafer Participações S.A.	59,179,482	6.26
PRESH S.A.	118,358,965	12.52
GL Holdings S.A	118,358,965	12.52
GLIMDAS Participações S.A.	104,651,257	11.07
DARO Participações S.A.	104,651,257	11.07
DAWOJOBE Participações S.A.	104,651,257	11.07
ESLI Participações S.A.	79,032,024	8.36
LKL Participações S.A.	78,937,488	8.35
TOTAL	945,359,142	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.2) VFV Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Jacob Klabin Lafer Adm. Partic. S.A.	59,179,442	99.999932
Vera Lafer Lorch Cury	20	0.000034
Francisco Lafer Pati	20	0.000034
TOTAL	59,179,482	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.2.1) Jacob Klabin Lafer Adm. Partic. S.A.**

STOCKHOLDER	SHARES	
	ON	%
Vera Lafer	58,232,571	98.40
Novo Horizonte Agropecuária Ltda.	946,871	1.60
TOTAL	59,179,442	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.3) Miguel Lafer Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Jacob Klabin Lafer Adm. Partic. S.A.	59,179,468	99.999976
Novo Horizonte Agropecuária Ltda.	14	0.000024
TOTAL	59,179,482	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.3.1) Jacob Klabin Lafer Adm. Partic. S.A.**

STOCKHOLDER	SHARES	
	ON	%
Vera Lafer	58,232,597	98.40
Novo Horizonte Agropecuária Ltda.	946,871	1.60
TOTAL	59,179,468	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.4) PRESH S.A.**

STOCKHOLDER	SHARES	
	ON	%
Horácio Lafer Piva	39,452,949	33.3333
Eduardo Lafer Piva	39,452,949	33.3333
Regina Piva Coelho Magalhães	39,453,067	33.3334
TOTAL	118,358,965	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.5) GL Holdings S/A**

STOCKHOLDER	SHARES	
	ON	%
Graziela Lafer Galvão		
Paulo Sergio Coutinho Galvão Filho	59,179,482	50.00
Maria Eugênia Lafer Galvão	59,179,482	50.00
TOTAL	118,358,965	100.00

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

CONTROLLING STOCKHOLDER/ INVESTOR:**A.6) GLIMDAS Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
LÉA MANELA KLABIN (naked owner) *	13,081,287	12.50
ALBERTO KLABIN (naked owner) *	17,441,705	16.67
LEONARDO KLABIN (naked owner) *	17,441,705	16.67
STELA KLABIN (naked owner) *	17,441,705	16.67
MARIA KLABIN (naked owner) *	13,081,287	12.50
DAN KLABIN (naked owner) *	13,081,287	12.50
GABRIEL KLABIN (naked owner) *	13,081,287	12.50
MAURÍCIO KLABIN's ESTATE	993	0.00
TOTAL	104,651,257	100.00

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

CONTROLLING STOCKHOLDER/ INVESTOR:**A.7) DARO Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Daniel Miguel Klabin	7,231,402	6.91
Rose Klabin (*)	32,473,285	31.03
Amanda Klabin (*)	32,473,285	31.03
David Klabin (*)	32,473,285	31.03
TOTAL	104,651,257	100.000

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

CONTROLLING STOCKHOLDER/ INVESTOR:**A.8) DAWOJOBE Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Armando Klabin	121,440	0.116
Wolff Klabin (*)	15,665,810	14.97
Daniela Klabin (*)	15,665,810	14.97
Bernardo Klabin (*)	15,665,810	14.97
José Klabin (*)	15,665,810	14.97
Klaro Participações Ltda.	41,866,575	40.01
TOTAL	104,651,257	100.00

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

CONTROLLING STOCKHOLDER/ INVESTOR:**A.8.1) Klaro Participações Ltda.**

STOCKHOLDER	SHARES	
	ON	%
Armando Klabin	251,534	0.601
Rosa Maria Lisboa Klabin	418,331	0.999
Daniela Klabin Basílio	10,299,177	24.600
Wolff Klabin	10,299,177	24.600
José Klabin	10,299,177	24.600
Bernardo Klabin	10,299,177	24.600
TOTAL	41,866,575	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**A.9) ESLI Participações S.A. (*)**

STOCKHOLDER	SHARES	
	ON	%
Cristina Levine Martins Xavier	26,343,982	33.333
Regina Klabin Xavier	26,343,982	33.333
Roberto Klabin Martins Xavier	26,344,061	33.333
TOTAL	79,032,024	100.00

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

CONTROLLING STOCKHOLDER/ INVESTOR:**A.10) LKL Participações S.A. (*)**

STOCKHOLDER	SHARES	
	ON	%
Cristina Levine Martins Xavier	26,312,470	33.333
Regina Klabin Xavier	26,312,470	33.333
Roberto Klabin Martins Xavier	26,312,549	33.333
TOTAL	78,937,488	100.00

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

CONTROLLING STOCKHOLDER/ INVESTOR:**B) NIBLAK PART. S/A**

STOCKHOLDER	SHARES	
	ON	% Total
Miguel Lafer Part. S/A	17,782,701	12.521
VFV Participações S/A	17,782,701	12.521
GL Holdings S/A	17,782,843	12.521
Glimdas Participações S/A.	15,727,202	11.074
Verde Vivo Investimentos Florestais Ltda.	15,727,202	11.074
Dawojobe Partic. S.A.	15,000,328	10.562
Armando Klabin	726,874	0.512
Esli Participações S/A	23,710,315	16.695
Eduardo Lafer Piva	5,927,614	4.174
Horácio Lafer Piva	5,927,614	4.174
Regina Piva Coelho de Magalhães	5,927,614	4.174
TOTAL	142,023,010	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**B.1) Miguel Lafer Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Jacob Klabin Lafer Adm. Partic. S.A.	17,782,697	99.999976
Novo Horizonte Agropecuária Ltda.	4	0.000024
TOTAL	17,782,701	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**B.1.1) Jacob Klabin Lafer Adm. Partic. S.A.**

STOCKHOLDER	SHARES	
	ON	%
Vera Lafer	17,498,174	98.40
Novo Horizonte Agropecuária Ltda.	284,523	1.60
TOTAL	17,782,697	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**B.2) VFV Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Jacob Klabin Lafer Adm. Partic. S.A.	17,782,689	99.999932
Vera Lafer Lorch Cury	6	0.000034
Francisco Lafer Pati	6	0.000034
TOTAL	17,782,701	100.000000

CONTROLLING STOCKHOLDER/ INVESTOR:**B.2.1) Jacob Klabin Lafer Adm. Partic. S.A.**

STOCKHOLDER	SHARES	
	ON	%
Vera Lafer	17,498,166	98.40
Novo Horizonte Agropecuária Ltda.	284,523	1.60
TOTAL	17,782,689	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**B.3) GL Holdings S/A**

STOCKHOLDER	SHARES	
	ON	%
Graziela Lafer Galvão		
Paulo Sergio Coutinho Galvão Filho	8,891,422	50.00
Maria Eugênia Lafer Galvão	8,891,422	50.00
TOTAL	17,782,843	100.00

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

CONTROLLING STOCKHOLDER/ INVESTOR:**B.4) GLIMDAS Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Léa Manela Klabin (naked owner) *	1,965,882	12
Alberto Klabin (naked owner) *	2,621,175	16.667
Leonardo Klabin (naked owner) *	2,621,175	16.667
Stela Klabin (naked owner) *	2,621,175	16.667
Maria Klabin (naked owner) *	1,965,882	12.500
Dan Klabin (naked owner) *	1,965,882	12.500
Gabriel Klabin (naked owner) *	1,965,882	12.500
Maurício Klabin's Estate	149	0.001
TOTAL	15,727,202	100.000

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

CONTROLLING STOCKHOLDER/ INVESTOR:**B.5) Verde Vivo Investimentos Florestais Ltda.**

STOCKHOLDER	SHARES	
	ON	%
Amanda Klabin Tkacz	5,242,401	33.333
Rose Klabin	5,242,401	33.333
David Klabin	5,242,401	33.333
TOTAL	15,727,202	100.00

CONTROLLING STOCKHOLDER/ INVESTOR:**B.6) DAWOJOBE Participações S.A.**

STOCKHOLDER	SHARES	
	ON	%
Armando Klabin	17,407	0.116
Wolff Klabin (*)	2,245,480	14.97
Daniela Klabin (*)	2,245,480	14.97
Bernardo Klabin (*)	2,245,480	14.97
José Klabin (*)	2,245,480	14.97
Klaro Paticipações Ltda.	6,001,002	40.01
TOTAL	15,000,328	100.00

(*) Shares subject to rights to use, with the beneficiary Armando Klabin having voting rights

CONTROLLING STOCKHOLDER/ INVESTOR:**B.6.1) Klaro Participações Ltda.**

STOCKHOLDER	SHARES	
	ON	%
Armando Klabin	36,054	0.601
Rosa Maria Lisboa Klabin	59,962	0.999
Daniela Klabin Basílio	1,476,246	24.600
Wolff Klabin	1,476,246	24.600
José Klabin	1,476,246	24.600
Bernardo Klabin	1,476,246	24.600
TOTAL	6,001,002	100

CONTROLLING STOCKHOLDER/ INVESTOR:**B.7) ESLI Participações S.A. (*)**

STOCKHOLDER	SHARES	
	ON	%
Cristina Levine Martins Xavier	7,903,431	33.333
Regina Klabin Xavier	7,903,431	33.333
Roberto Klabin Martins Xavier	7,903,454	33.333
TOTAL	23,710,315	100.00

(*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

3 CHANGES IN THE OWNERSHIP STRUCTURE

STOCKHOLDER	Type	Jun 30, 2020		Changes					Jun 30, 2021		
		Number of shares	%	Purchase / Subscription	Sale	New Investors	Withdrawals	Corporate changes *	Number of shares	%	Change %
Stockholders	ON	1,242,369,137	62.60	52,431,628	-86,400	0	0	0	1,294,714,365	62.19	4.21
	PN	361,572,623	10.56	6,463,600	-165,600	0	0	0	367,870,623	10.40	1.74
Members of the Board of Directors	ON	45,225,862	2.28	8,170,062	0	0	0	0	53,395,924	2.56	18.07
	PN	176,881,524	5.16	5	0	0	0	0	176,881,529	5.00	0.00
Members of the Executive Board	ON	1,467,049	0.07	234,650	-329,678	103,460	0	0	1,475,481	0.07	0.57
	PN	5,868,196	0.17	938,600	-1,318,712	413,840	0	0	5,901,924	0.17	0.57
Members of the Statutory Audit Board	ON	308,805	0.02	10,200	-21,000	0	0	0	298,005	0.01	-3.50
	PN	1,235,200	0.04	50,800	-84,000	0	0	0	1,202,000	0.03	-2.69
Treasury shares	ON	26,526,677	1.34	-1,395,692	0	0	0	0	25,130,985	1.21	0.00
	PN	106,106,708	3.10	-5,582,768	0	0	0	0	100,523,940	2.84	-5.26
Other stockholders	ON	668,697,125	33.69	-59,450,848	437,078	-103,460	0	97,133,940	706,713,835	33.95	5.69
	PN	2,773,542,934	80.97	-1,870,237	1,568,312	-413,840	0	110,956,976	2,883,784,145	81.55	3.97
Total	ON	1,984,594,655	100.00	0	0	0	0	97,133,940	2,081,728,595	100.00	4.89
	PN	3,425,207,185	100.00	0	0	0	0	110,956,976	3,536,164,161	100.00	3.24

4 NUMBER OF THE COMPANY'S SHARES DIRECTLY OR INDIRECTLY HELD BY CONTROLLING STOCKHOLDERS AND MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND STATUTORY AUDIT BOARD AND NUMBER OF SHARES OUTSTANDING IN THE MARKET

At 06/30/2021

STOCKHOLDER	SHARES					
	COMMON	%	PREFERRED	%	Total	%
Stockholders	1,294,714,365	62.19	367,870,623	10.40	1,662,584,988	29.59
Members of the Board of Directors	53,395,924	2.56	176,881,529	5.00	230,277,453	4.10
Members of the Executive Board	1,475,481	0.07	5,901,924	0.17	7,377,405	0.13
Members of the Statutory Audit Board	298,005	0.01	1,202,000	0.03	1,500,005	0.03
Treasury shares	25,130,985	1.21	100,523,940	2.84	125,654,925	2.24
Other stockholders	706,713,835	33.95	2,883,784,145	81.55	3,590,497,980	63.91
Total	2,081,728,595	100.00	3,536,164,161	100.00	5,617,892,756	100.00

Number of shares outstanding in the market	706,713,835	33.95	2,883,784,145	81.55	3,590,497,980	63.91
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At 06/30/2020

STOCKHOLDER	SHARES					
	COMMON	%	PREFERRED	%	Total	%
Stockholders	1,242,369,137	62.60	361,572,623	10.56	1,603,941,760	29.65
Members of the Board of Directors	45,225,862	2.28	176,881,524	5.16	222,107,386	4.11
Members of the Executive Board	1,467,049	0.07	5,868,196	0.17	7,335,245	0.14
Members of the Statutory Audit Board	308,805	0.02	1,235,200	0.04	1,544,005	0.03
Treasury shares	26,526,677	1.34	106,106,708	3.10	132,633,385	2.45
Other stockholders	668,697,125	33.69	2,773,542,934	80.97	3,442,240,059	63.63
Total	1,984,594,655	100.00	3,425,207,185	100.00	5,409,801,840	100.00

Number of shares outstanding in the market	668,697,125	33.69	2,773,542,934	80.97	3,442,240,059	63.63
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