Carta
DYNAMO 111
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In Company with the Forest

In the previous Report, we covered Suzano´s history focusing on three aspects: (i) its entrepreneurial background, which has driven the Company to global leadership in the pulp market; (ii) the culture of ownership, which permeates the principles of the management model and which, in turn, have informed Suzano´s particular way of being; and (iii) the focus on research and innovation, specifically by breaking down wood elements (biorefinery), establishing a technological platform that put Suzano in the promising meeting encounter with the Brazil of the future.

As a long-term investor, we seek differential and qualitative elements in companies. The world of commodities is tricky. Price variations can be sudden, resulting in important repercussions in asset values, challenging even for the most patient investors. Hence, in this second part of our narrative, we will consider the pulp market, outlining the main drivers that can determine the dynamics of supply and demand. Far be it from us to guess short term prices movement. Our aim is to delineate the reasonable limits of fluctuations using market fundamentals and to closely follow the initiatives that assure Suzano's competitive edge. It is our understanding that the pulp market has enough visibility that value investors, looking at the long term, feel comfortable enough to participate selecting a quality player.

Before dealing with market dimension, two short paragraphs on ambidexterity, a cultural matter that is quite dear to Suzano. One of the main challenges of established companies is to understand how to deal with the tension between what has worked well so far and what should be done from now on. Cultivating this duality lies in the art of transforming this encounter between the past and the future into a productive synergy.

Every company has its own way of portraying its background. It has to be as efficient as it is simple, credible and inspiring. Good corporate narratives are invariably organized around the mosaic of concepts and expressions. “We are a strong and kind company”; “It is only good for us if it is good for the world”; “We are on the right side of the equation” (environmental); “Our aim is to renew life starting with the tree”; “We are ambidextrous”. This latter affirmation lies in a company's ability to deal with two goals that are both distinct and, apparently, diverging. In the words of one of Suzano´s directors, it consists in “the quest to be the best at what you do today and, at the same time, opening all windows to explore” to make a difference in the future. Or also: in endeavoring and taking the opportunities (Leon), but also in planning to create opportunities (Max). Ambidexterity confers a critical quality to established companies, which is the capacity to generate value using legacy structures, while bridges are being built to take them into the future. A future that devises innovation to ensure competitiveness and sustainability (so-called ‘innovability’).

And so, the centenarian Suzano, a lower-cost producer of an agro-industrial raw material used in the manufacture of consumer goods, with low volatility in final demand, unlike other cyclical consumption commodities, behaves like a utility dispatched at the base. Such structural competitiveness, with a unique diversification of the forest, industrial and logistics base, guarantees the expressive distance in relation to marginal producers in the industry's cost curve. Even in the worst moments of the cycles of low pulp prices, as throughout last year, Suzano is able to generate positive operating results. In theory, it can afford to operate without capacity restrictions (continuous dispatch) transferring the dilemma of calibrating production to the highest marginal cost producer. At the same time, the biorefining platform, based on cutting-edge research and technological innovations, gives the Company a unique strategic position of vanguard in promising market segments. Under this perspective, Suzano presents itself as an ecosystem of startups, a contemporary business project looking towards the future. Utility and tech, a hybrid that seems to be auspicious.

Commodities are part of a class of assets normally avoided by fundamental investors. This is because companies in this segment have little or no power over the main determining factor for the value of the business, the price of the commodity. Price taking producers compete in a global arena, with fewer differentiated products traded on distant markets. Long-maturity investments with high fixed costs make supply less elastic and discrete. Prices become sensitive to small variations in demand. Commodities are usually profitable within a narrow band of fluctuations in volumes. Alterations in the wrong direction, due either to a relevant increase in supply or a sudden drop in demand, weaken this unsteady balance and may generate steep, sometimes lengthy declines in the markets. In this unsteady and cyclical environment, even the most experienced participants cannot foresee fluctuations in prices. The exercise of computing fragmented supply and demand forces and synthesizing them into a reference price becomes even more inhospitable for the investor. It is no wonder that such a general statement frightens off those that seek more control over the value leverages that determine investment performance.

For pulp, some differentiated boundary conditions, looking at it from a longer timescale perspective, shows a less historical volatility compared to other commodities, regardless of whether they are mineral or agricultural. The technological evolution of industrial processes has, over time, reduced the operational restrictions of digesters and recovery boilers, which has generated an increase in installed capacity of the most modern plants. In the state-of-the-art of the industry, competitive projects begin with a minimum nominal capacity of 1.5 million ton/year. In order to feed a plant of this scale, the most competitive regions of the country requires at least 150,000 hectares of planted forest. In other places, where the productivity of the forest is lower, such as Southeast Asia, Europe and Canada, land required for a plant of equal capacity would be, respectively, to the tune of 210,000, 520,000 and one million hectares. Taking into account that for each hectare of planted forest, some 0.7 hectare of native forest must be preserved, a total of 250,000 hectares of land is needed in the best regions on the planet. As wood travels poorly, transporting the logs to the factory is a significant part of production costs. Hence the importance of the so-called average structural radius of each manufacturing unit. For example, Suzano's recently-announced Cerrado project has an average forest-factory distance of only 60 km, which, in conjunction with other efforts, helps reduce the average structural radius of the Company from 219 km to 156 km (quite competitive). By the way, the decision to go ahead with the project was made at an appropriate time, occupying space in the country's eucalyptus *el dorado*, when the main competitor in the region is still tied up in corporate litigation.

High forest productivity depends on very particular natural conditions, such as sun exposure, rainfall, temperature, soil, topography, clone suitability, pest control, among others. The need to find these elements together and combined with the scale requirements mentioned above ends up greatly restricting the spectrum of viable areas for new pulp projects. Although it seems counter-intuitive in terms of the planet, the fact is that the options are scarce. So much so that global production has concentrated in Brazil and Latin America. The next projects in the pipeline will be, without exception, in these geographies: Bracell (Brazil), Arauco (Chile), UPM (Uruguay), Suzano (Brazil) and, to a lesser extent, the expansion of Guaíba (Brazil), further increasing the influence and dominance of production in the region with the lowest cost of world production.

With the entry of capacity from these more competitive projects, the industry's supply curve may flatten in the short term. If the trend eventually continues, higher marginal cost producers are likely to continue closing capacity, which helps discipline global supply. This phenomenon has been occurring for several years in the industry, which still has a significant volume of capacity coming from small (up to 500 thousand ton/year), old (age above 25 years) and in regions of low forest productivity (Europe, United States and Canada).

Naturally, this is a sensitive aspect of the investment thesis in the sector and deserves continuous monitoring. The forests of British Columbia were devastated for two decades by different types of beetles, while the West Coast of the United States experiences more severe droughts each year. Southeast Asia/Oceania is dealing with chronic fire and pest problems following a predatory advance of monocultures on native forest. By the way, these countries discovered in the worst possible way, something that

Suzano had already understood from the beginning: that the preservation of the native reserve is not only healthy in itself, but also fundamental to preserve the biodiversity and resilience of the monoculture. Some regions of Africa have a productivity potential equivalent to Brazil, but still coexist with institutional voids, political uncertainties, shortage of skilled labor and lack of logistical infrastructure for the adequate flow of production. On a longer horizon, there are those who remember that the persistence of global warming could eventually bring Canada back as a producer country and even unlock the potential of new regions such as Siberia, as a result of the melting ice. The sector also coexists with episodic announcements of projects that until then have not proved to be economically viable, but that cause noise, such as Euca Energy in Mato Grosso (which never got off the ground) and Paracel in Paraguay (which would have to seek wood for more than 600 km of average radius). The threats serve as a warning to remember that actors with a more aggressive risk profile may be orbiting around the "official" deck of supply in the sector. On the other hand, it is worth mentioning that in Brazil, in particular, the planted forest competes with other uses of wood or land, be it vegetable coke, bio-oil, products for the furniture industry and civil construction, livestock or agribusiness, which ends up making it difficult access to raw material.

More recently, the news come from China where a couple of dozen projects totaling close to 20 million tons of pulp capacity have arisen in a pipeline that has low trustworthiness. Perhaps some can go ahead with cheap funding from the provinces looking for alternatives to virgin fiber to fill some of the OCC (old corrugated cardboard) shortage following the environmental ban on recycled paper. The problem with pulp production in China is that the country is unable to supply incoming capacity with local wood. And so, it needs to rely on the chip supply coming from abroad. An analysis of the seaborne lumber market clearly shows an upward trend in prices, as some traditional suppliers such as Indonesia, Thailand, South Africa and Australia have been struggling to maintain their export capabilities. It is estimated that Vietnam and Chile will soon join the group. With that, if eventually such projects in mainland China succeed, they should establish a higher cost level for the marginal producer of the industry, alongside Canadians and Europeans, putting additional pressure on non-integrated producers and placing lower-cost players such as Suzano in an even more comfortable position.

In short, there are many elements that conspire to maintain the global supply of pulp relatively controlled: (i) scarcity of feasible areas to establish competitive forests; (ii) clone adaptability, technological domain of biotic and abiotic management and controls; (iii) industrial scale and knowledge of the subtleties of manufacturing processes; (iv) relevant investments with a long-term horizon to build forests, develop logistics and funding structures; (v) market intelligence and adequate commercial framework to serve a global market with fragmented customers. On the other hand, as a counterpoint to these more structural ingredients, the fall in the cost of global capital may perhaps contribute to making it possible to increase the supply of large-scale, long-term development projects in Latin America.

Considering demand, pulp benefits from some macro trends in modern society, such as an increasing population, urbanization, the growth of average income, digitalization, climate change and conscientious consumption. Products made of pulp become part of the consumable spectrum as households reach a certain average income and societies become more affluent. From toilet paper, napkins, to paper towels and tissues, as well as higher quality paper used in packaging for food and medication, and even paper bags and corrugated cardboard boxes that accompany the soaring growth of deliveries from e-commerce. The expectation in the coming decade is that all consumable product markets using pulp will expand, with the exception of paper for printing and writing (graphic paper), which is still losing space, although more gradually, as the online world advances. Conversely, digital technology is boosting e-commerce, hiking up the demand for cardboard using corrugated paper, with growth estimated over the next ten years at almost five times the fall in graphic paper. As we will see shortly, this market segment is beginning to draw the attention of producers of eucalyptus fiber, and the net effect of digitalization may also be positive for producers such as Suzano.

Usually, there are two main types of fiber used in paper-based products, according to the nature of the tree from which they come: softwood from conifer trees (long fibers) – in Brazil, predominantly pine trees – and hardwood, mainly represented by the eucalyptus (short fibers), followed by acacia tree, more commonly found in Southeast Asia. Softwood come from trees found in temperate climates in the northern hemisphere and take at least 15 years to be harvested. In Nordic countries, the traditional producers of quality papers, harvesting can take up to 50 years. Due to the strength of these fibers, they are preferably used to provide sturdiness to packaging because they can withstand weight and friction during shipping and handling. They are also used in higher quality cardboard. Meanwhile, hardwood confers greater softness and absorption capacity to the products, also presenting a better texture for printing, being traditionally used in the manufacture of printing & writing papers and in the production of tissues. Predominant in regions with an equatorial and tropical climate, where the dynamics of forests is more accelerated, eucalyptus grows faster and in Brazil, as we have seen, it is cut every seven years, which gives it a huge competitive advantage over other fibers.

Traditionally, these two markets – softwood and hardwood – were well demarcated, with their own price dynamics and low mutual interference, since paper producers admitted a low capacity of substitution (usually up to 15%) between the two fibers in their processes of manufacturing. More recently, this landscape has been changing not only because paper producers admit greater flexibility in the use of the two fibers in their lines, but also mainly because the producers of hardwood have developed technological innovations that have allowed them to advance in markets previously dominated by softwood. Suzano, for example, already commercially produces *fluff* type pulp previously only produced in the software route. Klabin, another giant in the sector, which has the largest pine forest in the country, has just launched, in a worldwide pioneering effort, Eukaliner (brown cardboard used in the covers of corrugated packages) made 100% from eucalyptus. The product reached the required strength levels, the boxes became even lighter, offering logistical gains and better printing quality, a typical characteristic of short fibers. Suzano is also advancing in this line of research and registers a 25% increase in the last five years in the eucalyptus resistance index, which measures the fiber's ability to withstand tension, approaching long fiber´s standards. The combination of more versatile paper machines, an increasingly limited offer of new softwood projects, the competitive cost differential and technological advances in hardwood explain the consistent gain in market share of eucalyptus in the bleached chemical pulp market. Additionally, these factors also contributed to the acceleration of capacity closure of traditional players in the northern hemisphere, helping to discipline the industry's supply.

Eucalyptus has shown to be more competitive not only in relation to softwood, but also when compared to other fiber options in the industry. There is already some additional demand for virgin eucalyptus fiber in order to supply the lower supply of OCC in China, due to restrictions on the import of recycled paper for environmental reasons. There is also a well-known trend towards the displacement of pulp production from non-wood fibers, such as bamboo and, finally, a lower availability of chips has also forced less competitive integrated producers to close their pulp plants and to buy fiber on the market to feed its paper machines.

Another promising vector of growth in demand for pulp-based products is the one-way path of replacing fossil components with wood fibers, especially paper for plastic. Pulp producers have been working on improving the physical-mechanical properties of paper and on the application of recyclable and biodegradable barriers on its surface. The barriers need to give paper heat-sealing properties and resistance to water, grease, steam and oxygen, in order to become sustainable alternatives for replacing plastic in single-use straws, cups and flexible packaging, a market of 190 million tons. Initial estimates point to a substitution potential of 32.5 million tons by 2040, with 1.5 ton of paper produced for each ton of plastic replaced (cf. The Pew, 2020). Several countries have already set targets for banning certain single-use plastic products, echoing the concern of responsible governments and the preferences of conscientious consumers. Naturally, the paper industry still needs to overcome relevant economic and technological challenges, such as the development of fully recyclable polymers that need to be added to form barriers. Prototypes are already on the way. The opportunity is very promising.

The growing demand for consumer products in already-established markets, coupled with the technological progress in hardwood applications occupying traditionally softwood niches, and the capacity of displacing other fibers all suggest an increase of at least 1.0 million ton/year for eucalyptus pulp in "normalized" market conditions. This is without including the enormous potential of fiber replacing fossils. On the supply side, continuity in capacity shutdowns is expected, a phenomenon that has been programmed mainly among software producers. This does not contemplate unexpected interruptions, which have been happening over the last few years, due either to an increase in bushfires, the increasingly technical aging of critical equipment in the mills, or the lack of enough investment in more mature plants. Nevertheless, inventory levels along the supply chain are at normalized levels, or slightly below normal standards. Still, announced projects are expected to bring additional production from 2021 to 2024 outstripping the projected demand. With this, the market can experiment prices below those currently practiced.

Interestingly, in the last two episodes of more concentrated entry of capacity in the pulp industry, in 2009-2010 and 2017-2018, the market absorbed the additional production well and prices corrected upwards as new capacity was added. In fact, the price slippage was anticipated, in the form of expectations, but not validated in the following moment by the dynamics of supply x demand of the industry. On the other hand, also counterintuitively, in 2018, the year of the Suzano/Fibria merger announcement, the market already seemed quite tight and, additionally, in the horizon of the following three years there was no sign of new capacity on the way, which suggested a season of interesting prices for producers. Nonetheless, the opposite took place. Prices plummeted in the period making it evident that paper producers in China had very high inventory levels, and unfortunately, due to the Company's mistaken evaluation, this was only understood in the aftermath.

China has been responsible for most of the increase in market demand for pulp, mainly over the last decade. This acute change in consumption has brought with it some apprehension. The fall in prices in 2019-2020 made it clear how difficult it is to read the aggregate behavior of Chinese buyers. Were the initiatives to hoard inventory and later withdraw orders intentionally coordinated? Was this a collective warning given by Chinese buyers foreseeing the eventual threat of more concentrated supply after two larger players had merged? These questions remain unanswered.

In most markets, it is quite difficult to project the dynamics of prices. In commodities, at times, it is even complicated to explain them after the fact. As we here at Dynamo have no wish to pinpoint the short-term fluctuations, we prefer to consider in our numbers a long-term price with a solid margin of safety, which reveals our coefficient of inability to deal with the intensity and the duration of the market's eventual deviations (*overshootings*). The "conservative" long-run price premise, below the marginal cost of production, is the numerical expression of Keynes' famous warning that we adopted as a criterion: our investment must remain on its feet, solvent and profitable, even if the market insists on remaining. irrational. From the business standpoint, and in the case we are dealing with, our long-term view of a commodity environment is based on two main premises: (i) a positive outlook of the long-term drivers in the industry; and (ii) the confidence that Suzano will continue to remain highly competitive and a protagonist of the transformations that ensure the longevity of its business.

In fact, Suzano's structural competitiveness gained further strength after the merger with Fibria. The deal brought together the best of the two large-scale companies, and this synthesis gave rise to a new and stronger Suzano. Joining the physical assets made it possible – in forest, industrial, logistical and commercial synergies – to capture a total of BRL$ 1.3 billion (well above what was initially estimated), as well as a gain of BRL$ 600 million/year in tax benefits, in addition to projecting the Company into total global leadership in the pulp market. In R&D, Suzano has made significant headway in lignin (complex organic polymers), while Fibria's gains are in micro-fibrillated cellulose and bio-oil. The unification of the two innovation platforms has strengthened the exchange of know-how and processes boosting scale and depth in the innovation area. In terms of people, the Company has taken the opportunity, using these two qualified pools, to select executives that are experienced and committed to the new cultural fit. Surefire proof of top selection was the success of a complex integrated operational process, which had high relevant risks. If culture represents the DNA of a company, Suzano came in with the amino-acids of entrepreneurialism, and Fibria brought the genetic code of controls and processes. The synthesis of this translation are proteins that lay the foundation for a healthy corporate metabolism that looks (we expect it to be) long term.

In fact, Suzano's structural competitiveness became even stronger after the merger with Fibria. The transaction combined the best of two large companies and the synthesis brought a strengthened New Suzano. The combination of physical assets made it possible to capture, in forest, industrial, logistical and commercial synergies, a total of R$ 1.3 billion — an amount above the initially estimated —, as well as the appropriation of R$ 600 million/year in taxes benefits, in addition to projecting the Company to absolute global leadership in the pulp market. In R&D, Suzano was more advanced on the lignin route, Fibria at the forefront of microfibrillated cellulose and bio-oil. The union of the two innovation platforms boosted the exchange of knowledge and processes, providing scale and depth to the innovation area. In terms of people, the Company had the luxury of being able to select, from two qualified bases, experienced executives committed to the new cultural fit. Proof of proper escalation was the good execution of a complex operational integration process, which involved relevant risks. If culture represents the DNA of a company, Suzano brought the amino acid of entrepreneurship and Fibria the codon of controls and processes. The synthesis of this translation are proteins that form the basis of a healthy corporate metabolism that promises to be (hopefully) long-lived.

A note on commercial strategy. There are no signs that the status of the largest producer with about a third of the short fiber seaborne market has brought market coordination benefits, as expected. When prices fell throughout 2019-2020, what we saw were the other producers interested only in their own agendas, behaving as they always did in the past, placing priority on sales volumes, without major concerns about preserving prices. It was up to Suzano, in some way as a consequence of its own mistake, the burden of discipline, accumulating a volume of inventories that took six quarters to normalize. The episode served as a hard lesson and Suzano rushed to develop more granular market intelligence in the obscure Chinese market, which involves establishing a network of its own storage and local distribution bases. At the same time, the Company kept pursuing the argument that lower price volatility would be convenient for other producers and particularly interesting for customers. In this sense, Suzano has been seeking to offer differentiated contract regimes with the objective of strengthening even more the partnership with long-term customers who see value in the Company's ability to qualify itself as a reliable supplier of a strategic input, committed with high-quality, high-volume scheduled deliveries. Due to its size, Suzano is the only player in the market capable of building a portfolio of contracts based on differentiated relationships.

Even with the drop in prices after the merger, both the speed to capture synergies and the devalued Brazilian exchange rate helped the Company get through its most critical period after the deal. Over the last six months, with prices returning to levels seen prior to the fall, it became evident how robust the Company's capacity for generate operational cash flow had become, accelerating the deleveraging cycle which left Suzano feeling comfortable enough to announce a new project without even defining the entire financing strategy before the outset.

Despite the still high levels of indebtedness, Suzano is investment grade, besides holding a comfortable financial situation and a well-structured, diversified debt, with no currency mismatch. It has a conservative approach to managing its liabilities, seeking ways to neutralize the short-term exchange rate effects using a structure of derivatives with cash flow hedges and index swaps, in a sophisticated blend, which can make an accurate financial assessment difficult, but which does not hide asymmetric risks. In some way, the financial area is the only part of the Company in which experimentation is not allowed. The novelty is due to the advancement of bonds linked to sustainability, a recognition of the credit market for the seriousness of the Company's commitment to ESG goals. The last SLB (bonus linked to sustainability) is associated with the fulfillment of environmental goals (water harvesting) and diversity (female representation).

Taking this all into account, we believe Suzano is a robust investment, with a portfolio of well-arranged attributes: (i) a profitable and safe business, aligned with future trends; (ii) diverse and well-defined growth vectors; (iii) a market leader, low-cost producer with an established competitive edge; (iv) a DNA of innovation and research, focusing on promising technological paths; (v) presence of a reference shareholder, with owner mentality, long term perspective and entrepreneurial skills, who knows how to identify risks worth taking; (vi) improving governance, zeal for social issues, environmental edge; (vii) a team of competent, experienced and motivated executives; (viii) low financial, execution and obsolescence risk; (ix) a strong culture.

It is not by chance, in our view, that the main risks gravitate beyond the walls. They are basically external elements that could bring relevant impacts: (i) lack of control of the aggregate market supply, with an irrational acceleration/concentration of new projects; (ii) disruption in demand, whether due to the stagnation of macro trends, an abrupt slowdown in China, widespread insolvency of the paper industry or prolonged extension of the global health crisis; (iii) climate changes that could significantly affect the productivity/integrity of forests; (iv) discontinuities in the succession process. Items (i) and (ii) do not require additional comments to those we have made about the nature of commodity markets, where uncontrolled supply and disruptions in demand tend to have catastrophic effects on prices. Regarding item (iii), it is worth remembering that Suzano's main raw material is nature. Disturbances in the tenuous balance of ecosystems, such as increases in temperature and changes in rainfall, pose a serious threat to the perpetuity of business. The environment is the main asset, but at the same time a relevant risk factor for the Company. Suzano has been working to develop its own antigens, for example, through clonal selection that supports drier climates and better resistance to natural pests, or even through the conservation of its forest portfolio in dispersed geographies, diversifying the risk of biomes. However, a failure to control global emissions with a worsening climate situation can place the Company in a region of acute discomfort and uncertainty. Item (iv) is the only aspect in our risk map that is under the exclusive responsibility of the Company. Both in terms of the family and management, it seems to us to be an early issue. But as a long-term investor, we tend to pay close attention to this factor which has already made life difficult for many important Brazilian companies

In terms of valuation, we use a long-term commodity price reference of U$S 550/ton as a base case. Even considering a range of more conservative prices, we found a real internal rate of return above double digits in dollars, which represents a robust scenario of protection and safety margin for our investment in Suzano. We also do not attribute any value to the promising routes of the innovation platform, treating them at this point still as optionalities. Of course, as these new markets develop, creating different configurations for future demands, a wide array of opportunities for strategic positioning may become apparent.

In addition to the merit of the investment itself, which we hope to have demonstrated throughout this Report and the previous one, our position in Suzano adds balance to the construction of our portfolio. We could expect to go through an especially turbulent period in the domestic scenario, with the anticipation of electoral campaigns, increased political noise and institutional instability that will make government dysfunctionalities and mismatches between powers even more exposed. Focused on the foreign market, 100% US dollar based, Suzano provides insurance and hedge protection for part of our portfolio during these confusing times.

The investment in Suzano itself, given its current characteristics, seems to us to have good foundations. When to them is added the projection — which everything indicates to be the most sensible — of where the world is heading, it becomes substantially more propitious. In Aristotelian language, as an act it is commendable, as a potency it shows itself to be imperious. As vigilant investors, we intend to follow very closely this movement of convergence of qualities that promise to meet. Who knows, and so we hope, on the line of a not-so-distant horizon.

The word "forest" comes from the Latin *forestis*, an adjective derived from *foris* (outside). The name was given to territories in which only the king was authorized to hunt and log, therefore, outside the limits of the communal areas. Hence the word "forasteiro" in Portuguese,

Dynamo Cougar x IBX x Ibovespa
Performance up to August 2021 (in R$)

Period	Dynamo Cougar*	IBX	Ibovespa
60 months	171.9%	111.3%	105.2%
36 months	128.3%	60.7%	54.9%
24 months	55.1%	19.2%	17.5%
12 months	20.1%	20.5%	19.5%
Year to date	2.5%	0.8%	-0.2%

NAV/Share on April 30 = **R$ 1,720.287561000**

(*) Indices are presented as economic reference only, and not as a benchmark.

DYNAMO COUGAR x IBOVESPA
(Performance – Percentage Change in US$ dollars)

Period	DYNAMO COUGAR* Year	DYNAMO COUGAR* Since Sep 1, 1993	IBOVESPA** Year	IBOVESPA** Since Sep 1, 1993
1993	38.8%	38.8%	7.7%	7.7%
1994	245.6%	379.5%	62.6%	75.1%
1995	-3.6%	362.2%	-14.0%	50.5%
1996	53.6%	609.8%	53.2%	130.6%
1997	-6.2%	565.5%	34.7%	210.6%
1998	-19.1%	438.1%	-38.5%	91.0%
1999	104.6%	1,001.2%	70.2%	224.9%
2000	3.0%	1,034.5%	-18.3%	165.4%
2001	-6.4%	962.4%	-25.0%	99.0%
2002	-7.9%	878.9%	-45.5%	8.5%
2003	93.9%	1,798.5%	141.3%	161.8%
2004	64.4%	3,020.2%	28.2%	235.7%
2005	41.2%	4,305.5%	44.8%	386.1%
2006	49.8%	6,498.3%	45.5%	607.5%
2007	59.7%	10,436.6%	73.4%	1,126.8%
2008	-47.1%	5,470.1%	-55.4%	446.5%
2009	143.7%	13,472.6%	145.2%	1,239.9%
2010	28.1%	17,282.0%	5.6%	1,331.8%
2011	-4.4%	16,514.5%	-27.3%	929.1%
2012	14.0%	18,844.6%	-1.4%	914.5%
2013	-7.3%	17,456.8%	-26.3%	647.9%
2014	-6.0%	16,401.5%	-14.4%	540.4%
2015	-23.3%	12,560.8%	-41.0%	277.6%
2016	42.4%	17,926.4%	66.5%	528.6%
2017	25.8%	22,574.0%	25.0%	685.6%
2018	-8.9%	20,567.8%	-1.8%	671.5%
2019	53.2%	31,570.4%	26.5%	875.9%
2020	-2.2%	30,886.1%	-20.2%	679.0%

2021	DYNAMO COUGAR* Month	DYNAMO COUGAR* Year	IBOVESPA** Month	IBOVESPA** Year
JAN	-7.4%	-7.4%	-8.2%	-8.2%
FEB	-2.1%	-9.3%	-5.3%	-13.1%
MAR	-0.1%	-9.3%	2.9%	-10.6%
APR	8.4%	-1.7%	7.5%	-3.9%
MAI	6.7%	4.9%	9.7%	5.3%
JUN	6.4%	11.6%	5.1%	10.7%
JUL	-4.8%	6.3%	-6.2%	3.8%
AGO	-2.5%	3.6%	-2.9%	0.8%

Average Net Asset Value for Dynamo Cougar
(Last 12 months): R$ 7,244.2 millions

(*) The Dynamo Cougar Fund figures are audited by KPMG Auditors and returns net of all costs and fees, except for Adjustment of Performance Fee, if due. Dynamo Cougar is destinated for qualified investors, defined accordingly Brazilian laws. The Fund is currently closed for new investments. (**) Ibovespa closing.

the same as "outsider" in English. The planted tree sector completely subverted the etymology of the word. With work and innovation, forest products became accessible, invaded cities, becoming part of the daily lives of billions of individuals in the world. The more knowledge advances, the more the microscopic wealth of the forest is discovered, the more productive and democratic it becomes, which is why sensitive and mindful societies are working towards preserving it.

More recent empirical studies find that biodiversity in tropical forests, mainly, grows the further we go up the trees. In other words, contrary to common sense, there is more life in the canopy than in the trunk near the roots. The higher up, the more sun and nutrients are available, causing the ecosystem to change at a faster rate. The same seems to happen with Suzano. Growth has been good for the Company. With each project, each obstacle, the dialectical overcoming manifests itself in a healthy way.

In many cultures and societies, creation myths use trees as symbols of life. Throughout human history, the tree has been associated with life, wisdom, strength, immortality, art and creation. If the tree is life, the purpose of "renewing life inspired by trees" is the same as discovering a rebirth of the tree from the knowledge and life experience of all who participate in this vital epic. In this plot, Suzano shows itself to be genuinely circular and renewable. From product to purpose.

Rio de Janeiro, September 20, 2021.

Please visit our website if you wish to compare the performance of Dynamo funds to other indices:

www.dynamo.com.br

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