

The Nature of the Tree

The planted tree industry stands out as synonymous with successful initiatives in Brazil. Its growth achieved by creating and distributing wealth, generating employment, taxes, exports, resilience, and prosperity. In this Report and the following one we'll describe our investment in Suzano, a relevant position in our portfolio. As a long-term investor in Brazilian companies competing in a global arena, it's only natural for our gaze to fall upon sectors where Brazil has a vocation for displaying a competitive advantage. Today, Dynamo very confidently nurtures the understanding that Brazil is a powerhouse in the environmental industry. This philosophy has been constructed with increasingly more intensive research and dedication from our team of analysts. In an upcoming issue, here in this space, we intend to explore the whole breadth that this perspective can bring to our economy.

With this mindset, we find a very particular convergence in Suzano and other companies. Hence our enthusiasm, which is reflected in this narrative in the form of our tone being possibly more effusive than usual, and in the length of our Report, which has led us to divide it in two parts, so as to respect our readers' time and breath¹.

Naturally, the positive scenario in the long-term horizon does not, in any way, make us passive toward the Company's corporate governance. On the contrary, as active and collaborative shareholders, we continue to pursue a purposeful agenda,

critically interacting with the company's management and seeking the improvements we consider appropriate in order to make our investment in Suzano even more robust.

In this Report, we propose a script for Suzano's narrative centered on three main angles: (i) the entrepreneurial impulse, which permeates the dynamic of successful expansion of the Company's asset base thus far; (ii) the culture of ownership, which infuses and lays the foundation for the principles of the Company's management model; (iii) the DNA in research and innovation, and the consequent establishment of a platform of promising technological pathways, which allow us to project the previously-mentioned auspicious convergence with Brazil's future power. Hence this Report's emphasis on this particular aspect.

In our next Report, we'll begin with a brief digression about Suzano's ambidexterity, expressed through a peculiar versatility: Suzano appears to be both *utility* and *tech*. Next, we'll examine the pulp and paper market, describing the main vectors of supply and demand, at which point we attempt to explain the apparent paradox of how a long-term investor frequents the unstable and inhospitable environment of commodities. Lastly, we'll comment on valuation, pointing out the reasons we are confident with Suzano, an investment that brings additional benefits of safety and protection to our portfolio.

¹ Although this report is aimed at one company in particular, we are revisiting an industry that projects a future so full of potential that we hope we'll (re)encounter along the way other qualified companies to play similar leading role.

First, a bit of history to understand the Company's origin and trajectory. In January 1924, the São Paulo Board of Trade finally approved the creation of Leon Feffer & Co. The young entrepreneur had arrived in the country five years earlier, after emigrating from Ukraine with his family. Life during those early days was just what one would imagine: hard work as a traveling merchant, buying and selling a little of everything, including paper. In his daily struggle for credit, Leon won the sympathy of a manufacturer and a distributor. He knocked door to door at stationery stores and bookstores. He rented a location downtown that served as a warehouse and store for direct sales. Over time, sales grew. A second store was added, with a printing press and a paper bag machine.

The years go by. A true entrepreneur is someone who perceives nuances where common sense sees only platitudes. With a keen eye for opportunities, in the midst of the 1929 economic crisis, Leon learned of a tragic fire that struck a paper company. Visiting a burned-out warehouse might seem pointless, but not to someone intimately familiar with the industry. Paper, when well pressed, does not burn, because it contains no oxygen under the surface. Leon asked his friends for a loan and bought a significant volume of paper reels for the price of rubble. He trimmed away the burnt outer layers and uncovered the intact material underneath that would give him working capital for years to come.

The business continued to prosper. By this point, LF & Co. had its own building that housed the printing press, an envelope machine, and the paper inventory. It was then that Leon had a "vision." Commerce was a profitable business, but Brazil stood to offer greater opportunities in industry. War was approaching in 1939 and the supply of imported paper was becoming more uncertain. His plan was to start producing locally, but a paper-making machine required another level of investment. Leon went all in. He sold everything he had built thus far: the building, machines, inventories, the house where he lived, even his wife's jewelry... He liquidated the company, his children went to public school, and his family started living in a boarding house. In light of the hardships of the past, risking every single hard-won achievement of the 15 previous years further underlines his entrepreneurial drive.

Animal spirits, a gut feeling, keen intuition... It's hard to find suitable descriptions, be it in cognitive science or the discipline of decision-making under uncertainty. The fact is that true entrepreneurs are sculpted from a rare and unique type of clay.

In two years of a lot of work and meticulous planning, the paper-making machine was ready and producing 20 tons a day. The risky venture proved to be successful and paved the way for the company, now called the Leon Feffer & Co Paper Industry, to continue making progress. Time passed and, by the mid-1950s, there were already three machines. The post-war flows of trade hadn't yet returned to normal, and the years showed what a liability it was to be dependent on imported raw materials. In order to achieve the self-sufficiency so strongly desired, it would be needed to develop a domestic supply of virgin fiber. Leon's son, Max, was put in charge of the ambitious project. A team of researchers set up in a laboratory at the University of Florida with samples from various trees planted in Brazilian soil. After hundreds of specialized tests and trials, the unlikely eucalyptus tree emerged victorious and Suzano penned one of the most impressive chapters of pioneering spirit in the history of Brazilian business. Hardwood eucalyptus pulp would transform the industry landscape in the decades to come, displacing traditional incumbents and establishing the new geography of global production.

Today, Suzano is the world's largest producer of market pulp, with 10.9 million tons/year of installed capacity over seven plants in Brazil. It maintains 1.3 million hectares of planted and certified forests. It also has five paper conversion plants with 1.4 million tons of processing capacity, three seaport terminals, and 12 dedicated ships. With the recent announcement of the Cerrado project in Ribas do Rio Pardo (MS), an additional 2.3 million tons/year of pulp will be produced starting in 2024, the year when the company celebrates its 100th anniversary. Since the pilot plant with 25 tons/day of capacity that opened in 1957, Suzano has never stopped growing and innovating, and was the first manufacturer in the industry to produce paper made from 100% eucalyptus pulp at commercial scales. In the 1960s and 1970s, the Company expanded

its pulp production capacity several times, all of which were quickly absorbed by its new paper-making machines, whose quality and market acceptance fed additional demand for pulp. Eucalyptus proved to be highly competitive from the beginning, which opened the way for exports.

The Bahia Sul project, a 50%/50% joint venture with Vale that began in the 1980s, started production in 1992 with a capacity for 500,000 tons of hardwood eucalyptus pulp. The following year, the first printing and writing paper machine was unveiled at the plant, with a capacity for 250,000 tons, and added to the pulp production line. In 2001, Suzano acquired Vale's share of the joint venture, which was renamed the Mucuri unit, and whose 2nd production line would be added in 2007. In 2004, a partnership was formed with VCP to jointly acquire Ripasa, forming Conpacel. Similarly, in 2011, Suzano then acquired this second joint venture's entire capital stock, and renamed it the Limeira unit. In 2013, another important leap forward: a new frontier was inaugurated in Brazil with the Imperatriz plant in the state of Maranhão, a bold project at the time with 1.5 million tons of pulp capacity. In 2018, the merger with Fibria was announced, which was completed the following year. Fibria, with practically twice as much capacity as Suzano, brings the following plants: Três Lagoas (MT), Jacareí (SP), Aracruz (ES), 50% of Veracel (BA), and its stake in Portocel, a seaport terminal specializing in pulp and paper located in Aracruz (ES). The world's largest pulp company is now formed. Meanwhile, the Group's original business, paper, is still present and has become more profitable over time, after a successful strategy of distribution channels disintermediation, bringing closer the end consumer. As an integrated player, the Company has been gaining market share. Notwithstanding, with the dizzying growth of pulp, paper currently represents about 10% of the Company's total revenue.

An entrepreneurial spirit is something that has always been part of Suzano's history, for over a century. In capital-intensive industries with long-term projects, investment decisions require careful planning capacity as well as a very significant dose of fearless business sense. Suzano expanded its capacity in discrete leaps and at moments that were nowhere close to obvious. The Bahia Sul project, which cost US\$1.4 billion, was conceived of in Brazil's

"lost decade" of the 1980s, a time of political transition and economic instability. The Imperatriz project stubbornly resisted the global financial crisis and moved forward despite the suspicious around the forestry performance in a less-domesticated region. And, conversely, the merger with Fibria — a singular opportunity for consolidation in the industry — kicked off a set of concerns about liabilities that are typical of transactions of this scale: questions about the implementation of the operational and commercial integration, about the cultural alignment and motivation of the management teams, and especially about financial stress, since the New Suzano's capital structure brazenly tested the limits of tolerable leverage. Perhaps here we should see updated manifestations in the second and third generations of that peculiar gene that drove Mr. Leon Feffer into the uncertain routes of pioneering.

Under the yoke of a "premature" transition from the second to the third generation, due to the unexpected death of his father Max in 2001, the firstborn David Feffer designed and executed very long-term planning thanks to an "owner's company" perspective that considers time in terms of generations, not quarters. Under this paradigm, the Company established a new organization model containing three fundamental principles: defined control, professional management, and commitment to stakeholders.

From this point forward, we see a clearer understanding of the institutional role of capital markets as an ally of the Group's long-term aspirations. The bygone mentality of a "semi-public"² company gradually gave way to a more modern vision of a corporation. In 2004, Suzano joined Bovespa's Level 1 corporate governance standards. In 2017, the Company was listed under Novo Mercado rules, by migrating shares to par value; i.e., preferred shares became common shares without any discount. Governance is an ongoing process. Topics evolve and we at Dynamo

2 As our interactions with Suzano have grown more frequent, we have naturally learned and come to repeat, in this Report and the next, some terms and expressions they use in their communication. For the sake of readability and to avoid using multiple footnotes, we use quotation marks freely. In addition to Suzano's press releases and documents, we have also consulted other references, which, as usual, may be found on our website, www.dynamo.com.br, under the **Library** menu.

invariably have points to discuss with the Company, which keeps its channels open for constructive dialog.

The Feffers, faithful to those three principles, were one of the few private groups in Brazil that prospered with consistent, long-term growth, while managing to maintain substantial equity interest in the operating company. The (not so numerous) diversification attempts were discontinued and, invariably, the funds returned to the original pulp and paper business. For example, in 2012, when capital was raised to move forward the Imperatriz project, the family, which had divested from the petrochemical assets years earlier, took the opportunity to increase its stake in the Company, demonstrating the eagerness to concentrate even more equity in the industry at a critical moment of portfolio reorganization.

Even after the merger with Fibria, the family kept a significant stake of 44%. Reluctance to excessively dilute equity participation often reveals a healthy aspect of “attachment” to control and also serves as discipline in the face of potentially reckless aspirations for growth. When economic interest falls to lower levels, empire-building decisions become more frequent. The non-diversified net worth status of an “insider” dominant shareholder gives a significant signal to portfolio investors. Naturally, the interests of these two types of shareholders align in a longer investment horizon. Long-term minority investors will benefit from the decisions properly taken when the control is fairly, competently, and prudently exercised. On the other hand, shorter-term investors tend to focus on apprehensions of specific peaks of leverage, which are inevitable in cyclical businesses with discrete investments.

The move to professional management usually sets off a critical moment in the trajectory of family businesses. It involves delicate elements of individual psychology and family sociology, so a good transition requires talent and emotional intelligence from those leading the process. David realized that a personal example would be the most believable, so he renounced his position as CEO to become chairman, and thereby paved the way for the other family members to also leave their executive roles. Today, Suzano has a team of qualified executives whose accolades range beyond the industry. When the transition to professional management is not well done in a family

company, it is common to see latent tension between executives and shareholders. In Suzano’s case, the symbiosis seems to work well. The resounding belief that infuses Suzano’s way of being - “strong and gentle”, as stated by Max Feffer - could find no more fitting tone than in the voice of the current CEO.

The model’s third pillar, “commitment to stakeholders,” gave rise to a management agenda that would prove to be ahead of its time. Even before the term “ESG” first appeared, Suzano listed “conducting business in a socially and environmentally responsible manner” as a strategic priority in its press releases. With its Mucuri plant, Suzano became the first pulp and paper company in the world and the first company in North, Central and South America (in any industry) to obtain the ISO 14001 international certification for environmental management standards. Since 1999, the Ecofuturo Institute, an NGO conceived of and sponsored by Suzano, has promoted “sustainable development, environmental awareness, education, and professional training.” This proves that the group’s sustainability initiatives are long-rooted, and in this context, we can see that the confidence in the ambitious commitments Suzano has been assuming toward its ESG agenda has been well-placed. By 2030, among other goals, the company intends to raise 200,000 people above the poverty line, offer 10 million tons of renewable products that can replace fossil materials, remove 40 million net tons of CO₂ equivalent/year, and promote the connection of 500,000 hectares of priority areas for biodiversity conservation in the Cerrado, Atlantic Forest, and Amazon Rainforest.

The seriousness with which Suzano has been caring for the interests, and organically incorporating the aspirations, of all stakeholders in its business plan, while pursuing operational efficiency and delivering profitability for its shareholders, is the best proof that the current governance system has been improving at a very reasonable pace³. In our opinion, we should not venture in the direction of

3 *Examples of these improvements at Suzano can be seen by the presence of independent and qualified professionals on the Board of Directors, as well as the design of committees, most notably the strategy/innovation and sustainability committees, that work intensely to align strategic visions and prepare the Company for the future.*

“radical stakeholderism,” as some suggest, at the risk of losing the accountability structure that has thus far ensured such satisfactory results for all.

Another essential ingredient in Suzano’s trajectory, one which more closely resembles an operating system (software) than physical assets (hardware), is innovation. No century-old company can remain relevant over such a long period of time without adequately reinventing itself. If we recall Dynamo Report 108, the leaps that bring Suzano forward in successive S-curves have occurred through discrete and more obvious increases in manufacturing capacity, coupled with numerous, less-visible, incremental improvements that keep the Company among the world’s most competitive within the industry while also developing new lines of business. Thus, in addition to the breakthrough discovery of eucalyptus, Suzano has pioneered several other innovations: it was the first manufacturer in the world to produce fluff pulp, used in diapers and sanitary pads, from hardwood fiber; the first to obtain approval for commercial use of a genetically modified variety of eucalyptus; the first to extract lignin from black liquor and establish a dedicated commercial plant with 20,000 tons of capacity (Limeira). It was also pioneer in using continuous digesters, bleaching with chlorine dioxide, producing high-quality recycled printing paper from OCC, and producing tissue paper in integration with pulp (Imperatriz and Mucuri).

One field where innovation has been particularly relevant is forestry. Over the last 50 years, the increased productivity in Brazilian forests, measured by MAI (Mean Annual Increment), jumped from 17-20 m³/ha/year to almost 60 m³/ha/year in the best stands. This degree of efficiency has launched Brazil past other countries to the position of lowest-cost producer in the world, significantly reducing the harvest time of eucalyptus to seven years. By harvesting faster, the planted area required per ton of produced pulp is reduced, and, as a result, the average radius (distance from the forest to the industrial plant) tends to be smaller. Although we usually attribute this performance exclusively to the country’s soil and climate conditions, this is not quite the case. In some regions, rainfall patterns have been getting worse over time. Science and technology explain an important part of this performance, based on meticulous work selecting, cloning, and conducting

genetic research over decades by the large companies in the industry (Suzano, Klabin, Aracruz, VCP, Fibria and Duratex), in partnership with Brazilian public research institutes and federal universities (EMBRAPA, ESALQ, IPEF, SIF, FUPEF, CEPEF, IPT).

It has been a long journey to “domesticate” eucalyptus since the first plantations, in the early years of the last century, aiming to provide fuel for locomotives. Since then, the so-called biotic threats (pests and diseases) and abiotic changes (to soil, water, and climate) have been present, posing constant challenges to planters. The industry counterattacks with creativity and innovation. One of the most striking records of this struggle was the development of the hybrid clone by Aracruz, after a wave of devastating fungal attacks that almost shut down the pioneering project in Espírito Santo in the early 1970s. Here is another extraordinary chapter in the history of entrepreneurship in the industry, led by the Lorentzen family.

Suzano bred resistant varieties that could grow in harsh, dry environments, further reducing the need to use agrochemicals and pesticides. The Company developed a high-precision molecular marker (with 80% accuracy) that allowed for the early selection of young seedlings best fitting each type of region’s climate and soil characteristics. It has also been developing an innovative digital tool, using analytics and big data, to find the best cloning solution for each region, in addition to delivering 2% better forestry productivity, contributing to reduce the average radius. In 2015, FuturaGene, a wholly-owned subsidiary of Suzano and a leader in forestry biotechnology with research centers in Brazil and Israel, became the first company in the world to obtain regulatory approval to commercially plant a genetically-modified variety of eucalyptus with higher productivity.

Science’s dive into the cell structure of farmed trees shows us a reality we had never previously suspected. In addition to the possibilities from genetic manipulation, as this refining work progresses, new properties of the wood’s components are revealed, leading to new lines of research with promising applications. It’s a journey reminiscent of our analysis process here at Dynamo: the deeper we dig, the more attributes emerge of the different companies’ veins of reality. And so, the widespread metaphor of “trees

and forests,” comparing micro approach and macro vision, deserves an update. We have discovered such a vast richness of microscopic elements that each tree itself behaves like a forest...

As an illustration, let's look at lignin. It is known that plant biomass has three fundamental components: cellulose, hemicellulose, and lignin. The main ingredient for making paper, and the focus of the industry's interest, has always been cellulose. Lignin, one of the most resistant substances in nature, is recognized for its roles in sustaining the cell structure of trees and protecting plant tissues. But in the cellulose manufacturing process, lignin has always been seen as a hindrance. This is because it acts as a barrier preventing access to the cellulose, while also adding an unwanted pigmentation to the cellulose pulp. Furthermore, lignin extraction is one of the costliest steps in production, requiring a great deal of energy and a large amount of chemicals to be separated. On the other hand, lignin has a higher carbon content than carbohydrates, and removing it helps to reduce the load on the recovery boiler. Over time, the industry has come to understand this molecule's ability to store and release bioenergy. Black liquor, when burned in a specific boiler, produces steam, which drives a turbine, turning pulp mills into thermoelectric power plants. For instance, a project recently announced by Suzano will produce a 90 MW surplus per year, enough energy to supply a city of 1.4 million inhabitants. By reversing the thermodynamic balance of the process, the energy revenue reduces direct costs and adds astonishing competitiveness to the most modern manufacturing units.

The newly-discovered economic use of the tree's energy potential has repercussions for the forestry industry. And so, FuturaGene has started developing new lignin molecules that can be broken down at lower temperatures, requiring less energy and fewer chemicals in the pulp production process, further improving the equation. Today, lignin can already be used to manufacture phenolic resins (such as adhesives for laminates and plywood), as an antioxidant for elastomers, and as a substitute for graphite in electric car batteries. Its use is also being tested as a raw material used to produce thermoplastics and dispersants. Researchers suspect that, in the future, it could replace carbon fiber. Discoveries in increasingly noble applications

multiply lignin's potential value several times over. Suzano's pioneering plant in Limeira, with its commercial production of 20,000 tons/year, may leverage previously unimaginable opportunities. In the metamorphosis of innovation, lignin started as a problem, became an input, and is now evolving into a product with high added value.

Another byproduct obtained from deconstructing trees is nanocellulose, in its more promising versions, nanocrystalline and microfibrillated cellulose (MFC). MFC is a microparticle of cellulose ten times thinner than a strand of hair. There are numerous potential applications, including paper and packaging (reinforcements), paints, cosmetics, thickeners, fiber cement, pharmaceuticals, and food (barriers). There are still technological and industrial challenges to be overcome — such as the drying and rehydration stages — in order to reduce production/logistics costs and make MFC more competitive. Suzano has made progress applying MFC to replace fossil resources in cleaning products and in manufacturing paints and fiber cement tiles, but the most advanced line of applications is in the textile sector, through its participation in Spinnova. The Finnish startup has developed a mechanical process that can turn the nanocellulose produced from Suzano's eucalyptus forests into a staple fiber used to manufacture the threads that are woven into fabric. The product is completely natural, biodegradable, and recyclable, does not use harmful chemicals, solvents of any kind or micro plastics, and represents a 60% reduction in the carbon footprint and a 90% reduction in the use of water compared to cotton yarn. No wonder it has already attracted the attention of partners such as Adidas, The North Face, and H&M. The expected industrial ramp-up is to grow from 1,000 tons produced next year to one million tons in 2029. Spinnova has recently held its IPO on the Finnish Stock Exchange and is being valued at approximately € 700 million. This is an early display of the value of a platform that has huge potential. Just to get an idea of the orders of magnitude involved, the clothing sector of the textile industry is a market measured at approximately 110 Mtons and dominated by products based on synthetic fibers made from petrochemicals (60%) and cotton (25%).

In the field of bio-oil, Suzano is progressing, in partnership with the US company Ensyn, in the US\$130

million project in Aracruz, using rapid thermal processing technology. The plant will have the capacity to produce 80 million liters/year that should be processed in refineries in the United States and Europe. As for bio-composites, the strategy is to blend eucalyptus cellulose into fossil-based resins, such as polypropylene and polyethylene, to reduce the carbon footprint in the plastic chain, especially in the production of durable goods. Suzano holds the patent for this process, and tests indicate that up to 60% of the fossil component can be replaced with cellulose fiber. In single-use products, the goal is to move away from plastic altogether. Here, the research is focused on solutions to improve the physical and mechanical characteristics of the base paper as well as the recyclable/biodegradable properties of the barriers coating the paper surface. Replacing plastic with paper is already a reality in some segments — such as straws, cups, and flexible packaging — and is supported by legislation in several countries that have set targets for reducing and banning the use of plastic-based consumer products. Nordic companies, such as Metsa, UPM, and Stora Enso, which cannot count on the versatility of eucalyptus, are reporting considerable advances in these avenues of research.

Despite its developments in various lines of research, this whole process is organic and not dispersed. The technologies for producing electricity, steam, biofuels, and bioproducts are all integrated in this concept of a forest-based biorefinery, which consists of an industrial plant converting forest biomass into pulp and/or paper. Suzano's wood refinery journey isn't new. Their investment in technology began decades ago and is expressed in the discipline of their growing R&D budgets, as well as in their landmark of almost 100 fully-dedicated scientists, not to mention the numerous cooperation projects with universities, research institutes, and technology partnerships with other companies. The biorefinery platform inaugurates a panel of possibilities for the Company to move forward with innovative solutions for highly promising markets, such as fuels, plastics, chemicals, textiles, and more. For Suzano, these opportunities — estimated at US\$50 billion/year — are not niche segments. And they are definitely not secondary byproducts or waste. On the contrary, they are treated as specialties, or even premium products, with high added value, regardless of

whether some of the bio-compounds have to be produced in small quantities. Despite its status as a new entrant, the Company's ambition is to act in these businesses as a protagonist and strive for a significant participation. The confidence essentially resides in three pillars: (i) in the accomplishments achieved thus far, which project even more brilliant technological developments; (ii) in the understanding and control of the forest base, a fundamental resource from which everything is originated; and (iii) in the appeal of a low-carbon economy, a path with no turning back, which is likely to only grow more significant.

The portfolio of opportunities is not confined exclusively to the potency of future projects. Suzano pursues competitiveness as an obligation. And that's the way it has to be. In the world of commodities, prices are set beyond the control of each participant. It is up to the companies interested in perpetuating their presence on the market to constantly seek lower-cost positions on the industry's supply curve. Suzano currently has 32 industrial projects mapped out, with BRL 2 billion of budgeted expenses, and which by the end of 2024 may represent an estimated savings of BRL 500 million, or a BRL 46/ton reduction in cash costs. The initiatives also contribute to make environmental equation even more net positive, since they reduce ash production, chemical use, and

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*		IBOVESPA**	
	Year	Since Sep 1, 1993	Year	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*		IBOVESPA**	
	Month	Year	Month	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 destined for qualified investors, defined accordingly Brazilian laws. The Fund is currently closed for new investments. (**) Ibovespa closing.

fossil fuel requirements, curtailing the carbon footprint of manufacturing activities.

With 1.3 million hectares of planted/certified forests and another 960,000 hectares of preserved native forests, Suzano's net environmental impact is widely positive. Their forests removed almost 19.0 Mtons of CO₂eq in 2020, while their production activity emitted 3.8 Mtons of CO₂eq (scopes 1, 2 and 3), for a net removal of 15.2 Mtons of CO₂eq, which is a benchmark among the industry carbon intensity metrics. These same forests store 315 Mtons of CO₂eq (164.8 Mton in planted forests and 151 Mton in native forests) and the Company accounted for 22 Mtons of CO₂eq eligible for trading in carbon markets. This estimate combines results from three sources: expansion of the eucalyptus forest base, growth of native forests (organically or through regeneration), and reduced emissions through industrial modernization projects, greater efficiency, and changes in energy matrix, by replacing natural gas with biomass. This inventory complies with the additionality and integrity principles of Article 6 of the Paris Agreement and therefore qualifies to be traded in the international regulated market scheme, where carbon prices are expected to converge toward higher values.

Out of respect for our readers' time, we propose to stop this first part of Suzano's narrative here. In our next Report, we will recapture the narrative with considerations about the pulp market, our view on valuation, and a summary of the arguments that justify our investment.

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

This report has been prepared for information purposes only and it is not intended to be an offer for sale or purchase of any class of shares of Dynamo Cougar, or any other securities. All our opinions and forecasts may change without notice. Dynamo is not responsible for any errors, omissions or inaccuracies in the information disclosed. Past performance is no guarantee of future performance. According to the Brazilian laws, investment funds are not guaranteed by the fund administrator, nor by the fund manager, nor by any other official mechanism of insurance.

DYNAMO

DYNAMO ADMINISTRAÇÃO DE RECURSOS LTDA.

Av. Ataulfo de Paiva, 1235 / 6º andar. Leblon. 22440-034. Rio. RJ. Brazil. Phone: (55 21) 2512-9394. Fax: (55 21) 2512-5720