



*The Monchique Oak  
(Quercus canariensis)  
lives in the forest areas  
managed by  
The Navigator Company,  
where 235 fauna and  
740 flora species,  
are preserved.*

**The Navigator Company, S.A.**  
Public Limited Company

**Share Capital**  
500 000 000 Eur

**Corporate Entity**  
503 025 798  
Registered at  
the Commercial  
Register  
of Setúbal

**Headquarters**  
Península  
de Mitrena,  
Freguesia  
do Sado  
- Setúbal



THE  
**NAVIGATOR**  
COMPANY

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## 1. HIGHLIGHTS 3<sup>RD</sup> QUARTER AND YTD SEPTEMBER 2020

With the reopening of economies and a gradual recovery in demand for paper, Navigator experienced a significant improvement in its business during the third quarter. By quickly adapting to market changes and consequently stepping up its sales efforts, which were further supported by strong operational performance in pulp and tissue business and robust action to control costs, the Group recorded a significant improvement in results over the previous quarter with a strong generation of Free Cash Flow.

### **3<sup>rd</sup> Quarter Analysis (vs. Q2 2020 vs. Q3 2019) – Turnover up 20% and Ebitda grows 36% to € 70 million**

- Paper and pulp production returned to their normal pace in the third quarter. All the Group's UWF machines have been working at full capacity since early July, and demand has gradually recovered from the situation recorded in the second quarter;
- Paper sales stood at 336 ktons (up 45% on the second quarter and down by 7% in relation to the same quarter last year); pulp sales totalled 104 thousand tons, growing by 14% in relation to the 3<sup>rd</sup> quarter of 2019 and down by 5% from the record level achieved in the 2<sup>nd</sup> quarter, when less pulp was needed for paper production. Tissue sales continued to grow, to 27 thousand tons, 5% up on the previous quarter and up by 2% on the same quarter last year;
- Turnover totalled € 348 million, growing 20% vs. Q2 2020 and down 17% vs. Q3 2019 and Ebitda stood at € 70 million (up 36% vs. Q2 2020 and down 25% vs Q3 2019); the EBITDA / Sales margin was 20.2% (vs. 17.8% and 22.2%);
- Free Cash Flow Generation in the quarter of € 56 million (vs. €99 million in Q2 2020 and € 25 million in Q3 2019);
- Net profits stood at € 31 million, up by 133% from the previous quarter (down 41% vs. Q3 2019)

### **YoY analysis (YTD Sep.2020 vs. YTD Sep.2019) – Navigator highly resilient to the impact of lockdown on UWF business thanks to pulp and tissue sales, combined with cost reductions**

- UWF business felt the direct impact of lockdown, resulting in total UWF sales of 934 thousand tons, down by 14% on the same period in 2019; this was offset by growth of 39% in pulp sales to 297 thousand tons and tissue sales up 7% to 79 thousand tons;
- The first nine months of the year saw sales prices fall in comparison with 2019: the BHKP pulp index (in euros) fell by 26% and the A4 paper index dropped by 7%;
- Turnover stood at € 1 044 million (down 18%) and Ebitda at € 210 million (down 30%);
- A substantial reduction in variable production costs and firm containment of fixed costs cushioned the effect of falling sales prices and resulted in an EBITDA / Sales margin of over 20% (down 3,4 pp);
- Financial results improved to € -9 million (vs. € -11 million) and income tax totalled €- 15 million (vs. €- 41 million), resulting in net income of € 75 million (vs. € 147 million);
- The Group continued to demonstrate excellent capacity to generate free cash flow, which totalled € 170 million (vs. €125 million), with capex of approximately € 70 million (vs. € 119 million);

- Net debt dropped substantially, down by € 132 million to € 644 million, whilst the Net Debt / Ebitda ratio stayed at a comfortable level of 2.28 X; the Group also increased its liquidity in cash and cash equivalents to € 345 million.
- Project for the new biomass boiler in Figueira da Foz at its final stage, with tests starting in September. This investment, 50% funded by EIB (European Investment Bank), will enable the plant in Figueira da Foz to reduce its CO2 emissions by 81%, and will allow for significant cost savings.

## 2. LEADING INDICATORS

Million euros	YTD Set 2020	YTD Set 2019	Change <sup>(7)</sup> YTD 20/ YTD 19
<b>Total Sales</b>	1 043.9	1 274.2	-18.1%
<b>EBITDA <sup>(1)</sup></b>	<b>210.5</b>	<b>300.2</b>	<b>-29.9%</b>
<b>Operating Profits (EBIT)</b>	99.6	199.8	-50.1%
<b>Financial Results</b>	- 9.1	- 11.4	-20.5%
<b>Net Earnings</b>	<b>75.2</b>	<b>147.5</b>	<b>-49.0%</b>
<b>Cash Flow</b>	186.1	248.0	- 61.9
<b>Free Cash Flow <sup>(2)</sup></b>	170.4	125.4	45.0
<b>Capex <sup>(8)</sup></b>	69.7	118.9	- 49.2
<b>Net Debt <sup>(3)</sup></b>	644.0	776.0	- 132.0
<b>EBITDA/Sales</b>	<b>20.2%</b>	<b>23.6%</b>	-3.4 pp
<b>ROS</b>	7.2%	11.6%	-4.4 pp
<b>ROCE <sup>(4)</sup></b>	7.6%	14.2%	-6.6 pp
<b>ROE <sup>(5)</sup></b>	9.4%	17.1%	-7.7 pp
<b>Equity Ratio</b>	41.5%	43.7%	-2.2 pp
<b>Net Debt/EBITDA <sup>(6)</sup></b>	2.28	1.87	0.41

  

in million euros	Q3 2020	Q2 2020	Change <sup>(7)</sup> Q3 20/Q2 20	Q3 2019	Change <sup>(7)</sup> Q3 20/ Q3 19
<b>Total sales</b>	348.4	289.7	20.3%	420.1	-17.1%
<b>EBITDA <sup>(1)</sup></b>	<b>70.4</b>	<b>51.7</b>	<b>36.1%</b>	<b>93.3</b>	<b>-24.6%</b>
<b>Operating profits</b>	35.9	15.4	134.0%	65.8	-45.4%
<b>Financial results</b>	- 0.8	- 2.1	-62.1%	- 1.7	-53.5%
<b>Net earnings</b>	<b>31.2</b>	<b>13.4</b>	<b>132.6%</b>	<b>52.6</b>	<b>-40.7%</b>
<b>Cash flow</b>	65.7	49.7	15.9	80.2	- 14.5
<b>Free Cash Flow <sup>(3)</sup></b>	56.4	99.1	- 42.6	24.6	31.8
<b>Capex</b>	21.0	26.0	- 5.0	20.1	0.9
<b>Net debt <sup>(5)</sup></b>	644.0	700.4	- 56.4	776.0	- 132.0
<b>EBITDA/Sales (%)</b>	<b>20.2%</b>	<b>17.8%</b>	2.4 pp	<b>22.2%</b>	-2.0 pp
<b>ROS</b>	9.0%	4.6%	4.3 pp	12.5%	-3.6 pp
<b>ROCE <sup>(7)</sup></b>	8.3%	3.4%	4.9 pp	18.3%	-10.1 pp
<b>ROE <sup>(6)</sup></b>	11.8%	5.1%	6.7 pp	14.0%	-2.2 pp
<b>Equity ratio</b>	40.5%	40.1%	0.5 pp	43.7%	-3.2 pp
<b>Net Debt/EBITDA <sup>(6)</sup></b>	2.28	2.29	-0.01	1.87	0.41

1. Operating profits + depreciation + provisions;
2. Variation net debt + dividends + purchase of own shares
3. Interest-bearing liabilities - liquid assets (not including effect of IFRS 16)
4. ROCE = Annualised operating income / Average Capital employed (N+(N-1))/2
5. ROE = Annualised net income / Average Shareholders' Funds last -1 months
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months  
Impact of IFRS 16: Net Debt / EBITDA in 9M 2020 of 2,47; restated 2018 Net Debt / EBITDA in 9M 2019 of 1,98;
7. Variation in figures not rounded up/down
8. Capex for 9M 2019 and 3Q 2019 restated

### 3. ANALYSIS OF RESULTS

#### 3<sup>rd</sup> Quarter 2020 vs. 2<sup>nd</sup> Quarter 2020 vs. 3<sup>rd</sup> Quarter 2019

The third quarter of 2020 saw a gradual upturn in demand for printing and writing papers, after a second quarter severely hit by lockdown measures and the consequent impact on paper consumption. In fact, after the strong drop verified in April, order inflow for UWF in Europe has been improving, with UWF paper showing the strongest recovery among other paper grades. During the third quarter, order inflow for UWF in Europe (from European customers) reached 90% of last year's third quarter level, i.e. the best performance as compared with all other countries.

Thus, after a drop of 28% in the months from April to June, UWF demand in the European market contracted 10% in Q3 2020. In the US, demand also improved significantly between the 2<sup>nd</sup> and the 3<sup>rd</sup> quarters, recovering from a 31% to a 19% drop. As in the previous quarter, the largest fall in consumption was in sheeted paper, especially for printing use, whilst reel business appeared to be more resilient. It should be noted that the office paper fell slightly less than the graphic paper, a business that represents around 50% of the Group's UWF paper sales. The Navigator Company has built over the years a balanced mix of formats, between cut-size (office paper), folio (graphic) and reels.

In this context, the Group registered a turnover of € 348 million, up by 20% in relation to the second quarter of 2020 and down by 17% when compared with the same quarter in 2019. The upturn in output at all the Group's paper machines over the quarter resulted in an increase of 45% in the sales volume (vs. 2<sup>nd</sup> quarter) and a 7% reduction in relation to the same period last year. Sales to Europe and the US have had a much more positive YoY evolution as compared to the rest of the world.

However, the benchmark sales price for UWF paper remained under pressure, down by 2% in relation to the previous quarter, and by 8% in relation to the third quarter in 2019. Navigator's average sales price followed the general trend, reflecting also the pressure from non-European markets, the change in the formats/quality mix (increasing proportion of reels and economy products) and the weakness of the US dollar against the Euro. It should be noted that Navigator's average selling price in Europe adjusted less and later than that of its competitors. It should also be noted that the USD sales price in September in international markets reflect some recovery from June prices.

Third quarter paper sales totalled € 238 million, up by 36% vs. the second quarter and down by 19% in relation to the third quarter of 2019.

Despite the recovery of the paper mills operations, pulp sales to the market remained at a high level, around -5% vs. second quarter and +15% vs. the third quarter of 2019. This volume was made possible by successful sales efforts and increased market diversification.

In the tissue business, the volume of sales grew again by around 5% in relation to the second quarter and approximately 2% in relation to the same period in the previous year, to around 27 thousand tons, with finished products representing a larger proportion of sales (74%, as compared to 70% in the second quarter and the third quarter of 2019). Despite the situation in the market, the quarter set new records for sales and profitability in tissue business.

As a result, in a context of a gradual recovery in demand combined with strong pressure on UWF and pulp prices, Navigator managed to explore the diversification of its business model, recording significant growth in turnover in relation to the preceding period. Combined with a series of fixed and variable cost control measures, this enabled the Group to record Ebitda of € 70 million in the quarter, up by 36% on the second quarter of 2020 (down by 25% on the same quarter last year), resulting in an EBITDA / Sales margin of 20.2%.

Net income was up by 133% vs. the second quarter of 2020, standing at € 31 million (down by 41% on the third quarter of 2019).

### **Nine Months 2020 vs. Nine Months 2019**

The Navigator Company recorded turnover of € 1 044 million in the first nine months of 2020, with paper sales accounting for around 68% of turnover (vs. 72%), pulp sales 11% (vs. 9%), tissue sales 10% (vs. 8%) and energy sales also 10% (vs. 10%). The period saw a downturn in global paper consumption as a result of the Covid-19 pandemic mainly in the second quarter, with the third quarter already experiencing a significant recovery, particularly in Europe. The Company succeeded in cushioning the drop in UWF sales through increased diversification of its business, with growth in pulp and tissue sales and significant reductions in costs.

### **Gradual recovery in UWF paper demand**

Estimates point to a reduction of approximately 15% in the global UWF market YTD August. In Europe, the estimated accumulated reduction is 14% and in the United States the figures point to a drop of 21%. UWF demand proved more resilient than demand for other types of printing and writing papers, in particular in the case of coated woodfree paper, where global demand dropped YTD August by 19%, with a reduction of 27% in Europe and 23% in the United States.

After the sharp slump in April and May, demand for paper recovered gradually as from June, and this trend was confirmed over the third quarter, with the reopening of the economies, especially in the European and US markets. All UWF formats showed signs of recovery, with sales of reels proving the most resilient since the start of the pandemic. This evolution clearly highlights the diversity of uses and versatility of UWF paper in relation to other types of printing and writing paper.

In this environment, Navigator has managed its output of UWF paper over the past nine months in line with the downturn in demand, thereby controlling its stock levels. After an adjustment in production levels in the most critical months, the Company then increased paper production again as from July, since when all its machines have been working at full capacity. As a result, at the end of September, Navigator's YTD capacity utilisation rate stood at around 90%, as compared with an average rate of 74% for European manufacturers.

In recent months, Navigator has adopted a large package of innovative measures to support its distributors and their sales teams, in different parts of Europe and around the world. This was successful in achieving a significant increase in the order book. This significant sales effort resulted in healthy order books over the third quarter, with orders equivalent to 26 days' output at the end of September, in line with the levels recorded in previous years and comparing positively with the rest of the industry. These commercial initiatives also enabled Navigator to gain market share against its European competitors (up 2 pp vs. 2019). It should be noted that Navigator maintained the weight of its premium products and own brands in sales to Europe, at 57% and 66% respectively.

Thus, as a result of these support measures to suppliers and after a careful stock management, the Company ended the third quarter with an inventory level in line with previous years, continuing to represent around half of the stocks of its European rivals, even after the Group restarted to produce at its normal capacity. It is also estimated that the level of stocks in the pipeline is lower than usual for this time of year, despite the context of reduced demand.

As a result, UWF sales in the first nine months totalled 934 thousand tons, down around 14% on the same period in the previous year and in line with the Group's forecasts that formed the basis for its decision to reduce production. The sales value in the Group's UWF business was hit by falling paper prices, and sales dropped in value by around 22%, to € 707 million. It should be noted that the reduction in the Group's sales prices in Europe was in line with PIX, and that the

average price outside Europe was brought down by exchange rate trends, the evolution of product and market mix, and the sharp downturn in prices in those markets.

The YoY tendency in sales prices reflects the adjustment that started in the second half of 2019, and continued throughout the first half of 2020, under pressure from the pandemic and the low level of pulp prices. The benchmark index for A4 showed a downward adjustment of 7% YoY, to an average price of 846 €/ton, as compared to 909 €/ton at the end of September 2019.

### **Pulp sales volume grows by 39%**

The global pulp market held up well against the adverse environment of an economic downturn caused by the pandemic. Global demand for hardwood pulp is estimated to have grown by 10.6% YTD Aug 2020 vs. YTD 2019, driven by China which grew by 20%, despite the slowdown observed in August and September (down 0.6% YoY). This increase was achieved essentially on the strength of significant growth in demand for tissue products. Stocks of short fibre at manufacturers have dwindled over the year, currently standing at around 38 days, below the average level of 44 days for the past five years. Nonetheless, stocks at Chinese ports are estimated to stand at historically high levels, of around 1.7 to 1.9 million tons, most of it owned by the buyers.

In this environment, the listed (gross) USD price of BHKP in Europe held steady over first nine months of 2020, at 680 USD/ton, 25% down from the price of 909 USD /ton recorded in the first nine months of 2019. The price of BHKP pulp in Euros also dropped by 25%, to 606 €/ton vs. 808€/ton, and the recent weakness of the US dollar against the Euro during the third quarter brought down the PIX index in euros, thereby hitting the profitability of European pulp manufacturers. Pulp remains at a low point in the price cycle and, because of the impact of the pandemic on certain pulp consuming industries, expectations of price rises in the first half have been successively deferred.

Navigator succeeded in recording a volume of pulp sales to the market significantly higher than in the same period last year (around 39% in tons), at 297 thousand tons, making this one of the best periods since 2010. This growth was made possible by increased diversification of sales to destinations outside Europe, seizing opportunities in the Tissue and Packaging segments and taking advantage of the greater availability of pulp for the market as a result of reduced paper production in the second quarter.

The sharp increase in quantities sold was nevertheless not enough to mitigate the impact of the reduction in the average sales price for pulp in the period, with the result that sales totalled € 118 million in value, as compared with € 121 million (down 3%). It should be noted that in markets outside Europe the lowest sales prices were reached in July, and the Group saw a recovery of around 7% in its net prices in Euros outside Europe during the quarter.

### **Tissue sales grow in volume and value**

Tissue business evolved favourably over the first nine months of 2020, with sales in volume standing at 79 thousand tons, which represents an increase of 7% in relation to the same period in 2019.

The Group's tissue business was able to react positively to the opportunity offered by the peak in demand triggered by COVID-19 for products in the At Home (AH) segment. Attention should also be drawn to the less positive evolution in the Away from Home (AfH) segment, which was affected by the COVID-19 situation, insofar as these products are aimed to a large extent at HORECA channels - hotel, restaurants and cafés - and at companies, which were severely affected by the lockdown measures implemented from mid-March onwards. During the third quarter, this impact was particularly relevant due to the strong reduction of tourists in the Iberian Peninsula where the Group places most of its sales to this segment.



Navigator has made significant industrial and commercial efforts over the last nine months to respond to growing demand for At Home products, and succeeded in increasing sales of finished products by around 9% to 61 thousand tons.

The Group accordingly recorded an increase in tissue turnover of approximately 5%, to € 106.7 million. The sales mix improved in relation to the same period in the previous year, with the proportion of finished products rising to 77% (as compared to 75% in 2019), to the detriment of reels.

### **Energy Business rallies with economic upturn, but shows impact of transition in tariff system**

Power sales in the third quarter of 2020 totalled € 33.9 million, up by 3.5% on the second quarter, thanks essentially to the resumption of normal operation of the renewables-fired cogeneration plants and of the combined cycle natural gas plant in Setúbal.

In the first nine months of 2020, electricity sales totalled € 106.8 million, representing a reduction of 12.9% in relation to the figures for the same period in the previous year. In terms of the sales volume in GWh, the reduction recorded stood between 2 and 3%.

Overall, this reduction was due essentially to the following factors: (i) lower sales tariffs for power generated by the Setúbal natural gas cogeneration plant, for which the new tariff rules came into effect in April and which operated in May with only one of the generator sets; (ii) the negative effect of the slowdown in pulp and paper operations in the second quarter, inevitably reflected in the level of cogeneration.

The new tariff rules for the renewables-fired cogeneration plants at the Setúbal and Figueira da Foz pulp mills came into force respectively in January and July 2020, resulting in lower sales tariffs, in line with the new legal framework for the sector.

The negative impact of the implementation of this regulatory framework on the three power stations - Setúbal natural gas plant, Setúbal pulp cogeneration and Figueira da Foz pulp cogeneration - is estimated at more than € 7 million.

### **Improvement in production costs**

The first nine months of 2020 saw positive evolution in most production expenses, both variable and fixed. The main progress achieved in efforts to optimise variable costs was in the following areas:

- external fibres (resulting from the evolution of prices for long and short fibre, but also from the effort to reduce their specific consumption);
- wood (due in particular to the work done in all manufacturing units to lower specific consumption recorded over the period, and a favourable change in the mix of origins);
- chemicals (essentially due to both the reduction in the price of some products, and the work done to reduce consumption, namely, but not exclusively, in bleaching);
- packaging materials.

It is important to note that an extended team work contributed to a significant reduction of specific consumption, taking advantage of the slower pace of production, despite the instability that these shutdowns and changes in operating speed can cause. Progress was also made in renegotiating contracts for all raw and subsidiary materials.

Significant containment may be observed over the first nine months in fixed costs, which stood at around € 30 million below the level recorded in the same period in 2019, with positive evolution in personnel costs and running costs, in particular in the costs of corporate areas.

### **EBITDA: sharp reduction in costs and increased business diversification mitigates downturn in prices and UWF volumes**

EBITDA for the first nine months totalled € 210 million, down 29.9% on the first nine months of 2019, in a context of steeply falling pulp prices (down 25%), a reduction in paper volumes due to the pandemic (down 14%) and a reduction in paper prices (down 7%). The EBITDA / Sales margin stood at 20.2%, 3.4 p.p. lower than in the same period in 2019.

### **Financial Costs improve € 2.3 million**

Financial costs stood at € 9.1 million (vs. € 11.4 million), an improvement of € 2.3 million, thanks to an increase of € 2.1 million in results from hedging operations. Particularly successful results were achieved for pulp price hedges, and net compensatory interest improved over the period by € 2.7 million. This was in contrast to interest on financial investments which continued to fall (down € 2.2 million) in relation to the very positive results obtained in the same period in 2019, due to the impact of Covid-19 on the performance of the financial markets, despite the recovery already visible. The costs of financing operations increased in turn by € 0.9 million, due to the increase in gross borrowing, as a result of surplus liquidity being contracted over the period to respond to the crisis, although the average cost of financing was lower than in the same period in 2019 (all-in cost of 1.62% vs. 1.77%).

Pre-tax profits totalled € 90.5 million and tax payable stood at € 15.3, the taxation rate for the period having fallen to 17%, from 22% in the same period in the previous year. Net income for the period stood at € 75 million, as compared to € 148 million in the first nine months of 2019.

### **Free cash flow generation rises in first nine months to € 170 million**

Free cash flow generation totalled € 170 million in the first nine months, as compared to € 125 million in the same period in 2019; this is the highest value of Free Cash Flow registered for a nine-month period since 2014. It should be recalled that the year started with free cash flow generation of € 15 million in the first quarter, and the strong growth was recorded after the early impact of the pandemic: € 99 million in the second quarter and € 56 million in the third quarter. This was achieved through highly effective management of working capital, which combined healthy capacity to collect customer accounts and continued care in managing suppliers, where extension of certain payment periods was coordinated with the provision of financial solutions to support the liquidity of our partners. There was also a general reduction in stocks, in regards to the beginning of the year and to the end of the second quarter. Another decisive factor was the more moderate pace in implementing our capex plan.

### **Refinancing of debt maturing in 2021**

During the third quarter, the Group contracted several borrowing operations in order to refinance the debt maturing in 2021. In line with well-established policies, these operations were planned in advance to the extent considered appropriate, and did not entail any immediate funding. Instead, the new facilities are coordinated with the actual maturity dates of the existing debt. This increases and prolongs the Group's liquidity situation as deemed appropriate in the present context.

At the end of September, net interest-bearing debt totalled € 644 million (excluding the impact of IFRS 16), representing a reduction of € 71 million over year-end 2019, after a period in which the Group distributed reserves of € 99 million to its shareholders. The Net Debt / Ebitda ratio remains at a conservative level of 2.28 x (excluding the impact of IFRS 16 on interest-bearing net debt). The Company continues to enjoy comfortable liquidity, with approximately € 345 million in short term assets at 30 September.

## 4. QUARTERLY OPERATIONAL DATA

### Pulp and Paper

(in 000 tons)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<b>BEKP Output</b>	363,7	364,1	393,7	268,7	337,6
<b>UWF Output</b>	364,2	342,0	384,2	223,5	333,4
<b>FOEX – BHKP Euros/ton</b>	723	625	616	617	583
<b>FOEX – BHKP USD/ton</b>	804	691	680	680	680
<b>FOEX – A4-BCopy Euros/ton</b>	901	884	864	845	828

### Tissue

(in 000 tons)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<b>Reels Output</b>	25,9	24,7	26,4	29,6	29,0
<b>UWF Output</b>	20,9	17,2	21,5	20,0	19,2

### Energy

(in 000 tons)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<b>Production (GWh)</b>	511,8	494,4	538,7	435,2	509,0

## 5. CAPEX IN THE FIRST NINE MONTHS OF 2020

### Capex of € 70 million (vs. € 119 million in the first nine months of 2019)

As previously announced, Navigator decided on a substantial review of its capex plan for 2020, from investment initially estimated at € 158 million to approximately € 70 million. Considered on a cash flow basis, this figure was further revised to slightly above € 55 million. It should be noted that the capex that will be reported on an accounting basis is expected to stand at approximately € 90 million.

As a result, capital expenditure reported in the first nine months stood at € 69.7 million (the comparable amount in the same period in 2019 was EUR 118.9 million). From this figure, around two thirds are maintenance and asset replacement investments and one third are investments in the environmental area, with particular emphasis on the New Biomass Boiler in Figueira da Foz. It should be noted that, of the investment incurred in 2020, over 80% refers to maintenance and projects begun in previous years.

The new biomass boiler in Figueira da Foz is currently being finalised and testing has begun during the third quarter, a project representing a total investment of € 55 million over the course of 2019 and 2020, with EBI funding. This project will make it possible to cut CO<sub>2</sub> emissions at this unit by 81% and by 20% for Navigator as a whole (reduction in the order of 155 thousand tons of CO<sub>2</sub>/year). As a result, the mill will generate 100% of its electrical power from renewables.

This is the first and most important step in Navigator's ambitious decarbonisation plan, with the aim of achieving carbon neutrality at its industrial plants by 2035.

### **Project in Mozambique - progress report**

Navigator and the Mozambican Government have continued to work as agreed in the MoU signed in 2018, focussing efforts on establishing the necessary groundwork, in particular as regards logistical relating to the Port of Macuze. The Mozambican government and president have made public statements emphasising the strategic importance of the Port of Macuze to Zambézia province and to the country as a whole,

On the lands subject, a Forest Investment scheme is being implemented as a government initiative with funding from the World Bank. The aim is to promote small and medium scale sustainable commercial forestry plantations, and to restore degraded areas. In the 2019-2020 season, plantations were established over an area of approximately 550 hectares (1.500 ha in the 2020-2029 campaign). Portucel Moçambique plays an active role in designing and implementing the programme and has contributed with wide-ranging support, such as designing the silviculture model, providing cloned plants at a subsidised price and in the access to raw materials. Later on, when plantations are ready for harvesting, Portucel Moçambique will have first option on purchase of the wood.

Preparations are under way for exporting wood from our plantations in Manica as from next year, shipping consignments from the Port of Beira. The aim is to put Mozambique on the world map in this forest-based industry.

## **6. OUTLOOK**

The third quarter was marked by the progressive and sustained recovery of the UWF business, in line with the recovery in the wider economy, but in a highly volatile context marked by great uncertainty. Demand evolved positively, especially in Europe and the US, allowing Navigator to scale up its paper production again as from July, bringing all its machines back into operation. At the end of September, Navigator's capacity utilisation rate stood at 89% YTD (comparing with an average of 74% for European manufacturers), its stock levels were in line with the previous year (in 17 days), and its order books were healthy with a 26 days level. In market terms, it is believed that the stock in the pipeline is below normal level (in terms of sales days).

Although the risk of a second wave of the pandemic persists, with the extent and impact still difficult to estimate, the Group has been registering some positive signs, namely a greater dynamism in the entry of orders from the European market in recent weeks, which allow us to predict that the market recovery will continue in the fourth quarter. The order book at the beginning of October increased to almost 30 days, but the entry of orders outside Europe and the US is still at a very early stage.

In pulp business, the drop-off in demand for tissue and packaging products in the third quarter caused business to slow somewhat in July and August. After a gradual reduction in short fibre stocks at producers, it is estimated that the level of pulp stocks in China (mostly owned by buyers) started to slightly increase again in late September, being still below the last 2 years average. However, prices are at very low levels (and in some cases below marginal cost) both in Europe and in China and certain factors may contribute to an improvement in prices during the fourth quarter. The Group has already witnessed a recovery trend throughout the third quarter in pulp prices outside Europe, in September, standing about 7% above July prices.

On the one hand, the current price gap between long and short fibre, at maximum levels close to 150 USD/ton, may lead to positive pressure on short fibre prices. On the other hand, a number of maintenance shutdowns are scheduled, in particular in Latin America, having been originally planned for the second quarter, and estimates point to this removing approximately 420 thousand tons from the market.

In tissue business, after positive performance in the first nine months, there is some concern about a possible contraction in demand, especially in the Away from Home segment.

For the fourth quarter, some days of maintenance stoppages are scheduled in the pulp mills of Aveiro and Setúbal, and in the paper machines of Setúbal. The annual maintenance stoppages will take place in the tissue mills of Aveiro and Vila Velha de Ródão.

Navigator gradually scaled its production levels back up over the course of the third quarter, with commercial initiatives that enabled it to increase its paper sales by 45% in relation to the second quarter, maintaining sales of pulp to the market at a high level and taking advantage of opportunities in tissue business. The increase in activity was accompanied by significant efforts over these nine months to reduce both fixed and variable costs, enabling the Company to achieve a better level of operational efficiency which is expected to be, in part, maintained in future. These results have once again confirmed the resilience of Navigator's business model and its extremely strong capacity to generate free cash flow, even in the most difficult circumstances, such as those we have experienced during 2020.

Lisbon, 27 October 2020

## 7. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### INTERIM CONSOLIDATED INCOME STATEMENT

For the nine-month period ended 30 September 2020

Amounts in Euro	Notes	9 months 30-09-2020	9 months 30-09-2019
Revenue	2.1	1,043,947,377	1,274,238,404
Other operating income	2.2	31,819,271	22,522,214
Changes in the fair value of biological assets	3.7	(3,619,972)	(2,262,018)
Costs of goods and materials consumed		(420,975,784)	(540,716,096)
Variation in production		(28,172,449)	13,988,251
External services and supplies	2.3	(297,658,110)	(339,861,736)
Payroll costs	7.1	(94,355,851)	(108,597,389)
Other operating expenses	2.3	(20,531,412)	(19,069,354)
Net changes in provisions	9.1	475,594	2,280,599
Depreciation, amortisation and impairment losses in non-financial assets	3.6	(111,339,690)	(102,760,542)
<b>Operating results</b>		<b>99,588,974</b>	<b>199,762,331</b>
Other earnings and financial income	5.7	6,198,622	5 705 576
Other expenses and financial losses	5.7	(15,261,474)	(17 104 280)
<b>Financial results</b>		<b>(9,062,852)</b>	<b>(11,398,704)</b>
Share of profits of associates and joint ventures		-	-
<b>Profit before tax</b>		<b>90,526,122</b>	<b>188,363,627</b>
Income tax for the period	6.1	(15,264,189)	(40 835 513)
<b>Net profit for the period</b>		<b>75,261,933</b>	<b>147,528,116</b>
Attributable to Navigator's equity holders		75,249,680	147,521,948
Attributable to non-controlling interests	5.3	12,253	6,168
<b>Earnings per share</b>			
Basic earnings per share, Eur	5.2	0.106	0.207
Diluted earnings per share, Eur	5.2	0.106	0.207

The following notes form an integral part of these consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2020

Amounts in Euro	Notes	9 months 30-09-2020	9 months 30-09-2019
Net profit for the period <b>before non-controlling interests</b>		<b>75,261,933</b>	<b>147,528,116</b>
<b>Items that can be reclassified subsequently to profit or loss</b>			
Hedge derivative financial instruments			
Changes in fair value		2,369,913	(6 293 979)
Tax effect		(651,726)	1 730 844
Currency translation differences		(1,533,979)	4 152 191
Tax on conventional capital remuneration		(442,750)	1,001,000
<b>Items that cannot be reclassified subsequently to profit or loss</b>			
Remeasurement of post-employment benefits			
Remeasurements		(1,255,372)	(9 802 011)
Tax effect		22,362	428,175
Comprehensive income of associates and joint ventures		1,162,423	3,108,409
<b>Total other comprehensive income net of taxes</b>		<b>(329,129)</b>	<b>(5,675,370)</b>
<b>Total comprehensive income</b>		<b>74,932,804</b>	<b>141,852,745</b>
Attributable to:			
Navigator's equity holders		74,920,551	141,714,010
Non-controlling interests		12,253	138,735
		<b>74,932,804</b>	<b>141,852,745</b>

The following notes form an integral part of these consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the nine-month period ended 30 September 2020

Amounts in Euro	Notes	30-09-2020	31-12-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	5,807,506	4,506,689
Property, plant and equipment	3.3	1,204,416,632	1,249,651,599
Right-of-use assets	3.5	51,733,460	45,517,924
Biological assets	3.7	128,149,868	131,769,841
Investment properties	3.4	94,647	95,882
Receivables and other non-current assets	4.2	32,524,338	58,778,469
Deferred tax assets	6.2	28,040,474	31,638,565
		<b>1,828,106,392</b>	<b>1,899,298,435</b>
<b>Current assets</b>			
Inventories	4.1	211,349,731	217,879,700
Receivables and other current assets	4.2	263,424,942	247,408,647
Income tax	6.1	6,503,725	25,145,169
Cash and cash equivalents	5.6	345,129,117	161,880,403
		<b>826,407,515</b>	<b>652,313,920</b>
Non-current assets held for sale		-	-
		<b>826,407,515</b>	<b>652,313,920</b>
<b>Total Assets</b>		<b>2,654,513,907</b>	<b>2,551,612,355</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	5.1	500,000,000	500,000,000
Treasury shares	5.1	(20,189,264)	(20,189,264)
Currency translation reserve		(20,262,928)	(18,728,949)
Fair value reserves		(4,666,225)	(6,384,412)
Legal reserve		100,000,000	100,000,000
Other reserves		98,153,331	98,153,331
Retained earnings		373,781,548	206,004,258
Net profit for the period		75,249,680	168,290,315
<b>Equity attributable to Navigator Company's Shareholders</b>		<b>1,102,066,141</b>	<b>1,027,145,277</b>
Non-controlling interests	5.3	285,757	273,817
<b>Total Equity</b>		<b>1,102,351,898</b>	<b>1,027,419,095</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.4	695,761,340	863,936,941
Lease liabilities	5.5	47,848,898	42,450,826
Pensions and other post-employment benefits	7.2	7,934,095	6,588,076
Deferred tax liabilities	6.2	91,329,929	80,413,906
Provisions	9.1	20,558,960	19,948,347
Payables and other current liabilities	4.3	27,695,775	30,837,585
		<b>891,128,998</b>	<b>1,044,175,681</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5.4	293,327,266	13,194,444
Lease liabilities	5.5	5,585,166	4,396,971
Payables and other current liabilities	4.3	327,167,850	426,197,436
Income tax	6.1	34,952,730	36,228,728
		<b>661,033,012</b>	<b>480,017,579</b>
<b>Total Liabilities</b>		<b>1,552,162,009</b>	<b>1,524,193,260</b>
<b>Total Equity and Liabilities</b>		<b>2,654,513,907</b>	<b>2,551,612,355</b>

The following notes form an integral part of these consolidated financial statements.



## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2020

Amounts in Euro	Notes	Share Capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2020</b>		<b>500,000,000</b>	<b>(20,189,264)</b>	<b>(18,728,949)</b>	<b>(6,384,412)</b>	<b>100,000,000</b>	<b>98,153,331</b>	<b>206,004,258</b>	<b>168,290,315</b>	<b>1,027,145,277</b>	<b>273,817</b>	<b>1,027,419,094</b>
Net profit for the period		-	-	-	-	-	-	-	75,249,680	75,249,680	12,253	75,261,933
Other comprehensive income (net of taxes)		-	-	(1,533,979)	1,718,187	-	-	(513,025)	-	(328,817)	(313)	(329,130)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(1,533,979)</b>	<b>1,718,187</b>	<b>-</b>	<b>-</b>	<b>(513,025)</b>	<b>75,249,680</b>	<b>74,920,864</b>	<b>11,940</b>	<b>74,932,804</b>
Application of 2019 profit for the period:												
- Application of prior period's net profit		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,290,315</b>	<b>(168,290,315)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at 30 September 2020</b>		<b>500,000,000</b>	<b>(20,189,264)</b>	<b>(20,262,928)</b>	<b>(4,666,225)</b>	<b>100,000,000</b>	<b>98,153,331</b>	<b>373,781,548</b>	<b>75,249,680</b>	<b>1,102,066,141</b>	<b>285,757</b>	<b>1,102,351,898</b>

Amounts in Euro	Notes	Share Capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2019</b>		<b>500,000,000</b>	<b>(2,317,915)</b>	<b>(20,575,293)</b>	<b>(5,633,483)</b>	<b>100,000,000</b>	<b>197,292,250</b>	<b>192,512,197</b>	<b>225,135,403</b>	<b>1,186,413,159</b>	<b>204,263</b>	<b>1,186,617,421</b>
Net profit for the period		-	-	-	-	-	-	-	147,521,948	147,521,948	6,168	147,528,116
Other comprehensive income (net of taxes)		-	-	4,152,191	(4,563,135)	-	-	(5,396,994)	-	(5,807,938)	132,567	(5,675,371)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>4,152,191</b>	<b>(4,563,135)</b>	<b>-</b>	<b>-</b>	<b>(5,396,994)</b>	<b>147,521,948</b>	<b>141,714,010</b>	<b>138,735</b>	<b>141,852,745</b>
Application of 2018 profit for the period												
- Dividends		-	-	-	-	-	-	(200,003,439)	-	(200,003,439)	-	(200,003,439)
- Application of prior period's net profit		-	-	-	-	-	-	248,135,403	(225,135,403)	23,000,000	-	23,000,000
- Bonus to employees		-	-	-	-	-	-	(23,000,000)	-	(23,000,000)	-	(23,000,000)
Acquisition of own shares	5.1	-	(17,871,349)	-	-	-	-	-	-	(17,871,349)	-	(17,871,349)
<b>Total transactions with shareholders</b>		<b>-</b>	<b>(17,871,349)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,131,964</b>	<b>(225,135,403)</b>	<b>(217,874,788)</b>	<b>-</b>	<b>(217,874,788)</b>
<b>Equity as at 30 September 2019</b>		<b>500,000,000</b>	<b>(20,189,264)</b>	<b>(16,423,102)</b>	<b>(10,196,618)</b>	<b>100,000,000</b>	<b>197,292,250</b>	<b>212,247,167</b>	<b>147,521,948</b>	<b>1,110,252,379</b>	<b>342,998</b>	<b>1,110,595,380</b>

The following notes form an integral part of these consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2020

Amounts in Euro	Notas	9 meses 30-09-2020	9 meses 30-09-2019
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		1,093,024,368	1,314,075,815
Payments to suppliers		775,290,388	912,812,851
Payments to employees		77,841,239	98,769,985
Cash flow from operations		239,892,741	302,492,979
Income tax received/ (paid)		19,713,170	(43,679,731)
Other receipts/ (payments) relating to operating activities		6,925,812	11,243,771
<b>Cash flows from operating activities (1)</b>		<b>266,531,723</b>	<b>270,057,019</b>
<b>INVESTMENT ACTIVITIES</b>			
<b>Inflows:</b>			
Property, plant and equipment		995,279	316,577
Interest and similar income		2,533,173	3,881,821
Other non-current assets		-	380,470
		3,528,452	4,578,868
<b>Outflows:</b>			
Property, plant and equipment		78,257,806	132,047,544
Intangible assets		742,792	-
Other assets		-	-
		79,000,598	132,047,544
<b>Cash flows from investing activities (2)</b>		<b>(75,472,146)</b>	<b>(127,468,676)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Inflows:</b>			
Interest-bearing liabilities	5.4	210,000,000	84,791,667
		210,000,000	84,791,667
<b>Outflows:</b>			
Interest-bearing liabilities	5.4	97,819,452	-
Amortisation of lease contracts		6,342,794	4,812,664
Interest and similar expense		11,738,673	14,217,818
Distribution of reserves		99,138,920	200,003,439
Acquisition of own shares		-	17,871,349
Other financing activities		1,776,374	-
		216,816,213	236,905,270
<b>Cash flows from investing activities (3)</b>		<b>(6,816,213)</b>	<b>(152,113,603)</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>184,243,364</b>	<b>(9,525,259)</b>
Effect of exchange rate differences		(994,650)	(106,333)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5.6	<b>161,880,403</b>	<b>80,859,784</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5.6	<b>345,129,117</b>	<b>71,228,192</b>

The following notes form an integral part of these consolidated financial statements.

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## 1 INTRODUCTION

### 1.1 THE GROUP

The Navigator Group (Group) comprises The Navigator Company, S.A. (Until 2015 designated as Portucel, S.A.) and its subsidiaries.

The Navigator group was created in the mid 1950's, when a group of technicians from "Companhia Portuguesa de Celulose de Cacia" made this company the first in the world to produce bleached eucalyptus sulphate pulp.

In 1976 Portucel EP was created as a result of the nationalization of all of Portugal's cellulose industry. As such, Portucel – Empresa de Celulose e Papel de Portugal, E.P. resulted from the merger with CPC – Companhia de Celulose, S.A.R.L. (Cacia), Socel – Sociedade Industrial de Celulose, S.A.R.L. (Setúbal), Celtejo – Celulose do Tejo, S.A.R.L. (Vila Velha de Ródão), Celnorte – Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourão), being converted into a mainly public anonymous society by Decree-Law No. 405/90, of 21 December.

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A., which was redenominated to Portucel, SGPS, S.A., towards to its privatization, Portucel S.A. was created, on 31 May 1993, through Decree-law No. 39/93, of 13 February, with the former assets of the two main companies, based in Aveiro and Setúbal.

In 1995, the company was privatized, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel, S.A. acquired Papéis Inapa, S.A. (Setúbal), in 2000, and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. Those key strategic decisions resulted in the Portucel Soporcel Group (actual Navigator Group), which is currently the largest European and one of the world's largest producers of bleached eucalyptus pulp and uncoated wood-free paper (UWF), with a capacity of 1.5 and 1.6 millions of tons, respectively, and it sells approximately 350 thousand tons of pulp, annually, integrating the remainder in the production of UWF paper and Tissue paper.

In June 2004, the Portuguese State sold a 30% stake of Portucel's equity, which was acquired by Semapa Group. In September 2004, Semapa launched a public acquisition offer tending to assure the Group's control, which was accomplished by guaranteeing a 67.1% stake of Portucel's equity.

In November 2006, the Portuguese State concluded the third and final stage of the sale of Portucel, S.A., and Párpública, SGPS, S.A. (formerly Portucel SGPS, S.A.) sold the remaining 25.72% it still held.

From 2009 to June 2015, more than 75% of the company's share capital was held directly and indirectly by Semapa – Sociedade de Investimento e Gestão SGPS, S.A. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015.

In February 2015, the Group started its activity in the Tissue segment with the acquisition of AMS-BR Star Paper, S.A. (currently denominated Navigator Tissue Ródão, S.A.), a company that holds and explores a tissue paper mill, located in Vila Velha de Ródão. A new industrial facility was built in Aveiro, in august 2018, being operated by Navigator Tissue Aveiro, S.A., which is currently the largest Portuguese producer and the third in the Iberian Peninsula, with a production and transformation capacity of 130 thousand tons and 120 thousand tons, respectively.

The Navigator Group's main business is the production and sale of writing and printing thin paper (UWF) and domestic consumption paper (Tissue), and it is present in the entire value added chain, from research and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP – and electric and thermal energy, as well as its commercialisation.

The Navigator Company, S.A. (hereafter referred to as The Navigator Company or Company) is a publicly traded company, listed in Euronext Lisbon, with its share capital represented by nominal shares.

**Head Office:** Mitrena, 2901-861 Setúbal

**Share Capital:** Euro 500,000,000

**Registration No.:** 503 025 798

Navigator is included in the consolidation perimeter of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A., the parent company, and Sodim - SGPS, S.A., the final controlling entity.

## 1.2 IMPACTS OF THE COVID-19 PANDEMIC

The global socio-economic outlook has changed profoundly since the outbreak of COVID-19 in China at the beginning of the year and its rapid spread into a worldwide pandemic.

The pandemic at issue and the restrictions associated with it have resulted in an unprecedented and profound slowdown in the world economy, in particular for the sector in which the Navigator Group operates, the closing of shops, schools, universities and offices, which has a direct impact on paper consumption and consequently on the Group's order book.

Since the first reports of the virus in Portugal began, The Navigator Company S.A. has been continuously monitoring the evolution of this public health emergency, having implemented, at the end of February, a contingency plan based on the indications from Portuguese Health Authority, having also created, at the beginning of March, an Office responsible for managing and monitoring the evolution of the spread of COVID-19 in the Group, in close liaison with the Executive Committee.

In the context of the high uncertainty regarding the evolution of the pandemic and in order to alleviate the expected drop in revenue resulting from the reduction in its turnover, Navigator has implemented various cost reduction measures and a significant revision of its investment plan for 2020.

The third quarter was characterised by the progressive, and so far, sustained, recovery of the UWF business, in line with the economic recovery, but still in an environment of very strong uncertainty and great volatility. The positive evolution of demand, namely in Europe and the USA, allowed the Group to increase its paper production again since July, resuming the working of all its machines.

The Company is currently demonstrating a remarkable free cash-flow generation and a strengthened financial position, and the Board of Directors is convinced that given its financial and liquidity situation, the Group will overcome the negative impacts of this crisis, without compromising the going concern principle applied in the preparation of these financial statements.

Navigator analysed the impact of the Covid-19 pandemic on its financial position, performance and Group cash flows. Further details of the impairment analysis are presented in the interim consolidated financial statements for the period ended 30 June 2020. Based on the information available as at 30 September 2020, these analyses were revisited, with no relevant impacts.

## **1.3 SUBSEQUENT EVENTS**

### **1.3.1 Extraordinary General Meeting Call**

The Navigator Group, as requested by the shareholder Semapa, held an Extraordinary General Meeting on the 24<sup>th</sup> November 2020. As sole item, the proposal to distribute reserves registered as retained earnings in the amount of 0.1394 Euros per share in circulation was unanimously approved.

## **1.4 BASIS FOR PREPARATION**

### **1.4.1 Authorisation to issue financial statements**

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 27 October 2020.

### **1.4.2 Basis for measurement**

The Interim consolidated financial statements for the nine-month period ended 30 September 2020 were prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The notes to the financial statements were prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 10), and based on historical cost, except for available-for-sale financial assets, financial instruments derivatives and biological assets, which are recorded at fair value.

The following Notes were selected in order to contribute to the understanding of the most significant changes in the Group's consolidated financial position and its performance in relation to the last reporting date. In this context, these interim financial statements should be read together with the Navigator Group's interim consolidated financial statements for the six-month period ended 30 June 2020.

The interim consolidated financial statements have been prepared in Euro, unless expressly stated otherwise.

## 1.5 MAIN ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires that the Group's Board of Directors make judgements and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the date of the consolidated statement of financial position. To that effect, the Group's estimates and judgements are based on:

- (i) the best information and knowledge of present events and in certain cases on the reports of independent experts; and
- (ii) the actions that the Group considers it may have to take in the future.

On the date on which the operations are realised, the outcome could differ from those estimates.

More significant estimates and judgements are presented below:

Estimates and judgements	Notes
Recoverability of Goodwill	3.1 – Goodwill
Uncertainty over the income tax treatment	6.1 – Income tax for the period 6.2 – Deferred taxes
Actuarial assumptions	7.2 – Employee benefits
Fair value of biological assets	3.7 – Biological assets
Recognition of provisions	9.1 – Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment



## 2 OPERATIONAL PERFORMANCE

### 2.1 REVENUE AND SEGMENT REPORTING

Navigator's Executive Committee is primarily responsible for the Group's operational decisions, periodically and consistently analysing the reports on the financial and operational information of each segment. The reports are used to monitor the operational performance of its businesses and decide on the best allocation of resources to the segment, as well as the evaluation of its performance and strategic decision-making.

The information used in segment reporting corresponds to the financial information prepared by the Group and there are no adjustments to be considered. All inter-segment sales and services are performed at market prices and eliminated on consolidation.

When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group:

- Market pulp (bleached eucalyptus kraft pulp – BEKP for sale);
- UWF paper – production and sale of UWF uncoated writing and printing thin paper;
- Tissue Paper – production and sale of domestic consumption paper; and
- Others – segment which includes the forest, the production of electricity from biomass.

#### Financial information by operating segment in 2020 and 2019

	30-09-2020					
	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED	TOTAL
<b>REVENUE</b>						
Sales and services rendered - products	117,533,570	705,845,061	104,729,454	8,995,090	-	937,103,174
Energy sales	11,847,323	77,922,948	-	17,073,931	-	106,844,202
<b>Sales and services rendered - external</b>	<b>129 380 893</b>	<b>783 768 009</b>	<b>104 729 454</b>	<b>26 069 021</b>	<b>-</b>	<b>1 043 947 377</b>
Sales and services rendered - intersegment	93,715,935	-	-	318,741,401	(412,457,336)	-
<b>Total revenue</b>	<b>223 096 828</b>	<b>783 768 009</b>	<b>104 729 454</b>	<b>344 810 422</b>	<b>(412 457 336)</b>	<b>1 043 947 377</b>
<b>PROFIT / (LOSS)</b>						
<b>Segmental reporting profit</b>	7,584,927	113,530,991	871,343	(22,398,286)	-	<b>99,588,974</b>
<b>Operating profit</b>	-	-	-	-	-	<b>99,588,974</b>
Financial results	-	-	-	-	(9,062,852)	(9,062,852)
Income tax	-	-	-	-	(15,264,189)	(15,264,189)
<b>Profit after income tax</b>	-	-	-	-	-	<b>75,261,933</b>
Non-controlling interests	-	-	-	-	(12,253)	(12,253)
<b>Net profit</b>	-	-	-	-	-	<b>75,249,680</b>
<b>OTHER INFORMATION</b>						
Capital expenditure	16,355,561	24,853,671	4,289,799	24,236,757	-	69,735,787
Depreciation (including impairment)	(12,316,209)	(73,939,887)	(14,792,990)	(10,290,603)	-	(111,339,690)
Provisions ((increases) / reversal)	(12,000)	(296,049)	(24,000)	807,643	-	475,594
<b>OTHER INFORMATION</b>						
<b>SEGMENT ASSETS</b>						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	142,632,689	650,383,054	156,755,016	254,645,873	-	1,204,416,632
Right of use	-	7,622,499	-	44,110,961	-	51,733,460
Biological assets	-	-	-	128,149,868	-	128,149,868
Non-current receivables	-	-	-	32,524,338	-	32,524,338
Inventories	15,189,450	156,853,559	20,365,734	18,940,987	-	211,349,731
Trade receivables	14,879,509	96,358,070	27,988,445	7,595,482	-	146,821,506
Receivables and other current assets	-	26,291,514	190,207	90,121,714	-	116,603,436
Other assets	307,432	6,619,037	749,519	377,899,482	-	385,575,470
<b>Total assets</b>	<b>173 009 080</b>	<b>1 320 884 118</b>	<b>206 632 004</b>	<b>953 988 706</b>	<b>-</b>	<b>2 654 513 907</b>
<b>SEGMENT LIABILITIES</b>						
Interest-bearing liabilities	-	548,394	36,701,187	951,839,025	-	989,088,606
Lease liabilities	-	7,692,755	45,741,309	-	-	53,434,064
Trade payables	10,854,987	83,235,353	5,797,912	97,027,755	-	196,916,007
Payables and other current liabilities	6,625,827	55,636,269	7,074,971	60,914,775	-	130,251,842
Other liabilities	18,045,291	75,828,622	14,968,143	73,629,433	-	182,471,490
<b>Total liabilities</b>	<b>35 526 105</b>	<b>222 941 393</b>	<b>110 283 522</b>	<b>1 183 410 988</b>	<b>-</b>	<b>1 552 162 009</b>

The Group's energy sales are reported under different business segments. Energy sales coming from the cogeneration process are recorded under the "Market pulp" and "UWF Paper" segments. Sales of electricity exclusively produced in units dedicated to the production of electricity from biomass are reported under the segment "Other".

In the first 9 months of 2020, the sale of electricity totalled Euro 106,844,202, representing a decrease of 14.8% compared to the same period of the previous year. This decrease is essentially due to: (i) lower sales value associated with the operation of the Setúbal natural gas combined cycle power plant, which moved in April to a new remuneration framework with a reduction in the sales tariff and operated with only one of the gas groups during May; (ii) negative effect of the slowdown in pulp and paper production activity in the second quarter with the necessary impact on cogeneration activity.

Fixed capital expenditure in the nine-month period ended 30 September 2020 amounted to Euro 69,735,787, compared to Euro 88,263,846 in the same period of the previous year. As a result of the economic slowdown caused by the Covid-19 pandemic, Navigator decided to review the investment plan planned for 2020, which justifies the reduction verified.

The investment made in the period includes an amount of around Euro 24 million in maintenance and efficiency improvements in the production process and Euro 23 million in various environmental projects, of which the new biomass boiler in Figueira da Foz, worth 21 million, stands out. The remaining 22.7 million relate to projects to restore the condition of assets.

Property, plant and equipment reported under the segment "Other" include the following:

Amounts in Euro	30-09-2020	30-09-2019
Forestry lands	74,331,188	71,594,848
Real estate - manufacturing site of Setúbal	55,456,573	57,018,324
Real estate - manufacturing site of Aveiro	11,948,049	11,528,641
Real estate - manufacturing site of Figueira da Foz	40,219,688	43,687,513
Biomass thermoelectric plants	64,463,398	23,101,705
Others	8,226,978	30,039,113
	<b>254,645,873</b>	<b>236,970,144</b>

Forestry land and industrial real estate in a total amount of Euro 181,955,498, consolidated amounts, are reported in the individual financial statements as investment properties. The real estate property of Vila Velha de Ródão, in the amount of Euro 10,730,968, is included in the segment "Tissue Paper".

The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.

30-09-2020						
	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED	TOTAL
<b>REVENUE</b>						
Sales and services rendered - products	121,374,299	904,726,057	101,187,793	24,257,460	-	1,151,545,609
Energy sales	13,039,725	93,394,030	-	16,259,040	-	122,692,795
<b>Sales and services rendered - external</b>	<b>134,414,024</b>	<b>998,120,087</b>	<b>101,187,793</b>	<b>40,516,500</b>	-	<b>1,274,238,404</b>
Sales and services rendered - intersegment	138,794,278	-	-	778,818,744	(917,613,022)	-
<b>Total revenue</b>	<b>273,208,302</b>	<b>998,120,087</b>	<b>101,187,793</b>	<b>819,335,244</b>	<b>(917,613,022)</b>	<b>1,274,238,404</b>
<b>PROFIT/ (LOSS)</b>						
<b>Segmental reporting profit</b>	37,315,183	218,211,196	(4,629,678)	(51,134,370)	-	<b>199,762,331</b>
<b>Operating profit</b>	-	-	-	-	-	<b>199,762,331</b>
Financial results	-	-	-	-	(11,398,704)	(11,398,704)
Income tax	-	-	-	-	(40,835,513)	(40,835,513)
<b>Profit after income tax</b>	-	-	-	-	-	<b>147,528,115</b>
Non-controlling interests	-	-	-	-	(6,168)	(6,168)
<b>Net profit</b>	-	-	-	-	-	<b>147,521,948</b>
<b>OTHER INFORMATION</b>						
Capital expenditure	18,870,587	31,979,253	15,240,780	22,173,226	-	88,263,846
Depreciation (including impairment)	(8,810,026)	(64,873,630)	(13,124,551)	(15,952,335)	-	(102,760,542)
Provisions ((increases) / reversal)	-	2,903,841	12,000	(635,242)	-	2,280,599
<b>OTHER INFORMATION</b>						
<b>SEGMENT ASSETS</b>						
Goodwill	-	-	-	-	-	-
Property, plant and equipment	138,159,582	699,592,926	170,426,557	236,970,144	-	1,245,149,209
Right of use	-	207,915	-	45,322,155	-	45,530,070
Biological assets	-	-	-	117,352,549	-	117,352,549
Non-current receivables	41,664	31,687,223	42,235,258	32,698,559	-	106,662,705
Inventories	26,214,738	141,156,166	23,430,973	47,130,069	-	237,931,945
Trade receivables	20,982,316	131,682,708	34,648,436	1,388,001	-	188,701,461
Receivables and other current assets	1,167,181	12,161,804	11,774,421	16,417,756	-	41,521,162
Other assets	279,470	381,656,212	2,090,203	171,971,917	-	555,997,802
<b>Total assets</b>	<b>186,844,951</b>	<b>1,398,144,954</b>	<b>284,605,848</b>	<b>669,251,150</b>	-	<b>2,538,846,903</b>
<b>SEGMENT LIABILITIES</b>						
Interest-bearing liabilities	-	-	-	847,188,174	-	847,188,174
Lease liabilities	-	209,225	-	45,993,691	-	46,202,916
Trade payables	25,655,396	73,430,792	6,157,065	53,419,734	-	158,662,987
Payables and other current liabilities	22,096,959	24,422,946	2,623,394	68,868,954	-	118,012,253
Other liabilities	23,893,958	88,308,767	60,251,003	85,731,466	-	258,185,194
<b>Total liabilities</b>	<b>71,646,313</b>	<b>186,371,731</b>	<b>69,031,463</b>	<b>1,101,202,018</b>	-	<b>1,428,251,524</b>

## Revenue by business segment, by geographic area and by recognition pattern

30-09-2020 Amounts in Euro	Pulp	UWF Paper	Tissue	Others	Total Amount	Total %
Portugal	15,229,594	133,041,832	39,203,406	26,069,021	213,543,854	20%
Rest of Europe	54,708,009	384,595,862	59,747,273	-	499,051,144	48%
America	736,251	95,084,821	2,799,669	-	98,620,742	9%
Africa	11,819,164	96,077,386	2,728,012	-	110,624,562	11%
Asia	46,887,874	74,519,219	251,094	-	121,658,187	12%
Overseas	-	448,888	-	-	448,888	0%
	<b>129,380,893</b>	<b>783,768,009</b>	<b>104,729,454</b>	<b>26,069,021</b>	<b>1,043,947,377</b>	<b>100%</b>
<b>Measurement standard</b>						
At a specific point in time	129,380,893	783,768,009	104,729,454	26,069,021	1,043,947,377	100%
Over time	-	-	-	-	-	0%

  

30-09-2019 Amounts in Euro	Pulp	UWF Paper	Tissue	Others	Total Amount	Total %
Portugal	19,647,932	152,657,438	39,629,135	40,516,500	252,451,004	20%
Rest of Europe	81,653,026	503,119,466	57,746,726	-	642,519,218	50%
America	-	134,937,604	196,553	-	135,134,157	11%
Africa	14,668,229	122,772,378	3,615,379	-	141,055,986	11%
Asia	18,444,837	84,365,201	-	-	102,810,037	8%
Overseas	-	268,000	-	-	268,000	0%
	<b>134,414,024</b>	<b>998,120,087</b>	<b>101,187,793</b>	<b>40,516,500</b>	<b>1,274,238,404</b>	<b>100%</b>
<b>Measurement standard</b>						
At a specific point in time	134,414,024	998,120,087	101,187,793	40,516,500	1,274,238,403	100%
Over time	-	-	-	-	-	0%

## Group's revenue distribution by geographic area



In 2020 and 2019, no single customer accounted for 10% or more of the Group's total revenues.

## 2.2 OTHER OPERATING INCOME

For the nine-month period ended 30 September 2020 and 2019, Other operating income is detailed as follows:

Amounts in Euro	30-09-2020	30-09-2019
Gains on disposals of non-current assets	559,784	428,297
Grants - CO2 emission allowances	9,080,554	8,242,928
Supplementary income	1,261,180	524,374
Operating grants	2,931,006	1,750,431
Reversal of impairment of receivables	45,255	3,116
Reversal of impairment of inventories	9,709,455	947,892
Gains on inventories	1,542,898	456,070
Own work capitalised	322,027	176,264
Insurance compensation	2,116,763	5,143,277
Other operating income	4,250,349	4,849,564
	<b>31,819,271</b>	<b>22,522,214</b>

Gains with CO<sub>2</sub> allowances correspond to the recognition of the free allocation of allowances for 542,552 tons of CO<sub>2</sub>, at the average price of Euro 23.82 (565,186 tons of CO<sub>2</sub> in 30 September 2019, at the average price of Euro 22.16).

The Government grants correspond to subsidies attributed in the scope of research and development projects carried out by the Raiz Institute, such as the IPLANT project, INPACTUS, FitoGlobulus, Proteus, among others.

In 2020 and 2019, Gains on disposals of non-current assets includes the sale of forest lands with reduced forestry capability.

The reversal of impairment in inventories resulted from the sale of UWF (Euro 4,575,051) and Tissue (Euro 1,069,943) paper waste, which led to a review of the impairment values and their reversal.

Insurance compensation in 2020 includes the compensation associated with the failure of the steam turbine at the Setúbal combined gas power station. In 2019 this caption includes compensation associated with the losses at the Figueira da Foz mill resulting from Hurricane Leslie, in 2018, and compensation associated with the failure, in 2019, of the biomass boiler and the turbine alternator in Setúbal.

## 2.3 OTHER OPERATING EXPENSES

Amounts in Euro	30-09-2020	30-09-2019
<b>Cost of goods sold and materials consumed</b>	<b>420,975,784</b>	<b>540,716,096</b>
<b>External services and supplies</b>		
Energy and fluids	89,267,773	107,231,186
Transportation of goods	82,958,545	88,993,732
Specialised services	58,683,302	72,113,789
Maintenance and repair	25,799,695	24,066,386
Insurance	8,533,705	9,004,730
Advertising and marketing	9,259,257	11,923,467
Rentals	6,666,724	6,870,309
Fees	3,142,242	3,458,947
Travel and accommodation	1,641,919	4,085,864
Materials	1,778,918	2,524,198
Subcontracts	3,005,162	2,864,010
Communications	947,201	1,077,998
Other	5,973,667	5,647,120
	<b>297,658,110</b>	<b>339,861,736</b>
<b>Variation in production</b>	<b>28,172,449</b>	<b>(13,988,251)</b>
<b>Payroll costs (Note 7.1)</b>	<b>94,355,851</b>	<b>108,597,389</b>
<b>Other operating expenses</b>		
CO2 emission expenses	12,987,588	12,465,104
Impairment losses of receivables	301,590	19,276
Impairment losses of inventories	341,601	(2,346,576)
Other losses in inventories	692,079	1,107,847
Indirect taxes	1,094,983	1,318,449
Water resources charges	1,805,068	1,092,416
Losses on the disposal of non-current assets	122,179	859,224
Other operating expenses	3,186,324	4,553,614
	<b>20,531,412</b>	<b>19,069,354</b>
<b>Net provisions (Note 9.1)</b>	<b>(475,594)</b>	<b>(2,280,599)</b>
	-	-
<b>Total Operating expenses</b>	<b>861,218,012</b>	<b>991,975,725</b>

In order to alleviate the expected drop in revenue resulting from the reduction in turnover due to the pandemic, Navigator has implemented several cost reduction measures, which justifies the reduction in the External supplies and services item. The increase in the Others item results from the increase in costs with cleaning, hygiene and comfort, as a result of the need to sanitise the facilities, due to the Covid-19 pandemic.

For the nine-month period ended 30 September 2020 and 2019, the costs incurred with investigation and research activities, which may be subject to tax benefits, amounted to Euro 3,364,107 and Euro 3,549,261, respectively.

## 3 INVESTMENTS

### 3.1 GOODWILL

#### Goodwill – net amount

Goodwill is attributed to the Group's cash generating units (CGU's), as follows:

Amounts in Euro	30-09-2020	31-12-2019
CGU of UWF paper production on Figueira da Foz site (goodwill resulting from the acquisition of Navigator Brands, S.A.)	376,756,383	376,756,383
CGU of Tissue paper on Vila Velha de Rodão site (goodwill resulting from the acquisition of Navigator Tissue Ródão, S.A.)	583,083	583,083
	<b>377,339,466</b>	<b>377,339,466</b>

#### NAVIGATOR BRANDS, S.A.

Following the acquisition of 100% of the former Soporcel – Sociedade Portuguesa de Papel, S.A. (now Navigator Brands, S.A.), for Euro 1,154,842,000, Goodwill amounting to Euro 428,132,254 was determined.

The goodwill generated on the acquisition of Navigator Paper Figueira was deemed to be allocable to the integrated paper production in Figueira da Foz Industrial Complex cash generating unit.

The book value of goodwill amounts to Euro 376,756,383 as it was amortised up to 31 December 2003 (date of transition to IFRS: 1 January 2004), and amortisation as from that date, the accumulated amount of which was Euro 51,375,871, has ceased. From that date on, depreciation ceased and was replaced by annual impairment tests. If this amortisation had not been interrupted, the net book value of the Goodwill as at 30 September 2020 would amount to Euro 77,063,795 (31 December 2019: Euro 102,751,733).

#### NAVIGATOR TISSUE RÓDÃO, S.A.

On 6 February 2015 the procedures and agreements for the acquisition of AMS-BR Star Paper, S.A. (later merged into Navigator Tissue Ródão, S.A.) were concluded, with the authorization to conclude this transaction being formalized on 17 April 2015.

To the initial acquisition difference, of Euro 21,337,916, was deducted the AICEP's investment subsidy and the fair value of the acquired property, plant and equipment, with a goodwill amounting to Euro 583,083.

#### Goodwill Recoverability Analysis

Every year, the Navigator Company Group calculates the recoverable amount of each business, based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for the following year and projected cash flows for the following 4 years. As a result of the calculations, up to this date no impairment losses relating to Goodwill have been identified.

## 3.2 INTANGIBLE ASSETS

### Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO2 emission allowances	Other intangible assets	Intangible assets under construction	Total
<b>Gross amount</b>					
<b>Balance as at 1 January 2019</b>	<b>3,135</b>	<b>2,884,633</b>	-	-	<b>2,887,768</b>
Acquisitions/attribution	-	10,213,065	-	-	10,213,065
Adjustments, transfers and write-offs	207	(10,333,492)	-	-	(10,333,285)
<b>Balance as at 30 September 2019</b>	<b>3,342</b>	<b>2,764,206</b>	-	-	<b>2,767,548</b>
Acquisitions/attribution	-	3,645,131	-	9,194	3,654,325
Disposals	-	(40,766)	-	-	(40,766)
Adjustments, transfers and write-offs	8,987	(1,872,084)	-	(9,194)	(1,872,291)
<b>Balance as at 31 December 2019</b>	<b>12,329</b>	<b>4,496,487</b>	-	-	<b>4,508,816</b>
Acquisitions/attribution	-	16,496,529	-	4,335	16,500,864
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	4,335	(15,196,731)	-	(4,335)	(15,196,731)
<b>Balance as at 30 September 2020</b>	<b>16,664</b>	<b>5,796,285</b>	-	-	<b>5,812,949</b>
<b>Accumulated amortisation and impairments losses</b>					
<b>Balance as at 1 January 2019</b>	<b>(1,517)</b>	-	-	-	<b>(1,517)</b>
Amortisation for the period (Note 3.7)	(348)	-	-	-	(348)
Impairment losses for the period	-	-	-	-	-
<b>Balance as at 30 September 2019</b>	<b>(1,865)</b>	-	-	-	<b>(1,865)</b>
Amortisation for the period	(296)	-	-	-	(296)
Impairment losses for the period	-	-	-	-	-
Adjustments, transfers and write-offs	34	-	-	-	34
<b>Balance as at 31 December 2019</b>	<b>(2,127)</b>	-	-	-	<b>(2,127)</b>
Amortisation for the period (Note 3.7)	(3,316)	-	-	-	(3,316)
Impairment losses for the period (Note 3.7)	-	-	-	-	-
Disposals	-	-	-	-	-
<b>Balance as at 30 September 2020</b>	<b>(5,443)</b>	-	-	-	<b>(5,443)</b>
<b>Net book value as at 1 January 2019</b>	<b>1,618</b>	<b>2,884,633</b>	-	-	<b>2,886,251</b>
<b>Net book value as at 30 September 2019</b>	<b>1,477</b>	<b>2,764,206</b>	-	-	<b>2,765,683</b>
<b>Net book value as at 31 December 2019</b>	<b>10,202</b>	<b>4,496,487</b>	-	-	<b>4,506,689</b>
<b>Net book value as at 30 September 2020</b>	<b>11,221</b>	<b>5,796,285</b>	-	-	<b>5,807,506</b>

### CO<sub>2</sub> Allowances

	30-09-2020	31-12-2019
CO2 emission allowances (units)	272,272	267,222
Average unit value (Euro)	21.29	16.83
Market quotation (Euros)	26.93	24.52

### CO<sub>2</sub> Allowances – movements of the period

Amounts in Euro	2020		2019	
	Tons	Amount	Tons	Amount
<b>Opening balance</b>	<b>267,222</b>	<b>4,496,487</b>	<b>442,145</b>	<b>2,884,633</b>
Allowances awarded free of charge	457,906	10,907,318	467,540	10,360,686
Allowances acquired	291,462	5,589,211	137,142	3,497,510
Allowances sold	-	-	(5,142)	(40,766)
Allowances returned to the Licensing Coordinating Entity	(744,318)	(15,196,731)	(774,463)	(12,205,576)
<b>Closing balance</b>	<b>272,272</b>	<b>5,796,285</b>	<b>267,222</b>	<b>4,496,487</b>

### 3.3 PROPERTY, PLANT AND EQUIPMENT

#### Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Total
<b>Gross Amounts</b>					
<b>Balance as at 1 January 2019</b>	<b>114,046,006</b>	<b>533,924,403</b>	<b>3,428,643,287</b>	<b>61,588,747</b>	<b>4,138,202,442</b>
Acquisitions	-	-	30,653,032	88,263,846	118,916,878
Disposals	(216,788)	-	(64,572)	-	(281,360)
Adjustments, transfers and write-offs	(1,994,252)	1,880,842	29,702,339	(43,944,036)	(14,355,107)
<b>Balance as at 30 September 2019</b>	<b>111,834,966</b>	<b>535,805,245</b>	<b>3,488,934,086</b>	<b>105,908,557</b>	<b>4,242,482,854</b>
Acquisitions	-	-	(16,805,311)	55,831,562	39,026,251
Disposals	(267,614)	-	(128,032)	-	(395,646)
Adjustments, transfers and write-offs	3,461,512	3,553,102	50,159,119	(53,941,132)	3,232,601
<b>Balance as at 31 December 2019</b>	<b>115,028,864</b>	<b>539,358,347</b>	<b>3,522,159,863</b>	<b>107,798,987</b>	<b>4,284,346,061</b>
Acquisitions	-	-	5,986,435	63,749,352	69,735,787
Disposals	(466,087)	-	(44,943)	-	(511,030)
Adjustments, transfers and write-offs	8,528	1,188,738	30,023,474	(38,759,756)	(7,539,016)
<b>Balance as at 30 September 2020</b>	<b>114,571,305</b>	<b>540,547,085</b>	<b>3,558,124,829</b>	<b>132,788,582</b>	<b>4,346,031,801</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as at 1 January 2019</b>	-	<b>(329,246,156)</b>	<b>(2,569,947,552)</b>	-	<b>(2,899,193,708)</b>
Depreciation for the period (Note 3.7)	-	(8,978,243)	(100,238,743)	-	(109,216,986)
Disposals	-	-	63,583	-	63,583
Adjustments, transfers and write-offs	-	292,929	10,720,538	-	11,013,467
<b>Balance as at 30 September 2019</b>	-	<b>(337,931,470)</b>	<b>(2,659,402,174)</b>	-	<b>(2,997,333,644)</b>
Depreciation for the period	-	(3,040,478)	(34,655,398)	-	(37,695,876)
Disposals	-	-	127,604	-	127,604
Adjustments, transfers and write-offs	-	94,124	113,330	-	207,454
<b>Balance as at 31 December 2019</b>	-	<b>(340,877,824)</b>	<b>(2,693,816,638)</b>	-	<b>(3,034,694,462)</b>
Depreciation for the period (Note 3.7)	-	(9,121,927)	(105,123,788)	-	(114,245,716)
Disposals	-	-	44,943	-	44,943
Impairment losses (Note 3.7)	-	-	-	-	-
Adjustments, transfers and write-offs	-	467,248	6,812,817	-	7,280,065
<b>Balance as at 30 September 2020</b>	-	<b>(349,532,503)</b>	<b>(2,792,082,666)</b>	-	<b>(3,141,615,169)</b>
<b>Net book value as at 1 January 2019</b>	<b>114,046,006</b>	<b>204,678,247</b>	<b>858,695,735</b>	<b>61,588,747</b>	<b>1,239,008,734</b>
<b>Net book value as at 30 September 2019</b>	<b>111,834,966</b>	<b>197,873,775</b>	<b>829,531,912</b>	<b>105,908,557</b>	<b>1,245,149,209</b>
<b>Net book value as at 31 December 2019</b>	<b>115,028,864</b>	<b>198,480,523</b>	<b>828,343,225</b>	<b>107,798,987</b>	<b>1,249,651,599</b>
<b>Net book value as at 30 September 2020</b>	<b>114,571,305</b>	<b>191,014,582</b>	<b>766,042,163</b>	<b>132,788,582</b>	<b>1,204,416,632</b>

As at 30 September 2020 the item Assets under construction includes investments associated with ongoing development projects, including the construction of the new biomass boiler at the Figueira da Foz mill (Euro 46,589,365), an environmental plan (Euro 7,238,886), a new chip stack in Aveiro (Euro 6,681,017) and various improvements in the production process and maintenance of assets (Euro 72,279,314).

Lands includes Euro 113,538,458 (31 December 2019: Euro 113,996,017) classified in the individual financial statements as investment properties, from which Euro 74,331,188 (31 December 2019: Euro 74,788,747) relate to forestry land and Euro 39,207,271 (31 December 2019: Euro 39,207,271) to land allocated to industrial sites leased to the Group.



### 3.4 INVESTMENT PROPERTIES

#### Movements in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
<b>Gross amount</b>			
<b>Balance as at 1 January 2019</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance as at 30 September 2019</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance at at 31 December 2019</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance as at 30 September 2020</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
<b>Accumulated depreciation and impairment losses</b>			
<b>Balance as at 1 January 2019</b>	<b>(399,372)</b>	<b>(10,151)</b>	<b>(409,523)</b>
Depreciation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(1,234)	(1,234)
<b>Balance as at 30 September 2019</b>	<b>(399,372)</b>	<b>(11,385)</b>	<b>(410,758)</b>
Depreciation for the period	-	-	-
Disposals	-	-	-
Impairment losses	-	(412)	(412)
<b>Balance at at 31 December 2019</b>	<b>(399,372)</b>	<b>(11,797)</b>	<b>(411,169)</b>
Depreciation for the period	-	-	-
Disposals	-	-	-
Impairment losses	-	(1,234)	(1,234)
<b>Balance as at 30 September 2020</b>	<b>(399,372)</b>	<b>(13,031)</b>	<b>(412,404)</b>
<b>Net book value as at 1 January 2019</b>	<b>25,372</b>	<b>72,156</b>	<b>97,528</b>
<b>Net book value as at 30 September 2019</b>	<b>25,372</b>	<b>70,922</b>	<b>96,293</b>
<b>Net book value as at 31 December 2019</b>	<b>25,372</b>	<b>70,510</b>	<b>95,882</b>
<b>Net book value as at 30 September 2020</b>	<b>25,372</b>	<b>69,276</b>	<b>94,647</b>

These assets are not allocated to the Group's operating activity, nor do they have any future use determined.

### 3.5 ASSETS UNDER RIGHT OF USE

#### MOVEMENTS IN ASSETS UNDER RIGHT OF USE

Amounts in Euro	Forestry lands	Buildings	Vehicles	Software	Other lease assets	Total
<b>Gross amount</b>						
<b>Balance as at 1 January 2019</b>	-	-	-	-	-	-
Acquisitions - adoption of IFRS 16	38,817,386	4,547,372	4,285,373	4,304,783	189,517	52,144,431
Acquisitions in the period	1,922,871	-	75	-	-	1,922,946
Disposals	(422,468)	-	-	-	-	(422,468)
Adjustments, transfers and write-offs	-	-	-	(3,946,051)	-	(3,946,051)
<b>Balance as at 30 September 2019</b>	<b>40,317,789</b>	<b>4,547,372</b>	<b>4,285,448</b>	<b>358,732</b>	<b>189,517</b>	<b>49,698,858</b>
Acquisitions	1,201,047	-	229,862	-	-	1,430,909
Disposals	(55,828)	-	(6,445)	-	-	(62,273)
Adjustments, transfers and write-offs	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>41,463,008</b>	<b>4,547,372</b>	<b>4,508,865</b>	<b>358,732</b>	<b>189,517</b>	<b>51,067,494</b>
Acquisitions	3,787,425	103,667	2,235,383	197,639	5,158,458	11,482,572
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	(745)	-	(16,636)	-	-	(17,381)
<b>Balance as at 30 September 2020</b>	<b>45,249,688</b>	<b>4,651,039</b>	<b>6,727,612</b>	<b>556,371</b>	<b>5,347,975</b>	<b>62,532,685</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance as at 1 January 2019</b>	-	-	-	-	-	-
Depreciation	(2,241,384)	(526,726)	(1,234,294)	(121,842)	(48,733)	(4,172,979)
Disposals	4,192	-	-	-	-	4,192
Adjustments, transfers and write-offs	-	-	-	-	-	-
<b>Balance as at 30 September 2019</b>	<b>(2,237,192)</b>	<b>(526,726)</b>	<b>(1,234,294)</b>	<b>(121,842)</b>	<b>(48,733)</b>	<b>(4,168,787)</b>
Depreciation	(773,231)	(175,575)	(378,630)	(56,858)	-	(1,384,294)
Disposals	3,511	-	-	-	-	3,511
<b>Balance as at 31 December 2020</b>	<b>(3,006,912)</b>	<b>(702,301)</b>	<b>(1,612,924)</b>	<b>(178,700)</b>	<b>(48,733)</b>	<b>(5,549,570)</b>
Depreciation	(2,396,185)	(536,220)	(1,667,202)	(111,622)	(548,739)	(5,259,969)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	5,314	-	5,001	-	-	10,315
<b>Balance as at 30 September 2020</b>	<b>(5,397,783)</b>	<b>(1,238,521)</b>	<b>(3,275,125)</b>	<b>(290,322)</b>	<b>(597,472)</b>	<b>(10,799,225)</b>
<b>Net book value as at 1 January 2019</b>	-	-	-	-	-	-
<b>Net book value as at 30 September 2019</b>	<b>38,080,597</b>	<b>4,020,646</b>	<b>3,051,154</b>	<b>236,890</b>	<b>140,784</b>	<b>45,530,071</b>
<b>Net book value as at 31 December 2019</b>	<b>38,456,096</b>	<b>3,845,071</b>	<b>2,895,941</b>	<b>180,032</b>	<b>140,784</b>	<b>45,517,924</b>
<b>Net book value as at 30 September 2020</b>	<b>39,851,905</b>	<b>3,412,518</b>	<b>3,452,487</b>	<b>266,048</b>	<b>4,750,503</b>	<b>51,733,460</b>

The item Lands essentially refers to rights to use land for forestry exploitation existing the subsidiary Navigator, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest takes place before the 24th year of the term.

### 3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	30-09-2020	30-09-2019
Depreciation of property, plant and equipment for the period (Note 3.3)	114,245,716	109,216,986
Investment grants charged-off	(8,170,545)	(10,631,004)
<b>Depreciation of property, plant and equipment, net of grants charged-off</b>	<b>106,075,171</b>	<b>98,585,982</b>
<b>Amortisation of intangible assets for the period (Note 3.2)</b>	<b>3,316</b>	<b>348</b>
<b>Depreciation of assets under right of use for the period (Note 3.5)</b>	<b>5,259,969</b>	<b>4,172,979</b>
Impairment of investment properties (Note 3.4)	1,234	1,234
	<b>111,339,690</b>	<b>102,760,542</b>

### 3.7 BIOLOGICAL ASSETS

#### Detail of biological assets

Amounts in Euro	2020	2019
<b>Opening balance</b>	<b>131,769,841</b>	<b>119,614,567</b>
Logging	(18,310,911)	(18,593,792)
Growth	2,421,646	3,141,639
New plantations and replanting (at cost)	2,657,841	2,245,138
Other changes in fair value	9,611,452	10,944,997
	<b>(3,619,972)</b>	<b>(2,262,018)</b>
<b>Balance as at 30 September</b>	<b>128,149,868</b>	<b>117,352,549</b>
Remaining quarters		14,417,292
<b>Balance as at 31 December</b>		<b>131,769,841</b>

The amount presented as "Other changes in fair value" refers mainly to the forest management costs foreseen and incurred in the period:

Amounts in Euro	30-09-2020	30-09-2019
<b>Costs of assets management</b>		
Forestry	2,414,408	2,811,429
Structure	2,462,129	4,392,569
Fixed and variable rents	8,154,867	7,176,131
	<b>13,031,404</b>	<b>14,380,129</b>
<b>Changes in expectations</b>		
Contract withdrawal	-	( 500 000)
Variations in other species	436,891	186 164
Other changes in expectations (structure costs, asset rationalization)	(3,856,843)	(3 121 296)
	<b>(3,419,952)</b>	<b>(3,435,132)</b>
	<b>9,611,452</b>	<b>10,944,997</b>

As of 30 September 2020 and 31 December 2019, biological assets, by species, were detailed as follows:

Amounts in Euro	30-09-2020	31-12-2019
Eucalyptus (Portugal)	119,257,479	123,314,343
Pine (Portugal)	4,136,907	4,201,000
Cork oak (Portugal)	4,268,702	3,883,727
Other species (Portugal)	486,780	370,771
	<b>128,149,868</b>	<b>131,769,841</b>

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in the nine-month periods ended 30 September 2020 and 2019, 452,303 m<sup>3</sup>ssc and 493,065 m<sup>3</sup>ssc of wood from its owned and explored forests.

As of 30 September 2020 and 31 December 2019 (i), there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government subsidies related to biological assets recognized in the Group's consolidated financial statements.

## 4 WORKING CAPITAL

### 4.1 INVENTORIES

#### 4.1.1 Inventories - detail by nature

##### Amounts net of accumulated impairment losses

Amounts in Euro	30-09-2020	31-12-2019
Raw materials	121,340,604	109,028,273
Goods	348,285	262,995
<b>Subtotal</b>	<b>121,688,889</b>	<b>109,291,268</b>
Finished and semi-finished products	83,352,274	104,159,967
Goods and work in progress	3,278,514	3,507,709
By-products and waste	3,030,054	920,756
<b>Subtotal</b>	<b>89,660,842</b>	<b>108,588,432</b>
<b>Total</b>	<b>211,349,731</b>	<b>217,879,700</b>

As of 30 September 2020 and 31 December 2019, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

#### 4.1.2 Movements in impairment losses in inventories

Amounts in Euro	2020	2019
<b>Balance as at 1 January</b>	<b>(11,121,848)</b>	<b>(5,234,487)</b>
Increases (Note 2.3)	(341,601)	-
Reversals (Note 2.2)	9,709,455	3,294,468
<b>Impact in profit or loss for the period</b>	<b>9,367,854</b>	<b>3,294,468</b>
Charge-off	(1,004)	(947)
<b>Balance as at 30 September</b>	<b>(1,754,999)</b>	<b>(1,940,966)</b>
Remaining quarters		(9,180,882)
<b>Balance as at 31 December</b>		<b>(11,121,848)</b>

### 4.2 RECEIVABLES AND OTHER CURRENT ASSETS

Amounts in Euro	30-09-2020			31-12-2019		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	146,664,885	146,664,885	-	156,031,342	156,031,342
Accounts receivable - associated companies (Note 11.3)	-	156,621	156,621	-	522,391	522,391
State and other public entities	i)	48,942,352	48,942,352	-	42,175,250	42,175,250
Department of Commerce (USA)	ii)	26,070,501	26,070,501	25,680,258	4,055,993	29,736,251
Enviva Pellets Greenwood, LLC (USA)	iii)	2,135,292	33,995,171	32,489,823	-	32,489,823
Accrued income	-	15,218,668	15,218,668	-	20,047,064	20,047,064
Deferred expenses	iv)	8,792,829	8,792,829	-	6,706,922	6,706,922
Derivative financial instruments (Note 8.2.1)	-	4,703,369	4,703,369	-	2,954,495	2,954,495
Other	-	664,460	10,740,426	608,389	14,915,189	15,523,577
	<b>32,524,338</b>	<b>263,424,942</b>	<b>295,949,282</b>	<b>58,778,469</b>	<b>247,408,647</b>	<b>306,187,116</b>

i) State is detailed as follows:

Amounts in Euro	30-09-2020	31-12-2019
Value added tax - to recover	5,191,021	10,827,982
Value added tax - reimbursement requests	41,467,520	29,062,417
Amounts pending reimbursement (tax proceedings favourable to the Group)	2,283,811	2,284,851
	<b>48,942,352</b>	<b>42,175,250</b>

As of 30 September 2020 and 31 December 2019, the amount of reimbursement requests comprised the following, by company and by month:

Amounts in Euro	Aug-2020	Sep-2020	Total
The Navigator Company, S.A.	19,053,393	20,297,330	39,350,724
Bosques do Atlântico, S.L.	-	2,116,796	2,116,796
	<b>19,053,393</b>	<b>22,414,126</b>	<b>41,467,520</b>

Up to the date of issuing this report, Euro 39,350,724 of the outstanding amounts as of 30 September 2019, had already been received.

Amounts in Euro	43,770	Dec-2019	Total
The Navigator Company, S.A.	9,422,420	16,371,963	25,794,383
Bosques do Atlântico, S.L.	-	3,268,034	3,268,034
	<b>9,422,420</b>	<b>19,639,997</b>	<b>29,062,417</b>

All these amounts were received during the first quarter of 2020.

ii) As of 30 September 2020 and 31 December 2019 the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

The final fee for the review period from August 2015 to February 2017 ("POR1") was reviewed from 37.39% to 1.75% in October 2018, and the US Court of International Trade decided in November 2019 to request the DoC to review that result following Navigator's request. The DoC recalculated the rate again downwards, setting it at 1.63%, a rate that was sanctioned by the US Court of International Trade in July this year. Hence the reclassification to current asset.

Regarding the second review period, from March 2018 to February 2019, following the audit carried out last August by the Department of Commerce, the rate was set at 4.37%. Since the petitioner's did not appeal against this decision, Navigator was reimbursed during the first half of 2020 the corresponding amount of Euro 4,055,993.

iii) Reflects the present value of the amount still to be received from the sale of the pellet business. The nominal receivable shall bear interest at the rate of 2.5% (Note 5.7).

iv) Accrued income and Deferred costs were detailed as follows:

Amounts in Euro	30-09-2020	31-12-2019
<b>Accrued income</b>		
Interest receivable	1,211,939	766,223
Energy sales	10,939,043	13,286,097
Insurance compensation	2,950,000	5,750,000
Other	117,686	244,744
	<b>15,218,668</b>	<b>20,047,064</b>
<b>Deferred expenses</b>		
Insurance	2,076,689	962,664
Rentals	6,652,649	5,647,010
Other	63,491	97,249
	<b>8,792,829</b>	<b>6,706,922</b>
	<b>24,011,497</b>	<b>26,753,987</b>

### 4.3 PAYABLES AND OTHER CURRENT LIABILITIES

Amounts in Euro	30-09-2020	31-12-2019
Trade payables	145,026,458	140,922,248
Suppliers invoices pending - Logistics	6,796,569	7,413,555
Suppliers invoices pending - Other	45,092,980	42,639,309
Trade payables - Property, plant and equipment	2,374,685	5,311,674
State and other public entities	26,022,206	19,928,405
Related parties (Note 11.3)	996,347	4,573,854
Other creditors - CO2 emission allowances	13,573,380	15,785,183
Tax consolidation (Semapa)	6,586,968	6,586,968
Shareholders	-	99,138,920
Other creditors	956,075	3,217,199
Derivative financial instruments (Note 8.2.1)	7,537,278	6,734,952
Accrued expenses - Payroll	22,828,179	24,605,696
Accrued expenses - Interest payable	3,661,727	5,118,502
Supplier bonuses	7,229,142	5,846,301
Water resources tax	1,243,507	2,456,998
Rent liabilities	12,749,502	10,912,663
Other accrued expenses	12,042,912	8,514,362
Non-repayable grants	12,449,933	16,490,645
<b>Payables and other liabilities - current</b>	<b>327,167,850</b>	<b>426,197,435</b>
Non-repayable grants	27,695,775	30,837,585
<b>Payables and other liabilities - non-current</b>	<b>27,695,775</b>	<b>30,837,585</b>
	<b>354,863,622</b>	<b>457,035,020</b>

At the General Extraordinary Meeting of 20 December 2019, The Navigator Company S.A. decided on the payment of free reserves to be distributed to shareholders, as from 9 January 2020, depending on the shares held, in the amount of Euro 99,138,920.

#### State - details

Amounts in Euro	30-09-2020	31-12-2019
Personal Income Tax withhold (IRS)	2,188,087	1,881,895
Value Added Tax (IVA)	21,133,087	15,062,932
Social security contributions	2,025,883	2,319,890
Other	675,149	663,688
	<b>26,022,206</b>	<b>19,928,405</b>

As of 30 September 2020 and 31 December 2019, there were no overdue debts to the State.

#### Non-repayable grants - Detail

Amounts in Euro	30-09-2020	31-12-2019
Investment grants	7,099,969	11,938,987
Grants - CO2 emission allowances	1,826,766	-
Other grants	3,523,198	4,551,660
<b>Non-repayable grants - current</b>	<b>12,449,933</b>	<b>16,490,647</b>
Investment grants	27,695,775	30,837,585
<b>Non-repayable grants - non-current</b>	<b>27,695,775</b>	<b>30,837,585</b>
	<b>40,145,708</b>	<b>47,328,232</b>

## 5 CAPITAL STRUCTURE

### 5.1 SHARE CAPITAL AND THEASURY SHARES

#### Navigator's shareholders

The Navigator Company is a public company with its shares quoted on the Euronext Lisbon.

As at 30 September 2020, The Navigator Company's share capital of Euro 500,000,000 was fully subscribed and paid for being represented by 717,500,000 shares without nominal value.

As at 30 September 2020 and 31 December 2019, the shareholders with qualified shareholdings in the Company's capital were as follows:

Entity	30-09-2020		31-12-2019	
	No. of shares	%	No. of shares	%
Shares without nominal value	-	-	241,583,015	33.67%
Seinpar Investments, BV	-	-	256,034,284	35.68%
Semapa, SGPS, S.A.	497,617,299	69.35%	6,316,931	0.88%
Treasury shares	6,316,931	0.88%	213,565,770	29.77%
Remaining shareholders	213,565,770	29.77%	717,500,000	100%
	<b>717,500,000</b>	<b>100%</b>	<b>717,500,000</b>	<b>100%</b>

On 23 September 2020, Semapa and Seinpar Investments B.V. ("Seinpar"), a company wholly owned by Semapa, carried out a merger by incorporation, whereby Seinpar was incorporated into Semapa.

Seinpar holds 241,583,015 Navigator shares, representing 33.67% of Navigator's share capital and voting rights, and Semapa holds 256,034,284 Navigator shares, representing 35.68% of Navigator's share capital and voting rights, as a result of the merger, a total of 497,617,299 Navigator shares representing 69.35% of Navigator's share capital and inherent voting rights previously distributed by these two companies are now held directly by Semapa, thus changing Navigator's voting rights composition to this company.

#### Treasury shares - movements

	30-09-2020		31-12-2019	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	6,316,931	20,189,264	864,049	2,317,915
Acquisition of treasury shares	-	-	5,452,882	17,871,349
Disposals in the period	-	-	-	-
<b>Treasury shares at the end of the period</b>	<b>6,316,931</b>	<b>20,189,264</b>	<b>6,316,931</b>	<b>20,189,264</b>

Treasury shares are stated at acquisition cost (average cost of 3,196 per share).

These shares were mainly acquired during 2008 and 2012 as well as in 2018 and 2019, and the changes in the period were as follows:

Amounts in Euro	2020		2019	
	Quantity	Amount	Quantity	Amount
<b>Treasury shares held on 1 January</b>	<b>6,316,931</b>	<b>20,189,264</b>	<b>864,049</b>	<b>2,317,915</b>
Acquisitions				
January	-	-	880,882	3,311,967
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	2,523,835	8,460,107
June	-	-	586,677	1,887,454
July	-	-	-	-
August	-	-	1,441,488	4,090,544
September	-	-	20,000	121,277
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
	-	-	<b>880,882</b>	<b>3,311,967</b>
<b>Treasury shares held in September</b>	<b>6,316,931</b>	<b>20,189,264</b>	<b>1,744,931</b>	<b>5,629,882</b>
Remaining quarters	-	-	<b>4,572,000</b>	<b>14,559,382</b>
<b>Treasury shares held in December</b>	<b>6,316,931</b>	<b>20,189,264</b>	<b>6,316,931</b>	<b>20,189,264</b>

The market value of the treasury shares held on 30 September 2020 amounted to Euro 13,985,685 (31 December 2019: 22,665,148), corresponding to a unit value of Euro 2.214 (31 December 2019: Euro 3.588) and the market capitalization of the Company at this date amounted to Euro 1,588,545,000 (2019: Euro 2,574,390,000) compared to an equity, net of non-controlling interests, of Euro 1,102,066,141 (31 December 2019: 1,027,145,277).

## 5.2 EARNINGS PER SHARE

	30-09-2020	30-09-2019
<b>Profit attributable to Navigator's equity holders (Euro)</b>	<b>75,249,680</b>	<b>147,521,948</b>
Total number of issued shares	717,500,000	717,500,000
Average treasury shares in the portfolio	(6 316 931)	(3 728 138)
<b>Weighted average number of shares</b>	<b>711,183,069</b>	<b>713,771,862</b>
<b>Basic earnings per share (Euro)</b>	<b>0.106</b>	<b>0.207</b>
<b>Diluted earnings per share (Euro)</b>	<b>0.106</b>	<b>0.207</b>

## 5.3 NON-CONTROLLING INTERESTS

### Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Equity	
		30-09-2020	31-12-2019	30-09-2020	30-09-2019
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	285,757	273,817	12,253	6 168
Portucel Moçambique	90.02%	-	-	-	-
		<b>285,757</b>	<b>273,817</b>	<b>12,253</b>	<b>6,168</b>

Non-controlling interests are related to RAÍZ – Instituto de Investigação da Florestal e Papel, where the Group owns 97% of the capital and voting rights. The remaining 3% are owned by external associates.

In 2014, the Group signed agreements with IFC – Internacional Finance Corporation for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital increase from MZM 1,000 million to MZM 1,680,798 million subscribing MZM 332,798 million corresponding to 19.98% of the capital at that date.

In February 2019, occurred a reduction of the subscribed, underwritten and paid capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, which reflect 90.02% of the Company's share capital, and the



participation of the IFC was reviewed to MZM 50,620,000, which reflect 9.98% of the Portucel Moçambique's share capital.

At the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

## 5.4 INTEREST-BEARING LIABILITIES

Amounts in Euro	30-09-2020			31-12-2019		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	315,000,000	145,000,000	460,000,000	445,000,000	-	445,000,000
Commercial paper	265,000,000	135,000,000	400,000,000	295,000,000	-	295,000,000
Bank loans	84,236,111	13,194,445	97,430,556	90,833,334	13,194,444	104,027,778
Charges with bond issuances	(3,275,714)	-	(3,275,714)	(3,052,386)	-	(3,052,386)
Repayable grants	36,447,385	-	36,447,385	39,331,496	-	39,331,496
Other loans	-	132,821	132,822	-	-	-
Deferrals	(1,646,442)	-	(1,646,442)	(3,175,502)	-	(3,175,502)
<b>Debt securities and bank debt</b>	<b>695,761,340</b>	<b>293,327,266</b>	<b>989,088,607</b>	<b>863,936,941</b>	<b>13,194,444</b>	<b>877,131,386</b>

During the nine-month period ended 30 September 2020, several short-term funding operations were carried out via commercial paper, which resulted, compared to the end of 2019, in an increase in funding of Euro 210,000,000 via commercial paper; of this amount, Euro 105,000,000 correspond to operations carried out, at the end of March and in April 2020, for a period of approximately one year, in the context of the creation of a liquidity safety net, appropriate to the Covid-19 context.

During the third quarter, the Group contracted several financing operations aimed at refinancing the debt maturing in 2021. These operations did not require any immediate funding but supported a possibility of use linked to the effective maturity dates. Thus, the Group reinforces and extends a liquidity position that can be considered adequate in the current context.

The reimbursable incentives include incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the incentive under the investment agreement entered into with Grupo Navigator Tissue Aveiro, S.A. subsidiary for the construction of the new Tissue plant in Aveiro. This agreement includes a financial incentive in the form of a repayable incentive up to a maximum amount of Euro 42,166,636, without interest, with a two-year grace period and maturing in 2027.

## Interest-bearing liabilities - details

30-09-2020 Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
Navigator 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000
Navigator 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	100,000,000	-
Navigator 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	45,000,000	-
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Navigator 2020-2023 (*)	100,000,000	15,000,000	August 2023	Variable rate indexed to Euribor	-	15,000,000
Navigator 2021-2026	20,000,000	-	April 2026	Variable rate indexed to Euribor	-	-
Commissions	-	(3,275,714)	-	-	-	(3,275,714)
<b>European Investment Bank</b>						
Loan BEI Ambiente B	3,333,334	3,333,334	June 2021	Variable rate indexed to Euribor	3,333,334	-
Loan BEI Energia	31,875,000	31,875,000	December 2024	Variable rate indexed to Euribor	7,083,333	24,791,666
Loan BEI Aveiro	22,222,222	22,222,222	May 2028	Fixed rate	2,777,778	19,444,444
Loan BEI Figueira	40,000,000	40,000,000	February 2029	-	-	40,000,000
Loan BEI Figueira - C.Biomassa (**)	27,500,000	-	-	-	-	-
<b>Commercial Paper Program</b>						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	-	175,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	70,000,000	-
Commercial Paper Program 65M	65,000,000	65,000,000	February 2026	Variable rate indexed to Euribor	-	65,000,000
Commercial Paper Program 25M	25,000,000	25,000,000	April 2021	-	25,000,000	-
Commercial Paper Program 25M	25,000,000	25,000,000	August 2023	-	-	25,000,000
Commercial Paper Program 40M	40,000,000	40,000,000	March 2021	-	40,000,000	-
Commercial Paper Program 75M	75,000,000	-	July 2026	Variable rate indexed to Euribor	-	-
<b>Repayable grants</b>						
AICEP	36,447,385	36,447,385	-	-	-	36,447,385
Deferrals	-	(1,646,443)	-	-	-	(1,646,443)
<b>Bank credit lines</b>						
Short-term line 20M	20,450,714	-	-	-	-	-
<b>Other loans</b>						
Loan under US Federal line	132,822	132,822	-	-	132,821	-
		<b>989,088,606</b>			<b>293,327,266</b>	<b>695,761,340</b>

(\*) - Euro 15,000,000 (1st series) with a subscription date of 5 August 2020; Euro 85,000,000 (2nd series) with a subscription date of 23 April 2021.

(\*\*\*) - Usable until July 2021, with deadline and rate modality to be defined at the time of use

31-12-2019 Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
Navigator 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000
Navigator 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	-	100,000,000
Navigator 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Commissions	-	(3,052,386)	-	-	-	(3,052,386)
<b>European Investment Bank</b>						
Loan BEI Ambiente B	5,000,000	5,000,000	June 2021	Variable rate indexed to Euribor	3,333,333	1,666,667
Loan BEI Energia	35,416,667	35,416,667	December 2024	Variable rate indexed to Euribor	7,083,333	28,333,333
Loan BEI Cacia	23,611,111	23,611,111	May 2028	Fixed rate	2,777,778	20,833,333
Loan BEI Figueira	40,000,000	40,000,000	February 2029	-	-	40,000,000
<b>Commercial Paper Program</b>						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	-	175,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	-	70,000,000
Commercial Paper Program 65M	65,000,000	50,000,000	February 2026	Variable rate indexed to Euribor	-	50,000,000
Commercial Paper Program 75M	75,000,000	-	July 2026	Variable rate indexed to Euribor	-	-
<b>Repayable grants</b>						
AICEP	39,331,496	39,331,496	November 2027	Fixed rate	-	39,331,496
Deferrals	-	(3,175,502)	-	-	-	(3,175,502)
<b>Bank credit lines</b>						
Short-term line 20M	20,450,714	-	-	-	-	-
Short-term line 20M	20,450,714	-	-	-	-	-
		<b>877,131,386</b>			<b>13,194,444</b>	<b>863,936,941</b>

Like in 2019, in 2020 the Navigator Company has continued to place short-term commercial paper issues on an auction basis.

As at 30 September 2020, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 1.5% (31 December 2019: 1.7%).

The reimbursement terms for the interest-bearing liabilities recorded as non-current are detailed as follows:

Amounts in Euro	30-09-2020	31-12-2019
Non-current		
1 to 2 years	48,069,643	226,527,778
2 to 3 years	340,544,836	51,679,254
3 to 4 years	104,473,407	295,294,397
4 to 5 years	84,431,741	95,294,397
Above 5 years	123,163,870	201,369,004
	<b>700,683,497</b>	<b>870,164,830</b>
Commissions	(4,922,157)	(6,227,888)
	<b>695,761,340</b>	<b>863,936,942</b>

As of 30 September 2020 and 31 December 2019, the Group's interest-bearing net debt was as follows:

Amounts in Euro	30-09-2020	31-12-2019
Interest-bearing liabilities (Note 5.4)	989,088,607	877,131,386
Cash and cash equivalents (Note 5.6)	(345,129,117)	(161,880,404)
<b>Net debt</b>	<b>643,959,489</b>	<b>715,250,982</b>
Lease liabilities	53,434,064	46,847,797
<b>Net interest-bearing debt with lease liabilities</b>	<b>697,393,553</b>	<b>762,098,779</b>

Based on the financial statements presented in this report, the financial ratios were as follows as of 30 September 2020 and 31 December 2019:

Ratios	30-09-2020	31-12-2019
Interest coverage	28.74	46.49
Indettedness	3.33	2.36
Net Debt / EBITDA	2.29	1.92

The amounts calculated in the table above exclude lease liabilities.

## 5.5 LEASE LIABILITIES

### Lease liabilities - details

Amounts in Euro	30-09-2020			31-12-2019		
	Outstanding rents	Interest on liabilities	Present value of liabilities	Outstanding rents	Interest on liabilities	Present value of liabilities
Below 1 year	3,806,313	1,778,853	5,585,166	2,734,225	1,662,746	4,396,971
1 to 2 years	3,262,303	1,641,916	4,904,219	2,156,930	1,541,515	3,698,445
2 to 3 years	2,870,679	1,513,333	4,384,013	1,626,218	1,431,399	3,057,617
3 to 4 years	2,579,337	1,392,284	3,971,620	1,341,681	1,329,742	2,671,423
4 to 5 years	2,209,184	1,275,928	3,485,112	1,336,559	1,232,720	2,569,279
Above 5 years	22,197,795	8,906,139	31,103,934	21,823,025	8,631,036	30,454,062
<b>Present value of liabilities</b>	<b>36,925,611</b>	<b>16,508,454</b>	<b>53,434,064</b>	<b>31,018,639</b>	<b>15,829,158</b>	<b>46,847,797</b>

The increase in the value of liabilities associated with leasing liabilities stems from new agreements entered into in 2020, amounting to Euro 11,482,572, of which the new agreement for the leasing of forklift trucks, amounting to Euro 5,158,458, stands out.

## 5.6 CASH AND CASH EQUIVALENTS

Amounts in Euro	30-09-2020	31-12-2019
Cash	38,024	39,818
Short-term bank deposits	208,496,204	120,620,841
Other short-term investments	136,594,889	41,219,744
	<b>345,129,117</b>	<b>161,880,403</b>

In 2020 and 2019, the amount presented under Other short terms investments corresponds to amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

As of 30 September 2020 and 31 December 2019, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group.

## 5.7 NET FINANCIAL RESULTS

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
Interest paid on debt securities and bank debt	(7,425,032)	(7,834,342)
Commissions on loans and expenses with credit facilities	(2,789,854)	(2,638,830)
<b>Interest paid by applying the effective interest method</b>	<b>(10,214,886)</b>	<b>(10,473,172)</b>
Interest paid on lease liabilities	(1,511,360)	(1,312,531)
<b>Financial expenses related to the Group's capital structure</b>	<b>(11,726,246)</b>	<b>(11,785,703)</b>
Unfavourable exchange rate differences	-	-
Losses on financial instruments - foreign exchange hedging	-	(599,559)
Losses on financial instruments - interest rate hedging	(1,585,887)	(1,398,907)
Losses on financial instruments - trading	(299,032)	(1,395,874)
Accrual for option premiums	(1,092,487)	(1,702,517)
Losses on compensatory interest	-	(221,720)
Other financial expenses and losses	(557,822)	-
<b>Financial expenses and losses</b>	<b>(15,261,474)</b>	<b>(17,104,281)</b>
Interest earned on financial assets at amortised cost	-	-
Favourable exchange rate differences	492,832	2,844,474
Gains on financial instruments - foreign exchange hedging	451,807	-
Gains on financial instruments - hedging	1,752,997	-
Gains on financial instruments - trading	-	-
Gains on compensatory interest	2,474,247	-
Other financial income and gains	1,026,739	2,861,102
<b>Financial income and gains</b>	<b>6,198,622</b>	<b>5,705,577</b>
<b>Net financial results</b>	<b>(9,062,852)</b>	<b>(11,398,704)</b>

The financial results show an improvement of Euro 2.3 million, standing at negative Euro 9.1 million (vs. Euro 11.4 million), having been positively impacted in Euro 2.1 million by the variation in results of foreign exchange operations and in Euro 2.7 million by the variation in compensatory interest.

On the other hand, the result of financing operations increased essentially due to higher average debt in the period and the devaluation of the asset portfolio, due to the impacts derived from Covid-19.

## 6 INCOME TAX

### 6.1 INCOME TAX FOR THE PERIOD

#### 6.1.1 Income tax recognised in the consolidated income statement

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
Current tax	10,840,609	34,910,406
Change in uncertain tax positions in the period	(9,506,555)	(38,934,163)
Deferred tax (Note 6.2)	13,930,135	44,859,269
	<b>15,264,189</b>	<b>40,835,513</b>

As at 30 September 2020, current tax includes Euro 8,419,872 (30 September 2019: Euro 31,196,756) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

In 2019 the item "Change in uncertain tax positions in the period" reflects the favourable outcome of some processes regarding matters with high uncertainty.

#### Nominal tax rate

In the periods presented, the Group considers a nominal tax rate in Portugal of 27.5%, resulting from the tax legislation as follows:

	2020	2019
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	<b>22.5%</b>	<b>22.5%</b>
State surcharge - on the share of taxable profits between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on the share of taxable profits between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on the share of taxable profits above Euro 35,000,000	9.0%	9.0%

#### Reconciliation of the effective income tax rate for the period

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
<b>Profit before tax</b>	<b>90,526,122</b>	<b>188,363,627</b>
Expected tax at nominal rate (21%)	19,010,486	39,556,362
Municipal surcharge (2020: 1.58%; 2019: 1.27%)	1,433,642	2,395,290
State surcharge (2020: 3.91%; 2019: 3.32%)	3,535,129	6,258,165
<b>Income tax resulting from the applicable tax rate</b>	<b>23,979,257</b>	<b>48,209,817</b>
<b>Nominal tax rate for the period</b>	<b>26.49%</b>	<b>25.59%</b>
Differences (a)	1,902,912	2,353,905
Income tax estimate changes arising from fiscal positions	(9,867,025)	(8,078,209)
Tax benefits	(750,954)	(1,650,000)
	<b>15,264,189</b>	<b>40,835,513</b>
<b>Effective tax rate</b>	<b>16.86%</b>	<b>21.68%</b>

(a) This amount concerns mainly :

	9 months 30-09-2020	9 months 30-09-2019
Gains / (Losses) for tax purposes	583,028	(95,438)
Gains / (Losses) for accounting purposes	(627,709)	2,392
Taxable provisions and impairment	3,729,823	6,197,164
Tax benefits	(1,080,145)	(3,355,864)
Post-employment benefits	90,719	1,096,943
Other	4,223,964	4,714,459
	<b>6,919,679</b>	<b>8,559,656</b>
<b>Tax effect (27.5%)</b>	<b>1,902,912</b>	<b>2,353,905</b>

## 6.1.2 Tax recognised in the consolidated statement of financial position

Amounts in Euro	30-09-2020	31-12-2019
<b>Assets</b>		
Corporate Income Tax (IRC)	4,781,802	17,947,083
Amounts pending reimbursement (tax proceedings favourable to the Group)	1,721,923	7,198,086
	<b>6,503,725</b>	<b>25,145,169</b>
<b>Liabilities</b>		
Corporate Income Tax (IRC)	-	-
Additional tax liabilities (IRC)	34,952,730	36,228,728
	<b>34,952,730</b>	<b>36,228,728</b>

### Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	30-09-2020	31-12-2019
Income tax for the period	10,840,609	21,955,869
Payments on accounts, Special payments on accounts and Additional payments on accounts	(4,457,287)	(39,772,213)
Withholding tax recoverable	(17,945)	(674,207)
Income tax payable/ (recoverable) from prior years	-	-
Additional settlement NVG Tissue Rodão	(9,850,735)	-
Other receivables/ (payables)	(1,296,445)	543,468
	<b>(4,781,802)</b>	<b>(17,947,084)</b>

### Amounts pending reimbursement

Amounts in Euro	2020	2019
2013 Corporate income tax (RETGS)	406,620	1,273,038
2012 Corporate income tax - Proceeding 727/2016	-	4,422,958
2010 to 2012 RFAI - compensatory interests	1,076,611	-
Other	238,692	1,502,090
	<b>1,721,923</b>	<b>7,198,086</b>

### Uncertain tax positions - liabilities

Amounts in Euro	30-09-2020	31-12-2019
<b>Balance at the beginning of the period</b>	<b>36,228,728</b>	<b>12,277,050</b>
Increases	3,145,590	-
Transfers (IFRIC 23)	-	34,765,601
Reversals	(4,421,588)	(10,813,923)
<b>Amount recognised in the income statement - (gain) / loss</b>	<b>(1,275,998)</b>	<b>23,951,678</b>
	<b>34,952,730</b>	<b>36,228,728</b>

### Taxes paid in litigation

As at 30 September 2020 and 31 December 2019, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	30-09-2020	31-12-2019
2005 Aggregate corporate income tax	10,394,386	10,394,386
2006 Aggregate corporate income tax	8,150,146	8,150,146
2016 State surcharge	3,761,397	3,761,397
2017 State surcharge	8,462,724	8,462,724
2018 State surcharge	12,223,705	12,223,705
2016 corporate income tax NVG Tissue Rodão	9,850,735	-
	<b>52,843,093</b>	<b>42,992,358</b>

Regarding the 2018 State Surcharge proceeding, the unfavourable decision by CAAD (Arbitral Court) was received in September 2020, and Navigator filed an appeal with the Constitutional Court.

With regard to the additional settlement of Navigator Tissue Rodão's Corporate Income Tax (IRC) in 2016, a fully favourable decision was obtained from the Administrative Appeal which had been submitted, with the reimbursement of Euro 9,850,735 occurring in October 2020.

## 6.2 DEFERRED TAXES

### Movements in deferred taxes

Amounts in Euro	As at 1 January 2020	Income Statement		Equity	As at 30 September 2020
		Increases	Decreases		
<b>Temporary differences originating deferred tax assets</b>					
Taxed provisions	6,793,848	477,786	(272,432)	-	6,999,201
Adjustment of property, plant and equipment	69,004,705	15,057,799	(20,683,221)	-	63,379,283
Financial instruments	8,525,155	-	-	(2,369,913)	6,155,242
Deferred accounting gains on inter-group transactions	18,864,851	388,610	(4,072,594)	-	15,180,867
Investments grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,660,000	-	(1,610,000)	-	8,050,000
	<b>113,052,148</b>	<b>15,924,194</b>	<b>(26,638,248)</b>	<b>(2,369,913)</b>	<b>99,968,181</b>
<b>Temporary differences originating deferred tax liabilities</b>					
Pensions and post-employment benefits	(510,040)	160	184,256	81,315	(244,309)
Deferred accounting losses on inter-group transactions	(9,994,509)	-	-	-	(9,994,509)
Valuation of biological assets	(25,999,474)	4 513 234	-	-	(21,486,240)
Adjustment of property, plant and equipment	(249,833,138)	1,113,787	(46,554,434)	-	(295,273,785)
Investment grants	(6,077,044)	802,013	-	165,036	(5,109,995)
	<b>(292,414,206)</b>	<b>6,429,194</b>	<b>(46,370,177)</b>	<b>246,352</b>	<b>(332,108,838)</b>
Deferred tax assets	31,089,341	4,379,153	(7,325,518)	(651,726)	27,491,251
Tax incentives for investment	549,224	-	-	-	549,224
<b>Deferred tax assets</b>	<b>31,638,565</b>	<b>4,379,153</b>	<b>(7,325,518)</b>	<b>(651,726)</b>	<b>28,040,474</b>
<b>Deferred tax liabilities</b>	<b>(80,413,906)</b>	<b>1,768,028</b>	<b>(12,751,799)</b>	<b>67,747</b>	<b>(91,329,929)</b>

Amounts in Euro	As at 1 January 2019	Income Statement		Equity	As at 31 December 2019
		Increases	Decreases		
<b>Temporary differences originating deferred tax assets</b>					
Taxed provisions	1,439,796	5,354,052	-	-	6,793,848
Adjustment of property, plant and equipment	104,175,669	-	(35,170,963)	-	69,004,705
Financial instruments	7,489,391	-	-	1,035,764	8,525,155
Deferred accounting gains on inter-group transactions	39,285,900	-	(20,421,049)	-	18,864,851
Investments grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,240,000	-	(3,220,000)	3,640,000	9,660,000
	<b>161,834,345</b>	<b>5,354,052</b>	<b>(58,812,012)</b>	<b>4,675,764</b>	<b>113,052,148</b>
<b>Temporary differences originating deferred tax liabilities</b>					
Pensions and post-employment benefits	(16,445)	(2 408 246)	-	1,914,651	(510,040)
Financial instruments	(144,728)	-	144 728	-	-
Deferred accounting losses on inter-group transactions	(9,994,509)	-	-	-	(9,994,509)
Valuation of biological assets	(13,969,979)	(12 029 495)	-	-	(25,999,474)
Adjustment of property, plant and equipment	(208,882,941)	(40,950,197)	-	-	(249,833,138)
Investment grants	(7,439,159)	-	1,112,930	249,185	(6,077,044)
	<b>(240,447,761)</b>	<b>(55,387,938)</b>	<b>1,257,658</b>	<b>2,163,836</b>	<b>(292,414,206)</b>
Deferred tax assets	44,504,444	1,472,364	(16,173,302)	1,285,835	31,089,341
Tax incentives for investment	26,502,330	-	(25,953,106)	-	549,224
<b>Deferred tax assets</b>	<b>71,006,774</b>	<b>1,472,364</b>	<b>(42,126,408)</b>	<b>1,285,835</b>	<b>31,638,565</b>
<b>Deferred tax liabilities</b>	<b>(66,123,135)</b>	<b>(15,231,683)</b>	<b>345,857</b>	<b>595,055</b>	<b>(80,413,906)</b>

In the measurement of the deferred taxes as at 30 September 2020 and 31 December 2019, the rate of 27.50% was used.

## 7 PAYROLL

### 7.1 PAYROLL COSTS

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
Remuneration of Corporate bodies - fixed	2,493,179	2,386,793
Remuneration of Corporate bodies - variable	-	1,474,367
Other remunerations	73,268,277	78,918,570
Social Security contributions	13,370,398	16,953,270
Post-employment benefits (Note 7.2)	1,100,354	2,182,629
Other payroll costs	4,123,643	6,681,760
<b>Payroll costs</b>	<b>94,355,851</b>	<b>108,597,389</b>

#### Number of employees by segment at the end of the period

	30-09-2020	31-12-2019	Var. 20/19
Market pulp	259	269	(10)
UWF	1,837	1,869	(32)
Tissue	382	376	6
Other	766	766	-
	<b>3,244</b>	<b>3,280</b>	<b>(36)</b>

Other Payroll costs are detailed as follows during the nine-month periods ended 30 September 2020 and 2019:

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
Training	253,500	1,097,937
Social action	712,729	761,599
Insurance	2,664,495	2,282,201
Compensations	-	2,052,205
Other	485,338	487,818
	<b>4,116,063</b>	<b>6,681,760</b>

### 7.2 EMPLOYEE BENEFITS

#### 7.2.1 Introduction

Some Group companies grant their employees post-retirement benefits, either in the form of defined benefit plans or in the form of defined contribution plans.

The plans are funded through a closed Pension Fund, managed by an external entity, which subcontracts the management of its assets to external asset management entities.

##### A. Pension Plan – Defined benefit

The Group has responsibilities with post-employment benefit plans for a reduced group of Employees who have chosen to maintain the defined benefit plan or who have chosen to maintain a safeguard clause, the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the employee the option, at the time of retirement, to pay a pension in accordance with the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (*Conta 1*) will be used to finance the liability of the Defined Benefit Plan.



## B. Pension Plan – Defined contribution

As at 30 September 2020, three Defined Contribution plans were in force, which covered 2,803 employees, excluding employees who chose to maintain a benefit safeguard clause.

### 7.2.2 Defined benefit plan

#### Net liabilities

Net liabilities reflected in the consolidated statement of financial position and the number of beneficiaries of the defined benefit plans in force in the Group are detailed as follows:

	30-09-2020		31-12-2019	
	No. Beneficiaries	Amount	No. Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	478	73,852,094	481	75,583,410
Former employees	118	20,303,150	130	23,358,802
Retired employees	533	84,075,292	522	80,938,541
Market value of the pension funds		(170,296,440)		(173,292,676)
<b>Total net liabilities</b>	<b>1,129</b>	<b>7,934,096</b>	<b>1,133</b>	<b>6,588,076</b>

#### Assumptions used in the valuation of the liabilities

The assumptions used in the valuation of liabilities correspond to those of June 2020, since no actuarial studies are conducted for the quarter:

	30-06-2020
Social Security Benefits Formula	Decree Law no. 187/2007 of 10 May
Disability table	EKV 80
Mortality table	TV 88/90
Wage growth rate	1.00%
Technical interest rate	1.75%
Return rate on plan assets	1.75%
Pensions growth rate	0.75%

The discount rates used in this calculation were selected by reference to the yield rates of a set of high-quality corporate bonds. Bonds whose maturity and rating were considered appropriate were selected, considering the amount and the timing of the cash flows associated with the payment of benefits to Employees.

#### Funds

##### Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2020	2019
<b>Balance as at 1 January</b>	<b>173,292,676</b>	<b>147,131,961</b>
Expected income for the period	1,492,235	1,359,139
Remeasurement	(1,738,904)	8,251,847
Pensions paid	(2,596,185)	(2,436,741)
Others	(153,382)	-
<b>Balance as at 30 September</b>	<b>170,296,440</b>	<b>154,306,206</b>
Remaining quarters		18,986,470
<b>Balance as at 31 December</b>		<b>173,292,676</b>

The negative impact of Euro 2,996,236 on the value of the fund results essentially from the payment of pensions and negative return on assets, verified in the period.

The assets of the pension fund related to the defined benefit plan are under the management of Schroders, BlackRock and Credit Suisse, as detailed below:

Amounts in Euro	2020	2019
Defined benefit and <i>Conta 1</i> :		
Occidental - Pensions	76,852	684,412
Schroders	66,535,600	65,053,133
BlackRock	64,142,871	64,042,229
<i>Conta 1</i> - Credit Suisse	39,541,117	43,512,903
<b>Total Defined benefit and e <i>Conta 1</i></b>	<b>170,296,440</b>	<b>173,292,676</b>

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	30-09-2020	%	31-12-2019	%
<b>Listed securities in active market</b>				
Bonds	101,732,929	59.7%	100,758,787	58.1%
Shares	46,065,528	27.1%	44,766,233	25.8%
Public debt	12,613,278	7.4%	13,724,039	7.9%
Liquidity	9,884,704	5.8%	14,043,617	8.1%
	<b>170,296,440</b>	<b>100%</b>	<b>173,292,676</b>	<b>100%</b>

### 7.2.3 Defined Contribution Plan

As at 30 September 2020, two defined contribution plans were in force for most of the employees.

The assets of the pension fund that finance the defined contribution plans are under the management of the BMO, as detailed below:

Amounts in Euro	No. of Beneficiaries	Profitability %	2020	No. of Beneficiaries	Profitability %	2019
Defined contribution (BMO):						
Defensive sub-fund	134	0.87%	8,881,444	127	7.76%	8,879,084
Conventional sub-fund	402	0.77%	18,985,785	398	10.05%	21,313,529
Dynamic sub-fund	693	0.35%	15,254,974	686	13.83%	14,619,829
Aggressive sub-fund	1,574	(1.13%)	4,735,328	1,579	18.64%	5,645,957
<b>Total Defined Contribution</b>	<b>2,803</b>		<b>47,857,531</b>	<b>2,790</b>		<b>50,458,399</b>

### 7.2.4 Expenses incurred with post-employment benefit plans

The effect of these plans in the income statement for the nine-month periods ended 30 September 2020 and 2019 was as follows:

Amounts in Euro	9 months 30-09-2020	9 months 30-09-2019
<b>Defined benefit plans</b>		
Current services	33,652	921,127
Interest expenses	1,549,230	1,536,090
Expected return on plan assets	(1,492,235)	(1,359,139)
Waiver of liabilities	-	-
	<b>90,647</b>	<b>1,098,078</b>
<b>Defined benefit plans</b>		
Contribution of the period	1,009,707	1,084,551
	<b>1,009,707</b>	<b>1,084,551</b>
<b>Costs for the period</b>	<b>1,100,354</b>	<b>2,182,629</b>

## 8 FINANCIAL INSTRUMENTS

### 8.1 DERIVATIVE FINANCIAL INSTRUMENTS

#### Movements in derivative financial instruments

Amounts in Euro	30-09-2020			31-12-2019		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
<b>Opening balance</b>	<b>536,035</b>	<b>(4,316,491)</b>	<b>(3,780,456)</b>	<b>141,860</b>	<b>(4,502,399)</b>	<b>(4,360,539)</b>
New contracts / settlements	1,311,035	(1,509,992)	(198,957)	-	6,148,531	6,148,531
Change in fair value through profit or loss	(299,032)	(925,377)	(1,224,409)	394,175	(4,926,860)	(4,532,684)
Change in fair value through other comprehensive income	-	2,369,913	2,369,913	-	(1,035,764)	(1,035,764)
<b>Closing balance</b>	<b>1,548,038</b>	<b>(4,381,946)</b>	<b>(2,833,908)</b>	<b>536,035</b>	<b>(4,316,491)</b>	<b>(3,780,456)</b>

#### 8.1.1 Detail and maturity of derivative financial instruments by nature

30 September 2020 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Hedging (future sales)	75,900,000	USD	2020	1,587,691	-	1,587,691
Hedging (future sales)	18,000,000	GBP	2020	314,244	-	314,244
Interest rate swaps - Bonds	250,000,000	EUR	2025	-	(7,357,394)	(7,357,394)
BHKP Pulp	4,740,000	USD	2020	1,073,512	-	1,073,512
				<b>2,975,447</b>	<b>(7,357,394)</b>	<b>(4,381,946)</b>
Trading						
Foreign exchange forwards (future sales)	80,428,946	USD	2023	390,613	(138,140)	252,473
Foreign exchange forwards (future sales)	5,950,000	GBP	2020	8,776	-	8,776
Foreign exchange forwards (future sales)	750,000	CHF	2020	5,754	-	5,754
Future purchase of CO2 allowances (Note 3.2)	4,984,938	EUR	2020	1,322,779	(41,744)	1,281,035
				<b>1,727,922</b>	<b>(179,884)</b>	<b>1,548,038</b>
				<b>4,703,369</b>	<b>(7,537,278)</b>	<b>(2,833,909)</b>
<b>31 December 2019 Amounts in Euro</b>						
Hedging						
Hedging (future sales)	224,439,394	USD	2020	1,512,853	(11,549)	1,501,304
Hedging (future sales)	97,611,111	GBP	2020	252,153	(217,046)	35,107
Interest rate swaps - Bonds	250,000,000	EUR	2025	-	(6,301,796)	(6,301,796)
BHKP Pulp	18,960,000	USD	2020	448,894	-	448,894
				<b>2,213,899</b>	<b>(6,530,391)</b>	<b>(4,316,492)</b>
Trading						
Foreign exchange forwards (future sales)	105,663,053	USD	2023	740,596	-	740,596
Foreign exchange forwards (future sales)	8,350,000	GBP	2020	-	(204,561)	(204,561)
Future purchase of CO2 allowances	550,000	EUR	2020	-	-	-
				<b>740,596</b>	<b>(204,561)</b>	<b>536,035</b>
				<b>2,954,495</b>	<b>(6,734,952)</b>	<b>(3,780,457)</b>

#### Cash flow hedge | Exchange rate risk EUR/USD and EUR/GBP

In this regard, during the last quarter of the 2019 period and in January 2020, the Group contracted a set of financial structures to cover the total net exchange rate exposure of the estimated sales in USD for 2020. The derivative financial instruments in force are Options and Zero Cost Collar, in an overall amount of USD 144,500,000 and GBP 36,000,000, which expire on 31 December 2020.

## 9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

### 9.1 PROVISIONS

#### Movements in provisions

Amounts in Euro	Legal proceedings	Tax proceedings	Other	Total
<b>1 January 2019</b>	<b>4,785,976</b>	<b>23,170,209</b>	<b>15,109,286</b>	<b>43,065,471</b>
Increases	834,311	889,387	-	1,723,698
Reversals	(832,076)	-	(3,172,221)	(4,004,297)
<b>Impact on profit or loss for the period</b>	<b>2,235</b>	<b>889,387</b>	<b>(3,172,221)</b>	<b>(2,280,599)</b>
Other transfers and adjustments	29,608	(24,059,596)	-	(24,029,988)
<b>30 September 2019</b>	<b>4,817,819</b>	<b>-</b>	<b>11,937,065</b>	<b>16,754,884</b>
Increases	687,762	-	2,445,497	3,133,259
Reversals	-	-	-	-
<b>Impact on profit or loss for the period</b>	<b>687,762</b>	<b>-</b>	<b>2,445,497</b>	<b>3,133,259</b>
Other transfers and adjustments	1,314	-	58,890	60,204
<b>31 December 2019</b>	<b>5,506,895</b>	<b>-</b>	<b>14,441,452</b>	<b>19,948,347</b>
Increases	2,050,968	-	452,308	2,503,276
Reversals	(2,978,870)	-	-	(2,978,870)
<b>Impact on profit or loss for the period</b>	<b>(927,902)</b>	<b>-</b>	<b>452,308</b>	<b>(475,594)</b>
Exchange rate adjustment	(91,110)	-	-	(91,110)
Other transfers and adjustments	-	-	1,177,318	1,177,318
<b>30 September 2020</b>	<b>4,487,883</b>	<b>-</b>	<b>16,071,078</b>	<b>20,558,960</b>

#### Legal proceedings

The outcome of provisions for legal claims depends on the labour or civil court decisions.

#### Other provisions

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, risks of contractual positions assumed in investments, among others. As at 30 September 2020 this item includes Euro 13,615,000 relating to the Mozambique project.

### 9.2 COMMITMENTS

#### Guarantees provided to third parties

Amounts in Euro	30-09-2020	31-12-2019
<b>Guarantees provided</b>		
Navigator guarantees for BEI loans	35,208,333	70,416,667
Portuguese tax authorities	15,997,679	845,957
IAPMEI	1,280,701	3,653,785
Customs clearance	1,250	1,250
Spanish state tax agency	1,033,204	1,033,204
Portuguese Environment Agency	1,141,618	-
Simria	338,829	338,829
Other	738,226	982,839
	<b>55,739,840</b>	<b>77,272,531</b>

Under the terms of the financing contracts with the BEI, Navigator Group provided bank guarantees in the amount of Euro 35,208 thousand.

The bank guarantees provided to the Tax Authority relate to the dispute in litigation relating to corporate income tax for the 2015 tax period.

In the case of the Portuguese Environmental Agency, bank guarantees were provided in the context of litigation proceedings associated with the water resources rate for the years 2017 to 2019.

## Purchase commitments

Amounts in Euro	30-09-2020	31-12-2019
<b>Purchase commitments</b>		
Property, plant and equipment - Manufacturing equipment	35,242,090	18,279,270
Wood		
Commitments to acquisitions in the subsequent period	29,594,000	59,600,000
Commitments to long-term acquisitions	105,300,000	88,000,000
	<b>170,136,090</b>	<b>165,879,270</b>

## 10 GROUP STRUCTURE

### 10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

#### 10.1.1 Navigator Group subsidiaries

Company	Head Office	Share equity owned			Total	Main business activity
		30-09-2020		31-12-2019		
		Directly	Indirectly	Total		
Parent Company						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
Subsidiaries						
Navigator Brands , S.A.	Portugal	100.00	-	100.00	100.00	Acquisition, exploitation, lease or concession of the use and disposal of trademarks, patents and other industrial or intellectual property
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	100.00	Industrial real estate management
Navigator Products & Tecnologia, S.A.	Portugal	100.00	-	100.00	100.00	Sale of products, technology and engineering services
Navigator Paper Figueira, S.A	Portugal	100.00	-	100.00	100.00	Paper production
Empremedia RE , AC	Irlanda	100.00	-	100.00	-	Insurance mediation and consultancy
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchase of materials, subsidiary materials and services used in pulp and paper production processes
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	75.00	22.00	97.00	97.00	Applied research in the field of pulp and paper industry and forestry activity
Raiz Ventures , SA	Portugal	-	97.00	97.00	97.00	Promotion of business units directly or indirectly related to research, development and innovation activities in the field of forest-based bioeconomy
About the Future - Essential Oils, SA	Portugal	-	97.00	97.00	97.00	Production, rectification and wholesale of essential oils
Enerpulp - Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	100.00	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	100.00	Production of pulp and rendering of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	92.20	92.20	92.20	Rendering of industrial maintenance services
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	90.20	90.20	90.20	
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	90.00	90.00	90.00	
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	100.00	Production of pulp
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Production of pulp
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Production of tissue paper
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	100.00	
Navigator Tissue Iberica , S.A.	Spain	-	100.00	100.00	100.00	Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	90.02	Forestry production
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	100.00	Management of shareholdings
Navigator Financial Services sp . Zoo	Poland	25.00	75.00	100.00	100.00	Financial services
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	100.00	Forestry production
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	100.00	Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	100.00	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	100.00	Management of hunting resources
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80	Rendering of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00	Production of plants in nurseries
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	100.00	Rendering of services within the scope of forestry activity and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00	Wood, biomass and forestry trade
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00	Wood, biomass and forestry trade
Navigator Paper Setúbal , S.A.	Portugal	100.00	-	100.00	100.00	Paper and energy production
Navigator North America Inc.	USA	-	100.00	100.00	100.00	Sale of paper
Navigator Paper World, S.A. *	Portugal	-	-	-	100.00	Rendering of administration and management services and management of shareholdings
Navigator Afrique du Nord	Morocco	-	100.00	100.00	100.00	Rendering of sales brokerage services
Navigator España, S.A.	Spain	-	100.00	100.00	100.00	
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	100.00	
Navigator France, EURL	France	-	100.00	100.00	100.00	
Navigator Paper Company UK, Ltd	UK	-	100.00	100.00	100.00	
Navigator Italia, SRL	Italy	-	100.00	100.00	100.00	
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	100.00	
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	100.00	
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	100.00	
Navigator Eurasia	Turkey	-	100.00	100.00	100.00	
Navigator Rus Company, LLC	Russia	-	100.00	100.00	100.00	
Navigator Paper Mexico	Mexico	-	100.00	100.00	100.00	
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	100.00	
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	-	
Navigator International GmbH	Germany	-	100.00	100.00	100.00	Sale of pulp
Navigator Participações Holding ,SGPS, S.A.	Portugal	-	100.00	100.00	100.00	Management of shareholdings
Empremédia - Corretores de Seguros, S.A.	Portugal	-	100.00	100.00	100.00	Rendering of sales brokerage services
Naviqator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00	Sale of wood

\* Companies merged in 2020 (Note 10.2)

## 10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the nine-month period ended 30 September 2020, the consolidation perimeter was changed against the previous period by the following corporate restructuring operations:

Merger by incorporation of Navigator Paper World, S.A. Navigator Paper Setúbal, S.A.

## 10.3 TRANSACTIONS WITH RELATED PARTIES

### Balances with related parties

Amounts in Euro	30-09-2020				31-12-2019			
	Receivables (Note 4.2)	Payables (Note 4.3)	Interest- bearing liabilities (Note 5.4)	Lease liabilities (Note 5.5)	Receivables (Note 4.2)	Payables (Note 4.3)	Lease liabilities (Note 5.5)	
<b>Shareholders (Note 5.2)</b>								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	7,371,961	-	-	24,651	10,881,165	-	-
<b>Other subsidiaries of the Semapa Group</b>								
Secil - Companhia Geral Cal e Cimento, S.A.	156,621	45,277	-	-	329,779	22,513	-	-
Secil Britas, S.A.	-	73,622	-	-	-	70,636	-	-
Secil Prebetão, S.A.	-	314	-	-	-	314	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	21,194	-	-	-	7,477	-	-
Unibetão, S.A.	-	70,947	-	-	-	40,367	-	-
<b>Other related entities</b>								
Seinpar Investments BV	-	-	-	-	600	-	-	-
Sonagi Imobiliária, S.A.	-	-	-	2,275	85,382	-	33,745	-
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	-	-	93,430	74,664	-
Hotel Ritz, S.A.	-	-	-	-	-	2,033	-	-
	<b>156,621</b>	<b>7,583,315</b>	<b>-</b>	<b>2,275</b>	<b>440,413</b>	<b>11,117,935</b>	<b>108,409</b>	

### Transactions with related parties

Amounts in Euro	30-09-2020					30-06-2019				
	Purchase of goods and services	Sales and services rendered	Other operating income	Other operating expenses	Financial (expenses) / income	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses) / income	
<b>Shareholders (Note 5.2)</b>										
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	6,790,621	-	-	9,217	-	5,140,857	-	-	-	-
	<b>6,790,621</b>	<b>-</b>	<b>-</b>	<b>9,217</b>	<b>-</b>	<b>5,140,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other subsidiaries of the Semapa Group</b>										
Secil - Companhia Geral Cal e Cimento, S.A.	50,847	12,000	-	-	-	436	245,361	-	-	-
Secil Britas, S.A.	33,261	-	-	-	-	110,561	-	-	-	-
Secil Prebetão, S.A.	-	-	-	-	-	25,995	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	36,303	-	-	-	-	18,300	-	-	-	-
Unibetão, S.A.	78,684	-	-	-	-	98,921	-	-	-	-
	<b>199,095</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254,213</b>	<b>245,361</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other related entities</b>										
Seinpar Investments BV	-	-	1,736	-	-	-	-	-	-	-
Sonagi Imobiliária, S.A.	-	-	-	-	(732)	48,946	81,576	-	-	-
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	-	-	141,715	330,667	-	-	-
Hotel Ritz, S.A.	4,224	-	-	-	-	3,217	1,936	-	-	-
	<b>4,224</b>	<b>-</b>	<b>1,736</b>	<b>-</b>	<b>(732)</b>	<b>193,877</b>	<b>414,179</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>6,993,940</b>	<b>12,000</b>	<b>1,736</b>	<b>9,217</b>	<b>(732)</b>	<b>5,588,947</b>	<b>659,540</b>	<b>-</b>	<b>-</b>	<b>-</b>

On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.35% of the Group's share capital) and Navigator Group, establishing a remuneration system based in equal criteria for both parties in the continuous cooperation and assistance relationships, that meets the rules applicable to commercial relationships between group companies.

It was also celebrated in 2015 a lease agreement between Navigator Brands, S.A. (previously designated as Navigator Paper Figueira, S.A.) and Cimilonga - Imobiliária, S.A. under which an office was leased in Semapa SGPS, SA headquarters' building, in Lisbon, which was terminated in 2020.

The Navigator Company, SA and Refundos - Sociedade Gestora de Investimentos Imobiliário, SA, also entered into a lease agreement beginning on 1 June 2017 and ending on 31 May 2027, automatically renewable for a 5 year period, regarding the lease of an office building located in Lisbon, Avenida Fontes Pereira de Melo. Since the company was sold to a third party during the first half of the year, it is no longer considered a related party in 2020.

The operations performed with the Secil Group arise from normal market operations.

In the identification of the Navigator Company Group's related parties for the purpose of financial reporting, the members of the Navigator Company Group's Board of Directors and other corporate bodies were considered as related parties.

## 11 EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

### BOARD OF DIRECTORS

João Nuno de Sottomayor Pinto de Castello Branco  
Board of Directors Chairman

António José Pereira Redondo  
Executive Board Chairman

Adriano Augusto da Silva Silveira  
Executive Board Member

José Fernando Morais Carreira de Araújo  
Executive Board Member

Nuno Miguel Moreira de Araújo Santos  
Executive Board Member

João Paulo Araújo Oliveira  
Executive Board Member

João Paulo Cabete Gonçalves Lé  
Executive Board Member



Manuel Soares Ferreira Regalado

Member

Maria Teresa Aliu Presas

Member

Mariana Rita Antunes Marques dos Santos Belmar da Costa

Member

Ricardo Miguel dos Santos Pacheco Pires

Member

Sandra Maria Soares Santos

Member

Vítor Manuel Rocha Novais Gonçalves

Member

Vítor Paulo Paranhos Pereira

Member