

The fibre of people

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Tasmanian Blue Gum
Eucalyptus globulus

In heritage forest managed by the Company are identified about 800 species and flora subspecies and 241 species of fauna.



THE
NAVIGATOR
C O M P A N Y

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

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1. PERFORMANCE IN 3rd QUARTER 2021 AND 9 MONTHS OF 2021

After a start of 2021 marked by fresh waves of Covid-19 infections and periods of lockdown, with employees required to work from home and students taking classes online, a gradual reopening of economies has now been taking place. As vaccine roll-out gathered speed, teaching activities set in to normal and workers returned to offices. At the same time, global transports chain saw an unbalance triggered by the pandemic, and the effects are being felt across the economy. In this context, paper demand is strong, especially in Europe, taking order books to historically high levels.

Analysis: 3rd Quarter 2021 vs. 2nd Quarter 2021 and vs. 3rd Quarter 2020

- The third quarter of 2021 represents a clear improvement on the second quarter of the year, and also in relation to the third quarter of 2020;
- Paper sales volumes were up by 4% on the 2nd quarter of 2021 and 13% higher than in the 3rd quarter of 2020. Pulp sales volumes moved downwards, given the reduced availability of market pulp (down 26% on the previous quarter and down 47% on the same period in 2020), due to higher paper integration; tissue sales volumes were up by nearly 4% in relation to the previous quarter, but fell short by 6% on the same period in the previous year. It should be recalled that in the 3rd quarter of 2020, COVID-19 led to a peak in demand in *At Home (AH)* products, making it one of the strongest quarters ever in the Tissue segment;
- Strong growth in pulp prices (with the European benchmark index up 11% in USD vs. Q2 2021 and up 68% vs. Q3 2020); paper index in Europe had a positive evolution, in comparison both with the third quarter of 2020 (+2%), and in relation to the previous quarter (+3%), increasing about 7% since the start of the year;
- Turnover stood at € 405 million, up 8% on the 2nd quarter of 2021 and 16% in 2020, thanks to the recovery in paper volumes and higher pulp prices;
- EBITDA for the quarter totalled € 96 million (up 20% in relation to the 2nd quarter and 36% in relation to Q3 2020), which reflected an EBITDA margin of 23.6% (2.2 pp higher than in Q2 2021 and up by 3.4 pp on Q3 2020);
- Net income in the third quarter of 2021 stood at € 50 million, as compared to € 41 million in Q2 2021 (+22%) and € 31 million in Q3 2020 (+60%);
- Free Cash Flow was strong at € 61 million (vs € 65 million in the previous quarter and € 56 million in the 3rd quarter of 2020);
- Net debt fell to € 597 million, down by approximately € 61 million compared with previous quarter (€ 47 million vs. 2020), improving Net Debt / EBITDA ratio from 2.22 to 1.86.

Analysis of first 9 months 2021 vs. first 9 months 2020

- Expressive improvement on paper market conditions, with gradual increase in volumes;
- Annual maintenance shutdown at Figueira da Foz pulp mill and paper machines, with an impact in 1st quarter, and annual stoppage at Aveiro tissue mill with an impact in the 2nd quarter; in the 3rd quarter, stoppages at Setúbal and Aveiro pulp mills; annual shutdown of PM4 paper machine in Setúbal and maintenance shutdown of tissue mill in Vila Velha de Ródão. It shall be noted that shutdowns were longer this year, as pandemic conditions last year did not allowed the execution of all planned maintenances.

- Paper volumes totalled 1 081 thousand tons (+16%), pulp stood at 207 thousand tons (-30%) and tissue at 77.8 thousand tons (-2%);
- Turnover rose by 7% to € 1 120 million, with the increase in paper volumes offsetting the lower level of prices. Nonetheless, the period saw a clear recovery in prices, although the average price for the period is still slightly lower than 2020 average (-0.5%);
- Navigator achieved an EBITDA of € 246 million and an EBITDA/sales margin of 22% (vs. € 210 million and 20% margin in 9M 2020), benefiting from an improvement in paper volumes, higher pulp and tissue prices and containment of production costs;
- Net income YTD September improved by 52% YoY, to € 114 million;
- The Group presented strong generation of Free Cash Flow of € 183 million, vs. € 170 million in the same period in 2020;
- Capital expenditure in the first nine months totalled € 52 million (vs. 70 million in 2020), including mainly maintenance and environmental investments;
- In line with its goal of creating sustainable value and contributing to the reduction of plastics usage through its substitution for sustainable materials, Navigator took another important step in its diversification strategy, by moving into a new business area and developing a series of new products for the packaging sector. On November 1, will be launched a brand which will consolidate the Company's diversification strategy and commitment towards sustainability.

2. LEADING INDICATORS

Million euros	9 M 2021	9 M 2020	Change ⁽⁸⁾ 9M 21 / 9M 20
Total Sales	1 119.7	1 043.9	7.3%
EBITDA ⁽¹⁾	246.0	210.5	16.9%
Operating Profits (EBIT)	156.8	99.6	57.4%
Financial Results	- 12.7	- 9.1	40.6%
Net Earnings	114.2	75.2	51.8%
Cash Flow	203.5	186.1	17.4
Free Cash Flow ⁽²⁾	182.7	170.4	12.2
Capex	51.8	69.7	- 17.9
Net Debt ⁽³⁾	596.9	644.0	- 47.1
EBITDA/Sales	22.0%	20.2%	1.8 pp
ROS	10.2%	7.2%	3.0 pp
ROCE ⁽⁴⁾	12.5%	7.6%	4.9 pp
ROE ⁽⁵⁾	14.8%	9.4%	5.3 pp
Equity Ratio	42.0%	41.5%	0.4 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	1.86	2.28	-0.42

Million euros	Q3 2021	Q2 2021	Change ⁽⁸⁾ Q3 21 / Q2 21	Q3 2020	Change ⁽⁸⁾ Q3 21 / Q3 20
Total sales	404.9	373.9	8.3%	348.4	16.2%
EBITDA ⁽¹⁾	95.5	79.9	19.6%	70.4	35.8%
Operating profits	66.1	50.6	30.6%	35.9	84.0%
Financial results	- 2.6	- 0.4	564.0%	- 0.8	229.0%
Net earnings	49.8	40.9	21.8%	31.2	59.6%
Cash flow	79.3	70.2	9.1	65.7	13.6
Free Cash Flow ⁽²⁾	61.2	65.1	- 3.9	56.4	4.7
Capex	19.0	12.7	6.3	21.0	- 2.0
Net Debt ⁽³⁾	596.9	658.1	- 61.2	644.0	- 47.1
EBITDA/Sales (%)	23.6%	21.4%	2.2 pp	20.2%	3.4 pp
ROS	12.3%	10.9%	1.4 pp	9.0%	3.3 pp
ROCE ⁽⁴⁾	19.3%	12.1%	7.2 pp	8.2%	11.1 pp
ROE ⁽⁵⁾	19.3%	16.2%	3.1 pp	11.7%	7.6 pp
Equity ratio	42.0%	40.9%	1.1 pp	41.5%	0.4 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	1.86	2.22	-0.36	2.28	-0.42

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
7. Impact of IFRS 16: Net Debt / EBITDA 9M 2021 of 2.02; Net Debt / EBITDA restated on 30/09/2020: 2.47;
8. Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

3rd Quarter 2021 vs. 2nd Quarter 2021 vs. 3rd Quarter 2020

The third quarter showed a clear improvement compared with the second quarter of 2021, and naturally, in relation to the same period in 2020, when the Group's business was particularly hard hit by the pandemic. Turnover stood at € 405 million, up 8% on the 2nd quarter of 2021 and 16% on 2020, due essentially to the increase in paper volumes and higher pulp prices.

Paper sales volumes grew by 4% in relation to the 2nd quarter of 2021, to 380 thousand tons, recovering 13% as of the 3rd quarter of 2020. PIX A4-Copy B paper index rose by 3% from the 2nd to the 3rd quarter, and 2% in relation to the same period in 2020. Navigator average sales prices evolved well above market prices, increasing 9% between the 2nd and 3rd quarter, and 13% in relation to the same period in 2020. Paper prices positive evolution and rise in volumes allowed sales to grow 14% compared with the 2nd quarter and 28% in relation to the 3rd quarter of 2020.

Conversely, pulp sales volumes evolved differently, due to smaller availability of market pulp (-26% as off 2nd quarter of 2021 and -47% in relation to the 3rd quarter of 2020), particularly due to maintenance shutdowns, higher UWF paper integration and destocking over the course of 2020, with the Company now working at minimum stock levels. Higher pulp prices registered in 2021 enabled some mitigation of smaller volumes, with pulp sales dropping 15% in relation to the 2nd quarter of 2021, and 7% in the same quarter of 2020.

On tissue, sales volume grew around 4% in relation to the previous quarter. Volumes are still 6% below the third quarter in 2020, via the slower than expected recovery in the *Away From Home* segment and destocking on domestic consumers. Tissue average sales price positive evolution allowed an improvement of 9% in relation to the 2nd quarter of 2021 and 1% in relation to the same period in 2020.

In this context, EBITDA stood at € 96 million (+20% vs the 2nd quarter and +36% vs the 3rd quarter of 2020) and the EBITDA/sales margin improved to 23.6%. Free Cash Flow in the quarter stood at € 61 million (vs. € 65 million in previous quarter and vs. €56 million in the 3rd quarter of 2020). Net income totalled € 50 million, significantly recovering versus the previous quarter (+22%) and same quarter of last year (+60%).

9 Months 2021 vs. 9 Months 2020

Navigator registered a turnover of € 1,120 million, with paper sales accounting about 73% of the total (vs. 68% in 2020), pulp sales 10% (vs. 11%), tissue sales 9% (vs. 10%) and energy sales 8% (vs. 10%). After a first quarter marked by fresh waves of Covid-19 infections and periods of lockdown in most of the Group's key markets, there has been a gradual reopening of economies and a recovery in paper demand. A strong hike on pulp prices levels, prepared the way for a sharp upwards adjustment in paper prices in the third quarter.

Paper market continues to improve, with demand for UWF in Europe growing 6%

Global demand for printing and writing papers rose by 4% YTD August, with UWF paper growing 5%, clearly outperforming coated paper (+4%) and mechanical papers (+1%).

In Europe, demand for UWF paper over the first nine months performed even better, growing 6%. The estimated drop in European imports, around 30% on the same period in the previous year, drove European producers' sales, up 10% over the first 9 months of 2020. Demand increased 5% in the 3rd quarter, with European producers' sales in Europe growing 8%.

In the USA, forecasts on accumulated demand for UWF over the first nine months of the year point to a rise of 2% (5% in the 3rd quarter). This growth is expressively noticed in other world regions, where the increase was of 6%.

In this context, Navigator closed the third quarter with an order book of 61 days and a drop in its paper stocks over the first 9 months of the year, ending September with approximately 11 stock days, an all-time low record. The benchmark index for office paper in Europe stood at 866 €/ton at the end of September, up from the 806 €/ton at the start of the year, and shows a recovery in prices. Average sales price in the first 9 months still stood slightly lower than in the same period in 2020 (-0.5%), however it compares favourably with the average price index evolution in the period (-2.6%). The Group implemented price increases in all regions over the first nine months of the year and its average price has clearly improved since beginning of 2021. It should be noted that the average sales price ended up being highly penalised by exchange rates evolution on international markets, with product and market mixes reflecting the pandemic situation in Europe and the greater sales diversification in overseas markets, with a strong recovery in demand and prices.

In this context, Navigator's sales reflect the improvement in paper demand registered over the course of the year: sales in quantity grew 16% to 1,081 thousand tons. However, sales in euros were conditioned by price levels, showing a growth of approximately 15% during the period.

The Group has continued to invest in the packaging segment and both production and sales dynamic remain according to plan. The PM1 and PM3 machines at Setúbal mill ensure supply on a flexible regime, with PM1 already fully dedicated to packaging (white and brown).

Pulp prices stabilise at record levels in first 9 months

There was a sharp and significant increase in pulp benchmark prices at the start of 2021, firstly in China and afterwards in Europe. The benchmark index for hardwood pulp in Europe – PIX BHKP in euros – was up by 77% in September in relation to the start of the year, to 979 Euros/ton, with an increase of approximately 36% in average prices in the first 9 months of 2021 vs. 9 months of 2020. The benchmark index in China for hardwood pulp rose by 20% from the start of the year to the end of September, to 600 USD/ton, peaking at 780 USD/ton in May. Since the second half of the 2nd quarter, pulp prices in China have been adjusting downwards, whilst European price keeps growing.

This improvement in pulp prices in Europe was sustained by a number of factors, most notably the vaccine roll-out, the easing of lockdown periods and consequent improvement in economic conditions and, on the other hand, generalised increment on commodity prices. At the same time, logistical costs have restrained paper exports from Asia (in particular from China) to Europe and Northern Africa. The combination of these effects had positive impacts in the sector, including strong demand for packaging and speciality products (and printing and writing paper as from the second quarter)

Simultaneously, supply-side constraints have been felt in the pulp market due to production shutdowns, planned and unplanned, with longer than usual maintenance shutdowns, as a result of the increased restrictions resulting from the pandemic. The conversion of some short fibre pulp capacity to soluble fibre, as well as current logistical issues, have also limited the amount of hardwood pulp available in the European market.

Navigator started 2021 with a relatively low level of pulp stocks. This, combined with the maintenance shutdown at the end of the first quarter at the Figueira da Foz site, followed by others in the 3rd quarter at the Setúbal and Aveiro industrial sites, together with higher integration of pulp into paper, limited the quantity of pulp available for sale in the first half. Sales stood at 207 thousand tons, 30% down on the first 9 months of 2020, when the Group benefited from a larger quantity of pulp available for sale via the lower integration into paper, with some paper machines shutdowns due to the pandemic and destocking. Pulp prices recovery observed since the start of the year made it possible to mitigate the decline in sales volumes, and the value of sales in the first nine months was 4% lower compared with the 9 months of 2020.

Tissue business continues the strong performance recorded in 2020

The tissue market felt the effects of mobility restrictions imposed again early in the year, especially in the Away-from-Home segment, with the delay in the economies reopening and consequent impact on the Horeca channel and the return to office work. In the At-Home segment, there was some destocking on household stocks, above all when compared with the same period in the previous year. As vaccination roll-outs progress and the prospects for a return to some kind of normality improve, a gradual upturn is expected in the Away-from-Home segment, albeit slower than initially anticipated.

The sharp rise in pulp prices over the year, currently peaking at 1,140 USD/ton for BHKP in Europe, has put heavy pressure on the margins of tissue producers, with a large number announcing price rises.

In this context, Navigator's sales maintained the good performance achieved in 2020, totalling 77.8 thousand tons, slightly down than the previous year (-2%). The average sales price was slightly higher (+1%) than in the previous year and sales prices for finished products positively evolved. As a result, sales in value were in line with 2020, decreasing by 1%.

Energy output of 467 GWh in third quarter

In the first nine months of 2021, electricity sales totalled € 96 million, which represents a reduction of 12% in relation to the same period in the previous year. This drop is essentially explained by the higher self-consumption in Setúbal, due to a transformer breakdown, that since the beginning of the year hinders external energy purchase.

Cost containment allows for record EBITDA of € 246 million and an EBITDA/Sales margin of 22%

A reduction of around 13 million euros in production costs was achieved over the nine months, essentially due to improved efficiency in specific consumption levels. Despite this positive trend, a strong pressure on variable costs is expected in the fourth quarter and throughout 2022.

Although variable production costs moved favourably along 2021, a recent escalation was verified, in different commodities, mostly as a reflection of increased logistical, energy and CO2 costs. In Energy, power and natural gas prices rose, driven by the volume exposed to the market. To note that the effect of higher energy costs was mitigated by hedging risks policy, with fixed prices contracted for the majority of 2021 purchases, as well as by the reduction in natural gas consumption, given the new biomass boiler in Figueira da Foz.

Logistical costs have also worsened substantially, rising by 18 million euros; this situation was most acute in the 3rd quarter, as a result of current logistical constraints which are affecting the economy as a whole. Despite the difficult context in which Navigator is operating, both in terms of prices and availability of resources, the Company succeeded in operating at 100% capacity without any disruption to supplies.

Efforts to contain fixed costs initiated in 2020 hanged on, achieving a reduction in functioning costs of € 3 million in relation to the first nine months of 2020, whilst personnel and maintenance costs moved in the opposite direction, as anticipated, rising by 16% and 8% respectively. As a result, total fixed costs were 7% higher than in the first nine months of 2020. We reaffirm our commitment towards the good rhythm of fixed costs reduction achieved from 2019 to 2020, excluding Personnel costs, to 2021 as well.

In this context, EBITDA for the first nine months stood at € 246 million, as compared to € 210 million in the same period in 2020 (+16.9%). The EBITDA / Sales margin stood at 22.0% and compares with a margin of 20.2% YoY. To highlight the net negative impact of the exchange rate on EBITDA of approximately € 20 million, with an average EUR/USD rate in the first nine months of 2021 of 1.20, as compared to 1.12 in the first nine months of 2020.

Financial costs increase by € 3.7 million due to non-recurrent effects

Financial results stood at € 12.7 million (vs. € 9.0 million), a deterioration of € 3.7 million, essentially caused by the reduction in results from hedging operations (€ - 1.7 million), the negative interest variation (€ - 1.5 million) from a high level in 2020 on dollar-denominated values still to be received from the sale of the pellets business in 2018, and by the cancellation of an interest swap rate associated with a bond issue repaid in December 2020 (€ - 1.5 million). On the contrary, there was an increase of € 0.6 million in net interest income from financial investments, which edged into positive territory from the highly negative figures recorded in the first nine months of 2020. The costs of financing operations also evolved positively (€ 0.4 million), due to a reduction in average debt in relation to the same period in 2020, despite a small increase in average costs resulting from a smaller proportion of short term debt, which in 2020 rose to a significant level due to the liquidity obtained to face the pandemic situation.

As a result, pre-tax profits stood at € 144.0 million (vs. € 90.5 million in 2020), with corporation tax (IRC) payable in the period totalling € 29.8 million. Net income in the period totalled € 114.2 million, up by 52% on the same period in the previous year.

Strong free cash flow generation of € 183 million

Free cash flow generation continued at a robust pace (€ 61 million in the 3rd quarter), following the favourable operational performance of the Group, in particular as regards sales and prices. The systematic focus on working capital management keeps being a relevant complementary element to improve the regularity of financial flows.

Investment in working capital was kept at low levels over the year, in a context of a moderate hike in stocks, following the gradual activity upturn; above all, this was observed in pulp stocks which, although still at historically low levels, rose in 2021 by around 16 thousand tons from their level at year-end 2020. In this context, our suppliers' management policy, combined with the provision of liquidity to support solutions for our partners, actively contributed to the level of cash flow generation.

Over the past 12 months (Sep-20 to Sep-21), Navigator generated a very impressive **€ 246 million** in free cash flow.

Net debt reduction to € 597 million

Net debt has significantly fallen in relation to year-end 2020 and the same period in 2020, with Navigator also paying out € 100 million in dividends during the first half. Supported by the improvement on operational performance, the Net Debt/EBITDA ratio (1.86 X) is on a downwards course, further consolidating the financial strength position of the Group over recent years, and in line with the structural goal established in the Group's financing policy.

To recall the implemented short-term borrowing obtained in the first half of 2020, as part of efforts to safeguard liquidity in the face of the pandemic. In addition, the average maturity of the Group's debt has been extended after a restructuring process, concluded in August 2021, which allowed lengthening repayment periods, while simultaneously cutting the respective costs.

On the 5th of August, Navigator issued a five-year bond with a value of € 100 million, against early repayment of a financing operation of the same amount, maturing in 2023. This operation - which was combined with an interest rate swap - further extended the average maturity of the Group's debt and reduced the Company's financing costs, as well as featuring terms tied to the fulfilment of its sustainability commitments.

The terms of the loan are indexed to two ESG indicators envisaged in the Company's Sustainability Agenda, and also aligned with the United Nations Sustainable Development Goals. The first indicator sets targets for CO2 emissions reductions, consistent with the Company's Roadmap for Carbon Neutrality, in which Navigator commits itself to be carbon neutral at its industrial complexes by 2035. The second indicator sets targets for increasing the percentage of certified wood purchased on the Portuguese market. Wood certification is one of the most direct routes to achieve sustainability goals in our business sector, and the best guarantee that processes leading to sustainable forest management have been adopted.

Capex of € 51.8 million (vs. € 69.7 million YoY)

Capital expenditure in the first 9 months totalled € 51.8 million (as compared to € 69.7 million in the first 9 months of 2020). This amount mainly includes projects aimed at maintaining production capacity and achieving efficiency gains. It also includes € 9.4 million in environmental investment, most notably the final stages of investment in the new biomass boiler at Figueira da Foz (€ 5.7 M) and the new evaporation line in Aveiro (€ 1.7 M), as well as approximately € 3.5 million in other

projects, including the new woodchip pile in Aveiro and the solar power facilities in Figueira da Foz (completed) and Setúbal (under construction). Execution of the Capex plan during the first 9 months of 2021 was constrained by the restrictions relating to the pandemic. It shall be recalled that, in 2020, in view of the uncertainty created by the pandemic, Navigator only executed, beyond the biomass boiler investment, essential projects to maintain the Group's capacity production, while postponing all other projects. With a better visibility onto the future, in the first quarter of 2021, the Capex execution plan was retaken, which, in practice, delayed circa one quarter, reason why 2021 execution stays equally below the average of the last years.

4. QUARTELY OPERATING FIGURES

Pulp

(in 000 tons)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	YoY	QoQ
BEKP Output	337.6	363.9	337.1	380.2	356.2	5.5%	-6.3%
FOEX – BHKP Euros/ton	583	570	650	853	967	66.1%	13.5%
FOEX – BHKP USD/ton	680	680	782	1028	1140	67.6%	10.9%

Paper

(in 000 tons)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	YoY	QoQ
UWF Output	333.4	353.9	330.0	370.0	374.0	12.2%	1.1%
FOEX – A4- BCopy Euros/ton	828	809	809	819	843	1.9%	2.9%

Tissue

(in 000 tons)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	YoY	QoQ
Reels Output	29.0	27.7	29.4	28.6	25.2	-13.1%	-11.9%
Output of Finished Products	19.2	18.8	21.2	20.5	19.1	-0.5%	-6.8%

Energy

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	YoY	QoQ
Production (GWh)	509.0	528.6	479.2	501.9	467	-8.2%	-6.9%

5. "FROM FOSSIL TO FOREST" - new packaging products business line places Navigator paper at the forefront of sustainable, recyclable and biodegradable solutions

Navigator is set to launch a new packaging products business line, with the new *gKraft* brand, designed to help the acceleration of the transition from plastics to paper, taking up its commitment towards sustainability and protecting the environment. The new brand will be officially launched next Monday, November 1st, day in which Portuguese legislation will ban single-use plastics.

Based on “*From Fossil to Forest*” concept, which reflects the Company's strategy aligned with its purpose of creating sustainable value for its shareholders and for society as a whole, Navigator's new brand further strengthens its position to fight against climate change, by offering sustainable and environmentally-friendly solutions. With the launch of *gKraft* line, the Company is taking another stride towards the availability of packaging alternatives that support other organisations to meet their environmental targets. The new packaging solutions are tailored to the specific needs of the packaging market, focusing on the industrial and retail segments, in particular food, catering, pharmaceutical, clothing and cosmetics.

Thereby, Navigator is contributing with its products to the transition from a linear, fossil economy, based on finite resources and hostile to the planet, therefore with no future, to a sustainable circular bio-economy, based on renewable, recyclable and biodegradable forestry products, beneficial to nature and climate-neutral.

Development of the new *gKraft* line involved a vast programme of research, development and innovation, spearheaded by RAIZ, the Group's forestry and paper research institute. The new products take advantage of the specific molecular structure and morphology of *Eucalyptus globulus* fibres, in order to develop resistant and sustainable paper materials, alternative to single-use plastic. The project is generating a new portfolio of patents, one of which has already been submitted for publication.

Another key feature of the new brand is the quality seal that can be used by all producers using *gKraft* paper as raw material, boosting their commitment to create a better world and, at the same time, allowing partner entities to be eligible for future brand initiatives. This quality seal will, thus, provide a guarantee that the packaging uses paper, and the associated benefits.

In view of the vast range of products in the packaging business, Navigator plans at this stage to offer solutions for the flexible packaging (MF papers) segment, paper for bags and *kraftliner* for the production of corrugated cardboard boxes, and so expand its offers in the sector by 2022.

6. PORTUCEL MOÇAMBIQUE undertook the first wood export

In the 3rd quarter, Portucel Moçambique exported its first consignment of wood produced in Mozambique, on its Manica plantations. A ship carrying 32 thousand cubic metres of debarked wood sailed from the port of Beira, in Mozambique, to the port of Aveiro, then forwarded to our industrial site in Figueira da Foz.

This first export from Portucel Moçambique marks the start of a cycle of wood harvests and exports from Manica province. Five shiploads are planned on total, three of which- already this year, and two in 2022. This first export operation was preceded by a first harvesting and transport operation, being crucial as a trial run and to gain a better understanding of the administrative, legal, licensing and tax proceeds, in order to scale up the venture and then move on to operations of greater value added.

7. OUTLOOK

As the economy recovers and the vaccination plan is implemented, conditions in the pulp, paper and tissue sector can be expected to remain globally positive.

In the paper business, the expected economic upturn combined with the improved balance between supply and demand in the United States and Europe, as a result of capacity closures and

conversions already announced, allow for good prospects for year-end 2021. Incoming orders and very full order books in the industry in September, low import volumes, under pressure from freight costs, and a balanced level of stocks in the pipeline, serve to underline this positive market outlook. Nevertheless, besides pulp and freight prices, chemical and energy costs are strongly pressuring European paper producers' margins, motivating them to announce new price increases.

The current economic situation of great volatility and cost increments, namely on energy, commodities, packaging and logistics, compelled Navigator to increase prices during the period; the latest announcement, communicated this month, included an extraordinary surcharge of 50€ per ton, for all products and brands in all markets, for expeditions as from November 1st, to apply at least over the next few months. The application and value of this surcharge will be reviewed regularly in the light of evolving market conditions. The current prices are valid until the end of the year.

In the pulp market, cooling demand in China and increased supply is causing a price drop in China; this was clearly visible in the third quarter and may continue, albeit at a significant lower rhythm, during the fourth quarter. In Europe, prices are expected to be sustained by the post-pandemic economic upturn, the healthy level of demand and the continuing logistical issues in exporting from Asia to Europe.

In tissue, higher prices for pulp and other factors of production are putting pressure on producers' margins and have accelerated announcements of price rises, although progress until the moment is slower than what might be needed to protect margins. The Company is implementing a set of initiatives to cut costs, which will enable the minimisation of the impact on its margins.

Portucel Moçambique has sent a second consignment of wood produced in Mozambique, on its plantations in Manica; the wood arrived in October to Setúbal port and a third consignment is planned before the end of the year.

Navigator will maintain an active approach to manage its fixed and variable costs across the organisation, developing its capex and diversification plan, as well as its sustainability projects.

Lisbon, 28 October 2021

Conference call and Webcast

Date: 3 November 2021

Service times: 17:00 (Western European Time)

Dial-in for participants:

Portugal: +351 308 806 432

Spain: 919 01 16 44

United Kingdom: 020 3936 2999

United States: 1 646 664 1960

All other locations: +44 20 3936 2999

8. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Amounts in Euro	Note	9 months 30-09-2021	9 months 30-09-2020
Revenue	2.1	1,119,683,196	1,043,947,377
Other operating income	2.2	23,770,793	31,819,271
Changes in the fair value of biological assets	3.8	(6,353,852)	(3,619,972)
Cost of goods sold and materials consumed	2.3	(449,564,880)	(420,975,784)
Variation in production	2.3	11,322,299	(28,172,449)
External services and supplies	2.3	(313,526,432)	(297,658,110)
Payroll costs	7.1	(109,299,163)	(94,355,851)
Other operating expenses	2.3	(30,032,065)	(20,531,412)
Net provisions	9.1	144,318	475,594
Depreciation, amortisation and impairment losses in non-financial assets	3.6	(89,367,807)	(111,339,690)
Operating income		156,776,407	99,588,974
Other financial income and gains	5.8	7,166,720	6 198 622
Other financial expenses and losses	5.8	(19,907,263)	(15 261 474)
Financial results		(12,740,543)	(9,062,852)
Gains/ (losses) of associated companies and joint ventures		-	-
Profit before income tax		144,035,863	90,526,122
Income tax	6.1	(29,781,060)	(15 264 189)
Net profit for the period		114,254,803	75,261,933
Attributable to Navigator's equity holders		114,244,355	75,249,680
Attributable to non-controlling interests	5.3	10,448	12,253
Earnings per share			
Basic earnings per share, Eur	5.2	0.161	0.106
Diluted earnings per share, Eur	5.2	0.161	0.106

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	9 months 30-09-2021	9 months 30-09-2020
Net profit for the period before non-controlling interests		114,254,803	75,261,933
Items that may be reclassified to profit or loss			
Hedge derivative financial instruments			
Changes in fair value		(532,041)	2,369,913
Tax effect		146,311	(651,726)
Currency translation differences		(1,180,478)	(1,533,979)
Tax on conventional capital remuneration		(308,000)	(442,750)
Items that cannot be reclassified to profit or loss			
Remeasurement of post-employment benefits			
Remeasurements		1,965,621	(1,255,372)
Tax effect		(249,224)	22,362
Comprehensive income of associated companies and joint ventures		(2,638,679)	1,162,423
Total other comprehensive income net of taxes		(2,796,490)	(329,128)
Total comprehensive income		111,458,313	74,932,804
Attributable to:			
Navigator's equity holders		111,442,170	74,920,551
Non-controlling interests		16,143	12,253
		111,458,313	74,932,804

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	30-09-2021	31-12-2020
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	21,220,125	11,912,684
Property, plant and equipment	3.3	1,148,323,317	1,183,949,592
Right-of-use assets	3.5	50,346,940	51,827,000
Biological assets	3.7	142,230,600	148,584,452
Investment properties	3.4	93,001	94,236
Non-current receivables	4.2	16,074,420	34,696,105
Deferred tax assets	6.2	29,021,555	30,629,217
		1,784,649,423	1,839,032,752
Current assets			
Inventories	4.1	191,184,853	176,735,137
Current receivables	4.2	258,217,061	231,772,282
Income tax	6.1	1,579,845	3,482,762
Cash and cash equivalents	5.6	243,071,648	302,399,831
		694,053,406	714,390,012
Total Assets		2,478,702,829	2,553,422,764
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.1	500,000,000	500,000,000
Treasury shares	5.1	-	(20,189,264)
Currency translation reserve		(22,062,047)	(20,881,569)
Fair value reserve		(7,027,098)	(6,641,368)
Legal reserve		100,000,000	100,000,000
Other reserves		121,836,100	266,443,646
Retained earnings		230,811,737	97,981,342
Net profit for the period		114,244,355	109,213,720
Equity attributable to Navigator's equity holders		1,037,803,047	1,025,926,507
Non-controlling interests	5.3	291,325	275,182
Total Equity		1,038,094,372	1,026,201,689
Non-current liabilities			
Interest-bearing liabilities	5.4	789,268,840	690,878,427
Lease liabilities	5.5	46,770,649	47,473,102
Pensions and other post-employment benefits	7.2	9,851,454	12,562,465
Deferred tax liabilities	6.2	88,335,533	85,962,014
Provisions	9.1	23,520,407	23,409,335
Non-current payables	4.3	33,997,294	30,234,237
		991,744,177	890,519,580
Current liabilities			
Interest-bearing liabilities	5.4	50,708,537	291,532,356
Lease liabilities	5.5	5,390,673	5,607,817
Current payables	4.3	347,307,255	303,649,690
Income tax	6.1	45,457,815	35,911,632
		448,864,280	636,701,495
Total Liabilities		1,440,608,457	1,527,221,075
Total Equity and Liabilities		2,478,702,829	2,553,422,764

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserve	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2021		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)	100,000,000	266,443,646	97,981,342	109,213,720	1,025,926,507	275,182	1,026,201,689
Net profit for the period		-	-	-	-	-	-	-	114,244,355	114,244,355	10,448	114,254,803
Other comprehensive income (net of taxes)		-	-	(1,180,478)	(385,730)	-	-	(1,235,977)	-	(2,802,185)	5,695	(2,796,490)
Total comprehensive income for the period		-	-	(1,180,478)	(385,730)	-	-	(1,235,977)	114,244,355	111,442,170	16,143	111,458,313
Application of 2020 net profit for the period:												
- Dividends		-	-	-	-	-	-	(99,565,630)	-	(99,565,630)	-	(99,565,630)
- Application of prior period's net profit		-	-	-	-	-	-	116,213,720	(109,213,720)	7,000,000	-	7,000,000
- Bonus to employees		-	-	-	-	-	-	(7,000,000)	-	(7,000,000)	-	(7,000,000)
Transfer from free reserves to retained earnings		-	-	-	-	-	(138,290,615)	138,290,615	-	-	-	-
Incorporation of reserves		6,316,931	-	-	-	-	(6,316,931)	-	-	-	-	-
Cancellation of treasury shares	5.1	(6,316,931)	20,189,264	-	-	-	-	(13,872,333)	-	-	-	-
Total transactions with shareholders		-	20,189,264	-	-	-	(144,607,546)	134,066,372	(109,213,720)	(99,565,630)	-	(99,565,630)
Equity as at 30 September 2021		500,000,000	-	(22,062,047)	(7,027,098)	100,000,000	121,836,100	230,811,737	114,244,355	1,037,803,047	291,325	1,038,094,372

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserve	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2020		500,000,000	(20,189,264)	(18,728,949)	(6,384,412)	100,000,000	98,153,331	206,004,258	168,290,315	1,027,145,277	273,817	1,027,419,094
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)	-	(328,816)	(313)	(329,129)
Total comprehensive income for the period		-	-	(1,533,979)	1,718,187	-	-	(513,025)	75,249,680	74,920,864	11,940	74,932,804
Application of 2019 net profit for the period:												
- Dividends		-	-	-	-	-	-	-	-	-	-	-
- Application of prior period's net profit		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
Total transactions with shareholders		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
Equity as at 30 September 2020		500,000,000	(20,189,264)	(20,262,928)	(4,666,225)	100,000,000	98,153,331	373,781,548	75,249,680	1,102,066,141	285,757	1,102,351,898

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Notes	9 months 30-09-2021	9 months 30-09-2020
OPERATING ACTIVITIES			
Receipts from customers		1,130,160,938	1,093,024,368
Payments to suppliers		(822,092,742)	(775,290,388)
Payments to employees		(80,921,161)	(77,841,239)
Cash flows from operations		227,147,035	239,892,741
Income tax received/(paid)	6.1	(10,232,671)	19,713,170
Other (payments)/receipts relating to operating activities		47,197,559	6,925,812
Cash flows from operating activities (1)		264,111,924	266,531,723
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		744,044	995,279
Interest and similar income		5,422,308	2,533,173
		6,166,352	3,528,452
Outflows:			
Property, plant and equipment		(53,683,912)	(78,257,806)
Intangible assets		(13,882,322)	(742,792)
		(67,566,234)	(79,000,598)
Cash flows from investing activities (2)		(61,399,882)	(75,472,146)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.4	247,500,000	210,000,000
		247,500,000	210,000,000
Outflows:			
Interest-bearing liabilities	5.4	(389,479,268)	(97,819,452)
Amortisation of lease agreements		(6,223,782)	(6,342,794)
Interest and similar expenses		(14,083,126)	(11,738,673)
Distribution of dividends		(99,565,630)	(99,138,920)
Other financing activities		(208,803)	(1,776,374)
		(509,560,609)	(216,816,213)
Cash flows from financing activities (3)		(262,060,609)	(6,816,213)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(59,348,566)	184,243,365
Effect of exchange rate differences		20,384	(994,650)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.6	302,399,831	161,880,403
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.6	243,071,648	345,129,118

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

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1 INTRODUCTION

1.1 THE GROUP

The Navigator Group (Group) is comprised by 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 nationalisation of all of Portugal's cellulose industry. (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 renamed Portucel, SGPS, S.A., towards to its privatisation, 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 privatised, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel 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 (currently 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 (of which 800 thousand tons available for market), respectively, and it sells approximately 393 thousand tons of pulp (350 thousand tons in 2020), annually, integrating the remainder in the production of UWF paper and Tissue paper.

In June 2004, the Portuguese State sold 30% of Portucel's equity, which was acquired by Semapa Group. In September of the same year, 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. (hereinafter 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.

Company:	The Navigator Company, S.A.
Head Office:	Mitrena, 2901-861 Setúbal Portugal
Legal Form:	Public Limited Company
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 Navigator Group has continued to monitor the evolution of this public health emergency on an ongoing basis, with constant updates of its contingency plan in line with guidance from the Portuguese Directorate-General of Health and Government.

The Group continues to study the potential impacts on its financial position, performance and cash flows of the Group arising from the decline in economic activity as a result of the Covid-19 pandemic, namely the impacts on significant accounting estimates and judgements. No evidence of impairment resulted from this analysis.

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

1.3 RELEVANT EVENTS OF THE PERIOD

1.3.1 From Fossil to Forest – new packaging products business line

The Navigator Company Group launched a new line of packaging products, under the new *gKraft* brand, with the aim of helping to accelerate the transition from the use of plastic to the use of natural, sustainable, recyclable and biodegradable fibres, thereby assuming once again its commitment to sustainability and environmental preservation.

The launch of the brand took place on 1 November, the date on which Portuguese legislation banning single-use plastics came into force.

Based on the concept "From Fossil to Forest", which reflects the Company's strategy aligned with the purpose of creating sustainable value for its shareholders and for society as a whole, Navigator has therefore strengthened its position in the fight against climate change by offering sustainable and environmentally friendly solutions.

Accordingly, with the launch of the *gKraft* line, the Company has taken a step towards providing packaging alternatives that help other organisations meet their environmental objectives. The new packaging solutions are tailored to the specific needs of the packaging market, with special focus on the industrial and retail segments, namely food, catering, pharmaceutical, clothing and cosmetics.

1.4 SUBSEQUENT EVENTS

No subsequent relevant events have occurred between the balance sheet date and the approval of these financial statements.

1.5 BASIS FOR PREPARATION

1.5.1 Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 October 2021.

1.5.2 Basis for presentation

The Condensed consolidated financial statements for the nine-month period ended 30 September 2021 were prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The accompanying consolidated financial statements have been prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 10), and under the historical cost convention, except for available-for-sale financial assets, derivative financial instruments and biological assets, which are recorded at their 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 consolidated financial statements for the period ended 31 December 2020.

The condensed consolidated financial statements have been prepared in Euro, except if mentioned otherwise.

1.6 SIGNIFICANT ESTIMATES AND JUDGMENTS

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 Board of Directors are based on:

- (i) the best information and knowledge of current 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 Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 - Employee Benefits
Fair value of biological Assets	3.8 - 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 business and to 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 the inter-segment sales and services correspond to market prices and are eliminated on consolidation.

In 2020, the Group changed its segment reporting. When aggregating the Group's operating segments, the Board of Directors defined as reportable segments in 2020 those that correspond to each of the business areas developed by the Group, as follows:

- i. Market pulp (bleached eucalyptus kraft pulp – BEKP for sale);
- ii. UWF paper – production and sale of UWF uncoated writing and printing thin paper;
- iii. Tissue Paper – production and sale of domestic consumption paper;
- iv. Biomass renewable energy – which includes the cogeneration units and the two independent thermoelectric power plants;
- iv. Support – segment where the Group's corporate centre and financial management (holding) are included.

Financial information by operating segment in 2021 and 2020

	30-09-2021					
	PULP MARKET	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
REVENUE						
Sales and services rendered - external	110,191,550	808,128,954	106,242,449	95,120,244	-	1,119,683,196
Sales and services rendered - intersegment	1,834,985	-	-	-	(1,834,985)	-
Total Revenue	112,026,535	808,128,954	106,242,449	95,120,244	(1,834,985)	1,119,683,196
PROFIT/ (LOSS)						
Segmental profit	35,811,271	149,874,528	15,030,195	5,342,052	(49,281,640)	156,776,407
Operating profit						156,776,407
Financial results	-	-	-	-	(12,740,543)	(12,740,543)
Income tax	-	-	-	-	(29,781,060)	(29,781,060)
Profit after income tax						114,254,803
Non-controlling interests	-	-	-	-	(10,448)	(10,448)
Net profit	-	-	-	-	-	114,244,355
OTHER INFORMATION						
Capital expenditure	9,904,498	30,262,125	2,905,863	6,222,224	2,511,493	51,806,204
Depreciation and impairment	(8,284,280)	(57,367,748)	(7,620,006)	(15,618,762)	(477,010)	(89,367,807)
Provisions ((increases)/reversal)	(12,000)	(566,239)	-	(36,000)	758,558	144,318
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	131,545,637	661,327,161	151,559,450	202,517,191	1,373,878	1,148,323,317
Right-of-use assets	10,204,272	37,139,545	-	-	3,003,124	50,346,940
Biological assets	35,557,650	106,672,950	-	-	-	142,230,600
Non-current receivables	73,767	520,287	90,178	-	15,390,188	16,074,420
Inventories	11,448,296	158,334,904	21,040,538	361,115	-	191,184,853
Trade receivables	23,422,891	124,865,487	29,724,710	-	-	178,013,090
Other receivables	4,726,367	17,411,244	216,119	2,661,970	55,188,271	80,203,971
Other assets	4,853,975	59,855,950	4,877,358	2,550,339	222,848,550	294,986,173
Total Assets	221,832,855	1,542,883,911	208,091,437	208,090,615	297,804,011	2,478,702,829
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	554,367	35,572,288	-	803,850,723	839,977,377
Lease liabilities	10,617,466	38,428,960	-	-	3,114,896	52,161,322
Other payables	41,165,484	192,926,284	24,503,228	2,716,651	119,992,902	381,304,549
Other liabilities	6,997,839	84,232,602	1,780,050	7,649,200	66,505,517	167,165,208
Total Liabilities	58,780,789	316,142,213	61,855,566	10,365,851	993,464,037	1,440,608,457

In the nine-month period ended 30 September 2021, The Navigator Company recorded turnover in the amount of Euro 1,120 million, with paper sales accounting for approximately 72% of turnover (vs. 68%), pulp sales 10% (vs. 11%), tissue sales 10% (vs. 10%) and energy sales 9% (vs. 10%).

The fixed capital expenditure for the 9-month period ended 30 September 2021 amounted to Euro 51,806,204, mainly including maintenance and environmental investments.

All equipment allocated to the UWF pulp and paper production are included in Property, plant and equipment of the respective segments.

The assets related to forests are allocated to the pulp and UWF paper segments, according to the production capacity of each segment.

The Group's real estate assets are allocated to the respective business segment.

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

In accordance with the Navigator Company Group's financing policy, all loans are contracted by the Group's holding company, The Navigator Company, S.A., which is responsible for bearing all debt and related charges.

Accordingly, interest-bearing liabilities (Note 5.4) are allocated to the "Support" segment, which includes the Group's corporate centre (Holding), with the exception of the repayable grant related to the construction of the new Tissue plant, allocated to the "Tissue Paper" segment and a portion of the "Inpactus" grant allocated to the "UWF Paper" segment.

Following the change in the reporting of internal information to management at the end of 2020, we present below the segment reporting for 30 September 2020 restated:

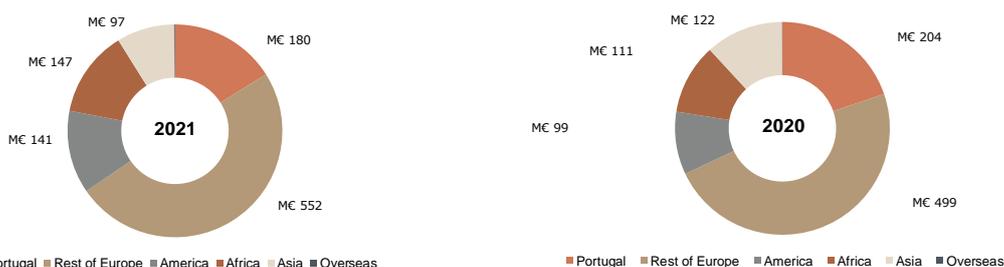
	30-09-2020 Restated					
	PULP MARKET	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
REVENUE						
Sales and services rendered - products	117,533,570	705,845,061	104,729,454	106,844,202	-	1,034,952,287
Sales and services rendered - intersegment	1,941,000	-	-	-	(1,941,000)	-
Total Revenue	119,474,570	705,845,061	104,729,454	106,844,202	(1,941,000)	1,034,952,287
Réditos totais	119,474,570	705,845,061	104,729,454	106,844,202	(1,941,000)	1,034,952,287
PROFIT / (LOSS)						
Segmental profit	6,979,173	99,896,601	2,212,953	15,759,307	(25,259,061)	99,588,974
Operating profit	-	-	-	-	-	99,588,974
Financial results	-	-	-	-	(9,062,852)	(9,062,852)
Income tax	-	-	-	-	(15,264,189)	(15,264,189)
Profit after income tax	-	-	-	-	-	75,261,933
Non-controlling interests	-	-	-	-	(12,253)	(12,253)
Net profit	-	-	-	-	(12,253)	75,249,680
OTHER INFORMATION						
Capital expenditure	16,355,561	24,853,671	4,289,799	21,767,548	2,473,544	69,740,122
Depreciation and impairment	(8,904,760)	(72,685,250)	(14,792,990)	(14,262,957)	(693,732)	(111,339,690)
Provisions ((increases)/ reversal)	(12,000)	(296,049)	(24,000)	-	807,643	475,594
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	128,779,056	707,961,216	156,755,016	208,742,258	2,179,085	1,204,416,632
Right-of-use assets	10,128,153	38,006,958	-	-	3,598,349	51,733,460
Biological assets	32,037,467	96,112,401	-	-	-	128,149,868
Non-current receivables	60,160	422,691	86,528	-	31,954,959	32,524,338
Inventories	19,810,516	170,732,190	20,350,301	456,725	-	211,349,731
Trade receivables	16,913,502	105,721,927	26,333,029	-	-	148,968,457
Other current receivables	2,863,525	34,121,775	246,207	4,896,194	72,328,784	114,456,485
Other assets	668,594	25,917,120	662,991	106,932	358,219,833	385,575,470
Total Assets	211,260,973	1,555,752,661	205,017,154	32,644,012	468,281,009	2,654,513,907
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	548,394	36,701,187	-	951,839,025	989,088,606
Lease liabilities	10,515,397	39,238,946	-	-	3,679,722	53,434,064
Other payables	34,738,156	168,572,533	24,745,384	27,644,246	99,163,306	354,863,624
Other liabilities	16,696,031	73,426,107	2,796,529	4,999,767	56,857,280	154,775,714
Total Liabilities	61,949,584	281,785,980	64,243,100	32,644,012	1,111,539,333	1,552,162,009

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

30-09-2021 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Portugal	1,670,926	42,683,952	40,253,150	95,667,420	-	180,275,448	16%
Rest of Europe	84,278,309	407,047,363	60,893,756	-	-	552,219,427	49%
America	1,458,740	138,496,820	1,201,290	-	-	141,156,850	13%
Africa	9,493,903	134,295,111	3,447,264	-	-	147,236,278	13%
Asia	12,858,474	83,995,479	534,345	-	-	97,388,298	9%
Overseas	-	1,406,894	-	-	-	1,406,894	0%
	109,760,351	807,925,619	106,329,805	95,667,420	-	1,119,683,196	100%
Recognition pattern							
At a point in time	109,760,351	807,925,619	106,329,805	95,667,420	-	1,119,683,196	100%
Over time	-	-	-	-	-	-	0%

30-09-2020 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Portugal	3,382,271	55,118,884	39,203,406	106,844,202	-	204,548,764	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	10%
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%
	117,533,570	705,845,061	104,729,454	106,844,202	-	1,034,952,287	100%
Recognition pattern							
At a point in time	117,533,570	705,845,061	104,729,454	106,844,202	-	1,034,952,287	100%
Over time	-	-	-	-	-	-	0%

Group's revenue distribution by geographic area



In 2021 and 2020, 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 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	30-09-2021	30-09-2020
Gains on disposal of non-current assets	2,716,765	559,784
Grants - CO ₂ emission allowances	13,843,245	9,080,554
Additional income	655,426	1,261,180
Operating grants	2,117,680	2,931,006
Reversal of impairment in receivables	47,130	45,255
Reversal of impairment in inventories	18,717	9,709,455
Gains on inventories	1,117,381	1,542,898
Own work capitalised	707,046	322,027
Compensation received	89,445	2,116,763
Other operating income	2,457,958	4,250,349
	23,770,793	31,819,271

Gains on CO₂ allowances correspond to the recognition of the estimate of free allocation of allowances for 442,692 tons of CO₂, at the average price of Euro 33.69 (482,453 tons of CO₂, at the average price of Euro 23.82 as at 30 September 2020) (Note 3.2).

In the nine-month period ended 30 September 2021, Gains on disposal of non-current assets includes the sale of the wood and biomass park in Albergaria-a-Velha that was inactive, which generated a gain of Euro 2,458,230.

The reversal of impairment on inventories in 2020 resulted from the sale of UWF (Euro 4,575,051) and Tissue (Euro 1,069,943) paper waste, which led to the revision of the impairment amounts and their reversal.

As at 30 September 2020, Insurance compensation included the compensation associated with the failure of the steam turbine at the Setúbal combined gas power station.

2.3 OTHER OPERATING EXPENSES

Amounts in Euro	30-09-2021	30-09-2020
Cost of goods sold and materials consumed	449,564,880	420,975,784
External services and supplies		
Energy and fluids	90,991,072	89,267,773
Transportation of goods	106,175,971	82,958,545
Specialised work	58,489,031	58,683,302
Maintenance and repair	20,771,528	25,799,695
Insurance	5,766,918	8,533,705
Advertising and marketing	8,184,957	9,259,257
Rentals	6,889,985	6,666,724
Fees	3,527,416	3,142,242
Travel and accommodation	1,774,539	1,641,919
Materials	1,666,079	1,778,918
Communication	1,117,157	947,201
Subcontracts	1,960,721	3,005,162
Other	6,211,056	5,973,667
	313,526,432	297,658,110
Variation in production	(11,322,299)	28,172,449
Payroll costs (Note 7.1)	109,299,163	94,355,851
Other operating expenses		
CO ₂ emission expenses	19,236,922	12,987,588
Impairment on receivables	108,705	301,590
Impairment on inventories	3,199,757	341,601
Other inventory losses	1,512,557	692,079
Indirect taxes and fees	1,718,879	1,094,983
Water resource fee	1,431,852	1,805,068
Losses on the disposal of non-current assets	23,655	122 179
Other operating expenses	2,799,738	3,186,324
	30,032,065	20,531,412
Net provisions (Note 9.1)	(144,318)	(475,594)
	-	-
Total operating expenses	890,955,923	861,218,012

In the nine-month period ended 30 September 2021, there was an increase in logistics, energy and CO₂ costs. In Energy, there was an increase in electricity and natural gas prices, although the increase in costs was partially mitigated by the risk hedging policy with fixed-rate contracts for most of the 2021 purchases, and by the reduction in natural gas consumption due to the new biomass boiler in Figueira da Foz.

Logistics costs had a significant worsening, particularly in the third quarter, due to the imbalance in the global transport chain caused by the pandemic, which is affecting the economy across the board.

During this period, the efforts to contain fixed costs that began in 2020 continued, which explains the reduction in several items of External services and supplies.

In the nine-month period ended 30 September 2021 and 2020, External services and supplies costs incurred for investigation and research activities amounted to Euro 3,356,730 and Euro 3,364,107, respectively.

The expenses with CO₂ correspond to the emission of 419,490 tons of CO₂ (30 September 2020: 542,552 tons), thus observing a 23% reduction in CO₂ emissions. The increase in this caption is mainly due to the rise of unit price of CO₂ allowances.

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	30-09-2021	31-12-2020
CGU of UWF paper production on Figueira da Foz (goodwill resulting from the acquisition of Navigator Brands, S.A.)	376,756,383	376,756,383
CGU of Tissue paper production on Vila Velha de Ródão (goodwill resulting from the acquisition of Navigator Tissue Ródão, S.A.)	583,083	583,083
	377,339,466	377,339,466

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 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.

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.

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 authorisation to conclude this transaction being formalised on 17 April 2015.

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

3.2 INTANGIBLE ASSETS

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO ₂ emission allowances	Other intangible assets	Intangible assets under construction	Total
Gross amount					
Balance as at 1 January 2020	12,329	4,496,487	-	-	4,508,816
Acquisitions/Assignments	-	16,496,529	-	4,335	16,500,864
Adjustments, transfers and write-offs	4,335	(15,196,731)	-	(4,335)	(15,196,731)
Balance as at 30 September 2020	16,664	5,796,285	-	-	5,812,949
Acquisitions/Assignments	4,335	5,264,590	-	(4,335)	5,264,590
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	(4,335)	841,745	-	4,335	841,745
Balance as at 31 December 2020	16,664	11,902,620	-	-	11,919,284
Acquisitions/Assignments	-	34,087,125	-	17,622	34,104,747
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	17,622	(24,788,284)	-	(17,622)	(24,788,284)
Balance as at 30 September 2021	34,286	21,201,462	-	-	21,235,748
Accumulated amortisation and impairment losses					
Balance as at 1 January 2020	(2,127)	-	-	-	(2,127)
Amortisation for the period (Note 3.6)	(3,316)	-	-	-	(3,316)
Impairment losses for the period	-	-	-	-	-
Balance as at 30 September 2020	(5,443)	-	-	-	(5,443)
Amortisation for the period	(1,157)	-	-	-	(1,157)
Balance as at 31 December 2020	(6,600)	-	-	-	(6,600)
Amortisation for the period (Note 3.6)	(9,024)	-	-	-	(9,024)
Balance as at 30 September 2021	(15,624)	-	-	-	(15,624)
Net book value as at 1 January 2020	10,202	4,496,487	-	-	4,506,689
Net book value as at 30 September 2020	11,221	5,796,285	-	-	5,807,506
Net book value as at 31 December 2020	10,064	11,902,620	-	-	11,912,684
Net book value as at 30 September 2021	18,662	21,201,462	-	-	21,220,125

CO₂ Allowances

	30-09-2021	31-12-2020
CO ₂ allowances (units)	565,765	516,319
Average unit value (Euro)	37.47	23.05
Market quotation (Euro)	42.55	32.72

CO₂ Allowances – movements of the period

Amounts in Euro	2021		2020	
	Tons	Amount	Tons	Amount
Opening balance	516,319	11,902,620	267,222	4,496,487
Allowances awarded free of charge	442,692	14,914,280	482,453	11,492,030
Allowances acquired	313,598	19,172,846	510,962	10,269,089
Allowances sold	-	-	-	-
Allowances returned to the Licensing Coordinating Entity	(706,844)	(24,788,284)	(744,318)	(14,354,986)
Closing balance	565,765	21,201,462	516,319	11,902,620

3.3 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other PPE	Assets under construction	Total
Gross amount					
Balance as at 1 January 2020	115,028,864	539,358,347	3,522,159,863	107,798,987	4,284,346,061
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)
Balance as at 30 September 2020	114,571,304	540,547,085	3,558,124,829	132,788,583	4,346,031,802
Acquisitions	-	-	(5,986,435)	16,889,750	10,903,315
Disposals	(70,317)	(9,246)	(882)	-	(80,445)
Adjustments, transfers and write-offs	3,577	702,637	15,620,326	(26,252,902)	(9,926,362)
Balance as at 31 December 2020	114,504,564	541,240,475	3,567,757,837	123,425,431	4,346,928,310
Acquisitions	-	-	13,203,708	38,584,874	51,788,582
Disposals	(329,746)	-	(38,364)	-	(368,110)
Adjustments, transfers and write-offs	41,051	1,094,359	82,774,588	(93,109,746)	(9,199,748)
Balance as at 30 September 2021	114,215,869	542,334,835	3,663,697,770	68,900,558	4,389,149,033
Accumulated depreciation and impairment losses					
Balance as at 1 January 2020	-	(340,877,824)	(2,693,816,638)	-	(3,034,694,462)
Depreciation for the period (Note 3.6)	-	(9,121,927)	(105,123,788)	-	(114,245,716)
Disposals	-	-	44,943	-	44,943
Adjustments, transfers and write-offs	-	467,248	6,812,816	-	7,280,064
Balance as at 30 September 2020	-	(349,532,503)	(2,792,082,667)	-	(3,141,615,170)
Depreciation for the period	-	(2,200,389)	(29,154,770)	-	(31,355,158)
Disposals	-	7,918	882	-	8,800
Adjustments, transfers and write-offs	-	(467,248)	10,450,060	-	9,982,812
Balance as at 31 December 2020	-	(352,192,222)	(2,810,786,495)	-	(3,162,978,717)
Depreciation for the period (Note 3.6)	-	(8,426,308)	(78,792,689)	-	(87,218,997)
Disposals	-	-	33,009	-	33,009
Regularizações, transferências e abates	-	472,545	8,866,444	-	9,338,989
Balance as at 30 September 2021	-	(360,145,985)	(2,880,679,730)	-	(3,240,825,715)
Net book value as at 1 January 2020	115,028,864	198,480,523	828,343,225	107,798,987	1,249,651,599
Net book value as at 30 September 2020	114,571,304	191,014,582	766,042,162	132,788,583	1,204,416,632
Net book value as at 31 December 2020	114,504,564	189,048,253	756,971,343	123,425,431	1,183,949,593
Net book value as at 30 September 2021	114,215,869	182,188,850	783,018,040	68,900,558	1,148,323,317

As at 30 September 2021, the item Assets under construction includes investments associated with ongoing development projects, in particular those related to the redesign of the wet pulp production zone no. 4 in Aveiro (Euro 10,456 thousand), the new chip stack in Aveiro (Euro 8,038 thousand), the environmental plan (Euro 7,749 thousand), the photovoltaic power plants in Figueira da Foz and Setúbal (Euro 2,214 thousand). The remainder is related to several projects for improving and optimizing the production process.

3.4 INVESTMENT PROPERTIES

Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
Gross amount			
Balance as at 1 January 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 30 September 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 30 September 2021	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2020	(399,372)	(11,797)	(411,169)
Impairment losses (Note 3.6)	-	(1,234)	(1,234)
Balance as at 30 September 2020	(399,372)	(13,031)	(412,404)
Impairment losses	-	(412)	(412)
Balance as at 31 December 2020	(399,372)	(13,443)	(412,815)
Impairment losses	-	(1,234)	(1,234)
Balance as at 30 September 2021	(399,372)	(14,677)	(414,049)
Net book value as at 1 January 2020	25,372	70,510	95,882
Net book value as at 31 September 2020	25,372	69,276	94,647
Net book value as at 31 December 2020	25,372	68,864	94,236
Net book value as at 31 September 2021	25,372	67,630	93,001

3.5 RIGHT-OF-USE ASSETS

MOVEMENTS IN RIGHT-OF-USE ASSETS

Amounts in Euro	Forestry lands	Buildings	Vehicles	Software	Other lease assets	Total
Gross amount						
Balance as at 1 January 2020	41,463,008	4,547,372	4,508,865	358,732	189,517	51,067,494
Acquisitions	6,246,360	103,667	2,428,965	197,639	5,158,458	14,135,088
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	(862,347)	-	(30,691)	(195,782)	-	(1,088,821)
Balance as at 31 December 2020	46,847,021	4,651,039	6,907,138	360,588	5,347,974	64,113,761
Acquisitions	2,238,347	-	954,766	963,772	-	4,156,886
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	(435,469)	-	(23,407)	-	-	(458,877)
Balance as at 30 September 2021	48,649,898	4,651,039	7,838,497	1,324,361	5,347,974	67,811,770
Accumulated depreciation and impairment losses						
Balance as at 1 January 2020	(3,006,912)	(702,301)	(1,612,924)	(162,455)	(64,977)	(5,549,570)
Depreciation	(3,179,144)	(666,983)	(2,082,337)	(113,479)	(822,907)	(6,864,849)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	5,314	-	10,723	111,622	-	127,659
Balance as at 31 December 2020	(6,180,743)	(1,369,284)	(3,684,538)	(164,312)	(887,884)	(12,286,761)
Depreciation	(2,282,243)	(385,543)	(1,352,231)	(428,659)	(822,502)	(5,271,177)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	93,108	-	-	-	-	93,108
Balance as at 30 September 2021	(8,369,877)	(1,754,827)	(5,036,769)	(592,971)	(1,710,385)	(17,464,830)
Net book value as at 1 January 2020	38,456,095	3,845,071	2,895,941	196,276	124,539	45,517,924
Net book value as at 30 September 2020	38,456,095	3,845,071	2,895,941	196,276	124,539	45,517,924
Net book value as at 31 December 2020	40,666,278	3,281,755	3,222,600	196,276	4,460,091	51,827,000
Net book value as at 30 September 2021	40,280,021	2,896,212	2,801,728	731,389	3,637,589	50,346,940

The item Land relates essentially to the land use rights of existing forest exploration, 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 agreement term.

The item Buildings refers to the lease agreement entered into between The Navigator Company, S.A. and Refundos - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. for the building located at Avenida Fontes Pereira de Melo, in Lisbon, for use as an office.

The item Other includes the forklift truck rental contract signed in 2020.

3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	30-09-2021	30-09-2020
Depreciation of property, plant and equipment for the period (Note 3.3)	87,218,997	114,245,716
Investment grants charged-off	(3,132,625)	(8,170,545)
Depreciation of property, plant and equipment, net of grants charged-off	84,086,372	106,075,171
Amortisation of intangible assets for the period (Note 3.2)	9,024	3,316
Depreciation of right-of-use assets for the period (Note 3.5)	5,271,177	5,259,969
Impairment of investment properties (Note 3.4)	1,234	1,234
	89,367,807	111,339,690

The reduction compared to the previous period is due to the change in the useful lives of the assets allocated to pulp production in Figueira da Foz, according to an evaluation report carried out by an independent entity.

3.7 BIOLOGICAL ASSETS

Movements in biological assets

Amounts in Euro	2021	2020
Opening balance	148,584,452	131,769,841
Logging	(19,895,913)	(18,310,911)
Growth	3,650,748	2,421,646
New plantations and replanting (at cost)	2,089,539	2,657,841
Other changes in fair value	7,801,774	9,611,452
	(6,353,852)	(3,619,972)
Balance as at 30 June	142,230,600	128,149,868
Remaining quarters		20,434,584
Balance as at 31 December		148,584,452

The amount disclosed as Other changes in fair value relates mainly to expected forest management costs incurred in the period, changes in general valuation assumptions and changes in expectations compared to the annual model:

Amounts in Euro	30-09-2021	30-09-2020
Costs of assets management		
Forestry	2,453,355	2,414,408
Structure	1,458,784	2,462,129
Fixed and variable rents	7,897,225	8,154,867
	11,809,364	13,031,404
Changes in expectations		
Variation in other species	56,977	436,891
Transport logistics costs	(3,608,053)	-
Other changes in expectations (structural costs, asset rationalisation)	(456,514)	(3,856,843)
	(4,007,590)	(3,419,952)
	7,801,774	9,611,452

In 2021, the Group revised the allocation of logistical costs of wood transportation, essentially as a function of the evolution of road diesel prices.

As at 30 September 2021 and 31 December 2020, the value of biological assets, by species, is detailed as follows:

Amounts in Euro	30-09-2021	31-12-2020
Eucalyptus (Portugal)	112,723,946	118,916,833
Pine (Portugal)	6,493,056	6,311,003
Cork oak (Portugal)	6,352,850	6,050,894
Other species (Portugal)	648,266	591,289
Eucalyptus (Mozambique)	16,012,482	16,714,433
	142,230,600	148,584,452

With regard to the Mozambique project, Navigator and the Mozambican Government continue to work under the terms of the MoU signed in 2018, namely on the conditions precedent, in particular on logistical issues relating to the Port of Macuze.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. In the first half of 2021, Portucel Mozambique made its first export of wood produced in Mozambique, from its plantations in Manica, with the shipment of a vessel containing 32,000 cubic metres of bark-free solid wood from the port of Beira, in Mozambique, to the port of Aveiro, bound for the Figueira da Foz Industrial Complex.

Two more ships are also scheduled for 2021, representing about 100,000 m³ of wood.

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in the nine-month period ended 30 September 2021, 324,895 m³ssc of wood from its owned and explored forests (30 September 2020: 452,303 m³ssc).

As at 31 December 2020 and 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 grants related to biological assets recognised 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	30-09-2021	31-12-2020
Raw materials	98,765,354	92,421,384
Goods	297,582	268,916
Subtotal	99,062,935	92,690,300
Finished and intermediate products	84,996,616	77,760,647
Products and work in progress	2,525,734	3,101,026
By-products and waste	4,599,567	3,183,163
Subtotal	92,121,917	84,044,836
Total	191,184,853	176,735,137

As at 30 September 2021 and 31 December 2020, 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	2021	2020
Balance as at 1 January	(2,157,570)	(11,121,848)
Increases	(3,199,757)	(341,601)
Reversals	18,717	9,709,455
Impact in profit or loss for the period	(3,181,040)	9,367,854
Charge-off	(713)	(1,004)
Balance as at 30 September	(5,339,323)	(1,754,998)
Remaining quarters		(402,572)
Balance as at 31 December		(2,157,570)

4.2 RECEIVABLES

Amounts in Euro	30-09-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	178,013,052	178,013,052	-	133,591,397	133,591,397
Receivables - Group companies (Note 11.3)	-	38	38	-	443,649	443,649
State	i)	26,295,028	26,295,028	-	45,933,424	45,933,424
Department of Commerce (EUA)	ii)	1,374,623	1,374,623	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (EUA)	iii)	15,310,084	17,272,649	30,747,820	2,747,317	33,495,137
Accrued income	iv)	-	12,125,525	-	17,263,014	17,263,014
Deferred expenses	iv)	-	10,211,078	-	7,148,871	7,148,871
Derivative financial instruments (Note 8.2.2)	-	183,709	183,709	-	4,019,440	4,019,440
Other	-	764,336	12,741,358	702,768	14,016,837	14,719,605
		16,074,420	258,217,061	34,696,105	231,772,282	266,468,387

i) State is detailed as follows:

Amounts in Euro	30-09-2021	31-12-2020
Value added tax - recoverable	1,172,271	16,980,665
Value added tax - reimbursement requests	25,120,287	26,668,947
Amounts pending reimbursement (tax proceeding favourable to the Group)	2,470	2,283,811
	26,295,028	45,933,423

As at 30 September 2021, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro	Sep / 2021	Total
The Navigator Company, S.A.	23,370,067	23,370,067
Bosques do Atlântico, S.L.	1,750,220	1,750,220
	25,120,287	25,120,287

Up to issue of this report, the full amounts outstanding as at 30 September 2021 have been received.

As at 31 December 2020, the amount of reimbursement requests comprised the following, by month and by Company:

Amounts in Euro	Nov/2020	Dec/2020	Total
The Navigator Company, S.A.	7,738,657	16,406,001	24,144,658
Bosques do Atlântico, S.L.	-	2,374,289	2,374,289
Eucaliptusland, S.A.	-	150,000	150,000
	7,738,657	18,930,290	26,668,947

All these amounts were received during the first half of 2021.

ii) As at 30 September 2021 and 31 December 2020, 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.

During 2021, the Department of Commerce confirmed the final rate to be applied for the fourth period of review from March 2019 to February 2021 at 2.21%, therefore the Group will soon receive approximately Euro 1.4 million for the difference between the deposits made and the final rate payable.

For the subsequent review periods (5 and 6), Navigator is estimated to pay to the DoC approximately Euro 4.5 million (Note 4.3).

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%.

iv) Accrued income and deferred expenses are detailed as follows:

Amounts in Euro	30-09-2021	31-12-2020
Accrued income		
Interest receivable	499,103	1,729,911
Energy sales	9,789,007	12,314,111
Insurance compensation	800,000	2,950,000
Other	1,037,415	268,992
	12,125,525	17,263,014
Deferred expenses		
Insurance	2,119,734	252
Rentals	7,929,857	7,082,041
Other	161,487	66,578
	10,211,078	7,148,871
	22,336,603	24,411,885

4.3 PAYABLES

Amounts in Euro	30-09-2021	31-12-2020
Trade payables - current account	210,052,134	166,359,755
Trade payables - property, plant and equipment	3,474,137	1,979,388
State	38,458,181	32,397,267
Related parties (Note 10.3)	1,185,839	769,888
Other payables - CO ₂ emission allowances	16,281,387	16,530,618
Tax consolidation (Semapa)	6,447,546	6,447,546
Other payables	1,308,508	516,599
Derivative financial instruments (Note 8.1)	8,335,927	6,196,001
Accrued expenses - Payroll	24,809,504	22,324,875
Accrued expenses - Interest payable	3,889,629	5,167,352
Bonus payable to suppliers	7,229,142	5,352,176
Water resources tax	838,321	1,104,037
Rent liabilities	15,540,351	13,683,172
Other accrued expenses	825,599	13,717,891
Non-repayable grants	8,631,048	11,103,125
Current payables	347,307,255	303,649,690
Non-repayable grants	29,441,372	30,234,237
Department of Commerce (USA) (Note 4.2)	4,555,922	-
Non-current payables	33,997,294	30,234,237
	381,304,549	333,883,925

State - details

Amounts in Euro	30-09-2021	31-12-2020
Personal income tax withholding (IRS)	1,756,798	2,765,825
Value added tax	33,538,702	26,852,922
Social Security contributions	2,259,239	2,202,862
Other	903,442	575,658
	38,458,181	32,397,267

As at 30 September 2021 and 31 December 2020, there were no overdue debts to the State.

Non-refundable grants - details

Amounts in Euro	30-09-2021	31-12-2020
Government grants	3,231,811	4,997,433
Grants - CO ₂ emission allowances	2,496,680	1,425,646
Other grants	2,902,557	4,680,046
Non-repayable grants - current	8,631,048	11,103,125
Government grants	29,441,372	30,234,237
Non-repayable grants - non-current	29,441,372	30,234,237
	38,072,420	41,337,362

5 CAPITAL STRUCTURE

5.1 SHARE CAPITAL AND TREASURY SHARES

Navigator's shareholders

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

As at 30 September 2021, The Navigator Company, S.A.'s share capital of Euro 500,000,000 was fully subscribed and is represented by 711,183,069 shares without nominal value.

At the General Meeting held on 11 May 2021, a reduction of the Company's share capital from Euro 500,000,000 to Euro 495,597,957.49, the amount of the reduction being Euro 4,402,042.51, for a special purpose, by cancellation of 6,316,931 treasury shares, without par value. The Company will now have 711,183,069 ordinary shares outstanding, followed by a share capital increase from Euro 495,597,957.49 to Euro 500,000,000, the amount of the increase being Euro 4,402,042.51, with no change in the number of shares, to be paid up by incorporation of free reserves (surplus of legal reserve).

As at 30 September 2021 and 31 December 2020, the shareholders with qualified shareholdings in the Company's capital were as follows:

Entity	30-09-2021		31-12-2020	
	No. of shares	%	No. of shares	%
Shares without nominal amount				
Semapa, SGPS, S.A.	497,617,299	69.97%	497,617,299	69.35%
Treasury shares	-	0.00%	6,316,931	0.88%
Floating shares	213,565,770	30.03%	213,565,770	29.77%
	711,183,069	100%	717,500,000	100%

Treasury shares - movements

	30-09-2021		31-12-2020	
	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	6,316,931	20,189,264
Acquisition of treasury shares	-	-	-	-
Disposals for the period	(6,316,931)	(20,189,264)	-	-
Treasury shares held at the end of the period	-	-	6,316,931	20,189,264

The market value of the treasury shares held on 31 December 2020 amounted to Euro 15,779,694, corresponding to a unit value of Euro 2,498.

As at 30 September 2021, the market capitalisation of the Company was Euro 2,159,151,797 (31 December 2020: Euro 1,792,315,000) compared to an equity, net of non-controlling interests, of Euro 1,037,803,047 (31 December 2020: 1,025,926,506).

5.2 EARNINGS PER SHARE

	30-09-2021	30-09-2020
Profit attributable to Navigator's shareholders (Euro)	114,244,355	75,249,680
Total number of issued shares	711,183,069	717,500,000
Average treasury shares in the portfolio	-	(6,316,931)
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.161	0.106
Diluted earnings per share (Euro)	0.161	0.106

5.3 NON-CONTROLLING INTERESTS

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit	
		30-09-2020	31-12-2020	30-09-2020	30-09-2020
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	291,325	275,182	10,448	12,253
Portucel Moçambique	90.02%	-	-	-	-
		291,325	275,182	10,448	12,253

Non-controlling interests are related to RAÍZ – Instituto de Investigação da Florestal e Papel, where the Group owns 97% of the share 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, there was a reduction in the subscribed, underwritten and paid-up capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, corresponding to 90.02% of the Company's share capital, and the IFC's holding was revised to MZM 50,620,000, corresponding to 9.98% of the Portucel Moçambique's share capital.

As 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.

Movements of non-controlling interests

Amounts in Euro	2021	2020
Opening balance	275,182	273,817
Net profit for the period	10,448	2,532
Other comprehensive income	5,695	(1,167)
Closing balance	291,325	275,182

5.4 INTEREST-BEARING LIABILITIES

Amounts in Euro	30-09-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	442,500,000	2,500,000	445,000,000	340,000,000	145,000,000	485,000,000
Commercial paper	205,000,000	35,000,000	240,000,000	240,000,000	135,000,000	375,000,000
Bank loans	114,017,857	12,718,254	126,736,111	79,305,555	11,527,778	90,833,333
Charges with the issue of bonds	(3,903,478)	-	(3,903,478)	(3,449,340)	-	(3,449,340)
Repayable grants	38,043,867	490,283	38,534,150	37,955,008	4,578	37,959,586
Deferrals	(6,389,405)	-	(6,389,405)	(2,932,796)	-	(2,932,796)
Debt securities and bank debt	789,268,840	50,708,537	839,977,377	690,878,427	291,532,356	982,410,783
Average interest rate, considering charges for annual fees and hedging operations			1.5%			1.6%

In the nine-month period ended 30 September 2021, two short-term loans of Euro 40 million and Euro 25 million, which had been taken in the context of the start of the pandemic, were repaid. Two bond loans of Euro

As at 30 September 2021, the average cost of debt, considering the interest rate, annual fees and hedging operations, was 1.5% (31 December 2020: 1.6%).

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

Amounts in Euro	30-09-2021	31-12-2020
Non-current		
1 to 2 years	255 044 797	54 531 907
2 to 3 years	107 009 083	263 446 294
3 to 4 years	88 931 702	100 544 797
4 to 5 years	264 390 035	114 461 463
Above 5 years	84 186 108	164 276 102
	799 561 724	697 260 563
Commissions	(10 292 884)	(6 382 136)
	789 268 840	690 878 427

As at 30 September 2021, the Group had contracted Commercial Paper Programs, contracted and undisbursed long-term financing, as well as available but not used credit facilities of Euro 145,450,714 (31 December 2020: Euro 277,950,714).

As at 30 September 2021 and 31 December 2020, the Group's interest-bearing net debt was as follows:

Amounts in Euro	30-09-2021	31-12-2020
Interest-bearing liabilities (Note 5.7)	839,977,377	982,410,783
Cash and cash equivalents (Note 5.9)	(243,071,648)	(302,399,831)
Net interest-bearing debt	596,905,729	680,010,952
Lease liabilities	52,161,322	53,080,919
Net interest-bearing debt with lease liabilities	649,067,051	733,091,871

Based on these Financial Statements, the financial ratios were as follows as at 30 September 2021 and 31 December 2020:

Ratio	30-09-2021	31-12-2020
Interest coverage	22.59	30.62
Indebtedness	2.62	3.44
Net Debt / EBITDA	1.86	2.38

5.5 LEASE LIABILITIES

Amounts in Euro	30-09-2021			31-12-2020		
	Outstanding rents	Interest on liabilities	Present value of liabilities	Outstanding rents	Interest on liabilities	Present value of liabilities
Below 1 year	3,569,572	1,821,102	5,390,673	3,765,081	1,842,736	5,607,817
1 to 2 years	3,083,222	1,684,346	4,767,568	3,370,911	1,702,752	5,073,663
2 to 3 years	2,718,275	1,555,960	4,274,236	2,861,255	1,571,098	4,432,353
3 to 4 years	2,035,561	1,433,867	3,469,428	2,533,056	1,448,561	3,981,617
4 to 5 years	1,544,437	1,324,957	2,869,394	1,689,138	1,333,485	3,022,623
Above 5 years	22,139,615	9,250,408	31,390,023	21,467,905	9,494,941	30,962,846
Present value of liabilities	35,090,682	17,070,640	52,161,322	35,687,346	17,393,573	53,080,919

5.6 CASH AND CASH EQUIVALENTS

Amounts in Euro	30-09-2021	31-12-2020
Cash	41,283	37,778
Short-term bank deposits	218,846,859	265,358,163
Other short-term investments	24,183,506	37,003,891
	243,071,648	302,399,831

As at 30 September 2021 and 31 December 2020, the item Other short-term investments relates to the amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

5.7 CASH FLOWS FROM FINANCING ACTIVITIES

Movements in liabilities of the Group's financing activities

Amounts in Euro	30-09-2021	31-12-2020
Balance as at 1 January	982,410,783	877,131,386
Payment of interest-bearing liabilities	(386,597,223)	(133,194,444)
Receipts from interest-bearing liabilities	247,500,000	240,000,000
Repayable grants	(2,882,045)	(1,371,910)
Change in charges for issuing loans	(454,138)	(154,248)
Variation in interest-bearing debt	(142,433,406)	105,279,397
Gross interest-bearing debt	839,977,377	982,410,783

5.8 FINANCIAL RESULTS

Amounts in Euro	9 months 30-09-2021	9 months 30-09-2020
Interest paid on debt securities and bank debt	(8,382,602)	(7,425,032)
Commissions on loans and expenses with credit facilities	(2,483,815)	(2,789,854)
Interest paid by applying the effective interest method	(10,866,417)	(10,214,886)
Interest paid on lease liabilities	(1,513,091)	(1,511,360)
Financial expenses related to the Group's capital structure	(12,379,508)	(11,726,246)
Losses on financial instruments - foreign exchange hedging	-	-
Losses on financial instruments - interest rate hedging	(3,066,594)	(1,585,887)
Losses on financial instruments - trading	(3,954,838)	(299,032)
Accrual for option premiums	-	(1,092,487)
Other financial expenses and losses	(506,323)	(557,822)
Financial expenses and losses	(19,907,263)	(15,261,474)
Interest received on financial assets at amortised cost	1,477,413	-
Favourable exchange rate differences	3,278,451	492,832
Gains on financial instruments - foreign exchange hedging	214,976	451,807
Gains on financial instruments - hedging	-	1,752,997
Gains on compensatory interest	2,195,880	2,474,247
Other financial income and gains	-	1,026,739
Financial income and gains	7,166,720	6,198,622
Financial results	(12,740,543)	(9,062,852)

Financial results stood at negative Euro 12,740,543 (30 September 2020: Euro 9,062,852). This worsening, in the amount of Euro 3,677,691, results essentially from losses in derivative instruments. The costs of financing operations had a positive trend (Euro 0.4 million) due to the decrease in the average debt compared to the same period of the previous year.

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 30-09-2021	9 months 30-09-2020
Current tax	27,875,867	10,840,609
Change in uncertain tax positions	(5,341,053)	(9,506,555)
Deferred tax (Note 6.2)	7,246,246	13,930,135
	29,781,060	15,264,189

As at 30 September 2021, current tax includes Euro 26,866,228 (30 September 2020: Euro 8,419,872) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

As at 30 September 2021 and 2020, the item Change in uncertain tax positions in the period reflects the favourable outcome of some proceedings related to matters with high uncertainty, as well as the change in tax estimate.

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:

	2021	2020
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	22.5%
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%

Reconciliation of the effective income tax rate for the period

Amounts in Euro	9 months 30-09-2021	9 months 30-09-2020
Profit before tax	144,035,863	90,526,122
Expected tax at nominal rate (21%)	30,247,531	19,010,486
Municipal surcharge (2021: 1.64%; 2020: 1.58%)	2,364,683	1,433,642
State surcharge (2021: 4.05%; 2020: 3.91%)	5,827,686	3,535,129
Income tax resulting from the applicable rate	38,439,900	23,979,257
Nominal tax rate for the period	26.69%	26.49%
Differences (a)	(748,149)	1,902,912
Excess on income tax estimate	(7,183,618)	(9,867,025)
Tax benefits	(727,073)	(750,954)
	29,781,060	15,264,189
Effective tax rate	20.68%	16.86%

(a) This amount concerns mainly:

	9 months 30-09-2021	9 months 30-09-2020
Gains / (Losses) for tax purposes	2,627,814	583,028
Gains / (Losses) for accounting purposes	(2,664,562)	(627,709)
Taxable provisions and impairment	1,291,758	1,517,264
Tax benefits	(3,073,437)	(3,144,340)
Post-employment benefits	(899,833)	90,719
Other	(2,280)	8,500,717
	(2,720,540)	6,919,679
Tax impact (27.5%)	(748,149)	1,902,912

6.1.2 Tax recognised in the consolidated statement of financial position

Amounts in Euro	30-09-2021	31-12-2020
Assets		
Corporate income tax (IRC)	-	-
Amounts pending reimbursement (tax proceedings favourable to the Group)	1,579,845	3,482,762
	1,579,845	3,482,762
Liabilities		
Corporate income tax (IRC)	20,439,512	13,012,879
Additional tax liabilities (IRC)	25,018,303	22,898,753
	45,457,815	35,911,632

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	30-09-2021	31-12-2020
Income tax for the period	27,875,867	25,415,652
Payments on account, Special payments on account and Additional payments on account	(9,563,007)	(11,094,358)
Withholding tax receivable	(20,009)	(33,315)
Income tax payable/ (recoverable) from prior periods	-	-
Other receivables/ (payables)	2,146,661	(1,275,100)
	20,439,512	13,012,879

The amounts of corporate income tax paid in the period are detailed as follows:

Amounts in Euro	30-09-2021	31-12-2020
Income tax paid/ (received) from prior periods	2,698,167	(30,685,733)
Payments on account, Special payments on account and Additional payments on account	9,563,007	11,094,358
Withholding tax	20,009	33,315
Reimbursements of tax proceedings favourable to the Group	(2,048,511)	(6,303,952)
Payments of additional tax liabilities	-	10,157,363
Other income tax payments (reimbursements)	-	(3,717,791)
Income tax payments/ (receipts)	10,232,671	(19,422,440)

Amounts pending refund

Amounts in Euro	30-09-2021	31-12-2020
2013 Corporate income tax (RETGS)	86,215	86,215
2010 Corporate income tax (RETGS)	607,260	2,341,168
2010 to 2012 RFAI - compensatory interests	511,555	469,351
2017 Corporate income tax - Navigator Tissue Rodão	347,336	347,336
Other	27,479	238,692
	1,579,845	3,482,762

The movements in the period are detailed as follows:

Amounts in Euro	30-09-2021	31-12-2020
Balance at the beginning of the period	3,482,762	7,198,086
Increases	145,594	3,157,855
Reimbursements	(2,048,511)	(6,303,952)
Reversals	-	(569,227)
	1,579,845	3,482,762

Uncertain tax positions - liabilities

Amounts in Euro	30-09-2021	31-12-2020
Balance at the beginning of the period	22,898,753	36,228,728
Increases	8,371,818	4,749,869
Reversals	(6,252,267)	(18,079,844)
Amount recognised in the income statement - (gain) / loss	2,119,551	(13,329,975)
	25,018,304	22,898,753

Taxes paid in litigation

As at 30 September 2021 and 31 December 2020, 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	30-09-2021	31-12-2020
2005 Aggregate corporate income tax	10,394,386	10,394,386
2006 Aggregate corporate income tax	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	-	7,586,361
2016 Aggregate corporate income tax	-	2,697,180
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
	42,992,358	53,275,899

6.2 DEFERRED TAXES

Movements in deferred taxes

Amounts in Euro	As at 1 January 2021	Income Statement		Equity	Other liabilities	As at 30 September 2021
		Increases	Decreases			
Temporary differences originating deferred tax assets						
Taxed provisions	6,974,025	431,284	(1,709,955)	-	-	5,695,354
Adjustment of property, plant and equipment	71,179,011	10,255,012	(19,854,505)	-	-	61,579,518
Financial instruments	8,879,577	-	-	532,042	-	9,411,619
Deferred accounting gains on inter-Group transactions	15,145,588	7,391,695	(1,771,615)	-	-	20,765,668
Government grants	203,588	-	-	-	-	203,588
Conventional capital remuneration	7,000,000	-	(1,680,000)	560,000	-	5,880,000
Tax incentives for investment	1,997,180	-	-	-	-	1,997,180
	111,378,969	18,077,992	(25,016,075)	1,092,042	-	105,532,928
Temporary differences originating deferred tax liabilities						
Pensions and post-employment benefits	(224,593)	650,761	-	(906,271)	-	(480,102)
Deferred accounting losses on inter-Group transactions	(9,929,599)	-	-	-	10,191,596	261,997
Valuation of biological assets	(23,121,032)	5,904,499	-	-	-	(17,216,533)
Adjustment of property, plant and equipment	(272,907,547)	2,938,217	(29,275,942)	-	-	(299,245,272)
Government grants	(6,406,374)	370,562	-	1,495,601	-	(4,540,212)
	(312,589,145)	9,864,039	(29,275,942)	589,330	10,191,596	(321,220,123)
Deferred tax assets	30,079,993	4,971,448	(6,879,421)	300,311	-	28,472,331
Tax incentives for investment	549,224	-	-	-	-	549,224
Deferred tax assets	30,629,217	4,971,448	(6,879,421)	300,311	-	29,021,555
Deferred tax liabilities	(85,962,014)	2,712,611	(8,050,884)	162,066	2,802,689	(88,335,533)

Amounts in Euro	As at 1 January 2020	Income Statement		Equity	As at 31 December 2020
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	6,793,848	180,177	-	-	6,974,025
Adjustment of property, plant and equipment	69,004,705	2,174,305	-	-	71,179,011
Financial instruments	8,525,155	-	-	354,422	8,879,577
Deferred accounting gains on inter-Group transactions	18,864,851	-	(3,719,263)	-	15,145,588
Government grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,660,000	-	(3,220,000)	560,000	7,000,000
	113,052,148	2,354,482	(6,939,263)	914,422	109,381,789
Temporary differences originating deferred tax liabilities					
Pensions and post-employment benefits	(510,040)	-	(638,963)	924,411	(224,593)
Deferred accounting losses on inter-Group transactions	(9,994,509)	64,910	-	-	(9,929,599)
Valuation of biological assets	(25,999,474)	-	2,878,442	-	(23,121,032)
Adjustment of property, plant and equipment	(249,833,138)	-	(23,074,409)	-	(272,907,547)
Government grants	(6,077,044)	862,557	-	(1,191,888)	(6,406,374)
	(292,414,206)	927,467	(20,834,930)	(267,477)	(312,589,145)
Deferred tax assets	31,089,341	647,483	(1,908,297)	251,466	30,079,993
Tax incentives for investment (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	31,638,565	647,483	(1,908,297)	251,466	30,629,217
Deferred tax liabilities	(80,413,906)	255,054	(5,729,606)	(73,556)	(85,962,014)

As at 30 September 2021 and 31 December 2020, the rate of 27.50% was used in the measurement of deferred taxes.

7 PAYROLL

7.1 PAYROLL COSTS

Amounts in Euro	9 months 30-09-2021	9 months 30-09-2020
Remuneration of Corporate bodies - fixed	2,502,720	2,493,179
Remuneration of Corporate bodies - variable	1,680,255	7,580
Other remunerations	77,740,948	73,268,277
Social Security contributions	16,623,006	13,370,398
Post-employment benefits (Note 7.2)	1,090,114	1,100,354
Other payroll costs	9,662,120	4,116,063
Payroll costs	109,299,163	94,355,851

Number of employees by segment at the end of the period

	30-09-2021	31-12-2020	Var. 21/20
Market pulp	254	258	(4)
UWF	1,786	1,831	(45)
Tissue	379	380	(1)
Other	738	763	(25)
	3,157	3,232	(75)

Other Payroll costs for the nine-month periods ended 30 September 2021 and 2020 are detailed as follows:

Amounts in Euro	9 months 30-09-2021	9 months 30-09-2020
Training	239,176	253,500
Social action	1,629,965	712,729
Insurance	3,887,713	3,555,162
Contractual termination compensations	3,625,138	(890,667)
Other	280,128	485,338
	9,662,120	4,116,063

The increase in social action expenses in 2021 is primarily due to expenses related to Covid-19 testing at the Group's units.

In 2020, due to the inability to terminate contracts as a result of joining the simplified lay-off scheme, there was a reversal of the estimates recognised in previous years.

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 2021, three Defined Contribution plans were in force covering 2,889 employees (2020: 2,816 employees) (Note 7.2.3).

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:

	30-09-2021		31-12-2020	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Past service liabilities				
Assets, including individual accounts	435	73,906,804	458	77,829,641
Former employees	113	23,356,289	103	22,158,138
Retired employees	557	93,436,258	547	91,265,747
Market value of the pension funds		(180,847,897)		(178,691,062)
Total net liabilities	1,105	9,851,454	1,108	12,562,465

Assumptions used in the assessment of liabilities

	30-09-2021	31-12-2020
Social Security benefits formula	Decree-Law no. 187/2007 of 10 May	
Disability table	EKV 80	EKV 80
Mortality table	TV 88/90	TV 88/90
Wage growth rate	1.00%	1.00%
Technical interest rate	1.25%	1.25%
Return rate on plan assets	1.25%	1.25%
Pensions growth rate	0.75%	0.75%

Historical information - last five years

Amounts in Euro	2017	2018	2019	2020	2021
Present value of liabilities	151,199,735	154,456,240	179,880,752	191,253,527	190,699,351
Fair value of assets and reserve account	146,109,493	147,131,961	173,292,676	178,691,062	180,847,897
Surplus/ (deficit)	(5,090,242)	(7,324,279)	(6,588,076)	(12,562,465)	(9,851,454)

Evolution of defined benefit plan liabilities

2021	Opening balance	Remeasurement	Current services cost	Interest expense	Actuarial deviations	Payments	Closing balance
Amounts in Euro							
Pensions with Autonomous Fund	191,253,527	-	22,441	1,176,588	957,990	(2,711,195)	190,699,351
	191,253,527	-	22,441	1,176,588	957,990	(2,711,195)	190,699,351
2020	Opening balance	Remeasurement	Current services cost	Interest expense	Actuarial deviations	Payments	Closing balance
Amounts in Euro							
Pensions with Autonomous Fund	179,880,752	-	67,304	3,098,478	13,875,538	(5,668,545)	191,253,527
	179,880,752	-	67,304	3,098,478	13,875,538	(5,668,545)	191,253,527

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2021	2020
Balance as at 1 January	178,691,062	173,292,676
Charge for the period	1,000,000	-
Expected income for the period	1,097,792	1,492,235
Remeasurement	2,923,621	(1,738,904)
Pensions paid	(2,711,195)	(2,596,185)
Other changes	(153,383)	(153,382)
Balance as at 30 June	180,847,897	170,296,440
Remaining quarters		8,394,622
Balance as at 31 December	180,847,897	178,691,062

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	2021	2020
Defined benefit and <i>Conta 1</i> :		
Occidental - Pensions	681,187	4,358,496
Schroders	70,858,992	68,356,435
BlackRock	71,582,350	66,399,325
<i>Conta 1</i> - Credit Suisse	37,725,368	39,576,805
Total Defined benefit and <i>Conta 1</i>	180,847,897	178,691,062

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	30-09-2021	%	31-12-2020	%
Listed securities in active market				
Bonds	112,104,449	62.0%	110,570,981	61.9%
Shares	49,236,102	27.2%	47,196,654	26.4%
Public debt	14,628,810	8.1%	12,142,648	6.8%
Liquidity	4,197,349	2.3%	4,480,780	2.5%
Other short-term investments	681,187	0.4%	4,300,000	2.4%
	180,847,897	100%	178,691,062	100%

The assets of the pension fund do not include any assets of the Group.

7.2.3 Defined Contribution Plan

As at 30 September 2021 and 31 December 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 %	2021	No. of beneficiaries	Profitability %	2020
Defined contribution (BMO):						
Defensive sub-fund	113	0.55%	8,073,775	128	3.52%	9,063,068
Conservative sub-fund	383	2.32%	19,705,770	391	4.05%	19,684,340
Dynamic sub-fund	687	4.91%	16,720,640	685	4.57%	15,440,179
Aggressive sub-fund	1,706	7.99%	5,978,512	1,612	4.34%	5,163,381
Total Defined contribution	2,889		50,478,697	2,816		49,350,968

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 2021 and 2020 was as follows:

Amounts in Euro	9 months 30-09-2021	9 months 30-09-2020
Defined benefit plans		
Current services	22,441	33,652
Interest expenses	1,176,588	1,549,230
Expected return on plan assets	(1,097,792)	(1,492,235)
Waiver of liabilities	-	-
	101,237	90,647
Defined contribution plan		
Contributions of the period	988,877	1,009,707
	988,877	1,009,707
Costs for the period	1,090,114	1,100,354

8 FINANCIAL INSTRUMENTS

8.1 DERIVATIVE FINANCIAL INSTRUMENTS

Movements in derivative financial instruments

Amounts in Euro	30-09-2021			31-12-2020		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Opening balance	3,160,131	(5,336,692)	(2,176,560)	536,035	(4,316,491)	(3,780,456)
New contracts / settlements	(623,573)	3,566,626	2,943,053	623,573	2,982,135	3,605,708
Change in fair value through profit or loss	(3,954,838)	(2,851,618)	(6,806,456)	2,000,523	(3,647,914)	(1,647,391)
Change in fair value through other comprehensive income	-	(2,112,255)	(2,112,255)	-	(354,422)	(354,422)
Closing balance	(1,418,280)	(6,733,938)	(8,152,218)	3,160,131	(5,336,692)	(2,176,561)

8.1.1 Detail and maturity of derivative financial instruments by nature

30 September 2021	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Amounts in Euro						
Hedging						
Hedging (future sales)	99,500,000	USD	2021	-	(1,872,291)	(1,872,291)
Hedging (future sales)	18,000,000	GBP	2021	-	(538,659)	(538,659)
Interest rate swaps - Bonds	375,000,000	EUR	2026	160,007	(3,800,843)	(3,640,836)
BHKP Pulp	2,280,000	USD	2021	-	(682,151)	(682,151)
				160,007	(6,893,945)	(6,733,938)
Trading						
Foreign exchange forwards (future sales)	125,731,678	USD	2023	-	(1,441,982)	(1,441,982)
Foreign exchange forwards (future sales)	7,325,000	GBP	2021	23,488	-	23,488
Foreign exchange forwards (future sales)	400,000	CHF	2021	214	-	214
				23,702	(1,441,982)	(1,418,280)
				183,709	(8,335,927)	(8,152,218)
31 December 2020						
Amounts in Euro						
Hedging						
Hedging (future sales)	204,000,000	USD	2021	831,818	(668)	831,149
Hedging (future sales)	72,000,000	GBP	2021	-	(515,688)	(515,688)
Interest rate swaps - Bonds	200,000,000	EUR	2025	-	(5,501,229)	(5,501,229)
BHKP Pulp	9,120,000	USD	2021	-	(150,926)	(150,926)
				831,818	(6,168,511)	(5,336,693)
Trading						
Foreign exchange forwards (future sales)	100,228,946	USD	2023	2,564,049	-	2,564,049
Foreign exchange forwards (future sales)	5,425,000	GBP	2021	-	(27,345)	(27,345)
Foreign exchange forwards (future sales)	225,000	CHF	2021	-	(146)	(146)
Future purchase of CO ₂ allowances (Note 3.2)	2,545,625	EUR	2021	623,573	-	623,573
				3,187,622	(27,491)	3,160,131
				4,019,440	(6,196,001)	(2,176,562)

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

In this context, during the last quarter of 2020, the Group contracted several financial structures to cover the portion of the net foreign exchange exposure of estimated sales in USD for 2021, which is estimated at about USD 292,000,000. The derivative financial instruments are Zero Cost Collar, in an amount of USD 204,000,000 and GBP 72,000,000, which expire on 31 December 2021.

During January 2021, the Group concluded the contracting of derivative financial instruments by acquiring USD 88,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2021.

Interest rate hedge

During the last quarter of 2020, the Group made a partial amortisation of Euro 50,000,000, related to the Navigator 2015-2023 bond loan, also performing the settlement of the associated IRS.

During the first quarter, the Group increased its interest rate hedges, by contracting a swap in the amount of Euro 75,000,000 to set the interest rate associated with the Navigator 2020-2026 bond loan, of the same amount. At the end of the second quarter, the Group contracted a new interest rate hedge, in the amount of Euro 100,000,000, to set the interest rate associated to the Navigator 2021-2026 bond loan, starting in August 2021.

BHKP Pulp Hedge

As in the previous year, the Group periodically monitors its exposure to the price of BHKP pulp.

During the fourth quarter of 2020, the Group opted to acquire a financial instrument to hedge the pulp price, by contracting a swap to set the price of 12,000 tons of pulp for the next 12 months, ended 31 December 2021.

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS

Movements in provisions

Amounts in Euro	Legal proceedings	Other	Total
1 January 2020	5,506,894	14,441,452	19,948,347
Increases	2,050,968	452,308	2,503,276
Reversals	(2,978,870)	-	(2,978,870)
Impact in profit or loss for the period	(927,902)	452,308	(475,594)
Exchange rate adjustment	(91,110)	-	(91,110)
Other transfers and adjustments	-	1,177,318	1,177,318
30 September 2020	4,487,882	16,071,078	20,558,961
Increases	115,729	2,670,152	2,785,881
Reversals	-	-	-
Impact in profit or loss for the period	115,729	2,670,152	2,785,881
Exchange rate adjustment	64,493	-	64,493
Other transfers and adjustments	-	-	-
31 December 2020	4,668,104	18,741,230	23,409,335
Increases	716,191	-	716,191
Reversals	(348,445)	(512,064)	(860,510)
Impact in profit or loss for the period	367,746	(512,064)	(144,318)
Exchange rate adjustment	(16,250)	-	(16,250)
Other transfers and adjustments	271,640	-	271,640
30 September 2021	5,291,240	18,229,166	23,520,407

No refunds of any nature are expected in respect of these provisions.

9.2 COMMITMENTS

Guarantees provided to third parties

Amounts in Euro	30-09-2021	31-12-2020
Guarantees provided		
Navigator guarantees for EIB loans	49,236,111	56,666,667
Portuguese Tax Authorities (AT)	6,513,318	15,264,923
IAPMEI	1,280,700	1,280,701
Customs clearance - USA	-	5,671,909
Customs clearance	1,250	1,250
Spanish State Tax Agency	1,033,204	1,033,204
Portuguese Environment Agency	1,565,104	1,141,618
Simria	338,829	338,829
Other	684,650	700,971
	60,653,166	82,100,072

Purchase commitments

Amounts in Euro	30-09-2021	31-12-2020
Purchase commitments		
Property, plant and equipment - Manufacturing equipment	34,410,987	9,367,666
Wood		
Commitments to acquisitions in the subsequent period	61,200,000	191,698,539
Commitments to long-term acquisitions	164,500,000	79,200,000
	260,110,987	280,266,205

10 GROUP STRUCTURE

10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

10.1.1 Navigator Group subsidiaries

Company	Head Office	Share equity owned			Main business activity
		30-09-2021	31-12-2020	Total	
		Direct	Indirect	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 Paper Figueira, S.A	Portugal	100.00	-	100.00	100.00 Paper production
Empremédia RE , AC	Ireland	100.00	-	100.00	100.00 Insurance mediation and consultancy
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	97.00	-	97.00	97.00 Applied research in the field of pulp and paper industry and forest 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 adn 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	-	74.20	74.20	74.20
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.20	80.20	80.20 Rendering of industrial maintenance services
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	79.80	79.80	79.80
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
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	100.00 Production of tissue paper
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
Afocelca - 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 Afrique du Nord	Morocco	-	100.00	100.00	100.00
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	United Kingdom	-	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 Rendering of sales brokerage services
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	25.00	75.00	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	100.00
Empremédia - Corretores de Seguros, S.A.	Portugal	100.00	-	100.00	100.00 Insurance mediation and consultancy
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00 Sale of wood

* Company liquidated in 2021 (Note 10.2)

10.1.2 Incorporated joint operations

Company	Head Office	Share equity owned			Main business activity	
		30-09-2021		31-12-2020		
		Direct	Indirect	Total		
Pulchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchases of materials, consumables and services used in the pulp and paper production process

10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the nine-month period ended 30 September 2021, the consolidation perimeter was changed from the previous period by the liquidation of the following companies:

- Navigator Financial Services sp . Zoo;
- Navigator Rus Company, LLC

10.3 TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

	30-09-2021			31-12-2020		
	Receivables (Note 4.2)	Payables (Note 4.3)	Lease liabilities (Note 5.5)	Receivables (Note 4.2)	Payables (Note 4.3)	Lease liabilities (Note 5.5)
Amounts in Euro						
Shareholders (Note 5.2)						
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	38	7,470,630	-	-	7,001,046	-
Other subsidiaries of the Semapa Group						
Secil - Companhia Geral Cal e Cimento, S.A.	-	66,005	-	443,648	35,503	-
Secil Britas, S.A.	-	81,240	-	-	86,954	-
Secil Prebetão, S.A.	-	5,475	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	2,547	-	-	23,682	-
Unibetão, S.A.	-	7,488	-	-	66,595	-
Other related parties						
Sonagi Imobiliária, S.A.	-	-	-	-	-	188,841
Hotel Ritz, S.A.	-	-	-	-	3,654	-
	38	7,633,385	-	443,649	7,217,434	188,841

Transactions with related parties

	9 months 30-09-2021			9 months 30-09-2020			Financial (expenses) / income
	Purchase of goods and services	Sales and services rendered	Other operating expenses	Purchase of goods and services	Sales and services rendered	Other operating expenses	
Amounts in Euro							
Shareholders (Note 5.2)							
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	7,547,845	34	-	6,790,621	-	9,217	-
	7,547,845	34	-	6,790,621	-	9,217	-
Other subsidiaries of the Semapa Group							
Secil - Companhia Geral Cal e Cimento, S.A.	105,687	15,750	-	50,847	12,000	-	-
Secil Britas, S.A.	181,544	-	-	33,261	-	-	-
Secil Prebetão, S.A.	5,475	-	-	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	8,695	-	-	36,303	-	-	-
Unibetão, S.A.	5,753	-	-	78,684	-	-	-
	307,155	15,750	-	199,095	12,000	-	-
Other related parties							
Sonagi Imobiliária, S.A.	-	-	-	-	-	-	(732)
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	-	-	-	-
Hotel Ritz, S.A.	18,192	-	-	4,224	-	-	-
	18,192	-	-	4,224	-	-	(732)
	7,873,192	15,784	-	6,993,940	12,000	-	(732)

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 69.4% 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.



A lease agreement was also entered into between Navigator Brands, S.A. (formerly called 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, it is no longer considered a related party in 2020.

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.

BOARD OF DIRECTORS

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

António José Pereira Redondo
Chairman of the Executive Board

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
Member



Ricardo Miguel dos Santos Pacheco Pires
Member

Sandra Maria Soares Santos
Member

Vítor Manuel Rocha Novais Gonçalves
Member

Vítor Paulo Paranhos Ferreira
Member