

## 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**  
COMPANY

**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

**1st HALF 2021**

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## 1. PERFORMANCE 2<sup>nd</sup> QUARTER 2021 AND 1<sup>st</sup> HALF 2021

After a first quarter marked by new waves of Covid-19 infections and lockdown periods in most of the Group's key markets, the last three months have seen a gradual reopening of economies and a recovery in the demand for paper. Following the strong recovery of pulp prices, paper prices registered a continued upward adjustment along the second quarter.

### **Analysis: 2<sup>nd</sup> Quarter 2021 vs. 1<sup>st</sup> Quarter 2021 and vs. 2<sup>nd</sup> Quarter 2020**

- The 2<sup>nd</sup> quarter of 2021 brings up a clear improvement compared with the 1<sup>st</sup> quarter of the year, and by all means in relation to the 2<sup>nd</sup> quarter of 2020, period in which the Group's activities were particularly hard hit by the pandemic;
- Paper volumes were up by 9% on the 1<sup>st</sup> quarter of 2021 and 58% in relation to the 2<sup>nd</sup> quarter of 2020; pulp sales volume, instead, evolved on a different way, given the reduced availability of market pulp (down 6.5% on Q1 2021 and down 33% on Q2 2020) due to higher paper integration, whilst tissue volumes fell short the levels of previous quarters (down 7% on Q1 2021 and down 4% on Q2 2020);
- Although pulp prices strongly rallied over the period (with benchmark index in Europe up 31% in USD vs. Q1 2021 and up 51% vs. Q2 2020), paper index was down by 3% vs. Q2 2020, while starting to show some recovery as compared to the start of 2021 (up 1.3%);
- Turnover stood at € 374 million, up 10% on the 1<sup>st</sup> quarter of 2021 and 29% on 2020, thanks to the recovery in paper volumes and the improvement on pulp prices;
- Accordingly, EBITDA for the quarter totalled € 80 million (up 13% vs. Q1 2021 and up 55% vs. Q2 2020), corresponding to a margin of 21.4% (0.7 pp higher than in the first quarter of 2021 and up 3.5 pp on Q2 2020);
- Net income in the second quarter of 2021 stood at € 41 million, as compared to € 23.5 million in the first quarter (up 74%) and € 13.4 million in Q2 2020 (up 205%);
- Free Cash Flow was strong at € 65 million (as compared to € 56 million in the previous quarter and € 99 in the second quarter of 2020);
- Navigator distributed dividends of € 100 million at the end of May, and Net Debt decreased by € 22 million (vs. 2020) to € 658 million, improving Net Debt / EBITDA ratio from 2.38 to 2.22 X;
- The Company negotiated a Sustainability Linked Bond of € 100 million maturing in 5 years, whose terms are indexed to the attainment of ESG indicators; this reflects the Company's full commitment to sustainability goals.

### **Analysis: 1<sup>st</sup> Half 2021 vs. 1<sup>st</sup> Half 2020**

- Improved conditions on paper market, with a gradual increase in volumes, though selling prices remain below the values of the first half of 2020;
- Annual maintenance shutdown at Figueira da Foz pulp mill and paper machines, with an impact of 11 days in the 1<sup>st</sup> quarter, and annual shutdown at Aveiro tissue mill with an impact of 5 days in June;
- Sales volume totalled 700 thousand tons of paper (up 17%) and 152 thousand tons of pulp (down 21%). Tissue sales volume was in line with the first half of 2020, at 52 thousand tons;
- Turnover recovery of 3% to € 715 million, with the increase in paper volumes offsetting the lower level of prices;

- The Company achieved an EBITDA of € 150 million and a sales margin of 21.4% (vs. € 140 million and a margin of 20% in H1 2020), benefiting from an improvement in paper volumes, pulp sales price and savings on unitary variable costs;
- Net income for the first half totalled € 64 million, as compared to € 44 million in the 1<sup>st</sup> half of 2020 (up 46%);
- Strong generation of Free Cash Flow of € 121.5 million, vs. €114 million;
- Capital expenditure in the first half totalled € 32.8 million, essentially related with maintenance and environmental investment;
- In line with its goal of creating sustainable value and contributing to the reduced use of plastics through its replacement for sustainable materials, Navigator took an important step forward in its diversification strategy by entering into a new business area and developing a series of new products in the packaging sector.

## 2. SUMMARY OF LEADING INDICATORS

Million euros	H1 2021	H1 2020	Change <sup>(8)</sup> H1 21/ H1 20
<b>Total Sales</b>	714.7	695.5	2.8%
<b>EBITDA <sup>(1)</sup></b>	<b>150.5</b>	<b>140.1</b>	<b>7.4%</b>
<b>Operating Profits (EBIT)</b>	90.7	63.7	42.4%
<b>Financial Results</b>	- 10.1	- 8.3	22.4%
<b>Net Earnings</b>	<b>64.4</b>	<b>44.0</b>	<b>46.3%</b>
<b>Cash Flow</b>	124.2	120.5	3.8
<b>Free Cash Flow <sup>(2)</sup></b>	121.5	114.0	7.5
<b>Capex</b>	32.8	48.7	- 15.9
<b>Net Debt <sup>(3)</sup></b>	658.1	700.4	- 42.3
<b>EBITDA/Sales</b>	<b>21.1%</b>	<b>20.1%</b>	0.9 pp
<b>ROS</b>	9.0%	6.3%	2.7 pp
<b>ROCE <sup>(4)</sup></b>	10.8%	7.2%	3.6 pp
<b>ROE <sup>(5)</sup></b>	12.8%	8.4%	4.4 pp
<b>Equity Ratio</b>	40.9%	40.1%	0.8 pp
<b>Net Debt/EBITDA <sup>(6)(7)</sup></b>	2.22	2.29	-0.07

Million euros	Q2 2021	Q1 2021	Change <sup>(8)</sup> Q2 21/Q1 21	Q2 2020	Change <sup>(8)</sup> Q2 21/ Q2 20
<b>Total sales</b>	373.9	340.8	9.7%	289.7	29.1%
<b>EBITDA <sup>(1)</sup></b>	<b>79.9</b>	<b>70.6</b>	<b>13.2%</b>	<b>51.7</b>	<b>54.6%</b>
<b>Operating profits</b>	50.6	40.1	26.3%	15.4	229.6%
<b>Financial results</b>	- 0.4	- 9.7	-95.9%	- 2.1	-81.2%
<b>Net earnings</b>	<b>40.9</b>	<b>23.5</b>	<b>74.0%</b>	<b>13.4</b>	<b>204.8%</b>
<b>Cash flow</b>	70.2	54.0	16.2	49.7	20.5
<b>Free Cash Flow <sup>(2)</sup></b>	65.1	56.4	8.7	99.1	- 34.0
<b>Capex</b>	12.7	20.1	- 7.4	26.0	- 13.3
<b>Net Debt <sup>(3)</sup></b>	658.1	623.6	34.5	700.4	- 42.3
<b>EBITDA/Sales (%)</b>	<b>21.4%</b>	<b>20.7%</b>	0.7 pp	<b>17.8%</b>	3.5 pp
<b>ROS</b>	10.9%	6.9%	4.0 pp	4.6%	6.3 pp
<b>ROCE <sup>(4)</sup></b>	12.1%	9.5%	2.6 pp	3.4%	8.7 pp
<b>ROE <sup>(5)</sup></b>	16.2%	9.1%	7.2 pp	5.1%	11.1 pp
<b>Equity ratio</b>	40.9%	39.9%	0.9 pp	40.1%	0.8 pp
<b>Net Debt/EBITDA <sup>(6)(7)</sup></b>	2.22	2.33	-0.11	2.29	-0.07

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 H1 2021 of 2.40; Net Debt / EBITDA as restated 30/06/2020: 2.47;
8. Variation in figures not rounded up/down

### 3. ANALYSIS OF RESULTS

#### **2<sup>nd</sup> Quarter 2021 vs. 1<sup>st</sup> Quarter 2021 vs. 2<sup>nd</sup> Quarter 2020**

The 2<sup>nd</sup> quarter of 2021 brings up a clear improvement compared with the 1<sup>st</sup> quarter of the year, and by all means in relation to the 2<sup>nd</sup> quarter of 2020, period in which the Group's activities were particularly hard hit by the pandemic.

Turnover stood at € 374 million, up 10% on the 1<sup>st</sup> quarter of 2021 and 29% on 2020, thanks essentially to the recovery in paper volumes and higher pulp prices.

Paper volumes grew by 9% in relation to the 1<sup>st</sup> quarter of 2021 to 365 thousand tons, recovering 58% compared with the 2<sup>nd</sup> quarter of 2020. A4-Copy B paper price index (PIX) recovered by 1.3% from the 1<sup>st</sup> to the 2<sup>nd</sup> quarter, though it remains lower than in the second quarter of 2020. After the implementation of the two price increases in the European market, Navigator's average sales price recovered by around 3% between both quarters of 2021.

Pulp volumes sold evolved differently, due to the reduced availability of market pulp (down 6.5% vs. Q1 2021 and vs. 33% on Q2 2020), due to the maintenance shutdowns and higher integration level of UWF paper. Higher pulp prices recorded in 2021 enable the impact mitigation of lower sales volume, wherefore pulp sales in the 2<sup>nd</sup> quarter totalled € 42 million, up by 17.5% in relation to the 1<sup>st</sup> quarter of 2021, but still down by 2.7% on the 2<sup>nd</sup> quarter of 2020.

Sales volume in the tissue segment through the second quarter was lower than in previous quarters (down by 7% on Q1 2021 and down 4% on Q2 2020), given the slower than expected recovery in the Away-from-Home segment and the stock drop of domestic consumers. The positive evolution of tissue average sales price allowed to minimise the impact on total sales value, which was down by 5% in relation to Q1 2021 and down 2% compared with Q2 2020.

In this context, EBITDA for the quarter stood at € 80 million (up 13% vs. the 1<sup>st</sup> Quarter and up 55% vs. the 2<sup>nd</sup> Quarter of 2020) and EBITDA/Sales margin improved to 21.4%. Free Cash Flow of the quarter stood at € 65 million, positively comparing with the 1<sup>st</sup> quarter of 2021 but lower than the 2<sup>nd</sup> quarter of 2021, where a number of measures were adopted in working capital management as a response to the situation of great uncertainty. Net income totalled € 41 million, significantly better than in previous quarter (up 74%) and in the same quarter last year (up 205%).

#### **1<sup>st</sup> Half 2021 vs. 1<sup>st</sup> Half 2020**

In the first half of 2021, The Navigator Company recorded a turnover of € 715 million, with paper sales accounting for around 70% of turnover (vs. 67%), pulp sales 11% (vs. 11%), tissue sales 10% (vs. 10%) and energy sales 9% (vs. 10%). After a first quarter marked by new waves of Covid-19 infections and lockdown periods in most of the Group's key markets, the last three months have seen a gradual reopening of economies and a recovery in demand for paper. Following the strong recovery in the level of pulp prices, paper prices had an upward adjustment during the second quarter.

### **Paper market gradually recovers, with demand for UWF growing by 4%**

Global demand for printing and writing papers rose by 1% YTD May, and UWF paper grew by 4%, clearly outperforming coated paper (0%) and mechanical papers (-5%). In Europe, demand for UWF paper during the first half grew even faster, up by 6%, with strong monthly figures in May (up 35%) and June (up 36%).

In the United States, preliminary figures for accumulated demand for UWF paper in the first six months of the year already broke into positive territory, with YTD growth of 0.3%, and very strong positive evolutions in May and June (18% and 17%, respectively). Such recovery is also visible in other global regions, particularly in China, where YTD growth in 2021 stood at 17%.

In this context, Navigator maintained a very robust order book over the first half, and ended June with orders of 55 days. This figure favourably compares with the 32 days of its competitors, and also compares well with the approximately 30 days in the same period last year. Navigator saw a reduction on its paper stocks over the first six months, and ended June with around 13 days' stocks, a historically low level, that compares with an average of 29 days of its competitors.

The A4 benchmark index for Europe stood at € 823 /ton at the end of June, a positive evolution compared with 806 €/ton at the start of the year, which points to a gradual recovery in prices. Such recovery was still not enough to bring the index above its 2020 level, reflected in a H1 2021 average that still compares unfavourable with the average for the same period- € 814 /ton vs. € 855 /ton. The Group implemented price increases across all regions over the first half and its average sales price has clearly improved since the start of the year, in particular between the first and the second quarters. It should be noted that the average sales price ended up being significantly penalised by the evolution of exchange rates on international markets, with product and market mixes reflecting the pandemic situation in Europe, and a larger share taken by overseas markets with a strong recovery in demand and prices.

In this context Navigator's sales reflect the improvement in demand for paper over the course of the year: sales in quantity grew by 17% to 700 thousand tons, although the value of sales was conditioned by price levels, resulting in a growth of approximately 9% YoY.

### **Expressive recovery on pulp prices during the 1<sup>st</sup> Half**

There was a sharp and significant recovery in benchmark prices in the pulp market in the beginning of 2021, first in China and then in Europe. The benchmark index for hardwood pulp in Europe – PIX BHKP in euros – was up by 69% in June as compared to the start of the year, at € 938 /ton, with an increase of approximately 22% in average prices in the first half of 2021 vs. the first half of 2020. The benchmark index in China for hardwood pulp rose by 52% between the start of the year and end of June, to USD 759 /ton, peaking at USD 780 /ton in May. Despite a downward adjustment in pulp prices in China during the second half of the 2<sup>nd</sup> quarter, the European price grew until the beginning of July.

Despite the narrowing of the price differential between hardwood and softwood pulp, it is still wider than historical averages, especially in China, providing support for hardwood pulp prices in Europe in the months ahead.

The improvement in pulp prices was sustained by a combination of factors, among which we may point to an improvement in the economic situation worldwide and rising commodities prices across the board, as well as to specific drivers in the sector, including the upturn in demand in the Away-from-Home tissue segment and the Décor segment and robust demand

for printing and writing papers, in particular for UWF. In addition, growth in the demand for packaging Ivoryboard, made from virgin fibre, and the reduction in availability of recycled fibre around the world also helped to drive demand for pulp.

At the same time, supply-side constraints have been felt in the pulp market due to production shutdowns, planned and unplanned, and 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 constraints, have also restricted the amount of hardwood pulp available in the market.

Navigator started 2021 with a relatively lower level of pulp stocks. This, combined with the major maintenance shutdown at the end of the first quarter at the Figueira da Foz site and the higher integration into paper, limited the quantity of pulp available for sale in the first half. Sales accordingly stood at 152 thousand tons, 21% down on the first half of 2020, when the Group benefited from a larger quantity of pulp available for sale as a result of some of its paper machines stoppages due to the pandemic and to some destocking. The recovery in pulp prices 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 half was down by 3% YoY.

Over the course of the first half, sales in Europe were up on 2020, with growth in the Décor segment and UWF, and a reduction in speciality and tissue.

### **Tissue business continues the strong performance recorded in 2020**

The tissue market felt the effects of travel restrictions imposed again early in the year, especially in the Away-from-Home segment, with the delay in reopening economies and consequent impact on the Horeca channel and the return to the offices. In the At-Home segment, there was some winding down of household stocks, mainly when compared with the same period of the previous year. As vaccination roll-outs make 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 first half, peaking in July (USD 1,139 /ton for BHKP in Europe) has put heavy pressure on the margins of tissue manufacturers, with a large number announcing price increases for June and July.

In this context, Navigator's sales kept the good performance of 2020, totalling 51.8 thousand tons, roughly in line with the previous year. The average sales price was slightly above the previous year (up 0.4%) with an upward move of finished products' sales price. As a result, sales in value were in line with the first half of 2020.

### **Energy production grows 5% to 502 Gwh during Q2**

In the first half of 2021, electricity sales totalled € 63.9 million, representing a reduction of 12% compared with the same period of last year. This drop was essentially due to the fact that the combined cycle gas power station in Setúbal has been supplying electricity to one of the paper machines since the start of the year, rather than selling power to the national grid. This was due to the breakdown of a power transformer and the company expects this situation to be resolved by March 2022.

Power sales totalled € 32.7 million in the second quarter, which represents an increase of 5% over the first quarter, whilst output totalled 502 GWh, as compared with 479 GWh in the first quarter. The situation will be normalized by March 2022.

## Quarterly operating figures

### Pulp

(in 000 tons)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	YoY	QoQ
BEKP Output	268.7	337.6	363.9	337.1	380.2	41.5%	12.8%
FOEX – BHKP Euros/ton	619	583	570	650	853	37.8%	31.1%
FOEX – BHKP USD/ton	680	680	680	782	1028	51.1%	31.4%

### Paper

(in 000 tons)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	YoY	QoQ
UWF Output	223.5	333.4	353.9	330.0	370.0	65.5%	12.1%
FOEX – A4- BCopy Euros/ton	845	828	809	809	819	-3.1%	1.3%

### Tissue

(in 000 tons)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	YoY	QoQ
Reels Output	29.6	29.0	27.7	29.4	28.6	-3.5%	-2.7%
Output of Finished Products	20.0	19.2	18.8	21.2	20.5	2.6%	-3.3%

### Energy

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	YoY	QoQ
Production (GWh)	435.2	509.0	528.6	479.2	501.9	15.3%	4.7%

**Reduction in variable costs across the Company and containment of fixed costs enables Navigator to record EBITDA of € 150 million and an EBITDA/Sales margin of 21%**

Along the first half, there was a positive evolution of production variable costs (at constant levels), of about € 23 million, achieved in wood, energy and chemicals, essentially due to improved efficiency in specific consumption levels. The Company pressed ahead with its drive to contain fixed costs, firstly launched in 2020, with a decrease in running costs of € 7 million in relation to the first half of 2020 (down 15%), while personnel and maintenance costs moved in the opposite direction, as predicted, rising 14% and 15% respectively. Total fixed costs were 4% above the level attained in the first half of 2020.

In this context, EBITDA for the first half stood at € 150 million, as compared to € 140 million in the same period in 2020 (up 7.4%). The EBITDA/Sales margin stood at 21.1% and compares with a margin of 20.1% YoY. The exchange rate had a negative impact on EBITDA of approximately € 20 million, with an average EUR/USD rate in the first half of 2021 of 1.21 vs. 1.10 in the first half of 2020.

### Financial costs increase by € 2.3 million due to non-recurrent developments

Financial results stood at € 10.1 million (vs. € 7.8 million), an increase of € 2.3 million, caused essentially by the negative variation of compensatory interest (down by € 1.4 million) which, although positive, compare with a very high figure in 2020, and by the cancellation of



an interest rate swap associated with a bond issue repaid in December 2020 (€ -1.5 million). In contrast, there was an increase of € 0.8 million in net interest income from financial investments, which edged into positive territory in comparison with the very negative figures achieved in the same period of last year. The costs of financing operations were slightly negative (variation of -0.2 million), due to a small increase in the average cost of borrowing resulting from a smaller proportion of short term debt, which in the first half of 2020 rose to a significant value because of the liquidity obtained to face the pandemic situation.

As a result, pre-tax profits stood at € 80.5 million (vs. € 55.4 million in the 1<sup>st</sup> half of 2020), with corporation tax (IRC) payable in the period totalling € 16.1 million. Net income in the first half of 2021 totalled € 64.4 million, up by 46% on the same period in the previous year.

### **Strong free cash flow generation of € 121.5 million**

Generation of Free Cash Flow stood at a highly significant level of € 121.5 million for the first half, reflecting the gradual upturn in the Group's operating performance. It should be recalled that the second quarter of 2020 was marked by a series of measures relating to management of working capital, adjusted to respond to the period of high uncertainty and which immediately freed up cash on a very substantial scale (longer payment periods, containment of CAPEX...).

Investment in working capital then fell off significantly over the year, in the context of a moderate increase in stock levels (mainly due to prices) and clients, as the Company gradually returned to its usual levels of activity. In this context, our suppliers' management policy, combined with the provision of solutions that support liquidity to our partners, made a very active contribution to generation of free cash flow.

Analysing generation of free cash flow over the past twelve months, Navigator generated a very considerable value of approximately € 241 million.

### **Payment of € 100 million in dividends and reduction of net debt to € 658 million**

Net debt has significantly fallen in relation to year-end 2020 and to the same period in 2020, despite the payment of € 100 million in dividends during the first half. Supported by the improvement in operational performance, the Net Debt/EBITDA ratio of 2.22 X shows a downward course, further consolidating the robust financial position of the Group over the last years.

It shall be noted that total short term borrowing obtained in the first half of 2020, as part of efforts to safeguard liquidity in the face of the pandemic, has been fully repaid. In addition, the average maturity of the Group's debt has been extended as a result of a restructuring process, whose last phase will be concluded in August 2021. This has lengthened repayment periods and, simultaneously, cut the respective costs.

On the 5<sup>th</sup> of August, Navigator is set to issue 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 will further extend the average maturity of the Group's debt and reduce 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 the reduction of CO2 emissions, consistent with the Company's Roadmap for Carbon Neutrality, in which Navigator commits to become carbon

neutral at its industrial sites by 2035. The second indicator sets targets for increasing the percentage of certified wood purchased on the Portuguese market. Certification of wood is one of the most direct and specific routes to achieve sustainability goals in our business sector, and the best guarantee that processes leading to sustainable forest management have been adopted.

#### **4. INVESTMENTS IN THE FIRST HALF**

##### **Capex of € 32.8 million (vs. € 48.7 million YoY)**

Capital expenditure in the first half totalled € 32.8 million (as compared to € 48.7 million in the first half of 2020). This value includes mainly projects aimed at maintaining production capacity and achieving efficiency gains. It also includes € 5.5 million in environmental improvements and about € 3 million in other projects, including the new woodchip pile in Aveiro and solar power facilities in Figueira da Foz (completed) and Setúbal (under construction). The execution plan of investment through the first half ended up being constrained by the restrictions related with the pandemic.

##### **Navigator launches new business line of packaging products, consolidating its role in replacing plastics with sustainable materials**

Navigator has been working for some years on the development of packaging solutions, namely through the production of packaging papers for its own products, as well as paper to manufacture bags and heavyweight (high grammage) papers. In the last 18 months, a strategic decision about the avenues for its future development prompted the Company to move into the production of new packaging products, developing a new business area in a growing segment and as a response to the need felt worldwide to fight the consumption of plastics, namely single use plastics, and contribute to reduce the pollution of the oceans.

From Fossil to Forest – a strategy aligned with Navigator’s purpose of creating sustainable value for its investors and for society as a whole, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil formation, and the fight against climate change. Navigator has decided to invest in the packaging solutions for the food industry, which are safer and more hygienic, reducing the risk of contamination by bacteria, microorganisms and even dangerous substances that recycled fibres typically contain. With a unique texture and singular printing performance, these products are resistant and in line with the concept of sustainable shelf ready packaging.

Navigator’s new development strategy lays down on the following criteria:

- continue the Group’s track record of innovative solutions, with a request for a first patent and trademark submitted;
- boosts the use of eucalyptus fibre which, with its distinguished characteristics of sustainability, performance, hygiene and safety, is proving to be equally unique in this segment;
- implying a very limited investment, in both pulp and in paper production;
- allowing, in this first phase, to take advantage of Navigator’s PM1 and P3 paper machines in Setúbal, with smaller dimensions and greater flexibility of production, and reducing pressure on UWF.

The packaging segment has a wide range of products and the Company aims to rapidly evolve into the production of flexible packaging, bags and Kraftliner products.

This approach allows a greater flexibility in terms of production, as it keeps the option of maintaining the production of UWF in these paper machines, adjusting to market conditions.

The Company expects to sell a significant volume of packaging products until year-end and enlarge its offer in 2022. The main goal is to gradually increase the output until it reaches approximately 200 thousand tons by 2025/2026. The estimated Capex in this first phase for producing these products is approximately € 10-12 million per year.

Hence, this is an extremely attractive growth option with a very high ROCE, given the moderate level of investment and the possibility to replace UWF less added value products. Additionally, the growth can be done in a moderate way, improving the use of less relevant UWF assets, opening the way for future conversions or greenfield investments in new machines.

The reporting of the packaging activity will continue to be included in the UWF segment, until it wins sufficient materiality.

## **5. SHARE PRICE EVOLUTION**

After a particularly unstable year of 2020, the first semester of 2021 was marked by a strong recovery in capital markets, with the main stock indexes closing the semester with positive performances. The PSI-20 index was not exception, albeit lagging behind compared with other indexes, with a 2.8% valuation since the start of the year.

A strong upturn of pulp prices in late 2020 and beginning 2021 was reflected by very strong performances of pulp producers' companies along the first quarter. Conversely, paper market revealed a more gradual recovery, with demand registering a strong increase as of the second quarter. Listed share prices of companies in the paper sector followed the market evolution, recording a positive performance throughout the first half.

Navigator's share performance was in line with companies from the sector, registering a 15.4% valuation since the start of the year until June. Along the semester, the average number of daily transactions in the market was 985 thousand shares, with share price at the end of the first half standing at € 2.882/share. The minimum price was registered on January 27<sup>th</sup> at € 2.446/share and the maximum on May 18<sup>th</sup> at € 3.222/share. On May, 25<sup>th</sup> 2021 (ex-dividend on May 21<sup>st</sup>), The Navigator Company proceeded to the distribution of dividends, totaling € 99.6 million, with a gross value of € 0,144/share.

## 6. OUTLOOK

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

In paper business, the expected economic upturn combined with the improved balance between supply and demand in the United States and Europe, following the capacity closures and conversions already announced, points to good prospects for the second half of 2021. Incoming orders and very full order books in the industry in June, low import volumes, under pressure from freight costs, and a balanced level of stocks in the pipeline, all serve to underline this positive outlook and suggest that further price rises will occur in the second half of the year. To note that, beside pulp price and freights, costs associated with chemicals and energy are strongly pressuring European paper producers' margins.

In the pulp market, after a sharp growth over recent months and narrower price differential between regions, business is expected to evolve more moderately in the second half, with prices peaking during the third quarter in Europe.

In tissue, higher prices for pulp and other cost production factors are putting pressure on manufacturers' margins and have accelerated announcements of price rises, although slower than desired. The Company is implementing a drive to cut costs, which will enable it to minimise the impact on its margins.

Navigator will accordingly 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, July 27, 2021

## 7. **MANDATORY INFORMATION**

### **DECLARATION REFERRED TO IN ARTICLE 246.1 C) OF THE SECURITIES CODE**

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers should make a number of declarations as established in the Code. For this purpose, The Navigator Company has adopted a standard declaration, which reads as follows:

I hereby declare, under the terms and for the purposes of Article 246.1 c) of the Securities Code, that, to the best of my knowledge, the condensed financial statements of The Navigator Company, S.A., for the first half of 2021, were drawn up in accordance with the applicable accounting rules, and provide a true and fair view of the assets and liabilities and the state of affairs of the said company and the companies included in the consolidated accounts, and that the interim management report faithfully sets out the information required by Article 246.2 of the Securities Code.

As required by the same provision, we list below the persons subscribing the declaration and the office they hold:

<b>Name</b>	<b>Office</b>
João Nuno de Sottomayor P. de Castello Branco	Chairman of the Board of Directors
António José Pereira Redondo	Chief Executive Officer
Adriano Augusto da Silva Silveira	Executive Director
João Paulo Araújo Oliveira	Executive Director
João Paulo Cabete Gonçalves Lé	Executive Director
José Fernando Moraes Carreira Araújo	Executive Director
Nuno Miguel Moreira de Araújo dos Santos	Executive Director
Manuel Soares Ferreira Regalado	Director
Maria Teresa Aliu Presas	Director
Mariana Rita A. Marques dos Santos	Director
Ricardo Miguel dos Santos Pacheco Pires	Director
Sandra Maria Soares Santos	Director
Vítor Manuel Galvão Rocha Novais Gonçalves	Director
Vítor Paulo Paranhos Pereira	Director
José Manuel Oliveira Vitorino	Chairman of the Audit Board
Gonçalo Nuno Palha Gaio Picão Caldeira	Audit Board member
Maria da Graça da Cunha Gonçalves	Audit Board member

**LIST OF HOLDERS OF QUALIFYING HOLDINGS  
UNDER THE TERMS OF C) NUMBER 1 OF ARTICLE 9 OF THE CMVMV REGULATION  
5/2008**

<b>Qualifying holdings calculated under the terms of Article 20 of Securities Code, as of June 30<sup>th</sup> 2021</b>			
<b>Entity</b>	<b>Attributed</b>	<b>Nº of shares</b>	<b>% capital</b>
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	Directly	497,617,299	69.9704%
<b>Total attributable to Semapa</b>		<b>497,617,299</b>	<b>69.9704%</b>

**INFORMATION ON TRANSACTIONS IN OWN SHARES**  
(under d) of number 5 of Article 66 from the Companies Code)

Under the terms of d) of number 5 of Article 66 from the Companies Code, The Navigator Company S.A. informs that, following the approval at the Annual General Meeting of May 11th, 2021 of the reduction of share capital by extinction of 6,316,931 own shares, with no nominal value, the Company held no further own shares on June 30<sup>th</sup>, 2021.

## 8. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	6 months 30-06-2021	6 months 30-06-2020
Revenue	2.1	714,734,217	695,501,712
Other operating income	2.2	16,912,865	22,332,559
Changes in the fair value of biological assets	3.8	(5,047,422)	(3,028,520)
Cost of goods sold and materials consumed	4.1	(292,530,789)	(289,236,682)
Variation in production	4.1	3,776,126	(6,274,323)
External services and supplies	2.3	(194,329,574)	(200,674,883)
Payroll costs	7.1	(73,239,439)	(64,492,399)
Other operating expenses	2.3	(19,807,247)	(14,041,309)
Net provisions	9.1	(259,909)	(1,907,275)
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(59,532,348)	(74,520,840)
<b>Operating income</b>		<b>90,676,480</b>	<b>63,658,040</b>
Other financial income and gains	5.11	4,581,948	4 200 818
Other financial expenses and losses	5.11	(14,704,395)	(12 467 846)
<b>Financial results</b>		<b>(10,122,447)</b>	<b>(8,267,028)</b>
Gains/(losses) of associated companies and joint ventures		-	-
<b>Profit before income tax</b>		<b>80,554,033</b>	<b>55,391,012</b>
Income tax	6.1	(16,132,463)	(11 355 141)
<b>Net profit for the period</b>		<b>64,421,570</b>	<b>44,035,871</b>
Attributable to Navigator's equity holders		64,417,118	44,033,448
Attributable to non-controlling interests	5.6	4,452	2,423
<b>Earnings per share</b>			
Basic earnings per share, Eur	5.3	0.091	0.062
Diluted earnings per share, Eur	5.3	0.091	0.062

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	6 months 30-06-2021	6 months 30-06-2020
Net profit for the period			
<b>before non-controlling interests</b>		<b>64,421,570</b>	<b>44,035,871</b>
<b>Items that may be reclassified to profit or loss</b>			
Hedge derivative financial instruments			
Changes in fair value		(2,112,255)	1,301,181
Tax effect		580,870	(357,825)
Currency translation differences		(1,751,716)	539,529
Tax on conventional capital remuneration		(308,000)	(442,750)
<b>Items that cannot be reclassified to profit or loss</b>			
Remeasurement of post-employment benefits			
Remeasurements		3,769,529	(4,652,963)
Tax effect		(249,224)	22,362
Comprehensive income of associated companies and joint ventures		(1,348,793)	1,901,504
<b>Total other comprehensive income net of taxes</b>		<b>(1,419,589)</b>	<b>(1,688,960)</b>
<b>Total comprehensive income</b>		<b>63,001,981</b>	<b>42,346,910</b>
Attributable to:			
Navigator's equity holders		62,997,529	42,344,487
Non-controlling interests		4,452	2,423
		<b>63,001,981</b>	<b>42,346,910</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	30-06-2021	31-12-2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	17,231,913	11,912,684
Property, plant and equipment	3.3	1,158,592,494	1,183,949,592
Right-of-use assets	3.6	51,243,879	51,827,000
Biological assets	3.8	143,537,030	148,584,452
Investment properties	3.4	93,413	94,236
Non-current receivables	4.2	32,037,236	34,696,105
Deferred tax assets	6.2	31,069,668	30,629,217
		<b>1,811,145,099</b>	<b>1,839,032,752</b>
<b>Current assets</b>			
Inventories	4.1	183,614,072	176,735,137
Current receivables	4.2	247,381,374	231,772,282
Income tax	6.1	1,579,845	3,482,762
Cash and cash equivalents	5.9	184,092,548	302,399,831
		<b>616,667,839</b>	<b>714,390,012</b>
<b>Total Assets</b>		<b>2,427,812,938</b>	<b>2,553,422,764</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	5.2	500,000,000	500,000,000
Treasury shares	5.2	-	(20,189,264)
Currency translation reserve	5.5	(22,633,285)	(20,881,569)
Fair value reserve	5.5	(8,172,753)	(6,641,368)
Legal reserves	5.5	100,000,000	100,000,000
Other reserves	5.5	121,836,100	266,443,646
Retained earnings	5.5	233,905,531	97,981,342
Net profit for the period		64,417,118	109,213,720
<b>Equity attributable to Navigator's equity holders</b>		<b>989,352,711</b>	<b>1,025,926,507</b>
Non-controlling interests	5.6	285,329	275,182
<b>Total Equity</b>		<b>989,638,040</b>	<b>1,026,201,689</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.7	694,667,320	690,878,427
Lease liabilities	5.8	47,434,269	47,473,102
Pensions and other post-employment benefits	7.2	8,047,546	12,562,465
Deferred tax liabilities	6.2	85,669,874	85,962,014
Provisions	9.1	23,652,994	23,409,335
Non-current payables	4.3	33,796,964	30,234,237
		<b>893,268,967</b>	<b>890,519,580</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5.7	147,499,905	291,532,356
Lease liabilities	5.8	5,445,521	5,607,817
Current payables	4.3	344,023,930	303,649,690
Income tax	6.1	47,936,575	35,911,632
		<b>544,905,931</b>	<b>636,701,495</b>
<b>Total Liabilities</b>		<b>1,438,174,898</b>	<b>1,527,221,075</b>
<b>Total Equity and Liabilities</b>		<b>2,427,812,938</b>	<b>2,553,422,764</b>

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2021</b>		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		-	-	-	-	-	-	-	64,417,118	64,417,118	4,452	64,421,570
Other comprehensive income (net of taxes)		-	-	(1,751,716)	(1,531,385)	-	-	1,857,817	-	(1,425,284)	5,695	(1,419,589)
<b>Total comprehensive income for the period</b>		-	-	(1,751,716)	(1,531,385)	-	-	1,857,817	64,417,118	62,991,834	10,147	63,001,981
Application of 2020 net profit for the period:												
- Dividends paid	5.4	-	-	-	-	-	-	(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	5.2	(6,316,931)	20,189,264	-	-	-	-	(13,872,333)	-	-	-	-
<b>Total transactions with shareholders</b>		-	20,189,264	-	-	-	(144,607,546)	134,066,372	(109,213,720)	(99,565,630)	-	(99,565,630)
<b>Equity as at 30 June 2021</b>		500,000,000	-	(22,633,285)	(8,172,753)	100,000,000	121,836,100	233,905,531	64,417,118	989,352,711	285,329	989,638,040

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2020</b>		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		-	-	-	-	-	-	-	44,033,448	44,033,448	2,423	44,035,871
Other comprehensive income (net of taxes)		-	-	539,529	943,357	-	-	(3,171,534)	-	(1,688,648)	(313)	(1,688,961)
<b>Total comprehensive income for the period</b>		-	-	539,529	943,357	-	-	(3,171,534)	44,033,448	42,344,800	2,110	42,346,910
Application of 2019 net profit for the period:												
- Dividends paid	5.4	-	-	-	-	-	-	-	-	-	-	-
- Application of prior period's net profit		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
<b>Total transactions with shareholders</b>		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
<b>Equity as at 30 June 2020</b>		500,000,000	(20,189,264)	(18,189,420)	(5,441,055)	100,000,000	98,153,331	371,123,039	44,033,448	1,069,490,077	275,927	1,069,766,004

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

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Notes	6 months 30-06-2021	6 months 30-06-2020
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		725 032 273	754 374 044
Payments to suppliers		(522 186 241)	(558 456 419)
Payments to employees		(55 668 960)	(55 368 325)
Cash flows from operations		147 177 073	140 549 299
Income tax received/(paid)	6.1	2 002 273	(4 363 371)
Other (payments)/receipts relating to operating activities		24 178 153	43 579 677
<b>Cash flows from operating activities (1)</b>		<b>173 357 498</b>	<b>179 765 605</b>
<b>INVESTING ACTIVITIES</b>			
<b>Inflows:</b>			
Property, plant and equipment		613 690	958 638
Interest and similar income		3 305 032	3 680 668
		3 918 722	4 639 306
<b>Outflows:</b>			
Property, plant and equipment		(34 109 994)	(55 259 099)
Intangible assets		(10 021 716)	(743 949)
		(44 131 710)	(56 003 048)
<b>Cash flows from investing activities (2)</b>		<b>(40 212 988)</b>	<b>(51 363 742)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Inflows:</b>			
Interest-bearing liabilities	5.10	146 259 364	210 000 000
		146 259 364	210 000 000
<b>Outflows:</b>			
Interest-bearing liabilities	5.10	(286 597 223)	(70 053 832)
Amortisation of lease agreements		(4 256 400)	(4 323 126)
Interest and similar expenses		(7 359 502)	(9 203 802)
Distribution of dividends	5.4	(99 565 630)	(99 138 920)
Acquisitions of treasury shares		-	-
Other financing activities		-	(123 294)
		(397 778 755)	(182 842 974)
<b>Cash flows from financing activities (3)</b>		<b>(251 519 391)</b>	<b>27 157 026</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>(118 374 881)</b>	<b>155 558 890</b>
Effect of exchange rate differences		67 598	(541 768)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5.9	<b>302 399 831</b>	<b>161 880 403</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5.9	<b>184 092 548</b>	<b>316 897 525</b>

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

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

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

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A., which was redenominated to Portucel, SGPS, S.A., towards to its 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. (hereafter referred to as The Navigator Company or Company) is a publicly traded company, listed in Euronext Lisbon, with its share capital represented by nominal shares.

**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 NAVIGATOR STRATEGY UPDATE

The Navigator Company Group's strategic thinking has led it to move decisively into the production of new packaging products, developing a new business area in a fast-growing segment and responding to the need felt worldwide to reduce consumption of plastics, namely single-use plastics, confirming its role in replacing plastics with sustainable materials.

From Fossil to Forest - a strategy aligned with the purpose of creating sustainable value, for its shareholders, and for society as a whole, leaving future generations a better planet. Through natural, recyclable and biodegradable sustainable products and solutions which contribute upstream to carbon fixing, oxygen production, biodiversity protection, soil formation and the fight against climate change, Navigator has decided to invest in making safer and more hygienic packaging paper available to the food industry without the risks of contamination by bacteria, microorganisms and even dangerous substances that recycled fibre typically contains. With a unique texture and unique printing performance, these products are resistant and fully in line with the concept of sustainable shelf ready packaging.

This new development strategy foresees a gradual growth and will allow to take advantage, in this first phase, of Setúbal's PM1 and PM3 paper machines, which are smaller but with a great production flexibility, creating the opportunity for future conversions or a greenfield investment in new machines.

The Group plans to sell a significant volume of packaging paper by the end of 2021, and to expand its supply in 2022. The Company's aim is to gradually increase production until it reaches around 200,000 tonnes in 2025/2026. The Capex forecasted in this first phase for the production of these products is approximately 10-Euro 12 million, per year, in the coming years.

The reporting of this business will continue to be done as hitherto within the UWF Paper segment, until it gains sufficient materiality.

## 1.3 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 Office responsible for managing and monitoring the spread of COVID-19 within the Group has also monitored developments in the situation at all Group sites, in close cooperation with the Executive Committee. As at 30 June 2021, there were 344 positive cases. The Group promoted massive testing of its employees, and on 30 June, of the 28,406 tests performed, 28,054 tested negative.



Navigator 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. This analysis did not result in any signs of impairment in the first half of 2021.

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.

## **1.4 RELEVANT EVENTS IN THE PERIOD**

### **1.4.1 Sustainability Linked Bond**

The Company negotiated a Sustainability Linked Bond of € 100 million maturing in 5 years, whose terms are indexed to the attainment of ESG indicators; this reflects the Company's full commitment to sustainability goals.

## **1.5 SUBSEQUENT EVENTS**

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

## **1.6 BASIS FOR PREPARATION**

### **1.6.1 Authorisation to issue financial statements**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 27 July 2021.

### **1.6.2 Basis for presentation**

The condensed consolidated financial statements for the six-month period ended 30 June 2021 have been 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, unless otherwise stated.

## 1.7 NEW IFRS STANDARDS ADOPTED AND TO BE ADOPTED

### 1.7.1 Other standards, amendments and interpretations adopted or to be adopted

#### Standards, amendments and interpretations adopted in 2021

No impacts on the financial statements

	Amendment	Date of application
<b>Standards and amendments endorsed by the European Union</b>		
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	<p>In May 2020, the International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases.</p> <p>If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is taken to income the same year that the concession is granted, instead of being allocated over the duration of the contract as would be the case were the practical expedient not allowed.</p> <p>The Amendment shall be applied for annual reporting periods beginning on or after 1 June 2020.</p>	1 June 2020
Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	<p>In August 2020, the IASB issued the interest rate benchmark reform - Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.</p> <p>The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (IBOR reform). The amendments are the result of the second phase of the IASB project addressing the accounting impacts of the IBOR reform, which gave rise to the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project that addressed the pre-replacement accounting impacts of the IBOR reform and were issued by the IASB in 2019.</p> <p>The amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2021.</p>	1 January 2021
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	<p>The IASB has issued the Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) on 25 June 2020.</p> <p>The objective of the Amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 by two years (i.e. from 2021 to 2023) in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.</p>	1 January 2021

## Standards, amendments and interpretations to be adopted in subsequent periods

### No impacts on the financial statements

	Amendment	Date of application
<b>Standards and amendments endorsed by the European Union that the Group decided not to early apply</b>		
Reference to the Conceptual Framework (Amendments to IFRS 3)	<p>In May 2020, the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.</p> <p>The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.</p> <p>The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.</p>	1 January 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)	<p>In May 2020, the IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.</p> <p>The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss.</p> <p>The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>	1 January 2022
Onerous Contracts — Cost of Fulfilling a Contract	<p>In May 2020, the IASB issued Onerous Contracts — Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.</p> <p>The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	<p>On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018– 2020 containing the following amendments to IFRS:</p> <p>(a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS;</p> <p>(b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9);</p> <p>(c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16;</p>	1 January 2022

	Amendment	Date of application
	<p>(d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41.</p> <p>The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.</p>	
<b>Standards and amendments not yet endorsed by the European Union</b>		
Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)	<p>The IASB issued on 23 January 2020 narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.</p> <p>The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period.</p> <p>The amendments aim to:</p> <ol style="list-style-type: none"> <li>specify that an entity's right to defer settlement must exist at the end of the reporting period;</li> <li>clarify that the classification is not affected by management's intentions or expectations as to whether the entity will exercise its right to postpone settlement</li> <li>clarify how loan conditions affect classification; and</li> <li>clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments.</li> </ol> <p>This amendment is effective for periods starting on 1 January 2023.</p>	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	<p>Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.</p> <p>The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.</p> <p>The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".</p> <p>The amendments are effective from 1 January 2023 but may be applied earlier.</p>	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	<p>The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting</p>	1 January 2023

	Amendment	Date of application
	<p>policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>	
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	<p>The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021.</p> <p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p> <p>In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	1 January 2023
IFRS 17 — Insurance Contracts	<p>The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.</p>	1 January 2023

## 1.8 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. For this purpose, the Group's management uses:

- (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.

At the date of completion of the operations, the outcome may 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	10.1 - 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 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

	30-06-2021					
	PULP MARKET	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
<b>REVENUE</b>						
Sales and services rendered - external	76,596,390	504,888,642	69,258,913	63,990,273	-	714,734,218
Sales and services rendered - intersegment	1,262,083	-	-	-	(1,262,083)	-
<b>Total Revenue</b>	<b>77,858,473</b>	<b>504,888,642</b>	<b>69,258,913</b>	<b>63,990,273</b>	<b>(1,262,083)</b>	<b>714,734,218</b>
<b>PROFIT/(LOSS)</b>						
<b>Segmental profit</b>	20,903,276	78,356,006	11,120,323	9,690,091	(29,393,216)	<b>90,676,480</b>
<b>Operating profit</b>						<b>90,676,480</b>
Financial results	-	-	-	-	(10,122,447)	(10,122,447)
Income tax	-	-	-	-	(16,132,463)	(16,132,463)
<b>Profit after income tax</b>						<b>64,421,570</b>
Non-controlling interests	-	-	-	-	(4,452)	(4,452)
<b>Net profit</b>	-	-	-	-	-	<b>64,417,118</b>
<b>OTHER INFORMATION</b>						
Capital expenditure	3,366,967	21,399,850	1,776,557	4,714,783	1,449,250	32,707,406
Depreciation and impairment	(4,780,706)	(40,400,467)	(5,310,263)	(6,607,885)	(2,433,026)	(59,532,348)
Provisions ((increases)/ reversal)	(12,000)	(566,239)	-	(36,000)	354,330	(259,909)
<b>OTHER INFORMATION</b>						
<b>SEGMENT ASSETS</b>						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	128,599,808	701,492,730	153,082,295	174,021,637	1,396,024	1,158,592,494
Right-of-use assets	10,396,911	37,821,571	-	-	3,025,398	51,243,879
Biological assets	35,939,089	107,597,942	-	-	-	143,537,030
Non-current receivables	74,893	498,098	82,260	-	31,381,984	32,037,236
Inventories	12,921,977	146,858,459	22,385,616	411,198	1,036,824	183,614,072
Trade receivables	21,625,966	112,756,789	29,825,673	1,058,155	2,179,291	167,445,875
Other receivables	7,126,729	36,898,793	290,932	2,485,558	33,133,487	79,935,499
Other assets	1,983,519	41,859,883	1,387,070	60,367	188,776,546	234,067,386
<b>Total Assets</b>	<b>218,668,892</b>	<b>1,562,540,648</b>	<b>207,636,929</b>	<b>178,036,914</b>	<b>260,929,554</b>	<b>2,427,812,938</b>
<b>SEGMENT LIABILITIES</b>						
Interest-bearing liabilities	-	554,367	37,213,797	-	804,399,062	842,167,225
Lease liabilities	10,767,915	38,982,721	-	-	3,129,154	52,879,790
Other current payables	47,013,149	210,550,356	23,399,289	7,632,473	89,225,626	377,820,894
Other liabilities	2,869,290	61,317,914	1,067,050	7,291,720	92,761,014	165,306,989
<b>Total Liabilities</b>	<b>60,650,355</b>	<b>311,405,358</b>	<b>61,680,136</b>	<b>14,924,194</b>	<b>989,514,856</b>	<b>1,438,174,898</b>

In the first half of 2021, The Navigator Company recorded turnover in the amount of Euro 714.7 million, with paper sales accounting for approximately 71% of turnover (vs. 67%), pulp sales 11% (vs. 11%), tissue sales 10% (vs. 10%) and energy sales also 9% (vs. 10%).

The fixed capital expenditure in the first half of 2021 stood at Euro 32,707,406, 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 real estate property of Vila Velha de Ródão, in the amount of Euro 10,695,597, is included in the segment Tissue Paper.

The assets related to forests are allocated to the pulp and UWF paper segments, according to the production capacity of each 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 5.7) are allocated to the Support segment, which includes the Group's corporate centre (Holding), with the exception of the refundable grant related to the construction of the new Tissue plant, allocated to the Paper Tissue 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 June 2020 restated:

	30-06-2020 Restated					
	PULP MARKET	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
<b>REVENUE</b>						
Sales and services rendered - external	79,508,726	468,000,229	69,090,165	72,958,340	-	689,557,461
Sales and services rendered - intersegment	1,294,591	-	-	-	(1,294,591)	-
<b>Sales and services rendered - external</b>	<b>80,803,317</b>	<b>468,000,229</b>	<b>69,090,165</b>	<b>72,958,340</b>	<b>(1,294,591)</b>	<b>689,557,461</b>
<b>Total Revenue</b>	<b>80,803,317</b>	<b>468,000,229</b>	<b>69,090,165</b>	<b>72,958,340</b>	<b>(1,294,591)</b>	<b>689,557,461</b>
<b>PROFIT/(LOSS)</b>						
<b>Segmental profit</b>	9,573,706	54,419,542	350,303	20,610,011	(21,295,522)	<b>63,658,040</b>
<b>Operating profit</b>	-	-	-	-	-	<b>63,658,040</b>
Financial results	-	-	-	-	(8,267,028)	(8,267,028)
Income tax	-	-	-	-	(11,355,141)	(11,355,141)
<b>Profit after income tax</b>	-	-	-	-	-	<b>44,035,871</b>
Non-controlling interests	-	-	-	-	(2,423)	(2,423)
<b>Net profit</b>	-	-	-	-	<b>(2,423)</b>	<b>44,033,448</b>
<b>OTHER INFORMATION</b>						
Capital expenditure	13,476,647	19,030,803	2,843,588	11,903,954	1,435,255	48,690,247
Depreciation and impairment	(4,728,234)	(57,477,160)	(9,843,654)	(90,742)	(2,381,050)	(74,520,840)
Provisions ((increases)/ reversal)	(12,000)	(1,604,342)	-	-	(290,933)	(1,907,275)
<b>OTHER INFORMATION</b>						
<b>SEGMENT ASSETS</b>						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	129,864,966	753,985,018	160,593,484	174,201,568	2,210,150	1,220,855,185
Right-of-use assets	9,901,905	37,906,471	-	-	3,517,618	51,325,994
Biological assets	32,240,160	96,501,160	-	-	-	128,741,320
Non-current receivables	60,011	413,012	79,091	-	32,162,414	32,714,528
Inventories	29,130,579	190,387,199	21,681,612	386,505	1,531,180	243,117,075
Trade receivables	18,543,086	81,323,633	27,513,675	-	7,411,731	134,792,125
Other current receivables	4,285,655	50,134,914	7,905,377	2,640,154	47,603,630	112,569,730
Other assets	2,491,830	27,358,900	765,878	1,441,182	336,331,308	368,389,098
<b>Total Assets</b>	<b>226,518,193</b>	<b>1,614,766,690</b>	<b>219,122,199</b>	<b>430,768,031</b>	<b>2,669,844,521</b>	
<b>SEGMENT LIABILITIES</b>						
Interest-bearing liabilities	-	415,573	36,265,823	-	980,620,847	1,017,302,242
Lease liabilities	10,207,670	38,854,516	-	-	3,587,061	52,649,248
Other current payables	33,229,128	204,951,086	11,842,107	17,230,281	78,330,272	345,582,873
Other liabilities	27,528,704	105,261,121	15,994,313	4,866,951	30,893,065	184,544,154
<b>Total Liabilities</b>	<b>70,965,503</b>	<b>349,482,295</b>	<b>64,102,242</b>	<b>22,097,232</b>	<b>1,093,431,244</b>	<b>1,600,078,517</b>

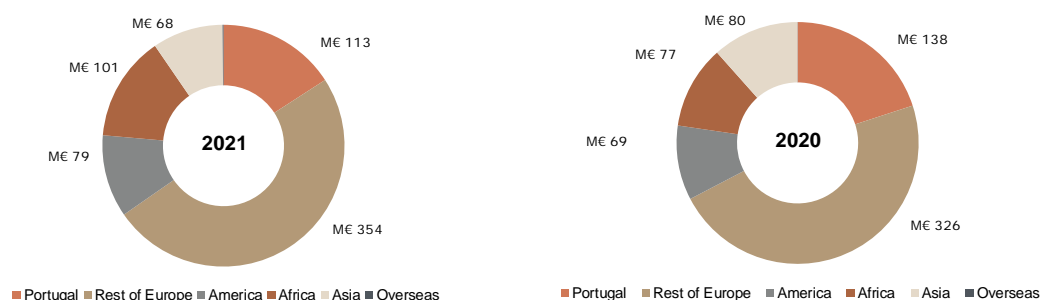


## Revenue by business segment, geographical area and recognition pattern

30-06-2021 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Portugal	220 752	22 478 169	26 237 134	64 362 251	-	113 298 306	16%
Rest of Europe	53 830 901	259 929 715	40 061 745	-	-	353 822 361	50%
America	946 988	77 627 527	137 470	-	-	78 711 985	11%
Africa	9 514 345	88 831 449	2 182 323	-	-	100 528 117	14%
Asia	12 083 404	54 794 495	640 240	-	-	67 518 139	9%
Overseas	-	855 309	-	-	-	855 309	0%
	<b>76 596 390</b>	<b>504 516 664</b>	<b>69 258 912</b>	<b>64 362 251</b>	<b>-</b>	<b>714 734 217</b>	<b>100%</b>
<b>Recognition pattern</b>							
At a point in time	76 596 390	504 516 664	69 258 912	64 362 251	-	714 734 217	100%
Over time	-	-	-	-	-	-	0%

30-06-2020 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Portugal	3 007 595	36 053 955	25 924 671	72 958 340	-	137 944 562	20%
Rest of Europe	39 530 304	247 244 830	39 570 620	-	-	326 345 754	47%
America	300 666	67 115 783	1 341 093	-	-	68 757 542	10%
Africa	8 034 411	66 358 402	2 198 915	-	-	76 591 728	11%
Asia	28 635 750	51 035 579	54 866	-	-	79 726 195	12%
Overseas	-	191 681	-	-	-	191 681	0%
	<b>79 508 726</b>	<b>468 000 229</b>	<b>69 090 165</b>	<b>72 958 340</b>	<b>-</b>	<b>689 557 461</b>	<b>100%</b>
<b>Recognition pattern</b>							
At a point in time	79 508 726	468 000 229	69 090 165	72 958 340	-	689 557 461	100%
Over time	-	-	-	-	-	-	0%

## Group's revenue distribution by geographical 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 six-month period ended 30 June 2021 and 2020, Other operating income is detailed as follows:

Amounts in Euro	30-06-2021	30-06-2020
Gains on disposal of non-current assets	2,618,651	542,003
Grants - CO <sub>2</sub> emission allowances	9,950,607	6,675,647
Additional income	343,448	961,304
Operating grants	1,281,181	1,965,122
Reversal of impairment in receivables	26,765	45,233
Reversal of impairment in inventories	18,716	5,644,994
Gains on inventories	1,105,192	775,804
Own work capitalised	492,907	266,401
Compensation received	80,204	2,674,466
Other operating income	995,194	2,781,586
	<b>16,912,865</b>	<b>22,332,559</b>

Gains with CO<sub>2</sub> allowances correspond to the recognition of the free allocation of allowances for 432,952 tons of CO<sub>2</sub>, at the average price of Euro 33.69 (483,453 tons of CO<sub>2</sub>, at the average price of Euro 23.82 on 30 June 2021) (Note 3.2).

In the six-month period ended 30 June 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.

As at 30 June 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	30-06-2021	30-06-2020
<b>Cost of goods sold and materials consumed</b>	<b>292,530,789</b>	<b>289,236,682</b>
<b>External services and supplies</b>		
Energy and fluids	56,678,340	59,301,727
Transportation of goods	63,722,683	54,898,012
Specialised work	36,558,060	41,669,776
Maintenance and repair	15,208,083	16,621,838
Insurance	2,668,356	5,918,245
Advertising and marketing	5,563,740	6,862,751
Rentals	4,602,214	4,820,853
Fees	2,436,980	1,861,139
Travel and accommodation	1,145,890	1,239,358
Materials	1,086,306	1,738,645
Communication	792,453	557,448
Subcontracts	547,579	717,549
Other	3,318,890	4,467,544
	<b>194,329,574</b>	<b>200,674,883</b>
<b>Variation in production (Note 4.1)</b>	<b>(3,776,126)</b>	<b>6,274,323</b>
<b>Payroll costs (Note 7.1)</b>	<b>73,239,439</b>	<b>64,492,399</b>
<b>Other operating expenses</b>		
CO <sub>2</sub> emission expenses	13,078,987	8,334,289
Impairment losses on receivables	116,072	292,505
Impairment losses on inventories	955,371	342,605
Other inventory losses	1,108,023	405,111
Indirect taxes and fees	1,741,861	982,329
Water resources fee	558,821	1,376,375
Losses on the disposal of non-current assets	23,068	102,886
Other operating expenses	2,225,044	2,205,210
	<b>19,807,247</b>	<b>14,041,309</b>
<b>Net provisions (Note 9.1)</b>	<b>259,909</b>	<b>1,907,275</b>
	-	
<b>Total operating expenses</b>	<b>576,390,832</b>	<b>576,626,871</b>

In order to mitigate the expected drop in revenue resulting from the reduction in turnover caused by the pandemic, Navigator implemented several cost-cutting measures, which explains the reduction in the External supplies and services item.

In the six-month periods ended 30 June 2021 and 2020, External supplies and services costs incurred with investigation and research activities amounted to Euro 2,238,156 and Euro 2,235,309, respectively.

The expenses with CO<sub>2</sub> emissions correspond to the emission of 294,596 tonnes of CO<sub>2</sub> (30 June 2020: 359,184 tonnes), thus observing an 18% reduction in CO<sub>2</sub> emissions. The increase in this caption, is mainly due the rise of unit price of CO<sub>2</sub> licences.

### 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	30-06-2021	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
	<b>377,339,466</b>	<b>377,339,466</b>

##### NAVIGATOR BRANDS, S.A.

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

The 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.

The initial acquisition difference in the amount of Euro 21,337,916 was deducted from AICEP's investment grant and from the fair value of the acquired property, plant and equipment, resulting in a goodwill of Euro 583,083.

## 3.2 INTANGIBLE ASSETS

### Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO <sub>2</sub> emission allowances	Other intangible assets	Intangible assets under construction	Total
<b>Gross amount</b>					
<b>Balance as at 1 January 2020</b>	<b>12,329</b>	<b>4,496,487</b>	-	-	<b>4,508,816</b>
Acquisitions/Assignments	-	11,511,593	-	4,335	11,515,928
Adjustments, transfers and write-offs	4,335	(15,196,731)	-	(4,335)	(15,196,731)
<b>Balance as at 30 June 2020</b>	<b>16,664</b>	<b>811,349</b>	-	-	<b>828,013</b>
Acquisitions/Assignments	4,335	10,249,526	-	(4,335)	10,249,526
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	(4,335)	841,745	-	4,335	841,745
<b>Balance as at 31 December 2020</b>	<b>16,664</b>	<b>11,902,620</b>	-	-	<b>11,919,284</b>
Acquisitions/Assignments	-	30,109,826	-	-	30,109,826
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	-	(24,788,284)	-	-	(24,788,284)
<b>Balance as at 30 June 2021</b>	<b>16,664</b>	<b>17,224,162</b>	-	-	<b>17,240,826</b>
<b>Accumulated amortisation and impairment losses</b>					
<b>Balance as at 1 January 2020</b>	<b>(2,127)</b>	-	-	-	<b>(2,127)</b>
Amortisation for the period (Note 3.7)	(2,160)	-	-	-	(2,160)
Impairment losses for the period	-	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>(4,287)</b>	-	-	-	<b>(4,287)</b>
Amortisation for the period	(2,313)	-	-	-	(2,313)
<b>Balance as at 31 December 2020</b>	<b>(6,600)</b>	-	-	-	<b>(6,600)</b>
Amortisation for the period (Note 3.7)	(2,314)	-	-	-	(2,314)
<b>Balance as at 30 June 2021</b>	<b>(8,914)</b>	-	-	-	<b>(8,914)</b>
<b>Net book value as at 1 January 2020</b>	<b>10,202</b>	<b>4,496,487</b>	-	-	<b>4,506,689</b>
<b>Net book value as at 30 June 2020</b>	<b>12,377</b>	<b>811,349</b>	-	-	<b>823,726</b>
<b>Net book value as at 31 December 2020</b>	<b>10,064</b>	<b>11,902,620</b>	-	-	<b>11,912,684</b>
<b>Net book value as at 30 June 2021</b>	<b>7,750</b>	<b>17,224,162</b>	-	-	<b>17,231,913</b>

### CO<sub>2</sub> allowances

	30-06-2021	31-12-2020
CO <sub>2</sub> allowances (units)	487,225	516,319
Average unit value (Euro)	35.35	23.05
Market quotation (Euro)	56.37	32.72

### CO<sub>2</sub> allowances – movements in the period

Amounts in Euro	2021		2020	
	Tons	Amount	Tons	Amount
<b>Opening balance</b>	<b>516,319</b>	<b>11,902,620</b>	<b>267,222</b>	<b>4,496,487</b>
Allowances awarded free of charge	432,952	14,586,146	482,453	11,492,030
Allowances acquired	244,798	15,523,680	510,962	10,269,089
Allowances sold	-	-	-	-
Allowances returned to the Licensing Coordinating Entity	(706,844)	(24,788,284)	(744,318)	(14,354,986)
<b>Closing balance</b>	<b>487,225</b>	<b>17,224,162</b>	<b>516,319</b>	<b>11,902,620</b>

### 3.3 PROPERTY, PLANT AND EQUIPMENT (PPE)

#### Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other PPE	Assets under construction	Total
<b>Gross amount</b>					
<b>Balance as at 1 January 2020</b>	<b>115,028,864</b>	<b>539,358,347</b>	<b>3,522,159,863</b>	<b>107,798,987</b>	<b>4,284,346,061</b>
Acquisitions	-	-	5,652,277	43,033,636	48,685,913
Disposals	(435,560)	-	(17,134)	-	(452,694)
Adjustments, transfers and write-offs	8,528	700,131	21,221,821	(29,308,666)	(7,378,186)
<b>Balance as at 30 June 2020</b>	<b>114,601,832</b>	<b>540,058,478</b>	<b>3,549,016,827</b>	<b>121,523,957</b>	<b>4,325,201,092</b>
Acquisitions	-	-	(5,652,277)	37,605,466	31,953,189
Disposals	(100,845)	(9,246)	(28,691)	-	(138,782)
Adjustments, transfers and write-offs	3,577	1,191,244	24,421,979	(35,703,992)	(10,087,192)
<b>Balance as at 31 December 2020</b>	<b>114,504,564</b>	<b>541,240,475</b>	<b>3,567,757,837</b>	<b>123,425,431</b>	<b>4,346,928,310</b>
Acquisitions	-	-	7,606,916	25,100,490	32,707,406
Disposals	(274,264)	-	(33,084)	-	(307,348)
Adjustments, transfers and write-offs	41,051	931,264	69,518,230	(79,149,561)	(8,659,016)
<b>Balance as at 30 June 2021</b>	<b>114,271,351</b>	<b>542,171,739</b>	<b>3,644,849,900</b>	<b>69,376,360</b>	<b>4,370,669,350</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as at 1 January 2020</b>	<b>-</b>	<b>(340,877,824)</b>	<b>(2,693,816,638)</b>	<b>-</b>	<b>(3,034,694,462)</b>
Depreciation for the period (Note 3.7)	-	(6,076,834)	(70,716,287)	-	(76,793,121)
Disposals	-	-	17,134	-	17,134
Adjustments, transfers and write-offs	-	382,099	6,742,443	-	7,124,542
<b>Balance as at 30 June 2020</b>	<b>-</b>	<b>(346,572,559)</b>	<b>(2,757,773,348)</b>	<b>-</b>	<b>(3,104,345,907)</b>
Depreciation for the period	-	(5,245,482)	(63,562,271)	-	(68,807,753)
Disposals	-	7,918	28,691	-	36,609
Adjustments, transfers and write-offs	-	(382,099)	10,520,433	-	10,138,334
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>(352,192,222)</b>	<b>(2,810,786,495)</b>	<b>-</b>	<b>(3,162,978,717)</b>
Depreciation for the period (Note 3.7)	-	(5,617,411)	(52,302,902)	-	(57,920,313)
Disposals	-	-	(31,687)	-	(31,687)
Adjustments, transfers and write-offs	-	386,572	8,467,288	-	8,853,861
<b>Balance as at 30 June 2021</b>	<b>-</b>	<b>(357,423,060)</b>	<b>(2,854,653,795)</b>	<b>-</b>	<b>(3,212,076,856)</b>
<b>Net book value as at 1 January 2020</b>	<b>115,028,864</b>	<b>198,480,523</b>	<b>828,343,225</b>	<b>107,798,987</b>	<b>1,249,651,599</b>
<b>Net book value as at 30 June 2020</b>	<b>114,601,832</b>	<b>193,485,919</b>	<b>791,243,479</b>	<b>121,523,957</b>	<b>1,220,855,185</b>
<b>Net book value as at 31 December 2020</b>	<b>114,504,564</b>	<b>189,048,253</b>	<b>756,971,343</b>	<b>123,425,431</b>	<b>1,183,949,593</b>
<b>Net book value as at 30 June 2021</b>	<b>114,271,351</b>	<b>184,748,679</b>	<b>790,196,105</b>	<b>69,376,360</b>	<b>1,158,592,494</b>

As at 30 June 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 10,450 thousand), the new chip pile in Aveiro (Euro 7,972 thousand), the environmental plan (Euro 7,649 thousand), the photovoltaic power plants in Figueira da Foz and Setúbal (Euro 2,061 thousand). The remainder is related to several projects for improving and optimising the production process.

### 3.4 INVESTMENT PROPERTIES

#### Movements in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
<b>Gross amount</b>			
<b>Balance as at 1 January 2020</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance as at 30 June 2020</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 December 2020</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
Disposals	-	-	-
<b>Balance as at 30 June 2021</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
<b>Accumulated depreciation and impairment losses</b>			
<b>Balance as at 1 January 2020</b>	<b>(399,372)</b>	<b>(11,797)</b>	<b>(411,169)</b>
Impairment losses (Note 3.7)	-	(823)	(823)
<b>Balance as at 30 June 2020</b>	<b>(399,372)</b>	<b>(12,620)</b>	<b>(411,993)</b>
Impairment losses	-	(823)	(823)
<b>Balance as at 31 December 2020</b>	<b>(399,372)</b>	<b>(13,443)</b>	<b>(412,815)</b>
Impairment losses	-	(823)	(823)
<b>Balance as at 30 June 2021</b>	<b>(399,372)</b>	<b>(14,266)</b>	<b>(413,638)</b>
<b>Net book value as at 1 January 2020</b>	<b>25,372</b>	<b>70,510</b>	<b>95,882</b>
<b>Net book value as at 31 March 2020</b>	<b>25,372</b>	<b>69,687</b>	<b>95,058</b>
<b>Net book value as at 31 December 2020</b>	<b>25,372</b>	<b>68,864</b>	<b>94,236</b>
<b>Net book value as at 31 March 2021</b>	<b>25,372</b>	<b>68,041</b>	<b>93,413</b>

### 3.5 GOVERNMENT GRANTS

#### Government grants - movements

Amounts in Euro	30-06-2021			31-12-2020		
	Financial	Tax	Total	Financial	Tax	Total
<b>Opening balance</b>	<b>13,768,051</b>	<b>21,463,619</b>	<b>35,231,670</b>	<b>18,562,558</b>	<b>24,214,013</b>	<b>42,776,571</b>
Assignment	-	-	-	1,112,066	-	1,112,066
Charge-off (Note 3.7)	(1,123,359)	(876,489)	(1,999,848)	(6,403,518)	(3,183,826)	(9,587,344)
Other movements	494,654	-	494,654	496,945	433,432	930,377
<b>Closing balance</b>	<b>13,139,346</b>	<b>20,587,130</b>	<b>33,726,476</b>	<b>13,768,051</b>	<b>21,463,619</b>	<b>35,231,670</b>

As at 30 June 2021 and 31 December 2020, Government grants, by Company, were detailed as follows:

Amounts in Euro	30-06-2021			31-12-2020		
	Financial	Tax	Total	Financial	Tax	Total
<b>Under AICEP contracts</b>						
Enerpulp, S.A.	593,727	-	593,727	859,211	-	859,211
Navigator Pulp Aveiro, S.A.	5,306,124	2,245,323	7,551,447	5,821,817	2,475,075	8,296,893
Navigator Pulp Setúbal, S.A.	125,238	-	125,238	254,271	-	254,271
Navigator Pulp Figueira, S.A.	15,332	9,240,401	9,255,733	17,342	9,595,438	9,612,781
Navigator Parques Industriais, S.A.	1,899,318	-	1,899,318	1,928,996	-	1,928,996
Navigator Tissue Aveiro, S.A.	2,962,179	9,101,406	12,063,585	3,057,117	9,393,105	12,450,222
	<b>10,901,918</b>	<b>20,587,130</b>	<b>31,489,048</b>	<b>11,938,753</b>	<b>21,463,619</b>	<b>33,402,373</b>
<b>Other</b>						
Raiz	2,186,230	-	2,186,230	1,748,208	-	1,748,208
Viveiros Aliança, SA	51,198	-	51,198	81,089	-	81,089
	<b>2,237,428</b>	<b>-</b>	<b>2,237,428</b>	<b>1,829,297</b>	<b>-</b>	<b>1,829,297</b>
	<b>13,139,346</b>	<b>20,587,130</b>	<b>33,726,476</b>	<b>13,768,051</b>	<b>21,463,619</b>	<b>35,231,670</b>

The Group expects to recognise grants in earnings as follows:

Amounts in Euro	30-06-2021			31-12-2020		
	Financial	Tax	Total	Financial	Tax	Total
2021	916,140	864,346	1,780,487	2,039,499	1,740,836	3,780,335
2022	1,484,270	1,716,550	3,200,820	1,850,129	1,716,550	3,566,679
2023	1,392,124	1,674,435	3,066,560	1,757,983	1,674,435	3,432,419
2024	1,350,593	1,674,435	3,025,028	1,716,452	1,674,435	3,390,887
2025	1,001,869	1,406,721	2,408,591	1,367,728	1,406,721	2,774,450
After 2024	6,994,350	13,250,641	20,244,991	5,036,260	13,250,641	18,286,901
	<b>13,139,346</b>	<b>20,587,130</b>	<b>33,726,476</b>	<b>13,768,051</b>	<b>21,463,619</b>	<b>35,231,670</b>

### 3.6 RIGHT-OF-USE ASSETS

#### Movements in right-of-use assets

Amounts in Euro	Forestry lands	Buildings	Vehicles	Software	Other lease assets	Total
<b>Gross amount</b>						
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	1,668,765	-	299,979	963,772	-	2,932,517
Disposals	-	-	-	-	-	-
Balance as at 30 June 2021	48,515,786	4,651,039	7,207,117	1,324,361	5,347,974	67,046,278
<b>Accumulated depreciation and impairment losses</b>						
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	(1,540,514)	(257,028)	(906,749)	(356,119)	(548,334)	(3,608,746)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	93,108	-	-	-	-	93,108
Balance as at 30 June 2021	(7,628,149)	(1,626,313)	(4,591,287)	(520,431)	(1,436,218)	(15,802,398)
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 June 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 June 2021	40,887,637	3,024,727	2,615,830	803,929	3,911,756	51,243,879

The item Land refers essentially to rights to use land for existing forestry exploitation, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the second harvest takes place before the 24<sup>th</sup> 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 Others includes the forklift truck rental contract signed in 2020.

### 3.7 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	30-06-2021	30-06-2020
Depreciation of property, plant and equipment for the period (Note 3.3)	57,920,313	76,793,121
Investment grants charged-off	(1,999,848)	(5,645,525)
<b>Depreciation of property, plant and equipment, net of grants charged-off</b>	<b>55,920,465</b>	<b>71,147,596</b>
<b>Amortisation of intangible assets for the period (Note 3.2)</b>	<b>2,314</b>	<b>2,160</b>
<b>Depreciation of right-of-use assets for the period (Note 3.6)</b>	<b>3,608,746</b>	<b>3,370,261</b>
Impairment of investment properties (Note 3.4)	823	823
	<b>59,532,348</b>	<b>74,520,840</b>

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.

### 3.8 BIOLOGICAL ASSETS

#### Movements in biological assets

Amounts in Euro	2021	2020
<b>Opening balance</b>	<b>148,584,452</b>	<b>131,769,841</b>
Logging	(12,797,053)	(13,152,960)
Growth	1,825,374	1,210,823
New plantations and replanting (at cost)	1,553,615	1,887,259
Other changes in fair value	4,370,642	7,026,357
	<b>(5,047,422)</b>	<b>(3,028,521)</b>
<b>Balance as at 30 June</b>	<b>143,537,030</b>	<b>128,741,320</b>
Remaining quarters		19,843,132
<b>Balance as at 31 December</b>		<b>148,584,452</b>

The amounts shown as Other changes in fair value relates mainly to actual costs of forest asset management foreseen and incurred in the period, changes in the general valuation assumptions and changes in expectations in relation to what was envisaged in the annual model:

Amounts in Euro	30-06-2021	30-06-2020
<b>Costs of assets management</b>		
Forestry	1,994,027	2,047,681
Structure	862,716	1,527,025
Fixed and variable rents	5,434,966	5,589,383
	<b>8,291,709</b>	<b>9,164,089</b>
<b>Changes in expectations</b>		
Variation in other species	452,964	343,118
Transport logistics costs	(3,608,053)	-
Other changes in expectations (structural costs, asset rationalisation)	(765,978)	(2,480,851)
	<b>(3,921,067)</b>	<b>(2,137,732)</b>
	<b>4,370,642</b>	<b>7,026,357</b>

The discount rate used for the periods ended 30 June 2021 and 2020 was 3.07%. It should be noted that the Group incorporates the fire risk in the cash flows of the model. If this risk were incorporated in the discount rate it would be 4.65%.

In the first half of 2021, the Group revised the allocation of logistical costs of wood transportation, mainly due to the evolution of road diesel prices.

As at 30 June 2021 and 31 December 2020, biological assets, by species, is detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Eucalyptus (Portugal)	114,118,399	118,916,833
Pine (Portugal)	6,493,056	6,311,003
Cork oak (Portugal)	6,352,850	6,050,894
Other species (Portugal)	560,244	591,289
Eucalyptus (Mozambique)	16,012,482	16,714,433
	<b>143,537,030</b>	<b>148,584,452</b>

These amounts correspond to Board of Directors' expectation of the volumes to be extracted from its woodlands in the future, as follows:

Amounts in Euro	30-06-2021	31-12-2020
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,237	10,245
Pine (Portugal) - Potential future of wood extractions k ton	302	306
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potencial future of cork extractions k @	577	573
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	3,431	3,394

With regards 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. In public statements made at the end of November 2020, the Port concession holder said it would start the construction of the port during the third quarter of 2021, with an expected start-up date in the first quarter of 2024.



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.

With regard to eucalyptus, the most significant biological in the financial statements presented, in the 6-month period ended 30 June 2021, 330,037 m3ssc of wood were harvested from the woodlands owned and operated by the Group (31 December 2020: 574,507 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	30-06-2021	31-12-2020
Raw materials	95,549,917	92,421,384
Goods	261,442	268,916
<b>Subtotal</b>	<b>95,811,359</b>	<b>92,690,300</b>
Finished and intermediate products	82,864,832	77,760,647
Products and work in progress	2,181,674	3,101,026
By-products and waste	2,756,207	3,183,163
<b>Subtotal</b>	<b>87,802,713</b>	<b>84,044,836</b>
<b>Total</b>	<b>183,614,072</b>	<b>176,735,137</b>

##### Inventories of finished and intermediate products - distribution by geographical area

Amounts in Euro	30-06-2021	%	31-12-2020	%
Portugal	56,041,042	67.6%	52,182,710	67.1%
Rest of Europe	11,275,830	13.6%	10,675,568	13.7%
USA	15,547,960	18.8%	14,902,369	19.2%
	<b>82,864,832</b>	<b>100.0%</b>	<b>77,760,647</b>	<b>100.0%</b>

The amounts related to Portugal include Euro 10,579,435 (31 December 2020: Euro 9,419,705) relating to inventories for which invoices have already been issued, but whose control has not been transferred to customers.

As at 30 June 2021 and 31 December 2020, there are no inventories for which ownership is restricted and/or pledged as collateral for liabilities.

#### 4.1.2 Cost of goods sold and materials consumed in the period

Amounts in Euro	30-06-2021	30-06-2020
Opening balance	92,690,300	109,291,268
Purchased	296,233,094	314,112,710
Inventory losses	(581,246)	278,108
Impairment losses	-	(134,289)
Closing balance	(95,811,359)	(134,311,114)
<b>Cost of goods sold and materials consumed (Note 2.3)</b>	<b>292,530,789</b>	<b>289,236,682</b>

#### Cost of goods sold and materials consumed – detail by product

Amounts in Euro	30-06-2021	30-06-2020
Wood / Biomass (external acquisitions)	131,788,754	127,637,272
Natural gas	12,414,378	24,139,240
Other fuels	6,704,931	7,321,843
Water	914,687	1,051,329
Chemicals	63,718,872	60,502,806
BEKP Pulp	10,874,515	9,424,133
Pine Pulp	18,282,735	16,276,234
Paper (heavyweight)	1,186,280	2,024,811
Tissue paper - subcontracts	814,779	612,951
Consumables / Warehouse material	13,901,727	10,879,559
Packaging material	31,485,587	28,923,882
Other materials	443,543	442,623
	<b>292,530,789</b>	<b>289,236,682</b>

The cost of wood / biomass only relates to wood purchases to entities outside the Group, either domestic or foreign.

#### 4.1.3 Variation in production in the period

Amounts in Euro	30-06-2021	30-06-2020
Opening balance	(84,044,836)	(108,588,432)
Adjustments	(1,516,930)	(784,353)
Inventory losses	598,523	(405,111)
Impairment losses	936,656	(5,302,388)
Closing balance	87,802,713	108,805,960
<b>Variation in production (Note 2.3)</b>	<b>3,776,125</b>	<b>(6,274,323)</b>

#### 4.1.4 Movements in impairment losses in inventories

Amounts in Euro	2021	2020
<b>Balance as at 1 January</b>	<b>(2,157,570)</b>	<b>(11,121,848)</b>
Increases	(955,371)	(342,605)
Reversals	18,716	5,644,994
<b>Impact in profit or loss for the period</b>	<b>(936,656)</b>	<b>5,302,388</b>
Charge-off	(713)	-
<b>Balance as at 30 June</b>	<b>(3,094,938)</b>	<b>(5,819,460)</b>
Remaining quarters		3,661,890
<b>Balance as at 31 December</b>		<b>(2,157,570)</b>

## 4.2 RECEIVABLES

Amounts in Euro		30-06-2021			31-12-2020		
		Non-current	Current	Total	Non-current	Current	Total
Trade receivables	i)	-	167,445,875	167,445,875	-	133,591,397	133,591,397
Other receivables - Group companies (Note 10.3)		-	-	-	-	443,649	443,649
State	ii)	-	30,659,350	30,659,350	-	45,933,424	45,933,424
Department of Commerce (EUA)	iii)	1,374,623	4,426,566	5,801,189	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (EUA)	iv)	29,956,077	2,103,677	32,059,754	30,747,820	2,747,317	33,495,137
Accrued income	v)	-	12,865,787	12,865,787	-	17,263,014	17,263,014
Deferred expenses	v)	-	11,178,452	11,178,452	-	7,148,871	7,148,871
Derivative financial instruments (Note 8.2.2)		-	698,083	698,083	-	4,019,440	4,019,440
Other		706,536	18,003,584	18,710,120	702,768	14,016,837	14,719,605
		<b>32,037,236</b>	<b>247,381,375</b>	<b>279,418,610</b>	<b>34,696,105</b>	<b>231,772,282</b>	<b>266,468,387</b>

i) The item Trade receivables shows the following ageing structure:

Amounts in Euro	30-06-2021	31-12-2020
Amounts not past due	161,329,470	126,761,061
From 1 to 90 days	5,853,825	6,813,003
From 91 to 180 days	200,477	343,775
From 181 to 360 days	37,040	105,723
From 361 to 540 days	24,351	-
From 541 to 720 days	112	-
More than 721 days	600	11,485
	<b>167,445,875</b>	<b>134,035,046</b>
Balances considered impaired	2,263,751	1,984,970
Impairment	(2,263,751)	(1,984,970)
<b>Net balance from customers (Note 4.2)</b>	<b>167,445,875</b>	<b>134,035,046</b>

### Impairment of trade and other receivables

Amounts in Euro	Impairment		
	Trade receivables	Other receivables	Total
<b>Balance as at 1 January 2020</b>	<b>(1,538,464)</b>	<b>(31,262)</b>	<b>(1,569,726)</b>
Increases - IFRS 9 impact on profit or loss for the period	(677,723)	-	(677,723)
Increases (Note 2.3)	(106,018)	(200,000)	(306,018)
Reversals	47,052	-	47,052
Charge-off	290,183	-	290,183
<b>Balance as at 31 December 2020</b>	<b>(1,984,970)</b>	<b>(231,262)</b>	<b>(2,216,232)</b>
Increases - IFRS 9 impact on profit or loss for the period	(180,065)	-	(180,065)
Increases (Note 2.3)	(116,072)	-	(116,072)
Reversals	26,765	-	26,765
Charge-off	(9,410)	-	(9,410)
<b>Balance as at 30 June 2021</b>	<b>(2,263,751)</b>	<b>(231,262)</b>	<b>(2,495,014)</b>

ii) State is detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
Value added tax - recoverable	4,315,750	16,980,665
Value added tax - reimbursement requests	24,059,789	26,668,947
Amounts pending reimbursement (tax proceeding favourable to the Group)	2,283,811	2,283,811
	<b>30,659,350</b>	<b>45,933,423</b>

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

Amounts in Euro	May / 2021	Jun / 2021	Total
The Navigator Company, S.A.	-	22,296,140	22,296,140
EMA Setúbal, ACE	70,000	-	70,000
Bosques do Atlântico, S.L.	-	1,693,649	1,693,649
	<b>70,000</b>	<b>23,989,789</b>	<b>24,059,789</b>

Up to the date of issuing this report, the full amounts outstanding as at 30 June 2021 have already been received.

As at 31 December 2020, the amount of refund 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
	<b>7,738,657</b>	<b>18,930,290</b>	<b>26,668,947</b>

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

iii) As at 30 June 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.

In January 2021, the Department of Commerce confirmed the final rate to be applied for the third period of review from March 2018 to February 2020 at 6.75%. The final rate remained unchanged from the preliminary rate at 6.75%, and therefore the Group will soon receive around Euro 4.4 million for the difference between the deposits made and the final rate payable.

The non-current receivable relates to the expected value of the reimbursement of the 4<sup>th</sup> review period, from March 2019 to February 2020.

For the subsequent review periods (5 and 6), Navigator is estimated to pay to the DoC approximately 3.7 million Euro (Note 4.3).

iv) Reflects the present value of the amount still receivable from the sale of the pellets business. The nominal receivable shall bear interest at the rate of 2.5% (Note 5.11).

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

Amounts in Euro	30-06-2021	31-12-2020
<b>Accrued income</b>		
Interest receivable	287,453	1,729,911
Energy sales	10,631,617	12,314,111
Insurance compensation	800,000	2,950,000
Other	1,146,717	268,992
	<b>12,865,787</b>	<b>17,263,014</b>
<b>Deferred expenses</b>		
Insurance	3,525,431	252
Rentals	7,523,910	7,082,041
Other	129,111	66,578
	<b>11,178,452</b>	<b>7,148,871</b>
	<b>24,044,239</b>	<b>24,411,885</b>

### 4.3 PAYABLES

Amounts in Euro	30-06-2021	31-12-2020
Trade payables	210,230,586	166,359,755
Trade payables - Property, plant and equipment	2,725,864	1,979,388
State	36,840,818	32,397,267
Related parties (Note 10.3)	1,206,565	769,888
Other payables - CO <sub>2</sub> emission allowances	10,323,361	16,530,618
Tax consolidation (Semapa)	6,447,546	6,447,546
Other payables	997,549	516,599
Derivative financial instruments (Note 8.1)	9,486,555	6,196,001
Accrued expenses - Payroll	21,530,163	22,324,875
Accrued expenses - Interest payable	5,210,486	5,167,352
Bonus payable to suppliers	7,229,142	5,352,176
Water resources tax	1,662,857	1,104,037
Rent liabilities	15,120,723	13,683,172
Other accrued expenses	1,508,203	13,717,891
Non-repayable grants	13,503,510	11,103,125
<b>Current payables</b>	<b>344,023,930</b>	<b>303,649,690</b>
Non-repayable grants	30,023,022	30,234,237
Department of Commerce (USA) (Note 4.2)	3,773,942	-
<b>Non-current payables</b>	<b>33,796,964</b>	<b>30,234,237</b>
	<b>377,820,894</b>	<b>333,883,925</b>

#### State - details

Amounts in Euro	30-06-2021	31-12-2020
Personal income tax withhold (IRS)	2,817,445	2,765,825
Value added tax (IVA)	29,109,401	26,852,922
Social Security contributions	3,994,439	2,202,862
Other	919,533	575,658
	<b>36,840,818</b>	<b>32,397,267</b>

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

#### Non-refundable grants - details

Amounts in Euro	30-06-2021	31-12-2020
Government grants	3,703,454	4,997,433
Grants - CO <sub>2</sub> emission allowances	6,061,184	1,425,646
Other grants	3,738,872	4,680,046
<b>Non-repayable grants - current</b>	<b>13,503,510</b>	<b>11,103,125</b>
Government grants	30,023,022	30,234,237
<b>Non-repayable grants - non-current</b>	<b>30,023,022</b>	<b>30,234,237</b>
	<b>43,526,532</b>	<b>41,337,362</b>

## 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 June 2021, The Navigator Company, S.A.'s share capital of Euro 500,000,000 is fully subscribed and paid up 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 was approved, 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 June 2021 and 31 December 2020, the shareholders with qualified shareholdings in the Company's capital were as follows:

Entity	30-06-2021		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%
	<b>711,183,069</b>	<b>100%</b>	<b>717,500,000</b>	<b>100%</b>

#### Treasury shares - movements

	30-06-2021		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 in the period	(6,316,931)	(20,189,264)	-	-
<b>Treasury shares at the end of the period</b>	<b>-</b>	<b>-</b>	<b>6,316,931</b>	<b>20,189,264</b>

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 June 2021, the market capitalisation of the Company amounted to Euro 2,049,629,605 (31 December 2020: Euro 1,792,315,000) compared to an equity, net of non-controlling interests, of Euro 989,352,711 (31 December 2020: 1,025,926,506).

### 5.2 EARNINGS PER SHARE

	30-06-2021	30-06-2020
<b>Profit attributable to Navigator's shareholders (Euro)</b>	<b>64,417,118</b>	<b>44,033,448</b>
Total number of issued shares	711,183,069	717,500,000
Average treasury shares in the portfolio	-	(6,316,931)
<b>Weighted average number of shares</b>	<b>711,183,069</b>	<b>711,183,069</b>
<b>Basic earnings per share (Euro)</b>	<b>0.091</b>	<b>0.062</b>
<b>Diluted earnings per share (Euro)</b>	<b>0.091</b>	<b>0.062</b>

## 5.3 DIVIDENDS AND RESERVES DISTRIBUTED

### Dividends and reserves distributed in the period

Amounts in Euro	Amount assigned	Dividends by share (Euro)
<b>Assignments in 2021</b>		
Distribution of dividends	99,565,630	0.140
<b>Assignments in 2020</b>		
Distribution of retained earnings	99,138,920	0.139

At the Annual General Meeting held on 11 May 2021, The Navigator Company, S.A. approved to distribute dividends in the amount of Euro 99,565,630.

By resolution of the Extraordinary General Meeting held on 24 November 2020, The Navigator Company, S.A. distributed retained earnings of Euro 99,138,920.

## 5.4 RESERVES AND RETAINED EARNINGS

Amounts in Euro	30-06-2021	31-12-2020
Currency translation reserve	(22,633,285)	(20,881,569)
Fair value reserve	(8,172,753)	(6,641,368)
Legal reserve	100,000,000	100,000,000
Other reserves	121,836,100	266,443,646
Retained earnings	233,905,531	97,981,342
<b>Reserves and retained earnings</b>	<b>424,935,593</b>	<b>436,902,051</b>

### Currency exchange reserve – detail

Amounts in Euro	30-06-2021	31-12-2020
Navigator North América (USD)	(3,876,458)	(5,134,850)
Navigator Paper Mexico (MXN)	(50,980)	(40,872)
Navigator Rus Company, LLC (RUB)	(18,338)	(19,775)
Navigator Middle East Trading DMCC (AED)	(11,820)	(17,312)
Navigator Egypt (EGP)	(2,510)	284
Navigator Paper Company UK (GBP)	(339,926)	(457,725)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,863)
Portucel Moçambique (MZN)	(18,331,550)	(15,209,650)
	<b>(22,633,285)</b>	<b>(20,881,569)</b>

### Fair value reserves - detail

Amounts in Euro	30-06-2021			31-12-2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Interest rate risk hedging	(3,700,764)	1,017,710	(2,683,054)	(6,610,686)	1,817,939	(4,792,748)
Foreign exchange hedging	(4,660,176)	1,281,549	(3,378,627)	362,001	(99,550)	262,451
Foreign exchange hedging - Navigator North America	(2,911,823)	800,751	(2,111,072)	(2,911,823)	800,751	(2,111,072)
	<b>(11,272,763)</b>	<b>3,100,010</b>	<b>(8,172,753)</b>	<b>(9,160,508)</b>	<b>2,519,140</b>	<b>(6,641,368)</b>

## Other reserves – detail

Amounts in Euro	30-06-2021	31-12-2020
Transfer of legal reserve surplus to free reserves	3,473,544	9,790,475
Free reserves arising from the share capital reduction not yet distributed	118,361,080	118,361,080
Settlement of 2014 profit appropriation (balance sheet bonus)	1,476	1,476
Net profit for 2019	-	138,290,615
Incorporation of reserves in capital increase	-	-
	<b>121,836,100</b>	<b>266,443,646</b>

At the Annual General Meeting held on May 11, 2021, The Navigator Company, S.A. approved the reclassification of free reserves in the amount of Euros 138,290,615.44 to retained earnings.

## 5.5 NON-CONTROLLING INTERESTS

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

Amounts in Euro	% held	Equity		Net profit	
		30-06-2020	31-12-2020	30-06-2021	30-06-2020
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	285,329	275,182	4,452	2,423
Portucel Moçambique	90.02%	-	-	-	-
		<b>285,329</b>	<b>275,182</b>	<b>4,452</b>	<b>2,423</b>

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, 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 participation of the IFC 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
<b>Opening balance</b>	<b>275,182</b>	<b>273,817</b>
Net profit for the period	4,452	2,532
Other comprehensive income	5,695	(1,167)
<b>Closing balance</b>	<b>285,329</b>	<b>275,182</b>

## 5.6 INTEREST-BEARING LIABILITIES

Amounts in Euro	30-06-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	342,500,000	102,500,000	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	116,874,999	9,861,111	126,736,111	79,305,555	11,527,778	90,833,333
Charges with the issue of bonds	(3,355,039)	-	(3,355,039)	(3,449,340)	-	(3,449,340)
Repayable grants	38,246,349	138,794	38,385,143	37,955,008	4,578	37,959,586
Deferrals	(4,598,990)	-	(4,598,990)	(2,932,796)	-	(2,932,796)
<b>Debt securities and bank debt</b>	<b>694,667,320</b>	<b>147,499,905</b>	<b>842,167,225</b>	<b>690,878,427</b>	<b>291,532,356</b>	<b>982,410,783</b>

Average interest rate (Note 5.11),  
considering charges for annual  
fees and hedging operations

1.5%

1.6%



In the first half of 2021, two short-term loans of Euro 40 and Euro 25 million, which had been taken in the context of the onset of the pandemic, were repaid. Two bond loans of Euro 100 and Euro 45 million and a Commercial Paper Programme of Euro 70 million were also repaid. On the other hand, two loans contracted in 2020 were disbursed, a 10-year EIB facility in the amounts of Euro 27.5 million and a 5-year bond loan of Euro 20 million. In the first semester a new long-term financing of Euro 15 million was also contracted and issued.

The refundable grants include grants from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the grant under the investment agreement entered into with the subsidiary Navigator Tissue Aveiro, S.A. for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last amortisation taking place in 2027.

### Interest-bearing liabilities - detail

30-06-2021						
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
Navigator 2015-2023	150 000 000	150 000 000	September 2023	Variable rate indexed to Euribor	-	150 000 000
Navigator 2019-2026	50 000 000	50 000 000	January 2026	Fixed rate	-	50 000 000
Navigator 2019-2025	50 000 000	50 000 000	March 2025	Variable rate indexed to Euribor	-	50 000 000
Navigator 2020-2023	100 000 000	100 000 000	August 2021	Variable rate indexed to Euribor	100 000 000	-
Navigator 2021-2026	20 000 000	20 000 000	April 2026	Variable rate indexed to Euribor	2 500 000	17 500 000
Navigator 2020-2026	75 000 000	75 000 000	December 2026	Variable rate indexed to Euribor	-	75 000 000
Navigator 2021-2026	100 000 000	-	August 2026	Fixed rate	-	-
Commissions	-	(3 355 039)			-	(3 355 039)
<b>European Investment Bank (EIB)</b>						
Loan EIB Energia	24 791 667	24 791 667	December 2024	Variable rate indexed to Euribor	7 083 333	17 708 333
Loan EIB Cacia	19 444 444	19 444 444	May 2028	Fixed rate	2 777 778	16 666 666
Loan EIB Figueira	40 000 000	40 000 000	February 2029	Fixed rate	-	40 000 000
Loan EIB Biomass Boiler	27 500 000	27 500 000	March 2031	Fixed rate	-	27 500 000
<b>Commercial Paper Program</b>						
Commercial Paper Program 175M	175 000 000	175 000 000	February 2026	Fixed rate	35 000 000	140 000 000
Commercial Paper Program 65M	65 000 000	65 000 000	February 2026	Variable rate indexed to Euribor	-	65 000 000
Commercial Paper Program 75M	75 000 000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50 000 000	-	December 2025	Variable rate indexed to Euribor	-	-
<b>Loans</b>						
Long-term loan	15 000 000	15 000 000	March 2026	Variable rate indexed to Euribor	-	15 000 000
<b>Repayable grants</b>						
AICEP	38 385 143	38 385 143	November 2027	Fixed rate	138 794	38 246 349
Deferrals	-	(4 598 990)			-	(4 598 990)
<b>Bank credit facilities</b>						
Short-term facility - 20M	20 450 714	-			-	-
		<b>842 167 225</b>			<b>147 499 905</b>	<b>694 667 320</b>
31-12-2020						
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
Navigator 2015-2023	150 000 000	150 000 000	September 2023	Variable rate indexed to Euribor	-	150 000 000
Navigator 2016-2021	100 000 000	100 000 000	April 2021	Fixed rate	100 000 000	-
Navigator 2016-2021	45 000 000	45 000 000	August 2021	Variable rate indexed to Euribor	45 000 000	-
Navigator 2019-2026	50 000 000	50 000 000	January 2026	Fixed rate	-	50 000 000
Navigator 2019-2025	50 000 000	50 000 000	March 2025	Variable rate indexed to Euribor	-	50 000 000
Navigator 2020-2023	100 000 000	15 000 000	August 2023	Variable rate indexed to Euribor	-	15 000 000
Navigator 2021-2026	20 000 000	-	April 2026	Variable rate indexed to Euribor	-	-
Navigator 2020-2026	75 000 000	75 000 000	December 2026	Variable rate indexed to Euribor	-	75 000 000
Commissions	-	(3 449 340)			-	(3 449 340)
<b>European Investment Bank (EIB)</b>						
Loan EIB Ambiente B	1 666 667	1 666 667	June 2021	Variable rate indexed to Euribor	1 666 667	-
Loan EIB Energia	28 333 333	28 333 333	December 2024	Variable rate indexed to Euribor	7 083 333	21 250 000
Loan EIB Cacia	20 833 333	20 833 333	May 2028	Fixed rate	2 777 778	18 055 555
Loan EIB Figueira	40 000 000	40 000 000	February 2029	Fixed rate	-	40 000 000
Loan EIB Biomass Boiler	27 500 000	-		-	-	-
<b>Commercial Paper Program</b>						
Commercial Paper Program 175M	175 000 000	175 000 000	February 2026	Fixed rate	-	175 000 000
Commercial Paper Program 70M	70 000 000	70 000 000	April 2021	Fixed rate	70 000 000	-
Commercial Paper Program 65M	65 000 000	65 000 000	February 2026	Variable rate indexed to Euribor	-	65 000 000
Commercial Paper Program 75M	75 000 000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50 000 000	-	December 2025	Variable rate indexed to Euribor	-	-
Commercial Paper Program 40M	40 000 000	40 000 000	March 2021	Variable rate indexed to Euribor	40 000 000	-
Commercial Paper Program 25M	25 000 000	25 000 000	abril 2021	Variable rate indexed to Euribor	25 000 000	-
<b>Repayable grants</b>						
AICEP	37 959 586	37 959 586	November 2027	Fixed rate	4,578	37 955 008
Deferrals	-	(2 932 796)			-	(2 932 796)
<b>Bank credit facilities</b>						
Short-term facility - 20M	20 450 714	-			-	-
		<b>982 410 783</b>			<b>291 532 356</b>	<b>690 878 427</b>

As at 30 June 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	30-06-2021	31-12-2020
Non-current		
1 to 2 years	103 233 057	54 531 907
2 to 3 years	257 009 083	263 446 294
3 to 4 years	88 931 702	100 544 797
4 to 5 years	164 390 035	114 461 463
Above 5 years	89 057 473	164 276 102
	<b>702 621 349</b>	<b>697 260 563</b>
Commissions	(7 954 029)	(6 382 136)
	<b>694 667 320</b>	<b>690 878 427</b>

As at 30 June 2021, the Group had contracted Commercial Paper Programmes, contracted and undisbursed long-term financing as well as available and undrawn credit facilities of Euro 245,450,714 (31 December 2019: Euro 277,950,714).

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

Amounts in Euro	30-06-2021	31-12-2020
Interest-bearing liabilities (Note 5.7)	842,167,225	982,410,783
Cash and cash equivalents (Note 5.9)	(184,092,548)	(302,399,831)
<b>Net interest-bearing debt</b>	<b>658,074,677</b>	<b>680,010,952</b>
Lease liabilities	52,649,248	53,080,919
<b>Net interest-bearing debt with lease liabilities</b>	<b>710,723,925</b>	<b>733,091,871</b>

## 5.7 LEASE LIABILITIES

Amounts in Euro	30-06-2021			31-12-2020		
	Outstanding rents	Interest on liabilities	Present value of liabilities	Outstanding rents	Interest on liabilities	Present value of liabilities
Below 1 year	3,600,627	1,844,894	5,445,521	3,765,081	1,842,736	5,607,817
1 to 2 years	3,112,085	1,707,398	4,819,482	3,370,911	1,702,752	5,073,663
2 to 3 years	2,713,799	1,578,258	4,292,057	2,861,255	1,571,098	4,432,353
3 to 4 years	2,217,381	1,454,844	3,672,225	2,533,056	1,448,561	3,981,617
4 to 5 years	1,448,126	1,344,585	2,792,712	1,689,138	1,333,485	3,022,623
Above 5 years	22,354,106	9,503,686	31,857,792	21,467,905	9,494,941	30,962,846
<b>Present value of liabilities</b>	<b>35,446,125</b>	<b>17,433,665</b>	<b>52,879,790</b>	<b>35,687,346</b>	<b>17,393,573</b>	<b>53,080,919</b>

## 5.8 CASH AND CASH EQUIVALENTS

Amounts in Euro	30-06-2021	31-12-2020
Cash	38,556	37,778
Short-term bank deposits	159,848,838	265,358,163
Other short-term investments	24,205,154	37,003,891
	<b>184,092,548</b>	<b>302,399,831</b>

As at 30 June 2021 and 31 December 2020, the caption 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.

## 5.9 CASH FLOWS FROM FINANCING ACTIVITIES

### Movements in liabilities of the Group's financing activities

Amounts in Euro	30-06-2021	31-12-2020
<b>Balance as at 1 January</b>	<b>982 410 783</b>	<b>877 131 386</b>
Payment of interest-bearing liabilities	(286 597 223)	(133 194 444)
Receipts from interest-bearing liabilities	147 500 000	240 000 000
Repayable grants	(1 240 636)	(1 371 910)
Change in charges for issuing loans	94 301	( 154 248)
<b>Variation in interest-bearing debt</b>	<b>(140 243 558)</b>	<b>105 279 397</b>
<b>Gross interest-bearing debt</b>	<b>842 167 225</b>	<b>982 410 783</b>

## 5.10 FINANCIAL RESULTS

Amounts in Euro	6 months 30-06-2021	6 months 30-06-2020
Interest paid on debt securities and bank debt	(5,769,532)	(4,622,769)
Commissions on loans and expenses with credit facilities	(1,708,030)	(1,705,824)
<b>Interest paid by applying the effective interest method</b>	<b>(7,477,562)</b>	<b>(6,328,593)</b>
Interest paid on lease liabilities	(1,029,669)	(963,751)
<b>Financial expenses related to the Group's capital structure</b>	<b>(8,507,230)</b>	<b>(7,292,344)</b>
Losses on financial instruments - foreign exchange hedging	(612,907)	(799,846)
Losses on financial instruments - interest rate hedging	(2,574,985)	(1,065,803)
Losses on financial instruments - trading	(3,009,272)	(1,187,515)
Accrual for option premiums	-	(860,718)
Other financial expenses and losses	-	(1,261,620)
<b>Financial expenses and losses</b>	<b>(14,704,395)</b>	<b>(12,467,846)</b>
Interest earned on financial assets at amortised cost	655,664	-
Favourable exchange rate differences	3,065,762	454,744
Gains on financial instruments - foreign exchange hedging	-	1,193,387
Gains on compensatory interest	850,587	2,238,354
Other financial income and gains	9,934	314,334
<b>Financial income and gains</b>	<b>4,581,948</b>	<b>4,200,818</b>
<b>Financial results</b>	<b>(10,122,447)</b>	<b>(8,267,028)</b>

Financial results stood at Euro 10,122,447 (30 June 2020: Euro 8,267,028). This worsening, in the amount of Euro 1,855,419, results essentially from the negative variation in compensatory interest (Euro 1,387,767) which, although positive, compares with a very high value in 2020 and, also, with the losses in derivative instruments less accentuated than in 2020.

## 6 INCOME TAX

### 6.1 INCOME TAX FOR THE PERIOD

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

Amounts in Euro	6 months 30-06-2021	6 months 30-06-2020
Current tax	15,310,314	10,229,223
Change in uncertain tax positions	(2,140,291)	(7,829,889)
Deferred tax (Note 6.2)	2,962,440	8,955,806
	<b>16,132,463</b>	<b>11,355,141</b>

As at 30 June 2021, current tax includes Euro 14,446,699 (30 June 2020: Euro 8,257,474) relating to the liability generated in the perimeter of the tax aggregate in Portugal of The Navigator Company, S.A..

As at 30 June 2020 and 2019, the item Change in uncertain tax positions in the period reflects the favourable outcome of some processes regarding 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%
	<b>22.5%</b>	<b>22.5%</b>
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	6 months 30-06-2021	6 months 30-06-2020
<b>Profit before tax</b>	<b>80,554,033</b>	<b>55,391,012</b>
Expected tax at nominal rate (21%)	16,916,347	11,632,113
Municipal surcharge (2021: 1.5%; 2020: 1.70%)	1,207,660	929,924
State surcharge (2021: 3.00%; 2020: 3.53%)	2,451,919	1,957,447
<b>Income tax resulting from the applicable rate</b>	<b>20,575,926</b>	<b>14,519,484</b>
<b>Nominal tax rate for the period</b>	<b>25.54%</b>	<b>26.21%</b>
Differences (a)	(3,477,112)	7,453,636
Excess on income tax estimate	(275,918)	(9,867,025)
Tax benefits	(690,433)	(750,954)
	<b>16,132,463</b>	<b>11,355,141</b>
<b>Effective tax rate</b>	<b>20.03%</b>	<b>20.50%</b>

(a) This amount concerns mainly :

	6 months 30-06-2021	6 months 30-06-2020
Gains / (Losses) for tax purposes	2,523,710	603,484
Gains / (Losses) for accounting purposes	(2,600,911)	(633,799)
Taxable provisions and impairment	(8,909,455)	19,868,615
Tax benefits	(3,028,687)	(1,467,115)
Post-employment benefits	(899,833)	33,674
Other	271,132	8,699,273
	<b>(12,644,045)</b>	<b>27,104,132</b>
<b>Tax impact (27.5%)</b>	<b>(3,477,112)</b>	<b>7,453,636</b>

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

Amounts in Euro	30-06-2021	31-12-2020
<b>Assets</b>		
Corporate income tax (IRC)	-	-
Amounts pending reimbursement (tax proceedings favourable to the Group)	1,579,845	3,482,762
	<b>1,579,845</b>	<b>3,482,762</b>
<b>Liabilities</b>		
Corporate income tax (IRC)	27,483,103	13,012,879
Additional tax liabilities (IRC)	20,453,472	22,898,753
	<b>47,936,575</b>	<b>35,911,632</b>

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

Amounts in Euro	30-06-2021	31-12-2020
Income tax for the period	15,310,314	25,415,652
Payments on account, Special payments on account and Additional payments	(29,695)	(11,094,358)
Withholding tax receivable	(48,970)	(33,315)
Income tax payable/ (recoverable) from prior periods	12,407,029	-
Other receivables/ (payables)	(155,575)	(1,275,100)
	<b>27,483,103</b>	<b>13,012,879</b>

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

Amounts in Euro	30-06-2021	31-12-2020
Income tax paid/ (received) from previous period	-	(30,685,733)
Payments on account, Special payments on account and Additional payments on accounts	29,695	11,094,358
Withholding tax	16,543	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)
<b>Income tax payments/receipts</b>	<b>(2,002,273)</b>	<b>(19,422,440)</b>

### Amounts pending refund

Amounts in Euro	30-06-2021	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
	<b>1 579 845</b>	<b>3 482 762</b>

The movements in the period are detailed as follows:

Amounts in Euro	30-06-2021	31-12-2020
<b>Balance at the beginning of the period</b>	<b>3,482,762</b>	<b>7,198,086</b>
Increases	-	3,157,855
Reversals	(1,902,917)	(6,873,179)
	<b>1,579,845</b>	<b>3,482,762</b>

### Uncertain tax positions - liabilities

Amounts in Euro	30-06-2021	31-12-2020
<b>Balance at the beginning of the period</b>	<b>22,898,753</b>	<b>36,228,728</b>
Increases	3,806,986	4,749,869
Reversals	(6,252,267)	(18,079,844)
<b>Amount recognised in the income statement - (gain) / loss</b>	<b>(2,445,281)</b>	<b>(13,329,975)</b>
	<b>20,453,472</b>	<b>22,898,753</b>

## Taxes paid in litigation

As at 30 June 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	30-06-2021	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
	<b>42,992,358</b>	<b>53,275,899</b>

## 6.2 DEFERRED TAXES

### Movements in deferred taxes

Amounts in Euro	As at 1 January 2021	Income Statement		Equity	Other liabilities	As at 30 June 2021
		Increases	Decreases			
<b>Temporary differences originating deferred tax assets</b>						
Taxed provisions	6,974,025	281,284	-	-	-	7,255,309
Adjustment of property, plant and equipment	71,179,011	6,608,795	(14,419,906)	-	-	63,367,900
Financial instruments	8,879,577	-	-	2,112,255	-	10,991,832
Deferred accounting gains on inter-Group transactions	15,145,588	9,370,055	(1,230,842)	-	-	23,284,801
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
	<b>111,378,969</b>	<b>16,260,134</b>	<b>(17,330,748)</b>	<b>2,672,255</b>	<b>-</b>	<b>112,980,610</b>
<b>Temporary differences originating deferred tax liabilities</b>						
Pensions and post-employment benefits	(224,593)	650,761	-	(906,271)	-	(480,103)
Deferred accounting losses on inter-Group transactions	(9,929,599)	-	(261,997)	-	10,191,596	-
Valuation of biological assets	(23,121,032)	5,389,490	-	-	-	(17,731,542)
Adjustment of property, plant and equipment	(272,907,547)	2,274,850	(18,006,188)	-	-	(288,638,885)
Government grants	(6,406,374)	251,190	-	1,478,899	-	(4,676,285)
	<b>(312,589,145)</b>	<b>8,566,291</b>	<b>(18,268,185)</b>	<b>572,628</b>	<b>10,191,596</b>	<b>(311,526,815)</b>
Deferred tax assets	30,079,993	4,471,537	(4,765,956)	734,870	-	30,520,444
Tax incentives for investment	549,224	-	-	-	-	549,224
<b>Deferred tax assets</b>	<b>30,629,217</b>	<b>4,471,537</b>	<b>(4,765,956)</b>	<b>734,870</b>	<b>-</b>	<b>31,069,668</b>
<b>Deferred tax liabilities</b>	<b>(85,962,014)</b>	<b>2,355,730</b>	<b>(5,023,751)</b>	<b>157,473</b>	<b>2,802,689</b>	<b>(85,669,874)</b>

Amounts in Euro	As at 1 January 2020	Income Statement		Equity	Other liabilities	As at 31 December 2020
		Increases	Decreases			
<b>Temporary differences originating deferred tax assets</b>						
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
	<b>113,052,148</b>	<b>2,354,482</b>	<b>(6,939,263)</b>	<b>914,422</b>	<b>-</b>	<b>109,381,789</b>
<b>Temporary differences originating deferred tax liabilities</b>						
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)
	<b>(292,414,206)</b>	<b>927,467</b>	<b>(20,834,930)</b>	<b>(267,477)</b>	<b>-</b>	<b>(312,589,145)</b>
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
<b>Deferred tax assets</b>	<b>31,638,565</b>	<b>647,483</b>	<b>(1,908,297)</b>	<b>251,466</b>	<b>-</b>	<b>30,629,217</b>
<b>Deferred tax liabilities</b>	<b>(80,413,906)</b>	<b>255,054</b>	<b>(5,729,606)</b>	<b>(73,556)</b>	<b>-</b>	<b>(85,962,014)</b>

As at 30 June 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	6 months 30-06-2021	6 months 30-06-2020
Remuneration of Corporate bodies - fixed	1,670,715	1,900,348
Remuneration of Corporate bodies - variable	953,874	5,070
Other remunerations	51,800,540	49,753,558
Social Security contributions	11,290,731	9,974,318
Post-employment benefits (Note 7.2)	792,935	799,781
Other payroll costs	6,730,644	2,059,324
<b>Payroll costs</b>	<b>73,239,439</b>	<b>64,492,399</b>

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

	30-06-2021	31-12-2020	Var. 21/20
Market pulp	253	258	(5)
UWF	1,792	1,831	(39)
Tissue	384	380	4
Other	740	763	(23)
	<b>3,169</b>	<b>3,232</b>	<b>(63)</b>

Other Payroll costs are detailed as follows during the periods of six months ended in 30 June 2021 and 2020:

Amounts in Euro	6 months 30-06-2021	6 months 30-06-2020
Training	166,191	201,711
Social action	964,848	491,889
Insurance	2,683,100	2,413,186
Contractual termination compensations	2,437,625	(1,457,150)
Other	478,880	409,688
	<b>6,730,644</b>	<b>2,059,324</b>

The increase in social action expenses in the first half of 2021 relates essentially to expenses related to the performance of COVID-19 tests in the Group's factories.

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 June 2021, three Defined Contribution plans were in force covering 2,866 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:

	30-06-2021		31-12-2020	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Past service liabilities				
Active employees, including individual account	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		(182,651,805)		(178,691,062)
<b>Total net liabilities</b>	<b>1,105</b>	<b>8,047,546</b>	<b>1,108</b>	<b>12,562,465</b>

#### Assumptions used in the assessment of liabilities

	30-06-2021	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	182,651,805
<b>Surplus/ (deficit)</b>	<b>(5,090,242)</b>	<b>(7,324,279)</b>	<b>(6,588,076)</b>	<b>(12,562,465)</b>	<b>(8,047,546)</b>

#### 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
	<b>191,253,527</b>	<b>-</b>	<b>22,441</b>	<b>1,176,588</b>	<b>957,990</b>	<b>(2,711,195)</b>	<b>190,699,351</b>
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
	<b>179,880,752</b>	<b>-</b>	<b>67,304</b>	<b>3,098,478</b>	<b>13,875,538</b>	<b>(5,668,545)</b>	<b>191,253,527</b>



## Funds

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

Amounts in Euro	2021	2020
<b>Balance as at 1 January</b>	<b>178,691,062</b>	<b>173,292,676</b>
Charge for the period	1,000,000	-
Expected income for the period	1,097,792	1,492,235
Remeasurement	4,727,529	(5,136,494)
Pensions paid	(2,711,195)	(2,596,185)
Other changes	(153,383)	(153,382)
<b>Balance as at 30 June</b>	<b>182,651,805</b>	<b>166,898,850</b>
Remaining quarters		11,638,829
<b>Balance as at 31 December</b>		<b>178,691,062</b>

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	1,336,221	4,358,496
Schroders	70,952,594	68,356,435
BlackRock	71,565,180	66,399,325
<i>Conta 1</i> - Credit Suisse	38,797,810	39,576,805
<b>Total Defined benefit and <i>Conta 1</i></b>	<b>182,651,805</b>	<b>178,691,062</b>

### Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	30-06-2021	%	31-12-2020	%
<b>Listed securities in active market</b>				
Bonds	112,478,141	61.6%	110,570,981	61.9%
Shares	48,979,494	26.8%	47,196,654	26.4%
Public debt	14,741,494	8.1%	12,142,648	6.8%
Liquidity	5,116,455	2.8%	4,480,780	2.5%
Other short-term investments	1,336,221	0.7%	4,300,000	2.4%
	<b>182,651,805</b>	<b>100%</b>	<b>178,691,062</b>	<b>100%</b>

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

## 7.2.3 Defined Contribution Plan

As at 30 June 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	121	0.55%	8,325,685	128	3.52%	9,063,068
Conventional sub-fund	388	2.32%	19,774,551	391	4.05%	19,684,340
Dynamic sub-fund	688	4.91%	16,400,972	685	4.57%	15,440,179
Aggressive sub-fund	1,669	7.99%	5,677,992	1,612	4.34%	5,163,381
<b>Total Defined contribution</b>	<b>2,866</b>		<b>50,179,200</b>	<b>2,816</b>		<b>49,350,968</b>

## 7.2.4 Expenses incurred with post-employment benefit plans

The effect of these plans in the income statement for the six-month periods ended 31 December 2020 and 2019 was as follows:

Amounts in Euro	6 months 30-06-2021	6 months 30-06-2020
<b>Defined benefit plans</b>		
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	-	-
	<b>101,237</b>	<b>90,647</b>
<b>Defined contribution plan</b>		
Contributions of the period	691,698	709,134
	<b>691,698</b>	<b>709,134</b>
<b>Costs for the period</b>	<b>792,935</b>	<b>799,781</b>

## 7.3 REMUNERATION OF CORPORATE BODIES

Amounts in Euro	6 months 30-06-2021	6 months 30-06-2020
<b>Navigator's corporate bodies</b>		
Board of Directors	1,492,600	1,433,532
Statutory Auditor	-	189,365
Supervisory Board	23,142	23,142
Environmental Impact Council	14,500	14,000
General Meeting	4,000	8,000
	<b>1,534,242</b>	<b>1,668,039</b>
<b>Corporate bodies from other Group companies</b>	<b>136,473</b>	<b>232,310</b>
<b>Total (Note 7.1)</b>	<b>1,670,715</b>	<b>1,900,348</b>

In 2021, the expenses related to the Statutory Audit are recognised under External supplies and services (Note 2.3).

## 8 FINANCIAL INSTRUMENTS

### 8.1 DERIVATIVE FINANCIAL INSTRUMENTS

#### Movements in derivative financial instruments

Amounts in Euro	30-06-2021			31-12-2020		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
<b>Opening balance</b>	<b>3,160,131</b>	<b>(5,336,692)</b>	<b>(2,176,560)</b>	<b>536,035</b>	<b>(4,316,491)</b>	<b>(3,780,456)</b>
New contracts / settlements	(622,979)	2,320,486	1,697,507	623,573	2,982,135	3,605,708
Change in fair value through profit or loss	(3,009,272)	(3,187,892)	(6,197,164)	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)
<b>Closing balance</b>	<b>(472,120)</b>	<b>(8,316,353)</b>	<b>(8,788,473)</b>	<b>3,160,131</b>	<b>(5,336,692)</b>	<b>(2,176,561)</b>

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

30 June 2021 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Hedging						
Hedging (future sales)	177,000,000	USD	2021	-	(1,425,094)	(1,425,094)
Hedging (future sales)	36,000,000	GBP	2021	-	(1,155,297)	(1,155,297)
Interest rate swaps - Bonds	325,000,000	EUR	2026	236,980	(4,319,264)	(4,082,284)
BHKP Pulp	4,560,000	USD	2021	-	(1,653,677)	(1,653,677)
				<b>236,980</b>	<b>(8,553,332)</b>	<b>(8,316,353)</b>
Trading						
Foreign exchange forwards (future sales)	119,481,678	USD	2023	460,806	(918,862)	(458,056)
Foreign exchange forwards (future sales)	5,025,000	GBP	2021	-	(14,361)	(14,361)
Foreign exchange forwards (future sales)	300,000	CHF	2021	297	-	297
				<b>461,103</b>	<b>(933,223)</b>	<b>(472,120)</b>
				<b>698,083</b>	<b>(9,486,555)</b>	<b>(8,788,473)</b>

31 December 2020 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
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)
				<b>831,818</b>	<b>(6,168,511)</b>	<b>(5,336,693)</b>
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 <sub>2</sub> allowances (Note 3.2)	2,545,625	EUR	2021	623,573	-	623,573
				<b>3,187,622</b>	<b>(27,491)</b>	<b>3,160,131</b>
				<b>4,019,440</b>	<b>(6,196,001)</b>	<b>(2,176,562)</b>

#### 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 EUR 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.

## 8.2 FINANCIAL ASSETS AND LIABILITIES

The fair value of financial instruments is classified according to the fair value hierarchy of IFRS 13 - Fair Value Measurement:

<b>Level 1</b>	Based on quotes from active net markets at reporting date
<b>Level 2</b>	Determined using evaluation models, the main inputs of which are observable in the market
<b>Level 3</b>	Determined using evaluation models, the main inputs of which are not observable in the market.

The valuation techniques are described in more detail in the Group's Annual Report and Accounts. The instruments recognised at fair value in the tables below are measured at fair value on a recurring basis.

### 8.2.1 Categories of Group Financial Instruments

The financial instruments included in each item of the consolidated statement of financial position are classified as follows:

	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss (excluding derivatives)	Financial assets at fair value through other comprehensive income	Derivative financial instruments - Hedging	Derivative financial instruments - Trading	Financial assets outside the scope of IFRS 9	Non-financial assets	Total
<b>Amounts in Euro</b>									
<b>30 June 2021</b>									
Non-current receivables	4.2	32,037,236	-	-	-	-	-	-	32,037,236
Current receivables	4.2	173,976,118	-	-	236,980	461,103	-	72,707,174	247,381,375
Cash and cash equivalents	5.9	184,092,548	-	-	-	-	-	-	184,092,548
<b>Total assets</b>		<b>390,105,902</b>	<b>-</b>	<b>-</b>	<b>236,980</b>	<b>461,103</b>	<b>-</b>	<b>72,707,174</b>	<b>463,511,160</b>
<b>31 December 2020</b>									
Non-current receivables	8.3	34,696,105	-	-	-	-	-	-	34,696,105
Current receivables	4.2	142,680,703	-	-	3,187,622	831,818	-	85,072,139	231,772,282
Cash and cash equivalents	5.9	302,399,831	-	-	-	-	-	-	302,399,831
<b>Total assets</b>		<b>479,776,638</b>	<b>-</b>	<b>-</b>	<b>3,187,622</b>	<b>831,818</b>	<b>-</b>	<b>85,072,139</b>	<b>568,868,217</b>

	Note	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss (excluding derivatives)	Derivative financial instruments - Hedging	Derivative financial instruments - Trading	Financial liabilities outside the scope of IFRS 9	Non-financial liabilities	Total
<b>Amounts in Euro</b>								
<b>30 June 2021</b>								
Interest-bearing liabilities	5.7	842,167,225	-	-	-	-	-	842,167,225
Lease liabilities	5.8	-	-	-	-	52,879,790	-	52,879,790
Payables	4.3	368,334,336	-	8,553,332	933,223	-	-	377,820,893
<b>Total liabilities</b>		<b>1,210,501,561</b>	<b>-</b>	<b>8,553,332</b>	<b>933,223</b>	<b>52,879,790</b>	<b>-</b>	<b>1,272,867,908</b>
<b>31 December 2020</b>								
Interest-bearing liabilities	5.7	982,410,783	-	-	-	-	-	982,410,783
Lease liabilities	5.8	-	-	-	-	53,080,919	-	53,080,919
Payables	4.3	327,534,553	-	6,168,511	27,491	-	153,372	333,883,927
<b>Total liabilities</b>		<b>1,309,945,336</b>	<b>-</b>	<b>6,168,511</b>	<b>27,491</b>	<b>53,080,919</b>	<b>153,372</b>	<b>1,369,375,629</b>

### 8.2.2 Fair value of financial assets and liabilities

#### Financial assets and liabilities measured at fair value

Amounts in Euro	30-06-2021			31-12-2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss						
Trading derivatives	-	461,103	-	-	3,187,622	-
Hedging financial instruments	-	236,980	-	-	831,818	-
Assets measured at fair value						
Biological assets	-	-	143,537,030	-	-	148,584,452
<b>Total assets</b>	<b>-</b>	<b>698,083</b>	<b>143,537,030</b>	<b>-</b>	<b>4,019,440</b>	<b>148,584,452</b>
Financial liabilities at fair value through profit or loss						
Trading derivatives	-	(933,223)	-	-	(27,491)	-
Hedging financial instruments	-	(8,553,332)	-	-	(6,168,511)	-
<b>Total liabilities</b>	<b>-</b>	<b>(9,486,555)</b>	<b>-</b>	<b>-</b>	<b>(6,196,001)</b>	<b>-</b>

## Reconciliation of level 3 fair value measurement of financial assets and liabilities

Amounts in Euro	30-06-2021	31-12-2020
<b>Financial assets</b>		
<b>Balance as at 1 January</b>	<b>148,584,452</b>	<b>131,769,841</b>
Gains / (Losses) recognised in the Income statement	(5,047,422)	16,814,611
Gains / (Losses) recognised in Other comprehensive income	-	-
<b>Closing balance</b>	<b>143,537,030</b>	<b>148,584,452</b>

### Level 3 financial assets

At the end of the period, Level 3 financial assets relate to the Group's biological assets, for which the valuation method is described in more detail in the Group's Annual Report and Accounts.

The Group considers the discount rate used in Portugal and the forward price of wood as the most significant variables. The discount rate of 3.07% (Note 3.8) used in the valuation model is determined using the weighted average cost of capital method.

Changes in the assumptions may imply the appreciation/depreciation of these assets:

	30-06-2021	31-12-2020
<b>1) Increase by 0.5% in the discount rate in Portugal</b>		
Devaluation of forest assets in Portugal	7,996,000	7,039,798
<b>2) Decrease of 3% in the forward price</b>		
Devaluation of forest assets in Portugal	8,695,000	11,335,171

## 9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

### 9.1 PROVISIONS

#### Movements in provisions

Amounts in Euro	Legal proceedings	Other	Total
<b>1 January 2020</b>	<b>5,506,894</b>	<b>14,441,452</b>	<b>19,948,347</b>
Increases	1,664,075	333,233	1,997,308
Reversals	(90,033)	-	(90,033)
<b>Impact in profit or loss for the period</b>	<b>1,574,042</b>	<b>333,233</b>	<b>1,907,275</b>
Exchange rate adjustment	(145,371)	-	(145,371)
Other transfers and adjustments	-	838,265	838,265
<b>30 June 2020</b>	<b>6,935,564</b>	<b>15,612,950</b>	<b>22,548,515</b>
Increases	502,623	2,789,227	3,291,850
Reversals	(2,888,836)	-	(2,888,836)
<b>Impact in profit or loss for the period</b>	<b>(2,386,213)</b>	<b>2,789,227</b>	<b>403,014</b>
Exchange rate adjustment	118,754	-	118,754
Other transfers and adjustments	-	339,051	339,051
<b>31 December 2020</b>	<b>4,668,105</b>	<b>18,741,229</b>	<b>23,409,335</b>
Increases	716,191	-	716,191
Reversals	(348,445)	(107,837)	(456,282)
<b>Impact in profit or loss for the period</b>	<b>367,746</b>	<b>(107,837)</b>	<b>259,909</b>
Other transfers and adjustments	(16,250)	-	(16,250)
<b>30 June 2021</b>	<b>5,019,601</b>	<b>18,633,392</b>	<b>23,652,994</b>

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

## 9.2 COMMITMENTS

### Guarantees provided to third parties

Amounts in Euro	30-06-2021	31-12-2020
<b>Garantees provided</b>		
Navigator guarantees for EIB loans	55,063,354	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
	<b>66,480,409</b>	<b>82,100,072</b>

### Purchase commitments

Amounts in Euro	30-06-2021	31-12-2020
<b>Purchase commitments</b>		
Property, plant and equipment - Manufacturing equipment	30,645,799	9,367,666
Wood		
Commitments to acquisitions in the subsequent period	115,500,000	191,698,539
Commitments to long-term acquisitions	164,500,000	79,200,000
	<b>310,645,799</b>	<b>280,266,205</b>

### Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 158 million, of which Euro 25 million have already been invested in 2020.

## 9.3 CONTINGENT ASSETS AND LIABILITIES

### PUBLIC DEBT SETTLEMENT FUND

According to Decree-Law no. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatisation date (in the case of The Navigator Company, 25 November 2006) are the responsibility of the Public Debt Settlement Fund (FRDP). The Navigator Company submitted an application to the FRDP on 16 April 2008, requesting the payment of the tax debts until then settled by the Tax Authorities. On 13 December 2010, the Company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and uncontested relating to those same debts, as well as with the expenses directly related thereto, pursuant to the ruling dated 24 May 2011 (Case no. 0993A/02), which confirmed the Company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. has made an extra-judicial agreement with the Tax Authorities, in which it was acknowledged the FRDP's responsibility for refunding the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) unduly paid, resulting from the alleged qualification/incorrect consideration, by the Tax Authorities, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote the reimbursement to Navigator of the mentioned amount.

In this context, FRDP is liable for Euro 22,140,855, detailed as follows:

Amounts in Euro	Period	Requested amounts	Decrease through a payment under the RERD	Tax proceedings favourable to the Group	Outstanding amounts
<b>Cases decided</b>					
Corporate income tax (IRC)	2002	18,923	-	-	18,923
Corporate income tax (withhold)	2004	3,324	-	-	3,324
Corporate income tax (IRC)	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		<b>1,103,599</b>	<b>-</b>	<b>(139,023)</b>	<b>964,576</b>
<b>Cases not decided</b>					
Corporate income tax (IRC)	2005	11,754,680	(1,360,294)	-	10,394,386
Corporate income tax (IRC)	2006	11,890,071	(1,108,178)	-	10,781,893
		<b>23,644,751</b>	<b>(2,468,472)</b>	<b>-</b>	<b>21,176,279</b>
		<b>24,748,350</b>	<b>(2,468,472)</b>	<b>(139,023)</b>	<b>22,140,855</b>

Regarding the aggregate corporate income tax proceedings of 2005 and 2006, if Courts come to a decision in favour of Navigator Group, the Group will withdraw the request made to FRDP.

#### Public Debt Settlement Fund - proceeding no. 774/11.3 BEALM

Additionally, a new petition was filed in the Administrative Court of Almada on 11 October 2011, which called for the refund of various amounts, amounting to Euro 136,243,949. These amounts regard adjustments in the financial statements of the Group after its privatisation that had not been considered in formulating the price of its privatisation as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014, the Court denied the Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014, the Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the partial expert report was issued on July 2017, being required either by The Navigator Company, S.A. either by the Ministry of Finance, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

Following claims filed by Navigator on 11 September 2017 and 15 January 2019, the experts submitted redrafted Expert Reports on 27 December 2018 and 19 March 2019, respectively.

The trial hearing sessions took place between May and June 2019, with the parties filing closing arguments in September 2019 and now awaiting the Court's decision.

#### Infrastructure enhancement and maintenance fee

Under the licensing proceeding no. 408/04 related to the new Setúbal's paper mill project, the Setúbal City Council issued a settlement note to Navigator regarding an infrastructure enhancement and maintenance fee (TMUE) amounting to Euro 1,199,560, with which the Company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. The Navigator disagrees with the amount charged and filled an administrative claim against it on 25 February 2008 (request No. 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. On 3 October 2012, this claim had an adverse decision, and in 13 November 2012, Navigator appealed. This lawsuit is awaiting the decision of TCA since 4 July 2013.

## 10 GROUP STRUCTURE

### 10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

#### 10.1.1 Navigator Group subsidiaries

Company	Head Office	Share equity owned			Total	Main business activity
		30-06-2021	Indirect	Total		
<b>Parent Company:</b>						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
<b>Subsidiaries:</b>						
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 forestry activity
Raiz Ventures , SA	Portugal	-	97.00	97.00	97.00	Promotion of business units directly or indirectly related to research, development and innovation activities in the field of forest-based bioeconomy
About the Future - Essencial Oils, SA	Portugal	-	97.00	97.00	97.00	Production, rectification and wholesale of essential oils
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	100.00	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	100.00	Production of pulp and rendering of administration, management and internal advisory services
Ena Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	74.20	74.20	74.20	
Ena Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.20	80.20	80.20	Rendering of industrial maintenance services
Ena 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 Rodão , S.A.	Portugal	-	100.00	100.00	100.00	Tissue paper production
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
EucallptusLand, S.A.	Portugal	-	100.00	100.00	100.00	Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	100.00	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	100.00	Management of hunting resources
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80	Rendering of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00	Production of plants in nurseries
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	100.00	Rendering of services within the scope of forestry activity and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00	Wood, biomass and forestry trade
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00	Wood, biomass and forestry trade
Navigator Paper Setúbal , S.A.	Portugal	100.00	-	100.00	100.00	Paper and energy production
Navigator North America Inc.	USA	-	100.00	100.00	100.00	Sale of paper
Navigator 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
		30-06-2021			31-12-2020	
		Direct	Indirect	Total	Total	
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchases of materials, consumables and services used in the pulp and paper production processes

## 10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the six-month period ended 30 June 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

Amounts in Euro	30-06-2021			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 5.8)
<b>Shareholders (Note 5.2)</b>						
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	7,470,630	-	-	7,001,046	-
<b>Other subsidiaries of the Semapa Group</b>						
Secil - Companhia Geral Cal e Cimento, S.A.	-	79,311	-	443,648	35,503	-
Secil Britas, S.A.	-	66,041	-	-	86,954	-
Secil Prebetão, S.A.	-	5,475	-	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	16,601	-	-	23,682	-
Unibetão, S.A.	-	11,643	-	-	66,595	-
<b>Other related parties</b>						
Sonagi Imobiliária, S.A.	-	-	-	-	-	188,841
Hotel Ritz, S.A.	-	4,410	-	-	3,654	-
	-	<b>7,654,111</b>	-	<b>443,649</b>	<b>7,217,434</b>	<b>188,841</b>

### Transactions with related parties

Amounts in Euro	6 months 30-06-2021			6 months 30-06-2020			
	Purchase of goods and services	Sales and services rendered	Other operating expenses	Purchase of goods and services	Sales and services rendered	Other operating expenses	Financial (expenses)/ income
<b>Shareholders (Note 5.2)</b>							
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	5,052,517	-	-	4,535,950	-	9,217	-
	<b>5,052,517</b>	-	-	<b>4,535,950</b>	-	<b>9,217</b>	-
<b>Other subsidiaries of the Semapa Group</b>							
Secil - Companhia Geral Cal e Cimento, S.A.	61,694	15,750	-	33,071	12,000	-	-
Secil Britas, S.A.	155,089	-	-	23,188	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	8,695	-	-	23,587	-	-	-
Unibetão, S.A.	5,745	-	-	104,125	-	-	-
	<b>231,223</b>	<b>15,750</b>	-	<b>183,971</b>	<b>12,000</b>	-	-
<b>Other related parties</b>							
Sonagi Imobiliária, S.A.	-	-	-	-	-	-	(665)
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	-	-	-	(55,274)
Hotel Ritz, S.A.	8,884	-	-	570	-	-	-
	<b>8,884</b>	-	-	<b>570</b>	-	-	<b>(55,939)</b>
	<b>5,292,624</b>	<b>15,750</b>	-	<b>4,720,491</b>	<b>12,000</b>	<b>9,217</b>	<b>(55,939)</b>

On 1 February 2013, a contract to render administrative and management services was signed between Semapa – Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.4% 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 the Semapa SGPS, S.A. 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 five-year periods, for the lease of an office building located in Lisbon, at Avenida Fontes Pereira de Melo. Since the Company was sold to a third party, it is no longer considered a related party in 2020.

Within the identification of the Navigator Company Group's related parties, for financial reporting purposes, 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 Moraes 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



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## LIMITED REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

### Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A. (the Group)**, which comprise the interim condensed consolidated statement of financial position as of 30 June 2021 (that presents a total of Euro 2,427,812,938 and total equity attributable to the shareholders of Euro 989,352,711, including a consolidated net profit attributable to the shareholders of Euro 64,417,118), the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these interim condensed consolidated financial statements.

### Management's responsibilities

Management is responsible for the preparation of this interim condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibilities

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements. Our work was performed in accordance with the international standards on review engagements and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of interim condensed consolidated financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained. The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.



## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A.** on 30 June 2021, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

28 September 2021

SIGNED IN THE ORIGINAL

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**KPMG & Associados -**

**Sociedade de Revisores Oficiais de Contas, S.A.**

(registered at CMVM under the nr. 20161489 and at OROC under the nr. 189)  
represented by

Paulo Alexandre Martins Quintas Paixão (ROC n.º 1427)