

'22

First 9 Months
Report

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A BIOINDUSTRY ON THE RIGHT SIDE OF THE FUTURE



The Navigator Company, S.A.
Public Limited Company

Share Capital
500 000 000 Eur

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

Headquarters
Península
de Mitrena,
Freguesia
do Sado
- Setúbal



THE
NAVIGATOR
COMPANY

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1. PERFORMANCE IN 3rd QUARTER 2022 AND FIRST 9 MONTHS OF 2022

The rapid changes in the macroeconomic and geopolitical situation in Europe triggered by Russia's invasion of Ukraine led to increased global uncertainty and insecurity over the first nine months of 2022. Energy, logistics and commodities costs, which were already at all-time high levels at the beginning of 2022, given the cost inflation verified since the second half of 2021, substantially increased.

In the third quarter, the energy crisis grew more acute. Interruptions to the supply of Russian gas to Europe, together with the warm, dry summer, led to a sharp rise in natural gas prices in Europe, taking the relevant benchmark index to all-time highs in August. At the same time, intervention by the Central Banks confirmed their intention to keep interest rates on an upwards course as to contain high levels of inflation, rocking confidence across the economy.

In this context, Navigator, as an integrated Forestry, Pulp, Paper, Tissue, Packaging and Energy producer, was able to exploit the flexibility of its business model, supported by the rapid response and expertise of all Navigator teams, who successfully anticipated the sharp rise in costs. In particular, implemented measures to ensure the reduction of fixed and variable costs, stepped up programmes to manage energy and boost the efficiency of its operations. This took the form of a significant reduction in specific consumption in several industrial areas: in Pulp production, with a reduction in specific consumption of natural gas, in paper production, with a reduction in specific consumption of fibre, and in Tissue production, with a reduction in specific consumption of electricity. Thanks to a responsible policy of price adjustment and an effective differentiation strategy, based on boosting sales of premium products and its own prestigious and internationally respected brands, the Company succeeded in decisively offsetting the verified increase in its costs.

These differentiation factors enabled Navigator to record strong performance in this environment of intense turbulence on the markets.

Analysis: 3rd Quarter 2022 vs. 2nd Quarter 2022 and vs. 3rd Quarter 2021

- The dynamics of the paper market over the third quarter were again impacted by the continued war in Europe and the consequent growth of uncertainty and fears of disruption in the various supply chains upstream and downstream of our business;
- The 3rd quarter again saw growth in pulp prices, with the benchmark index rising 20% in USD and 41% in Euros in relation to average prices in the 3rd quarter of 2021, and up 9% in USD and 16% in Euros in relation to the 2nd quarter of 2022;
- Leveraged by the pulp price index, the higher costs across the board for energy, logistics and commodities, and also a continuing mismatch between supply and demand, the index for paper prices in Europe rose sharply in the 3rd quarter of 2022, in comparison with both the average price in the 3rd quarter of 2021 (up +52%), and also in the previous quarter (up +7%);
- The volume of paper sales was close to 400 thousand tons, down by close to 2% in relation to the second quarter and up by 5% on the same period in the previous year;
- The volume of pulp sales totalled 53 thousand tons, down by 26% on the 2nd quarter, and by 3% vs 3rd quarter of 2021, essentially because of the need to replenish pulp stocks to minimum service levels and also increased incorporation of pulp into paper, above all in the previous quarter;
- The volume of Tissue sales stood at approximately 27 thousand tons, up by close to 8% in relation to the preceding quarter, benefiting from an upturn in tourism and the seasonal effect of strong summer sales, and up by 3% on the same quarter in 2021;
- EBITDA stood at € 207.4 million (down 7% on the 2nd quarter and up 117% on the 3rd quarter of 2021) and the EBITDA/sales margin at 30.5% (down 3.8 p.p. on the 2nd quarter and up 6.9 p.p. on the 3rd quarter of 2021);

- Free Cash Flow for the quarter was € 148.2 million (compared to € 97.3 million in the previous quarter and € 61.2 million in the 3rd quarter of 2021);
- Net income totalled € 108.6 million, as compared to € 111.3 million in the previous quarter and € 49.8 million in the same quarter last year;
- Also in this quarter, Navigator recently received the approval from the Science Based Targets Initiative (SBTi) of its targets for reducing greenhouse gas (GHG) emissions.

Analysis of first 9 months 2022 vs. first 9 months 2021

- Turnover totalled € 1,822.5 million, up 62.8% on the same quarter in 2021, on the strength of favourable price increases;
- It should be noted that 95% of the sales volume in tons of UWF was on foreign markets; nonetheless, sales on the home market were up by around 8%, in response to the paper shortage experienced in the country, although price rises were more contained;
- The Company achieved EBITDA of € 551.9 million, as compared to € 246.0 million in the same period in the previous year, and a margin over sales of 30.3% (up 8.3 p.p. on the same period in 2021), benefiting from improved efficiency and favourable evolution of sales prices on international markets;
- Net income in the period totalled € 270.5 million, as compared with € 114.2 million recorded in the same period in 2021;
- Net debt has fallen significantly in relation to year-end 2021, despite the payment of € 100 million in dividends during the first half, improving the Net Debt / EBITDA ratio to 0.56 x.

2. LEADING INDICATORS

Million euros	9M 2022	9M 2021	9M 22/ 9M 21 ⁽⁸⁾
Total Sales	1,822.5	1,119.7	62.8%
EBITDA ⁽¹⁾	551.9	246.0	124.4%
Operating Profits (EBIT)	437.9	156.8	179.3%
Financial Results	-60.1	-12.7	-371.9%
Net Earnings	270.5	114.2	136.7%
Cash Flow	384.5	203.5	181.0
Free Cash Flow ⁽²⁾	322.4	182.7	139.7
Capex	64.6	51.8	12.8
Net Debt ⁽³⁾	372.5	596.9	- 224.4
EBITDA/Sales	30.3%	22.0%	8.3 pp
ROS	14.8%	10.2%	4.6 pp
ROCE ⁽⁴⁾	35.8%	12.5%	23.3 pp
ROE ⁽⁵⁾	31.4%	14.8%	16.6 pp
Equity Ratio	43.3%	42.0%	1.4 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.56	1.86	-1.30

Million euros	Q3 2022	Q2 2022	Q3 22/Q2 22 ⁽⁸⁾	Q3 2021	Q3 22/ Q3 21 ⁽⁸⁾
Total sales	680.4	649.8	4.7%	404.9	68.0%
EBITDA ⁽¹⁾	207.4	223.0	-7.0%	95.5	117.1%
Operating profits	165.0	183.6	-10.1%	66.1	149.6%
Financial results	- 15.1	- 40.4	62.7%	- 2.6	-475.4%
Net earnings	108.6	111.3	-2.4%	49.8	117.9%
Cash flow	150.9	150.7	0.2	79.3	71.7
Free Cash Flow ⁽²⁾	148.2	97.3	50.9	61.2	87.0
Capex	30.3	19.6	10.7	19.0	11.3
Net Debt ⁽³⁾	372.5	520.6	- 148.2	596.9	- 224.4
				0.0	
EBITDA/Sales (%)	30.5%	34.3%	-3.8 pp	23.6%	6.9 pp
ROS	16.0%	17.1%	-1.2 pp	12.3%	3.7 pp
ROCE ⁽⁴⁾	40.4%	44.5%	-4.1 pp	15.8%	24.6 pp
ROE ⁽⁵⁾	37.8%	40.8%	-2.9 pp	19.3%	18.5 pp
Equity ratio	43.3%	40.6%	2.8 pp	42.0%	1.4 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.56	0.95	-0.38	1.86	-1.30

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. $ROCE = \text{Annualised operating income} / \text{Average Capital employed } (N + (N-1))/2$

5. $ROE = \text{Annualised net income} / \text{Average Shareholders' Funds last -1 months}$

6. $(\text{Interest-bearing liabilities} - \text{liquid assets}) / \text{EBITDA}$ corresponding to last 12 months

7. Impact of IFRS 16: Net Debt / EBITDA at 30/09/2022 of 0.83; Net Debt / EBITDA at 30/09/2021: 2.02;

8. Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

Navigator recorded a turnover in the period of € 1,822.5 million, with paper sales accounting for around 73% of the total (in line with the previous period), pulp sales 9% (vs. 10%), tissue sales 8% (vs. 9%) and energy sales 10% (vs. 8%).

Pulp prices at historically high levels

The benchmark index for hardwood pulp in Europe – PIX BHKP in euros – was up by 42% in September in relation to the start of the year, at 1,428 €/ton, with an increase of approximately 45% in average prices in the first 9 months of 2022 vs. 9 months of 2021, an all-time high level. It may also be noted that the increase in the pulp price was more significant in euros than in dollars, due to the strong appreciation of the dollar against the euro over the period. The benchmark index in China for hardwood pulp rose by 50% from the start of the year to the end of September, to the historically high level of 862 USD/t, in line with the peak prices recorded in 2010.

This surge in prices has continued to be driven by a severe mismatch between Supply and Demand. Several factors are contributing to this imbalance: in Northern Europe, the prolonged strike over the first four months of the year removed more than half a million tons from the pulp market; delays in the ramp-up of pulp investments in Latin America; Russia's invasion of Ukraine and the consequent embargo on wood imports from Russia has drastically reduced the availability of imported birch in Northern Europe (this is estimated to affect around 1 million tons of annual output of birch pulp); at the same time, persistent logistical constraints continue to hamper the availability of market pulp.

In addition, pulp exports from Russia were limited by operational constraints in the country due to the embargo on imports of raw and subsidiary materials and of spare parts and equipment to this country.

This quarter also saw unplanned shutdowns due to environmental issues (drought), fires and logistical problems (road and maritime transport), in particular in Indonesia and Canada, with an impact on the availability of pulp.

At the end of the quarter, global levels of pulp stocks were balanced or low throughout the value chain (producers, ports and consumers), especially in the case of short fibre (hardwood).

Navigator started 2022 with a relatively low level of pulp stocks. Combined with significantly increased incorporation of pulp into paper, this limited the amount of pulp available for sale over the period. Sales accordingly stood at 203 thousand tons, reflecting a reduction of 2.0% in relation to the same period in 2021. Rising pulp prices over the past 12 months have enabled Navigator to offset the reduction in volumes in relation to the same period in 2021, with turnover in this business reflecting an increase of 42.3%.

Paper market dynamics constrained by reduction in available supplies

Global demand for printing and writing papers fell by 1.2% (YtD August), with UWF paper recording growth of 0.7% and coated papers growing by 0.5%; papers produced from mechanical pulp saw demand fall by 8%.

In Europe, apparent demand for UWF paper during the third quarter fell by 4%, leading to accumulated demand up to September down by 5.4% on the same period in 2021. This drop in apparent demand results from the calculation model (based on deliveries by producers), reflecting unsatisfied latent demand which could be seen in lower stock levels in the chain over the early months of the year and booming order books at producers.

In the United States, demand for UWF paper grew over the first 8 months of 2022 by 2.7%, whilst in other global regions, demand dropped by 1.7%.

The printing and writing papers industry is therefore enjoying unprecedented upturn in fortunes. Fears of a substantial downturn in UWF demand in the wake of the pandemic prompted producers in Europe and the US to bring forward capacity closures and reconversions, which in combination with logistical issues and rising energy costs severely curtailed supplies, especially in these regions. However, post-pandemic demand recovered more strongly than expected and so the producers not affected by those decisions are now operating at full capacity and with order books at all-time high levels.

In Europe, we have witnessed very significant reduction in capacity (down 12% YoY, above all as the result of closure of a Scandinavian mill at the end of Q3 2021 and the conversion of a French mill to packaging in the 1st quarter of this year). We may also point to the strike in Northern Europe, which continued during the first sixteen weeks of 2022. In addition, the volume of imports has been pushed down to lower-than-normal levels by the current logistical difficulties. Therefore, if we consider the reduction in capacity, and consequently the reduction in output and deliveries, we estimate that, without these effects, apparent demand for UWF paper in Europe would have performed in line with recent past in the course of this year.

More recently, the sharp rise in costs, and especially those for energy, which in the third quarter rose to all-time high levels, is forcing some companies, mainly non-integrated, to close temporarily or reduce operations, as they are unable to pass on the higher costs in their prices. This fact has accentuated the mismatch between supply and demand.

Paper supplies were consequently scarce in Europe over the first nine months of the year, and this was not limited to UWF paper. Most printing papers - where production capacity has been significantly cut in the past 3 years, and also as a result of the aforementioned strike - likewise experienced a shortfall in supply. This imbalance, combined with a sharp upturn in production costs (affecting fibre, chemicals, energy and

packaging materials) and logistical costs (due to rising costs and scarcity of resources), helped to push up prices in general for all printing papers.

Capacity utilisation rates rose in 2022 in relation to the previous year. In Europe, this happened in practically all paper grades and in the US it was also observed across the board. In the specific case of uncoated woodfree paper, capacity utilisation rates were above 90%, both in Europe and the US.

The benchmark index for office paper in Europe stood at 1,327 € /ton at the end of September, up by 351 €/t (+36%) from its level at the start of the year (976 €/ton). It should be stressed that Navigator has once again endeavoured to implement a responsible pricing policy that nonetheless enables it to protect its margins, by anticipating the impacts of continued higher costs.

In this context, Navigator has maintained its order book at historically high levels, reflecting the sharp drop in available supply in the main regions where it operates. In Europe there may be scope for further temporary or permanent capacity reductions in line with strategic decisions and/or due to profitability issues caused by the sharp increase in variable costs that hit the sector, namely via the exponential rise in energy costs.

Navigator's UWF sales totalled 1.1 thousand tons in the first nine months, up by 4.9% YoY, reflecting significant efforts on the part of the Company to serve its clients' growing needs in a context of tight supply and severe logistical constraints. The value of sales was driven by rising prices internationally, with which Navigator kept pace. Sales in value were therefore up by around 65% on the same period in 2021.

It may be noted that 95% of the UWF sales in tons were on foreign markets. The internal market, although accounting for only 5%, saw volumes sold up by 8% in relation to the same period in 2021, in view of the severe shortage that has been felt, although price rises have been more contained. Navigator also succeeded in enriching its product mix over the period, achieving record levels of sales of premium products and mill brands.

With the growing inflow of orders and limitations on supply, combined with substantial increases in maritime freights, YoY price rises in markets outside Europe were around two thirds higher than those on European markets. At the same time, in the Iberian Peninsula, prices rose much more slowly than elsewhere in Europe, and Portugal today has some of the lowest paper prices in the world.

From Fossil to Forest – investment in sustainability and innovation through packaging

The Packaging sector continues to raise favourable expectations, with a growing customer base and recognition of the quality of our products, which will strengthen the gKraft brand. Our products are being used by high profile brands in sectors ranging from fashion to food retail, e-commerce, manufacturing and farming.

This quarter brought a slight slowdown in demand, caused by summer seasonal factors and also a sense of an impending global downturn, driven by the current context of high inflation and questions about how economies will perform, leading to a slight drop in business. The packaging sector nonetheless achieved sales of more than € 70 million, to producers of bags, flexible packaging and corrugated cardboard. In this last segment, our focus was mainly on higher value-added niches, such as boxes for use in the food sector or packaging that requires better printing quality and certified food contact guarantees. In these products, recycled fibre is not suitable nor valued, due to food safety issues.

The gKraft brand continues to base its growth strategy on higher value-added products, gradually asserting its differentiation and sustainable claims, based largely on the raw materials (above all, in fibre from *Eucalyptus Globulus*), product design (product specifications that excel in surface characteristics, printing quality, lower grammage with advantages for packers and consumers and irreproachable physical performance in processing and end use).

In this endeavour to meet the most stringent market requirements, Navigator is continuing with steps to adapt its facilities and its production development plan, expanding its ranges to include low-grammage products, aimed above all at flexible packaging applications for the food sector, and high-grammage products (solid cardboard, in particular), for production of packaging for the food, cosmetics and perfume sectors, and heavy-duty boxes.

With crucial support from RAIZ, its forestry and paper research institute, Navigator is preparing in the upcoming quarters to start its first industrial tests on products "equipped" with what are called sustainable functional barriers, pursuing the goal of providing more solutions to substitute packaging made from fossil-sourced plastics with other more sustainable materials.

Recognition of this endeavour has been reflected by increasingly spontaneous and growing use by Navigator customers of the gKraft logo, with the claim "From Fossil to Forest, by The Navigator Company".

In essence, this quality seal offers end consumers, who are increasingly aware of the importance of Sustainability, a unique assurance that the product they are using is a natural, recyclable and biodegradable solution, and helps to sequester carbon, produce oxygen, protect biodiversity, fertilise the soil and combat climate change.

Tissue business continues to perform strongly

The first nine months of 2022 were marked by inflation in the company's different cost factors (energy, logistics, chemicals and pulp), requiring it to implement price increases. In this difficult environment, Navigator raised its prices in line with the sector.

In this business sector, Navigator has continued to adopt a prudent management of its variable and fixed costs in order to counteract the negative impacts of rising costs, as well as several measures to boost efficiency, by reducing specific electricity consumption, using enzymes and thus optimising energy refinery.

The volume of tissue sales stood at approximately 77 thousand tons, down by close to 1% in relation to the same period in 2021. This YoY drop was due essentially to slower sales of reels to non-integrated producers, whilst finished products grew by 3%. Growth was supported above all by sales in the Consumer segment, where exports increased, but also by the Away from Home segment, with the gradual upturn in tourism bringing fresh energy to the Horeca channel, boosted in the summer by strong seasonal factors. Higher prices drove up the value of sales, which grew by approximately 35% in relation to the same period in the previous year, as well as a growth of circa 14% vs the last quarter and around 47% vs the third quarter of 2021.

Power Output of 1,330 Gwh

Since January this year, the group's renewable cogeneration plants have been selling their power output at market prices (OMIE).

In the first nine months of this year, electricity sales totalled approximately € 195 million, representing an increase of 106% in relation to the same period in the previous year. A contributory factor to this significant increase was the price in the Iberian electricity market (OMIE), which is used as a benchmark for sales and recorded an average figure of approximately 188 €/MWh. Sale at market prices enabled Navigator to offset in part the higher prices paid for the component of power purchases not yet fixed, under a futures contract, for the period.

The Group's two biomass power stations also recorded successful performance, with sales in the period of around € 18 million, up by 13% on the same period in the previous year.

4. OPERATING DATA

	(in 000 tonnes)	9M 2021	9M 2022	9M 21/ 9M 22
Pulp	BEKP Output	1,074	1,146	6.8%
	FOEX – BHKP Euros/tonnes	824	1,192	44.7%
	FOEX – BHKP USD/tonnes	983	1,261	28.3%

	(in 000 tonnes)	9M 2021	9M 2022	9M 21/ 9M 22
Paper	UWF Output	1,074	1,154	7.4%
	FOEX – A4- BCopy Euros/tonnes	824	1,172	42.3%

	(in 000 tonnes)	9M 2021	9M 2022	9M 21/ 9M 22
Tissue	Reels Output	83	85	2.6%

	(in GWh)	9M 2021	9M 2022	9M 21/ 9M 22
Energy	Production*	1,289	1,330	3.2%

* net output

EBITDA: Focus on operational efficiency and favourable evolution of prices offset steep increase in costs, resulting in EBITDA of € 552 million

Over the period, production costs increased by more than 35% compared with the same period last year, penalised essentially by the rising cost of wood, because of the supply mix, and also by higher costs for external fibre, energy and chemicals.

Logistical costs also worsened substantially, up by close to 43% YoY; logistical constraints are still being experienced and are affecting the economy. Although we are starting to see a global reduction in logistical freights, especially in routes from Asia to Europe, Navigator's main logistical routes continue to be affected by a high level of prices, namely in overland transport in Europe and on European and Mediterranean maritime routes. The continued squeeze on logistical resources between Portugal and the United States has also affected the level of prices.

The increase of close to € 22 million in personnel costs was in line with Navigator's strong performance in the period, which will allow it to increase bonus payments to staff and step up the rejuvenation programme. Total fixed costs ended the quarter 16% higher than in the same period last year, due essentially to personnel costs, for the reasons explained, and the increase in running costs involved in scaling up operations in the post-pandemic context, in line with expectations.

In this environment, the favourable international situation as regards prices and the drive to improve productivity and efficiency allowed to offset the much higher costs for the factors of production and to achieve EBITDA for the period of € 552 million. The EBITDA / Sales margin was 30.3% (up +8.3 p.p. on the same period in 2021). To note that the net positive impact of the exchange rate on EBITDA of approximately

€ 50 million, with an average EUR/USD rate in the first nine months of 2022 of 1.06, as compared to 1.20 in the first nine months of 2021.

Non-recurrent costs with impact of € 40 million on financial results

Financial results stood at € -60.1 million (compared to € -12.7 million). This additional financial loss of close to € 47 million is essentially explained by the impact of non-recurrent items (€ 40 million), an increase of approximately € 6 million comparing to Q2, part of that amount previously stated under equity have been reclassified this quarter under income. Without these non-recurrent impacts, the negative financial result would have stood at € -20.2 million.

The evolution of current financial results reflected essentially the reduction in compensatory interest (€ -3.3 million) and net foreign exchange income (€ -2.6 million). There was however an improvement in the cost of financing operations (€ 0.4 million), above all in relation to interest as a result of the reduction in the volume of interest-bearing debt in relation to the same period in the previous year.

Free Cash Flow Generation of € 332 million

Free cash flow generation stood at € 322.4 million (up from € 182.7 million), reflecting the highly favourable operating environment, in particular as regards sales and prices.

The value of working capital has held relatively steady. There was a significant increase in the value of inventories (via price increases) and customer accounts (in line with rapidly expanding business), but the tendency for growth in working capital that might follow from this was contained by pursuing a suppliers management policy that promotes liquidity generation. In implementing this policy, additional care was taken to ensure solutions are made available to support the liquidity of our partners.

Net debt cut to € 372 million

Net debt has fallen significantly in relation to year-end 2021, despite the payment of € 100 million in dividends during the first half. Thanks to the improvement in operational performance, the Net Debt/EBITDA ratio (0.6 x) is on a downwards course, further consolidating the position of financial strength enjoyed by the Group.

It is worth noting that more than 90% of gross borrowing is flat rate or has a rate fixed by an interest rate hedge, meaning that borrowing is almost entirely immune to the upward course of interest rates. Also significant is the fact that close to 40% of total debt has been issued on a sustainable basis.

Capex of € 65 million

Capital expenditure over the period totalled close to € 65 million (up from € 52 million), of which close to € 26.6 million relates to investment classified as Environmental, accounting for nearly 41% of total capex over the period.

This sum includes mostly projects aimed at maintaining production capacity, modernising plant and achieving efficiency gains. It also includes structural, environmental and decarbonisation projects, some of them launched in 2020 and in 2021, such as the new wood yard in Figueira da Foz, the new evaporation line in Aveiro and replacement of fuel oil boilers in Setúbal.

Navigator's current low levels of debt mean it can now consider strategies for growth, and the Company is

paying keen attention to opportunities to develop its business through capital projects and/or partnerships, in particular opportunities for debottlenecking in its traditional businesses, as well as for growth in the tissue, packaging and energy segments.

5. COMMITMENT TO SUSTAINABILITY

In the last quarter, Navigator has had its targets for cutting greenhouse gas (GHG) emissions approved by the Science Based Targets Initiative (SBTi), an internationally recognised global organisation that assesses steps taken by businesses towards a low-carbon economy.

The SBTi praised the “ambitious targets” set by the Company at the start of this year, shortly after signing up to the initiative, and drew attention to Navigator's contribution to achieving the goals established in the Paris Agreement of holding temperature increases down to no more than 1.5°C, currently the most ambitious classification in the organisation's approval process.

Embracing an active role in the search for answers to the climate challenge, Navigator is committed to cutting greenhouse gas emissions (scopes 1 and 2, relating to emissions released into the atmosphere as a direct result of its operations, and also indirect emissions from the electricity purchased for the Company's use) by 63% in 2035, in relation to 2020.

The Navigator Company has also made a commitment to cutting scope 3 emissions (along the value chain) by 37.5%, over the same period, an important step towards fighting climate change, in line with holding temperature increases well below 2°C.

The Company is delighted at the approval of its climate science-based targets, which were regarded by SBTi as a “key element” for a decarbonisation process leading to net zero, as prescribed in the report of the Intergovernmental Panel on Climate Change (IPCC) in order to achieve net zero emissions by mid-century.

In contrast to most corporations signing up to the initiative, Navigator opted not to use the two-year grace period before submitting its plans for cutting greenhouse gas emissions on the basis of the latest climate science. This has once again demonstrated Navigator's clear commitment to contributing to a low-carbon society and to being a bioindustry on the right side of the future.

It may be recalled that Navigator was the first Portuguese company, and one of the first in the world, to set the ambitious target of achieving carbon neutrality at its industrial complexes 15 years early, an objective to which it has allocated investment of more than 200 million euros. Some of this has already gone ahead with the construction of the biomass boiler at Figueira da Foz, and a further part relates to the application made for PRR (Recovery and Resilience Plan) funding, in the Industrial Decarbonisation category, which will allow it to achieve by the end of 2026 the targets initially proposed in the Decarbonisation Roadmap for the end of 2029.

Navigator's capital expenditure plan is also largely geared to the imperative of honouring its commitments in the 2030 Agenda, with the projects included in the Decarbonisation Roadmap taking pride of place.

With a corporate purpose and 2030 Responsible Management Agenda aligned with the United Nations Sustainable Development Goals, Navigator's strategy is based on heavy investment in developing sustainable bioproducts, reducing dependence on fossil resources and working towards decarbonisation of the economy.

Set up in 2015, the Science Based Targets initiative is a global organisation bringing together the CDP (Disclosure Insight Action), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) in efforts to mobilise the private sector to take the lead in urgent action to tackle climate change. In order to achieve this, it has developed approaches for calculating GHG reduction targets on the basis of scientific data, known as science based targets.

6. OUTLOOK

The current geopolitical situation, marked by the continuing war in Ukraine and sanctions against Russia, means that the market continues to present a highly complex situation for industrial and logistical operations.

It is currently difficult to see far ahead and strong inflationary pressure combined with rapidly rising interest rates may also result in a global economic slowdown, and consequently bring adverse effects across the industry, and inevitably in the sector where Navigator operates. The effectiveness of the economic policy response in Europe to the energy issue and the flexibility of Central Banks in adapting their policies to the demands of normalising the money markets, as well as evolving geopolitical risks, will all be crucial in determining how the situation develops.

Possible energy supply risks, as well as recurrent shortfalls in supplies of raw and subsidiary materials or logistical resources, are expected to put continued pressure on margins, especially those of non-integrated paper producers, and to create difficulties for the smooth running of industrial and transport operations in Europe.

Current market circumstances could lead to further temporary or permanent capacity reductions in Europe, in line with strategy decisions and/or due to profitability issues, as a response to the sharp increase in variable costs.

The magnitude and duration of the energy shock and growing inflationary pressures could lead to further price increases. There is the risk that the high level of paper prices in Europe, combined with lower logistical costs, could make paper imports profitable, in particular from Asian or American players, thereby putting pressure on paper prices in Europe. There has already been a gradual upturn in the activity of Asian players in the markets where Navigator operates, with an aggressive price policy, especially in the Middle East and Northern Africa. Even so, the European industry starts the fourth quarter with high order book levels and with paper relatively scarce in Europe.

Rising costs remain one of Navigator's prime concerns. There is a continued focus on protecting its margins, without compromising the buying power of consumers. This is a tricky balancing act, to which Navigator is paying constant attention.

Navigator remains focused on operational efficiency, managing its fixed and variable costs across its ventures, and also on building up productivity and energy efficiency, ensuring the sustainability of its operations.

The Group is pressing ahead with an ambitious plan for product diversification and development, especially in the Tissue and Packaging segments.

The current situation is undoubtedly challenging, and the impossibility of seeing far into the geopolitical and macroeconomic future will require a constant process of adapting to a changing scenario. The rapid action taken by the Company in the first nine months of the year - carefully managing and planning production of all products, successfully implementing its commercial strategies and focusing on industrial efficiency programmes - has again highlighted the resilience of Navigator's business model.



Lisbon, 25 October 2022

Conference call and Webcast

Date: 28 October 2022

Service times: 15:30 (Western European Time)

Dial-in for participants:

Portugal: +351 308 806 432

Spain:(local) 919 01 16 44

United Kingdom (local): 020 3936 2999.

United States:(local) 1 646 664 1960

All other locations: +44 20 3936 2999

7. CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	9 months 30-09-2022	9 months 30-09-2021
Revenue	2.1	1,822,465,859	1,119,683,196
Other operating income	2.2	34,290,611	23,770,793
Changes in the fair value of biological assets	3.7	(23,251,074)	(6,353,852)
Costs of goods sold and materials consumed		(695,349,144)	(449,564,880)
Variation in production		66,702,545	11,322,299
External services and supplies	2.3	(463,295,152)	(313,526,432)
Payroll costs	7.1	(132,541,368)	(109,299,163)
Other operating expenses	2.3	(57,079,712)	(30,032,065)
Net provisions	9.1	2,509,125	144,318
Depreciation, amortisation and impairment losses in non-financial assets	3.6	(116,503,092)	(89,367,807)
Operating income		437,948,599	156,776,407
Financial income and gains	5.10	604,266	7,166,720
Other financial expenses and losses	5.10	(60,728,814)	(19,907,263)
Net financial results		(60,124,548)	(12,740,543)
Gains/(losses) of associated companies and joint ventures		-	-
Profit before income tax		377,824,051	144,035,864
Income tax	6.1	(107,354,871)	(29,781,060)
Net profit for the period		270,469,179	114,254,804
Attributable to Navigator's equity holders		270,480,922	114,244,356
Attributable to non-controlling interests	5.5	(11,743)	10,448
Earnings per share			
Basic earnings per share, Eur	5.2	0.380	0.161
Diluted earnings per share, Eur	5.2	0.380	0.161

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	9 months 30-09-2022	9 months 30-09-2021
Net profit for the period before non-controlling interests		270,469,179	114,254,803
Items that may be reclassified to profit and loss			
Hedging derivative financial instruments			
Changes in fair value	8.1	20,715,804	(532,041)
Tax effect		(5,696,846)	146,311
Currency translation differences		37,920,602	(1,180,478)
Tax on conventional capital remuneration		(481,250)	(308,000)
Items that cannot be reclassified to profit and loss			
Remeasurement of post-employment benefits			
Remeasurement		(11,763,775)	1,965,621
Tax effect		(474,990)	(249,224)
Comprehensive income of associated companies and joint ventures		(3,861,244)	(2,638,679)
Total other comprehensive income net of taxes		36,358,301	(2,796,490)
Total comprehensive income		306,827,480	111,458,313
Attributable to:			
Navigator's equity holders		306,827,151	111,452,618
Non-controlling interests		329	5,695
		306,827,480	111,458,313

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	30-09-2022	31-12-2021
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	44,813,397	24,752,529
Property, plant and equipment	3.3	1,095,093,644	1,145,244,507
Right-of-use assets	3.5	55,319,905	51,192,959
Biological assets	3.7	124,072,986	147,324,061
Investment properties	3.4	91,354	92,589
Non-current receivables	4.2	10,008,018	8,604,547
Deferred tax assets	6.2	25,447,052	28,037,408
		1,732,185,824	1,782,588,066
Current assets			
Inventories	4.1	275,479,013	186,550,658
Current receivables	4.2	524,378,123	317,882,760
Income tax	6.1	12,437,934	1,118,815
Cash and cash equivalents	5.8	360,633,555	239,171,252
		1,172,928,626	744,723,485
Total Assets		2,905,114,450	2,527,311,551
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.1	500,000,000	500,000,000
Treasury shares	5.1	-	-
Currency translation reserve		13,574,601	(24,346,001)
Fair value reserve		9,414,882	(5,604,076)
Legal reserves		100,000,000	100,000,000
Other reserves		121,836,100	121,836,100
Retained earnings		236,367,233	231,525,876
Net profit for the period		270,480,922	171,411,455
Prepaid dividends	5.3	-	(49,996,170)
Equity attributable to Navigator's equity holders		1,251,673,739	1,044,827,184
Non-controlling interests	5.5	275,482	286,896
Total Equity		1,251,949,221	1,045,114,080
Non-current liabilities			
Interest-bearing liabilities	5.6	660,814,855	714,625,892
Lease liabilities	5.7	52,811,064	47,417,092
Pensions and other post-employment benefits	7.2	17,487,276	5,674,918
Deferred tax liabilities	6.2	87,336,899	92,528,775
Provisions	9.1	24,296,188	26,752,081
Non-current payables	4.3	39,126,225	37,014,427
		881,872,508	924,013,185
Current liabilities			
Interest-bearing liabilities	5.6	72,294,836	119,318,157
Lease liabilities	5.7	5,919,868	5,823,833
Current payables	4.3	558,307,468	393,161,894
Income tax	6.1	134,770,550	39,880,402
		771,292,722	558,184,286
Total Liabilities		1,653,165,229	1,482,197,471
Total Equity and Liabilities		2,905,114,450	2,527,311,551

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro

	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
Equity as at 01 January 2022		500,000,000	-	(24,346,001)	(5,604,076)	100,000,000	121,836,100	231,525,876	171,411,455	(49,996,170)	1,044,827,184	286,896	1,045,114,080
Net profit for the period		-	-	-	-	-	-	-	270,480,922	-	270,480,922	(11,743)	270,469,179
Other comprehensive income (net of taxes)		-	-	37,920,602	15,018,958	-	-	(16,581,588)	-	-	36,357,972	329	36,358,301
Total comprehensive income for the period		-	-	37,920,602	15,018,958	-	-	(16,581,588)	270,480,922	-	306,838,894	(11,414)	306,827,480
Application of 2021 net profit for the period:													
- Dividends paid	5.3	-	-	-	-	-	-	(99,992,340)	-	-	(99,992,340)	-	(99,992,340)
- Application of prior period's net profit		-	-	-	-	-	-	132,415,285	(171,411,455)	49,996,170	11,000,000	-	11,000,000
- Bonus to employees		-	-	-	-	-	-	(11,000,000)	-	-	(11,000,000)	-	(11,000,000)
Transfer of free reserves to retained earnings		-	-	-	-	-	-	-	-	-	-	-	-
Incorporation of reserves		-	-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	5.1	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid dividends	5.3	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders		-	-	-	-	-	-	21,422,945	(171,411,455)	49,996,170	(99,992,340)	-	(99,992,340)
Equity as at 30 September 2022		500,000,000	-	13,574,601	9,414,882	100,000,000	121,836,100	236,367,233	270,480,922	-	1,251,673,738	275,482	1,251,949,220

Amounts in Euro

	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
Equity as at 01 January 2021		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)	100,000,000	266,443,646	97,981,342	109,213,720	-	1,025,926,507	275,182	1,026,201,689
Net profit for the period		-	-	-	-	-	-	-	114,244,355	-	114,244,355	10,448	114,254,803
Other comprehensive income (net of taxes)		-	-	(1,180,478)	(385,730)	-	-	(1,235,977)	-	-	(2,802,185)	5,695	(2,796,490)
Total comprehensive income for the period		-	-	(1,180,478)	(385,730)	-	-	(1,235,977)	114,244,355	-	111,442,170	16,143	111,458,313
Application of 2020 net profit for the period:													
- Dividends paid	5.3	-	-	-	-	-	-	(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 of free reserves to retained earnings		-	-	-	-	-	(138,290,615)	138,290,615	-	-	-	-	-
Incorporation of reserves		6,316,931	-	-	-	-	(6,316,931)	-	-	-	-	-	-
Cancellation of treasury shares	5.1	(6,316,931)	20,189,264	-	-	-	-	(13,872,333)	-	-	-	-	-
Total transactions with shareholders		-	20,189,264	-	-	-	(144,607,546)	134,066,372	(109,213,720)	-	(99,565,630)	-	(99,565,630)
Equity as at 30 September 2021		500,000,000	-	(22,062,047)	(7,027,098)	100,000,000	121,836,100	230,811,737	114,244,355	-	1,037,803,047	291,325	1,038,094,372

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Note	9 months 30-09-2022	9 months 30-09-2021
OPERATING ACTIVITIES			
Receipts from customers		1,793,139,225	1,130,160,938
Payments to suppliers		(1,266,201,169)	(822,092,742)
Payments to employees		(91,651,262)	(80,921,161)
Cash flow from operations		435,286,794	227,147,035
Income tax received/ (paid)	6.1	(34,751,013)	(10,232,671)
Other (payments)/ receipts relating to operating activities		10,640,645	47,197,559
Cash flows from operating activities (1)		411,176,426	264,111,924
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		782,679	744,044
Interest and similar income		642,878	5,422,308
		1,425,557	6,166,352
Outflows:			
Property, plant and equipment	3.3	(62,841,438)	(53,683,912)
Intangible assets	3.2	(3,282,992)	(13,882,322)
		(66,124,430)	(67,566,234)
Cash flows from investing activities (2)		(64,698,873)	(61,399,882)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.9	150,000,000	247,500,000
		150,000,000	247,500,000
Outflows:			
Interest-bearing liabilities	5.9	(248,301,587)	(389,479,268)
Amortisation of lease agreements	3.5	(7,174,638)	(6,223,782)
Interest and similar expense		(18,896,351)	(14,083,126)
Distribution of dividends	5.3	(99,992,340)	(99,565,630)
Refundable grants	5.9	(2,027,348)	-
Other financing activities		-	(208,803)
		(376,392,264)	(509,560,609)
Cash flows from financing activities (3)		(226,392,264)	(262,060,609)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		120,085,289	(59,348,566)
Effect of exchange rate differences		1,377,014	20,384
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	239,171,252	302,399,831
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	360,633,555	243,071,648

Interest and similar expenses: essentially correspond to payments related to interest borne on debt securities and financial debt (Note 5.10)

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

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1. INTRODUCTION

1.1. THE GROUP

The Navigator Group (Group) is comprised by The Navigator Company, S.A., whose name remained unchanged during the period (until 2015 designated as Portucel, S.A.) and its subsidiaries.

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

In 1976 Portucel EP was created as a result of the nationalisation of all of Portugal's cellulose industry. 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 renamed Portucel, SGPS, S.A., towards 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 1.6 and 1.6 million of tons, respectively, and it sells approximately 300 thousand tons of pulp, 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. and Párpública, SGPS, S.A. (formerly Portucel, SGPS, S.A.) sold the remaining 25.72% it still held.

From 2009 to July 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 – Apartado 55 | 2901-861 Setúbal | Portugal

Legal Form: Public Limited Company

Share Capital: €500,000,000

TIN: 503 025 798

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

1.2. IMPACTS RESULTING FROM THE MILITARY CONFLICT IN UKRAINE

On 21 February 2022, the Russian Federation officially recognised two breakaway republics in eastern Ukraine and authorised the use of military forces in that territory. On 24 February, Russian troops invaded Ukraine and a widespread military conflict began in this country entailing high material and human losses, leading to massive population displacements.

In response, multiple jurisdictions, including the European Union, United Kingdom, Switzerland, United States of America, Canada, Japan and Australia, condemned this conflict and initiated the application of several economic sanctions against Russia, several of its economic agents and, in some cases, Belarus. In turn, Russia has initiated retaliation also with economic measures, especially affecting the operations of foreign companies located in Russia and with Russian counterparts.

The change in the European macroeconomic and geopolitical framework as a result of this conflict has increased uncertainty and insecurity in global terms, with: i) the suspension and/or disruption of business with entities based in or originating from Russia and Ukraine; ii) an increase in commodity prices, with fossil fuels, metals and cereals being the most important; iii) an increase in global economic uncertainty, with more volatility expected in exchange rates, interest rates and an increase in the inflation rate. Possible energy supply risks, as well as interruption in the supply of raw and subsidiary materials or in logistical means will continue to put pressure on the global economy and make it difficult for European industrial and transport operations to function normally.

As announced in March 2022, The Navigator Company Group suspended the sale of its products in the markets of Russia and Belarus and is monitoring the situation on an ongoing basis in the markets in which it operates, geographically and throughout the energy supply chain - from the supply of wood, energy, raw and subsidiary materials (including logistical issues), the technical and support services provided by foreign companies and outsourcing service providers, among others.

The Group is convinced that in view of the weight of the markets of Russia and Ukraine in the Group's sales, which represent less than 1% as at the period ended 31 December 2021, and the fact that

these markets do not directly affect the supply chain, the Group's direct exposure to the markets of Ukraine and Russia is not significant.

Despite the general increase in costs, the Navigator Company Group's agility in conducting its business policy was able to decisively offset this increase, through a responsible price adjustment policy and an effective diversification strategy, as well as through increased productivity in its industrial assets and greater efficiency in the consumption of raw and subsidiary materials.

Navigator Company continues to analyse the potential impacts on its financial position, performance and cash flows of the Group resulting from the military conflict in Ukraine, namely at the level of estimates and relevant accounting judgements, and to this date the assumptions considered by the Board of Directors were not significantly impacted.

1.3. SUBSEQUENT EVENTS

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

1.4. BASIS FOR PREPARATION

1.4.1 Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 October 2022.

1.4.2 Basis for presentation

The Condensed consolidated financial statements for the nine-month period ended 30 September 2022 were prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The accompanying consolidated financial statements have been prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 10), and under the historical cost convention, except for available-for-sale financial assets, derivative financial instruments and biological assets, which are recorded at their fair value. The liability related to responsibilities for defined benefits is recognised at its present value deducted from the respective asset.

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

1.5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

- (i) the best information and knowledge of current events and in certain cases on the reports of independent experts; and

(ii) the actions that the Group considers it may have to take in the future.

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

More significant estimates and judgements are presented below:

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

2. OPERATIONAL PERFORMANCE

2.1. REVENUE AND SEGMENT REPORTING

In accordance with IFRS 8, the Group considers an operating segment as a component of the group that develops business activities from which it can obtain revenue and incur expenses, whose operating results are regularly reviewed by the Executive Committee, which is primarily responsible for the Group's operational decision-making for allocation of resources to the segment and the assessment of its performance and for which separate financial information is available.

Each reportable segment corresponds to the value chain of the integrated production process associated with the product of each business segment, (Market Pulp, UWF paper, Tissue Paper and Energy) considering the sales activity of the respective products on the market, in a manner consistent with the information used by the Executive Committee for operational monitoring of its businesses.

Accordingly, intra-segmental sales are those that occur within the same manufacturing plant and whose production inputs are used in the production process of that segment. In this way, the values reported for each operating segment result from the aggregation of the business units and subsidiaries defined in the perimeter of each segment, as well as the cancellation of intra-segment transactions.

Intra-segmental sales correspond to sales between business segments or when there are transactions between manufacturing plants, which are eliminated for consolidation purposes, being this effect reported in the "Cancelations". When aggregating the Group's operating segments, Management defined as reportable segments those that correspond to each of the business areas developed by the Group, as follows:

- i. Market pulp – bleached eucalyptus BEKP for sale in the market;
- 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;
- v. Support - segment that includes the corporate centre (holding).

Financial information by operating segment in 2022 and 2021

	30-09-2022						
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	TOTAL
REVENUE							
Sales and services - external	152,602,807	1,330,892,797	142,987,953	195,982,302	-	-	1,822,465,859
Sales and services - intersegment	1,835,000	-	-	52,507,600	457,815,704	(512,158,304)	-
Total revenue	307,040,614	1,330,892,797	142,987,953	248,489,902	457,815,704	(512,158,304)	1,822,465,859
PROFIT / (LOSS)							
Operating income	38,600,110	401,462,844	21,620,914	18,752,902	(42,488,171)	-	437,948,598
Net financial results	-	-	-	-	(60,124,548)	-	(60,124,548)
Income tax	-	-	-	-	(107,354,871)	-	(107,354,871)
Net profit for the period	-	-	-	-	-	-	270,469,179
Non-controlling interests	-	-	-	-	11,743	-	11,743
Profit / (loss) attributable to equity holders	-	-	-	-	-	-	270,480,922
OTHER INFORMATION							
Capital expenditure	17,465,988	40,398,208	2,758,195	1,645,918	2,166,888	-	64,435,197
Depreciation and impairment	(18,028,357)	(71,793,803)	(7,527,712)	(12,694,829)	(6,458,392)	-	(116,503,092)
Provisions ((increases) / reversal)	(175,913)	3,536,443	(730,849)	-	(120,556)	-	2,509,125
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	130,052,034	593,509,607	145,248,597	224,575,477	1,707,928	-	1,095,093,644
Right-of-use assets	11,528,933	41,229,068	-	-	2,561,904	-	55,319,905
Biological assets	31,018,247	93,054,740	-	-	-	-	124,072,986
Non-current receivables	72,262	532,502	-	-	9,403,254	-	10,008,018
Inventories	37,344,900	207,209,310	27,892,407	493,845	2,538,552	-	275,479,013
Other current receivables	40,837,675	270,520,935	48,372,161	29,639,184	135,008,168	-	524,378,123
Other assets	2,546,246	59,985,050	3,760,621	19,250	377,112,125	-	443,423,293
Total Assets	253,400,298	1,642,797,595	225,856,869	254,727,756	528,331,932	-	2,905,114,450
Interest-bearing liabilities	-	415,573	40,247,601	-	692,446,517	-	733,109,691
Lease liabilities	12,345,687	43,698,954	-	-	2,686,291	-	58,730,932
Other payables	85,315,985	351,859,941	25,428,460	2,935,925	92,767,159	-	558,307,469
Other liabilities	8,606,054	113,405,957	12,859,619	7,690,799	160,454,708	-	303,017,138
Total Liabilities	106,267,726	509,380,424	78,535,680	10,626,724	948,354,675	-	1,653,165,229

* Cancellation of intersegment operations. Consolidation adjustments related to inter-segmental transactions are considered not significant.

In the nine-month period ended 30 September 2022, The Navigator Company recorded turnover in the amount of Euro 1,822.5 million, with paper sales accounting for approximately 73% of turnover (vs. 72%), pulp sales 8% (vs. 10%), tissue sales 8% (vs. 10%) and energy sales 11% (vs. 9%).

The first 9 months of the year were marked by an environment of high geopolitical and macroeconomic uncertainty resulting from the invasion of Ukraine by Russia, reflected in the general increase in energy, logistics and raw material costs. The supply chain and logistical constraints that were felt, along with the strike in Northern Europe, affected the available supply in the market, both for pulp and paper. The imbalance between supply and demand continues to drive the price level of pulp and paper. In this scenario, Navigator tried to adopt a responsible price adjustment policy that would protect margins and anticipate impacts from continued cost increases.

The focus on the packaging business line continues to consolidate, with the Group achieving sales of over Euro 70 million for the packaging sector, for the bag processing, flexible packaging and corrugated cardboard industries. This new business area, in its current stage of development, is included in the UWF Paper segment, insofar as, considering IFRS 8, the quantitative levels have not yet been exceeded, and due to the fact that this business line have a similar nature to UWF Paper and share a significant set of production and commercial processes.

The amount corresponding to the total energy sales was Euro 195,982,302 compared to Euro 95,120,244 in 2021. Since January 2022, the Group's renewable co-generation plants have been selling the electricity produced at market prices, to the detriment of the regulated sales tariff. The very favourable evolution of the energy market price justifies to a large extent the increase in sales.

The increase in the amount of property, plant and equipment allocated to the Energy segment is due to the new biomass boiler in Figueira da Foz, which began its amortization in the second half of 2021.

Fixed capital expenditure in the first half of 2022 amounted to Euro 64,435,197 compared to Euro 51,806,204 a year earlier. The investment made during the year includes mostly investments directed at upgrading equipment, maintaining production capacity and efficiency improvements. It

also includes structural, environmental, and decarbonization projects, some of which started in previous years, such as the new wood yard in Figueira da Foz, the new evaporation line in Aveiro, and the replacement of fuel oil boilers in Setúbal.

	30-09-2021					
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
REVENUE						
Sales and services - external	110,191,550	808,128,954	106,242,449	95,120,244	-	1,119,683,196
Sales and services - intersegment	1,834,985	-	-	-	(1,834,985)	-
Total revenue	112,026,535	808,128,954	106,242,449	95,120,244	(1,834,985)	1,119,683,196
PROFIT / (LOSS)						
Segmental profit	20,329,840	142,227,090	14,517,810	4,883,307	(25,181,641)	156,776,407
Operating profit						156,776,407
Net financial results	-	-	-	-	(12,740,543)	(12,740,543)
Taxes on profits	-	-	-	-	(29,781,060)	(29,781,060)
Profit after tax						114,254,803
Non-controlling interests	-	-	-	-	(10,448)	(10,448)
Net profit / (loss)	-	-	-	-	-	114,244,355
OTHER INFORMATION						
Capital expenditure	9,904,498	30,262,125	2,905,863	6,222,224	2,511,493	51,806,204
Depreciation and impairment	(8,284,280)	(57,367,748)	(7,620,006)	(15,618,762)	(477,010)	(89,367,807)
Provisions ((increases) / reversal)	(12,000)	(566,239)	-	(36,000)	758,558	144,318
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	131,545,637	661,327,161	151,559,450	202,517,191	1,373,878	1,148,323,317
Right-of-use assets	10,204,272	37,139,545	-	-	3,003,124	50,346,940
Biological assets	35,557,650	106,672,950	-	-	-	142,230,600
Non-current receivables	73,767	520,287	90,178	-	15,390,188	16,074,420
Inventories	11,448,296	158,334,904	21,040,538	361,115	-	191,184,853
Trade receivables	23,422,891	124,865,487	29,724,710	-	-	178,013,090
Other current receivables	4,726,367	17,411,244	216,119	2,661,970	55,188,271	80,203,971
Other assets	4,853,975	59,855,950	4,877,358	2,550,339	222,848,550	294,986,173
Total Assets	221,832,855	1,542,883,911	208,091,437	208,090,615	297,804,011	2,478,702,829
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	554,367	35,572,288	-	803,850,723	839,977,377
Lease liabilities	10,617,466	38,428,960	-	-	3,114,896	52,161,322
Other payables	41,165,484	192,926,284	24,503,228	2,716,651	119,992,902	381,304,549
Other liabilities	6,997,839	84,232,602	1,780,050	7,649,200	66,505,517	167,165,208
Total Liabilities	58,780,789	316,142,213	61,855,566	10,365,851	993,464,037	1,440,608,457

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

30 September 2022 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	3,416,770	62,215,784	58,242,368	195,982,302	319,857,224	18%
Rest of Europe	123,884,730	740,585,664	81,255,010	-	945,725,404	52%
North America	-	171,526,478	-	-	171,526,478	9%
Central and Latin America	1,960,808	66,834,574	427,816	-	69,223,198	4%
Africa	13,984,342	189,935,809	2,959,762	-	206,879,913	11%
Asia	9,356,157	99,744,858	102,998	-	109,204,013	6%
Oceania	-	49,630	-	-	49,630	0%
	152,602,807	1,330,892,797	142,987,953	195,982,302	1,822,465,859	100%
Recognition pattern						
At a certain moment in time	152,602,807	1,330,892,797	142,987,953	195,982,302	1,822,465,859	100%
Over time	-	-	-	-	-	0%

30 September 2021 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	1,670,926	42,683,952	40,253,150	95,667,420	180,275,448	16%
Rest of Europe	84,278,309	407,047,363	60,893,756	-	552,219,427	49%
North America	-	91,076,360	-	-	91,076,360	8%
Central and Latin America	1,458,740	47,420,460	1,201,290	-	50,080,490	4%
Africa	9,493,903	134,295,111	3,447,264	-	147,236,278	13%
Asia	12,858,474	83,995,479	534,345	-	97,388,298	9%
Oceania	-	1,406,894	-	-	1,406,894	0%
	109,760,351	807,925,619	106,329,805	95,667,420	1,119,683,196	100%
Recognition pattern						
At a certain moment in time	109,760,351	807,925,619	106,329,805	95,667,420	1,119,683,196	100%
Over time	-	-	-	-	-	0%

Group's revenue distribution by geographic area



In 2022 and 2021, no single customer accounted for 10% or more of the Group's total revenues.

2.2. OTHER OPERATING INCOME

For the nine-month period ended 30 September 2022 and 2021, Other operating income is detailed as follows:

Amounts in Euro	30-09-2022	30-09-2021
Gains on disposal of non-current assets	180,256	2,716,765
Allowances - CO ₂ emission licenses	26,772,235	13,843,245
Supplementary gains	917,541	655,426
Operating grants	1,873,040	2,117,680
Impairment reversal on receivables	2,463	47,130
Impairment reversal on inventories (Note 4.1.4)	555,110	18,717
Gains on inventories	1,883,599	1,117,381
Own work capitalised	352,355	707,046
Compensations	498,312	89,445
Other operating income	1,255,700	2,457,958
	34,290,611	23,770,793

In 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 remainder relates to the sale of land with reduced forestry suitability.

Gains on CO₂ allowances correspond to the recognition of the estimate of free allocation of allowances for 444,457 tons of CO₂, at the average price of Euro 84.01 (442,692 tons of CO₂, at the average price of Euro 33.69 as at 30 September 2021) (Note 3.2).

Operating subsidies correspond to subsidies granted under R&D projects undertaken by RAIZ, such as the INPACTUS project (Euro 580,078), IdTecFor (Euro 432,773), FinBase (Euro 115,096), Bio4Portugal (Euro 35,463), BL2F (Euro 46,635), B2Solutions (Euro 25,258), INOV C+ (Euro 22,127) and others (Euro 18,029), as well as the incentive related to the Apoiar Gás program (Euro 597,581). In the nine-month period ended 30 September 2022, an additional amount of Euro 214,664 was received relating to the IEF's ATIVAR Program, which includes professional training, professional internships and reinforced support for hiring and entrepreneurship, which were considered to be deducted from Payroll Costs.

2.3. OTHER OPERATING EXPENSES

Amounts in Euro	30-09-2022	30-09-2021
Costs of goods sold and materials consumed	695,349,144	449,564,880
External services and supplies		
Energy and fluids	167,844,602	90,991,072
Transportation of goods	163,081,484	106,175,971
Specialised work	65,856,444	58,489,031
Maintenance and repair	26,402,368	20,771,528
Rentals	5,789,179	6,889,985
Advertising and marketing	8,111,120	8,184,957
Insurance	7,014,973	5,766,918
Travel and accommodation	2,555,210	1,774,539
Fees	2,772,630	3,527,416
Subcontracts	2,090,339	1,960,721
Materials	3,040,915	1,666,079
Communications	909,925	1,117,157
Other	7,825,962	6,211,056
	463,295,152	313,526,432
Variation in production	(66,702,545)	(11,322,299)
Personnel costs (Note 7.1)	132,541,368	109,299,163
Other operating expenses		
Expenses on CO2 emissions	31,767,492	19,236,922
Impairment losses on receivables	3,550,065	108,705
Impairment losses on inventories (Note 4.1.4)	13,564,652	3,199,757
Outras perdas em inventários	971,150	1,512,557
Indirect taxes and fees	2,230,495	1,718,879
Gains on disposal of non-current assets	460,340	23,655
Water resources fee	990,284	1,431,852
Other operating expenses	3,545,235	2,799,738
	57,079,712	30,032,065
Net provisions (Note 9.1)	(2,509,125)	(144,318)
	-	-
Total operating expenses	1,279,053,706	890,955,923

Throughout the period there was a generalised increase in production costs, penalized, essentially, by the increase in the cost of wood, due to the supply mix, and also by the increase in the cost of external fibres, energy and chemicals.

In Energy, the increase in the prices of electricity and natural gas stands out, although the increase in costs has been partially offset by the sale of energy produced at market prices to the detriment of the regulated sales tariff.

Logistics costs show a negative evolution as a result of the current logistical constraints that are transversally affecting the economy. Notwithstanding, Navigator was able to operate at 100% without any disruption in supplies.

In the nine-month period ended 30 September 2022 and 2021, External services and supplies costs incurred for investigation and research activities amounted to Euro 3,355,722 and Euro 3,356,730, respectively.

The expenses with CO₂ correspond to the emission of 416,407 tons of CO₂¹ (30 September 2021: 419,490 tons). The increase in this caption is mainly due to the rise of unit price of CO₂ allowances.

¹ CO₂ emissions from assets in factories, Scope 1 - CELE basis.

The increase in inventory impairment includes adjustments to the stock of UWF paper and Tissue paper, amounting to Euro 4.8 million, following the identification of items with lower turnover and future sales prospects due to the Group's sales performance and sales mix. Additionally, considering future investment perspectives and the remaining useful lives of the industrial equipment, the Group estimated the necessary spare parts until the discontinuation of this equipment, having recognised an impairment for the surplus of spare parts in stock, in the amount of Euro 4.4 million.

3. INVESTMENTS

3.1. GOODWILL

Goodwill – net amount

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

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

NAVIGATOR BRANDS, S.A. / NAVIGATOR PAPER FIGUEIRA, S.A.

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

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

The book value of Goodwill amounts to Euro 376,756,383 for having been subject to annual amortisations until 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.

NAVIGATOR TISSUE RÓDÃO, S.A.

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

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

3.2. INTANGIBLE ASSETS

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO ₂ emission allowances	Assets under construction	Total
Gross amount				
Balance as at 1 January 2021	16,664	11,902,620	-	11,919,284
Granting	-	14,914,280	17,622	14,931,902
Acquisitions	-	19,172,846	-	19,172,846
Adjustments, transfers and write-offs	17,622	(24,788,284)	(17,622)	(24,788,284)
Balance as at 30 September 2021	34,286	21,201,462	-	21,235,748
Acquisitions	-	3,535,045	201	3,535,246
Adjustments, transfers and write-offs	201	-	(201)	-
Balance as at 31 December 2021	34,487	24,736,507	-	24,770,994
Granting	-	37,338,833	-	37,338,833
Acquisitions	-	3,251,520	31,472	3,282,992
Adjustments, transfers and write-offs	31,472	(20,545,709)	(31,472)	(20,545,709)
Balance as at 30 September 2022	65,959	44,781,151	-	44,847,110
Accumulated amortisation and impairment losses				
Balance as at 1 January 2021	(6,600)	-	-	(6,600)
Depreciation and amortisation for the period (Note 3.6)	(9,024)	-	-	(9,024)
Balance as at 30 September 2021	(15,624)	-	-	(15,624)
Amortization for the period	(2,840)	-	-	(2,840)
Balance as at 31 December 2021	(18,464)	-	-	(18,464)
Depreciation and amortisation for the period (Note 3.6)	(15,249)	-	-	(15,249)
Balance as at 30 September 2022	(33,713)	-	-	(33,713)
Net book value as at 1 January 2021	10,064	11,902,620	-	11,912,684
Net book value as at 30 September 2021	18,662	21,201,462	-	21,220,125
Net book value as at 31 December 2021	16,023	24,736,507	-	24,752,529
Net book value as at 30 September 2022	32,246	44,781,151	-	44,813,397

CO₂ allowances

	30-09-2022	31-12-2021
CO ₂ emission allowances (units)	574,122	620,805
Average unit value (Euro)	78.00	39.85
Market quotation (Euro)	66.73	80.65

CO₂ allowances – movements in the period

Amounts in Euro	2022		2021
	Tons	Amount	Amount
Opening balance	620,805	24,736,507	11,902,620
Licenses awarded free of charge	444,457	37,338,833	14,915,653
CO ₂ allowances acquired	48,000	3,251,520	22,706,518
CO ₂ allowances returned to the Licensing Coordinating Entity	(539,140)	(20,545,709)	(24,788,284)
Closing balance	574,122	44,781,151	24,736,507

3.3. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Total
Gross amount					
Balance as at 1 January 2021	114,504,564	541,240,475	3,567,757,837	123,425,431	4,346,928,310
Acquisitions	-	-	13,203,708	38,584,874	51,788,582
Disposals	(329,746)	-	(38,364)	-	(368,110)
Adjustments, transfers and write-offs	41,051	1,094,359	82,774,588	(93,109,746)	(9,199,748)
Balance as at 30 September 2021	114,215,869	542,334,835	3,663,697,770	68,900,558	4,389,149,032
Acquisitions	-	-	1,347,842	26,643,279	27,991,120
Disposals	(9,521)	-	(473,005)	-	(482,526)
Adjustments, transfers and write-offs	185,083	538,806	54,312,329	(55,067,505)	(31,287)
Balance as at 31 December 2021	114,391,431	542,873,641	3,718,884,936	40,476,332	4,416,626,341
Acquisitions	-	-	4,009,035	60,394,690	64,403,725
Disposals	(627,191)	-	(523,646)	-	(1,150,837)
Adjustments, transfers and write-offs	1,126,111	1,292,786	10,891,621	(21,443,926)	(8,133,408)
Balance as at 30 September 2022	114,890,352	544,166,426	3,733,261,946	79,427,096	4,471,745,821
Accumulated depreciation and impairment losses					
Balance as at 1 January 2021	-	(352,192,222)	(2,810,786,495)	-	(3,162,978,717)
Depreciation and amortisation for the period (Note 3.6)	-	(8,426,308)	(78,792,689)	-	(87,218,997)
Disposals	-	-	33,009	-	33,009
Adjustments, transfers and write-offs	-	472,545	8,866,444	-	9,338,989
Balance as at 30 September 2021	-	(360,145,985)	(2,880,679,731)	-	(3,240,825,715)
Depreciation for the period	-	(2,814,214)	(28,338,195)	-	(31,152,410)
Disposals	-	-	472,750	-	472,750
Adjustments, transfers and write-offs	-	94,560	28,983	-	123,543
Balance as at 31 December 2021	-	(362,865,639)	(2,908,516,193)	-	(3,271,381,834)
Depreciation and amortisation for the period (Note 3.6)	-	(8,434,922)	(81,940,066)	-	(90,374,989)
Impairment losses	-	-	(23,194,369)	-	(23,194,369)
Disposals	-	-	77,718	-	77,718
Adjustments, transfers and write-offs	-	268,015	7,953,282	-	8,221,297
Balance as at 30 September 2022	-	(371,032,547)	(3,005,619,629)	-	(3,376,652,177)
Net book value as at 1 January 2021	114,504,564	189,048,253	756,971,343	123,425,431	1,183,949,593
Net book value as at 30 September 2021	114,215,869	182,188,850	783,018,039	68,900,558	1,148,323,317
Net book value as at 31 December 2021	114,391,431	180,008,001	810,368,742	40,476,332	1,145,244,507
Net book value as at 30 September 2022	114,890,352	173,133,880	727,642,317	79,427,096	1,095,093,644

As at 30 September 2022, Investments in progress includes investments associated with ongoing development projects, in particular those related to the new evaporation line in Aveiro (Euro 10,686,628), the new wood preparation line in Figueira da Foz (Euro 15,275,759), the new washing tower and press in Aveiro (Euro 3,108,029), the replacement of the fuel oil boilers in Setúbal (Euro 1,362,327), the new natural gas boiler in Setúbal (Euro 3,669,187) and the upgrading of the demineralized water system in Setúbal (Euro 774,068). The remainder is related to several projects for improving and optimizing the production process.

Lands includes Euro 113,723,509 (31 December 2021: Euro 113,358,585) classified in the individual financial statements as investment properties, from which Euro 74,585,394 (31 December 2021: Euro 74,220,470) relate to forestry land and Euro 39,138,115 (31 December 2021: Euro 39,138,115) to land allocated to industrial sites leased to the Group.

3.4. INVESTMENT PROPERTIES

Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
Gross amount			
Balance as at 1 January 2021	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 30 September 2021	424,744	82,307	507,051
Disposals	-	-	-
Balance as at 31 December 2021	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 30 September 2022	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2021	(399,372)	(13,444)	(412,816)
Impairment losses (Note 3.6)	-	(1,235)	(1,235)
Balance as at 30 September 2021	(399,372)	(14,678)	(414,050)
Impairment losses	-	(412)	(412)
Balance as at 31 December 2021	(399,372)	(15,090)	(414,462)
Impairment losses (Note 3.6)	-	(1,235)	(1,235)
Balance as at 30 September 2022	(399,372)	(16,325)	(415,697)
Net book value as at 1 January 2021	25,372	68,863	94,235
Net book value as at 30 September 2021	25,372	67,629	93,001
Net book value as at 31 December 2021	25,372	67,217	92,589
Net book value as at 30 September 2022	25,372	65,982	91,354

3.5. RIGHT-OF-USE ASSETS

Movements in right-of-use assets

Amounts in Euro	Forestry lands	Buildings	Vehicles	Software licenses	Other lease assets	Total
Gross amount						
Balance as at 1 January 2021	46,847,021	4,651,039	6,907,139	360,588	5,347,975	64,113,762
Acquisitions	2,238,347	-	954,766	963,772	-	4,156,885
Adjustments, transfers and write-offs	(435,469)	-	(23,409)	-	-	(458,878)
Balance as at 30 September 2021	48,649,899	4,651,039	7,838,496	1,324,360	5,347,975	67,811,770
Acquisitions	1,271,368	4,016	709,132	-	1,307,301	3,291,817
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 31 December 2021	49,921,267	4,655,055	8,547,629	1,324,360	6,655,276	71,103,586
Acquisitions	7,330,589	-	2,285,508	-	-	9,616,097
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 30 September 2022	57,251,856	4,655,055	10,833,137	1,324,360	6,655,276	80,719,682
Accumulated depreciation and impairment losses						
Balance as at 1 January 2021	(6,180,742)	(1,369,284)	(3,684,538)	(164,312)	(887,884)	(12,286,761)
Depreciation	(2,282,243)	(385,543)	(1,352,231)	(428,659)	(822,502)	(5,271,178)
Adjustments, transfers and write-offs	93,108	-	-	-	-	93,108
Balance as at 30 September 2021	(8,369,877)	(1,754,827)	(5,036,769)	(592,971)	(1,710,386)	(17,464,830)
Depreciation	(783,850)	(130,221)	(445,853)	(72,540)	(1,013,363)	(2,445,827)
Adjustments, transfers and write-offs	31	-	-	-	-	31
Balance as at 31 December 2021	(9,153,696)	(1,885,048)	(5,482,622)	(665,511)	(2,723,749)	(19,910,627)
Depreciation	(2,492,481)	(386,925)	(1,320,829)	(217,620)	(1,071,295)	(5,489,150)
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 30 September 2022	(11,646,177)	(2,271,973)	(6,803,451)	(883,131)	(3,795,044)	(25,399,776)
Net book value as at 1 January 2020	40,666,279	3,281,755	3,222,601	196,276	4,460,091	51,827,002
Net book value as at 30 September 2021	40,280,022	2,896,212	2,801,727	731,389	3,637,589	50,346,940
Net book value as at 31 December 2021	40,767,571	2,770,007	3,065,007	658,849	3,931,527	51,192,959
Net book value as at 30 September 2022	45,605,679	2,383,082	4,029,686	441,230	2,860,232	55,319,906

The item Land relates essentially to the land use rights of existing forest exploration, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest takes place before the 24th year of the agreement term.

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

The item Other includes the forklift truck rental contract signed in 2020 and 2021.

Cash flows associated with the amortization of lease contracts correspond to the financial amortization of Euro 5,489,150 and interest of Euro 1,685,488 (Note 5.10), totalling Euro 4,189,325, as presented in the Cash Flow Statement.

3.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	30-09-2022	30-09-2021
Depreciation of property, plant and equipment for the period (Note 3.3)	90,374,989	87,218,997
Charge-off of investments grants (Note 3.5)	(2,571,899)	(3,132,626)
Depreciation of property, plant and equipment, net of grants charged-off	87,803,090	84,086,372
Impairments in property, plant and equipment for the period	23,194,369	-
Amortisation of intangible assets for the period (Note 3.2)	15,249	9,024
Depreciation of right-of-use assets for the period (Note 3.6)	5,489,150	5,271,178
Impairment of investment properties (Note 3.4)	1,234	1,234
	116,503,092	89,367,807

The Group resorts with some regularity to external and independent technicians to evaluate its industrial assets, as well as to assess the adequacy of the estimates used at the level of the useful lives of these assets.

In 2022, the Group requested an external assessment of its assets. Based on the available information supported by the work performed to date and considering the prospects for investment in the technological modernisation of the facilities, the Group recognised an impairment on the assets of the Aveiro and Setúbal plants, in the amount of Euro 23,194,369, compared to market value.

3.7. BIOLOGICAL ASSETS

Movements in biological assets

Amounts in Euro	2022	2021
Balance as at 1 January	147,324,061	148,584,451
Logging in the period	(14,004,029)	(12,797,053)
Growth	14,285,192	10,117,083
New planted areas and replanting (at cost)	2,526,710	1,553,615
Other changes in fair value		
- change in the cost-of-capital rate	(16,685,000)	-
- transport logistics costs	-	(3,608,053)
- change in other species	(6,446,290)	452,964
- other changes in expectations	(2,927,657)	(765,978)
Total changes	(23,251,074)	(5,047,421)
Total amount as at 30 September	124,072,986	143,537,030
Remaining quarters		3,787,031
Total amount as at 31 December		147,324,061

The discount rate used for the nine-month period ending 30 September 2022 was 2.99% (31 December 2021: 2.99%). 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 4.52%.

The decrease in the fair value of the Cork Oak and other species (of less relevance) is due, essentially, to the effects associated with the increase in costs of logging, harvesting and transportation.

As at 30 September 2022 and 31 December 2021, biological assets, by species, is detailed as follows:

Amounts in Euro	30-09-2022	31-12-2021
Eucalyptus (Portugal)	96,607,164	113,826,448
Pine (Portugal)	6,775,485	6,697,561
Cork Oak and Other Species (Portugal)	1,711,796	7,283,899
Eucalyptus (Mozambique)	18,978,542	19,516,153
	124,072,986	147,324,061

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	30-09-2022	31-12-2021
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,431	10,207
Pine (Portugal) - Potential future of wood extractions k ton	322	311
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potential future of cork extractions k @	578	461
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	3,754	2,758

With regard to eucalyptus, the most significant biological in the financial statements presented, in the 9-month period ended 30 September 2022, 392,766 m3ssc of wood were harvested from the woodlands owned and operated by the Group (31 December 2021: 651,654 m3ssc).

As at 30 September 2022 and 31 December 2021 (i), there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government grants related to biological assets recognised in the Group's consolidated financial statements.

4. WORKING CAPITAL

4.1. INVENTORIES

4.1.1. Inventories - detail by nature

Amounts net of accumulated impairment losses

Amounts in Euro	30-09-2022	31-12-2021
Raw materials	131,643,727	102,851,010
Goods	130,338	185,541
Subtotal	131,774,065	103,036,550
Finished and semi-finished products	140,296,205	75,870,145
Goods and work in progress	2,975,559	2,440,632
By-products and waste	433,185	5,203,331
Subtotal	143,704,949	83,514,108
Total	275,479,013	186,550,658

As at 30 September 2022 and 31 December 2021, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.2. Movements in impairment losses in inventories

Amounts in Euro	2022	2021
Balance as at 1 January	(3,934,904)	(2,157,570)
Increases (Note 2.3)	(13,564,652)	(3,199,757)
Reversals	555,110	18,717
Impact in profit and loss for the period	(13,009,542)	(3,181,040)
Charge-off	(19,850)	(713)
Balance as at 30 September	(16,944,446)	(5,339,323)
Remaining quarters	-	1,404,419
Balance as at 31 December		(3,934,904)

As mentioned in note 2.3, the increase in inventory impairment includes adjustments to the stock of UWF paper and Tissue paper in the amount of Euro 4.8 million, following the identification of items with lower turnover and future sales prospects arising from the Group's sales performance and sales mix. Additionally, considering future investment perspectives and the remaining useful lives of the industrial equipment, the Group estimated the necessary spare parts until the discontinuation of this equipment, and recognised an impairment for the surplus of spare parts in stock, in the amount of Euro 4.4 million.

4.2. RECEIVABLES

Amounts in Euro	30-09-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	348,783,642	348,783,642	-	210,789,083	210,789,083
State and other public entities	-	79,216,898	79,216,898	-	44,603,384	44,603,384
Department of Commerce (USA)	-	-	-	-	281,653	281,653
Enviva Pellets Greenwood, LLC (USA)	-	17,789,664	17,789,664	7,826,849	25,384,072	33,210,921
Accrued income	-	2,306,913	2,306,913	-	19,028,577	19,028,577
Deferred expenses	-	12,407,821	12,407,821	-	8,463,089	8,463,089
Derivative financial instruments (Note 8.1)	-	31,522,232	31,522,232	-	1,630,982	1,630,982
Other	10,008,018	32,350,953	42,358,972	777,698	7,701,920	8,479,618
	10,008,018	524,378,123	534,386,142	8,604,547	317,882,760	326,487,308

State and other public entities

State is detailed as follows:

Amounts in Euro	30-09-2022	31-12-2021
Value added tax - recoverable	7,944,199	6,848,780
Value added tax - refund requests	71,272,698	37,752,135
Amounts pending refund (tax proceedings decided in favour of the Group)	-	2,470
	79,216,898	44,603,384

As at 30 September 2022, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro	Jun/2022	Jul/2022	Aug/2022	Sep/2022	Total
The Navigator Company, S.A.	-	-	33,152,257	34,120,442	67,272,698
Navigator Abastecimento de Madeira, ACE	4,000,000	-	-	-	4,000,000
	4,000,000	-	33,152,257	34,120,442	71,272,698

Up to the date of issuing this report, Euro 37,152,257 of the outstanding amounts as at 30 September 2022, had already been received.

As at 31 December 2021, the amount of reimbursement requests comprised the following, by month and by Company:

Amounts in Euro	Nov/2021	Dec/2021	Total
The Navigator Company, S.A.	20,331,270	15,631,403	35,962,673
Sociedade de Vinhos da Herdade de Espirra, S.A.	-	30,000	30,000
Eucaliptusland	50,000	-	50,000
Bosques do Atlântico, S.L.	-	1,709,462	1,709,462
	20,381,270	17,370,865	37,752,135

All these amounts were received during the first half of 2022.

Department of Commerce (EUA)

As at 30 September 2022 and 31 December 2021, the balance corresponds to the amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

During 2021, the Department of Commerce confirmed the final rate to be applied for the fourth period of review from March 2019 to February 2020 at 2.21%, therefore the Group will soon receive approximately Euro 281,653 million for the difference between the deposits made and the final rate payable.

In the first half of 2022, the rate for the 5th review period from March 2020 to February 2021 was also confirmed at 5.81%, with the subsequent review periods (6th and 7th) remaining open. For these three periods, Navigator is estimated to pay to the DoC approximately Euro 9.1 million (Note 4.3).

Enviva Pellets Greenwood, LLC (EUA)

Reflects the present value of the amount still to be received from the sale of the pellet business. The nominal receivable, in USD, shall bear interest at the rate of 2.5% (Note 5.10).

Accrued Income and Deferred Expenses

Accrued income and deferred expenses are detailed as follows:

Amounts in Euro	30-09-2022	31-12-2021
Accrued income		
Interest receivable	-	718,888
Energy sales	2,146,719	17,470,569
Insurance compensation	-	272,689
Other	160,194	566,432
	2,306,913	19,028,577
Deferred expenses		
Insurance	2,953,761	-
Rentals	9,233,119	8,312,244
Other	220,941	150,844
	12,407,821	8,463,089
	14,714,734	27,491,666

Other current receivables

Amounts in Euro	30-09-2022	31-12-2021
Advances to personnel	226,513	472,657
Advances to suppliers	8,585,094	630,459
Financial investments receivable	21,223,198	6,598,803
Other Debtors	2,316,149	-
	32,350,953	7,701,920

Other Debtors includes, essentially, subsidies receivable.

4.3. PAYABLES

Amounts in Euro	30-09-2022	31-12-2021
Trade payables	321,627,763	253,983,711
Trade payables - current account	4,351,788	2,789,501
Advances to personnel	5,493,094	-
State and other public entities	60,671,029	27,246,422
Related parties (Note 10.3)	915,270	1,264,454
Other creditors - CO2 emission allowances	32,526,982	21,353,771
Fiscal consolidation (Semapa)	0	6,447,546
Other creditors	6,116,092	2,392,990
Derivative financial instruments (Note 8.1)	27,278,089	8,130,589
Personnel costs accruals	47,703,120	30,613,080
Accrued expenses - interest payable	8,528,530	6,711,797
Wood suppliers bonus	4,235,083	4,294,936
Water resource fee	1,012,924	1,096,148
Rent liabilities	17,023,085	15,634,141
Other accrued expenses	6,972,295	5,513,018
Non-refundable grants	13,852,324	5,689,791
Current payables	558,307,468	393,161,894
Non-refundable grants	29,944,253	28,460,138
Department of Commerce (USA) (Note 4.2)	9,181,972	8,554,289
Non-current payables	39,126,225	37,014,427
	597,433,693	430,176,319

State - details

Amounts in Euro	30-09-2022	31-12-2021
Personal income tax withhold (IRS)	1,568,924	3,298,154
Value added tax	55,893,666	20,793,757
Social Security contributions	2,338,196	2,202,736
Other	870,244	951,775
	60,671,029	27,246,422

As at 30 September 2022 and 31 December 2021, there were no overdue debts to the State.

Non-refundable grants - details

Amounts in Euro	30-09-2022	31-12-2021
Investment grants	3,269,110	3,234,584
Grants - CO2 emission allowances (Note 3.2)	9,334,709	-
Other grants	1,248,505	2,455,207
Non-refundable grants - current	13,852,324	5,689,791
Investment grants	29,944,253	28,460,138
Non-refundable grants - non-current	29,944,253	28,460,138
	43,796,577	34,149,929

5. CAPITAL STRUCTURE

5.1. SHARE CAPITAL AND TREASURY SHARES

Navigator's shareholders

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

As at 30 September 2022, The Navigator Company, S.A.'s share capital of Euro 500,000,000 was fully subscribed and is represented by 711,183,069 shares without nominal value (31 December 2020: 711,183,069 shares).

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

As at 30 September 2022 and 31 December 2021, the shareholders with qualified shareholdings in the Company's capital were as follows:

Designation	30-09-2022		31-12-2021	
	No. of shares	%	No. of shares	%
Semapa, SGPS, S.A.	497,617,299	69.97%	497,617,299	69.97%
Treasury shares	-	0.00%	-	0.00%
Floating shares	213,565,770	30.03%	213,565,770	30.03%
	711,183,069	100%	711,183,069	100%

Treasury shares - movements

	30-09-2022		31-12-2021	
	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
Acquisition of treasury shares	-	-	-	-
Extinction in the period	-	-	(6,316,931)	(20,189,264)
Treasury shares at the end of the period	-	-	-	-

As at 30 September 2022 and 31 December 2021, Navigator held no treasury shares, the unit value of the share at that date being Euro 3.486 (31 December 2021: Euro 3.35) and the market capitalisation of the Company at this date amounted to Euro 2,479,184,179 (31 December 2021: Euro 2,382,463,281) compared to an equity, net of non-controlling interests, of Euro 1,251,673,739 (31 December 2021: Euro 1,044,827,184).

5.2. EARNINGS PER SHARE

	30-09-2022	30-09-2021
Profit attributable to Navigator's equity holders (Euro)	270,480,922	114,244,356
Total number of shares issued	711,183,069	711,183,069
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.380	0.161
Diluted earnings per share (Euro)	0.380	0.161

5.3. DIVIDENDS AND RESERVES DISTRIBUTED

Dividends and reserves distributed in the period

Amounts in Euro	Amount approved	Dividends per share (Euro)
Attributions in 2022		
Distribution of dividends	99,992,340	0.141
Attributions in 2021		
Distribution of dividends	99,565,630	0.140
Distribution of anticipated dividends	49,996,170	0.070

At the Annual General Meeting held on 27 May 2022, The Navigator Company, S.A. approved to distribute dividends in the amount of Euro 99,992,340.

At the Annual General Meeting held on 13 May 2021, The Navigator Company, S.A. approved to distribute dividends in the amount of Euro 99,565,630.

On 16 December 2021 the Board of Directors of The Navigator Company, S.A. resolved to make an advance on profits to Shareholders in the amount of Euro 49,996,170, equivalent to a gross amount of Euro 0.0703 per share.

5.5. NON-CONTROLLING INTERESTS

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit/(loss)	
		30-09-2022	31-12-2021	30-09-2022	30-09-2021
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	275,482	286,896	(11,743)	10,448
Portucel Moçambique	9.98%	-	-	-	-
		275,482	286,896	(11,743)	10,448

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

In 2014, the Group signed agreements with IFC – Internacional Finance Corporation for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital increase from MZM 1,000 million to MZM 1,680.798 million subscribing MZM 332,798 million corresponding to 19.98% of the capital at that date.

In February 2019, there was a reduction in the subscribed, underwritten and paid-up capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, corresponding to 90.02% of the Company's share capital, and

the IFC's holding was revised to MZM 50,620,000, corresponding to 9.98% of the Portucel Moçambique's share capital.

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

Movements of non-controlling interests

Amounts in Euro	2022	2021
Opening balance	286,896	275,182
Net profit for the period	(11,743)	7,058
Other comprehensive income	329	4,656
Closing balance	275,482	286,896

5.6. INTEREST-BEARING LIABILITIES

Amounts in Euro	30-09-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	430,000,000	12,500,000	442,500,000	442,500,000	2,500,000	445,000,000
Commercial paper	105,000,000	35,000,000	140,000,000	140,000,000	100,000,000	240,000,000
Bank loans	96,442,460	17,575,397	114,017,857	109,087,301	12,718,254	121,805,555
Charges with bond issuances	(4,071,340)	-	(4,071,340)	(3,415,421)	-	(3,415,421)
Refundable grants	33,443,735	7,219,439	40,663,174	34,509,610	4,099,903	38,609,513
Deferrals and adjustments	-	-	-	(8,055,598)	-	(8,055,598)
Debt securities and bank debt	660,814,855	72,294,836	733,109,691	714,625,892	119,318,157	833,944,049
Average interest rate, considering charges for annual fees and hedging operations	1.5%			1.5%		

At the end of June, Navigator issued a Euro 150 million bond loan maturing in 2028, under the Sustainability-Linked Bonds Framework, having simultaneously repaid in advance a financing of the same amount valid until 2023.

This operation contributes to extending the average life of the Group's debt, as well as reducing the Company's financing cost, in addition to having conditions adjusted to the fulfilment of sustainability commitments. The loan conditions are indexed to two ESG indicators already included in the Company's Sustainability Agenda and, in turn, aligned with the Sustainable Development Goals of the United Nations.

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 Navigator Group subsidiary 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 refund happening in 2027.

Interest-bearing liabilities - details

30-09-2022						
Amounts in Euro						
	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	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	10,000,000	40,000,000
Navigator 2021-2026	17,500,000	17,500,000	April 2026	Variable rate indexed to Euribor	2,500,000	15,000,000
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	100,000,000	August 2026	Fixed rate	-	100,000,000
Fees	-	(4,071,340)			-	(4,071,340)
European Investment Bank (EIB)						
EIB Loan - Energy	17,708,333	17,708,333	December 2024	Variable rate indexed to Euribor	7,083,333	10,625,000
EIB Loan - Cacia	16,666,667	16,666,667	May 2028	Fixed rate	2,777,778	13,888,889
EIB Loan - Figueira	37,142,857	37,142,857	February 2029	Fixed rate	5,714,286	31,428,571
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Program						
Commercial Paper Program 175M	140,000,000	140,000,000	February 2026	Fixed rate	35,000,000	105,000,000
Commercial Paper Program 65M	65,000,000	-	January 2022	Variable rate indexed to Euribor	-	-
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	-	-
Loans						
Long-term investment	15,000,000	15,000,000	March 2026	Variable rate indexed to Euribor	2 000 000	13 000 000
Refundable grants						
AICEP	40,663,174	40,663,174	November 2027	Fixed rate	7 219 439	33 443 734
Deferrals and adjustments	-	-			-	-
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
		733,109,691			72,294,836	660,814,854

31-12-2021						
Amounts in Euro						
	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
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 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	100,000,000	August 2026	Fixed rate	-	100,000,000
Fees	-	(3,415,421)			-	(3,415,421)
European Investment Bank (EIB)						
EIB Loan - Energy	21,250,000	21,250,000	December 2024	Variable rate indexed to Euribor	7,083,333	14,166,667
EIB Loan - Cacia	18,055,555	18,055,555	May 2028	Fixed rate	2,777,778	15,277,777
EIB Loan - Figueira	40,000,000	40,000,000	February 2029	Fixed rate	2,857,143	37,142,857
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Program						
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	January 2022	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	-	-
Loans						
Long-term investment	15,000,000	15,000,000	March 2026	Variable rate indexed to Euribor	-	15,000,000
Refundable grants						
AICEP	38,609,513	38,609,513	November 2027	Fixed rate	4,099,903	34,509,610
Deferrals and adjustments	-	(8,055,598)			-	(8,055,598)
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
		833 944 049			119 318 157	714 625 892

As at 30 September 2022, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 1.5% (31 December 2021: 1.5%).

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

Amounts in Euro	30-09-2022	31-12-2021
Non-current		
1 to 2 years	82,294,836	234,259,122
2 to 3 years	132,681,741	86,223,407
3 to 4 years	261,140,074	106,640,074
4 to 5 years	57,140,074	261,140,074
More than 5 years	131,629,470	37,834,234
	664,886,195	726,096,911
Fees	(4,071,340)	(11,471,019)
	660,814,855	714,625,892

As at 30 September 2022, the Group had contracted Commercial Paper Programs, contracted and undisbursed long-term financing, as well as available but not used credit facilities of Euro 210,450,714 (31 December 2021: Euro 145,450,714).

As at 30 September 2022 and 31 December 2021, the Group's interest-bearing net debt was as follows:

Amounts in Euro	30-09-2022	31-12-2021
Interest-bearing liabilities (Note 5.6)	733,109,691	833,944,049
Cash and cash equivalents (Note 5.8)	(360,633,555)	(239,171,252)
interest-bearing net debt	372,476,136	594,772,797
Lease liabilities	58,730,932	53,240,925
interest-bearing net debt including Lease liabilities	431,207,068	648,013,722

Financial Covenants in force

Ratio	Definition	Loans	Limit
Interest coverage	EBITDA 12M / Annual net interest	Bank	>= 4.5 - 5.5
Indebtedness	Interest-bearing debt / EBITDA 12M	Bank	<= 4.5
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBITDA 12M	Bank Commercial Paper Bonds	<= 4.0 <= 4.0 - 5.0 <= 4.0

Based on the financial statements presented in this report, these ratios were as follows as at 30 September 2022 and 31 December 2021:

Ratio	30-09-2022	31-12-2021
Interest coverage	65.64	35.29
Indebtedness	1.11	2.35
Net Debt / EBITDA	0.56	1.68

The amounts calculated in the table above exclude lease liabilities.

Considering the contracted limits, in 2022 and 2021, the Group is in compliance with the covenants negotiated. As at 30 September 2022 and 31 December 2021, the company presents a minimum safety margin above 80% on the fulfilment of its covenants.

5.7. LEASE LIABILITIES

Lease liabilities - future liabilities

Amounts in Euro	30-09-2022			31-12-2021		
	Maturing rents	Interest on liabilities	Present value of liabilities	Maturing rents	Interest on liabilities	Present value of liabilities
Less than 1 year	3,865,962	2,053,905	5,919,868	3,971,610	1,852,223	5,823,833
1 to 2 years	3,390,915	1,900,906	5,291,821	3,368,272	1,708,916	5,077,188
2 to 3 years	2,713,195	1,754,166	4,467,361	2,867,678	1,575,482	4,443,160
3 to 4 years	-	-	-	1,999,426	1,450,866	3,450,292
4 to 5 years	2,241,530	1,620,101	3,861,631	1,748,655	1,337,957	3,086,612
More than 5 years	27,430,605	11,759,647	39,190,252	22,150,369	9,209,471	31,359,840
Present value of liabilities	39,642,207	19,088,725	58,730,932	36,106,011	17,134,915	53,240,925

In the periods ended 30 September 2022 and 31 December 2021, there were no significant changes in liability arising from financing activities, including changes arising from cash flows and/or other changes in lease liabilities.

5.8. CASH AND CASH EQUIVALENTS

Amounts in Euro	30-09-2022	31-12-2021
Cash	44,493	35,334
Short-term bank deposits	349,441,019	220,585,472
Other short-term investments	11,148,043	18,550,446
	360,633,555	239,171,252

As at 30 September 2022, the caption Other short-term investments includes Euro 11,148,043 (31 December 2021: Euro 18,550,446) of amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

As at 30 September 2022 and 31 December 2021, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group.

5.9. CASH FLOWS FROM FINANCING ACTIVITIES

Movements in liabilities of the Group's financing activities

Amounts in Euro	30-09-2022	31-12-2021
Balance as at 1 January	833,944,049	982,410,783
Payment of loans	(248,301,587)	(291,527,778)
Receipts from loans obtained	150,000,000	147,500,000
Refundable grants	(2,027,348)	(4,472,875)
Changes in borrowing costs	(505,423)	33,919
Changes in interest-bearing debt	(100,834,358)	(148,466,734)
Gross interest-bearing debt	733,109,691	833,944,049

5.10. NET FINANCIAL RESULTS

Amounts in Euro	30-09-2022	30-09-2021
Interest paid on debt securities and bank debt	(6,919,112)	(8,382,602)
Commissions on loans and expenses with the opening of credit facilities	(3,502,250)	(2,483,815)
Interest paid using the effective interest method	(10,421,362)	(10,866,417)
Interest paid on lease liabilities	(1,685,488)	(1,513,091)
Financial expenses related to the Group's capital structure	(12,106,850)	(12,379,508)
Favourable / (Unfavourable) exchange rate differences	(34,087,230)	-
Gains on financial instruments - hedging (Note 8.1)	-	-
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.1)	(1,848,757)	(3,066,594)
Gains / (Losses) on financial instruments - hedging (Note 8.1)	(9,969,853)	(3,954,838)
Gains on compensatory interest	(1,107,663)	-
Other operating expenses	(1,608,462)	(506,323)
Financial expenses and losses	(60,728,814)	(19,907,263)
Interest earned on financial assets at amortised cost	604,266	1,477,413
Favourable / (Unfavourable) exchange rate differences	-	3,278,451
Gains on financial instruments - hedging (Note 8.1)	-	214,976
Gains on financial instruments - hedging (Note 8.1)	-	-
Gains / (Losses) on financial instruments - hedging (Note 8.1)	-	-
Gains on compensatory interest	-	2,195,880
Other income and financial gains	-	-
Financial income and gains	604,266	7,166,720
Net financial results	(60,124,548)	(12,740,543)

Financial results stood at negative Euro 60,124,548 (30 September 2021: Euro 12,740,543). Contributing to this increase was the non-recurring impact of Euro 30,356,972 associated with accumulated unfavourable exchange differences directly associated with the repayment of the long-term loan (shareholder loans) granted to the subsidiary Portucel Moçambique. This loan, with a *quasi-equity* nature, was denominated in foreign currency and, by extinguishing it and in accordance

with the Group's accounting policy, the corresponding accumulated exchange differences, recognised in previous periods in the Statement of Comprehensive Income, were recognised in Profit/(loss) for the period.

The evolution of current financial income results, essentially, from the negative variation in compensatory interest (Euro 3.3 million) and current exchange rate results (Euro 2.6 million) and other financial derivatives (Euro 5 million). There was also an improvement in the period in terms of the costs of financing operations (Euro 0.4 million) in its several components (interest paid, loan commissions and interest rate hedging instruments) as a result of the sharp decrease in the volume of interest-bearing liabilities in relation to the same period in the previous year.

6. INCOME TAX

6.1. INCOME TAX FOR THE PERIOD

6.1.1. Income tax recognised in the consolidated income statement

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Current tax	130,010,010	27,875,867
Change in uncertain tax positions in the period	(13,894,013)	(5,341,053)
Deferred tax (Note 6.2)	(8,761,125)	7,246,246
	107,354,871	29,781,060

As at 30 September 2022, current tax includes Euro 116,632,979 (30 September 2021: Euro 26,866,228) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A.

As at 30 September 2022 and 2021, the item "Variation of uncertain tax positions in the period" reflects the excess / insufficiency of tax estimates, the favourable outcome of some cases related to matters with high uncertainty, as well as requests for binding information, claims to the Tax Administration and jurisprudence of the courts.

There have not been, nor are any expected changes arising from variations in the rate used to determine the expected tax amount.

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:

	30-09-2022	30-09-2021
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	22.5%
State surcharge - on the share of taxable profits between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on the share of taxable profits between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on the share of taxable profits above Euro 35,000,000	9.0%	9.0%

Reconciliation of the effective income tax rate for the period

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Profit before income tax	377,824,051	144,035,863
Expected tax at nominal rate (21%)	79,343,051	30,247,531
Municipal surcharge (2022: 1.64% ; 2021: 1.64%)	6,181,438	2,364,683
State surcharge (2022: 6.64% ; 2021: 4.05%)	25,081,027	5,827,686
Income tax resulting from the applicable tax rate	110,605,515	38,439,900
Nominal tax rate for the period	29.27%	26.69%
Differences (a)	(2,813,201)	(748,149)
Excess of income tax estimate	-	(7,183,618)
Tax benefits	(727,073)	(727,073)
Autonomous taxation	289,631	-
	107,354,871	29,781,060
Effective tax rate	28.41%	20.68%

(a) This amount concerns mainly:

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Capital gains/ (losses) for tax purposes	40,094	2,627,814
Capital gains/ (losses) for accounting purposes	189,444	(2,664,562)
Taxable provisions and impairment	(16,055,574)	1,291,758
Tax benefits	(2,577,121)	(3,073,437)
Post-employment benefits	48,206	(899,833)
Other	8,125,129	(2,280)
	(10,229,823)	(2,720,540)
Tax effect (27.5%)	(2,813,201)	(748,149)

6.1.2. Tax recognised in the consolidated statement of financial position

Amounts in Euro	30-09-2022	31-12-2021
Assets		
Amounts pending refund (tax proceedings decided in favour of the Group)	12,437,934	1,118,815
	12,437,934	1,118,815
Liabilities		
Corporate Income Tax - IRC	103,870,955	19,913,222
Additional tax liabilities (IRC)	30,899,595	19,967,180
	134,770,550	39,880,402

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	30-09-2022	31-12-2021
Income tax for the period	130,010,010	37,586,136
Payments on account, special and additional payments on account	(24,884,278)	(19,000,792)
Withholding tax recoverable	(12,826)	(22,809)
IRC payable / (refundable) from previous periods	-	-
Other payables / (receivables)	(1,241,950)	1,350,687
	103,870,955	19,913,222

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

Amounts in Euro	30-09-2022	30-09-2021
Payment / (Refund) of the previous period's corporate income tax	10,851,693	2,698,167
Payments on account, special and additional payments on account	24,884,278	9,563,007
Withholding tax	12,826	20,009
Amounts pending refund (tax proceedings decided in favour of the Group)	-	(2,048,511)
Payments of additional tax liabilities	-	-
Other income tax payments / (refunds)	(997,784)	-
Income tax received/ (paid)	34,751,013	10,232,671

Amounts pending refund

Amounts in Euro	30-09-2022	31-12-2021
RFAI 2010 to 2012 - compensatory interest	1,076,611	1,076,611
2005 Corporate income tax (RETGS)	10,394,386	-
2016 Corporate income tax - Navigator Tissue Rodão	861,866	-
2020 Corporate income tax (RETGS)	62,867	-
Other	42,204	42,204
	12,437,934	1,118,815

The movements in the period are detailed as follows:

Amounts in Euro	30-09-2022	31-12-2021
Balance at the beginning of the period	1,118,815	3,482,762
Increases	11,319,119	97,239
Payments / (receipts)	-	(2,027,635)
Reversals	-	(433,551)
	12,437,934	1,118,815

Uncertain tax positions - liabilities

Amounts in Euro	30-09-2022	31-12-2021
Balance at the beginning of the period	19,967,180	22,898,753
Increases	16,074,885	8,094,261
Payments / (receipts)	-	(62,867)
Reversals	(5,142,470)	(10,962,967)
Changes in the period	10,932,415	(2,931,573)
	30,899,595	19,967,180

Taxes paid in litigation

As at 30 September 2022 and 31 December 2021, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	30-09-2022	31-12-2021
2005 Aggregated corporate income tax	10,394,386	10,394,386
2006 Aggregated corporate income tax	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2016 State surcharge	3,761,397	3,761,397
2017 State surcharge	8,462,724	8,462,724
2018 State surcharge	12,223,705	12,223,705
2016 and 2017 CDTJI corporate income tax	1,522,660	1,522,660
	52,101,379	52,101,379

6.2. DEFERRED TAXES

Movements in deferred taxes

Amounts in Euro	As at 1 January 2022	Income Statement		Equity	As at 30 September 2022
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	4,544,163	11,534,160	(475,426)	-	15,602,897
Adjustment of property, plant and equipment	62,470,397	3,027,234	(19,599,803)	-	45,897,827
Financial instruments	7,448,830	-	-	(7,448,830)	-
Deferred accounting gains on intra-group transactions	21,090,054	7,096,897	(1,873,705)	-	26,313,245
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	4,200,000	-	(1,680,000)	-	2,520,000
	99,957,031	21,658,291	(23,628,935)	(7,448,830)	90,537,558
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(388,758)	2 098 462	-	(1 727 236)	(17,532)
Financial instruments	-	-	-	(13,266,973)	(13,266,973)
Deferred accounting losses on intra-group transactions	-	-	-	-	-
Valuation of biological assets	(25,294,177)	25 146 986	-	-	(147,192)
Adjustment of property, plant and equipment	(306,642,712)	14,033,008	(7,805,777)	-	(300,415,481)
Investment grants	(4,142,627)	356 601	-	44,474	(3,741,551)
	(336,468,274)	41,635,058	(7,805,777)	(14,949,736)	(317,588,729)
Deferred tax assets	27,488,184	5,956,030	(6,497,957)	(2,048,428)	24,897,829
Tax investment grants	549,224	-	-	-	549,224
Deferred tax assets	28,037,408	5,956,030	(6,497,957)	(2,048,428)	25,447,053
Deferred tax liabilities	(92,528,775)	11,449,641	(2,146,589)	(4,111,177)	(87,336,900)

Amounts in Euro	As at 1 January 2021	Income Statement		Equity	As at 31 December 2021
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	6,974,025	-	(2,429,862)	-	4,544,163
Adjustment of property, plant and equipment	71,179,011	-	(8,708,614)	-	62,470,397
Financial instruments	8,879,577	-	-	(1,430,747)	7,448,830
Deferred accounting gains on intra-group transactions	15,145,588	5,944,465	-	-	21,090,054
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	7,000,000	-	(3,360,000)	560,000	4,200,000
	109,381,790	5,944,465	(14,498,477)	(870,747)	99,957,031
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(224,593)	649,357	-	(813,523)	(388,758)
Deferred accounting losses on intra-group transactions	(9,929,599)	-	-	9,929,599	-
Valuation of biological assets	(23,121,032)	-	(2,173,145)	-	(25,294,177)
Adjustment of property, plant and equipment	(272,907,547)	-	(33,735,165)	-	(306,642,712)
Investment grants	(6,406,374)	489,447	-	1,774,300	(4,142,627)
	(312,589,145)	1,138,805	(35,908,310)	10,890,376	(336,468,275)
Deferred tax assets	30,079,993	1,634,728	(3,987,081)	(239,456)	27,488,184
Government grants (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	30,629,217	1,634,728	(3,987,081)	(239,456)	28,037,408
Deferred tax liabilities	(85,962,014)	313,171	(9,874,785)	2,994,853	(92,528,775)

As at 30 September 2022 and 31 December 2021, the rate of 27.50% was used in the measurement of deferred taxes.

7. PAYROLL

7.1. PAYROLL COSTS

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Remuneration of Corporate Bodies - fixed	2,502,820	2,502,720
Remuneration of Corporate Bodies - variable	5,191,143	1,680,255
Other remunerations	92,331,478	77,740,948
Social Security contributions	17,344,545	16,623,006
Post-employment benefits (Note 7.2.4)	906,186	1,090,114
Other payroll costs	14,265,197	9,662,120
Payroll costs	132,541,368	109,299,163

The increase in payroll costs accompanied Navigator's good performance, which allowed for the recognition of accrued expenses for bonus payments in 2023. The amount allocated to the rejuvenation program was also reinforced.

Number of employees by segment at the end of the period

	30-09-2022	31-12-2021	Var. 22/21
Market pulp	256	254	2
UWF	1,798	1,786	12
Tissue	415	379	36
Other	749	738	11
	3,218	3,157	61

Other Payroll costs for the nine-month periods ended 30 September 2022 and 2021 are detailed as follows:

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Training	599,795	239,176
Social action	1,572,487	1,629,965
Insurance	3,422,290	3,887,713
Compensations	8,354,326	3,625,138
Other	316,298	280,128
	14,265,197	9,662,120

7.2. EMPLOYEE BENEFITS

7.2.1. Introduction

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

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

A. Pension Plan – Defined benefit

The Group has responsibilities with post-employment benefit plans for a reduced group of Employees who have chosen to maintain the defined benefit plan or who have chosen to maintain a safeguard clause, the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the Employee the option, at the time of retirement, to pay a pension in

accordance with the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (Conta 1) will be used to finance the liability of the Defined Benefit Plan.

B. Pension Plan – Defined contribution

As at 30 September 2022, three Defined Contribution plans were in force covering 3,054 employees (2021: 2,936 Employees) (Note 7.2.3).

7.2.2. Defined Benefit Plan

Net liabilities

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

	30-09-2022		31-12-2021	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	387	58,079,885	408	71,291,405
Alumni	142	24,463,302	126	26,059,671
Retired employees	574	89,138,474	567	93,651,512
Market value of pension funds		(154,194,386)		(185,327,671)
Total net liabilities	1,103	17,487,276	1,101	5,674,918

Historical information - last five years

Amounts in Euro	2018	2019	2020	2021	2022
Present value of liabilities	154,456,240	179,880,752	191,253,527	191,002,589	171,681,662
Fair value of assets and reserves	147,131,961	173,292,676	178,691,062	185,327,671	154,194,386
Surplus / (deficit)	(7,324,279)	(6,588,076)	(12,562,465)	(5,674,918)	(17,487,276)

Evolution of defined benefit plan liabilities

2022	Opening balance	Remeasurement	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro							
Pensions with autonomous fund	191,002,589	-	13,168	1,174,590	(17,681,556)	(2,827,129)	171,681,662
	191,002,589	-	13,168	1,174,590	(17,681,556)	(2,827,129)	171,681,662
2021	Opening balance	Remeasurement	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro							
Pensions with autonomous fund	191,253,527	-	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589
	191,253,527	-	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589

The average expected duration of defined benefit liabilities is 15 years (2021: 15 years).

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2022	2021
Opening balance	185,327,671	178,691,062
Charge for the period	-	1,000,000
Expected income for the period	1,138,957	1,097,792
Remeasurement	(29,445,113)	2,923,621
Pensions paid	(2,827,129)	(2,711,195)
Outras variações	-	(153,383)
Balance as at 30 September	154,194,386	180,847,897
Remaining quarters		4,479,774
Balance as at 31 December		185,327,671

The assets of the pension fund related to the defined benefit plan are under the management of AGEAS – Pensões, Schroders, Santander AM e Julius Baer, as detailed below:

Amounts in Euro	2022	2021
Defined Benefit and Account 1:		
AGEAS - Pensões	731,562	3,938,660
Schroders	61,710,780	70,993,049
Santander AM	61,407,293	72,705,468
Conta 1 - Julius Baer	30,344,751	37,690,494
Total Defined Benefit and Account 1	154,194,386	185,327,671

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	30-09-2022	%	31-12-2021	%
Securities listed in the market				
Bonds	94,352,139	61.2%	112,303,157	60.6%
Shares	41,287,750	26.8%	50,274,545	27.1%
Public debt	15,251,604	9.9%	14,558,914	7.9%
Liquidity	2,571,335	1.7%	4,252,394	2.3%
Other short-term investments	731,559	0.5%	3,938,660	2.1%
	154,194,386	100%	185,327,671	100%

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

7.2.3. Defined Contribution Plan

As at 30 September 2022 and 31 December 2021, three 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 AGEAS Pensões, as detailed below:

Amounts in Euro	No. of Beneficiaries	Profitability %	2022	No. of Beneficiaries	Profitability %	2021
Defined Contribution:						
Defensive sub-fund	110	(12.79%)	6,802,721	110	2.92%	7,995,969
Conservative sub-fund	379	(13.41%)	14,616,425	374	5.89%	19,301,087
Dynamic sub-fund	720	(13.40%)	14,544,114	696	10.46%	17,234,845
Aggressive sub-fund	1,845	(14.56%)	5,248,422	1,756	16.04%	6,462,291
Total Defined Contribution	3,054		41,211,682	2,936		50,994,193

7.2.4. Expenses incurred with post-employment benefit plans

The effect of these plans in the income statement for the nine-month periods ended 30 September 2022 and 2021 was as follows:

Amounts in Euro	9 months 30-09-2022	9 months 30-09-2021
Defined Contributions Plan		
Current services	13,168	22,441
Interest expense	1,174,590	1,176,588
Expected return on plan assets	(1,138,957)	(1,097,792)
Remission of liabilities	-	-
	48,801	101,237
Defined contributions plans		
Contributions of the period	857,385	988,877
	857,385	988,877
Expenses for the period (Note 7.1)	906,186	1,090,114

8. FINANCIAL INSTRUMENTS

8.1. DERIVATIVE FINANCIAL INSTRUMENTS

Movements in derivative financial instruments

Amounts in Euro	30-09-2022			31-12-2021		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	(1,728,458)	(4,771,149)	(6,499,607)	3,160,131	(5,336,693)	(2,176,561)
New contracts / settlements	2,911,823	(1,065,268)	1,846,555	(623,573)	2,326,437	1,702,864
Change in fair value through profit and loss (Note 5.10)	(9,969,853)	(1,848,757)	(11,818,609)	(4,265,016)	(3,191,640)	(7,456,656)
Change in fair value through other comprehensive income (Note 5.5)	-	20,715,804	20,715,804	-	1,430,747	1,430,747
Balance at the end of the period	(8,786,487)	13,030,631	4,244,143	(1,728,458)	(4,771,149)	(6,499,607)

8.1.1. Detail and maturity of derivative financial instruments by nature

30 September 2022 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	316,500,000	USD	2023	-	(15,039,668)	(15,039,668)
Hedging (future sales)	20,000,000	GBP	2022	483,722	-	483,722
Interest rate swaps - Bonds	375,000,000	EUR	2028	28,711,719	-	28,711,719
Energy	11,443,089	EUR	2022	2,080,827	-	2,080,827
BHKP pulp	6,780,000	USD	2022	-	(3,205,969)	(3,205,969)
				31,276,267	(18,245,636)	13,030,631
Trading						
Foreign exchange forwards (future sales)	103,837,730	USD	2023	-	(9,021,965)	(9,021,965)
Foreign exchange forwards (future sales)	7,400,000	GBP	2023	245,965	-	245,965
Foreign exchange forwards (future sales)	2,000,000	CHF	2022	-	(10,487)	(10,487)
				245,965	(9,032,452)	(8,786,487)
				31,522,232	(27,278,089)	4,244,143

31 December 2021 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	242,500,000	USD	2022	9,066	(1,426,675)	(1,417,609)
Hedging (future sales)	83,000,000	GBP	2022	-	(483,940)	(483,940)
Interest rate swaps - Bonds	375,000,000	EUR	2026	1,621,916	(2,804,403)	(1,182,487)
BHKP pulp	27,120,000	USD	2022	-	(1,687,112)	(1,687,112)
				1,630,982	(6,402,131)	(4,771,149)
Trading						
Foreign exchange forwards (future sales)	129,745,503	USD	2023	-	(1,640,154)	(1,640,154)
Foreign exchange forwards (future sales)	9,050,000	GBP	2021	-	(86,856)	(86,856)
Foreign exchange forwards (future sales)	300,000	CHF	2021	-	(1,448)	(1,448)
Future purchase of CO2 allowances (Note 3.2)		EUR	2021	-	-	-
				-	(1,728,458)	(1,728,458)
				1,630,982	(8,130,589)	(6,499,607)

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

During the last quarter of 2021, the Group concluded the contracting of derivative financial instruments by acquiring USD 242,500,000 and GBP 83,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2022.

In the third quarter of 2022, and due to the variation in the market caused by the geopolitical situation, the Group began contracting derivative financial instruments, in Zero Cost Collars, for 2023, with the acquisition of USD 240,000,000.

Interest rate hedge

During the first quarter of 2022, the Group contracted two new swaps in the amount of Euro 75,000,000 each, to fix the interest rate associated with the Navigator 2022-2028 bond loan, in the amount of Euro 150,000,000, starting in Jun-22.

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 2021, the Group opted to acquire a financial instrument to hedge the pulp price, by contracting a swap to set the price of 30,000 tons of pulp for the next 12 months, ended 31 December 2022.

Energy Coverage

In view of the Group's exposure to energy prices, during the first quarter of 2022 a swap was contracted to fix the price of energy sold for a volume of approximately 422,780 MWh, ending on 31 December 2022.

9. PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1. PROVISIONS

Movements in provisions

Amounts in Euro	Legal proceedings	Other Provisions	Total
01 January 2021	4,668,105	18,741,229	23,409,334
Increases	716,191	-	716,191
Reversals	(348,445)	(512,064)	(860,510)
Impact in profit and loss for the period	367,746	(512,064)	(144,318)
Exchange rate adjustment	(16,250)	-	(16,250)
Other transfers and adjustments	-	271,640	271,640
30 September 2021	5,019,601	18,500,805	23,520,406
Increases	3,099,019	1,300,000	4,399,019
Charge-off	(16,250)	-	(16,250)
Reversals	(1,095,507)	-	(1,095,507)
Impact in profit and loss for the period	1,987,262	1,300,000	3,287,262
Exchange rate adjustment	(55,589)	-	(55,589)
Other transfers and adjustments	-	-	-
31 December 2021	6,951,274	19,800,805	26,752,080
Increases	434,568	1,253,933	1,688,501
Reversals	(4,197,626)	-	(4,197,626)
Impact in profit and loss for the period	(3,763,058)	1,253,933	(2,509,125)
Exchange rate adjustment	11,700	-	11,700
Other transfers and adjustments	41,534	-	41,534
30 June 2022	3,241,450	21,054,738	24,296,188

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

9.2. COMMITMENTS

Guarantees provided to third parties

Amounts in Euro	30-09-2022	31-12-2021
Guarantees provided		
Navigator guarantees for EIB loans	37,708,333	42,916,667
Portuguese Tax Authority and Customs	6,513,318	6,513,318
Comissão de Coordenação e Desenv. Regional	354,083	-
Iapmei	1,280,701	1,280,701
Customs clearance	1,250	1,250
State Administration Agency State Agency	-	1,033,204
Portuguese Environment Agency	2,052,252	1,527,484
Simria	338,829	338,829
Other	177,042	1,987,855
	48,425,809	55,599,308

In the third quarter of 2022, the guarantee in favour of the Spanish Tax Agency was cancelled, following the resolution of the tax process related to Corporate Tax for the period between 2009 to 2012.

Purchase commitments

Amounts in Euro	30-09-2022	31-12-2021
Purchase commitments		
Property, plant and equipment - Industrial equipment	35,926,364	14,612,464
Wood		
Commitments with acquisitions in the subsequent period	83,000,000	287,700,000
Commitments to long-term acquisitions	255,000,000	88,100,000
	373,926,364	390,412,464

In the first half of 2022, the Navigator Company Group's subsidiary, Timber Supply, ACE, signed a contract with Portline Ocean Bulk, Inc. regarding the chartering of ships to transport wood in 2022, 2023 and 2024. The contract provides for the transportation of approximately 940,000 m³ in that period.

The Group has entered into several agreements with wood suppliers in Spain to support forestry investment in that country in 2022. The agreements foresee that, for supplies of eucalyptus wood above a certain quantity, the Group grants a cash incentive aimed at promoting the acquisition of forestry equipment and material, as well as forest certification. The incentive amount will be paid after the end of the year, after the validation of the requirements for its attribution.

Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 290 million, of which Euro 59 million have already been invested by 31 March 2022.

10. GROUP STRUCTURE

10.1. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

10.1.1. Navigator Group subsidiaries

Company	Head Office	Share equity owned			Main activity
		30-09-2022	31-12-2021	Total	
Parent company:					
The Navigator Company, S.A.	Portugal	-	-	-	Sale of paper and pulp
Subsidiaries:					
Navigator Brands, S.A.	Portugal	100.00	-	100.00	100.00 Acquisition, operation, 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 Management of industrial real estate
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	100.00 Paper production
Empremédia - Corretores de Seguros, S.A.	Portugal	100.00	-	100.00	100.00 Insurance mediation and advisory services
Empremédia, DAC	Ireland	100.00	-	100.00	100.00 Management of shareholdings
Empremédia RE, DAC	Ireland	-	100.00	100.00	100.00 Insurance mediation and advisory services
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
About The Future, 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
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 cellulose pulp and provision of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	74.20	74.20	74.20
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	80.20	80.20	80.20
Ema Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Portugal	-	79.80	79.80	79.80
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	100.00 Cellulose pulp production
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	100.00 Cellulose pulp production
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	100.00 Tissue paper production
Navigator Tissue Ródão, S.A.	Portugal	-	100.00	100.00	100.00
Navigator Tissue Iberica, S.A.	Spain	-	100.00	100.00	100.00 Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	90.02 Forestry production
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	100.00 Management of shareholdings
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	100.00 Forestry production
Eucaliptusland, S.A.	Portugal	-	100.00	100.00	100.00 Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	100.00 Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	100.00 Management of hunting resources
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80 Provision of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00 Plant production in nurseries
Atlantic Forests, S.A. *	Portugal	-	100.00	100.00	100.00 Provision of services within the scope of forestry activities and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00 Trade in wood and biomass and logging
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00 Trade in wood and biomass and logging
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
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	100.00
Navigator Eurasia	Turkey	-	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
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00 Sale of timber

* Companies merged and liquidated in 2022 (Note 10.2)

10.1.2. Incorporated joint operations

Company	Head Office	Share equity owned			Main activity
		30-09-2022	31-12-2021	Total	
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00 Purchases of materials, subsidiary materials and services used in the pulp and paper production processes

10.2. CHANGES IN THE CONSOLIDATION PERIMETER

During the nine-month period ended 30 September 2022, the consolidation perimeter was changed from the previous period by the liquidation of the following companies:

- Merger by incorporation of Atlantic Forests, S.A. into Navigator Forest Portugal, S.A.
- Liquidation of About The Future, S.A.
- Liquidation of Navigator Internacional Holding SGPS, S.A.

10.3. TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

Amounts in Euro	30-09-2022			31-12-2021	
	Receivables (Note 4.2)	Payables (Note 4.3)	Lease liabilities (Note 5.8)	Receivables (Note 4.2)	Payables (Note 4.3)
Shareholders (Note 5.1)					
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	810,970	-	-	7,470,630
Other subsidiaries of Semapa Group					
Secil - Companhia Geral Cal e Cimento, S.A.	-	33,703	-	-	40,831
Secil Britas, S.A.	-	59,217	-	-	138,666
Secil Prebetão, S.A.	-	-	-	-	41,858
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	-	24
Unibetão, S.A.	-	11,379	-	-	16,527
Other related parties					
Hotel Ritz, S.A.	-	-	-	-	3,464
	-	915,270	-	-	7,712,000

Transactions with related parties

Amounts in Euro	30-09-2022			30-09-2021		
	Purchase of goods and services	Sales and services rendered	Financial (expenses) / income	Purchase of goods and services	Sales and services rendered	Financial (expenses) / income
Shareholders (Note 5.1)						
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	6,285,032	-	-	7,547,845	34	-
	6,285,032	-	-	7,547,845	34	-
Other subsidiaries of Semapa Group						
Secil - Companhia Geral Cal e Cimento, S.A.	117,875	-	-	105,687	15,750	-
Secil Britas, S.A.	162,221	-	-	181,544	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	403	8,695	-	-
Unibetão, S.A.	14,063	-	-	5,753	-	-
	294,159	-	403	307,155	15,750	-
Other related parties						
Hotel Ritz, S.A.	16,362	-	-	18,192	-	-
	16,362	-	-	18,192	-	-
	6,595,552	-	403	7,873,192	15,784	-

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 69.97% 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.

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

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

BOARD OF DIRECTORS

Ricardo Miguel dos Santos Pacheco Pires
Chairman of the Board of Directors

António José Pereira Redondo
Chairman of the Executive Board

Adriano Augusto da Silva Silveira
Executive Board Member

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Araújo Oliveira
Executive Board Member

João Paulo Cabete Gonçalves Lé
Executive Board Member

Manuel Soares Ferreira Regalado
Member

Maria Teresa Aliu Presas
Member

Mariana Rita Antunes Marques dos Santos
Member

Sandra Maria Soares Santos
Member

Vítor Manuel Rocha Novais Gonçalves
Member

Vítor Paulo Paranhos Pereira
Member