

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 2nd QUARTER 2022 AND 1st HALF 2022

The first half of 2022 was marked by Russia's invasion of Ukraine. The rapid change in Europe's macroeconomic and geopolitical environment has added to uncertainty and insecurity worldwide. Already at historically high levels at the start of the year, energy, logistical and commodity costs have risen across the world.

Under this environment, Navigator acted swiftly to boost the productivity of its industrial assets and to achieve even greater efficiency in its consumption of raw and subsidiary materials. At the same time, the Company held down increases in variable costs by containing specific consumptions, namely in pulp segment, and pressed ahead with efforts to contain fixed costs, which slightly increased. The strength of the dollar over this period impacted imports, but was also reflected in average prices, with a positive impact on the Company's results.

To note that all Navigator's teams succeeded in reacting quickly and deploying their business expertise to anticipate the sharp increase in costs, implementing a responsible pricing policy and an effective differentiation strategy, based on premium products, prestigious own brands and an international reputation. All this crucially compensated the sudden upturn in costs.

These differentiation factors enabled Navigator to record strong performance in this environment of great market uncertainty.

Analysis: 2nd Quarter 2022 vs. 1st Quarter 2022 and vs. 2nd Quarter 2021

- Paper market dynamics over the second quarter were 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;
- At the same time, the 2nd quarter felt the effects of a prolonged strike over the first four months of the year in Northern Europe, with an impact on all printing and writing papers, as well as limiting the supply of market pulp. Additionally, dating back more than a year, logistical constraints remained, as did large-scale closures and conversion of capacity in our Scandinavian competitors. These factors significantly limited the volume of supply in Europe and helped to push up international prices;
- The 2nd quarter saw strong growth in pulp prices, with the benchmark index rising 22% in USD and 38% in Euros in relation to average prices in the 2nd quarter of 2021, and up 9% in USD and 15% in Euros in relation to the 1st quarter of 2022;
- Pressured by the pulp price index, higher costs for energy, logistics and commodities, and also a mismatch between supply and demand, the index for paper prices in Europe also strongly rose in the 2nd quarter of 2022, in comparison both with the 2nd quarter of 2021 (up 46%), and also the previous quarter (up 15%);
- The volume of paper sales for the quarter stood at 407 thousand tons, up by close to 25% in relation to the 1st quarter and 12% in relation to the 2nd quarter of 2021. It should be noted that the 1st quarter sales volume was held down by the need to replenish stocks and logistical difficulties;
- The volume of pulp sales totalled 72 thousand tons, down by 7% on the 1st quarter, and 2% lower than in the 2nd quarter of 2021, again due to the need of pulp stocks replenishment and increased incorporation into paper;
- The Tissue sales volume stood close to 25 thousand tons, down by 4% in relation to the previous quarter and by 1% YoY;
- Production volumes grew in relation to the same period in 2021, with an increase of 7% in the pulp segment, 10% in the paper segment, and 3% in the energy segment. This growth allowed for increased efficiency in the use of some raw materials;

- New emission on sustainable finance, with a value of € 150 million, maturing in 2028, under the Sustainability-Linked Bonds Framework. At the same time, Navigator proceeded with early repayment of borrowing of the same amount, maturing in 2023. The terms of the new issue are indexed to three ESG indicators envisaged in the Company's Sustainability Agenda, and also aligned with the United Nations Sustainable Development Goals;
- The Navigator and Hamburg-based developer P2X Europe have signed a Memorandum of Understanding to create a unique and powerful joint venture, P2X Portugal, to develop a world-class production facility for industrial-scale production of non-fossil jet fuels or e-SAFs (e-Sustainable Aviation Fuels) – carbon-neutral synthetic kerosene, based on green hydrogen and biogenic CO₂.

Analysis: 1st Half 2022 vs. 1st Half 2021

- Turnover totalled € 1,142 million, driven by the upward course of prices, up by 60% over the same period in 2021; to note that 94% of UWF sales were on foreign markets; nevertheless, sales on the domestic market increased circa 13% in response to the paper shortage felt in the country along the semester;
- The Company achieved an EBITDA of € 345 million and a margin over sales of 30% (up 9 p.p. on the same period in 2021), benefiting from improved efforts on efficiency and consumption, as well as the highly favourably evolution of sales prices established on international markets;
- Net income for the first half totalled € 161.9 million, as compared to €64.4 million in the 1st half of 2021;
- Net debt has decreased significantly in relation to year-end 2021 to € 521 million, despite the payment of € 100 million in dividends in June, improving the Net Debt / EBITDA ratio to 0.95x;

2. LEADING INDICATORS

Million euros	H1 2022	H1 2021	Change ⁽⁸⁾ H1 22/ H1 21
Total Sales	1,142.1	714.7	59.8%
EBITDA ⁽¹⁾	344.6	150.5	129.0%
Operating Profits (EBIT)	272.9	90.7	201.0%
Financial Results	-45.1	-10.1	345.1%
Net Earnings	161.9	64.4	151.3%
Cash Flow	233.5	124.2	109.3
Free Cash Flow ⁽²⁾	174.2	121.5	52.7
Capex	34.3	32.8	1.5
Net Debt ⁽³⁾	520.6	658.1	- 137.4
	0.0		
EBITDA/Sales	30.2%	21.1%	9.1 pp
ROS	14.2%	9.0%	5.2 pp
ROCE ⁽⁴⁾	32.1%	10.8%	21.3 pp
ROE ⁽⁵⁾	28.3%	12.8%	15.6 pp
Equity Ratio	44.2%	40.9%	3.3 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.95	2.22	-1.28

	Q2	Q1	Change ⁽⁸⁾	Q2	Change ⁽⁸⁾
Million euros	2022	2022	Q2 22/Q1 22	2021	Q2 22/ Q2 21
Total sales	649.8	492.2	32.0%	373.9	73.8%
EBITDA ⁽¹⁾	223.0	121.6	83.4%	79.9	179.1%
Operating profits	183.6	89.4	105.4%	50.6	262.7%
Financial results	- 40.4	- 4.7	758.3%	- 0.4	10135.5%
Net earnings	111.3	50.6	119.9%	40.9	172.0%
Cash flow	150.7	82.8	67.9	70.2	80.5
Free Cash Flow ⁽²⁾	97.3	77.0	20.3	65.1	32.2
Capex	19.6	14.7	4.9	12.7	6.9
Net Debt ⁽³⁾	520.6	517.9	2.7	658.1	- 137.4
EBITDA/Sales (%)	34.3%	24.7%	9.6 pp	21.4%	12.9 pp
ROS	17.1%	10.3%	6.8 pp	10.9%	6.2 pp
ROCE ⁽⁴⁾	43.2%	22.1%	21.1 pp	12.1%	31.1 pp
ROE ⁽⁵⁾	39.0%	19.1%	19.9 pp	16.2%	22.8 pp
Equity ratio	44.2%	40.6%	3.5 pp	40.9%	3.3 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.95	1.28	-0.33	2.22	-1.28

1. Operating profits + depreciation + provisions;
2. Variation net debt + dividends + purchase of own shares
3. Interest-bearing liabilities - liquid assets (not including effect of IFRS 16)
4. ROCE = Annualised operating income / Average Capital employed (N+(N-1))/2
5. ROE = Annualised net income / Average Shareholders' Funds last -1 months
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months
7. Impact of IFRS 16: Net Debt / EBITDA at 30/06/2022 of 1.44; Net Debt / EBITDA restated at 30/06/2021: 2.40;
8. Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

In the first half of 2022, The Navigator Company recorded a turnover of € 1,142 million, with paper sales accounting around 71% of turnover (vs. 70%), pulp sales 10% (vs. 11%), tissue sales 8% (vs. 10%) and energy sales 11% (vs. 9%).

Pulp prices at historically high levels

The benchmark index for hardwood pulp in Europe – PIX BHKP in euros – was up by 25% by the end of June in relation to the start of the year, to 1,260 €/ton, with an increase of approximately 47% in average prices in the first half of 2022 vs. the first half of 2021. It may also be noted that the increase in the pulp price was more significant in euros than in dollars in view of the dollar appreciation against the euro over the first half. The benchmark index in China for hardwood pulp rose by 46% from the start of the year to the end of June, to 842 USD/ton, an all-time high, in line with the peak levels recorded in 2010.

The Pulp sector is enjoying unprecedented buoyancy with prices reaching historically high levels worldwide. Albeit temporary, the acute imbalance between supply and demand in the Pulp market continues to drive prices upwards.

Several factors are contributing to the current 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, with an ongoing impact throughout the 2nd quarter; the concentration of annual maintenance shutdowns around the world in the 1st half; delays on the start of new investment projects for pulp in Latin America; Russia's invasion of Ukraine and the consequent embargo on wood imports from Russia has drastically reduced supplies of imported birch in Northern Europe (this is estimated to affect around 1 million tons of annual output of birch pulp); the

suspension of chemicals supplies needed to manufacture pulp and the unavailability of logistical services created operational to market pulp production in Russia, limiting pulp supplies to China, Russia's main market. At the end of the first half, pulp stocks were balanced or low along the value chain. Paper producers around the world kept balanced stocks, in line with historical levels, whilst buyers/users of pulp in Europe are facing low stocks levels, lower than on the same period in the previous year.

At the same time, logistical constraints have also hit available supply of market pulp, causing significant increases in transit times and numerous delays in deliveries due to the lack of resources and congestion at ports.

Navigator started 2022 with a relatively low level of pulp stocks, which combined with significantly increased incorporation of pulp into paper, limited the amount of pulp available for sale over the period. Sales accordingly stood at 150 thousand tons, reflecting a reduction of 1.6% in relation to the same period in 2021. Rising pulp prices over the past 12 months enabled Navigator to offset the reduction in volumes in relation to the same period in 2021, with turnover reflecting an increase of 45%.

Paper market dynamic affected by reduction in capacity in Europe and United States and reduction in supplies available in Middle East and African markets

Global demand for printing and writing papers fell by 1.4% (YtD May), with UWF paper falling 0.5% and coated papers growing by 1.6%; mechanical papers dropped by 7.4%.

Unusually, demand for UWF paper in the United States grew over the first 5 months of 2022 by 3%, whilst in other global regions, demand edged down by 0.2% (YTD May).

In Europe, apparent demand for UWF paper fell by 5.8% over the first half. This drop in apparent demand results from the calculation model (based on producers' deliveries), reflects the unsatisfied latent demand, translated into stocks reductions along the chain during the first months of the year and strong hikes on producers order books.

The printing and writing papers industry is therefore enjoying an unprecedented upturn in fortunes.

Fears of an accelerating downturn in UWF demand in the wake of the pandemic prompted manufacturers in Europe and in the US to bring forward capacity closures and reconversions, whilst logistical issues severely curtailed supplies, especially in these regions.

Nonetheless, post-pandemic demand recovered more strongly than expected and so the mills still working 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 a Scandinavian mill closure at the end of Q3 2021 and the conversion of a French mill to packaging in the 1st quarter). To add the strike in Northern Europe, which lasted until April and whose effects were still felt in the 2nd quarter. In addition, the volume of import supplies has been pushed down to lower-than-normal levels due to the current logistical difficulties.

These logistical issues have been felt for close to a year, largely as a result of the pandemic, and their impact on the industry can be seen in the reduction of the number of ships and containers, congestion at ports, a shortage of truck drivers and a lack of synchronisation between modes of transport. More recently, soaring fuel prices have caused logistical costs to shoot to all-time high levels, lengthening delivery times and significantly reducing the availability of resources. As a result, intercontinental paper flows have substantially fallen, and

this situation has been felt most acutely in Europe, the USA, Latin America, Northern Africa and the Middle East.

Paper supplies were consequently scarce in Europe in the first half, and this was not exclusive to UWF paper. Most printing papers - where production capacity has been significantly cut in the past 3 years, as well as being affected by the aforementioned strike - also experienced a shortfall in supply during the first half in Europe. This imbalance, combined with a sharp upturn in production costs (transversal to fibre, chemicals, energy and packaging materials) and logistical costs (via rising costs and scarcity of resources), helped to a generalized push up on prices of different types of paper.

Capacity utilisation rates rose in 2022 in relation to the previous year. This was observed both in Europe, with increases in practically all paper grades, and also in the US, where rates rose in all grades. In the specific case of uncoated woodfree paper, capacity utilisation rates outweigh 90% in the first half, both in Europe and the US.

The benchmark index for office paper in Europe stood at 1,237 € /ton at the end of June, up 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 margins, by anticipating the impacts of continued higher costs.

In this context, Navigator maintained an historical high order book, reflecting the sharp drop in available supply in the main regions where it operates. In Europe, there may be scope for further capacity reductions in line with strategy decisions and/or due to profitability issues caused by the sharp increase in variable costs hitting the sector.

Navigator's UWF sales totalled 734 thousand tons in the first half, up by 4.8% YoY, reflecting the Company's significant efforts 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, which Navigator followed, hence showing a growth close to 61% in comparison to the same period in 2021. It should be noted that 94% of UWF sales were on foreign markets, with only 6% of sales on the domestic market, though still growing in relation to the same period in 2021, given the shortage that has been felt, but where price rises were purposely more contained. Navigator also succeeded in enriching its product mix over the first half, achieving record levels of sales of premium products and mill brands.

With the growing inflow of orders and supply limitations, combined with substantial increases in maritime freights, price rises in markets outside Europe were around two thirds higher than those on European markets, in relation to the same period in 2021. At the same time, in the Iberian Peninsula, prices rose much more slowly than elsewhere in Europe, and Portugal has today some of the lowest paper prices in the world.

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

The Group has continued to consolidate its packaging venture and both production and the sales dynamic have continued as planned.

The PM1 and PM3 machines at the Setúbal mill are able to offer a flexible response, so that the products provided by each machine complement the other in terms of grammage ranges.

PM1 is now fully dedicated to packaging products (white and brown), although still able to produce UWF paper whenever needed. The packaging sector performed sales of € 51 million in the first half, close to the level of turnover achieved in 2021. Products are sold to manufacturers of bags, flexible packaging and corrugated cardboard, especially in higher

value-added niches (such as boxes for food use, or packaging, where value is attached to printing and food contact certification, which recycled fibre is unable to offer).

Sales have also reflected the current healthy levels of demand, the warm reception given to Navigator products and efforts to develop the customer base and innovative products, targeted at higher value-added applications and market niches.

The Company has achieved success with its From Fossil to Forest initiative - sustainable packaging to replace fossil-based plastics. This has been led by Navigator Paper Setúbal and was one of the Green Agendas approved by the Agendas Coordination Commission (ACC) under the Recovery and Resilience Plan (RRP), submitted under Component 5 - Business Capitalisation and Innovation.

Centred on substituting fossil-based single-use plastics with carbon neutral, biodegradable and recyclable products from renewable sources, the projects envisaged in this Agenda include innovative high yield kraft pulp (HYKEP) production made from eucalyptus *Globulus*, innovative packaging, mainly with barrier properties suitable for food use and other projects. Based on this functional barrier, it is also foreseen the production of molded cellulose to substitute single-use plastics and for developing composite materials.

By incinerating fossil-based plastics and cutting down on their use, one of the positive effects of this is the reduction in carbon emissions, helping the country to meet its decarbonisation targets.

In total, the From Fossil to Forest Agenda is expected to generate 17 new products of high value-added. In addition to value the Portuguese forests, this new portfolio will make a decisive contribution to building up the country's capabilities in the fields of Research and Development and Innovation (R&D&I), with positive effects on the trade balance.

Another important feature of this Agenda is the creation and promotion of highly specialised employment; plans point to 102 new jobs, of which 49 will be highly skilled.

By including 27 Portuguese partners, including 16 companies, the consortium set up for this initiative will have a ripple effect on the economy and also have the merit of disseminating expertise, through the involvement of 11 Non-Business Entities from the Research and Innovation System (ENESIIs).

Tissue business continues to perform strongly

The steep upward trend over the first half in the different cost factors (energy, logistics and commodities, and in particular in prices for chemicals and pulp), put heavy pressure on the margins of tissue producers, leading a large number to announce price increases. Under this difficult environment, Navigator raised prices in line with the sector, thereby mitigating cost inflation. Despite these price increases, the margin in tissue business fell when compared with the same period of 2021.

Besides pursuing a responsible pricing policy, Navigator continues to implement a prudent management of its variable and fixed costs, in order to balance out the negative impacts of rising costs.

The volume of tissue sales stood at approximately 51 thousand tons, down by close to 2% in relation to the same period in 2021. This YoY drop was essentially due to slower sales of reels, whilst finished products grew by 3%. Growth was supported above all by the Consumer segment, where exports increased, but also by the Away from Home segment, with the gradual recovery in tourism and the Horeca channel. Rising prices drove the value of sales, resulting in growth of around 29% in relation to the first half of 2021.

The Company stepped up efforts to develop business with innovative products, by promoting sales to new clients of products such as Amoos Air Sense™ (the first toilet paper range with long-lasting perfume) and Amoos Naturally Soft™, a product with the natural colour of wood and free from chemical bleaching agents.

To highlight that the paper produced by Navigator is sustainable, environmentally responsible and biodegradable, obtained from a renewable natural resource, planted specifically for this purpose and made from virgin eucalyptus fibre certified under FSC® (Forest Stewardship Council) and PEFCTM (Programme for the Endorsement of Forest Certification schemes) standards, recognition that management of these areas is carried out in an environmentally, economically and socially responsible way, following a strict and internationally recognised criteria.

Power Output of 900 Gwh in first half

Since January this year, the Group's renewable cogeneration plants have been selling their power output at market prices, rather than at the regulated sales tariff, in accordance with Article 4-B para. 1 b) of Decree-Law 23/2010, of 25 March, as subsequently amended.

In the first half of 2022, electricity sales from all the Group's energy assets totalled approximately € 132 million, representing an increase of 105% in relation to the same period in the previous year. A contributory factor to this significant increase was the spot price in the Iberian electricity market (OMIE), which is used as a benchmark for sales and rose to an average figure for the first half of approximately 206 €/MWh. Sales at market prices enabled Navigator to offset, in part, the higher purchase prices for power in the component of energy purchases not yet fixed for the period and, the natural gas purchases, fuel oil and biomass.

The Group's two biomass power stations also recorded successful performance, with sales in the first half of around € 11.4 million, up by 15% on the same period in the previous year.

4. OPERATING DATA

	(in 000 tons)	H1 2021	H1 2022	H1 21/ H2 22
Pulp	BEKP Output	717.3	768.7	7.2%
	FOEX – BHKP Euros/ton	752	1,105	47.1%
	FOEX – BHKP USD/ton	905	1,205	33.2%
	(in 000 tons)	H1 2021	H1 2022	H1 21/ H2 22
Paper	UWF Output	742.8	813.7	9.5%
	FOEX – A4- BCOPY Euros/ton	814	1,117	37.2%
	(in 000 tons)	H1 2021	H1 2022	H1 21/ H2 22
Tissue	Reels Output	58.0	57.4	-1.0%

	(in GWh)	H1 2021	H1 2022	H1 21/ H2 22
Energy				
	Production*	872.9	900.0	3.1%

* net production

EBITDA: Focus on operational efficiency and higher prices offset steep increase in costs, resulting in EBITDA of € 345 million

During the first semester, production costs increased more than 30% when compared to the same period last year, mainly penalized by higher costs of wood, via wood mix, and also increased cost of external fibres, energy and chemicals. To note that, despite the higher percentage of wood from outside Iberia, the effort and expertise of the industrial teams allowed specific consumption to held steady in relation to the same period in 2021.

Logistical costs also worsened substantially, rising close to 50% YoY; logistic constraints remain and are affecting the economy as a whole.

The increase of € 19 million in personnel costs was in line with Navigator's strong performance in the first half, which will allow the increase on bonus payments to staff and step up the rejuvenation programme to circa 50 employees. Total fixed costs ended the quarter 20% higher than in the same quarter last year, essentially due to personnel costs and the increase in functioning costs involved in scaling up operations in the post-pandemic context.

In a noteworthy achievement, negotiations were brought to a successful conclusion thanks to the joint efforts of the unions representing workers in the Company's paper sector and representatives of Navigator's senior management, culminating in a historic two-year agreement. This will ensure industrial peace in the organisation, until the end of 2023, reinforcing meritocratic principles and boosting the variable component of salaries, with the introduction in 2022 of a productivity bonus which may go up to an extra salary, on top of the annual bonus.

In this environment, the drive to improve productivity and efficiency, combined with the upwards course of prices, enabled Navigator to offset the higher production factors' costs and to achieve an EBITDA for the first half of € 345 million. The EBITDA / Sales margin was 30% (up +9.1 p.p. on the same period in 2021). Attention is drawn to the net positive impact of the exchange rate on EBITDA, of approximately € 26 million, with an average EUR/USD rate in H1 of 1.09, as compared to 1.21 in the same period in 2021.

Non-recurrent costs with impact of € 34 million on financial results

Financial results stood at € -45.1 million (vs. € -10.1 million), a deterioration close to € 35 million, essentially explained by the impact of non-recurrent items, including € 30.4 million relating to exchange rate losses directly connected to the repayment of the long term (shareholder) loan granted to the subsidiary Portucel Moçambique. Without these non-recurrent items, the financial results would have stood at € 11.1 million.

The first half showed an improvement (€ 0.8 million) in the various components of the cost of financing operations (interest expense, borrowing charges and interest rate hedges) as a result of a sharp reduction in the volume of interest-bearing debt in relation to the same period in 2021, and also an improvement in results from forex operations and other financial derivatives (€ 1 million). On another hand, there was a reduction in compensatory interest (€ -1.8 million), coming from favourable fiscal court decisions verified in 2021.

Free Cash Flow Generation in 1st half of € 174 million

Free cash flow generation stood at € 174 million, reflecting the highly favourable operating environment, in particular as regards to sales and prices.

There was a moderate growth in working capital investment, consistent with the growth in turnover: the increases in inventories and client accounts are in line with the robust expansion trend of business. Even so, the upward path in working capital was contained by the pursuit of a management policy in suppliers, that favoured the generation of liquidity. The implementation of this policy was reinforced with the concern to ensure solutions are made available to support the liquidity of our partners.

Distribution of € 100 million in dividends and reduction of net debt to € 521 million

Net debt has decreased 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 (0.95x) is on a downwards course, further consolidating the position of financial strength enjoyed by the Group over recent years.

In late June, Navigator issued bonds worth € 150 million, maturing in 2028, under the *Sustainability-Linked Bonds Framework*. At the same time, borrowing of the same amount, maturing in 2023, was repaid early. This will further extend the average maturity of the Group's debt and reduce the Company's financing costs, as well as featuring terms tied to fulfilment of its sustainability commitments. With this operation, we ended the first half with approximately 40% of total borrowing on a sustainable basis.

The terms of the loan are indexed to three ESG indicators envisaged in the Company's Sustainability Agenda, and also aligned with the United Nations Sustainable Development Goals.

The first indicator sets targets for reduction of CO₂ emissions, consistent with the Company's Roadmap for Carbon Neutrality, in which Navigator commits itself to being carbon neutral at its industrial complexes by 2035.

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

The third indicator sets targets for increasing consumption of energy from renewable sources. The decarbonisation plan for the Company's industrial complexes also involves gradually eliminating consumption of energy from fossil fuels. As well as helping to mitigate climate change, this has a positive impact thanks to the use of biomass to produce energy, reclaiming this resource and protecting forests against fires. Another positive impact comes from the generation of power from renewable sources, for subsequent injection into the national grid. In this context, Navigator has made a commitment to increase its use of renewable energy sources as a share of its energy mix.

Capex of € 34.3 million (vs. € 32.8 million YoY)

Capital expenditure in the first half totalled € 34.3 million, from which € 11.7 million refers to ESG investment, classified as Environmental, which represents close to 34% of the 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, 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.

Navigator's commitment to innovation and to projects that promote resilience, the climate transition and the digital transition, places the Company in a privileged position for investment under the Recovery and Resilience Plan (RRP). Navigator submitted several applications that fit in with its strategy. As already mentioned, the From Fossil to Forest initiative for sustainable packaging to replace fossil-based plastics was one of the Green Agendas approved under the RRP.

Navigator has also been involved in three other applications (led by other organisations) approved under RRP component C5. The Company's total investment is more than € 100 million, of which circa € 93 million relates to the From Fossil to Forest Agenda, with a time horizon up to 2025.

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. NAVIGATOR AND P2X EUROPE HAVE SIGNED A MEMORANDUM OF UNDERSTANDING TO CREATE A UNIQUE JOINT VENTURE

Navigator and Hamburg-based developer P2X Europe have signed a Memorandum of Understanding to create a unique and powerful joint venture, P2X Portugal, to develop a world-class production facility for industrial-scale production of non-fossil jet fuels or e-SAFs (e-Sustainable Aviation Fuels) – carbon-neutral synthetic kerosene, based on green hydrogen and biogenic CO₂.

This project leverages on Portugal's highly competitive renewable energy sources and on biogenic CO₂ generated by Navigator's biorefineries using sustainable forests, which together constitute the two critical elements for the successful production of net-zero synthetic jet fuels on an industrial scale, fostering the decarbonization of the aviation industry.

The JV is tapping into the extensive know-how of P2X Europe, a global pioneer in PtL (Power-to-Liquids) project development and technology configuration. On top, the quality of the JV builds on Navigator's vast industrial operational experience in biorefinery plants and forestry capabilities.

The establishment in Navigator's Figueira da Foz site marks a key milestone for Portugal and Europe on the road towards building up a fully integrated eSAF ecosystem, as well as demonstrating a sustainable approach to the decarbonization of the aviation sector.

The joint venture by the name of P2X Portugal will bring together leading technology and engineering companies and integrates the whole process value chain from feedstock sourcing to market introduction and product distribution.

Comprising carbon capture of up to 280,000 tons of biogenic CO₂ and several hundred megawatts of new renewable energy capacity, the project aims at reaching a total net-zero synthetic PtL production capacity of 80,000 tons per year when fully developed, allowing to reduce annual carbon emissions of up to 280,000 tons.

For the integrated PtL facility alone the project capex can total €550-600 million during the first two development phases, comprising a green H₂ production plant, biogenic CO₂ capturing equipment, and a production capacity of 40,000 tons per year of synthetic products.

The Portuguese Government has granted P2X Portugal's ambitious PtL project the status of National Interest (PIN), which is a relevant testimony to the strength and maturity of P2X Portugal's overall project quality.

Subject to the fulfilment of identified conditions precedents and to positive final investment decision by mid-2023, Project is scheduled to start commercial operations as early as the first semester of 2026.

Conditions precedents required for a positive Final Investment Decision include, inter alia, (i) availability of competitive renewable energy as required by the project, (ii) appropriate setting of the EU Delegated Act defining Green H₂ (currently being discussed in Brussels), (iii) satisfactory long-term offtake commitments, and (iv) obtaining adequate EU and Portuguese government sponsored investment incentives. The JV is in the process of obtaining clearance from EU anti-trust authorities.

6. OUTLOOK

In this context of geopolitical and macroeconomic uncertainty, marked by the continued war in Ukraine and trade sanctions against Russia, industrial and logistical operations remain a complex challenge.

Strong inflationary pressure combined with rapidly rising interest rates may also result in a global economic slowdown, and consequently bring adverse effects across manufacturing industry, including, inevitably our sector.

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 functioning of industrial and transport operations in Europe.

Historically high prices combined with seasonal factors over the summer could also have a negative impact on paper demand. At the same time, there is the risk that the high level of paper prices in Europe, combined with lower logistical costs, could make paper imports profitable, namely from Asian or American players, thereby putting pressure on paper prices in Europe. Even so, the European industry starts the second half with its order books at an all-time high level and with paper relatively scarce.

On the other hand, current market circumstances could lead to further capacity reductions in Europe, in line with strategy decisions and/or due to profitability issues, to face the sharp increase in variable costs.

Rising costs remain one of Navigator's prime concerns. There is a continued focus on protecting paper and tissue margins, with the prudence needed to ensure costs are passed on through sales channels without compromising the products affordability for customers. It is a difficult balance to reach, which Navigator is constantly attentive to.

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

Navigator is also pressing ahead with its ambitious diversification and product development plan, especially for the Packaging segment, and will continue to expand ranges in terms of grammages, as well as innovating and developing new sustainable packaging solutions, able to replace fossil/plastic-based products. A further two patents have been filed in 2022 in relation to the gKraft project, reflecting the Company's efforts to innovate and improve efficiency and its focus on paper quality, especially as regards strength and printing.

This present environment is extremely demanding, but once again the company express the firm conviction that Navigator will continue to overcome the difficulties and uncertainties that are common to all companies and activities, mobilizing, as it has always done, its expertise and skills which are widely are recognized.

Lisbon, 21 July 2021

Conference call and Webcast

Date: 26 July 2022

Service times: 16:00 (Western European Time)

Dial-in for participants:

Portugal: 308 806 432

Spain:(local) 919 01 16 44

United Kingdom (local): 020 3936 2999

United States:(local) 1 646 664 1960

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7. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	6 months 30-06-2022	6 months 30-06-2021
Revenue	2.1	1,142,066,869	714,734,217
Other operating income	2.2	23,330,032	16,912,865
Changes in the fair value of biological assets	3.8	(7,621,133)	(5,047,422)
Costs of goods sold and materials consumed	4.1	(443,207,487)	(292,530,789)
Variation in production	4.1	53,741,697	3,776,126
External services and supplies	2.3	(294,057,731)	(194,329,574)
Payroll costs	7.1	(92,554,995)	(73,239,439)
Other operating expenses	2.3	(37,118,080)	(19,807,247)
Net provisions	9.1	3,150,614	(259,909)
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(74,780,473)	(59,532,348)
Operating income		272,949,312	90,676,480
Financial income and gains	5.10	437,871	4,581,948
Other financial expenses and losses	5.10	(45,496,661)	(14,704,395)
Net financial results		(45,058,790)	(10,122,447)
Gains/(losses) of associated companies and joint ventures		-	-
Profit before income tax		227,890,522	80,554,033
Income tax	6.1	(66,009,875)	(16,132,463)
Net profit for the period		161,880,647	64,421,570
Attributable to Navigator's equity holders		161,886,240	64,417,118
Attributable to non-controlling interests	5.5	(5,593)	4,452
Earnings per share			
Basic earnings per share, Eur	5.2	0.228	0.091
Diluted earnings per share, Eur	5.2	0.228	0.091

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	6 months 30-06-2022	6 months 30-06-2021
Net profit for the period			
before non-controlling interests		161,880,647	64,421,570
Items that may be reclassified to profit and loss			
Hedging derivative financial instruments			
Changes in fair value	8.2	9,284,008	(2,112,255)
Tax effect		(2,553,102)	580,870
Currency translation differences	5.10 and 5.4	32,580,991	(1,751,716)
Tax on conventional capital remuneration		(462,000)	(308,000)
Items that cannot be reclassified to profit and loss			
Remeasurement of post-employment benefits			
Remeasurement	7.2.5	(4,855,072)	3,769,529
Tax effect	7.2.5	(474,990)	(249,224)
Comprehensive income of associated companies and joint ventures		(1,341,139)	(1,348,793)
Total other comprehensive income net of taxes		32,178,696	(1,419,589)
Total comprehensive income		194,059,343	63,001,981
Attributable to:			
Navigator's equity holders		194,059,015	62,997,529
Non-controlling interests		328	4,452
		194,059,343	63,001,981

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	30-06-2022	31-12-2021
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	44,251,097	24,752,529
Property, plant and equipment	3.3	1,106,033,417	1,145,244,507
Right-of-use assets	3.6	52,645,253	51,192,959
Biological assets	3.8	139,702,928	147,324,061
Investment properties	3.4	91,766	92,589
Non-current receivables	4.2	9,996,955	8,604,547
Deferred tax assets	6.2	26,011,349	28,037,408
		1,756,072,231	1,782,588,066
Current assets			
Inventories	4.1	254,411,124	186,550,658
Current receivables	4.2	497,869,860	317,882,760
Income tax	6.1	1,181,682	1,118,815
Cash and cash equivalents	5.8	215,011,722	239,171,252
		968,474,388	744,723,485
Total Assets		2,724,546,619	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	5.4	8,234,990	(24,346,001)
Fair value reserve	5.4	1,126,830	(5,604,076)
Legal reserves	5.4	100,000,000	100,000,000
Other reserves	5.4	121,836,100	121,836,100
Retained earnings	5.4	245,815,292	231,525,876
Net profit for the period		161,886,240	171,411,455
Prepaid dividends	5.3		(49,996,170)
Equity attributable to Navigator's equity holders		1,138,899,452	1,044,827,184
Non-controlling interests	5.5	281,631	286,896
Total Equity		1,139,181,083	1,045,114,080
Non-current liabilities			
Interest-bearing liabilities	5.6	663,203,342	714,625,892
Lease liabilities	5.7	49,570,266	47,417,092
Pensions and other post-employment benefits	7.2	10,578,791	5,674,918
Deferred tax liabilities	6.2	90,567,386	92,528,775
Provisions	9.1	23,635,997	26,752,081
Non-current payables	4.3	40,508,563	37,014,427
		878,064,345	924,013,185
Current liabilities			
Interest-bearing liabilities	5.6	72,294,836	119,318,157
Lease liabilities	5.7	5,745,257	5,823,833
Current payables	4.3	526,356,325	393,161,894
Income tax	6.1	102,904,773	39,880,402
		707,301,191	558,184,286
Total Liabilities		1,585,365,536	1,482,197,471
Total Equity and Liabilities		2,724,546,619	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 1 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		-	-	-	-	-	-	-	161,886,240	-	161,886,240	(5,593)	161,880,647
Other comprehensive income (net of taxes)		-	-	32,580,991	6,730,906	-	-	(7,133,529)	-	-	32,178,368	328	32,178,696
Total comprehensive income for the period		-	-	32,580,991	6,730,906	-	-	(7,133,529)	161,886,240	-	194,064,608	(5,265)	194,059,343
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 June 2022		500,000,000	-	8,234,990	1,126,830	100,000,000	121,836,100	245,815,292	161,886,240	-	1,138,899,452	281,631	1,139,181,083

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 1 January 2021		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)	100,000,000	266,443,646	97,981,342	109,213,720	-	1,025,926,507	275,182	1,026,201,689
Net profit for the period		-	-	-	-	-	-	-	64,417,118	-	64,417,118	4,452	64,421,570
Other comprehensive income (net of taxes)		-	-	(1,751,716)	(1,531,385)	-	-	1,857,817	-	-	(1,425,284)	5,695	(1,419,589)
Total comprehensive income for the period		-	-	(1,751,716)	(1,531,385)	-	-	1,857,817	64,417,118	-	62,991,834	10,147	63,001,981
Application of 2020 net profit for the period:													
- Dividends paid	5.3	-	-	-	-	-	-	(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	5.5	(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 June 2021		500,000,000	-	(22,633,285)	(8,172,753)	100,000,000	121,836,100	233,905,531	64,417,118	-	989,352,711	285,329	989,638,040

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Note	6 months 30-06-2022	6 months 30-06-2021
OPERATING ACTIVITIES			
Receipts from customers		1,110,209,517	725,032,273
Payments to suppliers		(804,386,260)	(522,186,241)
Payments to employees		(60,573,719)	(55,668,960)
Cash flow from operations		245,249,538	147,177,073
Income tax received/ (paid)	6.1	(9,957,625)	2,002,273
Other (payments)/ receipts relating to operating activities		(14,117,550)	24,178,153
Cash flows from operating activities (1)		221,174,363	173,357,498
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		620,244	613,690
Interest and similar income		628,168	3,305,032
		1,248,412	3,918,722
Outflows:			
Property, plant and equipment	3.3	(34,102,976)	(34,109,994)
Intangible assets	3.2	(28,443)	(10,021,716)
		(34,131,419)	(44,131,710)
Cash flows from investing activities (2)		(32,883,007)	(40,212,988)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.9	150,000,000	146,259,364
		150,000,000	146,259,364
Outflows:			
Interest-bearing liabilities	5.9	(245,444,444)	(286,597,223)
Amortisation of lease agreements	3.6	(4,189,325)	(4,256,400)
Interest and similar expense		(11,748,953)	(7,359,502)
Distribution of dividends	5.3	(99,992,340)	(99,565,630)
Reimbursable grants		(2,017,582)	-
		(363,392,644)	(397,778,755)
Cash flows from financing activities (3)		(213,392,644)	(251,519,391)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(25,101,288)	(118,374,881)
Effect of exchange rate differences		941,758	67,598
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	215,011,722	184,092,548

Interest and similar expense: essentially corresponds 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 did not change during the year, (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, S.A. acquired Papéis Inapa, S.A. (Setúbal), in 2000, and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. Those key strategic decisions resulted in the Portucel Soporcel Group (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 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 June 2015, more than 75% of the Company's share capital was held directly and indirectly by Semapa – Sociedade de Investimento e Gestão SGPS, S.A. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015.

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

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

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

Company: The Navigator Company, S.A.

Head Office: Mitrena – 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 ARISING 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 also started retaliating 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 globally, with: i) the suspension and/or disruption of business with entities headquartered or with origins in Russia and Ukraine; ii) an increase in commodity prices, with fossil fuels, metals and cereals being particularly noteworthy; iii) increased 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 disruptions 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 run smoothly.

As announced in March 2022, the Navigator Group halted the sale of its products in the markets of Russia and Belarus and is following and continuously monitoring the situation in the markets where it operates geographically and throughout the supply chain—from the supply of wood, energy, raw and subsidiary materials (including logistical issues), in technical and support services provided by foreign companies and outsourcing service providers, amongst others.

The Group is convinced that in view of the weight of the markets of Russia and Ukraine in the Group's sales, which represented 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 Group's agility in conducting its business policy was able to decisively offset this increase, thanks to a responsible price adjustment policy and an effective diversification strategy, as well as to increased productivity in its industrial assets and greater efficiency in the consumption of raw and subsidiary materials.

Navigator 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 in what concerns relevant accounting estimates and judgements. As at this date the assumptions considered by the Board of Directors were not significantly impacted.

1.3. SUBSEQUENT EVENTS

1.3.1. Navigator and P2X Europe agree in principle to produce green aviation fuel

The Navigator Company and German company P2X Europe have agreed in principle to set up a joint venture - P2X Portugal - to develop a state-of-the-art industrial unit for large-scale production of non-fossil fuels for the aviation sector, also known as e-SAFs (e-Sustainable Aviation Fuels) - synthetic jet-fuel (paraffin), carbon-neutral, produced from green hydrogen and biogenic CO₂.

This project takes advantage of Portugal's high level of competitiveness in the production of renewable energy (solar and wind) and biogenic CO₂ generated by Navigator's biorefineries which use sustainable forests as a resource. Together, these are the two key elements for the successful industrial-scale production of synthetic net-zero (carbon-neutral) jet-fuels to decarbonise the aviation industry.

The joint venture brings together the vast know-how of P2X Europe, a leading developer of Power-to-Liquids (PtL) projects at international level and an experienced trader in liquid fuels, with Navigator's vast industrial experience in managing biorefineries and sustainable forests.

The installation of P2X Portugal in Navigator's industrial complex in Figueira da Foz represents a crucial step for Portugal and Europe on the road to building a fully integrated ecosystem for the production of green fuels.

The P2X Portugal joint venture brings together leading technology and engineering companies and integrates the entire value chain of the process, comprising carbon capture of up to 280,000 tons of biogenic CO₂ and several hundred megawatts of new renewable energy. Once operating at full capacity, the project aims to achieve a total eFuel (eSAF) production capacity of 80,000 tons, enabling annual carbon emissions to be reduced by up to 280,000 tons.

For the first two development phases, project investment will amount to around Euro 550-600 million for the green H₂ production facility, the biogenic CO₂ capture infrastructure and process, and the production capacity of 40,000 tons per year of crude and synthetic fuel.

The Portuguese Government has granted P2X Portugal's PtL project the status of Potential National Interest (PIN), which attests to its strength, maturity and overall quality.

Subject to the fulfilment of preceding conditions and the final investment decision expected to occur by mid-2023, the Project is scheduled to start commercial operation as early as the first half of 2026.

The preceding conditions required for a positive Final Investment Decision include, among others, (i) availability of price-competitive renewable energy (typically wind and solar), (ii) adequate regulatory framework for Green Hydrogen production, to be defined in the EU Delegated Act currently under discussion in Brussels, (iii) satisfactory off-take agreements with reference airlines,

and (iv) obtaining adequate investment incentives provided by the European Union and the Portuguese Government. The joint venture is in the process of obtaining clearance from the EU antitrust authorities.

1.3.2. Navigator and Trade Union close historic agreement to update salaries, bonus and career progression

The Navigator Company (pulp and paper business) and the Workers' Representative Organizations have successfully concluded a labor agreement that will last for 2 years (2022 and 2023). This understanding, something never achieved before, is particularly important in the environment of great economic and social uncertainty that we currently live, and will allow the Group to continue to invest in its current businesses and in the diversification of its activity, as well as to continue to reinforce the increase in disposable income of employees, a particularly important measure in the current context.

In addition to the advantages inherent to a 2-year agreement, the reinforcement of merit and the role of variable remuneration as critical pillars become distinctive elements to be highlighted. This agreement also provides for the implementation of some measures to accelerate the normal Career Progression process, agreed in 2021, and an increase of more than 4% in force until December 31, 2023.

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 21 July 2022.

1.4.2 Accounting standards

The condensed consolidated financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The following Notes were selected in order to contribute to the understanding of the most significant changes in the Group's consolidated financial position and its performance in relation to the last reporting date. In this context, these interim financial statements should be read together with the Navigator Group's consolidated financial statements for the period ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous year and the corresponding interim reporting period, except for the adoption of new and amended standards as referred to in Note 1.6.

1.4.3 Basis for measurement

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.

1.4.4 Comparability

These financial statements are comparable in all material respects with those of the previous year.

1.5. NEW IFRS ADOPTED AND TO BE ADOPTED

1.5.1. Other standards, amendments and interpretations adopted or to be adopted

Standards, amendments and interpretations adopted in 2022

No impacts on the financial statements

Amendment	Date of application
Standards and amendments endorsed by the European Union	
Reference to the Conceptual Framework (Amendments to IFRS 3)	In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)	In May 2020, the IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.
Onerous Contracts — Cost of Fulfilling a Contract	In May 2020, the IASB issued Onerous Contracts — Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.
Annual Improvements to IFRS Standards 2018-2020	On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020 containing the following amendments to IFRSs:

Amendment	Date of application
(a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9); (c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and (d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41.	The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

Standards, amendments and interpretations to be adopted in subsequent periods

Amendment	Date of application
Standards and amendments endorsed by the European Union which the Group has opted not to apply early	
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 - Presentation of Financial Statements)	The IASB issued on 23 January 2020 an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current. The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period. The amendments aim to: a. specify that an entity's right to defer settlement must exist at the end of the reporting period; b. clarify that the classification is not affected by the Board's intentions or expectations as to whether the entity will exercise its right to postpone settlement; c. clarify how loan conditions affect classification; and d. clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments. This amendment is effective for periods starting on 1 January 2023.
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, are themselves material to a company's financial statements. The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023 but may be applied earlier.

Amendment		Date of application
Standards and amendments not yet endorsed by the European Union		
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	1 January 2023
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction	The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.	1 January 2023
IFRS 17 — Insurance Contracts	The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.	1 January 2023
Sales or contributions of assets between an investor and its associate/joint venture – amendments to IFRS 10 and IAS 28	The IASB has made limited-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments and Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or inflows of assets between an investee and its associates or joint ventures. The amendments confirm that the accounting treatment depends on whether the non-financial assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). When the non-monetary assets constitute a business, the investor recognises the total gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent that the other investor participates in the associate or joint venture. The amendments are applied prospectively.	Available for voluntary adoption indefinitely postponed effective date

Regarding the standards presented above, the mandatory entry into force of which has not yet taken place, the Group has not yet concluded the calculation of all the impacts resulting from their application, so it chose not to adopt them early.

1.6. 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	3.8 – Biological assets
Recognition of provisions	9.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment

2. OPERATIONAL PERFORMANCE

2.1. REVENUE AND SEGMENT REPORTING

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).

Regarding the allocation of assets and liabilities to business segments, it should be noted that:

- All equipment allocated to the UWF pulp and paper production are included in Property, plant and equipment of the respective segments.
- The Group's real estate assets are allocated to the respective business segment.
- The assets related to forests are allocated to the Pulp and UWF paper segments, according to the production capacity of each segment.
- The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.
- In accordance with the Navigator Company Group's financing policy, all loans are contracted by the Group's holding company, The Navigator Company, S.A., which is responsible for bearing all debt. Accordingly, interest-bearing liabilities (Note 5.6) are allocated to the "Support" segment, which includes the Group's corporate centre (Holding), with the exception of the repayable grant related to the construction of the new tissue plant, allocated

to the "Tissue Paper" segment and a portion of the "Inpactus" grant allocated to the "UWF Paper" segment.

Financial information by operating segment in 2022 and 2021

	30-06-2022						
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	TOTAL
REVENUE							
Sales and services - external	107,758,904	813,977,309	89,243,020	131,087,636	-	-	1,142,066,869
Sales and services - intersegment	1,250,139	-	-	26,725,400	300,971,848	(328,947,387)	-
Total revenue	109,009,043	813,977,309	89,243,020	157,813,036	300,971,848	(328,947,387)	1,142,066,869
PROFIT / (LOSS)							
Operating income	21,120,958	243,827,457	11,186,326	18,639,414	(21,824,842)	-	272,949,312
Net financial results	-	-	-	-	(45,058,790)	-	(45,058,790)
Income tax	-	-	-	-	(66,009,875)	-	(66,009,875)
Net profit for the period	-	-	-	-	-	-	161,880,647
Non-controlling interests	-	-	-	-	5,593	-	5,593
Profit / (loss) attributable to equity holders	-	-	-	-	-	-	161,886,240
OTHER INFORMATION							
Capital expenditure	9,224,756	19,424,683	1,879,563	1,063,979	2,538,439	-	34,131,420
Depreciation and impairment	(18,973,684)	(39,874,986)	(5,018,624)	(8,376,943)	(2,536,237)	-	(74,780,473)
Provisions ((increases) / reversal)	(175,913)	3,536,443	-	-	(209,916)	-	3,150,614
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	101,954,454	549,147,774	147,059,128	224,981,584	82,890,479	-	1,106,033,417
Right-of-use assets	10,796,846	39,194,336	-	-	2,654,071	-	52,645,253
Biological assets	34,980,563	104,722,365	-	-	-	-	139,702,928
Non-current receivables	72,830	539,924	98,918	-	9,285,283	-	9,996,955
Inventories	27,573,026	198,314,141	26,356,970	780,496	1,386,492	-	254,411,124
Other current receivables	39,701,898	244,847,114	46,719,422	26,630,914	125,719,508	-	483,618,856
Other assets	2,546,162	59,715,227	3,333,000	19,250	220,933,976	-	286,547,615
Total Assets	217,625,779	1,573,237,264	224,150,522	252,412,244	442,869,807	-	2,710,295,615
OTHER INFORMATION							
Interest-bearing liabilities	-	415,573	40,106,872	-	694,975,734	-	735,498,178
Lease liabilities	11,427,744	41,111,702	-	-	2,776,077	-	55,315,523
Other payables	53,876,767	318,071,911	17,287,345	2,988,314	119,880,982	-	512,105,321
Other liabilities	8,930,170	100,840,737	19,479,860	9,607,172	129,337,571	-	268,195,509
Total Liabilities	74,234,681	460,439,923	76,874,077	12,595,486	946,970,364	-	1,571,114,531

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

In the first half of 2022, The Navigator Company recorded turnover in the amount of Euro 1,142 million, with paper sales accounting for approximately 71% of turnover (vs. 71%), pulp sales 9% (vs. 11%), Tissue sales 8% (vs. 10%) and energy sales also 11% (vs. 9%).

The six-month period was marked by a highly uncertain geopolitical and macroeconomic environment arising from the invasion of Ukraine by Russia, reflected in the general increase in energy, logistics and raw material costs. The constraints in the supply and logistics chains that were felt, along with the strike in Northern Europe, adversely affected the supply available on the market, both for pulp and paper. The imbalance between supply and demand continues to drive up pulp and paper prices. In this scenario, Navigator has sought to adopt a responsible policy of price adjustment in order to protect margins and anticipate the impact of continued cost increases.

The commitment to the packaging business line continues to consolidate, with the Group achieving sales of Euro 51 million for the packaging sector, reflecting favourable demand conditions and the effort to develop innovative products. 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 external energy sales was Euro 131,087,636 compared to Euro 63,990,273 in the same period of the previous year. Since January 2022, the Group's renewable cogeneration plants have been selling the electricity produced at market prices, as opposed to the regulated sales tariff. The highly favourable evolution of the energy market price justifies to a large extent the increase in sales.

The increase in Property, plant and equipment allocated to the Energy segment is due to the new biomass boiler of Figueira da Foz that started its amortisation in the second half of 2021.

Fixed capital expenditure in the first quarter of 2022 amounted to Euro 34,131,420 compared to Euro 32,707,406 a year earlier. The investment made during the six-month period includes mostly investments directed at maintaining production capacity and efficiency improvements. It also includes structural, environmental and decarbonisation projects, some of which began in previous years, such as the New Wood Park in Figueira da Foz, the New Evaporation Line in Aveiro and the Replacement of the Fuel Oil Boilers in Setúbal.

	30-06-2021						
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	CANCELLATIONS*	TOTAL
REVENUE							
Sales and services - external	76,596,390	504,888,642	69,258,913	63,990,272	-	-	714,734,217
Sales and services - intersegment	1,262,083	-	-	4,162,667	210,587,908	(216,012,658)	-
Total revenue	77,858,473	504,888,642	69,258,913	68,152,939	210,587,908	(216,012,658)	714,734,217
PROFIT / (LOSS)							
Operating income	20,903,276	78,356,006	11,120,323	9,690,091	(29,393,216)	-	90,676,480
Net financial results	-	-	-	-	(10,122,447)	-	(10,122,447)
Income tax	-	-	-	-	(16,132,463)	-	(16,132,463)
Net profit for the period	-	-	-	-	-	-	64,421,571
Non-controlling interests	-	-	-	-	(4,452)	-	(4,452)
Profit / (loss) attributable to equity holders	-	-	-	-	-	-	64,417,118
OTHER INFORMATION							
Capital expenditure	3,366,967	21,399,850	1,776,557	4,714,783	1,449,250	-	32,707,406
Depreciation and impairment	(4,780,706)	(40,400,467)	(5,310,263)	(6,607,885)	(2,433,026)	-	(59,532,348)
Provisions ((increases) / reversal)	(12,000)	(566,239)	-	(36,000)	354,330	-	(259,909)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	128,599,808	701,492,730	153,082,295	174,021,637	1,396,024	-	1,158,592,494
Right-of-use assets	10,396,911	37,821,571	-	-	3,025,398	-	51,243,880
Biological assets	35,939,089	107,597,942	-	-	-	-	143,537,030
Non-current receivables	74,893	498,098	82,260	-	31,381,984	-	32,037,236
Inventories	12,921,977	146,858,459	22,385,616	411,198	1,036,824	-	183,614,072
Trade receivables	21,625,966	112,756,789	29,825,673	1,058,155	2,179,291	-	167,445,874
Other receivables	7,126,729	36,898,793	290,932	2,485,558	33,133,487	-	79,935,499
Other assets	1,983,519	41,859,883	1,387,070	60,367	188,776,546	-	234,067,386
Total Assets	218,668,892	1,562,540,648	207,636,929	178,036,914	260,929,554	-	2,427,812,938
SEGMENT LIABILITIES							
Interest-bearing liabilities	-	554,367	37,213,797	-	804,399,062	-	842,167,225
Lease liabilities	10,767,915	38,982,721	-	-	3,129,154	-	52,879,790
Other payables	47,013,149	210,550,356	23,399,289	7,632,473	89,225,626	-	377,820,894
Other liabilities	2,869,290	61,317,914	1,067,050	7,291,720	92,761,014	-	165,306,989
Total Liabilities	60,650,355	311,405,358	61,680,136	14,924,194	989,514,856	-	1,438,174,898

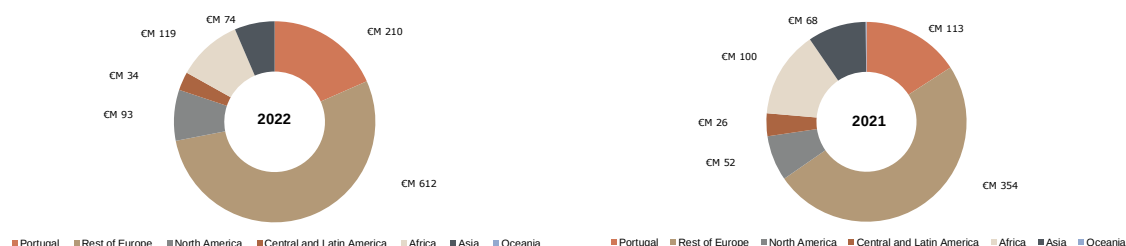
* Cancellation of intersegment operations Consolidation adjustments related to inter-segmental transactions are considered not significant.

Revenue by business segment, geographical area and recognition standard

30-06-2022	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Amounts in Euro						
Portugal	2,331,416	40,097,879	36,023,691	131,626,394	210,079,380	18%
Rest of Europe	83,753,170	477,136,331	50,938,136	-	611,827,638	54%
North America	-	93,449,914	-	-	93,449,914	8%
Central and Latin America	942,922	32,556,017	427,816	-	33,926,756	3%
Africa	13,984,342	103,751,328	1,497,593	-	119,233,263	10%
Asia	6,747,054	66,697,066	102,998	-	73,547,118	6%
Oceania	-	2,801	-	-	2,801	0%
Total	107,758,904	813,691,337	88,990,234	131,626,394	1,142,066,869	100%
Recognition pattern						
At a certain moment in time	107,758,904	813,691,337	88,990,234	131,626,394	1,142,066,869	100%
Over time	-	-	-	-	-	0%

30-06-2021	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Amounts in Euro						
Portugal	220,752	22,478,169	26,237,134	64,362,251	113,298,306	16%
Rest of Europe	53,830,901	259,929,715	40,061,745	-	353,822,361	50%
North America	-	52,332,146	-	-	52,332,146	7%
Central and Latin America	946,988	25,295,381	137,470	-	26,379,839	4%
Africa	9,514,345	88,831,449	2,182,323	-	100,528,117	14%
Asia	12,083,404	54,794,495	640,240	-	67,518,139	9%
Oceania	-	855,309	-	-	855,309	0%
Total	76,596,390	504,516,664	69,258,912	64,362,251	714,734,217	100%
Recognition pattern						
At a certain moment in time	76,596,390	504,516,664	69,258,912	64,362,251	714,734,217	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 six-month period ended 30 June 2022 and 2021, Other operating income is detailed as follows:

Amounts in Euro	30-06-2022	30-06-2021
Gains on disposal of non-current assets	159,822	2,618,651
Grants - CO ₂ emission allowances	18,780,930	9,950,607
Supplementary gains	694,457	343,448
Operating grants	973,967	1,281,181
Impairment reversal on receivables (Note 4.2)	2,463	26,765
Impairment reversal on inventories (Note 4.1.4)	51,403	18,716
Gains on inventories	1,804,769	1,105,192
Own work capitalised	136,100	492,907
Compensations	159,094	80,204
Other operating income	567,027	995,194
	23,330,032	16,912,865

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 476,439 tons of CO₂, at the average price of Euro 84.01 (432,952 tons of CO₂, at the average price of Euro 33.69 as at 30 June 2021) (Note 3.2).

The operating grants correspond to grants awarded under research and development projects undertaken by RAIZ, such as the INPACTUS project (Euro 381,273), IdTecFor (Euro 211,322), FinBase (Euro 95,096), Bio4Portugal (Euro 35,463), BL2F (Euro 33,291), INOV C+ (Euro 14,278) and others (Euro 33,697), as well as the incentive related to the Apoiar Gás Programme (Euro 169,547). In the first half of 2022, Euro 119,923 were also received regarding the IEF's ATIVAR Programme, which includes professional training, professional internships and reinforced support to hiring and entrepreneurship, which were considered as a deduction to Payroll costs.

2.3. OTHER OPERATING EXPENSES

Amounts in Euro	30-06-2022	30-06-2021
Cost of goods sold and materials consumed (Note 4.1.2)	443,207,487	292,530,789
External services and supplies		
Energy and fluids	107,868,396	56,678,340
Transportation of goods	100,675,461	63,722,683
Specialised work	41,907,546	36,558,060
Maintenance and repair	18,635,927	15,208,083
Rentals	3,485,711	4,602,214
Advertising and marketing	5,428,288	5,563,740
Insurance	4,716,914	2,668,356
Travel and accommodation	1,612,146	1,145,890
Fees	1,782,667	2,436,980
Subcontracts	579,955	547,579
Materials	1,455,331	1,086,306
Communications	589,868	792,453
Other	5,319,522	3,318,890
	294,057,732	194,329,574
Variation in production (Note 4.1.3)	(53,741,697)	(3,776,126)
Payroll costs (Note 7.1)	92,554,995	73,239,439
Other operating expenses		
CO ₂ emission expenses	21,550,214	13,078,987
Impairment losses on receivables	39,387	116,072
Impairment losses on inventories (Note 4.1.4)	10,033,486	955,371
Other losses on inventories	443,937	1,108,023
Indirect taxes and fees	1,497,149	1,741,861
Losses on disposal of non-current assets	171,183	23,068
Water resources fee	652,642	558,821
Other operating expenses	2,730,082	2,225,044
	37,118,080	19,807,247
Net provisions (Note 9.1)	(3,150,614)	259,909
Total operating expenses	810,045,983	576,390,832

Throughout the six-month period there was a generalised increase in production costs, penalised 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, there was an increase in electricity and natural gas prices, although the increase in costs was partially offset by the sale of energy produced at market prices, as opposed to 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 six-month periods ended 30 June 2022 and 2021, External supplies and services costs incurred with investigation and research activities are estimated to have amounted to Euro 2,237,148 and Euro 2,238,156, respectively.

The expenses with CO₂ correspond to the emission of 280,477 tons of CO₂¹ (30 June 2021: 294,596 tons), thus observing a 5% decrease in CO₂ emissions compared to 2021, being that in 2021 there had already been a decrease in emissions compared to 2020 of about 24% (539,140 tons vs. 706,844 tons of CO₂). 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 - EU ETS basis.

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 the prospect of future sales as a result of the Group's sales performance and the sales mix. Additionally, considering the future investment prospects and the remaining useful lives of 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	30-06-2022	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 contracts for the acquisition of AMS-BR Star Paper, S.A. (later incorporated in today's Navigator Tissue Ródão, S.A.) were concluded, and the formalisation of the authorisation for the conclusion of this operation was communicated 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	Outros ativos Intangíveis	Intangible assets in progress	Total
Gross amount					
Balance as at 1 January 2021	16,664	11,902,620	-	-	11,919,284
Granting	-	14,915,653	-	-	14,915,653
Acquisitions	-	15,194,173	-	-	15,194,173
Adjustments, transfers and write-offs	-	(24,788,284)	-	-	(24,788,284)
Balance as at 30 June 2021	16,664	17,224,162	-	-	17,240,826
Acquisitions	-	7,512,345	-	17,823	7,530,168
Adjustments, transfers and write-offs	17,823	-	-	(17,823)	-
Balance as at 31 December 2021	34,487	24,736,508	-	-	24,770,993
Granting	-	40,025,640	-	-	40,025,640
Acquisitions	-	-	-	28,443	28,443
Adjustments, transfers and write-offs	28,443	(20,545,709)	-	(28,443)	(20,545,709)
Balance as at 30 June 2022	62,930	44,216,439	-	-	44,279,368
Accumulated amortisation and impairment losses					
Balance as at 1 January 2021	(6,600)	-	-	-	(6,600)
Depreciation and amortisation for the period (Note 3.7)	(2,314)	-	-	-	(2,314)
Balance as at 30 June 2021	(8,914)	-	-	-	(8,914)
Depreciation and amortisation for the period	(9,550)	-	-	-	(9,550)
Balance as at 31 December 2021	(18,464)	-	-	-	(18,464)
Depreciation and amortisation for the period (Note 3.7)	(9,808)	-	-	-	(9,808)
Balance as at 30 June 2022	(28,272)	-	-	-	(28,272)
Net book value as at 1 January 2021	10,064	11,902,620	-	-	11,912,684
Net book value as at 30 June 2021	7,750	17,224,162	-	-	17,231,913
Net book value as at 31 December 2021	16,023	24,736,508	-	-	24,752,529
Net book value as at 30 June 2022	34,658	44,216,439	-	-	44,251,096

CO₂ allowances

	30-06-2022	31-12-2021
CO ₂ emission allowances (units)	558,104	620,805
Average unit value (Euro)	79.23	39.85
Market quotation (Euro)	89.88	80.65

CO₂ allowances – movements in the period

Amounts in Euro	2022		2021	
	Tons	Amount	Tons	Amount
Opening balance	620,805	24,736,507	516,319	11,902,620
CO ₂ allowances awarded free of charge	476,439	40,025,640	442,732	14,915,653
CO ₂ allowances acquired	-	-	368,598	22,706,518
CO ₂ allowances returned to the Licensing Coordinating Entity	(539,140)	(20,545,709)	(706,844)	(24,788,284)
Closing balance	558,104	44,216,438	620,805	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	-	-	7,606,916	25,100,490	32,707,406
Disposals	(274,264)	-	(33,084)	-	(307,348)
Adjustments, transfers and write-offs	41,051	931,264	69,518,230	(79,149,561)	(8,659,016)
Balance as at 30 June 2021	114,271,351	542,171,739	3,644,849,899	69,376,360	4,370,669,350
Disposals	(65,003)	-	(478,284)	-	(543,287)
Adjustments, transfers and write-offs	185,083	701,901	67,568,687	(69,027,690)	(572,019)
Balance as at 31 December 2021	114,391,431	542,873,641	3,718,884,936	40,476,332	4,416,626,340
Acquisitions	-	-	3,466,703	30,636,274	34,102,976
Disposals	(619,462)	-	(57,751)	-	(677,213)
Adjustments, transfers and write-offs	561,175	659,252	11,703,710	(12,924,138)	-
Balance as at 30 June 2022	114,333,144	543,532,893	3,733,997,598	58,188,468	4,450,052,103
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 3.7)	-	(5,617,411)	(52,302,902)	-	(57,920,313)
Disposals	-	-	(31,687)	-	(31,687)
Adjustments, transfers and write-offs	-	386,572	8,467,288	-	8,853,860
Balance as at 30 June 2021	-	(357,423,061)	(2,854,653,795)	-	(3,212,076,856)
Depreciation and amortisation for the period	-	(5,623,111)	(54,827,983)	-	(60,451,094)
Disposals	-	-	537,446	-	537,446
Adjustments, transfers and write-offs	-	180,533	428,139	-	608,672
Balance as at 31 December 2021	-	(362,865,639)	(2,908,516,193)	-	(3,271,381,833)
Depreciation and amortisation for the period (Note 3.7)	-	(5,627,161)	(54,908,160)	-	(60,535,321)
Impairment losses	-	-	(12,262,722)	-	(12,262,722)
Disposals	-	-	42,473	-	42,473
Adjustments, transfers and write-offs	-	174,059	(55,342)	-	118,717
Balance as at 30 June 2022	-	(368,318,741)	(2,975,699,944)	-	(3,344,018,686)
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 June 2021	114,271,351	184,748,678	790,196,104	69,376,360	1,158,592,494
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 June 2022	114,333,144	175,214,151	758,297,654	58,188,468	1,106,033,417

As at 30 June 2022, Assets under construction include investments associated with ongoing development projects, in particular those related to the new evaporation line in Aveiro (Euro 8,742,078), the new wood preparation line in Figueira da Foz (Euro 7,842,283), the replacement of the fuel oil boilers in Setúbal (Euro 1,321,222), the new natural gas boiler in Setúbal (Euro 2,684,973) and the upgrading of the demineralized water system in Setúbal (Euro 773,908). The remainder is related to several projects for improving and optimising the production process.

Lands includes Euro 113,300,298 (31 December 2021: Euro 113,358,585) classified in the individual financial statements as investment properties, from which Euro 74,162,183 (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 June 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 June 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 3.7)	-	(823)	(823)
Balance as at 30 June 2021	(399,372)	(14,266)	(413,638)
Impairment losses	-	(824)	(824)
Balance as at 31 December 2021	(399,372)	(15,090)	(414,462)
Impairment losses (Note 3.7)	-	(823)	(823)
Balance as at 30 June 2022	(399,372)	(15,913)	(415,285)
Net book value as at 1 January 2021	25,372	68,863	94,235
Net book value as at 30 June 2021	25,372	68,041	93,413
Net book value as at 31 December 2021	25,372	67,217	92,589
Net book value as at 30 June 2022	25,372	66,394	91,766

3.5. GOVERNMENT GRANTS

Government grants - movements

Amounts in Euro	30-06-2022			31-12-2021		
	Financial	Tax	Total	Financial	Tax	Total
Opening balance	12,085,757	19,608,965	31,694,722	13,768,051	21,463,619	35,231,670
Granting	4,488,046	-	4,488,046	721,599	-	721,599
Charge-off (Note 3.7)	(856,780)	(854,258)	(1,711,038)	(2,365,089)	(1,737,488)	(4,102,577)
Other movements	(400,591)	-	(400,591)	(38,804)	(117,166)	(155,970)
Closing balance (Note 4.3)	15,316,432	18,754,707	34,071,139	12,085,757	19,608,965	31,694,722

As part of the Carbon Neutrality Roadmap, the Group has signed a financial investment contract with the European Union to support investment by Navigator Pulp Setúbal in the conversion of the lime kiln at the Setúbal pulp mill, with a planned total investment of Euro 7,500,000. The maximum approved grant amounts to Euro 4,488,046 and will be paid through a single non-repayable instalment, up to the end of the third year of operation of the equipment.

As at 30 June 2022 and 2021, government grants, by company, were detailed as follows:

Amounts in Euro	30-06-2022			31-12-2021		
	Financial	Tax	Total	Financial	Tax	Total
AICEP investment contracts						
Enerpulp, S.A.	291,157	-	291,157	328,243	-	328,243
Navigator Pulp Aveiro, S.A.	4,274,737	1,785,818	6,060,555	4,790,430	2,015,570	6,806,000
Navigator Pulp Setúbal, S.A.	4,563,317	-	4,563,317	101,018	-	101,018
Navigator Pulp Figueira, S.A.	11,317	8,530,325	8,541,642	13,324	8,885,363	8,898,687
Navigator Parques Industriais, S.A.	1,839,961	-	1,839,961	1,869,640	-	1,869,640
Navigator España, S.A.	81,071	-	81,071	499,805	-	499,805
Navigator Tissue Aveiro, S.A.	2,887,153	8,438,564	11,325,717	2,982,150	8,708,032	11,690,181
	13,948,713	18,754,707	32,703,420	10,584,610	19,608,965	30,193,574
Other						
Raiz	1,366,660	-	1,366,660	1,479,841	-	1,479,841
Viveiros Aliança, SA	1,059	-	1,059	21,306	-	21,306
	1,367,719	-	1,367,719	1,501,147	-	1,501,147
	15,316,432	18,754,707	34,071,139	12,085,757	19,608,965	31,694,722

The Group expects to recognise grants in earnings as follows:

Amounts in Euro	30-06-2022			31-12-2021		
	Financial	Tax	Total	Financial	Tax	Total
2021	-	-	-	-	-	-
2022	856,780	854,258	1,711,038	1,748,315	1,708,516	3,456,831
2023	1,654,211	1,666,401	3,320,612	1,654,211	1,666,401	3,320,612
2024	1,608,887	1,666,401	3,275,288	1,608,887	1,666,401	3,275,288
2025	1,260,106	1,398,687	2,658,793	1,260,106	1,398,687	2,658,793
2026	1,197,809	1,390,347	2,588,156	1,197,809	1,390,347	2,588,156
After 2026	8,738,639	11,778,612	20,517,251	4,616,429	11,778,612	16,395,041
	15,316,432	18,754,707	34,071,139	12,085,757	19,608,965	31,694,722

3.6. 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	1,668,765	-	299,979	963,772	-	2,932,517
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 30 June 2021	48,515,787	4,651,039	7,207,118	1,324,360	5,347,975	67,046,279
Acquisitions	1,840,950	4,016	1,363,920	-	1,307,301	4,516,186
Adjustments, transfers and write-offs	(435,469)	-	(23,409)	-	-	(458,878)
Balance as at 31 December 2021	49,921,267	4,655,055	8,547,629	1,324,360	6,655,276	71,103,587
Acquisitions	3,564,061	-	1,571,070	-	-	5,135,131
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 30 June 2022	53,485,328	4,655,055	10,118,699	1,324,360	6,655,276	76,238,718
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	(1,540,514)	(257,028)	(906,749)	(356,119)	(548,334)	(3,608,746)
Adjustments, transfers and write-offs	93,108	-	-	-	-	93,108
Balance as at 30 June 2021	(7,628,149)	(1,626,313)	(4,591,287)	(520,431)	(1,436,218)	(15,802,399)
Depreciation	(1,525,579)	(258,736)	(891,335)	(145,080)	(1,287,531)	(4,108,259)
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)	(19,910,628)
Depreciation	(1,645,230)	(257,950)	(875,205)	(145,080)	(759,373)	(3,682,837)
Adjustments, transfers and write-offs	-	-	-	-	-	-
Balance as at 30 June 2022	(10,798,926)	(2,142,998)	(6,357,827)	(810,591)	(3,483,122)	(23,593,465)
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 June 2021	40,887,638	3,024,726	2,615,831	803,929	3,911,757	51,243,879
Net book value as at 31 December 2021	40,767,570	2,770,007	3,065,007	658,849	3,931,527	51,192,959
Net book value as at 30 June 2022	42,686,402	2,512,057	3,760,872	513,770	3,172,154	52,645,253

The item Forestry lands 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 lease assets includes the forklift truck rental contract signed in 2020 and 2021.

Cash flows associated with lease payments correspond to the financial amortisation of Euro 3,060,534 and interest of Euro 1,128,791 (Note 5.10), amounting to Euro 4,189,325, as shown in the Cash Flow Statement.

3.7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	30-06-2022	30-06-2021
Depreciation of property, plant and equipment for the period (Note 3.3)	60,535,321	57,920,313
Charge-off of investments grants (Note 3.5)	(1,711,038)	(1,999,848)
Depreciation of property, plant and equipment, net of grants charged-off	58,824,283	55,920,465
Impairment of property, plant and equipment for the period	12,262,722	-
Amortisation of intangible assets for the period (Note 3.2)	9,808	2,314
Depreciation of right-of-use assets for the period (Note 3.6)	3,682,837	3,608,746
Impairment of investment properties (Note 3.4)	823	823
	74,780,473	59,532,348

The Group regularly uses external and independent experts to assess its industrial assets, as well as to assess the adequacy of the estimates used in terms of the useful lives of these assets.

In the first half of 2022, the Group requested an external assessment of its assets, which is still underway. Based on the best available information supported by the work carried out to date, and considering the investment perspectives in the technological modernization of the facilities, the Group recognised an impairment on the assets of the pulp mill in Aveiro, in the amount of Euro 12,262,722, compared to market value.

3.8. 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	(10,813,797)	(12,797,053)
Growth	9,936,073	10,117,083
New planted areas and replanting (at cost)	1,620,848	1,553,615
Other changes in fair value		
- transport logistics costs	-	(3,608,053)
- changes in other species	(6,446,290)	452,964
- other changes in expectations	(1,917,967)	(765,978)
Total changes	(7,621,133)	(5,047,421)
Amount as at 30 June	139,702,928	143,537,030
Remaining quarters		3,787,031
Amount as at 31 December		147,324,061

The discount rate used for the six-month period ended 30 June 2022 was 2.99% (31 December 2021: 2.99%). Note that the Group incorporates the fire risk into the model's cash flows. If this risk were incorporated into the discount rate, it would be of 4.52%.

The decrease in the fair value of Cork Oak and other species (of lesser relevance) is essentially due to the effects associated with the increase in cutting, packing and transport costs.

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

Amounts in Euro	30-06-2022	31-12-2021
Eucalyptus (Portugal)	112,308,368	113,826,448
Pine (Portugal)	6,775,485	6,697,561
Cork oak (Portugal)	3,031,691	6,268,821
Other species (Portugal)	(1,391,158)	1,015,078
Eucalyptus (Mozambique)	18,978,542	19,516,153
	139,702,928	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	30-06-2022	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 6-month period ended 30 June 2022, 298,379 m3ssc of wood were harvested from the woodlands owned and operated by the Group (31 December 2021: 651,654 m3ssc).

As at 30 June 2022 and 21 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	30-06-2022	31-12-2021
Raw materials	121,906,399	102,851,010
Goods	127,104	185,541
Subtotal (Note 4.1.2)	122,033,503	103,036,550
Finished and semi-finished products	129,670,292	75,870,145
Goods and work in progress	2,251,308	2,440,632
By-products and waste	456,021	5,203,331
Subtotal (Note 4.1.3)	132,377,621	83,514,108
Total	254,411,124	186,550,658

Inventories of finished and intermediate products - distribution by geographical area

Amounts in Euro	30-06-2022	%	31-12-2021	%
Portugal	76,395,758	58.9%	57,009,921	75.1%
Rest of Europe	20,159,364	15.5%	6,277,358	8.3%
USA	33,115,170	25.5%	12,582,866	16.6%
	129,670,292	100.0%	75,870,145	100.0%

Finished and semi-finished products inventories include Euro 4,196,112 (31 December 2021: Euro 11,730,049) relating to inventories for which invoices have already been issued but whose control has not been transferred to Trade receivables.

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

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

Amounts in Euro	30-06-2022	30-06-2021
Opening balance	103,036,550	92,690,300
Purchases	465,397,833	296,233,094
Gains / (Losses) on inventories	1,249,902	(581,246)
Impairment (losses)	(4,443,295)	-
Closing balance	(122,033,503)	(95,811,359)
Cost of goods sold and materials consumed (Note 2.3)	443,207,487	292,530,789

Costs of goods and materials consumed - detail by product

Amounts in Euro	30-06-2022	30-06-2021
Wood / Biomass (external acquisitions)	187,467,757	131,788,754
Natural gas	23,026,384	12,414,378
Other fuels	13,431,461	6,704,931
Water	1,298,329	914,687
Chemicals	111,623,093	63,718,872
BEKP pulp	17,805,277	10,874,515
Pine pulp	27,128,525	18,282,735
Paper (heavyweight)	2,380,648	1,186,280
Tissue paper - subcontracts	384,394	814,779
Consumables / Warehouse material	12,732,370	13,901,727
Packaging material	45,212,943	31,485,587
Other materials	716,306	443,543
	443,207,487	292,530,789

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

4.1.3. Variation in production in the period

Amounts in Euro	30-06-2022	30-06-2021
Opening balance	(83,514,108)	(84,044,836)
Adjustments	(549,676)	(1,516,930)
Inventory losses	(110,930)	598,523
Impairment losses	5,538,788	936,656
Closing balance	132,377,621	87,802,713
Change in production (Note 2.3)	53,741,697	3,776,125

4.1.4. 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)	(10,033,486)	(955,371)
Reversals	51,403	18,716
Impact in profit and loss for the period	(9,982,083)	(936,655)
Charge-off	-	(713)
Balance as at 30 June	(13,916,987)	(3,094,938)
Remaining quarters	-	(839,966)
Balance as at 31 December		(3,934,904)

As mentioned in note 2.3, the increase in the impairment of inventories 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 the future investment prospects and the remaining useful lives of 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.

4.2. RECEIVABLES

Amounts in Euro	30-06-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (Note 8.1.4)	-	329,392,393	329,392,393	-	210,789,083	210,789,083
State	-	72,664,140	72,664,140	-	44,603,384	44,603,384
Department of Commerce (USA)	-	-	-	-	281,653	281,653
Enviva Pellets Greenwood, LLC (USA)	-	25,051,461	25,051,461	7,826,849	25,384,072	33,210,921
Accrued income	-	2,170,584	2,170,584	-	19,028,577	19,028,577
Deferred expenses	-	14,872,023	14,872,023	-	8,463,089	8,463,089
Derivative financial instruments (Note 8.2)	-	19,292,837	19,292,837	-	1,630,982	1,630,982
Other	9,996,955	34,426,422	44,423,378	777,698	7,701,920	8,479,618
	9,996,955	497,869,860	507,866,816	8,604,547	317,882,760	326,487,308

State and other public entities

State is detailed as follows:

Amounts in Euro	30-06-2022	31-12-2021
Value added tax - recoverable	4,484,289	6,848,780
Value added tax - refund requests	67,317,984	37,752,135
Amounts pending refund (tax proceedings decided in favour of the Group)	861,866	2,470
	72,664,140	44,603,384

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

Amounts in Euro	May-2022	Jun-2022	Total
The Navigator Company, S.A.	31,115,308	32,202,676	63,317,984
Navigator Abastecimento de Madeira, ACE	-	4,000,000	4,000,000
	31,115,308	36,202,676	67,317,984

Up to the date of issuing this report, Euro 63,317,984 of the outstanding amounts as at 30 June 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 June 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 received in 2022 the amount of Euro 281,653 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 (6 and 7) remaining unconfirmed. Regarding these three periods, Navigator is estimated to pay to the DoC approximately Euro 9.7 million (Note 4.3).

Enviva Pellets Greenwood, LLC (EUA)

It reflects the present value of the amount still receivable from the sale of the pellets 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	30-06-2022	31-12-2021
Accrued income		
Interest receivable	-	718,888
Energy sales	1,747,375	17,470,569
Insurance compensation	-	272,689
Other	423,209	566,432
	2,170,584	19,028,577
Deferred expenses		
Insurance	4,051,397	-
Rentals	9,000,066	8,312,244
Other	1,820,560	150,844
	14,872,023	8,463,089
	17,042,607	27,491,666

Other current receivables

Amounts in Euro	30-06-2022	31-12-2021
Advances to personnel	204,543	472,657
Advances to trade payables	14,970,923	630,459
Other debtors	19,250,956	6,598,803
	34,426,422	7,701,920

Other debtors mainly includes allowances receivable.

4.3. PAYABLES

Amounts in Euro	31-03-2022	31-12-2021
Trade payables	314,861,050	253,983,711
Trade payables - current account	5,914,394	2,789,501
Advances to trade receivables (Note 8.1.4)	7,125,502	-
State	45,274,120	27,246,422
Related parties (Note 10.3)	1,459,755	1,264,454
Other creditors - CO ₂ emission allowances	22,309,703	21,353,771
Fiscal consolidation (Semapa)	-	6,447,546
Other creditors	1,842,624	2,392,990
Derivative financial instruments (Note 8.2)	22,276,011	8,130,589
Payroll costs accruals	46,183,705	30,613,080
Accrued expenses - interest payable	7,336,637	6,711,797
Wood suppliers bonus	3,147,021	4,294,936
Water resource fee	675,282	1,096,148
Rent liabilities	16,323,021	15,634,141
Other accrued expenses	6,603,131	5,513,018
Non-refundable grants	25,024,367	5,689,791
Current payables	526,356,325	393,161,894
Non-refundable grants	30,801,549	28,460,138
Department of Commerce (USA) (Note 4.2)	9,707,014	8,554,289
Non-current payables	40,508,563	37,014,427
	566,864,888	430,176,319

State - details

Amounts in Euro	30-06-2022	31-12-2021
Personal income tax withhold (IRS)	2,635,654	3,298,154
Value added tax	37,861,668	20,793,757
Social Security contributions	3,858,196	2,202,736
Other	918,602	951,775
	45,274,120	27,246,422

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

Non-refundable grants - details

Amounts in Euro	30-06-2022	31-12-2021
Investment grants (Note 3.5)	3,269,590	3,234,584
Grants - CO ₂ emission allowances (Note 3.2)	20,012,821	-
Other grants	1,741,956	2,455,207
Non-refundable grants - current	25,024,367	5,689,791
Investment grants (Note 3.5)	30,801,549	28,460,138
Non-refundable grants - non-current	30,801,549	28,460,138
	55,825,916	34,149,929

5. CAPITAL STRUCTURE

5.1. SHARE CAPITAL AND THEASURY SHARES

Navigator's shareholders

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

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

Designation	30-06-2022		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

	30-06-2022		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	-	-	-	-
Cancellations for the period	-	-	(6,316,931)	(20,189,264)
Treasury shares at the end of the period	-	-	-	-

As at 30 June 2022 and 31 December 2021, Navigator did not hold any own shares, the unit value of the share as at that date was Euro 3.836 (31 December 2021: Euro 3.35) and the stock market capitalisation of the Company at this date amounted to Euro 2,728,098,253 (31 December 2021: Euro 2,382,463,281) compared to an equity, net of non-controlling interests, of Euro 1,138,899,452 (31 December 2021: Euro 1,044,827,184).

5.2. EARNINGS PER SHARE

	30-06-2022	31-12-2021
Profit attributable to Navigator's equity holders (Euro)	161.886.240	64.417.117
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)	0,228	0,091
Diluted earnings per share (Euro)	0,228	0,091

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.

5.4. RESERVES AND RETAINED EARNINGS

Amounts in Euro	30-06-2022	31-12-2021
Currency translation reserve	8,234,990	(24,346,001)
Fair value reserve	1,126,830	(5,604,076)
Legal reserve	100,000,000	100,000,000
Other reserves	121,836,100	121,836,100
Retained earnings	245,815,292	231,525,876
Reserves and retained earnings	477,013,212	423,411,899

Currency exchange reserve - details

Amounts in Euro	30-06-2022	31-12-2021
Navigator North América (USD)	(1,201,444)	(4,847,972)
Navigator Paper Mexico (MXN)	(99,488)	(69,753)
Navigator Rus Company, LLC (RUB)	-	-
Navigator Middle East Trading DMCC (AED)	(3,218)	(7,594)
Navigator Egypt (EGP)	(718)	(4,037)
Navigator Paper Company UK (GBP)	(438,471)	(369,114)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,897)
Portucel Mozambique (MZM) (Note 5.10)	9,980,033	(19,045,827)
	8,234,990	(24,346,001)

Fair value reserves - details

Amounts in Euro	30-06-2022			31-12-2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Interest rate risk hedging	13,997,274	(3,849,250)	10,148,024	(2,231,713)	613,722	(1,617,992)
Foreign exchange hedging	(9,531,203)	2,621,081	(6,910,122)	(2,586,225)	711,212	(1,875,013)
Foreign exchange hedging - Navigator North America	(2,911,823)	800,751	(2,111,072)	(2,911,823)	800,751	(2,111,072)
	1,554,248	(427,418)	1,126,830	(7,729,761)	2,125,685	(5,604,076)

The amount associated to foreign exchange hedging of the subsidiary Navigator North America (net investment) will remain in reserves until the net investment is sold or partially sold (at which time it will be reclassified to profit or loss). This occurs because the hedged item (the net investment) does not affect the Group's earnings until its disposal.

Fair value reserves - movements

Amounts in Euro	30-06-2022	31-12-2021
Opening balance	(5,604,076)	(6,641,368)
Change in the fair value of derivative financial instruments (Note 8.2)	9,284,008	1,430,747
Deferred tax	(2,553,102)	(393,455)
Closing balance	1,126,830	(5,604,076)

Other reserves - details

Amounts in Euro	30-06-2022	31-12-2021
Transfer of legal reserve surplus to free reserves	9,790,475	9,790,475
Free reserves arising from the share capital reduction not yet distributed	118,361,080	118,361,080
Adjustments to the application of 2014 profits (balance sheet bonus)	1,476	1,476
Incorporation of capital reserves	(6,316,931)	(6,316,931)
	121,836,100	121,836,100

5.5. NON-CONTROLLING INTERESTS

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit	
		30-06-2022	31-12-2021	30-06-2022	30-06-2021
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	281,631	286,896	(5,593)	4,452
Portucel Moçambique	9.98%	-	-	-	-
		281,631	286,896	(5,593)	4,452

Non-controlling interests are related to Raiz – Instituto de Investigação da Floresta 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	(5,593)	7,058
Other comprehensive income	328	4,656
Closing balance	281,631	286,896

5.6. INTEREST-BEARING LIABILITIES

Amounts in Euro	30-06-2022			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	99,299,603	17,575,397	116,875,000	109,087,301	12,718,254	121,805,555
Charges with bond issuances	(4,399,266)	-	(4,399,266)	(3,415,421)	-	(3,415,421)
Refundable grants	33,303,005	7,219,439	40,522,445	34,509,610	4,099,903	38,609,513
Deferrals and adjustments	-	-	-	(8,055,598)	-	(8,055,598)
Debt securities and bank debt	663,203,342	72,294,836	735,498,178	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 early a loan of the same amount valid until 2023.

This operation contributed 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 three ESG indicators already included in the Company's Sustainability Agenda and, in turn, aligned with the Sustainable Development Goals of the United Nations.

The reimbursable incentives include incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the incentive under the investment agreement entered into with Grupo Navigator Tissue Aveiro, S.A. subsidiary for the construction of the new Tissue plant in Aveiro. This agreement 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

30-06-2022 Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028	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	-	(4,399,266)			-	(4,399,266)
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	40,000,000	40,000,000	February 2029	Fixed rate	5,714,286	34,285,714
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	-	February 2026	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	40,522,445	40,522,445	November 2027	Fixed rate	7,219,439	33,303,005
Deferrals and adjustments	-	-			-	-
Bank credit facilities						
Short-term facility 20M	20,450,714	-			-	-
		735,498,178			72,294,836	663,203,342

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 facilities						
Short-term facility 20M	20,450,714	-			-	-
		833,944,049			119,318,157	714,625,892

As at 30 June 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	30-06-2022	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	161,140,074	106,640,074
4 to 5 years	157,140,074	261,140,074
More than 5 years	134,345,883	37,834,234
	667,602,609	726,096,911
Fees	(4,399,266)	(11,471,019)
	663,203,342	714,625,892

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

Amounts in Euro	30-06-2022	31-12-2021
Interest-bearing liabilities (Note 5.6)	735,498,178	833,944,049
Cash and cash equivalents (Note 5.8)	(215,011,722)	(239,171,252)
Interest-bearing net debt	520,486,456	594,772,797
Lease liabilities (Note 5.7)	55,315,523	53,240,925
Interest-bearing net debt with lease liabilities	575,801,979	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 June 2022 and 31 December 2021:

Ratio	30-06-2022	31-12-2021
Interest coverage	57.63	35.29
Indebtedness	1.34	2.35
Net Debt / EBITDA	0.95	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 June 2022 and 31 December 2021, the Navigator 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	30-06-2022			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	3,808,756	1,936,500	5,745,257	3,971,610	1,852,223	5,823,833
1 to 2 years	3,587,072	1,933,791	5,520,863	3,368,272	1,708,916	5,077,188
2 to 3 years	2,694,860	1,639,955	4,334,815	2,867,678	1,575,482	4,443,160
3 to 4 years	2,029,099	1,514,237	3,543,336	1,999,426	1,450,866	3,450,292
4 to 5 years	1,765,538	1,393,777	3,159,315	1,748,655	1,337,957	3,086,612
More than 5 years	23,399,955	9,611,982	33,011,937	22,150,369	9,209,471	31,359,840
Present value of liabilities	37,285,280	18,030,243	55,315,523	36,106,011	17,134,915	53,240,925

In the periods ended 30 June 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	30-06-2022	31-12-2021
Cash	38,680	35,334
Short-term bank deposits	197,004,943	220,585,472
Other short-term investments	17,968,099	18,550,446
	215,011,722	239,171,252

As at 30 June 2022, the item Other short-term investments includes Euro 17,968,099 (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 June 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	30-06-2022	31-12-2021
Balance as at 1 January	833,944,049	982,410,783
Payment of loans	(245,444,444)	(291,527,778)
Receipts from loans obtained	150,000,000	147,500,000
Refundable grants	(2,017,582)	(4,472,875)
Changes in borrowing costs	(983,845)	33,919
Changes in interest-bearing debt	(98,445,871)	(148,466,734)
Gross interest-bearing debt	735,498,178	833,944,049

5.10. FINANCIAL RESULTS

Amounts in Euro	30-06-2022	30-06-2021
Interest paid on debt securities and bank debt	(4,586,024)	(5,769,532)
Commissions on loans and expenses with the opening of credit facilities	(1,979,426)	(1,708,030)
Interest paid using the effective interest method	(6,565,450)	(7,477,562)
Interest paid on lease liabilities	(1,128,791)	(1,029,669)
Financial expenses related to the Group's capital structure	(7,694,241)	(8,507,230)
Favourable / (Unfavourable) exchange rate differences	(28,461,291)	-
Losses on financial instruments - foreign exchange hedging (Note 8.2)	-	(612,907)
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	(1,259,597)	(2,574,985)
Gains / (Losses) on financial instruments - hedging (Note 8.2)	(5,765,375)	(3,009,272)
Losses on compensatory interest	(950,726)	-
Other expenses and financial losses	(1,365,431)	-
Financial expenses and losses	(45,496,661)	(14,704,395)
Interest earned on financial assets at amortised cost (Note 4.2)	437,871	655,664
Favourable exchange rate differences	-	3,065,762
Gains on compensatory interest	-	850,587
Other income and financial gains	-	9,934
Financial income and gains	437,871	4,581,948
Net financial results	(45,058,790)	(10,122,447)

Net financial results stood at negative Euro 45,058,790 (30 June 2021: Euro 10,122,447). This increase was driven by the non-recurring impact of Euro 30,356,972 associated with accumulated unfavourable exchange rate differences directly associated with the repayment of the long-term loan (shareholder loans) granted to the subsidiary Portucel Moçambique. This loan, of a quasi-equity nature, was denominated in foreign currency and, upon termination, and in accordance with the Group's accounting policy, the corresponding accumulated exchange rate differences, recognised in previous periods in the Statement of Comprehensive Income, were recognised in profit or loss for the period.

There was an improvement in the period in terms of the costs of financing operations (Euro 0.8 million) in its various components (interest paid, loan commissions and interest rate hedging instruments) as a result of the strong reduction in the volume of interest-bearing debt compared to the same period in the previous year, and also an improvement in the results from foreign exchange and other financial derivatives (Euro 1 million). On the other hand, there was a negative variation in compensatory interest (Euro 1.8 million).

6. INCOME TAX

6.1. INCOME TAX FOR THE PERIOD

6.1.1. Income tax recognised in the consolidated income statement

Amounts in Euro	6 months 30-06-2022	6 months 30-06-2021
Current tax	76,830,402	15,310,314
Change in uncertain tax positions in the period	(7,864,761)	(2,140,291)
Deferred tax (Note 6.2)	(2,955,767)	2,962,440
	66,009,875	16,132,463

As at 30 June 2022, current tax includes Euro 70,766,964 (30 June 2021: Euro 14,446,699) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A. In Portugal.

As at 30 June 2022 and 2021, the item "Change in 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:

	30-06-2022	30-06-2021
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	6 months 30-06-2022	6 months 30-06-2021
Profit before income tax	227,890,522	80,554,033
Expected tax at nominal rate (21%)	47,857,010	16,916,347
Municipal surcharge (2022: 1.70% ; 2021: 1.50%)	3,869,966	1,207,660
State surcharge (2022: 6.07% ; 2021: 3.04%)	13,836,154	2,451,919
Income tax resulting from the applicable tax rate	65,563,129	20,575,926
Nominal tax rate for the period	28.77%	25.54%
Differences (a)	976,161	(3,477,112)
Excess of income tax estimate	-	(275,918)
Tax benefits	(727,073)	(690,433)
Autonomous taxation	197,658	-
	66,009,875	16,132,463
Effective tax rate	28.97%	20.03%

(a) This amount concerns mainly:

Amounts in Euro	6 months 30-06-2022	6 months 30-06-2021
Capital gains/ (losses) for tax purposes	32,369	2,523,710
Capital gains/ (losses) for accounting purposes	(88,453)	(2,600,911)
Taxable provisions and impairment	5,655,249	(8,909,455)
Tax benefits	(2,496,517)	(3,028,687)
Post-employment benefits	48,330	(899,833)
Other	398,698	271,132
	3,549,676	(12,644,045)
Tax effect (27.5%)	976,161	(3,477,112)

6.1.2. Tax recognised in the consolidated statement of financial position

Amounts in Euro	30-06-2022	31-12-2021
Assets		
Amounts pending refund (tax proceedings decided in favour of the Group)	1,181,682	1,118,815
	1,181,682	1,118,815
Liabilities		
Corporate Income Tax - IRC	75,782,040	19,913,222
Additional tax liabilities (IRC)	27,122,733	19,967,180
	102,904,773	39,880,402

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	30-06-2022	31-12-2021
Income tax for the period	76,830,402	37,586,136
Payments on account, special and additional payments on account	(74,432)	(19,000,792)
Withholding tax recoverable	(7,337)	(22,809)
Corporate income tax payable / (refundable) from previous periods	-	-
Other payables / (receivables)	(966,593)	1,350,687
	75,782,040	19,913,222

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

Amounts in Euro	30-06-2022	31-12-2021
Payment / (Refund) of corporate income tax for the previous period	10,851,693	2,748,971
Payments on account, special and additional payments on account	75,893	19,000,792
Withholding tax	7,337	22,809
Refunds of tax proceedings decided in favour of the group	-	(2,090,502)
Payments of additional tax liabilities	-	-
Other income tax payments / (refunds)	(977,298)	967,532
Income tax paid / (received)	9,957,625	20,649,602

Amounts pending refund

Amounts in Euro	30-06-2022	31-12-2021
RFAI 2010 to 2012 - compensatory interest	1,076,611	1,076,611
2020 Corporate income tax (RETGS)	62,867	-
Other	42,204	42,204
	1,181,682	1,118,815

The movements in the period are detailed as follows:

Amounts in Euro	30-06-2022	31-12-2021
Balance at the beginning of the period	1,118,815	3,482,762
Increases	62,867	97,239
Payments / (receipts)	-	(2,027,635)
Reversals	-	(433,552)
	1,181,682	11,188,145

Uncertain tax positions - liabilities

Amounts in Euro	30-06-2022	31-12-2021
Balance at the beginning of the period	19,967,180	22,898,753
Increases	7,822,695	8,094,261
Payments / (receipts)	-	(62,867)
Reversals	(667,142)	(10,962,967)
Changes in the period	7,155,553	(2,931,573)
	27,122,733	19,967,180

Taxes paid in litigation

As at 30 June 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	30-06-2022	31-12-2021
2005 Aggregated corporate income tax (Note 9.3)	10,394,386	10,394,386
2006 Aggregated corporate income tax (Note 9.3)	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 June 2022
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	4,544,163	9,288,232	(11,416)	-	13,820,978
Adjustment of property, plant and equipment	62,470,397	-	(11,656,421)	-	50,813,976
Pensions and other post-employment benefits	-	-	-	-	-
Financial instruments	7,448,830	-	-	(7,448,830)	-
Deferred accounting gains on intra-group transactions	21,090,054	5,823,401	(1,682,451)	-	25,231,003
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	4,200,000	-	(1,680,000)	-	2,520,000
	99,957,031	15,111,633	(15,030,289)	(7,448,830)	92,589,545
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(388,758)	2,098,462	-	(1,727,236)	(17,532)
Financial instruments	-	-	-	(1,835,179)	(1,835,179)
Deferred accounting losses on intra-group transactions	-	-	-	-	-
Valuation of biological assets	(25,294,177)	8,405,520	-	-	(16,888,657)
Adjustment of property, plant and equipment	(306,642,712)	12,657,186	(12,732,004)	-	(306,717,530)
Investment grants	(4,142,627)	237,735	-	27,838	(3,877,054)
	(336,468,274)	23,398,903	(12,732,004)	(3,534,577)	(329,335,952)
Deferred tax assets	27,488,184	4,155,699	(4,133,329)	(2,048,428)	25,462,125
Investment tax incentives	549,224	-	-	-	549,224
Deferred tax assets	28,037,408	4,155,699	(4,133,329)	(2,048,428)	26,011,349
Deferred tax liabilities	(92,528,775)	6,434,698	(3,501,301)	(972,009)	(90,567,386)

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 June 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	6 months 30-06-2022	6 months 30-06-2021
Remuneration of Corporate Bodies - fixed (Note 7.3)	1,636,981	1,670,715
Remuneration of Corporate Bodies - variable	2,920,949	953,874
Other remunerations	64,100,542	51,800,540
Social Security contributions	11,399,988	11,290,731
Post-employment benefits (Note 7.2.4)	709,693	792,935
Other payroll costs	11,786,842	6,730,644
Payroll costs	92,554,995	73,239,439

The increase in payroll costs accompanied Navigator's good performance in the first half of 2022, which allowed to reinforce the amount of accrued expenses for the payment of employee bonuses in 2023. The amount allocated to the rejuvenation programme was also reinforced.

Number of employees by segment at the end of the period

	30-06-2022	31-12-2021	Var. 22/21
Market pulp	252	254	(2)
UWF	1,788	1,778	10
Tissue	412	383	29
Other	740	736	4
	3,192	3,151	41

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

Amounts in Euro	6 months 30-06-2022	6 months 30-06-2021
Training	297,239	166,191
Social action	1,175,692	964,848
Insurance	2,304,135	2,683,100
Compensations	7,872,318	2,437,625
Other	137,457	478,881
	11,786,842	6,730,644

7.2. EMPLOYEE BENEFITS

7.2.1. Introduction

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

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

A. Pension Plan – Defined benefit

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

activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (*Conta 1*) will be used to finance the liability of the Defined Benefit Plan.

B. Pension Plan – Defined contribution

As at 30 June 2022, three Defined Contribution plans were in force covering 3,002 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:

	30-06-2022		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		(161,102,871)		(185,327,671)
Total net liabilities	1,103	10,578,791	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	161,102,871
Surplus / (deficit)	(7,324,279)	(6,588,076)	(12,562,465)	(5,674,918)	(10,578,791)

Evolution of defined benefit plan liabilities

2022	Opening balance	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						
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	30-06-2022	30-06-2021
Opening balance	185,327,671	178,691,062
Charge for the period	-	5,318,407
Expected income for the period	1,138,957	2,195,584
Remeasurement	(22,536,629)	5,275,230
Pensions paid	(2,827,129)	(5,999,229)
Other	-	(153,383)
Closing balance	161,102,871	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 and Julius Baer, as detailed below:

Amounts in Euro	2022	2021
Defined benefit and <i>Conta 1</i> :		
AGEAS - Pensions	710,595	3,938,660
Schroders	64,166,331	70,993,049
Santander AM	64,002,351	72,705,468
<i>Conta 1</i> - Julius Baer	32,223,594	37,690,494
Total defined benefit and <i>Conta 1</i>	161,102,871	185,327,671

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	30-06-2022	%	31-12-2021	%
Securities listed in the market				
Bonds	99,205,471	61.6%	112,303,157	60.6%
Shares	39,005,720	24.2%	50,274,545	27.1%
Public debt	14,089,177	8.7%	14,558,914	7.9%
Liquidity	3,608,791	2.2%	4,252,394	2.3%
Real estate	4,483,116	2.8%	-	0.0%
Other short-term investments	710,595	0.4%	3,938,660	2.1%
	161,102,871	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 June 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	114	(3.38%)	7,138,032	110	2.92%	7,995,969
Conventional sub-fund	379	(3.83%)	15,980,163	374	5.89%	19,301,087
Dynamic sub-fund	718	(4.43%)	15,094,976	696	10.46%	17,234,845
Aggressive sub-fund	1,791	(5.26%)	5,208,382	1,756	16.04%	6,462,291
Total defined contribution	3,002		43,421,553	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 six-month periods ended 30 June 2022 and 2021 was as follows:

Amounts in Euro	6 months 30-06-2022	6 months 30-06-2021
Defined benefit 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 contribution plans		
Contributions for the period	660,892	691,698
	660,892	691,698
Expenses for the period (Note 7.1)	709,693	792,935

7.2.5. Remeasurement recognised directly in Other comprehensive income

2022	Remeasurement			Return on plan assets	Gross amount	Deferred tax	Impact on Equity
Amounts in Euro	Demographic assumptions	Financial assumptions	Experience assumptions				
Pensions with autonomous fund	-	19,432,235	(1,750,679)	(22,536,629)	(4,855,072)	(474,990)	(5,330,062)
	-	19,432,235	(1,750,679)	(22,536,629)	(4,855,072)	(474,990)	(5,330,062)

2021	Remeasurement			Return on plan assets	Gross amount	Deferred tax	Impact on Equity
Amounts in Euro	Demographic assumptions	Financial assumptions	Experience assumptions				
Pensions with autonomous fund	-	-	(958,000)	4,727,529	3,769,529	(249,224)	3,520,305
	-	-	(958,000)	4,727,529	3,769,529	(249,224)	3,520,305

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Actuarial assumptions

	30-06-2022	31-12-2021
Social Security Benefits Formula	Decree Law no 187/2007 of 10 May	
Disability table	EKV 80	EKV 80
Mortality table	TV 88-90	TV 88-90
Technical interest rate	2.00%	1.25%
Wage growth rate	1.00%	1.00%
Return rate on plan assets	2.00%	1.25%
Pensions growth rate	1.00%	1.00%

In the first half of 2022, the discount rate increased from 1.25% to 2%.

7.3. REMUNERATION OF CORPORATE BODIES

Amounts in Euro	6 months 30-06-2022	6 months 30-06-2021
Navigator Corporate Bodies		
Board of Directors	1,453,074	1,492,600
Supervisory Board	23,142	23,142
Conselho Ambiental	19,000	14,500
General Meeting	3,000	4,000
	1,498,216	1,534,242
Corporate Bodies of other Group companies	138,766	136,473
Total (Note 7.1)	1,636,981	1,670,715

8. FINANCIAL INSTRUMENTS

8.1. FINANCIAL RISK MANAGEMENT

The Navigator group has a risk-management program, which focuses its analysis on the financial markets with a view to mitigate the potential adverse effects on the Group's financial performance. Risk management is undertaken by the Group's Financial Management in accordance with the policies approved by the Board of Directors and monitored by the Risks and Control Commission.

The Group adopts a proactive approach to risk management, as a way to mitigate the potential adverse effects associated with those risks, namely the foreign exchange rate risk and interest rate risk.

8.1.1 Exchange rate risk

Exposure of financial assets and liabilities to exchange rate risk and sensitivity analysis

30 June 2022	US dollar	Sterling pound	Polish zloti	Swedish krona	Turkish lira	Swiss franc	Mozambican metical	Moroccan dirham	South African rand	Total (Euro)
Amounts in foreign currency										
Cash and cash equivalents	2,732,383	1,252,943	324,016	-	150,482	188,439	(4,149,422)	495,330	40,922	4,344,367
Receivables	79,562,952	13,925,009	14,351,927	-	-	1,832,935	197,914,877	-	-	100,702,745
Total financial assets	82,295,335	15,177,952	14,675,943	-	150,482	2,021,374	193,765,455	495,330	40,922	105,047,112
Loans	(1,072,643)	(179,623)	(8,517)	-	(17,910)	(87,263)	(1,851,583)	(135,403)	-	(1,373,124)
Payables	(1,072,643)	(179,623)	(8,517)	-	(17,910)	(87,263)	(1,851,583)	(135,403)	-	(1,373,124)
Total financial liabilities	(1,072,643)	(179,623)	(8,517)	-	(17,910)	(87,263)	(1,851,583)	(135,403)	-	(1,373,124)
Financial net position in foreign currency	81,222,692	14,998,329	14,667,426	-	132,572	1,934,111	191,913,872	359,927	40,922	103,673,988
Financial net position in Euro	78,196,487	17,476,496	3,127,116	-	7,653	1,941,878	2,887,877	34,074	2,405	103,673,988
Impact of + 10% change in all exchange rates on profit for the period										9,424,908
Impact of - 10% change in all exchange rates on profit for the period										(11,519,332)

31 December 2021	US dollar	Sterling pound	Polish zloti	Swedish krona	Turkish lira	Swiss franc	Mozambican metical	Moroccan dirham	South African rand	Total (Euro)
Amounts in foreign currency										
Cash and cash equivalents	3,392,118	442,905	546,861	-	102,302	117,265	10,352,877	651,982	40,922	2,309,685
Receivables	63,112,114	7,550,211	6,306,245	-	-	1,498,477	3,588,455	-	-	62,638,978
Total financial assets	66,504,232	7,993,116	6,853,106	-	102,302	1,615,742	13,941,332	651,982	40,922	64,948,663
Loans	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,661,736)
Payables	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,661,736)
Total financial liabilities	(4,349,239)	(24,525)	(12,180)	(62,730)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,661,736)
Financial net position in foreign currency	62,154,993	7,968,590	6,840,927	(62,730)	100,990	1,611,680	7,361,389	580,982	40,922	61,286,927
Financial net position in Euro	54,878,150	9,483,256	1,488,161	(6,120)	6,629	1,560,043	101,789	55,245	2,266	67,569,419
Impact of + 10% change in all exchange rates on profit for the period										8,223,512
Impact of - 10% change in all exchange rates on profit for the period										(10,199,055)

Exchange rates used

	30-06-2022	31-12-2021	Valuation / (Devaluation)
GBP (Sertling pound)			
Average exchange rate for the period	0.84	0.86	2.33%
Closing exchange rate for the period	0.86	0.84	-2.13%
USD (American dollar)			
Average exchange rate for the period	1.09	1.18	7.58%
Closing exchange rate for the period	1.04	1.13	8.29%
PLN (Polish zloti)			
Average exchange rate for the period	4.64	4.57	-1.55%
Closing exchange rate for the period	4.69	4.60	-2.03%
SEK (Swedish krona)			
Average exchange rate for the period	10.48	10.15	-3.29%
Closing exchange rate for the period	10.73	10.25	-4.68%
CHF (Swiss franc)			
Average exchange rate for the period	1.03	1.08	4.56%
Closing exchange rate for the period	1.00	1.03	3.59%
MZM (Mozambican metical)			
Average exchange rate for the period	69.72	77.75	10.32%
Closing exchange rate for the period	66.46	72.32	8.11%
MAD (Moroccan dirham)			
Average exchange rate for the period	10.60	10.67	0.71%
Closing exchange rate for the period	10.56	10.52	-0.44%
MXN (Mexican peso)			
Average exchange rate for the period	22.16	23.99	7.62%
Closing exchange rate for the period	20.96	23.14	9.42%
AED (Dirham)			
Average exchange rate for the period	4.02	4.34	7.51%
Closing exchange rate for the period	3.83	4.16	8.04%
ZAR (South African rand)			
Average exchange rate for the period	16.84	17.48	3.62%
Closing exchange rate for the period	17.01	18.06	5.80%
EGP (Egyptian pound)			
Average exchange rate for the period	18.85	18.55	-1.63%
Closing exchange rate for the period	19.75	17.82	-10.82%
TRY (Turkish lira)			
Average exchange rate for the period	16.27	10.51	-54.73%
Closing exchange rate for the period	17.32	15.23	-13.71%

In this caption, the Company discloses the exposure of financial assets and liabilities to foreign exchange risk, as well as the respective sensitivity analysis, if there are currencies in which the Company has performed transactions, but in which, at the balance sheet date, it does not have relevant foreign exchange exposures, which is why the exchange rates disclosed are higher than the currencies presented in this note.

8.1.2 Interest rate risk

Exposure to interest rate risk

As at 30 June 2022 and 31 December 2021, the summary of financial assets and liabilities with exposure to interest rate risk depending on maturity or reset date is presented in the following table:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As at 30 June 2022						
Assets						
Current						
Cash and cash equivalents	215,011,722	-	-	-	-	215,011,722
Total financial assets	215,011,722	-	-	-	-	215,011,722
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	499,979,702	129,920,635	629,900,337
Refundable grants	-	-	-	28,877,757	4,425,248	33,303,005
Current						
Interest-bearing liabilities	-	2,857,143	62,218,254	-	-	65,075,397
Refundable grants	-	-	7,219,439	-	-	7,219,439
Total financial liabilities	-	2,857,143	69,437,693	528,857,459	134,345,883	735,498,178
Cumulative differential	215,011,722	212,154,579	142,716,886	(386,140,573)	(520,486,456)	

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As at 31 December 2021						
Assets						
Current						
Cash and cash equivalents	239,171,252	-	-	-	-	239,171,252
Total financial assets	239,171,252	-	-	-	-	239,171,252
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	647,913,901	32,202,381	680,116,282
Refundable grants	-	-	-	28,877,757	5,631,853	34,509,610
Current						
Interest-bearing liabilities	-	115,218,254	-	-	-	115,218,254
Refundable grants	-	-	4,099,903	-	-	4,099,903
Total financial liabilities	-	115,218,254	4,099,903	676,791,658	37,834,234	833,944,049
Cumulative differential	239,171,252	123,952,998	119,853,095	(556,938,563)	(594,772,797)	

8.1.3 Liquidity risk

Credit facilities available but not used

Amounts in Euro	30-06-2022	31-12-2021
Unused credit facilities		
Commercial paper (with long term underwriting)	190,000,000	125,000,000
Long-term financing contracted and not disbursed	-	-
Other credit facilities	20,450,714	20,450,714
	210,450,714	145,450,714
Commercial paper used (Note 5.7)	140,000,000	240,000,000
Other credit facilities used	599,897,445	605,415,068
Contracted credit facilities (nominal value)	950,348,159	990,865,782

8.1.4. Credit risk

Maximum exposure to credit risk

The Group's maximum exposure to the credit risk of financial assets corresponds to their net amount, as follows:

Amounts in Euro	30-06-2022	31-12-2021
Non-current		
Receivables (Note 4.2)	9,996,955	8,604,547
Current		
Receivables (Note 4.2)	497,869,860	317,882,760
Cash and cash equivalents (Note 5.8)	215,011,722	239,171,252
	722,878,538	565,658,559

Ageing structure of Trade receivables balances

Amounts in Euro	30-06-2022	31-12-2021
Amounts not due	314,006,189	208,051,472
from 1 to 90 days	6,727,252	2,455,066
from 91 to 180 days	1,518,928	199,088
from 181 to 360 days	14,522	83,457
from 361 to 540 days	-	-
from 541 to 720 days	-	-
more than 721 days	-	-
	322,266,891	210,789,083
Balances considered impaired	3,298,681	2,173,128
Impairment	(3,298,681)	(2,173,128)
Net balance of trade receivables (Note 4.2 and Note 4.3)	322,266,891	210,789,083

Changes in impairment losses from Trade receivables and Other debtors

Amounts in Euro	Impairment		
	Trade receivables	Other debtors	Total
Balance as at 1 January 2021	(1,984,970)	(231,262)	(2,216,232)
Increase - IFRS 9 impact on results for the period	123,146	-	123,146
Increase	(404,476)	(3,762)	(408,238)
Reversals	77,603	-	77,603
Charge-off	15,568	-	15,568
Balance as at 31 December 2021	(2,173,128)	(235,025)	(2,408,153)
Increase - IFRS 9 impact on results for the period	(1,087,946)	-	(1,087,946)
Increase (Note 2.3)	(39,387)	-	(39,387)
Reversals	1,180	1,283	2,463
Charge-off	600	-	600
Balance as at 30 June 2022	(3,298,681)	(233,742)	(3,532,423)

The analysis of the open balances, by business area, is as follows:

As at 30 June 2022

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	Total
Amounts not due	26,724,690	217,560,243	39,163,424	24,593,040	5,964,792	314,006,189
from 1 to 90 days	349,641	-	1,219,043	-	5,158,568	6,727,252
from 91 to 180 days	-	-	92,521	180,228	1,246,179	1,518,928
from 181 to 360 days	-	-	-	-	14,522	14,522
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	-	-
	27,074,331	217,560,243	40,474,988	24,773,268	12,384,061	322,266,891

As at 31 December 2021

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	Total
Amounts not due	27,781,181	145,229,659	29,844,012	791,242	4,405,378	208,051,472
from 1 to 90 days	-	-	1,127,754	-	1,327,312	2,455,066
from 91 to 180 days	-	-	96,945	-	102,143	199,088
from 181 to 360 days	-	-	45,744	-	37,713	83,457
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	-	-
	27,781,181	145,229,659	31,114,455	791,242	5,872,546	210,789,083

The Group's credit risk quality regarding financial assets (Cash and cash equivalents and Derivative financial instruments), whose counterparties are financial institutions, is detailed as follows:

Financial Institutions			
Amounts in Euro		30-06-2022	31-12-2021
Rating			
AA		9,479,719	9,801,253
AA-		-	-
A+		8,848,845	84,976,652
A		80,442,074	6,609,078
A-		25,111,285	61,586,886
BBB+		256,941	-
BBB		64,979,399	73,253,991
BBB-		140,703	-
Investment Grade		189,258,964	236,227,860
BB+		45,643	60,468
BB		21,756,621	108,006
BB-		1,320,748	-
B+		-	-
B		-	179,662
B-		-	-
Other		2,629,745	2,595,255
Non-Investment Grade		25,752,758	2,943,392
		215,011,722	239,171,252

"Other" amounts include bank deposits with banks or entities with no rating, namely local banks in Mozambique and other foreign branches.

The Navigator Group adopts strict policies in approving its financial counterparties, limiting its exposure in accordance with an individual risk analysis and within previously approved limits.

8.2. DERIVATIVE FINANCIAL INSTRUMENTS

Movements in derivative financial instruments

Amounts in Euro	30-06-2022			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	-	1,257,396	1,257,396	(623,573)	2,326,437	1,702,864
Change in fair value through profit and loss (Note 5.10)	(5,765,375)	(1,259,597)	(7,024,972)	(4,265,016)	(3,191,640)	(7,456,656)
Change in fair value through other comprehensive income (Note 5.4)	-	9,284,008	9,284,008	-	1,430,747	1,430,747
Balance at the end of the period	(7,493,832)	4,510,658	(2,983,174)	(1,728,458)	(4,771,149)	(6,499,607)

8.2.1. Detail and maturity of derivative financial instruments by nature

30 June 2022						
Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	140,000,000	USD	2022	-	(8,719,549)	(8,719,549)
Hedging (future sales)	40,000,000	GBP	2022	358,272	-	358,272
Interest rate swaps - Bonds	375,000,000	EUR	2028	15,046,500	-	15,046,500
Energy	33,767,643	EUR	2022	3,799,840	-	3,799,840
BHKP pulp	13,560,000	USD	2022	-	(5,974,405)	(5,974,405)
				19,204,612	(14,693,954)	4,510,658
Trading						
Foreign exchange forwards (future sales)	111,003,141	USD	2023	-	(7,546,608)	(7,546,608)
Foreign exchange forwards (future sales)	12,900,000	GBP	2022	88,225	-	88,225
Foreign exchange forwards (future sales)	1,350,000	CHF	2022	-	(35,449)	(35,449)
				88,225	(7,582,057)	(7,493,832)
				19,292,837	(22,276,011)	(2,983,174)

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)
				-	(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.

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 Hedging

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.

8.3. FINANCIAL ASSETS AND LIABILITIES

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

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

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

8.3.1. Categories of Group Financial Instruments

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

	Note	Financial assets at amortised cost	Financial assets at fair value through profit and loss (excluding derivatives)	Financial assets at fair value through other comprehensive income	Hedging derivative financial instruments	Trading derivative financial instruments	Financial assets outside the scope of IFRS 9	Non-financial assets	Total
Amounts in Euro									
30 June 2022									
Non-current receivables	4.2	9,996,955	-	-	-	-	-	-	9,996,955
Current receivables	4.2	354,443,854	-	-	19,204,612	88,225	-	124,133,169	497,869,860
Cash and cash equivalents	5.8	215,011,722	-	-	-	-	-	-	215,011,722
Non-current assets held for sale	3.8	-	-	-	-	-	-	-	-
Total assets		579,452,532	-	-	19,204,612	88,225	-	124,133,169	722,878,538
31 December 2021									
Non-current receivables	8.3	8,604,547	-	-	-	-	-	-	8,604,547
Current receivables	4.2	236,454,808	-	-	1,630,982	-	-	79,796,970	317,882,760
Cash and cash equivalents	5.8	239,171,252	-	-	-	-	-	-	239,171,252
Non-current assets held for sale	3.8	-	-	-	-	-	-	-	-
Total assets		484,230,607	-	-	1,630,982	-	-	79,796,970	565,658,559

	Note	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss (excluding derivatives)	Hedging derivative financial instruments	Trading derivative financial instruments	Financial liabilities outside the scope of IFRS 9	Non-financial liabilities	Total
Amounts in Euro								
30 June 2022								
Interest-bearing liabilities	5.6	735,498,178	-	-	-	-	-	735,498,178
Lease liabilities	5.7	-	-	-	-	55,315,523	-	55,315,523
Payables	4.3	544,588,877	-	14,693,954	7,582,057	-	-	566,864,888
Total liabilities		1,280,087,055	-	14,693,954	7,582,057	55,315,523	-	1,357,678,589
31 December 2021								
Interest-bearing liabilities	5.6	833,944,049	-	-	-	-	-	833,944,049
Lease liabilities	5.7	-	-	-	-	53,240,925	-	53,240,925
Payables	4.3	422,045,733	-	6,402,131	1,728,458	-	-	430,176,321
Total liabilities		1,255,989,782	-	6,402,131	1,728,458	53,240,925	-	1,317,361,295

8.3.2. Fair value of financial assets and liabilities

Financial assets and liabilities measured at fair value

Amounts in Euro	30-06-2022			31-12-2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss						
Trading derivatives	-	88,225	-	-	-	-
Hedging financial instruments	-	19,204,612	-	-	1,630,982	-
Assets measured at fair value						
Biological assets	-	-	139,702,928	-	-	147,324,061
Total assets	-	19,292,837	139,702,928	-	1,630,982	147,324,061
Financial liabilities at fair value through profit and loss						
Trading derivatives	-	(7,582,057)	-	-	(1,728,458)	-
Hedging financial instruments	-	(14,693,954)	-	-	(6,402,131)	-
Total liabilities	-	(22,276,012)	-	-	(8,130,589)	-

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

Amounts in Euro	30-06-2022	31-12-2021
Financial Assets		
Balance as at 1 January	147,324,061	148,584,451
Gains / (Losses) recognised in the Income Statement	(7,621,133)	(1,260,390)
Gains / (Losses) recognised in Other Comprehensive Income	-	-
Closing balance	139,702,928	147,324,061

As at 30 June 2022 and 31 December 2021 the Group had no level 3 financial liabilities.

Level 3 financial assets

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

The Group takes into account the discount rate used in Portugal and the forward price of wood as the most significant variables. The discount rate of 2.99% (Note 3.8) used in the valuation model is determined using the weighted average cost of capital method.

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

	30-06-2022	31-12-2021
1) Increase of 0.5% in the discount rate in Portugal		
Devaluation of Portugal's forest assets	7,985,080	7,896,515
2) Decrease of 3% in forward price		
Devaluation of Portugal's forest assets	11,164,637	11,731,495

9. PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1. PROVISIONS

Movements in provisions

Amounts in Euro	Legal proceedings	Other provisions	Total
1 January 2021	4,668,105	18,741,229	23,409,335
Increases	716,191	-	716,191
Reversals	(348,445)	(107,837)	(456,282)
Impact in profit and loss for the period	367,746	(107,837)	259,909
Other transfers and adjustments	(16,250)	-	(16,250)
30 June 2021	5,019,601	18,633,392	23,652,994
Increases	3,099,019	1,300,000	4,399,019
Charge-off	(16,250)	-	(16,250)
Reversals	(1,095,507)	(404,227)	(1,499,734)
Impact in profit and loss for the period	1,987,262	895,773	2,883,035
Exchange rate adjustment	(71,839)	-	(71,839)
Other transfers and adjustments	16,250	271,641	287,891
31 December 2021	6,951,274	19,800,806	26,752,081
Increases	703,905	716,581	1,420,486
Reversals	(4,571,100)	-	(4,571,100)
Impact in profit and loss for the period	(3,867,195)	716,581	(3,150,614)
Exchange rate adjustment	-	4,300	4,300
Other transfers and adjustments	-	30,230	30,230
30 June 2022	3,084,079	20,551,917	23,635,997

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

9.2. COMMITMENTS

Guarantees provided to third parties

Amounts in Euro	30-06-2022	31-12-2021
Guarantees provided		
Navigator guarantees for EIB loans	39,375,000	42,916,667
Portuguese Tax Authorities	6,513,318	6,513,318
CCDR	354,083	-
IAPMEI	1,280,701	1,280,701
Customs clearance	1,250	1,250
State Tax Administration	-	1,033,204
Portuguese Environment Agency	2,052,252	1,527,484
Simria	338,829	338,829
Other	684,651	1,987,855
	50,600,084	55,599,308

Purchase commitments

Amounts in Euro	30-06-2022	31-12-2021
Purchase commitments		
Property, plant and equipment - Industrial equipment	20,999,435	14,612,464
Wood		
Commitments with acquisitions in the subsequent period	152,700,000	287,700,000
Commitments to long-term acquisitions	121,700,000	88,100,000
	295,399,435	390,412,464

In the first half of 2022, the subsidiary of Navigator Group, Abastecimento de Madeira, ACE, signed a contract with Portline Ocean Bulk, Inc. concerning the freight of ships for the transport of wood, in 2022, 2023 and 2024. The contract provides for the transport of approximately 940,000 m³ in this period.

The Group entered into several agreements with wood suppliers in Spain to support forestry investment in that country, in 2022. The agreements provide that, for supplies of eucalyptus wood above a certain amount, the Group grants a pecuniary incentive to promote the acquisition of forestry equipment and material, as well as forest certification. The amount of the incentive will be paid after the end of the year, after the validation of the granting requirements.

Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 154 million, of which Euro 59 million have already been invested until 30 June 2022.

9.3. CONTINGENT ASSETS AND LIABILITIES

PUBLIC DEBT SETTLEMENT FUND

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

On 13 December 2017, The Navigator Company, S.A. made an extra-judicial agreement with Tax authorities, in which was recognised the Public Debt Settlement Fund's responsibility for refunding the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax improperly paid, resulting from the alleged qualification / incorrect consideration, by the tax administration, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote restitution to Navigator of the mentioned amount.

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

	Period	Amounts requested	Decrease due to RERD*	Proceedings decided in favour of the Group	Outstanding amounts
Amounts in Euro					
Proceedings confirmed in court					
Corporate income tax	2002	18.923	-	-	18.923
Corporate income tax (FR)	2004	3.324	-	-	3.324
Corporate income tax	2004	766.395	-	(139.023)	627.372
Expenses		314.957	-	-	314.957
		1.103.599	-	(139.023)	964.576
Proceedings not confirmed in court					
Corporate income tax	2005	11.754.680	(1.360.294)	-	10.394.386
Corporate income tax	2006	11.890.071	(1.108.178)	-	10.781.893
		23.644.751	(2.468.472)	-	21.176.279
		24.748.350	(2.468.472)	(139.023)	22.140.855

* RERD – Regime Excecional de Regularização de Dívidas Fiscais e à Segurança Social

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

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

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

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

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

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

Infrastructure enhancement and maintenance fee

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

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. Navigator disagrees with the amount charged and filed an administrative claim against it on 25 February 2008 (request no. 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. On 3 October 2012, this claim had an adverse decision, and on 13 November 2012, Navigator appealed to the Supreme Administrative Court (STA - "Supremo Tribunal Administrativo"), which referred the case to the Administrative Central Court (TCA - "Tribunal Central Administrativo") on 4 July 2013.

On 19 November 2020 the South Administrative Central Court (TCA Sul - Tribunal Central Administrativo) issued a decision which determined that the case should be sent back to the court of first instance to expand on the contested facts. An exceptional appeal was filed with the STA against this decision, and on 24 March 2021 the STA decided not to allow the appeal. Having the case returned to the first instance, the Administrative and Fiscal Court (TAF - Tribunal Administrativo e Fiscal) of Almada issued a new unfavourable sentence on 4 November 2021. Navigator presented an appeal to TCA Sul on 13 December 2021, which was allowed and is now awaiting a decision.

10. GROUP STRUCTURE

10.1. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

10.1.1. Navigator Group subsidiaries

Company	Head Office	Share equity owned			Total	Main activity
		30-06-2022		Total		
		Direct	Indirect			
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
Raiz Ventures , SA	Portugal	-	97.00	97.00	97.00	Promotion of business units directly or indirectly related to research, development and innovation activities in the field of forest-based bioeconomy
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	Provision of industrial maintenance services
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
Afoelca - 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	Provision of sales intermediation services
Navigator España, S.A.	Spain	-	100.00	100.00	100.00	
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	100.00	
Navigator France, EURL	France	-	100.00	100.00	100.00	
Navigator Paper Company UK, Ltd	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

10.1.2. Incorporated joint operations

Company	Head Office	% Shareholding				Main activity
		30-06-2022			31-12-2021	
		Direct	Indirect	Total	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 6-month period ended 30 June 2022, there were no changes in the consolidation perimeter.

10.3. TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

	30-06-2022		31-12-2021	
Amounts in Euro	Receivables (Note 4.2)	Payables (Note 4.3)	Receivables (Note 4.2)	Payables (Note 4.3)
Shareholders (Note 5.2)				
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	1,318,650	-	7,470,630
Other subsidiaries of Semapa Group				
Secil - Companhia Geral Cal e Cimento, S.A.	-	31,676	-	40,831
Secil Britas, S.A.	-	90,052	-	138,666
Secil Prebetão, S.A.	-	-	-	41,858
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	24
Unibetão, S.A.	-	12,786	-	16,527
Other related parties				
Hotel Ritz, S.A.	-	6,590	-	3,464
	-	1,459,755	-	7,712,000

Transactions with related parties

	30-06-2022			30-06-2021		
Amounts in Euro	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 5.2)						
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	4,307,057	-	-	5,052,517	-	-
	4,307,057	-	-	5,052,517	-	-
Other subsidiaries of Semapa Group						
Secil - Companhia Geral Cal e Cimento, S.A.	77,786	-	-	61,694	15,750	-
Secil Britas, S.A.	183,596	-	-	155,089	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	403	8,695	-	-
Unibetão, S.A.	20,979	-	-	5,745	-	-
	230,630	-	403	231,223	15,750	-
Other related parties						
Hotel Ritz, S.A.	15,138	-	-	8,884	-	-
	15,138	-	-	8,884	-	-
	4,552,824	-	403	5,292,624	15,750	-

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 related parties, for the purpose of financial reporting, the members of the Board of Directors and other corporate bodies were considered as related parties.

11. EXPLANATION ADDED FOR TRANSLATION

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

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



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LIMITED REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A. (the Group)**, which comprise the interim condensed consolidated statement of financial position as of 30 June 2022 (that presents a total of Euro 2,724,546,619 and total equity attributable to the shareholders of Euro 1,138,899,452, including a consolidated net profit attributable to the shareholders of Euro 161,886,240), the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and the accompanying explanatory notes to these interim condensed consolidated financial statements.

Management's responsibilities

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

Auditors' responsibilities

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



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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A.** on 30 June 2022, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

29 September 2022

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
represented by
Rui Filipe Dias Lopes
(ROC nr. 1715 and registered at CMVM with the nr. 20161325)