



VALUING IS WHO WE ARE

2022
ANNUAL REPORT



2022 ANNUAL REPORT



REPORT OF THE BOARD OF DIRECTORS P003



CONSOLIDATED FINANCIAL STATEMENTS P125



SEPARATE FINANCIAL STATEMENTS P283



CORPORATE GOVERNANCE P380



ANNEXES P477



REPORT OF THE BOARD OF DIRECTORS

2022 ANNUAL REPORT



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1. OVERVIEW

Purpose

People, their quality of life, and the planet's future are what inspire and move us.

We want to share with society not only our outcomes, but also our knowledge, experience and resources in the search for a better future.

This is why we are committed to creating sustainable value for our shareholders and for society at large, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil formation, and the fight against climate change.

Mission

Our mission is to be a global company with a reputation for innovation and sustainability in processing forestry materials into products and services that improve people's lives.

Vision

To extend our leadership position in printing and writing paper to other business areas and add to Portugal's international stature.



Values

Trust

We believe in people, we welcome everyone's contribution, we respect their identity, promoting development, cooperation and communication.

Integrity

We are guided by principles of transparency, ethics and respect in our dealings amongst ourselves and with others.

Entrepreneurship

We are passionate about what we do, we like to get out of our comfort zone, we have the courage to make decisions and to accept risks in a responsible way.

Innovation

We seek to bring out everyone's skills and creative potential to achieve the impossible.

Sustainability

Industrial, social and environmental sustainability is our business model.

Excellence

In our work we focus on quality, efficiency, safety and getting it right.



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ricardo Pires

Chairman of the Board of Directors

Navigator is an engine of the rural economy, in particular in the inner regions of the country; **valuing the forest, multiplying opportunities along the value chain** and managing close to 106,000 ha of a fully certified forest; valuing its more than 7,300 suppliers, of which 73% are Portuguese and **is the 3rd largest exporter and the company generating the highest Added Value in Portugal. A company with a good track record as regards assisting in the production of scientific knowledge and innovation.** And this, in light of the results now achieved and its investment projects, generates opportunities to value also the talent of its more than 3,200 employees.



Revisiting The Navigator Company's year of 2022 is also, first and foremost, acknowledging its staff's resolve, strategic focus and ability to engage around collective goals.

After two highly demanding and unpredictable years, when the pandemic took us through uncharted territories, which we thought we would not cross in our times, 2022 was there and some effects of the pandemic were still being felt. And after the outbreak of another war in Europe, significant increases in production costs ensued, along with the return to high inflation, interest rates increase and fears of economic slowdown.

This context thus amplifies the reach of The Navigator Company's staff's efforts, resolve and performance.

I would therefore like to start by thanking all employees for such a remarkable year. We live in a time when transformation, both profound and swift, challenges us to engage all our energy and creativity in the search for new approaches, and it is extraordinary to witness such responsiveness.

The 2022 results highlight this performance and the solidity of our business and also prove our ability to pursue the most structuring projects, anchoring growth prospects even in adverse scenarios.

The Navigator Company **increased its investment this year by more than 40%** to €112.5 million, of which 35% – close to 39.1 million – are of **an environmental nature**.

The Navigator Company increased its investment this year by more than 40% to €112.5 million, of which 35% – close to 39.1 million – are of an environmental nature. I would like to recall the replacement of Fuel-Oil Boilers in the Setúbal Industrial Complex, a further step in our commitment to achieving carbon neutrality of its industrial complexes by 2035, 15 years before the Portuguese and European targets.

The ambitious diversification and product development plan remain some of the Group's top priorities, e.g. in the tissue and sustainable packaging solutions segments, whose performance in 2022 is worth highlighting.

As regards tissue, Navigator engaged in securing a disruptive positioning, assisted by the development of advanced solutions based on proprietary technologies. As a result of this ongoing bet on innovation, sales of new products resulting therefrom almost tripled compared to 2021.

In the packaging segment, the paper brand gKraft materialised the advantages of differentiation and sustainability, resulting from the exceptional features of the *globulus*



eucalyptus fibre and the contribution of the Navigator solutions for the replacement of plastic. The Company is committed to increasing the level of investment in this field in the coming years, namely under the Recovery and Resilience Plan (RRP), with a clear emphasis on the Agenda "From Fossil to Forest – Sustainable Packaging Products for Fossil Plastic Replacement".

In 2022, Navigator also laid the foundations of the P2X project to implement an industrial unit to produce eSAFs, non-fossil fuels for the aviation sector, from green hydrogen and biogenic CO₂ obtained from the energy recovery of waste and forest spoils and wood by-products.

Inpactus was also concluded, **the largest ever investment in Portugal** in an R&D project in the forest-based bio economy.

Inpactus was also concluded, the largest ever investment in Portugal in an R&D project in the forest-based bio economy, for a total of €14.6 million, to promote a whole new generation of bioproducts, thus providing its contribution to decarbonisation and a more sustainable, circular and competitive economy.

Innovation, and the industrialisation of knowledge in particular, is an integral element of The Navigator Company's history and an unequivocal identity trait.

These investment and innovation dynamics are a clear sign of Navigator's confidence in the future and its ability to implement its strategic vision.

Its robust financial position and unique talent pool enable us to face the coming years with the ambition to further increasing our capacity to innovate and to invest in this Company's development projects.

This investment, I am sure, should have a positive impact on society, in line with the goals of Navigator, which stands for the creation of sustainable value, "leaving future generations a better planet, through the use of sustainable natural, recyclable and biodegradable products and solutions towards carbon sequestration, oxygen production, protection of biodiversity, soil formation and the combat against climate change".

The central concept of our 2030 Agenda – "Create Value with Responsibility" – represents this clear principle of our performance, translating not only the value created by this company but also the way it operates.

Navigator is an engine of the rural economy, in particular in the inner regions of the country; valuing the forest, multiplying opportunities along the value chain and managing close to 106,000 ha of a fully certified forest; valuing its more than 7,300 suppliers, of which 73% are Portuguese and is the 3rd largest exporter and the company generating the highest Added Value in Portugal. A company with a good track record as regards assisting in the production of scientific knowledge and innovation. And this, in light of the results now achieved and its



investment projects, generates opportunities to value also the talent of its more than 3,200 employees.

We shall continue to embrace the best we have and grow it. In light of the major challenges currently facing humanity, companies represent an indispensable agent of change, through the creation of a positive impact on society. I believe this impact is, and should increasingly be, the measure of our relevance.

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MESSAGE FROM THE CEO

António Redondo

Chief Executive Officer

The Navigator Company's achievements throughout 2022 clearly prove our staff's commitment, energy and capacity to overcome difficulties. The best of the human factor, in boldness and perseverance, in rigour and courage, made a difference once again, and this is a clear reminder that this is the trait that best defines our identity as a Company.



The Navigator Company's achievements throughout 2022 clearly prove our staff's commitment, energy and capacity to overcome difficulties. The best of the human factor, in boldness and perseverance, in rigour and courage, made a difference once again, and this is a clear reminder that this is the trait that best defines our identity as a Company.

We stated in both our corporate mission and before society that **"it's the people, their quality of life and the future of the planet that inspire and move us"** and we follow this commitment valuing what we have today, bearing in mind also our contribution to a better and sustainable world.

The year 2022 was here to attest to the character of the entire company, which once again was not deterred by adverse scenarios and sought the creation of lasting value.

We stated in both our corporate mission and before society that "it's the people, their quality of life and the future of the planet that inspire and move us" and we follow this commitment valuing what we have today, bearing in mind also our contribution to a better and sustainable world.

Throughout 2022, we focused on our current business areas, but we also felt motivated to move beyond the management of global uncertainty. We firmly boosted our most defining projects for the future, reinforced the investment and valued the Company's talents.

In previous years' annual reports, I have made a point of highlighting the remarkable quality of our staff. This year, I shall do it again and I would like to acknowledge the strength and motivation of this great team, people who give their best over and over. I would, therefore, like to thank all employees who wrote together the extraordinary chapter of 2022 in The Navigator Company's history.

Agility is in our DNA

It was a period of constant oscillations, sometimes large, thus requiring considerable agility from our teams.

The significant increase in production costs, along with the large increase in logistics costs and a shortage of means of transportation of goods, along with the imbalances in supply and demand witnessed throughout the year, were distressing factors in all our business areas.

Teams were able to respond promptly, thus enabling the Company to adjust the pricing policy to international developments, improve the product mix and increase productivity across the



board. I would like to emphasise the increase in production volume of all our products, e.g. growth of more than 3% in the pulp segment, 4% in the paper segment and 1% in tissue, and more than 2% regarding finished products.

The paper segment, which accounted for 70% of turnover, witnessed the most abrupt changes in market dynamics. Navigator has positioned itself effectively in the face of the overall price increase and reached sales values around 55% higher than in 2021. I would also like to emphasise that this positive price evolution contributed to the improvement of the product mix, and Navigator reached a high level of sales of premium products and factory brands, clear proof of the responsiveness of our teams and the value and reputation of our products and brands.

In the tissue segment, we witnessed this year the launch and consolidation of several innovative products for this sector as a result of multidisciplinary work that involved the continuous collaboration between researchers of the RAIZ Institute and the operational teams in the product development, production and marketing departments. The result was an increase in the number of factory brands that stand out for their disruptive and technologically advanced products - creation of 7 trademarks of proprietary technologies - and whose acceptance is there in the sales increase of almost 9%. Our brands already represent around 28 % of finished product sales (in tons), compared to 26 % in 2021, a figure higher than the industry average in the most relevant markets and which, according to our estimations, stands at about 20%.

Navigator has positioned itself effectively in the face of the overall price increase and **reached sales values around 55% higher than in 2021.**

I would also like to highlight the positive signs from our Packaging segment, which in just two years alone already accounts for 4% of the Company's revenue, and whose customer base keeps growing, with the gKraft brand securing the preference as regards large exposure brands in a wide range of sectors from fashion to food retail, e-commerce, industry or agriculture. In 2022, Navigator achieved €90 million sales, doubling the 2021 sales figure.

The €2,465 million turnover, above the two billion euro threshold for the first time at Navigator, and which corresponded to an EBITDA of €736 million, is a clear sign of the strategic and operational agility of our teams, a clear proof of the resilience of our business in the face of the most demanding and unusual stress tests we have had to face in this fast-changing world.



Looking beyond uncertainty

In addition to the good performance of its current business areas, the low level of indebtedness gives the company the necessary strength to embrace growth and diversification strategies.

In 2022, we increased the investment value by more than 40 % to €112.5 million. Of these, close to €39.1 million was allocated to projects classified as environmental, representing 35% of the total.

Not only did we speed up the development of highly innovative products in the Tissue and Packaging segments, but we also invested in strengthening Navigator's leadership in the creation of a whole new generation of sustainable bioproducts based on the eucalyptus forest, with a view to decarbonising the economy and changing the current paradigm based on fossil-based raw materials.

Navigator laid this year also the foundations for a highly disruptive project, with a view to creating an industrial unit focused on the production of e-SAFs (e-Sustainable Aviation Fuels), synthetic, carbon-neutral jet fuel.

We have reported this year also the results of the Inpactus project and highest investment ever in the country in a forest-based bio-economy R&D project, leading up to 37 patents, 4 new products, 8 potential new bioproducts or businesses already in the technical-economic evaluation stage. The company was also particularly active and successful in the generation of scientific knowledge and the establishment of a university-industry platform of excellence in a major area for the national economy.

Navigator laid this year also the foundations for a highly disruptive project, with a view to creating an industrial unit focused on the production of e-SAFs (e-Sustainable Aviation Fuels), synthetic, carbon-neutral jet fuel, produced from green hydrogen and biogenic CO₂ obtained from the energy recovery of waste and forest spoils and wood by-products, in the operation of our integrated pulp and paper factories.

We are firmly committed to these paths, in alignment with our purpose of sustainable value creation, within the framework of a circular forest-based bio economy. Navigator is poised to boost the level of investment in the coming years, namely under the Recovery and Resilience Plan (RRP), with emphasis on the From Fossil to Forest Agenda – "Sustainable packaging and products to replace fossil plastic", and has already started a project to build a factory to produce 100 million moulded cellulose parts, intended to replace plastic parts that protect food and used in single-use packaging in points of sale. This unit shall operate on the company's industrial site in Aveiro, and production is due to start in the first half of 2024.



We develop an effort to value the Portuguese forest and promote sustainable forest management through initiatives relying on close engagement with thousands of forest producers.

In this process, the robustness of the company's legacy areas is the pillar allowing us to leverage current assets, transform pulp mills into biorefineries, and value the several components of the wood to come up with new products and solutions. The strength of this traditional production base is a prerequisite, given both the resources to allocate to investment and our track record of experience, industrialisation of knowledge and - especially in the case of The Navigator Company - innovation capacity. This Company has been generating materials, products and energy from renewable biological resources.

However, for such a transformation to happen, we need to tackle the current shortage of raw materials in Portugal. We need to improve the productivity of our forest, mindful of the fact that well-managed forests not only provide more raw material but generate more positive externalities enhanced by good management practices, such as carbon sequestration, oxygen production, promotion of biodiversity, soil protection, regulation of torrential hydrological regimes or the creation of landscape amenities.

The Navigator Company manages, in Portugal, close to 106,000 ha of forest, but its daily and comprehensive work goes beyond these areas. We develop an effort to value the Portuguese forest and promote sustainable forest management through initiatives relying on close engagement with thousands of forest producers when it comes to knowledge transfer, technical advice, training in forestry, certification, or safety of operations, among many others. We also extended this proactive positioning within the scope of Biond, the paper industry association, in programs such as Limpa and Aduba, which involved, in 2022 alone, 14,500 hectares of third-party-owned forest. And we bet on R&D applied to forests, of which I would like to highlight the systematic action of the RAIZ institute, or projects such as rePLANT, aimed at developing innovative technological solutions to forest problems, and Transform, to produce alternative fertilisers to replace synthetic fertilisers from a circular bio-economy perspective.

Valuing our best

The world in 2022 was anything but stable and predictable, and adding up to the difficulties felt in 2020 and 2021, a new geopolitical instability of global reach took hold, along with economic pressures that affected the activity of companies and impacted the lives of families.

In this context, The Navigator Company, following the good results achieved, reinforced the investment in its staff, increasing by €31 million the funds allocated to human capital and was, therefore, able to grant the highest performance premium ever, a new productivity premium to employees, and to strengthen the rejuvenation program, under which more than 240 people aged up to 35 years old, 186 of whom were 30 or younger, were invited to join the Company.



Our work is committed to strengthening the skills involved, and in 2022, 96% of employees attended around 151,000 hours of training classes. Our Learning Centre platform, of open access and digital, offers more than 600 courses in many fields, from security to leadership, sales or information systems, among others.

In 2022, promotions and career progressions covered more than 2,300 employees, representing 71% of the Company's total.

The "Crescer" project, launched at the end of 2022, represents one of the biggest and most complete initiatives in this particular field. This a wide-ranging and mobilising program aimed at helping the organisation to focus around its Mission, in alignment with the commitments undertaken before society and expressed in the 2030 Navigator's Agenda. In a fast-changing world, this project is here to stimulate a sense of belonging, create new ways of working, re-skill current leaders and prepare future leaders at Navigator.

The human and comprehensive dimension of Navigator, with more than 3,200 employees from around 30 nationalities, is its core differentiating element and the reason beyond our systematic investment in training and multiplication of opportunities to value talent.

Valuing is part of us. It inspires our mission, it's our *raison d'être*, and represents an essential pillar of our responsible business strategy.

That's the path we chose to take. With people at the centre of everything.

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NAVIGATOR IN 2022

MAIN INDICATORS

€**736**M

EBITDA

€**393**M

Net Income

€**112.5**M

CapEx

29.9%

EBITDA/Sales

€**463**M

Free Cash Flow

€**250**M

Dividends Paid

0.52 times

Net Debt/EBITDA

34.1%

ROE

34.9%

ROCE



MAIN INDICATORS



3rd 
Biggest
Exporter

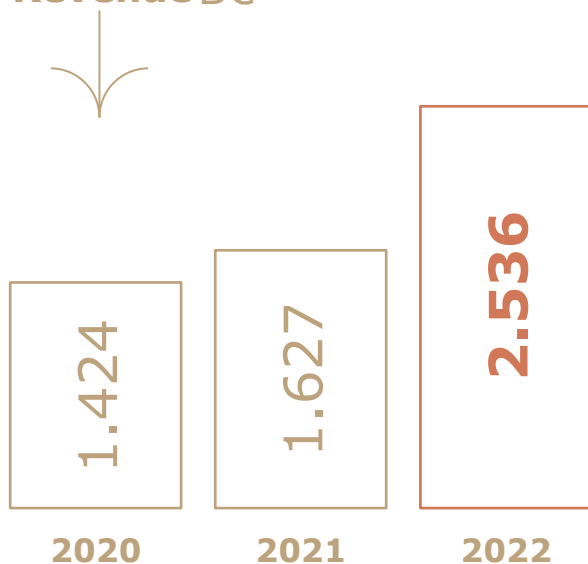
1% 
of GDP

≈3% 
Exports
of goods

1st 
in National Added Value

VALUE GENERATED AND DISTRIBUTED

Revenue B€



€1.934B
Supplier expenses



€250M
Shareholder dividends



€185M
Employee salaries



Economic and financial indicators

Million euros

	2018	2019	2020	2021	2022
Total Sales	1,691.6	1,687.9	1,385.4	1,595.9	2,464.6
EBITDA ⁽¹⁾	455.2	372.1	285.5	354.7	736.4
Operating Profit (EBIT)	303.2	233.6	140.4	229.6	573.5
Financial Results	-22.5	-18.9	-14.7	-17.8	-57.0
Net Profit	225.1	168.3	109.2	171.4	392.5
Operating cash flow ⁽²⁾	377.2	306.8	254.3	296.6	555.4
Free cash flow ⁽³⁾	210.5	186.2	233.5	234.7	462.6
Investments	216.5	158.0	80.6	80.1	112.5
Net interest-bearing debt ⁽⁴⁾	683.0	715.3	680.0	594.8	382.2
Net assets	2,549.8	2,533.7	2,552.9	2,534.4	2,916.1
Liabilities	1,362.6	1,506.2	1,526.7	1,482.2	1,656.4
Equity	1,187.2	1,027.4	1,026.2	1,045.1	1,259.7
Gross debt	763.8	877.1	982.4	833.9	725.1
Cash	80.9	161.9	302.4	239.2	343.1
Own shares (vs market) ⁽⁵⁾	3.1	22.7	15.8	0.0	0.0
No. shares held on 31/12 (million)	0.9	6.3	6.3	0.0	0.0
EBITDA/Sales (%)	26.9%	22.0%	20.6%	22.2%	29.9%
ROS (%)	13.3%	10.0%	7.9%	10.7%	23.3%

(1) Operating profit + depreciation + provisions

(2) Net profit + depreciation + provisions

(3) FCF for the years 2014-2019, with treasury shares valued at acquisition price

(4) Gross interest-bearing debt - cash

(5) In 2021, 6.3 million treasury shares were extinguished due to capital reduction, followed by a capital increase through incorporation of reserves



Profile

The Navigator Company is an integrated producer of forest, pulp, paper, tissue, sustainable packaging solutions, and bioenergy, whose business is founded on state-of-the-art factories on a worldwide scale, with cutting-edge technology. It is recognised as a benchmark in quality in its sector throughout the world.

People, their quality of life and the planet's future are what inspire and guide The Navigator Company. The company is committed to creating sustainable value for its shareholders and for society at large, making a better planet to hand down to future generations through sustainable products and solutions that are natural, recyclable and biodegradable, and that contribute towards carbon sequestration, oxygen production, the protection of biodiversity, soil formation, and the fight against climate change.

The Navigator Company produces pulp and paper using forests which are planted exclusively for this purpose. Each year, Navigator nurseries give life to more than 12 million trees. These nurseries – among the largest in Europe – produce more than 130 different species of plants and shrubs. Many of them, although not economically viable, are financed by the company to preserve biodiversity and ensure the continuity of these species.

The forests under The Navigator Company's management in Portugal represent a carbon stock, excluding carbon in the soil, equivalent to 6.1 million tons of CO₂. This stock has remained stable thanks to the sustainable management model followed by the company.

The Group's forestry business is vertically integrated, with its own Forestry Research Institute. The Group is responsible for planting a vast forested area in mainland Portugal (1.2% of the country's land area), 100% certified by FSC¹ and PEFC² systems. The Company has a production capacity of 1.6 million tonnes of paper, 1.6 million tonnes of pulp, 130,000 tonnes of tissue per year, and 375.5 MW of installed capacity for energy consumption. In 2022, 66% of the energy produced by Navigator at its four industrial complexes was obtained from renewable sources, including biomass, making it the leading operator in this sector, producing approximately 34% of all energy derived from this ecological non-fossil fuel in Portugal.

In November 2021, the Navigator Company launched its latest line of packaging products, through the new gKraft brand, to help accelerate the transition from plastic to the use of natural, sustainable, recyclable and biodegradable fibres, once again demonstrating its commitment to sustainability and preserving the environment.

The Company is the third largest exporter in Portugal and the largest generator of National Added Value, representing approximately 1% of national GDP, around 3% of national exported goods, and more than thirty thousand direct, indirect, and generated jobs. In 2022, The Navigator Company had a turnover of €2.465 billion. More than 80% of the Group's products are sold outside Portugal and are shipped to approximately 130 countries.

Navigator became the first Portuguese company, and one of the first in the world, to make the ambitious commitment to move towards carbon neutrality at its industrial facilities 15 years

¹ FSC – Forest Stewardship Council® (Licence no. FSC® – C010852)

² PEFC – Programme for the Endorsement of Forest Certification schemes (PEFC Licence/13-23-001)



earlier than planned, and it has already invested more than 200 million euros to this end. Part of this commitment has already been implemented with the construction of a Biomass Boiler in Figueira da Foz and another part has been applied for as part of the Decarbonisation in Industry component of the Recovery and Resilience Plan, which will enable the targets initially proposed in the Decarbonisation Roadmap for the end of 2029 to be achieved by the end of 2026.

This commitment is the culmination of a responsible business management strategy which was distinguished by the CDP (formerly Carbon Disclosure Project, now Disclosure Insight Action) with the maximum "A" rating for global leadership in combating climate change in 2022. The Navigator Company was recognised for its efforts in reducing emissions, reducing climate risks, and developing a low-carbon economy. The Company's forest management operations were also praised, with CDP Forest awarding it an "A-" rating, which places it as a leader in this area as well. CDP Forest evaluates the robustness of the systems that the Company uses to trace and monitor the origin of its raw materials, based on the certification of the forest management model of the forests under its management and its demanding wood procurement policies.

At the end of 2022, The Navigator Company received approval for its greenhouse gas emission reduction targets from the Science Based Targets initiative (SBTi). The Company has committed to reducing greenhouse gas emissions in scopes 1 and 2 (relating to emissions released into the atmosphere as a direct result of its operations and indirect emissions from the electricity acquired for its use) by 63% by 2035, compared to 2020. Scope 3 emissions, which occur in the value chain, will be reduced by 37.5%. These targets are aligned with internationally recognised science-based criteria and methodologies as part of the global climate agenda, thereby affirming Navigator's role as a leader in sustainability.

In 2023, the Company was again classified as a low-risk company for investors, and recognised as an "ESG Industry Top Rated Company" in Sustainalytics' ESG Risk Rating for the year 2022.

Growth with a purpose

In a year of adverse market conditions – marked by uncertainty and insecurity from the Russian invasion of Ukraine, with direct impacts on energy costs, logistics and raw materials – Navigator's business model, sound knowledge and experienced teams were proof positive of its resilience and flexibility, allowing it to achieve record results.

Thanks to the soundness and merit of its strategy, Navigator grew in 2022, although not alone: its investments, research projects and products had a direct or indirect positive impact on society and on the planet.

Navigator grew, and helped others to grow, in a deliberate and consequential manner – with a purpose, making itself part of the solution to our great challenges that lie ahead. It did so by investing in a forest-based circular bioeconomy, helping to reduce dependence on fossil resources, on the path towards decarbonisation; by creating innovative products and solutions in the areas of paper, pulp and energy, and increasingly in the areas of biofuels, biomaterials and biochemicals; and by focusing on people – whether by investing in employee well-being, attracting talent for the professional challenges of the future, or sharing its knowledge and resources with communities.



On the path towards long-lasting sustainability

The commitment to sustainability, assumed in a more ambitious and comprehensive manner in the 2030 Responsible Management Agenda, was strengthened in 2022 with a review of this agenda's material topics, so as to ensure that the Company's efforts remain focused on the areas where it can have a greater impact.

Navigator takes on a proactive role in the low-carbon economy by sustainably managing its forests, investing in renewable energy sources and focusing on a forest-based bioeconomy through bioproducts capable of replacing various items of fossil origin.

Of particular note in 2022 was the completion of the project "Inpactus – Innovative Products and Technologies Based on the Eucalyptus", the nation's largest R&D programme in the forest-based bioeconomy which, after almost five years of research, development and innovation, has resulted in 37 new patents, four new industrialised products, eight technical/economic viability studies for potential new business in bioproducts, 66 prototypes, 114 proofs-of-concept and 147 scientific publications. Also of note was the start of "From Fossil to Forest – Sustainably Packaged Products to replace Fossil Plastic", funded by the Recovery and Resilience Plan (PRR), whose purpose is to develop new packaging materials based on cellulose fibres and other sustainable bioproducts as an alternative to single-use plastic.

In 2022, in an initiative combining innovation with sustainability, The Navigator Company entered into an agreement in principle with German company P2X Europe to create a joint venture – P2X Portugal – whose goal is to create a cutting-edge industrial unit to produce non-fossil fuels for the aviation industry.

Sales dynamics and positive pricing trends

The acute shortage in the European paper supply, especially in the first half of the year, coupled with a major rise in production and logistics costs, increased the prices of paper to record-breaking levels. The average sale price for the year was 55% higher compared to 2021.

With the lower availability of UWF paper during the year, in particular more economical, lower quality Asian and Russian products, several markets prioritised Navigator's quality, with a higher appreciation for premium products in the product mix.

This shortage could also be seen in the market's pulp supply, making 2022 a record year in terms of price hikes on a worldwide scale. In a year also marked by disruptions to supply chains, Navigator fulfilled its supply agreements, and was even able to improve its performance in this area.

Of particular note was the annual production of the Figueira da Foz pulp mill which – thanks to investments in recent years, various operational improvements and a constant focus on yield – reached a historic record of 603.3 ktAD.

After being launched in November 2021, the paper brand for packaging "gKraft" arrived in full force on the market, doubling sales. This brand continues to base its growth strategy on



products of higher added value, gradually asserting its arguments of differentiation and sustainability, which are largely rooted in raw materials (virgin fibre of *Eucalyptus globulus*).

Despite being available for sale worldwide, the gKraft brand is more focused on markets of geographic proximity, mainly the Iberian, Italian and French markets.

Innovating in tissue

There were major price increases in the global tissue market, in a setting marked by disruptions and instability in value chains, together with geopolitical tensions in the case of Europe.

Despite these challenging circumstances, highly proactive sales management resulted in sales growth of 36% overall and 38% in finished product compared to 2021. The Company was especially successful in selling its brands, which were up nearly 9% on the whole in their various channels and markets.

Our tissue business focused on innovation, with products of a disruptive nature, such as Amoos Air Sense toilet tissue, with fragrant micro-pearls whose contents are only released when touched for a longer-lasting aroma, and Amoos Calorie Control kitchen rolls, with micro-cells to make them especially effective at absorbing liquids and fats from fried foods.

As a result of this constant focus on innovation, the resulting new products nearly tripled their sales compared to 2021.

Responsible forest management

In 2022, Navigator managed a total of 105,733 hectares of forest in Portugal³, having planted more than 3,800 hectares – the largest area in the past 22 years. This area is 100% certified, as reconfirmed last year through an audit of the Company's management system.

The Company continued to promote third-party forest management certification, increasing the percentage of certified national wood it purchased (since the wood it produces is 100% certified) from 63% (in 2021) to 65%.

Proximity initiatives with forestry producers remained one of the main strategic focuses, based on know-how transfer, technical advising, training on issues involving forestry and operational safety, among others. Direct investments in the forestry value chain of mainland Portugal's 18 districts totalled €28.9 million.

In 2022, assets under the Company's management included 12.3% areas of conservation interest (11.8% in 2021), with growth encompassing an additional 168 hectares classified as protected habitat by the Natura 2000 Network.

³ About 106,800 hectares, including Galicia (Spain)



The annual biodiversity monitoring plan implemented at managed properties identified new species of fauna and flora to be added to Navigator's protected list: there are now around 900 species and subspecies of flora, and 252 species of fauna.

Mozambique continues wood exports

In Mozambique, where The Navigator Company managed 14,000 hectares of forest through Portucel Moçambique, eucalyptus wood harvesting and export operations continued in 2022.

Over the course of the year, the Company planted around 400 new hectares of eucalyptus forest and replanted around 270 hectares.

The Social Development Programme expanded its activities, particularly in the areas of health, education, access to potable water and environmental awareness. There was a continued focus on both food safety and income generation.

Focus on young talent

In 2022, The Navigator Company and the Employees' Representative Organisations signed an unprecedented two-year agreement.

A Productivity Bonus was also created with the aim of increasing the variable components of pay, putting the focus on productivity, improving disposable income and reducing absenteeism.

With regard to attracting and managing talent, investments were increased in the younger age groups. The employer branding plan was reformulated to prioritise more direct and personalised contact, resulting in the creation of 50 new internships. The Trainee Programme, a two-year development programme to welcome employees who have distinguished themselves during their internship, was also launched.

A concern with supporting the early years of young executives' careers led to the creation of the Future Leaders Forum, aimed at employees under the age of 33 who have been at the company for at least one year, which involved 55 people and contributes to a closer and more participatory company culture.

The training initiatives done in 2022 involved 96% of Navigator's internal employees, from all geographic locations.

Updating of 2030 Agenda

Against a backdrop marked by challenges on a global scale, and in an effort to meet the challenges and opportunities faced by The Navigator Company's business, the Company's 2030 Responsible Management Agenda was launched in 2020, aimed at increasing the Company's positive contribution to the creation of value and sustainable growth in a changing world.



The Agenda was built on a process of analysing materiality, involving a listening exercise with more than 540 internal and external stakeholders to jointly identify the topics most relevant to Navigator's future.

In the last quarter of 2022, in line with the Global Reporting Initiative (GRI) and the European Commission's Corporate Sustainability Reporting Directive (in force since 5 January 2023), Navigator carried out a review of material topics following the principles of "double materiality", with a view to ensuring that the Company's efforts remain geared towards the areas where it can have the highest impact.

Two complementary analyses were thus performed – one dedicated to the impacts of Navigator's activities on the exterior ("impact materiality") and another to the risks and opportunities arising from the external environment that could affect value generation at Navigator ("financial materiality").

This exercise was based on a listening exercise involving more than 50 people, from within and outside of the Company, specialising in their areas of business and activities, along with the Executive Committee and an independent team of sustainability experts. The result was an updating of the materiality matrix, comprising 15 material topics incorporated into Navigator's 2030 Agenda.

Therefore, according to the degree of strategic priority and relevance of the topics examined, there was a reconfiguration of Navigator's Responsible Business Agenda which, in line with its corporate purpose, has two strategic axes of action: For Society (People) and for Climate and Nature (Planet).

For further details about the 2030 Agenda and The Navigator Company's Responsible Business Management strategy on the whole, please see our 2022 Sustainability Report.



A responsible business

For Society	For Climate and Nature
Strategic topics	
- Talent management and development of human capital - Relationship with communities	- Climate change and CO₂ fixation - Sustainable forest management - Water management - Energy and raw material management
Relevant topics	
- Bioproducts - Supplier chain management - Sustainable value creation - Responsible governance - Innovation, technology and R&D - Customer management - Health, safety and well-being	- Conservation of biodiversity - Circular economy



2. BUSINESS PERFORMANCE

Summary of main indicators

	2022	2021	Change ⁽⁷⁾ 2022/2021
Amounts in million euros			
Total Sales	2,464.6	1,595.9	54.4%
EBITDA ⁽¹⁾	736.4	354.7	107.6%
Operating Profit (EBIT)	573.5	229.6	149.8%
Financial Results	-57.0	-17.8	-220.5%
Net Profit	392.5	171.4	129.0%
Operating cash flow	555.4	296.6	258.9
Free cash flow ⁽²⁾	462.6	234.7	227.9
Investments	112.5	80.1	32.4
Net interest-bearing debt ⁽³⁾	382.2	594.8	-212.6
EBITDA/Sales	29.9%	22.2%	7.6 pp
ROS	23.3%	14.4%	8.9 pp
ROE ⁽⁴⁾	34.1%	16.4%	17.7 pp
ROCE ⁽⁵⁾	34.9%	13.7%	21.2 pp
Financial Autonomy	43.2%	41.4%	1.8 pp
Net Interest-Bearing Debt/EBITDA ^{(6) (7)}	0.52	1.68	-1.16

(1) Operating profit + depreciation + provisions;

(2) Change in net debt + dividends + purchase of own shares

(3) Interest-bearing liabilities – cash and cash equivalents (does not include the effect of IFRS 16)

(4) ROE= Annualised Net Profit / Average Equity (N+(N-1))/2

(5) ROCE = Annualised operating profit / Average capital employed (N+(N-1))/2

(6) (Earning liabilities – cash) / EBITDA corresponding to the last 12 months; IFRS 16 Impact: Net Debt / EBITDA 2021 of 1.83; Net Debt / EBITDA 2020 of 2.58;

(7) Variation of unrounded values



Throughout 2022, Europe's fast-changing macroeconomic and geopolitical environment due to the Russian invasion of Ukraine caused an overall increase in uncertainty and insecurity. Due to persistent inflation since the second half of 2021, the cost of energy, logistics and raw materials –already at record highs at the start of the year – rose substantially.

The sector experienced unprecedented times, with a number of different factors contributing towards a shortage in the European paper supply in the first half of 2022. This situation of undersupply, coupled with a sharp rise in production and logistics costs, contributed towards record highs in producers' order portfolios and delivery times, together with widespread price increases in all graph papers.

In the second half of the year, fears of an economic slowdown led to a sudden drop in apparent demand, at a time when stocks were quite high throughout the entire supply chain, and when logistics chains were relatively quickly on their way back to normal. The ability to lower this accumulated stock will take more or less time according to developments in demand, especially in Asia, the speed at which supply and logistics chains return to normal, and the intensity of any economic slowdown.

The differentiating characteristics of Navigator as an integrated forestry, pulp, paper, tissue, packaging and energy producer, with a flexible business model and sound market knowledge rooted in experienced teams, have earned confidence in the Group's resilience and positive performance under adverse market circumstances.

In 2022, Navigator's turnover was €2.465 billion, with paper sales accounting for around 74% of turnover (vs 72%), pulp sales 8% (vs 11%), tissue sales 8% (vs 9%) and energy sales 10% (vs 8%). The international pricing dynamics of pulp, paper, packaging and tissue, leveraged by an enriched product mix and a focus on yield, coupled with developments in the sale prices of renewable energy, were the driving factors of the year's positive results.

2.1. Bleached eucalyptus kraft pulp (BEKP)

Pulp market in 2022, with record highs

The reference index of short-fibre pulp (hardwood) in Europe – PIX BHKP in dollars – hit record highs in 2022 (1,380 USD/tonne), where it remained from early August until the end of the year (21 consecutive weeks), up 21% since the year began. In turn, the average price in 2022 was 26% higher than in 2021.

Pricing trends were driven by the severe imbalance between supply and demand. Different factors contributed towards this imbalance, including: i) the opportune moment of global demand for short-fibre eucalyptus, which grew +7.8% in 2022; ii) the delayed launch of new pulp investments in LatAm (which did not happen until December 2022); iii) the strike in northern Europe, which persisted during the first four months of the year, eliminating more



23.2%

Sales growth in turnover globally

30.2%

Sales growth in turnover in Europe



than half a million tonnes of pulp from the market; iv) persisting logistical constraints, which penalised the available supply of pulp in the market.

In addition, particularly in its first half, 2022 was marked by unplanned shutdowns due to environmental issues (droughts), fires and logistical problems (road and maritime) in Europe, Indonesia and Canada, which also impacted the availability of pulp.

Global demand for pulp in 2022 grew by 1.3%, with long fibre down 1.8% and short fibre up 2.7%. Also of note, as previously mentioned, was the positive performance of short-fibre eucalyptus, which was up 7.8% in 2022.

Operational data

BEKP pulp (ktAD)	2018	2019	2020	2021	2022
Aveiro	357.5	350.2	323.9	347.4	353.9
Figueira da Foz	575.1	585.5	572.7	582.9	603.3
Setúbal	519.1	490.2	467.5	529.7	550.7
Total Pulp Output	1,452	1,426	1,364	1,460	1,508.0
Total Pulp Sales	253.4	313.8	394.1	292.2	255.3
FOEX - BHKP EUR/t	880	762	596	867	1,232
FOEX - BHKP USD/t	1,038	855	680	1,023	1,291

2.2. Paper

Focus on premium products and proprietary brands

On a global scale, the printing and writing paper industry experienced a unique moment in 2022, although with a clear distinction between the first and second halves of the year.

Fears of a sharp decrease in post-pandemic demand for UWF paper accelerated decisions to close and reconvert factories in Europe and the USA which, tied to logistical difficulties and higher energy costs, significantly reduced supply, particularly in these regions.

The major rise in costs, especially for energy, which hit record highs since the invasion of Ukraine by Russia, forced some companies (mainly unintegrated ones) to temporarily close or cut down their operations, being unable to pass on those increases in their prices.

As a result, in the first half of 2022, there was a major shortage in Europe's paper supply, which was not exclusive to UWF paper. The majority of graph papers, subject to significant



capacity reductions in the past three years, and as a result of the strike referred to above, also experienced a situation of undersupply. This imbalance, coupled with the sharp rise in production costs (affecting fibre, chemicals, energy, packaging materials) and logistics costs (through higher costs and a shortage of resources) contributed towards a constant, widespread price increase throughout the year for all graph paper, together with record levels in the order portfolio of producers and delivery times.

The acute supply shortage described above resulted in an abnormal order volume in the first half of the year, with customers reacting to fears of a prolonged lack of paper availability. Fears of an economic slowdown, however, which escalated primarily in the middle of the year, led to a decrease in demand, at a time when stocks were high and logistics chains were returning relatively quickly to normal. The ability to lower this accumulated stock in the pipeline will take more or less time according to the speed at which supply and logistics chains return to normal, the intensity of any economic slowdown that may occur, and developments in demand in Asia for the new graph paper capacities constructed in recent years.

Demand for UWF paper grew 0.3%, while coated papers were down 2.5%. Conversely, paper made with fibre obtained by mechanical means saw a sharp decline of 9.9%. As such, in 2022, global demand for printing and writing paper fell 2.3%, with UWF continuing to show remarkable resiliency.

In Europe, the apparent demand for UWF paper in the last quarter was down 12% year-over-year, resulting in accumulated demand from 2022 which was 6.7% below the previous year. This downturn in apparent demand results from the calculation model (based on deliveries from producers), reflecting a latent demand that has not been met.

In fact, Europe saw a severe reduction in capacity (-10% YoY, primarily in the wake of a factory closing in Scandinavia at the end of the third quarter of 2021, and the conversion to packaging of a factory in France in the first quarter of this year), coupled with the strike in northern Europe, which persisted over the first 16 weeks of 2022. Furthermore, there was the restriction on the volume of importing, which saw levels below normal, as a result of the well-known logistical difficulties. Therefore, if we consider the reduction in capacity that occurred, and the resulting declines in production and deliveries, we can estimate that – without these factors – the decline in apparent demand for UWF paper in Europe would have been much lower, and in line with the average decrease in consumption in recent years.

Conversely, the United States saw impressive growth of 5.3% in the demand for UWF paper in 2022, while in the world's remaining regions this growth stood at 0.7%.

Navigator's UWF sales totalled 1.5 million tonnes, an increase of 1.7% compared to 2021, demonstrating the Company's significant efforts to meet the needs of its customers in an environment of limited available supply, reductions to capacity and serious logistical restrictions, particularly in the first half of the year. Sales were driven by the widespread increase in prices on an international scale, which Navigator led or kept pace with, resulting in year-over-year growth of 57%.

The positive pricing trend was largely leveraged by the enriched product mix, with Navigator achieving record sales in premium and factory-brand products.



Improved product mix

Given the lower availability of paper during the year (especially more economical, lower quality Asian and Russian products), several markets prioritised Navigator's quality. In the United States – where the seven-member team is being expanded and renovated with the hiring of two new salespersons in 2022 – there was also a change in the product mix, with a higher focus on premium products, which grew 24% to account for 68% of total sales, and a 16% increase in proprietary brands, accounting for 63% of the operation.

The protectionist laws in the United States, which prohibit the importing of paper from several markets, led to four major price hikes over the course of 2022, resulting in growth of 13% in Navigator's sales, with demand exceeding its capacity to deliver. Although the Company's market share in this country is no more than 2%, its focus has been on products of higher quality: in the premium cutsize segment, Navigator's share is up to nearly 10%, while in offset premium it ranges from 6 to 8%. Given the circumstances, as would be expected, 2022 was a year in which premium sales reached their highest levels in the United States, a region that incorporated the most premium products into its sales mix.

In the rest of the world, the sales volume was down around 26% year-over-year in 2022, having been channelled to Europe to win market share. This decrease required better management of volumes, giving priority to the countries where the Company's presence was already strong, such as Mediterranean countries, where volumes held steady, with cuts in markets more distant from Europe. It also allowed greater selectivity in terms of which customers and orders to accept. As a result, the product mix improved here as well: 64% of sales were premium (with an increase of 30% in the sale of Navigator cutsize), and 93% of the cutsize and folio sold were proprietary brands, a historic record in markets outside of Europe and North America. Despite the reduction in volume, sales grew 25%, hitting a record high. The team also grew, with one more sales manager in Türkiye and another headquartered in South Africa to manage the business in the continent's southern countries.

Operational data

Paper (kton.)	2018	2019	2020	2021	2022
Figueira da Foz	744	719	649	729	733
Setúbal	791	721	646	731	785
Total Paper Output	1,535	1,441	1,295	1,460	1,518



Sales developments in tonnes per segment and product mix⁴

Format	% of each segment in 2022	Change vs 2021
Cutsize	51%	5%
Folio	23%	4%
Reels	27%	-13%
Total	100%	-1%

Quality	% of each segment in 2022	Change vs 2021
Premium	66%	30%
Standard	33%	-23%
Economy	2%	-79%
Total	100%	-1%

Turnover developments by segment and product mix⁵

Format	Change vs 2021
Cutsize	55%
Folio	63%
Reels	47%
Total	55%

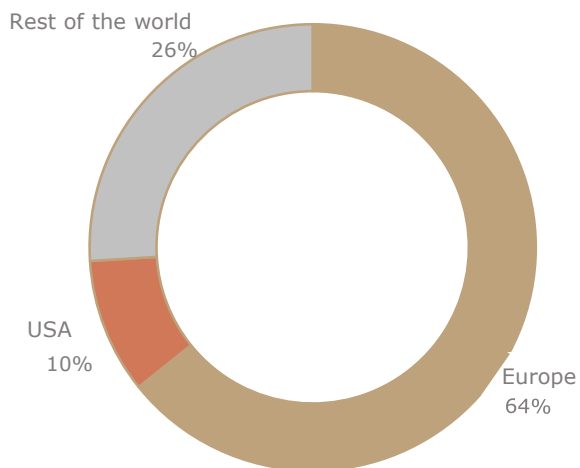
Quality	Change vs 2021
Premium	96%
Standard	22%
Economy	-71%
Total	55%

⁴ Data related to UWF paper

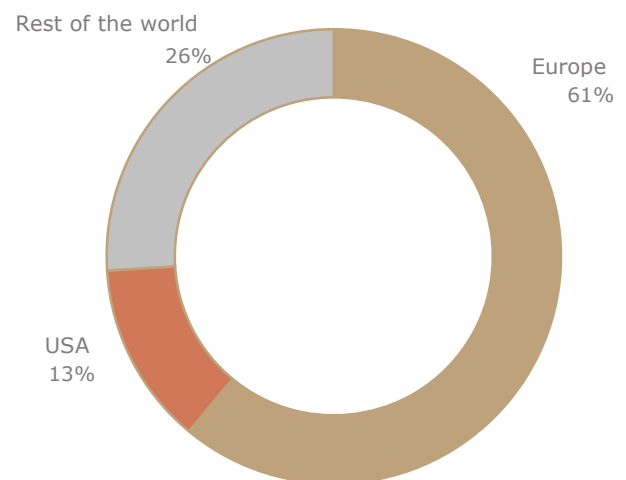
⁵ Data related to UWF paper



UWF paper sales by region (volume in tonnes)



UWF paper sales by region (turnover)



Pricing developments by format and quality⁶

Format	Change vs 2021
Cutsize	49%
Folio	57%
Reels	69%
Average increase	56%

Quality	Change vs 2021
Premium	51%
Standard	59%
Economy	37%
Average increase	56%

⁶ Data related to UWF paper



A new sub-brand: Navigator Professional

2022 saw the consolidation of new UWF product ranges, with specific applications, brought together under a sub-brand created last year called Navigator Professional. It includes reels of Navigator Premium Writing notebook paper, designed specifically for optimum writing performance – with more retention capacity, it stops the pen pressing through and ink from bleeding through the page; Premium Books paper for books, with a natural tone to facilitate reading; Premium Envelopes paper, which represents an opportunity, given the ever-decreasing number of producers in this segment; and Premium Inkjet paper, specifically designed for high-speed inkjet printing in the graphic world.

Discovery: webinar on sustainability and paper

In the wake of the more sustainable repositioning of the Discovery brand (available exclusively in 70 g/m² and 75 g/m², using fewer resources and generating less waste) achieved in 2021, Navigator held a webinar entitled “Discover Forests, Sustainability and Paper” in February last year. This event, which underscored the advantages of recyclable and biodegradable products originating from certified renewable forests, had 362 enrolled members and was followed online by 281 people. [See <https://www.youtube.com/watch?v=AqK5Iizu0Ns>]

Pioneer continues to inspire hope

In keeping with Navigator's commitment to positively impact society and people, the Pioneer brand continued to support the fight against breast cancer in 2022, through a partnership with the IMM-Laço Hub, and held another edition of the Pioneer Inspire Hope initiative. During Breast Cancer Prevention Month in October, 1,300 Pioneer paper flowers were handed out to researchers from the IMM-Laço Hub, Navigator employees and cancer patients and their family members at Santa Maria Hospital. Since 2005, Pioneer has invested €480,000 to support this research. [See <https://www.youtube.com/watch?v=Mb2gKXScHQA>]

2.3. Packaging

From Fossil to Forest – focus on sustainability and innovation through packaging

The development of the new Packaging segment continues to show positive signs thanks to its growing customer base, the recognised quality of our products and, as a result, of the gKraft brand, serving high-profile brands in a wide range of sectors including fashion, food retail, e-commerce, industry and agriculture.

However, the Packaging segment has proven to be more sensitive to the market climate, given that the sudden, sharp downturn in demand ended up impacting this sector the most, particularly so in the last quarter of 2022.



+119%

Sales volume
compared to 2021

+50%

New gKraft
customers in 2022

In 2022, despite the negative macroeconomic backdrop, Navigator's sales exceeded €90 million, doubling its 2021 sales in the packaging sector, namely for the industries of manufacturing, paper bags, flexible packaging and boxes for food products.

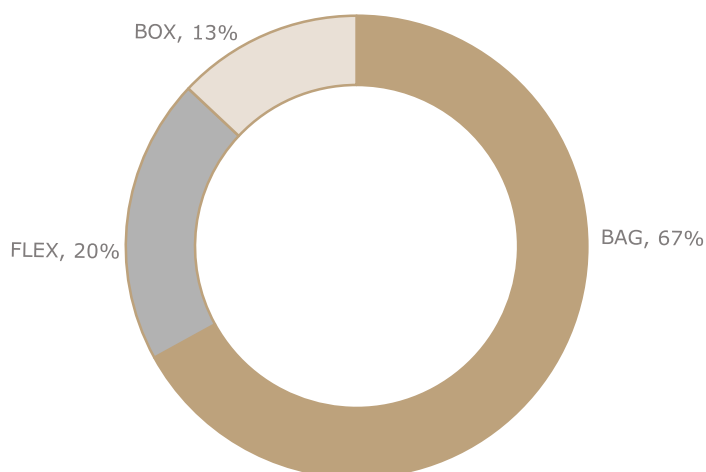
The gKraft brand's strategy continues to be based on growth in products with higher added value, gradually asserting its propositions of differentiation and sustainability, largely founded on the quality of raw materials (especially from *Eucalyptus globulus*), which boasts highly compelling unique features allowing lower fibre consumption compared to long fibre, as well as distinct technical benefits, in particular its printing quality and surface characteristics.

Food packaging shows high growth potential, considering the mounting awareness and global action to replace plastic with paper, and because virgin fibre is well-suited to food packaging. In these products, for reasons of food safety and hygiene, recycled fibre is not suitable or prioritized, which offers major opportunities for growth.

Several developments are currently underway that may, in the short term, open the doors to other segments of high added value.

In the wake of the strategy laid out for the area of Packaging, Navigator began a project for the construction of a factory to produce moulded cellulose parts, for the purpose of replacing plastic parts that protect food used in packaging at sales outlets, or used on a single-use basis. The factory will be located at the Aveiro industrial site and is scheduled to start production in the first quarter of 2024. The factory will have an initial capacity of 100 million parts, with the option to increase capacity in subsequent years. One major challenge associated with this project is the development of biodegradable barrier properties to handle the functions of food protection and appropriate insulation from their liquids and fats.

Percentage of gKraft sales by segment (turnover)





The sustainability of paper packaging

Navigator organised the webinar entitled “gKraft – *From Fossil to Forest. A Game Changer in Packaging Solutions*”, held on 24 November, to discuss the main aspects associated with sustainable packaging, in particular the essential role of cellulose fibres in the urgent and much needed transition away from fossil raw materials towards new solutions. Attendees included the certification entity PEFC, the individuals in charge of sustainability at Navigator and one representative from Two Sides, a European entity that brings together companies from the supply chain of the paper printing industry. The initiative had 244 enrolments, and was watched live by 141 people – a success, given that it involved a new brand and a niche product.

[See <https://gkraft-paper.com/webinar/webinar.mp4>]

2.4. Tissue

Tissue business maintains its positive performance and focus on innovation

2022 was marked by disruptions and instability in value chains, together with geopolitical tensions in the case of Europe, with a particularly high impact on trends in energy costs and significant growth in pricing levels.

Despite these challenging circumstances, management of production capacities, logistical services and the resulting price increases was achieved with customers in a fluid and consistent manner.

Navigator's sales volume in Tissue was 102,000 tonnes, down 4% compared to 2021, while the sales volume of finished product (tonnes) was up around 2% over 2021. Sales were driven by higher prices, growing 36% compared to 2021 (38% in finished product).

Sales growth was primarily due to the At Home channel, which was up 5%, driven by attracting new customers and strengthening the position in the pre-existing base.

The overall customer base remained quite diversified – around 600 customers with active purchases in 2022 – thereby ensuring sustainable business diversification.

The Company was particularly successful in the sales growth and distribution of its factory brands, taking steps forward in conveying its value proposition in terms of quality, sustainability and innovation. As a result, the sales of Navigator brands grew almost 9% in all of its various channels and markets, with a total of around 28% in finished product sales (tonnes) in 2022 compared to 26% in 2021, higher than the industry's average in major markets, which is 20%-25%.

In the structural plan, efforts were ramped up to reduce operating complexity, focusing on a less extensive and complex product portfolio which, over time, will optimise production and service levels.



From the standpoint of production capacity, equipment was acquired to streamline and boost production, and to improve the quality of products delivered to customers, namely in the napkins category.

Operational data

Tissue (kton.)	2018	2019	2020	2021	2022
Reel output	71.7	102.3	112.7	111.1	112.2
Finished Product Output	66.0	72.8	79.5	82.0	83.7
Reel Sales	1.9	21.1	25.9	24.5	18.7
Finished Product Sales	61.2	74.5	80.1	80.9	82.6
Total Tissue Sales	63.1	95.7	106.0	105.4	101.5

Innovation that adds value to tissue

Innovation at The Navigator Company has been supported and enhanced by working closely with teams at RAIZ – Forest and Paper Research Institute. Ongoing collaboration between the institute and teams involved in product development, industrial/manufacturing processes and company marketing have leveraged a pipeline of innovation that extends into the future and is part of the sustainable competitive advantages of Navigator's value proposition for the tissue business.

Amoos Airsense receives “2023 Five-Star” product distinction

The first range of toilet tissue with a long-lasting fragrance was the winner in the “Toilet Tissue” category of the “2023 Five-Star” award, given based on surveying a sample group of consumers from the Portuguese market. This new product, dermatologically tested for sensitive skin, includes small micro-spheres of perfume on its surface, which are only activated by touch when used, guaranteeing a minimum 24 days of scent.

Fostering a healthier life

In late 2022, Navigator launched a three-ply kitchen roll with an embedded micro-honeycomb structure, thereby ensuring high capacity and fast absorption of liquids and, in particular, fats. Ideal for absorbing fats from fried foods, the technology employed in this household kitchen roll has allowed the Company to align the concept with trends encouraging healthier lifestyles, something to which consumers are paying more and more attention.



2.5. Energy

Sales up over 2021

2022 was marked by an energy crisis in Europe and, as a result, higher energy costs. In this context, electricity produced by co-generation plants was sold on a market basis. In late 2021, after the natural gas combined-cycle power plant of the Setúbal industrial unit began selling electricity on a market basis, renewable co-generation began to do so as well in 2022, following the publication of Decree Law no. 119-A/2021 of 22 December, specifically Article 35 - Exceptional regime applicable to co-generation. Leveraging the higher market price for electricity, which averaged €167.9/MWh in 2022 for the Portugal area of the Iberian Electricity Market (MIBEL), sales totalled €258.5 million.

The Group's net electricity production totalled 1,745 GWh in 2022, in line with figures from the previous year. Renewable sources continued to have a significant weight on total net energy production, reaching 1,150 GWh, 66% of the total produced by the Group in 2022.

With 7 MWp of installed capacity associated with the five solar photovoltaic facilities operating at the industrial complexes of Figueira da Foz and Setúbal, at the RAIZ Institute in Aveiro and at Herdade de Espirra, Navigator continued to develop other solar photovoltaic energy projects in 2022 which, in the future, will add around 25 MW of installed capacity for self-consumption. The new photovoltaic facilities will be located in the industrial complexes of Aveiro, Figueira da Foz and Vila Velha de Ródão, which will more than quadruple the current installed capacity.

As a result of the risk management strategy, two electricity supply contracts were signed on a PPA (Power Purchase Agreement) basis. These long-term contracts will allow the company to benefit from substantially more competitive terms and conditions vis-à-vis current market prices, giving it more protection against long-term market volatility.

Of particular note in 2022 was Navigator's acquisition of the status of "intensive electricity consumer" at all of its industrial units. This rating gives the Company's industrial units a potential discount on the overall tariff for system use and exemption from applicable proximity criteria between production units for renewable self-consumption and the location of the consumption facility.

In Aveiro, the tissue unit received certification in ISO 50001- Energy Management Systems, a standard in which Navigator's remaining units have already been certified, whose underlying purpose is to improve the company's energy performance.

The higher price of natural gas over the year, and ensuing rise in the value of acquisitions on the part of the Company, was minimised by a change to the lime kilns, which began operating on fuel. This option had an impact on CO₂ emissions under scope 1, which were up 2.2% compared to 2021.

Another key milestone in 2022 was the fact that The Navigator Company began offering the Regulation Reserve Band service. This is a service provided to the operator of the national power system by large electricity consumers, who are willing to reduce consumption if the



national network is affected by some sort of anomaly. This mechanism, of a competitive nature, resulted in revenues of approximately €7.3 million in 2022.

2.6. Financial performance

Sales dynamics and positive pricing trends offset surging costs and result in an EBITDA of €736 million

In 2022, production costs increased dramatically, hit primarily by the higher cost of wood, due to the major price hike at the factory door for domestic wood, the exchange rate, the supply mix and the higher cost of external fibres, energy and chemicals.

There was also a sharp rise in logistics costs, coupled with a major shortage in means of transporting merchandise, compared to the previous year. In the second half of the year, the availability of logistical resources improved, although costs have remained quite high, with a slight decrease in late 2022. The price reduction started from Asia to Europe and, only later and to a lesser extent, from Europe to other markets. The lack of alternatives for transporting merchandise between Portugal and the United States persisted, continuing to affect price levels.

The increase in personnel costs of around €31 million was caused, to a great extent, by Navigator's positive performance in the year, allowing it to hand out more performance-related bonuses, distribute a new productivity bonus to employees and reinforce the rejuvenation programme. Total fixed costs ended up at 17% above those of 2021, essentially due to the item of personnel costs, for the reason explained above, as well as the item of maintenance costs, impacted by the widespread increase in costs for materials and services in an environment of inflationary pressure, and by higher operating costs, namely for projects aimed at supporting and diversifying the Group's business, plus higher outsourcing costs, primarily as a result of wage increases and those associated with the post-pandemic business rebound.

Against this backdrop, the international environment conducive to favourable pricing trends and efforts to boost productivity and efficiency offset the sharp rise in the cost of production factors, resulting in an EBITDA of €736 million in the period. The EBITDA/Sales margin was 29.9% (+7.6 p.p. compared to 2021). Also of note was the positive net impact of the exchange rate on EBITDA of around €52 million, with an average EUR/USD rate in 2022 of 1.05 vs 1.18 in 2021.



Non-recurring costs, previously recognised in equity, impacted the financial results by €38 million.

The financial results totalled €-57.0 million (vs €-17.8 million), i.e., down €39.2 million, primarily due to the non-recurring impacts (€38.0 million) of negative accumulated exchange rate differences associated with the reimbursement of capital granted to the subsidiary Portucel Moçambique recognised, in the first quarter, under results for the year (in lieu of equity). Without these non-recurring impacts, the financial results would have been €-19.0 million.

During the period, there was an improvement to the result of financing operations (€0.5 million) due to the lower volume of interest-bearing debt compared to the same period, as well as an improvement to the current exchange results (€2.4 million), which were slightly positive in 2022 compared to extremely negative in the previous year. Furthermore, there was a highly negative change in other financial costs and income (€4.6 million), mainly due to the non-existence of compensatory interest in this year which, in 2021, was extremely positive as a result of favourable decisions from tax courts during that year.

As a result of the periodic assessment of tangible fixed assets done by a recognised independent entity, and taking into account the use of these assets, technology advancements and the investment prospects foreseen by the Group over the next five years, particularly as a result of decarbonisation commitments and the Recovery and Resilience Plan (PRR), the useful life of a collection of assets was revised so as to result, on average, in a shorter useful life and thus higher depreciation for the year.

Results before taxes totalled €516.5 million, and the Corporate Income Tax (IRC) charge for the year was €123.9 million, at a tax rate of 24% during the period compared to 19% in the previous year. Insofar as IRC is a progressive tax, accentuated by the application of local state tax, the increase in results for the year generated a more-than-proportional rise in taxes due. The results were €392.5 million vs €171.4 million in 2021.

Strong generation of free cash flow in 2022 of €463 million

The year was marked by the generation of high free cash flow of €463 million (vs €235 million), reflecting outstanding operational performance, and allowing the favourable international market circumstances to be capitalised on in full, particularly with regard to sales volume and prices.

The amount of working capital has remained relatively stable. There was a significant increase in the values of Inventories (due to both volume and higher prices) and Customers (in line with the strong business expansion), but the growth trend in working capital that would have resulted from this was tempered by the simultaneous increase in the balance of Suppliers. Along these lines was the implementation of a supplier management policy, which included ongoing solutions to support the liquidity of our partners.



2.7. Sustainable financial management

Net debt saw a significant decline compared to the end of 2021, from €595 million to €382 million, despite the distribution of dividends and reserves throughout the year totalling €250 million. The ratio of net interest-bearing debt/EBITDA was thus 0.52, strongly confirming a downward trend, and consolidating the sound financial profile demonstrated by the Group in recent years.

Of particular note was the issuance of a bond loan in June, in the amount of €150 million, with a maturity date in 2028, under a Sustainability-Linked Bonds Framework. Simultaneously, financing in this same amount that due in 2023 was paid off early.

This operation will help to extend the average life of the Group's debt, as well as lower the Company's financing cost, and includes conditions associated with sustainability commitments. The loan conditions are indexed to three ESG indicators in the Company's Sustainability Agenda and, in turn, aligned with the United Nations Sustainable Development Goals.

With this financing operation, we wrapped up the year with an adequate average debt maturity, with a properly phased repayment profile, and with around 40% of the total debt issued of a sustainable nature and 94% of the total debt issued by the Group at a fixed rate, allowing us to maintain low financing costs at a time of sharp interest rate hikes.

Furthermore, also of note in 2022 were the efforts to align the Pension Fund management policy with a Responsible Investment Policy. The Fund follows a responsible investment policy so that, through the investments made, beyond the traditional financial criteria, Environmental, Social, and Corporate Governance (ESG) aspects are highlighted, with efforts to help ensure the long-term sustainability of the market as a whole.

2.8. Performance in the capital market

2022 was again marked by high volatility in the world's key stock markets. It was a year marked by fast-paced change in the macroeconomic and geopolitical environment, triggered by the Russian invasion of Ukraine, with a resulting rise in aversion to risk, the highest inflation rates in decades and prospects for an economic slowdown, coupled with restrictive central bank policies forcing corrections to the prices of most assets, particularly shares and bonds.

The reference index of the Euro Area, the Eurostoxx 600, had a negative return of around -13%. Note that the devaluation of the euro through the third quarter, below par for several weeks, together with the geopolitical circumstances in Europe, discouraged investment in the European stock market among international (particularly American) investors.

In this environment, the stock performance of most companies in the paper and pulp sector was negative.

Navigator shares were among those with positive performance in the sector in 2022, appreciating at a rate higher than the PSI (3.10% vs 2.81%), and wrapping up the year at



€3.454 per share. Navigator shares traded at their lowest price of €2.95 on 8 March, in line with the widespread decline in the financial market at the time of the Russian invasion of Ukraine. Its highest price in the year was €4.176 on 30 May, after the dividend distribution dates were published.

Navigator held its Annual General Meeting of Shareholders on 27 May 2022 and distributed dividends totalling €99.99 million on 7 June, equivalent to a gross value of €0.1406/share. On 21 November, an Extraordinary General Meeting of Shareholders was held to approve the distribution of reserves in the amount of €149,995,621, which were distributed on 12 December, with a gross value per share of €0.16642.

In 2022, the average daily trading volume of shares was 912,354, up over the previous year (838,230). Navigator's shareholders had a total shareholder return (TSR) of 12.8% in 2022, assuming that dividends received were automatically invested in new shares.

Currently, eight analysts are actively covering Navigator, one more equity research house than in the previous year, bearing out the interest in its shares. At year-end, with no recommendations to sell, Navigator had three recommendations to buy and five recommendations to hold.

2.9. Contribution to State tax revenue

Within the scope of the activity carried out by companies that make up the Navigator Group, such companies incur a multitude of taxes, fees and contributions, making the Group an important contributor to government revenue in Portugal, and thus to the achievement of social objectives and national development. Fiscal policy thus has a significant impact on the business community, affecting the Group's entire value chain.

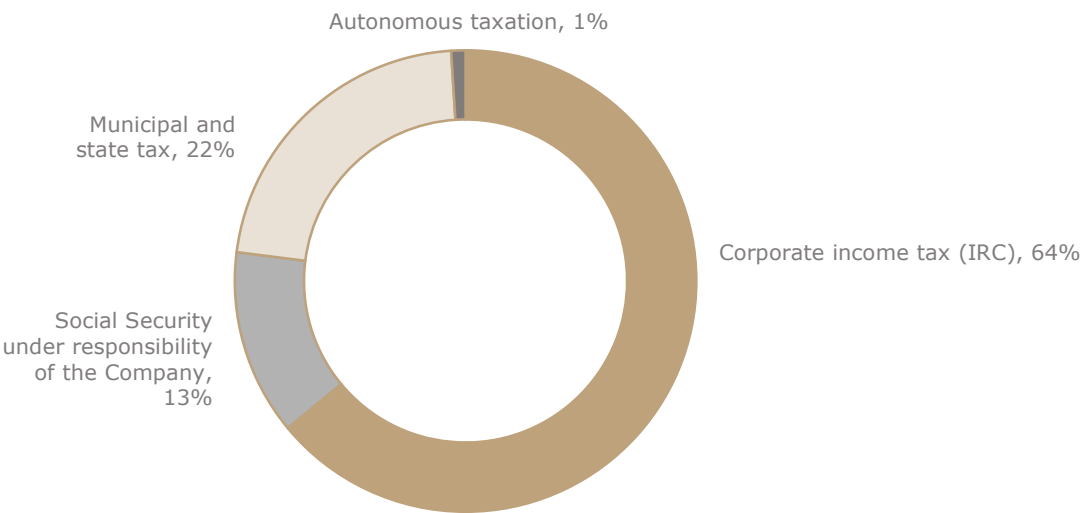
For this reason, the Navigator Group has a tax policy in line with the Group's business development strategy, defined in accordance with the economic substance of its activity, aiming to ensure that the entities that make up the Group are fully compliant with their tax obligations in all jurisdictions in which they carry out their activity, seeking to maintain full compliance with the spirit and letter of the applicable legislation.

Aware of the role that it represents in the Portuguese business community, and as required from a transparency perspective by its stakeholders, Navigator in recent years has sought to determine its tax footprint, identifying the level of taxes it incurs economically and the values of tax that it collects and administers on behalf of the State or third parties, thereby doubly contributing to the State's tax revenue.

As shown in the graph "Taxes borne", in 2022, in terms of taxes paid – which includes more than 20 different taxes, contributions and fees – the Group paid a total of €166 million (2021: €90 million), equivalent to an effective tax burden of 32.12% in 2022 (2021: 42.51%), calculated on pre-tax profit. Such tax burden pertained primarily to the amount paid for Corporate Income Tax (IRC), including "derrama" surcharges (municipal and state), Autonomous Taxation (TA) and Social Security contributions, the latter totalling €135 million (2021: €44 million) and €21 million (2021: 20 million), respectfully.



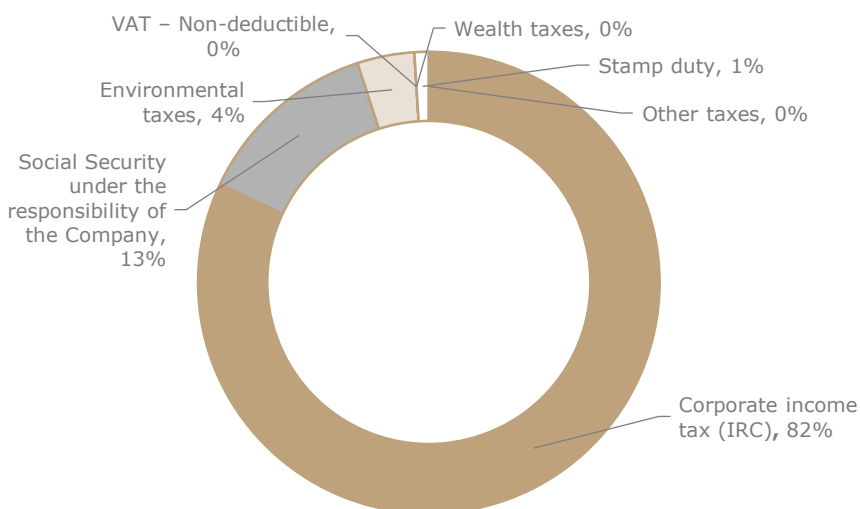
Main taxes borne



The taxes borne include significant environmental taxes, totalling €6.5 million – including Tax on Petroleum Products, Tax on Water Resources, Fee on Public Maritime Domain, Fee on Public Water Domain, Waste Management Fee, Special Electricity Consumption Tax (IEC), Special Energy Sector Contribution (CESE), Motor Vehicle (IUC) and CO₂ Tax, down considerably compared to the previous year (2022: €6.5 million versus 2021: €23.5 million), due to the lower need to acquire CO₂ licences. This reduction also demonstrates the contribution from a tax standpoint towards achieving sustainability goals, in line with the Group's policy. Even so, the amounts borne by the Group continue to demonstrate its high sectoral contribution, even today, which, in the future, with the creation of new rates or financial contributions, will certainly imply double taxation and a negative tax burden on the Group, the consequence of which will be to limit Navigator's ability to invest in new, more sustainable projects, as it has been doing.

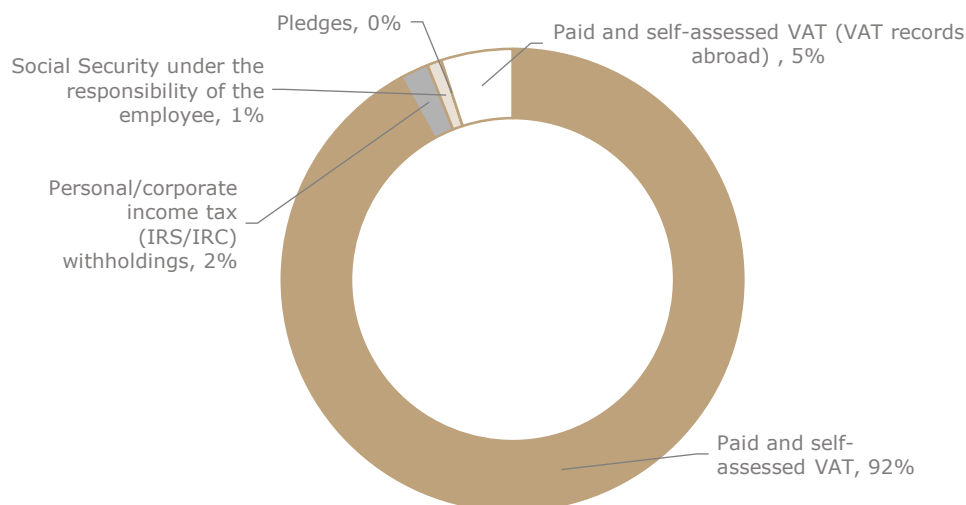


Total taxes borne



With regard to taxes collected on behalf of the State, in 2022, Navigator concentrated an amount of €1.465 billion (2021: €1.004 billion); once again, VAT contributed the most to this amount (2022: 1.345 billion versus 2021: 904 million), which highlights the Group's contribution towards collecting tax revenue for the Portuguese State. It should be noted that Navigator is not remunerated by the State for collecting these taxes, unlike in other jurisdictions. Even in Portugal, other economic operators are remunerated by the Tax Authority (e.g. pledges made at the request of the Tax Authority), which means that Navigator internalises and fully bears the costs inherent to collecting these taxes on behalf of the State.

Taxes collected





It is also important to mention the VAT assessed and self-assessed by Navigator in other jurisdictions where it is registered for VAT purposes outside Portugal, where it collected an additional total of €82 million of VAT (2021: €66 million) for the respective states.

VAT collected for other states

Country	2022
Amounts in euros	
Netherlands	€17,635,416
Poland	€16,918,685
United Kingdom	€13,100,495
Germany	€25,859,755
Spain	€3,909,288
France	€3,775,702
Switzerland	€465,771
Italy	€102,395
Total	81,767,507

The Group also collects €9.8 million in Social Security contributions owed by employees (2021: €9.4 million) and €28 million in withholding income tax (2021: €22.7 million), essentially on salaries paid to its employees. The "labour tax rate" in 2022 was 11.4% (2021: 24.7%), with the variation essentially due to the improvement in the Group's consolidated results. This indicator equals the ratio between tax on labour resources (Social Security contributions by both the company and employees and Personal Income Tax [IRS] withholdings on revenue from employed work) and pre-tax profit.

As for the geographic distribution in Portugal of taxes levied on a territorial basis ("derrama municipal" [municipal surcharge], IMI [municipal property tax], IMT [municipal real estate transfer tax] and other municipal taxes), the Group has the greatest presence in the regions of Setúbal, Figueira da Foz, Aveiro and Vila Velha de Ródão, with taxes of €4.6 million, €3.2 million, €0.9 million and €0.27 million, respectively.

Furthermore, as regards the worldwide geographic distribution of corporate income tax in 2021, calculated on a cash flow basis, the Group paid a total of €24.6 million, broken down in following table that shows the payment of income taxes by jurisdiction/country:



Jurisdiction	Accounting result in 2020	Income tax paid in 2021	Proportion of income tax paid in 2021
Amounts in euros			
Spain	1,414,600	1,172,971	4.75%
Netherlands	54,521	7,332	0.03%
Portugal	255,307,716	19,461,688	78.87%
France	103,027	32,620	0.13%
Germany	538,513	20,836	0.08%
Austria	29,551	11,279	0.05%
United Arab Emirates	10,708	0	0.00%
United States of America	4,697,171	306,846	1.24%
Italy	135,810	17,380	0.07%
Morocco	14,337	1,592	0.01%
Mexico	10,311	6,692	0.03%
Poland	5,939,204	2,945,849	11.94%
United Kingdom	1,572,739	306,101	1.24%
Russia	24,218	975	0.00%
Türkiye	7,062	4,353	0.02%
Egypt	0	2,176	0.01%
Ireland	1,506,747	375,032	1.52%
Mozambique	15,513,296	1,016	0.00%
Total	286,879,532	24,674,738	100%

In fulfilling the Group's country-by-country tax reporting obligations, in 2021 the Group paid overall Corporate Income Tax (IRC) of 78.87% in Portugal (2020: 80.92%; 2019: 95.95%; 2018: 92.93%; 2017: 93.78%) in the 18 jurisdictions (2020-2019: 16; 2018: 18; 2017: 17) where it is represented by a company, together with 19.82% in Europe, 0.04% in Africa and the Middle East and 1.27% of the total corporate income tax in the Americas.

The Tax Footprint report is particularly important for the Group in an effort to digitise the tax function, the reliability of tax information in order to comply with reporting and tax obligations, also insofar as it aggregates the compilation and analysis of the key indicators concerning the multiplicity of taxes borne and collected on behalf of the State and the Group's significant contribution to public revenue in Portugal.



2.10. Navigator Group tax policy

The Navigator Group achieves its corporate citizenship by fulfilling its obligation of helping to create value and fund the general functions of the states where it does business through the payment of taxes, contributions, fees and other charges due pursuant to the law, and by cooperating in the sustainable socio-economic development of these states.

The Navigator Group's tax policy aims to ensure that the Group's companies fully meet their tax obligations in all of the jurisdictions where they do business, seeking to maintain full compliance with the spirit and letter of the applicable legislation.

For this purpose, the Navigator Group uses internal specialists and outside consultants (if necessary) to ensure a proper and prudent interpretation of tax laws applicable to its business and transactions, and requests information which is binding to the tax authorities when permitted and appropriate, so as to ensure compliance with its tax obligations under a cooperative approach, while proactively minimising risks and potential tax contingencies.

Since the Navigator Group's tax policy is aligned with the Group's business development strategy, it has been shaped according to the economic substance of its activity. For this reason, from a tax standpoint, the Group's transactions are handled in response to its economic activity, while the tax implications of these same transactions are just one of a number of economic reasons to be considered in the Navigator Group's management decisions.

Obviously, as with any other business-related expense, the Navigator Group has the obligation of managing its tax burdens in a manner that is financially responsible to the Company and its Shareholders. As such, the Navigator Group's tax policy leverages tax benefits and incentives applicable under the tax legislation of the countries where it does business, as appropriate to the business carried out, in view of its economic substance.

Furthermore, transactions with related parties take into account the applicable rules, OECD guidelines and best international practices concerning transfer pricing when determining the terms and conditions of these intra-group transactions.

The Navigator Group also seeks to proactively establish a relationship of cooperation with the tax authorities of the countries where it does business, so as to ensure compliance with tax laws, which is further achieved by providing information and documentation which is mandatory or legally requested by these tax authorities, thereby ensuring compliance with its own obligations, as well as compliance with tax obligations by the economic agents that interact with the Navigator Group.

The Navigator Group also properly and effectively discloses its tax policy and its tax footprint each year, identifying and disclosing the tax amounts paid, and those collected and administered on behalf of the State or third parties, thereby making a two-fold contribution towards the tax revenue of the State and payments made to public entities.

Finally, the Navigator Group creates and follows internal procedures to adequately and regularly oversee its tax practices and review its tax policy with the involvement of its corporate boards, with a view to minimising potential financial and reputational risks when making tax-related decisions.



2.11. Risk management

The Company regards Risk Management as a core process in its business activities. A permanent risk management monitoring system is therefore in place in The Navigator Company Group, involving all organisational units, the Risk Management Division (DGR) and the Supervisory Board.

This system is based on a systematic and explicit assessment of business risks by all organisational divisions in The Navigator Company Group and identification of the main controls in place in all business processes. This basis allows the Company to continually evaluate the adequacy of its internal control system for the risks perceived to be most critical at any given moment.

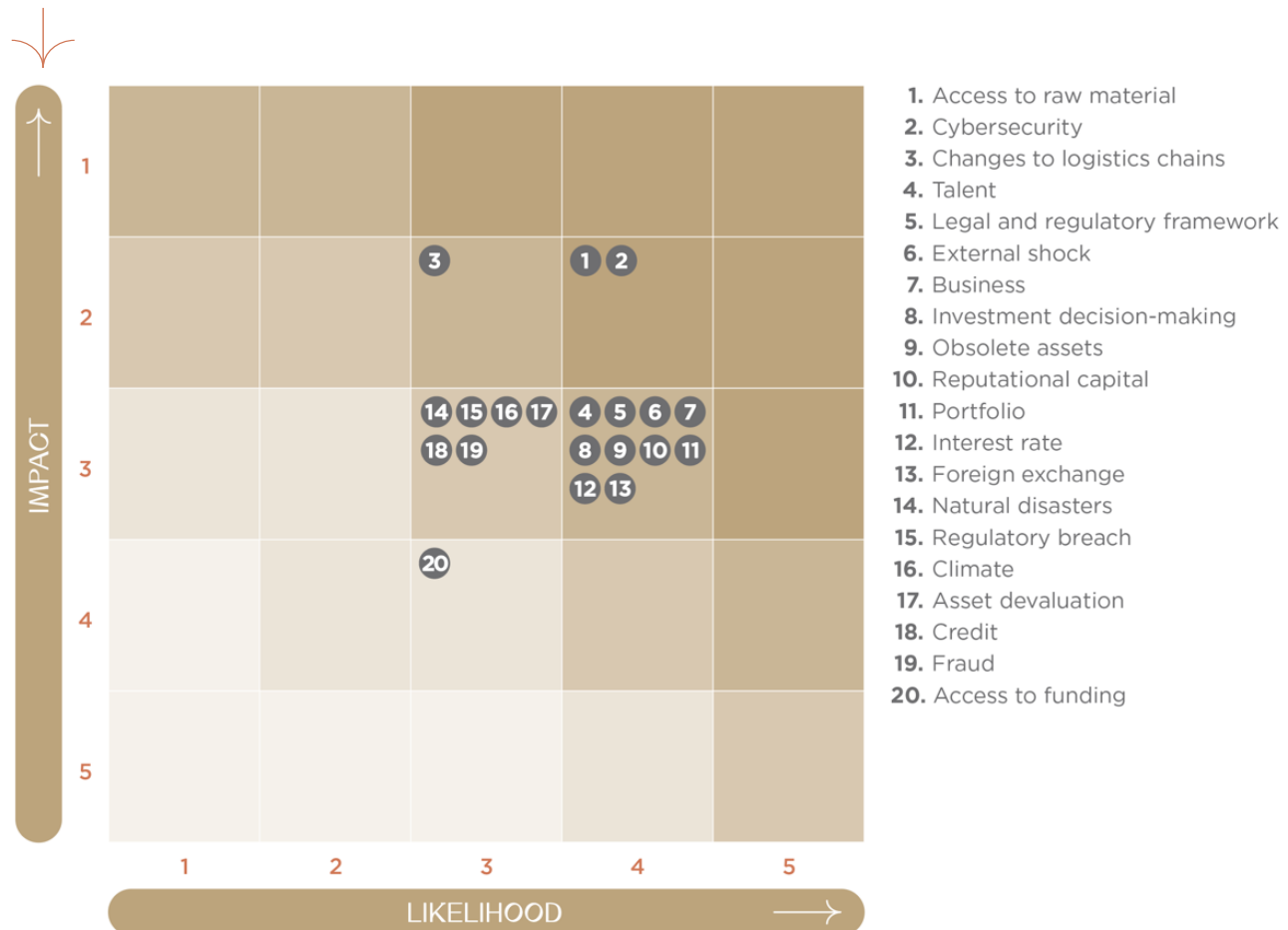
As part of this periodic assessment, an annual internal audit programme has been instituted, to be implemented by DGR in conjunction with each division involved, to monitor and evaluate the appropriateness of the internal control system to the perceived risks and to help the organisation to implement programmes to improve this system.

This risk governance system is headed by the Supervisory Board and the Board of Directors.

In this way, The Navigator Company Group has identified a variety of risks to which it is exposed. In conducting its business, the main risks originate from external aspects (e.g., social, political, financial environment, regulatory and legislative changes), internal aspects (e.g., strategic and operating areas) and interactions between various circumstances. A selection of these risks is presented below, in accordance with their quantification within the scope of periodic risk management:



NVG risk matrix





Main risks (not exhaustive) Summary Description

1	Access to raw material	Risk that raw materials are actually unavailable, or at economically infeasible prices vis-à-vis the cost structure, due to market movements (e.g., higher wood consumption in emerging markets) or due to regulatory or legislative restrictions (e.g., restrictions on planting eucalyptus).
2	Cybersecurity	Risk of compromising the confidentiality, integrity or availability of data and systems due to unauthorized or accidental events that exploit vulnerabilities in information and communication, corporate and industrial control technologies, in processes or in human resources, with a significant impact on the business.
3	Changes to logistics chains	Risk of decreased efficiency of paper distribution channels leading to a change in the distribution model. This decreased efficiency is aggravated by high concentration pressure between players in the distribution market, which may result in repositioning in the value chain.
4	Talent	Risk of the inability to hire and retain the expertise and qualifications needed to cope with the loss of staff in critical or difficult to replace business areas, or to address additional staffing needs in businesses or new areas. This risk has the biggest impact on the administration, first line of management and specific operating areas.
5	Legal and regulatory framework in Portugal	Risk of regulatory amendments in Portugal arising from policy options, namely involving taxation, the environment or the economy, having a significant direct or indirect impact on Navigator's operations and/or results. This risk is aggravated by the high concentration of operational and economic activities in Portugal, and by the possibility that some decisions or options may be conditional upon adverse events involving the public accounts or external macroeconomic environment.
6	External shock	Risk of significant or disruptive changes to Navigator's external environment with serious and harmful repercussions on markets (demand, prices), production (energy, water and raw materials) or people.
7	Business	Risk of a major irreversible decline or discontinuation of product consumption or in Navigator's markets with consequences in terms of its economic viability, value and liquidity.
8	Investment decision-making	Risk of shortcomings or mistakes in decisions involving significant investment or disinvestment transactions due to actions or omissions, procedural quality or the time of making the decision, potentially impacting the ability to properly identify and implement investment opportunities and carry out the established strategy. The consequence of this risk is the inability to leverage the existing portfolio's value, or the loss of opportunities to create value.
9	Obsolete assets	Risk of deterioration, and the need to replace, production equipment due to reaching the end of its useful life, regulatory non-compliance or a lack of competitiveness/efficiency requiring substantial investments.
10	Reputational capital	Risk that existing reputational capital may deteriorate, cannot be capitalized or does not appreciate in the medium and long term, due to events that are damaging to the company's reputation, or due to management inaction with regard to this capital. This risk is aggravated by Navigator's inherent exposure to environmental and sustainability issues, together with the asymmetry of reputational appreciation time (slow) and depreciation time (fast).
11	Portfolio	Risk that an adverse business event in terms of net results, cash flow generation or asset appreciation has major repercussions on Navigator's results and financing capacity.
12	Interest rate	Risk of unfavourable interest rate variations having a significant negative impact on the Group's financial results, access to affordable financing or debt servicing capacity.
13	Foreign exchange	Risk of unfavourable variations in the exchange rates (against the euro) of currencies from regions relevant to Navigator, whose impact is a major devaluation of Navigator's assets and results. This risk is aggravated by the significant weight of purchase and sale transactions in dollars and potential sizeable investments in regions outside the Euro Area.
14	Natural disasters	Risk of a serious environmental accident due to non-natural causes occurring in the assets under the organization's responsibility, internal or external in origin, such as a potential leak or spill of chemical products in liquid, gas or solid form.



Main risks (not exhaustive) Summary Description

15	Regulatory breach	Risk of incapacity or unintentional failures that entail the exceeding of legal or regulatory limits with regard to environmental parameters, deadlines for <i>reporting</i> or the governance model.
16	Climate	Risk associated with acute weather events (e.g., hurricanes) or chronic weather events (e.g., droughts), with physical impacts on facilities, areas operated by the Group, operations and/or people. It also includes risks of transition, arising from the Group's inability to adapt to structural and long-term changes in technological terms, public policies and consumer preferences (e.g., market downturn and non-compliance with legal and regulatory requirements).
17	Asset devaluation	Risk of losses from the devaluation of assets that significantly impact the Group's balance sheet, with ensuing shareholder losses.
18	Credit	Risk of the difficulty or inability to collect customer credit within the agreed timelines, significantly affecting the Group's financial results.
19	Fraud	Risk of illegal acts involving dishonesty, deception or breach of trust without the threat of violence or physical force, originating from within or outside the organization, for the purposes of obtaining money, property or services, avoiding payment or the loss of services, or aimed at obtaining a personal or business advantage. Exposure to acts of corruption or intentional failure/error in the internal or external reporting of financial or non-financial information is particularly significant.
20	Access to funding	Risk of unavailability of internal or external financing due to endogenous causes (e.g. over-indebtedness) or exogenous causes (e.g. contraction and negative outlook for business development, decline in existing market liquidity). This risk is enhanced by concentration of the Group's financing or activity in Portugal

Many of the risk factors highlighted are not controllable by the Navigator Group, particularly market factors that may adversely affect the market price of the Company's shares, regardless of the Group's operational and financial performance.

Climate change related risks, along with developments in ESG issues, have gained particular prominence in the Navigator Group's risk management. Besides being directly linked to Navigator's business processes, with mitigation controls defined and subject to monitoring, climate change is reflected on multiple fronts in our risk management framework. For example, the risk of access to raw materials may largely derive from drought phenomena or the (de)carbonisation issues of economies, which Navigator aims to anticipate and which are extensively discussed elsewhere in this report.



3. INVOLVEMENT WITH STAKEHOLDERS

3.1. Our team

In a year marked by historic labour agreements with the unions, The Navigator Company paid particular attention to the youngest members of its teams, seeking to strengthen this relationship and provide new opportunities for growth throughout all stages of their connection to the Group.

In July, a two-year agreement was signed with Employees' Representative Organisations, something unprecedented to date. This agreement covers around 1,700 technical officers and is accompanied by an increase in variable pay. It establishes a minimum starting salary in 2023 of more than 1,000 euros for employees starting their careers, including a food allowance and automatic advancement to the next pay scale if there is a positive performance evaluation in the previous two years.

The Productivity Bonus was created, which increased the variable pay of employees in 2022 up to a maximum of one salary, putting the focus on yield, improving disposable income, and reducing absenteeism. In addition to the award, positive reinforcements were also developed, including the strengthening of occupational health, with particular attention to the company's medical posts.

As far as the attraction and management of talent is concerned, investment in the younger age groups was enhanced. In the relationship with universities and centres of knowledge, employer branding was reformulated to favour more direct and personalised contact, with the aim of offering opportunities that meet the needs of future employees. As a result of this effort, 50 new internships were created.

Recognizing that internships are largely a pipeline for new appointments, the Trainee Programme was launched: a two-year development programme to welcome employees who have distinguished themselves during their internship. The first round of the initiative covers nine young people, who will be involved in four projects for 14 months that will enable them to develop a broad vision of the Company. Specific training sessions were also held, such as Trainees Day, when short- and long-term trainees were able to have more direct contact with Top Management.

A concern with supporting the early years of young executives' careers led to the creation of the Future Leaders Forum, aimed at employees under the age of 33 who have been at the company for at least one year, which involved 55 people. This forum meets every six months and elects eight members, representing different areas, to make up the Future Leaders Board, a structure that is responsible for working on a challenge set by the Executive Committee for

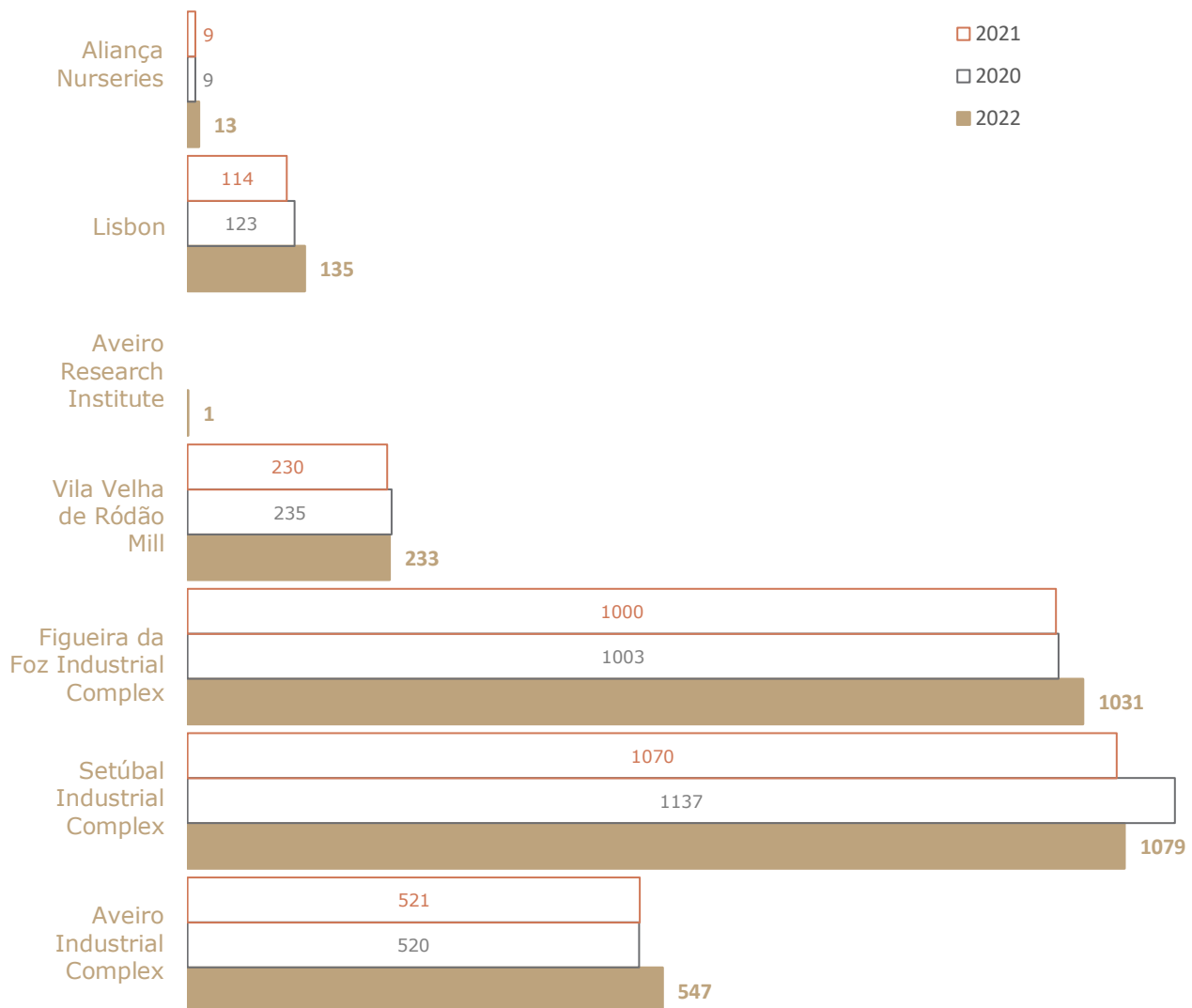


the following six months. As this project also involves middle management, who act as mentors to the Future Leaders Board, it contributes to a closer and more participatory Company culture.

Employees in Portugal

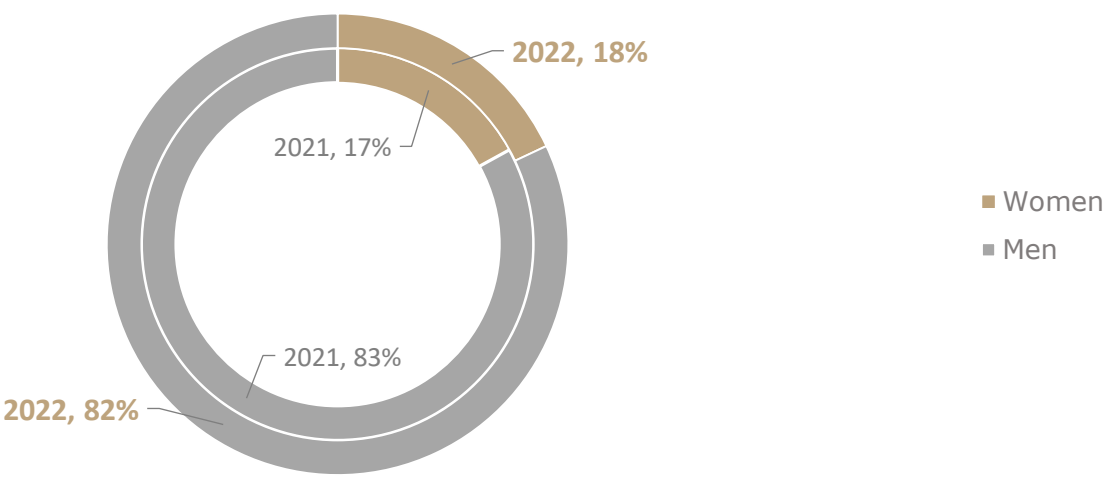
Total 2022: 3,039

Total 2021: 2,944

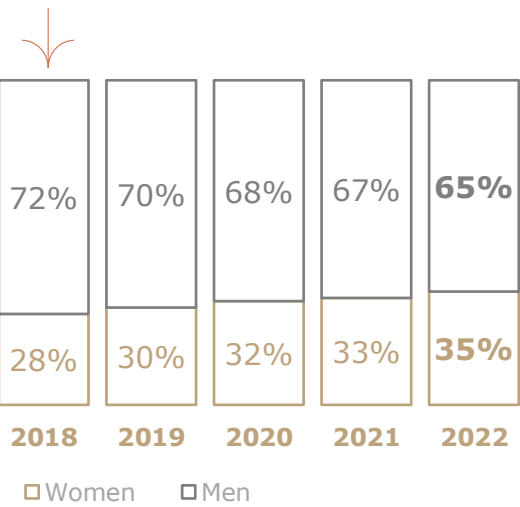




Breakdown by gender (total employees)



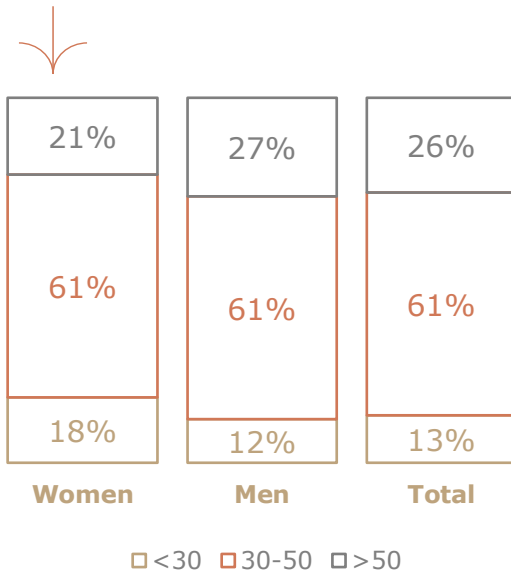
Middle and senior management
(data does not include Mozambique employees)





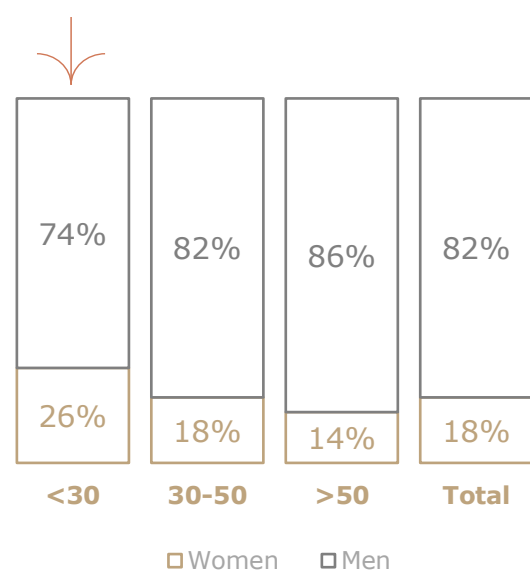
Age distribution

(all employees)



Gender distribution

(all employees)



Straight to the Top

In 2022, the Straight to the Top operational efficiency programme was extended to various departments/areas in the four manufacturing complexes and also to the Supply Chain, Wood Supply and Forest Management areas. This selection aimed to meet the increase in variable costs in energy, wood and chemicals.

Throughout the year, 35 new ideas proposed by Employees were captured and may be implemented after an approval process. The aim is to enhance participation and involvement, and at the same time give employees a voice. The originators of approved ideas receive a prize of up to €5,000 or 5% of the economic gain that the company will get from the ideas that are approved and implemented over one year.

Health and Safety

The Ergonomics Project was scaled up in 2022, not only because of the importance of the topic, but also thanks to the positive results achieved. The initiative started in the Setúbal plant the previous year, and now covers more jobs, since it was extended to the tissue units in Aveiro and Vila Velha de Ródão. The area chosen in all industrial units was transformation, with various improvements implemented and many others still in progress. Also in 2022, work began on the mandrel and paper machine areas.

From its inception, this has been a multidisciplinary project, which in addition to the Occupational Health and Safety team at Navigator, has brought together a company specialising in ergonomics, the team of physiotherapists at NVG, the employees concerned and



their superiors. A close and individualised approach led to a more accurate diagnosis of needs and the creation of solutions that guarantee more appropriate responses.

Due to its nature, which involves intervention at work stations and prior testing of proposed solutions, this is an initiative that requires great interaction, integration and teamwork, but its results are visible: in one year, the rate of accidents related to musculoskeletal injuries at Navigator fell from 50% in 2021 to 32% in 2022. With the extension of the project to the Figueira da Foz unit and forestry areas at the Espirra Nurseries in 2023, the Ergonomics Project will cover the entire Company.

To streamline processes and ensure a faster and more efficient decision-making chain, a governance model for safety was devised, with the creation of three committees to monitor the entire decision-making process. The meetings of the Executive Committee with the plant managers (quarterly), Corporate Committees (monthly) and Local Committees (fortnightly or weekly, between the management of the industrial units and their teams), all guarantee better knowledge of the situation, swifter assessment and approval of measures, and a more agile and effective implementation of these measures. At the same time, the sharing of knowledge at the meetings held during the year (three of the EC Committee, six of the Corporate and 44 Local), made it easier to assess good practices, which can more easily be applied in the different Navigator units. Overall the new governance model has brought greater speed and efficiency to the development, approval and implementation of company safety measures.

Safety Olympics

The strong return to face-to-face activity in 2022 brought greater participation in the safety month activities, which took place in April. One of the most popular initiatives was the Safety Olympics, in which various challenges were set throughout the month, the last of which was a test in an escape room, in which the different teams had to pass tests relating to procedures, personal protection equipment and emergencies, among others, to be able to exit the room. In total, 192 Employees took part in the Safety Olympics across 45 teams, four of which emerged as winners.

Training

The year 2022 saw a strong return to training, with 96% of employees from Portugal, Mozambique and international offices involved in the various training activities carried out, totalling 150,904 hours.

Over the years, Navigator has invested in training programmes and professional internships as a recruitment strategy. In 2022, more than 70 young people were covered by the new courses for Industrial Production Technicians, developed in partnership with the Employment and Professional Training Institute (IEFP), which took place at the Setúbal and Figueira da Foz units. With a workload of approximately 600 hours, these courses include theoretical input and practical training in a work context at The Navigator Company. This provides initial contact with industrial areas and prepares young people for their future jobs, with a professional internship at the end of the course. In total, this is a journey that takes nearly 14 months, which reflects the Group's commitment to the training of new technicians.



In support of training, the new regulations for co-funding academic training were also approved. This now allows two application phases. The programme is aimed at all employees who want to invest in continuing their training, and covers first degrees, Master's degrees, post-graduate courses and doctorates in areas relevant to the employee's role within the Company or for career development. Seven applications were approved in 2022.

The progressive easing of Covid-19 prevention measures allowed the Sales Training Programme, aimed at all sales teams, to be held in Aveiro, Lisbon, Paris and Madrid. In total, the six rounds had 56 participants from the UWF paper and Tissue teams, Sales Managers, Regional and General Managers. They received training in advanced negotiation techniques and team management. Training content was adapted to the needs of each job, with three different programmes offered.

With around 72% of the training being given internally, and taking into account the increasing uptake of new formats by employees, there was an enhancement in online formats throughout the year. Eight new courses were opened in 2022, covering topics as diverse as Internal Policies or the Code of Ethics and Conduct. The courses enable employees to better understand and align themselves with the Company's principles.

The Language Training Platform was launched in early 2022 for all Employees, and was available in 12 different languages. Access was subsequently extended to direct family members.

Following the work done in 2021, the Valences Project was continued – its goal is to support the career plan created in 2021 for maintenance, production, tissue and quality process control areas. In 2022, the implementation began of some of the new valences programmes developed, with the conclusion of the 213 training programmes planned for 2023.

Throughout the year, new Departmental Open Days were also held, an initiative aimed at promoting organisational knowledge and contributing to networking between people from different areas.

Leadership Passport

In 2022, the new supervisors received their "Leadership Passport", the new training programme for supervisors. Technical and safety training specific to Navigator was given over two weeks to provide the new supervisors – who represent the first line of team management – with a broader vision of the whole business chain. Given the nature of their new role in the Company, this was followed by three weeks of specific leadership training, carried out by an external entity, focusing on leadership and team management tools.



Navigator Training⁷

	2020	2021	2022
Training hours	135,787	136,118	150,904
Employees involved	2,753	2,283	3,118
% of Employees involved	85%	72%	96%
No. of hours per Employee	42	43	46

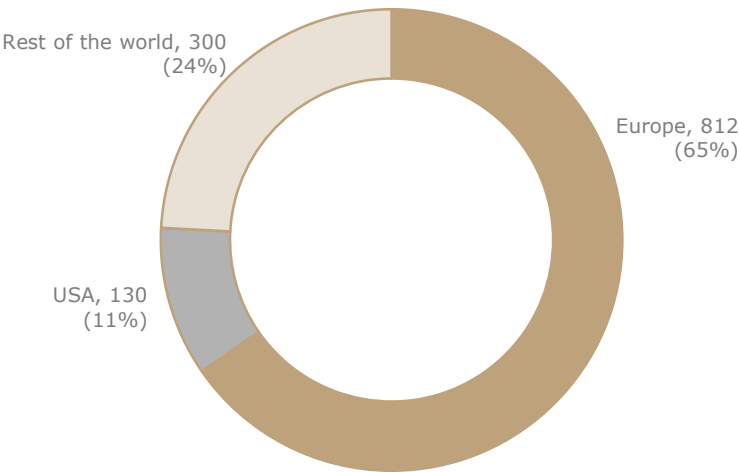
3.2. Our customers

In a year marked by shortages of paper and pulp, Navigator was nonetheless able to make progress in winning new customers and gaining market share.

In UWF paper, the Company ended 2022 with 107 new customers in Europe and 64 in the rest of the world, a total of 171. Active customers to whom sales were made in 2022 totalled 1,242.

Proximity and service to customers proved to be essential in managing product availability and pricing policy. On the one hand, it was important to value regular customers and, on the other, to carry out a gradual and responsible price increase, passing on the idea that it reflected cost increases.

UWF Navigator customers per region



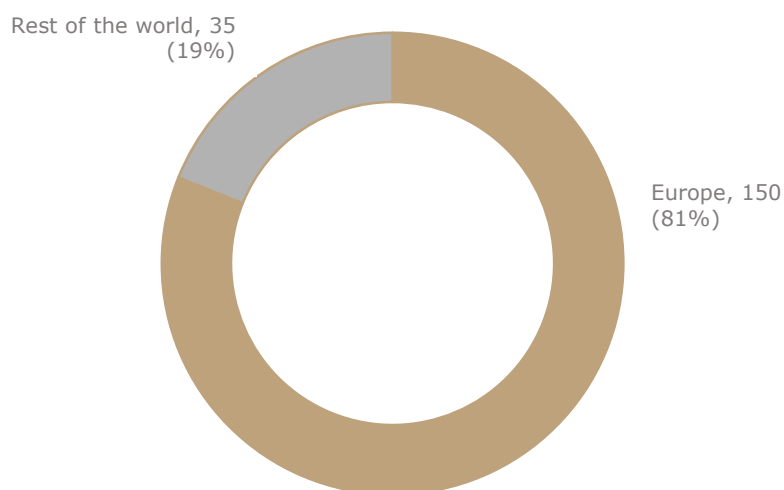
⁷ This training was delivered to all employees at Navigator during 2022 (including Portugal, Mozambique and international offices)



In Packaging, in accordance with the initial strategy, the business customer base is still very much centred on Europe, and especially on the neighbouring markets of Iberia and Italy. However, this base is in a phase of expansion, in order to match sales growth and entry into new market segments in 2023.

The Company ended 2022 with sales to 150 Customers in Europe, and 35 in the rest of the world, totalling 185 and representing 50% growth in its customer base compared to 2021.

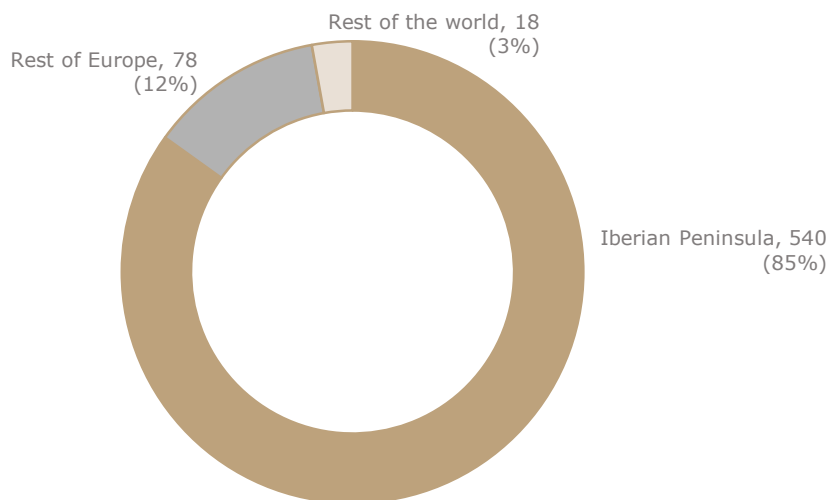
Navigator Packaging customers per region



The Tissue business added 4 more customers during 2022, ending the year with a total of 630. Over 90% of Navigator tissue customers are based in Portugal, Spain and France.

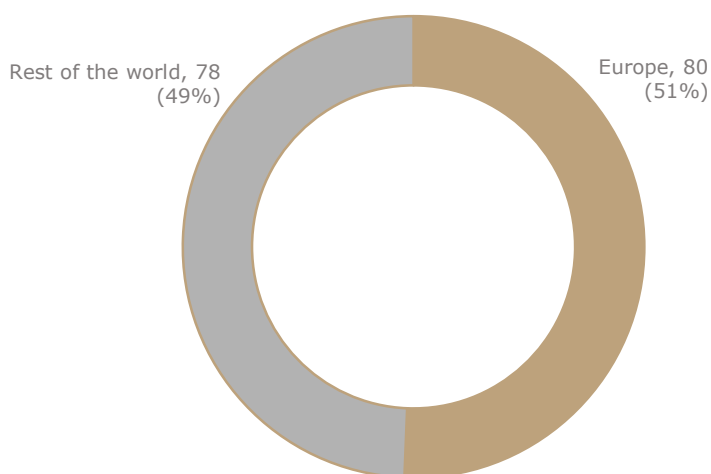


Navigator Tissue customers per region



Despite the limited pulp available for the market for most of the year, it was possible to increase and diversify the customer base in this area, focusing on high added-value sectors. The Company ended 2022 with 9 new customers in Europe and 2 in the rest of the world, bringing the total to 158.

Navigator BEKP customers per region



With the constraints of the pandemic over, contact with customers was once again more face-to-face. However, Navigator also invested in the development of digital tools to enable a faster



and easier relationship between companies, and allow communication to focus on quality rather than on procedural issues.

The Navigator HUB is one example of this. This is an e-commerce platform developed by all the Company's departments to improve the level of service, accessibility and transparency of information provided to all customers. This portal allows Customers to consult all their account information, such as order status, invoices and current account, but also to obtain product technical data sheets and place orders online 24 hours a day.

In 2022, the tissue business unit was added to the platform, in addition to UWF paper, along with the complaints portal. The year ended with 660 Customers from all markets using the HUB, representing 60 per cent of customers and a growth of 490 per cent over the previous year. With most traffic operations concentrated in Europe, the HUB's expansion potential now extends to markets in the rest of the world, where digital access is more limited. In 2023, we expect all UWF and tissue customers to be using the portal.

Celebrating the 30th anniversary of the Navigator brand with customers

In 2022, the Navigator paper brand celebrated three decades of existence with nine events, gathering together 454 guests in London, Istanbul, Lisbon, Paris, Antwerp, Madrid, Bologna and Hamburg. For this celebration to take place in the Company's main markets, as a constant commitment to customer proximity, members of the Marketing, Supply Chain, European and International Sales Departments and the Executive Board attended these events.

Under the theme "A natural leader for the future", the Company aimed to convey a message of stability in its relationship with Customers, at a time of uncertainty when some important brands are leaving the market or are in the buying and transition phase.

The event was also marked by the launch of a competition for end customers, where 130 iPhone 13s were given away through promotional codes written on reams of Navigator paper.

3.3. Our suppliers

The year 2022 was marked by a sharp increase in the costs of Navigator's chemical, petrochemical and packaging raw materials, both due to increased demand after the pandemic period and to price increases in energy, natural gas, transport and oil. By way of example, the TTF index, to which natural gas is indexed, rose by approximately 170% from 2021 to 2022.

In the last quarter of the year the deceleration of this scenario began to be perceptible, with some prices falling.

This situation of generalised price increases in most of the year was compounded by some supply difficulties resulting from the conflict in Ukraine, particularly in the production and sale of corn used for the production of starch, one of the raw materials necessary for Navigator operations. As the conflict escalated, fears about the risk to the supply of this raw material increased. To mitigate this, the Materials Management team reacted promptly, investing in the search for other sources that would guarantee the continuity of supply of this type of raw material. As a result, the Supplier base recorded a slight increase, which should continue in 2023.



As in the previous year, the Materials Management team focused on seeking strategies to contain price increases, the main vectors of which were negotiation and the search for alternative sources of supply. In this context, there was a redirection of the search for new suppliers in markets less affected by the increase in energy and natural gas costs felt in Europe.

A procurement project was also developed with a national lime supplier, in which Navigator was a sponsor, encouraging and supporting investment in energy production from biomass as a way to mitigate the rising costs of gas.

As part of a long-term strategy, the first steps were also taken in a feasibility study for the construction of a chemical island in Portugal, which involved Navigator Suppliers and internal Stakeholders. If it comes to fruition, this is a project that could boost the market and reduce the level of dependence on external suppliers.

3.4. Logistics

During 2022, The Navigator Company's logistic model once again showed its resilience.

In a troubled period for the sector, marked by rising freight costs, port congestion and rising energy prices, the Company managed, thanks to its policy of strategic partnerships, to keep the operation running, moving a total of two million tonnes to 102 countries and 3,751 delivery points.

During the first seven months of the year, the constraints that had already marked 2021 worsened. Congestion at ports increased overall, particularly in March, when the beginning of the conflict in Ukraine led to the cancellation of many shippers' services with Russia, and the consequent parking of goods in transit at major European ports. This situation led to greater restrictions on shipping capacity and a rise in freight rates, which had already increased in 2021.

With a business model based on partnerships with shipowners that make it possible for Navigator to benefit from preferential treatment as an anchor-customer, it was possible to guarantee some service and price stability in short-sea shipping. However, on the transatlantic routes, which were the most affected by the increase in costs, it was not possible to mitigate the impacts in the same way.

The year 2022 was also marked by rising energy and fuel prices, with direct impacts on logistics on a global scale. In March, when fuel price rises peaked, there were even fears that some road hauliers were considering leaving the market, with available road transport capacity falling by 16% in Europe. The Navigator Company's reaction to this problem was swift and once again involved partnerships, through the creation of an additional fuel fee. The objective was to support the hauliers and thus avoid possible disruption to the service.

From the second half of the year on, there was an improvement in disruptions in the transport chain, enabling Navigator – which moved 66% of its cargo by sea and 34% by road – to renegotiate lower freight rates with the maritime shipowners at the end of the summer.



2.1 M

Tonnes transported

102

Recipient countries

3,751

Delivery points



Towards the end of the year, as port congestion continued to ease, shipowners began to have more shipping capacity. It was at this point, in order to reduce the freight burden, that the logistics team at Navigator made use of e-sourcing tools to reach a more global supplier base, which will be reflected in cost savings throughout 2023.

Internally, the company continued to focus on rail transport to connect their industrial units to the ports, with 23% of containers being moved from the mills by this route. The focus on rail and alternative transport, such as the Ro-Ro service, (roll-on/roll-off – the trucks enter a ship at the port of origin, leave at the destination port and only travel the 'last mile' by road) meets the Group's environmental concerns while responding to the shrinking availability of drivers which affects road transport in Europe.

3.5. Social Responsibility

The impact of The Navigator Company transcends what the company produces, and the connections it establishes go beyond the purely commercial. In line with our corporate purpose, we invest in a strategy of proximity with communities, based on the active sharing of knowledge and know-how, to foster a relationship of trust and dialogue.

In 2022, the lifting of the restrictions imposed by the pandemic allowed us to return to direct contact with our Stakeholders. We resumed our regular visits to our industrial complexes, tree-planting initiatives, attendance at sector fairs and events for the target audiences of the various projects we promote, and workshops and demonstration sessions in the field.

We always walked by your side, supporting organisations, institutions, programmes, ideas and people. But in 2022, we were able to do it face-to-face once again.



Biodiversity by The Navigator Company

BIODIVERSIDADE
by The Navigator Company

WEBSITE

www.biodiversidade.com.pt

33,163
visitors

SOCIAL NETWORKS



3,340
followers



1,151
followers

The preservation of biodiversity is part of the day-to-day running of The Navigator Company's forestry operations and sharing knowledge, experience and resources with society is a fundamental part of the Company's purpose. Bringing these two factors together,

the digital platform www.biodiversidade.com.pt was created in 2022. It has educational and inspiring content that aims to provide greater awareness and information on the importance of biodiversity in forests.

The project is based on systematised information about habitats and species that can be found in Portuguese forests, good practices in the monitoring, conservation and restoration of ecosystems, and compatibility between forestry operations, biodiversity and natural capital, highlighting the specific case of Navigator's sustainably managed forests.

The platform has versions in Portuguese and English, as it was considered that the topic was also relevant for international stakeholders.

In 2022, Biodiversity by The Navigator Company supported a mycological inventory in the forest areas managed by the Company in south-west Alentejo. A team led by researcher Vasco Fachada, from the University of Jyväskylä in Finland, travelled around several properties, cataloguing the mushrooms found there. The results, which are still being analysed, will then be published on the project website.

A window on biodiversity

To mark the launch of biodiversidade.com.pt, The Navigator Company's shop window in Lisbon was invaded by biodiversity on paper: trees, plants and animals, such as the strawberry tree, the Portuguese sundew, eucalyptus, Bonelli's eagle and the Iberian wolf, which looked out at passers-by. This was a creative work by the Oupas! design studio, built from the new gKraft packaging paper, whose differentiating element is the use of *Eucalyptus globulus* raw material. Its characteristics offer benefits such as lower wood consumption, greater compostability, greater recyclability, unique printing quality and generation of more resilient recyclates.



PRODUTORES FLORESTAIS

MAGAZINE

12,450
subscribers

WEBSITE

www.produtorestlorestais.pt

113,793
visitors

SOCIAL NETWORKS



8,678
followers



3,349
followers



245
subscribers

Forest Producers

Navigator is developing a relationship with producers based on knowledge sharing and educational action around the values of sustainable forest management, yield and certification, which all contributes to a better forest.

The return of field activity, fundamental in a project of this nature, enabled us to re-establish our proximity to the rural community, particularly in the various sector fairs in which the project participated. But we also decentralised information in a clear and unambiguous way, to help it reach those who need it, through practical demonstrations and workshops with forestry producers.

This knowledge sharing is done through the forestry department at The Navigator Company and its partners, namely RAIZ – the Forest and Paper Research Institute, and Biond – Associação das Bioindústrias de Base Florestal.

In 2022, we should highlight our collaboration with the Authority for Working Conditions (ACT) and the Minho-Lima Forest Certification Association in organising the seminar "Safety in Forestry Work and New Challenges", held in April – an initiative intended to raise awareness among the various sector stakeholders of the need to improve good safety practices in forestry activities.

The year was also marked by the first Forestry Producers Meeting, an initiative that will continue in 2023. This first edition focused on the theme of smallholding management, one of the main challenges facing Portuguese forests.

2022 was also the year in which the "Practical Guide to the Forestry Sector" was launched, in partnership with the Portuguese Farmers' Confederation (CAP). There are four issues, distributed free of charge with Produtores Florestais magazine. The first issue, published in 2022, provides information on the main regulatory and forestry policy instruments, as well as the main entities involved in the sector and their competences.

Annual Forest Producers' Meeting

Under the theme "Greater profitability and better management in smallholdings", the Annual Meeting of Forestry Producers brought together producers and forest owners, public institutions, service companies, local councils, associations and industry, to create an opportunity for the exchange of knowledge and experiences. Grouped Forest Areas, Integrated Landscape Management Areas, plant quality as a guarantee of profitability and the recovery of biomass were some of the topics addressed. The programme included contributions by The Navigator Company, the Baixo Vouga Forest Association, RAIZ, Unimadeiras, ICNF – Institute for Nature Conservation and Forests, Biond (at the time, CELPA) and Mortágua Municipal Council.

Demonstration sessions were also held, in which efficient tools and techniques for forestry operations were presented, including land preparation, selection of stakes, planting and fertilising.



My Planet

MY PLANET
by The Navigator Company

MAGAZINE

14,003
subscribers

WEBSITE

www.myplanet.pt

271,387
visitors

SOCIAL NETWORKS



33,528
followers



9,588
followers

In 2022, My Planet went out again to plant trees, in activities promoted in partnership with local organisations. A total of 2,922 trees were gifted by Navigator and planted by enthusiastic volunteers.

The project channels (magazine, website and social networks) continued to focus on sustainability issues, particularly the preservation of the forest and biodiversity, responsible consumption and healthy lifestyles, as a way of creating value for a community concerned about the planet.

During the year, My Planet magazine included two special themed issues. One was dedicated to biodiversity and its importance to the planet and to humanity, taking an in-depth look at life in the forests and how The Navigator Company has been helping to preserve them. The other was devoted to the widespread uncertainty that has taken hold of our lives, challenging us to face instability with determination and resolve, through the stories shared by dozens of guests and experts, and also through Navigator's example.

Papies Grand Prize 2022

My Planet magazine was awarded the Papies Grand Prize 2022. This competition recognises the best graphic communications work carried out in Portugal, and honoured the 10th edition of My Planet magazine, an issue with a new format, more pages, and inspiring stories and features that celebrate biodiversity.

Forest for all in Jamor

The My Planet and Give the Forest a Hand project teams came together to take part in two activities at Jamor Park in Oeiras, to raise awareness on the issues of environmental literacy, the importance of outdoor sports and social inclusion. Firstly, in June, at the "Floresta em Família" event, 250 trees were planted in the Jamor Urban Park, and the younger members of the family got the chance to have fun with the Give the Forest a Hand games and characters. In September, in partnership with the Portuguese Institute of Sport and Youth (IPDJ), two Navigator projects returned to Jamor as part of the European Week of Sport. In addition to various recreational and educational outdoor activities, with the forest as a backdrop, 28 September was dedicated to inclusive adapted sports.



Give the Forest a Hand



MAGAZINE

14,929

subscribers

WEBSITE

www.daamaoafloresta.pt

372,904

visitors

SOCIAL NETWORKS



46,549

visitors



45,432

followers



14,385

followers

Educating, teaching, helping to study, but also entertaining, amusing and playing. Give the Forest a Hand (DMF) continued its mission to support young people at school and during their free time, while making them aware of the importance and value of the forest.

In 2022, inclusion and solidarity were also in focus. During the European Week of Sport in September, the project team went to the National Sports Centre in Jamor, for an event with CERCI on inclusive sport. And in November, the Give the Forest a Hand Christmas story travelled the country visiting children in need, with a staged reading version, in collaboration with social welfare organisations that carry out their work at the Navigator Company's mills. This story also provided the opportunity to introduce a new member of the DMF family: Francisca the Ant [see text "Francisca the Ant has joined the family"].

In March, Give the Forest a Hand visited Dino Parque, in Lourinhã, with the initiative "Smells of the Forest". This experience was guided by the sense of smell, to explore smells like eucalyptus, pine and wet earth. The children also learned about the many benefits and powers of trees and took home their favourite smells in little perfumed cloth bags. In July, the project linked up with the Panda Festival, and was presented with a dedicated area to promote knowledge and appreciation of the forest through play.

Francisca the Ant has joined the family.

In 2022 a new member of the Give the Forest a Hand family arrived: Francisca the Ant. Always ready to help her friends and anyone who seeks her help, this character personifies solidarity and cooperation, motivating everyone to behave in a more sustainable way. She encourages those around her to be aware of their individual impact on the planet and is a fan of products made from environmentally friendly materials, of which her sports shoes are an example. Francisca the Ant always carries her rucksack, which, besides being used to store the food she collects for her colony, represents the baggage of knowledge she has about the world.



Florestas.pt



This platform, in partnership with RAIZ – Forest and Paper Research Institute, continued its mission to provide the general public with official information and technical and scientific knowledge about the forestry sector in its various dimensions – natural, environmental, recreational and socio-economic.

WEBSITE

www.florestas.pt

323,236

visitors

SOCIAL NETWORKS



10,252

followers



6,792

followers



506

subscribers

In 2022, the partnerships were extended to six more renowned institutions – FSC, PEFC Portugal, BCSD, CESAM, Forestis, Floresta do Saber – and a "Comments" section was created on the website, with articles by guest authors – national experts from various fields, to enhance the plurality of perspectives.

As part of Science Week in November, the scientific team at Florestas.pt made two presentations in schools, at the Professor Egas Moniz Elementary School, in Massamá, and the Montemor-o-Novo School Cluster. In this pilot roadshow, the importance, challenges and opportunities of Portuguese forests and agroforestry were shared with around 200 students.

Navigator Tour



The resumption of face-to-face initiatives, following the pandemic, has brought back the Navigator Tour, with visits to the Company's industrial complexes in Spain, as well as Herdade de Espirra, Aliança Nurseries and the RAIZ institute.

56

visits

1,350

visitors

From May onwards, visits resumed without restrictions. There were many requests, and the year ended with the first three months of 2023 already planned. There were 56 visits, with a total of 1,350 visitors. There were some special interactions with various groups of Stakeholders, including universities, institutions, companies and Company employees, fostering closer ties and greater proximity.

As part of the Navigator presence at the Woodfiber Conference 2022, one of the most prestigious international conferences in the sector, participants were invited to visit RAIZ, the Setúbal Industrial Complex and the Herdade de Espirra nurseries.



Internally, there was also "Family Day" at the Vila Velha de Ródão plant, when employees welcomed their families into the workplace and showed them the jobs they do and the processes at one of the largest industrial units in the region.

Direct support

In 2022, direct support by Navigator to the community represented investment of over €170,000.

The Company supported various institutions with around 120 tonnes of paper, namely schools and civil parish councils where its industrial units are located. But it also supported other organisations at national level, such as the Higher Institute of Agronomy, the Nossa Senhora do Bom Sucesso Foundation, the Portuguese Engineers Society, the Santa Casa da Misericórdia of Funchal and the Portuguese Embassy in the United States.

Cultural and social inclusion continued to be significant aspects of this support. In addition to continuing to donate paper for the Braille edition of *Visão* magazine, in 2022 Navigator also provided paper for the new edition of "The Tree in Portugal", by the Portuguese Association of Landscape Architects, and for "Forest and Fire during the Pandemic", by CoLAB ForestWISE - Collaborative Laboratory for Integrated Forest and Fire Management.

The União das Misericórdias [Portuguese Charitable Organisations Union] and the Liga dos Bombeiros [League of Portuguese Firefighters] received a donation of 78 tonnes of tissue paper and this product was distributed by the various Misericórdias and Fire Brigades nationwide.

This support and action reflects Navigator's corporate purpose, which seeks to share its knowledge, experience and resources with society, towards a better future.

Navigator Park

The plants from the Aliança nurseries are another important area of support provided by Navigator. In 2022, 7,900 trees, bushes and herbaceous plants of 20 different species were donated to the Universidade Nova de Lisboa for afforestation on the Carcavelos campus of the Nova School of Business and Economics. The area, which was named Navigator Park, covers 3,000 m².



4. STRATEGIC PRIORITIES

4.1. Forestry

The year 2022 set a record for the area of planted forest, at over 3,800 hectares. This is the highest total we have recorded in the last 22 years, even with one of the driest springs.

In addition to this effort, vegetation control operations were carried out, which added value to the forest, reducing competition with the undergrowth and helping to lower the risk of fire.

Internally, within the scope of certified forest management, an audit of the Company's management system renewed its sustainable forest management certificate, which covers 100% of the forest area it manages. As regards the wood purchased on the domestic market, it was possible to further increase the volume of certified wood purchased to 65% (63% in 2021). There was a further development in the weighting of certification within the whole supply chain. At present, 87% of Suppliers are certified, and 97% of these Suppliers delivered certified wood to the Company during 2022.

Proximity initiatives with forestry producers remained one of the Company's main strategic focuses. These initiatives take the form of thousands of individual contacts, know-how transfer, technical advice, training on forestry or operational safety issues, and so on. Our main objective is to put the knowledge we generate internally at the service of the sector, and collect experiences different from our own, in order to improve the range of solutions we can later offer.

The year 2022 was particularly demanding in terms of Innovation and Development, with a flurry of activity (with the presentation of work and demonstrations) in projects such as rePLANT, a programme to develop innovative technological solutions to forestry problems, which is taking place within the ForestWISE collaborative laboratory and which Navigator is leading.

At the same time, the entire Group was involved in the preparation of applications to the PRR - Recovery and Resilience Plan. Benefiting from the experience of rePLANT, an application called Transform was launched, with more than 50 partners, including companies, universities, equipment suppliers and others, in a total investment of €150 million, €1.7 million of which is Navigator's responsibility. The project started in 2022 and includes a proposal by the Company to create a production line that uses the residual heat from the mill to dehydrate the residual sludge from the industrial process (composed of organic matter from wood) and turn it into pellets, thereby producing an alternative to synthetic fertilisers, as part of the circular bioeconomy.

The year continued to support and promote good forestry practices, as part of the activities of Biond the association of forest-based bioindustries, in programmes such as Limpa e Aduba (which covered 14,500 hectares of third-party forest, combining more than 47,500 hectares in smallholding forest throughout the country), and the recovery of burnt areas, with the recovery



of around 600 hectares in Mortágua and the replanting of a further 31 hectares in Pedrógão Grande.

In 2022, Navigator managed around 106,000 hectares in mainland Portugal, with some 55% its own assets and the remainder from leases to owners. Of the total hectares, 73% are eucalyptus. In addition to this area in Portugal, there are around 1,000 hectares in Spain (Galicia region) and 14,000 hectares in Mozambique.

Forestry is in fashion

At Expoflorestal, held in May in Albergaria-a-Velha, Navigator teamed up with 2BForest to organise the event "Forestry in Fashion". With the support of the personal protective equipment (PPE) companies Lavoro and Stihl, the aim was to demonstrate safety and comfort developments in PPE. The involvement of the safety certification groups in the company invitations led to the participation of 17 "models", who took to the catwalk with equipment for chainsaw and brush cutters, and protective boots.



Investment in the value chain in Portugal by district (amounts in euros)

District	2021	2022
Amounts in euros		
Santarém	5,301,080	3,634,670
Beja	7,575,875	6,013,519
Coimbra	3,315,999	2,625,745
Castelo Branco	3,479,910	3,483,892
Faro	1,926,838	2,042,463
Évora	2,849,492	1,562,553
Porto	2,136,356	1,659,719
Aveiro	933,280	1,316,927
Setúbal	2,516,918	2,902,935
Portalegre	1,884,056	1,102,677
Viseu	740,565	536,909
Viana do Castelo	424,759	310,498
Braga	391,708	576,062
Lisbon	681,699	620,545
Leiria	669,174	179,240
Bragança	469,204	173,405
Vila Real	103,410	40,016
Guarda	5,226	119,125
Total	35.6 M	28.9 M

Fire prevention and fire fighting

Although it was a challenging year in terms of weather, with the country in a situation of extreme drought, the firefighting campaign was in line with the previous year. The Company's total investment in action to prevent and fight forest fires amounted to €4.7 million.

Afocelca (Complementary Group of Companies, controlled by the forestry companies of the Altri and The Navigator Company groups, which is part of the national system), had more than 500 operatives in 2022, including the planning and communications component, present during the critical period in all the District Commands for Rescue Operations. The operational structure on the ground consisted of 29 Ground Combat Teams (ECT), 14 Light Combat Teams (ECL), 3



€4.7M

Total investment
by Navigator in
forest fire prevention
and combat in 2022

Helicopter-borne Combat Teams (ECH), which deployed in 3 helicopters stationed at strategic bases, and 7 Dozer Teams (EMR), pre-positioned from north to south of the country.

The Afocelca team also included 52 employees from The Navigator Company's Forest Management Department and Wood Supply Department who performed different tasks, ranging from monitoring and managing forest fire incidents to providing logistical support to the operatives involved in operations.

The integration of Navigator's employees into Afocelca's operational structure ensures better operational performance, optimising means and resources in safeguarding the forest heritage. Besides operational involvement in various incidents, throughout the year this group of Company Employees regularly participates in meetings of the Municipal and District Forest Defence Committees, and in briefings held by the National Authority for Emergency and Civil Protection at its District Commands for Rescue Operations.

Navigator has an active policy of defence against forest fires (DFCI), and is in constant liaison with various important stakeholders, both at local level and with institutions which are part of the national DFCI system (ICNF, Civil Protection, GNR, fire service, local authorities and forest owners and producers' organisations), so that strategies can be defined jointly.

Use of Afocelca resources in the 2022 campaign

58,436 km

Light Combat Teams

79,567 km

Ground Combat Teams

590 hrs

Dozer Teams

172 hrs

Helicopter in the service of Afocelca



Afocelca Training

Course	Classes	Days	Trainees
Operational communications in rural fires	4	4	52
Rural firefighting operations – introduction	6	18	112
Rural firefighting operations – continuation	3	9	33
Extinguishing rural fires with dozers	2	6	46
Rural firefighting operations with helicopters – introduction	1	1	25
Rural firefighting operations with helicopters – continuation	1	3	7
Total	17	41	275

Wood supply and Logistics

Because of the shortage of domestic wood to supply Portuguese industry, Navigator acquires this raw material (roundwood and chips) in other world markets, such as Spain (Galicia and Andalusia), Brazil, Uruguay, Mozambique and Chile.

In the case of significant imports from outside Europe, the national ports of Setúbal, Aveiro, Leixões and, occasionally, Figueira da Foz, are used to receive the products, and Navigator is a major customer at these ports.

In Spain, and specifically in Galicia, and similarly to the situation in Portugal, the Company has a complete and integrated supply chain, with wood purchases and leasing and land purchases, based on a system with three logistics parks (two maritime-railway) that deal with shipments to Portugal, mainly by rail (dedicated round-trip flows) and by sea, the latter from the ports of A Coruña and Ferrol.

Of the total wood supplied to industrial complexes in 2022, around 32% came from imports from outside the Iberian Peninsula, which represents a lost opportunity to create value for the national economy.

In the supply of wood and biomass, the impacts of the lower availability of wood continued, as a result of the fires that occurred particularly in 2016-2017, of less labour, of strong government restrictions imposed on forestry due to the risk of fire in much of the summer – not explained in the ICNF indicators – and of the very significant increase in demand for eucalyptus by other industries (pellets, agglomerates and pulp producing industries in Europe). Added to this was the significant growth in production costs due to the increase in the price of fuel, oil and tyres, among others, which affected the cost of the suppliers' activity.

Faced with this situation, Navigator implemented a dynamic commercial policy, with various price incentives to offset cost increases in the supply chain and help suppliers, in addition to developing and consolidating financial initiatives (advances, aid for the purchase of machinery,



confirming, among others), to encourage more efficient management of certified wood, through the creation of a portal by Biond, and to support owners in forest management.

The supply of wood (roundwood and chips) and biomass is a demanding and complex activity, as it combines road, rail and maritime transport, logistics parks and operations at national and international ports, with deliveries of very significant daily volumes to mills with high safety, quality and environmental standards. Deliveries are normally made six days a week (mostly 24 hours a day), to an industry that operates without breaks seven days a week.

In the supply of biomass, diversification of the type of product received in 2022 was achieved through greater acquisition of raw biomass, complementing the shredded biomass regularly received to meet mill needs, especially in the form of stumps and wood chip bales, forest activity waste or reforestation products. All this is always being evaluated, as it is necessary to maintain the balance of sustainability of plots, without removing too much organic matter from the soil.

In land procurement, the year 2022 saw continuity in regular land leasing and purchases, but also great diversification in the solutions presented and implemented in the market (as is the case of the ATOMO project), with financial support for reforestation and silvicultural operations, to ensure greater sustainability of the forest and more wood for the future.

Logistics is essential to ensure that most of the flows to the mills are carried out on time and at the lowest cost. In 2022, some optimisation projects were implemented which led to even greater efficiency in the supply chain, safety and respect for the environment, while the supplier base outside the Iberian Peninsula was also strengthened and new sources and species were identified. This increase in volume outside the Peninsula has significantly helped to boost cargo and the development of seaports close to the Navigator mills.

Wood acquired in 2022

65%

of national wood supplied was certified (**63%** in 2021)

68%

of the total raw material that entered the industrial complexes was certified

e

87%

of suppliers have
Certified Chain of Custody

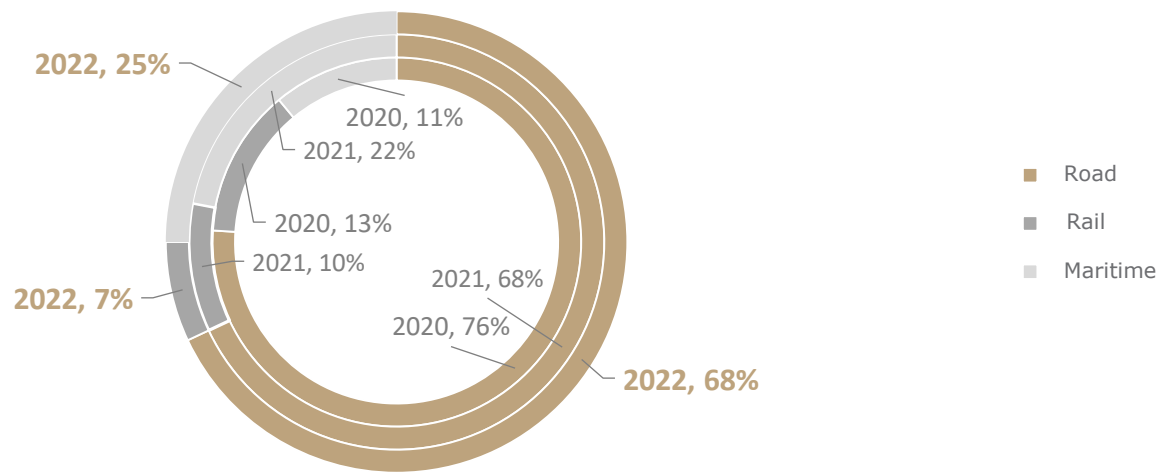
97%

of certified wood comes
from certified suppliers

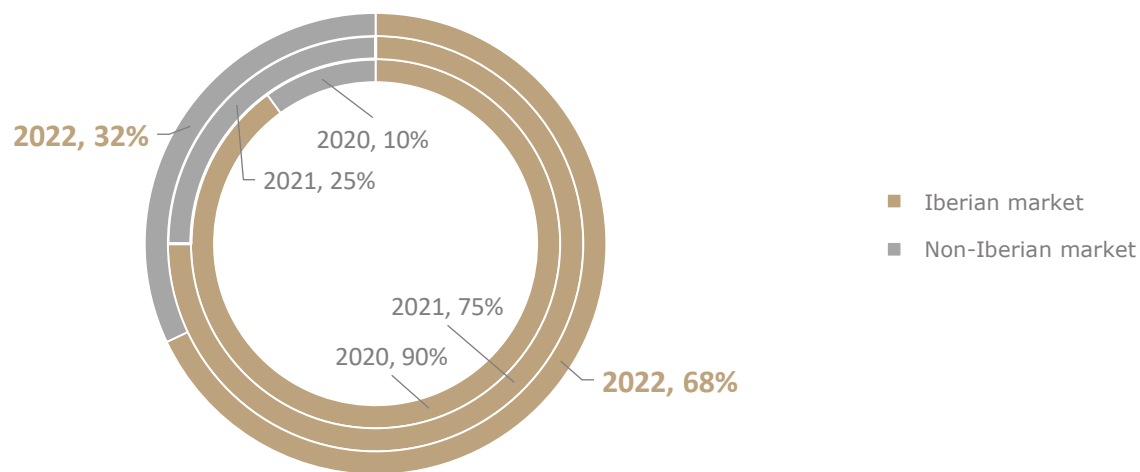
e



Wood transport managed by the Group



Origin of wood





Biodiversity

The assets under the management of The Navigator Company in 2022 consisted of 12.3% of areas of conservation interest (11.8% in 2021), an increase which included an additional 168 hectares classified as habitats protected by the Natura 2000 Network.

The Company's annual biodiversity monitoring plan was implemented in the spring and summer of last year at 13 managed properties in Malcata/Penamacor and Tagus Valley, at a total of 44 sampling sites. This work has identified new fauna and flora to be added to the list of species protected by Navigator: there are now around 900 species and subspecies of flora (an increase of 10 per cent) and 252 species of fauna (seven more than in 2021).

One of the endangered species of flora, which was not yet described in the Navigator assets of importance from a conservation point of view, is *Rhaponticum exaltatum*, discovered in Penamacor by a Floradata team. Rare and little known, it is a plant considered "Critically Endangered" in Portugal and its presence was thought to be confined to a small area in Trás-os-Montes.

Specialists carrying out this monitoring also recorded the following flower species: *Eryngium galioides* and *Utricularia gibba*, both classified as "Vulnerable" in Portugal, and *Potamogeton trichoides* and *Thelypteris palustris* classified as "Near threatened". In terms of fauna, the Nightjar (*Caprimulgus europaeus*) is worth highlighting.

In 2022, around 71 hectares were targeted for restoration or rehabilitation, to maintain or improve the conservation status of natural and semi-natural habitats. The focus remained on ongoing projects, since, in a restoration context, the objectives are always long-term. However, attention was also given to habitat improvement at new sites, identified in accordance with the Company's priority matrix.

Between autumn 2021 and spring 2022, nine nesting sites of the Bonelli's eagle (*Aquila fasciata*) were monitored. In one of them, the nesting of a chick was confirmed, and in another this was assessed as likely, although visual confirmation was not possible. The nesting site of a black stork (*Ciconia nigra*) was also observed, although it was not used this year. Also, 40 nest boxes – installed to encourage the reproduction of insectivorous species which control pests in cork oak forest – were monitored. Most of the boxes were occupied by great tits (*Parus major*), blue tits (*Cyanistes caeruleus*) and nuthatches (*Sitta europaea*), and, in half of the nests, the birds reproduced.

To analyse the gain in biodiversity in plots previously occupied by eucalyptus which are at different stages of restoration, Navigator established an informal partnership with the University of Lisbon Faculty of Sciences (FCUL) to help develop master's degrees in this field.

In terms of the highest profile ecological restoration projects and the preparation of projects with a major positive impact in this field, the year was marked by the preparatory work for "Zambujo reCover", a forest rehabilitation and soil protection project on the Zambujo property, located within the International Tagus Natural Park and the International Tagus Special Protection Area, classified under the Natura 2000 Network. The aim of the project is the ecological restoration of a 153-hectare area by reforesting it with native species, to improve protected habitats. This initiative is promoted by Navigator in partnership with RAIZ – Forest



and Paper Research Institute, with a total budget of €225,774.79, and funding from the COMPETE 2020 Programme.

Another project in 2022, called "Genetic improvement and forest reproductive materials", was included in the Transform Mobilising Agenda, created for the digital transformation of forest value chains under the Recovery and Resilience Plan. The project includes a genetic conservation and ecosystem recovery initiative, focusing on some of the most threatened trees in Portugal, including several native oaks (such as *Quercus canariesis*) and associated species, such as strawberry trees, rhododendron and riparian galleries that are the preferred habitat of alders.

Continuing its collaboration with FCUL and the University of Aveiro on the WildForests project, Navigator is also providing logistical support for the new FORCE – FORest CErtification project as a tool to preserve vertebrate biodiversity in exotic forestry plantations. The aim is to understand whether forest certification can be a tool for ensuring the functional and conservation role of eucalyptus plantations for vertebrates.

Information sharing

A unique project dedicated to sharing knowledge about biodiversity in forest ecosystems was launched in March 2022, entitled "Biodiversity by The Navigator Company". The new platform, available at www.biodiversidade.com.pt, aims to help raise awareness and inform society about the importance of biodiversity in forests, through accessible, educational and inspiring content.

Mycological research records new species

In autumn 2022, Navigator supported the systematic inventorying of macrofungi in the area of Southwest Alentejo and Monchique. Researchers Vasco Fachada, from University of Jyväskylä in Finland, and João Silva toured several properties for a week, including Vale de Beja and Roncão, and catalogued the mushrooms they found there, to get to know the area's macrofungi. They made 190 records and identified about 180 species; some will be new for the region, the country, the peninsula or for Europe, and further office/laboratory studies will need to be conducted to confirm this. The fact that there is little existing research work and knowledge in Portugal about the fungi, and in these places in particular, emphasizes the importance of this work.

€45,550

Investment dedicated to ecological restoration and rehabilitation projects.

€20,000

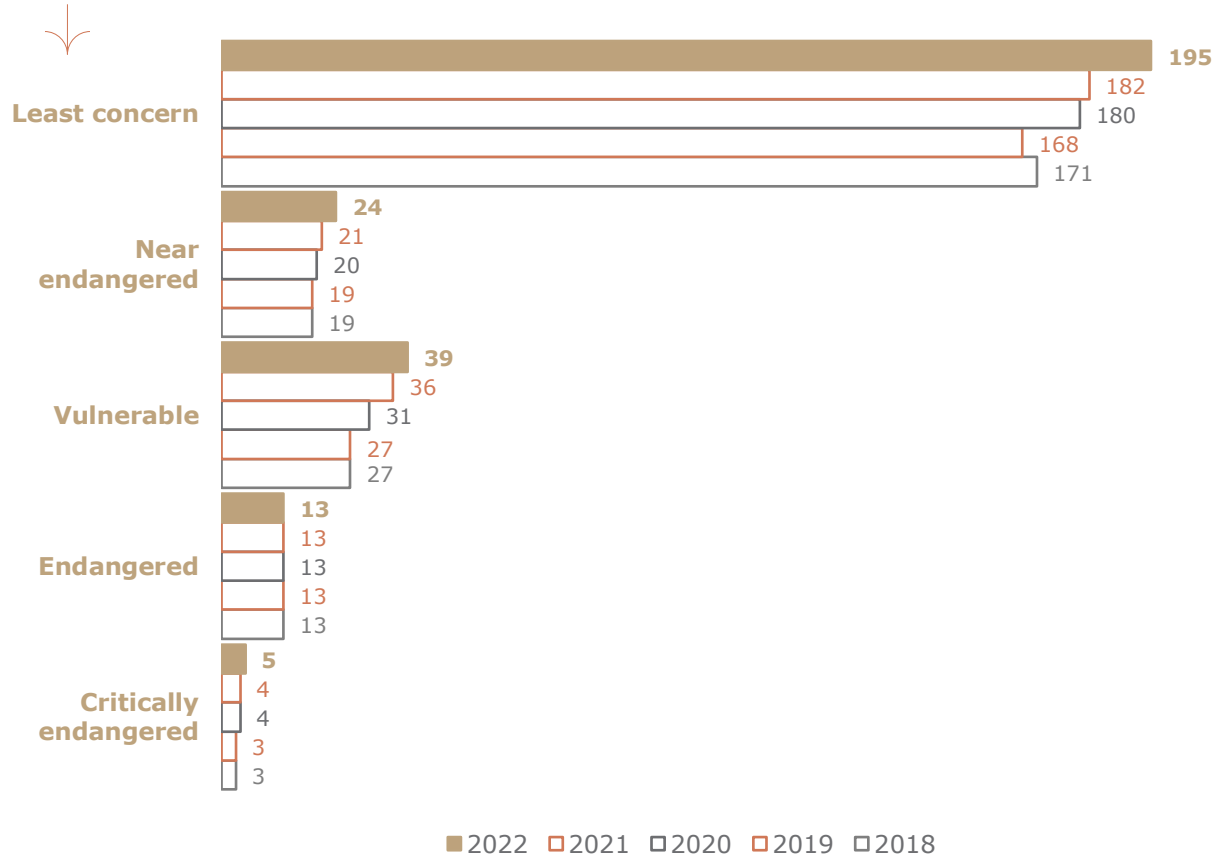
Rehabilitation of ponds important for conserving biodiversity and defending the forest against fires

€23,537

Annual monitoring of biodiversity (fauna, flora and habitats) and support for inventorying of macrofungi



Species protected in Navigator forest



Commitment to sustainability

Navigator participated throughout the year in various national and international initiatives – congresses, conferences, days, forums and academic gatherings – testifying to its commitment to sustainability.

One highlight was the Company's presence at the Vision 2045 Summit, which took place as part of COP 27, [see text "Navigator forestry at COP 27"]; participation in the World Forestry Congress (WFC 2022), in an event organised by Ibá – Indústria Brasileira de Árvores, on the theme "Strategy for Conserving Biodiversity in forests under production in Portugal"; or its intervention in the case study presentation session, at the Capital Natural do BCSD Portugal Conference.

The Company was also represented at the Biodivsummit, dedicated to the theme "Biodiversity in the Age of Digital and Climate Transition"; at Green Week, held at the Instituto Superior de Agronomia, on Forest Sustainability and Protection, with a presentation on "The Contribution of the paper industry to Sustainability and responsible forest management: the case of The



Navigator Company”; at the third annual InSustentável – Congress on sustainability in the value chain; at the Sustainability Days at Nova School of Business and Economics; at ESG Week, at a round table organised by APCER on “ESG – Challenges and Opportunities”; at the Bootcamp of the Portuguese Chamber of Commerce and Industry, as key-note speaker on the theme “Accelerating Sustainability”; and at the meeting organised by the platform New Generation Plantations and the International Union of Forest Research Organisations in France, sharing the Company's experience in the topics of landscape-scale eucalyptus plantation management, its effect on conservation management and its connection to the Circular Bioeconomy.

Navigator was also included in another publication by the WBCSD - World Business Council for Sustainable Development, as a member of the Forest Solutions Group, entitled “Forest Sector Nature-Positive Roadmap – Phase I”. This document is intended to be the starting point for a guide and support tool for companies in the forestry sector in implementing positive strategies and measures for nature throughout the entire value chain.

At the end of the year, The Navigator Company held the 14th Sustainability Forum which debated the issue of the “Bioeconomy: the Path to a Sustainable Future”.

Governance for sustainability

The Sustainability Forum is a governance body for Sustainability at Navigator, which is sustained by a consolidated model of involvement with the different stakeholders. As a space for internal and external dialogue, made up of a group of members who are specialists in the Company's various spheres of activity, it meets twice a year with one session set aside for permanent members.

In 2020, a new cycle of this Forum started, with the adoption of a decentralised model for the sessions, as a way to increase proximity to local communities and the various municipalities where the company operates.

The 14th Navigator Sustainability Forum was held in November 2022, in Aveiro. The location chosen is based on the development of a significant industrial project by the Company in this region, which began in the 1950s, and in the development of a solid R&D activity, through the work carried out by RAIZ (Forest and Paper Research Institute).

Dedicated to the theme “Bioeconomy: the Path to a Sustainable Future”, the session featured several national and international experts who discussed the importance of the bioeconomy and of bioproducts as a way to create sustainable value from renewable solutions present in nature, as an alternative to the use of fossil-based resources.

Navigator forestry at COP 27

The Company was invited to share its vision for sustainable forestry at the Vision 2045 Summit event, held as part of the 27th United Nations Climate Change Conference (COP27) in Egypt, at which leading global companies shared their vision for a more sustainable world and the efforts each is making to achieve this goal. Those who participated in this forum recognised the work undertaken by Navigator to this end, particularly through its 2030 Agenda, which aims to contribute to the creation of value and sustainable growth in three strategic areas: Nature, Climate and Society. The Company was part of panel 14 – “Fostering Sustainable Ecosystems”, dedicated to the importance of preserving sustainable ecosystems, and had the opportunity to demonstrate that planted forests provide a platform for facing global challenges, both by capturing carbon and by the raw material, wood, which contains components with the potential to replace several fossil-based products with countless advantages.



Navigator recognised as a leader in climate action

In 2022, the Company was awarded the highest rating ("A") for global leadership in the fight against climate change, thanks to its actions to reduce emissions, reduce climate risks and develop a low-carbon economy. The award is from CDP – Disclosure Insight Action, a non-profit organisation recognised for running the largest and most comprehensive global independent environmental disclosure system for companies, regions, cities, and states. Navigator is part of a select group of 330 companies worldwide (less than 2% of the over 18,000 that took part) that has achieved this classification. The score awarded by CDP measures the companies' governance and transition strategies, as well as the measures and targets set to reduce impacts in line with the science.

In addition to the climate change questionnaire, for the first time in 2021 Navigator submitted its participation in CDP Forest, focused on forest management, and saw its performance recognised in the second year in this category as well. It rose to "A-" and now also occupies a leading position in this area. CDP Forest evaluates the robustness of the systems that the Company uses to trace and monitor the origin of its raw materials, based on the certification of the management model of the forests under its control and its demanding wood procurement policies.

4.2. Research and development

The activities of RAIZ – the Forest and Paper Research Institute – are carried out in three R&D areas: forestry, industrial/technological and specialised services to support operational areas, education and dissemination, to promote sustainable development and the bio-economy based on eucalyptus forests.

In 2022, several projects were initiated, consolidated and concluded in this R&D and knowledge transfer centre, mostly funded by The Navigator Company.

They include the completion of the 'Inpactus – Innovative products and technologies from eucalyptus' project, started in 2018 [see text "Inpactus gives rise to 37 new patents"] which comfortably met or exceeded all performance indicators. And for the start of three projects, presented in consortium and financed by the Recovery and Resilience Plan (RRP), called Transform, From Fossil to Forest and Be@T – Bioeconomia Têxtil. The first, in the R&D component developed by RAIZ, aims for a more productive and resilient eucalyptus forest through the development of new genetic materials and good silvicultural and forest management practices. The second aims to develop new packaging materials based on cellulose fibres and other sustainable bioproducts as an alternative to single-use plastics. The third aims to develop cellulose biocomposites with thermoplastic matrices for textile applications.

In the Industrial/Technological area, which generates knowledge to promote business competitiveness and sustainability, the year was marked by the start-up of the Bioproducts Pilot Laboratory, with two pilot scale-up processes at the level of bioactive compounds from the foliage (essential oils) and biocomposites, with bioplastics that will allow product development and market testing.

The first laboratory tests for manufacturing moulded pulp products with 100% eucalyptus fibre were also carried out. The recyclability of eucalyptus fibre was studied and its superior suitability compared to other paper fibres was demonstrated. The first laboratory tests were conducted to produce packaging paper with oil and fat barrier properties for food contact.



In this field of new differentiating roles, RAIZ supported the development of the new tissue product Amoos Calories Control, which is already on the market. And in the area of packaging, some strategic projects have included the production of a new paper cup.

Science in the forest

In forestry, within genetic research, biotechnology and plant production, 114 clones were rescued for nursery tests, with average gains of 43% in relation to unimproved forest. The selection put the emphasis on resistance to eucalyptus diseases.

In terms of forest protection, the official request for the release of *Anagonia*, a new natural enemy of the pest *Gonipterus*, was approved by the ICNF – Institute for Nature Conservation and Forests, together with a risk study for its introduction, which could be a turning point in the biological fight against the main pest affecting the eucalyptus. The dispersal of *Trachimela* was monitored as was its inclusion in the National Control Plan and the approval of an insecticide to control it, and the development of an app to help define priorities in the fight against invasive species.

In terms of developing good forestry and environmental practices, the environmental and technical performance of Ecovas from industrial ash and sludge was analysed, and two demonstration areas of adaptive forestry (Silviculture 4 Future) were established. The e-globulus platform was strengthened with a module on installation in smallholdings, and the manuals "Selection of Stakes" and "Regeneration by Eucalyptus Seed" were produced, as well as the "Improvement Programme" leaflet.

Stronger paper with microfibrillar cellulose

In order to develop innovative and differentiating paper products, the R&D activity carried out at RAIZ over the last few years has made it possible to observe the effect of incorporating microfibrillar cellulose (ten times thinner than a strand of hair) in increasing the strength of paper sheets, by binding the fibres together. In 2022, the first industrial tests were performed for the incorporation of this innovative material, obtained exclusively from eucalyptus fibre pulp produced by Navigator, into the production of packaging paper. This initiative took place at the Setúbal Paper Mill and involved more than 20 employees from RAIZ, the Setúbal Industrial Division, the Product Technical Division and the Project Division. It was possible to confirm the potential of microfibrillar cellulose in the production of packaging paper with greater mechanical strength, and to obtain essential information for the work to be carried out up to the end of 2025, under the From Fossil to Forest Agenda of the Recovery and Resilience Plan (PRR).

Co-creation for leveraging scientific knowledge

RAIZ boosted its co-creation dynamics – with a view to economically leveraging the knowledge generated in R&D – with the launch of the first edition of the "Co-creation Programme for Leveraging Scientific and Technological Knowledge in a Circular and Digital Forest-based Bioeconomy", a project under the INOV C+ programme, funded by the Centro Regional Coordination and Development Commission, aimed at national startups and SMEs. The aim of this initiative is to bring in external players, with complementary skills and synergies, and in 2022, seven projects were started within its scope.



Award for new cellulose fibre biocomposite

An innovative biocomposite, made entirely of bioproducts of vegetable origin, including more than 40 percent cellulose fibre, was awarded a prize in the Blue Sky Young Researchers and Innovation Award Europe 2022, held in November by CEPI - Confederation of European Paper Industries. The R&D work was carried out at the University of Aveiro and at RAIZ, in the context of a PhD programme by researcher Bruno Valente, and has already led to two patents. In the laboratory, a new approach was developed to produce biocomposites consisting only of bioproducts: cellulose fibre, cellulose acetate butyrate, and a flax oil derivative (plasticizer).

Inpactus gives rise to 37 new patents

The Inpactus project – the largest national R&D programme on the forest-based bioeconomy, led by Navigator – ended in 2022, after almost five years of research, development and innovation work. The visible results are 37 new patents, four new industrialised products, eight techno-economic feasibility studies for potential new businesses in bioproducts, 66 prototypes, 114 proofs of concept, and 147 scientific publications. This has involved more than 200 professionals, and the training of highly specialised staff in the field of forest-based bioeconomy: 24 PhDs, 45 master's degrees and two International Invited Chairs.

In order to help encourage decarbonisation and a more sustainable, circular and competitive economy, the project was created as a co-promotion between Navigator, RAIZ, the University of Coimbra and the University of Aveiro, but with the involvement of partner institutions, such as the universities of Beira Interior and Minho, Instituto Superior Técnico, Universidade Nova de Lisboa, Instituto Ibérico de Nanotecnologia, RISE Bioeconomy (from Sweden) and Fraunhofer (from Germany) R&D Centres and the spin-off Satisfibre. Some of the results of this project are:

- New paper products on the market
 - gKraft (packaging)
 - Amoos Aquactive (tissue)
 - Amoos Naturally Soft (tissue)
 - Amoos Air sense (tissue)
- Techno-economic feasibility studies of new processes and bioproducts
 - Bioethanol from biomass/primary sludge
 - Fibre biocomposites with biopolymers
 - Prebiotics from the white pulp
 - Bioactive compounds from biomass
 - Deconstructing biomass for sugar production
 - Bacterial cellulose from biomass sugars and its applications
 - Polyols from lignin
 - Modified Lignin for Cement Applications

€14.6M

Total investment of Inpactus, between 2018 and 2022

37

patents

>200

researchers and technicians involved in the project

66

prototypes

4

new industrialised products

114

proofs of concept

8

Potential new bioproducts or businesses in the techno-economic evaluation phase

147

publications



Navigator leads From Fossil to Forest Agenda

The "From Fossil to Forest – Sustainable Packaging Products to Replace Fossil Plastic" Agenda is one of the five applications to the Recovery and Resilience Plan (RRP) in which Navigator was involved in 2022. The Company is leading this consortium, with 27 national partners, including companies, universities and research centres, with the aim of developing, patenting, producing and commercialising solutions for packaging with renewable and biodegradable forest-based materials.

The investment that Navigator and RAIZ have made in the project totals €93.2 million, out of a total budget of €118.6 million, and is expected to create 102 new jobs and develop 17 new products.

There are six lines of action: pulp and brown paper for packaging, with a 20 percent reduction in wood consumption; optimisation of the mechanical properties of paper strength; paper with sustainable barrier properties (to water and fat); development of intelligent paper with the incorporation of sensors; moulded cellulose for single-use packaging; and biocomposites for application in packaging produced by injection.

RAIZ in 2022

91

Employees

20

Patents submitted,
out of a total of 38 developed

39

Articles published in 2022

45

Representations in national
and international scientific
events

8

New products or businesses
developed

4.3. Mozambique

In 2022, Portucel Moçambique continued the harvesting and export of eucalyptus wood from Manica province, activities that started in late 2020 and are intended to help position the country as a leading player in the forestry sector. The Company dispatched three more ships in 2022, with a total of about 95,000 cubic meters of wood with controlled origin certification.



In Zambezia province, where Portucel has a significant part of its forestry assets, the operation focused on maintaining these assets, including the monitoring and management of areas impacted by extreme weather phenomena, which occurred at the beginning of the year, as well as the harvesting and sale of biomass, with about 18,000 cubic meters.

About 400 hectares of eucalyptus forest were planted in the two provinces and about 270 hectares were replanted.

The forest fire defence campaign once again returned good results, with a total of 32 hectares affected by fire (0.23% of the forest estate), a reduction of 50% compared to the previous year and a clear consolidation of the risk management matrix and activities initiated in the 2020 campaign.

In terms of job creation, the number of direct and indirect company employees reached 250 by the end of 2022, plus more than a thousand full-time equivalent (FTE) jobs in the community.

The various activities carried out by Portucel in 2022 gave rise to the payment of taxes and contributions to the Mozambican state of about US \$650,000.

Social Development Programme

Portucel's Social Development Program (PDSP) is an integral part of the forestry project, and has to date reached around seven thousand families. In 2022, activities in this area were enhanced and, in parallel, we sought to deepen the indicators that have a more lasting impact, as a way to improve monitoring, robustness and effectiveness. This programme of tools will help empower families in food security, diversity, income generation and welfare.

Portucel's first investments in PDSP gave priority to food security and income generation. While maintaining activities in these two areas, some of which have already been positively implemented, the Company opened the way to intensifying well-being activities. Efforts were focused on health and education, as well as access to clean water and environmental awareness.

In this context, support for the construction of an operating theatre in Ile district hospital in Zambezia province should be highlighted. Equally of note was the construction of four classrooms at Munhinga Secondary School in Sussundenga district, Manica province. There was also the opening and repairing of several water boreholes.

Health priorities

Health is one of the priorities of Portucel's Social Development Programme (PDSP), under which the company is investing about US \$150,000 in construction of the Operating Theatre at Ile District Hospital, in response to needs identified by the Zambezia Provincial Government. This should be completed in 2023.

Equally noteworthy was the preventive medicine programme for the Company's Employees, designed to promote health and to prevent and detect illnesses or injuries, implemented in the three provinces where we operate – Maputo, Manica and Zambezia. With an investment of around US \$25,000, the programme relies on the presence of a competent medical staff, providing a high-quality, reliable and skilled service, and it obtained a voluntary participation rate of 91%.



Environmental awareness

Portucel Moçambique's technical officers regularly carry out environmental awareness campaigns in the community. One of the focuses of Portucel's awareness-raising activities is efficient land use, through conservation agriculture techniques, which helps to improve productivity and reduce deforestation. In the year 2022 alone, 3,625 people were involved, of which 1,574 were women. Altogether, 171 awareness-raising sessions have already been delivered, involving more than 5,300 people.

The PDSP in 2022

935 t

Improved seeds

100 t

Sweet potato slips

894,000

Cassava cuttings and seedlings

1,281

Beehives

1,782

Goats

35

Water boreholes sunk

36

Water boreholes repaired

40

Fish tanks built

587,000

Vaccines given to protect birds
against Newcastle disease

Involvement with Stakeholders

In 2022, the partnerships developed continued with the aim of strengthening the inclusion of the various Stakeholders in the project, specifically communities, Government entities, civil society organisations, non-governmental organisations, the media and academia, to address issues of material concern for the parties involved, such as talent management, sustainable forest management and climate change.

One of the examples of involvement with Stakeholders was the participation of Portucel in revising Mozambique's Forestry Law, through specific contributions and participation in public debates with Stakeholders. Another case was support for the GirlMove project, in which young Mozambican women test and validate ideas for impactful solutions to the country's economic and social challenges. Portucel participated, with various Stakeholders, in creating a Biodiversity Conservation Room at Sussundenga Secondary School in Manica province, a pilot project aimed at raising awareness and generating action in favour of biodiversity among the



younger generations. It also collaborated with the Combo project, an initiative of the Wildlife Conservation Society (WCS), which invited Portucel Moçambique to be a case study in applying the impact mitigation hierarchy on biodiversity. And it has joined the Circular Bioeconomy Alliance project, an initiative by the King of the United Kingdom to develop a "living laboratory" of how to involve communities and local governments in the restoration and rehabilitation of natural forest areas, namely through the creation of new forest-related businesses, the empowerment and awareness-raising of communities and the improvement of their livelihoods.

Debate with civil society

In October, Portucel Moçambique took part in a technical debate on the Socio-economic and Environmental Impacts of Developing Forestry Plantations, as part of the ongoing revision of Mozambique's Forestry Law. Promoted by civil society organisations and with the involvement of the government, cooperation partners, academia and the private sector, the event was a space to lay out and debate the various points of view and contributions to the revision of the Forest Law. In its intervention, Portucel presented the benefits and challenges in establishing its forestry plantations and shared its contributions to the revision of the said Forestry Law.

Education for biodiversity

Portucel Moçambique supported the first Biodiversity Conservation Room, inaugurated at Sussundenga Secondary School, in Manica province, in a project involving the Sussundenga District Administration, the Biofund Foundation and Chimanimani National Park, amongst others. The aim is to build capacity for the development of environmental education activities in this school and surrounding schools, as well as to promote improved knowledge about biodiversity. The inauguration took place on 11 July, and on the occasion Portucel emphasized its commitment to defend biodiversity and the environment, values which are transversal in the development of its project. The proximity of Portucel's operations to the school site has facilitated more frequent monitoring of this project, namely with support for the creation of a school garden and other materials for the Conservation Room.

Prevention and mitigation of impacts

Portucel Moçambique was the subject of a case study under the Combo programme of the Wildlife Conservation Society (WCS) Mozambique in order to analyse the measures taken to prevent and mitigate the impacts on biodiversity in its eucalyptus forest plantation project in Zambezia province. The company has already implemented a comprehensive management plan that addresses potential negative impacts and uses prevention as the main criterion, respecting residential areas, sacred and religious sites, natural forests, protection and conservation areas, agricultural areas and others indicated by the communities. In keeping with its policy of continuous improvement, the constructive dialogue between WCS/Combo and Portucel Moçambique has made it possible to validate the work done so far and identify additional measures to be put in place.



Portucel Moçambique project in figures

14,000 ha

Area with stands of eucalyptus

2,348 ha

Protection and Conservation Areas

€2.5M

Investment in forestry in 2022

4,000

Land Transfer Agreements signed with families and communities

95%

Employees of Mozambican nationality

US \$14.5M

Wages paid to seasonal and casual workers, since 2013

30%

of employees are women

250

Permanent, direct and indirect jobs

US \$152M

Investment made until 2022

95,000 m³

Own wood harvested in 2022 for export totalling 190,000 cubic metres of wood exported

1.9 Mt

CO₂ captured

US \$6.3M

Taxes, fees and social contributions paid to the Mozambican state

>US \$7M

invested in the Social Development Programme since 2015



4.4. Decarbonisation project

In 2022, The Navigator Company saw its work on decarbonisation recognised with the approval of its greenhouse gas (GHG) emissions reduction targets by the Science Based Targets initiative (SBTi), an internationally recognised global organisation for assessing companies' initiatives towards a low carbon economy.

Based on the 2020 ratios, the Company commits to reduce Scope 1 and 2 greenhouse gas emissions by 63% (referring to emissions released into the atmosphere as a direct result of its operations, as well as indirect emissions from electricity acquired for company use) by 2035. A commitment is also assumed to reduce scope 3 emissions (produced along the value chain, upstream and downstream of the company's operations) by 37.5%.

It should be remembered that in its Carbon Neutral Roadmap, created in 2018, Navigator set the ambition of reducing its emissions by 86% no later than 2035. The approval of the targets by SBTi represents validation of what the Company's ambitions were, aligned with the objectives set out in the Paris Agreement of not exceeding a 1.5°C temperature increase, currently the most ambitious designation under the approval process by this organisation.

The completion of a new natural gas and hydrogen boiler, designed to replace the existing fuel oil boilers at the Setúbal complex, represented another important step in Navigator's decarbonisation strategy. In the future, besides making it possible to stop one of the natural gas cogeneration groups (which represents around 25% of the Group's ETS emissions), it will enable the gradual elimination of fuel oil from that industrial complex. This is because, associated with the new boiler, a natural gas network was installed that will allow the replacement of the fuel consumed in the recovery and biomass boilers in Setúbal.

Despite the efforts made over recent years, in 2022 Navigator recorded a 2.2% increase in its scope 1 emissions in relation to 2021, due to a change in the fuel used in the lime kilns, which switched to fuel oil in an attempt to minimise the impact of rising natural gas costs, but also due to the extended maintenance of the Setúbal Biomass Boiler, which required increased steam generation from natural gas.

The first step towards greener flights

In a move to combine innovation with sustainability, in 2022 The Navigator Company signed an agreement in principle with the German company P2X Europe for the creation of a joint venture – P2X Portugal – whose aim is to develop a state-of-the-art industrial unit to produce non-fossil fuels for the aviation sector: carbon-neutral synthetic jet-fuel (paraffin) produced from green hydrogen and biogenic CO₂.

Also known as eSAFs (e-Sustainable Aviation Fuels), these synthetic fuels are key to decarbonising the aviation sector, as they represent the only viable option for decreasing the carbon emissions associated with large aircraft and long-haul flights.

This partnership combines the know-how of P2X Europe, a forerunner in the development of Power-to-Liquids (PtL) projects at international level, with Navigator's industrial experience in managing biorefineries and sustainable forests.

The project takes advantage of Portugal's high competitiveness in the production of renewable energy (solar and wind) and biogenic CO₂ generated by Navigator's biorefineries.

PtL-derived eSAF (eKerosene) generated from renewable electricity and biogenic CO₂ sources, such as P2X Portugal will produce, is especially promising as it reduces carbon emissions by 90-100% compared to conventional aviation fuel.



5. EUROPEAN TAXONOMY

5.1. European Environmental Taxonomy Framework

The European Commission presented in 2019 the European Green Deal, a new growth strategy with the aim of achieving climate neutrality by 2050, with a view to supporting economic growth through more efficient means and the sustainable use of natural resources. Also in this field, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on Taxonomy frames the concept of sustainable investment. The Taxonomy works as a standardized mandatory classification system that determines which economic activities are considered “environmentally sustainable” within the European Union (EU). The aim is for companies to direct investment flows towards activities considered sustainable, while maintaining transparency in reporting and reducing the possibility of greenwashing.

According to the Taxonomy Regulation ([Regulation 2020/852](#)), for an economic activity to be regarded as environmentally sustainable, it should:

1. Contribute to at least one of the environmental objectives identified in the Regulation (Climate change mitigation, Climate change adaptation, The sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems);
2. Do no significant harm to any of the five remaining objectives; and
3. Comply with all minimum corporate safeguards around Human Rights, Corruption, Taxation and Fair Competition.

In 2021, non-financial companies reported their taxonomy-eligible activities in relation to the activities listed in the Climate Delegated Act (contribution to climate change mitigation and adaptation objectives). The eligibility of economic activities, in terms of turnover, capital expenditure (Capex) and operating expenditure (Opex), was reported on these activities. For fiscal year 2022, in addition to eligible activities, non-financial companies must assess and report on the alignment of these activities with the application of technical screening criteria and minimum social safeguards.

In February 2022, the European Commission presented a Supplementary Delegated Act that includes, under strict conditions, specific nuclear energy and gas activities in the list of economic activities covered by the taxonomy. The draft was formally adopted on 9 March 2022 (Regulation 2022/1214) and published in the Official Journal on 15 July 2022. It is applicable from 1 January 2023. According to the Supplementary Delegated Act the companies covered must disclose additional information regarding their activities in these two sectors (nuclear energy and natural gas).



In this context, the Group discloses, in its 2022 report, the results inherent to the analysis of eligibility and alignment of its economic activities.

5.2. Eligibility analysis

In 2022 the Navigator Group analysed which of its economic activities were Taxonomy-eligible under the Climate Delegated Act and the Supplementary Delegated Act. The following economic activities have been identified:

Activity	Description	NACE Codes
1.3 – Forest management	Navigator conducts vertically integrated forestry operations, promoting efficient and responsible management of 105,733 hectares of forest in Portugal. This area is 100% certified by the FSC and PEFC systems. Forestry activity in Mozambique is not included in the EU Taxonomy report.	A21.00
4.8 – Electricity generation from bioenergy	The Group owns two biomass thermoelectric power stations whose electricity is injected into the national grid.	D35.11
4.20 – Cogeneration of heat/cool and power from bioenergy	The Group owns three biomass cogeneration plants that simultaneously produce electricity and thermal energy, the latter being fully used in the pulp and paper manufacturing processes.	D35.11 and D35.30
4.30 – High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels*	The Group owns two natural gas combined cycle cogeneration plants (Figueira da Foz and Setúbal).	D35.11

* Activity included in the Supplementary Delegated Act (Regulation 2022/1214)

Currently, the Taxonomy Delegated Act places greater emphasis on the most carbon-intensive and green energy-intensive industries, which is why the Group's core activities, namely pulp and paper production, are not covered by Annexes I and II of the Delegated Regulation, and therefore cannot be encompassed in the Navigator Group's eligible activities. For this reason, the indicators for taxonomy-eligible activities are low.

The Taxonomy Regulation is still under development and is expected to be expanded to the remaining four environmental objectives with the publication of the next Delegated Act.

5.3. Alignment analysis

The assessment of alignment with Taxonomy was carried out by the Navigator Group based on the best interpretation of the Taxonomy Regulation and the Climate Delegated Act and available guidance from the European Commission.

During 2022, Navigator established an internal multidisciplinary working group to assess whether its eligible activities met the alignment criteria set out in the taxonomy regulations.

For each economic activity, the Group has assessed the criteria of "Substantial contribution" and "Do no significant harm" to determine the % alignment of its activities. Alignment has been



determined for the climate change mitigation objective. The analysis of compliance with minimum safeguards was carried out at Group level.

From the analysis carried out on each of the technical screening criteria established for the activities related to forest management and bioenergy and identified as taxonomy-eligible, it was concluded that activities 1.3 (Forest management), 4.8 (Production of electricity from bioenergy) and 4.20 (Cogeneration of heat/cold and electricity from bioenergy) are taxonomy-eligible.

With regard to activity 4.30 – High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels, included in the Supplementary Delegated Act (Regulation 2022/1214), to date, due to the criteria applicable to its classification as a transitional activity, namely at the level of maximum emissions (gCO₂/kWh), it has been considered not aligned with the taxonomy. Nevertheless, it should be noted that:

- By 2035, the Group plans to halt natural gas cogeneration in Setúbal, with heat currently produced by this asset being generated using biomass in High Efficiency Renewable Cogeneration, as recommended in Navigator's Roadmap for Carbon Neutrality; it should also be noted that the existing natural gas cogeneration plant in Setúbal is a highly efficient facility which allows primary energy savings of more than 10% and its direct GHG emissions are less than 270 gCO₂/kWh of energy produced, in line with the criteria for this activity;
- The Figueira da Foz natural gas cogeneration plant is currently in backup, having operated for only 114 hours in 2022. Since the end of 2020, with the construction of the new biomass boiler, the steam needs of the Figueira da Foz industrial complex are being met, in normal operation, by using renewable energy from biomass.

Minimum Safeguards

To ensure the alignment classification of eligible activities, compliance with Minimum Social Safeguards is required. Taxonomy defines Minimum Safeguards as "alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights".

In October 2022, the European Commission's Sustainable Finance Platform published the Final Report on Minimum Safeguards where the four areas that companies should address to ensure compliance with Minimum Safeguards are identified: Human Rights, Corruption, Taxation and Fair Competition.

Human Rights

The Navigator Group accepts the importance of respect for human and labour rights as an integral part of the overall development of its business activities, through the adoption and implementation of several internal instruments, namely the Human Rights Policy, the Code of Ethics and Conduct, the Plan for Gender Equality, and the Code of Good Conduct to Prevent and



Combat Harassment in the Workplace. In the guiding documents of its responsible conduct, and in the commitments assumed by the Group, a long list of Human Rights is recognised, such as Freedom, equality and dignity; Non discrimination and coercion; Freedom of thought, conscience and religion; Prohibition of slavery and child labour; Health and safety at work; Recognition of freedom of association and collective bargaining; Equal opportunities and gender equality.

In its Human Rights Policy, Navigator undertakes to promote measures aimed at identifying the main impacts and potential risks of the company's activity in terms of human rights, namely through suitable due diligence procedures, and to adopt appropriate measures to resolve and remedy any situations of non-compliance.

In compliance with the principles set out in this Policy, Navigator also undertakes to encourage the different levels of its value chains to observe human and labour rights, namely through appropriate contractual rules that encourage the adoption of the necessary preventive and corrective measures and the transparent treatment of information regarding possible violations of human or labour rights, as well as the evaluation of the respective compliance in these matters.

Also recognising the importance of the role of its Suppliers in respecting Human Rights, it has implemented a Code of Conduct for Suppliers, complementing the Code of Ethics and Conduct, which applies the principles followed by the Navigator Group to all its Suppliers.

In January 2023, the Navigator Company Group signed the "More and Better Jobs for Young People Pact", reinforcing its commitment to the issue of Labour Rights. The Group commits, until 2026, to hiring and retaining young workers, guaranteeing them specialised training and a career development plan.

Corruption, Fair Competition and Taxation

In view of the international context in which it operates and the growing involvement of the private sector in combating corruption and related offences, as well as the legal obligations to which it is bound, The Navigator Company has implemented a Policy for the Prevention of Corruption and Related Offences, through which it aims to establish a set of values and standards of professional integrity to be shared by all its employees.

The underlying principles of this Policy, in addition to those already detailed in its Code of Ethics and Conduct, are Navigator's total commitment to preventing corruption, the general and across-the-board prohibition of acts of corruption and related infractions and the implementation of a culture of ethics and integrity, both in the performance of their duties and in their relations with third parties with whom Navigator has any business relationship, or other third parties with whom Navigator's employees have dealings in the course of their duties.

Thus, Navigator is forbidden from corrupt practices and bribery, in all their active and passive forms, through acts or omissions, or by creating or maintaining situations of favouritism or irregularities, and from adopting conduct which may create expectations of favouritism in dealings with the Group.



With regard to competition, the Group undertakes to act in compliance with competition laws, in accordance with market rules and criteria and promoting fair competition. These commitments are reflected in internal instruments, namely in the Code of Ethics and Conduct and in the Code of Conduct for Suppliers, which expressly state that its business and the business of its suppliers must be conducted in accordance with the rules governing fair competition and all laws on fair competition.

In tax matters, and within the scope of the business carried on by the companies that make up the Navigator Company Group, a multiplicity of taxes, duties and contributions are payable under the terms of the law. This makes the Group an important contributor to the State's revenue, the fulfilment of social objectives and the sustainable and economic development of the country.

The tax policy is defined according to the economic substance of its activity, aiming to ensure full compliance by the entities that make up the Group with their tax obligations, in all jurisdictions where they carry out their activity, seeking to maintain full compliance with the spirit and letter of the applicable legislation. Aware of the role it plays in Portugal's business fabric and in order to ensure transparency vis-à-vis its stakeholders, in recent years Navigator has sought to determine its tax footprint, identifying and disclosing annually the volume of taxes it pays and those it collects and manages on behalf of the State or third parties, thereby contributing in this twofold manner to the State's tax revenues and the payments made to public entities.

In 2022, the Group organised a series of training courses on Ethics and Integrity, aimed at all its Employees, in order to reinforce the importance of the rules set out in the Code of Ethics and Conduct and other internal regulations addressing the issues of Human Rights, Corruption and Fair Competition.

It should also be noted that, in the year under review, and in the course of its activities eligible for the taxonomy, the Navigator Group did not identify any relevant convictions in Human Rights, Corruption, Taxation or Fair Competition.

Notwithstanding the foregoing, attention is drawn to the anti-dumping proceedings brought by the Department of Commerce of the United States of America, in the context of an investigation into alleged dumping practices on imports of paper in various formats from five countries (Australia, Brazil, China, Indonesia and Portugal). At present, as a result of this procedure, an anti-dumping duty is applied to exports from Portugal to the United States of certain types of paper marketed by Navigator. These exports are related to an activity not eligible for Taxonomy.

5.4. Disclosure of KPIs

The Delegated Act (Article 8) of the Taxonomy establishes a set of performance indicators (KPIs) associated with environmentally sustainable economic activities that non-financial companies must disclose: the proportion of their turnover (Turnover KPI), the proportion of their capital expenditure (Capex KPI) and the proportion of their operating expenditure (Opex KPI).



Accounting policies

As defined by the taxonomy, the amounts reported have been calculated in accordance with Navigator's Consolidated Financial Statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS), effective 1 January 2022 and as adopted by the European Union.

The European Taxonomy requires companies to disclose how they have avoided duplication in the consideration of eligible economic activities (numerator), i.e., in determining turnover, capital expenditure and operating expenses. The Navigator Group calculated the eligible expenses based on its financial and cost accounting and ensured that the cost elements were considered only once in the calculation of the indicators.

Turnover

Turnover was based on the same accounting principles applicable to revenue in accordance with International Financial Reporting Standards (IFRS), i.e., considering sales and services rendered as part of the Navigator Group's normal activities. The total turnover (denominator of the calculation of the ratio of taxonomy-eligible activities) thus corresponds to the revenue reported in the Consolidated Financial Statements (Note 2.1).

Taxonomy-aligned turnover (numerator) corresponds to cogeneration and electricity production from bioenergy. The production resulting from the forest management activity is mainly used in the Group's internal operations and, as such, is not considered for the purposes of this indicator. The natural gas cogeneration activity was considered to be non-aligned.

CapEx

The amount shown as total CapEx in the denominator of the calculation of the ratio of taxonomy-eligible activities corresponds to the sum of acquisitions of tangible assets, intangible assets (excluding CO₂ licenses) and right-of-use assets made in 2022, disclosed in Notes 3.2, 3.3 and 3.6 of Navigator's Consolidated Financial Statements. For the purposes of calculating this ratio, additions of intangible assets related to the acquisition of CO₂ licenses were excluded, since this is not actually an acquisition of licenses, but of licenses granted to the Group, and its classification as intangible assets results from the accounting principle adopted by the Group. In 2022, no additions were recorded to the Group's investment properties.

The CapEx values classified as taxonomy-eligible, whether they are considered taxonomy-aligned or not taxonomy-aligned, correspond to investments in assets or processes associated with the respective activities, namely:

- Investments to support forest management activities, namely the acquisition of forest land;
- Investments associated with Biomass Power Plants in Aveiro and Setúbal;
- Investments associated with biomass cogeneration plants;
- New biomass boiler at the Figueira da Foz industrial complex; and
- Investments associated with the Group's environmental and decarbonisation plan.



OpEx

The total OpEx shown in the denominator of the aligned activities ratio calculation corresponds to the following expenses determined on the basis of the Consolidated Financial Statements as at 31 December 2022, which are included in Note 2.3 - Operating Expenses and Losses:

- Research and development costs not capitalised;
- Forestry costs not capitalised;
- Expenditure on industrial cleaning and waste treatment;
- Maintenance and repair costs;
- Costs with short-term leases not capitalised; and
- Other expenditure directly related to the maintenance of tangible assets or investment property.

The OpEx figures associated with eligible Group activities (whether or not in line with the taxonomy) correspond essentially to non-capitalised forestry costs, research and development costs associated with forests, non-capitalised costs necessary to operate the cogeneration and biomass power plants and other costs associated with technologies and products dedicated to reducing GHG emissions.



Proportion of Turnover from products or services associated with Taxonomy-aligned economic activities
(including activities associated with fossil gas)

Economic activities	NACE Code	Absolute turnover	Proportion of turnover	Substantial contribution criteria						"Do no significant harm" criteria (DNSH)						Minimum Safeguards	Taxonomy-aligned proportion of Turnover, year 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems				
		euros	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
4.8. Electricity generation from bioenergy	35.11	22,133,167	1%	100%	0%						Y	Y		Y	Y	Y	1%		
4.20. Cogeneration of heat/cool and power from bioenergy	35.11	155,708,440	6%	100%	0%						Y	Y		Y	Y	Y	6%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A1)		177,841,607	7%														7%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)																			
4.30 High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	35.11	75,874,257	3%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		75,874,257	3%																
Total (A.1 + A.2)		253,715,864	10%																
B. Taxonomy non-eligible activities																			
Turnover of Taxonomy non-eligible activities (B)		2,210,908,827	90%																
Total (A + B)		2,464,624,691	100%																



Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities
(including activities associated with fossil gas)

				Substantial contribution criteria						"Do no significant harm" criteria (DNSH)									
Economic activities	NACE Code	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Minimum Safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Category (enabling activity)	Category (transitional activity)
		euros	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
1.3 Forest management	21.00	11,729,272	9%	100%	0%						Y	Y	Y	Y	Y	Y	9%		
4.8. Electricity generation from bioenergy	35.11	2,296,112	2%	100%	0%						Y	Y		Y	Y	Y	2%		
4.20. Cogeneration of heat/cool and power from bioenergy	35.11	19,182,365	15%	100%	0%						Y	Y		Y	Y	Y	15%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A1)		33,207,749	26%														26%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)																			
4.30 High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	35.11	4,703,320	4%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		4,703,320	4%																
Total (A.1 + A.2)		37,911,069	30%																
B. Taxonomy non-eligible activities																			
CapEx of Taxonomy non-eligible activities (B)		89,086,117	70%																
Total (A + B)		126,997,186	100%																



Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities
(including activities associated with fossil gas)

Economic activities	NACE Code	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						"Do no significant harm" criteria (DNSH)						Minimum Safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems				
		euros	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
1.3 Forest management	21.00	6,253,319	7%	100%	0%						Y	Y	Y	Y	Y	Y	7%		
4.8. Electricity generation from bioenergy	35.11	2,354,622	2%	100%	0%						Y	Y		Y	Y	Y	2%		
4.20. Cogeneration of heat/cool and power from bioenergy	35.11	2,846,289	3%	100%	0%						Y	Y		Y	Y	Y	3%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A1)		11,454,230	12%														12%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)																			
4.30 High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	35.11	202,297	0%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		202,297	0%																
Total (A.1 + A.2)		11,656,527	12%																
B. Taxonomy non-eligible activities																			
OpEx of Taxonomy non-eligible activities (B)		87,738,622	88%																
Total (A + B)		99,395,148	100%																



Templates according to Regulation 2022/1214

Table 1: Fossil gas related activities

Line	Fossil gas related activities	
1.	The company carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
2.	The company carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cold and power generation facilities using fossil gaseous fuels.	YES
3.	The company carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table 2: Taxonomy-eligible but not taxonomy-aligned economic activities – Turnover

Line	Economic activities	Amount and proportion (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the turnover denominator	€75,874,257	3%	€75,874,257	3%	€0	0%
2.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in the line above in the turnover denominator	€0	0%	€0	0%	€0	0%
3.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the turnover denominator	€75,874,257	3%	€75,874,257	3%	€0	0%



Table 3: Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

Line	Economic activities	Amount and proportion (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the CapEx denominator	€4,703,320	4%	€4,703,320	4%	€0	0%
2.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in the line above in the CapEx denominator	€0	0%	€0	0%	€0	0%
3.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the CapEx denominator	€4,703,320	4%	€4,703,320	4%	€0	0%

Table 4: Taxonomy-eligible but not taxonomy-aligned economic activities – OpEx

Line	Economic activities	Amount and proportion (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the OpEx denominator	€202,297	0%	€202,297	0%	€0	0%
2.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in the line above in the OpEx denominator	€0	0%	€0	0%	€0	0%
3.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the OpEx denominator	€202,297	0%	€202,297	0%	€0	0%

The remaining models were considered not applicable to the Navigator Group.



5.5. Next steps in implementation of taxonomy

As part of the Group's strategy and its sustainability objectives, efforts are being made to continuously implement the European environmental taxonomy, namely with the development of the following activities:

1. Strengthening the implementation of the climate risk analysis (Appendix A of the Delegated Climate Act – Annex I) in line with the development of work under the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD);
2. Follow-up to the publication of the criteria associated with the remaining environmental objectives of the Taxonomy, namely transition to a circular economy, the sustainable use and protection of water and marine resources, pollution prevention and control and protection and restoration of biodiversity and ecosystems.



6. PROPOSED APPROPRIATION OF PROFIT OR TREATMENT OF LOSS

Considering that:

- a) The net profit in the individual financial statements amounted to €392,537,070, calculated according to the IFRS;

The Board of Directors proposes that the net profit of €392,537,070 calculated under IFRS, not yet distributed, be applied as follows:

Dividends to outstanding shares	€199,984,679 (€0.2812 per share)
Retained Earnings	€162,552,391
Employee profit-sharing for the year up to	€30,000,000 (already assumed in the financial statements)



7. DECLARATION REFERRED TO BY ARTICLE 29-G(1)(C) OF THE PORTUGUESE SECURITIES CODE

Article 29-G(1)(c) of the Portuguese Securities Code provides that each of the persons responsible for the issuer, whose names and functions must be clearly indicated, must make a number of declarations set out therein. In the case of The Navigator Company a uniform statement was adopted, which reads as follows:

"I hereby declare, under the terms and for the purposes of Article 29-G(1)(c) of the Portuguese Securities Code that, to the best of my knowledge, the management report, annual accounts, legal certification of accounts and other reporting documents required by law or regulation, even if not submitted to the general meeting of The Navigator Company, S.A., all relating to the financial year 2022, were drawn up in accordance with the applicable accounting standards, and provide a true and fair view of the assets and liabilities, the financial situation and the results of that company and of the companies included in the consolidation perimeter, and that the management report faithfully sets out the business evolution, performance and position of the company and of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face."

Under the terms of the cited legal provision, the following is a list of the names of the undersigned persons and their duties:

Ricardo Miguel dos Santos Pacheco Pires	Chairman of the Board of Directors
António José Pereira Redondo	Chief Executive Officer
Adriano Augusto da Silva Silveira	Executive Director
João Paulo Araújo Oliveira	Executive Director
João Paulo Cabete Gonçalves Lé	Executive Director
José Fernando Morais Carreira de Araújo	Executive Director
Nuno Miguel Moreira de Araújo dos Santos	Executive Director



Manuel Soares Ferreira Regalado	Non-Executive Director
Maria Teresa Aliu Presas	Non-Executive Director
Mariana Rita A. Marques dos Santos	Non-Executive Director
Sandra Maria Soares Santos	Non-Executive Director
Vítor Manuel Galvão Rocha Novais Gonçalves	Non-Executive Director
Vitor Paulo Paranhos Pereira	Non-Executive Director
José Manuel Oliveira Vitorino	Chairman of the Supervisory Board
Gonçalo Nuno Palha Gaio Picão Caldeira	Full Member of the Supervisory Board
Maria da Graça da Cunha Gonçalves	Full Member of the Supervisory Board



8. ALIGNMENT WITH TCFD (TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES) RECOMMENDATIONS

8.1. Framework

Climate change is perhaps the most structural challenge facing modern society, since it has a transversal impact on society, the economy and natural resources. There is a growing interest among stakeholders to consult consistent, comparable, reliable and clear information related to climate risks and opportunities, and their financial impact on an organisation.

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-Related Financial Disclosures (TCFD) with the objective of promoting transparency and supporting financial entities and investors to understand climate risks, opportunities and impacts through the development of a set of clear and consistent Climate Change-related disclosure recommendations.



The Navigator Company is aligning its reporting with the TCFD recommendations, which are organised around four pillars, representing the core elements of how organisations operate: Governance, Strategy, Risk Management and Metrics and Objectives.

To this end, the Group discloses, for the first time, and on a voluntary basis, information regarding its strategic approach and corporate climate risk management processes, in accordance with the TCFD recommendations, assessing the impacts arising from climate change and presenting adaptation responses.



Governance

Disclosure of the governance approach to climate-related risks and opportunities.

Risk management

Disclosure of the processes implemented to identify, assess and manage climate-related risks.

Strategy

Disclosure of the actual and potential impacts of climate risks and opportunities on business, strategy and financial planning.

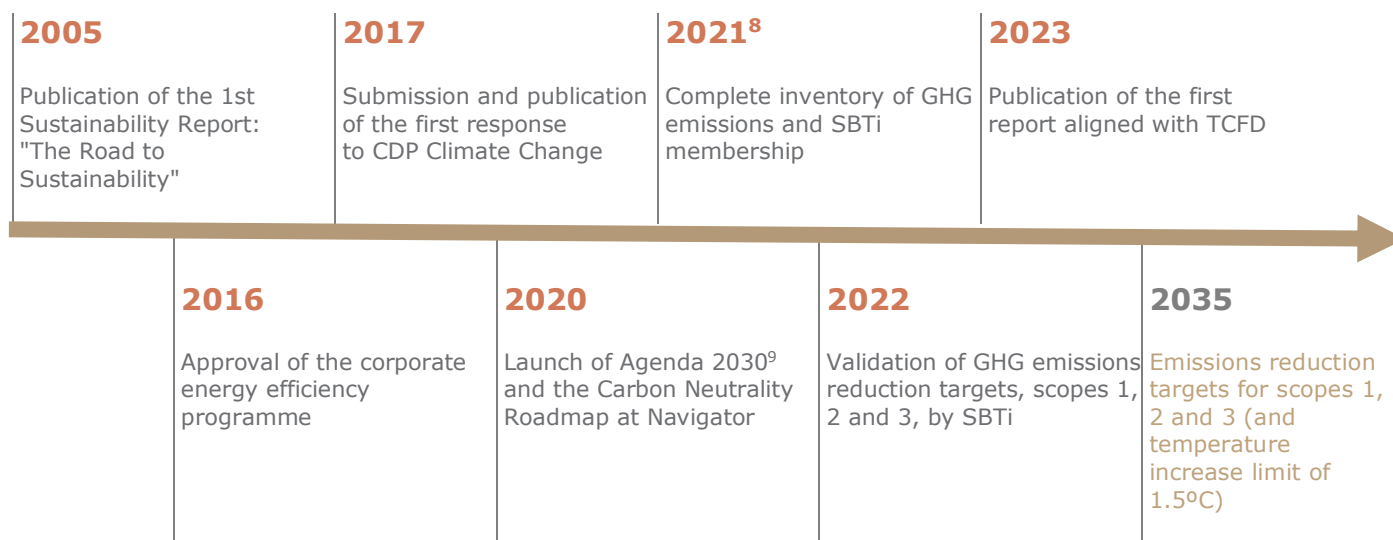
Metrics and Goals

Disclosure of metrics and objectives defined to assess and manage relevant climate-related risks and opportunities.

8.2. Our Journey

"We play an active role in climate action, promoting a circular and low-carbon economy, based on research, technology and development. We have invested in bringing forward international targets for carbon neutrality through our Decarbonisation Roadmap and set emissions reduction targets based on the latest climate science and aligned with 1.5°C (for scopes 1+2), positioning us at the forefront of companies actively working towards climate change mitigation and adaptation."

The following time line summarises how the management of climate issues has been integrated into the Group's strategy and operations over the years.



8.3. Governance

Reporting Recommendation	Additional reporting location
a) Describe the board's oversight of climate-related risks and opportunities.	Sustainability Report Chapter 4.1 Corporate Governance Report Part I C. III
b) Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Report Chapter 4.1 Corporate Governance Report Part I C. III

The Navigator Company Group, as an industrial group, manager of forestry holdings and producer of renewable electricity, has climate change at the heart of its concerns, and therefore has a governance structure supported by several bodies with well-defined functions in relation to managing climate-related impacts.

Oversight of Climate-related Risks and Opportunities

The Board of Directors (BD) is responsible for the approval of climate-related issues - which includes the approval of plans and macro measures within the scope of climate action - and delegates these powers to the Executive Committee (EC). The EC, in turn, has the deliberative power on climate-related issues within the scope of macro decisions approved by the BD and is

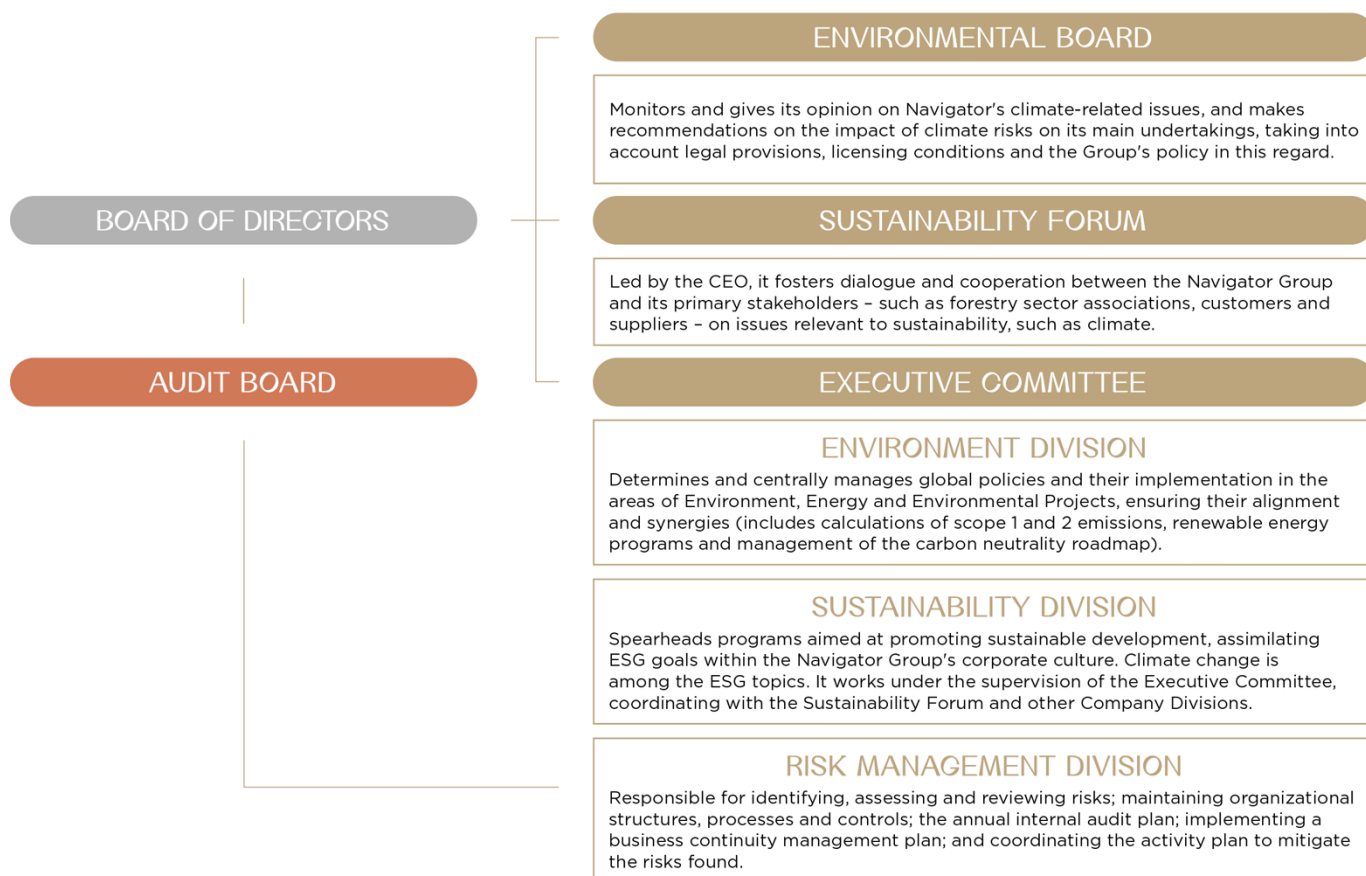
⁸ The GHG emissions were calculated according to the GHG Protocol.

⁹ Agenda 2030 available at: <http://www.thenavigatorcompany.com/agenda2030/conteudos>.



supported in its decisions by the Sustainability Department, the Risk Management Department and by two committees: the Sustainability Forum and the Environmental Board.

At the EC, the CEO and two other Executive Directors, responsible for Sustainability, Forestry, Wood Supply and Research and Development and Environment, oversee climate-related issues within the scope of their direct responsibilities.



Assessment and Management of Climate-related Risks and Opportunities

Climate-related issues play a fundamental role in the Navigator Group's strategic planning and business continuity, and are therefore a regular topic on the agenda of the Board of Directors and the EC, as well as of the Sustainability Forum and the Environmental Board.

The Board of Directors is involved in climate issues through strategic – the implementation of which it delegates to the EC – and investment decisions in industrial structures that enable the reduction of greenhouse gas emissions, energy efficiency plans, the monitoring of the Decarbonisation Plan, projects to align the plans with science-based initiatives (such as joining SBTi) or through the disclosure of the financial impact of climate risks (implementation of TCFD recommendations), the promotion and encouragement of capacity building of the organisation



and goals. For this reason, the topic of remuneration policies will be addressed in more detail in the Metrics and Objectives pillar.

Set up in 2015, the main mission of Navigator's Sustainability Forum is to foster dialogue and cooperation with the main stakeholders on relevant sustainability issues, including climate change, so as to ensure that these issues are properly managed, by supporting and advising the Board of Directors and the Executive Committee on Navigator's Sustainability Agenda.

The Sustainability Forum is chaired by the Group's CEO and its members include the other members of the EC and a number of external members, among whom is Professor Filipe Duarte Santos, Chairman of the National Council for the Environment and Sustainable Development and an international expert in climate change.

In general, the Sustainability Forum meets twice a year, with one session set aside for the permanent members and another extended to various stakeholders, creating platforms for understanding and cooperation between them and the Navigator Group. The impacts of climate change integrate, either directly or indirectly, the agendas of the Sustainability Forum meetings.

In 2022, the internal session of the Forum promoted the debate on "Corporate Performance in ESG Criteria" and the external session was dedicated to the theme "Bioeconomy: The Path to a Sustainable Future", highlighting the role of the Bioeconomy as an economic model that envisages replacing the use of fossil resources with renewable, bio-based resources, contributing to a low-carbon economy [<http://thenavigatorcompany.com/forum-sustentabilidade-2022/>].

In view of the specific nature of the Navigator Group's business and the environmental concerns inherent to it, the Board of Directors set up an Environmental Board in 2008 to monitor and issue its opinion on environmental aspects of the Company's operations and to make recommendations on the environmental impact of its main undertakings, paying particular attention to legal requirements, licensing conditions and the Navigator Group's policy in this area.

The Environmental Board has four members: Maria da Conceição Cunha (Chair), Ana Isabel Miranda, Maria Margarida Tomé and Joaquim Poças Martins, all of them independent academics with recognised technical and scientific expertise, particularly in the most important areas of environmental concern for the Navigator Group's operations as they exist today.

The Environmental Board is in direct contact with the Navigator Group's business world through meetings held at its industrial facilities, main forest plantations and its research institute, RAIZ.

During 2022, a meeting of the Environmental Council was held at which the following issues were addressed:

1. Environmental Status – Overview of Compliance with Legal Obligations;
2. Energy situation and impact on Navigator;
3. Recovery and Resilience Plan (PRR), applications under the mobilising and decarbonisation agendas;
4. PRUA Project: reduction of water use.



In the year 2022, a training programme was designed covering the various ESG pillars, including the main climate-related topics, such as the TCFD recommendations. This programme started in 2023 and covers, in a first phase, the EC members and some employees from key areas of the Group. Throughout 2023, it is planned to extend this training to the other directors and, subsequently, to all the Group's employees. The objective of this training is to increase knowledge and capacity building on sustainability issues and, in particular, on the issue of climate change.

8.4. Strategy

Reporting Recommendation	Additional reporting location
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Sustainability Report Chapters 3.1 and 4.1 Corporate Governance Report Part I C. III Annual Report Chapter 2.11
b) Describe the Impacts of Climate related risks and opportunities on the organisation's business, strategy and financial planning.	Sustainability Report Chapter 3.1 Corporate Governance Report Part I C. III
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sustainability Report Chapters 3.1 and 3.2 Corporate Governance Report Part I C. III

One of the most important aspects of building a resilient and future-proof business is defining a robust strategy that takes a long-term approach to climate risk management. Successful implementation of a TCFD-compliant strategy can offer several benefits for Navigator, including:

- Transparency in the disclosure of information on climate risks and the actions taken to manage them, promoting clear and consistent reporting in order to increase investor confidence;
- Improved risk management, with the identification and monitoring of climate risks, as a support for decision making and implementation of measures to minimise its exposure to the identified risks and associated impacts;
- Business opportunities, by anticipating and responding to climate trends, allowing new business opportunities to be identified and Navigator's competitiveness to be increased;
- Protection of assets, in the implementation of responsible climate practices and risk management, ensuring business continuity;
- Reputation, contributing to the Group's leadership on climate issues by meeting the expectations and needs of its stakeholders, including investors and customers committed to climate issues.



Climate-related Risks and Opportunities

Navigator constantly analyses the business context, seeing its potential impact on the objectives defined for the Group. In addition to the common objectives related to business profitability, the Group is also committed to contributing to achieving the targets of the United Nations Sustainable Development Goals (SDGs). The 2030 Agenda includes those that the Group considers a priority insofar as it can make a greater and more direct contribution: SDG 8 Decent work and economic growth; SDG 9 Industry, Innovation and Infrastructure; SDG 12 Responsible consumption and production; SDG 13 Climate action and SDG 15 Life on land.

Navigator recognises the importance of disclosing the real and potential impacts of climate-related risks and opportunities on its Business, Strategy and Financial Planning, in order to maximise positive and minimise negative impacts. Through a clear understanding of climate opportunities and risks, the Group will be able to develop solutions and products that support its climate ambitions.

In 2022, a double materiality exercise was conducted to ensure alignment with the Corporate Sustainability Reporting Directive (CSRD) and to identify Navigator's external impacts on ESG issues, with a focus on climate change and the risks and opportunities this poses to the Group's value creation.

The material topic "Climate Change and CO₂ Fixation" was considered a strategic priority for Navigator, and was selected by its internal and external stakeholders as the most relevant in terms of impact materiality (from the inside-out perspective, of the impacts of Navigator's activities on the outside) and financial materiality (from the outside-in perspective, of how external risks and opportunities may affect value creation).

The risks associated with climate change are also reflected in the Group's accounting principles and financial reporting. The impact of climate change is considered in the estimates of future cash flows used in the goodwill impairment assessment, as referred to in note 3.1 of the Consolidated Financial Statements. Climate change is, as mentioned in note 3.8, also included as a factor affecting the assumptions used in the valuation of the Group's biological assets. The Group's accounting principles also reflect the impact of climate change considerations in the evaluation of the estimated economic useful lives of Property, Plant and Equipment, as mentioned in note 3.7.

Taking an active role in describing climate-related risks and opportunities and following the TCFD recommendations, in this report, the Navigator Group has identified and assessed the main climate-related risks and opportunities, describing their potential impact on the organisation in the short, medium and long term, in order to ensure the integration of the TCFD recommendations into the corporate risk management strategy and processes. In this exercise the following time horizons were considered: short term (0 to 2 years), medium term (2 to 5 years) and long term (5 to 20 years).

Climate-related risks fall into two main categories: risks inherent to the transition to a low-carbon economy (transition risks) and risks inherent to the physical impacts of climate change (physical risks).



Transition Risks

In order to respond to climate change mitigation and adaptation requirements, the transition to a low-carbon economy may entail policy, regulatory, technological and market changes. These risks may pose varying levels of financial and reputational risk to the Company depending on the nature, speed and focus of these political, regulatory, technological and market changes.

Within the category of transition risks, the TCFD distinguishes four types of risks: (i) policy and legal risks, (ii) technological, (iii) market, and (iv) reputational risks.

Physical Risks

- These risks can affect infrastructure, production and the value chain, the availability of natural resources and human health. Weather-related physical hazards include:
- Storms and extreme weather events: floods, forest fires, windstorms and hurricanes;
- Change in mean sea level: sea level rise and coastal erosion;
- Water scarcity: drought, water scarcity and changes in water availability;
- Changes in temperatures: extreme heat waves and discontinuities in seasonal weather patterns;
- Biodiversity loss and ecosystem change: changes in plant and animal populations, and ecosystem collapse.

Within the category of physical hazards, the TCFD recognises two types of climate hazards: chronic hazard and acute hazard. **Chronic Risk** is a risk that evolves slowly over time and is related to long-term trends in climate change, such as rising temperatures and water scarcity. This type of risk could affect the Company's business strategy in the long term. **Acute Risk** is a risk of a single, unexpected weather event, such as storms, floods or forest fires. This type of risk may affect the immediate operation of the Company and its ability to continue to operate.

Following the TCFD recommendations related to the Strategy pillar, Navigator carried out a first identification of climate risks and opportunities, disclosing the potential short-, medium- and long-term impacts and presenting information on how these risks are managed and how they are incorporated into its Business strategy.



Transition Risks

Category	Risk Description	Potential Impact	Time Horizon
Policy and legal	New and more demanding environmental and climate regulation due to advancing maturity of global targets	- Increased capital expenditure and investments required for compliance with environmental, climate and energy transition regulations. - Increase in logistics costs, due to the regulation promoting decarbonisation in transport (ETS). - Adverse effect on business due to the approval of regulations that limit or negatively discriminate against production forests for obtaining timber raw materials, as opposed to other land uses, without taking into account good management criteria or economic and environmental value. - Increased costs associated with complying with regulations requiring the rehabilitation of forest areas and improving native forest management as national actions to combat climate change. - Reduced raw material production and consequent increase in procurement costs as a result of legal restrictions on forest production.	Short term
	Reduction in the availability of licences under the EU-ETS system	Increased costs of GHG emissions for the pulp and paper industry.	Short term
	Biomass no longer being considered a sustainable alternative to fossil fuels	Increase in the area covered by "green energy" facilities (e.g., solar panels) and the distribution network (e.g., power lines) with consequent reduced availability of soil for forestry production.	Medium term
Market	Increased demand for forest products and bioenergy, as a consequence of global population growth, may exceed the production of wood materials and compromise supply	- Increase in cost of raw materials (e.g. wood), energy and water consumption. - Increased requirements associated with production (e.g. wastewater quality, solid waste, associated emissions, among others).	Medium term
	Increased cost of raw materials	Increase in capital expenditure directly related to operations or, indirectly, through increased prices of transport, energy and other inputs/raw materials required in the production of paper, pulp and other forest-based products.	Medium term
	Shifts in consumer preferences	- Need to adapt the portfolio to meet consumer expectations and demand. - Reduced revenue associated with consumer demand for other solutions on the market that replace paper.	Medium term
Reputation	Pressure from society to restrict/impose limits on forest production areas to the detriment of non-timber/conservation forests	Adverse effect on business due to the implementation of restrictions for forest production areas to the detriment of non-timber/conservation forests.	Medium term



Physical Risks

Category	Climate Component	Risk Description	Potential Impact	Time Horizon
Acute	Temperature	Increased severity and frequency of occurrence of forest fires	- Reduced production capacity due to loss or damage to forests. - Failure in the supply of wood. - Loss of biodiversity in forest areas. - Reduced revenue due to reduced production and sales. - Increased forestry costs to replant damaged forests.	Short term
	Water resources	Drought conditions as a result of water scarcity where the Group's industrial complexes are located	Restrictions to the collection and use of water, as a result of the reduction in rainfall, paralysing the operations of the Group's industrial complexes and resulting in production losses and, consequently, reduced revenue.	Medium term
	Wind Water resources	Increased incidence and severity of extreme weather events such as cyclones or floods	- Reduction in production capacity and revenue obtained, due to losses in plantations and forestry production, disruption in supply chains and production operations and transport difficulties. - Damage and/or loss to existing facilities and assets and associated costs.	Long term
Chronic	Water resources	Reduction in the volume and changes in the quality of water sources for pulp mills	- Reduction in quality and production due to restrictions on the abstraction and use of water that may impact the operations of the Group's industrial complexes. - Need for investment in research in the field of adaptation to different chemical compositions in the water sources of pulp mills.	Medium term
	Water resources	Rise of the average sea water level	- Reduction of production capacity due to the reduced availability of soils suitable for agriculture or forestry. - Damage to facilities and assets in coastal areas (e.g., industrial complexes) and logistical problems in distribution networks. - Increase in insurance premiums and reduction of the potential availability of insurance for assets located in areas with a high risk of rising average sea levels.	Long term
	Temperature	Increase in average temperature leading to changes in species composition of trees and increased susceptibility of forests to outbreaks of pests and diseases	- Loss or damage to forests and plantations and consequent reduction in revenue as a result of lower production and sale of products. - Increased forestry costs for replanting degraded forests and substitution to pest-adapted species.	Long term
	Water resources	Changes in rainfall patterns and other climatic factors leading to loss of productivity of production forest	- Reduced production capacity due to loss or damage to forests and plantations and limited water use as a result of low rainfall frequency, leading to a consequent reduction in revenue. - Increase in the cost of raw materials.	Long term



Opportunities

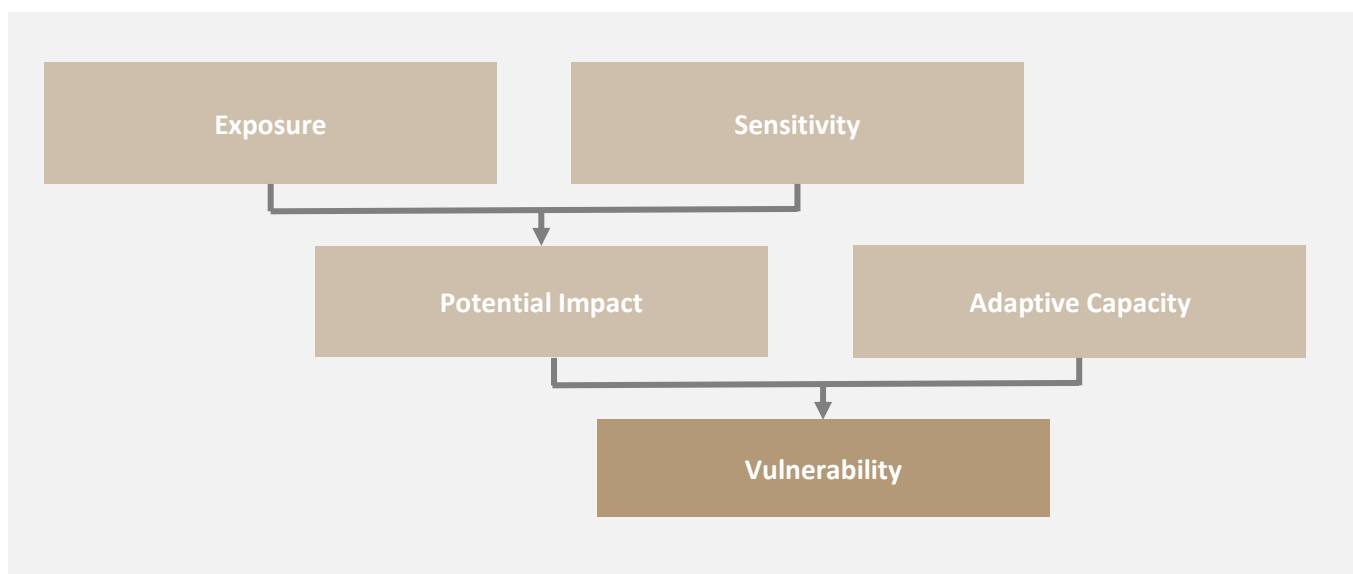
Category	Description of Opportunity	Potential Impact	Time Horizon
Energy Source	Participation in the voluntary carbon market	Development of new revenue streams.	Medium term
	Substitution of fossil fuels with renewable fuels (e.g. biomass, solar and hydrogen)	- Competitive positioning, given the new climate regulation. - Reducing energy dependency from fossil fuels, including reducing the associated costs and market price fluctuations.	Short term
Resilience	Regulations encouraging reforestation and afforestation of degraded areas	Promoting the preservation of the forest and raw material, contributing to resilience to climate change.	Medium term
	Participation in renewable energy programmes and adoption of energy efficiency measures	- Increasing market value through resilience planning (e.g. infrastructure, land, buildings). - Increased reliability of the supply chain and ability to operate under various conditions.	Medium term
Products and Services	Investment in R&D to develop new forest-based, low-carbon products or products that can replace fossil-based products (e.g. using lignin or formed fibre biocomposites), promoting the circular bioeconomy	- Adapting the portfolio to the impacts of climate change in a way that responds to consumer preferences, reinforcing the competitive advantage in the market. - Increased revenues through demand for lower emission products.	Long term

Resilience of Navigator's strategy

Navigator developed a study to analyse climate scenarios, with support from RAIZ, in order to assess the exposure of Navigator's assets to physical climate risks.

Two Representative Concentration Pathways (i.e., climate scenarios), namely RCPs 4.5 and 8.5, were evaluated, which assume differing greenhouse gas (GHG) emission pathways.

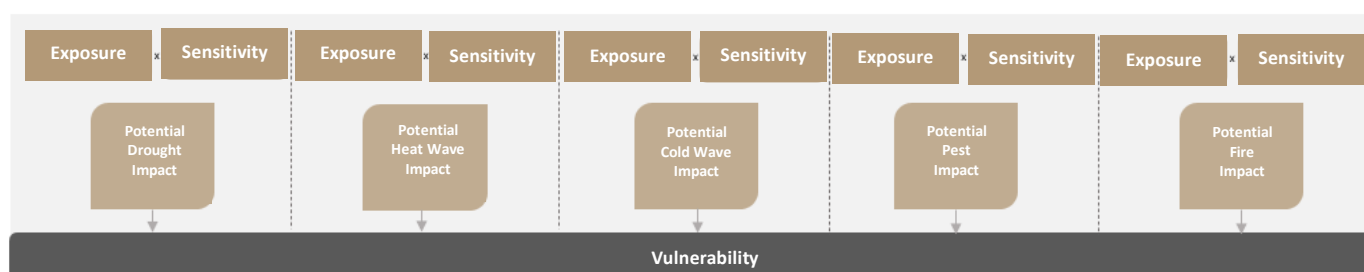
The study calculated the vulnerability of Navigator's forest property in Portugal to climate change, taking into account existing conditions and those projected for 2040 in each scenario.



The vulnerability components include the exposure factor, the sensitivity factor and adaptive capacity. The exposure factor evaluates how they are subject to climate impacts, resources, systems, ecosystems, infrastructures, species or populations in a given area; the sensitivity factor determines the magnitude of the direct or indirect effects of climate; and the adaptive capacity is defined as the capacity to respond to climate change or climate events.

The combination of the three factors makes it possible to assess climate vulnerability in a given region. The methodology adopted for calculating the vulnerability of eucalyptus stock took into account the definition of exposure and sensitivity on a scale of 5 classes, to describe the levels of exposure and sensitivity for the different climate scenarios. Navigator has also developed a methodology for determining suitability for eucalyptus, based on climatic variables (average annual rainfall, summer rainfall and number of days with >1mm, average annual temperature, maximums for the hottest month and minimums for the coldest month) and soil quality (texture, depth, hazardousness and organic matter).

The calculation of vulnerability resulted from the mean potential impact of each type of exposure weighted for each factor using the Hierarchical Analysis method, participative analysis method and multi-criteria decision.





Using this analysis, Navigator obtained information on the exposure of its property to the physical risks of drought, heat waves, cold snaps, fires and pests, for each region of the country.

The results obtained make it possible to identify the most critical areas to monitor, in order to implement adaptation strategies and targets that promote Navigator's resilience to climate change.

In the future, the Group intends to continue to evolve in the analysis of the impacts of climate change on its businesses and to develop additional scenario analysis studies in order to assess the effects on its risks and opportunities.

8.5. Risk management

Reporting Recommendation	Additional reporting location
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability Report Chapter 4.1 Corporate Governance Report Part I C. III Annual Report Chapter 2.11
b) Describe the organisation's processes for managing climate-related risks.	Sustainability Report Chapter 4.1 Corporate Governance Report Part I C. III Annual Report Chapter 2.11
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Sustainability Report Chapter 4.1 Corporate Governance Report Part I C. III Annual Report Chapter 2.11

Navigator considers risk management to be a core business process. Thus, the Company has a permanent system for monitoring risk management, involving all units, the Risk Management Department (RMD) and the Supervisory Board. This system is based on the systematic and explicit assessment of business risks by all the Group's organisational divisions and on the identification of the main controls in place in all business processes. This basis allows the Company to continuously evaluate and adapt the internal control system to the risks identified as most critical at any given time.



Integration of climate risks into Navigator's general risk management

The risks associated with climate change are included in the set of risks identified by Navigator. Management of these risks, through mitigation controls and monitoring processes, is reflected in several fronts of the Group's risk management structure.

Relevant climate risks and opportunities are identified and assessed by a multidisciplinary team through an iterative process of continuous improvement. Their annual review considers the breadth of the Group's business, in all locations in which it operates and its product portfolio, including consultation with technical experts where necessary.

Climate change-related risks and mitigation actions are reviewed and updated annually, along with the Group's main risks, and are approved by the Executive Committee.

The Group has several mechanisms in place to monitor and mitigate these risks through proactive management and early detection. The Group has incorporated climate change considerations into reforestation practices, conservation of species biodiversity and increased monitoring during periods of fire risk. Climate change related risks and opportunities are managed and, where possible, mitigated by the operational teams and through the investment programme.

For more information on the Navigator Group's risk management methodology please refer to Chapter 2.11.

8.6. Metrics and Goals

Reporting Recommendation	Additional reporting location
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Sustainability Report Chapters 3.1, 5.1, and 6
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Sustainability Report Chapter 6
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Sustainability Report Chapters 3.1, 5.1, and 6

To face the challenges and opportunities of the next decade, Navigator has set out its 2030 Agenda, an agenda for responsible business management that will increase the Group's positive contribution to creating value and sustainable growth in a changing world. The 2030 Agenda was based on the results obtained from a consultation process with 540 internal and external Stakeholders, a benchmarking analysis of international trends and using the United Nations Sustainable Development Goals as a reference. The targets for reducing GHG emissions approved by the Science Based Targets initiative (SBTi) and aligned with the global challenge of limiting the mean temperature increase to 1.5°C are some of the objectives set out in the 2030 Agenda.



Navigator has defined the climate metrics presented in the following table as the most relevant for the business. The performance of these metrics is regularly assessed and is published annually through the Group's Sustainability Report.

Metrics	Indicators	Objectives and Goals	Performance
Greenhouse Gas (GHG) Emissions	Scope 1 absolute GHG emissions ¹⁰		
	Scope 2 absolute GHG emissions ¹²		
	Scope 3 absolute GHG emissions ¹³	SBTi Validated Targets ¹¹	
	>Upstream categories: 1. Goods and services purchased 3. Fuel and energy related activities (not included in Scopes 1 and 2) 4. Transport and distribution	Reduction of Scope 1 and 2 GHG Emissions by 63% by 2035 (reference year: 2020) Reduction of Scope 3 GHG emissions by 37.5% by 2035 (reference year: 2020)	GRI 305 (Sustainability Report – Chapter 6)
	>Downstream categories: 9. Transport and distribution 10. Use of products sold 11. Treatment and end of life of products sold	Specific targets for industrial activity Reduction of direct ETS CO ₂ emissions from industrial complexes by 86% by 2035 (reference year: 2018)	
	Carbon Intensity		
Water and Wastewater Management	Water Catchment	Reduce specific water use (m ³ /t product) by at least 33% by 2030 (base year: 2019)	GRI 303 (Sustainability Report – Chapters 5.4 and 6)
Waste Management	Waste Production	Achieve, by 2030, an industrial landfill rate of less than 10%	GRI 306 (Sustainability Report – Chapter 6)

Internal Carbon Price

The Navigator Group has pursued a strategy of implementing a series of environmental investments which, among other advantages, have resulted in a continuous reduction in CO₂ emissions, despite the continuous increase in production volume in recent years. Using forest biomass to produce energy is Navigator's main way of reducing consumption of fossil fuels. The installation of new biomass boilers not only contributes to fire prevention by removing undergrowth from forests, but also means that less controlled burning (avoiding the concomitant risks) is necessary. In addition to the new biomass boiler at the Figueira da Foz plant allowing a 32% reduction in the Navigator Group's total CO₂ emissions, the Aveiro unit is looking at installing a steam turbine and the Setúbal Complex is assessing a project to use biomass as fuel for the lime kilns.

¹⁰ Historical record of values for the last 3 years shown

¹¹ The targets include emissions and removals of bioenergy from biogenic sources.

¹² Historical record of values for the last 3 years shown

¹³ Historical record of values for the last 2 years (2020 and 2021) shown



The differential between the free allocations given by the ETS and the forecast emissions has to be bought in the market. The Company has already negotiated contracts for the estimated deficit up to 2022. The price referred to is the average price of those purchases:

Purchase: Minimum: 65.91 €/ton; Maximum: 68.25 €/ton; Average: 67.74 €/ton.

Remuneration policies

With regard to management of climate issues, Navigator promotes incentives for the Board of Directors through its remuneration system, which incorporates, in the case of Executive Directors, a variable component, determined on the basis of an assessment of the actual performance of the Company and of the Director. Actual performance is assessed against expectations and targets and is weighted against a set of quantitative and qualitative KPIs that include EBITDA, net income, cash flow and total shareholder return vs peers.

In line with the commitments made by Navigator in its sustainability strategy and in recognition of the importance of efficient energy use and the need to reduce CO₂ emissions from economic activities, the implementation of the corporate energy efficiency programme, approved in 2016, is also included in the weighting (energy reduction target).

Recognition of Navigator's Climate Action

 CDP Climate Change	2020	2021	2022
	A	A-	A

8.7. Next steps

The year 2022 marks the publication of the first climate action report aligned with TCFD recommendations, reinforcing the way Navigator is managing the impacts of climate risks and opportunities, through its strategic approach and risk management processes that enable it to respond to inherent impacts. In order to continuously improve the alignment of its reporting with TCFD disclosure recommendations, the main areas of focus for Navigator and the next steps to be considered are presented below.



Governance	Strategy
- Strengthen the supervision, evaluation and management model of climate-related risks and opportunities. - Continue the Training Programme on the issue of climate change and the Organisation's adaptation response to climate challenges. The design of the programme, which started in 2023, has programme contents and complexity levels adapted to the different trainees, covering the main functions.	- Conclude the reassessment of the matrix for identifying climate risks and opportunities, covering the entire value chain, in order to determine the potential financial impact in the short, medium and long term for the most relevant ones. - Notify the validated GHG near-term reduction targets (1.5°C by 2035) and review them in light of the development of the GHG Protocol and FLAG Guidance. - Carry out a new study of climate scenario analysis with the aim of re-evaluating Navigator's adaptation and resilience strategies against climate change. - Ensure continuous monitoring and follow-up of new climate-related regulations and legal requirements.
Risk Management	Metrics and Goals
- Strengthen the processes of identification and assessment of climate-related risks, ensuring that they are aligned with the recommendations of the framework. - Review the climate risk management procedure in order to improve support for decision-making on climate risk mitigation or control. - Incorporate in the risk prioritization procedures (risk matrix) the climate risks with the greatest impact for Navigator.	- Review and define the KPIs used to measure the Group's performance against the defined climate targets. - Continue calculating, monitoring and reporting all categories (applicable to Navigator) of scope 3 GHG emissions. - Set Net-Zero targets for the whole Group, in line with the strategic transition plan for a low carbon economy.



CONSOLIDATED
FINANCIAL STATEMENTS
2022 ANNUAL REPORT



Consolidated Income Statement

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
Revenue	2.1	2,464,624,691	1,595,870,445
Other operating income	2.2	71,158,532	31,380,233
Changes in the fair value of biological assets	3.8	(24,824,186)	(1,260,391)
Costs of goods sold and materials consumed	4.1	(968,849,205)	(629,794,745)
Variation in production	4.1	80,484,007	1,612,980
External services and supplies	2.3	(626,158,733)	(449,402,361)
Payroll costs	7.1	(186,239,235)	(155,015,795)
Other operating expenses	2.3	(73,837,092)	(38,674,036)
Net provisions	10.1	(1,621,447)	(3,142,944)
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(161,277,579)	(121,999,345)
Operating income		573,459,753	229,574,041
Financial income and gains	5.11	1,688,981	3,430,634
Other financial expenses and losses	5.11	(58,671,991)	(21,207,843)
Net financial results		(56,983,010)	(17,777,209)
Gains/(losses) of associates and joint ventures		-	-
Profit before income tax		516,476,743	211,796,832
Income tax	6.1	(123,937,812)	(40,378,319)
Net profit for the period		392,538,931	171,418,513
Attributable to Navigator's equity holders		392,537,070	171,411,455
Attributable to non-controlling interests	5.6	1,861	7,058
Earnings per share			
Basic earnings per share, Euro	5.3	0.552	0.241
Diluted earnings per share, Euro	5.3	0.552	0.241



Consolidated statement of comprehensive income

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
Net profit for the period			
before non-controlling interests		392,538,931	171,418,513
Items that may be reclassified to profit and loss			
Hedging derivative financial instruments			
Changes in fair value	8.2	54,623,316	1,430,747
Tax effect		(15,021,412)	(393,456)
Currency translation differences		29,689,707	(3,464,432)
Tax on conventional capital remuneration		(1,020,250)	(770,000)
Items that cannot be reclassified to profit and loss			
Remeasurement of post-employment benefits			
Remeasurement	7.2.5	2,936,789	1,924,988
Tax effect	7.2.5	67,168	(223,719)
Comprehensive income of associates and joint ventures		767,146	(1,448,450)
Total other comprehensive income net of taxes		72,042,464	(2,944,322)
Total comprehensive income		464,581,395	168,474,191
Attributable to:			
Navigator's equity holders		464,570,314	168,462,477
Non-controlling interests		11,081	11,714
		464,581,395	168,474,191



Consolidated statement of financial position

As at 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	44,813,091	24,752,529
Property, plant and equipment	3.3	1,099,689,407	1,145,244,507
Right-of-use assets	3.6	57,934,840	51,192,959
Biological assets	3.8	122,499,875	147,324,061
Investment properties	3.4	90,943	92,589
Non-current receivables	4.2	25,282,858	8,604,547
Deferred tax assets	6.2	27,204,659	28,037,408
		1,754,855,139	1,782,588,066
Current assets			
Inventories	4.1	298,729,217	186,550,658
Current receivables	4.2	499,143,408	317,882,760
Income tax	6.1	16,216,543	1,118,815
Cash and cash equivalents	5.9	343,083,788	239,171,252
		1,157,172,956	744,723,485
Total Assets		2,912,028,095	2,527,311,551
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.2	500,000,000	500,000,000
Treasury shares	5.2	-	-
Currency exchange reserve	5.5	5,343,706	(24,346,001)
Fair value reserves	5.5	33,997,828	(5,604,076)
Legal reserve	5.5	100,000,000	100,000,000
Other reserves	5.5	3,481,014	121,836,100
Retained earnings	5.5	224,049,919	231,525,876
Net profit for the period		392,537,070	171,411,455
Prepaid dividends	5.4	-	(49,996,170)
Equity attributable to Navigator's equity holders		1,259,409,537	1,044,827,184
Non-controlling interests	5.6	297,977	286,896
Total Equity		1,259,707,514	1,045,114,080
Non-current liabilities			
Interest-bearing liabilities	5.7	643,006,886	714,625,892
Lease liabilities	5.8	55,089,083	47,417,092
Pensions and other post-employment benefits	7.2	2,835,730	5,674,918
Deferred tax liabilities	6.2	98,314,430	92,528,775
Provisions	10.1	28,432,877	26,752,081
Non-current payables	4.3	34,852,398	37,014,427
		862,531,404	924,013,185
Current liabilities			
Interest-bearing liabilities	5.7	82,294,836	119,318,157
Lease liabilities	5.8	6,551,966	5,823,833
Current payables	4.3	575,467,689	393,161,894
Income tax	6.1	125,474,686	39,880,402
		789,789,177	558,184,286
Total Liabilities		1,652,320,581	1,482,197,471
Total Equity and Liabilities		2,912,028,095	2,527,311,551



Statement of Changes in Equity

For the periods ended 31 December 2022 and 31 December 2021

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		-	-	-	-	-	-	-	392,537,070	-	392,537,070	1,861	392,538,931
Other comprehensive income (net of taxes)		-	-	29,689,707	39,601,904	-	-	2,741,633	-	-	72,033,244	9,220	72,042,464
Total comprehensive income for the period		-	-	29,689,707	39,601,904	-	-	2,741,633	392,537,070	-	464,570,314	11,081	464,581,395
Application of 2021 net profit for the period:													
- Dividends paid	5.4	-	-	-	-	-	-	(131,632,875)	-	-	(131,632,875)	-	(131,632,875)
- 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)
Distribution of reserves		-	-	-	-	-	(118,355,086)	-	-	-	(118,355,086)	-	(118,355,086)
Incorporation of reserves		-	-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	5.2	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid dividends	5.4	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders		-	-	-	-	-	(118,355,086)	(10,217,590)	(171,411,455)	49,996,170	(249,987,961)	-	(249,987,961)
Equity as at 31 December 2022		500,000,000	-	5,343,706	33,997,828	100,000,000	3,481,014	224,049,919	392,537,070	-	1,259,409,537	297,977	1,259,707,514

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		-	-	-	-	-	-	-	171,411,455	-	171,411,455	7,058	171,418,513
Other comprehensive income (net of taxes)		-	-	(3,464,432)	1,037,292	-	-	(521,838)	-	-	(2,948,978)	4,656	(2,944,322)
Total comprehensive income for the period		-	-	(3,464,432)	1,037,292	-	-	(521,838)	171,411,455	-	168,462,477	11,714	168,474,191
Application of 2020 net profit for the period:													
- Dividends paid	5.4	-	-	-	-	-	-	(99,565,630)	-	-	(99,565,630)	-	(99,565,630)
- Application of prior period's net profit		-	-	-	-	-	-	116,213,720	(109,213,720)	-	7,000,000	-	7,000,000
- Bonus to employees		-	-	-	-	-	-	(7,000,000)	-	-	(7,000,000)	-	(7,000,000)
Transfer 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	5.2	(6,316,931)	20,189,264	-	-	-	-	(13,872,333)	-	-	-	-	-
Prepaid dividends	5.4	-	-	-	-	-	-	-	(49,996,170)	(49,996,170)	-	-	(49,996,170)
Total transactions with shareholders		-	20,189,264	-	-	-	(144,607,546)	134,066,372	(109,213,720)	(49,996,170)	(149,561,800)	-	(149,561,800)
Equity as at 31 December 2021		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



Consolidated Statement of Cash Flows

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Notes	2022	2021
OPERATING ACTIVITIES			
Receipts from customers		2,471,793,012	1,585,718,491
Payments to suppliers		(1,704,131,480)	(1,165,320,806)
Payments to employees		(127,038,497)	(111,579,111)
Cash flow from operations		640,623,035	308,818,574
Income tax received/ (paid)	6.1	(64,765,380)	(20,649,602)
Other (payments)/ receipts relating to operating activities		49,902,600	65,584,535
Cash flows from operating activities (1)		625,760,255	353,753,507
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		1,066,465	3,065,224
Interest and similar income		853,005	5,308,813
		1,919,470	8,374,037
Outflows:			
Property, plant and equipment		(120,784,217)	(86,841,984)
Intangible assets		(3,288,016)	(17,416,194)
		(124,072,233)	(104,258,178)
Cash flows from investing activities (2)		(122,152,763)	(95,884,141)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.10	430,000,000	147,500,000
Government grants	5.10	96,055	-
		430,096,055	147,500,000
Outflows:			
Interest-bearing liabilities	5.10	(533,070,676)	(291,527,778)
Amortisation of lease agreements	3.6	(8,837,422)	(8,965,290)
Interest and similar expense		(33,816,287)	(14,161,246)
Distribution of dividends	5.4	(131,632,875)	(149,561,800)
Distribution of reserves	5.4	(118,355,086)	-
Refundable grants	5.10	(5,636,313)	(4,472,875)
		(831,348,659)	(468,688,989)
Cash flows from financing activities (3)		(401,252,604)	(321,188,989)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		102,354,888	(63,319,623)
Effect of exchange rate differences		1,557,648	91,044
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	239,171,252	302,399,831
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	343,083,788	239,171,252



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1. Introduction

The following symbols are used in the presentation of the Notes to the financial statements:



Accounting policies

This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.



Significant Estimates and Judgements

This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. Significant estimates and judgements are indicated in Note 1.8.



References

This symbol indicates a reference to another Note or another section of the Financial Statements where more information about the items disclosed is presented.

1.1. The Group

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

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

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

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

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



Aiming to restructure the paper industry in Portugal, Portucel acquired Papéis Inapa, S.A. (Setúbal), in 2000, and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. Those key strategic decisions resulted in the Portucel Soporcel Group (currently Navigator Group), which is currently the largest European and one of the world's largest producers of bleached eucalyptus pulp and uncoated wood-free paper (UWF), with a capacity of 1.6 and 1.6 millions of tons, respectively, and it sells approximately 255 thousand tons of pulp (300 thousand tons in 2021), annually, integrating the remainder in the production of UWF paper and Tissue paper.

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

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

From 2009 to July 2015, more than 75% of the company's share capital was held directly and indirectly by Semapa – Sociedade de Investimento e Gestão SGPS, S.A.. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015. The voting rights currently amount to 69.97%.

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 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. (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



A more detailed description of the activity in each business line of the Group is disclosed in Note 2.1 - Revenue and segment reporting.

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.

In view of the weight of the markets of Russia and Ukraine in the Group's sales, which represent less than 1% as at the period ended 31 December 2021 and 0% in 2022, 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. No evidence of impairment resulted from this analysis.

Recoverability of Goodwill

The Group analysed whether there were signs of impairment arising from the impacts of the war in Ukraine, according to the current forecasts, based on the projections of GDP growth and inflation in Portugal, according to the IMF and Banco de Portugal, which could indicate the existence of impairment on Goodwill. No signs of impairment on goodwill were identified and there is a substantial gap compared to the book value of the cash-generating units (note 3.1).

Recoverability, useful life and depreciation of property, plant and equipment

Considering the prospects for overall consumption of UWF paper, the pulp and paper prices and the substantial gaps in relation to the book values of assets, there are no indications of the existence of impairment on property, plant and equipment.

Actuarial assumptions

The Group assessed the discount rate applicable to the defined benefit plan for employees and other post-employment benefits. The definition of the rate used to discount the liabilities (technical interest rate) is based on yield curves of highly rated bonds with a maturity consistent with the duration of the plan's liabilities. As a result of this assessment and based on the actuarial study as at 31 December 2022, Navigator updated the discount rate of 1.25% to 3.5%, in line with benchmark interest rates. The Group presents in Note 7.2 a sensitivity analysis that allows assessing the impact of a possible change in the discount rate.

Biological assets

When calculating the fair value of forests, the discounted cash-flows method is used, being the discount rate, growth period and price some of the key assumptions that may be subject to change due to the military conflict in Ukraine. In this sense, during 2022, the growth plans proceeded as expected and Navigator updated the assumptions of the fair value model in compliance with market developments, namely by updating the discount rate from 2.99% to 5.17%. Note 3.8 shows the impact of this update and a sensitivity analysis of these assumptions.

Inventories

Taking into account the impact on demand, namely at the UWF level, the Group increased the impairment of inventories in 2022 by Euro 13,241,209 (Notes 2.3 and 4.1). Taking into account the margins practised, the Group considers that the net realisable value of its inventories at 31 December 2022 is higher than their book value.



Recoverability of Trade and other receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. In the Navigator Group, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales are either insured or adequately covered by collaterals.

Nevertheless, the Group periodically assesses the expected credit losses and the impacts on all financial assets measured at amortised cost. In this regard, the Group assessed the current exposure to credit risk and the potential impact of future economic forecasts and concluded that the impact of this component is small.

Liquidity

The Company currently has a comfortable liquidity situation, which has been the result of a careful management of working capital, containment of the pace of implementation of the investment plan and implementation of a confirming program to extend payment deadlines without, however, adversely impacting suppliers.

1.3. Subsequent events

1.3.1. Acquisition of the consumer tissue business in Spain

The Navigator Group has formalised an agreement for the purchase of shares representing the entire share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France (hereinafter collectively referred to as "GC Consumer").

The acquisition of GC Consumer, which had total sales of Euro 115.6 million in 2022, is part of Navigator Group's ambitious growth and diversification plan. The integration of this new mill will enable Navigator to position itself as the second largest tissue producer in the Iberian Peninsula, adding 35,000 tonnes of annual tissue paper production capacity, bringing the total to 165,000 tonnes per year, and increasing annual converting capacity by 60,000 tonnes to 180,000 tonnes per year.

The enterprise value of this acquisition is Euro 85 million.



1.4. Basis for preparation

1.4.1. Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 16 February 2022. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese commercial legislation.

The Group's senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation scope.

1.4.2. Accounting principles

The consolidated financial statements for the period ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS), effective 1 January 2022 and as adopted by the European Union.

1.4.3. Scope of consolidation

1.4.3.1. Subsidiaries

Subsidiaries are all entities over which the Group has control, which occurs when the Group is exposed or entitled to the variable returns resulting from its involvement with the entities and has the capacity to affect that return through the exercise of power over the entities, regardless of the percentage they hold over equity.

The existence and the effect of potential voting rights which are currently exercisable or convertible are considered when the Group assesses whether it has control over another entity.

Subsidiaries are consolidated using the full consolidation method with effect from the date on which control is transferred to the Group while they are excluded as from the date control ceases.

These companies' equity and net profit corresponding to the third-party investment in such companies are presented under non-controlling interests in the consolidated statement of financial position (in a separate component of equity) and in the Consolidated income statement. The companies included in the consolidated financial statements are detailed in Note 11.

The purchase method is used in recording the acquisition of subsidiaries. The cost of an acquisition is measured by the fair value of the assets transferred, the equity instruments issued, and liabilities incurred or assumed on acquisition date, and the best estimate of any agreed contingent payment.

The identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are initially measured at fair value on the date of acquisition, irrespective of the



existence of non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share of the identifiable assets and liabilities acquired is recorded as goodwill, as described in Note 3.1.

If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary (negative goodwill), the difference is recognised directly in the income statement in the period it takes place.

Transaction costs directly attributable to the acquisition are immediately expensed.

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between group companies are eliminated. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

When, at the date of the acquisition of control, The Navigator Company already holds a previously acquired interest in the subsidiary, its fair value is considered in determining the goodwill or negative goodwill.

On a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously held is recognised against the income statement when Goodwill is calculated.

When subsequent transactions of disposal or acquisition of shares with non-controlling interests with no impact in control take place, no gain, loss or goodwill is determined, and the differences between the transaction cost and the book value of the share acquired are recognised in equity.

Negative results generated in each period by subsidiaries with non-controlling interests are allocated, in the percentage held, to non-controlling interests, regardless of whether they become negative.

In the case of disposals of interests, resulting in a loss of control over a subsidiary, any remaining interest is revalued to the market value at the date of sale, and the gain or loss resulting from such revaluation, is recorded against income, as well as the gain or loss resulting from such disposal.

The subsidiaries' accounting policies are adjusted, whenever necessary, so as to ensure that they are applied consistently by all the Group's companies.

1.4.3.2 Associates

Associates are all the entities in which the Group exercises significant influence but do not have control, which is generally the case with investments representing between 20% and 50% of the voting rights. Investments in associates are accounted under the equity method.

In accordance with the equity method, financial investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share of changes in the associates' Shareholders' equity (including net income/loss) with a corresponding gain or loss recognised for the period on earnings or on changes in capital, and by dividends received.



Differences between the acquisition cost and the fair value of the assets and liabilities attributable to the affiliated company on the acquisition date are, if positive, recognised as Goodwill and recorded as investments in affiliated companies. If negative, goodwill is recorded as income for the period under the caption "Group share of (loss)/gains of associates and joint ventures".

Transaction costs directly attributable to the acquisition are immediately expensed.

In the event that impairment loss indicators arise on investments in associates, an evaluation of the potential impairment is made, and if deemed necessary, a loss is recognised in the consolidated income statement.

When the Group's share of losses in associate companies equals or exceeds its investment in that associate, the Group ceases the recognition of additional losses, unless it has incurred in liabilities or has made payments on behalf of that associate.

Unrealised gains on transactions with associates are eliminated to the extent of the Navigator Group's investment in the associates. Unrealised losses are also eliminated, except where the transaction displays evidence of impairment of a transferred asset.

The associates' accounting policies used in the preparation of the individual financial statements are adjusted, whenever necessary, so as to ensure consistency with the policies adopted by the Group.

1.4.4. Presentation currency and foreign currency transactions

i. Functional and reporting currency

The items included in the Financial Statements of each one of the Group's entities are measured using the currency of the economic environment in which the entity operates (functional currency).

These consolidated financial statements are presented in Euro, which is the Group's functional and reporting currency.

ii. Balances and Transactions expressed in foreign currencies

All the Group's assets and liabilities denominated in currencies other than the reporting currency have been translated to Euro using the exchange rates prevailing at the consolidated statement of financial position date (Note 8.1.1).

Currency adjustments, favourable and unfavourable, arising from differences between the exchange rates prevailing at the date of the transaction and those at the date of collection, payment or statement of financial position, are recorded as income and costs in the Consolidated income statement for the period.



iii. Group companies

The results and the financial position of the Group's entities which have a different functional currency from the Group's reporting currency are translated into the reporting currency as follows:

- i. The assets and liabilities of each Statement of financial position are translated at the exchange rates prevailing at the date of the consolidated statement of financial position;
- ii. Equity balances are translated at the historical exchange rate;
- iii. The income and expenses disclosed in the Income Statement are converted at the exchange rate prevailing at the dates of the transactions. When this is not possible or when benefits do not arise from the use of this procedure, income and expenses are translated at the average exchange rate of the period.

The exchange differences resulting from the topics i) and iii) are recognised in the consolidated comprehensive income under the equity caption "Currency translation reserves", being transferred to the income statement when the disposal of the investments occur.

Long-term loans granted to subsidiaries in currencies other than the Group's functional currency, which are neither planned nor likely to be settled in the foreseeable future, are treated as a net extension of the investment in the foreign subsidiary. On this basis, exchange rate differences arising on these loans, which have not been eliminated on consolidation, are recognised under the equity caption "Currency translation reserves", being transferred to the income statement when the loans are settled, to the extent that such settlement represents an absolute reduction in the subsidiary's interest and exposure.



iv. Exchange rates used

	31-12-2022	31-12-2021	Valuation / (Devaluation)
GBP (Sertling pound)			
Average exchange rate for the period	0,85	0,86	0,79%
Closing exchange rate for the period	0,89	0,84	-5,55%
USD (American dollar)			
Average exchange rate for the period	1,05	1,18	10,99%
Closing exchange rate for the period	1,07	1,13	5,83%
PLN (Polish zloti)			
Average exchange rate for the period	4,69	4,57	-2,66%
Closing exchange rate for the period	4,68	4,60	-1,83%
SEK (Swedish krona)			
Average exchange rate for the period	10,63	10,15	-4,77%
Closing exchange rate for the period	11,12	10,25	-8,50%
CZK (Czech koruna)			
Average exchange rate for the period	24,57	25,64	4,19%
Closing exchange rate for the period	24,12	24,86	2,98%
CHF (Swiss franc)			
Average exchange rate for the period	1,00	1,08	7,08%
Closing exchange rate for the period	0,98	1,03	4,68%
DKK (Danish krone)			
Average exchange rate for the period	7,44	7,44	-0,03%
Closing exchange rate for the period	7,44	7,44	0,00%
HUF (Hungarian forint)			
Average exchange rate for the period	391,43	358,52	-9,18%
Closing exchange rate for the period	400,87	369,19	-8,58%
AUD (Australian dollar)			
Average exchange rate for the period	1,52	1,57	3,71%
Closing exchange rate for the period	1,57	1,56	-0,50%
MZM (Mozambican metical)			
Average exchange rate for the period	67,20	77,75	13,56%
Closing exchange rate for the period	68,18	78,09	12,69%
MAD (Moroccan dirham)			
Average exchange rate for the period	10,69	10,67	-0,12%
Closing exchange rate for the period	11,16	10,52	-6,11%
NOK (Norway kroner)			
Average exchange rate for the period	10,10	10,16	0,59%
Closing exchange rate for the period	10,51	9,99	-5,26%
MXN (Mexican peso)			
Average exchange rate for the period	21,18	23,99	11,70%
Closing exchange rate for the period	20,86	23,14	9,89%
AED (Dirham)			
Average exchange rate for the period	3,87	4,34	10,92%
Closing exchange rate for the period	3,92	4,16	5,83%
CAD (Canadian dollar)			
Average exchange rate for the period	1,37	1,48	7,64%
Closing exchange rate for the period	1,44	1,44	-0,33%
ZAR (South African rand)			
Average exchange rate for the period	17,21	17,48	1,54%
Closing exchange rate for the period	18,10	18,06	-0,20%
BRL (Brazilian real)			
Average exchange rate for the period	5,44	6,38	14,74%
Closing exchange rate for the period	5,64	6,31	10,64%
EGP (Egyptian pound)			
Average exchange rate for the period	20,18	18,55	-8,81%
Closing exchange rate for the period	26,31	17,82	-47,63%
TRY (Turkish lira)			
Average exchange rate for the period	17,42	10,51	-65,68%
Closing exchange rate for the period	19,96	15,23	-31,06%



1.4.5. 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 11.1), and under the historical cost convention, except for biological assets (Note 3.8), and for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.3), in which derivative financial instruments are included (Note 8.2). The liability related to responsibilities for defined benefits is recognised at its present value deducted from the respective asset.

1.4.6. Comparability

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



1.5. New IFRS standards 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.	1 January 2022
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 for annual periods beginning on or after 1 January 2022.	1 January 2022
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.	1 January 2022
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: (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 will be applied for annual periods beginning on or after 1 January 2022.	1 January 2022



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 in advance	
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	1 January 2023 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.
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023 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.
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction	1 January 2023 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.
IFRS 17 — Insurance Contracts	1 January 2023 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.



Amendment		Date of application
Amendments to IFRS 17 - Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 - Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. IFRS 17, including this amendment, is effective for annual periods beginning on or after 1 January 2023.	1 January 2023
Standards and amendments not yet endorsed by the European Union		
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: - specify that an entity's right to defer settlement must exist at the end of the reporting period; - 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; - clarify how loan conditions affect classification; and - 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 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction; - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The Amendments are applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

With respect to the above standards, which are not yet mandatory, the Group has not yet completed the calculation of all impacts arising from their application and has therefore elected to apply them early, although these impacts are not expected to be material.



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	10.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment



2. Operational performance

2.1. Revenue and segment reporting



Accounting policies

Navigator Group business areas

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 whole 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 Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, only produces tissue paper.

Wood is produced from woodlands owned or leased by the Group in Portugal and Spain, and also from granted lands in Mozambique. The production of cork and pine wood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own BEKP production is consumed in the production of UWF and tissue paper. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

With regard to energy production, the Group has three cogeneration plants, integrated in the production of pulp. Heat production is used for internal consumption while electricity is sold to the national energy grid or on the market. The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da Foz and in Setúbal, and two separate units using biofuel, the production of which is mostly sold to the national energy grid or on the market. It also has three photovoltaic units for self-consumption, two in Setúbal and one in Figueira da Foz.

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 (mixed holding).

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

- All the equipment allocated to the UWF pulp and Paper production are included in Property, plant and equipment of the respective segments.
- The Group's property assets are allocated to the appropriate 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 Group's financing policy, all loans are contracted by the Group's holding company, The Navigator Company, S.A., which is responsible for bearing all debt and related charges. Accordingly, interest-bearing liabilities (Note 5.7) are allocated to the "Support" segment, which includes the Group's corporate centre (Holding), with the exception of the 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.



Revenue

Revenue is presented by operating segment and by geographic area, based on the country of destination of the goods and services sold by the Group.

Commercial contracts with Customers refer essentially to the sale of goods such as paper, pulp, tissue and energy, and to an extent, to the transportation inherent to those goods, when applicable.

Revenue recognition in each operating segment is described as follows:

Market pulp	Pulp revenue results from sales to international paper and decor producers. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products occurs in general when there is a transfer of control to the Customer, according to the Incoterms negotiated.
UWF	Paper revenue refers to sales made through Commercial Distributors (B2B) which include large distributors, wholesalers or commercial operators. Revenue is recognised at a specific time, on the date of delivery of the product to the Customer when the transfer of control occurs, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold, less cash discounts and quantity discounts, which are reliably determinable.
Tissue	Tissue revenue results from sales of tissue paper produced for the private label of modern national and international retail chains. Revenue is recognised at a specific moment, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to quantities sold, less cash discounts and quantity discounts, which are reliably determined. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place.
Energy	The energy revenue results from the valuation of the energy delivered to the National Energy Network or sold on the market, as metered, valued at the tariff defined in the agreement for an ongoing 25-year period in the first case or at the market price in the second case. From November 2021 onwards, the surplus electricity from the natural gas combined cycle plant at the Setúbal industrial complex has been sold at market prices rather than the regulated tariff. In 2022, the same happened with the surplus production of other plants of the Group.
Support	The revenue from the sale of other products such as waste, or services (brokerage, for example) is recognised on the date of delivery of the product to the Customer by the amount of the performance obligation satisfied. The income related to this segment is reclassified to other operating income or to less costs.

The Navigator Group considers the facts and circumstances when analysing the terms of each Customer contract and its usual business practices in determining the transaction price. In this sense, in terms of sales tax, from the assessment performed by Navigator, there are no situations that could be included in the transaction price. Regarding specifically to the anti-dumping tax, this is a tax for the entry of goods into the country (in the case of the USA) and is not a tax determined a priori but depends on the analysis of the Department of Commerce *a posteriori*. Therefore, it represents a decrease to the gross margin obtained in the United States of America and not an adjustment to the transaction price.



Financial information by operating segment in 2022 and 2021

2022

	Market Pulp	UWF Paper	Tissue paper	Energy	Support	Cancellations*	Total
REVENUE							
Sales and services - external	197,416,774	1,810,953,114	197,729,182	258,525,621	-	-	2,464,624,691
Sales and services - intersegment	3,525,438	-	-	66,682,677	-	(70,208,115)	-
Total revenue	200,942,212	1,810,953,114	197,729,182	325,208,298	-	(70,208,115)	2,464,624,691
PROFIT/ (LOSS)							
Operating income ⁽¹⁾	50,369,048	533,756,142	31,317,216	17,749,903	(59,732,556)	-	573,459,753
Net financial results	-	-	-	-	(56,983,010)	-	(56,983,010)
Income tax	-	-	-	-	(123,937,812)	-	(123,937,812)
Net profit for the period							392,538,931
Non-controlling interests	-	-	-	-	(1,861)	-	(1,861)
Profit/ (loss) attributable to equity holders	-	-	-	-	-	-	392,537,070
OTHER INFORMATION							
Capital expenditure	30,490,503	72,553,878	4,781,955	2,653,157	1,580,813	-	112,060,306
Depreciation and impairment	(19,691,188)	(109,728,670)	(10,109,208)	(20,798,940)	(949,573)	-	(161,277,579)
Provisions ((increases) / reversal)	(199,913)	2,740,699	(732,719)	-	(3,429,514)	-	(1,621,447)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	137,589,814	591,118,464	144,510,785	221,718,245	4,752,099	-	1,099,689,407
Right-of-use assets	11,682,440	43,832,667	-	-	2,419,733	-	57,934,840
Biological assets	30,624,969	91,874,905	-	-	-	-	122,499,874
Non-current receivables	775,481	7,537,867	2,208,419	-	14,761,092	-	25,282,859
Inventories	41,478,773	223,828,498	28,611,744	739,390	4,070,812	-	298,729,217
Trade receivables	18,940,061	240,428,617	44,400,815	23,459,074	14,372,891	-	341,601,458
Other current receivables	15,411,876	35,500,037	2,653,086	747,233	103,229,718	-	157,541,950
Other assets	4,172,745	62,146,799	3,833,977	-	361,255,503	-	431,409,024
Total Assets	260,676,159	1,673,024,237	226,801,909	246,663,942	504,861,848	-	2,912,028,095
SEGMENT LIABILITIES							
Interest-bearing liabilities	-	415,573	36,778,931	-	688,107,218	-	725,301,722
Lease liabilities	12,573,057	46,522,331	-	-	2,545,661	-	61,641,049
Other payables	74,580,924	233,992,271	18,861,370	7,001,916	241,031,208	-	575,467,689
Other liabilities	9,438,619	106,261,045	12,639,180	8,029,934	153,541,343	-	289,910,121
Total Liabilities	96,592,600	387,191,220	68,279,481	15,031,850	1,085,225,430	-	1,652,320,581

* Cancellation of intersegment operations. Consolidation adjustments related with intersegmental transactions are considered not significant.

(1) Includes the effects of hedging derivatives of Euro 11,705,047 in the Market Pulp segment, Euro 18,316,951 in the UWF Paper segment and Euro 2,388,498 in the Energy segment. The Energy segment also includes revenue associated with guarantees of origin of Euro 4,809,757.



In 2022, The Navigator Company recorded turnover in the amount of Euro 2,464,624,691, exceeding the two billion euro mark for the first time in the Group's history, with paper sales accounting for approximately 73% of turnover (vs.72%), pulp sales 8% (vs.11%), tissue sales 8% (vs.9%) and energy sales also 10% (vs.8%).

The 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. Constraints in the supply and logistics chains, together with the strike in Northern Europe, affected the supply of both pulp and paper to the market, contributing to historically high producer order books and delivery times and a general increase in prices. In the second half of the year, fears of an economic slowdown led to a sudden drop in demand at a time when stocks were high and logistics chains were relatively well organised.

During 2022, there was, therefore, a growth in paper sales volumes, with successive price increases for UWF, pulp and tissue, along with significant optimization of the sales mix.

The commitment to the packaging business continues to consolidate, with the Group achieving sales of over Euro 90 million in the packaging sector, doubling the figure for 2021. 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.

Total energy sales amounted to Euro 258,525,621 compared with Euro 135,173,674 in 2021, of which more than 70% came from renewable sources, contributing to the country's decarbonisation objectives. This result is mainly due to the fact that renewable cogeneration plants sold all their production on the market. In addition, the natural gas combined cycle plant in Setúbal, which had already been selling part of its electricity, started to sell its entire production on the market during the year.

The fixed capital expenditure in 2022 stood at Euro 112,060,306, compared with Euro 80,033,573 in the previous year. This amount includes mainly investments aimed at maintaining productive capacity, modernising equipment and improving efficiency. Approximately 35% of the total investment was of an environmental nature, including structural, environmental and decarbonisation projects, such as the new wood park in Figueira da Foz, the new evaporation line in Aveiro and the replacement of fuel oil boilers in Setúbal.



2021

	Market Pulp	UWF Paper	Tissue paper	Energy	Support	Cancellations*	Total
REVENUE							
Sales and services - external	161,241,425	1,153,642,635	145,812,710	135,173,675	-	-	1,595,870,445
Sales and services - intersegment	2,428,613	-	-	36,257,669	-	(38,686,282)	-
Total revenue	163,670,038	1,153,642,635	145,812,710	171,431,344	-	(38,686,282)	1,595,870,445
PROFIT/ (LOSS)							
Operating income	40,791,295	206,643,550	18,996,161	8,312,210	(45,169,175)	-	229,574,041
Net financial results	-	-	-	-	(17,777,209)	-	(17,777,209)
Income tax	-	-	-	-	(40,378,319)	-	(40,378,319)
Net profit for the period							171,418,513
Non-controlling interests	-	-	-	-	(7,058)	-	(7,058)
Profit/ (loss) attributable to equity holders	-	-	-	-	-	-	171,411,455
OTHER INFORMATION							
Capital expenditure	17,547,329	49,476,764	4,574,712	6,547,053	1,887,715	-	80,033,573
Depreciation and impairment	(10,819,597)	(74,302,895)	(10,114,964)	(25,860,263)	(901,626)	-	(121,999,345)
Provisions ((increases) / reversal)	(12,000)	(2,839,925)	-	(36,000)	(255,019)	-	(3,142,944)
OTHER INFORMATION							
SEGMENT ASSETS							
Goodwill	-	376,756,383	583,083	-	-	-	377,339,466
Property, plant and equipment	133,660,639	630,275,868	150,555,169	226,611,114	4,141,717	-	1,145,244,507
Right-of-use assets	10,318,973	37,985,826	-	-	2,888,159	-	51,192,959
Biological assets	36,885,846	110,438,215	-	-	-	-	147,324,061
Non-current receivables	74,861	530,535	91,076	-	7,908,076	-	8,604,547
Inventories	12,607,349	151,206,224	21,445,680	498,296	793,109	-	186,550,658
Trade receivables	27,516,273	144,048,402	31,270,504	791,242	7,162,662	-	210,789,083
Other current receivables	3,812,894	23,355,908	3,106,937	2,021,281	74,796,656	-	107,093,677
Other assets	1,053,682	48,859,236	1,347,605	38,500	241,873,570	-	293,172,593
Total Assets	225,930,518	1,523,456,596	208,400,055	229,960,433	339,563,949	-	2,527,311,551
OTHER INFORMATION							
Interest-bearing liabilities	-	554,367	35,647,751	-	797,741,932	-	833,944,049
Lease liabilities	10,792,437	39,443,439	-	-	3,005,049	-	53,240,925
Other payables	35,865,521	214,109,691	14,194,351	1,942,885	127,049,446	-	393,161,894
Other liabilities	12,841,723	103,296,985	12,832,704	9,596,076	63,283,115	-	201,850,603
Total Liabilities	59,499,681	357,404,481	62,674,806	11,538,961	991,079,541	-	1,482,197,471

* Cancellation of intersegment operations. Consolidation adjustments related with intersegmental transactions are considered not significant.



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

2022

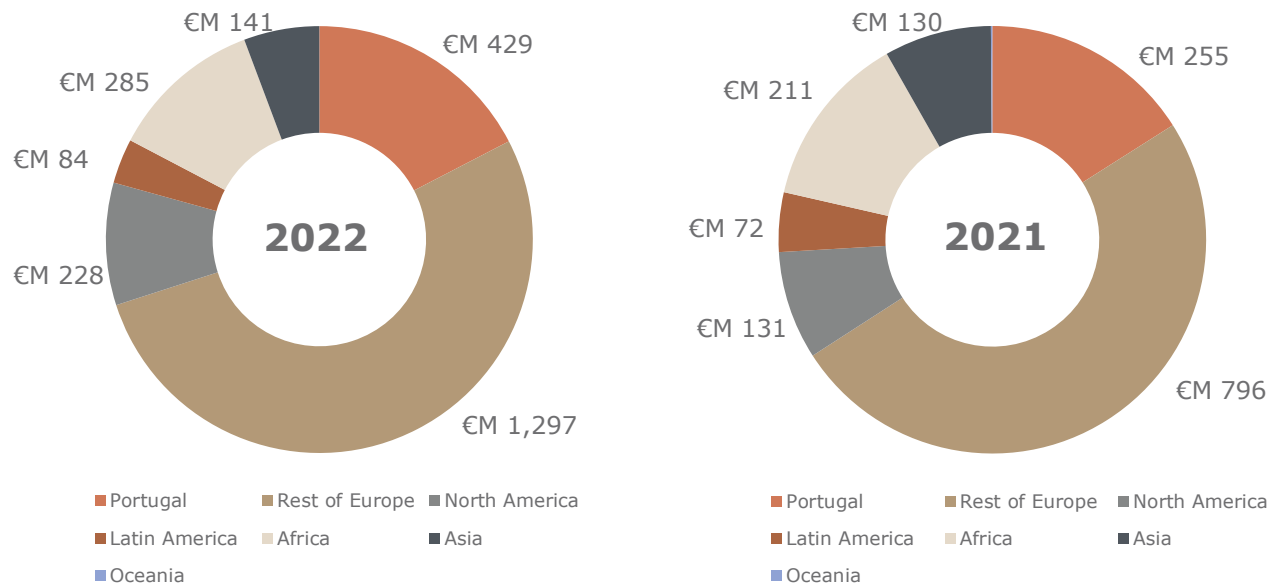
Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	4,043,366	86,390,348	79,660,327	258,525,621	428,619,662	17.39%
Rest of Europe	162,456,528	1,020,781,574	114,092,613	-	1,297,330,715	52.64%
North America	-	228,451,463	-	-	228,451,463	9.27%
Latin America	2,739,729	80,547,403	427,816	-	83,714,948	3.40%
Africa	17,461,936	264,736,272	3,365,618	-	285,563,826	11.59%
Asia	10,715,215	129,936,639	182,808	-	140,834,662	5.71%
Oceania	-	109,415	-	-	109,415	0.00%
	197,416,774	1,810,953,114	197,729,182	258,525,621	2,464,624,691	100%
Recognition pattern						
At a certain moment in time	197,416,774	1,810,953,114	197,729,182	258,525,621	2,464,624,691	100%
Over time	-	-	-	-	-	0.00%

2021

Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	2,857,768	61,336,753	55,941,695	135,173,674	255,309,890	16.00%
Rest of Europe	125,606,144	586,522,363	83,886,052	-	796,014,559	49.88%
North America	1,800,302	128,791,201	231,616	-	130,823,119	8.20%
Latin America	-	69,778,306	2,020,481	-	71,798,787	4.50%
Africa	13,336,229	193,679,141	3,706,845	-	210,722,215	13.20%
Asia	17,640,982	111,852,939	26,022	-	129,519,943	8.12%
Oceania	-	1,681,932	-	-	1,681,932	0.11%
	161,241,425	1,153,642,635	145,812,711	135,173,674	1,595,870,445	100%
Recognition pattern						
At a certain moment in time	161,241,425	1,153,642,635	145,812,711	135,173,674	1,595,870,445	100 %
Over time	-	-	-	-	-	0.00%



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 periods ended 31 December 2022 and 31 December 2021, Other operating income is detailed as follows:

Amounts in Euro	2022	2021
Gains on disposal of non-current assets	370,613	2,785,295
Grants - CO ₂ emission allowances (Note 3.2)	37,338,833	14,915,653
Supplementary gains	1,693,664	1,169,398
Operating grants	13,847,828	2,703,017
Impairment reversal on receivables (Note 8.1.4)	102,806	77,603
Impairment reversal on inventories (Note 4.1.4)	813,732	866,224
Gains on inventories	2,942,650	1,029,340
Own work capitalised	881,087	824,120
Compensations	547,519	418,549
Other operating income	12,619,800	6,591,035
	71,158,532	31,380,233



Gains on disposal of non-current assets included, in 2021, 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 free allocation of allowances for 444,457 tons of CO₂, at the average price of Euro 84.01 (442,732 tons of CO₂, at the average price of Euro 33.69 as at 31 December 2021) (Note 3.2).

Operating grants include Euro 9,951,051 related to the receipt of the indirect cost aid measure for installations covered by the European Emissions Trading Scheme (EU ETS), under Decree-Law 12/2020 of 6 April, as well as the incentive related to the Apoiar Gás programme of Euro 2,103,437. This caption also includes grants granted for research and development projects carried out by RAIZ, such as the INPACTUS project (Euro 712,216), IdTecFor (Euro 609,934), Replant (Euro 171,781), BL2F (Euro 57,515), B2Solutions (Euro 40,057), Bio4Portugal (Euro 45,899), INOV C+ (Euro 30,694) and others (Euro 125,244). In 2022, Euro 378,850 were also received regarding the IEFP'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.

Other operating income includes Euro 10,997,793 relating to the sale of UWF paper and tissue waste.



Accounting policies

Government grants

Operating grants

Government grants are only recognised when there is a reasonable assurance that the grant will be received, and the Group will comply with all required conditions. Operating grants, received with the purpose of compensating the Group for costs incurred, are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.

Grants related to biological assets

Grants related to biological assets (Note 3.8) carried at fair value, in accordance with IAS 41, are recognised in the income statement when the terms and conditions of the grant are met.

Grants - CO₂ emission allowances

Grants related to CO₂ emission allowances (Note 3.2) are recognised as deferred income and are systematically recorded in the income statement during the periods in which the expenses that those grants are intended to compensate are recorded.



2.3. Other operating expenses

Amounts in Euro	2022	2021
Cost of goods sold and materials consumed (Note 4.1.2)	968,849,205	629,794,745
External services and supplies		
Energy and fluids	216,276,682	134,874,499
Transportation of goods	213,001,707	152,168,311
Specialised work	105,588,546	83,265,324
Maintenance and repair	36,058,136	29,676,463
Rentals	7,568,844	8,216,430
Advertising and marketing	10,977,857	9,754,042
Insurance	8,513,884	7,865,892
Travel and accommodation	4,249,314	2,624,556
Fees	4,410,417	5,008,210
Subcontracts	2,331,111	2,086,188
Materials	4,426,180	2,737,852
Communications	1,276,693	1,469,281
Other	11,479,362	9,655,313
	626,158,733	449,402,361
Variation in production (Note 4.1.3)	(80,484,007)	(1,612,980)
Payroll costs (Note 7.1)	186,239,235	155,015,795
Other operating expenses		
CO ₂ Emission Expenses	44,071,034	24,788,284
Impairment losses on receivables	3,323,063	408,238
Impairment losses on inventories (Note 4.1.4)	13,241,209	2,643,558
Other inventory losses	4,986,967	1,555,909
Indirect taxes and fees	3,091,167	1,663,855
Water resources fee	1,439,298	1,689,769
Other operating expenses	3,684,354	5,924,423
	73,837,092	38,674,036
Net provisions (Note 10.1)	1,621,447	3,142,944
Total operating expenses	1,774,600,258	1,271,273,957

Throughout the 2022, there was a generalized worsening of costs. 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 logistical constraints that transversally affected the economy. Notwithstanding, Navigator was able to operate at 100% without any disruption in supplies.

In 2022 and 2021, external services and supplies costs incurred for investigation and research activities amounted to Euro 6,037,912 and Euro 4,475,304, respectively. The Group plans to apply for SIFIDE approximately Euro 13 million (Euro 12.3 million in 2021) relating to research



and development expenditure (which also includes eligible payroll costs). This expenditure will make it possible to secure grants of around Euro 4.9 million (2021: Euro 4.7 million).

The expenses with CO₂ correspond to the emission of 574,750 tons of CO₂¹⁴ (31 December 2021: 561,613 tonnes), achieving a 19.8% reduction in CO₂ emissions compared to 2020, the base year used for the validation of the targets by the Science Based Targets Initiative (574,750 tonnes vs. 717,121 tonnes of CO₂ in 2020). The increase in this caption is mainly due to the rise of unit price of CO₂ allowances.

The increase in inventory impairment includes adjustments of Euro 7,931,309 to the UWF and Tissue inventories, following the identification of items with lower turnover and future sales prospects, based on the Group's sales performance and sales mix. Furthermore, taking into account the future investment outlook and the remaining useful life of the industrial equipment, the Group estimated the spare parts required until the end of the life of this equipment, after having recorded an impairment of Euro 5,309,900 for the surplus spare parts in inventories.

Audit fees

Amounts in Euro	KPMG & Asociados SROC	Other entities belonging to the same network
The Navigator Company, S.A.		
Audit fees	130,762	-
Other reliability assurance services	53,500	-
Other services	114,250	-
	298,512	-
To entities belonging to Navigator Group		
Audit fees	368,463	44,593
Other reliability assurance services	94,500	-
Other services	1,500	-
	464,463	44,593
	762,975	44,593

In 2022, the services other than auditing services invoiced to the company or to entities in a parent-subsidiary relationship with it by the External Auditor and Statutory Auditor, including entities in a holding relationship with it or that are part of the same network, represented 32.6% (2021: 41%) of the total services rendered.

Amounts in Euro	2022		2021	
	Expenses in the period	Fees invoiced	Expenses in the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	368,104	543,818	367,450	229,716
Other reliability assurance services	97,878	148,000	87,875	87,875
Other services	129,748	115,750	74,250	74,250
	595,730	807,568	529,575	391,841

¹⁴ CO₂ emissions from assets in factories, Scope 1 - EU ETS basis.



The services indicated as "Other assurance services" relate to the reporting of financial information, including verification of information for the purposes of applying for the Recovery and Resilience Plan, verification services of the Sustainability and Environment Information and limited reviews to interim financial information. Other services refer to a financial statements' due diligence assignment.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Supervisory Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.

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	31-12-2022	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. If this amortisation had not been interrupted, the net book value of the Goodwill as at 31 December 2022 would amount to Euro 51,375,857 (31 December 2021: Euro 68,501,149).



Navigator Tissue Ródão, S.A.

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

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

Goodwill recoverability analysis

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

The main assumptions for the above-mentioned calculation were as follows:

Assumptions on the basis of the business plan

Assumptions	2022 (CAGR 2023-2027)	2021 (CAGR 2022-2026)
Amount of sales (kt)		
Reference	UWF Paper	UWF Paper
CAGR amount of sales (kt)	(0.1%)	0.7%
Reference	Tissue Paper	Tissue Paper
CAGR amount of sales (kt)	0.3%	0.4%
Average price of sale ML/t		
Reference	UWF Paper	UWF Paper
CAGR average price of sale ML/t	(1.8%)	(1.2%)
Reference	Tissue Paper	Tissue Paper
CAGR average price of sale ML/t	(2.1%)	0.0%
Perpetuity growth rate - UWF Paper	(1.0%)	(1.0%)
Perpetuity growth rate - Tissue Paper	2.03%	1.56%



Macroeconomic assumptions

The main assumptions considered at the macroeconomic level are projections of GDP growth rate and inflation in Portugal. The sources of forecasts are the IMF and Banco de Portugal.

Macroeconomic assumptions	2022			
	2023	2024	2025	2026
Real GDP growth rate	0.65%	2.40%	2.15%	1.90%
Inflation EUR	4.67%	2.55%	2.30%	2.06%

Macroeconomic assumptions	2021			
	2022	2023	2024	2025
Real GDP growth rate	5.60%	2.40%	2.30%	1.80%
Inflation EUR	0.90%	1.00%	1.40%	1.47%

The perpetuity growth rate reflects the Boards of Directors' vision of the medium and long term for the different Cash Generating Units (CGUs), bearing in mind the macroeconomic assumptions.

Financial assumptions

Financial assumptions	2022				2021			
	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR EUR	Tax rate	Risk-free interest rate*	WACC rate EUR	Perpetuity growth rate EUR EUR	Tax rate
UWF Paper								
Explicit planning period	2.94%	6.76%	0.00%	27.50%	0.30%	4.46%	0.00%	27.50%
Perpetuity	2.94%	6.76%	(1.0%)	27.50%	2.31%	6.34%	(1.0%)	27.50%

* Includes Country Risk Premium



Estimates and judgements

Recoverability of Goodwill

The Group tests Goodwill impairment annually, recorded in its Statement of Financial Position. For impairment tests of CGUs, the recoverable amount was determined based on the value in use, according to the discounted cash flow method. The recoverable amount of CGUs derives from assumptions related to the activity, namely, sales volumes, average sales prices and variable costs that in the projection periods result from a combination of economic forecasts for the regions and markets where the Group operates, industry forecasts, including changes in markets derived from changes in installed capacity for each operating activity, internal management projections and historical performance. These calculations require the use of estimates. The impact of climate change has also been considered in the estimates of future cash flows, although the impact is not material. The risks and opportunities related to climate change identified in accordance with the TCFD recommendations are disclosed in the notes to the Management Report.

Sensitivity analysis

As at 31 December 2022, a possible increase of 0.5% in the discount rate used in the impairment test of Goodwill allocated to the cash-generating unit in Figueira da Foz integrated Paper, would imply a decrease in the assessment in the amount of Euro 269,081,488 (31 December 2021: Euro 138,398,565), which is still approximately 4 times higher than the book value of this cash-generating unit. With regard to the Goodwill allocated to Navigator Tissue Ródão, given the immateriality of its value, any impacts would not be materially relevant.



Accounting policies

Goodwill

Goodwill represents the difference between the fair value of the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries included in the consolidation on the acquisition date and is allocated to each CGU or to the lower group of CGUs to which it belongs.

Amortisation and impairment

Goodwill is not amortised. The Group annually carries out impairment tests to the goodwill, or where there are signs of impairment. The recoverable amounts of cash-generating units are determined as the higher of value in use and fair value less cost of sale. Impairment losses on goodwill cannot be reversed.

Disposal and loss of control

Gains or losses arising from the sale or loss of control over an entity or business to which Goodwill is allocated include the amount of the corresponding goodwill.



Tax deductibility

Derived from the current tax legislation in Portugal, it is not expected that Goodwill generated or to be recognised will be tax deductible.

3.2. Intangible assets

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO ₂ emission allowances	Other intangible assets	Work 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	-	22,706,518	-	17,823	22,724,341
Adjustments, transfers and write-offs	17,823	(24,788,284)	-	(17,823)	(24,788,284)
Balance as at 31 December 2021	34,487	24,736,507	-	-	24,770,994
Granting	-	37,338,833	-	-	37,338,833
Acquisitions	-	3,251,520	-	36,496	3,288,016
Adjustments, transfers and write-offs	36,496	(20,545,709)	-	(36,496)	(20,545,709)
Balance as at 31 December 2022	70,983	44,781,151	-	-	44,852,134
Accumulated amortisation and impairment losses					
Balance as at 1 January 2021	(6,600)	-	-	-	(6,600)
Depreciation and amortisation for the period (Note 3.7)	(11,864)	-	-	-	(11,864)
Balance as at 31 December 2021	(18,464)	-	-	-	(18,464)
Depreciation and amortisation for the period (Note 3.7)	(20,579)	-	-	-	(20,579)
Balance as at 31 December 2022	(39,043)	-	-	-	(39,043)
Net book value as at 1 January 2021	10,064	11,902,620	-	-	11,912,684
Net book value as at 31 December 2021	16,023	24,736,507	-	-	24,752,529
Net book value as at 31 December 2022	31,940	44,781,151	-	-	44,813,091

CO₂ Allowances

	31-12-2022	31-12-2021
CO ₂ emission allowances (units)	574,122	620,805
Average unit value (Euro)	77.99	39.85
Market quotation (Euro)	81.49	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 (Note 2.2)	444,457	37,338,833	442,732	14,915,653
CO ₂ allowances acquired	48,000	3,251,520	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	574,122	44,781,151	620,805	24,736,507



Accounting policies

Intangible assets are recorded at acquisition cost less depreciation and impairment losses.

The Group performs impairment tests whenever events or circumstances indicate that the book value exceeds the recoverable amount, and the difference, if any, is recognised in the income statement.

CO₂ Emission Rights

CO₂ emission allowances attributed to the Group within the European Union Emissions Trading Scheme (EU ETS) for the assignment of CO₂ emission allowances at no cost, gives rise to an intangible asset for the allowances, a Government grant and a liability for the obligation to deliver allowances equal to the emissions that have been made during the compliance period.

Emission allowances are only recorded as intangible assets when the Group is able to exercise control and are measured at fair value (level 1) at the date of initial recognition. When the market value of the emission allowances falls significantly below its book value and such decrease is considered permanent, an impairment charge is booked for allowances which the group will not use internally.

The liability to deliver allowances is recognised based on actual emissions. This liability will be settled using allowances on hand, measured at the book value of those allowances. Any additional emissions are valued at market value as at the reporting date. FIFO is used in the costing of intangible asset decreases by the refund to the Licensing Coordinating Entity.

In the Consolidated Income Statement, the Group expenses, under Other operating expenses, actual emissions at fair value at the grant date, except for acquired allowances, where the expense is measured at their purchase price.

Such expenses will offset other operating income resulting from the recognition of the original Government grant (also recognised at fair value at grant date) as well as any disposal of excess allowances.

The effect on the income statement will, therefore, be neutral regarding the consumption of granted allowances. Any net effect on the Income Statement will result from the purchase of additional allowances to cover excess emissions, from the sale of effective consumption or from impairment losses booked to allowances that are not used at operational level.



Brands

Whenever brands are identified in a business combination, the Group records them separately in the consolidated financial statements as an asset at cost, which represents their fair value on the acquisition date.

On subsequent valuation exercises, brands are recognised in the Group's consolidated financial statements at cost. They are not subject to annual amortisation, but instead tested for impairment at each reporting date.

Own brands are not recognised in the Group's financial statements, as they represent internally generated intangible assets.

Intangible assets developed internally

Development expenses are only recognised as intangible assets to the extent that the technical capacity to complete the development of the asset is demonstrated and that it is available for own use or commercialisation. Expenses that do not meet these requirements, namely research expenses, are recorded as costs when incurred.



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	4,346,928,307
Acquisitions	-	-	14,551,550	65,482,023	80,033,573
Disposals	(339,267)	-	(511,368)	-	(850,635)
Adjustments, transfers and write-offs	226,134	1,633,165	137,086,918	(148,431,122)	(9,484,905)
Balance as at 31 December 2021	114,391,431	542,873,640	3,718,884,937	40,476,332	4,416,626,340
Acquisitions	-	-	12,642,516	99,381,294	112,023,810
Disposals	(740,389)	-	(39,913,005)	-	(40,653,394)
Adjustments, transfers and write-offs	2,123,276	1,626,228	35,577,280	(47,701,141)	(8,374,357)
Balance as at 31 December 2022	115,774,318	544,499,868	3,727,191,728	92,156,485	4,479,622,399
Accumulated depreciation and impairment losses					
Balance as at 1 January 2021	-	(352,192,222)	(2,810,786,493)	-	(3,162,978,715)
Depreciation and amortisation for the period (Note 3.7)	-	(11,240,522)	(107,130,884)	-	(118,371,406)
Disposals	-	-	505,759	-	505,759
Adjustments, transfers and write-offs	-	567,105	8,895,424	-	9,462,529
Balance as at 31 December 2021	-	(362,865,639)	(2,908,516,194)	-	(3,271,381,833)
Depreciation and amortisation for the period (Note 3.7)	-	(18,827,626)	(137,630,932)	-	(156,458,558)
Impairment	-	-	-	-	-
Disposals	-	-	39,443,667	-	39,443,667
Adjustments, transfers and write-offs	-	6,927	8,456,805	-	8,463,732
Balance as at 31 December 2022	-	(381,686,338)	(2,998,246,654)	-	(3,379,932,992)
Net book value as at 1 January 2021	114,504,564	189,048,253	756,971,344	123,425,431	1,183,949,592
Net book value as at 31 December 2021	114,391,431	180,008,001	810,368,743	40,476,332	1,145,244,507
Net book value as at 31 December 2022	115,774,318	162,813,530	728,945,074	92,156,485	1,099,689,407

As at 31 December 2022 the caption Assets under construction includes investments associated with ongoing development projects, in particular those related to the new wood preparation line in Figueira da Foz (Euro 20,835,625), the new evaporation line in Aveiro (Euro 12,691,625), the new natural gas boiler in Setúbal (Euro 4,280,075) and the upgrade of the control system of Coiler 1 in Figueira da Foz (Euro 2,006,602). The remainder is related to several projects for improving and optimising the production process.

Lands includes Euro 114,586,831 (31 December 2021: Euro 113,358,585) classified in the individual financial statements as investment properties, from which Euro 75,448,716 (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.



The commitments assumed by the Group for the acquisition of property, plant and equipment are detailed in Note 10.2 - Commitments.



Estimates and judgements

Recoverability of Property, plant and equipment

The recoverability of property, plant and equipment requires the Board of Directors to use estimates and assumptions, namely, whenever applicable, regarding the determination of the value in use for impairment tests to the Group's cash-generating units.

Useful life and depreciation

Property, plant and equipment present the most significant component of the Group's total assets. These assets are subject to systematic depreciation for the period that is determined to be their economic useful life. The determination of assets useful lives and the depreciation method to be applied is essential to determine the amount of depreciation to be recognised in the consolidated income statement of each period.

These two parameters are defined according to the best judgement of the Board of Directors for the assets and businesses in question, also considering the practices adopted by companies of the sector at the international level and the evolution of the economic conditions in which the Group operates.

Under IFRS, the estimate of the useful lives of assets should be reviewed if expectations regarding the expected economic benefits as well as the technical use planned for the assets differ from previous estimates. Changes resulting in depreciation charges for the period are accounted for prospectively.

Given the importance of this estimate, the Group uses, with some regularity, external and independent experts to assess the adequacy of the estimates used having the last report been completed during the second half of 2022, with reference to 1 January 2022. In this sense, in 2022 the Group redefined the useful lives of a set of assets related to production activity, which resulted, on average, in a reduction of the useful life and thus an increase in depreciation (see Note 3.7).



Accounting policies

Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.



Depreciation and impairment

We use the straight-line method from the moment the asset is available for use and using the rates that best reflect their estimated useful life.

	Average useful life 2022	Average useful life 2021
Land (cost of preparing for afforestation)	50	50
Buildings and other constructions	10 – 30	12 – 30
Basic equipment	4 – 20	6 – 25
Transportation equipment	4 – 9	4 – 9
Tools	2 – 8	2 – 8
Administrative equipment	4 – 8	4 – 8
Other property, plant and equipment	4 – 10	4 – 10

The residual values of the assets and respective useful lives are reviewed and adjusted, on the date of the consolidated statement of financial position. If there are changes to useful lives, they are treated as a change in accounting estimate and are applied prospectively.

When the book value of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked (Note 3.7).

Subsequent costs

Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated by the next forecasted maintenance date.

All other repairs and maintenance costs are charged in the financial period in which they are incurred.

Spare and maintenance parts

Spare parts are considered strategic as they are directly related to production equipment and their use is expected to last for more than two economic years. Maintenance parts considered as "critical spare parts" are recognised in non-current assets, as Property, plant and equipment. Respecting this classification, spare parts are depreciated from the moment they become available for use and are assigned a useful life that follows the nature of the equipment, where they are expected to be integrated, not exceeding the remaining useful life of these.

Spare parts are accounted for as property, plant and equipment if they are material and used for more than one period, or if they are used only in relation to an item of property, plant and equipment. In other situations, spare parts are accounted for as part of inventories and recognized in the period when consumed.



Borrowing costs

Borrowing costs directly related to the acquisition or construction (if the construction or development period exceeds one year) of property, plant and equipment are capitalised and form part of the asset's cost.

During the periods presented, no financial charges for loans directly related to the acquisition or construction of property, plant and equipment were capitalised.

Write-offs and disposals

Gains or losses arising from the write-off or disposal represent the difference between the proceeds received on disposal less costs to sell and the asset's book value, and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).



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 31 December 2021	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2022	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2021	(399,372)	(13,443)	(412,815)
Depreciation and amortisation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Balance as at 31 December 2021	(399,372)	(15,089)	(414,461)
Depreciation and amortisation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(1,646)	(1,646)
Balance as at 31 December 2022	(399,372)	(16,735)	(416,107)
Net book value as at 1 January 2021	25,372	68,864	94,236
Net book value as at 31 December 2021	25,372	67,218	92,589
Net book value as at 31 December 2022	25,372	65,572	90,943

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



Accounting policies

The Group classifies the assets held for the purpose of capital appreciation and/or the generation of rental income as investments properties in the consolidated financial statements.

An investment property is initially measured by its acquisition or production cost, including the transaction costs that are directly attributable to it. After initial recognition, investment properties are measured at cost less amortisation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will result in future economic benefits to the entity comparing to those considered in initial recognition.



3.5. Government grants

Government grants - movements

Amounts in Euro	31-12-2022			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	5,226,930	-	5,226,930	721,599	-	721,599
Charge-off (Note 3.7)	(1,689,688)	(1,708,516)	(3,398,204)	(2,365,089)	(1,737,488)	(4,102,577)
Other movements	293,111	-	293,111	(38,804)	(117,166)	(155,970)
Closing balance (Note 4.3)	15,916,110	17,900,449	33,816,559	12,085,757	19,608,965	31,694,722

The attributions for the year include Euro 4,488,046 relating to the grant by CINEA (European Climate, Infrastructure and Environment Executive Agency) to Navigator Pulp Setúbal, S.A. for investment in the conversion of the lime kiln at the Setúbal pulp mill, with a view to using renewable fuel sources, as part of the Group's decarbonisation plan. The remaining amount of Euro 738,884 relates to the sums allocated under the Recovery and Resilience Plan.

Only Euro 96,055 of the amount allocated was received in the period, as reflected in the Statement of Cash Flows,



As at 31 December 2022 and 31 December 2021, Government grants, by company, were detailed as follows:

Amounts in Euro	31-12-2022			31-12-2021		
	Financial	Tax	Total	Financial	Tax	Total
AICEP investment contracts						
Enerpulp, S.A.	254,071	-	254,071	328,243	-	328,243
Navigator Pulp Aveiro, S.A.	3,759,757	1,556,065	5,315,822	4,790,430	2,015,570	6,806,000
Navigator Pulp Setúbal, S.A.	52,676	-	52,676	101,018	-	101,018
Navigator Pulp Figueira, S.A.	9,309	8,175,288	8,184,597	13,324	8,885,363	8,898,687
Navigator Parques Industriais, S.A.	1,810,283	-	1,810,283	1,869,640	-	1,869,640
Navigator Brands, S.A.	-	-	-	499,805	-	499,805
Navigator Tissue Aveiro, S.A.	2,795,648	8,169,096	10,964,744	2,982,150	8,708,032	11,690,182
	8,681,744	17,900,449	26,582,193	10,584,610	19,608,965	30,193,575
Under the Recovery and Resilience Plan						
Navigator Forest Portugal, S.A.	36,510	-	36,510	-	-	-
Viveiros Aliança, SA	20,800	-	20,800	-	-	-
Navigator Pulp Aveiro, S.A.	38,336	-	38,336	-	-	-
Navigator Pulp Figueira, S.A.	520,678	-	520,678	-	-	-
RAIZ - Inst. Investigação Floresta e Papel	122,560	-	122,560	-	-	-
	738,884	-	738,884	-	-	-
Other						
Navigator Pulp Setúbal, S.A.	4,488,046	-	4,488,046	-	-	-
RAIZ - Inst. Investigação Floresta e Papel	2,007,338	-	2,007,338	1,479,841	-	1,479,841
Viveiros Aliança, SA	98	-	98	21,306	-	21,306
	6,495,482	-	6,495,482	1,501,147	-	1,501,147
	15,916,110	17,900,449	33,816,559	12,085,757	19,608,965	31,694,722

The Group expects to recognise grants in earnings as follows:

Amounts in Euro	31-12-2022			31-12-2021		
	Financial	Tax	Total	Financial	Tax	Total
2022	-	-	-	1,748,315	1,708,516	3,456,831
2023	1,611,734	1,666,401	3,278,135	1,654,211	1,666,401	3,320,612
2024	1,570,887	1,666,401	3,237,288	1,608,887	1,666,401	3,275,288
2025	1,221,308	1,398,687	2,619,995	1,260,106	1,398,687	2,658,793
2026	1,132,412	1,390,347	2,522,759	1,197,809	1,390,347	2,588,156
2027	529,506	1,390,304	1,919,810	529,506	1,390,304	1,919,810
After 2027	9,850,263	10,388,309	20,238,572	4,086,923	10,388,308	14,475,231
	15,916,110	17,900,449	33,816,559	12,085,757	19,608,965	31,694,722



Non-refundable Government grants

Incentive to increase pulp production capacity in Figueira da Foz

On 27 December 2018, Navigator Pulp Figueira, S.A signed a tax investment agreement with AICEP, related to the investment associated with the increase of pulp production capacity in Figueira da Foz, which includes a tax incentive up to the maximum amount of Euro 17,278,657, corresponding to 19.5% of the investment made, through the fulfilment, until 31 December 2025 of the contractually defined objectives. This grant is being recognised over 20 years, until 2038, in proportion to the depreciation of the assets, although it has been fully utilised since 2018.

Incentives for the expansion project of the Cacia pulp mill

On 18 June 2014, the Group's subsidiary, Navigator Pulp Aveiro, S.A., signed two financial and tax incentive agreements with the AICEP - Agência para o Investimento e Comércio Externo de Portugal (Agency for Investment and Foreign Trade of Portugal) to support the investment to be promoted by that company in the capacity increase project of Aveiro pulp mill, with a total amount of Euro 49.3 million.

The approved grants amount to Euro 9,264 million (refundable) and Euro 5,644 million (tax incentive). This amount has been fully utilised since 2016 and will be recognised in profit or loss in 20 years, until 2034. The contract includes an achievement bonus already recognised in balance sheet, which corresponds to the conversion of the refundable grant in a non-refundable grant, up to a limit of 75% (Euro 6,947,450), subject to compliance with the objectives established in the contract until 31 December 2023.

Grant to the Setúbal Lime Kiln Conversion project

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.

Recovery and Resilience Plan

The Navigator Group is involved in four Agendas for Business Innovation of the Recovery and Resilience Plan (RRP), through investment of Euro 91.8 million. The Group, through Navigator Paper Setúbal, S.A., is leading the "From Fossil to Forest" (FF2F) Agenda, whose main goal is to develop a range of packaging solutions—focused on the gKRAFT brand to be launched in 2021—and the production of microfibrillated cellulose for developing mechanical properties and functional barriers (to fats and liquids, amongst others) in these papers. In total, the Group will benefit from support of around Euro 25.9 million from this component of the RRP (C5 - Corporate Capitalization and Innovation).

During 2022, the Group companies Navigator Paper Setubal, S.A., Navigator Pulp Setúbal, S.A., Navigator Paper Figueira, S.A., Navigator Pulp Figueira, S.A., Navigator Pulp Aveiro, S.A. and Navigator Tissue Aveiro, S.A. applied for "Apoio à Descarbonização da Indústria" (Support



for Decarbonisation of Industry) under the RRP. This support is part of a set of measures under Component 11 (C11) of the RRP, which aims to contribute to the goal of carbon neutrality by promoting energy transition through energy efficiency, support for renewable energy, focusing on the adoption of low-carbon processes and technologies in industry, the adoption of energy efficiency measures in industry and the incorporation of energy from renewable sources and energy storage. Recently, this was extended to a second phase of application, in which Navigator Tissue Rodão S.A., like the other companies, presented a series of initiatives related to its carbon neutrality. In the future, the Group expects to invest Euro 176.2 million in these initiatives, of which it hopes to receive Euro 66.8 million in funding.

Also in 2022, Group companies applied for RRP incentives for the "Rede Nacional de Test Bed" (National Test Bed Network), which aims to create a national network providing services to companies for the development and testing of new products and services. The application, involving an investment of Euro 2.2 million, was approved at the end of the year and IAPMEI decided to award Navigator Pulp Figueira. S.A. Euro 1.4 million.

However, the Group's participation in the RRP is not complete without RAIZ's participation in Component 12 of the RRP, related to the Bioeconomy, where it plans to invest Euro 1.7 million and receive an incentive of Euro 1.4 million to accelerate, in partnership with CITEVE and other 52 promoters, the creation of high value-added products from biological resources as an alternative to fossil-based materials, while maintaining and even improving quality standards, with great potential in different market segments.

Government grants refundable

As at 13 December 2017, the subsidiary Navigator Tissue Aveiro, S.A. entered into an investment agreement with AICEP, for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, which includes a grace period of two years, without payment of interest, up to a maximum amount of Euro 42,166,636, corresponding to 35% on the amount of expenses considered eligible, which were estimated at Euro 120,476 million. As at 31 December 2022, the amount receivable relating to the total refundable grant amounts to Euro 2,108,332.

On 20 April 2018, the same entity was also awarded with a tax incentive granted through the compliance of contractually defined requirements until 31 December 2028, whose maximum amount will be Euro 11,515,870, corresponding to 10% of the expenses associated with the project investment. See Note 5.7. This amount has been fully utilised since 2019 and will be recognised in profit or loss, on average, in 24 years, until 2043.

There are no unfulfilled conditions and other contingencies linked to Government grants that have been recognised and Navigator is complying with the conditions according to plan.



Accounting policies

Government grants

Government grants received to compensate the Group for investments made in Property, plant and equipment, including those attributed as tax credits, are classified as Deferred income (Note 4.3 - Payables) and are recognised in income over the estimated useful life of the respective subsidised assets, and are associated with the depreciation of the period (Note 3.7), for presentation purposes.

Government grants refundable

Government grants, in the form of loans refundable at a subsidised rate, are discounted on the date of initial recognition based on the market interest rate at the date of grant, the value of the discount constituting the value of the grant to be amortised over the period of the loan or asset whose acquisition it is intended to finance, depending on the activities financed. These liabilities are included in the caption Interest-bearing liabilities (Note 5.7). Grants received are classified as a financing activity in the statement of cash flows.

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	3,509,715	4,016	1,663,898	963,772	1,307,301	7,448,703
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	8,908,831	-	3,030,685	232,253	2,765,111	14,936,880
Adjustments, transfers and write-offs	-	-	(353)	-	-	(353)
Balance as at 31 December 2022	58,830,098	4,655,055	11,577,960	1,556,613	9,420,387	86,040,113
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	(3,066,093)	(515,764)	(1,798,084)	(501,199)	(1,835,865)	(7,717,005)
Adjustments, transfers and write-offs	93,139	-	-	-	-	93,139
Balance as at 31 December 2021	(9,153,696)	(1,885,048)	(5,482,622)	(665,511)	(2,723,749)	(19,910,627)
Depreciation	(3,668,067)	(515,900)	(1,799,398)	(448,066)	(1,763,568)	(8,194,999)
Adjustments, transfers and write-offs	-	-	353	-	-	353
Balance as at 31 December 2022	(12,821,763)	(2,400,948)	(7,281,667)	(1,113,577)	(4,487,317)	(28,105,273)
Net book value as at 1 January 2021	40,666,279	3,281,755	3,222,601	196,276	4,460,091	51,827,001
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 31 December 2022	46,008,334	2,254,107	4,296,293	443,036	4,933,070	57,934,840



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

The caption 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 caption Other includes the forklift truck rental contracts signed since 2020.

Cash flows associated with lease payments correspond to the financial amortisation of Euro 6,536,757 and interest of Euro 2,300.665 (Note 5.11), amounting to Euro 8,837,422, as shown in the Cash Flow Statement.



Accounting policies

At the date the lease enters into force, the Group recognises a right-of-use asset at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease incentives received; and iii) initial direct costs incurred.

To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or the location where it is located may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for each class of right-of-use asset is equal to the useful life of Property, plant and equipment (Note 3.3) in the same class when there is a call option, and the Group expects to exercise it.

Short-term leases and low-value asset leases

The Group recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than Euro 5,000 directly as operating expenses of the period (Note 2.3), on a straight-line basis.



3.7. Depreciation, amortisation and impairment losses

Amounts in Euro	2022	2021
Depreciation of property, plant and equipment for the period (Note 3.3)	156,458,558	118,371,406
Government grants charged-off (Note 3.5)	(3,398,204)	(4,102,577)
Depreciation of property, plant and equipment, net of grants charged-off	153,060,354	114,268,829
Amortisation of intangible assets for the period (Note 3.2)	20,579	11,864
Depreciation of right-of-use assets for the period (Note 3.6)	8,194,999	7,717,005
Impairment of investment properties (Note 3.4)	1,646	1,646
	161,277,579	121,999,345

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.

During 2022, the Group requested an external valuation of its assets by an independent entity, which estimated the useful life of the assets, taking into account current conditions and functional obsolescence. The study took into account technical information on the assets allocated to the production centres, including the technical, physical and technological durability of the equipment.

Based on the results of the studies carried out, as well as the Group's internal investment outlook for the period 2023-2027—which takes into account the commitments made under the Decarbonisation Plan and the investment projects under the Recovery and Resilience Plan (RRP), and considering that under IAS 8 changes in estimated useful lives are adjusted prospectively—Navigator reviewed the useful lives of its assets with reference to 1 January 2022, which resulted in an increase in depreciation for the year of Euro 36.8 million, as a result of an average reduction in useful life of approximately 7 years. The impact of this change on depreciation in 2022 and expected for future periods is as follows:

Amounts in Euro	2022	2023	2024	2025	2026	2027 onwards
Increase / (decrease) in depreciation and amortisation	(36,814,312)	(6,310,865)	(4,041,086)	(2,453,235)	1,911,861	47,707,636



3.8. Biological assets

Movements in biological assets

Amounts in Euro	2022	2021
Opening balance	147,324,061	148,584,451
Logging in the period	(19,268,187)	(25,277,834)
Growth	22,077,444	19,653,667
New planted areas and replanting (at cost)	4,241,964	3,313,648
Other changes in fair value		
- change in the price of wood	23,872,905	-
- change in the cost-of-capital rate	(28,053,077)	1,212,800
- impact of forest fires	(31,633)	(68,794)
- change in other species	(4,938,867)	-
- transport logistics costs	(2,076,774)	(2,417,700)
- structure fixed costs	(9,396,335)	-
- other changes in expectations	(11,251,626)	2,323,823
Total changes	(24,824,186)	(1,260,390)
Closing balance	122,499,875	147,324,061

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. During 2022, around 100,000 m³ of wood were harvested, and three vessels were shipped to Portugal, with around 100,000 m³.

The Navigator Group considers, in accordance with IAS 41, mature assets to be those that have reached the necessary specifications to obtain the maximum yield based on their profitability, supply needs and opportunity cost. Typically, the forest in Portugal reaches its maturity between 8 and 12 years, and this reference depends on the species, soil conditions, as well as edaphoclimatic conditions. Data on the forest, its condition and its future potential are measured at least twice throughout its growth cycle. As at 31 December 2022, mature assets accounted for approximately 48% (48% in 31 December 2021) of Navigator's forest in Portugal, being recognised at fair value.

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

Amounts in Euro	31-12-2022	31-12-2021
Eucalyptus (Portugal)	93,301,990	113,826,448
Eucalyptus (Spain)	2,932,530	-
Pine (Portugal)	8,149,506	6,697,561
Cork oak (Portugal)	819,980	6,268,821
Other species (Portugal)	73,108	1,015,078
Eucalyptus (Mozambique)	17,222,761	19,516,153
	122,499,875	147,324,061



The Group has also started forestry operations in Spain, specifically in the Galicia region, and expects to increase this activity in the future.

The decrease in the fair value of cork oak and other (less significant) species is mainly due to the effects of increased costs for cutting, replanting and transportation.

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	31-12-2022	31-12-2021
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,371	10,207
Eucalyptus (Spain) - Potential future of wood extractions k m3ssc	207	-
Pine (Portugal) - Potential future of wood extractions k ton	309	311
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potential future of cork extractions k @	563	461
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	4,451	2,758

Concerning Eucalyptus, the most relevant biological asset in the financial statements, the Group extracted, in 2022, 512,112 m3ssc of wood from its owned and explored forests (31 December 2021: 651,654 m3ssc).

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



Estimates and judgements

Assumptions

Assumptions corresponding to the nature of the assets being valued were considered:

- Productivity of forests;
- Wood sales price (when there is an active market) less the cost of harvesting, rents for own, rented and leased land, replanting and transport, planting and maintenance costs, the cost inherent in leasing forest land; the trend value for 2022 worsened by 5% compared to 2021.
- Discount rate, 2022: 5.17% (2021: 2.99%). It should be noted 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 7%. (2021: 4.61%)



Sensitivity analysis

The Group takes into account the discount rate used in Portugal and the forward price of wood as the most significant variables.

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

Amounts in Euro	31-12-2022	31-12-2021
1) Increase of 0.5% in the discount rate in Portugal		
Devaluation of Portugal's forest assets	5,422,029	7,896,515
2) Decrease of 3% in forward price		
Devaluation of Portugal's forest assets	10,848,174	11,731,495
3) Increase of 0.5% in the discount rate in Mozambique		
Devaluation of Mozambique's forest assets	503,338	273,043
4) Decrease of 3% in forward price		
Devaluation of Mozambique's forest assets	761,695	718,666



Accounting policies

The Group's biological assets comprise the forests held for the production of timber, suitable for incorporating in the production of BEKP or for sale on the market, mostly eucalyptus, but also include other species such as pine and cork oak.

Forest land owned by the Group is included in Property, plant and equipment in the consolidated balance sheet and is valued in accordance with the accounting policy described in Note 3.3. Forest land that is not owned by the Navigator Group and that is leased is valued in accordance with the accounting policy described in Note 3.6 and is presented in the consolidated balance sheet under "Right-of-use assets".

Fair Value (level 3 of the IFRS 13 fair value hierarchy)

When calculating the fair value of forests, the Group uses the discounted cash flows method, based on a model developed in house, regularly tested by independent external assessments.

In the model developed, assumptions are considered corresponding to the nature of the assets under evaluation, namely, the development cycle of the different species, the productivity of the forests, climate and other environmental considerations, the wood sales price (when there is an active market) less the cost of harvesting, the rents of own, leased land, replanting and transport, the costs of planting and maintenance, the cost inherent in leasing the forest land, and the discount rate.

The main unobservable inputs of the fair value model are detailed as follows, and the amount of the fair value of biological assets will increase / (decrease) respectively if:



- Wood sales prices increase / (decrease);
- Estimated cutting, replanting and transport costs decrease / (increase);
- Estimated planting and maintenance costs decrease / (increase); and
- The discount rate decrease / (increase).

The discount rate corresponds to a market rate without inflation, in a manner consistent with the structure of projections, determined on the basis of the Navigator Group's expected rate of return on its forests, which are intended to be sold intragroup.

Concession areas

The costs incurred with the site preparation before the first forestation are recorded as property, plant and equipment and depreciated in line with its expected useful lives corresponding to the concession period.

Change of estimates

Changes in estimates of growth, growth period, price, cost and other assumptions are recognised in the income statement as fair value adjustments of biological assets.

Harvesting

At the time of harvesting, wood is recognised at fair value less estimated costs since that point until the point of sale, which is the initial cost of the inventory.



4. Working capital

4.1. Inventories

4.1.1. Inventories - detail by nature

Amounts net of accumulated impairment losses

Amounts in Euro	31-12-2022	31-12-2021
Raw materials	141,023,694	102,851,009
Goods	144,304	185,541
Subtotal (Note 4.1.2)	141,167,998	103,036,550
Finished and semi-finished products	155,208,607	75,870,145
Goods and work in progress	2,061,232	2,440,632
By-products and waste	291,380	5,203,331
Subtotal (Note 4.1.3)	157,561,219	83,514,108
Total	298,729,217	186,550,658

Inventories of finished and intermediate products – distribution by geographical area

Amounts in Euro	31-12-2022	%	31-12-2021	%
Portugal				
BEKP pulp	36,432,662	23.47%	12,707,425	16.75%
UWF Paper	35,230,122	22.70%	25,380,174	33.45%
Tissue Paper	21,429,903	13.81%	14,396,342	18.97%
Other	8,635,096	5.56%	4,525,980	5.97%
	101,727,783	65.54%	57,009,921	75.14%
Rest of Europe				
BEKP pulp	11,797,779	7.60%	2,745,540	3.62%
UWF Paper	5,734,831	3.69%	2,656,156	3.50%
Tissue Paper	1,049,256	0.68%	875,662	1.15%
	18,581,866	11.97%	6,277,358	8.27%
USA				
UWF Paper	34,898,958	22.49%	12,582,866	16.58%
	34,898,958	22.49%	12,582,866	16.58%
	155,208,607	100%	75,870,145	100%

Finished and intermediate products inventories include Euro 4,286,997 (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 31 December 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	2022	2021
Opening balance	103,036,550	92,690,300
Purchases	1,013,576,631	639,900,753
Inventory losses	494,184	170,677
Impairment losses	(7,090,162)	69,565
Closing balance	(141,167,998)	(103,036,550)
Cost of goods sold and materials consumed (Note 2.3)	968,849,205	629,794,745

Cost of goods sold and materials consumed - detail by product

Amounts in Euro	2022	2021
Wood / Biomass	354,081,192	278,459,294
Natural gas	52,565,933	25,882,421
Other fuels	29,202,965	13,951,755
Chemicals	253,797,111	141,263,702
BEKP pulp	80,685,831	24,290,827
Pine pulp	66,677,147	42,620,975
Paper (heavyweight)	5,264,706	2,995,088
Tissue paper - subcontracts	1,103,585	2,015,997
Consumables / Warehouse material	27,582,104	26,761,199
Packaging material	96,576,854	68,739,504
Other materials	1,311,777	2,813,983
	968,849,205	629,794,745

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

Throughout 2022 there was a generalised increase in production costs, penalised essentially by the increase in the cost of wood, due to the significant increase in the ex-factory price of domestic wood and the supply mix, and also by the increase in the cost of external fibres, energy and chemicals.

4.1.3. Variation in production in the period

Amounts in Euro	2022	2021
Opening balance	(83,514,108)	(84,044,837)
Adjustments	(1,438,920)	(400,436)
Inventory losses	2,538,501	697,246
Impairment losses	5,337,315	1,846,899
Closing balance	157,561,219	83,514,108
Change in production (Note 2.3)	80,484,007	1,612,980



4.1.4. Movements in impairment losses in inventories

Amounts in Euro	2022	2021
Opening balance	(3,934,904)	(2,157,570)
Increases (Note 2.3)	(13,241,209)	(2,643,558)
Reversals (Note 2.2)	813,732	866,224
Impact in profit and loss for the period	(12,427,477)	(1,777,334)
Charge-off	(12,042)	-
Closing balance	(16,374,423)	(3,934,904)

As mentioned in Note 2.3, the increase in inventory impairment includes adjustments of Euro 7,931,309 to the UWF and Tissue inventories, following the identification of items with lower turnover and future sales prospects, based on the Group's sales performance and sales mix. Furthermore, taking into account the future investment outlook and the remaining useful life of the industrial equipment, the Group estimated the spare parts required until the end of the life of this equipment, after having recorded an impairment of Euro 5,309,900 for the surplus spare parts in inventories.



Accounting policies

Inventories are valued in accordance with the following criteria:

i. Goods and raw materials

Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.

ii. Finished and intermediate products and work in progress

Finished and intermediate products and work in progress are valued at the lower of their production cost (which includes incorporated raw materials, labour and general manufacturing costs, based on a normal production capacity level) or their net realisable value.

The net realisable value corresponds to the estimated selling price, after deducting estimated completion and selling costs. The difference between production cost and net realisable value, if lower, are recorded as an operational cost.



4.2. Receivables

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	341,601,458	341,601,458	-	210,789,083	210,789,083
State and other public entities	-	59,852,618	59,852,618	-	44,603,384	44,603,384
Government grants receivable	13,219,416	13,239,885	26,459,301	-	-	-
Department of Commerce (USA)	-	-	-	-	281,653	281,653
Enviva Pellets Greenwood, LLC (USA)	-	8,168,426	8,168,426	7,826,849	25,384,072	33,210,921
Accrued income	-	2,970,381	2,970,381	-	19,028,577	19,028,577
Deferred expenses	-	11,321,493	11,321,493	-	8,463,089	8,463,089
Derivative financial instruments (Note 8.2)	-	48,514,443	48,514,443	-	1,630,982	1,630,982
Other	12,063,442	13,474,704	25,538,147	777,698	7,701,920	8,479,618
	25,282,858	499,143,408	524,426,267	8,604,547	317,882,760	326,487,308

State and other public entities

State is detailed as follows:

Amounts in Euro	31-12-2022	31-12-2021
Value added tax - recoverable	15,023,507	6,848,780
Value added tax - refund requests	44,829,111	37,752,134
Amounts pending refund (tax proceedings decided in favour of the Group)	-	2,470
	59,852,618	44,603,384

As at 31 December 2022, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro	Nov/2022	Dec/2022	Total
The Navigator Company, S.A.	10,628,467	31,706,624	42,335,091
Bosques do Atlântico, S.L.	-	2,494,020	2,494,020
	10,628,467	34,200,644	44,829,111

Up to the date of issuing this report, Euro 42,335,091 of the outstanding amounts as at 31 December 2022, had already been received.

As at 31 December 2021, the amount of refund 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.	-	1,709,461	1,709,461
	20,381,270	17,370,864	37,752,134

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



Grants receivable

Grants receivable are detailed as follows:

Amounts in Euro	31-12-2022		
	Non-current	Current	Total
AICEP contracts	6,596,378	9,721,792	16,318,170
Recovery and Resilience Plan	3,621,520	483,757	4,105,277
Other	3,001,518	3,034,336	6,035,854
	13,219,416	13,239,885	26,459,301

Department of Commerce (USA)

As at 31 December 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 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 5.6 million (Note 4.3).

Amounts paid by the Group in respect of review periods 1 to 4 amount to Euro 15,611,783 as follows:

Amounts in Euro	Amount paid by the Group
Review periods (POR)	
POR 1: Aug 15 - Feb 17	3,743,640
POR 2: Mar 17 - Feb 18	2,011,029
POR 3: Mar 18 - Feb 19	7,089,677
POR 4: Mar 19 - Feb 20	2,767,437
	15,611,783

Enviva Pellets Greenwood, LLC (USA)

It reflects the present value of the amount still receivable from the sale of the pellets business in the US in 2018. 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	31-12-2022	31-12-2021
Accrued income		
Interest receivable	-	718,888
Energy sales	1,871,271	17,470,569
Insurance compensation	-	272,689
Other	1,099,110	566,432
	2,970,381	19,028,577
Deferred expenses		
Insurance	289,531	-
Rentals	9,938,537	8,312,244
Other	1,093,425	150,844
	11,321,493	8,463,089
	14,291,874	27,491,666

The reduction in accrued income related to energy sales is due to the fact that in 2022 energy sales will be made to the market, whereas in 2021 energy was sold to the grid on a self-billing basis.

Other receivables

Other current and non-current receivables consist of the following:

Other non-current receivables

Amounts in Euro	31-12-2022	31-12-2021
Reinsurance captive amount	11,200,000	-
Work Compensation Fund	752,840	687,850
Collateral	41,002	40,248
Other investments (Almascience, Forestwise, Cecolab, Colab BIOREF)	69,600	49,600
	12,063,442	777,698

The amount of Euro 11,200,000 relates to an amount reinsured under the Group's insurance programme to cover potential claims in the Group.

Other current receivables

Amounts in Euro	31-12-2022	31-12-2021
Advances to personnel	113,456	472,657
Advances to trade payables	11,286,508	630,459
Other debtors	2,074,740	6,598,803
	13,474,704	7,701,920

The increase in advances to suppliers is due to advances paid at the end of the year for timber imports.



Accounting policies

Trade receivables and other debtors

Classification

Trade receivables result from the Group's main activities and the business model followed is the collection of contractual cash flows.

Balances from other debtors generally assume the business model of collecting contractual cash flows.

Initial measurement

At fair value.

Subsequent measurement

At amortised cost, net of impairment losses.

Impairment from Trade receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. The expected losses are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk (Note 8.1.4).

Impairment from other debtors

Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.



4.3. Payables

Amounts in Euro	31-12-2022	31-12-2021
Trade payables - current account	363,171,172	253,983,711
Fixed assets payables	5,134,947	2,789,501
State and other public entities	44,299,175	27,246,422
Related parties (Note 11.3)	156,764	1,264,454
Other creditors - CO ₂ emission allowances	44,830,523	21,353,771
Fiscal consolidation (Semapa) (Note 11.3)	-	6,447,546
Other creditors (Note 5.4)	5,693,320	2,392,990
Derivative financial instruments (Note 8.2)	4,682,533	8,130,589
Payroll costs accruals	52,435,012	30,613,080
Accrued expenses - interest payable	4,032,370	6,711,797
Wood suppliers bonus	5,687,729	4,294,936
Water resource fee	1,461,937	1,096,148
Rent liabilities	17,461,167	15,634,141
Other accrued expenses	17,130,610	5,513,017
Non-refundable grants	9,290,430	5,689,791
Current payables	575,467,689	393,161,894
Non-refundable grants	30,545,424	28,460,138
Department of Commerce (USA) (Note 4.2)	4,306,974	8,554,289
Non-current payables	34,852,398	37,014,427
	610,320,087	430,176,321

The increase in provisions for payroll costs is due to the recognition of a higher amount for the payment of employee bonuses in 2023, the amount related to the productivity bonus for the fourth quarter of 2022 and the reinforcement of the rejuvenation programme.

State - details

Amounts in Euro	31-12-2022	31-12-2021
Personal income tax withhold (IRS)	4,209,006	3,298,154
Value added tax	36,628,850	20,793,757
Social Security contributions	2,470,143	2,202,736
Other	991,176	951,775
	44,299,175	27,246,422

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



Non-refundable grants - details

Amounts in Euro	31-12-2022	31-12-2021
Investment grants (Note 3.5)	3,271,135	3,234,584
Other grants	6,019,295	2,455,207
Non-refundable grants - current	9,290,430	5,689,791
Investment grants (Note 3.5)	30,545,424	28,460,138
Non-refundable grants - non-current	30,545,424	28,460,138
	39,835,854	34,149,929



Accounting policies

Trade payables and other current liabilities are initially recorded at their fair value and subsequently measured at amortised cost.



5. Capital structure

5.1. Capital management

Capital management policy

For capital management purposes, the Group defines capital as including equity and net debt.

The Group's objectives in relation to capital management are:

- i. To safeguard its ability to continue as a going concern and thus provide returns for Shareholders and benefits for its remaining Stakeholders;
- ii. To keep a solid capital structure to support the growth of its business; and
- iii. To maintain an optimal capital structure that enables it to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group can adjust the amount of dividends payable to its Shareholders, return capital to its Shareholders, issue new shares or sell assets to lower its borrowings.

In line with the sector, the Group monitors its capital based on the gearing ratio, defined as the proportion between net debt and total capital.

Net interest-bearing debt is calculated by adding the total amount of loans (including the current and non-current portions as disclosed in the statement of financial position) and deducting all cash and cash equivalents. Total equity is calculated by adding Shareholders' equity (as shown in the statement of financial position), to interest-bearing net debt, and excluding treasury shares and non-controlling interests.



The Group calculates the gearing ratio as follows:

Amounts in Euro	31-12-2022	31-12-2021
Interest-bearing liabilities (Note 5.7)	725,301,722	833,944,049
Cash and cash equivalents (Note 5.9)	(343,083,788)	(239,171,252)
Net debt	382,217,934	594,772,797
Equity	1,259,707,514	1,045,114,080
Treasury shares (Note 5.2)	-	-
Non-controlling interest (Note 5.6)	(297,977)	(286,896)
Equity, except for treasury shares and non-controlling interests	1,259,409,537	1,044,827,184
Total equity	1,641,627,471	1,639,599,981
Gearing	23.28%	36.28%

5.2. Share Capital and treasury Shares

Navigator's Shareholders

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

As at 31 December 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 2021: 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 was agreed, the amount of the reduction being Euro 4,402,042.51, for a special purpose, by cancellation of 6,316,931 treasury shares, without nominal 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 31 December 2022 and 31 December 2021, the Shareholders with qualified shareholdings in the Company's capital were as follows:

Designation	31-12-2022		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

	31-12-2022		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	-	-	-	-
Cancellation in the period	-	-	(6,316,931)	(20,189,264)
Treasury shares at the end of the period	-	-	-	-

These shares were mainly acquired during 2008 and 2012 as well as in 2018 and 2019 and were extinguished in 2021. The evolution of this item is shown below:

Amounts in Euro	2022		2021	
	Quantity	Amount	Quantity	Amount
Treasury shares held in January	-	-	6,316,931	20,189,264
Cancellation				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	(6,316,931)	(20,189,264)
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
	-	-	(6,316,931)	(20,189,264)
Treasury shares held in December	-	-	-	-

As at 31 December 2022 and 31 December 2021, Navigator did not hold any own shares, the unit value of the share as at that date was Euro 3.454 (31 December 2021: Euro 3.35) and the market capitalisation of the Company at this date amounted to Euro 2,456,426,320 (31 December 2021: Euro 2,382,463,281) compared to an equity, net of non-controlling interests, of Euro 1,259,409,537 (31 December 2021: Euro 1,044,827,184).



Accounting policies

Ordinary shares are classified in Shareholders' equity.

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.

Costs directly attributable to the issue of new shares or options for the acquisition of a new business are deducted from the amount issued.

When any Group company acquires shares of the parent company (treasury shares), the payment, which includes directly attributable incremental costs, is deducted from the Shareholders' equity attributable to the holders of the parent company's capital until such time the shares are cancelled, reissued or sold.

When such shares are subsequently disposed or reissued, any proceeds, net of the directly attributable transaction costs and taxes, is directly reflected in the Shareholders' equity and not in profit or loss for the period.

5.3. Earnings per share

	2022	2021
Profit attributable to Navigator's equity holders (Euro)	392,537,070	171,411,455
Total number of shares issued	711,183,069	711,183,069
Average treasury shares held for the period	-	-
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.552	0.241
Diluted earnings per share (Euro)	0.552	0.241



Accounting policies

Basic earnings per share are determined based on the division of profits or losses attributable to the ordinary Shareholders of the Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the Company adjusts the profits or losses attributable to ordinary equity holders, as well as the weighted average number of outstanding shares for the purposes of all potential dilutive common shares.



5.4. 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 retained earnings	131,632,875	0.185
Distribuição de reservas livres	118,355,086	0.166
Attributions in 2021		
Distribution of retained earnings	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 General Meeting held on 21 November 2022, The Navigator Company, S.A. resolved to distribute reserves amounting to Euro 149,995,621, of which Euro 118,355,086 came from the Other reserves and Euro 31,640,535 was recorded in Retained earnings.

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. decided to make an advance on profits to Shareholders, in the amount of Euro 49,996,170, equivalent to the gross value of Euro 0.0703 per share.



Accounting policies

The distribution of dividends to Shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Shareholders at the General Meeting and up until the time of their payment or, in the case of anticipated distributions, when approved by the Board of Directors.

5.5. Reserves and retained earnings

Amounts in Euro	31-12-2022	31-12-2021
Currency translation reserve	5,343,706	(24,346,001)
Fair value reserve	33,997,828	(5,604,076)
Legal reserve	100,000,000	100,000,000
Other reserves	3,481,014	121,836,100
Retained earnings	224,049,919	231,525,876
Reserves and retained earnings	366,872,467	423,411,899



Currency exchange reserve - details

Amounts in Euro	31-12-2022	31-12-2021
Navigator North America (USD)	(4,147,000)	(4,847,972)
Navigator Paper Mexico (MXN)	(115,521)	(69,753)
Navigator Middle East Trading DMCC (AED)	(6,017)	(7,594)
Navigator Egypt (EGP)	(1,901)	(4,037)
Navigator Paper Company UK (GBP)	(230,994)	(369,114)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,897)
Portucel Moçambique (MZM)	9,846,842	(19,045,827)
	5,343,706	(24,346,001)

The change in the currency exchange reserve is mainly due to the cumulative unfavourable exchange differences related to the repayment of the long-term loan (shareholder loan) 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, recognized in previous years in the Statement of Comprehensive Income, were recognised in profit or loss for the period.

Fair value reserves - details

Amounts in Euro	31-12-2022			31-12-2021		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Interest rate risk hedging	30,899,904	(8,497,474)	22,402,430	(2,231,713)	613,722	(1,617,991)
Foreign exchange hedging	15,993,652	(4,398,254)	11,595,398	(5,498,048)	1,511,963	(3,986,085)
	46,893,556	(12,895,728)	33,997,828	(7,729,761)	2,125,685	(5,604,076)

Fair value reserves - movements

Amounts in Euro	31-12-2022	31-12-2021
Opening balance	(5,604,076)	(6,641,368)
Change in the fair value of derivative financial instruments (Note 8.2)	54,623,316	1,430,747
Deferred tax	(15,021,412)	(393,455)
Closing balance	33,997,828	(5,604,076)

The amount considered as Change in the fair value of derivative financial instruments, in the amount of €54.6 million, includes: a) transfers to hedging results in the amount of negative €29.3 million; b) Changes in the fair value of hedging derivative financial instruments amounting to €83.9 million.



Other reserves – details

Amounts in Euro	31-12-2022	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 distributed	5,994	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)
	3,481,014	121,836,100



Accounting policies

Fair value reserves

It corresponds to the accumulated change in fair value of derivative financial instruments classified as hedging instruments (Note 8.2), net of deferred taxes.

Changes related to derivatives are reclassified to profit or loss for the period (Note 5.11) as the hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this caption is not recycled to profit or loss.

Currency exchange reserve

The currency translation reserve corresponds to the accumulated amount related to the settlement by the Group of the exchange rate differences resulting from the translation of the financial statements of the subsidiaries operating outside the Euro zone.

Legal reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the issued capital. This reserve cannot be distributed unless the company is liquidated. It may, however, be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

The legal reserve is constituted by its maximum amount in the periods presented.

Other reserves and retained earnings

This caption corresponds to reserves available for distribution to Shareholders that were constituted through the appropriation of prior period's earnings, the reduction of share capital and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held is not distributable (Note 5.2).



5.6. Non-controlling interests

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit	
		31-12-2022	31-12-2021	2022	2021
RAIZ - Instituto de Investigação da Floresta e Papel	3.0%	297,977	286,896	1,861	7,058
Portucel Moçambique	9.98%	-	-	-	-
		297,977	286,896	1,861	7,058

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	1,861	7,058
Other comprehensive income	9,220	4,656
Closing balance	297,977	286,896



5.7. Interest-bearing liabilities

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	420,000,000	22,500,000	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	91,511,905	17,575,397	109,087,302	109,087,301	12,718,254	121,805,555
Charges with bond issuances	(3,480,083)	-	(3,480,083)	(3,415,421)	-	(3,415,421)
Refundable grants	29,975,064	7,219,439	37,194,503	34,509,610	4,099,903	38,609,513
Deferrals and adjustments	-	-	-	(8,055,598)	-	(8,055,598)
Debt securities and bank debt	643,006,886	82,294,836	725,301,722	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 2022, 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 refundable grants include grants from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the grant under the investment agreement entered into with the Navigator Group subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last refund happening in 2027.



The maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 - Liquidity risk.



Interest-bearing liabilities – details

31-12-2022

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with swap to fixed rate	-	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, with swap to fixed rate	20,000,000	30,000,000
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, with swap to fixed rate	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	100,000,000
Fees	-	(3,480,083)			-	(3,480,083)
European Investment Bank (EIB)						
EIB Loan - Energy	14,166,667	14,166,667	December 2024	Variable rate indexed to Euribor	7,083,333	7,083,334
EIB Loan - Cacia	15,277,778	15,277,778	May 2028	Fixed rate	2,777,778	12,500,000
EIB Loan - Figueira	37,142,857	37,142,857	February 2029	Fixed rate	5,714,286	31,428,571
EIB Loan - Biomass Boiler ESG	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 ESG	65,000,000	-	December 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	37,194,503	37,194,503	November 2027	Fixed rate	7,219,439	29,975,064
Deferrals and adjustments	-	-			-	-
Bank credit facilities						
Short-term facility 20M	20,450,714	-			-	-
725,301,722					82,294,836	643,006,886



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, with swap to fixed rate	-	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, with swap to fixed rate	-	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, with swap to fixed rate	-	75,000,000
Navigator 2021-2026 ESG	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 ESG	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 ESG	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	-	(8,055,598)			-	(8,055,598)
Bank credit facilities						
Short-term facilities 20M	20,450,714	-			-	-
		833,944,049			119,318,157	714,625,892



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

At 31 December 2022, 38% of the Group's financing is linked to compliance with sustainability commitments (31 December 2021: 23%).

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

Amounts in Euro	31-12-2022	31-12-2021
Non-current		
1 to 2 years	84,259,122	234,259,122
2 to 3 years	156,640,074	86,223,407
3 to 4 years	261,140,074	106,640,074
4 to 5 years	19,640,074	261,140,074
More than 5 years	124,807,625	37,834,234
	646,486,969	726,096,911
Fees	(3,480,083)	(11 471 019)
	643,006,886	714,625,892

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

Amounts in Euro	31-12-2022	31-12-2021
Interest-bearing liabilities (Note 5.7)	725,301,722	833,944,049
Cash and cash equivalents (Note 5.9)	(343,083,788)	(239,171,252)
Net interest-bearing debt	382,217,934	594,772,797
Lease liabilities (Note 5.8)	61,641,049	53,240,925
Interest-bearing net debt with lease liabilities	443,858,983	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 31 December 2022 and 31 December 2021:

Ratio	31-12-2022	31-12-2021
Interest coverage	85.43	35.29
Indebtedness	0.98	2.35
Net Debt / EBITDA	0.52	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 31 December 2022 and 31 December 2021, Navigator presents a minimum safety margin above 80% on the fulfilment of its covenants.



Estimates and judgements

Commercial paper

The Group has several commercial paper programs negotiated, of agreements with which it is frequent to carry out emissions with contractual maturity of less than one year but with revolving nature. Where the Group expects to roll over these loans, it presents them as non-current liabilities.



Accounting policies

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

Initial measurement

At fair value, net of transaction costs incurred.

Subsequent measurement

At amortised cost, using the effective interest rate method.

The difference between the refund amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest expenses on other loans" in Note 5.11 – Net financial results.

Fair value

The book value of short-term debt or loans contracted with variable interest rates approximates their fair value.

The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.3 – Financial assets and liabilities.

Disclosure

As a current liability, except when the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.



5.8. Lease liabilities

Lease liabilities - nature

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Forestry lands	46,724,663	2,666,086	49,390,749	40,983,597	2,281,533	43,265,130
Buildings	1,868,940	513,178	2,382,118	2,382,118	502,419	2,884,537
Vehicles	3,070,109	1,540,904	4,611,013	2,046,436	1,370,600	3,417,036
Software licenses	94,312	155,401	249,713	175,072	292,097	467,169
Other lease liabilities	3,331,059	1,676,397	5,007,456	1,829,870	1,377,184	3,207,054
	55,089,083	6,551,966	61,641,049	47,417,092	5,823,833	53,240,925

Lease liabilities - movements

Amounts in Euro	2022	2021
Balance as at 1 January	53,240,925	53,080,919
Contract amortisation	(8,837,422)	(8,965,290)
New contracts	15,338,938	7,448,703
Interest expense	2,300,665	2,042,333
Other changes	(402,057)	(365,740)
Total changes in related liabilities	8,400,124	160,006
Balance as at 31 December	61,641,049	53,240,925

Lease liabilities - future liabilities

Amounts in Euro	31-12-2022			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	4,435,662	2,116,304	6,551,966	3,971,610	1,852,223	5,823,833
1 to 2 years	3,891,713	1,952,737	5,844,450	3,368,272	1,708,916	5,077,188
2 to 3 years	3,041,072	1,797,386	4,838,458	2,867,678	1,575,482	4,443,160
3 to 4 years	2,809,096	1,653,338	4,462,434	1,999,426	1,450,866	3,450,292
4 to 5 years	2,165,139	1,516,362	3,681,501	1,748,655	1,337,957	3,086,612
More than 5 years	25,989,077	10,273,163	36,262,240	22,150,369	9,209,471	31,359,840
Present value of liabilities	42,331,759	19,309,290	61,641,049	36,106,010	17,134,915	53,240,925

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



The maturity analysis of lease liabilities is presented in the Note 8.1.3 - Liquidity risk.



Accounting policies

At the start date of the lease, the Group recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the price of exercise of renewal options reasonably certain to be exercised by the Group or lease termination penalty payments if the lease term reflects the Group's option to terminate the agreement.

In calculating the present value of future lease payments, the Group uses an incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.

Subsequently, the value of the lease liabilities is increased by the interest amount (Note 5.11 - Net financial results) and decreased by the lease payments (rents).

5.9. Cash and cash equivalents

Amounts in Euro	31-12-2022	31-12-2021
Cash	32,356	35,334
Short-term bank deposits	191,824,254	220,585,472
Other short-term investments	151,227,178	18,550,446
	343,083,788	239,171,252

In 2022, the caption Other short-term investments includes Euro 151,227,178 (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 31 December 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.



Accounting policies

Cash and cash equivalents include cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations.



For cash flow statement purposes, this caption also includes bank overdrafts, which are presented in the statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.7).

5.10. Cash flows from financing activities

Movements in liabilities of the Group's financing activities

Amounts in Euro	31-12-2022	31-12-2021
Balance as at 1 January	833,944,049	982,410,783
Payment of loans	(533,070,676)	(291,527,778)
Receipts from loans obtained	430,000,000	147,500,000
Refundable grants	(5,636,313)	(4,472,875)
Changes in borrowing costs	64,662	33,919
Changes in interest-bearing debt	(108,642,327)	(148,466,734)
Gross interest-bearing debt	725,301,722	833,944,049

5.11. Net financial results

Amounts in Euro	2022	2021
Interest paid on debt securities and bank debt	(9,900,458)	(10,777,640)
Commissions on loans and expenses with the opening of credit facilities	(4,355,369)	(3,241,922)
Interest paid using the effective interest method	(14,255,827)	(14,019,562)
Interest paid on lease liabilities	(2,300,665)	(2,042,333)
Financial expenses related to the Group's capital structure	(16,556,492)	(16,061,895)
Favourable / (Unfavourable) exchange rate differences	(33,492,711)	2,702,247
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	(1,504,772)	(3,583,179)
Gains / (Losses) on financial instruments - hedging (Note 8.2)	(4,289,597)	(4,265,016)
Losses on compensatory interest	(1,229,577)	-
Other expenses and financial losses	(1,598,842)	-
Financial expenses and losses	(58,671,991)	(21,207,843)
Interest earned on financial assets at amortised cost	1,146,979	726,713
Gains on financial instruments - hedging (Note 8.2)	-	391,539
Gains on compensatory interest	395,732	2,274,881
Other income and financial gains	146,270	37,501
Financial income and gains	1,688,981	3,430,634
Net financial results	(56,983,010)	(17,777,209)



Financial results stood at negative Euro 56,983,010 (31 December 2021: Euro 17,777,209). 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, recognized in previous years in the Statement of Comprehensive Income, were recognised in profit or loss for the period.



Accounting policies

The Group classifies as "Financial income" the income and gains resulting from treasury management activities such as: i) interest obtained from the application of cash surplus; and ii) changes in the fair value in derivative financial instruments negotiated to hedge interest rate and exchange rate risk on loans, regardless of the formal designation of hedge.

6. Income tax

6.1. Income tax for the period

6.1.1. Income tax recognised in the consolidated income statement

Amounts in Euro	2022	2021
Current tax	150,703,440	37,586,136
Change in uncertain tax positions in the period	(18,448,125)	(9,121,784)
Deferred tax (Note 6.2)	(8,317,503)	11,913,967
	123,937,812	40,378,319

As at 31 December 2022, current tax includes Euro 132,480,440 (31 December 2021: Euro 36,488,394) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

As at 31 December 2022 and 31 December 2021, the caption "Variation of uncertain tax positions in the period" reflects the excess/insufficiency of tax estimates, the favourable outcome of some cases related to matters with high uncertainty, as well as requests for binding information, claims to the Tax Administration and jurisprudence of the courts.

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



Nominal tax rate

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

	2022	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	2022	2021
Profit before income tax	516,476,743	211,796,832
Expected tax at nominal rate (21%)	108,460,116	44,477,335
Municipal surcharge (2022: 1.38% ; 2021: 1.17%)	7,144,221	2,480,719
State surcharge (2022; 5.23% ; 2021: 3.04%)	27,023,780	6,442,237
Income tax resulting from the applicable tax rate	142,628,117	53,400,290
Nominal tax rate for the period	27.6%	25.2%
Differences (a)	(17,001,119)	(4,008,681)
Excess of income tax estimate	-	(4,684,477)
Tax benefits	(2,557,382)	(5,120,858)
Autonomous taxation	868,196	792,046
	123,937,812	40,378,319
Effective tax rate	24.0%	19.1%

(a) This amount concerns mainly:

	2022	2021
Capital gains/ (losses) for tax purposes	(92,879)	1,993,450
Capital gains/ (losses) for accounting purposes	16,734	(2,039,580)
Taxable provisions and impairment	(32,689,635)	(7,167,993)
Tax benefits	(26,637,333)	(5,871,622)
Post-employment benefits	(2,394,591)	(5,118,074)
Other	(24,547)	3,626,797
	(61,822,251)	(14,577,022)
Tax effect (27.5%)	(17,001,119)	(4,008,681)



6.1.2. Tax recognised in the consolidated statement of financial position

Amounts in Euro	31-12-2022	31-12-2021
Assets		
Amounts pending refund	16,216,543	1,118,815
	16,216,543	1,118,815
Liabilities		
Corporate Income Tax - IRC	110,712,325	19,913,222
Additional tax liabilities (IRC)	14,762,361	19,967,180
	125,474,686	39,880,402

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	31-12-2022	31-12-2021
Income tax for the period	150,703,440	37,586,136
Payments on account, special and additional payments on account	(37,500,934)	(19,000,792)
Withholding tax recoverable	(44,686)	(22,809)
Other payables / (receivables)	(2,445,495)	1,350,687
	110,712,325	19,913,222

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

Amounts in Euro	31-12-2022	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	37,500,934	19,000,792
Withholding tax	44,686	22,809
Refunds of tax proceedings decided in favour of the group	(977,298)	(2,090,502)
Payments of additional tax liabilities	17,350,270	-
Other income tax payments/(refunds)	(4,905)	967,532
Income tax paid / (received)	64,765,380	20,649,602

Amounts pending refund

Amounts in Euro	2022	2021
2005 Corporate income tax (RETGS)	13,886,728	-
RFAI 2010 to 2012 - compensatory interest	1,076,611	1,076,611
2016 Corporate income tax - Navigator Tissue Rodão	861,866	-
IRC 2016 - Processo CAAD 7/2022	272,697	-
2020 Corporate income tax (RETGS)	62,867	-
Other	55,774	42,204
	16,216,543	1,118,815



The movements in the period are detailed as follows:

Amounts in Euro	31-12-2022	31-12-2021
Balance at the beginning of the period	1,118,815	3,482,762
Increases	16,075,026	97,239
Payments / (receipts)	(977,298)	(2,027,635)
Reversals	-	(433,551)
	16,216,543	1,118,815

Uncertain tax positions - liabilities

Amounts in Euro	31-12-2022	31-12-2021
Balance at the beginning of the period	19,967,180	22,898,753
Increases	4,572,566	8,094,261
Payments / (receipts)	17,350,270	(62,867)
Reversals	(27,127,655)	(10,962,967)
Changes in the period	(5,204,819)	(2,931,573)
	14,762,361	19,967,180

Taxes paid in litigation

As at 31 December 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	31-12-2022	31-12-2021
2005 Aggregated corporate income tax (Note 10.3)	10,394,386	10,394,386
2006 Aggregated corporate income tax (Note 10.3)	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2018 Aggregated corporate income tax	14,433,913	-
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
	66,535,292	52,101,379



Estimates and judgements

The Group recognises liabilities for additional tax assessments that may result from reviews by the tax authorities of the different countries where the Group operates. When the final result of these situations is different from the amounts initially recorded, the differences will have an impact on income tax in the period in which they occur.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years. In other countries in which the Group operates, these periods are different, usually higher.



The Board of Directors considers that any corrections to those statements as a result of reviews/inspections by the tax authorities will not have a significant impact in the consolidated financial statements as at 31 December 2020, although the *period* sup to and including 2018 have already been reviewed.

As at 31 December 2022, if the effective tax rate corresponded to the nominal rate of 27.5%, there would be an increase in expenses with income taxes in the amount of Euro 18,093,292 (31 December 2021: Euro 17,865,809).

Uncertain tax positions

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, as to the date of the consolidated statement of financial position, regarding potential differences of understanding with the Tax Authorities, considering the developments in tax matters.

The Group, in relation to the measurement of uncertain tax positions, considers the provisions of IFRIC 23 - "Uncertainty over Income Tax Treatments", namely the measurement of risks and uncertainties in the definition of the best estimate of the expense required to settle the obligation, by weighing all the possible results that are controlled by them and their associated probabilities.



Accounting policies

Current income tax is calculated based on net profit, adjusted in conformity with tax legislation in force at the statement of consolidated financial position date.

Taxation group

In Portugal, the Navigator Group is subject to the special tax regime for groups of companies (RETGS), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69, and following of the Corporate Income Tax Code (IRC Code).

These companies included in the RETGS calculate income taxes as if they were taxed independently. Liabilities are recognised as due to the dominant entity of the tax business Group, currently The Navigator Company, S.A. which is responsible for the Group's overall clearance and payment of the corporate income tax. Where there are gains on the use of this regime, these are recorded as income in the dominant entity financial statements.

In 2018, a tax group was also established in Spain, which includes the three subsidiaries of the group based in that country and owned by Bosques do Atlântico, S.L., the parent-company in the tax group.



6.2. Deferred taxes

Movements in deferred taxes

Amounts in Euro	As at 1 January 2022	Income Statement			As at 31 December 2022
		Increases	Decreases	Equity	
Temporary differences originating deferred tax assets					
Taxed provisions	4,544,163	9,369,827	-	-	13,913,990
Adjustment of property, plant and equipment	62,470,397	-	(18,702,890)	-	43,767,507
Financial instruments	7,448,830	-	-	(7,448,830)	-
Deferred accounting gains on intra-group transactions	21,090,053	5,138,400	-	-	26,228,453
Valuation of biological assets	-	14,456,082	-	-	14,456,082
Investment grants	203,588	-	(203,588)	-	-
Conventional capital remuneration	4,200,000	-	(3,640,000)	-	560,000
	99,957,031	28,964,309	(22,546,478)	(7,448,830)	98,926,032
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(388,758)	(213,971)	-	244,246	(358,483)
Financial instruments	-	-	-	(47,174,485)	(47,174,485)
Valuation of biological assets	(25,294,177)	21,570,514	(1,680,081)	-	(5,403,744)
Adjustment of property, plant and equipment	(306,642,712)	5,934,899	-	-	(300,707,813)
Investment grants	(4,142,627)	213,450	-	66,683	(3,862,494)
	(336,468,274)	27,504,892	(1,680,081)	(46,863,556)	(357,507,019)
Deferred tax assets	27,488,184	7,965,185	(6,200,281)	(2,048,428)	27,204,659
Government grants (Note 3.5)	549,224	-	(549,224)	-	-
Deferred tax assets	28,037,408	7,965,185	(6,749,505)	(2,048,428)	27,204,659
Deferred tax liabilities	(92,528,775)	7,563,845	(462,022)	(12,887,478)	(98,314,430)



Amounts in Euro	As at 1 January 2021	Income Statement			As at 31 December 2021
		Increases	Decreases	Equity	
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	-	-	21,090,053
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	7,000,000	-	(3,360,000)	560,000	4,200,000
	109,381,789	5,944,465	(14,498,476)	(870,747)	99,957,031
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(224,593)	649,357	-	(813,522)	(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)	1,138,804	(35,908,310)	10,890,377	(336,468,274)
Deferred tax assets	30,079,992	1,634,728	(3,987,081)	(239,455)	27,488,184
Government grants (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	30,629,216	1,634,728	(3,987,081)	(239,455)	28,037,408
Deferred tax liabilities	(85,962,015)	313,171	(9,874,785)	2,994,854	(92,528,775)

In the measurement of the deferred taxes as at 31 December 2021 and 2020, the rate of 27.50% was used.



Accounting policies

Deferred tax is calculated based on the liability of the consolidated financial position on the temporary differences between the book values of the assets and liabilities and their respective tax base. To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used.

Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely they will not be used.

Deferred taxes are recorded as an income or expense for the period, except where they result from amounts recorded directly under Shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Group regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.



7. Payroll

7.1. Payroll costs

Amounts in Euro	2022	2021
Remuneration of Corporate Bodies - fixed (Note 7.3)	3,352,988	3,358,889
Remuneration of Corporate Bodies - variable	6,780,465	6,616,077
Other remunerations	128,388,853	105,452,229
Social Security contributions	23,596,088	22,186,532
Post-employment benefits (Note 7.2.4)	1,305,000	1,565,032
Other payroll costs	22,815,841	15,837,036
Payroll costs	186,239,235	155,015,795

The increase in payroll costs is related to the good performance of Navigator in 2022, which allowed the recognition of a higher value of accrued expenses for the payment of employee bonuses in 2023, the payment of a new productivity bonus to employees and the reinforcement of the rejuvenation programme.

Number of employees by segment at the end of the period

	31-12-2022	31-12-2021	Var. 22/21
Market pulp	262	254	8
UWF	1,801	1,778	23
Tissue	410	383	27
Other	773	735	38
	3,246	3,150	96

Other Payroll costs are detailed as follows during the periods ended 31 December 2022 and 31 December 2021:

Amounts in Euro	2022	2021
Training	1,451,447	848,438
Social action	2,760,881	2,519,264
Insurance	5,449,464	5,544,604
Compensations	12,624,106	6,464,506
Other	529,943	460,224
	22,815,841	15,837,036



Accounting policies

Short-term employee benefits

Acquired rights - holidays and holiday allowance

In accordance with the collective labour agreement applicable to The Navigator Company, S.A. as well as under the agreement celebrated with the Labour Unions, the Group companies are entitled to a 25 working days leave, as well as to a month's holiday allowance.

Productivity bonus

In 2022, the Group introduced a Productivity bonus in addition to the normal bonus paid to employees. The aim of this bonus is to focus on increasing productivity and profitability, which are critical and fundamental prerequisites for continued investment in business growth and sustainable improvements in salaries and benefits. Thus, the Productivity Bonus sets the achievement of production levels at challenging thresholds corresponding to different levels of remuneration, based on a basic monthly salary.

Bonuses

According to the current Performance Management System (*Sistema de Gestão de Desempenho*), employees have the right to a bonus, based on annually defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

These liabilities are recorded in the year in which the Employees acquire the respective right, against the income statement and irrespective of the date of payment, whilst the balance payable at the date of the consolidated statement of financial position is shown under the caption Payables and other current liabilities.

Benefits arising from termination of employment

The benefits arising from termination of employment are recognised when the Group can no longer withdraw the offer of such benefits or in which the Group recognises the cost of restructuring under the provisions recording. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

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 (The Navigator Company) or who have chosen to maintain a Safeguard Clause, the latter following the conversion of their plan into a Defined Contribution Plan (The Navigator Company). 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 31 December 2022, three Defined Contribution plans were in force covering 3,097 employees (2021: 2,936 Employees) (Note 7.2.3).

7.2.2. Defined benefit plan

Policy for managing the risk associated with defined benefit plans

The Group's exposure to risk is limited to the number of existing beneficiaries and will tend to decrease, since there are no defined benefit plans open to new employees in the Group.

The most significant risks to which the Group is exposed through defined benefit plans include:

- i) Risk of change in the longevity of participants
- ii) Market rate variation risk – rate variation impacts the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the liabilities' expiry dates and the fixed rate of return of the assets. The Group uses yield curves in order to monitor the evolution of rates and performs sensitivity analyses of interest rate variations with the aim of foreseeing and preventing the consequent impact on the fund's funding level.
- iii) Risk of change in the wage and pension growth rate
- iv) Return on the fund's financial assets - the Group closely monitors the evolution of the fund's assets, as well as the evolution of the main financial market indicators, revisiting the investment policy approved for the management of the assets whenever justifiable, and at least every three years. The investment policy is aligned with a conservative view of asset management and defined on the basis of the responsibilities to be financed by the fund.

The Group's goal is to maintain a liability coverage level of 90%, thereby safeguarding against the above risks.



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:

	31-12-2022		31-12-2021	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	367	49,465,578	408	71,291,405
Alumni	140	22,728,925	126	26,059,672
Retired employees	590	85,075,143	567	93,651,512
Market value of pension funds		(154,433,916)		(185,327,671)
Total net liabilities	1,097	2,835,730	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	157,269,646
Fair value of assets and reserves	147,131,961	173,292,676	178,691,062	185,327,671	154,433,916
Surplus / (deficit)	(7,324,279)	(6,588,076)	(12,562,465)	(5,674,918)	(2,835,730)

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	26,336	2,349,180	(29,869,349)	(6,239,110)	157,269,646
	191,002,589	26,336	2,349,180	(29,869,349)	(6,239,110)	157,269,646
2021	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	191,253,527	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589
	191,253,527	44,883	2,353,176	3,350,242	(5,999,239)	191,002,589

The average expected duration of defined benefit liabilities is 13.4 years (2021: 15 years).



Funds

Funds allocated to the defined benefit pension plans – evolution

Amounts in Euro	2022	2021
Opening balance	185,327,671	178,691,062
Charge for the period	-	5,318,407
Expected income for the period	2,277,915	2,195,584
Remeasurement	(26,932,571)	5,275,230
Pensions paid	(6,239,099)	(5,999,229)
Other		(153,383)
Closing balance	154,433,916	185,327,671

During the periods of 2022 and 2021, the contributions to the defined benefit plans presented above as allocations were made in full by the Group companies and no contributions were made by the participants of these plans, although this option exists.

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

Amounts in Euro	2022	2021
Defined benefit and <i>Conta 1</i> :		
AGEAS - Pensions	105,079	3,938,660
Schrodgers	62,325,236	70,993,049
Santander AM	62,244,783	72,705,468
<i>Conta 1</i> - Julius Baer	29,758,819	37,690,494
Total Defined benefit and <i>Conta 1</i>	154,433,916	185,327,671

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	31-12-2022	%	31-12-2021	%
Securities listed in the market				
Bonds	94,778,925	61.37%	112,303,157	60.60%
Shares	40,402,326	26.16%	50,274,545	27.13%
Public debt	17,282,244	11.19%	14,558,914	7.86%
Liquidity	1,865,342	1.21%	4,252,394	2.29%
Real estate	-	0.00%	-	0.00%
Other short-term investments	105,079	0.07%	3,938,660	2.13%
	154,433,916	100%	185,327,671	100%

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



7.2.3. Defined contributions plan

As at 31 December 2021 and 2020, two defined contribution plans were in force for most of the Employees.

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

Amounts in Euro	No. of Beneficiaries	Profitability %	2022	No. of Beneficiaries	Profitability %	2021
Defined contribution (Ageas Pensões):						
Defensive sub-fund	112	-12.79%	6,804,787	110	2.92%	7,995,969
Conservative sub-fund	370	-13.41%	14,513,526	374	5.89%	19,301,087
Dynamic sub-fund	716	-13.40%	14,840,248	696	10.46%	17,234,845
Agressive-sub-fund	1,899	-14.56%	5,541,395	1,756	16.04%	6,462,291
Total defined contribution	3,097		41,699,956	2,936		50,994,193

* of which 284 are former employees

7.2.4. Expenses incurred with post-employment benefit plans

The effect in the income statement for the periods ended 31 December 2022 and 31 December 2021 was as follows:

	2022				2021			
Amounts in Euro	Current services cost	Net interest	Defined contribution - Contributions for the period	Impact on net result (Note 7.1)	Current services cost	Net interest	Defined contribution - Contributions for the period	Impact on net result (Note 7.1)
Pensions with autonomous fund	26,336	71,265	-	97,601	44,883	157,591	-	202,474
Defined contributions plans	-	-	1,207,399	1,207,399	-	-	1,362,558	1,362,558
	26,336	71,265	1,207,399	1,305,000	44,883	157,591	1,362,558	1,565,032

7.2.5. Remeasurement recognised directly in other comprehensive income

2022

Amounts in Euro	Remensurações			Return on Plan Assets	Gross amount	Deferred tax	Impact on Equity
	Demographic assumptions	Financial assumptions	Experience assumptions				
Pensions with autonomous fund	-	(35,726,332)	6,059,525	32,603,596	2,936,789	67,168	3,003,957
	-	(35,726,332)	6,059,525	32,603,596	2,936,789	67,168	3,003,957

2021

Amounts in Euro	Remensurações			Return on Plan Assets	Gross amount	Deferred tax	Impact on Equity
	Demographic assumptions	Financial assumptions	Experience assumptions				
Pensions with autonomous fund	-	-	-	-	1,924,988	(223,719)	1,701,269
	-	-	-	-	1,924,988	(223,719)	1,701,269

The re-measurements referred to above result from experience gains and losses, both in financial and demographic terms.



Estimates and judgements

Actuarial assumptions

	31-12-2022	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
Discount rate	3.50%	1.25%
Wage growth rate	2.00%	1.00%
Return rate on plan assets	3.50%	1.25%
Pensions growth rate	1.5% or 2.00%	1.00%

Sensitivity analysis

Amounts in Euro	31-12-2022
0.5% decrease in the discount rate	
Increase in liabilities assumed	10,585,975
0.5% increase in the discount rate	
Decrease in liabilities assumed	(9,619,544)
0.5% decrease in the wage growth rate	
Decrease in liabilities assumed	(2,067,884)
0.5% increase in the wage growth rate	
Increase in liabilities assumed	2,174,018
0.5% decrease in the pensions growth rate	
Decrease in liabilities assumed	(7,796,773)
0.5% increase in the pensions growth rate	
Increase in liabilities assumed	7,963,146

Amounts in Euro	31-12-2021
0.25% decrease in the discount rate	
Increase in liabilities assumed	7,293,802
0.25% increase in the discount rate	
Decrease in liabilities assumed	(6,901,576)
0.25% decrease in the wage growth rate	
Decrease in liabilities assumed	(1,643,123)
0.25% increase in the wage growth rate	
Increase in liabilities assumed	1,687,898
0.25% decrease in the pensions growth rate	
Decrease in liabilities assumed	(5,167,727)
0.25% increase in the pensions growth rate	
Increase in liabilities assumed	5,375,162



Accounting policies

Post-employment benefits - defined benefit plan

Some of the Group subsidiaries have assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans.

The Group set up autonomous pension funds as a means of funding most of the liabilities. Based on the projected credit unit method, the Group recognises the costs with the attribution of these benefits as the services are provided by the employees. The total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity.

The liability thus determined is presented in the consolidated statement of financial position, less the fair value of the funds set up, under Pension liabilities.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as re-measurements and recorded directly in the statement of comprehensive income, under retained earnings.

Net interest corresponds to the application of the discount rate to the value of net liabilities (value of liabilities less the fair value of fund assets) and is recognised in the income statement for the period under Payroll costs.

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement for the period when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.

Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in the income statement for the period.

Post-employment benefits - defined contribution plan

Most of the Group subsidiaries assumed commitments regarding payments to a defined contribution plan in a percentage of the employees' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

To this end, Pension Funds have been set up to capitalise on those contributions, for which employees may still make voluntary contributions, but for which the Group does not assume any additional contribution responsibilities or a pre-fixed return. Thus, the contributions made are recorded as expenses of the period in which they are recognised, regardless of the time of their settlement.



7.3. Remuneration of key management personnel

Amounts in Euro	2022	2021
Navigator Corporate Bodies		
Board of Directors	2,980,652	2,978,880
Supervisory Board	53,998	53,998
Environmental Council	15,250	33,500
General Meeting	7,000	4,000
	3,056,900	3,070,378
Corporate Bodies of other Group companies	296,088	288,511
Total (Note 7.1)	3,352,988	3,358,889

Remuneration of the members of the Board of Directors

Full details of the remuneration policy for the members of Navigator's Board of Directors are described in the company's Corporate Governance Report.

Regarding post-employment benefits, as at 31 December 2022, the amount of liabilities related to post employment benefit plans, in respect of one Board Member of the Group, amounted to Euro 827,005 (31 December 2021: Euro 956,764). In addition, three of the current Board Members are members of pension plans of Navigator Brands, S.A., a subsidiary of the Company, as Employees of that company, before joining management positions.

As at 31 December 2022 and 31 December 2021, with respect to the members of the Board of Directors of Navigator, there were no: i) additional liabilities allocated to other long-term benefits, ii) benefits arising from termination of employment, iii) payments based on allocated shares, and iv) outstanding balances.



8. Financial instruments

8.1. Financial risk management

The Company, at the level of 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 its 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 Company 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. Currency risk

Currency risk management policy

A significant part of the Navigator Group's sales is priced in currencies other than the Euro, therefore its evolution can have a significant impact on the cash flows obtained from the Group's future sales, with the currency with the greatest impact being the USD. Also, sales in GBP, PLN and CHF have some weight, having sales in other currencies less expression.

Purchases of some raw materials are also made in USD, namely part of wood and long-fibre pulp imports of wood and acquisitions of long-fibre pulp. Therefore, changes in USD may have an impact on acquisition values.

In addition, once a sale or purchase is made in a currency other than the Euro, the Group becomes exposed to exchange rate risk until the receipt or payment of such sale or purchase, if no hedging instruments are in place. As a result, there is a significant number of receivables and debts payable, the latter with lesser expression, exposed to exchange rate risk.

Use of derivative financial instruments

The Group manages foreign exchange risks by using derivative financial instruments, in accordance with a policy that is subject to periodic review and whose purpose is to limit the exchange risk associated with future sales and purchases and accounts receivable and payable and other assets which are denominated in currencies other than the Euro.

In the periods presented, the Group holds derivatives that are hedging the exchange rate risk of future operations in currencies other than the presentation currency (see Note 8.2 - Derivative financial instruments).



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

31 December 2022	US dollar	Sterling pound	Polish zloti	Turkish lira	Swiss franc	Mozambican metical	Moroccan dirham	South African rand	Total (Euro)
Amounts in foreign currency									
Cash and cash equivalents	669,343	920,577	628,521	277,417	60,783	69,989,502	528,284	40,922	3,033,736
Receivables	121,178,751	27,203,259	22,284,073	124,322	3,171,682	119,228,330	-	-	158,098,615
Total financial assets	121,848,094	28,123,836	22,912,594	401,739	3,232,465	189,217,832	528,284	40,922	161,132,351
Loans									
Payables		(270,975)	(11,083)	(22,910)	(30,685)		(98,203)		(1,373,124)
Total financial liabilities	-	(270,975)	(11,083)	(22,910)	(30,685)	-	(98,203)	-	(1,373,124)
Financial net position in foreign currency	121,848,094	27,852,861	22,901,511	378,829	3,201,780	189,217,832	430,081	40,922	159,759,227
Financial net position in Euro	117,308,264	32,454,977	4,882,635	21,870	3,214,639	2,847,308	40,715	2,405	160,772,812
Impact of +10% change in all exchange rates on results for the period									9,305,760
Impact of -10% change in all exchange rates on results for the period									(11,373,706)

31 December 2021	US dollar	Sterling pound	Polish zloti	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	3,968,677
Receivables	63,112,114	7,550,211	6,306,245	-	1,498,477	3,588,455	-	-	67,580,500
Total financial assets	66,504,232	7,993,116	6,853,106	102,302	1,615,742	13,941,332	651,982	40,922	71,549,177
Loans									
Payables	(4,349,239)	(24,525)	(12,180)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,979,758)
Total financial liabilities	(4,349,239)	(24,525)	(12,180)	(1,312)	(4,062)	(6,579,943)	(71,000)	-	(3,979,758)
Financial net position in foreign currency	62,154,993	7,968,590	6,840,927	100,990	1,611,680	7,361,389	580,982	40,922	67,569,419
Financial net position in Euro	54,878,150	9,483,256	1,488,161	6,629	1,560,043	101,789	55,245	2,266	67,569,419
Impact of +10% change in all exchange rates on results for the period									8,223,512
Impact of -10% change in all exchange rates on results for the period									(10,199,055)



In this Note, the Group discloses the exposure of financial assets and liabilities to foreign exchange rate risk, as well as the respective sensitivity analysis. There are currencies in which the Group has carried out transactions but in which, at the balance sheet date, it does not have relevant foreign exchange exposures, which is why the exchange rates disclosed in note 1.4.4 are more numerous than the currencies presented in this note.

8.1.2. Interest rate risk

Interest rate risk management policy

A significant share of the Group's financial liabilities cost is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Group's earnings.

The Group periodically reviews its interest rate risk management strategy. In view of the current level of interest rates, we have favoured the contracting of fixed rate debt.

Use of derivative financial instruments

When deemed appropriate by the Board, the Group uses derivative financial instruments (Note 8.2), namely swaps, with the purpose of fixing the interest rate on loans obtained, within certain parameters, deemed appropriate by the Group's risk management policies.

Exposure to interest rate risk

As at 31 December 2022, approximately 6% (31 December 2021: 5%) of the Navigator Group's financial liabilities are indexed to short-term reference interest rates, revised in periods below one year (usually 6-month rates for long-term debt), plus duly negotiated risk spreads. Hence, changes in interest rates can impact the Group's earnings.

The Group has favoured the contracting of fixed rate debt and has derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, with the purpose of fixing the interest rate on the Navigator Group's borrowings within certain limits.

As at 31 December 2022 and 2021, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next interest-fixing date is as follows:



Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Assets						
Current						
Cash and cash equivalents	343,083,788	-	-	-	-	343,083,788
Total financial assets	343,083,788	-	-	-	-	343,083,788
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,905
Refundable grants	-	-	-	28,877,757	1,097,307	29,975,064
Current						
Interest-bearing liabilities	-	49,857,143	25,218,254	-	-	75,075,397
Refundable grants	-	-	7,219,439	-	-	7,219,439
Total financial liabilities	-	49,857,143	32,437,693	521,679,344	124,807,625	728,781,805
Cumulative differential	343,083,788	293,226,645	260,788,952	(260,890,392)	(385,698,017)	

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
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)	



Estimates and judgements

Sensitivity analysis

The Group uses the sensibility analysis technique to measure impacts on the income statement and equity of increase or decrease on interest rates maintaining the other variables constant. This is an illustrative analysis only since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

- i) Changes in market interest rates affect interest income and expenses arising from variable financial instruments;
- ii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;
- iii) Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash flows method, with market interest rates at year end.

A 0.50% increase in interest rates on which interest on loans are calculated would have an impact on its earnings before taxes, for the period ended 31 December 2022 by approximately Euro 233,333 (31 December 2021: Euro 106,250).

8.1.3. Liquidity risk

Liquidity risk management policy

The Group manages the liquidity risk in two ways:

- i. ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and
- ii. by contracting with financial institutions credit facilities available at all times for an amount that guarantees adequate liquidity.

Available but not used credits

The Group's policy is to maintain credit facilities at adequate levels to, together with the amount of Cash and Cash Equivalents in order to guarantee, with some comfort margin, the cash cycle expected for the next 12 months.



Contractual maturity of financial liabilities (undiscounted cash flows including interest)

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	420,000	10,257,500	19,942,100	341,457,650	101,310,000	473,387,250
Commercial paper	-	35,994,000	745,500	107,733,500	-	144,473,000
Bank loans	-	5,150,218	21,558,721	100,824,499	25,127,815	152,661,253
Lease liabilities (Note 5.8)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	(1,027,675)	(5,685,408)	(24,583,272)	(652,775)	(31,949,130)
Other payables	-	-	-	-	-	-
Total liabilities	420,000	50,374,043	40,660,815	554,310,134	131,416,893	777,181,886
Of which interest (at the rates prevailing at that date)						41,739,698

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2021						
Liabilities						
Interest-bearing liabilities (Note 5.7)						
Bond loans	420,000	2,197,750	6,495,875	457,660,500	-	466,774,125
Commercial paper	65,130,000	36,242,500	994,000	144,224,500	-	246,591,000
Bank loans	-	552,000	13,495,740	80,570,487	33,462,507	128,080,734
Lease liabilities (Note 5.8)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	1,185,597	1,259,307	323,238	-	2,768,142
Other payables	-	-	-	-	-	-
Total liabilities	65,550,000	40,177,847	26,344,824	711,656,482	39,094,360	882,823,514
Of which interest (at the rates prevailing at that date)						37,408,448

The table takes into account the debt issued and the long-term debt contracted and not disbursed that will refinance the debt maturing in 2023 (Available and unused credit facilities).



The contractual maturity of the interest-bearing liabilities presupposes the fulfilment of financial covenants, as detailed in Note 5.7 - Interest-bearing liabilities.



Credit lines available but not used

Amounts in Euro	31-12-2022	31-12-2021
Unused credit lines		
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	588,781,805	605,415,068
Contracted credit lines (nominal value)	939,232,519	990,865,782

8.1.4. Credit risk

Credit risk management policy

The Group is exposed to credit risk on balances receivable from Trade receivables and other debtors and has adopted a policy of managing risk coverage within certain levels through credit insurance with a specialised independent company.

The Group has adopted a policy of credit insurance for the majority of Trade receivables, with a 5% deductible. As such, its exposure to credit risk is considered to have been mitigated up to acceptable levels, when compared with its sales. Most sales that are not covered by credit insurance are covered by bank guarantees, letters of credit, documentary credits or retention of title agreements, and any unhedged exposure is within limits previously approved by the Executive Committee.

However, the worsening of global economic conditions or adversities affecting only economies on a local scale may lead to deterioration in the ability of the Navigator Group's Customers to meet their obligations, leading entities providing credit insurance to significantly decrease the amount of credit facilities that are available to those Customers. This scenario may result in limitations on the amounts that can be sold to some Group Customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

Cash equivalents

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



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	31-12-2022	31-12-2021
Non-current		
Receivables (Note 4.2)	25,282,858	8,604,547
Current		
Receivables (Note 4.2)	499,143,408	317,882,760
Cash and cash equivalents (Note 5.9)	343,083,788	239,171,252
	867,510,055	565,658,559

Ageing structure of trade receivables balances

As at 31 December 2022 and 31 December 2021, Trade receivables showed the following ageing structure, considering the due dates for the balances outstanding before impairment:

Amounts in Euro	31-12-2022	31-12-2021
Amounts not due	300,633,239	208,051,472
from 1 to 90 days	40,593,683	2,455,066
from 91 to 180 days	339,640	199,088
from 181 to 360 days	22,940	83,457
from 361 to 540 days	2,224	-
from 541 to 720 days	8,507	-
more than 721 days	1,226	-
	341,601,458	210,789,083
Balances considered impaired	6,621,084	2,173,128
Impairment	(6,621,084)	(2,173,128)
Net balance of trade receivables (Note 4.2)	341,601,458	210,789,083
Trade receivables covered by credit insurance	314,114,794	191,731,227
Trade receivables covered by bank guarantees	3,133,247	2,761,574
Trade receivables covered by title retention agreements	12,271,335	5,464,991
Trade receivables covered by letters of credit / documentary remittances	9,310,135	5,765,396
Covered receivables	338,829,511	205,723,188
Credit facilities available and unused	459,495,787	353,731,395
Credit hedging facilities contracted	798,325,298	559,454,583

The amounts shown above correspond to the amounts outstanding according to the contracted due dates.

The amounts not covered relate to amounts previously approved by the Executive Committee of the Navigator Group (Euro 2,771,947).

Despite some delays in the settlement of those amounts, that does not result, in accordance with the available information, in the identification of impairment losses other than the ones considered through the respective losses. These are calculated based on the information periodically collected on the financial behaviour of the Group's Customers, which allow, in



conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the amount of losses to be recognised in the period. The guarantees in place for a significant part of outstanding and long-term balances, justify the fact that no impairment loss has been recorded for those balances. The rules defined by the credit risk insurance policy applied by the Navigator Group, ensure a significant coverage of all outstanding balances.

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

31 December 2022

Amounts in Euro	Market Pulp	UWF Paper	Tissue Paper	Energy	Support	Total
Amounts not due	18,354,214	205,260,083	41,107,860	23,335,066	12,576,016	300,633,239
from 1 to 90 days	578,572	35,168,534	3,229,499	124,008	1,493,070	40,593,683
from 91 to 180 days	7,275	-	42,050	-	290,315	339,640
from 181 to 360 days	-	-	9,449	-	13,490	22,939
from 361 to 540 days	-	-	2,224	-	-	2,224
from 541 to 720 days	-	-	8,507	-	-	8,507
more than 721 days	-	-	1,226	-	-	1,226
	18,940,061	240,428,617	44,400,815	23,459,074	14,372,891	341,601,458

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 table below represents the quality of the Navigator Group's credit risk, as at 31 December 2022 and 31 December 2021, for financial assets (cash and cash equivalents), (Highest credit rating by one of the three rating agencies, *Standard & Poor's*, *Fitch* or *Moody's*):

Financial Institutions

Amounts in Euro	31-12-2022	31-12-2021
Rating		
AA	6,231,679	9,801,253
AA-	74,995,499	-
A+	122,316,040	84,976,652
A	476,414	6,609,078
A-	83,063,488	61,586,886
BBB+	-	-
BBB	51,917,908	73,253,991
BBB-	-	-
BB+	186,584	60,468
BB	-	108,006
BB-	899,601	-
B+	-	-
B	-	179,662
B-	-	-
Other	2,996,574	2,595,255
	343,083,788	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.

Impairment of trade and other receivables

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
Increases (Note 2.3)	(404,476)	(3,762)	(408,238)
Reversals	77,603	-	77,603
Charge-off	15,568	-	15,568
Balance as at 31 December 2021	(2,173,129)	(235,024)	(2,408,153)
Increase - IFRS 9 impact on results for the period	(1,171,788)	-	(1,171,788)
Increases (Note 2.3)	(3,277,947)	(45,116)	(3,323,063)
Reversals	101,523	1,283	102,806
Charge-off	(99,743)	(4,885)	(104,628)
Balance as at 31 December 2022	(6,621,084)	(283,742)	(6,904,826)



Accounting policies

Impairment of debt instruments

The Group assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9.

On this basis, the Group recognises expected credit losses throughout the lifetime of financial instruments that have been subject to significant increases in credit risk since its initial recognition, assessed either individually or collectively, considering all reasonable and sustainable information, including available prospective information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since its initial recognition, the Group measures the impairment of that financial instrument by an amount equivalent to the expected credit losses.

IFRS 9 provides that for the calculation of these impairments, one of two models is used: the 3-step method or the use of a matrix, the distinguishing component being the existence or not of a significant financing component. For Navigator's financial assets, since it is not a financial institution and there are no assets that have a significant financing component, the use of a matrix was chosen.

The model adopted for the impairment assessment in accordance with IFRS 9 is as follows:

- i. Calculate the total credit sales made by the Group over the last 12 months, as well as the total amount of bad debts relating to them;
- ii. Determine the Customers' payment profile, by setting buckets of receipt frequency;
- iii. Based on I. and II. above, estimate the probability of default (i.e., the amount of bad debts calculated at I. compared to the balance of outstanding sales in each bucket calculated at II.);
- iv. Adjust the percentages of future projections obtained in III.;
- v. Apply the default percentages as calculated in IV. to the balances of Customers still outstanding at the reporting date.

Although IFRS 9 assumes 90 days as "default", the Navigator Group considered a period of 180 days, since the experience of real losses before this period is low. This period is aligned with the current risk management policies of the company, namely in what regards the credit insurance hired, and to the fact that there is no sales with significant components of funding in light of IFRS 15. Additionally, the company evaluated the impact of considering 180 days of "default" instead of the 90 days and the Expected Credit Loss would not change significantly.

In addition to this period, in the event of an accident in the credit insurance company, the model considers the limit of 5% paid by the Navigator Group (10% for national Customers).



Given the situation arising from the military conflict in Ukraine, the Group analysed the credit risk, considering the expected economic and financial impacts at the macroeconomic level.

In this regard, as at 31 December 2022, the recoverability risk value was increased by Euro 1,171,788 (31 December 2021: decreased by Euro 123,146).

In addition, the Group recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets. The Group uses the write-off procedure only when the credit is considered to be definitely uncollectible by a court decision.

8.2. Derivative financial instruments

Movements in derivative financial instruments

Amount in Euro	2022			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)	(6,499,606)	3,160,131	(5,336,693)	(2,176,561)
New contracts / settlements	2,911,822	(1,409,252)	1,502,569	(623,573)	2,326,437	1,702,864
Change in fair value through profit and loss (Note 5.11)	(4,289,597)	(1,504,772)	(5,794,369)	(4,265,016)	(3,191,640)	(7,456,656)
Change in fair value through other comprehensive income (Note 5.5)	-	54,623,316	54,623,316	-	1,430,747	1,430,747
Balance at the end of the period	(3,106,233)	46,938,143	43,831,910	(1,728,458)	(4,771,149)	(6,499,607)



8.2.1. Detail and maturity of derivative financial instruments by nature

31 December 2022

Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	345,000,000	USD	2,023	6,011,256	-	6,011,256
Hedging (future sales)	144,000,000	GBP	2,023	1,294,665	-	1,294,665
Interest rate swaps - Bonds	375,000,000	EUR	2,028	31,949,130	-	31,949,130
Energy	50,521,199	EUR	2,023	7,683,092	-	7,683,092
				46,938,143	-	46,938,143
Trading						
Foreign exchange forwards (future sales)	76,977,456	USD	2,023	1,325,016	(4,679,289)	(3,354,273)
Foreign exchange forwards (future sales)	18,800,000	GBP	2,023	251,284	-	251,284
Foreign exchange forwards (future sales)	1,750,000	CHF	2,023	-	(3,244)	(3,244)
				1,576,300	(4,682,533)	(3,106,233)
				48,514,443	(4,682,533)	43,831,910

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	2,022	9,066	(1,426,675)	(1,417,609)
Hedging (future sales)	83,000,000	GBP	2,022		(483,940)	(483,940)
Interest rate swaps - Bonds	375,000,000	EUR	2,026	1,621,916	(2,804,403)	(1,182,487)
BHKP pulp	27,120,000	USD	2,022	-	(1,687,112)	(1,687,112)
				1,630,982	(6,402,130)	(4,771,148)
Trading						
Foreign exchange forwards (future sales)	129,745,503	USD	2,023	-	(1,640,154)	(1,640,154)
Foreign exchange forwards (future sales)	9,050,000	GBP	2,021	-	(86,856)	(86,856)
Foreign exchange forwards (future sales)	300,000	CHF	2,021	-	(1,448)	(1,448)
				-	(1,728,458)	(1,728,458)
				1,630,982	(8,130,589)	(6,499,606)

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

During the last 6 months of 2022, the Group concluded the contracting of derivative financial instruments by acquiring USD 345,000,000 and GBP 144,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2023.

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.



Energy Hedging

In view of the Group's exposure to energy prices, during the last quarter of 2022, swaps were contracted to set the price of energy sold for a volume of approximately 253,716 MWh, ending on 31 December 2023.



Estimates and judgements

Fair value in derivative financial instruments

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.



Accounting policies

The fair value of derivative financial instruments is included under Payables (Note 4.3), when negative, and under Receivables (Note 4.2), when positive.

In accordance with IFRS 9 - Financial Instruments, the Group has opted to continue applying the hedge accounting requirements of IAS 39 - Financial Instruments, until there is greater visibility on the Dynamic Risk Management (macro hedging) project currently in progress.

Whenever expectations of changes in interest or exchange rates so justify, the Navigator Group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate and foreign exchange collars, forwards, etc.

Trading derivative financial instruments

Although the derivatives contracted by the Group represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the consolidated financial position at their fair value and changes in fair value are recognised in Net financial results (Note 5.11), when related to financing operations, or in External services and supplies (Note 2.3) or Revenue (Note 2.1), when referring to hedging of sales receivable flows in a currency other than the presentation currency.

Hedging derivative financial instruments

Derivative financial instruments used for hedging purposes may be recognised as hedging instruments provided that they comply, cumulatively, with the conditions set out in IAS 39.



Cash flow hedging (interest rate, exchange rate and commodity risk - BHKP)

In order to manage its exposure to interest rate risk and exchange rate risk, the Group enters into cash flow hedges.

Those transactions are recorded in the interim consolidated statement of financial position at their fair value, if considered effective hedges. Changes in the fair value are initially recognised in other comprehensive income for the period. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "Net financial results" (Note 5.11). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement, unless the hedged item is a forecast transaction, in which case any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income statement.

Derivative financial instruments used by Navigator Group

Foreign exchange trading derivatives

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). As the Group's financial statements are presented in Euro, it is exposed to an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of items in the statement of financial position denominated in a currency other than the presentation currency against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to currencies other than the presentation currency, for amounts and due dates close to that exposure. The nature of the risk hedged is the change in the book value on sales and purchases expressed in currencies other than the presentation currency. At the end of each month, the balances of Trade receivables and Trade payables expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

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

The Navigator Group makes use of derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD and GBP.



Cash flow hedge | Interest rate

The Navigator Group hedges future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating rate. This instrument is designated as hedges of cash flows from the commercial paper program and the bond loan.

Cash flow hedge | Commodities - BHKP

The Navigator Group uses derivative financial instruments in order to minimise the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.

8.3. Financial assets and liabilities

8.3.1. Categories of Group Financial Instruments

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



Amounts in Euro	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
31 December 2022									
Non-current receivables	4.2	25,282,859	-	-	-	-	-	-	25,282,859
Current receivables	4.2	363,009,769	-	-	46,938,143	1,576,300	-	87,619,196	499,143,408
Cash and cash equivalents	5.9	343,083,788	-	-	-	-	-	-	343,083,788
Non-current assets held for sale	3.8	-	-	-	-	-	-	-	-
Total assets		731,376,417	-	-	46,938,143	1,576,300	-	87,619,196	867,510,056
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	5.9	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



Amounts in Euro	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
31 December 2022								
Interest-bearing liabilities	5.7	725,301,722	-	-	-	-	-	725,301,722
Lease liabilities	5.8	-	-	-	-	61,641,049	-	61,641,049
Payables	4.3	605,630,951	-	-	4,682,533	-	-	610,313,484
Total liabilities		1,330,932,673	-	-	4,682,533	61,641,049	-	1,397,256,255
31 December 2021								
Interest-bearing liabilities	5.7	833,944,049	-	-	-	-	-	833,944,049
Lease liabilities	5.8	-	-	-	-	53,240,925	-	53,240,925
Payables	4.3	422,045,733	-	6,402,130	1,728,458	-	-	430,176,321
Total liabilities		1,255,989,782	-	6,402,130	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	31-12-2022			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 (Note 8.2)	-	1,576,300	-	-	-	-
Hedging financial instruments (Note 8.2)	-	46,938,143	-	-	1,630,982	-
Assets measured at fair value						
Biological assets (Note 3.8)	-	-	122,499,875	-	-	147,324,061
Total assets	-	48,514,443	122,499,875	-	1,630,982	147,324,061
Financial liabilities at fair value through profit and loss						
Trading derivatives (Note 8.2)	-	(4,682,533)	-	-	(1,728,458)	-
Hedging financial instruments (Note 8.2)	-	-	-	-	(6,402,130)	-
Total liabilities	-	(4,682,534)	-	-	(8,130,588)	-



Estimates and judgements

Fair value of fixed-interest interest-bearing liabilities

The fair value of these liabilities is calculated using the discounted cash flow method at the reporting date, using a discount rate in accordance with the characteristics of each financing, belonging to level 2 of the fair value hierarchy of IFRS 13.



Accounting policies

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.



9. Operational risk management

The Group operates in the forestry sectors, in the production of eucalyptus for use in the production of BEKP pulp, which is essentially incorporated in the production of UWF and Tissue paper but is also sold in the market, and in energy production, essentially through the forest biomass that is generated in the BEKP production process.

All the activities in which the Navigator Group is involved are subject to risks which could have a significant impact on its operations, its operating results, the cash flow generated and in its financial position.

The risk factors analysed in this chapter can be structured as follows:

- i. Specific risks inherent to the sectors of activity in which the Navigator Group operates:
 - Risks associated with the forestry sector
 - Risks associated with the production and sale of BEKP pulp, UWF paper and tissue paper
 - Risks associated with the production of energy
 - Risks associated with climate change
 - Human resources and talent management
 - Information systems
 - Context risks
- ii. Navigator Group risks and the way it performs its activities.

The Group has a risk-management program in place which is focused on the analysis of the financial markets in order to mitigate the potential adverse effects on its financial performance. Risk management is conducted by the Finance Department in accordance with policies approved by the Board of Directors. The Finance Department evaluates and undertakes the hedging of financial risks in strict coordination with the Navigator Group's operating units.

The Board of Directors provides the principles of risk management as a whole and policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk, the use of derivatives and other non-derivative financial instruments and the investment of liquidity surplus. The Risk Management Department monitors the implementation of risk management policies defined by the Board of Directors.



9.1. Specific risks inherent to the sectors of activity in which the Navigator Group operates

9.1.1. Risks associated with the forestry sector

As at 31 December 2022, the Navigator Group managed around 106,8 thousand hectares (2021: 105.5 thousand hectares) distributed across mainland Portugal, the Azores and Galicia (Spain), in 1,324 Management Units in 169 municipalities in Portugal, and 42 Management Units distributed across 3 provinces in Galicia, Spain, in accordance with the principles expressed in its Forestry Policy. Eucalyptus and areas under ongoing afforestation with this sort of species occupy 73% of this area, namely the Eucalyptus globulus species, deemed to have the perfect fibre for high-quality papers. In the remaining area, in addition to conservation areas that account for about 12.1% of the total area under management in Portugal, pine and cork oak forests are among the largest privately owned national producers.

As a pioneer in Portugal in promoting certified forest management, most of its forestry assets located in Portugal are certified by FSC® (Forest Stewardship Council®) (FSC®-C010852) and by PEFC™ (Programme for the Endorsement of Forest Certification schemes) (PEFC™/13-23-001), recognition that management of these areas is carried out in an environmentally, economically and socially responsible way, following a strict and internationally recognised criteria.

Navigator operates in sophisticated markets around the world where the demand for certified products is an unavoidable reality. Since only a small part of the national forest is certified, in 2016, the Company started a program to encourage producers to join sustainable forest management models that, once certified, allow the continuous improvement of management practices, the production valuation and the answer to the demand for certified products that is felt worldwide. This effort has been increasing the area of certified forest in Portugal between 2016 and 2022 both via FSC® (from 370,000 ha to 550,600 ha) and PEFC™ (from 260,000 ha to 318,230 ha).

Even so, it is clear that the effort should continue in the future, given the weight that still represents the forest area not covered by any sustainable forest management system in Portugal. As an example, at the end of 2022 the forestry area managed by the Group, although it represented about 3% of Portugal's total forested area, it represented, however, 34% of all certified Portuguese forests according with PEFC™ standards and 19% of all certified Portuguese forests according with FSC® standards.

We are, however, optimistic about the path taken, which demonstrates the adherence of Forestry Production to sustainable forest management models. In 2022, 65% of wood from national sources, excluding self-sufficiency, already came from properties that had their forest management certified (2021: 63%). It should also be noted that, within this initiative, the Group has seen a significant increase in the number of wood Supplier chain of custody / liability certification, representing a step further on the development of a Supplier's portfolio which will make it possible to ensure the purposes defined in terms of wood from sources with certified forest management.



As a way of promoting the certification of forest management in the national eucalyptus forest, since 2007, the Group has continuously differentiated the value of the wood received at its factories, positively discriminating in the price of wood from management units that have certified their management. sustainable forestry. This support to the system was innovative worldwide and allowed the stabilization of forest management certified as a practice recognized in the market and which, being remunerated in the products it incorporates, must remunerate the respective production chain.

In addition, to demonstrate its ongoing commitment to its sustainable development objectives, in June 2022 the Group issued a Euro 150 million euro bond under the Sustainability Linked Bonds framework, with an interest rate linked to three ESG indicators: CO₂ emissions (EU ETS basis); % of certified wood purchased in the Portuguese market; energy consumption from renewable sources. With this operation, we ended the year with almost 40% of total funding issued being of a sustainable nature.

The Group was awarded Land Use and Use Rights (DUAT) in Mozambique, located in the provinces of Manica and Zambezia, comprising about 50 non-contiguous plots, and a planting permit for up to 246,000 hectares, made available under the Investment Agreement signed with the Mozambican Government, of which around 14.0 thousand hectares have been planted. The project foresees the installation of an industrial unit for the production of BEKP pulp and electric power in that country. In July 2018, the Mozambican Government and Portucel Moçambique signed a Memorandum of Understanding (MoU) through which they agreed on a set of preceding conditions required to proceed with the investment, namely and particularly of a logistical nature, which will be implemented in two phases. In the first phase, the forest base will be increased to approximately 40,000 hectares, which will guarantee the supply of a unit (to be built) for the production of eucalyptus wood chips for export, of approximately 1 million tons per year, in an estimated additional investment of USD 140 million.

In a statement made to the market in November 2021, the concessionaire of the Macuze port and the American fund, Ethos Asset Management Inc, informed that they had signed a long-term financing agreement in the amount of USD 400 million, which will ensure the construction of the first phase of the Macuse port and road accessibility, which involves the construction of terminals for the operation of agricultural products, woodchips, fertilizers and fuel, with the capacity to operate ships up to 65,000 DWT. Taking into account the delays in the start of construction, the infrastructure is expected to be operational in 2026/2027.

Navigator and the Government of Mozambique have been working under the terms of the MoU signed in 2018, namely on the theme of land and development, having advanced the first Forest Development programme in Mozambique, a Government initiative with funding from the World Bank. The goal is to promote small and medium-scale sustainable commercial forest plantations and the restoration of degraded areas, with about 2,000 ha having been planted between 2019 and 2022. Portucel Moçambique plays an active role in developing and implementing the programme, providing a range of support, defining the forestry model, supplying cloned plants at subsidised prices and access to raw materials and know-how.

Work also started on harvesting timber from Portucel Moçambique's plantations in Manica, for export from the Port of Beira, which will make it possible, amongst other goals, to put Mozambique on the world map for this forest-based industry. During 2022, around 100,000 m³ of wood were harvested, and three vessels were shipped to Portugal, with around 100,000 m³.



In terms of forestry production, the main factor threatening the competitiveness of the eucalyptus forestry sector lies in the low productivity of the Portuguese forest, which has a low intensity of management, which contributes to decreasing profitability and increasing risks of forest fire and plant health. The combination of all these factors, in recent years, without any strategic measures of the State in the industry, has forced the import of raw material, a process conditioning the profitability of the industry. Since the entire forest-based industrial production sector depends on the availability of raw materials in the quality and quantity necessary to maintain the industrial units in our country, it is shocking to conclude that the lack of investment in the rehabilitation of national forest areas is currently jeopardising the sustainability of such an important sector for Portugal.

The Group considers the challenge of productivity and active forest management as a strategic axis of development. As a company with responsibilities in the sector, Navigator has been promoting several initiatives aimed at helping to reverse this trend. These initiatives cover several areas, from the supply of improved plants stemming from a genetic improvement programme with decades of development, technical support to forestry producers (with programs such as Premium, e-globulus and technical support through dozens of actions of training that, complementing those organized with the Suppliers we use, extend the transfer of knowledge to other companies in the sector).

Moreover, through Biond – Associação das Bioindústrias de Base Florestal (representing the main industrial groups in the sector), Navigator has also collaborated in the “Melhor Eucalipto” Program, in which “Limpa & Aduba” is developed. Under this initiative, Biond carries out at its own expense the fertilisation of the plots of land owned by private individuals who apply to the programme, and who clean up their eucalyptus forest properties. This measure, empowering productivity, also enables a reduction in the risk of wildfire by reducing the fuel load on the plots, impacting on 15,000 ha during 2021 and on more than 14,550 ha in 2022, accumulating more than 47,000 ha already intervened. CBiond is also implementing 2 additional programs - “Replantar” - which aims to provide landowners with direct financial support for the replanting of their eucalyptus forest plots (31 hectares completed in 2022 in the municipality of Pedrógão Grande), as well as an initiative of the same nature - Recuperação de Áreas Ardidas - aimed at the recovery of burned areas hit by fires from 2016 to 2018 seeking the rehabilitation of these areas for forest management (400 hectares completed in 2022).

In addition to the risks related to the impacts of rural fires and plant health, there is a regulatory environment that strongly affects professional forestry activity, leading to a continued decrease in the levels of forestry intervention at scale, whose leading indicator is the evolution (continuous reduction) of forested or reforested areas in our country. The sustainability of an entire sector, based on a large number of small suppliers of services and products, is dependent on the activity levels (regardless of the species) that our country has not been able to ensure. This compromises the sustainability of this business network, which is essential to ensure the interventions in rural areas that reduce risk and promote productivity and income in regions of the country where the forest is a significant component of the income of many families.



The Navigator Group's activity is exposed to risks related to fires in rural areas, including:

- i. Destruction of current and future wood inventory, belonging to the Navigator Group as well as to third parties;
- ii. Increasing costs of forestry and subsequent land preparation for plantation.

In this respect, the manner in which the Navigator Group manages its woodlands is the front line for mitigating this risk. In addition, the Innovation and Development effort is aimed at adapting forestry techniques to the reality of the national forest, with a view to mitigating impacts, reducing costs and improving management practices, by the Company and by market operators.

Among the different management measures undertaken by the Navigator Group, the strict compliance with biodiversity rules, a proper planning of the forest facilities to be implemented and the construction and maintenance of roads and access roads to each of the areas under development are particularly relevant in mitigating the fire risk.

In addition, the Navigator Group has a share in the Afocelca grouping – an economic interest grouping between the Navigator Group and the ALTRI Group, whose mission is to provide assistance in the fight against forest fires at the grouped companies' properties, in strict coordination and collaboration with the National Civil Protection Authority (Autoridade Nacional de Protecção Civil – ANEPC). This grouping manages an annual budget of about Euro 3 million, without public funds, and has created an efficient and flexible structure which implements practices aimed at reducing protection costs and minimising the damage caused by forest fires to the ACE companies, which own and manage more than 190 thousand hectares of forests in Portugal.

The Navigator Group has also a research institute, RAIZ, whose activity is focused on 3 main areas: Applied Research, Consulting and Training. In the forestry research area, RAIZ seeks:

- i. To improve the productivity of eucalyptus forests;
- ii. To enhance the quality of the fibre produced from that wood;
- iii. To implement a sustained forestry management program from an economic, environmental and social perspectives;
- iv. To foster practices and processes aimed at reducing wood production costs.



9.1.2. Risks associated with the production and sale of BEKP pulp, UWF paper and Tissue paper

Supply of raw materials

Navigator's own supply of wood (from its own assets and leases) for the production of BEKP pulp is only about 11% of the Group's needs (2021: 18%). Therefore, is a regular need for the Company to purchase wood in the domestic market (still insufficient), using the Spanish market and the non-European (outside the Iberian Peninsula) markets, mainly Brazil, Uruguay and Mozambique (mainly from NVG's local plantations) at an additional compared to the national market due to transport.

The supply of wood from international markets, namely eucalyptus, is subject to price variations mainly due to exchange rate effect, which has consequently implications in the production cost of Navigator and BEKP pulp producing companies. Moreover, the volatility of wood transportation costs to the units also has impacts mainly due to the effect of fuel prices, oil prices, lower scarcity of large ships without optimisation of returns and sea freight oscillation.

The realisation of new forest plantations is subject to the authorisation of the competent entities and to a policy of area increase restrictions, which may limit the national production potential, although there are many initiatives to help forest producers, among them the support in wood certification to meet the commercial demand for certified products (paper and pulp), and to increase the productivity of the existing areas, for a greater availability of raw material in the domestic market, the use of imports will always be an unavoidable need in the short/medium/long term.

Due to the insufficient domestic production of wood in quantity, namely in terms of certified wood, the Company has to increase the quantity of imported wood, either from Spain or from other more distant markets, to ensure the supply to the mills, without restrictions, in the next decade(s).

It should be noted that, since wood is one of the main pulp production costs, any increase in the cost of m³ of eucalyptus wood consumed in the pulp production BEKP always represents a negative impact on the Company's operating profit.

On 31 December 2022, a 10% increase in the cost per m³ of eucalyptus wood consumed in BEKP pulp production would have had a negative impact in the Navigator Group's operating results of approximately Euro 41,000,000 (31 December 2021: Euro 31,400,000).

For other raw materials, including chemicals, the main risk identified is the scarcity of products under the growing demand for these products in emerging markets, particularly in Asia and markets supplying them, which can create occasional imbalances of supply and demand.

In this regard, the Navigator Group, together with the Altri Group, established in 2018 a Complementary Grouping of Companies - Pulp Chem, ACE – intended for the joint acquisition of chemical products, benefiting from economies of scale and thus mitigating this risk.



The Navigator Group seeks to mitigate these risks through proactive sourcing, by identifying sources of supply geographically dispersed, whilst seeking to secure long-term supply contracts that ensure volume, price and quality levels consistent with its requirements.

As at 31 December 2022, a 10% worsening in the price of chemical products would have represented a negative impact on the Group's operating results of around Euro 25,200,000 (31 December 2021: Euro 11,300,000).

Finally, another resource required for the production process is water. Considering that water is a finite resource and given its relevance to the pulp and paper production process, the Group has taken on a special concern for its preservation, and over the last few years, investments have been made to reduce the use of this important resource. As part of the Group's Water Use Reduction Programme (PRUA - "Programa de Redução do Uso de Água"), it has been possible to reduce the use of water in Navigator's industrial complexes by 10% between 2019 (base year) and 2022, and it is expected that the use of this resource will be reduced by at least 33% by 2030. This is part of a comprehensive strategy that is being pursued rigorously, bringing the Group closer to achieving the goals of its "Agenda 2030".

Market Price for UWF paper, BEKP pulp and Tissue paper

Imbalances in the supply/demand ratio in the BEKP, UWF paper and tissue paper markets may have a significant impact on prices and, as a consequence, on the Group's performance. The market prices of BEKP pulp, UWF and Tissue paper are defined in the world global market in perfect competition and have a significant impact on the Navigator Group's revenues and on its profitability. Cyclical fluctuations in BEKP pulp, Tissue paper and UWF Paper prices mainly arise from both changes in the world supply and demand and the financial situation of each of the international market players (Producers, Traders, Distributors, Customers, etc.), creating successive changes in equilibrium prices and raising the global market's volatility.

The BEKP pulp and UWF paper markets are highly competitive. Significant variations in existing production capacities could have a strong influence on world market prices. These factors have encouraged the Navigator Group to follow a defined marketing and branding strategy and to invest in relevant capital expenditure to improve productivity and generate high-quality and differentiated products.

On 31 December 2022, a 10% drop in the price per ton of BEKP pulp and of 5% in the price per ton of UWF paper and tissue paper sold by the Navigator Group in the period, would have represented an impact on its operating results of approximately Euro 20,900,000 and Euro 101,400,000, respectively (31 December 2021: Euro 17,000,000 and Euro 65,400,000, respectively).



Demand for the Navigator Group's products

Notwithstanding the references below to the concentration of the portfolio of the Navigator Group's Customers, any decrease in demand for BEKP, UWF and tissue paper in the European and the United States markets could have a significant impact on the Navigator Group's turnover. The demand for BEKP produced by the Group also depends on the evolution of the capacity for paper production in the world, since various Navigator Group's major Customers are themselves paper producers.

The demand for uncoated printing and writing paper has been historically related with macroeconomic factors (e.g., GDP growth, employment, particularly in white collar jobs, confidence indices), technological (e.g., penetration of information technology and hardware / software, and demographic (e.g., population, average level of education, age structure of society). The evolution of these factors drives the demand for paper positively or negatively, and in the recent past, the trend of paper consumption is negative in the more developed countries and positive or stable in the emerging / developing countries. Naturally, the performance of the Navigator Group also depends on the evolution of demand in the various markets in which it operates.

Regarding the demand for eucalyptus market pulp, this is largely dependent on the production progress in the non-integrated producers of printing and writing paper, tissue and speciality papers. Chinese demand for this type of pulp represents more than 1/3 of the world's demand, making China one of the most breakthrough drivers of demand.

Regarding Tissue segment, the key variables affecting the demand are:

- Expected future economic growth;
- Population growth and other social and demographic changes;
- Level of development of the service sector, namely tourism;
- Hygiene standards and product penetration levels;
- Developments in the quality of Tissue paper and product specifications; and
- Substitution effects.

Tissue paper consumption is not very sensitive to cyclical economical changes, although it tends to grow faster with higher economic growth. On the other hand, an increase in production costs and, consequently, sales prices can create a downgrading effect on consumption.

The importance of economic growth for the consumption of Tissue is more obvious in developing countries. When the level of the income per capita is very low, the consumption of Tissue tends to be low. There is a threshold after which consumption accelerates. Economic growth allows greater penetration of the product, which is one of the main drivers of demand for such paper in the population with lower incomes. In economies with strong dependence on tourism, a gradual recovery in consumption by the professional sector is expected, as restrictions on mobility are lifted and tourist flows are normalized. The Tissue paper is a



product that does not face major threats of substitution by other materials, and there are no expected changes at this level. In contrast, changes in hygiene and cleaning standards that may be associated with the current health crisis will tend to boost Tissue consumption.

Consumer preferences may have an impact on global paper demand or in certain particular types of paper, such as the demand for recycled products or products with certified virgin fibre.

Regarding this matter, and in the particular case of UWF and Tissue paper, the Navigator Group believes that the marketing strategy and branding that has been followed, combined with the significant investments made to improve productivity and produce high quality products, allow it to deliver its products in market segments that are less sensitive to variations in demand, resulting in a lower exposure to this risk.

Energy

The pulp and paper production process are dependent on the constant supply of electric and steam energy. The Group has several cogeneration combined heat and power production units, which ensure this supply, and redundancies have been planned between the various units in order to mitigate the risk of any unplanned shutdowns.

Moreover, the Group owns two biomass power plants that are independent of the pulp and paper production process and are dedicated to the production of renewable electricity for sale to the grid.

Under the current regulatory framework, all electricity produced by the cogeneration plants is sold on the market.

In fact, in 2022, all renewable cogeneration plants sold their entire production on the market under Decree-Law No. 119-A/2021 of 22 December, more specifically Article 35-Y Exceptional regime applicable to cogeneration activity. This diploma allowed cogenerators to move to the general regime of remuneration, sale to the market, with the possibility of later returning to the special mode of origin, under the terms of Article 6(2) of Decree-Law No. 23/2010, of 25 March, in its current wording. Furthermore, the natural gas combined cycle plant in Setúbal, which had already been selling part of its electricity, started to sell its entire production on the market during the year.

As at 31 December 2022, a 10% worsening in the price of electricity, without compensation in the contractual tariff, would have represented a negative impact on the Group's operating results of around Euro 17,300,000 (31 December 2021: Euro 10,800,000).



Country risk - Portugal

The Navigator Group has a strong presence in Portugal. Its activity is based on assets mainly located in Portugal. Similarly, about 20% of its raw material comes from Portuguese forests.

The Group is the third largest exporter in Portugal and the largest generator of National Added Value, representing approximately 1% of the national GDP, about 3% of national exports of goods, close to 6% of total containerised cargo exported by national ports.

Although open to the world, the strong dependence of its country of origin in terms of production factors exposes the Group to Portugal's risk index.

Country risk - Mozambique

Due to the investment in the Mozambican project, the Navigator Group is exposed to the specific risk in this country. However, consideration has been given to investments in terms of timing, choice of suppliers/partners and geographical location, taking this risk into account, and the Group ensures that these steps are taken with reasonable certainty that there will be no effects arising from the risk.

At this moment, the Mozambique project is essentially a forestry project, with an option to develop an industrial project. The planned investment will be implemented in two phases, the first being a ship production (woodchip) project and a second phase the construction of a large-scale pulp mill. The Group is, however, prepared to move forward with the forestry plan foreseen, once the necessary conditions—most of which are under discussion with the Mozambican authorities—are met.

Until 31 December 2022, the expenses incurred in this project amount to Euro 132,688,730 (31 December 2021: Euro 124.9 million), mainly related to plantation, land preparation and forest maintenance, to land management, environmental and social licensing and the construction of what is now one of Africa's largest forest nurseries.

Considering that Navigator is still working on the conditions precedent for Phase 1 of the MoU, as previously mentioned, the estimated probable liabilities are duly provisioned.

Country risk - USA

The US market has a significant weight in the total turnover of UWF paper, increasing the exposure to the country's specific risk.

This exposure requires a careful evaluation of the impacts resulting, for example, from changes in regulations and taxes, or even from their application and interpretation by Governmental entities and tax authorities.

Similarly to producers of other nationalities (Australians, Brazilians, Chinese and Indonesians), with regard to UWF paper imports to the USA, the Group has, since 2015, been the target of anti-dumping measures by the Department of Commerce of this country, and its products are subject to anti-dumping duties defined by the United States Department of Commerce - see



Note 4.2. Until 2022 these duties affected the Group's earnings by Euro 32,334,413 - review periods 1 to 7 (2021: Euro 30,482,935).

Competition

Increased competition in the paper and pulp markets may have a significant impact in price and consequently, in the Navigator Group's profitability.

The pulp and paper markets are highly competitive and thus the entry into the market of new production units with increased available production capacity could have a relevant impact on prices worldwide.

BEKP producers from the southern hemisphere (namely from Brazil, Chile, Uruguay and Indonesia), with production costs still significantly lower than those in the northern hemisphere, have been gaining weight in the market, undermining the competitive position of European pulp producers. In the coming years capacity increases are planned in South America, strengthening the position of these producers in the global market.

These factors have forced the Navigator Group to make significant investments in order to keep production costs competitive and produce high-quality products as it is likely that this competitive pressure will remain strong in the future.

There has been some disinvestment in the paper sector in the US, with closures/conversions of installed capacity by some UWF producers, in a clear attempt to adjust supply according to the negative evolution of demand. On the contrary, investments in new UWF capacity in China in the short- and medium-term have occurred and are expected.

The Navigator Group has been adjusting its commercial strategy to the evolution of regional consumption patterns. The Group has a significant presence in the US, accounting for about half of European producer sales to this market.

The turnover intended to the European markets represented 65% (2021: 55%), achieving particularly strong market shares in Western European countries and relevant market shares in the other main European markets.

Concentration of Customers' portfolio

As at 31 December 2022, the Group's 10 main BEKP Customer groups accounted for 15% of the period's production of BEKP pulp (2021: 15%) and 71% of external sales of BEKP pulp (2021: 71%). This asymmetry is a result of the strategy pursued by the Navigator Group, consisting of a growing integration of the BEKP pulp produced into the UWF paper produced and sold. Nevertheless, the Group believes there is little exposure to risks of Customer concentration in the marketing of BEKP pulp.

In 2022, the Navigator Group's increased slightly its reliance on its 10 main Customer groups for UWF paper which accounted for 39% of this product's sales during the period (2021: 37%).

The Navigator Group recorded 171 new Customers with sales in 2022. Also, regarding UWF paper, the Group follows a risk mitigation strategy for its Customer concentration. The



Navigator Group sells UWF paper to around 130 countries and to around 1,000 individual Customers, thereby allowing a dispersion of the risk of sales concentration in a reduced number of markets and/or Customers.

In 2021, the Navigator Group launched its omnichannel platform, NVG Hub, to improve the level of service, transparency and information provided to its customers. In 2022, the Group extended the NVG Hub platform to the Tissue Business Unit, significantly improving the user experience (UX) thanks to the 360° redesign of the portal and introducing a number of functionalities to improve customer service and process optimisation. Online quotation requests, the integration of the claims module, a new section dedicated to notifications and shipment monitoring are just some of the new features that users can now find online. The NVG Hub ended the year with a presence in 22 markets, 700 customer onboardings and a high level of activation and loyalty to the portal.

The development of the new Packaging segment also continued to show very positive signs in 2022, reflected in the growing customer base, the recognition of the quality of the Group's products and, consequently, of the gKraft brand, which serves brands with a high profile in sectors as diverse as fashion, food retail, e-commerce, industry or agriculture. The products developed by the company for the packaging market serve the segments of flexible packaging (gKraft FLEX), the sack industry (gKraft BAG), and corrugated cardboard (gKraft BOX).

Despite the unfavourable macroeconomic context, the Group achieved sales of more than Euro 90 million in 2022, doubling its 2021 sales. The gKraft brand continues to base its growth strategy on higher value-added products, gradually asserting its differentiation and sustainability arguments, which are largely based on raw materials (eucalyptus globulus fibre) and product design (product specifications that emphasise surface characteristics, print quality, reduced paper weight with benefits for packagers and consumers, and outstanding physical performance during processing and end use).

Regarding the Tissue segment, tissue paper sales amounted to approximately Euro 198 million in 2022 (+36% compared to 2021) strongly driven by the price factor. The global customer base remained well diversified, with around 600 customers with active purchases in 2022, thus ensuring a sustainable diversification of the business.

The Group continues with the goal of expanding its commercial activity in the Tissue segment for the foreign market, namely by increasing Navigator's presence in Spain, and by strengthening sales of finished goods.

9.1.3. Risks associated with the production of energy

2022 was a year of exceptionally high energy prices, especially for natural gas, which had a direct impact on electricity prices. In this context, the legal framework underwent several changes in order to cope with this exceptional context.

The production of electricity is an important activity for the Group, enabling the valuation of an endogenous renewable resource, the biomass generated in the production of BEKP pulp. The energy generation assets also allow the Group's wood suppliers to generate additional income



from the sale of residual forest biomass from their farms, and in this way contribute to reducing the risk of fire in the country.

As a way of boosting the use of forest residual biomass made available by the forestry sector, two biomass thermoelectric plants to produce renewable electric energy were built by the Group in 2009 and are fully operational.

The Group has played a pioneering role and has been developing a market for the sale of biomass for supplying its renewable cogeneration power stations and biomass power plants. The fostering of this market in a phase prior to the start-up of the new power-generating units has enabled it to secure a sustained raw-material supply network.

The incentives in place in Portugal only consider the use of residual forest biomass, rather than the use of wood to produce electrical power.

In terms of legal framework, we highlight the following diplomas:

- i. Decree-Law No. 68-A/2015 of 30 April, which establishes provisions on energy efficiency and cogeneration and amends Decree-Law No. 23/2010 and Order 140/2012, revised by Order 325-A/2012, applicable to the regime of PRE- Special Regime Production in cogeneration;
- ii. For the Biomass Power Plants (CTB - "Centrais Termoelétricas a Biomassa") in operation, dedicated to the production of electricity the legal framework is supported by Decree-Law 33-A/2005 revised by Decree-Law 225/2007, which changes from 15 to 25 years the period of guaranteed remuneration in PRE - Special Regime Generation. For these assets, the legal framework thus supports a tariff framework that is expected to be stable over the coming years.
- iii. More recently, the Decree-Law no. 120/2019 of 22 August created a special and extraordinary regime for the installation and operation of new biomass recovery plants, located near forest areas considered critical in terms of wildfire risk.
- iv. Decree-Law no. 119-A/2021, of 22 December, which amends a set of measures within the scope of the COVID-19 disease pandemic, namely within the scope of the legal and remuneration regime applicable to electric and mechanical energy and useful heat produced in cogeneration, approved by Decree-Law no. 23/2010, of 25 March, which revised the rules of access and operation of the activity, with regard to admissible technologies and production processes and the change between the different modalities of the remuneration system to mitigate the rise in prices of fossil fuels, namely natural gas, in the post-pandemic recovery period.
- v. Decree-Law No. 33/2022, of 14 May, which sets out an exceptional and temporary mechanism for the adjustment of electricity generation costs within the framework of the Iberian Electricity Mechanism.

The progressive tariff reduction associated with the sale of electricity in special regime, may condition the economic viability of the sale to the electricity grid. Therefore, after the applicable legal periods, the cogenerations may have to operate under the self-consumption regime, i.e. directly supplying the industrial units, or alternatively sell the energy under the market regime.



The Group is seeking to mitigate this risk by constantly seeking to optimise production costs and the efficiency of generation units, analysing new renewable energy generation projects, long-term energy contracting and active risk management, as well as promoting several photovoltaic solar energy projects in the self-consumption regime.

9.1.4. Environmental risks

Regulatory environment

In recent years, environmental legislation in the EU has become increasingly restrictive regarding the control of effluents. The companies of the Navigator Group comply with the prevailing legislation, in its various parameters (VLEs).

On September 2014, the Commission's implementing decision 2014/687 / EU approved the BREF (Best Available Technologies Reference Documents) – Conclusions on Best Available Techniques of the Reference Paper – for the paper and pulp sectors containing the new limits and requirements for these sectors. The companies have four years to promote the required adjustments to its practices and equipment. Furthermore, the technical discussion on the Large Combustion Facilities Reference Document was finalised and published. This document has an impact on the Navigator Group's equipment, particularly in boilers and combustion facilities, which will be covered by the new legislation, therefore requiring new investments, such as particle filters for biomass boilers.

In 2015, an environmental strategic plan was analysed and established, aiming to adapt Navigator Group to a set of new and future requirements in the environmental area, namely to the reference document for the sector (Conclusions on Best Available Techniques of the Reference Document for the sector - BREF. Commission Decision 2014/687/EU) and for Large Combustion Facilities. The reference documents correspond to the implementation of Directive 2010/75/EU on industrial emissions. Projects are underway to implement the appropriate technological changes, as well as a new version of the Environmental Master Plan, which incorporates new environmental challenges that have arisen in the meantime.

The Environmental Strategic Plan aimed for areas other than the environmental covered by this document. It was possible to confirm that Navigator Group is broadly in compliance with this future referential and to identify some areas for improvement as well as technological solutions such as atmosphere emissions from biomass boilers.

On the other hand, under the terms set in Decree-Law 147/2008, dated 29 June that transposed directive 2004/35/CE to the national law, the Navigator Group secured the environmental insurances demanded by that law, thus guaranteeing compliance and reducing exposure to environmental risks.

Regarding the evolution of the EU Emissions Trading Scheme (EU ETS), the EU Directive 2018/410, of 14 March, was approved, amending Directive 2003/87/EC to reinforce the cost-effectiveness of emission reductions and investment in low carbon technologies. EU 2018/410 Directive sets out, among other things, the new EU ETS period to be in force between 2021-2030, which will show a reduction in the amount of CO₂ emission allowances allocated free of charge.



This development will bring increased costs for the transformation industry in general and in particular for the paper and pulp industry, without any compensation for the CO₂ that, annually, is absorbed by the forests of this industry.

In order to mitigate the impact of this change, the Group has long undertaken a series of investments of an environmental nature that, among other advantages, have allowed the continued reduction of CO₂ emissions.

In addition, the group has a Carbon Neutral Company Program that aims to implement, by 2035, changes in its production processes in order to minimise the use of fossil fuels and consequently reduce their CO₂ emissions.

It should be remembered that Navigator was the first Portuguese company, and one of the first in the world, to anticipate by 15 years, to 2035, the commitment to have its industrial complexes carbon neutral. To this end, the Company had already defined, in 2019, a Roadmap that includes projects based on the use of renewable energy sources, namely biomass and solar, with the aim of minimizing CO₂ emissions resulting from its activity and promoting the improvement of its energy performance.

In 2021, Navigator joined the Science Based Targets initiative (SBTi), following the commitment made in the "Agenda 2030", and in 2022 received SBTi approval for its greenhouse gas (GHG) emissions reduction targets. The endorsement of climate science-based targets was considered by SBTi to be a "key element" of a net-zero decarbonisation trajectory, as advocated by the Intergovernmental Panel on Climate Change (IPCC) report, with a view to achieving net-zero emissions by mid-century.

Thus, Navigator reinforces its commitment and objectives for the next decade around one of the relevant themes identified within the scope of its "Agenda 2030" for responsible business management – "Climate Change and CO₂ Fixation" –, pursuing the ambition to contribute for the Sustainable Development Goal 13 (Climate Action) and make a positive impact on People and the Planet.

Also in 2022, Navigator was awarded the highest rating ("A") for world leadership in fighting climate change, a distinction awarded by Disclosure, Insight, Action - CDP. The company also participates in CDP Forest, which focuses on forest management, and for the second year its performance in this category was recognised with an "A-" rating, making it a leader in this area.

In 2022, the company's efforts to reduce its environmental impact were once again recognised in the annual assessment by the rating agency Sustainalytics, which evaluates the Environmental, Social and Corporate Governance performance of companies and issues an annual performance rating (in the context of the pulp and paper sector), and Navigator was once again rated as a "Low ESG Risk Company" for investors.

The European Commission's policy initiatives will in future include policy and legislative developments in areas such as the EU forestry and biodiversity strategies, the Renewable Energy Directive, the EU Emissions Trading System (EU ETS) as well as the EU taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).



The EU taxonomy regulation evolved during 2022, but uncertainty remains as to how much Navigator Group's economic activities will fall within the scope of the taxonomy, as the legislation evolves. Good management of financial and sustainability risks and opportunities, as well as their disclosure, will improve the likelihood of a favourable perception by the capital markets and, consequently, the cost of capital.

For more detailed information on these and other initiatives within the scope of the Navigator Group's roadmap for carbon neutrality, we advise you to consult our Sustainability Report.

Risks associated with climate change

Navigator has been developing a set of strategies to measure and reduce its total GHG footprint, as well as to promote mitigation and adaptation to the risks generated by climate change.

In December 2015, the Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) to develop a set of recommendations to clearly and consistently disclose information that helps financial markets understand risks and impacts related to climate change. In 2022, the Navigator Group integrated the TCFD recommendations into corporate risk management strategy and processes, taking the opportunity to assess potential financial and strategic implications arising from climate change and develop appropriate responses. More detailed information on this initiative can be found in the management report.

The Group monitors the potential impacts on its financial position, performance and cash flows arising from climate change, namely impacts on relevant accounting estimates and judgements.

Long-term (25 to 30 years) changes in rainfall patterns, periods of drought, frequent extreme weather events and higher average temperatures that increase the risk of forest fires and insect outbreaks can cause damage to the Group's operations and forests, affecting the fair value of biological assets and wood prices. More frequent extreme weather events also increase the risk of disruptions in production, logistics and the supply of raw materials and energy. Uncertainties regarding climate change may also result in changes in the group's cash flow projections or in the review of the useful lives of assets.

The Group has several mechanisms in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Group has incorporated climate change considerations into its reforestation practices, such as establishing and maintaining paths and firebreaks, conserving species biodiversity, and increasing monitoring during periods of fire danger.

In terms of property, plant and equipment, the Group periodically requests independent assessments and reviews of the economic useful lives of its assets. As mentioned in Note 3.7, during 2022, the Group requested an external valuation of its assets by an independent entity, which estimated the useful life of the assets, taking into account current conditions and functional obsolescence. Based on the results of the studies carried out, as well as on the Group's investment prospects for the 2023-2027 period, namely as a result of decarbonisation commitments and projects under the Recovery and Resilience Plan, Navigator reviewed the



useful life of its assets with reference to 1 January 2022, which resulted in an increase of Euro 36.8 million in depreciation for the year, as a result of an average reduction of approximately 7 years in useful life.

Physical risks arising from fires and droughts are largely covered by the Group's property and operating loss insurance programs. However, if the frequency and severity of these events increase as a result of climate change, the cost of such coverage could increase.

The Group believes that sustainable forest management, as well as the ability to react to events such as forest fires and diseases, play an important role in mitigating the negative impacts of climate change.

As widely disclosed, the Group's strategy, with a corporate purpose and a Responsible Management "Agenda 2030" in line with the United Nations Sustainable Development Goals, is to provide sustainable and renewable alternatives to fossil-based solutions, offering attractive growth opportunities in the future and promoting the decarbonisation of the economy. The Group's innovation, the development of sustainable products and investments in energy efficiency will enable Navigator to achieve its climate goals and an adequate response to climate challenges.

The Company continues to show a remarkable free cash-flow generation and a strengthened financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, relevant negative impacts arising from climate change are not expected to justify the recognition of additional impairments or that jeopardize the going concern principle applied in the preparation of these financial statements.

9.1.5. Human resources and talent management

Human resources management in the Navigator Group in 2022 was marked by an innovative and impactful agreement for the company's approximately 1,700 operational technicians. The agreement, which will have a term of two years, is a historic milestone for the company, especially at a time of economic and social uncertainty. The agreement, which was developed with the trade unions and worker representative organisations (WROs), is crucial to ensuring social peace in the company. Furthermore, the balance achieved will also provide increased income for employees, based on four fundamental principles: strengthening variable remuneration by sharing the Company's results, merit as a factor in increasing remuneration, harmonisation of conditions between the companies of the Navigator Group and an increase in the income available to employees.

In the area of Talent, 2022 also saw a number of important milestones, including: the successful completion of the internship programme developed in partnership with the IEFPP, with an integration rate at Navigator of over 70%; the completion of the implementation of the Functional Family model, including individual communication to all employees involved; and the launch of the CRESCER project, with the completion of the diagnosis phase and the development of a roadmap of initiatives to be addressed between 2023 and 2024.



From the activities plan implemented in 2022, the following should be highlighted:

- Continued focus on Recruitment, training and internships for future operators through partnerships with the IEFP. Last year, 58 new operators were recruited and trained under this programme, which achieved a 92% success rate (transition from training to internship) and a 72% integration rate;
- The focus on absenteeism as a critical factor for the company's productivity through various actions to support employees, from the monitoring of short and long term leave; health at work through occupational health actions; penalties and increases in variable remuneration; and support and clarification for employees on time management policies, among other initiatives;
- The introduction of a productivity bonus with an increase in achievable variable remuneration, which has allowed a greater focus on maximising assets and improving the remuneration available to employees;
- A focus on attracting young talent, enabled by the strengthening of our employer branding strategy, which resulted in the recruitment of 54 interns, the holding of 35 summer internships and the promotion of 20 dissertation projects in a business environment. The development of partnerships between business and academia is a fundamental part of identifying and attracting talent, as well as a source of innovation and continuous learning;
- The implementation of a new career model for the company's managers, aimed at promoting growth by diversifying career and development opportunities (greater equality between technical and management careers). All employees were positioned within this new model and the communication process involved more than 90% of the population covered by the end of 2022;
- Continued design of new skills programs, in line with the new Career Plan, contributing significantly to the expansion of the Group's Learning Centre specialized offer and to the development of Employees;
- Review of individual remuneration plans to ensure their competitiveness: Function convergence plans; Upgrading of Supervisors, Young Executives Plan (standard and faster), among others;
- Launch of the Crescer project, promoted by the company's top management, based on people and their development and anchored in Navigator's purpose.

9.1.6. Information systems

The Group's information systems, some of which rely on services rendered by third parties, play key role in the operation of its business. Given the strong reliance placed on information technologies in the several geographies and business areas in which the Group operates, it is important to highlight the risk inherent to systems failures resulting from intentional actions such as computer attacks or accidental actions.

Despite the procedures designed and implemented to mitigate the mentioned risks, the Navigator Group is aware that, in the absence of inviolable information systems, it cannot be guaranteed that these efforts will be sufficient to prevent such system failures, as well as the related repercussion on reputation, litigation, inefficiencies or even in allocating operating margins.



The Group uses the support of service providers in the area of outsourcing information systems, having renewed, during 2021, the outsourcing contracts for the management and operation of infrastructures and for application management and maintenance until 31 December 2023 and 31 December 2024, respectively.

9.1.7. Other risks associated with the Group's activity

The Navigator Group's manufacturing facilities are subject to risks inherent to any industrial activity, such as accidents, breakdowns or natural disasters that may cause losses in the assets or temporary interruptions in the production process.

Likewise, these risks may also affect the Navigator Group's main Customers and Suppliers, which would have a significant impact on the levels of the profitability, should it not be possible to find new Customers to ensure sales levels and new Suppliers that would enable the Group to maintain its current cost structure.

The Navigator Group exports over 95% of its production of UWF paper and about 44% of its production of Tissue paper. Consequently, transportation and logistics costs are materially relevant. A continuous rise in transport costs may have a significant impact in its earnings.

9.1.8. Context risks

The lack of efficiency in the Portuguese economy continues to be followed, adversely affecting the Group's competitiveness, mainly in the following areas:

- i. Ports and railroads;
- ii. Roads, particularly those providing access to the Navigator Group's producing units;
- iii. Territorial planning and forest fires;
- iv. Low productivity of the country's forests;
- v. The lack of certification of most of the Portuguese forest;
- vi. Volatility of the fiscal policy and no reduction of the IRC rate, as well as non-elimination of the surcharges.



10. Provisions, commitments and contingencies

10.1. Provisions

Movements in provisions

Amounts in Euro	Legal proceedings	Other provisions	Total
1 January 2021	4,668,105	18,741,229	23,409,334
Increases	3,815,210	1,300,000	5,115,210
Charge-off	(16,250)	-	(16,250)
Reversals	(1,443,952)	(512,064)	(1,956,016)
Impact in profit and loss for the period	2,355,008	787,936	3,142,944
Exchange rate adjustment	(71,839)	-	(71,839)
Other transfers and adjustments	-	271,642	271,642
31 December 2021	6,951,273	19,800,807	26,752,081
Increases	3,488,765	4,576,941	8,065,706
Reversals	(5,392,411)	(1,051,848)	(6,444,259)
Impact in profit and loss for the period	(1,903,646)	3,525,093	1,621,447
Exchange rate adjustment	2,223	-	2,223
Other transfers and adjustments	57,126	-	57,126
31 December 2022	5,106,976	23,325,900	28,432,877

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

Legal proceedings

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

As at 31 December 2022, the balance is mainly composed of amounts referring to labour processes (2022: Euro 2.6 million; 2021: Euro 6 million) and proceedings initiated by the IGAMAOT (*Inspecção-Geral da Agricultura, do Mar, do Ambiente e do Ordenamento do Território*) (2022: Euro 653 thousand; 2021: Euro 617 thousand).

Other provisions

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, risks of contractual positions assumed in investments, among others.

In 2022 and 2021, Other provisions include Euro 17,300,000 related to the Mozambique project. Although the Memorandum of Understanding (MoU) signed with the Mozambican Government provided for a "best effort" commitment to create the necessary conditions to carry out the investment until last 31 December 2018, that was not possible until 31 December 2022, and both parties continued to work towards that goal.



The Group's uncertain income tax positions are disclosed in Note 6.1 - Income Tax.



Estimates and judgements

Legal and tax proceedings

These provisions were made in accordance with the risk assessments carried out internally by the Group with the support of its legal advisers, based on the probability of the decision being favourable or unfavourable to the Group.



Accounting policies

Provisions are recognised whenever the Group has a present legal or constructive obligation, as a result of past events, in which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on the date of the statement of financial position and are adjusted to reflect the best estimate at that date.

The Group incurs expenditure and assumes liabilities of an environmental nature. Accordingly, expenditures on equipment and operating techniques that ensure compliance with applicable legislation and regulations (as well as on the reduction of environmental impacts to levels that do not exceed those representing a viable application of the best available technologies, on those related to minimising energy consumption, atmospheric emissions, the production of residues and noise), are capitalised when they are intended to serve the Group's business in a durable way, as well as those associated with future economic benefits and which serve to extend the useful lives, increase capacity or improve the safety or efficiency of other assets owned by the Group.



10.2. Commitments

Guarantees provided to third parties

Amounts in Euro	31-12-2022	31-12-2021
Guarantees provided		
Navigator guarantees for EIB loans	37,708,333	42,916,667
Portuguese Tax Authority and Customs	-	6,513,318
<i>Comissão Coordenação Desenvolvimento Regional</i>	354,083	-
IAPMEI	1,280,701	1,280,701
Customs clearance	1,250	1,250
Administration state agency of Spanish Tax Authorities	-	1,033,204
Portuguese Environment Agency	2,390,006	1,527,484
Simria	338,829	338,829
Other	838,256	1,987,855
	42,911,458	55,599,308

The guarantees provided to IAPMEI were made in the context of the investment contracts signed between the Portuguese State and Navigator Pulp Aveiro, S.A. (Euro 833,097) and Navigator Tissue Ródão, S.A. (Euro 447,604), in accordance with the terms and conditions defined in the Payment Standard applicable to projects approved under QREN Incentive Systems.

The bank guarantees provided to the Tax Authority relate to the dispute of litigation processes, related to the IRC for the 2015 tax period.

In the case of the Portuguese Environment Agency, bank guarantees were provided in the context of proceedings in litigation associated with the water resources rate for the years 2017 to 2021.

Purchase commitments

Amounts in Euro	31-12-2022	31-12-2021
Purchase commitments		
Property, plant and equipment - Industrial equipment	57,737,388	14,612,464
Wood		
Commitments with acquisitions in the subsequent period	362,700,000	287,700,000
Commitments to long-term acquisitions	117,600,000	88,100,000
	538,037,388	390,412,464

In the first half of 2022, Navigator Group's subsidiary Timber Supply, ACE, signed a contract with Portline Ocean Bulk, Inc. for the chartering of vessels for the transportation of timber in 2022, 2023 and 2024. The contract provides for the transport of approximately 940,000 m³ during this period.

Other commitments

The Navigator Group has made a commitment to achieve carbon neutrality by 2035, with an estimated global investment of Euro 235 million, of which Euro 57.4 million have already been invested until 31 December 2022.



As part of this commitment, the following investments were also awarded at the end of the 2022 financial year:

- The construction of a new Recovery Boiler in Setúbal, with an estimated investment of Euro 135.8 million; and
- The project for the collection and incineration of non-condensable gases (NCG) in Setúbal, with an estimated investment of Euro 16 million.

10.3. 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 (25 November 2006) are the responsibility of the Public Debt Settlement Fund (FRDP). The Navigator Company submitted an application to the FRDP on 16 April 2008, requesting the payment of the tax debts until then settled by the Tax Authorities. On 13 December 2010, the company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and undisputed 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. has made an extra-judicial agreement with the Tax Authorities, in which it was acknowledged the FRDP responsibility for refunding the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) unduly paid, resulting from the alleged qualification/incorrect consideration, by the Tax Authorities, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote the reimbursement to Navigator of the mentioned amount.



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

Amounts in Euro	Period	Amounts requested	Decrease due to RERD	Proceedings decided in favour of the Group	Outstanding amounts
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

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

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

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

On 24 May 2014, the Court denied the Navigator 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 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 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.



11. Group structure

11.1. Companies included in the consolidation perimeter

11.1.1. Navigator Group subsidiaries

Company	Head Office	Share equity owned			31-12-2021	Main activity
		31-12-2022				
		Direct	Indirect	Total		
Parent company:						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.0	-	100.0	100.0	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	100.0	-	100.0	100.0	Management of industrial real estate
Navigator Paper Figueira, S.A	Portugal	100.0	-	100.0	100.0	Paper production
Empremédia - Corretores de Seguros, S.A.	Portugal	100.0	-	100.0	100.0	Insurance mediation and advisory services
Empremedia, DAC	Ireland	100.0	-	100.0	100.0	Management of shareholdings
Empremedia RE, DAC	Ireland	-	100.0	100.0	-	Insurance mediation and advisory services
RAIZ - Instituto de Investigação da Floresta e Papel	Portugal	97.0	-	97.0	97.0	Applied research in the field of pulp and paper industry and forestry activity
About the Future , SA *	Portugal	-	-	-	97.0	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	100.0	-	100.0	100.0	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.0	-	100.0	100.0	Production of cellulose pulp and provision of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	73.8	73.8	73.8	Provision of industrial maintenance services
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	79.7	79.7	79.7	
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	80.7	80.7	80.7	
Navigator Pulp Setúbal, S.A.	Portugal	100.0	-	100.0	100.0	Cellulose pulp production
Navigator Pulp Aveiro, S.A.	Portugal	100.0	-	100.0	100.0	Cellulose pulp production
Navigator Tissue Aveiro, S.A.	Portugal	100.0	-	100.0	100.0	Tissue paper production
Navigator Tissue Ródão , S.A.	Portugal	-	100.0	100.0	100.0	
Navigator Tissue Iberica , S.A.	Spain	-	100.0	100.0	100.0	Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.0	-	90.0	90.0	Forestry production



Navigator Internacional Holding SGPS, S.A.*	Portugal	-	-	-	100.0	Management of shareholdings
Navigator Forest Portugal, S.A.	Portugal	100.0	-	100.0	100.0	Forestry production
EucaliptusLand, S.A.	Portugal	-	100.0	100.0	100.0	Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.0	100.0	100.0	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.0	100.0	100.0	Management of hunting resources
Afocelca - Agrupamento complementar de empresas para proteção contra incêndios, ACE	Portugal	-	64.8	64.8	64.8	Provision of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.0	100.0	100.0	Plant production in nurseries
Atlantic Forests, S.A.*	Portugal	-	-	-	100.0	Provision of services within the scope of forestry activities and trade in timber
Bosques do Atlantico, SL	Spain	-	100.0	100.0	100.0	Trade in wood and biomass and logging
Navigator Africa, SRL	Italy	-	100.0	100.0	100.0	Trade in wood and biomass and logging
Navigator Paper Setúbal, S.A.	Portugal	100.0	-	100.0	100.0	Paper and energy production
Navigator North America Inc.	USA	-	100.0	100.0	100.0	Sale of paper
Navigator Afrique du Nord	Morocco	-	100.0	100.0	100.0	Provision of sales intermediation services
Navigator España, S.A.	Spain	-	100.0	100.0	100.0	Idem
Navigator Netherlands, BV	The Netherlands	-	100.0	100.0	100.0	Idem
Navigator France, EURL	France	-	100.0	100.0	100.0	Idem
Navigator Paper Company UK, Ltd	United Kingdom	-	100.0	100.0	100.0	Idem
Navigator Italia, SRL	Italy	-	100.0	100.0	100.0	Idem
Navigator Deutschland, GmbH	Germany	-	100.0	100.0	100.0	Idem
Navigator Paper Austria, GmbH	Austria	-	100.0	100.0	100.0	Idem
Navigator Paper Poland SP Z o o	Poland	-	100.0	100.0	100.0	Idem
Navigator Eurasia	Turkey	-	100.0	100.0	100.0	Idem
Navigator Paper Mexico	Mexico	25.0	75.0	100.0	100.0	Idem
Navigator Middle East Trading DMCC	Dubai	-	100.0	100.0	100.0	Idem
Navigator Egypt, ELLC	Egypt	1.0	99.0	100.0	100.0	Idem
Navigator Paper Southern Africa	South Africa	1.0	99.0	100.0	-	Idem
Navigator Abastecimento de Madeira, ACE	Portugal	97.0	3.0	100.0	100.0	Sale of timber

* Companies merged and liquidated in 2022 (Note 11.2)

11.1.2. Incorporated joint operations

Company	Head Office	Share equity owned			31-12-2021	Main activity
		Direct	Indirect	Total		
Pulpchem Logistics, A.C.E.	Portugal	50	-	50	50	Purchases of materials, subsidiary materials and services used in the pulp and paper production processes



11.2. Changes in the consolidation perimeter

During the period ended 31 December 2022, the consolidation perimeter was changed from the previous period by the following corporate reorganisation operations:

- Liquidation of About the Future, S.A. and Navigator Internacional Holding, SGPS, S.A.
- Merger by incorporation of Atlantic Forests, S.A. into Navigator Forest Portugal, S.A.
- Incorporation of Navigator Paper Southern Africa

11.3. Transactions with related parties

Balances with related parties

Amounts in Euro	31-12-2022			31-12-2021	
	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities (Note 5.7)	Receivables (Note 4.2)	Payables (Note 4.3)
Shareholders (Note 5.2)					
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	-	-	-	7,470,630
Other subsidiaries of Semapa Group					
Secil - Companhia Geral Cal e Cimento, S.A.	-	19,049	-	-	40,831
Secil Britas, S.A.	-	126,329	-	-	138,666
Secil Prebetão, S.A.	-	-	-	-	41,858
CMP - Cimentos Maceira e Pataias, S.A.	-	9,659	-	-	24
Unibetão, S.A.	-	-	-	-	16,527
Other related parties					
Sonagi Imobiliária, S.A.	-	-	-	-	-
Hotel Ritz, S.A.	-	1,727	-	-	3,464
	-	156,764	-	-	7,712,000



Transactions with related parties in the period

	31-12-2022				31-12-2021			
Amounts in Euro	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses) / income	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses) / income
Shareholders (Note 5.2)								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	8,936,416	-	-	-	10,043,173	34	-	-
	8,936,416	-	-	-	10,043,173	34	-	-
Other subsidiaries of Semapa Group								
Secil - Companhia Geral Cal e Cimento, S.A.	139,199	-	-	-	165,466	15,750	-	606
Secil Britas, S.A.	271,313	-	-	-	310,125	-	-	-
Secil Prebetão, S.A.	-	-	-	-	5,475	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	403	-	8,846	-	-	450
Unibetão, S.A.	14,063	-	-	-	5,756	-	-	-
	424,575	-	403	-	495,668	15,750	-	1,056
Other related parties								
Seinpar Investments BV	-	-	-	-	-	-	-	-
Hotel Ritz, S.A.	20,922	-	-	-	21,656	-	-	-
	20,922	-	-	-	21,656	-	-	-
	9,381,913	-	403	-	10,560,497	15,784	-	1,056

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



The remuneration of the Group's key management personnel is detailed in Note 7.3 - Remuneration of key management personnel.

12. 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



STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

2022 ANNUAL REPORT



STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **The Navigator Company, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 (showing a total of Euro 2,912,028,095 and total equity of Euro 1,259,707,514, including a profit for the year of Euro 392,537,070), the consolidated income statement by nature, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **The Navigator Company, S.A.** as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the *Ordem dos Revisores Oficiais de Contas'* code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Goodwill (Euro 377,339,466) and Property, plant and equipment (Euro 1,099,689,407)

See Note 1.6 Significant accounting estimates and judgements and Notes 3.1 and 3.3 of the notes to the Financial Statements

The Risk

The recoverability of goodwill and property, plant and equipment is critical due to the materiality of the amounts involved and the complexity and subjectivity associated with impairment tests, namely as a result of the uncertainty inherent to financial projections, which rely on the Board of Directors' expectations, materialised in business and investment plans, which are based on several assumptions, associated with discount rates, expected margins, short- and long-term growth rates, and demand behaviour, decarbonisation initiatives in response to changes in laws and regulations and assumptions that are not observable in the market.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model;
 - We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates;
 - We performed sensitivity analyses of the assumptions and forecasts used;
 - We involved our experts in benchmarking the average cost of capital rate; and,
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-

Fair value of biological assets (Euro 122,499,875)

See Note 1.6 Significant accounting estimates and judgements and Note 3.8 of the notes to the Financial Statements.

The Risk

The fair value of biological assets is determined through an internally developed model, based on economic and market projections, whose assumptions, namely forest productivity, wood sales price deducted by harvesting costs, the value of own and leased land rents, logging and transportation costs, plantation and maintenance costs and discount rate, require a high degree of estimation and judgment by the Board of Directors.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Group related to this matter;
 - We tested the model's mathematical accuracy and integrity;
 - We analysed the budgeting procedures on which projections are based;
 - We compared the current performance of the variables underlying the model with estimates made in previous periods, on the main variables: forest productivity, the value of land rents, structure costs, logging and transportation costs, plantation and maintenance costs;
 - We compared the internal and external assumptions used in the model, such as spot and trend price and the discount rate with market data and assessed their sensitivity;
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-

Uncertainty over income tax treatments

See Note 1.6 Significant accounting estimates and judgements and Notes 6.1 and 6.2 of the notes to the Financial Statements

The Risk

The application of tax law to different transactions and circumstances of uncertain tax treatment has an inherent complexity and requires judgment in determining and measuring the risks and uncertainties in defining the best estimate, by weighing all possible outcomes under its control and their associated probabilities.

The estimate of possible amounts payable requires a high degree of judgment by the Board of Directors, which assesses the probability of the outcome, supported by the opinion of legal and tax advisors.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the processes for monitoring uncertain tax positions regarding the income tax treatment, including design and implementation testing of the main controls in place and inquiries to the Board of Directors and to tax managers on the basis of their estimates and judgements;
 - We analysed ongoing tax proceedings and potential uncertain tax positions, considering the effect of uncertainty for each uncertain tax treatment, with the support of tax experts, and reviewed existing documentation;
 - We analysed the responses to the confirmation requests received from external lawyers;
 - We assessed the consistency of the criteria followed in the previous years; and
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-

Responsibilities of Management and the Supervisory Body for the consolidated financial statements

Management is responsible for:

- preparing consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- preparing the consolidated management report, corporate governance report, consolidated non-financial statement and remuneration report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- adopting accounting policies and criteria appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight, and performance of the Group's audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in Article 451(4) and (5) of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the consolidated non-financial information and the remuneration report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to Article 451(3)(e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

On the corporate governance report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under Article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of number 1 of that Article.



On the non-financial information

Pursuant to Article 451(6) of the Portuguese Companies' Code, we inform that the Group has prepared a separate report which includes the consolidated non-financial information as provided for in Article 508-G of the Portuguese Companies' Code and was disclosed together with the consolidated management report.

On the remuneration report

Pursuant to Article 26-G(6), of the Securities Code, we inform that the Group has included in the corporate governance report, in a separate chapter, the information provided in number 2 of that Article.

On the European single electronic format (ESEF)

The consolidated financial statements of The Navigator Company, S.A. for the year ended 31 December 2022 must comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815, of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Group.

In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.



On the additional matters provided in Article 10 of the Regulation (EU) 537/2014

Pursuant to article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of The Navigator Company, S.A. (parent Entity of the Group) in the shareholders general assembly held on 22 September 2017 for a first mandate from 2015 to 2018. We were appointed at the shareholders general assembly held on 9 April 2019 for a second mandate from 2019 to 2022.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 30 March 2023.
- We declare that we have not provided any prohibited services as described in Article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

3 April 2023

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with no. 20161489)
represented by
Rui Filipe Dias Lopes
(ROC no. 1715 and registered at CMVM with no. 20161325)



REPORT AND OPINION OF THE AUDIT BOARD

2022 ANNUAL REPORT



The Navigator Company, S.A.

Report and Opinion of the Audit Board

Consolidated Financial Accounts

2022 Financial Year

Shareholders,

1. In accordance with the Law, the Articles of Association of the Company and the terms of our mandate, we hereby submit the report on our supervisory activities in 2022 and issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of the Navigator Company, S.A., for the financial year ended 31 December 2022.
2. Over the course of the year we regularly monitored the affairs of the Company and its most significant affiliates and associates, with the frequency and to the extent we deemed appropriate, through periodic meetings with the Company's directors and senior management. We monitored the verification of the accounting records and respective supporting documentation, as well as the effectiveness of the risk management, internal control and internal audit systems. We monitored compliance with the Law and the Articles of Association. In the course of our work we encountered no constraints whatsoever.
3. We met several times with the Statutory Auditor and External Auditor, KPMG & Associados, SROC, Lda, monitoring the auditing activities carried out and checking its independence, and we appraised the Legal Accounts Certificate and Audit Report, with which we agree. We assessed the Legal Accounts Certificate and the Audit Report, with which we agree.
4. The Audit Board analyzed the proposals submitted to it for the provision of non-audit services by the Statutory Auditor, and approved those that concerned permitted services, did not affect the independence of the Statutory Auditor and complied with additional legal requirements.
5. In the course of our work we found that:
 - a) The Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related Notes to the Consolidated Financial Statements, provide an adequate understanding of the Company's financial position and results, comprehensive income, changes in equity, and cash flows;
 - b) The accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and are suitable to ensure that such criteria lead to a correct valuation of the Company's assets and profits, taking due account of the analyses and recommendations of the External Auditor;
 - c) The Management Report provides a sufficient description of the business affairs of the Company and its affiliates included in the consolidated accounts, offering a clear account of the most significant developments in its activities;

- d) The Corporate Governance Report includes the information required by Article 29H of the Securities Code and takes into account the recommendations of the Code of the Portuguese Institute for Corporate Governance (IPCG).
- 6. Accordingly, taking into consideration the information received from the Board of Directors and the Company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we recommend that:
 - a) The Management Report be approved;
 - b) The Consolidated Financial Statements be approved.
- 7. Finally, the members of the Audit Board wish to acknowledge and express their appreciation for the assistance received from the Board of Directors, the senior managers of the Company and other staff, as well as the External Auditor, KPMG & Associados, SROC, Lda.

Lisbon, 3 April 2023

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member

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SEPARATE
FINANCIAL STATEMENTS
2022 ANNUAL REPORT



Separate Income Statement

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
Revenue	2.1	3,531,205,717	2,366,947,621
Other operating income	2.2	3,478,417	2,090,803
Costs of goods sold and materials consumed	4.1	(3,138,646,788)	(2,103,980,956)
External services and supplies	2.3	(318,009,546)	(221,150,420)
Payroll costs	7.1	(13,521,497)	(11,092,252)
Other operating expenses	2.3	(7,339,126)	(5,729,376)
Net provisions	9.1	857,042	(1,138,500)
Income from subsidiaries	10.1	349,940,785	160,083,746
Depreciation, amortisation and impairment losses in non-financial assets	3.3	(573,331)	(611,085)
Operating income		407,391,673	185,419,582
Financial income and gains	5.10	22,095,577	25,605,954
Other financial expenses and losses	5.10	(33,204,745)	(36,184,414)
Profit before income tax		396,282,505	174,841,122
Income tax	6.1	(3,745,435)	(3,429,667)
Net profit for the period		392,537,070	171,411,455
Earnings per share			
Basic earnings per share, Euro	5.3	0.552	0.241
Diluted earnings per share, Euro	5.3	0.552	0.241

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



Separate Statement of Comprehensive Income

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
Net profit for the period		392,537,070	171,411,455
Items that may be reclassified to profit and loss			
Hedging derivative financial instruments			
Changes in fair value	8.2	54,623,316	1,430,747
Tax effect	6.2	(15,021,412)	(393,456)
Other changes in equity of subsidiaries	10.1	28,416,539	(4,354,319)
Items that cannot be reclassified to profit and loss			
Remeasurement of post-employment benefits	7.2	(823,821)	277,718
Other comprehensive income		4,838,622	90,332
Total other comprehensive income net of taxes		72,033,244	(2,948,977)
Total comprehensive income		464,570,314	168,462,478

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



Separate Statement of Financial Position

As at 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	855,022	908,505
Right-of-use assets	3.2	2,256,124	2,768,659
Investments in subsidiaries	10.1	2,093,159,574	1,919,170,450
Investments in associates		45,860	45,824
Non-current receivables	4.2	6,684	6,684
Deferred tax assets	6.2	7,074,922	7,243,947
		2,103,398,186	1,930,144,069
Current assets			
Inventories	4.1	25,927,585	18,548,495
Current receivables	4.2	900,006,340	866,987,969
Income tax	6.1	15,341,107	1,118,815
Cash and cash equivalents	5.8	390,640,161	354,336,647
		1,331,915,193	1,240,991,926
Total Assets		3,435,313,379	3,171,135,995
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.2	500,000,000	500,000,000
Reserves by applying the equity method	5.5	(405,228,340)	(437,672,593)
Fair value reserves	5.5	33,997,828	(5,604,076)
Legal reserve	5.5	100,000,000	100,000,000
Other reserves	5.5	1,103,749	119,458,835
Retained earnings	5.5	636,999,230	647,229,733
Net profit for the period		392,537,070	171,411,455
Prepaid dividends	5.4	-	(49,996,170)
Total Equity		1,259,409,537	1,044,827,184
Non-current liabilities			
Interest-bearing liabilities	5.6	613,031,822	688,171,881
Lease liabilities	5.7	1,866,759	2,460,807
Pensions and other post-employment benefits	7.2	400,299	-
Deferred tax liabilities	6.2	13,021,836	197,458
Provisions	9.1	18,132,790	18,989,832
		646,453,506	709,819,978
Current liabilities			
Interest-bearing liabilities	5.6	372,414,631	244,993,753
Lease liabilities	5.7	515,211	423,170
Current payables	4.3	1,048,887,425	1,139,129,433
Income tax	6.1	107,633,069	31,942,477
		1,529,450,336	1,416,488,833
Total Liabilities		2,175,903,842	2,126,308,811
Total Equity and Liabilities		3,435,313,379	3,171,135,995

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



Statement of Changes in Equity

31 December 2022 and 31 December 2021

2022

Amounts in Euro	Note	Share capital	Treasury shares	Reserves by applying the equity method	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total
Equity as at 1 January 2022		500,000,000	-	(437,672,593)	(5,604,076)	100,000,000	119,458,835	647,229,733	171,411,455	(49,996,170)	1,044,827,184
Net profit for the period		-	-	-	-	-	-	-	392,537,070	-	392,537,070
Other comprehensive income (net of taxes)		-	-	32,444,253	39,601,904	-	-	(12,913)	-	-	72,033,244
Total comprehensive income for the period		-	-	32,444,253	39,601,904	-	-	(12,913)	392,537,070	-	464,570,314
Application of 2021 net profit for the period:											
- Dividends paid	5.4	-	-	-	-	-	-	(131,632,875)	-	-	(131,632,875)
- Application of prior period's net profit	5.4	-	-	-	-	-	-	132,415,285	(171,411,455)	49,996,170	11,000,000
- Bonus to employees		-	-	-	-	-	-	(11,000,000)	-	-	(11,000,000)
Distribution of reserves	5.4	-	-	-	-	-	(118,355,086)	-	-	-	(118,355,086)
Total transactions with shareholders		-	-	-	-	-	(118,355,086)	(10,217,590)	(171,411,455)	49,996,170	(249,987,961)
Equity as at 31 December 2022		500,000,000	-	(405,228,340)	33,997,828	100,000,000	1,103,749	636,999,230	392,537,070	-	1,259,409,537

2021

Amounts in Euro	Note	Share capital	Treasury shares	Reserves by applying the equity method	Fair value reserves	Legal reserve	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total
Equity as at 1 January 2021		500,000,000	(20,189,264)	(433,318,274)	(6,641,368)	100,000,000	264,066,381	512,795,312	109,213,720	-	1,025,926,506
Net profit for the period		-	-	-	-	-	-	-	171,411,455	-	171,411,455
Other comprehensive income (net of taxes)		-	-	(4,354,319)	1,037,292	-	-	368,050	-	-	(2,948,977)
Total comprehensive income for the period		-	-	(4,354,319)	1,037,292	-	-	368,050	171,411,455	-	168,462,478
Application of 2020 net profit for the period:											
- Dividends paid	5.4	-	-	-	-	-	-	(99,565,630)	-	-	(99,565,630)
- Application of prior period's net profit	5.4	-	-	-	-	-	-	116,213,720	(109,213,720)	-	7,000,000
- Bonus to employees		-	-	-	-	-	-	(7,000,000)	-	-	(7,000,000)
Transfer of reserves to retained earnings		-	-	-	-	-	(138,290,615)	138,290,615	-	-	-
Incorporation of reserves		6,316,931	-	-	-	-	(6,316,931)	-	-	-	-
Cancellation of treasury shares	5.2	(6,316,931)	20,189,264	-	-	-	-	(13,872,333)	-	-	-
Prepaid dividends		-	-	-	-	-	-	-	-	(49,996,170)	(49,996,170)
Total transactions with shareholders		-	20,189,264	-	-	-	(144,607,546)	134,066,371	(109,213,720)	(49,996,170)	(149,561,800)
Equity as at 31 December 2021		500,000,000	-	(437,672,593)	(5,604,076)	100,000,000	119,458,835	647,229,733	171,411,455	(49,996,170)	1,044,827,184

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



Separate Statement of Cash Flows

For the periods ended 31 December 2022 and 31 December 2021

Amounts in Euro	Note	2022	2021
OPERATING ACTIVITIES			
Receipts from customers		3,960,422,577	2,455,874,053
Payments to suppliers		(4,186,123,618)	(2,575,275,826)
Payments to employees		(4,095,315)	(7,108,255)
Cash flow from operations		(229,796,356)	(126,510,028)
Income tax received/ (paid)		(64,445,158)	(19,461,688)
Other (payments)/ receipts relating to operating activities		445,117,777	244,558,651
Cash flows from operating activities (1)		150,876,263	98,586,935
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		14,342	-
Intangible assets		-	6,636,500
Loans to subsidiaries		507,014	-
Interest and similar income		15,278,082	13,026,983
Dividends from subsidiaries	10.1	92,799,990	85,802,502
		108,599,428	105,465,985
Outflows:			
Investments in subsidiaries	10.1	(8,909,329)	(5,750,000)
Loans to subsidiaries		(105,311,036)	-
		(114,220,365)	(5,750,000)
Cash flows from investing activities (2)		(5,620,937)	99,715,985
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.9	430,000,000	147,500,000
Loans to subsidiaries	10.2	120,650,000	666,496,513
		550,650,000	813,996,513
Outflows:			
Interest-bearing liabilities	5.9	(545,218,254)	(291,527,778)
Amortisation of lease agreements	5.7	(591,252)	(589,656)
Interest and similar expense		(30,443,814)	(9,756,483)
Distribution of dividends	5.4	(131,632,875)	(149,561,800)
Distribution of reserves	5.4	(118,355,086)	-
Loans to subsidiaries		(2,000,000)	(633,141,611)
		(828,241,281)	(1,084,577,328)
Cash flows from financing activities (3)		(277,591,281)	(270,580,815)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(132,335,955)	(72,277,895)
Effect of exchange rate differences		1,075,735	(102,010)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.8	224,561,148	296,941,052
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.8	93,300,927	224,561,148

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



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1. Introduction

The following symbols are used in the presentation of the Notes to the financial statements:



Accounting policies

This symbol indicates the disclosure of accounting policies specifically applicable to the items in the respective Note.



Significant estimates and judgements

This symbol indicates the disclosure of the estimates and/or judgements made regarding the items in the respective Note. Significant estimates and judgements are indicated in Note 1.6.



References

This symbol indicates a reference to another Note or another section of the Financial Statements where more information about the items disclosed is presented.

1.1 Introduction

The Navigator Company, S.A. (Navigator or the Company) is a publicly traded company with its head office in Mitrena, 2901-861 Setúbal, and it is listed on NYSE Euronext Lisbon under the ISIN PTPTIOAM0006.

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 the parent company of the Navigator Group (Group), comprising Navigator and Subsidiaries, as presented in the consolidated financial statements.

The Navigator Company, S.A. (until 2015 designated Portucel, S.A.), hereinafter referred to as Company or Navigator, is a publicly traded company with its share capital represented by nominal shares and was incorporated on 31 May 1993, under Decree- Law no. 39/93 of 13 February, as a result of the restructuring process of Portucel - Empresa de Celulose e Papel de Portugal, E.P.



The genesis of the Group it currently heads 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 Public Limited Company with a majority public shareholding by Decree-Law no. 405/90, of 21 December.

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

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

Aiming to restructure the paper industry in Portugal, Portucel acquired Papéis Inapa, S.A. (Setúbal), in 2000, and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz), in 2001. These strategic moves were decisive and gave rise to the Portucel Soporcel Group (now The Navigator Group), which is currently the largest European producer of bleached eucalyptus pulp and one of the largest European producers of uncoated wood-free paper (UWF).

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

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

In 2007 the Group invested in a new paper machine located at the Setúbal industrial site which started operating on a regular basis in October 2009.

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

Also, in 2015, the Company sold to its indirect subsidiary Navigator Pulp Setúbal, S.A. the industrial assets used in the production of BEKP at the Setúbal industrial complex.



On 6 February 2016, the PortucelSoporcel Group changed its corporate brand to The Navigator Company. This new corporate identity represents the union of companies with a history of more than 60 years, aiming to give the Group a more appealing and modern image.

Following this event, and after approval in the General Shareholder's Meeting, held on 19 April 2016, Portucel S.A. changed its designation to The Navigator Company, S.A.

Also, in 2016, the Company carried out a capital increase in kind in Enerpulp - Cogeração Energética da Pasta, S.A., through the delivery of the two biomass power generation plants located at the Setúbal and Aveiro industrial sites, and also carried out a capital increase in kind in Navigator Parques Industriais, S.A. through the incorporation of the industrial land and buildings located in Aveiro and Setúbal.

On 1 January 2017, the Company started to concentrate its sales of paper, cellulose pulp and Tissue products, becoming the Group's product distributor. As a result, it quickly became one of the main national exporters, and certainly the one with the highest added value for the national economy.

In October 2017, it started to centralise supplies to the Group, with the Group's pulp producers starting to sell pulp exclusively to Navigator, which supplies the Group's paper producers, in addition to the sales to the market it had already been developing. As from January 2018, it strengthened this new activity, centralising its foreign purchases and the supply of most of the raw materials used in the production process.

Also, in 2017, Navigator started to prepare its separate financial statements in accordance with IFRS - International Financial Reporting Standards.

Thus, from 2017 onwards, and with reinforcement in 2018, the Company focused its activities on selling paper and related products, supplying industrial products, as well as providing administration and management services to its direct and indirect subsidiaries, and on managing its shareholdings. In addition, the Company manages the brands of the former Papéis Inapa, S.A., rents equipment and transfers personnel within the group.

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



A more detailed description of the activity in each business line of Navigator is disclosed in Note 2.1 - Revenue and segment reporting.

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, Navigator 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.

Navigator is certain that, in view of the weight of the markets of Russia and Ukraine in the Group's sales, which represent less than 1% as at the period ended 31 December 2021 and 0% in 2022, 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, Navigator'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 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.

Recoverability of Goodwill

The Company analysed whether there were signs of impairment arising from the impacts of the war in Ukraine, according to the current forecasts, based on the projections of GDP growth and inflation in Portugal, according to the IMF and Banco de Portugal, which could indicate the existence of impairment on Goodwill. No signs of impairment on goodwill were identified and there is a substantial gap compared to the book value of the cash-generating units (note 10.1).

Recoverability, useful life and depreciation of property, plant and equipment

Considering the prospects for overall consumption of UWF paper, the pulp and paper prices and the substantial gaps in relation to the book values of assets, do not indicate the existence of impairment on property, plant and equipment.

Actuarial assumptions

The Company assessed the discount rate applicable to the defined benefit plan for employees and other post-employment benefits. The definition of the rate used to discount the liabilities (technical interest rate) is based on yield curves of highly rated bonds with a maturity consistent with the duration of the plan's liabilities. As a result of this assessment and based on the actuarial study as at 31 December 2022, Navigator updated the discount rate to 3.5%, in line with benchmark interest rates. The Company presents in Note 7.2 a sensitivity analysis that allows assessing the impact of a possible change in the discount rate.

Inventories

Taking into account the margins practised, the Company considers that the net realisable value of its inventories at 31 December 2022 is higher than their book value.

Recoverability of Trade and other receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. In the Company, the impacts of IFRS 9 on the consolidated statement of financial position are low considering that a significant part of its sales are either insured or adequately covered by collaterals.



Nevertheless, Navigator periodically assesses the expected credit losses and the impacts on all financial assets measured at amortised cost. In this regard, the Company assessed the current exposure to credit risk and the potential impact of future economic forecasts and concluded that the impact of this component is small.

Liquidity

The Company currently has a comfortable liquidity situation, which has been the result of a careful management of working capital, containment of the pace of implementation of the investment plan and implementation of a confirming program to extend payment deadlines without, however, impacting Suppliers.

1.3 Subsequent events

1.3.1. Acquisition of the consumer tissue business in Spain

The Navigator Group has formalised an agreement for the purchase and sale of shares representing the entire share capital of Gomà-Camps Consumer, S.L.U., based in Zaragoza, Spain, which in turn holds the entire share capital of Gomà-Camps France SAS, based in Castres, France (hereinafter collectively referred to as "GC Consumer").

The acquisition of GC Consumer, which had total sales of Euro 115.6 million in 2022, is part of Navigator Group's ambitious growth and diversification plan. The integration of this new mill will enable the Group to position itself as the second largest tissue producer in the Iberian Peninsula, adding 35,000 tonnes of annual tissue paper production capacity, bringing the total to 165,000 tonnes per year, and increasing annual converting capacity by 60,000 tonnes to 180,000 tonnes per year.

The enterprise value of this acquisition is Euro 85 million.

1.4 Basis for preparation

1.4.1. Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 16 March 2023. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the Portuguese commercial legislation.

The members of the Company's Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in compliance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the Company.



1.4.2. Accounting Standards

The separate financial statements for the period ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS), effective 1 January 2022 and as adopted by the European Union.

1.4.3. Presentation currency and transactions in a currency other than the presentation currency

The items included in the Separate Financial Statements are measured using the currency of the economic environment in which the entity operates (functional currency).

These financial statements are presented in Euro, which is the Group's functional and reporting currency.

Transactions in currencies other than Euro are translated into the functional currency using the exchange rates at the date of the transactions (Note 8.1.1).

The currency differences arising from differences between the exchange rates ruling at the transaction date and those ruling on collection, payment or at the separate statement of financial position date, are recorded as income and expenses in the period (Note 5.10).

The amounts recorded in profit or loss of subsidiaries were translated using the exchange rates prevailing at the dates of the transactions. Where this is not possible, or where the cost of such a procedure exceeds the benefits to be derived therefrom, they have been translated at the average exchange rate for the period. The differences resulting from the application of these rates compared with the previous values were reflected as a separate component of Equity, under Other reserves (Note 5.5).



Exchange rates used

	31-12-2022	31-12-2021	Valuation / (Devaluation)
GBP (Sterling pound)			
Average exchange rate for the period	0.85	0.86	0.79%
Closing exchange rate for the period	0.89	0.84	-5.55%
USD (American dollar)			
Average exchange rate for the period	1.05	1.18	10.99%
Closing exchange rate for the period	1.07	1.13	5.83%
PLN (Polish zloti)			
Average exchange rate for the period	4.69	4.57	-2.66%
Closing exchange rate for the period	4.68	4.60	-1.83%
SEK (Swedish krona)			
Average exchange rate for the period	10.63	10.15	-4.77%
Closing exchange rate for the period	11.12	10.25	-8.50%
CZK (Czech koruna)			
Average exchange rate for the period	24.57	25.64	4.19%
Closing exchange rate for the period	24.12	24.86	2.98%
CHF (Swiss franc)			
Average exchange rate for the period	1.00	1.08	7.08%
Closing exchange rate for the period	0.98	1.03	4.68%
DKK (Danish krone)			
Average exchange rate for the period	7.44	7.44	-0.03%
Closing exchange rate for the period	7.44	7.44	0.00%
MZM (Mozambican metical)			
Average exchange rate for the period	67.20	77.75	13.56%
Closing exchange rate for the period	68.18	78.09	12.69%
MAD (Moroccan dirham)			
Average exchange rate for the period	10.69	10.67	-0.12%
Closing exchange rate for the period	11.16	10.52	-6.11%
NOK (Norway kroner)			
Average exchange rate for the period	10.10	10.16	0.59%
Closing exchange rate for the period	10.51	9.99	-5.26%
MXN (Mexican peso)			
Average exchange rate for the period	21.18	23.99	11.70%
Closing exchange rate for the period	20.86	23.14	9.89%
AED (Dirham)			
Average exchange rate for the period	3.87	4.34	10.92%
Closing exchange rate for the period	3.92	4.16	5.83%
CAD (Canadian dollar)			
Average exchange rate for the period	1.37	1.48	7.64%
Closing exchange rate for the period	1.44	1.44	-0.33%
ZAR (South African rand)			
Average exchange rate for the period	17.21	17.48	1.54%
Closing exchange rate for the period	18.10	18.06	-0.20%
BRL (Brazilian real)			
Average exchange rate for the period	5.44	6.38	14.74%
Closing exchange rate for the period	5.64	6.31	10.64%
EGP (Egyptian pound)			
Average exchange rate for the period	20.18	18.55	-8.81%
Closing exchange rate for the period	26.31	17.82	-47.63%
TRY (Turkish lira)			
Average exchange rate for the period	17.42	10.51	-65.68%
Closing exchange rate for the period	19.96	15.23	-31.06%



1.4.4. Basis for measurement

The accompanying separate financial statements have been prepared on the going concern basis from Navigator's accounting books and records, and under the historical cost convention, except for financial instruments measured at fair value through profit or loss or at fair value through other comprehensive income (Note 8.3), in which derivative financial instruments are included (Note 8.2).

1.4.5. 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.	1 January 2022
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 for annual periods beginning on or after 1 January 2022.	1 January 2022
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.	1 January 2022
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: (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 will be applied for annual periods beginning on or after 1 January 2022.	1 January 2022



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 in advance		
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.	1 January 2023
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



Amendment		Date of application
Amendments to IFRS 17 - Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information	The IASB has issued an amendment to the scope of the transitional requirements of IFRS 17 - Insurance Contracts, which provides insurers with an option to improve the usefulness of information to investors on first-time adoption of the new standard. IFRS 17, including this amendment, is effective for annual periods beginning on or after 1 January 2023.	1 January 2023
Standards and amendments not yet endorsed by the European Union		
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: - specify that an entity's right to defer settlement must exist at the end of the reporting period; - 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; - clarify how loan conditions affect classification; and - 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 2024.	1 January 2024
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction. The amendments confirm that: - On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction; - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement. The Amendments are applied for annual periods beginning on or after 1 January 2024, with earlier application permitted. In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee shall apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means that it will have to identify and reassess sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that include variable lease payments.	1 January 2024

With respect to the above standards, which are not yet mandatory, the Company has not yet completed the calculation of all impacts arising from their application and has therefore elected to apply them early, although these impacts are not expected to be material.



1.6 Significant estimates and judgements

The preparation of separate financial statements requires the Board of Directors to make judgements and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the date of the statement of financial position. To that effect, the Board of Directors' estimates and judgements 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 Company considers it may have to take in the future.

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

Significant estimates and judgements

The estimates and assumptions which present a significant risk of generating a material adjustment to the book value of assets and liabilities in the following financial period are presented below:

Estimates and judgements	Notes
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Recognition of provisions	9.1 - Provisions
Valuation of financial investments	10.1 - Investments in subsidiaries



2. Operational performance

2.1 Revenue and segment reporting



Accounting policies

Within the Navigator Group, the Company operates as a trader of the Group's products and supplier of most of the Group's raw materials.

In preparing the separate financial statements, the accounting policies used by the Company in the areas of revenue and segment reporting are consistent with the policies applied in the consolidated financial statements, as described below.

Navigator Group business areas

The Navigator Group's main business is the production and sale of writing and printing uncoated woodfree paper (UWF) and domestic consumption paper (tissue) as well as pulp, and it is present in the whole 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 Group has four industrial plants. BEKP, energy and UWF paper are produced in two plants located in Figueira da Foz and Setúbal. BEKP energy and tissue paper are also produced in a plant located in Aveiro and the fourth plant, located in Vila Velha de Ródão, where tissue paper is produced.

Wood and cork are produced from woodlands from subsidiaries or leased in Portugal and Spain, and also from granted lands in Mozambique. The production of cork and pine wood are sold to third parties while the eucalyptus wood is mainly consumed in the production of BEKP.

A significant portion of the Group's own BEKP production is consumed in the production of UWF and tissue paper. Sales of BEKP, UWF and tissue paper are made to more than 130 countries around the world.

With regard to energy production, the Group has three cogeneration plants, integrated in the production of pulp. Heat production is used for internal consumption while electricity is sold to the national energy grid or on the market. The Navigator Group also owns another two cogeneration units using natural gas, integrated in the production of paper in Figueira da Foz and in Setúbal, and two separate units using biofuel, with the output of the latter two sold to the national energy grid or on the market. It also has three photovoltaic units for self-consumption, two in Setúbal and one in Figueira da Foz.



Segment reporting

The Company classifies an operating segment under IFRS 8 as a component of the Company that engages in business activities, from which it may obtain income and incur expenses, and whose operating profit or loss is regularly reviewed by the Executive Committee, which is the chief operating decision maker for the purposes of making decisions about resources to be allocated to the segment and assessing its performance, and for which separate financial information is available.

The information used in segment reporting corresponds to the financial information prepared by the Company.

Although the Group has defined a series of segments, Navigator is only responsible for the marketing of the products produced by its subsidiaries and for the management of those subsidiaries. Therefore, it is considered that all the Company's activities fall into one single segment and so no further breakdown is required.

Revenue

Revenue is presented by goods and services sold and by geographic area, based on the country of destination of the goods and services sold by the Company.

Commercial contracts with Customers refer essentially to the sale of goods such as tissue paper and pulp, and to an extent, to the transportation inherent to those goods, when applicable.

Revenue recognition by group of materials is described as follows:

BEKP pulp	Pulp revenue results from sales made to the Company's subsidiaries and international producers of paper and decoration. Revenue is recognised at a specific time, by the amount of the performance obligation satisfied, the price of the transaction corresponding to a fixed amount invoiced on the basis of quantities sold, less cash discounts and quantity discounts, which are reliably determinable. On the export side, the transfer of control of the products generally occurs when the products are transferred to the control of the customer, in accordance with the negotiated Incoterms. The Company is solely responsible for selling BEKP pulp produced by Navigator Group companies, intended for sale to the market and to the Group's UWF paper and tissue producers.
UWF	Paper revenue refers to sales made through Commercial Distributors (B2B), which include large distributors, wholesalers or commercial operators, as well as producers and processors of paper products. Revenue is recognised at a specific time, on the date of delivery of the product to the customer when the transfer of control occurs, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to the quantities sold, less cash discounts and quantity discounts, which are reliably determinable.
Tissue	Tissue revenue results from sales of tissue paper produced for the private label of national and international retail chains. Revenue is recognised at a specific moment, by the amount of the performance obligation satisfied, and the price of the transaction corresponds to a fixed amount invoiced according to quantities sold, less cash discounts and quantity discounts, which are reliably determined. Revenue is recognised against the delivery of the product, at which time the transfer of control over the product is deemed to take place.
Central purchasing operations	The revenue from goods purchased from producers and distributors to supply the Group's mills that use them as raw materials for processing is recognised on the date of delivery of the product to the customer, for the amount of the performance obligation satisfied, where the transaction price corresponds to a fixed amount invoiced based on the quantities sold that can be reliably determined.



Detail of revenue by materials/services groups and geographical areas

During the periods ended 31 December 2022 and 31 December 2021, the revenue from sales of goods and rendering of services is detailed as follows:

Amounts in Euro	2022	2021
Sales		
UWF Paper		
Portugal	86,483,079	61,336,753
Rest of Europe	1,107,618,863	663,878,514
United States of America	164,176,085	104,965,167
Rest of World	383,126,808	292,813,637
	1,741,404,835	1,122,994,072
Tissue Paper		
Portugal	93,322,231	62,471,134
Rest of Europe	113,103,140	84,523,982
Rest of World	4,182,605	5,960,980
	210,607,976	152,956,096
BEKP pulp to market		
Portugal	4,043,366	2,857,768
Rest of Europe	162,456,528	134,392,260
Rest of World	30,916,880	32,545,863
	197,416,774	169,795,892
BEKP pulp supplied to subsidiaries		
Portugal	854,575,688	568,118,228
	854,575,688	568,118,228
Sales of goods - subsidiaries	454,602,177	276,315,409
Total sales	3,458,607,450	2,290,179,696
Services rendered		
Management and administrative services of subsidiaries	72,598,267	76,767,926
Total services rendered	72,598,267	76,767,926
Total revenue	3,531,205,717	2,366,947,621

In 2022, the Company recorded a positive trend in sales, which increased by 49% compared to the previous year. During 2022, there was a growth in paper sales volumes, with successive price increases for UWF, pulp and tissue, along with significant optimisation of the sales mix.

The positive trend in prices was strongly supported by the enrichment of the product mix, with Navigator achieving maximum sales levels for premium products and mill brands.



2.2 Other operating income

For the periods ended 31 December 2022 and 31 December 2021, Other operating income is detailed as follows:

Amounts in Euro	2022	2021
Operating grants	-	48,866
Impairment reversal on receivables	1,283	44,011
Impairment reversal on inventories (Note 4.1.3)	1,484,115	-
Discounts received on purchases	805,593	475,599
Gains on inventories	7,518	491,339
Damage claims	10	272,689
Other operating income	1,179,898	758,299
	3,478,417	2,090,803

In 2022, as a result of the adjustment of the inventories of UWF paper and tissue paper located on the different platforms in Europe (Note 2.3), the corresponding impairments recorded in the previous year were reversed.



Accounting policies

Operating grants

Operating grants are recognised at their fair value and only when there is a reasonable assurance that the grant will be received, and the Company will comply with all required conditions. Operating grants, received with the purpose of compensating the Company for costs incurred, are systematically recorded in the income statement during the periods in which the costs that those grants are intended to compensate are recorded.



2.3 Other operating expenses

Amounts in Euro	2022	2021
Cost of goods sold and materials consumed (Note 4.1.2)	3,138,646,788	2,103,980,956
External services and supplies		
Transportation of goods	196,480,608	137,488,303
Specialised services	74,683,026	65,028,640
Royalties	34,346,641	9,064,427
Fees	5,918,051	4,664,334
Insurance	2,011,567	1,246,160
Rentals	1,074,581	1,099,970
Fees	896,480	592,277
Advertising and marketing	471,462	730,259
Travel and accommodation	1,140,931	662,619
Communications	129,715	254,003
Materials	104,174	74,122
Energy and fluids	178,533	91,927
Subcontracts	240,455	30,453
Maintenance and repair	19,407	40,024
Other	313,915	82,900
	318,009,546	221,150,420
Payroll costs (Note 7.1)	13,521,497	11,092,252
Other operating expenses		
Impairment losses on inventories (Note 4.1.3)	429,713	1,988,828
Impairment losses on receivables	3,268,851	127,605
Other inventory losses (Note 4.1)	2,661,376	792,470
Donations	154,864	252,905
Membership fees	301,707	272,893
Losses on disposal of non-current assets	-	654,801
Cash discounts granted	252,457	240,275
Indirect taxes	86,637	133,681
Other operating expenses	183,521	1,265,918
	7,339,126	5,729,376
Net provisions (Note 9.1)	(857,042)	1,138,500
	-	
Total operating expenses	3,477,516,957	2,341,953,004

The overall increase in costs borne by the Company is largely explained by the overall increase in the cost of materials and services in a context of inflationary pressures.

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

As noted in Note 2.2, Other inventory losses relate to UWF paper and tissue inventories and are partially offset by the reversal of impairment in inventories.



Audit fees

Amounts in Euro	2022		2021	
	Expenses in the period	Fees invoiced	Expenses in the period	Fees invoiced
KPMG (SROC) and other entities belonging to the same network				
Audit fees	166,962	145,462	104,746	128,838
Permissible tax assurance services	-	-	-	-
Other reliability assurance services	12,378	17,750	87,875	108,086
Other services	129,748	114,250	72,250	88,868
	309,088	277,462	264,871	325,791

The services indicated as "Other assurance services" relate to the reporting of financial information, including verification of information for the purposes of applying for the Recovery and Resilience Plan, verification services of the Sustainability and Environment Information and limited reviews to interim financial information. Other services refer to a financial statements' due diligence assignment.

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Supervisory Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.



3. Investments

3.1 Property, plant and equipment

Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment	Other property, plant and equipment	Assets under construction	Total
Gross amount								
Balance as at 1 January 2021	12,872	693,726	1,394,763	4,356,871	11,799,251	14,988,161	15,028	33,260,672
Acquisitions	-	-	-	-	-	-	-	-
Disposals	-	-	(2,085)	(300,102)	(3,680,850)	(4,456,558)	-	(8,439,596)
Adjustments, transfers and write-offs	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	12,872	693,726	1,392,678	4,056,769	8,118,401	10,531,603	15,028	24,821,076
Acquisitions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,651,224)	-	-	(3,651,224)
Adjustments, transfers and write-offs	-	-	-	-	-	15,028	(15,028)	-
Balance as at 31 December 2022	12,872	693,726	1,392,678	4,056,769	4,467,177	10,546,631	-	21,169,852
Accumulated depreciation and impairment losses								
Balance as at 1 January 2021	-	(47,981)	(1,354,136)	(4,190,910)	(11,445,102)	(14,557,325)	-	(31,595,453)
Depreciation and amortisation for the period (Note 3.7)	-	(14,791)	(14,808)	(13,987)	(24,247)	(21,490)	-	(89,322)
Disposals	-	-	844	275,728	3,425,939	4,069,693	-	7,772,204
Adjustments, transfers and write-offs	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	-	(62,772)	(1,368,100)	(3,929,168)	(8,043,410)	(10,509,121)	-	(23,912,572)
Depreciation and amortisation for the period (Note 3.7)	-	(14,791)	(12,634)	(13,014)	(8,217)	(2,545)	-	(51,201)
Disposals	-	-	-	-	3,648,943	-	-	3,648,943
Adjustments, transfers and write-offs	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	-	(77,563)	(1,380,734)	(3,942,182)	(4,402,684)	(10,511,666)	-	(20,314,830)
Net book value as at 1 January 2021	12,872	645,745	40,627	165,961	354,149	430,837	15,028	1,665,219
Net book value as at 31 December 2021	12,872	630,954	24,578	127,600	74,991	22,482	15,028	908,505
Net book value as at 31 December 2022	12,872	616,163	11,944	114,587	64,493	34,965	-	855,022



Accounting policies

Recognition and initial measurement

Property, plant and equipment acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revalued acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of amortisation and accumulated impairment losses.

Property, plant and equipment acquired after the transition date are shown at cost, less accumulated depreciation and impairment losses.

Depreciation and impairment

We use the straight-line method from the moment the asset is available for use and using the rates that best reflect their estimated useful life.

	Average useful life	
	2022	2021
Buildings and other constructions	20 – 50	20 – 50
Basic equipment	7 – 35	7 – 35
Transportation equipment	4 – 9	4 – 9
Administrative equipment	4 – 8	4 – 8
Other property, plant and equipment	3 – 21	3 – 21

The residual values of the assets and respective useful lives are reviewed and adjusted, when necessary, at the Statement of financial position date. When the carrying amount of the asset exceeds its realisable value, the asset is written down to the estimated recoverable amount, and an impairment charge is booked.

Subsequent costs

Scheduled maintenance expenses are considered a component of the acquisition cost of property, plant and equipment and are fully depreciated by the next forecasted maintenance date.

All other repairs and maintenance costs are charged in the financial period in which they are incurred.

Write-offs and disposals

Gains or losses arising from the write-off or disposal represent the difference between the proceeds received on disposal less costs to sell and the asset's book value and are recognised in the income statement as Other operating income (Note 2.2) or Other operating expenses (Note 2.3).



3.2 Right-of-use assets

Movements in right-of-use assets

Amounts in Euro	Buildings	Vehicles	Total
Gross amount			
Balance as at 1 January 2021	4,277,508	39,668	4,317,176
Acquisitions	-	-	-
Adjustments, transfers and write-offs	-	4,645	4,645
Balance as at 31 December 2021	4,277,508	44,313	4,321,821
Acquisitions	-	-	-
Adjustments, transfers and write-offs	-	10,583	10,583
Balance as at 31 December 2022	4,277,508	54,896	4,332,404
Accumulated depreciation and impairment losses			
Balance as at 1 January 2021	(1,004,830)	(25,531)	(1,030,361)
Depreciation	(510,028)	(12,773)	(522,801)
Balance as at 31 December 2021	(1,514,857)	(38,305)	(1,553,162)
Depreciation	(510,028)	(13,090)	(523,118)
Balance as at 31 December 2022	(2,024,885)	(51,395)	(2,076,280)
Net book value as at 1 January 2021	3,272,678	14,137	3,286,814
Net book value as at 31 December 2021	2,762,651	6,008	2,768,659
Net book value as at 31 December 2022	2,252,623	3,501	2,256,124

The caption 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 21, in Lisbon, for use as an office.



Accounting policies

At the date the lease enters into force, the Company recognises right-of-use assets at its cost, which corresponds to the initial amount of the lease liability adjusted for: i) any prepayments; ii) lease incentives received; and iii) initial direct costs incurred.

To the right-of-use asset, the estimate of removing and/or restoring the underlying asset and/or the location where it is located may be added, when required by the lease agreement.

The right-of-use asset is subsequently depreciated using the straight-line method, from the start date until the lower between the end of the asset's useful life and the lease term. Additionally, the right-of-use asset reduced of impairment losses, if any, and adjusted for any remeasurement of the lease liability. The useful life considered for each class of right-of-use asset is equal to the useful life of Property, plant and equipment (Note 3.1) in the same class when there is a call option, and the Company expects to exercise it.

Short-term leases and low-value asset leases

The Company recognises payments for leases of 12 months or less and for leases of assets whose individual acquisition value is less than USD 5,000 directly as operating expenses of the period (Note 2.3), on a straight-line basis.



3.3 Depreciation, amortisation and impairment losses

Amounts in Euro	2022	2021
Depreciation of property, plant and equipment for the period (Note 3.1)	51,201	89,322
Use of Government grants	(988)	(1,038)
Depreciation of property, plant and equipment, net of grants charged-off	50,213	88,284
Depreciation of right-of-use assets for the period (Note 3.2)	523,118	522,801
	573,331	611,085



4. Working capital

4.1 Inventories

4.1.1. Inventories - detail by nature

Amounts net of accumulated impairment losses

Amounts in Euro	31-12-2022			31-12-2021		
	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
BEKP pulp	14,800,385	(226,674)	14,573,711	4,005,792	-	4,005,792
UWF Paper	6,904,701	(516,528)	6,388,173	12,514,531	(1,615,825)	10,898,706
Tissue Paper	1,565,233	(7,029)	1,558,204	1,266,139	(372,860)	893,279
Goods supplied to the Group's mills	3,591,693	(184,196)	3,407,497	2,750,862	(144)	2,750,718
Total	26,862,012	(934,427)	25,927,585	20,537,324	(1,988,828)	18,548,495

Inventories – distribution by geographical area

Amounts in Euro	31-12-2022	%	31-12-2021	%
Portugal				
BEKP pulp	3,002,606	11.18%	191,396	0.93%
UWF Paper	1,169,870	4.36%	9,858,375	48.00%
Tissue Paper	600,413	2.24%	494,444	2.41%
Goods used for Group supply	3,591,693	13.37%	2,750,862	13.39%
	8,364,582	31.14%	13,295,077	64.74%
Rest of Europe				
BEKP pulp	11,797,779	43.92%	3,814,396	18.57%
UWF Paper	5,734,831	21.35%	2,656,156	12.93%
Tissue Paper	964,820	3.59%	771,695	3.76%
	18,497,430	68.86%	7,242,247	35.26%
	26,862,012	100%	20,537,324	100%

The Company's inventories include Euro 1,770,283 (2021: Euro 10,352,819) relating to UWF paper and tissue paper for which invoices have already been issued but whose control has not been transferred to Trade receivables.

As at 31 December 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	2022	2021
Opening balance	18,548,495	22,585,686
Purchases	3,147,625,333	2,102,233,726
Gains / (losses) on inventories (Notes 2.2 and 2.3)	(2,653,858)	(301,132)
Gains / (losses) by impairment (Notes 2.2 and 2.3)	1,054,403	(1,988,828)
Closing balance	(25,927,585)	(18,548,495)
Cost of goods sold and materials consumed (Note 2.3)	3,138,646,788	2,103,980,956

Costs of goods and materials consumed by type

Amounts in Euro	2022	2021
BEKP Pulp - sales to market	172,783,247	162,302,396
BEKP Pulp - included in the Group	853,094,541	567,185,028
UWF Paper	1,445,591,986	1,036,754,808
Tissue Paper	213,120,626	147,476,502
Goods supplied to the Group's mills	454,056,388	190,262,222
	3,138,646,788	2,103,980,956

4.1.3. Movements in impairment losses in inventories

Amounts in Euro	2022	2021
Opening balance	(1,988,828)	(10,256)
Increases (Note 2.3)	(429,713)	(1,988,828)
Reversals (Note 2.2)	1,484,115	-
Impact in profit and loss for the period	(934,426)	(1,988,828)
Charge-off	-	10,256
Closing balance	(934,426)	(1,988,828)

The impairment losses in inventories recorded in 2022 are related to adjustments in the stock of UWF and Eucalyptus pulp. The reversal of the impairment resulted mainly from the UWF paper inventory adjustments made in 2022 (Note 2.2).



Accounting policies

Goods

The goods held by Navigator correspond essentially to eucalyptus pulp, UWF paper and tissue paper acquired from its subsidiaries, for sale to the market. It also includes materials acquired from third parties to supply subsidiaries as part of the Navigator Group's central purchasing functions.

The Company acts as the Navigator Group's central purchasing body, and most of the Group's purchases of raw materials are made centrally by the Company, which then supplies the manufacturing companies, except for wood supply.



Goods and raw, subsidiary and consumable materials are valued at the lower of their purchase cost or their net realisable value. The purchase cost includes ancillary costs and it is determined using the weighted average cost as the valuation method.

4.2 Receivables

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	273,900,581	273,900,581	-	178,899,757	178,899,757
Other receivables - related companies (Note 10.2)	-	409,610,821	409,610,821	-	612,402,309	612,402,309
State and other public entities	-	42,335,090	42,335,090	-	35,962,673	35,962,673
Fiscal consolidation - related parties (Note 10.2)	-	123,679,484	123,679,484	-	35,390,055	35,390,055
Accrued income	-	645,515	645,515	-	1,291,884	1,291,884
Deferred expenses	-	1,033	1,033	-	107,002	107,002
Derivative financial instruments (Note 8.2)	-	48,514,443	48,514,443	-	1,630,982	1,630,982
Advances to suppliers	-	891,489	891,489	-	-	-
Post-employment plan (Note 7.2)	-	-	-	-	444,631	444,631
Other	6,684	427,884	434,568	6,684	858,676	865,360
	6,684	900,006,340	900,013,024	6,684	866,987,969	866,994,654



The amounts above are net of accumulated impairment losses. Analysis of impairment for receivables is presented in Note 8.1.4 - Credit risk.

Other - non-current

The amount recorded as non-current in 2022 and 2021 is related to a VAT guarantee in connection with the Company's VAT registration in Switzerland.

State and other public entities

Amounts in Euro	31-12-2022	31-12-2021
Value added tax - recoverable	-	-
Value added tax - refund requests	42,335,090	35,962,673
	42,335,090	35,962,673

Up to the date of issuing this report, Euro 10,953,244 of the outstanding amounts as at 31 December 2022, regarding November's VAT.



Accrued income

Amounts in Euro	31-12-2022	31-12-2021
Accrued income		
Interest receivable - related companies (Note 10.2)	645,515	888,441
Other income - related parties (Note 10.2)	-	130,754
Other	-	272,689
	645,515	1,291,884



Accounting policies

Trade receivables and other debtors

Classification

Trade receivables balances result from the Company's main activities and the business model followed is the collection of contractual cash flows.

Balances from other debtors generally assume the business model of collecting contractual cash flows.

Initial measurement

At fair value.

Subsequent measurement

At amortised cost, net of impairment losses.

Impairment from Trade receivables

Impairment losses are recorded based on the simplified model provided for in IFRS 9, recording expected losses until maturity. The expected losses are determined on the basis of the experience of historical actual losses over a statistically significant period and representative of the specific characteristics of the underlying credit risk (Note 8.1.4).

Impairment from other debtors

Impairment losses are recorded on the basis of the general estimated credit loss model of IFRS 9.



4.3 Payables

Amounts in Euro	31-12-2022	31-12-2021
Trade payables	107,305,035	66,880,317
Payables - related companies (Note 10.2)	874,390,872	1,021,874,914
State and other public entities	3,976,192	5,388,180
Fiscal consolidation (Semapa)	-	6,447,546
Other creditors	258,905	211,344
Derivative financial instruments (Note 8.2)	4,682,533	8,130,589
Payroll costs accruals	15,204,544	9,274,445
Accrued expenses - interest payable	4,032,371	6,711,797
Accrued expenses - logistics and sales commissions	18,203,760	12,473,917
Accrued expenses - related companies (Note 10.2)	18,906,986	1,482,570
Other accrued expenses	1,918,689	220,101
Deferred income - operating grants (Note 2.2)	7,539	33,714
	1,048,887,425	1,139,129,433

The increase in payroll costs accruals derives from the good performance of Navigator in 2022, which allowed the recognition of a higher value of accrued expenses for the payment of bonuses to employees in 2023, as well as to the productivity bonus created in the year, related to the fourth quarter.

State and other public entities

Amounts in Euro	31-12-2022	31-12-2021
Personal income tax withheld (IRS)	832,566	845,665
Value added tax	2,757,958	4,117,647
Social Security contributions	385,557	424,757
Other	111	110
	3,976,192	5,388,180

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



Accounting policies

Trade payables and other current liabilities are initially recorded at their fair value and subsequently measured at amortised cost.



5. Capital structure

5.1 Capital management

Capital management policy

For capital management purposes, the Company defines capital as including equity and net debt.

The Company's objectives regarding capital management are:

- i. To safeguard the Company's ability to continue as a going concern and thus provide returns for Shareholders and benefits for its remaining Stakeholders;
- ii. To keep a solid capital structure to support the growth of its business; and
- iii. To maintain an optimal capital structure that enables it to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company can adjust the amount of dividends payable to its Shareholders, return capital to its Shareholders, issue new shares or sell assets to lower its borrowings.

In line with the sector, the Company monitors its capital based on the gearing ratio, defined as the proportion between net debt and total capital.

Net interest-bearing debt is calculated by adding the total amount of loans (including the current and non-current portions as disclosed in the statement of financial position) and deducting all cash and cash equivalents. Total equity is calculated by adding Shareholders' equity (as shown in the statement of financial position), to interest-bearing net debt, and excluding treasury shares and non-controlling interests.

The Company calculates the gearing ratio as follows:

Amounts in Euro	31-12-2022	31-12-2021
Interest-bearing liabilities (Note 5.6)	985,446,453	933,165,634
Cash and cash equivalents (Note 5.8)	(390,640,161)	(354,336,647)
Net debt	594,806,292	578,828,987
Equity	1,259,409,537	1,044,827,184
Treasury shares (Note 5.2)	-	-
Shareholders' equity, excluding treasury shares	1,259,409,537	1,044,827,184
Total equity	1,854,215,829	1,623,656,171
Gearing	32.08%	35.65%

5.2 Share Capital and treasury Shares

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

As at 31 December 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 2021: 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 was agreed, the amount of the reduction being Euro 4,402,042.51, for a special purpose, by cancellation of 6,316,931 treasury shares, without nominal 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).

Navigator's Shareholders

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

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

Treasury shares - movements

	31-12-2022		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
Cancellations for the period	-	-	(6,316,931)	(20,189,264)
Treasury shares at the end of the period	-	-	-	-

These shares were mainly acquired during 2008 and 2012 as well as in 2018 and 2019, with this position evolving as follows during the year:

Amounts in Euro	2022		2021	
	Quantity	Amount	Quantity	Amount
Treasury shares held in January	-	-	6,316,931	20,189,264
Cancellation				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	(6,316,931)	(20,189,264)
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
	-	-	(6,316,931)	(20,189,264)
Treasury shares held in December	-	-	-	-



As at 31 December 2022, the unit value of each share was Euro 3.454 (31 December 2021: Euro 3.35) and the stock market capitalisation of the Company at this date amounted to Euro 2,456,426,320 (31 December 2020: Euro 2,382,463,281), against an equity of Euro 1,250,484,508 (31 December 2021: Euro 1,044,827,184).



Accounting policies

Ordinary shares are classified in Shareholders' equity.

Costs directly attributable to the issue of new shares or other equity instruments are reported as a deduction, net of taxes, from the proceeds of the issue.

Costs directly attributable to the issue of new shares or options for the acquisition of a new business are deducted from the amount issued.

When such shares are subsequently disposed or reissued, any proceeds, net of the directly attributable transaction costs and taxes, is directly reflected in the Shareholders' equity and not in profit or loss for the period.



5.3 Earnings per share

	2022	2021
Profit attributable to Navigator's equity holders (Euro)	392,537,070	171,411,455
Total number of shares issued	711,183,069	711,183,069
Average treasury shares held for the period	-	-
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.552	0.241
Diluted earnings per share (Euro)	0.552	0.241



Accounting policies

Basic earnings per share are determined based on the division of profits or losses attributable to the ordinary Shareholders of the Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the Company adjusts the profits or losses attributable to ordinary equity holders, as well as the weighted average number of outstanding shares for the purposes of all potential dilutive common shares.

5.4 Dividends

Amounts in Euro	Amount approved	Dividends per share (Euro)
Attributions in 2022		
Distribution of retained earnings	131,632,875	0.185
Distribution of reserves	118,355,086	0.166
Attributions in 2021		
Distribution of retained earnings	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 General Meeting held on 21 November 2022, The Navigator Company, S.A. resolved to distribute reserves amounting to Euro 149,995,621, of which Euro 118,355,086 came from the Other reserves and Euro 31,640,535 was recorded in Retained earnings.

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. decided to make an advance on profits to Shareholders, in the amount of Euro 49,996,170, equivalent to the gross value of Euro 0.0703 per share.



Accounting policies

The distribution of dividends to Shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Shareholders at the General Meeting and up until the time of their payment or, in the case of anticipated distributions, when approved by the Board of Directors.

5.5 Reserves and retained earnings

Amounts in Euro	31-12-2022	31-12-2021
Reserves by applying the equity method	(405,228,340)	(437,672,593)
Fair value reserves	33,997,828	(5,604,076)
Legal reserve	100,000,000	100,000,000
Free reserves	3,481,014	121,836,100
Other reserves	(2,377,265)	(2,377,265)
Retained earnings	636,999,230	647,229,733
Reserves and retained earnings	366,872,467	423,411,899

Reserves by applying the equity method – details

Company	31-12-2022	31-12-2021
Subsidiaries		
Navigator Internacional Holding SGPS, S.A.	-	(4,027,714)
Sociedade de Vinhos	(352)	-
Navigator Brands, S.A.	(493,026,037)	(496,755,521)
Navigator Pulp Aveiro, S.A.	(7,936,300)	(7,936,300)
Enerpulp, S.A.	154,000	154,000
Navigator Parques Industriais, S.A.	(1,499,368)	(1,499,368)
Portucel Moçambique, S.A.	24,336,582	(139,396)
Navigator Pulp Setúbal, S.A.	154,000	154,000
Navigator Pulp Figueira, S.A.	615,945	615,945
Navigator Forest Portugal, S.A.	(735,406)	(572,996)
Navigator Paper Setúbal, S.A.	(11,396,307)	(9,956,752)
Navigator Tissue Aveiro, S.A.	2,117,121	2,117,121
Navigator Paper Figueira, S.A.	79,783,696	79,783,696
RAIZ - Inst.Investigação Floresta e Papel	666,739	398,250
Empremédia	234,017	249,752
Empremédia DAC	1,325,871	(246,192)
Navigator Paper Mexico	(22,522)	(11,080)
Navigator Egypt	(19)	(40)
Subsidiaries	(405,228,340)	(437,672,593)



Fair value reserves - details

	31-12-2022			31-12-2021		
Amounts in Euro	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Interest rate risk hedging	30,899,904	(8,497,474)	22,402,430	(2,231,713)	613,722	(1,617,992)
Foreign exchange hedging	15,993,652	(4,398,254)	11,595,398	(5,498,048)	1,511,963	(3,986,085)
	46,893,556	(12,895,728)	33,997,828	(7,729,761)	2,125,685	(5,604,076)

Fair value reserves - movements

Amounts in Euro	31-12-2022	31-12-2021
Opening balance	(5,604,076)	(6,641,368)
Change in the fair value of derivative financial instruments (Note 8.2)	54,623,316	1,430,747
Deferred tax (Note 6.2)	(15,021,412)	(393,455)
Closing balance	33,997,828	(5,604,076)

The amount transferred from reserves to the income statement as a result of the settlement or expiration of hedging instruments is composed as follows: i) energy and pulp hedging instruments are included in Energy and pulp sales, with an impact on the income statement of - 30.7 m€; and ii) interest rate hedging instruments, with an impact on the financial results of 1.5 m€.



Accounting policies

Reserves by applying the equity method

Corresponds to the accumulated change in changes in equity in the Company's subsidiaries whose investment is measured by the equity method (Note 10.1). In accordance with the Portuguese commercial legislation, these reserves are not distributable.

Fair value reserves

It corresponds to the accumulated change in fair value of derivative financial instruments classified as hedging instruments (Note 8.2), net of deferred taxes.

Changes related to derivatives are reclassified to profit or loss for the period (Note 5.10) as the hedged instruments affect profit or loss for the period. The change in fair value of financial investments recorded under this caption is not recycled to profit or loss.

Legal reserve

Commercial Company law prescribes that at least 5% of annual net profit must be transferred to the legal reserve, until this is equal to at least 20% of the issued capital. This reserve cannot be distributed unless the company is liquidated. It may, however, be drawn on to absorb losses, after other reserves are exhausted, or incorporated in the share capital.

The legal reserve is constituted by its maximum amount in the periods presented.



Other reserves

This caption corresponds to reserves constituted through the transfer of prior period's profit and other movements. The portion of the balance corresponding to the acquisition value of treasury shares held (Note 5.2), if any, is not distributable.

5.6 Interest-bearing liabilities

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	420,000,000	22,500,000	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	91,511,905	17,575,396	109,087,301	109,087,301	12,718,254	121,805,555
Charges with bond issuances	(3,480,083)	-	(3,480,083)	(3,415,421)	-	(3,415,421)
Cash pooling Navigator Group	-	297,339,235	297,339,235	-	129,775,499	129,775,499
Debt securities and bank debt	613,031,822	372,414,631	985,446,453	688,171,881	244,993,753	933,165,633
Average interest rate, considering charges for annual fees and hedging operations			1.5%			1.5%

At the end of June 2022, 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 maturity analysis of interest-bearing liabilities is presented in the Note 8.1.3 - Liquidity risk.



Interest-bearing liabilities – Details

31-12-2022

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2022-2028 ESG	150,000,000	150,000,000	June 2028	Variable rate indexed to Euribor, with swap to fixed rate	-	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, with swap to fixed rate	20,000,000	30,000,000
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, with swap to fixed rate	-	75,000,000
Navigator 2021-2026	100,000,000	100,000,000	August 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	100,000,000
Fees	-	(3,480,083)			-	(3,480,083)
European Investment Bank (EIB)						
EIB Loan - Energy	14,166,667	14,166,667	December 2024	Variable rate indexed to Euribor	7,083,333	7,083,334
EIB Loan - Cacia	15,277,778	15,277,777	May 2028	Fixed rate	2,777,777	12,500,000
EIB Loan - Figueira	37,142,857	37,142,857	February 2029	Fixed rate	5,714,286	31,428,571
EIB Loan - Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
Commercial Paper Program						
Commercial Paper Program 175M	140,000,000	140,000,000	February 2026	Fixed rate	35,000,000	105,000,000
Commercial Paper Program 65M	65,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 75M	75,000,000	-	janeiro 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
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
Cash Pooling						
Linha de Cash Pooling Grupo Navigator	297,339,235	297,339,235		-	297,339,235	-
		985,446,453			372,414,631	613,031,822



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, with swap to fixed rate	-	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, with swap to fixed rate	-	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, with swap to fixed rate	-	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
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
Cash Pooling						
Linha de Cash Pooling Grupo Navigator	129,775,499	129,775,499		Variable rate indexed to Euribor	129,775,499	-
933,165,633					244,993,753	688,171,881



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

As at 31 December 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).

Financial Covenants in force

Ratio	Definition	Loans	Limit
Interest coverage	EBITDA 12M / Annual net interest	Bank	$\geq 4.5 - 5.5$
Indebtedness	Interest-bearing debt / EBITDA 12M	Bank	≤ 4.5
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBITDA 12M	Bank	≤ 4.0
		Commercial Paper	$\leq 4.0 - 5.0$
		Bonds	≤ 4.0

Given the contractual limits, in 2022 and 2021 the Company is in compliance with the covenants negotiated. As at 31 December 2022 and 31 December 2021, Navigator presents a minimum safety margin above 80% on the fulfilment of its covenants.



Accounting policies

Interest-bearing liabilities includes Bonds, Commercial Paper, bank loans and other financing.

Initial measurement

At fair value, net of transaction costs incurred.

Subsequent measurement

At amortised cost, using the effective interest rate method.

The difference between the repayment amount and the initial measurement amount is recognised in the income statement over the debt period under "Interest expenses on other loans" in Note 5.10 – Net financial results.

Fair value

The book value of short-term debt or loans contracted with variable interest rates approximates their fair value.

The fair value of interest-bearing liabilities that are remunerated at a fixed rate is disclosed in Note 8.3 – Financial assets and liabilities.

Disclosure

As a current liability, except when the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.



Estimates and judgements

Commercial paper

The Company has several commercial paper programs negotiated, of agreements with which it is frequent to carry out emissions with contractual maturity of less than one year but with revolving nature. Where the Company expects to extend these loans (roll over), it classifies them as non-current liabilities.

5.7 Lease liabilities

Lease liabilities – nature

Amounts in Euro	31-12-2022			31-12-2021		
	Non-current	Current	Total	Non-current	Current	Total
Buildings	1,866,759	511,666	2,378,425	2,459,148	417,970	2,877,118
Vehicles	-	3,545	3,545	1,659	5,200	6,859
	1,866,759	515,211	2,381,970	2,460,807	423,170	2,883,977

Lease liabilities - movements

Amounts in Euro	31-12-2022	31-12-2021
Balance as at 1 January	2,883,977	3,375,536
Contract amortisation	(591,251)	(589,656)
Interest expense	78,661	93,453
Other changes	10,583	4,644
Total changes in related liabilities	(502,007)	(491,559)
Balance as at 31 December	2,381,970	2,883,977

Lease liabilities – future liabilities

Amounts in Euro	31-12-2022	31-12-2021
Less than 1 year	451,843	423,170
1 to 2 years	479,584	449,916
2 to 3 years	511,808	479,584
3 to 4 years	545,016	511,808
4 to 5 years	234,948	545,016
More than 5 years	-	237,129
	2,223,199	2,646,622
Interest on liabilities	158,771	237,355
Present value of liabilities	2,381,970	2,883,977



The maturity analysis of lease liabilities is presented in the Note 8.1.3 - Liquidity risk.



Accounting policies

At the start date of the lease, the Company recognises lease liabilities measured at the present value of future lease payments, which include fixed payments less any lease incentives, variable lease payments, and amounts expected to be paid as residual value. Lease payments also include the exercise price of call or renewal options reasonably certain to be exercised by the Company or lease termination penalty payments if the lease term reflects the Company's option to terminate the agreement.

In calculating the present value of future lease payments, the Company uses an incremental financing rate if the implied interest rate on the lease transaction is not easily determinable.

Subsequently, the value of the lease liabilities is increased by the interest amount (Note 5.10 - Net financial results) and decreased by the lease payments (rents).

5.8 Cash and cash equivalents

Amounts in Euro	31-12-2022	31-12-2021
Cash	5,540	5,540
Short-term bank deposits	189,407,443	160,738,761
Other short-term investments	146,997,320	68,550,446
Cash pooling (Note 10.2)	54,229,858	125,041,900
Cash and cash equivalents in the statement of financial position	390,640,161	354,336,647
Bank overdrafts - cash pooling (Notes 5.6 and 10.2)	(297,339,234)	(129,775,499)
Cash and cash equivalents in the statement of cash flows	93,300,927	224,561,148

In 2022 and 2021, Other short-terms investments corresponds to amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

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



Accounting policies

Cash and cash equivalents include cash, bank accounts and other short-term investments with an initial maturity of up to 3 months, which can be mobilised immediately without any significant risk in value fluctuations.

For cash flow statement purposes, this caption will also include, when applicable, bank overdrafts, which are presented in the Statement of financial position as a current liability, under the caption Interest-bearing liabilities (Note 5.6).



5.9 Cash flows from financing activities

Movements in liabilities for financing activities

Amounts in Euro	2022	2021
Balance as at 1 January	933,165,633	947,383,993
Payment of loans	(545,218,254)	(291,527,778)
Receipts from loans obtained	430,000,000	147,500,000
Cash pooling	167,563,736	129,775,499
Changes in borrowing costs	(64,662)	33,919
Changes in interest-bearing debt	52,280,820	(14,218,360)
Gross interest-bearing debt	985,446,453	933,165,633

5.10 Net financial results

Amounts in Euro	2022	2021
Interest paid on debt securities and bank debt	(9,418,150)	(10,385,295)
Interest paid on other interest-bearing liabilities	(11,366,018)	(4,409,101)
Commissions on loans and expenses with the opening of credit facilities	(4,370,449)	(3,349,422)
Interest paid using the effective interest method	(25,154,617)	(18,143,818)
Interest paid on lease liabilities	(78,661)	(93,453)
Financial expenses related to the Group's capital structure	(25,233,278)	(18,237,271)
Unfavourable exchange rate differences	-	(10,379,571)
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	(1,504,772)	(3,191,640)
Gains / (Losses) on financial instruments - hedging (Note 8.2)	(4,289,597)	(4,265,016)
Other expenses and financial losses	(2,177,098)	(110,915)
Financial expenses and losses	(33,204,745)	(36,184,414)
Interest received from loans granted	8,404,238	3,266,904
Favourable exchange rate differences	6,875,033	12,539,990
Gains on compensatory interest	341,349	767,705
Other income and financial gains	6,474,957	9,031,354
Financial income and gains	22,095,577	25,605,954
Net financial results	(11,109,168)	(10,578,460)



Accounting policies

The Company classifies as "Financial income" the income and gains resulting from treasury management activities such as: i) interest received from the application of cash surplus; and ii) changes in the fair value in derivative financial instruments negotiated to hedge interest rate and exchange rate risk on loans, regardless of the formal designation of hedge.



6. Income tax

6.1 Income tax for the period

6.1.1. Tax amount recognised in the income statement

Amounts in Euro	2022	2021
Current tax	(9,680,009)	(1,260,778)
Change in uncertain tax positions in the period	3,906,564	(3,827,856)
Deferred tax (Note 6.2)	2,028,010	1,658,967
	(3,745,435)	(3,429,667)

Nominal tax rate

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

	2022	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	2022	2021
Profit before income tax	396,325,899	174,841,122
Expected tax at nominal rate (21%)	83,228,439	36,716,636
Municipal surcharge (2022: 0.13% ; 2021: 0.15%)	526,084	258,781
State surcharge (2022: 0.39% ; 2021: 0.38%)	1,561,503	667,605
Income tax resulting from the applicable tax rate	85,316,026	37,643,022
Nominal tax rate for the period	21.53%	21.53%
Differences (a)	(4,540,176)	2,679,217
Effect of application of equity method	(73,487,565)	(40,821,355)
(Excess)/ Insufficiency of income tax estimate	(3,906,564)	3,453,123
Autonomous taxation	363,714	475,660
	3,745,435	3,429,667
Effective tax rate	0.95%	1.96%

(a) This amount concerns mainly:

	2022	2021
Capital gains/ (losses) for tax purposes	-	(654,801)
Capital gains/ (losses) for accounting purposes	-	655,648
Taxable provisions and impairment	3,540,136	6,987,197
Tax benefits	(331,996)	(326,801)
Employee benefits	21,108	(1,390,000)
Liquidation of subsidiaries	(14,741,302)	-
Other	(6,292,558)	5,235,491
	(17,804,612)	10,506,734
Tax effect (25.5%)	(4,540,176)	2,679,217



6.1.2. Tax recognised in the statement of financial position

Amounts in Euro	31-12-2022	31-12-2021
Assets		
Amounts pending refund (tax proceedings decided in favour of the Group)	15,341,107	1,118,815
	15,341,107	1,118,815
Liabilities		
Corporate Income Tax - IRC	96,139,000	20,200,713
Additional tax liabilities (IRC)	11,494,069	11,741,764
	107,633,069	31,942,477

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	31-12-2022	31-12-2021
Income tax for the period	(9,680,009)	(1,260,778)
Payments on account, special and additional payments on account	37,184,040	18,765,072
Withholding tax recoverable	36,453	7,865
Corporate Income Tax of companies included in the RETGS	(123,679,484)	(34,106,939)
Other payables / (receivables)	-	(3,605,933)
	(96,139,000)	(20,200,713)

Amounts pending refund

Amounts in Euro	31-12-2022	31-12-2021
2005 Corporate income tax (RETGS)	13,886,728	-
RFAI 2010 to 2012 - compensatory interest	1,076,611	1,076,611
2016 Corporate income tax - CAAD 7/2022 Proceeding	272,697	-
2020 Corporate income tax (RETGS)	62,867	-
Other	42,204	42,204
	15,341,107	1,118,815



The movements in the period are detailed as follows:

Amounts in Euro	2022	2021
Balance at the beginning of the period	1,118,815	3,482,762
Increases	14,222,292	189,876
Charge-off	-	(2,120,272)
Reversals	-	(433,551)
	15,341,107	1,118,815

Uncertain tax positions - liabilities

Amounts in Euro	2022	2021
Balance at the beginning of the period	11,741,764	9,014,699
Increases	5,836,617	10,756,268
Charge-off	(3,599,451)	(975,264)
Reversals	(2,484,861)	(7,053,939)
Changes in the period	(247,695)	2,727,065
	11,494,069	11,741,764

Taxes paid in litigation

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

Amounts in Euro	31-12-2022	31-12-2021
2005 Aggregated Corporate Income Tax	10,394,386	10,394,386
2006 Aggregated Corporate Income Tax	8,150,146	8,150,146
2018 Aggregated Corporate Income Tax	14,433,913	-
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
	58,948,931	44,515,018



Accounting policies

Current income tax is calculated based on net profit, adjusted in compliance with tax legislation in force at the Statement of financial position date.

Taxation group

In Portugal, the Navigator Group is subject to the Special Tax Regime for Groups of Companies (REGTS - *Regime Especial de Tributação de Grupos de Sociedades*), comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in article 69, and following of the Portuguese Corporate Income Tax Code (IRC).

These companies included in the RETGS calculate income taxes as if they were taxed independently. Liabilities are recognised as due to the controlling entity of the tax business



Group, currently The Navigator Company, S.A. which is responsible for the Group's overall clearance and payment of the Corporate Income Tax. Where there are gains on the use of this regime, these are recorded as income in the dominant entity financial statements.

The amounts the Company has receivable from or payable to other companies in the tax business group in respect of their liabilities are presented under Receivables and Payables.



Estimates and judgements

The Company recognises liabilities for additional tax assessments that may result from reviews by the tax authorities. When the final result of these situations is different from the amounts initially recorded, the differences will have an impact on income tax in the period in which they are calculated.

In Portugal, annual income statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented, they may be subject to review by the tax authorities for a period of 6 years.

The Board of Directors considers that any corrections to those declarations as a result of reviews/inspections by the Portuguese Tax Authorities will not have a significant impact in the financial statements as at 31 December 2022, although the periods up to and including 2018 have already been reviewed.

Uncertain tax positions

The amount of assets and liabilities recorded for tax proceedings arises from an assessment made by the Group, as at the date of the Statement of Financial Position, regarding potential differences of understanding with the Portuguese Tax Authorities, considering the developments in tax matters.

With respect to the measurement of uncertain tax positions, the Company takes into consideration the provisions of IFRIC 23 – "Uncertainty over income tax treatments", namely the measurement of risks and uncertainties in defining the best estimate of expenditure required to settle the obligation, by weighting all possible results controlled by the Company and their related probabilities.



6.2 Deferred taxes

Movements in deferred taxes

Amounts in Euro	As at 1 January 2022	Income Statement		Equity	As at 31 December 2022
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	-	410,869	-	-	410,869
Adjustments to investments in subsidiaries	18,752,796	9,366,282	(2,802,959)	-	25,316,119
Financial instruments	7,448,830	-	-	(7,448,830)	-
Conventional capital remuneration	140,000	-	(140,000)	-	-
	26,341,626	9,777,151	(2,942,959)	(7,448,830)	25,726,988
Temporary differences originating deferred tax liabilities					
Adjustments to investments in subsidiaries	(718,030)	802,383	(261,997)	-	(177,644)
Financial instruments	-	-	-	(47,174,485)	(47,174,485)
	(718,030)	802,383	(261,997)	(47,174,485)	(47,352,129)
Deferred tax assets	7,243,947	2,688,717	(809,314)	(2,048,428)	7,074,922
Deferred tax liabilities	(197,458)	220,655	(72,049)	(12,972,983)	(13,021,836)

Amounts in Euro	As at 1 January 2021	Income Statement		Equity	As at 31 December 2021
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Adjustments to investments in subsidiaries	12,580,190	8,425,255	(2,252,649)	-	18,752,796
Financial instruments	8,879,577	-	-	(1,430,747)	7,448,830
Conventional capital remuneration	280,000	-	(140,000)	-	140,000
	21,739,767	8,425,255	(2,392,649)	(1,430,747)	26,341,626
Temporary differences originating deferred tax liabilities					
Adjustments to investments in subsidiaries	(718,030)	-	-	-	(718,030)
	(718,030)	-	-	-	(718,030)
Deferred tax assets	5,978,436	2,316,945	(657,978)	(393,455)	7,243,947
Deferred tax liabilities	(197,458)	-	-	-	(197,458)

In the measurement of the deferred taxes as at 31 December 2022 and 31 December 2021, the Corporate Income Tax rate used was 27.50%.



Accounting policies

Deferred tax is calculated on the basis of the Statement of financial position, on temporary differences between the book values of assets and liabilities and their respective tax base. To determine the deferred tax, the tax rate expected to be in force in the period in which the temporary differences will be reversed is used.



Deferred tax assets are recognised whenever there is a reasonable likelihood that future taxable profits will be generated against which they can be offset. Deferred tax assets are revised periodically and decreased whenever it is likely they will not be used.

Deferred taxes are recorded as an income or expense for the period, except where they result from amounts recorded directly under Shareholders' equity, situation in which deferred tax is also recorded under the same caption. Tax benefits attributed to the Company regarding its investment projects are recognised through the income statement as there is sufficient taxable income to allow its use.



7. Payroll

7.1 Payroll costs

Amounts in Euro	2022	2021
Remuneration of Corporate Bodies - fixed (Note 7.3)	1,355,315	1,328,245
Remuneration of Corporate Bodies - variable	3,968,843	3,856,394
Employee remuneration	3,455,070	1,069,930
Social Security contributions	1,017,117	973,317
Post-employment benefits (Note 7.2.2)	108,938	143,080
Other payroll costs	3,616,214	3,721,285
Payroll costs	13,521,497	11,092,252

The increase in payroll costs accompanied Navigator's good performance in 2022, which allowed for the recognition of accrued expenses for bonus payments in 2023.

Other payroll costs - details

Amounts in Euro	2022	2021
Training	1,317,514	865,755
Recruitment costs	16,646	81,125
Insurance	253,679	587,589
Compensations	947,355	1,149,505
Meal allowance	119,481	124,142
Social action	961,539	913,170
	3,616,214	3,721,285

Number of employees at the end of the period

As at 31 December 2022 and 31 December 2021, the number of Employees under contractual employment with the Company was 379 and 426, respectively, of which 347 were employed by other Group companies (2021: 410).



Accounting policies

Short-term employee benefits

Acquired rights - holidays and holiday allowance

In accordance with the collective agreement applicable to The Navigator Company, S.A., Workers are entitled to 25 working days leave, as well as one month's holiday allowance, acquired in the year preceding that of the payment.



Bonuses

According to the current Performance Management System (*Sistema de Gestão de Desempenho*), employees have the right to a bonus, based on annually defined objectives. The entitlement of this bonus is usually acquired in the year preceding its payment.

These liabilities are recorded in the period in which the Employees acquire the respective right, irrespective of the date of payment, whilst the balance payable at the date of the Statement of financial position is shown under the caption Payables (Note 4.3).

Benefits arising from termination of employment

The benefits arising from termination of employment are recognised when the Company can no longer withdraw the offer of such benefits or in which the Company recognises the cost of restructuring under the provisions recording. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

7.2 Employee benefits

7.2.1. Defined Benefit Plan

Policy for managing the risk associated with defined benefit plans

The Company's exposure to risk is limited to the number of existing beneficiaries and will tend to decrease, since there are no defined benefit plans open to new employees in the Company.

The most significant risks to which the Company is exposed through defined benefit plans include:

- i) Risk of change in the longevity of participants
- ii) Market rate variation risk – rate variation impacts the rate used to discount liabilities (technical interest rate) which is based on yield curves of highly rated bonds with maturities similar to the liabilities' expiry dates and the fixed rate of return of the assets. The Company uses yield curves in order to monitor the evolution of rates and performs sensitivity analyses of interest rate variations with the aim of foreseeing and preventing the consequent impact on the fund's funding level.
- iii) Risk of change in the wage and pension growth rate
- iv) Return on the fund's financial assets - the Company closely monitors the evolution of the fund's assets, as well as the evolution of the main financial market indicators, revisiting the investment policy approved for the management of the assets whenever justifiable, and at least every three years. The investment policy is aligned with a conservative view of asset management and defined on the basis of the responsibilities to be financed by the fund.



Net liabilities

Net liabilities reflected in the Statement of financial position and note 4.2 - Receivables and the number of beneficiaries of the defined benefit plans in force in the Company are detailed as follows:

	31-12-2022		31-12-2021	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	13	696,188	13	900,211
Alumni	1	391,388	1	457,502
Retired employees	133	12,672,980	143	14,996,483
Market value of pension funds		(13,360,257)		(16,798,826)
Total net liabilities	147	400,299	157	(444,631)

Historical information - last five years

Amounts in Euro	2018	2019	2020	2021	2022
Present value of liabilities	16,609,101	17,339,850	17,087,861	16,354,196	13,760,556
Fair value of assets and reserves	15,544,240	16,409,644	15,924,756	16,798,826	13,360,257
Surplus / (deficit)	(1,064,861)	(930,206)	(1,163,105)	444,631	(400,299)

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	16,354,196	26,336	197,163	(1,624,388)	(1,192,751)	13,760,556
	16,354,196	26,336	197,163	(1,624,388)	(1,192,751)	13,760,556
2021	Opening balance	Current services cost	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro						
Pensions with autonomous fund	17,087,861	44,883	206,569	238,451	(1,223,568)	16,354,196
	17,087,861	44,883	206,569	238,451	(1,223,568)	16,354,196

The average expected duration of defined benefit liabilities is 8 years (2021: 10 years).

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2022	2021
Opening balance	16,798,826	15,924,756
Allocations for the period	-	1,390,000
Expected income for the period	202,391	191,470
Remeasurement	(2,448,209)	516,168
Pensions paid	(1,192,751)	(1,223,568)
Closing balance	13,360,257	16,798,826



During the periods of 2022 and 2021, the contributions to the defined benefit plans presented above as allocations were made in full by the Company and no contributions were made by the participants of these plans, although this option exists.

Funds allocated to defined benefit plan - estimated contributions in the following period

The contributions planned for the next annual reporting period are, among other factors, dependent on the profitability of the funds' assets.

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	31-12-2022	%	31-12-2021	%
Securities listed in the market				
Bonds	8,215,933	61.5%	11,134,262	66.3%
Shares	3,279,544	24.5%	4,806,144	28.6%
Public debt	1,199,699	9.0%	-	0.0%
Liquidity	217,119	1.6%	858,420	5.1%
Other short-term investments	447,962	3.4%	-	0.0%
	13,360,257	100%	16,798,826	100%

7.2.2. Expenses incurred with post-employment benefit plans

	2022				2021			
Amounts in Euro	Current services cost	Net interest	Defined contribution Contributions for the period	Impact on net result (Note 7.1)	Current services cost	Net interest	Defined contribution Contributions for the period	Impact on net result (Note 7.1)
Pensions with autonomous fund	26,336	(5,229)	-	21,107	44,883	15,100	-	59,982
Defined contributions plans	-	-	87,831	87,831	-	-	83,098	83,098
	26,336	(5,229)	87,831	108,938	44,883	15,100	83,098	143,080

As at 31 December 2022, the Defined Contribution plans covered 420 employees (2021: 471 Employees)



Accounting policies

Post-employment benefits - defined benefit plan

The Company has assumed the commitment to make payments to their employees in the form of complementary retirement pensions, disability, early retirement and survivors' pensions, having constituted defined-benefit plans.

The Company set up autonomous pension funds as a means of funding most of the liabilities. Based on the projected credit unit method, the Company recognises the costs with the attribution of these benefits as the services are provided by the employees. The total liability is estimated separately for each plan at least once every six months, on the date of closing of the interim and annual accounts, by a specialised and independent entity.



The liability thus determined is presented in the Statement of financial position, less the fair value of the funds set up, under Pensions and other post-employment benefits.

Actuarial deviations resulting from changes in the value of estimated liabilities, as a consequence of changes in the financial and demographic assumptions used and experience gains, added to the differential between the actual return on fund assets and the estimated share of net interest, are designated as re-measurements and recorded directly in the statement of comprehensive income, under retained earnings.

The net interest corresponds to the application of the discount rate to the value of net liabilities (value of the liabilities deducted of fund asset's fair value) and is recognised under the caption Payroll costs (Note 7.1).

The gains and losses generated by a curtailment or settlement of a defined-benefit plan are recognised in the income statement for the period when the curtailment or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.

Costs for past liabilities resulting from the implementation of a new plan or increases in benefits attributed are recognised immediately in the income statement for the period.

Post-employment benefits - defined contribution plan

The Company assumed commitments regarding payments to a defined contribution plan in a percentage of the employees' salary, in order to provide retirement, disability, early retirement and survivors' pensions.

To this end, Pension Funds have been set up to capitalise on those contributions, for which employees may still make voluntary contributions, but for which the Company does not assume any additional contribution responsibilities or a pre-fixed return. Thus, the contributions made are recorded as expenses of the period in which they are recognised, regardless of the time of their settlement.



Estimates and judgements

Actuarial assumptions

	31-12-2022	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	3.50%	1.25%
Wage growth rate	2.00%	1.00%
Return rate on plan assets	3.50%	1.25%
Pensions growth rate	2.00%	1.00%



Sensitivity analysis

The Company considers the technical interest rate and the expected pension growth rate as the most significant variables in the calculation of liabilities for defined benefit plans.

As at 31 December 2022, a downward change of 0.5 percentage points in the discount rate used (3.5%) in the calculation of pension liabilities would result in an increase in liabilities of approximately Euro 543,485 (31 December 2021: a decrease of 0.25 pp would result in an increase in liabilities of approximately Euro 399,516).

As at 31 December 2022, an upward change of 0.5 percentage points in the discount rate used (3.5%) in the calculation of pension liabilities would result in a decrease in liabilities of approximately Euro 540,589 (31 December 2021: an increase of 0.25 pp would result in a decrease in liabilities of approximately Euro 382,788).

As at 31 December 2022, a downward change of 0.5 percentage points in the pension growth rate used (2%) in the calculation of pension liabilities would result in a decrease in liabilities of approximately Euro 489,928.

As at 31 December 2022, an upward change of 0.5 percentage points in the pension growth rate used (2%) in the calculation of pension liabilities would result in an increase in liabilities of approximately Euro 520,239.

7.3 Remuneration of Corporate Bodies

Amounts in Euro	2022	2021
Navigator Corporate Bodies		
Board of Directors	1,244,781	1,244,461
Supervisory Board	46,284	46,284
Environmental Council	57,250	33,500
General Meeting	7,000	4,000
	1,355,315	1,328,245

Remuneration of the members of the Board of Directors

Full details of the remuneration policy for the members of Navigator's Board of Directors are described in the company's Corporate Governance Report.

Regarding post-employment benefits, as at 31 December 2022, the amount of liabilities related to post-employment benefit plans, in respect of one Director of the Company, amounted to Euro 827,005 (31 December 2021: Euro 956,764). In addition, three of the current Directors are members of pension plans of Navigator Brands, S.A., a subsidiary of the Company, as Employees of that company, before joining management positions.

As at 31 December 2022 and 31 December 2021, with respect to the members of the Board of Directors of Navigator, there were no: i) additional liabilities allocated to other long-term benefits, ii) benefits arising from termination of employment, iii) payments based on allocated shares, and iv) outstanding balances.



8. Financial instruments

8.1 Financial risk management

The Company, at the level of 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 its 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 Company 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. Currency risk

Currency risk management policy

A significant part of the Company's sales is priced in currencies other than the Euro, therefore its evolution can have a significant impact on the cash flows obtained from the Company's future sales, with the currency with the greatest impact being the USD. Also, sales in Sterling Pound (GBP), Polish Zloty (PLN) and Swiss Franc (CHF) have some expression, as sales in other currencies are less significant.

Purchases of some raw materials are also made in USD, namely part of wood and long-fibre pulp imports of wood and acquisitions of long-fibre pulp. Therefore, changes in USD may have an impact on acquisition values.

Therefore, changes in EUR against USD may have an impact on acquisition values. In addition, once a sale or purchase is made in a currency other than the Euro, the Company becomes exposed to exchange rate risk until the receipt or payment of such sale or purchase, if no hedging instruments are in place. As a result, there is a significant number of receivables and debts payable, the latter with lesser expression, exposed to exchange rate risk.

The Company has foreign subsidiaries that expose it to foreign exchange rate risk, namely Navigator North America in the United States and Portucel Moçambique. Besides those operations, the Company does not hold materially relevant investments in foreign operations, the net assets of which are exposed to foreign exchange risk.

Use of derivative financial instruments

The Company manages foreign exchange risks by using derivative financial instruments, in accordance with a policy that is subject to periodic review and whose purpose is to limit the exchange risk associated with future sales and purchases, receivables and payables, as well as other assets expressed in currencies other than the Euro.

In the periods presented, the Company holds derivatives that are hedging the exchange rate risk of future operations in currencies other than the presentation currency.



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

31 December 2022	US dollar	Sterling pound	Polish zloti	Swiss franc	Total (Euro)
Amounts in foreign currency					
Cash and cash equivalents	834,228	600,459	524,784	60,783	1,632,988
Receivables	95,245,898	27,203,259	22,284,073	3,171,682	127,951,572
Total financial assets	96,080,126	27,803,718	22,808,857	3,232,465	129,584,560
Payables	(51,526)	(234,729)	-	(30,685)	(344,124)
Total financial liabilities	(51,526)	(234,729)	-	(30,685)	(344,124)
Financial net position in foreign currency	96,028,600	27,568,989	22,808,857	3,201,780	129,240,435
Financial net position in Euro	90,032,440	31,083,613	4,872,854	3,251,528	129,240,435
Impact of +10% change in all exchange rates on results for the period					11,749,130
Impact of -10% change in all exchange rates on results for the period					(14,360,048)

31 December 2021	US dollar	Sterling pound	Polish zloti	Swiss franc	Total (Euro)
Amounts in foreign currency					
Cash and cash equivalents	2,180,829	263,672	288,237	117,265	2,415,508
Receivables	111,969,488	16,861,333	10,996,016	1,397,421	122,671,601
Total financial assets	114,150,317	17,125,005	11,284,253	1,514,686	125,087,108
Payables	(5,701,640)	(58,920)	-	(36,545)	(5,139,610)
Total financial liabilities	(5,701,640)	(58,920)	-	(36,545)	(5,139,610)
Financial net position in foreign currency	108,448,677	17,066,085	11,284,253	1,478,141	
Financial net position in Euro	95,751,966	20,309,997	2,454,753	1,430,782	119,947,498
Impact of +10% change in all exchange rates on results for the period					8,223,512
Impact of -10% change in all exchange rates on results for the period					(10,199,055)

In this Note, the Company discloses the exposure of financial assets and liabilities to foreign exchange rate risk, as well as the respective sensitivity analysis. There are currencies in which the Company has carried out transactions but in which, at the balance sheet date, it does not have relevant foreign exchange exposures, which is why the exchange rates disclosed in Note 1.4.3 are more numerous than the currencies presented in this note.



8.1.2. Interest rate risk

Interest rate risk management policy

A significant share of the Company's financial liabilities cost is indexed to short-term reference interest rates, which are reviewed more than once a year (generally every six months for medium and long-term debt). Hence, changes in interest rates can have an impact on the Company's income statement.

The strategy for interest rate risk management is reviewed annually by the Company, and currently the Company maintains the majority of its debt traded at fixed rate.

Use of derivative financial instruments

When deemed appropriate by the Board of Directors, the Company uses derivative financial instruments (Note 8.2), namely swaps, with the purpose of fixing the interest rate on loans obtained, within certain parameters, deemed appropriate by the Company's risk management policies.

Exposure to interest rate risk

As at 31 December 2022, approximately 6% (31 December 2021: 5%) of the Company's financial liabilities are indexed to short-term reference interest rates, revised in periods below one year (usually 6-month rates for long-term debt), plus duly negotiated risk spreads. Hence, changes in interest rates can impact the Company's earnings.

Navigator has favoured the contracting of fixed rate debt and has derivative financial instruments to cover its interest rate risk, namely interest-rate swaps, with the purpose of fixing the interest rate on borrowings within certain limits.

As at 31 December 2022 and 31 December 2021, the detail of the financial assets and liabilities with interest rate exposure, considering the maturity or the next interest-fixing date is as follows:

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Assets						
Current						
Cash and cash equivalents	390,640,161	-	-	-	-	390,640,161
Total financial assets	390,640,161	-	-	-	-	390,640,161
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,904
Current						
Interest-bearing liabilities	297,339,235	49,857,143	25,218,254	-	-	372,414,632
Total financial liabilities	297,339,235	49,857,143	25,218,254	492,801,587	123,710,317	988,926,536
Cumulative differential	93,300,926	43,443,783	18,225,529	(474,576,058)	(598,286,375)	



Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2021						
Assets						
Current						
Cash and cash equivalents	354,336,647	-	-	-	-	354,336,647
Total financial assets	354,336,647	-	-	-	-	354,336,647
Liabilities						
Non-current						
Interest-bearing liabilities	-	-	-	647,913,901	32,202,381	680,116,282
Current						
Interest-bearing liabilities	-	115,218,254	-	-	-	115,218,254
Total financial liabilities	-	115,218,254	-	647,913,901	32,202,381	795,334,536
Cumulative differential	354,336,647	239,118,393	239,118,393	(408,795,508)	(440,997,889)	



Estimates and judgements

Sensitivity analysis

Navigator carries out sensitivity analysis in order to assess the impact on the income statement and equity caused by an increase or decrease in market interest rates, considering all other factors unchanged. This is a mere illustrative analysis since changes in market rates rarely occur separately.

The sensitivity analysis is based on the following assumptions:

- i) Changes in market interest rates affect interest income and expenses arising from variable financial instruments;
- ii) Changes in market interest rates affect the fair value of derivative financial instruments as well as other financial assets or liabilities;
- iii) Changes in fair value of derivative financial instruments and other financial assets and liabilities are measured using the discounted cash flows method, with market interest rates at year end.

A 0.50% increase in interest rates on which interest on loans are calculated would have an impact on profit before taxes, for the period ended 31 December 2022 by approximately Euro 233,333 (31 December 2021: Euro 106,250).



8.1.3. Liquidity risk

Liquidity risk management policy

The Company manages liquidity risk in two ways:

- i. ensuring that its financial debt has a high medium- and long-term component with maturities appropriate to the characteristics of the industries where it operates, and
- ii. by contracting with financial institutions credit facilities available at all times for an amount that guarantees adequate liquidity.

Available but not used credits

The Company's policy is to maintain credit facilities at adequate levels to, together with the amount of Cash and Cash Equivalents in order to guarantee, with some comfort margin, the cash cycle expected for the next 12 months.

Contractual maturity of financial liabilities (undiscounted flows, including interest)

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2022						
Liabilities						
Interest-bearing liabilities						
Bond loans	420,000	10,257,500	19,942,100	341,457,650	101,310,000	473,387,250
Commercial paper	-	35,994,000	745,500	107,733,500	-	144,473,000
Bank loans	-	5,150,218	21,558,721	100,892,855	25,150,601	152,752,395
Payables						
Derivative financial instruments	-	(1,074,976)	(5,527,508)	(23,610,571)	(620,632)	(30,833,687)
Total liabilities	420,000	50,326,742	36,718,813	526,473,434	125,839,969	739,778,958
Of which interest (at the rates prevailing at that date)						41,830,841

Amounts in Euro	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
31 December 2021						
Liabilities						
Interest-bearing liabilities						
Bond loans	420,000	2,197,750	6,495,875	457,660,500	-	466,774,124
Commercial paper	65,130,000	36,242,500	994,000	144,224,500	-	246,590,999
Bank loans	-	552,000	13,495,740	80,570,487	33,462,507	128,080,735
Payables						
Derivative financial instruments	-	1,185,597	1,259,307	323,238	-	2,768,142
Total liabilities	65,550,000	40,177,847	22,244,922	682,778,725	33,462,507	844,214,000
Of which interest (at the rates prevailing at that date)						37,408,448



The table takes into account the debt issued and the long-term debt contracted and not disbursed that will refinance the debt maturing in 2023 (Available and unused credit facilities).



The contractual maturity of the interest-bearing liabilities presupposes the fulfilment of financial covenants, as detailed in Note 5.6 - Interest-bearing liabilities.

Credit facilities available but not used

Amounts in Euro	31-12-2022	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 5.6)	140,000,000	240,000,000
Other credit facilities used	551,587,302	593,805,254
Contracted credit facilities (nominal value)	902,038,016	979,255,968

As at 31 December 2022 Navigator's current liabilities are higher than its current assets. However, this fact is strongly influenced by balances payable to subsidiaries, whose management is common and the ability to determine the enforceability of balances rests with the same Board of Directors. It should also be noted that the Company's liquidity indicators and debt covenants demonstrate significant comfort.

8.1.4. Credit risk

Credit risk management policy

The Company is exposed to credit risk on balances receivable from Trade and other receivables and has adopted a policy of managing risk coverage within certain levels through credit insurance with a specialised independent company.

Most sales that are not covered by credit insurance are covered by bank guarantees and documentary credits, and any exposure that is not covered remains within the limits previously approved by the Executive Committee.

However, the worsening of global economic conditions or adversities affecting only economies on a local scale may lead to deterioration in the ability of the Company's Customers to settle their liabilities, leading entities providing credit insurance to significantly decrease the amount of credit facilities that are available to those Customers. This scenario may result in limitations on the amounts that can be sold to some customers without directly incurring credit risk levels that are not compatible with the risk policy in this area.

Cash equivalents

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



Maximum exposure to credit risk

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

Amounts in Euro	31-12-2022	31-12-2021
Non-current		
Receivables (Note 4.2)	6,684	6,684
Current		
Receivables (Note 4.2)	899,000,085	866,987,969
Cash and cash equivalents (Note 5.8)	390,640,161	354,336,647
	1,289,646,930	1,221,331,300

Ageing structure of Trade receivables balances

As at 31 December 2022 and 31 December 2021, Trade receivables showed the following ageing structure, considering the due dates for the balances outstanding before impairment:

Amounts in Euro	31-12-2022	31-12-2021
Amounts not due	243,223,269	177,898,470
from 1 to 90 days	30,108,471	904,687
from 91 to 180 days	330,827	68,708
from 181 to 360 days	176,147	27,892
from 361 to 540 days	58,893	-
from 541 to 720 days	2,974	-
more than 721 days	-	-
	273,900,581	178,899,757
Balances considered impaired	5,893,593	1,452,954
Impairment	(5,893,593)	(1,452,954)
Net balance of trade receivables (Note 4.2)	273,900,581	178,899,757
Trade receivables covered by credit insurance	248,861,097	165,019,240
Trade receivables covered by bank guarantees	3,061,913	2,650,130
Trade receivables covered by title retention agreements	12,511,283	5,464,991
Trade receivables covered by letters of credit / documentary remittances	9,466,288	5,765,396
Covered receivables	273,900,581	178,899,757
Credit facilities available and unused	493,330,233	264,747,564
Credit hedging facilities contracted	798,325,298	443,647,321

The amounts shown above correspond to the amounts outstanding according to the contracted due dates.

Despite some delays in the settlement of those amounts, that does not result, in accordance with the available information, in the identification of impairment losses other than the ones considered through the respective losses. These are calculated based on the information periodically collected on the financial behaviour of the Company's Customers, which allow, in conjunction with the experience obtained in the client portfolio analysis and with the history of credit defaults, in the part not attributable to the insurance company, to define the amount of



losses to be recognised in the period. The guarantees in place for a significant part of outstanding and long-term balances, justify the fact that no impairment loss has been recorded for those balances. The rules defined by the credit risk insurance policy applied by the Navigator Group, ensure a significant coverage of all outstanding balances.

Movements in accumulated impairment losses in Trade receivables

Amounts in Euro	2022	2021
Accumulated impairment at beginning of the period	(1,452,954)	(1,249,988)
Changes due to:		
Amounts recognised in the income statement	(3,268,851)	(127,605)
Reversal of unused amounts	1,283	44,011
Changes recognised in the income statement	(3,267,568)	(83,594)
Derecognition of uncollectible assets	(1,173,071)	(119,371)
Accumulated impairment at end of the period	(5,893,593)	(1,452,954)



Accounting policies

Impairment of debt instruments

The Company assesses, on a prospective basis, the expected credit losses associated with its financial assets measured at amortised cost and at fair value through other comprehensive income, in accordance with IFRS 9.

On this basis, Navigator recognises expected credit losses throughout the lifetime of financial instruments that have been subject to significant increases in credit risk since its initial recognition, assessed either individually or collectively, considering all reasonable and sustainable information, including available prospective information.

If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since initial recognition, the Company measures impairment in respect of that financial instrument at an amount equal to expected credit losses.

IFRS 9 provides that for the calculation of these impairments, one of two models is used: the 3-step method or the use of a matrix, the distinguishing component being the existence or not of a significant financing component. For Navigator's financial assets, since it is not a financial institution and there are no assets that have a significant financing component, the use of a matrix was chosen.

The model adopted for the impairment assessment in accordance with IFRS 9 is as follows:

- i. Calculate the total credit sales made by the Group over the last 12 months, as well as the total amount of bad debts relating to them;
- ii. Determine the Customers' payment profile, by setting buckets of receipt frequency;



- iii. Based on I. and II. above, estimate the probability of default (i.e., the amount of bad debts calculated at I. compared to the balance of outstanding sales in each bucket calculated at II.);
- iv. Adjust the percentages of future projections obtained in III.;
- v. Apply the default percentages as calculated in IV. to the balances of Customers still outstanding at the reporting date.

Although IFRS 9 assumes 90 days as “default”, Navigator considered a period of 180 days, since the experience of real losses before this period is low. This period is aligned with the current risk management policies of the company, namely in what regards the credit insurance hired, and to the fact that there are no sales with significant components of funding in light of IFRS 15. Additionally, the company evaluated the impact of considering 180 days of “default” instead of the 90 days and the Expected Credit Loss would not change significantly.

In the event of an accident in the credit insurance company, the model considers the limit paid, by Navigator, of 10% for national Customers and 5% for international Customers.

Given the situation arising from the military conflict in Ukraine, the Group analysed the credit risk, considering the expected economic and financial impacts at the macroeconomic level.

In this regard, as at 31 December 2022, the recoverability risk value was increased by Euro 1,171,788 (31 December 2020: decreased by Euro 123,146).

In addition, the Company recognises impairment on a case-by-case basis, based on specific balances and specific past events, considering the historical information of the counterparties, their risk profile and other observable data in order to assess whether there are objective indicators of impairment for these financial assets. The Company uses the write-off procedure only when the credit is considered to be definitely uncollectible by a court decision.



8.2 Financial risk management

Movements in derivative financial instruments

	2022			2021		
Amounts in Euro	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)	(2,176,562)
New contracts / settlements	2,911,822	(1,409,252)	1,502,569	(623,573)	2,326,438	1,702,865
Change in fair value through profit and loss (Note 5.10)	(4,289,597)	(1,504,772)	(5,794,369)	(4,265,016)	(3,191,640)	(7,456,656)
Change in fair value through other comprehensive income (Note 5.5)	-	54,623,316	54,623,316	-	1,430,747	1,430,747
Balance at the end of the period	(3,106,233)	46,938,143	43,831,910	(1,728,458)	(4,771,149)	(6,499,607)

Hedging derivative contracts entered into for pulp and paper sales had an impact of Euro 28,405,470 on sales margin.

8.2.1. Detail and maturity of derivative financial instruments by nature

31 December 2022

Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	345,000,000	USD	2023	6,011,256	-	6,011,256
Hedging (future sales)	144,000,000	GBP	2023	1,294,665	-	1,294,665
Interest rate swaps - Bonds	375,000,000	EUR	2028	31,949,130	-	31,949,130
BHKP pulp	50,521,199	EUR	2023	7,683,092	-	7,683,092
				46,938,143	-	46,938,143
Trading						
Foreign exchange forwards (future sales)	76,977,456	USD	2023	1,325,016	(4,679,289)	(3,354,273)
Foreign exchange forwards (future sales)	18,800,000	GBP	2023	251,284	-	251,284
Foreign exchange forwards (future sales)	1,750,000	CHF	2023	-	(3,244)	(3,244)
				1,576,300	(4,682,533)	(3,106,233)
				48,514,443	(4,682,533)	43,831,910

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	(6,402,130)	(4,771,148)
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)



Future sales hedge | Exchange rate risk EUR/USD and EUR/GBP

During the second half of 2022, the Company concluded the contracting of derivative financial instruments by acquiring USD 345,000,000 and GBP 144,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2023.

Interest rate hedge

During the first quarter of 2022, the Company 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 June 2022.



Estimates and judgements

Fair value in derivative financial instruments

Whenever possible, the fair value of derivatives is estimated on the basis of quoted instruments. In the absence of market prices, the fair value of derivatives is estimated through the discounted cash-flow method and option valuation models, in accordance with prevailing market assumptions.



Accounting policies

The fair value of derivative financial instruments is included under Payables (Note 4.3), when negative, and under Receivables (Note 4.2), when positive.

In accordance with IFRS 9 - Financial Instruments, the Group has opted to continue applying the hedge accounting requirements of IAS 39 - Financial Instruments, until there is greater visibility on the Dynamic Risk Management (macro hedging) project currently in progress.

Whenever expectations of changes in interest or exchange rates so justify, the Navigator Group hedges these risks through derivative financial instruments, such as interest rate swaps (IRS), interest rate and foreign exchange collars, forwards, etc.

Trading derivative financial instruments

Although the derivatives contracted by the Company represent effective economic hedges of risks, not all of them qualify as hedging instruments in accounting terms to satisfy the applicable rules and requirements. Instruments that do not qualify as hedging instruments are recorded in the consolidated financial position at their fair value and changes in fair value are recognised in Net financial results (Note 5.10), when related to financing operations, or in External services and supplies (Note 2.3) or Revenue (Note 2.1), when referring to hedging of sales receivable flows in a currency other than the presentation currency.



Hedging derivative financial instruments

Derivative financial instruments used for hedging purposes may be recognised as hedging instruments provided that they comply, cumulatively, with the conditions set out in IAS 39.

Cash flow hedging (interest rate, exchange rate and commodity risk - BHKP)

In order to manage its exposure to interest rate risk and exchange rate risk, the Company enters into cash flow hedges.

Those transactions are recorded in the interim consolidated statement of financial position at their fair value, if considered effective hedges. Changes in the fair value are initially recognised in other comprehensive income for the period. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Accumulated amounts in equity are reclassified to profit or loss in the periods when the hedged item affects the income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "Net financial results" (Note 5.10). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recycled to the income statement, unless the hedged item is a forecast transaction, in which case any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income statement.

Derivative financial instruments used by Navigator Group

Foreign exchange trading derivatives

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). As the Group's financial statements are presented in Euro, it is exposed to an economic risk on the conversion of these currency flows to the Euro. The Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of items in the statement of financial position denominated in a currency other than the presentation currency against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to currencies other than the presentation currency, for amounts and due dates close to that exposure. The nature of the risk hedged is the change in the book value on sales and purchases expressed in currencies other than the presentation currency. At the end of each month, the balances of Trade receivables and Trade payables expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.



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

The Company makes use of derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD and GBP.

Cash flow hedge | Interest rate

Navigator hedges future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating rate. This instrument is designated as hedges of cash flows from the commercial paper program and the bond loan.

Cash flow hedge | Commodities - BHKP

Navigator uses derivative financial instruments in order to minimise the exposure risk associated with the variation of the pulp price, indexed to PIX, in USD.

8.3 Financial assets and liabilities

8.3.1. Categories of financial instruments of the Group

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

Amounts in Euro	Note	Financial assets at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Non-financial assets	Total
31-12-2022						
Non-current receivables	4.2	6,684	-	-	-	6,684
Current receivables	4.2	808,510,259	46,938,143	1,576,300	42,981,638	900,006,340
Cash and cash equivalents	5.8	390,640,161	-	-	-	390,640,161
Total assets		1,199,157,105	46,938,143	1,576,300	42,981,638	1,290,653,186
31-12-2021						
Non-current receivables	4.2	6,684	-	-	-	6,684
Current receivables	4.2	827,995,428	1,630,982	-	37,361,559	866,987,969
Cash and cash equivalents	5.8	354,336,647	-	-	-	354,336,647
Total assets		1,182,338,759	1,630,982	-	37,361,559	1,221,331,300



Amounts in Euro	Note	Financial liabilities at amortised cost	Hedging derivative financial instruments	Trading derivative financial instruments	Financial liabilities outside the scope of IFRS 9	Total
31-12-2022						
Interest-bearing liabilities	5.6	985,446,453	-	-	-	985,446,453
Lease liabilities	5.7	-	-	-	2,381,970	2,381,970
Payables	4.3	1,044,204,892	-	4,682,533	-	1,048,887,425
Total liabilities		2,029,651,345	-	4,682,533	2,381,970	2,036,715,848
31-12-2021						
Interest-bearing liabilities	5.6	933,165,634	-	-	-	933,165,634
Lease liabilities	5.7	-	-	-	2,883,977	2,883,977
Payables	4.3	1,130,998,845	6,402,131	1,728,458	-	1,139,129,433
Total liabilities		2,064,164,478	6,402,131	1,728,458	2,883,977	2,075,179,044

8.3.2. Fair Value of Financial Assets and Liabilities

Financial assets and liabilities measured at fair value

Amounts in Euro	31-12-2022			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	-	1,576,300	-	-	-	-
Hedging financial instruments	-	46,938,143	-	-	1,630,982	-
Total assets	-	48,514,443	-	-	1,630,982	-
Financial liabilities at fair value through profit and loss						
Trading derivatives	-	(4,682,533)	-	-	(1,728,458)	-
Hedging financial instruments	-	-	-	-	(6,402,131)	-
Total liabilities	-	(4,682,534)	-	-	(8,130,589)	-



Estimates and judgements

Fair value of fixed-interest interest-bearing liabilities

The fair value of these liabilities is calculated using the discounted cash flow method at the reporting date, using a discount rate in accordance with the characteristics of each financing, belonging to level 2 of the fair value hierarchy of IFRS 13.



Accounting policies

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.



9. Provisions, commitments and contingencies

9.1 Provisions

Movements in provisions

Amounts in Euro	Legal proceedings	Investments in subsidiaries	Other provisions	Total
01-01-2021	287,420	18,293,058	17,563,912	36,144,390
Increases	400,444	-	1,300,000	1,700,444
Reversals	(49,880)	-	(512,064)	(561,944)
Impact in profit and loss for the period	350,564	-	787,936	1,138,500
Other transfers and adjustments	-	(18,293,058)	-	(18,293,058)
31-12-2021	637,984	-	18,351,848	18,989,832
Increases	194,806	-	107,837	302,643
Reversals	-	-	(1,159,685)	(1,159,685)
Impact in profit and loss for the period	194,806	-	(1,051,848)	(857,042)
Other transfers and adjustments	-	-	-	-
31-12-2022	832,790	-	17,300,000	18,132,790

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

Legal proceedings

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

Other provisions

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, risks of contractual positions assumed in investments, among others.

In 2022 and 2021, Other provisions include Euro 17,300,000 related to the Mozambique project. Although the Memorandum of Understanding (MoU) signed with the Mozambican Government provided for a "best effort" commitment to create the necessary conditions to carry out the investment until last 31 December 2018, that was not possible until 31 December 2022, and both parties continued to work towards that goal.



The Group's uncertain income tax positions are disclosed in Note 6.1 - Income Tax.



Estimates and judgements

Legal and tax proceedings

These provisions were made in accordance with the risk assessments carried out internally by the Company with the support of its legal advisors, based on the likelihood of the decision being favourable or unfavourable to the Company.



Accounting policies

Provisions are recognised whenever the Company has a present legal or constructive obligation, as a result of past events, in which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions for future operating losses are not recognised. Provisions are reviewed on the date of the statement of financial position and are adjusted to reflect the best estimate at that date.

Investments in subsidiaries

Provisions are recognised for the Company's liabilities for losses on investments in subsidiaries (Note 10), after the related book value has been reduced to zero, to the extent that the Company may have incurred legal or constructive obligations or made payments on behalf of such subsidiaries.

9.2 Commitments

Guarantees provided to third parties

Amounts in Euro	31-12-2022	31-12-2021
Guarantees provided		
Navigator guarantees for EIB loans	37,708,333	42,916,667
Portuguese Tax Authorities	-	6,513,318
Simria	338,829	338,829
Agência Portuguesa Ambiente	83,148	-
Administration Fédérale de Contributions	83,274	79,373
Infraestruturas de Portugal	-	22,320
Other	51,008	49,364
	38,264,592	49,919,872

The bank guarantees provided to the Tax Authority were related to the dispute of litigation processes, related to the Corporate Income Tax for the 2015 tax period.



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 (25 November 2006) are the responsibility of the Public Debt Settlement Fund (FRDP - *Fundo de Regularização da Dívida Pública*). The Navigator Company submitted an application to the FRDP on 16 April 2008, requesting the payment of the tax debts until then settled by the Tax Authorities. On 13 December 2010, the company filed a new request for payment of debts assessed by the Tax Administration for the periods of 2006 and 2003, which was supplemented, on 13 October 2011, with the amounts already paid and undisputed 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. has made an extra-judicial agreement with the Tax Authorities, in which it was acknowledged the FRDP responsibility for refunding the amount of Euro 5,725,771 corresponding to the amount of Corporate Income Tax (IRC) unduly paid, resulting from the alleged qualification/incorrect consideration, by the Tax Authorities, of the tax loss calculated as a result of the operations performed by Soporcel, S.A. in 2003, as well as to promote the reimbursement to Navigator of the mentioned amount.

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

Amounts in Euro	Period	Amounts requested	Decrease due to RERD	Proceedings decided in favour of the Group	Outstanding amounts
Proceedings confirmed in court					
Corporate income tax	2002	18,923	-	-	18,923
Corporate income tax (RF)	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

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



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

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

On 24 May 2014, the Court denied the Navigator 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 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. or the Ministry of Finance, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

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

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



10. Group structure

10.1 Investments in subsidiaries

Company	Head Office	2022			2021		
		Equity	% held	Balance	Equity	% held	Balance
Navigator Internacional Holding SGPS, S.A.	Setúbal	-	100	-	120,226,861	100	120,226,861
Soc. Vinhos Herdade Espirra, S.A.	Setúbal	1,837,953	100	1,837,953	n.a.	n.a.	n.a.
Navigator Brands S.A.	(A) Figueira da Foz	31,444,601	100	408,200,985	10,054,563	100	386,810,950
Navigator Pulp Aveiro, S.A.	(B) Aveiro	124,266,347	100	120,880,817	105,544,053	100	105,544,053
Enerpulp, S.A.	Setúbal	72,975,632	100	72,975,632	49,504,315	100	49,504,315
Navigator Parques Industriais, S.A.	Setúbal	127,522,607	100	127,522,607	129,751,094	100	129,751,094
Portucel Moçambique, S.A.	Mozambique	1,365,602	90	1,365,602	4,466,703	90	9,306,240
Navigator Pulp Setúbal, S.A.	Setúbal	233,217,325	100	233,217,325	199,116,255	100	199,116,253
Navigator Pulp Figueira, S.A.	Figueira da Foz	208,528,502	100	208,528,502	151,392,875	100	151,392,866
Navigator Forest Portugal, S.A.	Setúbal	40,205,331	100	40,205,331	26,088,918	100	26,088,918
Navigator Paper Setúbal, S.A.	(B) Setúbal	623,646,952	100	613,841,320	547,465,274	100	536,556,882
Navigator Tissue Aveiro, S.A.	(B) Aveiro	115,180,815	100	114,837,623	100,861,464	100	100,945,534
RAIZ - Inst.Investigação Floresta e Papel	Aveiro	9,849,186	97	9,604,970	9,563,212	97	9,276,315
Navigator Paper Figueira, S.A.	(B) Figueira da Foz	145,585,816	100	129,934,579	96,742,435	100	88,335,334
Pulpchem Logistics, A.C.E.	Figueira da Foz	-	50	-	-	50	-
Empremédia - Corretores de Seguros, S.A.	Lisbon	4,855,247	100	4,855,247	4,819,316	100	4,819,316
Empremedia DAC	Ireland	5,342,757	100	5,342,757	1,494,226	100	1,494,226
Navigator Paper Mexico	Mexico	32,340	25	8,085	4,519	25	1,130
Navigator Egypt	Egypt	23,874	1	239	16,152	1	162
				2,093,159,574	1,919,170,450		

(A) Includes Goodwill generated on the acquisition of the Figueira da Foz integrated pulp and paper business

(B) Balance sheet value reflects elimination of unrealised internal margins

Goodwill associated with the integrated pulp and paper production activity of Figueira da Foz, amounting to Euro 376,756,383, is disclosed in the table above as integrating the value of the financial investment by applying the equity method, in accordance with the requirements of IAS 27 and IAS 28.



Movements in the period

Movements in investments in subsidiaries - summary

Amounts in Euro	2022	2021
Opening balance	1,919,170,450	1,858,530,371
Acquisitions and disposal of shareholdings	1,859,329	-
Mergers, demergers and liquidations	(120,477,540)	(28,622,021)
Additional capital contributions	7,050,000	32,273,764
Share of (loss)/gains from the application of the equity method	349,940,785	160,083,746
Other comprehensive income	28,416,539	(4,354,319)
Dividends distributed	(92,799,990)	(85,802,502)
Transfer to provisions (Note 9.1)	-	(18,293,058)
Other movements	-	5,354,469
Closing balance	2,093,159,574	1,919,170,450

Movements in investments in subsidiaries - details

Amounts in Euro	2022	2021
Opening balance	1,919,170,450	1,858,530,371
Mergers, demergers and liquidations		
Navigator Participações Holding SGPS, S.A.	(120,477,540)	-
Portucel Finance sp. Z o.o.	-	(28,622,021)
Mergers, demergers and liquidations	(120,477,540)	(28,622,021)
Additional capital contributions		
Portucel Moçambique, Lda.	7,050,000	32,273,764
Additional capital contributions	7,050,000	32,273,764
Acquisition and disposal of shareholdings		
Soc. Vinhos Herdade Espirra, S.A.	1,859,329	-
Acquisition and disposal of shareholdings	1,859,329	-
Share of (loss)/gains from the application of the equity method		
Navigator Internacional Holding SGPS, S.A.	250,677	4,519,509
Soc. Vinhos Herdade Espirra, S.A.	(21,024)	-
Navigator Brands, S.A.	23,726,365	8,665,432
Navigator Pulp Aveiro, S.A.	25,832,155	21,697,515
Enerpulp, S.A.	23,471,317	(2,025,042)
Navigator Parques Industriais, S.A.	4,157,859	4,226,240
Portucel Moçambique, Lda.	(39,466,616)	(1,922,861)
Portucel Finance sp. Z o.o.	-	(146,467)
Navigator Pulp Setúbal, S.A.	59,022,877	36,561,332
Navigator Pulp Figueira, S.A.	57,135,635	47,769,394
Navigator Forest Portugal, S.A.	14,278,823	(1,011,885)
Navigator Tissue Aveiro, S.A.	22,393,445	8,807,387
Navigator Paper Setúbal, S.A.	98,740,914	22,327,297
RAIZ - Inst.Investigação Floresta e Papel	60,166	228,222
Navigator Paper Figueira, S.A.	56,920,887	9,071,443
Empremédia - Corretores de Seguros, S.A.	1,142,384	1,148,123
Empremédia DAC	2,276,468	160,245
Navigator Paper Mexico	18,397	7,763
Navigator Egypt	56	99
Share of (loss)/gains from the application of the equity method	349,940,785	160,083,746
Changes in the investee's equity not recognised in the income statement		
Navigator Internacional Holding SGPS, S.A.	-	(28,932)
Soc. Vinhos Herdade Espirra, S.A.	(352)	-
Enerpulp, S.A.	-	1
Navigator Brands, S.A.	3,729,483	1,374,977



Amounts in Euro	2022	2021
Navigator Forest Portugal, S.A.	(162,410)	(62,373)
Navigator Tissue Aveiro, S.A.	-	77,000
Navigator Paper Setúbal, S.A.	(1,439,556)	2,510,585
Navigator Pulp Figueira, S.A.	-	(9)
RAIZ - Inst.Investigação Floresta e Papel	268,489	150,542
Portucel Moçambique, S.A.	24,475,978	(8,021,372)
Portucel Finance sp. Z o.o.	-	(99,840)
Empremédia - Corretores de Seguros, S.A.	(15,735)	515
Empremédia DAC	1,572,063	(246,192)
Navigator Paper Mexico	(11,442)	(9,179)
Navigator Egypt	21	(43)
Changes in the investee's equity not recognised in the income statement	28,416,539	(4,354,319)
Distribution of dividends/reserves		
Navigator Brands, S.A.	(6,065,810)	-
Navigator Pulp Aveiro, S.A.	(10,495,391)	-
Navigator Parques Industriais, S.A.	(6,386,346)	(6,913,543)
Navigator Forest Portugal, S.A.	-	(790,466)
Navigator Pulp Setúbal, S.A.	(24,921,806)	-
Navigator Pulp Figueira, S.A.	-	(4,098,466)
Navigator Paper Setúbal, S.A.	(20,016,922)	(14,122,166)
Navigator Tissue Aveiro, S.A.	(8,501,356)	(21,771,001)
Navigator Paper Figueira, S.A.	(15,321,642)	(29,749,461)
Empremédia - Corretores de Seguros, S.A.	(1,090,717)	(928,910)
Enerpulp, S.A.	-	(7,428,489)
Distribution of dividends/reserves	(92,799,990)	(85,802,502)
Other movements and reclassifications	-	5,354,469
Closing balance	2,093,159,574	1,937,463,508
Provisions for subsidiaries (Note 9.1)	-	(18,293,058)
Closing balance considering Provisions	2,093,159,574	1,919,170,450

The share of losses or gains from the application of the equity method associated to Portucel Moçambique was impacted by Euro 30,356,972 associated to accumulated unfavourable exchange rate differences, directly associated with the repayment of the long-term loan (shareholder loans) granted to this Company.



Estimates and judgements

As at 31 December 2022 the amount of equity interests recognised in the separate financial statements of The Navigator Company, S.A., by applying the equity method amounts to Euro 2,093 million (2021: Euro 1,919 million), which includes Goodwill essentially allocated to the integrated Paper cash generating unit in Figueira da Foz. Goodwill is not amortised and is subject to impairment tests, at least annually, and whenever there are changes in the assumptions underlying the test performed at the date of the statement of financial position which result in a possible loss of value. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

As at 31 December 2022, a possible increase of 0.5% in the discount rate used in the impairment test of Goodwill allocated to the cash-generating unit in Figueira da Foz integrated Paper, would imply a decrease in the assessment in the amount of Euro 269,081,488 (31



December 2020: Euro 138,398,565), which is still approximately 4 times higher than the book value of this cash-generating unit.



Accounting policies

Subsidiaries are all entities over which the Company has control, which occurs when the Company is exposed or entitled to the variable returns resulting from its involvement with the entities and has the capacity to affect that return through the exercise of power over the entities, regardless of the percentage they hold over equity.

The existence and the effect of potential voting rights which are currently exercisable, or convertible are considered when the Company assesses whether it has control over another entity.

Measurement

Investments in subsidiaries are accounted under the equity method.

In accordance with the equity method, financial investments are recorded at their acquisition cost, subsequently adjusted by the amount corresponding to the Company's share of changes in shareholders' equity (including net profit) of the subsidiaries, against results for the period or against shareholders' equity, as applicable, and by dividends received.

The accounting policies of joint ventures are amended, when necessary, to ensure that they are applied consistently with those of Navigator.

When the Company's share in the subsidiary's losses is equal to or exceeds its investment in the subsidiary, the Company ceases to recognise additional losses, except where it has assumed liability or made payments in the subsidiary's name, as detailed in Note 9.1 - Provisions. If they subsequently report profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of unrecognised losses.



10.2 Transactions with related parties

Balances with related parties

	31-12-2022				31-12-2021			
	Cash - Cash Pooling (Note 5.8)	Receivables (Note 4.2)	Payables (Note 4.3)	Interest- bearing liabilities - Cash Pooling (Note 5.6)	Caixa - Cash Pooling (Note 5.8)	Receivables (Note 4.2)	Payables (Note 4.3)	Interest- bearing liabilities - Cash Pooling (Note 5.6)
Amounts in Euro								
Shareholders								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	-	-	-	-	-	1,023,084	-
Subsidiaries								
Portucel Moçambique, Lda.	-	16,074,124	179,813	-	-	14,865,030	174,985	-
Soc. Vinhos Herdade Espirra, S.A.	-	137,500	1,264,631	690,972	-	137,824	1,251,899	43,771
Eucaliptusland, S.A.	1,958,236	2,696,522	19,629,984	-	843,296	890,762	19,476,136	-
Enerpulp, S.A.	-	27,623,849	18,714	2,155,999	1,733,135	25,681,527	8,800	-
Navigator Forest Portugal, S.A.	1,056,508	223,976,223	4,161,311	-	4,017,761	216,076,667	-	13,502,206
Empremédia, S.A.	-	314,738	2,500,000	-	-	180,051	2,500,000	-
Navigator Tissue Aveiro, S.A.	9,224,157	109,574,524	12,567,088	-	11,593,771	110,641,569	6,702,391	-
Viveiros Aliança, S.A.	295,549	12,452	10,077	-	309,067	404,346	19,430	457,048
Navigator Paper Setúbal, S.A.	-	12,670,235	210,032,758	68,427,985	5,547,220	49,304,601	258,426,311	17,277,315
Navigator Paper Figueira, S.A.	-	41,300,795	50,254,735	42,374,812	37,415,900	41,014,027	103,659,149	-
Atlantic Forests, S.A.	-	-	-	-	189,422	55,164	4,105,354	-
Navigator Pulp Setúbal, S.A.	-	22,841,348	160,586,837	94,232,683	443,913	24,130,709	159,527,631	5,392,673
Navigator Tissue Ródão, S.A.	7,132,582	3,712,464	117,628,515	-	6,498,824	3,864,894	113,273,287	-
Navigator Pulp Figueira, S.A.	-	23,032,555	50,049,785	88,027,911	4,629,832	39,953,737	54,839,067	28,853,098
RAIZ – Instituto de Investigação da Floresta e Papel	517,219	41,636	6,430,576	-	-	-	4,583,372	225,161
Navigator International Holding SGPS, S.A.	-	-	-	-	137,171	-	120,430,883	-
Navigator Brands, S.A.	-	7,273,557	63,612,814	366,639	2,053,234	900,750	31,105,863	-
Navigator Pulp Aveiro, S.A.	13,543,290	8,759,225	19,438,091	-	2,008,215	62,674,140	27,490,406	10,638,537
Navigator Parques Industriais, S.A.	-	4,115,708	41,076,624	170,665	-	2,406,276	40,756,247	907,939
Navigator Abastecimento de Madeira, ACE	20,502,318	1,044,979	15,184,766	-	47,503,683	2,374,016	-	49,425,162
Bosques do Atlantico, S.L.	-	252	28,848,149	514,238	-	-	28,848,149	2,150,313
PulpChem Logistics, ACE	-	-	3,364,800	-	-	-	2,181,040	-
Navigator North America	-	-	67,774,364	-	-	-	16,825,852	-
Navigator Eurasia	-	15,249	-	-	-	7,917	-	-
Navigator Afrique du Nord	-	9,371	-	-	-	1,329	-	-
Navigator United Kingdom, Ltd	-	-	16,738,877	-	-	7,508,562	20,803,913	-
Gavião - Sociedade de Caça e Turismo, S.A.	-	3,902	1,333,210	6,594	117,454	-	1,379,264	-
Navigator Tissue Ibérica	-	13,014,830	363,134	-	-	10,556,982	3,803,135	-
Navigator Itália, SRL	-	-	2,068	-	-	-	1,765	-
Navigator Deutschland, GmbH	-	-	243,419	-	-	-	159,886	-
Navigator Austria	-	53,857	-	-	-	-	-	-
Navigator Paper Poland SP Zoo	-	16,893	-	-	-	10,941	13	-
Navigator Egypt, ELLC	-	-	58	-	-	-	-	-
Empremedia DAC	-	15,619,032	100	-	-	35,169,737	-	-
EMA Cacia - Engenharia e Manutenção Industrial, ACE	-	-	586	119,629	-	-	-	221,084
EMA Setúbal - Engenharia e Manutenção Industrial, ACE	-	-	941	37,375	-	-	-	291,169
EMA Figueira - Engenharia e Manutenção Industrial, ACE	-	-	1,033	213,733	-	-	-	293,422
About the Future, S.A.	-	-	-	-	-	-	169	96,601
	54,229,859	533,935,820	893,297,858	297,339,235	125,041,900	648,811,560	1,023,357,484	129,775,499



Transactions with related parties

	2022						2021					
Amounts in Euro	Purchase of goods and services	Sales and services rendered	Payroll costs	Other operating income	Other operating expenses	Financial (expenses) / income	Purchase of goods and services	Sales and services rendered	Payroll costs	Other operating income	Other operating expenses	Financial (expenses) / income
Shareholders												
Semapa – Soc. De Investimento e Gestão, SGPS, S.A.	8,936,416	-	-	-	-	-	10,043,173	-	-	-	-	-
	8,936,416	-	-	-	-	-	10,043,173	-	-	-	-	-
Subsidiaries												
Portucel Finance sp. Z o.o.	-	-	-	-	-	-	-	-	-	-	-	(71,004)
Soc. Vinhos Herdade Espirra, S.A.	569	32,658	282	-	-	(22,134)	1,241	-	331	-	-	(9,200)
Eucaliptusland, S.A.	-	656,187	-	-	-	(233,481)	-	602,844	-	-	(464)	(113,561)
Enerpulp, S.A.	(321,700)	1,935,323	(200,490)	-	-	133,801	(162,428)	312,575	(213,222)	-	-	333,207
Navigator Brands, S.A.	34,399,411	1,377,349	3,523,458	-	-	(301,434)	9,088,196	1,565,009	3,173,946	-	(98,978)	(35,969)
Navigator Forest Portugal, S.A.	217,341	584,317	(527,474)	-	-	2,393,990	(2,988)	916,759	(458,756)	-	(513)	1,623,599
Empremédia, S.A.	-	-	-	-	-	22,177	42,440	-	(46,111)	-	(12,071)	53,033
Navigator Tissue Aveiro, S.A.	103,652,798	60,689,534	-	-	-	1,293,145	67,662,434	44,015,950	-	255,135	-	809,857
Viveiros Aliança, S.A.	323,165	5,535	-	-	-	5,750	207,752	-	-	5,767	-	324
Navigator Paper Setúbal, S.A.	733,822,652	570,211,403	(8,356,770)	1,892	-	(1,218,144)	478,994,732	356,319,540	(8,380,950)	6,599,529	-	1,378,460
Atlantic Forests, S.A.	-	-	-	-	-	-	146,430	-	-	15,093	-	(28,009)
PulpChem Logistics, ACE	40,096,793	-	-	-	-	-	16,424,171	-	-	-	-	-
Navigator Pulp Setúbal, S.A.	384,410,300	67,418,680	(5,654,152)	4,640	-	(724,554)	252,161,826	40,006,811	(5,517,212)	-	(66,395)	266,355
Navigator Tissue Ródão, S.A.	110,496,905	67,060,494	(32,368)	-	-	(809,863)	79,893,369	46,533,576	-	853,980	-	(752,956)
Navigator Pulp Figueira, S.A.	450,587,728	68,247,435	(8,821,980)	6,421	(1,498)	646,227	317,052,366	42,120,929	(8,262,168)	-	(90,523)	1,948,524
RAIZ - Inst. Inv. Flor. e Papel	(1,116)	25,874	(120,961)	-	-	(45,707)	(1,434)	321,023	(98,635)	-	(39,001)	(22,300)
Navigator International Holding SGPS, S.A.	-	-	-	-	-	(488,608)	-	-	-	-	-	141,575
Navigator United Kingdom, Ltd	22,260,940	-	-	-	-	-	18,786,761	-	-	-	-	-
Navigator Tissue Ibérica	975,732	46,177,550	-	-	-	-	817,914	29,658,532	-	-	-	-
Navigator Paper Figueira, S.A.	703,891,494	527,449,696	-	-	-	32,847	482,457,760	370,091,446	-	99,152	-	1,082,456
Navigator Pulp Aveiro, S.A.	235,212,127	42,625,554	(3,924,177)	-	-	389,434	167,517,664	26,700,416	(3,803,912)	-	(37,794)	198,366
Navigator Parques Industriais, S.A.	-	874,712	-	2,988	-	222,990	-	2,021,312	-	-	-	463,705
Navigator North America	4,869,511	164,038,824	-	-	-	-	3,650,314	107,226,620	-	-	-	119,673
Bosques do Atlantico, S.L.	(866)	-	-	-	-	-	(1,293)	-	-	-	-	-
Empremedia DAC	-	-	-	-	-	684,313	-	-	-	-	-	607,899
Navigator Afrique du Nord	-	-	-	3,275	-	-	-	-	-	-	-	-
Gavião – Sociedade de Caça e Turismo, S.A.	-	-	-	-	-	(16,292)	-	-	-	69,482	-	(11,198)
Navigator Itália, SRL	302	-	-	-	-	-	355	-	-	-	-	-
Navigator Netherlands, BV	-	-	-	-	-	-	1,281	-	-	-	-	-
Navigator Deutschland, GmbH	-	-	-	-	-	-	92	-	-	-	-	-
Navigator Austria	-	-	-	21,857	-	-	-	-	-	-	-	-
Navigator Paper Poland SP Zoo	-	-	-	16,893	-	-	-	-	-	-	-	-
Navigator Eurasia	-	-	-	7,643	-	-	-	-	-	-	-	-
Navigator Abastecimento de Madeira, ACE	(38,087)	(11,985,153)	(512,245)	-	-	772,728	(24,410)	(2,699,553)	(391,622)	-	-	(37,385)
About the Future, S.A.	-	-	-	-	-	(536)	-	-	-	-	-	-
EMA Cacia – Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(2,126)	-	-	-	-	-	-
EMA Setúbal – Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(2,573)	-	-	-	-	-	-
EMA Figueira – Engenharia e Manutenção Industrial, ACE	-	-	-	-	-	(2,977)	-	-	-	-	-	-
	2,824,855,999	1,607,425,972	(24,626,877)	65,609	(1,498)	2,728,973	1,894,714,546	1,065,713,789	(23,998,309)	7,898,138	(345,739)	7,945,452



The remuneration of the Group's key management personnel is detailed in Note 7.3 - Remuneration of corporate bodies.

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 Ferreira

Member



STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

2022 ANNUAL REPORT



STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **The Navigator Company, S.A.** (the Entity), which comprise the statement of financial position as at 31 December 2022 (showing a total of Euro 3,435,313,379 and total equity of Euro 1,259,409,537, including a profit for the year of Euro 392,537,070), the income statement by nature, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **The Navigator Company, S.A.** as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by *Ordem dos Revisores Oficiais de Contas* (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the applicable law and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics of the Portuguese Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial investments (Euro 2,093,159,574)

See Note 1.6 Significant accounting estimates and judgements and Note 10.1 of the notes to the Financial Statements

The Risk

The valuation of the Entity's financial investments requires a high degree of estimate and judgement by the Board of Directors, namely with regard to the calculation of the recoverable value of the investments made when signs of impairment are identified.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls implemented by the Entity and analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in previous periods, and the integrity of the discounted cash flow model;
 - We assessed whether there were signs of impairment in the financial investments;
 - When signs of impairment are identified, we review the impairment tests of the financial investments, based on discounted cash flow models, performing the following procedures:
 - We verified the arithmetic accuracy of the models;
 - We assessed the internal and external assumptions used and their reasonableness, such as current business trends, market performance, inflation, projected economic growth and discount rates;
 - We performed sensitivity analyses of the assumptions and forecasts used; and
 - We involved our experts in benchmarking the average cost of capital rate;
 - We reviewed the adequacy of the disclosures to the financial statements, in accordance with the applicable accounting standards.
-

Responsibilities of Management and the Supervisory Body for the Financial Statements

Management is responsible for:

- preparing financial statements that give a true and fair view of the Entity's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- preparing the management report, corporate governance report, non-financial statement, and the remuneration report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- adopting accounting policies and criteria appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in Article 451(4) and (5) of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the remuneration report was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to Article 451(3)(e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment of the Entity, we have not identified any material misstatements.

On the corporate governance report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Entity to provide under Article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of number 1 of that Article.

On the non-financial information

Pursuant to Article 451(6) of the Portuguese Companies' Code, we inform that the Entity has prepared a separate report which includes the non-financial information as provided for in Article 66-B of the Portuguese Companies' Code and was disclosed together with the management report.

On the remuneration report

Pursuant to Article 26-G(6), of the Securities Code, we inform that the Entity has included in the corporate governance report, in a separate chapter, the information provided in number 2 of that Article.

On the European single electronic format (ESEF)

The financial statements of The Navigator Company, S.A. for the year ended 31 December 2022 must comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815, of 17 December 2018 (ESEF Regulation).

Management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in Article 10 of the Regulation (EU) 537/2014

Pursuant to Article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of The Navigator Company, S.A. in the shareholders general assembly held on 22 September 2017 for a first mandate from 2015 to 2018. We were appointed at the shareholders general assembly held on 9 April 2019 for a second mandate from 2019 to 2022.

- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISA we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on 30 March 2023.
- We declare that we have not provided any prohibited services as described in Article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

3 April 2023

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with no. 20161489)
represented by
Rui Filipe Dias Lopes
(ROC no. 1715 and registered at CMVM with no. 20161325)



REPORT AND OPINION OF THE AUDIT BOARD

2022 ANNUAL REPORT



The Navigator Company, S.A.

Report and Opinion of the Audit Board Separate Financial Accounts

2022 Financial Year

Shareholders

8. In accordance with the Law, the Articles of Association and the terms of our mandate, we hereby submit the report on our supervisory activities in 2022 and issue our opinion on The Individual Management Report and Separate Financial Statements presented by the Board of Directors of the Navigator Company, SA, for the financial year ended 31 December 2022.
9. Over the course of the year we regularly monitored the affairs of the Company and its most significant affiliates and associates, with the frequency and to the extent we deemed appropriate, through periodic meetings with the Company's directors and senior management. We monitored the verification of the accounting records and respective supporting documentation, as well as the effectiveness of the risk management, internal control and internal audit systems. We monitored compliance with the Law and the Articles of Association. In the course of our work we encountered no constraints whatsoever.
10. We met several times with the Statutory Auditor and External Auditor, KPMG & Associados, SROC, Lda, monitoring its auditing activities and checking its independence. We assessed the Legal Accounts Certificate and the Audit Report, with which we agree.
11. The Audit Board analyzed the proposals submitted to it for the provision of non-audit services by the External Auditor, and approved those that concerned permitted services, did not affect the independence of the External Auditor and complied with additional legal requirements.
12. In the course of our work we found that:
 - e) The Separate Statement of Income by Nature, the Separate Statement of Financial Position, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Equity, the Separate Statement of Cash Flows and the related Notes to the Separate Financial Statements, provide an adequate understanding of the Company's financial position and results, comprehensive income, changes in equity, and cash flows;
 - f) The accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and are suitable to ensure that such criteria lead to a correct valuation of the Company's assets and results, following the analyses and recommendations issued by the External Auditor;
 - g) The Management Report is sufficiently clear as to the evolution of the business and the situation of the Company, offering a clear account of the most significant developments in its activities;
 - h) The Corporate Governance Report includes the information required by Article 29H of the Securities Code and takes into account the recommendations of the Code of the Portuguese Institute for Corporate Governance (IPCG).



13. We are of the opinion that the proposal for application of results presented by the Board of Directors is not contrary to the applicable legal and statutory provisions.
14. Accordingly, taking into consideration the information received from the Board of Directors and the Company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we are of the opinion that:
 - c) The Management Report be approved;
 - d) The Separate Financial Statements be approved;
 - e) The proposal for the application of results presented by the Board of Directors be approved.
15. Finally, the members of the Audit Board wish to acknowledge and express their appreciation for the assistance received from the Board of Directors, the senior managers of the Company and other staff, as well as the External Auditor, KPMG & Associados, SROC, Lda.

Lisbon, 3 April 2023

The Chairman of the Audit Board

José Manuel Oliveira Vitorino

Member

Gonçalo Nuno Palha Gaio Picão Caldeira

Member

Maria da Graça Torres Ferreira da Cunha Gonçalves



CORPORATE GOVERNANCE

2022 ANNUAL REPORT



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Part I - Information on Shareholder Structure, Organisation and Corporate Governance

A. Shareholder Structure

I. Capital Structure

- 1. Capital structure (share capital, number of shares, capital distribution among shareholders, etc.), including indication of shares not admitted to trading, different categories of shares, rights and duties attached to the same, and the percentage of the capital represented by any such category (article 29.º-H, no. 1, para. a) of the CVM)**

The Navigator Company, S.A. has a share capital of 500,000,000 euros, fully paid up, represented solely by 711,183,069 ordinary shares, without nominal value, the same rights and duties being attached to all shares.

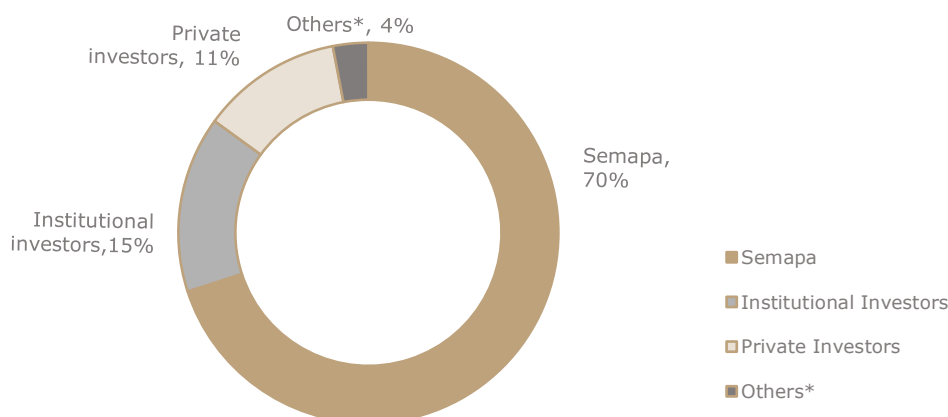
All shares representing the Company's share capital are listed on the regulated Euronext Lisbon market, managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

At the end of 2022, the Company carried out a new analysis of its shareholder base, identifying and characterising its main institutional shareholders.

In addition to the Semapa Group, the majority shareholder with 69.67% of Navigator's share capital, about 185 institutional shareholders were identified and characterised, representing about 15% of the shares issued.

Thus, in December 2022, the shareholder composition identified was as follows:

Shareholder composition



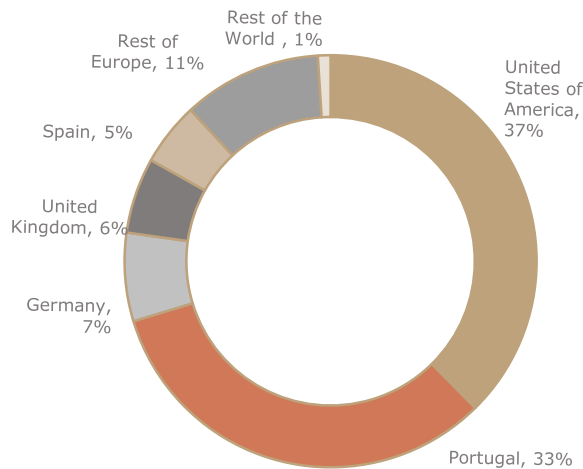
* Others does not include non identified, brokerage/trading and several



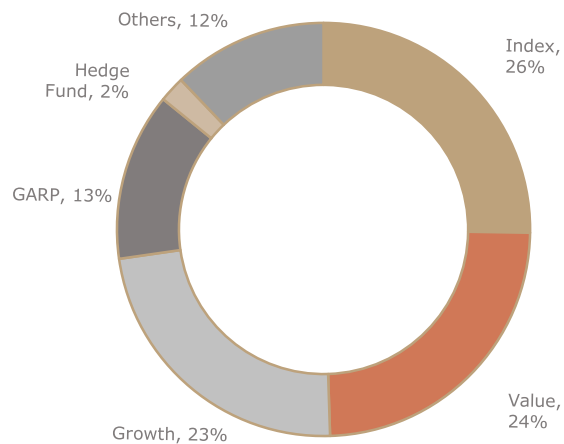
Navigator's institutional shareholders, excluding the majority shareholder, were mainly from the United States and Europe, at the end of 2022. The proportion of shareholders based in the United States grew again in 2022 to 38% (vs. 26% in 2021 and 22% in 2020). Regarding shareholders from Europe, we highlight Portuguese shareholders with 33% (vs. 33%), shareholders based in the UK with around 7% (vs. 5%), and shareholders based in Germany with close to 7% (vs. 5%). On the other hand, we verified a reduction in the weight of shareholders based in Spain to about 5% (vs. 13%).

In addition, a breakdown by investment style shows that around 25% of the shares were held by institutional investors that pursue an Index Funds style strategy, approximately 24% of the investors pursue a Value focused strategy and around 23% have a Growth strategy. 13% of investors have GARP (Growth at Reasonable Price) strategies.

Shareholders by geography (Institutional – excluding Semapa)



Shareholders by type of investment (Institutional)





2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares (Art. 29.^o-H, no. 1, para. b))

All Navigator shares are freely transferable.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares (Art. 29.^o-H, no. 1, para. b))

On 31 December 2022, Navigator does not hold any own shares.

4. Significant agreements to which the Company is a party and which take effect, are amended or terminate in the event of a change in the control of the Company as a result of a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the Company, except if the Company is specifically required to disclose such information by other mandatory provisions of law (Art. 29-H, no. 1, para. j).

The Company is not a party to significant financing, debt issue or other agreements entering into effect, being amended or terminating in the event of a change to the Company's control following a takeover bid.

The Company has not adopted any mechanisms that determine payments or assumption of fees in the case of the change of control or in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders

No defensive measures exist in the Company, particularly those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

6. Shareholders' agreements known to the Company or which might lead to restrictions on the transfer of securities or voting rights (Art. 29-H, no. 1, para. g).

The Company is not aware of the existence of any shareholder agreement which might lead to restrictions on the transfer of securities or voting rights.



II. Holdings of Shares and Bonds

7. Identification of persons and organisations who, directly or indirectly, own qualifying holdings (articles 29-H, no. 1, para. c) and d) and 16), detailing the attributable percentage of the share capital and votes and the respective grounds

The owners of qualifying holdings in Navigator on 31 December 2020 are identified in the following table:

Entity	Attribution	No. of shares	% capital	% voting rights not suspended
Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.	Direct	497,617,299	69.9704%	69.9704%

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies

This information is provided in Annex I to this Report.

9. Special powers of the management board, in particular concerning resolutions to increase capital (article 245-A (1) (i)) indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the manner in which the powers granted are implemented.

The Company's Articles of Association do not authorize the Board of Directors to adopt resolutions approving increases in share capital.

10. Information on the existence of significant dealings of a commercial nature between holders of qualifying holdings and the Company.

All transactions taking place in 2022 between the company and qualifying shareholders are described in Note 11.3 of the Annex to the consolidated accounts and Note 10.2 of the annex to the individual financial statements. In 2022, in accordance with the Regulation on Conflict of Interests and Related Parties Transactions and under the terms and conditions set out therein, as described in point 89 et seq. of this report, there were no significant dealings of a commercial nature between qualifying shareholders and the Company.



B. Statutory Bodies and Committees

I. General Meeting

a) Composition of the general meeting*

* Over the reporting period

11. Officers of the General Meeting and their term of office (starting and ending dates).

Rui Manuel Pinto Duarte (term of office from 05/27/2022 to 12/31/2022). The position of Chairman of the General Meeting was vacant from June 10, 2021 until May 27, 2022, due to the passing of the previous Chairman of the General Meeting.

Secretary: Luís Nuno Pessoa Ferreira Gaspar (term of office from 9/04/2019 to 31/12/2022)

b) Exercise of voting rights

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights, or systems for detaching voting rights from ownership rights (Art. 29-H, no. 1, para. f);

There are no limits, in the Company, to the exercise of voting rights by the respective shareholders.

Under Navigator's Articles of Association, each share in the Company carries one vote.

Although the articles of association set out time limits for attending the General Meeting, the mandatory legal rules governing this matter apply, such as Article 23-C of the Securities Code. The time limit established in the Articles of Association for exercise of postal rights is the day prior to the General Meeting.

The Company's Articles of Association were amended at the Annual General Meeting held on 27 May 2022, and from then they specifically govern electronic and postal voting. It is the responsibility of the Chairman of the General Meeting to verify vote authenticity and regularity and to ensure confidentiality up to the moment of voting, in accordance with the following rules:

- a) The voting declarations must be addressed to the Chairman of the General Meeting, and received at the head office until the day before the General Meeting;
- b) In case of electronic voting, the email message addressed to the Chairman of the General Meeting of Shareholders must contain, as an attachment, a document in PDF format, signed in accordance with the signature contained in the valid identification document of the respective holder, containing the voting declarations regarding each of the items on the agenda, as well as a copy of the holder's identification document. The Chairman of the General Meeting may establish in the notice convening the meeting in question a system



different from the one described in this paragraph, which ensures equivalent security and reliability;

- c) In the case of exercising the right to vote by post, the envelope must contain a letter addressed to the Chairman of the General Meeting, duly signed in accordance with the signature on the valid identification document of the respective holder and containing the voting declarations concerning each of the items on the agenda, as well as a copy of the holder's identification document
- d) Votes cast by these means shall be computed together with the votes that may be cast in the General Assembly, and shall be considered as negative votes in relation to proposals presented after they have been issued.

The General Meeting of Shareholders may also be held by telematic means, whenever this is deemed appropriate and convenient, provided that the Chairman of the General Meeting confirms that, for the purposes of holding the meeting, the respective means, the authenticity of the declarations and the security of communications are ensured, and the company registers its content and the respective participants.

For the purpose of identifying the Company's shareholders and end investors, the Company has, in accordance with and for the purposes of the Securities Code, the right to be provided with information on the identity of its shareholders by the entity managing the centralized system or by the relevant financial intermediaries at any time, in order to be able to communicate directly with them and facilitate the exercise of the rights inherent in their shares and their involvement in the Company.

Prior to this statutory change, the Articles of Association allowed the Board of Directors to regulate ways of exercising the right to vote other than in paper format, as long as they also ensured the authenticity and confidentiality of the votes up to the moment of voting.

Although the Board of Directors has not exercised these powers, the Chairman of the Board of the General Meeting has always accepted electronic voting as long as it is received under equivalent conditions to paper ballots in terms of deadlines, intelligibility, guaranteed authenticity, confidentiality and other formalities.

There are no systems for detaching rights of equity content.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in article 20 (1).

There are no provisions to this effect in the Articles of Association.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for by law, and details of the majorities required.

The Company has established no quorums for meeting and adopting resolutions at the General Meeting different from those provided for on a supplementary basis in law.



II. Corporate Boards and Supervision

(Board of Directors, Executive Committee and General and Supervisory Board)

a) COMPOSITION*

* Over the reporting period

15. Identification of the governance model adopted.

The company has adopted a statutory single-tier management model, i.e. with a Board of Directors comprising executive and non-executive members, an Audit Board and a Statutory Auditor, in accordance with the provisions of articles 278(1)(a) and 413(1)(b) of the Companies Code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and replacement of members, as the case may be, of the Board of Directors, the Executive Committee and the General and Supervisory Board (article 29-H, no. 1, para. h). Diversity Policy.

Presently, the Company's Articles of Association contain no special rules on the appointment and replacement of directors, and the general supplementary rules contained in the Companies Code therefore apply here, i.e. shareholders have the power to appoint the directors (three to seventeen) and the audit board.

However, the Articles of Association establish that a Director may be elected individually if there are proposals subscribed and tabled by groups of shareholders, provided none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. No shareholder shall sign the proposal form for more than one list. Each proposal shall identify no less than two electable persons.

If there are various proposals signed by different shareholders or shareholder groups, the voting shall apply to the collection of these lists.

During 2020, the Navigator Board of Directors approved the Company's Diversity Principles, which were reviewed in 2021. These principles enshrine the requirements and criteria regarding the profile of new members of corporate bodies and are published on the company's website (<http://www.thenavigatorcompany.com/investidores/governo-da-sociedade>)

These Diversity Principles consist of the formal recognition by the Company of the benefits of diversity in its governing bodies, namely as a way to ensure greater balance in its composition, to enhance the performance of each member and, together, in each body, to improve the quality of decision-making processes and to contribute to their sustainable development.

Accordingly, and in order to promote diversity within the Company, the Company has accepted that in addition to individual attributes such as competence, independence, integrity of character, availability and experience, other requirements and diversity criteria are also relevant in the composition of its governing bodies, such as gender diversity, different



professional qualifications and experience, the inclusion of members of different ages and from different backgrounds or geographical origins.

In addition, in 2019 the Board of Directors changed the Regulations of the Appointments and Appraisals Committee, which has consulting powers in terms of the appointment of the governing bodies, to support the identification of potential members of the governing bodies and in assessing the adequacy of their profile, knowledge, and curriculum, and should induce transparent selection processes and that candidates who have greater merit be proposed and better adapt to the requirements of the function, and promote within the organisation, adequate diversity, including gender.

In this way, the Company understands that all the objectives resulting from the formal adoption of a diversity policy are achieved, which is also demonstrated in reality.

Finally, and reinforcing the promotion of diversity, in 2022 the Company approved the 2023 Plan for Equality, with progress in relation to the 2021-2022 Plan for Equality, and disclosed this Plan to the CMVM, and on the Navigator website, where it is also published (<http://www.thenavigatorcompany.com/Sustentabilidade/Planos-para-a-Igualdade>).

17. Composition, as the case may be, of the Board of Directors, the Executive Committee and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, and the date when first appointed and the end of their terms of office for each member.

The Articles of Association establish that the Board of Directors includes three to seventeen members appointed for a renewable four-year term. At the General Meeting held on 27 May 2022, Shareholders approved the change of term in office of the members of the corporate bodies to three years, renewable.

On 9 April 2019, the Company's General Meeting approved a resolution electing the members of the Board of Directors for a four-year term from 2019 to 2022.

We indicate below the date of first appointment of each member, together with the date on which their term of office expires:



Name	Date of first appointment and end of mandate
Ricardo Miguel dos Santos Pacheco Pires ¹⁵	2015 – 2022
António José Pereira Redondo	2007 – 2022
Adriano Augusto da Silva Silveira	2007 – 2022
João Paulo Araújo Oliveira	2015 – 2022
João Paulo Cabete Gonçalves Lé	2020 – 2022
José Fernando Moraes Carreira de Araújo	2007 – 2022
Nuno Miguel Moreira de Araújo Santos	2015 – 2022
Manuel Soares Ferreira Regalado	2004 – 2022
Maria Teresa Aliu Presas	2019 – 2022
Mariana Rita Antunes Marques dos Santos	2019 – 2022
Sandra Maria Soares Santos	2019 – 2022
Vítor Manuel Rocha Novais Gonçalves	2015 – 2022
Vítor Paulo Paranhos Pereira	2020 – 2022

The composition of the Board of Directors is freely available on the Company's website at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive directors, identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

During 2022, and to date, six members of the Board of Directors exercised executive functions and formed an Executive Committee, which was elected and whose powers were delegated by the Board of Directors, and seven of the Directors exercised non-executive functions.

The executive members of the Board of Directors belong to the Executive Committee and are identified below in point 28, the remaining being non-executive members.

Since throughout 2022 the number of non-executive directors represented 53% of the members of the Board of Directors, we consider this percentage to be adequate to the size of the Company and to the complexity of the risks associated to its activities and sufficient to carry out efficiently the functions that are committed to them.

This suitability judgment took into account, in particular, the size of the Executive Committee and the delegation of powers entrusted to it by the Board of Directors, the profile, age, background and professional experience and the integrity of the members of that body, the set of diversified competencies and the availability of non-executive members to carry out their duties, which through the close cooperation developed with the Chairman of the Board of Directors and the members of the Executive Committee, ensure an effective capacity for monitoring, supervising and evaluating the activity of the executive members of the Board of Directors.

¹⁵ Is Company Chairman since 1 January 2022.



At the annual General Meeting held on 9 April 2019, which elected members of the governing bodies, three new non-executive members of the Board of Directors were elected - Maria Teresa Aliu Presas, Mariana Rita Antunes Marques dos Santos and Sandra Maria Soares Santos - which can be considered independent, according to the criteria for measuring independence defined in point 18.1 above and in Recommendation III.4 of the IPCG Corporate Governance Code. The company therefore includes a number of independent non-executive directors of 42.86%, over one third, in accordance with the Recommendations of the IPCG Corporate Governance Code.

The remaining 4 Non-Executive Directors, although not independent according to the above criteria, gather the necessary suitability, experience and proved professional competence, which allows to enrich and optimise the management of the Company from the perspective of creating value, as well as ensuring an effective defence of the interests of all shareholders and to ensure that Executive Directors are supervised and evaluated in an impartial, independent and objective manner and, at the same time, that there are no conflicts of interest between the interest and position of the shareholder and the Company.

19. Professional qualifications and other relevant biographical details of each member, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Committee.

Ricardo Miguel dos Santos Pacheco Pires

Ricardo Pires is a graduate in business administration from the Portuguese Catholic University, with a specialisation in Corporate Finance from ISCTE and an MBA in business management from Universidade Nova de Lisboa. He began his career in management consulting between 1999 and 2002, first at BDO Binder and later at GTE Consultores. From 2002 to 2008, he worked at the Corporate Finance Department of ES Investment, where he carried out a number of M&A and capital market projects in the sectors of Energy, Pulp & Paper and Food & Beverages. Since 2008 he has worked at Semapa, initially as a Strategic Planning and New Business Manager and later, starting in 2011, as Head of the Office of the Chairman of the Board of Directors. He has been an Executive Director at Semapa since 2014, as well as holding positions at other related companies. Since 2015, he has performed management duties at The Navigator Company and at Secil. Since 2017, he is CEO of Semapa Next and took over in March 2020 as Chairman of the Board of Directors of ETSA. He has been an executive director of Semapa since 2014 and Chairman of its Executive Board since 2022, and also holds office in other related companies. Since 2015, he has held directorships at The Navigator Company and Secil, and in 2022 will become Chairman of the Board of Directors of these companies. In 2017, he was appointed CEO of Semapa Next and in 2022 he will become Chairman of the Board of Directors of that company. He has been Chairman of the Board of Directors of ETSA since 2020. In 2021, he taught a subject in a master's degree course at Universidade Católica de Lisboa.



António José Pereira Redondo

António Redondo holds a degree in chemical engineering from the Science and Technology Faculty of the University of Coimbra, attended the Business Management course and has an MBA specialising in marketing, from the Portuguese Catholic University. He joined Soporcel in 1987 where he held a series of posts in technical, production, marketing and sales management areas of the company. He has been an executive director of the Company since April 2007, was Chief Commercial Officer from 2007 to 2019, with responsibilities in the areas of Marketing, Sales, Revenue Management, Supply Chain, Logistics and Product Development. In 2020 he was appointed CEO of the Company. In 2020 he is appointed CEO of the Company. He is also Chairman of Biond – Associação das Bioindústrias de Base Florestal, Director of CIP (Confederação Empresarial de Portugal), member of the Boards of CEPI (Confederation of European Paper Industries) and EURO-GRAPH (European Association of Graphic Paper Producers) and Member of the Board of COTEC Portugal - Associação Empresarial para a Inovação.

Adriano Augusto da Silva Silveira

Adriano Silveira has a degree in chemical engineering from the School of Engineering of the University of Porto. He began his career at the Environmental Studies Service, having been part of Empresa Nacional de Urânio (1979) and Empresa Minas de Jales (1983). He joined Soporcel in 1983, where he held several positions of responsibility in the areas of energy recovery, pulp and paper production, project management, maintenance and engineering. He has been a member of the Company's Board of Directors since 2007, serving as an Executive Director from April 2007 to July 2015, having reinstated the Executive Committee on 1 January 2020.

João Paulo Araújo Oliveira

João Paulo Oliveira has a degree in industrial engineering from the Faculty of Science and Technology, Universidade Nova de Lisboa (1988) and an MBA in Commercial Engineering and Management from AEP – ESADE, Spain (1994). He began his career at the Bosch Group in 1989. He was industrial manager for Bosch in China from 1994 to 1996. Subsequently, he was involved in an acquisition project for a company in Chile, and also held positions in the Bosch Group's operations in France and Germany. From 2002 to 2015, he was Managing Director of Bosch Termotecnologia S.A. In his last 8 years at the Bosch Group, he was Chairman of the Group's Hot Water Business Unit, whose global competence centre is located in Aveiro. He was chairman of the Portuguese-German Chamber of Commerce and Industry from 2009 to 2012. He also sits on the the AICEP Advisory Board and the Supervisory Board of the Fraunhofer Institute in Portugal. He has been an executive director of the Company since July 2015.

João Paulo Cabete Gonçalves Lé

João Lé has a degree in Agronomy in the specialty of Agrarian Economics from the Instituto Superior de Agronomia (ISA) of the Technical University of Lisbon, has a Postgraduate Diploma in Silviculture of the Fast-Growing Species by ISA and University of Trás-os-Montes and Alto Douro and a Postgraduate Diploma in Management with a Specialisation in Finance from ISCTE, University of Lisbon. He has been with The Navigator Company Group for about 30 years having assumed responsibility for the Forestry Area in August 2007 and in July 2016 he was appointed CEO of Portucel Mozambique, responsible for the project to implement a forest-based industry in Mozambique through DUAT (areas assigned by the Government) with about 360



thousand hectares in two provinces. He has been an Executive Director of the Company since January 2020.

José Fernando Morais Carreira de Araújo

Fernando Araújo has a Law degree from Universidade Lusíada do Porto (2000) and a bachelor's degree in Accounting and Management from Instituto Superior de Contabilidade e Administração do Porto (ISCAP - 1986) and a specialist diploma in Financial Control from the same institution (1992). He is a Chartered Accountant since 1995. Certified Accountant since 1987. He is Vice-Chairman of the Board of the General Meeting of BIOND since 2022. He is a member of the Audit Board of the Order of Statutory Auditors since January 2021. He has been a member of the Board of Directors of the Portuguese Tax Association since 2019. He has a postgraduate degree in Advanced Financial Accounting (ISCTE - 2002/2003), a postgraduate degree in Tax Law from the Lisbon Law School (FDL - 2002/2003) and a postgraduate degree in Corporate Governance from the Instituto Superior de Economia e Gestão de Lisboa (ISEG - 2006/2007). He completed an MBA in Corporate Reporting at ISCTE - IUL in 2016. He began his professional career in 1987, at Sportrade, having taken on the role of head of accounting at Eurofer between 1988 and 1993 and was head of Administrative Services at COLEP from 1991 to 1993. Between 1993 and 2001 he worked in the tax area at KPMG, where he was Senior Tax Manager from 1993 to 2001. He was Director of Tax and Accounting at Secil between 2001 and 2005, at Semapa between 2002 and 2006, and at the Company between 2006 and 2007. He has been an executive director of the Company since April 2007.

Nuno Miguel Moreira de Araújo Santos

Nuno Santos has a degree in Civil Engineering from Instituto Superior Técnico (1993) and an MBA from INSEAD (1996). He started his professional career at McKinsey & Company in 1993 and until March 2015 he was Senior Partner (Director) and leader of the Energy, Commodities & Industry Practice at the Iberian Office of McKinsey & Company. He was also a member of the McKinsey & Company Global Energy, Commodities & Industry Practice Leadership Committee. He assumed the functions of Executive Director of The Navigator Company in April 2015.

Manuel Soares Ferreira Regalado

Manuel Regalado has a degree in finance from Instituto Superior de Economia e Gestão (ISEG) in Lisbon (1972) and completed the Senior Executive Programme of the London Business School (1997). He began his professional career in 1971, holding various internal auditing, management control and planning and investment project analysis positions from this year until 1984. From 1984 to 1994, and from 1998 to 2004, he was appointed to a variety of management positions and directorships in a range of sectors, including banking, insurance, manufacturing and energy, in Edinfor, COSEC, IAPMEI and Hidroelétrica de Cahora-Barra and Banco BPI (in Portugal, Africa and Latin America). Between 1994 and 1998, he served on the Board of Directors of Portucel, and was also part of the statutory bodies of INAPA and CELPA. He is member of the Board of Directors of The Navigator Company since 2004 and was an executive director until 2016.



Maria Teresa Aliu Presas

Maria Teresa Aliu Presas is a graduate of the Instituto Superior de Psicologia Aplicada, in Lisbon. She made her career in the paper industry, having joined the Tetra Pak Group in 1982, where she held several positions in Portugal, Switzerland, international headquarters, and in Brussels, in the areas of Marketing and Communication, Environment and European Affairs, namely Vice President for Europe and responsible for the environment for the entire Group. From 2003 to 2011 she directed the European Confederation of the Paper Industry (CEPI). She was a member of the board of directors of several European associations as well as a non-executive director of the company Powerflute Oy. She currently collaborates with the consultant Magellan in Brussels, is a non-executive director of the World Bioeconomy Forum and has been a non-executive director of Navigator since 2019.

Mariana Rita Antunes Marques dos Santos

Mariana Marques dos Santos graduated in Business Management from Universidade Católica Portuguesa and complemented her training with an MBA from INSEAD (Fontainebleau), having also attended the same programme at Kellogg - Northwestern University, in Chicago. From 1989 to 2006, she was a lecturer at ISCTE, both in the areas of quantitative methods, and on internationalisation strategy and policies, at the executive school, IBS-ISCTE Business School. Along with academic activities, she developed a business career linked to different areas and functions. Starting by experiencing the dynamics of the financial markets, she collaborated with Lloyds Bank in the area of securities portfolio management. She then joined a venture capital team - SFIR, where she was a project analyst from 1991 to 1992. She was also a consultant in Madrid, in a multinational company, Arthur D. Little, being associated with several projects, including the launch of the Portuguese branch, in the years 1995 and 1996. She then took on different international areas, within Grupo Abrantina, between 1996 and 2007, namely in Mozambique and Germany, managing projects in several areas such as food and the production and distribution of construction materials. At the end of 2007, she embraced her own business project, launching NBC Medical, in the area of international trade of medicine, where she was managing partner up to June 2021. She has been a member of the Board of FAE – Forum de Administradores e Gestores de Empresas, since March 2022. She has been a non-executive Director of The Navigator Company since May 2019.

Sandra Maria Soares Santos

Sandra Maria Soares Santos has a degree in management from the Faculty of Economics of Porto (1989-94) and completed an MBA at PBS - Porto Business School (1999). She started her career at Banco Espírito Santo and at the University of Porto in 1994, where she taught as a guest lecturer. At BES, she performed several technical and commercial functions, at a time when the Bank was incorporating young managers and substantially transforming its organisational and business structure. She started her career at Grupo BA, at the end of 1999, as Controller, a role she built when the group started its geographical expansion. Since then, she has held various positions, such as financial director, human resources director, factory director and CFO. As CFO (2007), she had an active participation in the acquisition and integration processes of the acquired companies. In 2012, she was posted to be CFO in another business, plastic packaging, in which BA shareholders decided to invest, a mission that ended a year later. Since 2014 she is CEO and member of the Board of Directors of Grupo BA. Grupo BA now has industrial operations in 7 European countries, 12 industrial units, 4,100 employees and an annual turnover of 1,500 million euros. Presently, she is part of the Board of Directors of the



Business Roundtable Portugal Association, created in 2021 with the ambition of helping to make Portugal grow. She has been a non-executive director of Navigator since April 2019.

Vítor Manuel Rocha Novais Gonçalves

Vítor Novais Gonçalves has a degree in business management from ISC-HEC in Brussels and has more than 30 years of professional experience with executive management responsibilities in the Consumer Products, Telecommunications and Finance sectors. He began his professional career in 1984 at Unilever as a Management Trainee, and subsequently as a Product Manager and Market Manager. From 1989 to 1992, he worked at Citibank Portugal, initially as a Venture Capital Business Manager and later as head of Corporate Finance and member of the Management Committee. Between 1992 and 2000, he worked in the financial area of the José de Mello Group, served as director at several companies and serving, among other things, as Strategic Marketing and Development Manager of Banco Mello and General Manager of Companhia de Seguros Império. From 2001 to 2009, he worked in the telecommunications area of the SGC Group as a director of SGC Comunicações, where he was in charge of strategic marketing and international business development. He was a non executive director at SEMAPA until 27 May 2022. Among other positions, he has been a Director at Zoom Investment, Semapa and The Navigator Companies, in the latter case from 2015.

Vítor Paulo Paranhos Pereira

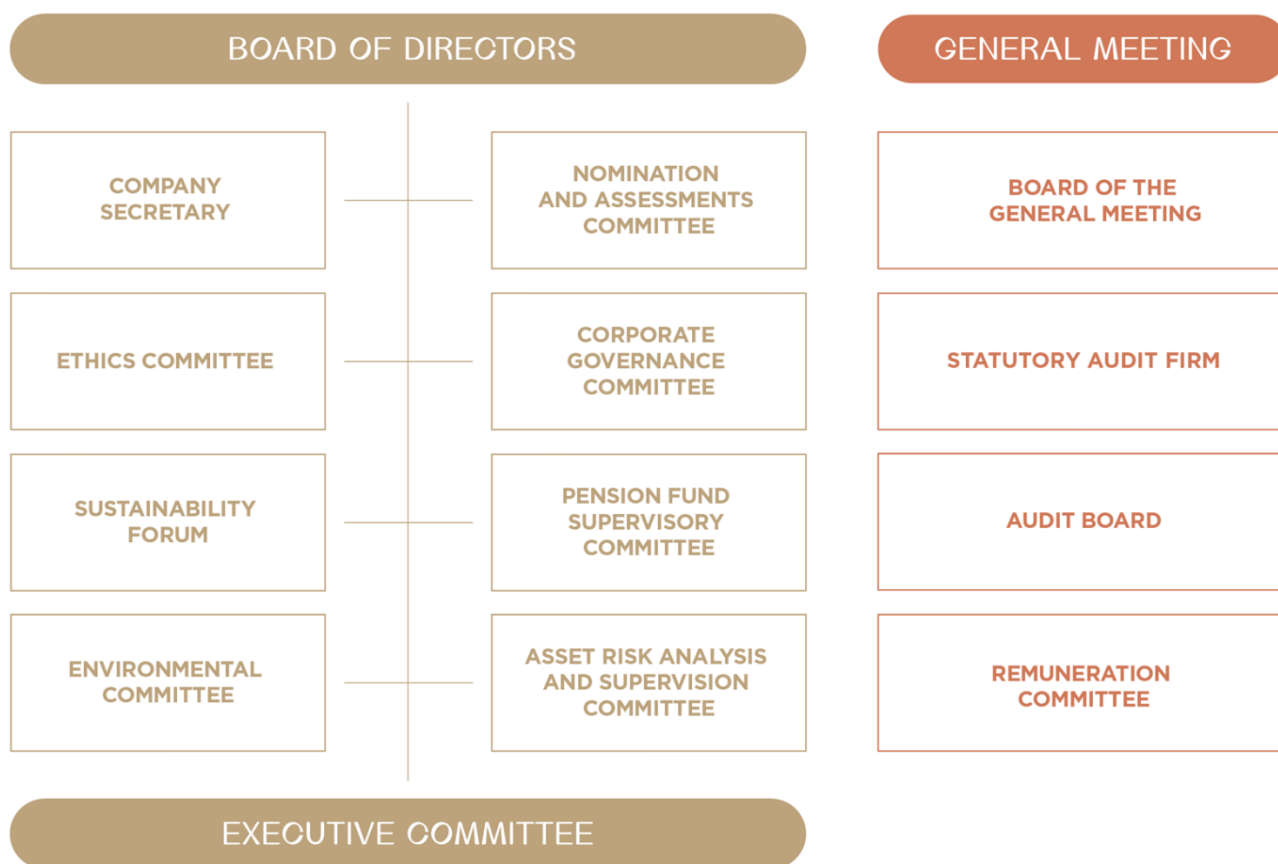
Vítor Paranhos Pereira has a degree in Economics from the Catholic University of Portugal and attended AESE (University of Navarra). He started his professional activity in 1982, at the company Gaspar Marques Campos Correia & Cª. Lda., as Financial Director until 1987. From 1987 to 1989, he held the position of Deputy Financial Director at the Instituto do Comércio Externo de Portugal (ICEP). In 1989 he joined the Group as Financial Director of Sodim, having been appointed member of the Board of Directors of Sodim in 2009, a function he held until May 2018, and subsequently from March 2020 until the present date. He also performs management functions in several companies related to Sodim, namely, since 1998 at Hotel Ritz. Between 2001 and 2016, he held management positions at Hotel Villa Magna. He has been a director of Sonagi since 1995 and Chairman of the Board of Directors since 2020. He was appointed director of Refundos in 2005, serving as Chairman of the Board of Directors of that company from 2018 until May 2020. From 2006 to 2015, he held the position of Chairman of the Audit Board of the Portuguese Hospitality Association (AHP) and in April 2019 he was appointed Chairman of the Board of the General Meeting of this entity. From 2007 to 2016, he was Chairman of the Board of the General Meeting of the Portuguese Association of Investment Funds, Pensions and Wealth (APFIPP). He served as Member of the Supervisory Board of Eurovida - Companhia de Seguros, S.A. and Popular Seguros - Companhia de Seguros, S.A. from 2009 to 2018. In 2014, he was appointed member of the Board of Directors of Semapa. Since 2020 he has been an Executive Director of Semapa, and other related companies, and has held management positions at The Navigator Company and Secil since February and March 2020.

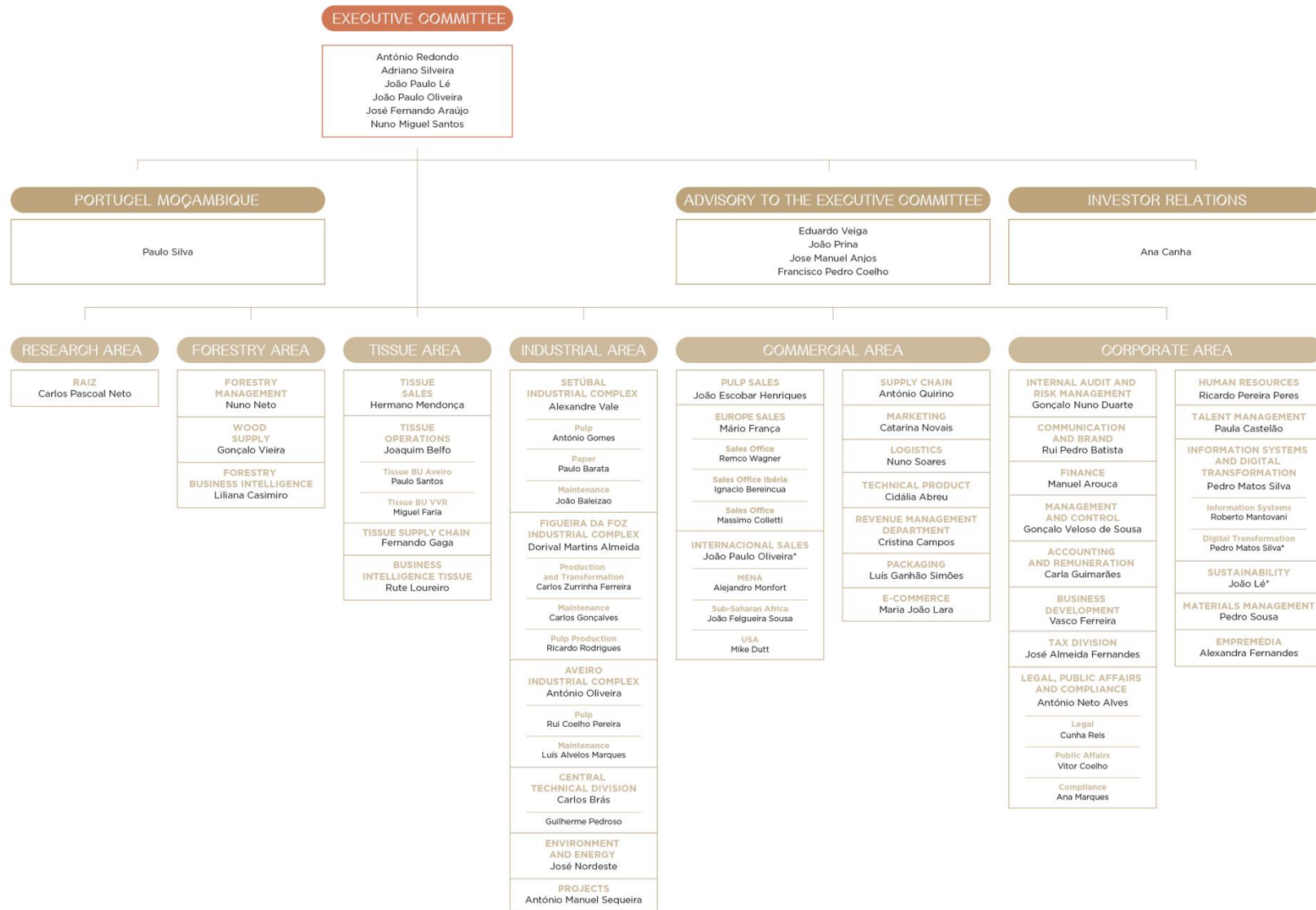


20. Regular and significant family, professional or business relationships of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Committee with shareholders with qualified holdings exceeding 2% of voting rights.

Among the members of the Company's Board of Directors, during the reporting year, the Directors Ricardo Miguel dos Santos Pacheco Pires, Vítor Paulo Paranhos Pereira and Vítor Manuel Galvão Rocha Novais Gonçalves were also Directors of the shareholder SEMAPA, in the latter case until 27 May 2022.

21. Organisational or functional charts showing the division of powers between the different corporate boards, committees and/or company divisions, including information on delegated powers, in particular with regard to delegation of the daily management of the Company.





NOTE

Changes in 2022

- Creation of a structure of Business Intelligence, Analysis and Planning (BIA&P) dedicated to Forestry in May;
- Creation of a structure of Business Intelligence, Analysis and Planning (BIA&P) dedicated to Tissue in July;
- Creation of a structure of E-Commerce in October;

* Positions occupied internally



EXECUTIVE COMMITTEE

Between 1 January and 31 December 2022, the Executive Committee (which can include three to nine members, in accordance with the articles of association) was composed of six members, who shared among themselves the following list of responsibilities:

António José Pereira Redondo

- Communication and Brand Division
- Risk Management Division
- Talent Management and Organisational Development Division

Adriano Augusto da Silva Silveira

- Environment Division
- Aveiro Industrial Division
- Figueira da Foz Industrial Division
- Setubal Industrial Division
- Central Technical Division

João Paulo Araújo Oliveira

- Logistics Division
- Marketing Division
- Revenue Management Department
- Supply Chain Division
- Technical Product Division
- Europe Paper Sales Division
- International Paper Sales Division

João Paulo Cabete Gonçalves Lé

- Wood Supply Division
- Forestry Management Division
- Portucel Mozambique
- RAIZ – Forest and Paper Research Institute
- Sustainability Division



José Fernando Morais Carreira de Araújo

- Accounting and Remuneration Division
- Management Control Division
- Financial Division
- Tax Division
- Human Resources Division
- Legal Services, Compliance and Public Affairs Division
- Information Systems Division
- Digital Transition Division
- Empremédia – Insurance Brokers
- Investor Relations

Nuno Miguel Moreira de Araújo Santos

- Business Development and New Business Division
- Tissue Sales Division
- Energy
- Tissue Industrial Division
- Materials Management Division
- Supply Chain Tissue
- Pulp Sales Division

The following powers are delegated to the Executive Committee:

- a) To propose the Company's policies, aims and strategies to the Board of Directors;
- b) To propose to the Board of Directors operating budgets and medium- and long-term investment and development plans, and to implement these once approved;
- c) To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
- d) To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
- e) To approve financing contracts, to apply for bank guarantees, or to accept any other liabilities which represent increased indebtedness, totalling no more than twenty million euros each year;
- f) To acquire, dispose of or encumber the Company's fixed assets of a value, in each individual case, of up to five per cent of the paid-up share capital;



- g) To lease or let any immoveable property;
- h) To represent the Company in or out of court, as claimant or respondent, and to bring or follow up any judicial or arbitral actions, confess or desist, settle or agree to arbitration;
- i) To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;
- j) To resolve on executing acquisition and disposal of own shares, when this has been deliberated by the General Meeting, in keeping with the terms of such resolution;
- k) To manage holdings in other companies, jointly with the Chairman of the Board of Directors, namely by designating, with the agreement of the latter, the representatives in the respective governing bodies, and setting guidelines for the acts of these representatives;
- l) To enter into, amend and terminate employment contracts;
- m) To open, transact and close bank accounts;
- n) To appoint Company attorneys;
- o) In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs.

Jointly with the Chairman of the Board of Directors, the Executive Committee may also resolve on the matters indicated in items c), d), e) and i) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The competence to change any conditions of contracts previously entered into and covered by the aforementioned items c), d), e) and i) will fall to the body or bodies that would be competent to execute them.

The Executive Committee may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it.

The Regulation of the Executive Committee, approved by the Board of Directors, also establishes the performance regime for Executive Directors.

Decisions regarding the definition of the Company's strategy, as well as its general policies and the corporate structure of the Navigator Group, are matters for the Board of Directors, and the Executive Committee does not have delegated powers in this regard. Thus, Non-Executive Directors participate in the definition of the strategy, main policies, business structure and decisions that should be considered strategic due to their amount or risk, as well as in the assessment of their compliance.



The Company's management is centered on the articulation between the Board of Directors and the Executive Committee. Coordination and approximation were ensured by the close cooperation developed by the Chairman of the Board of Directors, Ricardo Pires, with the executive team, by the availability of the members of the Executive Committee for the regular transmission of all relevant or urgent information, or that is requested, regarding the current management of the Company to the non-executive members of the Board of Directors, in order to allow permanent monitoring of corporate life, and by calling meetings of the Board of Directors for all strategic decisions or considered especially relevant, even if these fall within the scope of generally delegated powers, and also by the presence of the Chairman of the Board of Directors in some meetings of the Executive Committee of the Company.

Also, for the other members of the governing bodies, the requested information is provided by the members of the Executive Committee in a timely and appropriate manner.

To ensure a regular transmission of information, the Chairman of the Executive Committee sends the notices and minutes of the respective meetings to the Chairman of the Supervisory Board. The Company's other committees and governing bodies also ensure, in a timely and appropriate manner and in accordance with the respective operating regulations, the flow of information, namely, through the availability of notices and minutes, under the terms necessary and appropriate to the exercise of legal and statutory powers by the remaining bodies and commissions.

In relation to strategic planning and investment policy, and without prejudice to the portfolio to which reference is made, it is clarified that it is by nature an area of greater intervention by non-executive members and that had significant involvement by the Chairman of the Board of Directors. Thus, non-executive directors participate in the definition of the strategy, main policies, business structure and decisions that should be considered strategic due to their amount or risk, as well as in the assessment of their compliance.

It is important to mention, in terms of sustainability, the functions of the Sustainability Division which, jointly with those of the different Divisions of the Company and the Sustainability Forum, form several working groups to deal with specific topics, which have been developing their activity under the supervision of Executive Committee and involving all group companies in a transversal way. As a result of this activity, the Company prepares its "Sustainability Report" annually, which, in a consolidated perspective, and in response to the legal requirements introduced by Decree-Law no. 89/2017, of 28 July, contains a detailed analysis of the approach and commitment of the Company to sustainability topics. Thus, and through the observance and implementation of the mentioned strategic principles and in the terms best developed in the referred report, the Company ensures long-term success, and with a significant contribution to the community in general.

At the end of 2018, internal regulations of the Board of Directors and Supervisory Board were reviewed, approved and disclosed, as well as the internal commissions identified below, which contain rules of operation, competence and articulation between the various bodies and commissions. Under the terms of the aforementioned regulations and other applicable rules, the corporate bodies and the other committees of the Company must prepare complete minutes of the respective meetings.

The governing bodies and internal commissions identified above are required, under their terms, internal operating regulations to make available to each other, under the legally and



statutory required terms, all the information and documentation necessary for the exercise of the legal and statutory powers of each of the other bodies and commissions, and the various departments and divisions of the Company must collaborate in the production, treatment and dissemination of said information, in an appropriate, rigorous and timely manner.

The regulations of the Board of Directors and of the Supervisory Board also establish, in particular, mechanisms that guarantee, within the limits of the applicable legislation and regulations, the access of its members to the Company's Employees and to all information that is necessary for the assessment of the performance, situation and development prospects of the Company, including and without limiting minutes, supporting documentation of the resolutions taken, notices and archives of the meetings of the Board of Directors and the respective Executive Committee, without prejudice to being able to access other documents or people who may be asked for clarification.

It should be noted that the internal regulations of the Board of Directors and the Audit Board were revised in 2020, following the publication of Law no. 50/2020, of 25 August and the revision to the 2018 IPCG Corporate Governance Code that took place in 2020.

b) OPERATION

22. Existence of rules of procedure for the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, and place where these may be consulted.

The Internal Rules of Procedure of the Board of Directors of Navigator are published on the Company's website, in the Investor Relations area, and are therefore freely available for consultation at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

The Internal Rules of Procedure of the Board of Directors govern the exercise of the functions, chairman, frequency of the meetings, functioning and framework of duties of its members.

In accordance with these Rules of Procedure, and the applicable legislation:

- Directors may have access to all Company information and staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, minutes, documents supporting decisions taken, convening notices and records on the meetings of the Executive Committee, without prejudice to access to all other documents or persons who may be called upon to provide clarifications.
- The Board of Directors must ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, required for the performance of the functions, determined by law and the bylaws, of each of the remaining corporate bodies and committees.

Non-executive Directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the Company due to their amount, risk or special characteristics as well as in the assessment of the accomplishment of these actions.

The Directors in the Executive Committee may not perform executive functions in entities outside of the Company's group, except if the activity of such entities is deemed to be ancillary or complementary to the group's activity or is not very time-consuming.



The Directors who are not in the Executive Committee may perform management functions (executive or not) in entities outside of the Company's group, where such companies do not carry out activities that compete with that of the Company, or in companies directly or indirectly held by the Company, and the Chairman of the Board of Directors must be notified before the start of such functions.

The following matters may not be generally delegated:

- a) The definition of the strategy and main policies of the Company, although the Board of Directors may delegate to the Executive Committee the drafting of the preliminary strategic plan and investment policy, subject to the approval of the Board of Directors;
- b) The organisation and coordination of the business structure; and
- c) Matters that should be considered strategic, by virtue of the amounts involved, the risk, or special characteristics.

The Board of Directors shall evaluate its performance annually, as well as the performance of the Executive Committee and of other Committees and managing directors, if any, taking into account the compliance with the Company's strategic plan and budget, risk management, its internal operation and the contribution of each member to that purpose, and the functioning between the Company's Bodies and Committees, identifying the ways in which such performance may be improved.

23. Number of meetings held and rate of meeting attendance of each member of the Board of Directors, General and Supervisory Board and Executive Committee, as applicable.

During the 2022 financial year, the Board of Directors held seven meetings, minutes of which were drawn up. All members of the Board of Directors attended all seven meetings, which corresponds to an attendance rate of 100%, except for Sandra Maria Soares Santos, who was unable to attend one meeting, her absence having been duly justified.

Detailed minutes are drawn up for the Board of Directors' meetings, in accordance with its Rules of Procedure.

The number of meetings of the Board of Directors is freely available on the Company's website at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

24. Indication of the company bodies empowered to assess the performance of executive directors.

The Remuneration Committee draws up the Remuneration Policy, which defines how the system will work, and prepares the entire framework for assessing executive directors. The performance assessment of each executive director follows an internal process structured under the leadership of the respective person in charge (i.e. under the responsibility of the person who chairs the team, in the case of the members of the Executive Committee, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Committee) and in which the non-executive directors whom the person in charge considers pertinent to involve also participate.



The Nomination and Evaluation Committee is also involved in this process, currently made up of 3 non-executive members of the Board of Directors, which is responsible for monitoring the performance evaluation system of the executive management and the attribution of remuneration by the company and for pronouncing on proposals for the individual performance evaluation of the executive management, which makes it unnecessary for the Board of Directors itself to be involved in the performance evaluation of the executive directors.

Finally, the Remuneration Committee is responsible for confirming, with regard to the performance evaluation, the respective achievement factors and ensuring the overall consistency of the process by setting the variable remuneration.

Therefore, in 2022 and for the year 2021, the Appointments and Assessment Committee met and decided on the individual performance proposals of the members of the Executive Committee, Adriano Augusto da Silva Silveira, João Paulo Araújo Oliveira, João Paulo Cabete Gonçalves Lé, José Fernando Moraes Carreira de Araújo and Nuno Miguel Moreira Araújo Santos, issued by the respective Chairman, and of the latter, António José Pereira Redondo, issued by the Chairman, communicating its opinion to the Remuneration Committee. These appraisal proposals were based on application of the basic criteria for assessing the performance of executive directors in force in Navigator and better described in item 25.

In turn, and as provided in the Regulations of the Board of Directors and the Regulations of the Remuneration Committee, the Board of Directors, with the Remuneration Committee, shall assess annually its performance, as well as the performance of its committees, including the Executive Committee, taking into account compliance with the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this effect, and the relationship between the bodies and committees of the company. Under the terms foreseen in the respective regulations, the Appointments and Assessment Committee monitors the overall assessment of the performance of the Board of Directors.

The evaluation of the executive directors as well as the self-assessment of the Board of Directors and its committees took place in 2022 for the performance in 2021 and will take place in 2023 for the performance in 2022, as described above.

25. Predetermined criteria for assessing the performance of executive directors.

The basic criteria for assessing the performance of executive directors for the 2021-2024 period are those defined in section 7 of chapter IV of the Remuneration Policy for defining the variable component of remuneration. These criteria are materialized through a system of quantitative and qualitative KPIs, related to the performance of the company (general business indicators, with a weight of 65%) and of the director in question (specific objectives, with a weight of 20%, and behavioral indicators, with a weight of 15%). Within the general business indicators, EBITDA, net income, cash flow, and Total Shareholder Return vs Peers are of particular relevance, while the behavioral competencies include the alignment of each director with the long-term interests and sustainability of the company.

In addition to these criteria, in alignment with the commitments assumed by the Company in its sustainability strategy and recognizing the importance of the efficient use of energy and the need to reduce fossil CO2 emissions from economic activities, the implementation of the corporate program for energy efficiency, approved in 2016, is also considered in the weighting.



26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, indicating office held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of these bodies during the period.

The members of the Board of Directors have the appropriate availability to perform the duties entrusted to them. The Directors' other activities, outside the business group to which Navigator belongs, do not impede their availability for performing their duties within the Navigator Group.

In addition to the activities listed in item 19, the directors also hold corporate office in other companies as detailed below:

Ricardo Miguel dos Santos Pacheco Pires

Offices held in Navigator Group Companies

- Chairman of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

- Chairman of the Board of Directors of ABAPOR - Comércio e Indústria de Carnes, S.A.¹⁶
- Chairman of the Board of Directors of Aphelion, S.A.
- Member of the Board of Directors of Biological - Gestão de Resíduos Industriais, Lda.¹⁷
- Member of the Board of Directors of CIMO – Gestão de Participações, SGPS, S.A.
- Chairman of the Board of Directors of ETSA LOG, S.A. ¹⁸
- Chairman of the Board of Directors of ETSA - Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A. ¹⁹
- Member of the Board of Directors of Pyrus Agricultural LLC
- Member of the Board of Directors of Pyrus Investments LLC
- Member of the Board of Directors of Pyrus Real Estate LLC
- Chairman of the Board of Directors of Sebol - Comércio e Indústria de Sebo, S.A.²⁰
- Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
- Member of the Board of Directors and CEO at Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
- Member of the Board of Directors of Semapa Inversiones, S.L.
- Member of the Board of Directors of Semapa Next, S.A.

16 In office until 27 May 2022.

17 In office until 27 May 2022.

18 In office until 27 May 2022.

19 In office until 27 May 2022.

20 In office until 27 May 2022.



- Member of the Board of Directors of SODIM, SGPS, S.A.
- Member of the Board of Directors of UPSIS, S.A.

António José Pereira Redondo

Offices held in Navigator Group Companies

- CEO and member of the Board of Directors at The Navigator Company, S.A.
- Member of the Board of Directors of Bosques do Atlantico, S.L.
- Chairman of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Chairman of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Chairman of the Board of Directors of Navigator Brands, S.A.
- Chairman of the Board of Directors of Navigator International Holding, SGPS, S.A.²¹
- Member of the Board of Directors of Navigator North America, INC.
- Chairman of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper México S. DE R.L. DE C.V.
- Chairman of the Board of Directors of Navigator Paper Setúbal, S.A.
- Chairman of the Board of Directors of Navigator Parques Industriais, S.A.
- Chairman of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Pulp Figueira, S.A.
- Chairman of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Chairman of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Tissue Ibérica, S.A.²²
- Chairman of the Board of Directors of Navigator Tissue Ródão, S.A.

Offices held in other companies/entities

Did not perform functions in other companies/entities in 2022.

Adriano Augusto da Silva Silveira

Offices held in Navigator Group Companies

- Member of the Board of Directors and of the Executive Committee of The Navigator Company, S.A.
- Chairman of the Board of Directors of About The Future, S.A.²³
- Member of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.

²¹ In office until 11 October 2022, date of company liquidation.

²² In office until 31 January 2022.

²³ In office until 30 September 2022, date of company liquidation.



- Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Member of the Board of Directors of Navigator Brands, S.A.
- Member of the Board of Directors of Navigator International Holding, SGPS, S.A. ²⁴
- Member of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- Member of the Board of Directors of Navigator Parques Industriais, S.A.
- Member of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Member of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Member of the Board of Directors of Navigator Tissue Ibérica, S.A. ²⁵
- Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- Member of the Board of Directors of RAIZ - Instituto de Investigação da Floresta e do Papel

Offices held in other companies/entities

- Member of the Board of Directors of APIGEE in representation of The Navigator Company, S.A.
- Member of the Consultant Board of APCER – Associação Portuguesa de Certificação
- Member of the General Board of Biond – Associação das Bioindústrias de Base Florestal, representing Navigator Pulp Aveiro, S.A.

João Paulo Araújo Oliveira

Offices held in Navigator Group Companies

- Member of the Board of Directors and Executive Director of The Navigator Company, S.A.
- Member of the Board of Directors of Bosques do Atlantico, S.L.
- Member of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Member of the Board of Directors of Navigator Afrique du Nord, SARLAU
- Member of the Board of Directors of Navigator Brands, S.A.
- Member of the Board of Directors of Navigator Deutschland GMBH
- General Manager of Navigator Egypt (LLC)

²⁴ In office until 11 October 2022, date of company liquidation.

²⁵ From 31 January 2022.



- Chairman of the Board of Directors of Navigator Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirketi
- Chairman of the Board of Directors of Navigator France SAS
- Member of the Board of Directors of Navigator International Holding, SGPS, S.A. ²⁶
- Chairman of the Board of Directors of Navigator Itália, S.R.L.
- Chairman of the Board of Directors of Navigator Middle East Trading DMCC
- Chairman of the Board of Directors of Navigator Netherlands B.V.
- Member of the Board of Directors of Navigator North America, INC.
- Member of the Board of Directors of Navigator Paper Austria GMBH
- Chairman of the Board of Directors of Navigator Paper España S.A.
- Member of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- Member of the Board of Directors of Navigator Paper UK LTD.
- Member of the Board of Directors of Navigator Parques Industriais, S.A.
- Chairman of the Board of Directors of Navigator Poland Paper Spółka Z Ograniczoną Odpowiedzialnością
- Member of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Member of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Member of the Board of Directors of Navigator Tissue Ibérica, S.A. ²⁷
- Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- Member of the Board of Directors of RAIZ - Instituto de Investigação da Floresta e do Papel

Offices held in other companies/entities

- Member of the General Board of Biond – Associação das bioindústrias de base florestal, representing The Navigator Company, S.A.
- Member of the Consulting Board of AICEP
- Member of the Supervisory Board of Fraunhofer Institute in Portugal

²⁶ In office until 11 October 2022, date of company liquidation.

²⁷ In office until 31 January 2022.



João Paulo Cabete Gonçalves Lé

Offices held in Navigator Group Companies

- Member of the Board of Directors and of the Executive Committee of The Navigator Company, S.A.
- Chairman of the Board of Directors of Atlantic Forests - Comércio de Madeiras, S.A.²⁸
- Member of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Director of Navigator Abastecimento De Madeira, ACE
- Member of the Board of Directors of Navigator Africa, S.R.L.
- Member of the Board of Directors of Navigator Brands, S.A.
- Chairman of the Board of Directors of Navigator Forest Portugal, S.A.
- Member of the Board of Directors of Navigator International Holding, SGPS, S.A.²⁹
- Member of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- Member of the Board of Directors of Navigator Parques Industriais, S.A.
- Member of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Member of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Member of the Board of Directors of Navigator Tissue Ibérica, S.A.³⁰
- Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- Chairman of the Board of Directors of Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, S.A.
- Chairman of the Board of Directors of RAIZ - Instituto de Investigação da Floresta e do Papel
- Chairman of the Board of Directors of Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.
- Chairman of the Board of Directors of Viveiros Aliança - Empresa Produtora de Plantas, S.A.

Offices held in other companies/entities

- Member of the General Board of Biond – Associação das Bioindústrias de Base Florestal, representing Navigator Forest Portugal, S.A.

28 In office until 30 June 2022, date of company merger into Navigator Forest Portugal, S.A.

29 In office until 11 October 2022, date of company liquidation.

30 From 31 January 2022.



José Fernando Morais Carreira de Araújo

Offices held in Navigator Group Companies

- Member of the Board of Directors and of the Executive Committee of The Navigator Company, S.A.
- Member of the Board of Directors of Bosques do Atlantico, S.L.
- Member of the Board of Directors of Empremedia Re Designated Activity Company
- Member of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Member of the Board of Directors of Navigator Africa, S.R.L.
- Member of the Board of Directors of Navigator Afrique du Nord, SARLAU
- Member of the Board of Directors of Navigator Brands, S.A.
- Member of the Board of Directors of Navigator Deutschland GMBH
- Director of Navigator Egypt (LLC)
- Vice-Chairman of the Board of Directors of Navigator Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirketi
- General manager of Navigator France SAS
- Member of the Board of Directors of Navigator International Holding, SGPS, S.A.³¹
- Member of the Board of Directors of Navigator Itália, S.R.L.
- Member of the Board of Directors of Navigator Middle East Trading DMCC
- Member of the Board of Directors of Navigator Netherlands B.V.
- Member of the Board of Directors of Navigator North America, INC.
- Member of the Board of Directors of Navigator Paper Austria GMBH
- Member of the Board of Directors of Navigator Paper España S.A.
- Member of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper México S. DE R.L. DE C.V.
- Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- Member of the Board of Directors of Navigator Paper UK LTD.
- Member of the Board of Directors of Navigator Parques Industriais, S.A.
- Member of the Board of Directors of Navigator Poland Paper Spółka Z Ograniczoną Odpowiedzialnością
- Member of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Member of the Board of Directors of Navigator Pulp Figueira, S.A.

³¹ In office until 11 October 2022, date of company liquidation.



- Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Member of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Member of the Board of Directors of Navigator Tissue Iberica, S.A.
- Member of the Board of Directors of Navigator Tissue Ródão, S.A.
- Member of the Board of Directors of Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, S.A.

Offices held in other companies/entities

- Vice-Chairman of the General Meeting of Biond – Associação das Bioindústrias de Base Florestal.³²
- Member of the Board of Directors of AFP – Associação Fiscal Portuguesa
- Member of the Audit Board of Statutory Auditors' Association

Nuno Miguel Moreira de Araújo Santos

Offices held in Navigator Group Companies

- Member of the Board of Directors and of the Executive Committee of The Navigator Company, S.A.
- Member of the Board of Directors of Bosques do Atlantico, S.L.
- Member of the Board of Directors of Enerpulp - Cogeração Energética de Pasta, S.A.
- Member of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Chairman of the Board of Directors of Navigator Africa, S.R.L.
- Member of the Board of Directors of Navigator Brands, S.A.
- Member of the Board of Directors of Navigator International Holding, SGPS, S.A. ³³
- Member of the Board of Directors of Navigator North America, INC.
- Member of the Board of Directors of Navigator Paper Figueira, S.A.
- Member of the Board of Directors of Navigator Paper Setúbal, S.A.
- Member of the Board of Directors of Navigator Parques Industriais, S.A.
- Member of the Board of Directors of Navigator Pulp Aveiro, S.A.
- Member of the Board of Directors of Navigator Pulp Figueira, S.A.
- Member of the Board of Directors of Navigator Pulp Setúbal, S.A.
- Member of the Board of Directors of Navigator Tissue Aveiro, S.A.
- Chairman of the Board of Directors of Navigator Tissue Iberica, S.A.
- Member of the Board of Directors of Navigator Tissue Ródão, S.A.

³² Since 27 July 2022, having been Chairman of the General Meeting until that date.

³³ In office until 11 October 2022, date of company liquidation.



- Chairman of the Board of Directors of Pulpchem Logistics, ACE
- Member of the Board of Directors of RAIZ - Instituto de Investigação da Floresta e do Papel

Offices held in other companies/entities

- Member of the General Board of Biond – Associação das bioindústrias de base florestal, representing Navigator Tissue Ródão, S.A.

Manuel Soares Ferreira Regalado

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

Did not perform functions in other companies/entities in 2022.

Maria Teresa Aliu Presas

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

- Member of the Board of Directors of World Bioeconomy Forum.
- Senior consultant at Magellan Association.

Mariana Rita Antunes Marques dos Santos

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

Member of the Board of Directors of FAE – Forum de Administradores e Gestores de Empresas

Sandra Maria Soares Santos

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

- Chairman of the Board of Directors of Moldin, S.A.
- Chairman of the Board of Directors of Barbosa & Almeida, SGPS, S.A.
- Chairman of the Board of Directors of BA Vidro II, SGPS, S.A.
- Chairman of the Board of Directors of BA Glass Packaging, S.A.



- Member of the Board of Directors of Artividro, Lda.
- Member of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, S.A.
- Member of the Board of Directors of BA Glass Portugal, S.A.
- Chairman of the Board of Directors of BA Glass Spain, S.A.U.
- Chairman of the Board of Directors of BA - Vidrio Distribución y Comercialización de Envases de Vidrio, S.A.
- Chairman of the Board of Directors of Minas de Valdeastillo, S.A.U.
- Member of the Board of Directors of BA Glass Germany, GmbH.
- Member of the Board of Directors of BA Glass Poland, Sp. z o.o.
- Chairman of the Board of Directors of BA Glass Bulgaria, S.A.
- Chairman of the Board of Directors of BA Glass Romania, S.A.

Vítor Paulo Paranhos Pereira

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

- Member of the Board of Directors of APHELION, S.A.
- Member of the Board of Directors of ANTASOBRAI – Sociedade Agropecuária, S.A.
- Member of the Board of Directors of CAPITAL HOTELS - Sociedade de Investimentos e Gestão, S.A.
- Member of the Board of Directors of CIMO – Gestão de Participações, SGPS, S.A.
- Chairman of the Board of Directors of GALERIAS RITZ, S.A.
- Member of the Board of Directors of HOTEL RITZ, S.A.
- Chairman of the Board of Directors of PARQUE RITZ, S.A.
- Member of the Board of Directors of SECIL - Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Board of Directors of SEMAPA Inversiones, S.L.
- Member of the Board of Directors and of the Executive Committee of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
- Member of the Board of Directors of SODIM, SGPS, S.A.
- Member of the Board of Directors of Sociedade Agrícola da Herdade dos Fidalgos, Unip., Lda
- Chairman of the Board of Directors of SONAGI, SGPS, S.A.
- Chairman of the Board of Directors of SONAGI – Imobiliária, S.A.
- Chairman of the General Meeting of Associação da Hotelaria de Portugal



Vítor Manuel Rocha Novais Gonçalves

Offices held in Navigator Group Companies

- Member of the Board of Directors of The Navigator Company, S.A.

Offices held in other companies/entities

- Member of the Board of Directors of Beldevelopment, S.A.
- Member of the Board of Directors of Extrasearch, SGPS, S.A.
- Member of the Board of Directors of Euromidlands - Sociedade Imobiliária, Lda.
- Member of the Board of Directors of Magalhães e Gonçalves – Consultoria e Gestão, Lda.
- Member of the Board of Directors of Prudentarbítrio, Lda.
- Member of the Board of Directors of Qualquer Ponto – Sociedade Imobiliária, Lda.
- Member of the Board of Directors of Qualquer Prumo – Sociedade Imobiliária, Lda.
- Gerente da Terraponderada, Lda.
- Member of the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.³⁴
- Member of the Board of Directors of Vanguardintegral, Lda.
- Member of the Board of Directors of VRES – Vision Real Estate Solutions, S.A.
- Member of the Board of Directors of Zoom Investment, SGPS, S.A.
- Member of the Board of Directors of Zoom Investment Turismo, S.A.
- Member of the Board of Directors of 2For Venture, SGPS, S.A.

c) Committees belonging to the management or supervisory bodies and managing directors

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Committee, as the case may be, and place where the rules of procedure may be consulted.

The following committees report to the Company's Board of Directors:

- Executive Committee
- Corporate Governance Committee
- Sustainability Forum
- Pension Fund Supervisory Board
- Asset Risk Analysis and Monitoring Committee
- Ethics Committee

³⁴ In office until the General Meeting held on 27 May 2022.



- Environmental Board
- Appointments and Appraisals Committee

The Operating Rules of the Internal Committees make reference to their respective powers, presidency, meeting frequency, functioning and duties of the members, with detailed minutes of their meetings drawn up, available at the Company's website at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

The composition and number of annual meetings of internal committees are published at the Company's website at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

In accordance with their respective Operating Rules, Internal Committees must ensure a timely and adequate flow of information, from their respective meeting notices and minutes, as required to exercise the powers under the law and Articles of Association of each of the remaining boards and committees.

28. Composition, if applicable, of the Executive Committee and/or identification of the Managing Director(s)

On 31 December 2022, the Executive Committee comprised the following Directors:

Chairman

- António José Pereira Redondo

Members

- Adriano Augusto da Silva Silveira
- João Paulo Araújo Oliveira
- João Paulo Cabete Gonçalves Lé
- José Fernando Morais Carreira de Araújo
- Nuno Miguel Moreira de Araújo Santos

29. Indication of the powers of each of the committees created and summary of the activities carried on the exercise of these responsibilities.

EXECUTIVE COMMITTEE

The powers of the Executive Committee are described in item 21 of this report.

The Executive Committee is the Company's executive management body and has performed its duties by exercising the powers entrusted to it by the Board of Directors. This Committee meets regularly and whenever required by the evolution of the Company's affairs and to monitor its business activities; a total of 44 meetings were held in 2022. In addition to the members of the Executive Committee, whenever the matters so justify, Non-Executive Directors and Group Companies are present at these meetings and members of the various Navigator departments.



CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises of three members: Mariana Marques dos Santos, Manuel Regalado and António Neto Alves.

The Corporate Governance Committee, in addition to monitoring, on a continuous basis, the Company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, is responsible for the critical analysis of the Company's practices and conduct in the field of corporate governance, and for the initiative of proposing for debate, amendment and introducing new procedures designed to improve the structure and governance of the Company. The Corporate Governance Committee is also required to assess annually the corporate governance status of the Company and submit to the Board of Directors any proposals as it sees fit.

In 2022, in addition to the work and current communications carried out by telematic means, the Committee held two meetings in which the following topics were analysed:

1. Analysis and proposals to the Corporate Governance Report for 2021;
2. Analysis of and comments on the proposal to amend Navigator's Articles of Association, to be submitted to the Annual General Meeting.
3. Analysis of the assessment of compliance with the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) conducted by the Executive Monitoring and Follow-Up Committee (CEAM), with reference to the period 2021;
4. Comparison analysis of the compliance with the Recommendations of the CGC of the IPCG by other listed companies;
5. Analysis of a proposal to change the IPCG CGC, as of 2023.
6. Presentation of activities to the Audit Board.

SUSTAINABILITY FORUM

In recognition of the fundamental role played by sustainability in the Navigator Company Group's strategic development, the Navigator Sustainability Forum was set up in 2015.

The main aim of the Forum is to foster cooperation between the Navigator Company Group and leading figures in its sphere of influence, from non-governmental organisations to universities, as well as social organisations, clients and suppliers.

This initiative seeks to strengthen dialogue with its main stakeholders, promoting debate and active listening on issues of importance to the Company and to society.

In general, the Sustainability Forum meets twice a year: a session dedicated to permanent members and another extended session for various stakeholders. The extended sessions have a central theme, which is debated in depth, contributing to the formulation of corporate and strategic policy on issues of social and environmental responsibility, creating platforms for



understanding and cooperation between the Navigator Company Group and its main stakeholders.

The Sustainability Forum comprises internal and external members, and is chaired by the CEO, António Redondo, with Teresa Presas as Secretary-General.

Internal members are António Redondo (CEO), Adriano Silveira, João Paulo Oliveira, João Lé, Fernando Araújo and Nuno Santos (members of the Executive Committee), Teresa Presas (member of the Board of Directors and Secretary-General), Manuel Regalado (member of the Board of Directors), and Ana Miranda, Maria da Conceição Cunha, Margarida Tomé and Joaquim Poças Martins, members of the Environmental Board.

The following relevant personalities linked to the activities of the Company's main stakeholder groups are external members of the Sustainability Forum: Cristina Tomé, Filipe Duarte Santos, Francisco Ferreira, Francisco Gomes da Silva, José Júlio Norte, Luís Neves da Silva and Rosário Alves.

In 2022, two sessions of the Sustainability Forum were held, one internal, aimed at the Permanent Members of the Forum (internal and external), and another external with the participation of a wide range of the Company's Stakeholders.

The internal session, held in June 2022, promoted debate on "Corporate Performance in ESG Criteria", in addition to reflection on the theme of the external session of the Forum, held in Aveiro in November 2022, which was dedicated to the topic "Bioeconomy: The Path to a Sustainable Future".

PENSION FUND MONITORING COMMITTEE

– The functions of the Pension Fund Monitoring Committee include verifying compliance with the provisions applicable to the pension plan and to the management of the respective pension fund, pronouncing on proposals for transferring management and other relevant alterations to the constitutive and management contracts of the funds, as well as on the winding-up of the pension fund or a quota thereof.

– Law 27/2020 of July 23 introduced several alterations to the Legal Regime of Pension Funds, namely with respect to the composition of the Monitoring Committee which, in addition to the two representatives of the participants and beneficiaries of the Fund already foreseen in the previous legislation, now also foresees the participation of two representatives indicated by the two most significant unions in the Company, and one representative of the Workers' Committee.

– Following this legislative change, a new Monitoring Committee was appointed, consisting of 6 representatives of the Company (Manuel Arouca, António Cunha Reis, João Ventura, Alexandre Vale, Ana Duarte Ferreira and Teresa Valdez), two representatives of the participants (João Manuel Nunes de Oliveira and António Tavares Melo) and one representative of the Workers' Committee (Ricardo David Gomes Arede). The unions have not yet nominated any representatives. This new Committee took office on December 13, 2021.

– The Pension Fund Monitoring Committee held a meeting on October 18, 2022, at which several themes were analyzed, namely the evolution of the funds and respective performance,



compliance with information duties by the management company, actuarial results to June, the new Norm 10/2022 on the governance structure of Pension Funds and the change made to the investment policy in order to start incorporating ESG factors.

ASSET RISK ANALYSIS AND MONITORING COMMITTEE

The Company has an Asset Risk Analysis and Monitoring Committee, which is coordinated by the directors responsible for finance, risk or assets, who in this case are Fernando Araújo and Adriano Silveira, and includes the plant managers, who, during 2022, were Alexandre Vale, Pedro Matos Silva, Dorival Martins de Almeida, António Estudante de Oliveira, and Joaquim Belfo, the Finance Director, Manuel Arouca, the Risk Management Director, Gonçalo Monteiro Duarte, and the Management Control Director, Gonçalo Veloso de Sousa. It has also had the regular presence of Alexandra Fernandes, Empre média's operational manager.

This Committee meets as and when required, and its role is to pronounce on the property risk prevention systems in place in the Company, in particular on measures taken to meet the recommendations resulting from inspections conducted by reinsurers, and to pronounce on the adequacy, in terms of scope, type of cover and capital sums, of the insurance taken out by the Navigator Company Group; discuss and issue opinions or recommendations on policies, procedures, significant risks, risk limits and extraordinary situations in terms of property risks; promote and monitor the maintenance of the inventory of the most significant property risks, in close liaison with the risk governance system in force in the Navigator Company Group.

The Property Risks Analysis and Monitoring Committee held a meeting on 27 July, at which it examined a number of issues, including: a progress report on recommendations following risk analyses in 2021 and pending recommendations from previous years; identification and quantification of claims in the last ten years (2011-2022); consideration of Navigator's risk retention policy for 2023; capital to be insured in 2023, gross profit insured in 2022 and estimates for 2023; and calculation of estimated maximum loss (PML).

ETHICS COMMITTEE

Following the drafting and approval of the Code of Ethics and Conduct by the Executive Committee during 2010, the Ethics Committee was established, which prepares an annual report on compliance with the rules contained in the Code of Ethics. This report shall detail all irregular situations of which the Committee is aware, as well as the conclusions and follow-up proposals which it has adopted in the various cases analyzed.

The Ethics Committee is required to monitor, impartially and independently, the conduct of the Company's bodies and officers as regards disclosure and compliance with the Code of Ethics in all companies in the Navigator Company Group.

In performing its duties, the Ethics Committee is particularly responsible for:

- Verifying that the Code of Ethics and Conduct is integrated into the Company's usual internal control systems, namely within the scope of the Risk Management Department (DGR);
- Appreciate the conclusions drawn by the DGR from any audits it conducts on matters covered by the Code of Ethics and Conduct;



- To ensure the functioning of a mechanism for reporting violations of the Code of Ethics and Conduct, as part of the Group's mechanism for reporting irregularities;
- To evaluate and assess any situation that arises concerning compliance with the precepts included in the Code of Ethics and Conduct involving any member of a corporate body;
- To submit to the Corporate Governance Committee the adoption of any measures deemed convenient in this regard, including the review of internal procedures;
- To submit to the Board of Directors, should it deem necessary, proposals to amend the Group's Code of Ethics and Conduct;
- To draw up an annual report on its performance in the scope of compliance with the rules contained in the Code of Ethics and Conduct in the Group's companies.

The Ethics Committee is composed of three members: Henrique Trocado, Rui Gouveia and Jaime Falcão.

Three meetings were held in 2022, at which the activities carried on in 2021 and 2022 were reviewed, as were the main issues which have been reported and raised in connection with the Company's Code of Ethics and Conduct and the Company's Whistleblowing Channel, in Portugal and abroad, and the functioning and mode of operation of the same were debated. The report on the Ethics Committee's activities during the year ended December 31, 2021 was also discussed and approved.

ENVIRONMENTAL BOARD

In view of the specific nature of the Navigator Company Group's business and its inherent environmental concerns, the Board of Directors decided in 2008 to set up an Environmental Board, to monitor and issue its opinion on environmental aspects of the Company's operations and to make recommendations on the environmental impact of its main undertakings, paying special attention to legal requirements, licensing conditions and the Navigator Company Group's policy in this area.

The Environmental Board has four members: Maria da Conceição Cunha (Chairman), Ana Isabel Miranda, Maria Margarida Tomé and Joaquim Poças Martins, all of them independent academic personalities of recognized technical and scientific competence, particularly in the most important areas of environmental concern for the Navigator Company Group's business in its current configuration.

The Environmental Board establishes direct contact with the Navigator Company Group's business universe, through meetings held at its industrial sites, at its main forestry plantations and at its research institute, RAIZ.

A meeting of the Environmental Board was held during 2022, at which the following topics were tackled:

- Environmental Situation - Overview of compliance with Legal obligations;
- Energy situation and impact on Navigator;



- PRR, applications under the mobilizing and decarbonizing agendas;
- PRUA Project: reducing water use.

REMUNERATION COMMITTEE

The remuneration assignment process, which is monitored by the Nomination and Appraisals Committee, is in particular the responsibility of the Remuneration Committee existing in the Company, created under article 399 of the Portuguese Companies Code.

Until the date of entry into force of Law no. 50/2020, of 25 August, the Remuneration Committee drew up annually – which happened in 2020 – the statement on the remuneration policy for the members of the management and supervisory bodies. After the entry into force of the referred Law, this Committee has the functions to prepare the remuneration policy for the members of the management and supervisory bodies and to carry out all the work of analyzing and fixing the remuneration of the directors.

The Remuneration Committee participates, equally and actively, in the performance evaluation, and it is responsible for carrying out all work concerning analyses and setting Directors' remuneration, in particular setting the variable remuneration of the Executive Directors.

During 2022, the Remuneration Committee was composed, until the General Meeting of May 27th, by Mr. José Gonalo Ferreira Maury, Mr. Joo Rodrigo Appleton Moreira Rato and Mr. Joo do Passo Vicente Ribeiro and, after that date, by Mrs. Maria Eduarda Faria e Maia de Oliveira Luna Pais, Mr. Joo do Passo Vicente Ribeiro and Mrs. Carlota Infante da Cmara Albergaria Caldeira.

In keeping with its responsibilities, the Remuneration Committee held four meetings in the course of 2022, at which it discussed various matters relating to the remuneration of company officers (in particular the variable remuneration to be attributed to the executive directors for 2021, and the remuneration of the members of the General Meeting Board and the Audit Board), analysed the possible review of the Remuneration Policy and the Remuneration Report 2021, and also assessed the results of the CEAM's appraisal of Navigator's Corporate Governance Report, for the financial year 2021.

In order to provide information or clarifications to the shareholders, the members of the Remuneration Committee are present at the annual General Meeting and in any others if the respective agenda includes a matter related to the remuneration of the members of the bodies and committees of the Company or if such presence has been required by shareholders.

Within the budgetary limitations of the Company, the Remuneration Committee can freely decide whether to hire, through the Company, the necessary or convenient consultancy services to perform its functions.

The Remuneration Committee must ensure that the services are provided independently and that the respective providers are not contracted to provide any other services to the Company itself or to others that are in a controlling or group relationship without the express authorisation of the Committee.



APPOINTMENTS AND APPRAISALS COMMITTEE

In 2018, the Company established an Appointments Committee. In 2019, the Committee's powers were extended, as described below, and its designation changed to the Appointments and Appraisals Committee.

This Committee is composed of three to seven members, including a majority of Directors who do not perform executive functions, one of whom will be Chairman, appointed by the Board of Directors, for a period of four years, coinciding with the mandate of the Board of Directors.

In 2022, this Committee had three members: Ricardo Miguel dos Santos Pacheco Pires (Chairman), Mariana Rita Antunes Marques dos Santos and Vítor Paulo Paranhos Pereira. In 2022, Isabel Viegas, Chief People Officer for the Group, also participated in this Commission as consultant.

In accordance with its Internal Regulations, the Appointments and Appraisals Committee is responsible for monitoring and supporting the appointments of management officers of the Company and the Navigator Group, as well as assessing the performance of the same management staff.

In the performance of its duties, and without prejudice to other powers attributed to it by the Company's Board of Directors, the Appointments and Appraisals Committee is particularly responsible for the governing bodies:

In terms of appointments:

- Assist the Board of Directors in identifying and assessing the adequacy of the profile, knowledge, and curriculum of members of the governing bodies to be designated, namely, the appointment by co-option for the performance of functions of member of the Board of Directors of the Company, as well as, in the choice of administrators who will perform executive functions;
- Make its terms of reference available and induce, to the extent of its competencies, transparent selection processes that include effective mechanisms for identifying potential candidates, through which the ones with the greatest merit are selected, that are best suited to the job requirements and promote, within the organisation, adequate diversity including gender;
- Whenever deemed convenient, to know and accompany the selection processes of potential candidates for the performance of executive functions of administration in the Group's subsidiary companies, in cases where the Company intends to present the respective elective proposal.

In terms of appraisals:

- To monitor the management's performance evaluation and remuneration attribution system;



- To comment on the proposals for individual annual performance evaluation of the members of the Executive Committee, issued by the respective Chairman, and on the latter, issued by the Chairman of the Board of Directors;
- To monitor the overall assessment of the performance of the Board of Directors, as a body, taking into account compliance with the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member.

In addition to other functions that are expressly assigned to it by the Board of Directors, the Appointments and Appraisals Committee is responsible, especially with regard to the remaining management staff, to:

- Monitor and issue recommendations on the Group's internal talent management policies and procedures;
- Periodically assess the need and availability of talent at the Group level and recommend appropriate actions to ensure the Group's capacity to respond to the challenges that arise, namely to monitor and issue recommendations on internal policies and procedures related to selection, hiring, remuneration, evaluation remuneration and incentives policies, as well as the succession plan for management staff, and formulate the recommendations that it considers appropriate.

The Committee is also responsible for talent management, particularly with regard to senior management: (i) monitoring and issuing recommendations on the Group's internal talent management policies and procedures and (ii) periodically assessing the need for and availability of talent within the Group and recommending appropriate actions to ensure the Group's ability to respond to the challenges that arise.

By virtue of its members and their competences, in matters of remuneration, performance evaluation and appointments, the existence of this Committee reflects adherence to Recommendation III.9 of the IPCG Corporate Governance Code.

Attentive to its competencies, in 2022, in addition to the current work and communications carried out by telematic means, the Appointments and Evaluation Committee held two XXXX meetings in which the following topics were discussed: (a) performance evaluations for the 2021 fiscal year; (b) performance evaluation process for the 2022 fiscal year; (c) succession plans and (d) presentation to the Supervisory Board of proposals for a talent development plan and a succession plan.



III. Auditing

(Supervisory Board, Audit Committee or General and Supervisory Board)

a) COMPOSITION*

* Over the reporting period

30. Identification of the supervisory body (Supervisory Board, Audit Committee or General Supervisory Board) corresponding to the model adopted.

Under the single-tier management model adopted, the Company's supervisory body is the Supervisory Board.

31. Composition, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full members, date of first appointment and end date of the term of office of each member; reference may be made to the item in the report where this information is contained in accordance with paragraph 18.

Chairman:	José Manuel Oliveira Vitorino
Full Members	Gonçalo Nuno Palha Gaio Picão Caldeira Maria da Graça Torres Ferreira da Cunha Gonçalves
Alternate Member	Ana Isabel Moraes Nobre de Amaral Marques

Under the Articles of Association, the Company's Audit Body comprises of three full members, one of whom is Chairman, and one alternate member. With the amendment to the Articles of Association approved by the General Assembly in 2022, the terms of office of the governing bodies were changed from four to three years, starting in 2023.

The current members of the Supervisory Board were appointed for the current term, from 2019 to 2022, at the General Meeting held on 9 April 2019, at which the members of Navigator's governing bodies were elected.

José Manuel Oliveira Vitorino was elected as alternate member on 29 April 2015. On 2 July 2015, José Manuel Oliveira Vitorino took the position of full member of the Supervisory Board for the 2015-2018 term of office, replacing full member Duarte Nuno d'Orey da Cunha following his resignation.

At the ordinary General Meeting of 19 April 2016, José Manuel de Oliveira Vitorino was appointed as a full member of the Supervisory Board, until the end of the current term of office of the other members of statutory bodies. However, since the composition of Navigator's Supervisory Board and its majority shareholder Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. have been coinciding; since an election was held in 2018 for the 2018-2022



term of office of the Semapa Supervisory Board, thereby changing its composition; and given the intent expressed by the Chairman of the Supervisory Board, Miguel Camargo de Sousa Eiró, to also resign from Navigator in the General Meeting of 23 May 2018, José Manuel Oliveira Vitorino, previously a full member of the Supervisory Board, was appointed to the position of Chairman of the Supervisory Board until the end of the current term of office of other members of statutory bodies. He was elected Chairman of the Supervisory Board on 9 April 2019 for the term of 2019 to 2022.

Gonçalo Nuno Palha Gaio Picão Caldeira was elected as a full member of the Supervisory Board for the first time with effect as from the start of the term running from 2007 to 2010 and was re-elected for the terms from 2011 to 2014, 2015 to 2018 and 2019 to 2022.

Maria da Graça Torres Ferreira da Cunha Gonçalves was appointed as full member of the Supervisory Board in the General Meeting on 23 May 2018, until the end of the current term of office of the other members of statutory bodies, having been re-elected for the 2019-2022 term.

Ana Isabel Moraes Nobre de Amaral Marques was appointed as alternate member of the Supervisory Board on 19 April 2016, until the end of the current term of office of the other members of statutory bodies, having been re-elected for the 2019-2022 term.

The Company believes that the number of members of the Supervisory Board is perfectly adequate in view of its size and the complexity of risks inherent to its activity, efficiently ensuring the duties entrusted to them. This suitability judgment took into account, in particular, the activities of the Company, the stability of the shareholder structure, as well as the set of diversified skills and the availability of the members of the Audit Board to carry out their duties, namely, through close collaboration with the remaining bodies and commissions of the Company and the External Auditor and Statutory Auditor.

32. Identification, as applicable, of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with article 414 (5) of the Companies Code; reference may be made to the item in the report where this information is contained in accordance with item 19.

The members of the Audit Board Jose Manuel Oliveira Vitorino (Chairman) and Maria da Graca Torres Ferreira da Cunha Goncalves are considered by Navigator to be independent, in the light of the criteria laid down in Article 414 no. 5 of the Companies Code, with the former serving his second term in office and the latter her first.

As a result of the appointment of Goncalo Nuno Palha Gaio Picão Caldeira at the Annual General Meeting of May 24, 2018 for a fourth term in office as a member of the Audit Board, he became a non-independent member of the said corporate body, as is clear from the application of Article 414.5(b) of the Companies Code.



33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the item in the report where this information is contained in accordance with item 21.

José Manuel Oliveira Vitorino

(Chairman of the Audit Board)

José Manuel Vitorino graduated in Business Administration and Organisation from the University of Lisbon's Instituto Superior de Economia. He is qualified as a statutory auditor, and in the executive training programme of Universidade Nova de Lisboa.

He was Assistant Lecturer at the Faculty of Economics of the University of Coimbra where he remained until 1980, having then joined PricewaterhouseCoopers and divided his activity between auditing and financial advisory areas, both in national and foreign companies and groups, as well as in projects in which he integrated international teams.

He had been a Partner for several years when he left PricewaterhouseCoopers in 2013, due to reaching the age limit of the position.

He was also Chairman of the Audit Board of Novo Banco, S.A. until 2017 and is a member of the Audit Board of ANA - Aeroportos de Portugal, S.A.

He is a member of the internal control committee of Jerónimo Martins, SGPS, SA. since May 2022. He has been a member of the Audit Board of The Navigator Company since 2015 and of Semapa and Secil since 2016, serving as Chairman of these supervisory bodies since 2018.

Gonçalo Nuno Palha Gaio Picão Caldeira

(Full member of the Audit Board)

Gonçalo Picão Caldeira has a degree in Law and was admitted to the Portuguese Bar Association in 1991, after completing his law practice. He has a post-graduate degree in Management (MBA - Universidade Nova de Lisboa) and attended the Real Estate Management and Valuation course at ISEG. He has been working in real estate management and development through family companies since 2004. Before that, he collaborated with the BCP Group from 1992 to 1998 and with the Sorel Group from October 1998 to March 2002. He was also an employee of Semapa from April 2002 to February 2004. He has been a member of the Audit Board of the Company since 2007, of Semapa since 2006, and of Secil since 2013.

Maria da Graça Torres Ferreira da Cunha Gonçalves

(Full member of the Audit Board)

Maria da Graça Torres Ferreira da Cunha Gonçalves has a degree in Company Organization and Management from the Instituto de Ciências do Trabalho e da Empresa (ISCTE) and is a chartered accountant. From June 1978 to November 1985, she performed various functions in



the areas of General Accounting, Analytical and Financial Planning and Analysis at Magnetic Peripherals Inc. Portugal. She was a financial analyst at Shell Portuguesa, S.A. between December 1985 and November 1989. Between December 1989 and July 1994, was Controller and CFO at United Distillers Comp. Velha, Ld.^a, with responsibility for all Financial, IT and Procurement areas. Between August 1994 and July 1995, he was CFO of ITT Automotive Europe GmbH, with responsibility for all Finance and Personnel.

From August 1995 to June 2015, he was Back Office Director at Pernod Ricard Portugal, with responsibility for Finance, Management Control, Purchasing, Logistics, Production, Human Resources and Legal. In 2001 and 2002, he was responsible in Portugal for the acquisition process of Seagram (Sandeman & Co.).

Later, in 2005 and 2006, he was responsible for the Financial and Human Resources areas of the acquisition process of Allied Domecq (Cockburn Smithes & C.^a). He was vice-president in the sector's Association, ACIBEV, as representative of Pernod Ricard. He has been a member of the Audit Board of the Company, Semapa and Secil since 2018.

b) OPERATION

34. Existence of operating regulations, and place where they can be consulted, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs; reference may be made to the item in the report where this information is contained in accordance with item 24.

The Company's Audit Board has internal operating regulations, which are published at the Company's website in the investors' area (corporate governance section), freely available for consultation at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

The annual report issued by the Audit Board on its work during the year is published in conjunction with the Report & Accounts and is available at the Navigator Group's website.

35. Number of meetings held and rate of attendance at meetings of the Supervisory Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be; reference may be made to the item in the report where this information is contained in accordance with item 25.

The Audit Board held twenty meetings during the 2022 financial year, and all agendas and the respective minutes were sent to the Chairman of the Board of Directors, and are also at the disposal of the Risk Management Department.

Its members were present at all meetings held while they were in office, so that there was an attendance rate of 100%.

The number of meetings of the Audit Board held is freely available for consultation on the company's website, at www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade.

In accordance with the Audit Board Regulations, detailed minutes of the respective meetings are drawn up.



36. Availability of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be, indicating offices held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by the members of these bodies during the period; reference may be made to the item in the report where this information is contained in accordance with item 26.

Essa informação está disponível no anterior ponto 33 referente às qualificações profissionais e outros elementos curriculares relevantes de cada membro dos órgãos sociais em epígrafe.

Os membros do Conselho Fiscal têm a disponibilidade adequada ao desempenho das funções que lhes estão cometidas.

Para além das atividades referidas no ponto 33, os membros do Conselho Fiscal desempenham as funções que se descrevem infra:

José Manuel Oliveira Vitorino

Offices held in Navigator Group companies

No offices held in other companies belonging to the same group as Navigator.

Offices held in other companies/entities

- Member of the Audit Board of ANA Aeroportos de Portugal, S.A.
- Member of the internal control committee at Jerónimo Martins, SGPS, SA.
- Chairman of the Audit Board of a SECIL Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Audit Board of SEMAPA Sociedade de Investimento e Gestão, SGPS, S.A.

Gonçalo Nuno Palha Gaio Picão Caldeira

Offices held in Navigator Group companies

No offices held in other companies belonging to the same group as Navigator.

Offices held in other companies/entities

- Director at LINHA DO HORIZONTE Investimentos Imobiliários, Lda.
- Director at LOFTMANIA – Gestão Imobiliária, Lda.
- Member of the Audit Board of SECIL Companhia Geral de Cal e Cimento, S.A.
- Member of the Supervisory Board of SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A.



Maria da Graça Torres Ferreira da Cunha Gonçalves

Offices held in Navigator Group companies

No offices held in other companies belonging to the same group as Navigator.

Offices held in other companies/entities

- Member of the Audit Board of Secil Companhia Geral de Cal e Cimento, S.A.
- Member of the Supervisory Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.

c) POWER AND RESPONSIBILITIES

37. Description of applicable procedures and criteria for the supervisory body's involvement in hiring additional services from the external auditor

In accordance with the rules in the European Audit Regulation, in article 77, paragraphs 10 and 11 of the Bylaws of the Association of Statutory Auditors (Ordem dos Revisores Oficiais de Contas), approved by Law no. 140/2015, of 7 September, the Rules of Procedure of the Supervisory Board, approved on 9 November 2018, and the Rules of Procedure for the approval of services beyond the scope of auditing, approved on 1 June 2016, the contracting of different auditing services, which are not required by law or constitute prohibited services, to the External Auditor and Statutory Auditor or to any member of its network, by Navigator or by companies within its domain or group, is subject to prior approval by the Navigator Supervisory Board, duly substantiated.

As such, proposals submitted are handed over to the Supervisory Board for analysis and validation, with a view to essentially ensuring (i) that the services in question are permitted, (ii) that the provision of services will not affect the independence and impartiality of the External Auditor, as needed to provide auditing services, (iii) that the combined value of fees for the provision of services other than auditing services does not exceed the limit of the Bylaws of the Association of Statutory Auditors (EOROC), and (iv) that the additional services in question are provided with a high degree of quality and autonomy.

The Audit Board has thus applied the rules set out in the Statute of the Order of Statutory Auditors, approved by Law 140/2015 of September 7, in the version in force until December 31, 2021, and observes the internal procedures instituted in the Internal Regulations on the approval of non-audit services to ensure that the legal provisions are complied with.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs

1. The Audit Board has the powers that result from the law, with no delegated powers or responsibilities. The functions and duties of the Audit Board are expressly set out in its Internal Rules of Procedure, which governs the exercise of the functions, the chairman, the frequency of the meetings, functioning and framework of duties of its members and determines that detailed minutes of its meetings are written. These Rules are published the Company's website, at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.



In accordance with the Rules of Procedure, amended on December 2020, the Audit Board ensures the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, required for the performance of the functions, determined by law and the bylaws, of each of the remaining corporate bodies and committees.

2. In the performance of its duties, without prejudice to other powers assigned to it by law, in particular by Article 420 of the Companies Code, in accordance with its Rules of Procedure, the Audit Board has the following functions and powers:

- a) To supervise the management of the Company, including, in this context, annually assessing the budget, the internal functioning of the Board of Directors and its committees, as well as the relationship between the various bodies and committees of the Company;
- b) To ensure compliance with the law and the articles of association;
- c) To verify that books, accounting records and the respective supporting documents are in order;
- d) To verify, when it deems to be appropriate and as it sees fit, the state of cash and inventories of any type of goods or assets belonging to the Company or received by the same as security, deposit or on another basis;
- e) To verify the accuracy of the financial statements;
- f) To verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of the Company's assets and results;
- g) To draw up an annual report on its audit activities and issue its opinion on the report, accounts and proposals submitted by management;
- h) To convene the General Meeting when the Chairman of the meeting fails to do so;
- i) To evaluate and comment on strategic lines and risk policy prior to their final approval by the management body;
- j) To supervise and evaluate the effectiveness of the internal control system, including the functions of risk management and internal audit, being able to propose any necessary adjustments;
- k) To issue an opinion on the work plans and resources allocated to the services of the internal control system, including the functions of risk management and internal audit, and may propose any necessary adjustments;
- l) To receive reports of irregularities (whistleblowing) submitted by shareholders, collaborators of the Company or others;
- m) To contract the provision of services by experts to assist one or more of its members in the exercise of their functions; whereas the contracts with and remuneration to be



paid to such experts shall be in line with the importance of the matters entrusted to them and the economic situation of the Company;

- n) To supervise the appropriateness of the procedure for preparation and disclosure of financial information by the Board of Directors, including the adequacy of the accounting policies, estimates, evaluations, relevant disclosures and a consistent implementation thereof in each year, that shall be fully documented and communicated;
- o) To propose to the General Meeting the appointment of the Statutory Auditor and its remuneration, indicating the criteria which governed the selection of the statutory auditor and describing the auditor's selection procedure it conducted;
- p) To propose to the General Meeting the dismissal of the Statutory Auditor or the termination of the services provision agreement, whenever there are justifiable grounds for that purpose;
- q) To supervise the auditing of the Company's financial statements and reports;
- r) To supervise the independence of the Statutory Auditor, namely with regard to the provision of additional services, and assess, yearly, the work carried out by the Statutory Auditor and its suitability for the performance of the tasks assigned to it;
- s) To confirm if the disclosed report on the corporate governance structure and practices includes the information listed in Article 245-A of the Portuguese Securities Code;
- t) To issue a previous and binding opinion on the Regulation on Conflicts of interests and Related Party Transactions to be drawn up and approved by the Board of Directors or, in the absence of such Regulation, on the definition to be made by management, on whether the transactions that the company carries out with related parties are carried out within the scope of its current activity and under market conditions;
- u) To issue, within a reasonable period, a prior opinion regarding any business with related parties that are not carried out within the scope of the Company's current activity and under market conditions;
- v) To verify that the transactions with related parties that the Company carries out are carried out within the scope of the Company's current activity and under market conditions;
- w) Comply with the other attributions contained in the law or in the articles of association.

3. Concerning its powers, in the performance of its functions, and without prejudice to other powers assigned to it by law, members of the Audit Board may, acting jointly or separately:

- a) Obtain from the Management, for examination and certification, any books, records and documents belonging to the Company, and verify the existence of any type of assets, namely cash, securities and commodities;



- b) Obtain from the Management or any of the Directors, information or clarifications on the course of operations or activities of the Company or on any of its businesses;
 - c) Have access to all Company information and Staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, minutes, documents supporting decisions taken, convening notices and records on the meetings of other corporate bodies, without prejudice to access to all other documents or people who may be called upon to provide clarifications;
 - d) Obtain the reports made by the Company's internal control services, including regarding the risk management and internal audit functions, in particular those on matters related to the rendering of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities;
 - e) Receive from the Company's Statutory Auditor the clarifications which are necessary for the annual assessment, by the Supervisory Board, of the work carried out by the Statutory Auditor, and of its independence and its suitability for the performance of the tasks assigned to it;
 - f) To obtain from third parties who have carried out transactions on behalf of the Company any information required for proper clarification of such transactions;
 - g) Attend meetings of the Management, whenever it deems appropriate.
4. In order to perform their duties, the Audit Board may be assisted by a technical team specially appointed for this purpose and also by a specialised audit firm, and may contract the provision of services by experts, to assist one or more of its members in the exercise of their duties.
5. In the performance of its functions, without prejudice to other powers assigned to it by law, members of the Audit Board have the following duties:
- a) To inform themselves and prepare Supervisory Board meetings diligently;
 - b) To participate in Board meetings and attend General Meetings and meetings of the Board of Directors to which they are summoned by the Chairman or in which the accounts for the financial year are to be discussed;
 - c) To exercise a conscientious and impartial supervision;
 - d) To keep confidential any facts and information which come to their knowledge by virtue of their functions, without prejudice to the duties enshrined in paragraphs 2 and 3 of this Article;
 - e) To inform the Board of Directors of any verifications, inspections and measures, undertaken and the results thereof;
 - f) To report, at the first general meeting held, all irregularities and inaccuracies verified by this Board and whether it obtained all clarifications required for the performance of its functions;



- g) To record in writing all checks, inspections, complaints received, and measures taken and their outcome;
- h) To inform the Board of Directors of the results of the statutory audit and explain how this has contributed to the integrity of the procedure for preparing and disclosing financial information, as well as the role that the audit body played in this process;
- i) To monitor the process for preparation and disclosure of the financial information and submit recommendations or proposals to ensure their integrity;
- j) To supervise the effectiveness of the internal quality control and risk management systems and, if applicable, of the internal audit, with regard to the procedure for preparing and disclosing financial information, while preserving its independence;
- k) To monitor the annual statutory audit of individual and consolidated accounts, namely the execution thereof;
- l) To verify and monitor the audit firm's independence in the exercise of its activity of statutory audit or in the provision of other services legally permitted under the terms defined in the applicable law and regulation, namely:
 - i. Demonstrate, during the selection process of the company of statutory auditors, that this company has and has implemented internal mechanisms that ensure independence and prevention of conflicts of interest;
 - ii. Regular verification by the audit firm that the aforementioned internal mechanisms remain adequate and in compliance with the applicable legislation and regulations;
 - iii. Obtain an annual declaration of independence;
 - iv. Annual communication of the different audit services that have been provided;
 - v. Reasoned proposal regarding the possible extension of the functions of the audit firm, beyond the maximum legal period, with the weighting of the respective conditions of independence and the advantages and costs associated with their replacement;
 - vi. Communication from the audit firm on exceeding the threshold in terms of fees; and
 - vii. Joint analysis of possible threats to its independence and the application of safeguards to mitigate them;
- m) To select audit firms to submit to the General Meeting for election and justifiably recommend one of them for approval;
- n) To treat in confidence any documents of the Company which they have access to in the exercise of their functions, including the content of the Board meetings and of the



other corporate bodies in which they participate and the preparatory information of the meetings; and

- o) To provide other corporate bodies and committees, in accordance with legal statutory requirements, with all necessary information and documents required for the exercise of legal and statutory functions of such bodies and committees.

6. The members of the Audit Board must refer to the Public Prosecution Office any criminal offences that they are aware of and which constitute a public crime.

7. If any of the members of the Audit Board becomes aware of any difficulties in the pursuit of its corporate purpose, they must inform the Statutory Auditor immediately.

In addition, the Audit Board is the main correspondent of the Statutory Auditor and Chartered Accountant of the Company and has access to and direct knowledge of the activities carried out by it. The Company believes that this supervisory activity by the Audit Board, without any interference from the Board of Directors, of the works of the Statutory Auditor and Chartered Accountant, provided it does not jeopardise the timely and adequate knowledge of the Board of Directors, ultimately responsible for Company matters and financial statements, in what concerns these tasks. In compliance with this principle, reports of the Statutory Auditor and Chartered Accountant are addressed to the Audit Board and discussed in joint meetings of the Audit Board with a member of the Board of Directors, where the Audit Board informs, notably, of the results of the statutory audit, ensuring that conditions required to provide audit services exist within the Company. It is also the responsibility of the Audit Board to propose and monitor, with support from internal divisions of the Company, the fees of the Statutory Auditor and Chartered Accountant.

The Statutory Auditor and Chartered Accountant also cooperates with the Audit Board, providing, immediately and in accordance with applicable laws and regulations, information on irregularities relevant for the exercise of its functions that the Audit Board has detected, as well as any issues arising in the exercise of its duties.

Under the terms of the Audit Board's regulations, the Statutory Auditor and the Company maintain permanent and adequate communication channels, namely through regular meetings with the Board of Directors, the Audit Board and with the services and departments with responsibilities in matters under analysis and with the consequent discussion and analysis of all the information that is pertinent in the scope of the exercise of the corresponding activity.

IV. Statutory Auditor

39. Identification of the statutory audit firm and the partner and statutory auditor representing the same

The Company's acting Statutory Auditor is KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., registered with the Association of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under no. 189 and registered with the Portuguese Securities Market Commission (CMVM) under no. 20161489, represented by Rui Filipe Dias Lopes (statutory auditor [ROC] no. 1715).



The alternate Statutory Auditor is Vítor Manuel da Cunha Ribeirinho (statutory auditor [ROC] no. 1081).

40. Indication of the consecutive number of years for which the statutory audit firm has held office in the Company and/or Group

The Statutory Auditor referred to in item 39 has been working with the Company since 2018.

41. Description of other services provided by the statutory auditor to the company.

In addition to the statutory audit services provided in the Company and its subsidiaries, the Statutory Auditor also provided other assurance and reliability services, as well as providing financial information review services, in accordance with the provisions of Law 140/2015, of September 7.

The amounts paid for these services over the course of 2022 are detailed in items 46 and 47 below.

V. External Auditor

42. Identification of the external auditor appointed for the purposes of article 8 and the partner and statutory auditor representing such firm in the performance of these duties, together with their respective registration number with the Portuguese Securities Market Commission.

The Company's external auditor is KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., registered with the Association of Statutory Auditors (Ordem dos Revisores Oficiais de Contas) under no. 189 and registered with the Portuguese Securities Market Commission (CMVM) under no. 20161489, represented in the performance of these duties by partner Rui Filipe Dias Lopes (statutory auditor [ROC] no. 1715).

43. Indication of the consecutive number of years for which the external auditor and the respective partner and statutory auditor representing the same in the performance of these duties has held office in the Company and/or Group.

The External Auditor and the respective partner that represents it in performing these duties were appointed at the General Meeting in September 2017, for the financial year beginning on January 1, 2018. They were re-elected to the position at a General Meeting held on April 9, 2019. Accordingly, 2022 was their fifth year in office with the Company and/or the Group.

44. Policy on rotation of the external auditor and the respective partner and statutory auditor representing the same in the performance of these duties, and the respective frequency of rotation.

The policy and frequency of rotation of the External Auditor and Statutory Auditor and its representative is determined by article 54 of Law 140/2015, of 7 September (Statute of the Association of Statutory Auditors), which came into force on 1 January 2016 and established a



new legal regime applicable to the mandatory rotation of Statutory Auditors in public interest companies, such as Navigator.

In 2019, at the proposal of the Audit Board, which considered that the applicable legal conditions were met, the General Meeting of Shareholders approved the reappointment of KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. for the four-year period 2019-2022 as Statutory Auditor of the Company, under the terms of the Statute of the Portuguese Institute of Statutory Auditors and the maximum time limits for the performance of statutory auditing duties established therein.

45. Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted

As part of its supervisory and review function with regard to the Company's financial statements, the Audit Board assesses the External Auditor and Statutory Auditor on an ongoing basis and in particular as part of the preparatory work for its Report and Opinion on the annual accounts.

The Audit Board, in addition to being responsible for proposing to the General Assembly the appointment of the Statutory Auditor and respective remuneration, is the body responsible for evaluating and monitoring all audit work performed by the External Auditor on an ongoing basis, having the possibility to propose its dismissal with just cause at the General Meeting, provided the proper formalities to do so are met. In this sense, throughout the year the Audit Board meets regularly with the Statutory Auditor and External Auditor, establishing a permanent and direct relationship between these two bodies, and the latter is the recipient of the respective reports, including when matters related to accountability and the detection of potential irregularities are at issue. At these meetings the Audit Board may assess all the accounting and financial information it deems necessary at each moment, and may request from them any information it deems necessary for its supervision.

Additionally, the Audit Board, in the exercise of its supervisory and review functions with regard to the Company's financial statements, carries out each year an overall assessment of the performance of the External Auditor as part of the preparatory work for its Report and Opinion on the annual accounts, and also supervises its independence, namely by obtaining written confirmation of the auditor's independence; confirmation of compliance with rotation requirements for the partner responsible and identification of threats to independence and safeguard measures adopted to mitigate them.

To this end, the Audit Board has unrestricted access to the documentation produced by the Company's auditors, being entitled to request from them any information it deems necessary and being the first recipient of the final reports drawn up by the external auditors.

Under the provisions of Article 420.2 of the Companies Code, the Audit Board is responsible for proposing to the General Meeting the appointment of the Company's Statutory Auditor.



46. Identification of work, other than auditing, done by the external auditor for the company and/or for companies in a control relationship with it, together with internal procedures for approving the hiring of such services, specifying the reasons for doing so

As described in item 47, in the year ended December 31, 2022, fees were invoiced by KPMG, a firm of chartered accountants, and other entities belonging to the same network, for the statutory audit of the annual accounts, limited review of interim accounts and reliability assurance services and other non-audit services. The breakdown of the billing for these services is detailed below in item 47.

The services indicated as "reliability assurance services" relate to the issue of reports on financial information and verification services of the Sustainability Information. With regard to services other than auditing, these refer to opinions on merger operations as part of the Statutory Auditor's duties at companies in the Navigator Company Group and the provision of financial information auditing services to a number of companies in a group as part of a potential acquisition by Navigator. As mentioned above, these services are not included in the list of prohibited services set out in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of Europe. 537/2014 of the European Parliament and of the Council, of April 16, 2014, and, the legal requirements of independence, threats to it, were guaranteed and safeguard measures to limit those threats by the auditor were ensured.

In 2022, the provision of non-audit services by the Statutory Audit Firm to the Company and subsidiaries is regulated in the Internal Regulations on the approval of non-audit services, approved on June 1, 2016, which provide for non-audit services that cannot be provided by the SROC and processes for prior control and authorization of such services by the Audit Committee. The regime defined in this internal rule is fully in line with the provisions of the Statute of the Order of Statutory Auditors, approved by Law No. 99-A/2021, the Legal Regime of Audit Supervision, approved by Law No. 148/2015 and Regulation (EU) No. 537/2014 of the European Parliament and of the Council, of April 16, 2014.

Thus, the services provided by the External Auditor and Statutory Auditor, other than auditing services, were always approved by the Audit Board, in compliance with the applicable legal rules in force in 2022 and the internal procedures instituted for this purpose.



47. Indication of the annual remuneration paid by the company and/or controlled, controlling or group entities to the auditor and other individuals or organisations belonging to the same network, specifying the percentage relating to the following services (for the purposes of this information, the concept of network is as defined in Commission Recommendation No. C [2002] 1873 of 16 May 2002)

By the Company *		
Value of auditing services (€)	130,762	44%
Value of assurance services (€)	53,000	18%
Value of tax consulting services (€)	0	0%
Value of services other than auditing (€)	114,250	38%
By Group Entities *		
Value of auditing services (€)	403,055	80%
Value of assurance services (€)	94,500	20%
Value of tax consultancy services (€)	0	0%
Value of services other than auditing (€)	1,500	0%

* Including individual and consolidated accounts

In 2022, services other than auditing services billed to the Company or to entities in a controlling relationship with it by the External Auditor and the Statutory Auditor, including entities in a holding relationship with it or that are part of the same network, represented 33% of the total services provided.

C. Internal Organization

I. Articles of Association

48. Rules applicable to amendment of the Company's Articles of Association (art. 29-H, no. 1, al. h).

The Company's Articles of Association contain no specific rules on amendments of the articles, so the general supplementary rules contained in the Companies Code therefore apply here.

II. Reporting of irregularities (whistleblowing)

49. Means and policy for reporting of irregularities (whistleblowing) occurring in the company.

The Navigator Company, as a listed company with a rigorous governance system, has reformulated its Irregularities' Reporting Channel - which it has implemented for more than 10 years, in compliance with the new general regime for the protection of whistleblowers, established in Law no. 93/2021, of December 20, which came into force on June 18, 2022.

The reformulated Irregularities' Reporting Channel - known as the Whistleblowing Channel - is made available through a new portal and reinforces the Company's aim of having an internal



mechanism whereby reports of irregularities are submitted through an effective, fast and suitable system for detecting, investigating and resolving them, in keeping with the rules of conduct established by Navigator and with the principles of guaranteed anonymity, confidentiality, safeguarding and non-retaliation in dealings with whistleblowers, as well as compliance with data protection and information security rules.

This Whistleblowing Channel is an independent service for reporting possible irregular practices, managed by an external entity on behalf of Navigator and intended for communications from employees, suppliers, customers, service providers or any other stakeholders, as set out in the Whistleblowing Regulations.

The Whistleblowing Regulations establish a general duty to report alleged irregularities occurring within the Navigator Company Group, helping to maintain its position as a business group with integrity, reputation and credibility, and as a fair, honest and safe workplace.

Under the terms of these regulations, irregularities can be defined as breaches of the rules set out in the Code of Ethics and Conduct and other internal regulations, or of a legal nature, with a material impact on Navigator (e.g. breach of rules of conduct or ethics, fraud, corruption and related offences, protection of privacy and personal data, health and safety, environmental protection, human rights, amongst others).

The regulations indicate a multidisciplinary team responsible for following up on the complaints received, called the Whistleblowing Committee (CDI), which is made up of the Director of Legal, Compliance and Public Affairs (DLC), the Director of Risk Management (DGR) and the Compliance Officer. In cases where the complaint may relate to any member of this Committee, it is referred to the Audit Board.

The person responsible for following up on the complaint must determine whether the complaint contains the minimum grounds for triggering an investigation process, as well as determine the involvement of other bodies, departments or employees, when certain requirements are met.

If the complaint has the minimum grounds, the investigation procedure is initiated, which consists of verifying all the facts necessary to assess the alleged irregularity. This process ends with the closure of the case or with a proposal to apply the measures best suited to the irregularity in question.

All persons with an interest that conflicts with the situation that is the subject of the complaint are excluded from the investigation and decision process, in order to ensure that the receipt, screening, analysis and filing of the complaint are handled in an independent, autonomous and impartial manner.

During the 2022 fiscal year, six potential irregularities related to logistics, human resources and occupational health, hygiene and safety were reported. For these, the mechanisms for assessing the reported facts, the respective investigation process and the decision on the measures to be taken were, or are being, duly followed.

With regard to events occurring in 2020 and 2021, supported by the criminal investigation in 2020 concerning alleged corruption in the wood receiving activity at the Setúbal manufacturing



center, which led to the dismissal with just cause of the workers involved in that activity, legal proceedings are still underway in the labor and criminal areas.

In fact, in the course of the year 2022 and as a result of this investigation, Navigator has been following up, in the competent labour courts, the legal challenges to the regularity and lawfulness of the dismissals of 28 employees.

In addition, in the criminal field, Navigator, as an assistant, followed the prosecution brought by the Public Prosecutor's Office against the suppliers and workers involved in the aforementioned criminal proceedings, having also made the appropriate claim for civil compensation.

III. Internal Control and Risk Management

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

The Company regards Risk Management as a process central to its business. A system has accordingly been implemented for permanent monitoring of risk management in the Navigator Company Group, involving the Board of Directors, the Chief Executive Officer, as well as all the organizational units, the RMD, the Compliance Department and the Audit Board.

This system is based on a systematic and explicit assessment of business risks by all organizational departments in the Navigator Company Group and identification of the main controls in place in all business processes. This basis will allow the Company to assess on an ongoing basis the adequacy of its internal control system to the risks perceived at each moment as most critical.

As part of this periodic evaluation, an annual internal audit program is established, to be carried out by the RMD in conjunction with each department involved, to monitor and evaluate the adequacy of this internal control system to the perceived risks and to support the organization in implementing programs to improve this system.

At the head of this risk governance system are the Audit Board and the Board of Directors, as detailed below.

BOARD OF DIRECTORS

The responsibilities of the Board of Directors in this regard are:

- To review and approve the risk policy defined for The Navigator Company Group, including the risk appetite and tolerance;
- To review and approve the risk policy defined for The Navigator Company Group, including the risk appetite and tolerance;
- To set objectives in terms of risk-taking and ensure that they are pursued;
- To approve the risk governance model adopted by The Navigator Company Group;



- To supervise the application of the risk policy in The Navigator Company Group;
- To discuss and approve the Company's strategic plan and risk policy, including the definition of risk levels deemed acceptable;
- To approve strategies for dealing with risks, namely very high risks;
- To promote a risk culture in The Navigator Company Group.

AUDIT BOARD

The powers and responsibilities of the Audit Board in this regard are:

- To supervise the effectiveness of the risk management system, the internal control system and the internal audit system, proposing adjustments as necessary;
- To evaluate and propose improvements to the model, processes and procedures of risk management and internal control;
- To monitor the execution of the activity plans in the scope of risk management and internal control;
- To monitor, evaluate and express an opinion on the strategic guidelines, objectives and risk policy defined by the Board of Directors, proposing and implementing mechanisms and procedures for periodic control with a view to ensuring that the risks effectively incurred by the company are consistent with the objectives set by the management body;
- To issue opinion on the work plans and resources allocated to the internal control services, including the control of compliance with the rules applied to the Company and internal audit;
- To be informed of the internal control and risk assessment reports issued by the SROC and to propose the adoption of measures deemed necessary or convenient in light of such reports;
- To be informed of the risk management follow-up reports issued by the Risk Management Department and to propose the adoption of the measures deemed necessary or convenient in light of those reports with regard to internal control;
- To be aware of and express an opinion on the activity carried out in this area by the Risk Management Department, on the resources allocated to the services that also perform internal control functions, being the recipient, if any, of reports or opinions made by these services when matters relating to accountability, the identification or resolution of conflicts of interest and the detection of potential illegalities and irregularities are at issue.



CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the following responsibilities:

- To define the risk policy of The Navigator Company Group, including the risk appetite;
- To take the risk policy into consideration when defining the Navigator Company Group's strategic objectives;
- To provide means and resources with a view to effective and efficient risk management;
- Approve the risk management model, processes and procedures;
- To define the risk management governance model to be adopted by the Navigator Company Group, including the responsibilities to be assigned;
- To approve the risk management activity plans;
- To ensure that the main risks to which The Navigator Company Group is exposed are identified and reduced to acceptable levels, in line with the risk appetite and tolerance defined;
- To discuss and approve options for the treatment of risks whose residual risk level is above the risk tolerance levels;
- To monitor and review the work carried out by the Risk Management Department in the area of risk management;
- Communicate results to the Board of Directors.

RISK MANAGEMENT DEPARTMENT

The responsibilities of the Risk Management Department in this regard are:

- Define the risk management model, processes and procedures;
- To elaborate the activity plans in the scope of risk management;
- To identify and implement means and resources (human, procedural and technological) that facilitate risk identification, analysis and management;
- Alert to potential risks in the definition of strategic and operational objectives;
- To support the definition of risk appetite and risk tolerance;
- To assist in defining the responsibilities to be assigned in the context of risk management;
- To support the identification and characterization of risks;



- To monitor risk indicators;
- To support the definition of risk mitigation measures;
- Evaluate the effectiveness of risk mitigation measures;
- Assess compliance with risk tolerance;
- Ensure compliance with risk mitigation action plans;
- Prepare risk management monitoring reports.

BUSINESS AREAS/DEPARTMENTS

The responsibilities of the business areas/directions in this regard are:

- Define risk tolerance;
- Identify and characterize risks;
- Define and monitor risk indicators;
- Define, implement and execute risk mitigation measures, in accordance with the risk mitigation action plans;
- Perform risk and control assessments.

COMPLIANCE AREA (LEGAL, COMPLIANCE AND PUBLIC AFFAIRS DEPARTMENT)

In line with developments in best international practice, Navigator set up a Compliance Department at the end of 2021, as part of the Legal, Compliance and Public Affairs Department, underlining the importance of pursuing a compliance policy that encompasses its activities throughout the entire value, legal and regulatory chain, with a view to transparency and justice, within the scope of preventing and combating illegal acts.

Navigator therefore considers that a system which promotes legal compliance and ethical conduct is essential to the proper management and mitigation of the compliance risks associated with its business and economic activities.

The compliance system implemented in 2022 is designed to assure compliance with the applicable legal requirements, in particular with a view to preventing corruption, money laundering, terrorist financing, breaches of international sanctions and protection of personal data, and to reinforce the ethical culture of the company and of a number of its stakeholders, namely members of governing bodies, employees and suppliers, by promoting training and communication activities on matters of legal compliance and ethical conduct.

This system is crucial if the Company is to have adequate capacity to carry on its business in compliance with the legal requirements applicable in these matters and to promote ethical conduct on the part of the relevant stakeholders, encouraging respect for the most appropriate rules and practices in the decision-making process, in the context of the challenges posed by



the business environment, and also contributing to the creation of value and to the sustainability of the Group.

To achieve these objectives, the compliance system is aligned with the following key organizational dimensions of the Navigator Company Group:

- The governance model established in the respective articles of association and in the internal regulations of the Company's management and supervisory bodies;
- The business strategy and objectives, in particular through the focus on prevention, detection and remediation of non-compliance which may have an impact on the economic and financial value of the Company;
- The risk management and internal control system, to allow the second line of defense of the COSO model to incorporate and act effectively in the management of compliance risks to which the company is exposed; and
- The organizational culture, to promote the assimilation of the importance of compliance matters for the operation, resilience and reputation of the organization and simultaneously encourage the adoption of conducts that minimize the tangible and intangible costs of non-compliance for the company and its people.s

In order to make its compliance system effective, also in 2022, Navigator adopted an effective and efficient compliance system governance model which clearly identifies the competences of the various players involved in the processes associated with its business and which encourages proper coordination and communication between them, based on simple processes and procedures oriented by business objectives, in order to avoid bureaucratization and loss of agility in business development.

The structure and organization of the Navigator Company Group's compliance system is based on the coordinated action of the functional units of the Group's internal structure, in coordination with the management and supervisory bodies and in accordance with generally accepted best practices, with a view to supporting the decision-making process.

Within the scope of internal control and risk management, the responsibilities of the Compliance Area are as follows:

- Preventing and detecting situations of legal non-compliance or inappropriate ethical conduct;
- To present and coordinate the implementation of corrective measures or the remediation of situations of legal non-compliance or inadequate ethical conduct;
- To prepare and propose, every year, a three-year plan for the development and updating of the compliance system;
- Prepare and propose the internal rules and procedures in compliance matters;
- To carry out integrity assessments of third parties who have dealings with the Navigator Company Group;

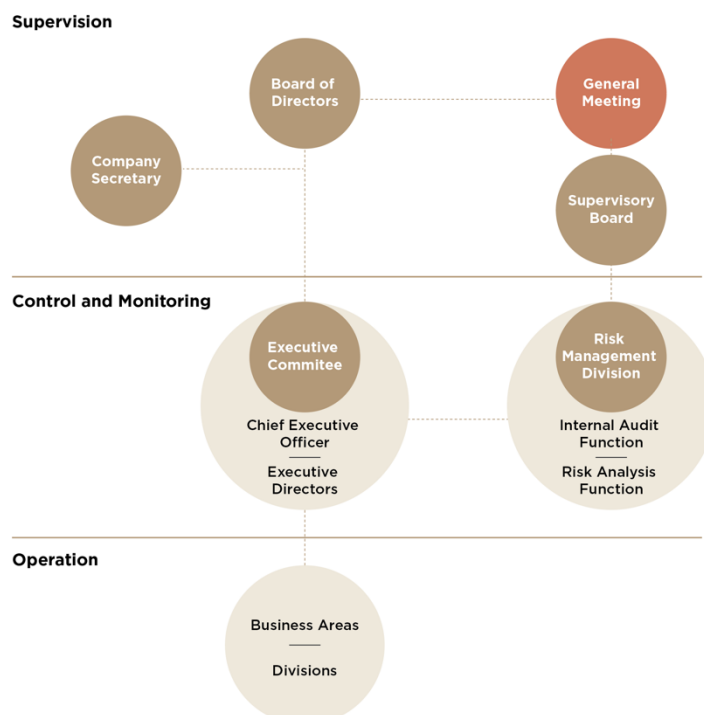


- To identify and manage the compliance risks relevant to Navigator;
- To define guidelines on compliance matters;
- To coordinate the activity of the compliance officers and to establish the communication and reporting mechanisms appropriate to their respective functions;
- Promote training sessions and other initiatives to develop knowledge in compliance matters for employees and members of the corporate bodies;
- Support the Ethics Committee in the treatment of communications about irregularities concerning the breach of the Code of Ethics and Conduct;
- To monitor the level of compliance in Navigator Company Group companies.

51. Description of the lines of command in this area in relation to other bodies or committees; an organisational chart may be used to provide this information.

It is clear from the previous point that risk management in the Company is the responsibility of the entire organization, with the functions detailed therein.

In terms of the hierarchical and functional framework, it should be noted that the Internal Audit Department (Risk Management Department), in addition to reporting functionally to the Chief Executive Officer, also reports to the Audit Board, thus ensuring the necessary support for the proper execution of its duties. These relationships are schematically shown in the organizational chart below:





52. Existence of other divisions with responsibilities in the field of risk control

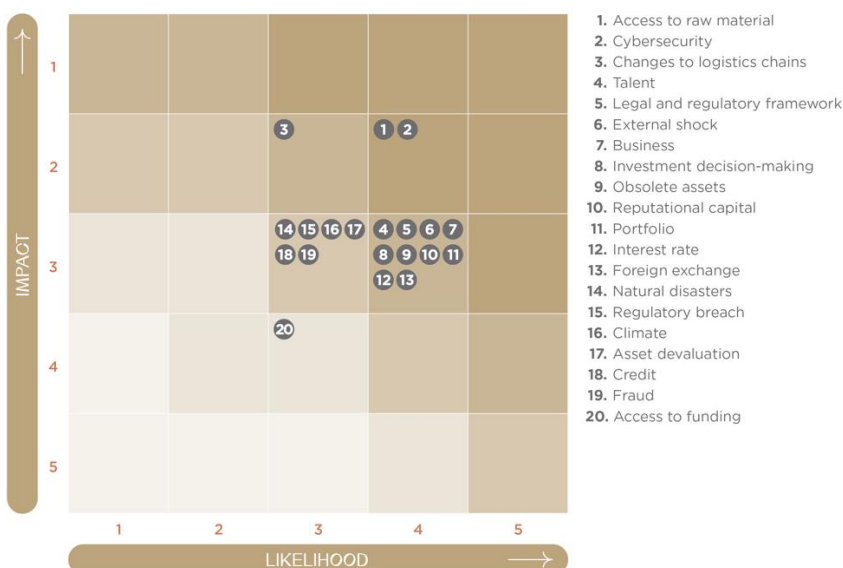
The Company has the following committees, which complement the work of the Audit Board and the Chairman of the Executive Board in controlling and monitoring specific risks:

- Property Risk Analysis and Monitoring Committee - pronounces on property risk prevention systems in place in the Company, in close liaison with the risk governance system in place in the Navigator Company Group; and assesses the adequacy of the property risk insurance policies in place in the Navigator Company Group, and of the policies into which they translate.
- Corporate Governance Committee - oversees application of the Navigator Company Group's Corporate Governance rules, as well as the Code of Ethics, and supervises internal procedures relating to matters of conflict of interests, in particular with regard to relations between the Navigator Company Group and its shareholders or other stakeholders.
- Sustainability Forum - implements corporate and strategic policy on matters of social and environmental responsibility, and on prevention of potential risks affecting these issues.
- Ethics Committee - oversees compliance with the provisions of the Code of Ethics and identifies situations affecting compliance.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

In the course of its business, the main risks stem from external aspects (e.g. social and political changes, financial, regulatory and legislative environment), internal (e.g. strategic and operational areas) and from the interaction between the various realities.

In order to ensure prompt identification and quantification of the risks to which the business is exposed, the Navigator Company Group periodically promotes the analysis of each risk in terms of impact and probability of occurrence. In this context and according to the quantification of risks carried out, the main risks are presented below:





#	Main risks (non exhaustive)	Summary description
1	Raw Material Access Risk	Risk of unavailability of raw material, or at economically unviable prices given the cost structure, due to market movements (e.g. increased wood consumption in emerging markets) or regulatory or legislative restrictions (e.g. restrictions on the planting of eucalyptus).
2	Cybersecurity Risk	Risk of confidentiality, integrity or availability of data and systems being compromised due to the occurrence of unauthorized or accidental events that exploit vulnerabilities in information and communication technologies, corporate and industrial control, processes or human resources, with significant impact on the business.
3	Changes in logistics chains	Risk of a reduction in the efficiency of paper distribution channels leading to a change in the distribution model. This reduction in efficiency is enhanced by the high concentration pressure between players in the distribution market and may lead to a repositioning in the value chain.
4	Talent	Risk of inability to hire and retain skills and qualifications to cope with outflows of resources in critical business areas or areas that are difficult to replace or to meet additional resource needs in new businesses or areas. This risk has a greater impact at board level, first line management and in specific operational areas.
5	Legal and regulatory framework risk in Portugal	Risk of regulatory changes in Portugal resulting from political choices, namely in the tax, environmental or economic areas, significantly affecting, directly or indirectly, Navigator's operations and/or results. This risk is heightened by the highly concentrated operational and economic activity in Portugal and the possibility that certain decisions or options may be conditioned by adverse events in public accounts or the external macroeconomic environment.
6	Risk of External Shock	Risk of significant or disruptive changes in Navigator's external environment with serious adverse effects on markets (demand, prices), production factors (energy, water and raw materials) or people.
7	Business Risk	Risk of a significant irreversible decline or discontinuity in the consumption of Navigator's products or in its markets with consequences in terms of its economic viability, value and liquidity.
8	Investment Decision taking	Risk of failures or errors in decisions on significant investment or divestment operations, by action or inaction, quality of decision-making process or timing, with potential impact on the inability to identify and realize investment opportunities and develop the defined strategy. The consequence of this risk is the inability to enhance the value of the existing portfolio or the loss of value creation opportunities.
9	Asset obsolescence	Risk of degradation and need for replacement of production equipment due to exhaustion of useful life, non-compliance with regulations or lack of competitiveness/efficiency and that imply heavy investments.
10	Reputational Capital Risk	Risk of degradation, inability to monetize or increase the value of existing reputation capital in the medium-long term due to reputationally damaging events or inaction in the management of existing reputation capital. This risk is enhanced by Navigator's inherent exposure to environmental and sustainability issues and by the asymmetry in the timing of reputation appreciation (slow) and devaluation (fast).
11	Portfolio	Risk that an adverse event in a business, in terms of net income, cash flow generated and valuation of assets, could have a significant impact on Navigator's results and ability to pay.
12	Interest Rate	Risk of unfavorable interest rate changes that negatively and significantly impact the Group's financial results, access to competitively priced financing, or cause the inability to service debt.



#	Main risks (non exhaustive)	Summary description
13	Exchange rates	Risk of unfavourable evolution of the exchange rates of the currencies of geographies relevant to Navigator against the Euro, with impact on the significant decrease in the valuation of Navigator's assets and results. This risk is enhanced by the significant weight of purchase and sale transactions in dollars and possible large investments in countries outside the Euro zone.
14	Environmental accident	Risk of a major environmental accident due to incidents of non-natural causes occurring on assets under the organization's responsibility, with internal or external origin, corresponding for example to possible leakage or spillage of chemicals in liquid, gaseous or solid form.
15	Regulatory non-compliance	Risk of inability or existence of unintentional failures that imply exceeding legal or regulatory limits regarding environmental parameters, reporting deadlines, or governance model.
16	Climate Risk	Risk associated with acute (e.g. hurricanes) or chronic (e.g. droughts) climatic events, with physical impacts on facilities, areas operated by the Group, operations and/or people. Additionally, it also contemplates transition risks, arising from the Group's inability to adapt to structural and long-term changes in technology, public policies and consumer preference (e.g. market failure and non-compliance with regulatory and legal requirements).
17	Asset devaluation	Risk of losses in the valuation of assets that significantly impact the Group's balance sheet value and consequently inflict losses on shareholders.
18	Credit	Risk of difficulty or inability to collect all the amounts granted as credit to customers within the agreed timings and that has a significant impact on the Group's financial results.
19	Fraud Risk	Risk of occurrence of illegal acts characterized by dishonesty, concealment or breach of trust that do not involve the use of threat of violence or physical force, perpetrated from inside or outside the organization with the purpose of obtaining money, property or services, avoiding payment or loss of services, or to obtain personal or business advantage. Particularly relevant is exposure to acts of corruption or intentional failure/error in the internal or external reporting of financial or non-financial information.
20	Access to Finance Risk	Risk of unavailability of internal or external financing due to endogenous causes (e.g. over-indebtedness) or exogenous causes (e.g. contraction and negative outlook for business evolution, decrease in existing market liquidity). This risk is enhanced by the concentration of the Group's funding or activity in Portugal

Many of the risk factors indicated are beyond the Navigator Company Group's control, namely market factors that could fundamentally and unfavorably affect the market price of the Company's shares, regardless of the Group's operational and financial performance.

The risks brought about by climate change, along with the evolution of ESG issues, have taken on particular prominence in the Navigator Company Group's risk management. In addition to being directly linked to Navigator Company's business processes, with mitigation controls described and subject to monitoring, climate change is reflected on multiple fronts in our risk management structure. For example, obviously the risk of access to raw material or CO2 licenses can to a large extent derive from drought phenomena or the issues of the (de)carbonization of economies, which Navigator aims to anticipate and which are dealt with extensively elsewhere in this report.



We continue to build on the solid risk management foundation that helped us maintain resilience during events such as the Covid-19 pandemic, supply chain shocks, and the geopolitical turmoil that occurred with Russia's invasion of Ukraine.

Given the potential impact of the Ukraine crisis on the business (e.g. energy supply), processes were developed to enable a quick response mitigating the impact on operations. The main areas of focus in 2022 were related to managing high paper demand, upstream and downstream supply chain disruptions, managing margins and profitability in a scenario of rising costs throughout the value chain, optimizing Navigator's position as a buyer and supplier of energy in the market, and managing cybersecurity and compliance issues.

In addition, in 2022, at an early stage of the year, the Group kept the Crisis Management Office in operation to continue to ensure support for the pandemic crisis. However, as the pandemic evolved, the Office met only when necessary and on an ad hoc basis. Even so, the Navigator Company Group continues to provide support whenever necessary, ensuring that all its Employees remain healthy and that all its sites continue to operate at full capacity.

54. Description of the process of identification, assessment, monitoring, control and management of risks

For the Navigator Company Group, risk management is an essential decision-making tool through permanent monitoring of the risks to which it is exposed, making the Group comprehensively aware of a risk culture that includes the perspective of avoiding risks, but also the positive perspective of taking risks.

At the same time, the various areas/divisions benefit from risk management through the possibility of anticipating situations of uncertainty, mitigating the risks of adverse consequences and enhancing the risks that hold opportunities. The Navigator Company Group also obtains greater and more sustained decision-making capacity in the face of risk events, responding in a coordinated and integrated manner to risks with causes, impacts or vulnerabilities which cover more than one area.

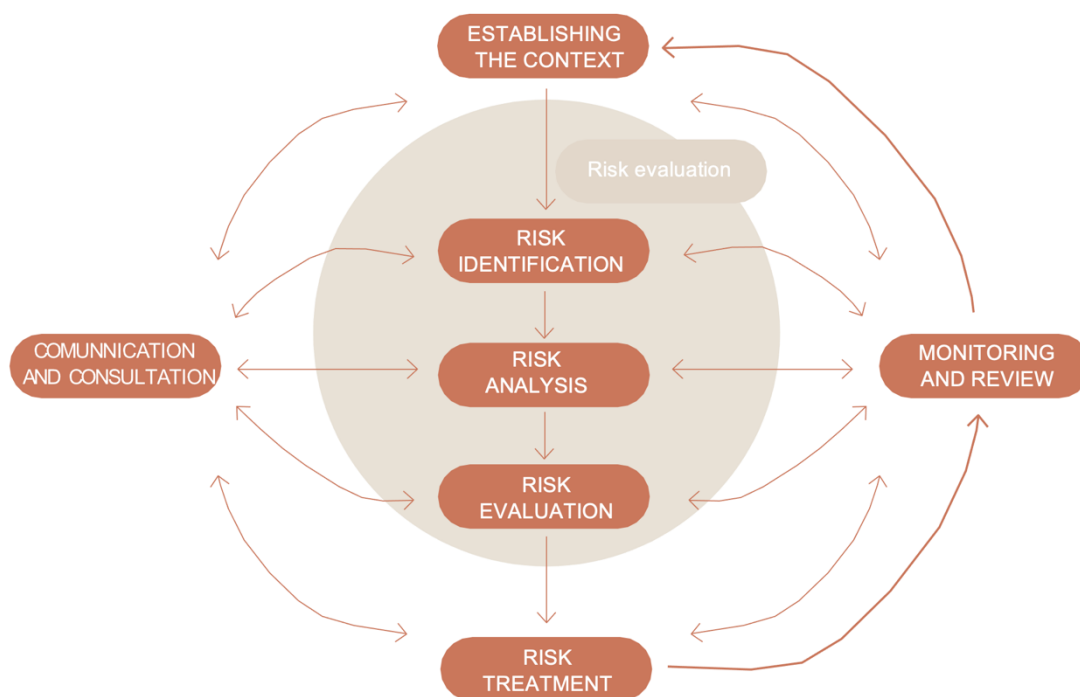
Finally, from the standpoint of Internal Audit and the control environment, risk management is of particular importance, through the possibility of ongoing assessment of the Navigator Company Group's risk profile and of strengthening the level of internal control. Risk management's contribution to Internal Audit is also relevant, directing its action towards the areas/processes of greatest risk and concern to the business - "Risk-based Internal Audit". As an immediate result of this approach, it will be possible to plan and carry out audits which take into consideration the most relevant risks for the Navigator Company Group, using a methodology for planning audits.

The Navigator Company Group's risk management process follows internationally accepted best practices, models and frameworks for risk management, among which are the "COSO II - Integrated Framework for Enterprise Risk Management" and the ISO 31000 standard.

For the elaboration of the risk management process, the ISO 31000 standard was taken into consideration in what concerns its main phases, and COSO II for the systematization and structuring of risks. This process is composed of a set of seven interrelated phases, comprising in itself an iterative process of continuous improvement, embodied by a process of



communication and consultation, and a process of monitoring and review. The following figure schematically represents the risk management process flow.



The external audit is the responsibility of KPMG. The Company's External Auditor verifies the application of the remuneration policies and systems, as well as the efficiency and functioning of the internal control mechanisms through the elements provided by the Company.

The conclusions of the verifications made are reported by the External Auditor to the Fiscal Council, which, if applicable, reports the deficiencies found.

In view of the main risks identified, the monitoring and control function led by the Risk Management Department was maintained through the execution of internal control audits. In this context, during the year 2022 a set of internal control audits were carried out and open issues from previous audits were followed up.

This year's work focused mainly on internal control processes, namely strengthening the evaluation of information systems in the Cybersecurity component, analysis of wood supply processes and talent management. Additionally, the monitoring of internal control issues identified by the External Auditor was reinforced.

55. Main components of internal control and risk management systems implemented at the company for the disclosure of financial information (art. 29-H, no. 1, para. I).

The Company has an internal control system for the preparation and disclosure of financial information, ensured by Departments/Business Areas of the Company, namely the Accounting Department, the Taxation Department, the Management Control Department, the Risk



Management Department and the Investor Relations Department, and is regularly monitored by the Audit Board. Under this system, the Fiscal Council evaluates the financial information every quarter based on the reports from the department that prepares them and supported, on a half-yearly and annual basis, by the opinion issued by the Statutory Auditor and External Auditor. In this context, meetings are also held with the participation of the Risk Management Department, members of the

Executive Committee, the Chartered Accountant and External Auditor, and those responsible for accounting and management planning and control, with a view to monitoring the processes in progress. The elements of the internal control and risk management system are described in item 54.

IV. Investor support

56. Office responsible for investor support, composition, functions, information provided and contact details

The Company has had an Investor Relations Office since November 1995, whose mission is to plan, manage and coordinate all the activities needed to handle contacts, on a permanent and appropriate basis, with the financial community – investors, shareholders, financial analysts and regulatory authorities – and to publish the Company's financial reports and any other information of relevance to the stock market performance of Navigator shares in the capital markets.

In keeping with the principles of coherence, integrity, regularity, fairness, credibility and opportunity, the office helps to facilitate the investment decision-making process and sustained value creation for shareholders.

The mission of the Investor Relations Office is to comply with its legal obligations of reporting to the regulator and to the market, and in particular to disclose the Group's profits and activities, reply to information requests from investors, financial analysis and other agents and also to support the Executive Committee in making public The Navigator Company's strategy for growth and development.

As such, this office adequately and rigorously handles the production, processing and timely disclosure of information to the Management, shareholders, investors, other stakeholders, financial analysts and the market in general.

The Investor Relations Office comprises of a single person, who also acts as market relations officer and whose contact details are provided in the following item.

All mandatory disclosures, such as information on the Company name, its status as a public company, registered offices and other details required by article 171 of the Companies Code, are available on the Navigator Group's website, at <http://www.thenavigatorcompany.com/>. Also available in the investors' section of the Navigator website, in Portuguese and English, are disclosures of quarterly results, half-yearly and annual reports and accounts, together with the respective statements and press releases, description of statutory bodies, the financial calendar, the Company's Articles of Association, notices of General Meetings, and all motions tabled for discussion and vote at General Meetings, resolutions approved and statistics relating to attendance, together with relevant developments.



57. Investor Relations Officer

The Company's Investor Relations representative is Ana Rosa Pinelo Esteves Canha and can be contacted through the Company's general phone number (+351 219017300) or email address: ana.canha@thenavigatorcompany.com.

These contacts are available on Navigator's website, in the Investors area.

58. Information on the proportion and response time to information requests during the year or pending from previous years

Requests for information placed with the Investor Relations Office are mostly made by email or telephone. All requests are answered or forwarded to the competent services, and the estimated average response time is less than three working days.

Over 2022, nearly 90 requests for information were received by email and about 120 by phone, requests from investors, financial analysts or other entities. There were 41 face-to-face meetings with investors, 5 visits to the Group's plants and nurseries, and 18 virtual conferences with investors. As of December 31, 2022, all requests for information received had been considered complete, so that there were no pending requests as of that date.

V. Website

59. Address(es).

Navigator's website is at: <http://www.thenavigatorcompany.com/>.

60. Location information on the company name, public company status, registered office and other items referred to in article 171 the Companies Code

The above information is available in the Investors' area of Navigator's website at <http://www.thenavigatorcompany.com/Investidores/Accao-Navigator>.

61. Location of the articles of association and operating regulations of boards and/or committees

The above information is available in the Investors' area (Corporate Governance section) of Navigator's website at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>.

62. Location of information on the identities of members of statutory bodies, the market relations officer and the Investor Support Office or equivalent structure, and their respective duties and means of access

The above information is available in the Investors' area (specifically in the Corporate Governance section) as well as in the area entitled "Profile" of Navigator's website, respectively, at <http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade> and <http://www.thenavigatorcompany.com/Investidores/Contactos>.



63. Location for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, General Meetings, disclosure of annual, half-yearly and (if applicable) quarterly accounts

Navigator's quarterly, half-yearly and annual results, published since 2003, are available in the Investors' area (in the section entitled "Financial information"), at <http://www.thenavigatorcompany.com/Investidores/Informacao-Financeira>. There is a specific tab in the investors' area for the corporate diary for the current year, available at <http://www.thenavigatorcompany.com/Investidores/Calendário>.

64. Location for publishing the meeting notice for the General Meeting and all preparatory and subsequent information related to it

General Meeting notices and all related preparatory and subsequent information are available in the Investors' area (in a separate tab entitled "General Meetings") at <http://www.thenavigatorcompany.com/Investidores/Assembleias-Gerais>.

65. Location for publishing a historical archive of decisions made at the company's general meetings, share capital representation and voting results for the 3 preceding years

The above information is available at the same location as information on General Meetings, i.e. in the investors' area (in a separate tab entitled "General Meetings") at <http://www.thenavigatorcompany.com/Investidores/Assembleias-Gerais>.

D. Remuneration and Remuneration Report

I. Powers to determine remuneration

66. Indication of the powers for determining the remuneration of statutory bodies, members of the executive committee or managing director and company managers

Powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to determine the remuneration of company managers lie with the Board of Directors.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including identification of individuals or organisations contracted to provide support, and declaration regarding the independence of each member and adviser

During 2022, the Remuneration Committee was composed, until the General Meeting of May 27th, by José Gonalo Ferreira Maury, Joo Rodrigo Appleton Moreira Rato and Joo do Passo Vicente Ribeiro and, after that date, by Maria Eduarda Faria e Maia de Oliveira Luna Pais, Joo do Passo Vicente Ribeiro and Carlota Infante da Cmara Albergaria Caldeira.



The Company considers all members of the Remuneration Committee to be independent.

The Remuneration Committee does not have any persons hired to assist it. The Company may freely decide to contract any services that are deemed necessary or appropriate, within the limits of the Company's budget, a right it has exercised in the past, in which case it must ensure that the services are provided independently and that the respective providers are not hired to provide other services to the Company itself or to other companies in a controlling or group relationship, without the express authorization of the Committee. The Company considers that the composition of the Remuneration Committee ensures its independence from management, as all its members are independent.

In the Company, the Remuneration Committee provides all information or clarifications to the shareholders at the respective Annual General Meetings or any other General Meetings, if the respective agenda includes a matter related to the remuneration of the members of the Company's governing bodies and committees or if this is requested by the shareholders, and does so through the presence of at least one of its members. This was the case at the Annual General Meeting of May 27, 2022, which was attended by all of its outgoing members.

68. Expertise and experience of the members of the Remuneration Committee in the field of remuneration policy

Two of the members of the Remuneration Committee, Eduarda Luna Pais and Carlota Albergaria Caldeira, have extensive knowledge and experience in remuneration policy.

Eduarda Luna Pais was a consultant at Egon Zehnder for several years, and later Office Leader and Partner of this firm, which has extensive experience and is a leader in executive recruitment, which involves deep and permanently updated knowledge of the processes and evaluation criteria and associated remuneration packages.

Carlota Albergaria Caldeira has solid experience in human resources consulting with a focus on executive search projects management (national and international market) and assessments, having, for several years, conducted consulting projects in companies providing services in the area of talent management and executive recruitment, such as Jason Associates, Argo Talents and Mercer. She was also a Senior Associate at Heidrick & Struggles where she managed several consulting projects in Human Capital/Leadership Services.

III. Remuneration Structure

69. Description of the remuneration policy of the management and supervisory bodies referred to in article 26-A et seq. of the CVM.

The remuneration policy for the management and supervisory bodies ("Remuneration Policy") for the year 2022, prepared by the Remuneration Committee, was approved at the Annual General Meeting of May 11, 2021, and corresponds to Annex II of this Report, and there is no departure from the procedure for applying the approved remuneration policy or any derogations to it.



70. Information on the means of structuring remuneration to align the interests of managing board's members with the long-term interests of the company, and how this is based on performance assessment, discouraging the assumption of excessive risk

The way in which the remuneration of the corporate bodies was structured and how the performance assessment of the executive board was based in 2022 followed the model and the principles - duties performed, the state of the company's affairs and market criteria - set out in the Remuneration Policy for members of Navigator's management and supervisory bodies in force, namely in chapters III and IV and V, to which reference is made. The process and the bodies involved in assessing the performance of executive directors are described in item 24 above.

The remuneration system in force in Navigator ensures its business strategy and also, in the long term, the alignment of the interests of the members of the Board of Directors with the interests of the company and its sustainability, in particular because the remuneration is fair and equitable within the scope of the principles set out and because it links the members of the Board of Directors to results through a variable remuneration component which is based on results but also takes into account the behavioral skills of each director such as their alignment with the long-term interests of the company and its sustainability.

In relation to remuneration components: (i) the remuneration of the members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable throughout the year, and, for the Executive Directors, also incorporates a variable component that may correspond to a percentage not exceeding five percent of the net income of the previous year in accordance with the Company's articles of association, (ii) the remuneration of the members of the Audit Board corresponds to an annual fixed amount, payable throughout the year, and (iii) the remuneration of the members of the General Meeting consists only of a fixed amount determined according to the meetings actually held.

With regard to the variable component of the remuneration of executive directors, this is based on a target value applicable to each director and which is due under the conditions of performance of the director and of the company that match the expectations and objectives previously set. This target value is defined by weighting the principles mentioned above - market, specific duties, the company's situation -, with emphasis on comparable market situations in functions of equivalent relevance. The weightings of the actual performance against expectations and goals, which determine the variation in relation to the target, are based on a set of KPIs, as mentioned in point 25 above, quantitative and qualitative, related to the performance of the company (general business indicators) and of the director in question (specific goals and behavioral indicators). Within the general business indicators, EBITDA, net income, cash flow and Total Shareholder Return vs. This system has ensured that Navigator has no discretionary variable remuneration.

In addition to the statutory limit on directors' participation in the profits for the period, the company also has procedures for limiting variable remuneration: (i) the variable component is eliminated in the event of the results showing a deterioration regarded as significant in the Company's performance in the last period for which accounts have been closed or when such a deterioration may be expected in the period underway, and (ii) the amount of the variable component assignable has a cap defined in order to prevent good performance at any one time, with immediate remuneration advantages for the directors, being at the cost of good future



performance. In view of the above, it is clear that the criteria for assigning remuneration contribute to achieving the strategy defined by Navigator, as well as to the long-term interests and sustainability of the company.

Although the Company has no independent remuneration mechanism specifically designed to discourage excessive risk-taking, Navigator does not include in its directors' performance targets any specific objectives which encourage excessive risk-taking, nor has it instituted any mechanism which allows future remuneration to be paid in advance. Risk is a characteristic inherent to any act of management and, as such, is unavoidably and permanently subject to consideration in any management decision. Its qualitative or quantitative assessment as good or bad cannot be made in isolation in itself, but only in its result in the performance of the company over time, thus being confused with long-term interests, and therefore benefiting from the incentives to general long-term alignment and sustainability referred to above.

71. Reference, if applicable, to the existence of a variable remuneration component and information on any impact on this from performance assessments

The remuneration of executive directors includes a variable component which depends on the performance evaluation, as described in the previous point and in the Remuneration Policy, in particular in points 3 and 7 of chapter IV.

The individual and qualitative component of the performance evaluation had a considerable impact of 35% (specific objectives, with a weight of 20%, and behavioral indicators, with a weight of 15%) on this variable component of the remuneration, percentages that will apply in the performance evaluation for the year 2022.

With regard to non-executive directors, it should be noted that although it is only composed of a fixed portion, it may be differentiated by virtue of the accumulation of functions and added responsibilities, namely through the performance of functions in specialized committees or commissions.

Other than the statutory limit on management profit sharing, there are no other maximum compensation limits and no mechanism is in place for the company to request the refund of variable compensation paid.

The remuneration of the members of the Audit Board does not include any variable component.

72. Deferred payment of the variable remuneration component, with reference to the deferral period

In the Company there is no deferment of payment of the variable component of remuneration.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration

In the Company, the variable remuneration does not include any component in shares.



74. Criteria applied on the allocating of variable remuneration in options and an indication of the deferral period and value

In the Company, the variable remuneration does not include any component in options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits

The criteria governing the setting of annual bonuses are those relating to variable remuneration described in item 7 of chapter IV of the Remuneration Policy and in items 25 and 70, above.

Apart from the variable component that may be attributed to the members of the executive management bodies, no other non-pecuniary benefits are attributed to the members of the management and supervisory bodies, without prejudice to the means placed at their disposal.

76. Main features of complementary or early retirement schemes for directors, and the date of approval by the General Meeting for each individual

In the company there are currently no complementary pension or early retirement schemes for directors.

In 2019, a proposal was submitted to the Insurance and Pension Fund Supervisory Authority (ASF) to alter the Pension Fund Contract whereby The Navigator Company Pension Plan was altered, so that directors would no longer be entitled to a pension supplement under the Plan. This alteration was approved by ASF in 2022 with retroactive effect from 2 December 2021.

However, under the terms of the Regulations of The Navigator Company Pension Plan (former Portucel S.A. Pension Plan) in force up to the date on which the alteration of the Articles of Association took effect, the Company's directors who were remunerated as such, and who had served at least one full term of office in accordance with the articles of association, were entitled, after retirement or in the event of disability, if this occurred during their term of office, to a monthly supplementary old-age or disability pension respectively.

If the disability occurred after the end of the term of office, the aforementioned members of the Board of Directors would only be entitled to the disability pension supplement if they were granted the corresponding disability pension by the Social Security body to which they were affiliated and if they requested it from the Company.

This complement was defined according to a formula that takes into consideration the gross monthly remuneration and the number of years of service, with a minimum of 10 years and a maximum of 30 years.

At December 31, 2022, Manuel Soares Ferreira Regalado was the only director who was a beneficiary of The Navigator Company Pension Plan. In addition, the directors António José Pereira Redondo, Adriano Augusto da Silva Silveira and João Paulo Cabete Gonçalves Lé are participants in pension plans of Navigator Brands, S.A., a subsidiary of the Company, in the capacity of employees of that company, prior to taking up management positions.



Due to the specific nature of the Navigator Company Group's pension plan, the General Meeting has not, to date, intervened in approving the main features concerning the specific rules applicable to the retirement of directors.

It should be noted in this regard that the Company was a public company until 1991, with its activity and form of operation regulated by the special law applicable to this type of company, with the specific rules applied to the retirement of members of the Board of Directors having been approved during this period.

However, it should be noted that the pension supplement plans in force in the Company are described in Note 7 of the notes to the consolidated accounts for the year, which are part of the Report and Accounts subject to approval by the General Meeting.

IV. Disclosure of Remuneration

77. Indication of the annual amount of remuneration earned, in aggregate and individual form, by the members of the management bodies of the company, from the company, including fixed and variable remuneration and, in relation to this, mention of the different components that gave rise to it

Indicated below is the amount of remuneration earned in 2022, with variable remuneration paid in 2022 but relating to performance in 2021, by members of the Company's management body from Navigator, with a distinction between fixed and variable remuneration, and relative percentages, but without distinguishing the different components that gave rise to the variable remuneration, because the variable component is defined as a whole, weighting the elements explained in the Remuneration Policy, without identifying components.

	Fixed Remuneration		Variable Remuneration	
	Amount (	Relative Percentage	Amount (Euros)	Relative Percentage
António José Pereira Redondo	651,780	45.60%	777.486	54.40%
Adriano Augusto da Silva Silveira	319,214	33.80%	625.240	66.20%
João Paulo Cabete Gonçalves Lé	319,214	34.62%	602.857	65.38%
João Paulo Araújo Oliveira	319,199	36.01%	567.308	63.99%
José Fernando Morais Carreira de Araújo	319,213	33.85%	623.780	66.15%
Nuno Miguel Moreira de Araújo Santos	319,199	34.25%	612.855	65.75%
Manuel Soares Ferreira Regalado	77,000	100%	-	0%
Maria Teresa Aliu Presas	77,000	100%	-	0%
Mariana Rita Antunes Marques dos Santos	105,000	100%	-	0%
Sandra Maria Soares Santos	77,000	100%	-	0%
Vítor Manuel Galvão Rocha Novais Gonçalves	98,000	100%	-	0%

(in Euros)

The table above shows the annual amount corresponding to the period during which the members of the Board of Directors held office.



The tables below set out, for the purposes of Article 26.2.c) of the Securities Code, the annual variations over the last five financial years in the remuneration paid individually by the Company to the members of the Board of Directors, as well as the average remuneration of the Company's full-time equivalent employees, and the Company's performance indicators:

Amount in Euros

Board of Directors		2018	2019	2020	2021	2022
António José Pereira Redondo	Fixed remuneration	314,486	319,203	655,698	668,349	651,780
	Variable remuneration	523,551	548,702	185,984	839,967	777,486
	% variation	0.1%	3.6%	-3.0%	79.2%	-5.2%
Adriano Augusto da Silva Silveira	fixed remuneration	397,108	297,108	313,172	319,214	319,214
	Variable remuneration	-	-	117,000	628,891	625,240
	% variation	-	-25.2%	44.8%	120.4%	-0.4%
João Paulo Cabete Gonçalves Lé	fixed remuneration	-	-	315,392	319,214	319,214
	Variable remuneration	-	-	15,074	524,141	602,857
	% variation	-	-	100%	155.2%	9.3%
João Paulo Araújo Oliveira	fixed remuneration	314,482	319,190	313,157	319,806	319,199
	Variable remuneration	456,349	485,485	121,627	582,448	567,308
	% variation	-8.3%	4.4%	-46.0%	107.5%	-1.7%
José Fernando Moraes Carreira de Araújo	Fixed remuneration	314,496	319,213	313,171	319,213	319,213
	Variable remuneration	489,410	554,110	175,663	599,172	623,780
	% variation	-5.8%	8.6%	-44.0%	87.9%	2.7%
Nuno Miguel Moreira de Araújo Santos	Fixed remuneration	314,486	319,199	313,157	319,199	319,199
	Variable remuneration	562,493	415,447	128,915	474,022	612,855
	% variation	6.6%	-16.2%	-39.8%	79.4%	17.5%
Manuel Soares Ferreira Regalado	Fixed remuneration	77,000	77,000	75,543	77,000	77,000
	Variable remuneration	-	-	-	-	-
	% variation	-69.7%	-	-1.9%	1.9%	0.0%
Maria Teresa Aliu Presas	Fixed remuneration	-	56,023	75,522	77,000	77,000
	Variable remuneration	-	-	-	-	-
	% variation	-	100%	34.8%	2.0%	-
Mariana Rita Antunes Marques dos Santos	Fixed remuneration	-	76,395	102,984	105,000	105,000
	Variable remuneration	-	-	-	-	-
	% variation	-	100%	34.8%	2.0%	0.0%
Sandra Maria Soares Santos	Fixed remuneration	-	56,023	75,522	77,000	77,000
	Variable remuneration	-	-	-	-	-
	% variation	-	100%	34.8%	2.0%	-
Vitor Manuel Galvão Rocha Novais Gonçalves	Fixed remuneration	98,000	98,000	96,145	77,000	98,000
	Variable remuneration	-	-	-	-	-
	% variation	-	-	-1.9%	-19.9%	27.3%
Pedro Mendonça de Queiroz Pereira	Fixed remuneration	689,200	-	-	-	-
	Variable remuneration	967,061	-	-	-	-
	% variation	-8.9%	-	-	-	-
Diogo António Rodrigues da Silveira	Fixed remuneration	517,713	259,033	-	-	-
	Variable remuneration	620,627	653,534	-	-	-
	% variation	-0.7%	-19.8%	-	-	-
Luís Alberto Caldeira Deslandes	Fixed remuneration	117,579	77,000	-	-	-
	Variable remuneration	-	-	-	-	-
	% variation	-25.7%	31.0%	-	-	-



Amount in Euros

Audit Board		2018	2019	2020	2021	2022
José Manuel Vitorino	Fixed remuneration	19,854	21,994	21,994	21,994	21,994
	% variation	24.1%	10.8%	-	-	-
Gonçalo Picão Caldeira	Fixed remuneration	16,002	16,002	16,002	16,002	16,002
	% variation	-	-	-	-	-
Maria da Graça Gonçalves	Fixed remuneration	9.399	16,002	16,002	16,002	16,002
	% variation	100%	70.26%	-	-	-
Miguel Camargo de Sousa Eiró	Fixed remuneration	31.957	-	-	-	-
	% variation	45,3% ³⁵	-	-	-	-

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control

It is important to clarify that the amounts referred to in this paragraph relate only to companies not controlled by Navigator. Also included are amounts that are alien to the Navigator and its governing bodies, as they relate to its shareholders, shareholders of shareholders and other companies controlled by shareholders, provided there is a relationship of dominance.

Directors Ricardo Miguel dos Santos Pacheco Pires (1,293,077.05 euros), Vítor Manuel Galvão Rocha Novais Gonçalves (27,500.00 euros) and Vítor Paulo Paranhos Pereira (1,293,077.05 euros) earned remunerations in other companies in a control relationship or that are subject to a common control. It should be clarified that the remaining members of the Board of Directors did not receive any remuneration from other companies in a group relationship. It should be clarified that the other members of the Board of Directors did not earn remuneration from other companies in a group relationship with Navigator, based on the definition of group within the meaning of article 2(1)(g) of Decree-Law 158/2009, of 13 July, in accordance with article 26g(2)(d) of the CVM.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted

The amount of the remuneration paid by the Company in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in item 77 of this report, which amounts were determined by the Remuneration Committee based on the actual application of the criteria described in item 2 of chapter VI of the Remuneration Policy Statement.

80. Compensation paid or due to former executive directors for their dismissal during the year

No compensation was paid during the year, nor is any compensation due, to former Executive Directors for their dismissal.

³⁵ The apparent increase in the fixed remuneration of the Chairman of the Audit Board in 2018 was due to the fact that he terminated his term of office early and therefore earned the remuneration he would have received until the end of the period for which he was elected.



81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the Company's supervisory bodies, for the purposes of Law 28/2009 of 19 June

	Fixed Remuneration		Variable Remuneration	
	Amount (Euros)	Relative percentage	Amount (Euros)	Relative percentage
José Manuel Vitorino	21,994	100%	0	0.0%
Gonçalo Picão Caldeira	16,002	100%	0	0.0%
Maria da Graça Gonçalves	16,002	100%	0	0.0%

82. Indication of remuneration earned in the reporting period by the Chairman of the General Meeting

The Chairman of the General Meeting only receives a fixed remuneration, taking into consideration the number of meetings of the General Meeting each year.

In 2022, the Chairman of the Board of the General Meeting received a fixed remuneration in the amount of €3,000 (three thousand euros).

V. Agreements with implications for remuneration

83. Contractual limits on severance pay for directors, and the respective relationship with the variable remuneration component.

The Company has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination; the Remuneration Policy approved by the Company's Remuneration Committee provides that the supplementary legal rules will apply in case of termination of directors term in office.

Therefore, considering the absence of individual contracts with directors in this regard and the provisions of the Remuneration Policy approved by the Company's Remuneration Committee, where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the Company will be obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

Dismissal before the expiry of the mandate does not entitle the director, either directly or indirectly, to compensation beyond the statutory amounts.



- 84. Reference to the existence and description, with indication of the amounts involved, of agreements between the company and the members of the management body and directors, as defined by article 248-B (3) of the Securities Code, which provide for compensation in the event of dismissal, unfair dismissal or termination of employment as a result of a change in control of the company. (article 29-H, (1) (k)).**

There are also no agreements between the Company and Board members or managers, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the Company.

VI. Stocks or stock option plans

- 85. Identification of plan and beneficiaries.**

The company has no stock or stock option plans.

- 86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options).**

Not applicable.

- 87. Stock-option rights for which the company's workers and Employees are the beneficiaries.**

Not applicable.

- 88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by Employees (article 245-A (1) (e)).**

There is no employee ownership scheme in Navigator.



E. Related party transactions and conflicts of interest

I. Control mechanisms and procedures

89. Procedures implemented by the Company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24).

The Company has a Regulation on Conflicts of Interest and Related Party Transactions, through which rules were defined relating to conflicts of interest and transactions with related parties, to which the Company is party, in addition to the internal mechanisms that the Company has in place for compliance with international accounting standard IAS 24 (Related Party Disclosures), and is applicable without prejudice to the obligations of the Company and of its officers in matters of Privileged Information, to the legal regime of the Company's dealings with directors, and to the internal regulation on the Reporting of Irregularities and to other applicable legislation on this matter. This regulation was amended due to the changes resulting from Law no. 50/2020, of August 25 and by resolution of the Board of Directors of December 17, 2020, with a favorable and binding opinion from the Audit Board, which now includes the applicable legal and regulatory regime in force on this matter.

Such regulations are available for consultation on the company website (<http://www.thenavigatorcompany.com/Investidores/Governo-da-Sociedade>).

In accordance with the Regulation on Conflicts of Interest and Related Party Transactions, Related Party Transactions are the transactions that are defined as such by the international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, and in particular by the International Accounting Standard (IAS) 24 (Related Party Disclosures). They are subject to the following approval procedures.

The following Transactions are approved by the Executive Committee:

- a) Loans granted to the Company by shareholder companies with a value of less than or equal to one hundred million euros;
- b) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million euros;
- c) Transactions with controlled companies that consolidate accounts with the Company, with an individual or accumulated annual value of less than or equal to two percent of the controlled company's revenue, assessed according to the latest approved annual accounts;
- d) Loans to controlled companies that consolidate accounts with the Company and, thus, holds their debt, (i) with a maturity of less than six months, (ii) individual or cumulative annual value of less than one fifth of the controlled company's revenue, assessed according to the latest approved annual accounts and not exceeding one hundred million euros and (iii) as long as the controlled company ensures credit lines for the reimbursement of the operation, and



- e) All other Transactions with an individual or cumulative annual amount of less than or equal to one million euros.

Transactions that (i) do not fall within the scope of the previous paragraphs or (ii) fall within those paragraphs but are not carried out within the Company's ordinary course of business, are adopted by the Board of Directors, subject to prior approval by the Audit Board.

Under said Regulation, only transactions carried out under market conditions are permitted and if there is a justified interest of the Company.

With regard to the procedures for information, verification and formalization of transactions with related parties, the regulation provides that:

- The Board of Directors is informed every six months of resolutions regarding transactions in which it has not participated;
- The Audit Board is informed of the transactions that the Company carries out for the purposes of verifying the compliance of the transactions with the above described regime and with the applicable legislation and regulations, and the related parties will not be able to participate in the verification in question;
- It is also incumbent upon the Company's Managers who intervene in the formalization of transactions with related parties to ensure that the transactions are previously submitted to the deliberations required by the regulation and in the applicable legislation and regulation, and
- The formalization and execution of resolutions on transactions with related parties must be subject to special monitoring by the Executive Committee.

The Company will disclose the transactions that must be disclosed under applicable legislation and regulations, namely because they have not met any of the legal requirements or due to the amount in question, in accordance with and in the period provided for in the applicable laws and regulations.

The regulation will not apply to transactions treated as exempt by applicable law and regulation.

With regard to the procedures applicable in the area of conflicts of interest, the regulation provides that a situation of conflict exists whenever any decision maker or participant in a decision-making process (Manager) is in a position that, viewed objectively, may compromise his independence and cause in his judgment an influence of interests that differ from the interests of the Company, be they financial or not, his own or belonging to third parties, and that, for the purposes of its adequate prevention, identification and resolution, the Manager must:

- Communicate the existence of a conflict of interest, even if potential, to his superior or, in the case of a member of a collegiate body, to the body in question, in accordance with the relevant operating regulations, and
- Refrain from interfering or participating in the decision-making process whenever they are in conflict of interest, and record this impediment in the minutes or other written



document that registers the decision, without prejudice to the duty to provide information and clarifications the body concerned and its members request.

In addition, all regulations governing the operation of the corporate bodies and internal commissions contain provisions on conflicts of interest in accordance with the rules described above.

90. Indication of transactions subject to control in the reporting period.

In 2022, there were no other transactions subject to control given that, in accordance with the criteria referred to in item 91 below, none of the Company's transactions with qualifying shareholders or any other related entities, under article 20 of the Securities Code, were subject to prior clearance by the Supervisory Board. It should also be noted that there was no business between the Company and qualifying shareholders outside normal market conditions.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior evaluation of transactions to be carried out between the Company and qualifying shareholders or related entities, under article 20 of the Securities Code.

The procedures and criteria applicable to intervention by the supervisory body for the purposes of prior evaluation of transactions to be carried out between the Company and qualifying shareholders or related entities, under article 20 of the Securities Code, are described in item 89.

II. Details of Transactions

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information available on related party transactions is included in the Company's Report and Accounts, in no. 11.3 of the Notes to the Consolidated Financial Statements.



Part II - Corporate Government Assessment

I. Identification of the Corporate Governance code Adopted

In 2018, Navigator adopted the Corporate Governance Code of the Portuguese Institute of Corporate Governance ("IPCG") of 2018, in accordance with and for purposes of article 2 of CMVM Regulation no. 4/2013.

The adopted Code was revised by the IPCG in 2020. It is released by the IPCG and can be accessed on the respective website, at http://cam.cgov.pt/images/ficheiros/2020/revisão_codigo_en_2018_ebook-05.11.2020.pdf

II. Analysis of compliance with the Corporate Governance Code adopted

Navigator has adopted most of the IPCG Corporate Governance Code Recommendations. The Principles and Recommendations of this Code are listed in the table below, with indication of the Recommendations adopted, not applicable and not adopted, and reference is made to the points in this Report where the matter is developed. In relation to the Recommendations not adopted, justification for non-adoption and a mechanism equivalent to the adopted "explain".

	Compliance	Comments
CHAPTER I – GENERAL PROVISIONS		
General Principle <i>Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.</i>		
I.1 Company's relationship with investors and disclosure		
Principle <i>Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.</i>		
Recommendation		
I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted	Part I, no. 21, 22, 38 and 56 to 65



	Compliance	Comments

I.2 Diversity in the composition and functioning of the company's governing bodies

Principles

I.2.A. Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.

I.2.B. Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.

I.2.C. Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.

Recommendations

I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted	Part I, no. 16
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted	Part I, no. 22, 27, 29, 34 and 38
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted	Part I, no. 22, 27, 34 and 61
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted	Part I, no. 49, 50, 54 and 89

I.3 Relationships between the company bodies

Principle

Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.

Recommendations

I.3.1 The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted	Part I, no. 21, 22 and 38
I.3.2 Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted	Part I, no. 21, 22, 27 and 38



	Compliance	Comments

I.4 Conflicts of Interests

Principle

The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.

Recommendations

I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted	Part I, no. 89
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted	Part I, no. 89

I.5. Related Party Transactions

Principle

Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.

Recommendations

I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted	Part I, no. 38 and 89 to 91
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Adopted	Not applicable Recommendation, due to the provisions of Note 3 on Interpretation of the of the Corporate Governance Code IPCG 2018 (revised in 2020)

CHAPTER II. SHAREHOLDERS AND GENERAL MEETINGS

Principles

II.A. As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.

II.B. The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the company itself.

II.C. The company should implement adequate means for the participation and remote voting by shareholders in meetings.

Recommendations

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted	Part I, no. 12 and 13
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Adopted	Part I, no. 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted	Part I, no. 12



	Compliance	Comments
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted	Part I, no. 12
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Adopted	Part I, no. 5, 13 and 14
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted	Part I, no. 4, 83 and 84

CHAPTER III - NON - EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

Principles

III.A. *The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.*

III.B. *The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.*

III.C. *The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.*

Recommendations

III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Not adopted	Explanation of recommendations not adopted below
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted	Part I, no. 18, 31, 50, 51 and 54
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted	Part I, no. 18



	Compliance	Comments
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non- consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.	Adopted	Part I, no. 18
III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Not applicable	Part I, no. 18
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted	Part I, no. 38 and 50
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Adopted	Part I, no. 21, 27 and 29

CHAPTER IV – EXECUTIVE MANAGEMENT

Principles

IV.A. *As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.*

IV.B. *In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.*

Recommendations

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted	Part I, no. 22
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted	Part I, no. 21 and 22



	Compliance	Comments
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Adopted	Part I no. 21 Management Report Sustainability Report, notably: pg. 7-10, 27, 29, 37, 38, 42-48, section 4.7

CHAPTER V - PERFORMANCE EVALUATION, REMUNERATION AND APPOINTMENTS

V.1. Annual performance evaluation

Principle

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.

Recommendation

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	Part I, no. 22, 24 and 25

V.2. Remuneration

Principles

V.2.A. The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.

V.2.B. Directors should receive compensation:

- i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;*
- ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and*
- iii) that rewards performance.*

Recommendations

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted	Part I, no. 24, 27, 66 and 67
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted	Part I, no. 24, 27, 66 and 67
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Not adopted	Explanation of recommendations not adopted below
V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	Part I, no. 76
V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted	Part I, no. 66



	Compliance	Comments
V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted	Part I, no. 66
V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted	Part I, no. 70, 71 and 75, Annex II
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Not adopted	Explanation of recommendations not adopted below
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable	Part I, no. 73 and 74
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted	Part I, no. 71

V.3. Appointments

Principle

Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.

Recommendations

V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted	Part I, no. 16
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Adopted	Part I, no. 29
V.3.3. This nomination committee includes a majority of non- executive, independent members.	Not adopted	Explanation of recommendations not adopted below
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Adopted	Part I, no. 16 and 29

CHAPTER VI – INTERNAL CONTROL

Principle

Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.

Recommendations

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted	Part I, no. 22, 24 and 50



	Compliance	Comments
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted	Part I, no. 38, 50 and 54
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted	Part I, no. 50, 51, 52, 54 and 55
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted	Part I, no. 38 and 50
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted	Part I, no. 45 and 50
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted	Part I, no. 38 and 49 to 55
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted	Part I, no. 38 and 49 to 55
CHAPTER VII FINANCIAL INFORMATION		
VII.1. Financial information		
Principles VII.A. <i>The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.</i> VII.B. <i>The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.</i>		
Recommendation		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted	Part I, no. 38
VII.2. Statutory Audit of Accounts and Supervision		
Principle <i>The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.</i>		
Recommendations		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted	Part I, no. 37, 38 and 46



	Compliance	Comments
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted	Part I no. 38 and 45
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted	Part I, no. 38 and 45

Explanation of non adoption of adopted recommendations

III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

In view of the specific characteristics of the Company, in particular its family owned nature and the concentration of its capital structure, and the total number of non-executive directors and, among these, of independent directors, as well as the characteristics and current position of the Chairman of the Board of Directors, the Company considers that the appointment of a coordinator would be inappropriate and would merely seek formal compliance with this recommendation, with which the Company does not agree.

In fact, and as already mentioned in this report, several rules and procedures are in place in the company that allow a close and regular articulation between the various members of the Board of Directors, namely between the Chairman and the other Directors, and the existence of the conditions and means required for the performance of their functions in an independent, informed and efficient manner, ensuring the supervisory and oversight function of the executive management.

In this regard, we highlight the various mechanisms provided for in the Regulations of the Board of Directors and the company's various internal committees, under the terms of which:

- a) The members of the Board of Directors, including non-executive members, may have access to all the company's information and collaborators for the evaluation of the company's performance, situation and development prospects, including, namely, the minutes, the documentation supporting the resolutions taken, the notices of meetings and the archive of the meetings of the other corporate bodies, without prejudice to access to any other documents or persons from whom clarifications may be requested;
- b) The Chairman of the Board of Directors must inform the company's directors, at the start of every meeting of the Board of Directors, of the most relevant resolutions and acts carried out by the Executive Committee since the previous meeting, which are not yet known to the other directors;



- c) Minutes of all Executive Committee meetings shall be drawn up which shall be kept by the Company Secretary and made available to any member of the Board of Directors who requests them;
- d) The Chairman of the Executive Committee shall, to the extent possible, promote the involvement of the non-executive directors in specific projects and acts, in order to allow a closer monitoring and proximity of the non-executive directors to the company's activity, in accordance with the matters in question and the specific qualifications and preferences of each one;
- e) All executive directors shall be available to provide clarifications and information which may be requested by non-executive directors;
- f) The Chairman of the company's Internal Committees must inform the Board of Directors of the committee's resolutions which, given their relevance, should be brought to the Board's attention. In the case of the Executive Committee, this duty falls to the Chairman of the Executive Committee;
- g) All members of the company's Internal Committees must be available to provide any clarifications and information that may be requested by other directors;
- h) h) The supporting documents relating to the various points on the agenda of the meetings of the Board of Directors and of the company's Internal Committees must be distributed to all members in time to allow for their timely analysis, preferably together with the notice of the meeting.

In addition, at least one non-executive director sits on the Corporate Governance Committee and on the Appointments and Assessment Committee - the Chairman of the Board of Directors is also Chairman of the Appointments and Assessment Committee - thus reinforcing the coordination and performance of the work of the members with non-executive functions.

Therefore, this recommendation has not been formally adopted by the Company, although all the objectives resulting from it have been achieved.

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

This recommendation is not complied with since the Remuneration Committee, although it is a matter within its power, did not define the maximum amount of all compensation to be paid to the member of any body or committee of the Company due to the respective termination of duties.

In fact, the Remuneration Committee has never, until today, felt the need to create a self-limitation in relation to the aforementioned maximum amount regardless of the form of termination of duties that is at stake. The specific circumstance to which this limitation refers does not take place frequently and, when it happens, the sensitivity and specificity is always so



great that it cannot fail to impose a case-by-case assessment, even if integrated into the general remuneration regime and with historical weighting.

In addition, Navigator believes that, given the existing regulation in the Portuguese regime, the prior setting of a maximum amount may even work in the opposite way to that intended by the scope of this recommendation, constituting an incentive for the premature termination of management functions.

It should be noted, however, that where the dismissal of directors does not result from a serious violation of the duties of the director or from inability to carry out the normal duties, the company will be obliged to pay compensation under the general terms of law, that may not exceed the amount of remuneration that it would presumably receive until the end of the period for which it was elected.

It should also be noted that during the 2022 fiscal year no resignations were submitted by members of the company's bodies or committees.

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

The explanation for the non-adoption of this recommendation is set out in the statement on the remuneration policy in force, which corresponds to Annex II to this Report, and reads as follows:

"Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the Company over a longer period.

We accept this principle as theoretically sound, but the historical element, associated to the stability and the practice that has been followed successfully for years without the element of deferral, leads us to not adopt that option for the time being."

The Company has not therefore accepted this recommendation, without prejudice to ensuring the substance which justifies it to an even greater extent than would result from compliance with it.

It should also be noted that Navigator's consolidated results for the financial year have repeatedly and consistently been very positive, demonstrating the sustainability of performance which the Recommendation seeks to safeguard. It follows from this background that the possible partial deferral for a period of no less than three years of the variable component of remuneration would have no impact on the right to the variable component for Navigator's directors.

However, it should be clarified that Navigator is currently analyzing the model for deferring payment of part of the variable remuneration with a view to its possible implementation.



V.3.3. This nomination committee includes a majority of non- executive, independent members.

The Company's Nominations and Evaluation Committee is entirely composed of non-executive directors, but only one is independent - Mariana Rita Antunes Marques dos Santos. In choosing the members of this Committee, preference was given to a diversity of profiles (age, gender, qualifications, experience and professional career), ensuring that all of them have full impartiality of analysis and decision, and demonstrated integrity of character.

The Company believes that this diversity of profiles, together with the fact that the Nominations and Evaluation Committee uses, whenever necessary, market studies and the analysis of comparable situations within the Group, is sufficient to guarantee that its analyses are in line with the best practices and strengthen independent and impartial decision-making.



Part III – Other Information

There are no other elements or additional information that are relevant to the understanding of the governance model and practices adopted.

ANNEX 1

1) DISCLOSURES REFERRED TO IN ARTICLES 447 OF THE COMPANIES' CODE (WITH REFERENCE TO 2022)

Securities issued by Company and held by company officers:

António José Pereira Redondo: 6,000 shares

Adriano Augusto da Silva Silveira: 2,000 shares

2) INFORMATION ON OWN SHARES (required by Articles 66 and 324 no. 2 of the Companies Code)

On 31 December 2022, Navigator did not hold any own shares.



ANNEX 2

REMUNERATION POLICY FOR MEMBERS OF THE CORPORATE BODIES OF THE NAVIGATOR COMPANY (2021-2024)

I. Introduction

The Remuneration Committee of Navigator has been drawing up the remuneration policy statement since 2008, originally in the context of a recommendation from the Securities Market Commission (Comissão de Mercado de Valores Mobiliários – CMVM), from 2009 according to Law no. 28/2009, of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

With the entry into force of Law no. 50/2020, of 25 August, and the consequent repeal of Law no. 28/2009, of 19 June, the Navigator Remuneration Committee must prepare a Remuneration Policy for the members of its management and supervisory bodies in accordance with the new legal regime.

It should be noted that, with the 2020 revision to the Corporate Governance Code of the Portuguese Institute of Corporate Governance, and in view of the necessary harmonization with Law no. 50/2020, of 25 August, the content of the policy remuneration is no longer based on a recommendation.

This Remuneration Policy thus reflects the work carried out by the Remuneration Committee, based on the previous statement on the remuneration policy and taking into account the aforementioned new framework.

Considering Navigator's trajectory, this Committee continued to choose to reconcile, on the one hand, new trends in terms of management remuneration options, and on the other, the weight of history, previous options and the own features of this company.

The elaboration of the remuneration policy is the exclusive responsibility of the Remuneration Committee, composed of three members, all of whom are independent from the management, and must approved by the General Meeting, at least every four years and at every material change to it.

In its performance, namely in determining, reviewing and applying the Policy, the Remuneration Committee observes the applicable legislation and the policies and regulations in force at Navigator, namely, the regulation on Conflicts of Interest and Related Parties Transactions, which sets out operating rules with a view to preventing, identifying and resolving conflicts of interest between society and its managers.

II. Legal and statutory regime

This policy is issued within the legal framework of the above mentioned Law 50/2020, of 25 August, which amended the Securities Code.

As for that legal diploma, in addition to what it determines as to the frequency of the policy, its approval and the disclosure of its content, it determines, in number 2 of article 26-C of the Securities Code, in respect of its content, that the Policy have in consideration:

- a) An explanation of how it contributes to the company's business strategy, its long-term interests and sustainability;



- b) An explanation of how the employment and pay conditions of employees of the company were taken into account when establishing the remuneration policy;
- c) A description of the different components of fixed and variable remuneration,
- d) A explanation of all bonuses and other benefits, in whatever form, which can be awarded to members of the management and supervisory bodies, and indicate their relative proportion;
- e) An indication of the duration of the contracts or arrangements with members of the management and supervisory bodies, the applicable notice periods, termination clauses and payments linked to their termination;
- f) Indication of the main characteristics of supplementary pension or early retirement schemes.

In addition, paragraph 3 of article 26-C of the Securities Code stipulates that, in case the provision of variable remuneration to directors is foreseen, the remuneration policy must identify:

- a) The criteria applied to the attribution of variable remuneration, including financial and non-financial criteria and, if applicable, the criteria related to corporate social responsibility, in a clear and comprehensive manner, and explain how these criteria contribute to the company's corporate strategy, to its long-term interests and to its sustainability;
- b) The methods to be applied to determine to which extent the performance criteria have been met;
- c) The deferral periods and the possibility for the company to request the refund of the variable remuneration already delivered.

On the other hand, number 4 of article 26-C of the Securities Code establishes that, in case the provision of a share-based remuneration component is foreseen, the remuneration policy must identify:

- a) The periods for acquiring rights;
- b) If applicable, the period for keeping shares after acquiring said rights;
- c) The way in which share-based remuneration contributes to the company's corporate strategy, its long-term interests and its sustainability.

In addition to the aforementioned Law no. 50/2020, of 25 August, any definition of remuneration cannot fail to take into account both the general legal regime and the specific regime adopted in the company's articles of association, when applicable.

The legal regime for the Board of Directors is essentially established in article 399 of the Commercial Companies Code, and it essentially establishes the following:

- The setting of remunerations is the responsibility of the general meeting of shareholders or of a commission appointed by it.
- That definition of the remuneration must take into account the functions performed and the economic situation of the company.
- The remuneration may be fixed or consist partially of a percentage of the profits of the financial year, but the maximum percentage intended for the directors must be authorized by a clause of the articles of association and not cover distributions of reserves or any part of the profit of the year that could not, by law, be distributed to shareholders.

For the Audit Board and for the members of the Board of the General Meeting, the law determines that the remuneration must consist of a fixed amount, and that it be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account functions performed and the economic situation of the company.

As for the articles of association, in the case of Navigator, there is a specific article only for the Board of Directors, twenty-one, which simultaneously governs the retirement scheme, and has, in the part that matters here, the following content:

"Article 21 – 1 - The remunerations of the directors, which may be different, shall be established by a remunerations committee elected by the General Meeting for such purpose, for periods of four years."

This is the formal framework within which the remuneration policy must be defined.



III. General Principles

The general principles to be observed when setting the remuneration of the Company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the Company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

The functions performed by each Company officer include functions in the formal sense, but also the functions in the broader sense of the specific level of responsibility of the function carried out, taking into account criteria as varied as, for example, commitment and dedicated time, the nature, dimension, complexity and required skills for the function or the added value to the Company resulting from a given type of intervention or an institutional representation.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due to the added responsibility this represents and in terms of the existence of another source of income.

b) The state of the Company's affairs.

The size of the Company and the inevitable complexity of the associated management responsibilities, are clearly relevant aspects of the state of affairs, understood in the broadest sense. And these aspects have implications in the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c) Market Criteria.

It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception.

It is essential to have the ability to attract, develop and retain competent professionals, which requires that the Remuneration Policy be competitive and attractive in order to ensure the legitimate individual interests, but essentially those of the Company, and the generation of sustainable value to shareholders.

In the case of this Company, in view of its characteristics and size, the market criteria and practices to be considered are those prevailing internationally, as well as those to be observed in Portugal.

IV. Compliance of principles with the legal regime

Having stated the adopted general principles, it is now necessary to frame the principles in the applicable legal regime.

1. Paragraph a) of number 2 of article 26-C of the Securities Code. Strategy, long-term interests and sustainability.

Practice has shown that the remuneration system in force at Navigator is successful in ensuring its corporate strategy and, in the long term, in aligning the interests of the members of the management body with the interests of the company and its sustainability, especially for the reasons set out below.

Firstly, for it is a remuneration that is sought to be fair and balanced within the principles set out, and secondly, by associating the members of the management body to the results through a variable component of the remuneration, which has the results as its main factor, but also takes into account the behaviour skills of each director, such as their alignment with the long-term interests of the company.

2. Paragraph b) of number 2 of article 26-C of the Securities Code. Employment and pay conditions of employees.

The alignment between this Policy and the pay and employment conditions of Navigator employees is ensured given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular market conditions in the reference markets for the functions performed.

3. Paragraph c) of number 2 of article 26-C of the Securities Code. Fixed and variable components of the remuneration.



The remuneration of the members of the Board of Directors consists of a fixed component, corresponding to an annual amount, payable throughout the year, and, for Executive Directors, it also incorporates a variable component that may correspond to a percentage not exceeding five per cent of the previous year's net result.

The remuneration of the members of the Audit Board corresponds to a fixed annual amount, payable throughout the year.

Finally, the remuneration of the members of the Board of the General Meeting consists only of a fixed amount, determined in accordance with the meetings that are actually held.

It should be noted that the specific values of the remunerations are fixed in compliance with the principles defined above in chapter III of this Policy.

4. Paragraph d) of number 2 of article 26-C of the Securities Code. Bonuses and other benefits.

In addition to the variable component that may be attributed to the members of the management bodies, no other non-cash benefits are attributed to the members of the management and supervisory bodies, without prejudice to the means made available to them for the exercise of their functions. and health and personal accident insurance in line with market practices.

5. Paragraph e) of number 2 of article 26-C of the Securities Code. Arrangements relating to the termination of Directors' functions

There are not and have never been fixed by this Committee any arrangements relating to the dismissal or termination of Directors' functions. This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature. Therefore, only the supplementary legal regime defined in the Companies' Code applies, which governs the payment of any amounts to directors in case of termination of their mandates before expiry of the term in office.

6. Paragraph f) of number 2 of article 26-C of the Securities Code. Supplementary pension or early retirement schemes.

At Navigator there are presently no Supplementary pension or early retirement schemes for Directors.

7. Paragraph a) of number 3 of article 26-C of the Securities Code. Criteria for the variable component.

The definition, by this Committee, of a variable component of remuneration is based on a target amount applied to each Director which is due in accordance with the individual's performance and performance of the Company, that meet the expectations and the criteria defined previously. The target amount is weighed by the aforementioned principles - market, specific functions, state of the Company -, in particular comparable market circumstances in positions equivalent in function. Another important factor that is taken into account when setting the targets is Navigator's option not to provide any share or share acquisition option plans.

Actual performance compared to the expectations and goals, which determine variations vis-à-vis the target, is weighed against a set of quantitative and qualitative KPIs of the Company's performance (general business indicators) and of the relevant board member (specific targets and behaviour indicators). Within the general business indicators, EBITDA, net results, cash flow and Total Shareholder Return vs Peers are particularly relevant, and in the behavioral skills, the alignment of each director with the long-term interests of the company is highlighted.

In addition to those criteria, in accordance with commitments undertaken by the Company within its sustainability strategy and recognizing the importance of an efficient use of energy, and the need to reduce fossil CO2 emissions from its economic activities, the implementation of a corporate program for energy efficiency, approved in 2016, is also included in the weighing.

In addition to the limit on management's profit sharing for the year, the Company also has mechanisms for limiting variable remuneration.

On the one hand, the variable component is eliminated if the results show a deterioration considered relevant to the company's performance in the last year or when it is expectable in the year in course. And, on the other hand, the amount of the attributable variable component has a cap defined in order to prevent that the positive performance at a



time, with immediate remuneration advantages for the management, be made at the sacrifice of a good future performance.

In view of the above, it is clear that the criteria for the attribution of remuneration contribute to the implementation of the strategy defined by Navigator, as well as to the long-term interests and the sustainability of the Company.

8. Paragraph b) of number 3 of article 26-C of the Securities Code. Compliance with performance criteria.

The performance criteria referred to in the previous paragraph are applied mathematically in their quantitative part, and through valuation assessments with regard to the qualitative part.

Within the process of determining the variable remuneration, the Remuneration Committee prepares this Policy, and the performance assessment of each executive director follows an internal structured process under the responsibility / leadership of the respective person in charge (i.e., under the responsibility of the person who chairs the team, in the case of the members of the Executive Committee, and under the responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Committee) and in which also participate the non-executive directors that the responsible person deems relevant to involve.

This process also involves the Appointments and Appraisals Committee, which is responsible for monitoring the management's performance appraisal and remuneration attribution system and giving its opinion on the individual performance appraisal proposals of the executive management.

Finally, the Remuneration Committee is responsible for confirming, with regard to performance assessment, the respective factors of achievement and ensuring the overall consistency of the process, setting the variable remuneration.

9. Paragraph c) of number 3 of article 26-C of the Securities Code. Deferral and repayment of remuneration.

Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the Company over a longer period.

We accept this principle as theoretically sound, but the historical element, associated to the stability and the practice that has been followed successfully for years without the element of deferral, leads us to not adopt that option for the time being.

As for the obligation to refund variable remuneration already delivered, and without prejudice to the applicable legal regime, no mechanism is in place to allow the company to request the same from the respective members of the management.

10. Number 4 of article 26-C of the Securities Code. Stock plans.

At Navigator, remuneration does not include a stock component.



V. Specific options

The specific options for the proposed remuneration policy can therefore be summarized as follows:

- 1 In setting all remunerations, the general principles set out above will be observed: functions performed, the state of the company and market criteria.
- 2 Executive Directors
 - The remuneration of the executive directors will consist of a fixed component and a variable component;
 - The fixed component of the remuneration will consist of an annual amount, payable throughout the year;
 - The variable component of remuneration is associated with both the performance of Navigator and the individual performance of each director;
 - The process of attributing variable remuneration to executive directors, which is monitored by the Appointments and Appraisals Committee, must follow the criteria defined by the Remuneration Committee, and must not exceed the overall value of five percent of the result consolidated net in IFRS format.
- 3 Non-Executive Directors
 - The remuneration of non-executive directors will only consist of a fixed component, which may be differentiated due to the accumulation of functions and increased responsibilities, for example members of specialized committees or committees;
 - The fixed component of remuneration will consist of an annual amount, payable throughout the year, or a predetermined amount for each participation in the Board of Directors' meeting.
- 4 Audit Board
 - The remuneration of the members of the Audit Board will consist only of a fixed component, which will consist of a fixed annual amount, payable throughout the year.
- 5 Board of the General Meeting
 - A remuneração dos membros da Mesa da Assembleia Geral será composta apenas por uma componente fixa, que consistirá num valor predeterminado por cada reunião, sendo inferior o valor para as segunda e seguintes reuniões que tenham lugar durante o mesmo ano.
 - The remuneration of the members of the Board of the General Meeting will consist only of a fixed component, which will consist of a predetermined amount for each meeting, where the amount for the second and subsequent meetings that take place during the same year is lower than the amount for the first meeting.

Lisbon, 6 April 2021

The Remuneration Committee

José Gonçalo Ferreira Maury

João Rodrigo Appleton Moreira Rato

João do Passo Vicente Ribeiro



ANNEX 3

CODE OF ETHICS AND CONDUCT

I. General Objectives and Values

1. The Code of Ethics and Conduct as the basis of the culture of The Navigator Group

The pursuit of the aims set out in this Code of Ethics and Conduct, respect for its values and compliance with its rules of conduct together form the professional ethos of The Navigator Group business universe. The Code of Ethics and Conduct is to be viewed as setting standards of conduct interpreted as a benchmark for behaviour, which The Navigator Group and all its Collaborators should follow and respect.

2. Fundamental Mission and Objectives

The Navigator Group aspires to extend the leadership earned in the printing and writing paper business to other businesses, thereby asserting Portugal in the world, as a global company, renown for developing, in an innovative and sustainable manner, the forest and providing products and services which contribute to the prosperity of individuals.

The fundamental aims pursued by The Navigator Group are based on the sustained creation of value and the protection of shareholders' interests, with an appropriate level of investor return, by offering the highest standards of quality in the supply of goods and services to customers, and through the recruitment, motivation and development of the most able and highly skilled professionals. The Navigator Group will always promote a meritocratic culture which allows the personal and professional development of its Collaborators and, through their commitment, position the Group at the forefront of the markets in which it operates, maintaining a policy on the sustainable management of natural resources, mitigation of environmental impacts and fostering social development in the areas in which it carries on its business operations.

Due to their being core principles and of a general nature, the matters governed in the Code of Ethics and Conduct may be detailed in internal guidelines, policies and procedures, or in specific codes of conduct.

3. Values

The principles and rules of conduct set out in the Code of Ethics and Conduct result from the establishment of values deemed to be fundamental to The Navigator Group, and which should be permanently pursued within its corporate activity, in particular:

- (a) **Trust** – We believe in people, we welcome everyone's contribution, we respect their identity, promoting development, cooperation and communication;
- (b) **Integrity** – We are guided by principles of transparency, ethics and respect in our dealings amongst ourselves and with others;
- (c) **Entrepreneurship** – We are passionate about what we do, we like to get out of our comfort zone, we have the courage to take decisions and to accept risks in a responsible way;
- (d) **Innovation** – We seek to bring out everyone's skills and creative potential to do the impossible;
- (e) **Sustainability** – Corporate, social and environmental sustainability is our business model;
- (f) **Excellence** – In our work we focus on quality, efficiency, safety and getting it right.

II. Scope of Application and Interpretation

4. Scope of Application

The Code of Ethics and Conduct applies to all Collaborators of all entities in The Navigator Group. The rules set out herein should govern the ethical and professional conduct of all those working in The Navigator Group, in the pursuance of its corporate activity and in their relationships with third parties, and are an essential tool of the corporate policy and culture followed and fostered by The Navigator Group.

5. Interpretation

For the purposes of this Code of Ethics and Conduct, the following defined terms shall have the following meanings:

- (a) **Collaborators** – all persons who work in or provide services, in a permanent or merely casual form, to companies in The Navigator Group, including, notably, members of corporate bodies, employees, service providers, representatives and auditors or consultants;
- (b) **Clients** – natural or legal entities to which companies in The Navigator Group supply their products or provide their services;
- (c) **Suppliers** – natural or legal entities which supply products or provide services to The Navigator Group companies;
- (d) **Stakeholders** – natural or legal entities with which The Navigator Group companies deal in their business, institutional or social activities, including shareholders, members of corporate bodies, Collaborators, Clients, Suppliers, business partners



or members of the communities with whom The Navigator Group interacts.

III. Rules of Conduct

6. Compliance with Legislation and Regulation

The activity of The Navigator Group and its Collaborators shall be based on strict compliance with legal, statutory and regulatory regulations, applicable to the activity and companies of The Navigator Group, in the jurisdictions of the countries where they operate.

7. Public Authorities

The activity of The Navigator Group and its Collaborators shall be based on a permanent collaboration with public authorities, notably with regulatory bodies, complying with requests legitimately made to them and which are at their reach and adopting the behaviour which permits these authorities to exercise their powers.

8. Integrity

The practice of corruption and bribery is forbidden, in all active or passive forms, through act or omission, by creating or maintaining situations of favouritism or other irregularities, or adopting behaviours which may create, in their counterparts, expectations of favouritism in their relations with The Navigator Group.

9. Transparency

The Navigator Group is committed to reporting its performance in a transparent way, taking into consideration applicable legal duties and good practices of the capital and financial markets.

10. Confidentiality

- 10.1. Collaborators must keep the confidentiality of all information concerning The Navigator Group, other Collaborators, Clients, Suppliers or Stakeholders, of which they have knowledge by virtue of carrying out their functions and which are not publicly known or notorious. Such information is restricted and only for internal use in The Navigator Group.
- 10.2. Collaborators must maintain confidential the information mentioned in the previous paragraph, even after termination of their functions in The Navigator Group and regardless of the cause of such termination.
- 10.3. Confidential information may only be disclosed to third parties in accordance with legal requirements or provided disclosure thereof is previously authorized, in writing, by the Board of Directors.

11. Securities trading

Any Collaborators who are in possession of information relating to The Navigator Company, of a precise nature, which has not been made public, and which, if it were made public, would be likely to have a significant effect on the prices of The Navigator Company shares and other related financial instruments, may not, in the period prior to disclosure of such information, trade securities issued by The Navigator Company, its strategic partners or companies involved in transactions or dealings with The Navigator Company, not disclose same information to third parties.

In particular, estimates of results, decisions on significant acquisitions, sales or partnerships and winning or losing of important contracts constitute forms of inside information.

12. Conflicts of Interest

- 12.1. The Navigator Group undertakes to adopt measures which ensure impartiality of decision making processes, in cases of a potential conflict of interests involving The Navigator Group or its Collaborators.
- 12.2. Collaborators may not pursue private objectives in competition with The Navigator Group and obtain benefits, advantages or personal favours by virtue of the position held or the functions performed.
- 12.3. Collaborators must promptly inform their immediate superior of any situation which might create a conflict of interests, notably if, as part of their functions, they are called on to intervene in procedures or decisions which involve, directly or indirectly, organisations, entities or persons with whom they collaborate or have collaborated, or with whom they have a relation, by virtue of family ties, proximity or influence. In addition, they may also make such communication in any other cases where their impartiality may be questioned.

13. Relations with Shareholders

- 13.1. The primary objectives of The Navigator Group are the protection of shareholders and investors and a quest to create value for Shareholders.
- 13.2. The Navigator Company undertakes to respect the principle of equal treatment of Shareholders, taking into consideration the proportion of their holdings in the share capital of The Navigator Company, notably ensuring the timely provision of information, in accordance with the applicable legal duties.

14. Competition

The competition practices of The Navigator Group shall comply strictly with applicable competition laws, in accordance with market rules and criteria, and with a view to promoting fair competition.



15. Intellectual and Industrial Property

The Navigator Group and its Collaborators must respect Intellectual and Industrial Property of Suppliers, Clients and Stakeholders.

16. Relations with Clients, Suppliers, Services Providers and Third Parties

16.1. The Navigator Group shall ensure that the conditions of sale of products to its Clients are clearly defined, and all companies in The Navigator Group and its Collaborators must ensure compliance with such conditions.

16.2. Suppliers and providers of services to The Navigator Group shall be selected on the basis of objective criteria, taking into consideration the terms proposed, guarantees effectively provided and the overall optimization of advantages for The Navigator Group.

16.3. Suppliers and services providers of The Navigator Group must comply with the provisions of The Code of Ethics and Conduct for Suppliers and services providers of The Navigator Group.

16.4. The Navigator Group and its Collaborators shall always negotiate in compliance with the principle of good faith and applicable legal obligations and good practices.

17. Relations with Political Parties and Movements

Dealings between The Navigator Group and its Collaborators with political parties or movements shall be conducted in compliance with applicable legal rules, and in the course of such dealings Collaborators may not invoke their relation with The Navigator Group.

18. Social Responsibility and Sustainable Development

18.1. The Navigator Group accepts its social responsibility to the communities in which it carries on its business activities, as a means of contributing to their advancement and well-being.

18.2. The Navigator Group undertakes to adopt, comply with and promote a Policy on sustainability and environment protection.

19. Safety and Working Conditions

19.1. The Navigator Group will never employ child or forced labor, nor will it ever collude with such practices, and it shall adopt the measures deemed appropriate to combat such situations, notably by public denunciation, whenever they come to its attention.

19.2. The health and safety of its Collaborators is a priority for The Navigator Group, and accordingly all Collaborators shall seek to know and comply with the legislation in force and with internal rules and recommendations on such matters.

19.3. Collaborators must give immediate notice of any accident or hazard to hygiene, safety and health in the workplace, in accordance with the above mentioned rules, and the necessary or advisable preventative measures shall be adopted.

20. Professional development and progression

20.1. The Navigator Group provides appropriate training activities to its Collaborators and fosters their continued training, as a driver of their motivation and improved performance, recognizing the added value of their professional and personal development.

20.2. The Navigator Group values and holds responsible Collaborators in the performance of their functions, taking into consideration their individual merit, allowing them to assume the level of independence and responsibilities associated with their skills and commitment.

20.3. The Navigator Group policies on selection, hiring, remuneration and professional progression are based on merit criteria and reference market practices.

20.4. The Navigator Group shall ensure equality of opportunities and respect for gender equality in recruitment, hiring and professional development, attaching value only to professional aspects. To that effect, all Collaborators shall adopt the measures deemed appropriate to combat and prevent any form of discrimination or differentiated treatment on the basis of, notably, ethnic or social origin, religious beliefs, nationality, gender, marital status, sexual orientation or physical disability.

21. Respect

In their relations with other Collaborators and Suppliers, counterparts, Clients and Stakeholders, all Collaborators shall proactively act in a correct, respectful, loyal and civil manner.

22. Non-discrimination and harassment

22.1. Collaborators may not act in a discriminatory manner in relation to other Collaborators or other persons, notably based on race, religion, gender, sexual orientation, origin, age, language, territory of origin, political or ideological convictions, economic situation, social and economic situation or type of contract, and must foster respect for human dignity as one of the basic principles of the culture and policy of The Navigator Group.



22.2. Any practice which may correspond to a form of harassment, notably through personal offence, mobbing, moral or sexual harassment or bullying is strictly forbidden.

23. Use of Assets

23.1. Collaborators shall make sensible and reasonable use of the working resources at their disposal, avoiding waste and undue use.

23.2. Collaborators shall care for the property of The Navigator Group, and not behave wilfully or negligently in any manner which might undermine its state of repair.

24. Personal Data Protection

24.1. The Navigator Group understands the key role of privacy and protection of personal data of its Clients, Stakeholders, Suppliers, Collaborators or any other natural persons or collaborators of any other entities. Accordingly, The Navigator Group and its Collaborators undertake to use such information in a responsible manner, in strict compliance with laws and regulations governing the protection of personal data.

24.2 Collaborators must not collect personal data, create lists of personal data or process or transfer personal data without prior consultation and authorisation from the division which is responsible for data protection.

25. External Communication – Media and Advertising

Information provided by The Navigator Group and its Collaborators to the media, including for advertising purposes, shall:

- (a) Be released exclusively by management and divisions authorised for that purpose and to act as representative or spokesman of The Navigator Group;
- (b) To comply with the principles of legality, accuracy, opportunity, objectivity, truthfulness and clarity;
- (c) Protect the secrecy and confidentiality of the information, in order to protect the interests of The Navigator Group;
- (d) Respect cultural and ethical parameters of the community and human dignity;
- (e) Contribute to an image of consistency, creation of value and dignity of The Navigator Group, promoting its good name in society.

26. Communicating in social networks and media

Collaborators are fully aware that the new forms of communication, which are continually evolving, may have a strong impact on The Navigator Group and its Collaborators and that the dissemination and distribution of information through those channels may easily represent loss of control over those contents. Accordingly, Collaborators undertake as their commitment that, when using social networks and means of communication (both traditional and recent), they:

- (a) Shall act in an ethically responsible way, contributing to the creation of value and dignity of The Navigator Group and to reinforce its image in society;
- (b) Shall respect, comply with and reflect the principles, values and rules of conduct established in this Code of Ethics and Conduct;
- (c) Shall not post or otherwise disclose confidential or internal information of The Navigator Group;
- (d) Shall not communicate, identifying themselves as Collaborators of The Navigator Group, without authorization for that purpose.

IV. Supervision, Default and Communication

27. Non-compliance

Failure to comply with the rules of conduct established in this Code of Ethics and Conduct shall constitute serious misconduct, subject to disciplinary proceedings, in addition to any possible civil, administrative or criminal liability, in accordance with applicable laws and regulations.

28. Communication

28.1 Collaborators should report the occurrence of any conduct which is not compatible with the rules set out in this Code of Ethics and Conduct, of which they are aware or justifiably suspicious, in a timely and efficient way, through the proper channels, in accordance with the internal rules of procedure governing the reporting of irregularities.

28.2. The Navigator Group guarantees the confidentiality of information conveyed in reports, in accordance with the internal rules of procedure governing the reporting of irregularities.

28.3. The Navigator Group shall not retaliate, in any way, against a person who reports any non-compliance with the Code of Ethics and Conduct or another irregularity, shall ensure a fair treatment of the persons addressed therein and will not allow the resulting detrimental treatment where a Collaborator has acted in good faith, thoughtfully and diligently.



28.4. In accordance with the general terms of the law, misuse or abuse of the arrangements for reporting irregularities may render the author of a report liable to disciplinary measures and/or legal proceedings.

29. Doubts and Questions

Collaborators may place doubts and queries in respect of the interpretation or application of the Code of Ethics and Conduct, to the Risk Management Division or to the Legal Services Division. The Navigator Group also establishes a permanent arrangement for communications, direct and confidential, through the Board of Directors, to which any Collaborator may resort, through the internal rules of procedure governing the reporting of irregularities.

30. Procedure

- 30.1. All reports received by The Navigator Company will be dealt with in accordance with the internal rules of procedure governing the reporting of irregularities.
- 30.2. The Executive Committee and the Audit Board will be informed of all reports received which concern a member of the Board of Directors or of the Audit Board.

31. Annual Report

- 31.1. The Ethics Committee shall draw up an annual report on compliance with the rules established in this Code of Ethics and Conduct, detailing all irregularities of which it is aware, and setting out the conclusions and follow-up proposals adopted in the different cases which it examined.
- 31.2. For the purposes of the preceding paragraph, the Risk Management and Legal Services Divisions shall report to the Ethics Committee all relevant facts which come to their attention.

V. Communication

32. Communication of the Code of Ethics and Conduct

- 32.1. The Code of Ethics and Conduct of The Navigator Group shall be published on the company's website and as an appendix to the annual account reporting documents, so that they may be known by Shareholders, Clients, Suppliers, Stakeholders, investors and other entities with whom the Group relates.
- 32.2. The Navigator Group shall make the Code of Ethics and Conduct available to all Collaborators and promote its disclosure and general awareness and mandatory compliance with its provisions.