



# VALUING IS WHO WE ARE

2023

FIRST HALF  
REPORT



2 / 3

The Navigator Company, S.A.

Share Capital 500 000 000 Eur  
Corporate Entity 503 025 798

Registered at the Commercial Register of Setúbal  
Headquarters Península de Mitrena. Freguesia do Sado, Setúbal



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## **1. PERFORMANCE IN 1<sup>ST</sup> HALF 2023**

In 2022, paper had been in abnormally short supply in Europe, especially in the first half of the year, resulting in a consequently abnormal level of orders. The normalization of market conditions experienced in 2022 strongly conditioned the sector in the first half of 2023, with the slow process of reducing accumulated stocks along the supply chain continuing throughout the previous year. This imbalance significantly affected demand in all paper segments, with the exception of the tissue segment. Conditioned by the current economic slowdown, the destocking process is taking longer than anticipated.

Thanks to the continued focus by Navigator's teams on operational efficiency and controlling costs, combined with international paper and tissue prices which are still at historically high levels, despite a downwards correction after peaking in 2022, we succeeded in ending the first half of 2023 with the second-best result in our history.

The pro-active stance taken by the company and its teams is especially important at a time when, as well as managing its operations in hostile market conditions, Navigator has pressed ahead confidently with its plans for investment in growth and diversification.

### **2<sup>nd</sup> Quarter Analysis (vs Q1 2023 and vs Q2 2022)**

- Navigator recorded turnover of € 478 million down 5% from Q1 2023; down 26% from Q2 2022);
- EBITDA stood at € 122 million (down 6% from Q1; down 45% from Q2 2022), reflected in an EBITDA margin of 25.6% (down 0.5 pp on the previous quarter; down 8.7 pp from Q2 2022);
- Net income stood at € 66 million (down 8% from Q1; down 41% from Q2 2022);
- Pulp sales totalled 124 thousand tons (up 35% on Q1; up 72% on Q2 2022. Decreased incorporation into paper resulted in more pulp being available for sale, which was quickly absorbed thanks to its distinctive properties, highly valued by the market. Excellent performance was again achieved in production, with the Aveiro and Figueira da Foz complexes once more recording high levels of output;
- Paper sales totalled 260 thousand tons (down 5% on Q1; down 36% from Q2 2022), in a quarter when the destocking process throughout the supply chain continued to be felt, as well as a slight downturn in demand due to the significant economic slowdown in most of the markets in which we operate;
- Sales of Tissue stood at 37 thousand tons (up 57% on Q1; up 50% on Q2 2022), driven by growth in demand for finished products and by the new capacity added by Navigator Ejea;
- The exploration of opportunities in the packaging segment continues to evolve, despite the currently adverse situation in the market; the gKRAFT™ brand continues to enjoy market recognition, with more than 230 active clients, in 30 countries, since starting up in 2021. But gKRAFT™ has won recognition not just in the marketplace. In the second quarter, the gKRAFT™ brand was awarded the National Innovation Prize and the Mobilising Agenda 'From Fossil to Forest', led by Navigator, was selected by Deloitte Portugal for its Transformation Award, distinguishing transformation, and innovation projects with an impact on markets. The award recognises the importance of the project in creating disruptive products and cellulose-based packaging as a response to the challenges posed by growing consumption of single use plastics.



## Analysis 1<sup>st</sup> Half 2023 vs. 1<sup>st</sup> Half 2022

- Navigator recorded turnover of € 980 million (down 14% on H1 2022);
- EBITDA stood at € 253 million (down 27% from H1 2022), with an EBITDA margin of 25.8% (down 4.4 pp from H1 2022);
- Net income totalled € 137 million (down 15% from H1 2022);
- Net debt stood at € 573 million, reflecting the acquisition of Gomà-Camps Consumer in Q1, the distribution of € 200 million in dividends in Q2 and corporation tax (IRC) paid in May; the Net Debt / EBITDA ratio was 0.89x;
- Attention is drawn to our Health and Safety Strategy, which achieved its best ever six-monthly safety result since monitoring began, as regards the number of accidents leading to sick leave, and also in terms of the severity of those accidents.

## 2. MAIN INDICATORS

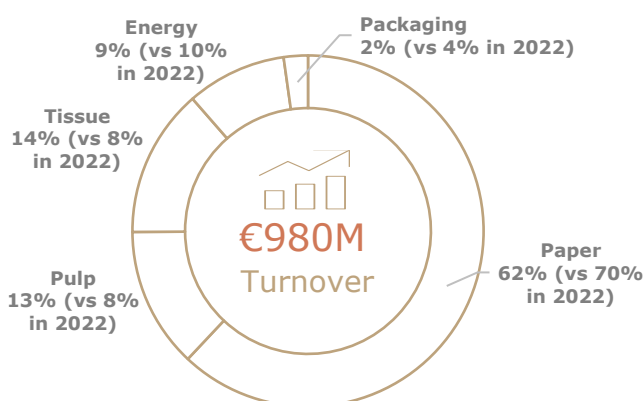
Million euros	H1 2023	H1 2022	Change <sup>(8)</sup> H1 23/ H1 22
<b>Total Sales</b>	979.5	1 142.1	-14.2%
<b>EBITDA <sup>(1)</sup></b>	<b>253.0</b>	<b>344.6</b>	<b>-26.6%</b>
<b>Operating Profits (EBIT)</b>	187.6	272.9	-31.3%
<b>Financial Results</b>	-8.5	-45.1	-81.2%
<b>Net Earnings</b>	<b>137.4</b>	<b>161.9</b>	<b>-15.1%</b>
<b>Cash Flow</b>	202.8	233.5	- 30.7
<b>Free Cash Flow <sup>(2)</sup></b>	9.7	174.2	- 164.5
<b>Capex</b>	112.6	34.3	78.3
<b>Net Debt <sup>(3)</sup></b>	572.5	520.6	51.9
<b>EBITDA/Sales</b>	<b>25.8%</b>	<b>30.2%</b>	-4.4 pp
<b>ROCE <sup>(4)</sup></b>	22.0%	32.1%	-10.1 pp
<b>ROE <sup>(5)</sup></b>	22.4%	28.3%	-5.9 pp
<b>Equity Ratio</b>	43.4%	44.2%	-0.8 pp
<b>Net Debt/EBITDA <sup>(6)(7)</sup></b>	0.89	0.95	-0.06

Million euros	Q2 2023	Q1 2023	Change <sup>(8)</sup> Q2 23/Q1 23	Q2 2022	Change <sup>(8)</sup> Q2 23/ Q2 22
<b>Total sales</b>	478,3	501,2	-4,6%	649,8	-26,4%
<b>EBITDA <sup>(1)</sup></b>	<b>122,3</b>	<b>130,7</b>	<b>-6,4%</b>	<b>223,0</b>	<b>-45,2%</b>
<b>Operating profits</b>	88,4	99,2	-10,9%	183,6	-51,8%
<b>Financial results</b>	- 5,8	- 2,7	117,0%	- 40,4	-85,6%
<b>Net earnings</b>	<b>65,7</b>	<b>71,7</b>	<b>-8,4%</b>	<b>111,3</b>	<b>-41,0%</b>
<b>Cash flow</b>	99,7	103,1	- 3,5	150,7	- 51,1
<b>Free Cash Flow <sup>(2)</sup></b>	- 21,1	30,8	- 51,9	97,3	- 118,4
<b>Capex</b>	70,9	41,7	29,2	19,6	51,3
<b>Net Debt <sup>(3)</sup></b>	572,5	351,4	221,1	520,6	51,9
<b>EBITDA/Sales (%)</b>	<b>25,6%</b>	<b>26,1%</b>	-0,5 pp	<b>34,3%</b>	-8,7 pp
<b>ROCE <sup>(4)</sup></b>	20,8%	23,8%	-3,1 pp	43,2%	-22,4 pp
<b>ROE <sup>(5)</sup></b>	21,4%	22,1%	-0,6 pp	39,0%	-17,6 pp
<b>Equity ratio</b>	43,4%	44,4%	-1,0 pp	44,2%	-0,8 pp
<b>Net Debt/EBITDA <sup>(6)(7)</sup></b>	0,89	0,47	0,42	0,95	-0,06

1. Operating profits + depreciation + provisions;
2. Variation net debt + dividends + purchase of own shares
3. Interest-bearing liabilities - liquid assets (not including effect of IFRS 16)
4. ROCE = Annualised operating income / Average Capital invested (N+(N-1))/2
5. ROE = Annualised net income / Average Shareholders' Funds last -1 months
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months
7. Impact of IFRS 16: Net Debt / EBITDA (2023) of 0.99; Net Debt / EBITDA (2022) of 1.44;
8. Variation in figures not rounded up/down



### 3. ANALYSIS OF RESULTS



Continued success in reducing cash costs approaching those recorded in the 2<sup>nd</sup> quarter of 2022, which, combined with international paper and tissue prices that are still at historically high levels, despite a downwards correction after peaking in 2022, allowed to achieve good results.

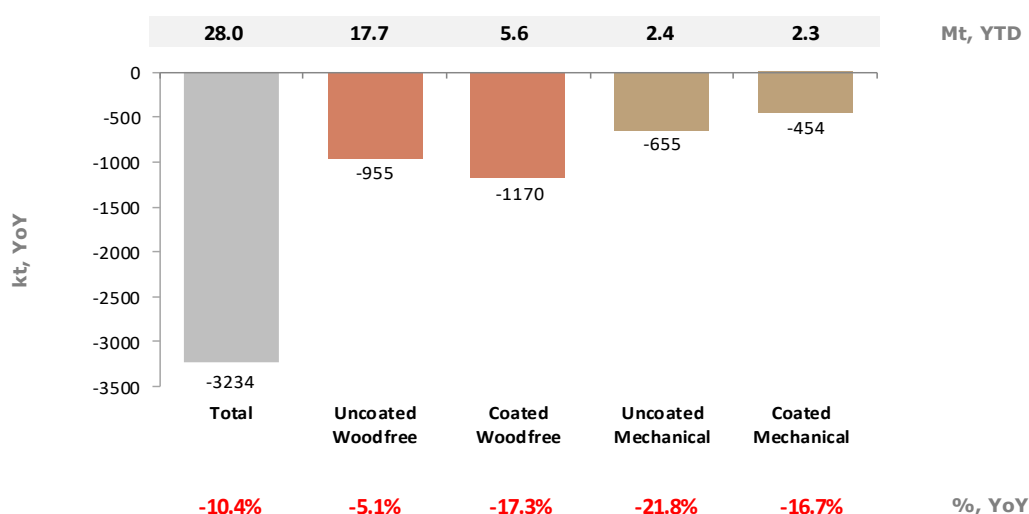
#### The printing and writing papers industry

Throughout the 1st half of 2023, we see a continuation of the reduction in accumulated stocks across the supply chain that started during the 2nd half of 2022, albeit at a slower pace than expected.

Particularly in Europe, the first quarter saw a historically low level of orders, which continued throughout the second quarter.

As a result, capacity utilization rates in the industry (output/capacity) have fallen sharply, and Navigator has also adjusted the pace of production, although it maintained an average operation rate of 75% for the first half, as compared with 67% average of our competitors.

#### Global demand for printing and writing papers



Source: PPPC (May)



In a global context of sharply falling apparent demand (down 10%), UWF paper remains the most resilient, with a reduction of 5%, as compared to CWF papers, for which demand dropped by 17%. Demand for paper produced from mechanical pulp also tumbled by 19%.

Specifically in Europe, apparent demand for UWF paper fell by 20% in the first half, but it was still the most resilient paper grade.

In the United States the reduction was 10%, with demand falling fastest for folio formats and reels for the printing industry (down 13%) and cut-size demand dropping just 7%. (RISI June)

Apparent UWF consumption in other world regions decreased by 1.9% YoY.

The benchmark index for office paper in Europe stood at 1,204 €/t at the end of June (vs 1,302 €/t at the end of March), 11% down from the all-time high recorded in late October 2022 (1,358 €/t), but still 15% higher than the average price in the same period in 2022.

UWF prices have proved highly resilient in comparison with Packaging prices, with the benchmark index for kraftliner papers standing at 702€/t at the end of June, 27% down from the historic record set in June 2022 and 23% below the average price in the same period in 2023; the same comparison can be made with Testliner papers, which stood at 518€/t at the end of June, down from the record level recorded in June 2022 (802€/t) and 30% down on the average price in H1 2022.

Navigator's sales of UWF totalled 533 thousand tons in the first half, down by 27% on the same period in 2022, in a context where stocks throughout the supply chain have yet to return to normal levels. Nonetheless, Navigator succeeded in maintaining a level of prices and a focus on mill brands and premium segments that enabled it to partially offset the reduction in volumes, with the value of sales down by 23% on H1 2022. It should be noted that mill brands accounted for 81% of sales in the period (vs. an average of 65% in the period 2012-2021). The proportion of premium products, whilst lower than in the same period in the previous year, is still high, 58%, in comparison with historic levels.

## **Packaging - From Fossil to Forest - investment in sustainability, innovation and transformation**

The Packaging segment is where the downturn in demand was felt most rapidly, but although the wider economic climate remains unfavourable, the Packaging segment has continued to show signs of promise.

Our gKRAFT™ products, made from eucalyptus globulus fibre, have established a reputation for quality and been used by high profile brands in variety of sectors, ranging from fashion to food retail, e-commerce, manufacturing and agriculture, creating an ever larger and more diverse base of clients interested in joining the global movement for deplastifying the world economy.

This success is confirmed by growth in the client base, which today boasts more than 230 active clients, in 30 countries, since starting up in 2021. And gKRAFT™ has won recognition not only in the marketplace: Navigator's work in the field of sustainable packaging solutions was rewarded in June this year by winning the National Innovation Prize. In addition, the Mobilising Agenda entitled "From Fossil to Forest - Sustainable Packaging Products to Substitute Fossil Plastic", led by Navigator, was selected by Deloitte for its Transformation Award, distinguishing transformation and innovation projects with an impact on markets. The award recognises the importance of the project in creating disruptive products and cellulose-based packaging as a response to the challenges posed by growing consumption of single use plastics.



Navigator therefore remains committed to packaging papers, essentially in the paper bags (retail) and flexible packaging markets, where its innovative introduction of the quality offered by eucalyptus fibre has proved enormously popular.

As well as other projects in progress to expand its market offering, Navigator has been working since early 2023 on developing new product ranges, aimed at the food industry, and also at a variety of consumer products. These are currently being trialed and launched on the market and will soon open the door to other segments with potential for high added value.

The project for integrated production of eucalyptus-based molded cellulose components, designed to substitute plastic packaging in the food service and food packaging market, continues to progress as planned, with contracts awarded for 70% of the equipment during the first half. The project is now 55% completed, and production is still planned to start up in the 1<sup>st</sup> half of 2024.

### **Pulp Market**

The benchmark index for short fibre (hardwood) pulp in Europe – PIX BHKP in dollars – rose to record levels in 2022 (1,380 USD/t), and started to adjust downwards in the 1<sup>st</sup> quarter, falling more sharply in the 2<sup>nd</sup> quarter to 942 USD/t at the end of June, representing a drop of 32% from the start of the year (1,380 USD/t) and of 26% from the end of March. Average prices in the quarter were 15% lower than those in the same period in 2022.

The benchmark index in China for hardwood pulp fell by 29% from the end of March and by 42% from its record level in October 2022 (866 USD/t), standing at the end of June at 506 USD/t (having dropped to 475 USD/t on 9 May).

The first half of 2023 was marked by falling pulp prices, down from the all-time highs of 2022. This was driven by: (i) the drop in global demand in relation to the same period in 2022 (Ytd May: bleached chemical pulp (BCP) down 3.0%, hardwood pulp (HW) down 1.5%, eucalyptus pulp (EUCA) down 3.8%, in particular, in Europe (Ytd May BCP down 16.7%, HW down 17.6%, EUCA down 16.3%); (ii) the increase in stocks along the supply chain in late 2022 and early 2023; (iii) the easing of the logistical constraints experienced in 2022; and (iv) growth in supply, due to new capacity coming online, in particular Chile, where a venture started up in December last year and has continued to be ramped up in 2023 (1.6Mt) and in Uruguay (2.1Mt), where the new unit started up and made its first deliveries in the 2<sup>nd</sup> quarter of 2023.

Over the course of the first half, Navigator had a larger quantity of pulp available for sale, as a result of less being incorporated into paper. Sales for the period stood at 216 tons, representing an increase of 44% over the same period in 2022, whilst the value of sales was brought down by the current level of prices, consequently showing growth of approximately 17% YoY.

### **Tissue business continues to perform strongly**

Demand for finished products remained strong, with sustained growth in the 2<sup>nd</sup> quarter of 2023, making for good performance in tissue sales.

This demand for Navigator products is driven by growth in the Iberian market (Spain grew by 1% in the first 4 months of 2023), despite the contraction experienced in Western Europe (-1%).

The volume of tissue sales stood at 61 thousand tons in the first half, up by 20% YoY, and rising prices led to growth of approximately 50% in the sales volume. This increase benefited from the integration of the new tissue mill, now called Navigator Tissue Ejea, in the second quarter, bringing the company a diversified client base and





platform for growing sales not only in the Iberian Peninsula, but also beyond the Pyrenees. Growth in demand for finished products stood overall at 3%, not considering the new capacity.

Growth in the value of sales of finished products was achieved above all through the At Home channel, thanks to new clients and a stronger position in the pre-existing client base, and through increased exports, above all to France and Spain.

Navigator has maintained a responsible pricing policy, continuing to adopt prudent management of its variable and fixed costs, with balanced margins and a consistent focus on innovation and distinctive features, which has succeeded in making its products attractive and building their market reputation. The focus on innovation and distinctive products has enabled Navigator to strengthen its relationship with customers, especially when using mill brands, which in the 1<sup>st</sup> half of 2023 achieved growth of 26% in sales volume and 5% in the number of active clients, as compared to the same period in 2022.

The company has decided to innovate in how it manages its dealings with the distribution channel. In the 1<sup>st</sup> half it expanded its online sales platform to include its Tissue business, and this service has been taken up by more than 25% of clients, representing 12% of Tissue sales over the period.

## **Energy**

In the first half of 2023, sales in the energy segment totalled € 90.1 million, representing a reduction of approximately 31% in relation to the same period in the previous year.

The downturn in earnings was due essentially to: (i) the average price for the Portuguese area of the Iberian electricity market (OMIE) having stood at 90.4 €/MWh in the first half of the year, in contrast to the figure of 205.8 €/MWh in the same period in 2022; and (ii) the fact that the combined cycle natural gas power station in Setúbal has been operating since February with only one generator set, when last year it operated with two sets, given that evolution of the price differential (electricity and natural gas) means that operating the second set is not economically viable.

These lower figures for power sales are matched, on the other hand, by lower acquisition costs for electrical power for the purchase volume indexed to OMIE.

## **Slowdown in costs and higher prices offset falling demand, resulting in EBITDA of € 253 million**

In the 1st quarter of the year there was a reduction in variable costs, namely logistics, energy and some raw materials, that became more evident during the 2nd quarter, which, together with the effort to maintain prices and enrich the product mix, partially offset the reduction in paper sales volumes.

The evolution of costs in the 2nd quarter compared to the 1st quarter was quite significant, with costs in the pulp and paper segment correcting 9% to 12% compared to the previous quarter and Tissue reducing 3%.

Thus, we closed the 1st half of 2023 with a sharp drop in cash costs in all segments, an average reduction of around 8% in the pulp and paper segments and close to 5% in the Tissue segment, compared to those recorded in the last half of 2022.

Total fixed costs ended up 1% above the fixed costs of the same period last year, well below the evolution of inflation.





In this context, Navigator achieved EBITDA of € 253 million in the first half and an EBITDA / Sales margin of 25.8% (down 4.4 p.p. YoY).

### **Financial Results**

Financial results stood at € -8.5 million (vs. € -45.1 million YoY). It should be noted that in the same period of the previous year financial results were penalized by non-recurring impacts (non-cash), resulting essentially from the recognition in results of unfavorable exchange differences (€ -34 million).

If non-recurrent items are excluded, we can point to an improvement YoY of € 2.5 million. One contributing factor to this result was the rise in interest rates which enabled us to optimise management of cash surpluses, resulting in a positive result of € 2.6 million. Another factor was the policy on hedging interest rate risk which, despite the rapid rise in reference rates, enabled us to keep financing costs stable.

Pre-tax profits totalled € 179 million and corporation tax payable stood at € 42 million, with a taxation rate for the period of 23.3%. Net income totalled € 137 million, as compared with € 162 million recorded in the same period in 2022.

### **Free cash flow generation impacted by acquisition operation and by payment of taxes**

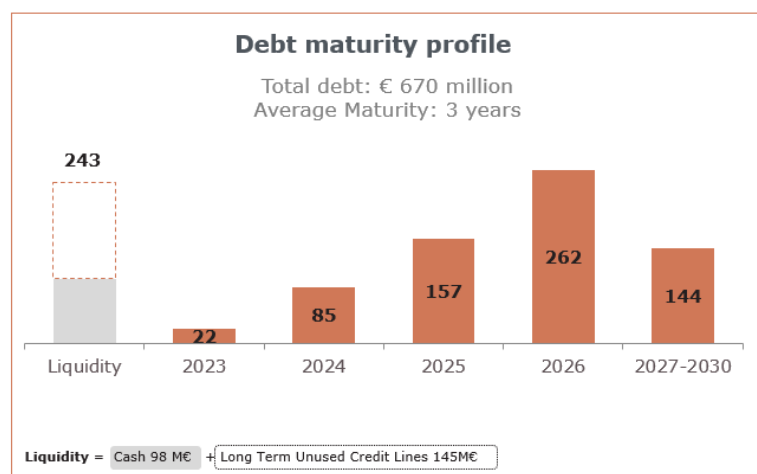
Free cash flow generation in the first half stood at approximately € 10 million (compared to approx. € 174 million in H1 2022), reflecting the impact of the disbursement for acquisition of Gomá-Camps Consumer (€ 85 million), the additional payment of € 74 million in corporation tax (IRC), reflecting the exceptional level of profits in the previous year, and completion of the process of paying employee bonuses, in the largest ever pay-out for performance and productivity in our company's history. These payments are closely related to the excellent performance the company achieved in 2022.

The impact of changes in working capital was favourable overall: the higher value of stocks was more than offset by the reduction in the balance of customer accounts receivable.

### **Distribution of € 200 million in dividends – Flat rate borrowing ensures competitive cost**

Net debt stands at € 573 million, reflecting the disbursement for acquisition of Gomà-Camps Consumer in the first quarter and the distribution of € 200 million in dividends in the second quarter. As a result, the ratio of Net Debt/EBITDA ratio stood at 0.89, further consolidating the financial strength displayed by the Group in recent years.

In the 1<sup>st</sup> quarter, debt of approximately € 50 million was repaid, followed in the 2<sup>nd</sup> quarter by repayment of approximately € 11 million. Average debt maturity remains appropriate, with rationally staggered repayments, and close to 40% of total debt tied to sustainability and 94% of total debt issued by the Group on a flat rate basis, enabling us to maintain low financing costs in a scenario of sharply rising interest rates. Unused long term credit facilities currently total € 145 million.



**Average Interest Rate  
(Jun-23)**  
**1.9%**

**Interest Rate**

Fixed	Floating
94%	6%

## Capex of € 113 million

In the 1<sup>st</sup> half of 2023, capital expenditure totalled € 113 million (compared to € 34 million in H1 2022).

Capital expenditure in the first half consisted mostly of projects aimed at maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects. The most significant projects included the new Recovery Boiler in Setúbal, the new Wood Yard in Figueira, investment in treating waste water (WWTP in Setúbal), washing and sieving of HYKEP pulp and treatment of fly-ash from the Recovery Boiler in Aveiro.

## 4. A BIOINDUSTRY ON THE RIGHT SIDE OF THE FUTURE

Navigator draws its motivation from a corporate purpose that involves sharing value with society and a commitment to generating a positive impact on people and the planet through its business.

It accordingly pays keen attention to the global situation and its implications, seeking to consolidate its strategy and its ability to steer its operations, successfully and sustainably, through an uncertain future, building partnerships with various stakeholder groups and seeking to cooperate with organisations that share its values, creating a positive impact on Society, the Climate and Nature.

The initiatives and projects undertaken in the quarter include the Forestry Producers Club, a pioneering and unique scheme for strengthening relations with its partners and making an important contribution to a significant increase in Portugal's forestry yields and wood output, by disseminating sustainable and active management practices in the country's woodlands.

This Navigator initiative reflects the Company's determination to defend the countryside and forestry operators, and will also help to diminish the risk of fire (the burned areas in managed eucalyptus forests is four times less than for scrubland and uncultivated land) and to bring down the related CO<sub>2</sub> emissions, as well as to increase the amount of carbon sequestered, generate more ecosystem services and distribute more wealth around the country.

Members of Navigator's Forestry Producers Club will have access to a distinctive scheme offering exclusive benefits:



- Co-investment programmes to promote forestry;
- Unique sources of expertise on all forestry practices, leveraged by the RAIZ R&D Centre;
- Sustainable production costs for all participants;
- Support for modernisation and training of human resources;
- Exclusive benefits that rewards members' commitment to Navigator.

We seek on a daily basis to provide proactive support for new development models, that combine economic prosperity, on an inclusive basis across the community, with lasting environmental values; We nurture our People and Communities, helping them to grow.

In this first half we also highlight:

### **1. Environmental**

62% of the total capex investment, approximately € 69 million classified as environmental or sustainability investment.

### **2. Social / People**

Concluded the process of distributing to employees what amounted to the largest pay-out for performance and productivity in the history of our company - € 34 million;

The percentage of women working in NVG increased to 19% in the first half (vs 17% by the end of 2022);

Reinforced initiatives in universities (26 initiatives in the 1st half vs 41 by the end of 2022), increased the number of short-term trainees in the 1<sup>st</sup> half (73) and 47 summer internships are planned for 2023 (vs 105 and 35 respectively in the year of 2022);

Increased leadership programs with 56 managers involved in the 1<sup>o</sup> half (vs 49 in the year of 2022) and new Coaching & Mentoring, with 55 involved in this 1<sup>st</sup> half (vs 74 in the year of 2022);

Attention is also drawn to progress in our Health and Safety Strategy, which achieved its best ever six-monthly safety result, since monitoring began, as regards the number of accidents leading to sick leave, and also in terms of the severity of those accidents. Frequency Index decreased by half and the Severity Index decreased more than 64%.

### **3. Governance / Business Innovation and transformation**

This quarter, the gKRAFT™ packaging papers range was awarded the National Innovation Prize, in the category for “Innovation in Large Companies”. The prizes are organised by *Jornal de Negócios*, BPI and Claranet, in partnership with Nova SBE and Cotec Portugal, and seek to encourage a culture of innovation and to reward the best talents and enterprising ventures, thereby promoting the success of Portuguese businesses. The award for gKRAFT™ underlines the importance of Eucalyptus globulus as a key element in innovation and the creation of disruptive products that open the way to a new paradigm of sustainable solutions obtained from Portugal's forests.

Also this quarter, the From Fossil to Forest Agenda was the winner of the Transformation Award in the category for transformation and innovation projects with market impact. The award recognises the importance of the project in creating disruptive products and cellulose-based packaging as a response to the challenges posed by growing consumption of single use plastics.

The Mobilising Agenda entitled “From Fossil to Forest - Sustainable Packaging Solutions for Substituting Fossil Plastic”, led by Navigator, is one of our most ambitious investments in the field of the forest-based bioeconomy, involving the design, production and marketing of innovative packaging, based on raw material sourced from planted eucalyptus forests with certified management.

With total investment of 103 million euros, the From Fossil to Forest Agenda, involving a consortium of 27 organisations, is an opportunity to establish a true forest-based circular economy: it will involve the development



of 11 new innovative and sustainably based products, creation of more than 100 direct jobs and annual turnover in excess of 120 million euros.

### External recognition of our commitment to sustainability



## 5. OUTLOOK

The current geopolitical situation, with the continued war in Ukraine, and the macroeconomic environment, as the world's main economies enter a downturn, continue to overshadow developments in the market, which will require constant adaptation to change.

Worldwide, but especially in Europe, temporary or definitive capacity reductions have been announced in the paper sector, following on from strategic decisions, prompted by the squeeze on operational returns, caused by the continued high level of variable costs.

Expectations so far point to Europe losing almost 3.1 Mt of P&W production capacity by 2026 (baseline 20223). Of this 3.1Mt, 1.4Mt relates to machines coming out of the market, whilst the remaining production capacity will be converted, mostly to packaging grades. In the rest of the world, albeit on a smaller scale, capacity of approximately 1.4Mt will be taken off the market by 2029, of which 866kt of this will be conversions to packaging grades (essentially for the cardboard box segment – containerboard) and fluff pulp (a minority).

The margins of paper manufacturers - mainly non-integrated operators - remain under pressure from variable production costs, which are still at a general level higher than that observed before the pandemic. Nonetheless, these costs have evolved positively, especially for energy and logistics, and Navigator is pressing ahead and stepping up programmes to improve efficiency and control its fixed and variable costs, in order to stay competitive.

Despite persisting inflationary pressure, falling pulp prices in China and Europe, could increase the downward pressure on prices in Europe, which the industry has succeeded in keeping at high levels.

At the same time, the gradual normalisation of stock levels along the supply chain could help to moderate this negative pressure. The effect of restocking along the supply chain is expected to lead to a moderate increase in new orders in the 2<sup>nd</sup> half, particularly from September onwards.

The rapid response and preparedness of Navigator's teams, with responsible management and planning of production, and successfully implemented commercial strategies, combined with rigorous programmes for production efficiency and cost control, the company's sound financial position and the growing importance of new business areas - all these are factors bringing resilience and added security in these uncertain times.



Lisbon, 21 July 2023

### **Conference Call and Webcast for Analysts and Investors**

Date: Tuesday, July 25<sup>th</sup> 2023

Time: 16:00 WET (Western European Time, GMT)

Link to the Conference Call webcast:

<https://streamstudio.world-television.com/1076-1695-36494/en>

Link for advance registration for telephone access to Conference Call:

<https://aiti.capitalaudiohub.com/navigator/reg.html>



# Consolidated Financial Statements

## Interim condensed consolidated income statement

Amounts in Euro	Note	6 months 30-06-2023	6 months 30-06-2022
Revenue	2.1	979.470.806	1.142.066.869
Other operating income	2.2	31.914.734	23.330.032
Changes in the fair value of biological assets	3.8	(2.897.398)	(7.621.133)
Costs of goods sold and materials consumed	4.1.2	(468.418.834)	(443.207.487)
Changes in production	4.1.3	27.385.572	53.741.697
External services and supplies	2.3	(195.478.931)	(294.057.732)
Payroll costs	7.1	(89.190.649)	(92.554.995)
Other operating expenses	2.3	(29.784.974)	(37.118.080)
Net provisions	9.1	(1.289.652)	3.150.614
Depreciation, amortisation and impairment losses in non-financial assets	3.7	(64.066.447)	(74.780.473)
<b>Operating profit/ (loss)</b>		<b>187.644.227</b>	<b>272.949.312</b>
Financial income and gains	5.10	6.565.044	437.871
Other financial expenses and losses	5.10	(15.050.396)	(45.496.661)
<b>Financial profit/ (loss)</b>		<b>(8.485.352)</b>	<b>(45.058.790)</b>
<b>Profit before income tax</b>		<b>179.158.875</b>	<b>227.890.522</b>
Income tax	6.1	(41.691.349)	(66.009.875)
<b>Net profit for the period</b>		<b>137.467.526</b>	<b>161.880.647</b>
Attributable to Navigator's equity holders		137.444.689	161.886.240
Attributable to non-controlling interests	5.5	22.837	(5.593)
Earnings per share			
Basic earnings per share, Eur	5.2	0,193	0,228
Diluted earnings per share, Eur	5.2	0,193	0,228

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



## Interim condensed consolidated statement of comprehensive income

Amounts in Euro	Note	6 months 30-06-2023	6 months 30-06-2022
Net profit for the period <b>before non-controlling interests</b>		<b>137,467,526</b>	<b>161,880,647</b>
<b>Items that may be reclassified to profit and loss</b>			
Hedging derivative financial instruments			
Changes in fair value	8.2	(2,801,763)	9,284,008
Tax effect		770,485	(2,553,102)
Currency translation differences		2,239,768	32,580,991
Tax on conventional capital remuneration		(19,250)	(462,000)
<b>Items that cannot be reclassified to profit and loss</b>			
Remeasurement of post-employment benefits			
Remeasurement	7.2.5	(1,891,279)	(4,855,072)
Tax effect	7.2.5	(13,337)	(474,990)
Comprehensive income of associates and joint ventures		(1,868,348)	(1,341,139)
<b>Total other comprehensive income net of taxes</b>		<b>(3,583,724)</b>	<b>32,178,696</b>
<b>Total comprehensive income</b>		<b>133,883,802</b>	<b>194,059,343</b>
Attributable to:			
Navigator's equity holders		133,883,408	194,059,015
Non-controlling interests		394	328
		<b>133,883,802</b>	<b>194,059,343</b>

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





## Interim condensed consolidated statement of financial position

Amounts in Euro	Note	30-06-2023	31-12-2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3.1	411,366,090	377,339,466
Intangible assets	3.2	44,756,117	44,813,091
Property, plant and equipment	3.3	1,190,404,722	1,099,689,407
Investment properties	3.4	90,120	90,943
Right-of-use assets	3.6	61,013,047	57,934,840
Biological assets	3.8	119,602,477	122,499,875
Non-current receivables	4.2	31,311,650	25,282,858
Deferred tax assets	6.2	30,828,343	27,204,659
		<b>1,889,372,566</b>	<b>1,754,855,139</b>
<b>Current assets</b>			
Inventories	4.1	352,484,731	298,729,217
Current receivables	4.2	388,156,477	499,143,408
Income tax	6.1	16,139,210	16,216,543
Cash and cash equivalents	5.8	97,509,556	343,083,788
		<b>854,289,974</b>	<b>1,157,172,956</b>
<b>Total assets</b>		<b>2,743,662,540</b>	<b>2,912,028,095</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	5.1	500,000,000	500,000,000
Currency translation reserve		7,583,474	5,343,706
Fair value reserve		31,966,550	33,997,828
Legal reserve		100,000,000	100,000,000
Other reserves		3,481,014	3,481,014
Retained earnings		412,809,702	224,049,919
Net profit for the period		137,444,689	392,537,070
<b>Equity attributable to Navigator's equity holders</b>		<b>1,193,285,429</b>	<b>1,259,409,537</b>
Non-controlling interests	5.5	321,208	297,977
<b>Total Equity</b>		<b>1,193,606,637</b>	<b>1,259,707,514</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.6	582,818,198	643,006,886
Lease liabilities	5.7	58,560,002	55,089,083
Pensions and other post-employment benefits	7.2	4,789,949	2,835,730
Deferred tax liabilities	6.2	97,824,599	98,314,430
Provisions	9.1	30,098,453	28,432,877
Non-current payables	4.3	48,010,516	34,852,398
		<b>822,101,717</b>	<b>862,531,404</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5.6	87,198,681	82,294,836
Lease liabilities	5.7	6,657,470	6,551,966
Current payables	4.3	549,927,362	575,467,689
Income tax	6.1	84,170,673	125,474,686
		<b>727,954,186</b>	<b>789,789,177</b>
<b>Total liabilities</b>		<b>1,550,055,903</b>	<b>1,652,320,581</b>
<b>Total Equity and Liabilities</b>		<b>2,743,662,540</b>	<b>2,912,028,095</b>

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



## Interim condensed consolidated statement of changes in equity

Amounts in Euro	Note	Share Capital	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2023</b>		<b>500,000,000</b>	<b>5,343,706</b>	<b>33,997,828</b>	<b>100,000,000</b>	<b>3,481,014</b>	<b>224,049,919</b>	<b>392,537,070</b>	-	<b>1,259,409,537</b>	<b>297,977</b>	<b>1,259,707,514</b>
Net profit for the period		-	-	-	-	-	-	137,444,689	-	137,444,689	22,837	137,467,526
Other comprehensive income (net of taxes)		-	2,239,768	(2,031,278)	-	-	(3,792,608)	-	-	(3,584,118)	394	(3,583,724)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,239,768</b>	<b>(2,031,278)</b>	<b>-</b>	<b>-</b>	<b>(3,792,608)</b>	<b>137,444,689</b>	<b>-</b>	<b>133,860,571</b>	<b>23,231</b>	<b>133,883,802</b>
Appropriation of 2022's profit for the period:												
- Dividends paid		-	-	-	-	-	(199,984,679)	-	-	(199,984,679)	-	(199,984,679)
- Appropriation of prior period's net profit		-	-	-	-	-	426,537,070	(392,537,070)	-	34,000,000	-	34,000,000
- Bonus to employees		-	-	-	-	-	(34,000,000)	-	-	(34,000,000)	-	(34,000,000)
Transfer of free reserves to retained earnings		-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,552,391</b>	<b>(392,537,070)</b>	<b>-</b>	<b>(199,984,679)</b>	<b>-</b>	<b>(199,984,679)</b>
<b>Equity as at 30 June 2023</b>		<b>500,000,000</b>	<b>7,583,474</b>	<b>31,966,550</b>	<b>100,000,000</b>	<b>3,481,014</b>	<b>412,809,702</b>	<b>137,444,689</b>	<b>-</b>	<b>1,193,285,429</b>	<b>321,208</b>	<b>1,193,606,637</b>

Amounts in Euro	Note	Share Capital	Currency translation reserve	Fair value reserve	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Prepaid dividends	Total	Non-controlling interests	Total
<b>Equity as at 1 January 2022</b>		<b>500,000,000</b>	<b>(24,346,001)</b>	<b>(5,604,076)</b>	<b>100,000,000</b>	<b>121,836,100</b>	<b>231,525,876</b>	<b>171,411,455</b>	<b>(49,996,170)</b>	<b>1,044,827,184</b>	<b>286,896</b>	<b>1,045,114,080</b>
Net profit for the period		-	-	-	-	-	-	161,886,240	-	161,886,240	(5,593)	161,880,647
Other comprehensive income (net of taxes)		-	32,580,991	6,730,906	-	-	(7,133,529)	-	-	32,178,368	328	32,178,696
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>32,580,991</b>	<b>6,730,906</b>	<b>-</b>	<b>-</b>	<b>(7,133,529)</b>	<b>161,886,240</b>	<b>-</b>	<b>194,064,608</b>	<b>(5,265)</b>	<b>194,059,343</b>
Appropriation of 2021's profit for the period:												
- Dividends paid		-	-	-	-	-	(99,992,340)	-	-	(99,992,340)	-	(99,992,340)
- Appropriation of prior period's net profit		-	-	-	-	-	132,415,285	(171,411,455)	49,996,170	11,000,000	-	11,000,000
- Bonus to employees		-	-	-	-	-	(11,000,000)	-	-	(11,000,000)	-	(11,000,000)
Transfer of free reserves to retained earnings		-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,422,945</b>	<b>(171,411,455)</b>	<b>49,996,170</b>	<b>(99,992,340)</b>	<b>-</b>	<b>(99,992,340)</b>
<b>Equity as at 30 June 2022</b>		<b>500,000,000</b>	<b>8,234,990</b>	<b>1,126,830</b>	<b>100,000,000</b>	<b>121,836,100</b>	<b>245,815,292</b>	<b>161,886,240</b>	<b>-</b>	<b>1,138,899,452</b>	<b>281,631</b>	<b>1,139,181,083</b>

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



## Interim condensed consolidated cash flow statement

Amounts in Euro	Note	6 months 30-06-2023	6 months 30-06-2022
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		1,124,478,450	1,110,209,517
Payments to suppliers		(849,887,009)	(804,386,260)
Payments to employees		(83,857,189)	(60,573,719)
Cash flow from operations		<b>190,734,252</b>	<b>245,249,538</b>
Income tax received/ (paid)	6.1	(87,510,102)	(9,957,625)
Other (payments)/ receipts relating to operating activities		85,927,563	(14,117,550)
<b>Cash flows from operating activities (1)</b>		<b>189,151,713</b>	<b>221,174,363</b>
<b>INVESTMENT PROPERTIES</b>			
<b>Inflows:</b>			
Property, plant and equipment		227,601	620,244
Interest and similar income		-	628,168
		<b>227,601</b>	<b>1,248,412</b>
<b>Outflows:</b>			
Property, plant and equipment		(84,565,564)	(34,102,976)
Intangible assets		(2,814,362)	(28,443)
Investments in subsidiaries	3.1	(60,951,811)	-
		<b>(148,331,737)</b>	<b>(34,131,419)</b>
<b>Cash flows from investing activities (2)</b>		<b>(148,104,136)</b>	<b>(32,883,007)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Inflows:</b>			
Interest-bearing liabilities	5.9	104,854,906	150,000,000
Government grants	5.9	4,258,003	-
		<b>109,112,909</b>	<b>150,000,000</b>
<b>Outflows:</b>			
Interest-bearing liabilities	5.9	(188,601,507)	(245,444,444)
Amortisation of lease agreements	3.6	(4,730,579)	(4,189,325)
Interest and similar expense		(5,108,607)	(11,748,953)
Distribution of dividends	5.3	(199,984,679)	(99,992,340)
Repayable grants		(3,349,671)	(2,017,582)
		<b>(401,775,043)</b>	<b>(363,392,644)</b>
<b>Cash flows from financing activities (3)</b>		<b>(292,662,135)</b>	<b>(213,392,644)</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>(251,614,558)</b>	<b>(25,101,288)</b>
Changes in the consolidation perimeter		5,741,210	
Effect of exchange rate differences		299,116	6,941,758
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5.8	<b>343,083,788</b>	<b>239,171,252</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5.8	<b>97,509,556</b>	<b>221,011,722</b>

Interest and similar expense: corresponds essentially to interest payments on debt securities and financial debt (Note 5.10).

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



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# 1. Introduction

## 1.1 The Group

The Navigator Group (Group) is comprised by The Navigator Company, S.A. 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 the cellulose industry which, through the merger of CPC – Companhia de Celulose, S.A.R.L. (Aveiro), 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 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 million tons, respectively, and it sells approximately 255 thousand tons of pulp, annually, integrating the remainder in the production of UWF paper and Tissue paper.

In June 2004, the Portuguese Government sold 30% of Portucel's capital, which was acquired by the 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, a position it has held for around 20 years.

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

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

On 31 March 2023 the acquisition of the Gomà-Camps Group's consumer Tissue business in Aragão, Spain was concluded, with a view to strengthening the Group's presence in this business segment. The integration of this new plant has elevated Navigator to the position of the second largest Iberian producer of Tissue, with a production and converting capacity of 180,000 tons.

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

The Navigator Company, S.A. (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

**No. of Shares:** 711,183,069

**TIN:** 503 025 798

The Navigator Company, S.A. (Navigator) is included in the consolidation perimeter of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. (Semapa). (Semapa), which is its parent company.

In turn, Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira hold, by virtue of the combination of a shareholder agreement relating to Sodim - SGPS, S.A. (Sodim) and their respective direct and indirect shareholdings in the share capital of this company, joint control of Sodim, Semapa and Navigator is attributable to each of them and to Sodim, under the terms of article 20 of the Portuguese Securities Code, 83.221% of the non-suspended voting rights attached to shares representing the share capital of Semapa and also to each of them, Sodim and Semapa, 69.9704% of the non-suspended voting rights attached to shares representing the share capital of Navigator.

## 1.2 Acquisition of the Gomà-Camps Group's consumer tissue business in Spain

On 31 March 2023, the Navigator Group completed the acquisition of 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. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

This acquisition is part of the Navigator Group's ambitious growth and diversification plan. The integration of this new plant has elevated Navigator to the position of the second largest Iberian





producer of Tissue, with a production and converting capacity of 180,000 tons. With the acquisition of these two entities, a number of synergies can be expected in the Tissue segment, as well as an increase in the group's market share through access to Gomà-Camps' customer portfolio, particularly in markets where the Navigator Group intends to strengthen its presence, as well as a reduction in costs through economies of scale. Goodwill arising from this transaction is not expected to be tax deductible.

In the three months up to 30 June 2023, the two entities contributed Euro 30,172,331 to sales and Euro 4,325,853 to the Group's net profit. According to management, if the acquisition had taken place on 1 January 2023, consolidated sales would have been Euro 1,004,453,586 and net profit for the period would have been Euro 140,981,418. In determining these amounts, management assumed that any provisionally determined fair value adjustments arising on the acquisition date would be the same if the acquisition date was 1 January 2023.

### Consideration transferred

As part of the acquisition of Gomà-Camps Consumer, S.L.U., which in turn holds the entire share capital of Gomà-Camps France SAS, the consideration transferred amounted to Euro 60,951,811 and was paid entirely in cash and cash equivalents, with no contingent consideration associated with this acquisition.

### Identification of assets and liabilities acquired and initial goodwill

As at this date, the Group is carrying out the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the calculation of the goodwill or gain resulting from the operation, in accordance with IFRS 3. This assessment is being carried out by independent external evaluators. If new information is obtained up to one year after the acquisition regarding facts and circumstances that existed on the acquisition date, this will be reflected in the fair value.

Under IFRS 3, the identification, allocation, and accounting of the fair value of the assets, liabilities and contingent liabilities acquired must take place no later than twelve months after the acquisition date. The assets acquired and liabilities assumed on the date of acquisition are as follows:

Amounts in Euro	30-06-2023
Property, plant and equipment	42,965,662
Intangible assets - Brand	2,400,000
Deferred tax assets	92,481
Other financial assets	1,853,434
Cash and cash equivalents	4,885,712
Receivables	12,883,472
Inventories	11,092,213
Interest-bearing liabilities	(31,391,406)
Deferred tax liabilities	(162,596)
Income tax - Liabilities	(722,907)
Current payables	(16,970,878)
<b>Total identifiable assets and liabilities</b>	<b>26,925,187</b>
Opening goodwill	34,026,624
<b>Cash Flow on acquisition date</b>	<b>60,951,811</b>

The amount of goodwill will be revalued after assessing the fair value of the assets and liabilities.



### **Acquisition-related costs**

The Group incurred costs related to this acquisition of Euro 458,484, related to legal fees and other due diligence expenses. These expenses are recognised as external services and supplies in the Interim condensed consolidated income statement and Interim condensed consolidated statement of comprehensive income.

## **1.3 Subsequent events**

No subsequent events that would require disclosure in these financial statements had taken place up to the date of issue of this report.

## **1.4 Basis for preparation**

### **1.4.1 Authorisation to issue financial statements**

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 20 July 2023.

### **1.4.2 Basis for presentation**

The condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The following Notes were selected in order to contribute to the understanding of the most significant changes in the Group's consolidated financial position and its performance in relation to the last reporting date. In this context, these interim financial statements should be read together with the Navigator Group's consolidated financial statements for the period ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous year and the corresponding interim reporting period, except for the adoption of new and amended standards, as mentioned in Note 1.5.

### **1.4.3 Basis for measurement**

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

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

### **1.4.4 Comparability**

On 31 March 2023 the acquisition of the Gomà-Camps Group's consumer Tissue business in Aragón, Spain was concluded, with a view to strengthening the Group's presence in this business segment. In



this respect, the Financial Statements for the six-month period ended 30 June 2023 include 3 months of operation of the acquired business (Note 1.2).

Aside from the aforementioned situation, 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 2023

No impacts on the financial statements

Amendment		Effective date
Standards and amendments endorsed by the European Union		
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)	<p>Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the IASB issued on 12 February 2021 amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.</p> <p>The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, are themselves material to a company's financial statements.</p> <p>The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material:</p> <p>"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".</p> <p>The amendments are effective from 1 January 2023 but may be applied earlier.</p>	1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	<p>The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>	1 January 2023
Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single	<p>The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021.</p> <p>The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.</p>	1 January 2023



Amendment		Effective date
transaction	<p>In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.</p>	
IFRS 17 — Insurance Contracts	<p>The IASB issued on 18 May 2017 a standard that superseded IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after 1 January 2023.</p>	1 January 2023
Amendments to IFRS 17 - Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information	<p>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.</p> <p>IFRS 17, including this amendment, is effective for annual periods beginning on or after 1 January 2023.</p>	1 January 2023



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

Amendment	Effective date
<b>Standards and amendments not yet endorsed by the European Union</b>	
Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 - Presentation of Financial Statements)	1 January 2024
<p>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.</p> <p>The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period.</p> <p>The amendments aim to:</p> <ol style="list-style-type: none"> <li>specify that an entity's right to defer settlement must exist at the end of the reporting period;</li> <li>clarify that the classification is not affected by the Board's intentions or expectations as to whether the entity will exercise its right to postpone settlement;</li> <li>clarify how loan conditions affect classification; and</li> <li>clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments.</li> </ol> <p>This amendment is effective for periods starting on 1 January 2024.</p>	
Lease liabilities in sale and leaseback transactions (amendments to IFRS 16 - Leases)	1 January 2024
<p>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:</p> <ul style="list-style-type: none"> <li>On initial recognition, the seller-lessee includes variable lease payments in measuring a lease liability arising from a sale and leaseback transaction;</li> <li>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.</li> </ul> <p>A seller-lessee may use different approaches to comply with the new requirements for subsequent measurement.</p> <p>The Amendments are applied for annual periods beginning on or after 1 January 2024, with earlier application permitted.</p> <p>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.</p>	
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
<p>On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments Disclosures.</p> <p>The changes concern disclosure requirements relating to supplier financing arrangements—also known as supply chain financing, accounts payable financing or recourse factoring arrangements.</p> <p>The new requirements complement those already included in IFRS and include disclosures about:</p> <ul style="list-style-type: none"> <li>Terms and conditions of supplier financing arrangements;</li> <li>The amounts of the liabilities that are the subject of such agreements, for which part of them the suppliers have already received payments from the funders and under which caption these liabilities are presented in the balance sheet;</li> <li>The maturity date ranges; and</li> <li>Information on liquidity risk.</li> </ul> <p>The amendments are effective for annual periods beginning on or after 1 January 2024.</p>	
Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules	1 January 2024
<p>On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax legislation enacted or substantively enacted to implement the OECD Pillar Two model rules.</p>	



Amendment	Effective date
<p>The amendments introduce:</p> <ul style="list-style-type: none"> <li>- A mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and</li> <li>- Disclosure requirements for affected entities to help users of financial statements understand an entity's Pillar Two income tax exposure arising from that legislation, especially before its effective date.</li> </ul> <p>The mandatory temporary exception - the use of which must be disclosed - is applicable immediately. The other disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023.</p>	

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



## 2. Operational performance

### 2.1 Revenue and segment reporting

The Group classifies an operating segment under IFRS 8 as a component of the Group 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.

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.

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

Inter-segment sales correspond to sales between business segments, which are eliminated for consolidation purposes and this effect is shown in the "Cancellations" column. When aggregating the Group's operating segments, the Board of Directors defined as reportable segments those that correspond to each of the business areas developed by the Group, as follows:

- i. Market pulp - bleached eucalyptus kraft pulp – BEKP sale to 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).

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

- All equipment allocated to the UWF pulp and paper production are included in Property, plant and equipment of the respective segments.
- The Group's real estate assets are allocated to the respective business segment.
- The assets related to forests are allocated to the pulp and UWF paper segments, according to the production capacity of each segment.
- The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.





- In accordance with the Navigator Company Group's financing policy, all loans are contracted by the Group's holding Company, The Navigator Company, S.A., which is initially responsible for bearing all debt and related charges. Accordingly, interest-bearing liabilities (Note 5.6) are allocated to the Support segment, which includes the Group's corporate centre (mixed holding), with the exception of the refundable grant related to the construction of the new Tissue plant, allocated to the Paper Tissue segment and a portion of the Inpactus grant allocated to the UWF paper segment.

## Financial information by operating segment in 2023 and 2022

	30-06-2023						
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY <sup>(1)</sup>	SUPPORT	CANCELLATIONS *	TOTAL
<b>REVENUE</b>							
Sales and services - external	126,501,644	629,355,180	133,823,951	89,790,031	-	-	979,470,806
Sales and services - intersegment	1,355,251	-	-	15,371,512	346,126,293	(362,853,055)	-
<b>Total revenue</b>	<b>127,856,895</b>	<b>629,355,180</b>	<b>133,823,951</b>	<b>105,161,543</b>	<b>346,126,293</b>	<b>(362,853,055)</b>	<b>979,470,806</b>
<b>PROFIT/ (LOSS)</b>							
<b>Operating income <sup>(1)</sup></b>	<b>3,251,523</b>	<b>141,469,056</b>	<b>28,046,592</b>	<b>39,681,725</b>	<b>(24,804,669)</b>	<b>-</b>	<b>187,644,227</b>
Financial results	-	-	-	-	(8,485,352)	-	(8,485,352)
Income tax	-	-	-	-	(41,691,349)	-	(41,691,349)
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,837)</b>	<b>-</b>	<b>137,467,526</b>
Non-controlling interests	-	-	-	-	-	-	(22,837)
<b>Profit/ (loss) attributable to equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,444,689</b>
<b>OTHER INFORMATION</b>							
Capital expenditure	9,724,455	93,958,584	4,122,378	3,144,372	1,976,997	-	112,926,786
Depreciation and impairment	(7,757,153)	(39,047,177)	(5,781,604)	(8,332,311)	(3,148,202)	-	(64,066,447)
Provisions ((increases) / reversal)	-	-	-	-	(1,289,652)	-	(1,289,652)
<b>OTHER INFORMATION</b>							
<b>SEGMENT ASSETS</b>							
Goodwill	-	376,756,383	34,609,707	-	-	-	411,366,090
Property, plant and equipment	137,100,232	725,767,925	185,519,432	137,213,537	4,803,596	-	1,190,404,722
Right-of-use assets	12,655,952	46,193,724	-	-	2,163,371	-	61,013,047
Biological assets	29,900,619	89,701,858	-	-	-	-	119,602,477
Non-current receivables	6,657,392	15,916,510	2,250,523	-	8,595,557	-	33,419,982
Inventories	46,322,580	268,463,947	35,953,862	597,122	1,147,220	-	352,484,731
Trade receivables	31,248,972	153,258,864	54,514,219	7,922,034	6,984,878	-	253,928,967
Other current receivables	15,780,684	30,730,476	4,596,037	1,139,781	79,872,200	-	132,119,178
Other assets	4,288,860	63,157,964	12,809,207	-	109,067,315	-	189,323,346
<b>Total Assets</b>	<b>283,955,291</b>	<b>1,769,947,651</b>	<b>330,252,987</b>	<b>146,872,474</b>	<b>212,634,137</b>	<b>-</b>	<b>2,743,662,540</b>
<b>SEGMENT LIABILITIES</b>							
Interest-bearing liabilities	-	415,573	38,333,103	-	631,268,203	-	670,016,879
Lease liabilities	13,668,403	49,259,003	-	-	2,290,066	-	65,217,472
Other current payables	74,220,435	358,655,358	32,288,927	1,836,710	82,925,932	-	549,927,362
Other liabilities	16,058,188	116,958,958	14,607,227	8,043,755	109,226,062	-	264,894,190
<b>Total Liabilities</b>	<b>103,947,026</b>	<b>525,288,892</b>	<b>85,229,257</b>	<b>9,880,465</b>	<b>825,710,263</b>	<b>-</b>	<b>1,550,055,903</b>

\* Cancellation of Intersegment Operations Consolidation adjustments related to inter-segmental transactions are not considered significant.

<sup>(1)</sup> Includes the effects of hedging derivatives of Euro 16,405,141 in the Energy segment.

The Energy segment also includes revenues associated with guarantees of origin of Euro 3,353,138

In the first quarter of 2023, The Navigator Company recorded turnover in the amount of Euro 979,470,806, with paper sales accounting for approximately 64% of turnover (vs. 71%), pulp sales 13% (vs. 9%), Tissue sales 14% (vs. 8%) and energy sales 9% (vs. 11%).

Following a year of scarce supply in the market, leading to an unusual volume of orders, the first quarter of 2023 was affected by the accumulation, during 2022, of a high volume of stocks throughout the distribution chain, which significantly conditioned demand in all paper segments, with the exception of the Tissue segment. This accumulation of stocks has had a slower than expected outflow, mainly due to the economic slowdown, with the resulting drop in incoming orders at Producers. In the North American region in particular, the drop in sales was around 73%, due to the more significant decrease in demand for folio and reel formats for the printing industry and demand for cut-size.

In this context, there was a decrease in the volume of paper sales, offset by maintaining prices at a high level and improving the product mix.

The investment in the packaging business line continues to be consolidated even though this segment was the one where the strong slowdown in demand was felt the quickest. This new business area, in its current stage of development, is included in the UWF Paper segment, insofar as, considering IFRS 8,



the quantitative levels have not yet been exceeded, and due to the fact that this business line have a similar nature to UWF Paper and share a significant set of production and commercial processes.

The volume of pulp sales increased compared to the same period last year, due to the greater availability of pulp for the market, as a result of less integration into paper.

The amount corresponding to total energy sales was Euro 89,790,031 compared to Euro 131,087,636 in 2022, a decrease of approximately 31%. This reduction stems from the drop in the average sale price of energy and from the fact that the Setúbal natural gas combined cycle power station is operating with only one group whereas last year it was operating with two groups. This is because the evolution of the price differential (electricity vs. natural gas) means that operating the second group is not economically worthwhile.

In the first quarter of 2023, the total amount of investments was Euro 112,926,786 (vs. Euro 34,131,420 in the same period of the previous year), of which approximately 62% are classified as environmental or sustainable investments. The amount of investment in the six-month period includes mainly investments in maintenance of production capacity, upgrading of equipment and improvement of efficiency, structural and safety projects. Among the investments made are the new recovery boiler in Setúbal (Euro 49,740,325), the new wood preparation line in Figueira da Foz (Euro 3,554,738), the investment in wastewater treatment (Setúbal WWTP) (Euro 2,395,3038), the new tower and washing presses in Aveiro (Euro 1,679,2738) and the new evaporation line in Aveiro (Euro 1,473,3038) and the new natural gas boiler at Setúbal (Euro 401,629).

30-06-2023

	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY <sup>(1)</sup>	SUPPORT	ELIMINATIONS*	TOTAL
<b>REVENUE</b>							
Sales and services - external	126.501.644	629.355.180	133.823.951	89.790.031	-	-	979.470.806
Sales and services - intersegment	1.355.251	-	-	15.371.512	346.126.293	(362.853.055)	-
<b>Total revenue</b>	<b>127.856.895</b>	<b>629.355.180</b>	<b>133.823.951</b>	<b>105.161.543</b>	<b>346.126.293</b>	<b>(362.853.055)</b>	<b>979.470.806</b>
<b>PROFIT/ (LOSS)</b>							
<b>Operating income <sup>(1)</sup></b>	<b>3.251.523</b>	<b>141.469.056</b>	<b>28.046.592</b>	<b>39.681.725</b>	<b>(24.804.669)</b>	<b>-</b>	<b>187.644.227</b>
Financial results	-	-	-	-	(8.485.352)	-	(8.485.352)
Income tax	-	-	-	-	(41.691.349)	-	(41.691.349)
<b>Net profit for the period</b>	-	-	-	-	-	-	<b>137.467.526</b>
Non-controlling interests	-	-	-	-	(22.837)	-	(22.837)
<b>Profit/ (loss) attributable to equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137.444.689</b>
<b>OTHER INFORMATION</b>							
Capital expenditure	9.724.455	93.958.584	4.122.378	3.144.372	1.976.997	-	112.926.786
Depreciation and impairment	(7.757.153)	(39.047.177)	(5.781.604)	(8.332.311)	(3.148.202)	-	(64.066.447)
Provisions ((increases) / reversal)	-	-	-	-	(1.289.652)	-	(1.289.652)
<b>OTHER INFORMATION</b>							
<b>SEGMENT ASSETS</b>							
Goodwill	-	376.756.383	34.609.707	-	-	-	411.366.090
Property, plant and equipment	137.100.232	725.767.925	185.519.432	137.213.537	4.803.596	-	1.190.404.722
Right-of-use assets	12.655.952	46.193.724	-	-	2.163.371	-	61.013.047
Biological assets	29.900.619	89.701.858	-	-	-	-	119.602.477
Non-current receivables	6.657.392	15.916.510	2.250.523	-	8.595.557	-	33.419.982
Inventories	46.322.580	268.463.947	35.953.862	597.122	1.147.220	-	352.484.731
Trade receivables	31.248.972	153.258.864	54.514.219	7.922.034	6.984.878	-	253.928.967
Other current receivables	15.780.684	30.730.476	4.596.037	1.139.781	79.872.200	-	132.119.178
Other assets	4.288.860	63.157.964	12.809.207	-	109.067.315	-	189.323.346
<b>Total Assets</b>	<b>283.955.291</b>	<b>1.769.947.651</b>	<b>330.252.987</b>	<b>146.872.474</b>	<b>212.634.137</b>	<b>-</b>	<b>2.743.662.540</b>
<b>SEGMENT LIABILITIES</b>							
Interest-bearing liabilities	-	415.573	38.333.103	-	631.268.203	-	670.016.879
Lease liabilities	13.668.403	49.259.003	-	-	2.290.066	-	65.217.472
Other current payables	74.220.435	358.655.358	32.288.927	1.836.710	82.925.932	-	549.927.362
Other liabilities	16.058.188	116.958.958	14.607.227	8.043.755	109.226.062	-	264.894.190
<b>Total Liabilities</b>	<b>103.947.026</b>	<b>525.288.892</b>	<b>85.229.257</b>	<b>9.880.465</b>	<b>825.710.263</b>	<b>-</b>	<b>1.550.055.903</b>

\* Elimination of Intersegment Operations Consolidation adjustments related to inter-segmental transactions are not considered significant.



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

30-06-2023

Amounts in Euro

	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	1,263,862	37,275,616	43,293,331	89,790,031	171,622,839	17.52%
Rest of Europe	55,239,559	402,977,044	88,619,991	-	546,836,594	55.83%
North America	445,447	23,884,107	533,181	-	24,862,735	2.54%
Latin America	-	22,731,816	259,729	-	22,991,545	2.35%
Africa	14,015,217	68,506,911	1,094,972	-	83,617,100	8.54%
Asia	55,537,559	73,865,319	22,748	-	129,425,626	13.21%
Oceania	-	114,366	-	-	114,366	0.01%
	<b>126,501,644</b>	<b>629,355,180</b>	<b>133,823,951</b>	<b>89,790,031</b>	<b>979,470,806</b>	<b>100.00%</b>

### Recognition pattern

At a certain moment in time	126,501,644	629,355,180	133,823,951	89,790,031	979,470,806	100.00%
Over time	-	-	-	-	-	0.00%

30-06-2022

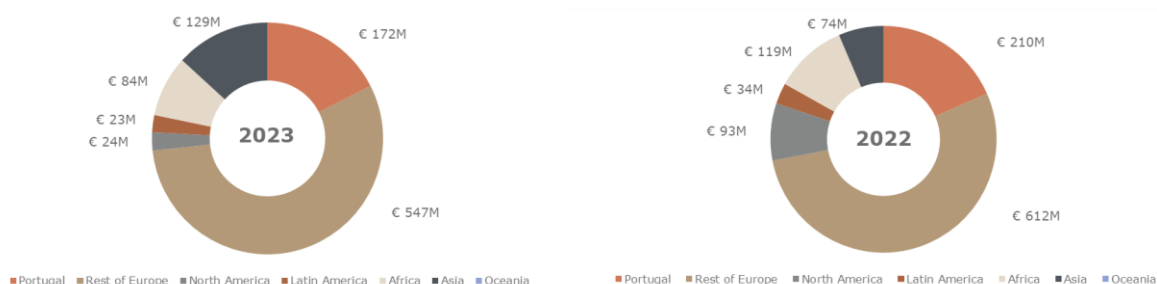
Amounts in Euro

	Pulp	UWF Paper	Tissue Paper	Energy	Total Amount	Total %
Portugal	2,331,416	40,097,879	36,023,691	131,626,394	210,079,380	18.39%
Rest of Europe	83,753,170	477,136,331	50,938,136	-	611,827,638	53.57%
North America	-	93,449,914	-	-	93,449,914	8.18%
Latin America	942,922	32,556,017	427,816	-	33,926,756	2.97%
Africa	13,984,342	103,751,328	1,497,593	-	119,233,263	10.44%
Asia	6,747,054	66,697,066	102,998	-	73,547,118	6.44%
Oceania	-	2,801	-	-	2,801	0.00%
	<b>107,758,904</b>	<b>813,691,337</b>	<b>88,990,234</b>	<b>131,626,394</b>	<b>1,142,066,869</b>	<b>100.00%</b>

### Recognition pattern

At a certain moment in time	107,758,904	813,691,337	88,990,234	131,626,394	1,142,066,869	100.00%
Over time	-	-	-	-	-	0.00%

## Group's revenue distribution by geographic area



In 2023 and 2022, no single Customer accounted for 10% or more of the Group's total revenues.



## 2.2 Other operating income

For the six-month periods ended 30 June 2023 and 2022, Other operating income is detailed as follows:

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
Gains on disposal of non-current assets	227,798	159,822
Grants - CO <sub>2</sub> emission allowances	19,843,690	18,780,930
Supplementary income	492,018	694,457
Operating grants	2,999,658	973,967
Impairment reversal on receivables (Note 8.1.4)	1,789,594	2,463
Impairment reversal on inventories (Note 4.1.4)	123,697	51,403
Gains on inventories	243,990	1,804,769
Own work capitalised	549,521	136,100
Compensations	51,686	159,094
Other operating income	5,593,082	567,027
	<b>31,914,734</b>	<b>23,330,032</b>

Gains on CO<sub>2</sub> allowances correspond to the recognition of free allocation of allowances for 473,314 tons of CO<sub>2</sub>, at the average price of Euro 83.87 (444,457 tons of CO<sub>2</sub>, at the average price of Euro 84.01 as at 31 December 2022) (Note 3.2).

The caption Impairment reversal on receivables includes the amount of Euro 1,681,662 related to the impairment reversal on Trade receivables from Egypt.

Operating grants include Euro 999,843 relating to the “Recuperação e Resiliência” Programme, as well as the Euro 1,525,333 Incentive relating to the “Apoiar Gás” Programme for the last quarter of 2022. This caption also includes grants awarded for research and development projects carried out by the RAIZ institute, such as the IdTecFor project (Euro 283,172), Replant (Euro 41,413), BL2F (Euro 19,905), B2Solutions (Euro 9,263), Bio4Portugal (Euro 6,599), INOV C+ (Euro 31,243), Move2LowC (Euro 18,876) and others (Euro 64,011). In the first half of 2023, Euro 76,609 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 3,816,158 relating to sales of UWF and tissue paper waste.



## 2.3 Other operating expenses

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
<b>Cost of goods sold and materials consumed (Note 4.1.2)</b>	<b>468,418,834</b>	<b>443,207,487</b>
<b>External services and supplies</b>		
Energy and fluids	32,039,817	107,868,396
Transportation of goods	67,043,574	100,675,461
Specialised work	48,415,359	41,907,546
Repair and maintenance	18,731,155	18,635,927
Rentals	4,343,982	3,485,711
Advertising and marketing	5,586,841	5,428,288
Insurance	5,276,245	4,716,914
Travel and accommodation	2,534,026	1,612,146
Fees	2,655,357	1,782,667
Subcontracts	574,551	579,955
Materials	1,253,277	1,455,331
Communications	602,845	589,868
Other	6,421,902	5,319,522
	<b>195,478,931</b>	<b>294,057,732</b>
<b>Variation in production (Note 4.1.3)</b>	<b>(27,385,572)</b>	<b>(53,741,697)</b>
<b>Payroll costs (Note 7.1)</b>	<b>89,190,649</b>	<b>92,554,995</b>
<b>Other operating expenses</b>		
Costs with CO <sub>2</sub> emission allowances	18,062,480	21,550,214
Impairment on receivables (Note 8.1.4)	42,971	39,387
Impairment losses on inventories (Note 4.1.4)	4,562,677	10,033,486
Other inventory losses	2,718,118	443,937
Indirect taxes	1,084,687	1,497,149
Losses on disposal of non-current assets	2,007	171,183
Water resources fee	945,683	652,642
Other operating expenses	2,366,351	2,730,082
	<b>29,784,974</b>	<b>37,118,080</b>
<b>Net provisions (Note 9.1)</b>	<b>1,289,652</b>	<b>(3,150,614)</b>
<b>Total operating expenses</b>	<b>756,777,468</b>	<b>810,045,983</b>

In the first half of 2023, there was a slowdown in expenses, namely in logistics and energy. In energy, there was a significant reduction in the purchase price of electricity compared to the same period last year, and this price effect on electricity also had an impact on the value of energy sales in 2023, which fell during the period.

The increase in specialised work results essentially from the increase in costs with projects to support and diversify the Group's activity.

In 30 June 2023 and 2022, external services and supplies costs incurred for investigation and research activities amounted to Euro 2,915,208 and Euro 2,237,148, respectively.

The expenses with CO<sub>2</sub> correspond to the emission of 237,136 tons of CO<sub>2</sub><sup>1</sup> (30 June 2022: 280,477 tons).

In 2023 the impairment on inventories caption includes the recognition of an impairment on pulp stock in the amount of Euro 4,332,161 to deal with the fall in the market price of pulp. In 2022, this caption recorded the increase in impairment for UWF and Tissue paper waste (Euro 4,899,869) and, additionally,

<sup>1</sup> CO<sub>2</sub> emissions from assets in factories, Scope 1 - EU ETS basis.



an impairment of Euro 4,443,295 for the surplus of spare parts in stock, in view of future investment prospects and the remaining useful lives of industrial equipment.

In the first half of 2023, the increase in Other inventory losses resulted mainly from wood inventory adjustments (Euro 612,000), pulp (Euro 730,000) and UWF paper (Euro 967,000).

## 3. Investments

### 3.1 Goodwill

#### Goodwill – net amount

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

Amounts in Euro	30-06-2023	31-12-2022
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
Tissue paper production CGU - Navigator Tissue Ejea, S.L.U. and Navigator Tissue France, S.A.S (initial and provisional goodwill resulting from the acquisition of Gomà Camps)	34,026,624	-
	<b>411,366,090</b>	<b>377,339,466</b>

#### 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.

This goodwill has a book value of Euro 376,756,383 as it was amortised annually up to 31 December 2003 (date of transition to IFRS: 1 January 2004), and as of that date, the accumulated depreciation amounting to Euro Euro 51,375,871 stopped. Since that date, annual tests have been carried out to determine any impairment losses.

#### Navigator Tissue Ródão, S.A.

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

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



## Navigator Tissue Ejea, S.L.U. and Navigator Tissue France S.A.S.

On 31 March 2023, the Navigator Group completed the acquisition of 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. These companies have been renamed Navigator Tissue Ejea, S.L.U. and Navigator Tissue France SAS, respectively.

The enterprise value of this acquisition is Euro 85 million., with an initial goodwill of Euro 34,026,624. As of this date, the Group is carrying out the necessary procedures to recognise and measure the identifiable assets acquired, the liabilities assumed and consequently the final calculation of the goodwill or gain resulting from the operation, in accordance with IFRS 3.

## 3.2 Intangible assets

### Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO <sub>2</sub> emission allowances	Work in progress	Total
<b>Gross amount</b>				
<b>Balance as at 1 January 2022</b>	<b>34,487</b>	<b>24,736,507</b>	<b>-</b>	<b>24,770,994</b>
Allocations	-	40,025,640	-	40,025,640
Acquisitions	-	-	28,443	28,443
Adjustments, transfers and write-offs	28,443	(20,545,709)	(28,443)	(20,545,709)
<b>Balance as at 30 June 2022</b>	<b>62,930</b>	<b>44,216,438</b>	<b>-</b>	<b>44,279,368</b>
Allocations	-	(2,686,807)	-	(2,686,807)
Acquisitions	-	3,251,520	8,053	3,259,573
Adjustments, transfers and write-offs	8,053	-	(8,053)	-
<b>Balance as at 31 December 2022</b>	<b>70,983</b>	<b>44,781,151</b>	<b>-</b>	<b>44,852,134</b>
Changes in the perimeter	1,755,429	-	-	1,755,429
Allocations	-	39,687,379	-	39,687,379
Acquisitions	2,400,000	-	522,645	2,922,645
Adjustments, transfers and write-offs	522,645	(42,966,321)	(522,645)	(42,966,321)
<b>Balance as at 30 June 2023</b>	<b>4,749,057</b>	<b>41,502,209</b>	<b>-</b>	<b>46,251,266</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>Balance as at 1 January 2022</b>	<b>(18,464)</b>	<b>-</b>	<b>-</b>	<b>(18,464)</b>
Depreciation and amortisation for the period (Note 3.7)	(9,808)	-	-	(9,808)
<b>Balance as at 30 June 2022</b>	<b>(28,272)</b>	<b>-</b>	<b>-</b>	<b>(28,272)</b>
Amortisation for the period	(10,771)	-	-	(10,771)
<b>Balance as at 31 December 2022</b>	<b>(39,043)</b>	<b>-</b>	<b>-</b>	<b>(39,043)</b>
Changes in the perimeter	(1,341,517)	-	-	(1,341,517)
Depreciation and amortisation for the period (Note 3.7)	(114,589)	-	-	(114,589)
<b>Balance as at 30 June 2023</b>	<b>(1,495,149)</b>	<b>-</b>	<b>-</b>	<b>(1,495,149)</b>
<b>Net book value as at 1 January 2022</b>	<b>16,023</b>	<b>24,736,507</b>	<b>-</b>	<b>24,752,530</b>
<b>Net book value as at 30 June 2022</b>	<b>34,658</b>	<b>44,216,438</b>	<b>-</b>	<b>44,251,096</b>
<b>Net book value as at 31 December 2022</b>	<b>31,940</b>	<b>44,781,151</b>	<b>-</b>	<b>44,813,091</b>
<b>Net book value as at 30 June 2023</b>	<b>3,253,908</b>	<b>41,502,209</b>	<b>-</b>	<b>44,756,117</b>

As part of the acquisition of the consumer Tissue business in Spain (Note 3.1), two brands (My Tissue e My Tissue Ecological+) previously owned by the Gomà-Camps Group were also acquired for the amount of Euro 2,400,000.





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

	30-06-2023	31-12-2022
CO <sub>2</sub> emission allowances (units)	494,850	574,122
Average unit value (Euro)	83.87	77.99
Market quotation (Euro)	88.46	81.49

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

	2023		2022	
Amounts in Euro	Tons	Amount	Tons	Amount
<b>Opening balance</b>	<b>574,122</b>	<b>44,781,151</b>	<b>620,805</b>	<b>24,736,507</b>
CO <sub>2</sub> allowances awarded free of charge (Note 2.2)	473,314	39,687,379	444,457	37,338,833
CO <sub>2</sub> allowances acquired	-	-	48,000	3,251,520
CO <sub>2</sub> allowances returned to the Licensing Coordinating Entity	(552,586)	(42,966,321)	(539,140)	(20,545,709)
<b>Closing balance</b>	<b>494,850</b>	<b>41,502,209</b>	<b>574,122</b>	<b>44,781,151</b>

## 3.3 Property, plant and equipment

### Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other assets	Assets under construction	Total
<b>Gross amount</b>					
<b>Balance as at 1 January 2022</b>	<b>114,391,431</b>	<b>542,873,640</b>	<b>3,718,884,937</b>	<b>40,476,332</b>	<b>4,416,626,340</b>
Acquisitions	-	-	3,466,703	30,636,274	34,102,976
Disposals	(619,462)	-	(57,751)	-	(677,213)
Adjustments, transfers and write-offs	561,175	659,252	11,703,710	(12,924,137)	-
<b>Balance as at 30 June 2022</b>	<b>114,333,144</b>	<b>543,532,892</b>	<b>3,733,997,599</b>	<b>58,188,469</b>	<b>4,450,052,103</b>
Acquisitions	-	-	9,175,813	68,745,020	77,920,834
Disposals	(120,927)	-	(39,855,254)	-	(39,976,181)
Adjustments, transfers and write-offs	1,562,101	966,976	23,873,570	(34,777,004)	(8,374,357)
<b>Balance as at 31 December 2022</b>	<b>115,774,318</b>	<b>544,499,868</b>	<b>3,727,191,728</b>	<b>92,156,485</b>	<b>4,479,622,399</b>
Changes in the perimeter	2,763,618	18,905,954	61,489,209	74,053	83,232,834
Acquisitions	-	-	12,235,436	97,768,706	110,004,141
Disposals	(7,696)	-	(31,218)	-	(38,914)
Adjustments, transfers and write-offs	222,875	668,473	28,765,924	(30,225,906)	(568,634)
<b>Balance as at 30 June 2023</b>	<b>118,753,115</b>	<b>564,074,295</b>	<b>3,829,651,078</b>	<b>159,773,338</b>	<b>4,672,251,826</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as at 1 January 2022</b>	-	<b>(362,865,639)</b>	<b>(2,908,516,193)</b>	-	<b>(3,271,381,833)</b>
Depreciation for the period (Note 3.7)	-	(5,627,161)	(54,908,160)	-	(60,535,321)
Impairment	-	-	(12,262,722)	-	(12,262,722)
Disposals	-	-	42,473	-	42,473
Adjustments, transfers and write-offs	-	174,059	(55,342)	-	118,717
<b>Balance as at 30 June 2022</b>	-	<b>(368,318,741)</b>	<b>(2,975,699,944)</b>	-	<b>(3,344,018,686)</b>
Depreciation for the period	-	(13,200,465)	(82,722,772)	-	(95,923,237)
Impairment	-	-	12,262,722	-	12,262,722
Disposals	-	-	39,401,194	-	39,401,194
Adjustments, transfers and write-offs	-	(167,132)	8,512,147	-	8,345,015
<b>Balance as at 31 December 2022</b>	-	<b>(381,686,338)</b>	<b>(2,998,246,653)</b>	-	<b>(3,379,932,992)</b>
Changes in the perimeter	-	(8,940,894)	(31,324,474)	-	(40,265,369)
Depreciation for the period (Note 3.7)	-	(6,842,818)	(54,852,788)	-	(61,695,606)
Impairment	-	-	-	-	-
Disposals	-	-	1,223	-	1,223
Adjustments, transfers and write-offs	-	5,016,157	(4,970,518)	-	45,639
<b>Balance as at 30 June 2023</b>	-	<b>(392,453,893)</b>	<b>(3,089,393,210)</b>	-	<b>(3,481,847,104)</b>
<b>Net book value as at 1 January 2022</b>	<b>114,391,431</b>	<b>180,008,001</b>	<b>810,368,744</b>	<b>40,476,332</b>	<b>1,145,244,507</b>
<b>Net book value as at 30 June 2022</b>	<b>114,333,144</b>	<b>175,214,151</b>	<b>758,297,654</b>	<b>58,188,469</b>	<b>1,106,033,417</b>
<b>Net book value as at 31 December 2022</b>	<b>115,774,318</b>	<b>162,813,530</b>	<b>728,945,075</b>	<b>92,156,485</b>	<b>1,099,689,407</b>
<b>Net book value as at 30 June 2023</b>	<b>118,753,115</b>	<b>171,620,402</b>	<b>740,257,868</b>	<b>159,773,338</b>	<b>1,190,404,722</b>

As at 30 June 2023, Assets under construction includes investments associated with ongoing development projects, in particular those relating to the new Setúbal Recovery Boiler (Euro 49,740,325), the new Figueira da Foz wood preparation line (Euro 24,390,364), the new Aveiro evaporation line (Euro 14,165,363), the new tower and washing presses in Aveiro (Euro 5,090,876), the new natural gas boiler



in Setúbal (Euro 4,681,704), investment in wastewater treatment (wastewater treatment plant in Setúbal) (Euro 2,395,309), the new bleaching tower in Aveiro (Euro 2,250,000) and the upgrade of the control system for Coiler 1 in Figueira da Foz (Euro 2,224,724). The remainder is related to several projects for improving and optimising the production process.

Land includes Euro 114,828,070 (31 December 2022: Euro 114,586,831) classified in the individual financial statements as investment properties, from which Euro 75,689,955 (31 December 2022: Euro 75,448,716) relate to forestry land and Euro 39,138,115 (31 December 2022: Euro 39,138,115) to land allocated to industrial sites.

## 3.4 Investment properties

### Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
<b>Gross amount</b>			
<b>Balance as at 1 January 2022</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
<b>Balance as at 30 June 2022</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
<b>Balance as at 31 December 2022</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
Acquisitions	-	-	-
<b>Balance as at 30 June 2023</b>	<b>424,744</b>	<b>82,307</b>	<b>507,051</b>
<b>Accumulated depreciation and impairment losses</b>			
<b>Balance as at 1 January 2022</b>	<b>(399,372)</b>	<b>(15,090)</b>	<b>(414,462)</b>
Depreciation for the period (Note 3.7)	-	-	-
Impairment losses (Note 3.7)	-	(823)	(823)
<b>Balance as at 30 June 2022</b>	<b>(399,372)</b>	<b>(15,913)</b>	<b>(415,285)</b>
Depreciation for the period	-	-	-
Impairment losses	-	(823)	(823)
<b>Balance as at 31 December 2022</b>	<b>(399,372)</b>	<b>(16,736)</b>	<b>(416,108)</b>
Depreciation for the period (Note 3.7)	-	-	-
Impairment losses (Note 3.7)	-	(823)	(823)
<b>Balance as at 30 June 2023</b>	<b>(399,372)</b>	<b>(17,559)</b>	<b>(416,931)</b>
<b>Net book value as at 01 January 2022</b>	<b>25,372</b>	<b>67,217</b>	<b>92,589</b>
<b>Net book value as at 30 June 2022</b>	<b>25,372</b>	<b>66,394</b>	<b>91,766</b>
<b>Net book value as at 31 December 2022</b>	<b>25,372</b>	<b>65,571</b>	<b>90,943</b>
<b>Net book value as at 30 June 2023</b>	<b>25,372</b>	<b>64,748</b>	<b>90,120</b>

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



## 3.5 Government grants

### Government grants - movements

Amounts in Euro	30-06-2023			31-12-2022		
	Financial	Tax	Total	Financial	Tax	Total
<b>Opening balance</b>	<b>15,916,110</b>	<b>17,900,449</b>	<b>33,816,559</b>	<b>12,085,757</b>	<b>19,608,965</b>	<b>31,694,722</b>
Allocation	17,875,379	-	17,875,379	5,226,930	-	5,226,930
Charge-off (Note 3.7)	(988,686)	(833,201)	(1,821,887)	(1,689,688)	(1,708,516)	(3,398,204)
Other movements	(16,447)	-	(16,447)	293,111	-	293,111
<b>Closing balance (Note 4.3)</b>	<b>32,786,356</b>	<b>17,067,248</b>	<b>49,853,604</b>	<b>15,916,110</b>	<b>17,900,449</b>	<b>33,816,559</b>

The allocations in the year relate to the amounts allocated under the mobilising agendas of the Recovery and Resilience Plan.

Of the amount allocated, only Euro 4,258,003 was received in the year, as reflected in the Cash Flow Statement.

As at 30 June 2023 and 31 December 2022, Government grants, by Company, were detailed as follows:

Amounts in Euro	30-06-2023			31-12-2022		
	Financial	Fiscal	Total	Financial	Fiscal	Total
<b>AICEP investment contracts</b>						
Enerpulp, S.A.	216.985	-	216.985	254.071	-	254.071
Navigator Pulp Aveiro, S.A.	3.270.699	1.347.370	4.618.069	3.759.757	1.556.065	5.315.822
Navigator Pulp Setúbal, S.A.	40.177	-	40.177	52.676	-	52.676
Navigator Pulp Figueira, S.A.	7.300	7.820.250	7.827.550	9.309	8.175.288	8.184.597
Navigator Parques Industriais, S.A.	1.780.605	-	1.780.605	1.810.283	-	1.810.283
Navigator Tissue Aveiro, S.A.	2.704.143	7.899.628	10.603.771	2.795.648	8.169.096	10.964.744
	<b>8.019.909</b>	<b>17.067.248</b>	<b>25.087.157</b>	<b>8.681.744</b>	<b>17.900.449</b>	<b>26.582.193</b>
<b>Under the Recovery and Resilience Plan</b>						
Navigator Forest Portugal, S.A.	36.510	-	36.510	36.510	-	36.510
Viveiros Aliança, SA	20.800	-	20.800	20.800	-	20.800
Navigator Pulp Aveiro, S.A.	6.770.616	-	6.770.616	38.336	-	38.336
Navigator Paper Setúbal, S.A.	8.130.953	-	8.130.953	-	-	-
Navigator Pulp Figueira, S.A.	1.408.219	-	1.408.219	520.678	-	520.678
Raiz	2.247.165	-	2.247.165	122.560	-	122.560
	<b>18.614.263</b>	<b>-</b>	<b>18.614.263</b>	<b>738.884</b>	<b>-</b>	<b>738.884</b>
<b>Other</b>						
Navigator Pulp Setúbal, S.A.	4.488.046	-	4.488.046	4.488.046	-	4.488.046
Raiz	1.272.452	-	1.272.452	2.007.338	-	2.007.338
Viveiros Aliança, SA	-	-	-	98	-	98
Navigator Tissue Ejea, SLU	391.686	-	391.686	-	-	-
	<b>6.152.184</b>	<b>-</b>	<b>6.152.184</b>	<b>6.495.482</b>	<b>-</b>	<b>6.495.482</b>
	<b>32.786.356</b>	<b>17.067.248</b>	<b>49.853.604</b>	<b>15.916.110</b>	<b>17.900.449</b>	<b>33.816.559</b>

The Group expects to recognise grants in earnings as follows:

Amounts in Euro	30-06-2023			31-12-2022		
	Financial	Fiscal	Total	Financial	Fiscal	Total
2022	-	-	-	-	-	-
2023	988.686	833.201	1.821.887	1.611.734	1.666.401	3.278.135
2024	1.581.558	1.666.401	3.247.959	1.570.887	1.666.401	3.237.288
2025	1.231.978	1.398.687	2.630.665	1.221.308	1.398.687	2.619.995
2026	1.143.083	1.390.347	2.533.430	1.132.412	1.390.347	2.522.759
2027	539.376	1.390.304	1.929.680	529.506	1.390.304	1.919.810
2028	527.089	1.390.304	1.917.393	527.089	1.390.304	1.917.393
After 2028	26.774.586	8.998.004	35.772.590	9.323.174	8.998.005	18.321.179
	<b>32.786.356</b>	<b>17.067.248</b>	<b>49.853.604</b>	<b>15.916.110</b>	<b>17.900.449</b>	<b>33.816.559</b>



## Non-repayable government grants

### Incentive to increase pulp production capacity in Figueira da Foz

On 27 December 2018, Navigator Pulp Figueira, S.A signed a fiscal 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, by way of tax deduction.

### Incentives for the expansion project of the Cacia pulp mill

On 18 June 2014, the 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 grants approved are Euro 9.264 million in repayable financial incentives and Euro 5.644 million in tax incentives. 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, which corresponds to the conversion of the repayable grant in a non-repayable 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 Capitalisation and Innovation).

During 2022, the Navigator Group companies, namely 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 fact, the Group expects to invest Euro 176.2 million in these initiatives in the future, which it expects to finance to the tune of Euro 66.8 million.

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 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.

### **Repayable government grants**

On 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 repayable 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 30 June 2023, the amount receivable relating to the total repayable grant amounts to Euro 2,108,332.

On 20 April 2018, the same entity was also awarded 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, for 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.



## 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
<b>Gross amount</b>						
<b>Balance as at 1 January 2022</b>	<b>49,921,267</b>	<b>4,655,055</b>	<b>8,547,629</b>	<b>1,324,360</b>	<b>6,655,276</b>	<b>71,103,587</b>
Acquisitions	3,564,061	-	1,571,070	-	-	5,135,131
Adjustments, transfers and write-offs	-	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>53,485,328</b>	<b>4,655,055</b>	<b>10,118,699</b>	<b>1,324,360</b>	<b>6,655,276</b>	<b>76,238,718</b>
Acquisitions	5,344,770	-	1,459,615	232,253	2,765,111	9,801,749
Adjustments, transfers and write-offs	-	-	(353)	-	-	(353)
<b>Balance as at 31 December 2022</b>	<b>58,830,098</b>	<b>4,655,055</b>	<b>11,577,960</b>	<b>1,556,613</b>	<b>9,420,387</b>	<b>86,040,113</b>
Acquisitions	5,866,428	10,062	1,279,033	-	-	7,155,523
<b>Balance as at 30 June 2023</b>	<b>64,696,526</b>	<b>4,665,117</b>	<b>12,856,993</b>	<b>1,556,613</b>	<b>9,420,387</b>	<b>93,195,636</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>Balance as at 1 January 2022</b>	<b>(9,153,696)</b>	<b>(1,885,048)</b>	<b>(5,482,622)</b>	<b>(665,511)</b>	<b>(2,723,749)</b>	<b>(19,910,627)</b>
Depreciation (Note 3.7)	(1,645,230)	(257,950)	(875,205)	(145,080)	(759,373)	(3,682,837)
<b>Balance as at 30 June 2022</b>	<b>(10,798,926)</b>	<b>(2,142,998)</b>	<b>(6,357,827)</b>	<b>(810,591)</b>	<b>(3,483,122)</b>	<b>(23,593,464)</b>
Depreciation	(2,022,837)	(257,950)	(924,193)	(302,987)	(1,004,195)	(4,512,162)
<b>Balance as at 31 December 2022</b>	<b>(12,821,763)</b>	<b>(2,400,948)</b>	<b>(7,281,667)</b>	<b>(1,113,577)</b>	<b>(4,487,317)</b>	<b>(28,105,274)</b>
Depreciation (Note 3.7)	(1,940,022)	(257,643)	(954,161)	(85,282)	(840,208)	(4,077,316)
<b>Balance as at 30 June 2023</b>	<b>(14,761,786)</b>	<b>(2,658,591)</b>	<b>(8,235,828)</b>	<b>(1,198,860)</b>	<b>(5,327,525)</b>	<b>(32,182,589)</b>
<b>Net book value as at 1 January 2022</b>	<b>40,767,570</b>	<b>2,770,007</b>	<b>3,065,007</b>	<b>658,849</b>	<b>3,931,527</b>	<b>51,192,959</b>
<b>Net book value as at 30 June 2022</b>	<b>42,686,402</b>	<b>2,512,057</b>	<b>3,760,872</b>	<b>513,770</b>	<b>3,172,154</b>	<b>52,645,253</b>
<b>Net book value as at 31 December 2022</b>	<b>46,008,334</b>	<b>2,254,107</b>	<b>4,296,293</b>	<b>443,036</b>	<b>4,933,070</b>	<b>57,934,840</b>
<b>Net book value as at 30 June 2023</b>	<b>49,934,740</b>	<b>2,006,526</b>	<b>4,621,166</b>	<b>357,754</b>	<b>4,092,863</b>	<b>61,013,047</b>

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

The caption Buildings refers to the lease agreement entered into between The Navigator Company, S.A. and MaxiRent - Fundo de Investimento Imobiliário Fechado for the building located at Avenida Fontes Pereira de Melo, in Lisbon, for use as an office until 31 May 2027.

The caption Other lease assets includes the forklift truck rental contracts signed since 2020 and valid until 2029.

The cash flows associated with the amortisation of lease agreements correspond to financial amortisation of Euro 3,534,452 and interest of Euro 1,196,127 (Note 5.10), for a total of Euro 4,730,579, as shown in the Statement of Cash Flows.

## 3.7 Depreciation, amortisation and impairment losses

Amounts in Euro	30-06-2023	30-06-2022
Depreciation of property, plant and equipment for the period (Note 3.3)	61,695,606	72,798,043
Use of government grants	(1,821,887)	(1,711,038)
<b>Depreciation of property, plant and equipment, net of grants used</b>	<b>59,873,719</b>	<b>71,087,005</b>
<b>Amortisation of intangible assets for the period (Note 3.2)</b>	<b>114,589</b>	<b>9,808</b>
<b>Depreciation of right-of-use assets for the period (Note 3.5)</b>	<b>4,077,316</b>	<b>3,682,837</b>
Impairment of investment properties (Note 3.4)	823	823
	<b>64,066,447</b>	<b>74,780,473</b>



The Group regularly uses external and independent experts to evaluate its industrial assets, as well as to assess the appropriateness 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.

## 3.8 Biological assets

### Movements in biological assets

Amounts in Euro	2023	2022
<b>Opening balance</b>	<b>122,499,875</b>	<b>147,324,061</b>
Logging in the period	(13,351,173)	(6,076,734)
Growth	13,672,219	5,275,745
New planted areas and replanting (at cost)	1,740,457	1,049,010
Other changes in fair value		
- changes in other species	(628,406)	(4,701,000)
- other changes in expectations	(4,330,495)	(1,031,475)
<b>Total changes</b>	<b>(2,897,398)</b>	<b>(5,484,454)</b>
<b>Amount as at 30 June</b>	<b>119,602,477</b>	<b>141,839,607</b>
Remaining quarters		(19,339,732)
<b>Amount as at 31 December</b>		<b>122,499,875</b>

The discount rate used in the six-month period ended 30 June 2023 was 5.17% (2022: 5.17%). It should be noted that the Group incorporates the fire risk in the cash flows of the model. If this risk were incorporated in the discount rate it would be 7%.

As at 30 June 2023 and 31 December 2022, biological assets, by species, is detailed as follows:

Amounts in Euro	30-06-2023	31-12-2022
Eucalyptus (Portugal)	92,578,245	93,301,990
Eucalyptus (Spain)	2,662,487	2,932,530
Pine (Portugal)	7,675,150	8,149,506
Cork oak (Portugal)	665,870	819,980
Other species (Portugal)	73,167	73,108
Eucalyptus (Mozambique)	15,947,558	17,222,761
	<b>119,602,477</b>	<b>122,499,875</b>

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

Amounts in Euro	30-06-2023	31-12-2022
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,439	10,371
Eucalyptus (Spain) - Potential future of wood extractions k m3ssc	191	207
Pine (Portugal) - Potential future of wood extractions k ton	303	309
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork Oak (Portugal) - Potential future of cork extractions k @	478	563
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	3,870	4,451



Concerning Eucalyptus, the most relevant biological asset in the financial statements, in the three-month period ended 30 June 2023 and 2022, 355,424 m<sup>3</sup>ssc and 298,379 m<sup>3</sup>ssc of wood were extracted from the forests owned and operated by the Group, respectively.

As at 30 June 2023 and 31 December 2022, (i) there are no amounts of biological assets whose property is restricted and/or pledged as guarantee for liabilities, nor there are non-reversible commitments related to the acquisition of biological assets, and (ii) there are no government grants related to biological assets recognised in the Group's consolidated financial statements.

## 4. Working capital

### 4.1 Inventories

#### 4.1.1. Inventories - detail by nature

##### Amounts net of accumulated impairment losses

Amounts in Euro	30-06-2023	31-12-2022
Raw materials	164,643,117	141,023,694
Goods	893,789	144,304
<b>Subtotal</b>	<b>165,536,906</b>	<b>141,167,998</b>
Finished and intermediate products	185,152,767	155,208,607
Goods and work in progress	1,581,074	2,061,232
By-products and waste	213,984	291,380
<b>Subtotal</b>	<b>186,947,825</b>	<b>157,561,219</b>
<b>Total</b>	<b>352,484,731</b>	<b>298,729,217</b>

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

Amounts in Euro	30-06-2023	%	31-12-2022	%
<b>Portugal</b>				
BEKP pulp	19,859,376	10.73%	36,432,662	23.47%
UWF Paper	69,735,421	37.66%	35,230,122	22.70%
Tissue Paper	18,966,851	10.24%	21,429,903	13.81%
Other	10,751,861	5.81%	8,635,096	5.56%
	<b>119,313,510</b>	<b>64.44%</b>	<b>101,727,783</b>	<b>65.54%</b>
<b>Rest of Europe</b>				
BEKP pulp	5,626,518	3.04%	11,797,779	7.60%
UWF Paper	8,930,161	4.82%	5,734,831	3.69%
Tissue Paper	8,112,193	4.38%	1,049,256	0.68%
	<b>22,668,872</b>	<b>12.24%</b>	<b>18,581,866</b>	<b>11.97%</b>
<b>USA</b>				
UWF Paper	43,170,385	23.32%	34,898,958	22.49%
	<b>43,170,385</b>	<b>23.32%</b>	<b>34,898,958</b>	<b>22.49%</b>
	<b>185,152,767</b>	<b>100.00%</b>	<b>155,208,607</b>	<b>100.00%</b>

Inventories of finished and intermediate products include Euro 1,652,832 (31 December 2022: Euro 4,286,997) relating to inventories for which invoices have already been issued, but whose control has not been transferred to Customers.

As at 30 June 2023 and 31 December 2022, there are no inventories for which ownership is restricted and/or pledged as collateral for liabilities.





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

Amounts in Euro	30-06-2023	30-06-2022
Opening balance	141,167,998	103,036,550
Changes in the perimeter	(3,547,108)	-
Purchases	497,978,657	465,397,833
Inventory losses	(2,158,959)	1,249,902
Impairment losses	515,153	(4,443,295)
Closing balance	(165,536,906)	(122,033,503)
<b>Cost of goods sold and materials consumed (Note 2.3)</b>	<b>468,418,834</b>	<b>443,207,487</b>

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

Amounts in Euro	30-06-2023	30-06-2022
Wood / Biomass (external acquisitions)	214,075,755	188,766,086
Natural gas	31,246,777	23,026,384
Other fuels	19,858,056	13,431,461
Chemicals	113,282,942	111,623,093
BEKP pulp	12,905,112	17,805,277
Pine pulp	16,684,020	27,128,525
Paper (heavyweight)	2,277,537	2,380,648
Tissue paper - subcontracts	411,509	384,394
Consumables / Warehouse material	16,663,658	12,732,370
Packaging material	40,360,869	45,212,943
Other materials	652,598	716,306
	<b>468,418,834</b>	<b>443,207,488</b>

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

In 2023, production costs continued to rise across the board, 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 chemicals compared to the same period last year.

#### 4.1.3. Variation in production in the period

Amounts in Euro	30-06-2023	30-06-2022
Opening balance	(157,561,219)	(83,514,108)
Adjustments	396,363	(549,676)
Changes in the perimeter	(7,666,701)	-
Inventory losses	315,169	(110,930)
Impairment losses	4,954,133	5,538,788
Closing balance	186,947,825	132,377,621
<b>Change in production (Note 2.3)</b>	<b>27,385,572</b>	<b>53,741,697</b>

#### 4.1.4. Movements in impairment losses in inventories

Amounts in Euro	30-06-2023	31-12-2022
<b>Balance as at 1 January</b>	<b>(16,374,423)</b>	<b>(3,934,904)</b>
Increases (Note 2.3)	(4,562,677)	(10,033,486)
Reversals (Note 2.2)	123,697	51,403
<b>Impact on profit and loss for the period</b>	<b>(4,438,980)</b>	<b>(9,982,083)</b>
Charge-off	(121,597)	-
<b>Balance as at 30 June</b>	<b>(20,935,000)</b>	<b>(13,916,987)</b>
Remaining quarters		(2,457,436)
<b>Balance as at 31 December</b>		<b>(16,374,423)</b>



## 4.2 Receivables

Amounts in Euro	30-06-2023			31-12-2022		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (Note 8.1.4)	-	253,926,427	253,926,427	-	341,601,458	341,601,458
Receivables - related companies (Note 8.1.4)	-	2,540	2,540	-	-	-
State	-	35,542,052	35,542,052	-	59,852,618	59,852,618
Grants receivable	30,403,239	16,953,061	47,356,300	13,219,416	13,239,885	26,459,301
Enviva Pellets Greenwood, LLC (USA)	-	-	-	-	8,168,426	8,168,426
Accrued income	-	9,341,389	9,341,389	-	2,970,381	2,970,381
Deferred expenses	-	13,496,498	13,496,498	-	11,321,493	11,321,493
Derivative financial instruments (Note 8.2)	-	44,726,135	44,726,135	-	48,514,443	48,514,443
Other	908,411	14,168,375	15,076,787	12,063,442	13,474,704	25,538,146
	<b>31,311,650</b>	<b>388,156,477</b>	<b>419,468,128</b>	<b>25,282,858</b>	<b>499,143,408</b>	<b>524,426,266</b>

### State

State is detailed as follows:

Amounts in Euro	30-06-2023	31-12-2022
Value Added Tax - recoverable	4,429,283	15,023,507
Value Added Tax - repayment requests	31,112,769	44,829,111
	<b>35,542,052</b>	<b>59,852,618</b>

As at 30 June 2023, the amount of repayment requests comprised the following, by month and by company:

Amounts in Euro	Jun-2023	Total
The Navigator Company, S.A.	25,245,317	25,245,317
Navigator Paper Setúbal, S.A.	1,300,606	1,300,606
Navigator Abastecimento de Madeira, ACE	900,000	900,000
Navigator Forest Portugal, S.A.	400,000	400,000
Bosques do Atlântico, S.L.	3,151,846	3,151,846
Ema Cacia - Engenharia e Manutenção Industrial, A.C.E.	25,000	25,000
Ema Setubal-Engenharia e Manutenção Industrial, A.C.E.	30,000	30,000
Ema Figueira da Foz- Engenharia e Manutenção Industrial, A.C.E.	60,000	60,000
	<b>31,112,769</b>	<b>31,112,769</b>

Up to the date of issuing this report, the full amounts outstanding as at 30 June 2023 have already been received.

As at 31 December 2022, the amount of repayment 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
	<b>10,628,467</b>	<b>34,200,644</b>	<b>44,829,111</b>

All these amounts were received during the first quarter of 2023.



## Grants receivable

Grants receivable are detailed as follows:

Amounts in Euro	30-06-2023			31-12-2022		
	Non-current	Current	Total	Non-current	Current	Total
AICEP contracts	-	11,830,124	11,830,124	6,596,378	9,721,792	16,318,170
Recovery and Resilience Plan	24,006,512	1,395,072	25,401,584	3,621,520	483,757	4,105,277
Other	6,396,727	3,727,865	10,124,592	3,001,518	3,034,336	6,035,854
	<b>30,403,239</b>	<b>16,953,061</b>	<b>47,356,300</b>	<b>13,219,416</b>	<b>13,239,885</b>	<b>26,459,301</b>

## Enviva Pellets Greenwood, LLC (USA)

The last instalment was received in February 2023.

## Accrued Income and Deferred Expenses

Accrued income and deferred expenses are detailed as follows:

Amounts in Euro	30-06-2023	31-12-2022
<b>Accrued income</b>		
Interest receivable	2,554	-
Energy sales	5,023,675	1,871,271
Other	4,315,160	1,099,110
	<b>9,341,389</b>	<b>2,970,381</b>
<b>Deferred expenses</b>		
Insurance	1,411,378	289,531
Rentals	10,531,550	9,938,537
Other	1,553,570	1,093,425
	<b>13,496,498</b>	<b>11,321,493</b>
	<b>22,837,887</b>	<b>14,291,874</b>

## Other receivables

Other current and non-current receivables consist of the following:

### Other non-current receivables

Amounts in Euro	30-06-2023	31-12-2022
Captive insurance value	-	11,200,000
Work Compensation Fund	757,711	752,840
Deposits	41,002	41,002
Other shareholdings (Almascience, Forestwise, Cecolab, Colab BIOREF)	69,600	69,600
Other debtors	40,098	69,600
	<b>908,411</b>	<b>12,063,442</b>

### Other current receivables

Amounts in Euro	30-06-2023	31-12-2022
Advances to employees	169,312	113,456
Advances to suppliers	8,491,626	11,286,508
Other debtors	5,507,437	2,074,740
	<b>14,168,375</b>	<b>13,474,704</b>



## 4.3 Payables

Amounts in Euro	30-06-2023	31-12-2022
Trade payables	307,324,243	363,171,172
Trade payables - Property, plant and equipment - current account	47,493,455	5,134,947
State	50,340,138	44,299,175
Related parties (Note 10.3)	938,642	156,764
Other creditors - CO <sub>2</sub> emission allowances	19,930,018	44,830,523
Other creditors	6,006,396	5,693,320
Derivative financial instruments (Note 8.2)	4,489,486	4,682,533
Payroll costs accruals	39,715,206	52,435,012
Accrued expenses - interest payable	3,315,819	4,032,370
Wood suppliers bonus	4,029,397	5,687,729
Water resource fee	814,171	1,461,937
Rent liabilities	18,552,148	17,461,167
Other accrued expenses	13,029,157	17,130,610
Non-repayable grants	33,949,086	9,290,430
<b>Payables - current</b>	<b>549,927,362</b>	<b>575,467,689</b>
Non-repayable grants	46,575,566	30,545,424
Department of Commerce (USA)	1,434,950	4,306,974
<b>Payables - non-current</b>	<b>48,010,516</b>	<b>34,852,398</b>
	<b>597,937,878</b>	<b>610,320,087</b>

The increase in the balance of Trade payables - Property, plant and equipment is due to the greater volume of investments made in 2023, as mentioned in Note 2.1.

The decrease in Payroll costs accruals results from the recognition, in 2022, of a higher amount for employee bonuses and the reinforcement of the rejuvenation programme, which did not take place in the first half of 2023.

### State - Details

Amounts in Euro	30-06-2023	31-12-2022
Personal income tax withhold (IRS)	2,998,759	4,209,006
Value added tax	42,119,492	36,628,850
Contributions to Social Security	4,281,882	2,470,143
Other	940,005	991,176
	<b>50,340,138</b>	<b>44,299,175</b>

As at 30 June 2023 and 31 December 2022, there were no overdue debts to the State.

### Non-payable grants – Details

Amounts in Euro	30-06-2023	31-12-2022
Investment grants (Note 3.5)	3,278,037	3,271,135
Grants - CO <sub>2</sub> emission allowances (Note 3.2)	19,842,165	-
Other grants	10,828,884	6,019,295
<b>Non-repayable grants - current</b>	<b>33,949,086</b>	<b>9,290,430</b>
Investment grants (Note 3.5)	46,575,567	30,545,424
<b>Non-repayable grants - non-current</b>	<b>46,575,567</b>	<b>30,545,424</b>
	<b>80,524,653</b>	<b>39,835,854</b>



## Department of Commerce (USA)

As at 30 June 2023 and 31 December 2022, 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 Navigator. At this date, the review periods 6, 7 and 8, which comprise the period March 2021 to June 2023, are still open.

# 5. Capital structure

## 5.1 Share Capital and treasury Shares

### Navigator's Shareholders

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

As at 30 June 2023, 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 2022: 711,183,069 shares).

As at 30 June 2023 and 31 December 2022, the shareholders with qualified shareholdings in the Company's capital were as follows:

Name	30-06-2023		31-12-2022	
	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%
	<b>711,183,069</b>	<b>100.0%</b>	<b>711,183,069</b>	<b>100.0%</b>

As at 30 June 2023 and 31 December 2022, Navigator did not hold any treasury shares, the unit value of the share as that date being Euro 3.104 (31 December 2022: Euro 3.454) and the market capitalisation of the Company at this date amounted to Euro 2,207,512,246 (31 December 2022: Euro 2,456,426,320) compared to an equity, net of non-controlling interests, of Euro 1,193,285,429 (31 December 2022: Euro 1,259,409,537).

## 5.2 Earnings per share

	30-06-2023	30-06-2022
<b>Profit attributable to Navigator's equity holders (Euro)</b>	<b>137,444,689</b>	161,886,240
Total number of shares issued	711,183,069	<b>711,183,069</b>
Average number of treasury shares in the portfolio	-	-
<b>Weighted average number of shares</b>	<b>711,183,069</b>	711,183,069
<b>Basic earnings per share (Euro)</b>	<b>0.193</b>	0.228
<b>Diluted earnings per share (Euro)</b>	<b>0.193</b>	0.228



## 5.3 Dividends and reserves distributed

### Dividends and reserves distributed in the period

Amounts in Euro	Amount allocated	Dividends per share (Euro)
<b>Allocations in 2023</b>		
Distribution of retained earnings	199,984,679	0.281
<b>Allocations in 2022</b>		
Distribution of retained earnings	131,632,875	0.185
Distribution of free reserves	118,355,086	0.166

At the Annual General Meeting held on 17 May 2023, The Navigator Company, S.A. approved to distribute dividends in the amount of Euro 199,984,679.

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.

## 5.4 Reserves and retained earnings

Amounts in Euro	30-06-2023	31-12-2022
Currency translation reserve	7,583,474	5,343,706
Fair value reserve	31,966,550	33,997,828
Legal reserve	100,000,000	100,000,000
Other reserves	3,481,014	3,481,014
Retained earnings	412,809,702	224,049,919
<b>Reserves and retained earnings</b>	<b>555,840,740</b>	<b>366,872,467</b>

### Currency exchange reserve – detail

Amounts in Euro	30-06-2023	31-12-2022
Navigator North America (USD)	(5,392,286)	(4,147,000)
Navigator Paper Mexico (MXN)	(148,263)	(115,521)
Navigator Middle East Trading DMCC (AED)	(7,563)	(6,017)
Navigator Egypt (EGP)	11,556	(1,901)
Navigator Paper Company UK (GBP)	(120,801)	(230,994)
Navigator Eurasia (TYR)	799	799
Navigator Afrique du Nord (MAD)	395	395
Navigator Paper Poland (PLN)	(2,897)	(2,897)
Portucel Moçambique (MZM)	13,242,534	9,846,842
	<b>7,583,474</b>	<b>5,343,706</b>



## Fair value reserves - detail

Amounts in Euro	30-06-2023			31-12-2022		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Interest rate risk hedging	28,567,582	(7,856,086)	20,711,496	30,899,904	(8,497,474)	22,402,430
Foreign exchange hedging	15,524,212	(4,269,158)	11,255,054	15,993,652	(4,398,254)	11,595,398
	<b>44,091,794</b>	<b>(12,125,244)</b>	<b>31,966,550</b>	<b>46,893,556</b>	<b>(12,895,728)</b>	<b>33,997,828</b>

## Fair value reserves - movements

Amounts in Euro	30-06-2023	31-12-2022
<b>Opening balance</b>	<b>33,997,828</b>	<b>(5,604,076)</b>
Change in the fair value of derivative financial instruments (Note 8.2)	(2,801,763)	54,623,316
Deferred tax	770,485	(15,021,412)
<b>Closing balance</b>	<b>31,966,550</b>	<b>33,997,828</b>

## Other reserves – detail

Amounts in Euro	30-06-2023	31-12-2022
Transfer of legal reserve surplus to free reserves	9,790,475	9,790,475
Free reserves arising from the share capital reduction not yet distributed	5,994	5,994
Adjustments to the application of 2014 profits (balance sheet bonus)	1,476	1,476
Incorporation of capital reserves	(6,316,931)	(6,316,931)
	<b>3,481,014</b>	<b>3,481,014</b>

# 5.5 Non-controlling interests

## Detail of non-controlling interests, by subsidiary

Amounts in Euro	%	Equity		Net profit	
		30-06-2023	31-12-2022	2023	2022
Raiz - Instituto de Investigação da Floresta e Papel	3.0%	321,208	297,977	22,837	(5,593)
Portucel Moçambique	9.98%	-	-	-	-
		<b>321,208</b>	<b>297,977</b>	<b>22,837</b>	<b>(5,593)</b>

Non-controlling interests are related to RAIZ – Instituto de Investigação da Floresta e Papel, in which the Group holds 97% of the share capital and voting rights. The remaining 3% are held 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	2023	2022
<b>Opening balance</b>	<b>297,977</b>	<b>286,896</b>
Net profit for the period	22,837	1,861
Other comprehensive income	394	9,220
<b>Closing balance</b>	<b>321,208</b>	<b>297,977</b>

## 5.6 Interest-bearing liabilities

Amounts in Euro	30-06-2023			31-12-2022		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	407,500,000	22,500,000	430,000,000	420,000,000	22,500,000	442,500,000
Commercial paper	70,000,000	35,000,000	105,000,000	105,000,000	35,000,000	140,000,000
Bank loans	81,724,206	17,575,397	99,299,603	91,511,905	17,575,397	109,087,302
Other loans	-	4,903,844	4,903,844	-	-	-
Charges with bond issuances	(3,031,400)	-	(3,031,400)	(3,480,083)	-	(3,480,083)
Repayable grants	26,625,392	7,219,439	33,844,832	29,975,064	7,219,439	37,194,503
Deferrals and adjustments	-	-	-	-	-	-
<b>Debt securities and bank debt</b>	<b>582,818,198</b>	<b>87,198,681</b>	<b>670,016,879</b>	<b>643,006,886</b>	<b>82,294,836</b>	<b>725,301,722</b>
Average interest rate, considering charges for annual fees and hedging operations	2.0%			1.5%		

During the six-month period, the development of financing was determined by the repayments related to contracted debt, leading to the reduction observed.

The repayable 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 Group's subsidiary Navigator Tissue Aveiro, S.A., for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last refund happening in 2027.

### Interest-bearing liabilities – Details

30-06-2023						
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
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	janeiro 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	40,000,000	40,000,000	março 2025	Variable rate indexed to Euribor, with swap to fixed rate	20,000,000	20,000,000
Navigator 2021-2026	15,000,000	15,000,000	abril 2026	Variable rate indexed to Euribor	2,500,000	12,500,000
Navigator 2020-2026	75,000,000	75,000,000	dezembro 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	agosto 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	100,000,000
Fees	-	(3,031,400)			-	(3,031,400)
<b>European Investment Bank (EIB)</b>						
EIB Loan - Energy	10,625,000	10,625,000	December 2024	Variable rate indexed to Euribor	7,083,333	3,541,667
EIB Loan - Cacia	13,888,889	13,888,889	May 2028	Fixed rate	2,777,778	11,111,111
EIB Loan - Figueira	34,285,714	34,285,714	February 2029	Fixed rate	5,714,286	28,571,429
EIB Loan - ESG Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
<b>Commercial Paper Program</b>						
Commercial Paper Programme 175M	105,000,000	105,000,000	February 2026	Fixed rate	35,000,000	70,000,000
Commercial Paper Programme 65M	42,250,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	January 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
<b>Loans</b>						
Long-term investment	13,000,000	13,000,000	March 2026	Variable rate indexed to Euribor	2,000,000	11,000,000
Other loans	4,903,844	4,903,844			4,903,844	-
<b>Repayable grants</b>						
AICEP	33,844,832	33,844,832	November 2027	Fixed rate	7,219,439	26,625,392
Deferrals and adjustments	-	-			-	-
<b>Bank credit facilities</b>						
Short-term facility 20M	20,450,714	-			-	-
		<b>670,016,879</b>			<b>87,198,681</b>	<b>582,818,198</b>





31-12-2022

Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
<b>Bond loans</b>						
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	janeiro 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	margo 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	abril 2026	Variable rate indexed to Euribor	2,500,000	15,000,000
Navigator 2020-2026	75,000,000	75,000,000	dezembro 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	75,000,000
Navigator 2021-2026 ESG	100,000,000	100,000,000	agosto 2026	Variable rate indexed to Euribor, with swap to fixed rate	-	100,000,000
Fees	-	(3,480,083)			-	(3,480,083)
<b>European Investment Bank (EIB)</b>						
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 - ESG Biomass Boiler	27,500,000	27,500,000	March 2031	Fixed rate	-	27,500,000
<b>Commercial Paper Program</b>						
Commercial Paper Programme 175M	140,000,000	140,000,000	February 2026	Fixed rate	35,000,000	105,000,000
Commercial Paper Programme 65M	65,000,000	-	dezembro 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Programme 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
<b>Loans</b>						
Long-term investment	15,000,000	15,000,000	March 2026	Variable rate indexed to Euribor	2,000,000	13,000,000
<b>Repayable grants</b>						
AICEP	37,194,503	37,194,503	November 2027	Fixed rate	7,219,439	29,975,064
Deferrals and adjustments	-	-			-	-
<b>Bank credit facilities</b>						
Short-term facility 20M	20,450,714	-			-	-
		<b>725,301,722</b>			<b>82,294,836</b>	<b>643,006,886</b>

As at 30 June 2023, the average cost of debt, considering the interest rate, annual fees and hedging operations, was 2.0% (31 December 2022: 1.5%), due to the hedging through Swaps.

At 30 June 2023, 41% of the Group's financing is linked to compliance with sustainability commitments (31 December 2022: 38%).

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

Amounts in Euro	30-06-2023	31-12-2022
<b>Non-current</b>		
1 to 2 years	132,681,741	84,259,122
2 to 3 years	161,140,074	156,640,074
3 to 4 years	157,140,074	261,140,074
4 to 5 years	117,387,710	19,640,074
More than 5 years	17,500,000	124,807,625
	<b>585,849,599</b>	<b>646,486,969</b>
<b>Fees</b>	(3,031,400)	(3 480 083)
	<b>582,818,198</b>	<b>643,006,886</b>

As at 30 June 2023, the Group had contracted Commercial Paper Programs, contracted and undisbursed long-term financing, as well as available and undrawn credit facilities of Euro 187,700,714 (31 December 2022: Euro 210,450,714).

As at 30 June 2023 and 31 December 2022, the Group's interest-bearing net debt was as follows:

Amounts in Euro	30-06-2023	31-12-2022
Interest-bearing liabilities	670,016,879	725,301,722
Cash and cash equivalents (Note 5.8)	(97,509,556)	(343,083,788)
<b>Interest-bearing net debt</b>	<b>572,507,323</b>	<b>382,217,934</b>
<b>Lease liabilities</b> (Note 5.7)	65,217,472	61,641,049
<b>Interest-bearing net debt with lease liabilities</b>	<b>637,724,794</b>	<b>443,858,983</b>



## 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	$\leq 4.5$
		Bank	$\leq 4.0$
Net Debt / EBITDA	(Interest-bearing debt - Cash) / EBITDA 12M	Commercial Paper	$\leq 4.0 - 5.0$
		Bonds	$\leq 4.0$

As at 30 June 2023 and 31 December 2022, these ratios were as follows, based on these financial statements:

Ratio	30-06-2023	31-12-2022
Interest coverage	51.70	85.43
Indebtedness	1.04	0.98
Net Debt / EBITDA	0.89	0.52

The amounts calculated in the table above exclude lease liabilities.

Given the contractual limits, in 2023 and 2020 the Group is in compliance with the covenants negotiated. As at 30 June 2023 and 31 December 2021, Navigator presents a minimum safety margin above 80% on the fulfilment of its covenants.

## 5.7 Lease liabilities

### Lease liabilities - Nature

Amounts in Euro	30-06-2023			31-12-2022		
	Non-current	Current	Total	Non-current	Current	Total
Forestry lands	51,178,736	2,968,967	54,147,703	46,724,663	2,666,086	49,390,749
Buildings	1,614,193	521,649	2,135,842	1,868,940	513,178	2,382,118
Vehicles	3,141,249	1,466,550	4,607,799	3,070,109	1,540,904	4,611,013
Software licenses	24,246	139,647	163,893	94,312	155,401	249,713
Other lease liabilities	2,601,578	1,560,657	4,162,235	3,331,059	1,676,397	5,007,456
	<b>58,560,002</b>	<b>6,657,470</b>	<b>65,217,472</b>	<b>55,089,083</b>	<b>6,551,966</b>	<b>61,641,049</b>

### Lease liabilities - Movements

Amounts in Euro	2023	2022
<b>Balance as at 1 January</b>	<b>61,641,049</b>	<b>53,240,925</b>
Contract amortisation	(4,730,579)	(4,189,325)
New contracts	7,155,523	5,135,131
Interest expense	1,196,127	1,128,791
Other changes	(44,648)	-
<b>Total changes in related liabilities</b>	<b>3,576,423</b>	<b>2,074,597</b>
<b>Balance as at 30 June</b>	<b>65,217,472</b>	<b>55,315,522</b>
Remaining quarters		6,325,527
<b>Balance as at 31 December</b>		<b>61,641,049</b>



## Lease liabilities - Future liabilities

Amounts in Euro	30-06-2023			31-12-2022		
	Maturing rents	Interest on liabilities	Present value of liabilities	Maturing rents	Interest on liabilities	Present value of liabilities
Less than 1 year	4,408,498	2,248,972	6,657,470	4,435,662	2,116,304	6,551,966
1 to 2 years	3,830,171	2,073,270	5,903,441	3,891,713	1,952,737	5,844,450
2 to 3 years	3,115,627	1,910,557	5,026,183	3,041,072	1,797,386	4,838,458
3 to 4 years	2,944,287	1,752,985	4,697,272	2,809,096	1,653,338	4,462,434
4 to 5 years	2,137,436	1,610,721	3,748,157	2,165,139	1,516,362	3,681,501
More than 5 years	28,523,314	10,661,635	39,184,949	25,989,077	10,273,163	36,262,240
<b>Present value of liabilities</b>	<b>44,959,332</b>	<b>20,258,140</b>	<b>65,217,472</b>	<b>42,331,759</b>	<b>19,309,290</b>	<b>61,641,049</b>

## 5.8 Cash and cash equivalents

Amounts in Euro	30-06-2023	31-12-2022
Cash	35,268	32,356
Short-term bank deposits	91,334,908	191,824,254
Other short-term investments	6,139,380	151,227,178
	<b>97,509,556</b>	<b>343,083,788</b>

As at 30 June 2023, the caption Other short-term investments includes Euro 6,139,380 (31 December 2022: Euro 151,227,178) of amounts invested by Navigator in a portfolio of short-term highly liquid financial assets, including deposits, and issuers with adequate ratings.

As at 30 June 2023 and 31 December 2022, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group.

## 5.9 Cash flows from financing activities

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

Amounts in Euro	30-06-2023	31-12-2022
<b>Balance as at 1 January</b>	<b>725,301,722</b>	<b>833,944,049</b>
Payment of loans	(188,601,507)	(533,070,676)
Receipts from loans obtained	104,854,906	430,000,000
Repayable grants	(3,349,671)	(5,636,313)
Changes in borrowing costs	448,682	64,662
Changes in the perimeter	31,362,748	-
<b>Changes in interest-bearing debt</b>	<b>(55,284,843)</b>	<b>(108,642,327)</b>
<b>Gross interest-bearing debt</b>	<b>670,016,879</b>	<b>725,301,722</b>



## 5.10 Net financial results

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
Interest expense on debt securities and bank debt	(10,506,170)	(4,586,024)
Commissions on loans and expenses with the opening of credit facilities	(1,303,956)	(1,979,426)
<b>Interest expense by applying the effective interest method</b>	<b>(11,810,126)</b>	<b>(6,565,450)</b>
Interest expense on lease liabilities	(1,196,127)	(1,128,791)
<b>Financial expenses related to the Group's capital structure</b>	<b>(13,006,253)</b>	<b>(7,694,241)</b>
Favourable / (Unfavourable) exchange rate differences	(452,527)	(28,461,291)
Gains / (Losses) on financial instruments - interest-rate hedging (Note 8.2)	-	(1,259,597)
Gains / (Losses) on financial instruments - hedging (Note 8.2)	(793,498)	(5,765,375)
Losses on compensatory interest	(363,674)	(950,726)
Other expenses and financial losses	(434,444)	(1,365,431)
<b>Financial expenses and losses</b>	<b>(15,050,396)</b>	<b>(45,496,661)</b>
Interest income on financial assets at amortised costs	2,892,274	437,871
Gains on financial instruments - hedging (Note 8.2)	3,672,770	-
<b>Financial income and gains</b>	<b>6,565,044</b>	<b>437,871</b>
<b>Financial results</b>	<b>(8,485,352)</b>	<b>(45,058,790)</b>

Financial results were negative Euro 8.5 million (30 June 2022: negative Euro 45 million). It should be noted that in the same period of the previous year, financial results were penalised by non-recurring impacts (non-cash), resulting essentially from the recognition of unfavourable exchange rate differences in the income statement.

Excluding non-recurring impacts, there was a positive evolution of Euro 6.2 million compared to the same period last year. The rise in interest rates made it possible to optimise the management of excess cash and also the policy of hedging interest rate risk which, despite the rapid rise in interest rates, allowed financing costs to remain stable.

## 6. Income tax

### 6.1 Income tax for the period

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

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
Current tax	51,485,888	76,830,402
Variation of uncertain tax positions in the period	(6,400,512)	(7,864,761)
Deferred tax (Note 6.2)	(3,394,027)	(2,955,767)
	<b>41,691,349</b>	<b>66,009,875</b>

As at 30 June 2023, Current tax includes Euro 47,861,847 (30 June 2022: Euro 70,766,964) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

As at 30 June 2023 and 2022, 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:

	2023	2022
<b>Portugal</b>		
Nominal rate of income tax	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	<b>22.5%</b>	<b>22.5%</b>
State surcharge - on the share of taxable profits between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on the share of taxable profits between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on the share of taxable profits above Euro 35,000,000	9.0%	9.0%

### Reconciliation of the effective income tax rate for the period

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
<b>Profit before income tax</b>	<b>179,158,874</b>	<b>227,890,522</b>
Expected tax at nominal rate (21%)	37,623,364	47,857,010
Municipal surcharge (2023: 1.63% ; 2022: 1.70%)	2,914,213	3,869,966
State surcharge (2023: 4.66% ; 2022: 6.07%)	8,356,226	13,836,154
<b>Income tax resulting from the applicable tax rate</b>	<b>48,893,803</b>	<b>65,563,129</b>
<b>Nominal tax rate for the period</b>	<b>27.3%</b>	<b>28.8%</b>
Differences (a)	(264,013)	976,161
Excess of income tax estimate	(7,157,543)	-
Tax benefits	-	(727,073)
Autonomous taxation	219,102	197,658
	<b>41,691,349</b>	<b>66,009,875</b>
<b>Effective tax rate</b>	<b>23.3%</b>	<b>29.0%</b>

(a) This amount concerns mainly:

	6 months 30-06-2023	6 months 30-06-2022
Capital gains/ (losses) for tax purposes	(1,157)	32,369
Capital gains/ (losses) for accounting purposes	770	(88,453)
Taxable provisions and impairment	2,755,856	5,655,249
Tax benefits	(1,271,247)	(2,496,517)
Post-employment benefits	65,755	48,330
Other	(2,510,024)	398,698
	<b>(960,048)</b>	<b>3,549,676</b>
<b>Tax effect (27.5%)</b>	<b>(264,013)</b>	<b>976,161</b>



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

Amounts in Euro	30-06-2023	31-12-2022
<b>Assets</b>		
Amounts pending repayment	16,139,210	16,216,543
	<b>16,139,210</b>	<b>16,216,543</b>
<b>Liabilities</b>		
Corporate Income Tax - IRC	64,439,353	110,712,325
Additional tax liabilities (IRC)	19,731,320	14,762,361
	<b>84,170,673</b>	<b>125,474,686</b>

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

Amounts in Euro	30-06-2023	31-12-2022
Income tax for the period	51,485,888	150,703,440
Payments on account, special and additional payments on account	(1,741,026)	(37,500,934)
Withholding tax recoverable	(1,030,675)	(44,686)
Corporate income tax payable/ (repayable) from previous years	16,568,945	-
Other payables / (receivables)	(843,779)	(2,445,495)
	<b>64,439,353</b>	<b>110,712,325</b>

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

Amounts in Euro	30-06-2023	31-12-2022
Payment/ (Repayment) of corporate income tax for the previous period	84,783,823	10,851,693
Payments on account, special and additional payments on account	1,741,026	37,500,934
Withholding tax	1,030,675	44,686
Repayments of tax proceedings decided in favour of the group	(77,333)	(977,298)
Payments of additional tax liabilities	32,740	17,350,270
Other income tax payments/ (repayment)	(829)	(4,905)
<b>Income tax paid / (received)</b>	<b>87,510,102</b>	<b>64,765,380</b>

### Amounts pending refund

Amounts in Euro	30-06-2023	31-12-2022
2005 Corporate income tax (RETGS)	13,886,728	13,886,728
RFAI 2010 to 2012 - compensatory interest	999,278	1,076,611
2016 Corporate income tax - Navigator Tissue Rodão	861,866	861,866
2016 Corporate income tax - CAAD 7/2022 Proceeding	272,697	272,697
2020 Corporate income tax (RETGS)	62,867	62,867
Other	55,774	55,774
	<b>16,139,210</b>	<b>16,216,543</b>

The movements in the period are detailed as follows:

Amounts in Euro	30-06-2023	31-12-2022
<b>Balance at the beginning of the period</b>	<b>16,216,543</b>	<b>1,118,815</b>
Increases	-	16,075,026
Payments / (receipts)	(77,333)	(977,298)
Reversals	-	-
	<b>16,139,210</b>	<b>16,216,543</b>



## Uncertain tax positions –Liabilities

Amounts in Euro	30-06-2023	31-12-2022
<b>Balance at the beginning of the period</b>	<b>14,762,361</b>	<b>19,967,180</b>
Increases	5,001,699	4,572,566
(Payments) / receipts	(32,740)	17,350,270
Reversals	-	(27,127,655)
<b>Changes in the period</b>	<b>4,968,959</b>	<b>(5,204,819)</b>
	<b>19,731,320</b>	<b>14,762,361</b>

## Taxes paid in litigation

As at 30 June 2023 and 31 December 2022, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	30-06-2023	31-12-2022
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
2018 Aggregated corporate income tax	12,887,569	14,433,913
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2015 State surcharge II	6,970,541	-
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
2019 State surcharge	2,466,974	-
2016 and 2017 CDTJI Corporate Income Tax	1,522,660	1,522,660
	<b>74,426,463</b>	<b>66,535,292</b>

## 6.2 Deferred taxes

### Movements in deferred taxes

Amounts in Euro	As at 1 January 2023	Changes in the perimeter	Income Statement		Equity	As at 30 June 2023
			Increases	Decreases		
<b>Temporary differences originating deferred tax assets</b>						
Tax losses carried forward	-	48,042	-	-	-	48,042
Taxed provisions	13,913,990	-	422,367	(628,151)	-	13,708,206
Adjustment of property, plant and equipment	43,767,507	288,251	13,961,905	(14,420,500)	-	43,597,163
Deferred accounting gains on intra-group transactions	26,228,453	-	12,960,651	(912,333)	-	38,276,771
Valuation of biological assets	14,456,082	-	1,526,803	-	-	15,982,885
Conventional capital remuneration	560,000	-	-	(70,000)	-	490,000
	<b>98,926,032</b>	<b>336,293</b>	<b>28,871,726</b>	<b>(16,030,984)</b>	<b>-</b>	<b>112,103,067</b>
<b>Temporary differences originating deferred tax liabilities</b>						
Pensions and other post-employment benefits	(358,483)	-	(3,158)	(3,165)	(48,497)	(413,303)
Financial instruments	(47,174,485)	-	-	-	2,801,762	(44,372,723)
Valuation of biological assets	(5,403,744)	-	-	-	-	(5,403,744)
Adjustment of property, plant and equipment	(300,707,813)	(3,279)	6,263,963	(6,990,733)	-	(301,437,862)
Government grants	(3,862,494)	(502,443)	234,269	-	32,480	(4,098,188)
	<b>(357,507,019)</b>	<b>(505,722)</b>	<b>6,495,074</b>	<b>(6,993,898)</b>	<b>2,785,745</b>	<b>(355,725,820)</b>
<b>Deferred tax assets</b>	<b>27,204,659</b>	<b>92,481</b>	<b>7,939,725</b>	<b>(4,408,521)</b>	<b>-</b>	<b>30,828,344</b>
<b>Deferred tax liabilities</b>	<b>(98,314,430)</b>	<b>(139,074)</b>	<b>1,786,145</b>	<b>(1,923,322)</b>	<b>766,080</b>	<b>(97,824,599)</b>



Amounts in Euro	As at 1 January	Income Statement		Equity	As at 31
	2022	Increases	Decreases		December 2022
<b>Temporary differences originating deferred tax assets</b>					
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
Government grants	203,588	-	(203,588)	-	-
Conventional capital remuneration	4,200,000	-	(3,640,000)	-	560,000
	<b>99,957,031</b>	<b>28,964,309</b>	<b>(22,546,478)</b>	<b>(7,448,830)</b>	<b>98,926,032</b>
<b>Temporary differences originating deferred tax liabilities</b>					
Pensions and other post-employment benefits	(388,758)	(213,971)	-	244,246	(358,483)
Financial instruments	-	-	-	(47,174,485)	(47,174,485)
Deferred accounting losses on intra-group transactions	-	-	-	-	-
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)
Government grants	(4,142,627)	213,450	-	66,683	(3,862,494)
	<b>(336,468,274)</b>	<b>27,504,892</b>	<b>(1,680,081)</b>	<b>(46,863,556)</b>	<b>(357,507,019)</b>
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)	-	-
<b>Deferred tax assets</b>	<b>28,037,408</b>	<b>7,965,185</b>	<b>(6,749,505)</b>	<b>(2,048,428)</b>	<b>27,204,659</b>
<b>Deferred tax liabilities</b>	<b>(92,528,775)</b>	<b>7,563,845</b>	<b>(462,022)</b>	<b>(12,887,478)</b>	<b>(98,314,430)</b>

As at 30 June 2023 and 31 December 2022, the rate of 27.50% was used in the measurement of deferred taxes.

## 7. Payroll

### 7.1 Payroll costs

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
Remuneration of Corporate Bodies - fixed	1,847,118	1,636,981
Remuneration of Corporate Bodies - variable	748,477	2,920,949
Other remunerations	68,618,036	64,100,542
Contributions to Social Security	13,362,422	11,399,988
Post-employment benefits (Note 7.2.4)	750,349	709,693
Other payroll costs	3,864,247	11,786,842
<b>Payroll costs</b>	<b>89,190,649</b>	<b>92,554,995</b>

Navigator's good performance in the period enabled the increase in remunerations, employee bonuses and productivity bonuses. It should be noted that, by resolution of the General Meeting of 17 May 2023, the remuneration of the Governing Bodies will now be paid 12 times a year instead of 14.

Overall, the reduction in payroll costs is due to lower spending on the rejuvenation programme.

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

	30-06-2023	31-12-2022	Variation 23/22
Market pulp	268	262	6
UWF	1,815	1,801	14
Tissue	565	410	155
Other	798	773	25
	<b>3,446</b>	<b>3,246</b>	<b>200</b>

The number of employees includes 149 employees assigned to the "Consumer" tissue business in Spain acquired in 2023.





Other Payroll costs are detailed as follows during the periods ended 30 June 2023 and 2022:

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
Training	489,807	297,239
Social action	1,106,842	1,175,692
Insurance	2,441,261	2,304,135
Compensations	(312,344)	7,872,318
Other	138,681	137,457
	<b>3,864,247</b>	<b>11,786,842</b>

## 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 30 June 2023, three Defined Contribution plans were in force covering 3,110 employees (2022: 3,002 Employees) (Note 7.2.3).



## 7.2.2. Defined benefit plan

### Net Liabilities

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

	30-06-2023		31-12-2022	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	360	50,958,510	367	49,465,578
Alumni	126	19,799,204	140	22,728,925
Retired employees	602	90,399,651	590	85,075,143
Market value of pension funds		(156,367,416)		(154,433,916)
<b>Total net liabilities</b>	<b>1,088</b>	<b>4,789,949</b>	<b>1,097</b>	<b>2,835,730</b>

### Historical information - last five years

Amounts in Euro	2019	2020	2021	2022	2023
Present value of liabilities	179,880,752	191,253,527	191,002,589	157,269,646	161,157,365
Fair value of assets and reserves	173,292,676	178,691,062	185,327,671	154,433,916	156,367,416
<b>Surplus / (deficit)</b>	<b>(6,588,076)</b>	<b>(12,562,465)</b>	<b>(5,674,918)</b>	<b>(2,835,730)</b>	<b>(4,789,949)</b>

### Evolution of defined benefit plan liabilities

2023	Opening balance	Remeasurement	Current services expenses	Interest expense	Actuarial deviations	Payments performed	Closing balance
Amounts in Euro							
Pensions with autonomous fund	157,269,646	-	9,439	2,699,380	4,194,607	(3,015,707)	161,157,365
	<b>157,269,646</b>	<b>-</b>	<b>9,439</b>	<b>2,699,380</b>	<b>4,194,607</b>	<b>(3,015,707)</b>	<b>161,157,365</b>

2022	Opening balance	Remeasurement	Current services expenses	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
	<b>191,002,589</b>	<b>-</b>	<b>26,336</b>	<b>2,349,180</b>	<b>(29,869,349)</b>	<b>(6,239,110)</b>	<b>157,269,646</b>

The average expected duration of defined benefit liabilities is 13.4 years (2022: 13.4 years).

### Funds

#### Funds allocated to the defined benefit pension plans – Evolution

Amounts in Euro	2023	2022
<b>Opening balance</b>	<b>154,433,916</b>	<b>185,327,671</b>
Charge for the period	-	-
Expected income for the period	2,645,880	1,138,957
Remeasurement	2,303,327	(22,536,628)
Pensions paid	(3,015,707)	(2,827,129)
<b>Balance as at 30 June</b>	<b>156,367,416</b>	<b>161,102,871</b>
Remaining quarters		(6,668,955)
<b>Balance as at 31 December</b>		<b>154,433,916</b>

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



Amounts in Euro

	30-06-2023	31-12-2022
Defined benefits and <i>Conta 1</i> :		
AGEAS - Pensions	171,018	105,079
Schroders	63,078,855	62,325,236
Santander AM	63,795,227	62,244,783
<i>Conta 1</i> - Julius Baer	29,322,315	29,758,819
<b>Total Defined Benefits and <i>Conta 1</i></b>	<b>156,367,416</b>	<b>154,433,916</b>

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

Amounts in Euro	30-06-2023	%	31-12-2022	%
<b>Listed securities in active market</b>				
Bonds	94,205,734	60.25%	94,778,925	61.37%
Shares	38,143,816	24.39%	40,402,326	26.16%
Public debt	20,233,572	12.94%	17,282,244	11.19%
Liquidity	3,784,294	2.42%	1,865,342	1.21%
Other short-term investments	-	0.00%	105,079	0.07%
	<b>156,367,416</b>	<b>100.00%</b>	<b>154,433,916</b>	<b>100.00%</b>

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

### 7.2.3. Defined contributions plan

As at 30 June 2023 and 31 December 2022, three defined contribution plans were in force on behalf of employees.

The assets of the pension fund that finance the defined contribution plans are under the management of Ageas Pensões, as detailed below:

Amounts in Euro	No. of Beneficiaries	Profitability %	30-06-2023	No. of Beneficiaries	Profitability %	31-12-2022
Defined Contribution (Ageas Pensões):						
Defensive sub-fund	128	-0.01%	6,522,263	112	2.92%	6,804,787
Conservative sub-fund	398	0.34%	15,208,400	370	5.89%	14,513,526
Dynamic sub-fund	739	1.08%	14,849,076	716	10.46%	14,840,248
Aggressive sub-fund	1,845	1.79%	5,741,849	1,899	16.04%	5,541,395
<b>Total defined contribution</b>	<b>3,110</b>		<b>42,321,588</b>	<b>3,097</b>		<b>41,699,956</b>

\* 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 30 June 2023 and 2022 was as follows:

Amounts in Euro	6 months 30-06-2023	6 months 30-06-2022
<b>Defined Benefit Plan</b>		
Current services expenses	9,439	13,168
Net interest	2,699,380	1,174,590
Expected return on plan assets	(2,645,880)	(1,138,957)
	<b>62,939</b>	<b>48,801</b>
<b>Defined Contribution Plan</b>		
Contributions for the period	687,410	660,892
	<b>687,410</b>	<b>660,892</b>
	<b>750,349</b>	<b>709,693</b>



## 7.2.5. Remeasurements recognised directly in other comprehensive income

2023	Amounts in Euro	Change in assumptions	Remeasurement			Expected return on plan assets	Gross amount	Deferred tax	Impact on Equity
			Demographic assumptions	Financial assumptions	Experience assumptions				
	Pensions with autonomous fund	-	-	(3,992,043)	(202,563)	2,303,327	(1,891,279)	(13,337)	(1,904,616)
		-	-	(3,992,043)	(202,563)	2,303,327	(1,891,279)	(13,337)	(1,904,616)

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

The above-mentioned remeasurements are the result of experience gains and losses, both in financial and demographic terms.

## Significant estimates and judgements

### Actuarial assumptions

	30-06-2023	31-12-2022
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%	3.50%
Wage growth rate	2.00%	2.00%
Return rate on plan assets	3.50%	3.50%
Pensions growth rate	1.5% or 2.0%	1.5% or 2.0%

In the period ended 30 June 2023 and given the duration of the liabilities, there were no significant changes in the discount rates that would justify updating the actuarial plan and its assumptions.

### Sensitivity analysis

Amounts in Euro	30-06-2023	31-12-2022
<b>0.5% decrease in the discount rate</b>		
Increase in liabilities assumed	9,164,559	10,585,975
<b>0.5% increase in the discount rate</b>		
Decrease in liabilities assumed	(9,934,489)	(9,619,544)
<b>0.5% decrease in the wage growth rate</b>		
Decrease in liabilities assumed	(2,109,530)	(2,067,884)
<b>0.5% increase in the wage growth rate</b>		
Increase in liabilities assumed	2,001,902	2,174,018
<b>0.5% decrease in the pensions growth rate</b>		
Decrease in liabilities assumed	(7,956,263)	(7,796,773)
<b>0.5% increase in the pensions growth rate</b>		
Increase in liabilities assumed	8,005,524	7,963,146



## 7.3 Remuneration of corporate bodies

Amounts in Euro	2023	2022
<b>Navigator Corporate Bodies</b>		
Board of Directors	1,516,949	1,453,074
Supervisory Board	26,999	23,142
Environment Board	34,000	19,000
General Meeting	4,000	3,000
	<b>1,581,948</b>	<b>1,498,216</b>
<b>Corporate Bodies of other Group companies</b>	<b>265,169</b>	<b>138,766</b>
<b>Total (Note 7.1)</b>	<b>1,847,118</b>	<b>1,636,981</b>

## 8. Financial instruments

### 8.1 Financial risk management

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

#### 8.1.1. Currency risk

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

30 June 2023	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	1,235,069	723,194	244,008	742,080	69,660	28,517,003	664,450	40,922	2,604,671
Receivables	118,931,640	22,010,570	7,012,574	124,482	1,746,183	16,154,123	-	-	138,698,286
<b>Total financial assets</b>	<b>120,166,709</b>	<b>22,733,764</b>	<b>7,256,582</b>	<b>866,562</b>	<b>1,815,843</b>	<b>44,671,126</b>	<b>664,450</b>	<b>40,922</b>	<b>141,302,957</b>
Loans									
Payables	(6,145,998)	(239,901)	(16,656)	(94,965)	(91,417)	-	(73,833)	-	(6,043,015)
<b>Total financial liabilities</b>	<b>(6,145,998)</b>	<b>(239,901)</b>	<b>(16,656)</b>	<b>(94,965)</b>	<b>(91,417)</b>	<b>-</b>	<b>(73,833)</b>	<b>-</b>	<b>(6,043,015)</b>
<b>Financial net position in foreign currency</b>	<b>114,020,711</b>	<b>22,493,863</b>	<b>7,239,926</b>	<b>771,597</b>	<b>1,724,426</b>	<b>44,671,126</b>	<b>590,617</b>	<b>40,922</b>	<b>135,259,943</b>
<b>Financial net position in Euro</b>	<b>104,933,473</b>	<b>26,208,071</b>	<b>1,631,055</b>	<b>27,246</b>	<b>1,761,776</b>	<b>641,734</b>	<b>54,599</b>	<b>1,989</b>	<b>135,259,943</b>
Impact of + 10% change in all exchange rates on profit and loss for the period									12,296,358
Impact of - 10% change in all exchange rates on profit and loss for the period									(15,028,883)

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
<b>Total financial assets</b>	<b>121,848,094</b>	<b>28,123,836</b>	<b>22,912,594</b>	<b>401,739</b>	<b>3,232,465</b>	<b>189,217,832</b>	<b>528,284</b>	<b>40,922</b>	<b>161,132,351</b>
Loans									
Payables	-	(270,975)	(11,083)	(22,910)	(30,685)	-	(98,203)	-	(1,373,124)
<b>Total financial liabilities</b>	<b>-</b>	<b>(270,975)</b>	<b>(11,083)</b>	<b>(22,910)</b>	<b>(30,685)</b>	<b>-</b>	<b>(98,203)</b>	<b>-</b>	<b>(1,373,124)</b>
<b>Financial net position in foreign currency</b>	<b>121,848,094</b>	<b>27,852,861</b>	<b>22,901,511</b>	<b>378,829</b>	<b>3,201,780</b>	<b>189,217,832</b>	<b>430,081</b>	<b>40,922</b>	<b>159,759,227</b>
<b>Financial net position in Euro</b>	<b>117,308,264</b>	<b>32,454,977</b>	<b>4,882,635</b>	<b>21,870</b>	<b>3,214,639</b>	<b>2,847,308</b>	<b>40,715</b>	<b>2,405</b>	<b>160,772,812</b>
Impact of + 10% change in all exchange rates on profit and loss for the period									9,305,760
Impact of - 10% change in all exchange rates on profit and loss for the period									(11,373,706)



## Exchange rates used

	30-06-2023	31-12-2022	Valuation / (Devaluation)
<b>GBP (Sterling pound)</b>			
Average exchange rate for the period	0.88	0.85	-2.76%
Closing exchange rate for the period	0.86	0.89	3.23%
<b>USD (American dollar)</b>			
Average exchange rate for the period	1.08	1.05	-2.65%
Closing exchange rate for the period	1.09	1.07	-1.88%
<b>PLN (Polish zloti)</b>			
Average exchange rate for the period	4.62	4.69	1.33%
Closing exchange rate for the period	4.44	4.68	5.17%
<b>SEK (Swedish krona)</b>			
Average exchange rate for the period	11.33	10.63	-6.61%
Closing exchange rate for the period	11.81	11.12	-6.15%
<b>CZK (Czech koruna)</b>			
Average exchange rate for the period	23.69	24.57	3.58%
Closing exchange rate for the period	23.74	24.12	1.55%
<b>CHF (Swiss franc)</b>			
Average exchange rate for the period	0.99	1.00	1.89%
Closing exchange rate for the period	0.98	0.98	0.60%
<b>DKK (Danish krone)</b>			
Average exchange rate for the period	7.45	7.44	-0.09%
Closing exchange rate for the period	7.45	7.44	-0.15%
<b>HUF (Hungarian forint)</b>			
Average exchange rate for the period	380.85	391.43	2.70%
Closing exchange rate for the period	371.93	400.87	7.22%
<b>AUD (Australian dollar)</b>			
Average exchange rate for the period	1.60	1.52	-5.44%
Closing exchange rate for the period	1.64	1.57	-4.49%
<b>MZN (Mozambican metical)</b>			
Average exchange rate for the period	69.04	67.20	-2.73%
Closing exchange rate for the period	69.61	68.18	-2.10%
<b>MAD (Moroccan dirham)</b>			
Average exchange rate for the period	11.02	10.69	-3.13%
Closing exchange rate for the period	10.82	11.16	3.06%
<b>NOK (Norway kroner)</b>			
Average exchange rate for the period	11.32	10.10	-12.04%
Closing exchange rate for the period	11.70	10.51	-11.32%
<b>MXN (Mexican peso)</b>			
Average exchange rate for the period	19.65	21.18	7.24%
Closing exchange rate for the period	18.56	20.86	11.00%
<b>AED (Dirham)</b>			
Average exchange rate for the period	3.97	3.87	-2.62%
Closing exchange rate for the period	3.99	3.92	-1.87%
<b>CAD (Canadian dollar)</b>			
Average exchange rate for the period	1.46	1.37	-6.38%
Closing exchange rate for the period	1.44	1.44	0.17%
<b>ZAR (South African rand)</b>			
Average exchange rate for the period	19.68	17.21	-14.36%
Closing exchange rate for the period	20.58	18.10	-13.70%
<b>BRL (Brazilian real)</b>			
Average exchange rate for the period	5.48	5.44	-0.82%
Closing exchange rate for the period	5.28	5.64	6.38%
<b>EGP (Egyptian pound)</b>			
Average exchange rate for the period	32.93	20.18	-63.13%
Closing exchange rate for the period	33.72	26.31	-28.16%
<b>TRY (Turkish lira)</b>			
Average exchange rate for the period	21.57	17.42	-23.82%
Closing exchange rate for the period	28.32	19.96	-41.85%



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 are more numerous than the currencies presented in this note.

### 8.1.2. Interest rate risk

#### Exposure to interest rate risk

As at 30 June 2022 and 31 December 2022, 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
<b>As at 30 June 2023</b>						
<b>Assets</b>						
Current						
Cash and cash equivalents	97,509,556	-	-	-	-	97,509,556
<b>Total financial assets</b>	<b>97,509,556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,509,556</b>
<b>Liabilities</b>						
Non-current						
Interest-bearing liabilities	-	-	-	538,692,806	17,500,000	556,192,806
Repayable grants	-	-	-	26,625,392	-	26,625,392
Current						
Interest-bearing liabilities	-	17,760,987	62,218,254	-	-	79,979,241
Repayable grants	-	-	7,219,439	-	-	7,219,439
<b>Total financial liabilities</b>	<b>-</b>	<b>17,760,987</b>	<b>69,437,694</b>	<b>565,318,198</b>	<b>17,500,000</b>	<b>670,016,879</b>
<b>Cumulative differential</b>	<b>97,509,556</b>	<b>79,748,569</b>	<b>10,310,875</b>	<b>(555,007,323)</b>	<b>(572,507,323)</b>	
<b>As at 31 December 2022</b>						
<b>Assets</b>						
Current						
Cash and cash equivalents	343,083,788	-	-	-	-	343,083,788
<b>Total financial assets</b>	<b>343,083,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343,083,788</b>
<b>Liabilities</b>						
Non-current						
Interest-bearing liabilities	-	-	-	492,801,587	123,710,317	616,511,905
Repayable grants	-	-	-	28,877,757	1,097,307	29,975,064
Current						
Interest-bearing liabilities	-	49,857,143	25,218,254	-	-	75,075,397
Repayable grants	-	-	7,219,439	-	-	7,219,439
<b>Total financial liabilities</b>	<b>-</b>	<b>49,857,143</b>	<b>32,437,693</b>	<b>521,679,344</b>	<b>124,807,625</b>	<b>728,781,805</b>
<b>Cumulative differential</b>	<b>343,083,788</b>	<b>293,226,645</b>	<b>260,788,952</b>	<b>(260,890,392)</b>	<b>(385,698,017)</b>	



### 8.1.3. Liquidity risk

#### Contractual maturity of financial liabilities (undiscounted flows, including interest)

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
<b>As at 30 June 2023</b>						
Liabilities						
Interest-bearing liabilities (Note 5.6)						
Bond loans	-	10,970,000	31,277,500	450,425,000	-	492,672,500
Commercial paper	-	745,500	35,745,500	71,491,000	-	107,982,000
Bank loans	-	3,178,395	16,497,675	68,039,240	17,733,286	105,448,597
Other loans	-	4,903,844	7,219,439	26,625,392	-	38,748,676
Lease liabilities (Note 5.7)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	(2,526,194)	(9,074,895)	(18,015,719)	-	(29,616,808)
Other payables	-	-	-	-	-	-
<b>Total liabilities</b>	-	<b>17,271,546</b>	<b>81,665,219</b>	<b>598,564,914</b>	<b>17,733,286</b>	<b>715,234,965</b>
<b>Of which interest (at the rates prevailing at that date)</b>						<b>71,803,493</b>

Amounts in Euro	-1 month	1-3 months	3-12 months	1-5 years	+ 5 years	Total
<b>As at 31 December 2022</b>						
Liabilities						
Interest-bearing liabilities (Note 5.6)						
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
Other loans	-	-	7,219,439	28,877,757	1,097,307	37,194,504
Lease liabilities (Note 5.7)	-	-	-	-	-	-
Derivative financial instruments (Note 8.2)	-	(1,027,675)	(5,685,408)	(24,583,272)	(652,775)	(31,949,130)
Other payables	-	-	-	-	-	-
<b>Total liabilities</b>	<b>420,000</b>	<b>50,374,043</b>	<b>43,780,352</b>	<b>554,310,134</b>	<b>126,882,347</b>	<b>775,766,877</b>
<b>Of which interest (at the rates prevailing at that date)</b>						<b>41,739,698</b>

#### Credit facilities available but not used

Amounts in Euro	30-06-2023	31-12-2022
Unused credit facilities		
Commercial paper (with long term underwriting)	167,250,000	190,000,000
Other credit facilities	20,450,714	20,450,714
	<b>187,700,714</b>	<b>210,450,714</b>
Commercial paper used (Note 5.6)	105,000,000	140,000,000
Other credit lines used	568,048,279	588,781,805
<b>Contracted credit facilities (nominal value)</b>	<b>860,748,993</b>	<b>939,232,519</b>

### 8.1.4. Credit risk

#### Maximum exposure to credit risk

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

Amounts in Euro	30-06-2023	31-12-2022
Non-current		
Receivables (Note 4.2)	31,311,650	25,282,858
Current		
Receivables (Note 4.2)	388,156,477	499,143,408
Cash and cash equivalents (Note 5.8)	97,509,556	343,083,788
	<b>516,977,684</b>	<b>867,510,054</b>





## Ageing structure of Trade receivables balances

Amounts in Euro	30-06-2023	31-12-2022
Amounts not due	240,592,587	300,633,239
from 1 to 90 days	12,665,010	40,593,683
from 91 to 180 days	584,771	339,640
from 181 to 360 days	86,599	22,940
from 361 to 540 days	-	2,224
from 541 to 720 days	-	8,507
more than 721 days	-	1,226
	<b>253,928,967</b>	<b>341,601,458</b>
Balances considered impaired	4,329,793	6,621,084
Impairment	(4,329,793)	(6,621,084)
<b>Net balance of trade receivables (Note 4.2)</b>	<b>253,928,967</b>	<b>341,601,458</b>

The portfolio of outstanding balances was analysed according to the respective business areas as follows:

### As at 30 June 2023

Amounts in Euro	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	Total
Amounts not due	31,248,972	142,993,060	51,747,143	7,922,034	6,681,378	240,592,587
from 1 to 90 days	-	9,781,934	2,740,735	-	142,341	12,665,010
from 91 to 180 days	-	483,870	26,341	-	74,560	584,771
from 181 to 360 days	-	-	-	-	86,599	86,599
from 361 to 540 days	-	-	-	-	-	-
from 541 to 720 days	-	-	-	-	-	-
more than 721 days	-	-	-	-	-	-
	<b>31,248,972</b>	<b>153,258,864</b>	<b>54,514,219</b>	<b>7,922,034</b>	<b>6,984,878</b>	<b>253,928,967</b>

### As at 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
	<b>18,940,061</b>	<b>240,428,617</b>	<b>44,400,815</b>	<b>23,459,074</b>	<b>14,372,891</b>	<b>341,601,458</b>



The following table shows the Group's credit risk quality in relation to financial assets (Cash and cash equivalents) (Highest credit rating given by one of the three rating agencies, Standard and Poor's, Fitch or Moody's):

Financial Institutions		
Amounts in Euro	30-06-2023	31-12-2022
<b>Rating</b>		
AA	2,685,912	6,231,679
AA-	-	74,995,499
A+	5,455,756	122,316,040
A	2,523,041	476,414
A-	4,689,883	83,063,488
BBB+	77,635,206	-
BBB	23,306	51,917,908
BBB-	117,624	-
BB+	2,521,476	186,584
BB	-	-
BB-	-	899,601
B+	-	-
B	-	-
B-	-	-
Other	1,857,352	2,996,574
	<b>97,509,556</b>	<b>343,083,788</b>

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

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.

### Impairment of trade and other receivables

Amounts in Euro	Impairment		
	Trade receivables	Other debtors	Total
<b>Balance as at 1 January 2022</b>	<b>(2,173,129)</b>	<b>(235,024)</b>	<b>(2,408,153)</b>
Increase - IFRS 9 impact on profit and loss for the period	(1,171,788)	-	(1,171,788)
Increase	(3,277,947)	(45,116)	(3,323,063)
Reversals	101,523	1,283	102,806
Charge-off	(99,743)	(4,885)	(104,628)
<b>Balance as at 31 December 2022</b>	<b>(6,621,084)</b>	<b>(283,742)</b>	<b>(6,904,826)</b>
Changes in the perimeter	(35,540)	-	(35,540)
Increase - IFRS 9 impact on profit and loss for the period	477,642	-	477,642
Increase (Note 2.3)	(42,971)	-	(42,971)
Reversals (Note 2.2)	1,739,594	50,000	1,789,594
Charge-off	152,566	-	152,566
<b>Balance as at 30 June 2023</b>	<b>(4,329,793)</b>	<b>(233,742)</b>	<b>(4,563,535)</b>



## 8.2 Derivative financial instruments

### Movements in derivative financial instruments

	30-06-2023			31-12-2022		
Amounts in Euro	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	(3,106,233)	46,938,143	43,831,911	(1,728,458)	(4,771,149)	(6,499,606)
New contracts / settlements	-	(3,672,770)	(3,672,770)	2,911,822	(1,409,252)	1,502,570
Change in fair value through profit and loss (Note 5.10)	(793,498)	3,672,770	2,879,271	(4,289,597)	(1,504,772)	(5,794,369)
Change in fair value through other comprehensive income	-	(2,801,763)	(2,801,763)	-	54,623,316	54,623,316
Balance at the end of the period	(3,899,730)	44,136,380	40,236,649	(3,106,233)	46,938,143	43,831,910

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

#### 30 June 2023

Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	175,000,000	USD	2023	3,490,681	-	3,490,681
Hedging (future sales)	72,000,000	GBP	2023	-	(255,386)	(255,386)
Interest rate swaps - Bonds	365,000,000	EUR	2028	29,616,808	-	29,616,808
Energy	21,108,843	EUR	2023	11,253,047	-	11,253,047
BHKP pulp	7,092,000	USD	2024	31,230	-	31,230
				44,391,766	(255,386)	44,136,380
Trading						
Foreign exchange forwards (future sales)	64,222,319	USD	2023	155,195	(4,233,208)	(4,078,013)
Foreign exchange forwards (future sales)	15,350,000	GBP	2023	179,174	-	179,174
Foreign exchange forwards (future sales)	500,000	CHF	2023	-	(891)	(891)
				334,369	(4,234,099)	(3,899,730)
				44,726,135	(4,489,486)	40,236,649

#### 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
Energy	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	-	(3,243)	(3,243)
				1,576,300	(4,682,532)	(3,106,232)
				48,514,443	(4,682,533)	43,831,910

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

During the last quarter 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.

### 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.



## 8.3 Financial assets and liabilities

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

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

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

### 8.3.1. Categories of Group Financial Instruments

The financial instruments included in each 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 or 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
<b>30 June 2023</b>									
Non-current receivables	4.2	31,311,650	-	-	-	-	-	-	31,311,650
Current receivables	4.2	270,882,028	-	-	44,391,766	334,369	-	72,548,314	388,156,477
Cash and cash equivalents	5.8	97,509,556	-	-	-	-	-	-	97,509,556
<b>Total assets</b>		<b>399,703,234</b>	<b>-</b>	<b>-</b>	<b>44,391,766</b>	<b>334,369</b>	<b>-</b>	<b>72,548,314</b>	<b>516,977,683</b>
<b>31 December 2022</b>									
Non-current receivables	4.2	25,282,858	-	-	-	-	-	-	25,282,858
Current receivables	4.2	363,009,769	-	-	46,938,143	1,576,300	-	87,619,196	499,143,408
Cash and cash equivalents	5.8	343,083,788	-	-	-	-	-	-	343,083,788
<b>Total assets</b>		<b>731,376,415</b>	<b>-</b>	<b>-</b>	<b>46,938,143</b>	<b>1,576,300</b>	<b>-</b>	<b>87,619,196</b>	<b>867,510,054</b>

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
<b>30 June 2023</b>								
Interest-bearing liabilities	5.6	670,016,879	-	-	-	-	-	670,016,879
Lease liabilities	5.7	-	-	-	-	65,217,472	-	65,217,472
Payables	4.3	463,652,356	-	255,386	4,234,099	-	129,796,036	597,937,878
<b>Total liabilities</b>		<b>1,133,669,235</b>	<b>-</b>	<b>255,386</b>	<b>4,234,099</b>	<b>65,217,472</b>	<b>129,796,036</b>	<b>1,333,172,228</b>
<b>31 December 2022</b>								
Interest-bearing liabilities	5.6	725,301,722	-	-	-	-	-	725,301,722
Lease liabilities	5.7	-	-	-	-	61,641,049	-	61,641,049
Payables	4.3	605,630,951	-	-	4,682,533	-	-	610,313,484
<b>Total liabilities</b>		<b>1,330,932,673</b>	<b>-</b>	<b>-</b>	<b>4,682,533</b>	<b>61,641,049</b>	<b>-</b>	<b>1,397,256,255</b>



### 8.3.2. Fair value of financial assets and liabilities

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

Amounts in Euro	30-06-2023			31-12-2022		
	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)	-	334,369	-	-	1,576,300	-
Hedging financial instruments (Note 8.2)	-	44,391,766	-	-	46,938,143	-
Assets measured at fair value						
Biological assets (Note 3.8)	-	-	119,602,477	-	-	122,499,875
<b>Total assets</b>	<b>-</b>	<b>44,726,135</b>	<b>119,602,477</b>	<b>-</b>	<b>48,514,443</b>	<b>122,499,875</b>
Financial liabilities at fair value through profit and loss						
Trading derivatives (Note 8.2)	-	(4,234,099)	-	-	(4,682,533)	-
Hedging financial instruments (Note 8.2)	-	(255,386)	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>(4,489,487)</b>	<b>-</b>	<b>-</b>	<b>(4,682,533)</b>	<b>-</b>

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

Amounts in Euro	30-06-2023	31-12-2022
<b>Financial assets</b>		
Opening balance as at 1 January	<b>122,499,875</b>	<b>147,324,061</b>
Gains / (Losses) recognised in the Income Statement	(2,897,398)	(24,824,186)
Gains / (Losses) recognised in Other comprehensive income	-	-
<b>Closing balance</b>	<b>119,602,477</b>	<b>122,499,875</b>

As at 30 June 2023 and 31 December 2022, the Group had no level 3 financial liabilities.

#### Level 3 financial assets

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

The Group considers the discount rate used in Portugal and the forward price of wood as the most significant variables. The discount rate of 5.17% (Note 3.8) used in the valuation model is determined using the weighted average cost of capital method.

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

Amounts in Euro	30-06-2023	31-12-2022
<b>1) Increase of 0.5% in the discount rate in Portugal</b>		
Devaluation of Portugal's forest assets	5,359,121	5,422,029
<b>2) Decrease of 1 €/m3ssc in forward price</b>		
Devaluation of Portugal's forest assets	5,688,119	10,848,174
<b>3) Increase of 0.5% in the discount rate in Mozambique</b>		
Devaluation of Mozambique's forest assets	403,483	503,338
<b>4) Decrease of 1 €/m3ssc in forward price</b>		
Devaluation of Mozambique's forest assets	1,879,192	761,695



## 9. Provisions, commitments and contingencies

### 9.1 Provisions

#### Movements in provisions

Amounts in Euro	Legal proceedings	Other provisions	Total
<b>1 January 2022</b>	<b>6,951,274</b>	<b>19,800,806</b>	<b>26,752,080</b>
Increases	703,905	716,581	1,420,486
Reversals	(4,571,100)	-	(4,571,100)
<b>Impact on profit and loss for the period</b>	<b>(3,867,195)</b>	<b>716,581</b>	<b>(3,150,614)</b>
Exchange rate adjustment	-	4,300	4,300
Other transfers and adjustments	-	30,231	30,231
<b>30 June 2022</b>	<b>3,084,079</b>	<b>20,551,918</b>	<b>23,635,997</b>
Increases	2,784,860	3,860,360	6,645,220
Reversals	(821,311)	(1,051,848)	(1,873,159)
<b>Impact on profit and loss for the period</b>	<b>1,963,549</b>	<b>2,808,512</b>	<b>4,772,061</b>
Exchange rate adjustment	2,223	(4,300)	(2,077)
Other transfers and adjustments	57,126	(30,230)	26,896
<b>31 December 2022</b>	<b>5,106,977</b>	<b>23,325,900</b>	<b>28,432,877</b>
Increases	-	1,289,652	1,289,652
<b>Impact on profit and loss for the period</b>	<b>-</b>	<b>1,289,652</b>	<b>1,289,652</b>
Exchange rate adjustment	(3,295)	-	(3,295)
Other transfers and adjustments	16,321	362,898	379,219
<b>30 June 2023</b>	<b>5,120,003</b>	<b>24,978,450</b>	<b>30,098,453</b>

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

### 9.2 Commitments

#### Guarantees provided to third parties

Amounts in Euro	30-06-2023	31-12-2022
<b>Guarantees provided</b>		
Navigator guarantees for EIB loans	27,291,666	37,708,333
Ocean Network Express	2,751,947	-
Portuguese Tax Authorities (AT)	-	-
<i>Comissão Coordenação Desenvolvimento Regional</i>	354,083	354,083
IAPMEI	1,280,701	1,280,701
Customs clearance	-	1,250
<i>Agência Portuguesa Ambiente</i>	2,846,271	2,390,006
Simria	338,829	338,829
Other	838,256	838,256
	<b>35,701,753</b>	<b>42,911,458</b>



## Purchase commitments

Amounts in Euro	30-06-2023	31-12-2022
<b>Purchase commitments</b>		
Property, plant and equipment - Industrial equipment	58,833,243	57,737,388
Wood		
Commitments with acquisitions in the subsequent period	140,800,000	362,700,000
Commitments to long-term acquisitions	198,100,000	117,600,000
	<b>397,733,243</b>	<b>538,037,388</b>

In 2022, Navigator's subsidiary, Navigator Abastecimento de Madeira, A.C.E., 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 m<sup>3</sup> 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 58.5 million have already been invested until 30 June 2023.

## 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
<b>Proceedings confirmed in court</b>					
Corporate Income Tax	2002	18,923	-	-	18,923
Corporate income Tax (P&L)	2004	3,324	-	-	3,324
Corporate Income Tax	2004	766,395	-	(139,023)	627,372
Expenses		314,957	-	-	314,957
		<b>1,103,599</b>	<b>-</b>	<b>(139,023)</b>	<b>964,576</b>
<b>Proceedings not confirmed in court</b>					
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
		<b>23,644,751</b>	<b>(2,468,472)</b>	<b>-</b>	<b>21,176,279</b>
		<b>24,748,350</b>	<b>(2,468,472)</b>	<b>(139,023)</b>	<b>22,140,855</b>

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

### Public Debt Settlement Fund - Proceeding No. 774/11.3 BEALM

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

On 24 May 2014, the Court denied the 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 Company Group's views on this matter, both parts appointed experts and the partial expert report was issued on July 2017, being required either by The Navigator Company, S.A. either by the Ministry of Finance, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report.

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

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





## 10. Group structure

### 10.1 Companies included in the consolidation perimeter

#### 10.1.1. Navigator Group subsidiaries

Company	Head Office	Share equity owned			Total	Main activity
		30-06-2023		31-12-2022		
		Direct	Indirect	Total		
<b>Parent company:</b>						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
<b>Subsidiaries:</b>						
Navigator Brands , S.A.	Portugal	100.0	-	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 Pulp Figueira, S.A	Portugal	100.0	-	100.0	100.0	Paper production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	100.0	-	100.0	100.0	Wine production
Empremédia - Corretores de Seguros, S.A.	Portugal	100.0	-	100.0	100.0	Insurance mediation and advisory services
Empremédia, DAC	Ireland	100.0	-	100.0	100.0	Management of shareholdings
Empremédia RE , DAC	Ireland	-	100.0	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
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	-	80.7	80.7	79.7	
Ema Figueira da Foz - Engenharia e Manutenção Industrial, ACE	Portugal	-	79.7	79.7	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 Fiber Solutions , S.A.	Portugal	0.1	99.9	100.0	-	Wholesale and manufacture of packaging and other items made from cellulose pulp, paper and cardboard and related products.
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	Sale of tissue paper
Navigator Tissue Iberica , S.A.	Spain	-	100.0	100.0	100.0	Tissue paper production
Navigator Tissue Ejea , SL	Spain	100.0	-	100.0	-	Sale of tissue paper
Navigator Tissue France ,EURL	France	-	100.0	100.0	100.0	Forestry production
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.0	-	90.0	90.0	Forestry production
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
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.0	100.0	100.0	Management of hunting resources
Afoelca - Agrupamento complementar de empresas para protecção 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
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	
Navigator España, S.A.	Spain	-	100.0	100.0	100.0	
Navigator Netherlands, BV	The Netherlands	-	100.0	100.0	100.0	
Navigator France, EURL	France	-	100.0	100.0	100.0	
Navigator Paper Company UK, Ltd	United Kingdom	-	100.0	100.0	100.0	
Navigator Italia, SRL	Italy	-	100.0	100.0	100.0	
Navigator Deutschland, GmbH	Germany	-	100.0	100.0	100.0	
Navigator Paper Austria, GmbH	Austria	-	100.0	100.0	100.0	Provision of sales intermediation services
Navigator Paper Poland SP Z o o	Poland	-	100.0	100.0	100.0	
Navigator Eurasia	Turkey	-	100.0	100.0	100.0	
Navigator Paper Mexico	Mexico	25.0	75.0	100.0	100.0	
Navigator Middle East Trading DMCC	USA	-	100.0	100.0	100.0	
Navigator Egypt, ELLC	Egypt	1.0	99.0	100.0	100.0	
Navigator Paper Southern Africa	South Africa	1.0	99.0	100.0	100.0	
Portucel Nigeria Limited	Nigeria	1.0	99.0	100.0	-	
Navigator Green Fuels Setúbal, S.A.	Portugal	100.0	-	100.0	-	Production of sustainable fuels.
Navigator Green Fuels Figueira da Foz, S.A.	Portugal	100.0	-	100.0	-	Production of sustainable fuels.
Navigator Abastecimento de Madeira, ACE	Portugal	97.0	3.0	100.0	-	Sale of timber

#### 10.1.2. Incorporated joint operations

Company	Head Office	Share equity owned			Total	Main activity
		30-06-2023		31-12-2022		
		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



## 10.2 Changes in the consolidation perimeter

During the six-month period ended 30 June 2023, the following changes took place in the consolidation perimeter:

- Incorporation of the Navigator Fiber Solutions, S.A.
- Incorporation of Navigator Green Fuels Setubal, S.A.
- Incorporation of Navigator Green Fuels Figueira da Foz, S.A.
- Incorporation of Portucel Nigeria
- Acquisition of Navigator Tissue Ejea S.L.U.
- Acquisition of Navigator Tissue France EURL

## 10.3 Transactions with related parties

### Balances with related parties

	30-06-2023		31-12-2022	
Amounts in Euro	Receivables (Note 4.2)	Payables (Note 4.3)	Receivables (Note 4.2)	Payables (Note 4.3)
<b>Shareholders (Note 5.1)</b>				
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	105	828,626	-	-
<b>Other subsidiaries of Semapa Group</b>				
Secil - Companhia Geral Cal e Cimento, S.A.	2,435	37,358	-	19,049
Secil Britas, S.A.	-	45,016	-	126,329
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	9,659
Unibetão, S.A.	-	22,293	-	-
<b>Other related parties</b>				
Hotel Ritz, S.A.	-	5,349	-	1,727
	<b>2,540</b>	<b>938,642</b>	<b>-</b>	<b>156,764</b>

### Transactions with related parties

	30-06-2023		30-06-2022		
Amounts in Euro	Purchase of goods and services	Sales and services rendered	Purchase of goods and services	Sales and services rendered	Financial (expenses) / income
<b>Shareholders (Note 5.2)</b>					
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	5,110,151	93	4,307,057	-	-
	<b>5,110,151</b>	<b>93</b>	<b>4,307,057</b>	<b>-</b>	<b>-</b>
<b>Other subsidiaries of Semapa Group</b>					
Secil - Companhia Geral Cal e Cimento, S.A.	91,854	2,435	77,786	-	-
Secil Britas, S.A.	83,607	-	183,596	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	-	-	-	403
Unibetão, S.A.	4,979	-	20,979	-	-
	<b>180,440</b>	<b>2,435</b>	<b>282,361</b>	<b>-</b>	<b>403</b>
<b>Other related parties</b>					
Hotel Ritz, S.A.	5,349	-	15,138	-	-
	<b>5,349</b>	<b>-</b>	<b>15,138</b>	<b>-</b>	<b>-</b>
	<b>5,295,941</b>	<b>2,528</b>	<b>4,604,555</b>	<b>-</b>	<b>403</b>



On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.97% 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.

## 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

**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

**Dorival Martins de Almeida**

Executive Board Member

**Maria Teresa Aliu Presas**

Member

**Mariana Rita Antunes Marques dos Santos**

Member



**Sandra Maria Soares Santos**  
Member

**Vítor Paulo Paranhos Ferreira**  
Member

**Ana Teresa Cunha de Pinho Tavares Lehmann**  
Member

**Hugo Alexandre Lopes Pinto**  
Member

**Maria Isabel da Silva Marques Abranches Viegas**  
Member



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## LIMITED REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

### Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A. (the Group)**, which comprise the interim condensed consolidated statement of financial position as of 30 June 2023 (that presents a total of Euro 2,743,662,540 and total equity attributable to the shareholders of Euro 1,193,285,429, including a consolidated net profit attributable to the shareholders of Euro 137,444,689), the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to these interim condensed consolidated financial statements.

### Management's responsibilities

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

### Auditors' responsibilities

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



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

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of **The Navigator Company, S.A.** on 30 June 2023, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

28 September 2023

SIGNED ON THE ORIGINAL

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