



THE
NAVIGATOR
COMPANY

Creating Value, Planting the Future.



The Navigator Company, S.A.

Share Capital
500 000 000 Eur

Corporate Entity
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Península de Mitrena, Freguesia
do Sado, Setúbal

2024

Interim Results

First Quarter → 1/4



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PERFORMANCE 1st QUARTER 2024

At the start of 2024, demand for pulp and paper continued on the upward course that had been observed in the second half of 2023. In the UWF market, the process of destocking, which took up much of the previous year, has come to an end, and apparent demand at manufacturers is now a more realistic reflection of end demand, especially in Europe. This has driven demand for pulp in the region, added to robust demand from China, due to new paper capacity starting up in the second half of 2023.

Rising benchmark prices for pulp and paper were another key feature of the 1st quarter, sustained by the dynamics of demand as well as by significant restrictions on supply, caused in particular by low stocks at the start of the year, strikes in Finland and logistics constraints in the Red Sea.

Navigator remains committed to its sustainable investment and innovation plans in all the segments in which it operates.

As part of our strategy of diversification and growth, on 22 March we launched a public all-cash firm offer (Offer) for Accrol Holdings Plc (Accrol), a leading player in the UK tissue market. We have also pressed ahead with diversifying our Packaging business, and in the second half of 2024 we will start up an innovative unit for integrated production of moulded eucalyptus cellulose, designed to replace single-use plastic packaging in the food service and food packaging markets. From a medium-long term perspective, we are still looking into the attractiveness of investing in green fuels, both biofuels and e-fuels, or synthetic fuels. And our R&D programme is moving forward to explore and develop new bioproducts from *Eucalyptus globulus*, with a vast range of applications in different industries, such as the automobile sector, textiles, pharmaceuticals, the food industry and even for the defence sector.

As an integrated producer of Forests, Pulp, Paper, Tissue, Packaging and Energy, Navigator has consistently demonstrated its resilience, adjusting quickly to market conditions, successfully protecting its margins and delivering results, as well as pressing ahead with its strategy of investment, growth and diversification.

1st Quarter Analysis (vs. Q4 2023 and vs. Q1 2023)

- Turnover stood at € 536 million, up 9% on the 4th quarter and up by 7% YoY;
- EBITDA totalled € 133 million (up 7% on the 4th quarter and 2% on the 1st quarter of 2023), with an EBITDA margin of 25%;
- The volume of paper and packaging sales stood at 354 thousand tons (up 10% on the 4th quarter and 29% on the 1st quarter of 2023), whilst in value, sales grew by 12% in relation to the previous quarter, and 9% YoY;
- The volume of pulp sales stood at 110 thousand tons (up 20% both on the 4th quarter and on the 1st quarter of 2023), in a quarter when less pulp was available for sale on the market due to incorporation into paper, packaging and tissue;
- The volume of tissue sales stood at 38 thousand tons, down by 6% in relation to the previous quarter, due to lower production availability, which affected sales of reels, and up by 59% YoY. The YoY leap in sales volume can be attributed to Navigator's strategy of diversification, with the acquisition of what is now Navigator Tissue Ejea, positioning the group as Iberia's second largest tissue producer;



- Packaging segment order books tended to recover, due essentially to: (i) improving demand and (ii) development of new product ranges in flexible packaging, enabling Navigator to diversify its business and achieve growth in its client base and markets.
- The outcome of the Offer to acquire the entire share capital of Accrol was announced yesterday, after the General Meeting. The Offer was approved at the Court Meeting with 99.12% of the votes and the connected resolution was passed at the General Meeting with 99.17% of the votes cast, enabling the acquisition of 100% of the company's share capital; Navigator expects to become effective upon May 24th.

LEADING INDICATORS

Million euros	Q1 2024	Q1 2023	Q1 24/Q1 23 (8)	Q4 2023	Q1 24/Q4 23 (8)
Total Sales	536,4	501,2	7,0%	492,7	8,9%
EBITDA ⁽¹⁾	133,3	130,7	2,0%	125,0	6,6%
Operating Profits (EBIT)	97,7	99,2	-1,5%	88,7	10,1%
Financial Results	- 8,8	- 2,7	-229,2%	- 3,6	-143,0%
Net Earnings	64,1	71,7	-10,6%	74,2	-13,6%
Cash Flow	99,7	103,1	- 3,4	110,5	- 10,8
Free Cash Flow ⁽²⁾	46,3	30,8	15,4	59,9	- 13,6
Capex	40,7	41,7	- 1,0	44,4	- 3,7
Net Debt ⁽³⁾	443,6	351,4	92,2	489,9	- 46,3
EBITDA/Sales	24,9%	26,1%	-1,2 pp	25,4%	-0,5 pp
ROS	11,9%	14,3%	-2,4 pp	15,1%	-3,2 pp
ROCE ⁽⁴⁾	21,8%	23,8%	-2,0 pp	20,6%	1,2 pp
ROE ⁽⁵⁾	19,0%	22,1%	-3,1 pp	23,0%	-4,0 pp
Equity Ratio	47,5%	44,4%	3,1 pp	46,8%	0,7 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0,88	0,47	0,41	0,98	-0,10

1. Operating results+ depreciation + provisions;

2. Change in 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 (N+(N-1))/2

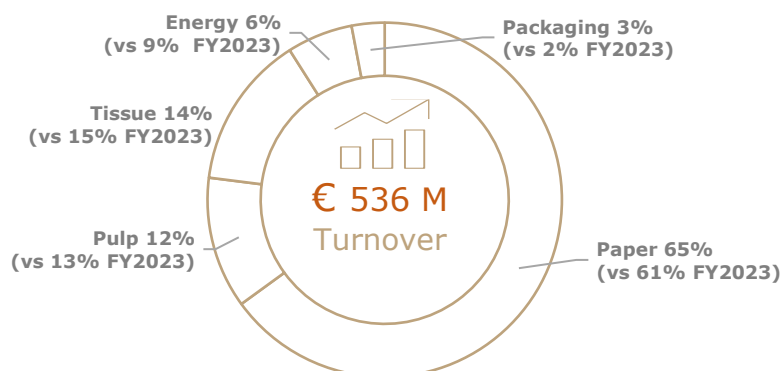
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months;

7. Impact IFRS 16: Net Debt / EBITDA Q1 2024 of 1.02; Net Debt / EBITDA Q1 2023 of 0.56;

8. Change in figures not rounded up/down



ANALYSIS OF RESULTS

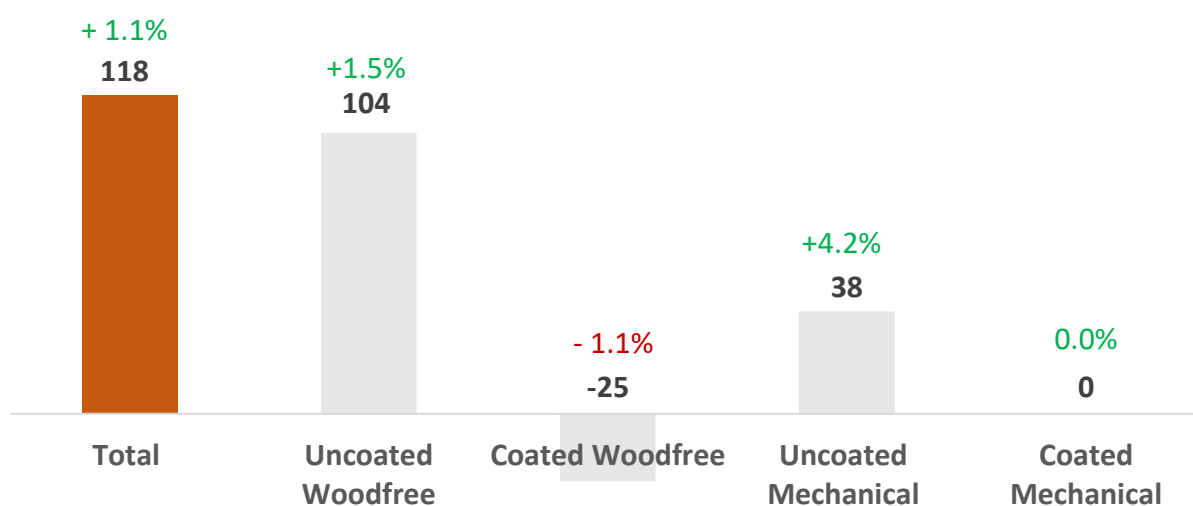


The healthy results recorded in the first quarter can be explained by the focus on managing costs, growing demand and sales volume for paper and tissue and rising prices for pulp, printing paper and tissue, as well as the sales strategy and diversification of products and markets.

The printing and writing papers industry

The upward course of demand observed in the second half of last year continued into early 2024. Demand was essentially driven by restocking in the supply chain, especially in Europe.

Global demand for printing and writing papers



Mt, YtD

Source: PPPC, February (2024 vs. 2023)

Apparent global demand grew by 1.1% in the 1st quarter (February), with stronger demand for UWF (up 1.5%), in contrast to CWF papers, which were down by 1.1%. Demand for paper produced from mechanical pulp grew by 2.2%.



In Europe, apparent demand for UWF paper grew by 10.4% this quarter, with the folio segment as the top performer, at 20.4%, followed by cutsize office paper (up 9.6%) and reels (up 4.6%). This was due essentially to restocking throughout the supply chain and to significant restrictions on supply, caused by logistical constraints in the Red Sea and at Finnish ports.

After a recovery in the pace of new orders in the second half of 2023, this tendency continued in the 1st quarter of 2024, with an orders/capacity ratio of 90% (vs. 70% in the 1st half of 2023 and 80% in the 2nd half of 2023).

In the United States, demand dropped by 1.3%. Apparent UWF consumption in other world regions grew by 0.7% (February), with China recording an impressive 12.2% YoY (February) (CAGR 5.8% 21-24).

The benchmark index for office paper prices in Europe, PIX A4 B-copy, recorded an average in the 1st quarter of 2024 similar to that for the previous quarter, 1,097€/t. The index eventually ended the quarter at 1,105€/t, up by 1% from the start of the year (1,093€/t). Average sales prices in Navigator's segment performed strongly, up by around 2%. Significantly, from November - when prices in Europe and in overseas markets started to move upwards again - to April, Navigator's UWF price increased by around 3% in Europe, 9% in overseas markets and 5% to the total sales mix. Implementation of the last price increase announced, which started in April, is expected to be concluded by May/June.

Navigator's sales of paper and packaging totalled more than 354 thousand tons in the quarter, representing an increase of 10% over the previous quarter and of 29% over the same quarter in 2023. Paper and packaging sales grew in value by 12% in relation to the previous quarter, and 9% YoY.

This has highlighted the strength of our business model, based on differentiation, Premium products and own brands in the various markets where we operate. Mill brands represented close to 76% of the quarter's sales (vs. an average of 67% over the period 2012-2023), again pointing to the resilience of the company's branding strategy. The proportion of premium products remained high in relation to 2023, at 57% (compared to an average of 53% in the period 2012-2023). When market conditions are more difficult, mill brands and segments with greater value added offer an additional safeguard for Navigator's results.

Pulp Market

The first quarter of 2024 ended with the benchmark index for hardwood pulp (PIX BHKP in dollars) rising to 1,242 USD/t. Since the start of the year, pulp prices have grown by approximately 22% and everything suggests they will continue upwards, at least over the next quarter. Prices in China mirrored the developments in Europe, reaching 684 USD/ton at the end of the quarter, up 5% since the start of 2024.

The dynamics of supply and demand were crucial in sending prices upwards. China remains the great driving force behind the recovery, thanks to new packaging paper capacity, which started up in the 2nd half of 2023 (0.7 Mt of UWF paper, 1 Mt of Packaging and 1 Mt of Tissue), although the developed economies have also presented growth in hardwood demand due to the performance of downstream markets, in particular in Europe (up 4.2% in February).

Performance at end consumers of cellulose pulp was better than expected, especially in the printing and writing paper industry, where order books grew substantially. On the supply side, logistical constraints in the Red Sea, constraints on supply in Canada, the strike in Finland and the unavailability of output from one of the largest pulp mills of a leading player, also in Finland, due to an incident at the production unit, put upwards pressure on long fibre prices, adding further to the substitution of long fibre by short fibre.

At the same time, further pressure on prices has stemmed from the structural increase in the costs of pulp production, which continue to incorporate very significant increases in wood, chemicals and manpower costs



in relation to pre-pandemic levels. These rising costs are having a more severe impact on producers outside Europe, in particular in Latin America.

In this context, global demand grew YoY by 6.5% in bleach chemical pulp (BCP), 8.9% in hardwood pulp (HW), and 14.4% in eucalyptus pulp (EUCA), most significantly in China (+9.4% BCP, +16.1% HW, +35.7% EUCA) and in Europe (+3.9% BCP, +4.2% HW, +2.1% EUCA).

The year started with stocks at low levels, above all at ports in China and Europe, but also at manufacturers. The level of stocks at European ports remains below the average for the past five years. In China, stocks at ports increased over the quarter, explained by the fact that much of the volume traded in the second half of 2023 has now arrived in the 1st quarter, somewhat behind schedule. Late deliveries have also helped sustain higher prices and price increases.

As a consequence, pulp sales for the period stood at 110 thousand tons, representing an increase of 20% over the previous quarter and YoY, whilst the value of sales was up 28% and down 2% in relation to the same periods.

Growth and strong performance in Tissue business

Demand for Tissue paper showed positive dynamics at the start of 2024. After a period of stock reduction in the first months of 2023, the first two months of 2024 saw growth of 2% in Europe.

Navigator's Tissue sales (finished products and reels) totalled 38 thousand tons in the 1st quarter, representing growth of 59% over the same period in 2023 and a reduction of 6% in relation to the previous quarter, due to lower production availability, which affected sales of reels. In value, sales grew by 41% YoY, and there was a downward correction of 4% in relation to the previous quarter.

The YoY figures were boosted by the integration of the Navigator Tissue Ejea mill, as from the second quarter, which, as well as contributing to growth in sales, expanded the customer base and generated significant gains by unlocking synergies. It has also permitted cross-selling, which has further strengthened commercial relations with clients.

In the 1st quarter of 2024, international sales accounted for 71% of turnover in Tissue business. The Spanish market took the largest share, with 42% of sales, followed by France, with 23%, and the UK, which accounted for 4% of sales. Finished products represented 94% of total sales, and reels 6%. In terms of client segments, At Home or Consumer (retail) business has grown in importance, currently accounting for around 80% of sales, whilst Away-From-Home and wholesalers account for the remaining 20%. Attention is drawn to Navigator's balanced and diversified customer portfolio (its largest client represents around 10% of total sales).

Navigator's focus on innovation and differentiation continues to be welcomed by customers, with sales of mill brands growing by 11% YoY in the first quarter of 2024. Significantly, in the retail segment, where retailers' own brands dominate, with 70 to 80% of Tissue sales, Navigator's mill brands grew by 14% YoY. As part of the success of our mill brands, sales of innovative products continued to experience rapid growth, up 11%, once again strongly driven by retail business, where growth stood at 25%.



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

After a challenging year in 2023, with a drop in business in several segments, the European market has started to show signs of recovery in 2024. European Sack and Kraft deliveries grew by 14% in relation to the same period last year.

In this context, Navigator's Packaging business - still consolidating its position in the international market - enjoyed stronger and more consistent demand in the main segments, at the same time as a positive impact can already be seen from the move into several new segments (above all, flexible packaging), in the early months of the year. The process of trials and market placement, still under way, consists of a large scale approach to new clients, backed up by more than 250 market trials to date, in a commercial operation 100% based on Navigator's own brand - gKraft™.

Navigator has based its offering of packaging papers on three gKraft™ macro-segments: BAG, FLEX and BOX, which subdivide into 12 segments for different applications, aimed respectively at the markets for Bags (retail, consumer and industrial bags), Flexible Packaging (serving a vast array of end applications in a number of industries, such as the agro-food sector, restaurants and pharmaceutical products), and boxes (corrugated cardboard boxes for value-added products and food packaging, including cardboards for producing paper cups and food trays). The innovative introduction of the properties of eucalyptus fibre has been crucial in securing the wide acceptance and recognition these products already enjoy in the market.

As part of the diversification of packaging business, progress has continued as planned in the project for integrated production of eucalyptus-based moulded cellulose components, designed to substitute single-use plastic packaging in the food service and food packaging market, and production is planned to start up in the 2nd half of 2024, under the gKraft™ Bioshield brand. The facility will have production capacity for approximately 100 million units a year, making it one of the largest in Europe and the first such integrated facility in southern Europe, moving into a fast growing, high-potential market. Operations will start with 4 products for the food sector, and the facility offers production flexibility and scalability in order to exploit the various opportunities opening up for substituting plastics.

Power Output of 381 GWh, of which 75% was from renewable energy sources

First quarter power sales totalled 33.3M€, down by approximately 32% on the same period in 2023 and by 14% on the previous quarter.

This reduction is explained essentially by: (i) reduction in the electricity market price (OMIE) which in the first quarter averaged 44.4 €/MWh in the first half of the year, in contrast to the figure of 97.9 €/MWh in the same period in 2023; and (ii) the fact that the combined cycle natural gas power station in Setúbal is operating 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 at present.

On the other hand, these lower electricity sales are matched by lower acquisition costs for natural gas and reduced use of fossil energy, as well as lower acquisition costs for power purchases indexed to OMIE.

The Group's industrial units continue to participate in the Regulation Reserve Band Market, a system service provided to the operator of the power grid by qualified major power consumers, designed to contribute to the fundamental aim of safeguarding the security of supply in the National Electrical System, which has already proved to be decisive for protecting domestic consumers and critical users.



EBITDA of € 133 million due to cost management, growing demand and rising prices

Over the course of the quarter, Navigator remained focused not just on managing its variable costs, improving its negotiation of purchase prices and optimising consumption, especially of fibre (including wood) and chemicals, but also on continued efforts to contain fixed costs.

As a result, there was another sharp reduction in cash costs, which were cut, in relation to the same period in 2023, by between 9% and 16% in all pulp and paper segments (printing and writing, tissue and packaging). In relation to the previous quarter, costs continued to be brought down in the Paper and Tissue segment, with reductions of between 4% and 5%, whilst costs in the pulp segment held steady.

It should be stressed that the 1st quarter of 2024 was marked by the crisis in the Red Sea, requiring changes to shipping routes and prompting an upward tendency in freights worldwide. Despite these difficulties, Navigator succeeded in keeping its maritime freights on a downwards course.

Total fixed costs ended the period 5% higher than in the same period in 2023, due to the inclusion of the Tissue Ejea unit and increased disbursement of severance pay as a result of rejuvenation.

In this context, Navigator achieved EBITDA of € 133 million in the first quarter (vs. € 131 million in the same period last year and € 125 million in the preceding quarter) with an EBITDA margin of 25% (down 1.2 p.p. YoY; down 0.5 p.p. on the preceding quarter). Earnings were boosted by increased volumes and decreasing variable costs, although the reduction in costs was not enough to offset all of the reduction in sales prices, specifically in comparison with the same period in 2023, bringing the EBITDA margin down by 1.2 pp.

Financial Results benefit from interest rate hedging policy

Financial results showed a loss of € 8.8 million (as compared to € 2.7 million in the same period in 2023 and € 3.6 million in the preceding quarter), up by € 6.1 million YoY.

This was caused by an extraordinary (non-cash) effect of € -4.2 million and a foreign exchange loss, in contrast to the gain recorded in the first quarter of 2023. Financing costs remained stable, despite the rise in interest rates, thanks to the policy of hedging interest rate risk.

Pre-tax profits totalled € 89 million (vs. € 97 million in Q1 2023 and € 85 million in the preceding quarter) and the corporation tax burden for the period was € 25 million (in line with the same period last year and vs. 11 million in the preceding quarter), with a tax rate for the period of 27.9% (vs. 25.8% in Q1 2023 and 12.9% in Q4 2023). Net income stood at € 64 million (vs. € 72 million in Q1 2023 and € 74 million in Q4 2023).

Free cash flow generation of €46 million

Free cash flow generation in the quarter stood at € 46 million (vs. approximately € 31 million in the same quarter in 2023 and approximately € 60 million in the preceding quarter).

Cash generation has remained high, even with the moderating effect of our continued policy of supporting the liquidity of our partners (visible in lower supplier balances) and despite the amount disbursed for capex projects in the period.



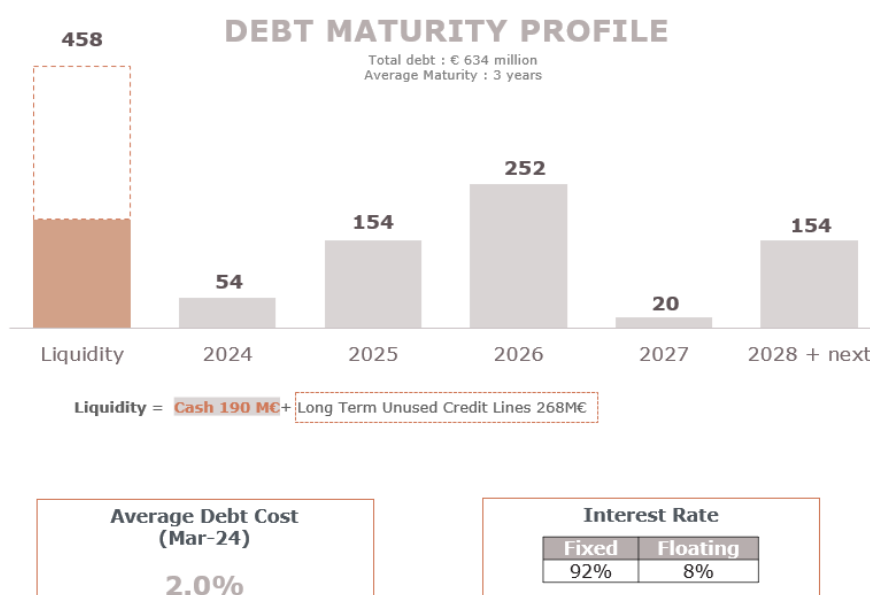
New green Financing consolidates Sustainable Financial Management

At the end of the quarter, net debt stood at € 444 million euros. The Interest Bearing Net Debt/EBITDA ratio stood at 0.88, further consolidating the financial strength displayed by the Group.

Debt of € 61 million was repaid over the quarter and a long-term loan (7 years) of € 30 million, with financial terms tied to the company's ESG performance. Navigator has also contracted long term finance from the European Investment Bank (EIB) with a value of 115 million euros, which can be drawn in 3 tranches over a period of 18 months after signing (in December 2023), with maturities of up to 12 years.

Average debt maturity therefore remains appropriate, with well-balanced maturities, and close to 44% of total debt tied to sustainability and 92% of total debt issued on a fixed rate basis, directly or via interest rate swaps, enabling us to maintain low financing costs in a scenario of sharply rising interest rates.

Unused long term credit facilities currently total € 268 million.



Capital expenditure of € 41 million

Capital expenditure totalled € 41 million in the 1st quarter of 2024 (compared to € 42 million in Q1 2023 and € 44 million in the preceding quarter), of which approximately € 13 million was classified as environmental or sustainability (ESG) investment, accounting for 32% of total.

Capital expenditure consisted mostly of projects aimed at decarbonisation, maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects. The most significant capex projects include the new high efficiency Recovery Boiler in Setúbal, the new Tower and Washing presses in Aveiro, the new biomass-fuelled lime kiln in Figueira, conversion of the Setúbal lime kiln to burning biomass and the new solar facility in Figueira da Foz.

Navigator has continued to move forwards with projects under the Recovery and Resilience Plan (RRP), in particular projects addressing the Climate Transition and the Digital Transition. For eligible investments



under the RRP, an incentive rate of around 40% is anticipated, corresponding to close to € 100 million, and the company received approximately 21 million in 2023 and 3 million in the 1st quarter.

The Company is therefore pressing ahead with innovation programmes to boost its operational efficiency and programmes to develop sustainable packaging solutions, as well as investing in Decarbonisation and improving its environmental impact.

At the same time, Navigator's sound financial position and capacity mean it can also consider strategies for growth, in particular opportunities for debottlenecking in its traditional businesses, as well as for growth in the tissue, packaging and energy segments.

OUTCOME OF THE OFFER FOR ACCROL

In the 1st quarter of 2024, Navigator launched an Offer to acquire the entire issued and to be issued share capital of Accrol. Accrol is the leading operator in the tissue converting segment in the United Kingdom, producing rolls of own-brand toilet paper, kitchen roll and paper tissues for the main retailers in that country.

The Offer follows the Group's diversification strategy. Navigator sees Accrol as an attractive opportunity to enter the British market, through the acquisition of a leading company in the tissue paper transformation sector, with competitive advantages, complementary values and strong alignment with Navigator.

The outcome of the Offer was announced yesterday, following the General Meeting of Accrol. The Offer was approved at the Court Meeting with 99.12% of the votes and the connected resolution was passed at the General Meeting with 99.17% of the votes cast, enabling the acquisition of 100% of the company's share capital. The Offer values Accrol's equity at approximately £130.8 million (circa €152.1 million). Considering Accrol's half-year results, as of October 31, 2023, financial debt totals £25.5 million (circa €29.6 million) or £57.4 million pounds (circa €66.7 million) including IFRS16.

Acquisition of Accrol will position Navigator more strongly in the Western European tissue market. Navigator envisages that the combined group will generate sales of more than € 580 million in this segment, with the market in the United Kingdom contributing around 50% of the total volume of tissue business.

The Offer is expected to become effective upon May 24th.

WE CREATE VALUE BY PLANTING THE FUTURE

In 2024, the United Nations dedicated the International Day of Forests (21 March) to "Forests and innovation: new solutions for a better world", highlighting two aspects of innovation in forestry: biomaterials, making use of the powerful solutions contained in the "chemistry of trees", and technologies that bring these and other solutions into our lives.

Governance / Business Innovation and Transformation

Navigator has put Portugal's forests, and its eucalyptus in particular, on the map of the global circular bioeconomy. Science and technology are showing the way to a whole new generation of products and solutions obtained from wood, biomass and their components, things which were previously only possible from fossil resources.



In 1996 The Navigator Company set up its own R&D centre for the forestry and paper sector (RAIZ), in partnership with three Portuguese universities: Aveiro, Coimbra and Lisboa.

The research conducted by RAIZ covers the whole value chain: i) Forestry R&D, in order to boost forest yields and resilience by developing new genetic materials (Eucalyptus globulus or hybrids of other eucalyptus species) and ii) Technological R&D, which focuses its activity on process optimization, the efficient use of resources such as wood and water, environmental compliance, the valuation of process by-products, the development of new cellulose fibre-based products, as well as new bioproducts.

In the past 10 years, RAIZ has submitted 42 patent applications, including 36 in the last 5 years (2020-2024), establishing itself as one of the most innovative organisations in Portugal.

The company is beating a new path to the future, by concentrating on reducing the use of fossil-based plastics and boosting the biodiversity of forests as a central plank of its strategy. We are committed to these new routes to growth, consolidating a forest-based bioeconomy through research and development, innovation and our existing industrial base.

Navigator has devoted its energies to several aspects of innovation in forestry, involving itself in multidisciplinary projects with a range of partners across different fields and fostering innovation and business transformation. As an example of this, we will single out just one of many pioneering projects in which we are involved, the smart packaging project: GELA.

GELA: a paper label with the power to cool drinks in just a few minutes

GELA is a new label based on cellulose fibres which can significantly shorten the time in the refrigerator usually needed to cool a drink.

A label with GELA technology makes it possible to cool a drink and enjoy it at the right temperature after just 12 minutes. Without the label, because the glass is a poor thermal conductor, the cooling period under similar conditions is 40% longer.

The GELA technology incorporated in this label points to the feasibility of developing solutions for labels, which can be extended to packaging, with the potential for thermal control. This can include cooling from high temperatures or reducing the freezing time for products.

The GELA technology uses passive solutions enabled by cellulose-based structures. These are scalable and therefore competitive in terms of production costs. The involvement of industrial partners in identifying use cases and industrialisation potential means that this forest-based innovation can be tested on a pilot scale within a reduced timeframe, paving the way for market placement of a solution that is innovative and competitive in the context of the bioeconomy and circularity.

GELA technology is being developed and demonstrated in prototype labels under the “From Fossil to Forest” Agenda, with funding from the Recovery and Resilience Plan and the EU's Next Generation programme. The consortium involved in “From Fossil to Forest” is led by The Navigator Company and includes 27 institutions working in different areas. Navigator has a number of partners for the paper biosensors area, including the AlmaScience collaborative laboratory (responsible, in partnership with RAIZ and the Superbock Group, for developing solutions to monitor temperature, with paper-based applications, and for GELA).

It accordingly pays keen attention to the global developments, seeking to consolidate its strategy and its ability to steer its operations, successfully and sustainably, through 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.



External recognition of our commitment to sustainability



In February 2024, Navigator was again singled out as a leader in combating climate change, and also in forestry management, with a score of "A-" awarded by CDP Disclosure Insight Action.

OUTLOOK

In recent quarters, economic growth has slowed worldwide, in particular in the 1st quarter of 2024 with the US growing less than expected and growth in Europe remaining sluggish. Forecasts for global growth are cautious for 2024. The current geopolitical tensions, which have created a highly complex situation in industrial and logistical operations, as well as the normalisation of monetary policies, could lead to increased volatility in international markets, including the financial, energy, logistical and commodity markets, making it difficult to forecast market trends in the near future.

In this context, in pulp segment, for the 2nd quarter, the favorable evolution of demand is expected to continue, as already observed since the second half of 2023. However, in the current context, caution is suggested regarding market developments for the rest of the year. The volatility of the Chinese market, the main driver of short fiber consumption, and the start-up in 2024 of a new mill in Latin America (2.6Mt/year), which will be one of the 3 largest short fiber pulp mills in the world (which introduces more uncertainty regarding the supply/demand balance), reinforce this sense of caution.

In the paper segment, the second quarter is expected to bring a slowdown in the growth of orders, which has been experienced since September 2023, and most noticeably in the first quarter. In 2024, different events around the world could however stimulate paper consumption: i) around 50% of the world population (representing around 60% of global GDP) have had or will have elections in their countries; ii) the Olympic Games in France and iii) the European Cup in Germany. Nonetheless, the global geopolitical situation, poor economic growth, especially in Europe, and the highly uncertain period we are living through, could have an impact on the level of demand. On the other hand, the reduction in supply in Europe and strong pressure from costs - which, despite having come down from the exceptional peak reached in the second half of 2022, are expected to remain high and eventually stabilise at levels well above those from before the pandemic - will continue to keep paper prices high in Europe and in the international markets in which we operate, although it is unlikely they will return to record levels.

Regarding capacity, there may be scope for further temporary or definitive capacity reductions in the paper sector, in line with strategy decisions or due to profitability issues caused by the continued high level of variable costs. This possibility has been announced by a number of European players, with the closure of almost 200 thousand tons, in addition to which a mill in Ashdown in the USA is expected to close in June, which will take some 170 thousand tons of UWF production capacity off the market.



In the tissue paper segment, demand continues to rise at interesting levels, and growth of 2.6% is estimated for Europe in 2024 (Numera). The Group has moved to create synergies and economies of scale driven by business growth, in particular with the acquisition of Navigator Tissue Ejea in 2023 and the acquisition of Accrol in 2024.

Despite the Group's efforts and its commitment to cutting costs, both by optimising specific consumption levels and by negotiating prices for logistics, raw and subsidiary materials and energy, these prices remain above pre-pandemic levels. The current level of costs naturally puts pressure on the price of end products, meaning that they are not expected to move towards the levels recorded in the past.

The range and quality of our differentiating brands and products, Navigator's sustainable business, the scale of our operations and our financial strength support our resilient business model, which has enabled us to deliver consistent results, even in adverse market conditions.

Lisbon, 16 May 2024

Conference Call and Webcast for Analysts and Investors

Date: Tuesday, 21 May 2024

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

Link to the Conference Call webcast:

<https://streamstudio.world-television.com/1076-1695-39728/en>

Link for advance registration for telephone access to Conference Call:

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



FINANCIAL STATEMENTS

The Navigator Company, S.A.
Consolidated Income Statement
on March 31st 2024 and 2023

Amounts in Euro	3 months 31-03-2024	3 months 31-03-2023
Revenue	536 410 280	501 159 485
Other operating income	18 160 518	14 368 110
Changes in the fair value of biological assets	2 072 329	(602 190)
Costs of goods sold and materials consumed	(224 886 646)	(254 355 100)
Variation in production	(15 518 788)	27 368 170
External services and supplies	(115 015 197)	(95 559 176)
Payroll costs	(49 842 587)	(44 549 310)
Other operating expenses	(18 075 779)	(17 128 963)
Net provisions		
Depreciation, amortisation and impairment losses in non-financial assets	(35 566 206)	(31 453 578)
Operating results	97 737 924	99 247 447
Financial income	4 521 504	2 176 846
Financial expenses	(13 333 461)	(4 853 519)
Net financial results	(8 811 957)	(2 676 673)
Profit before tax	88 925 967	96 570 774
Income tax	(24 836 375)	(24 886 855)
Net profit for the period	64 089 592	71 683 919



The Navigator Company, S.A.
Consolidated Statement of Financial Position
on March 31st 2024 and December 31st 2023

Amounts in Euro	31/03/2024	31/12/2023
ASSETS		
Non-current assets		
Goodwill	381 496 008	381 496 008
Intangible assets	80 788 093	46 198 240
Property, plant and equipment	1 240 535 013	1 233 223 791
Investment properties	66 367 957	65 044 454
Right-of-use assets	117 664 308	115 591 979
Biological assets	458 901	463 404
Receivables and other non-current assets	50 844 772	44 399 506
Deferred tax assets	23 635 529	23 653 501
	1 961 790 581	1 910 070 883
Current assets		
Inventories	272 966 005	286 490 362
Receivables and other current assets	480 848 429	424 740 973
Income tax	20 593 177	18 385 534
Cash and cash equivalents	189 926 381	169 464 967
	964 333 992	899 081 836
Total assets	2 926 124 573	2 809 152 719
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	500 000 000	500 000 000
Currency translation reserve	8 430 522	5 309 023
Fair value reserves	15 686 451	12 898 767
Legal reserve	100 000 000	100 000 000
Other reserves	3 481 014	3 481 014
Retained earnings	697 417 034	418 633 191
Net profit for the period	64 075 631	274 923 820
Equity attributable to Navigator Company's Shareholders	1 389 090 652	1 315 245 815
Non-controlling interests	340 978	327 018
Total Equity	1 389 431 630	1 315 572 833
Non-current liabilities		
Interest-bearing liabilities	529 328 748	560 085 341
Lease liabilities	63 942 155	62 848 761
Deferred tax liabilities	98 022 552	95 856 013
Provisions	27 849 574	27 837 286
Payables and other current liabilities	121 773 728	114 670 790
	840 916 757	861 298 191
Current liabilities		
Interest-bearing liabilities	104 223 407	99 259 122
Lease liabilities	7 629 900	7 148 060
Payables and other current liabilities	535 091 229	503 046 782
Income tax	48 831 650	22 827 731
	695 776 186	632 281 695
Total Liabilities	1 536 692 943	1 493 579 886
Total Equity and Liabilities	2 926 124 573	2 809 152 719