



FIBRE  
FLORA  
**FROM FOREST**  
FOCUS  
FLEXIBILITY  
FAUNA  
**TO FUTURE**  
FORM  
FERTILITY

2025

**Interim  
Results**

First Half



# THE NAVIGATOR COMPANY

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## PERFORMANCE IN FIRST HALF 2025

The first half of 2025 was again overshadowed by intense geopolitical volatility, with the escalation of the conflicts in the Middle East and Ukraine and the persistent threat of higher customs tariffs from the US administration. These factors contributed to an economic slowdown in the main markets where Navigator operates.

Looking specifically at the Pulp and Paper sector, the first half divided into two distinct phases. The start of the year brought expectations of higher pulp prices, driven by certain restrictions on supply and an upturn in business. However, from April onwards, the growing uncertainty caused by stronger protectionist measures and the normalisation of supply caused prices in China to tumble, with knock-on effects in Europe. The benchmark index for Printing and Writing Paper in Europe proved less volatile and remained at historically high levels, albeit down on the same period in 2024. The Packaging and Tissue segments have continued to perform well, with prices up on the same period last year, reflecting both resilience and opportunities for growth in these areas, despite the difficult economic situation in Europe, as demand for consumer goods went into decline.

In this context, Navigator again demonstrated its ability to adapt to changing circumstances, preserving its operational resilience and its unique competitive position in Europe. The company continues to display the capacity to respond to market dynamics, through its focus on creating value, protecting its margins and continuous investment in diversification, consolidating its foundations for sustainable growth.

### Analysis First Half 2025 vs. First Half 2024

- Turnover totalled € 1,019 million (down 4% on H1 2024); EBITDA stood at € 216 million (down 28% on H1 2024), with an EBITDA margin of 21.2% (down 6.8pp on H1 2024); strong performance in Tissue and Packaging paper prices cushioned the impact of lower benchmark prices for Pulp and Paper, without wholly offsetting this effect. In addition to the downward adjustment in prices, increased costs for energy, chemicals and logistics (UWF) also chipped away at results for the period;
- Net income totalled € 85 million (down 46% on H1 2024);
- Net debt stood at € 676 million at 30 June (excluding the effect of IFRS 16), up by € 58 million on December, despite an interim dividend payout of € 100 million in the first quarter and the high level of capex over the period. The Net Debt/EBITDA ratio stood at 1.46x;
- Navigator continues to be a world leader with its sustainability practices, and was again included in Sustainalytics' list of "2025 ESG Top-Rated Companies";
- Top score of "A" in CDP Climate Change and CDP Forests. This international recognition has bolstered its commitment to responsible management of climate and deforestation risks. Of the more than 22,000 companies assessed by CDP in 2024, only 2% are included in the 'A List' for achieving the highest rating in at least one of the questionnaires;
- In the field of safety, the first half also saw Navigator achieve its best ever frequency rate (for accidents at work leading to sick leave), underlining its commitment to Occupational Health and Safety, through the '**Mission Zero**' strategy and ongoing work in prevention, training and consolidating a safety culture.



## Analysis 2<sup>nd</sup> Quarter (vs. Q1 2025 and vs. Q2 2024)

- The sales volume for UWF and Packaging paper stood at 318 thousand tons (down 2% on Q1 and down 1% on Q2 2024);
- The sales volume for pulp was 69 thousand tons (down 31% on Q1 and down 3% on Q2 2024), limited by a sharp downturn in market prices in Q2 2025, combined with tough criteria for selecting business opportunities;
- The volume of Tissue sales stood at 58 thousand tons (down 5% on Q1 and up 4% on Q2 2024). YoY growth was due in part to integration of Navigator Tissue UK, which joined the group in May 2024;
- In the Energy segment, the renewable cogeneration plant in Aveiro and one of the turbogenerators in Figueira da Foz switched to generating power for self-consumption, as a result of discontinuation of the special pricing system;
- Business was brisk in the Packaging segment, with growth in the sales: turnover was up by 8%, due essentially to development of new product ranges in flexible packaging, enabling Navigator to diversify its business and continue to grow its client and market base. In particular, growing penetration in low basis weight sectors has confirmed the strong appetite for Eucalyptus globulus fibre in these segments and resulted in 9% growth in the area of paper sold (vs. 5% growth in sales volume, when measured in tons);
- Given the deep uncertainty surrounding US tariffs, the company decided, in early April, to take the preventive measure of building up stocks in this market, trimming potential sales in the quarter by approximately € 10 million.



## LEADING INDICATORS

Million euros	H1 2025	H1 2024	Change <sup>(8)</sup> H1 25/H1 24
<b>Total Sales</b>	1019.0	1065.5	-4.4%
<b>EBITDA <sup>(1)</sup></b>	<b>216.3</b>	<b>298.8</b>	<b>-27.6%</b>
<b>Operating Profits (EBIT)</b>	137.3	225.6	-39.1%
<b>Financial Results</b>	-14.0	-10.5	-3.5
<b>Net Earnings</b>	<b>85.2</b>	<b>158.8</b>	<b>-46.3%</b>
<b>Cash Flow</b>	164.2	232.0	- 67.8
<b>Free Cash Flow <sup>(2)</sup></b>	41.6	-24.6	66.2
<b>Capex</b>	93.6	93.0	0.6
<b>Net Debt <sup>(3)</sup></b>	675.7	664.5	11.3
<b>EBITDA/Sales</b>	<b>21.2%</b>	<b>28.0%</b>	<b>-6.8 pp</b>
<b>ROS</b>	13.5%	21.2%	-7.7 pp
<b>ROCE <sup>(4)</sup></b>	13.7%	23.7%	-10.0 pp
<b>ROE <sup>(5)</sup></b>	12.6%	24.0%	-11.4 pp
<b>Equity Ratio</b>	41.5%	42.9%	-1.4 pp
<b>Net Debt / EBITDA <sup>(6)(7)</sup></b>	1.46	1.21	0.24

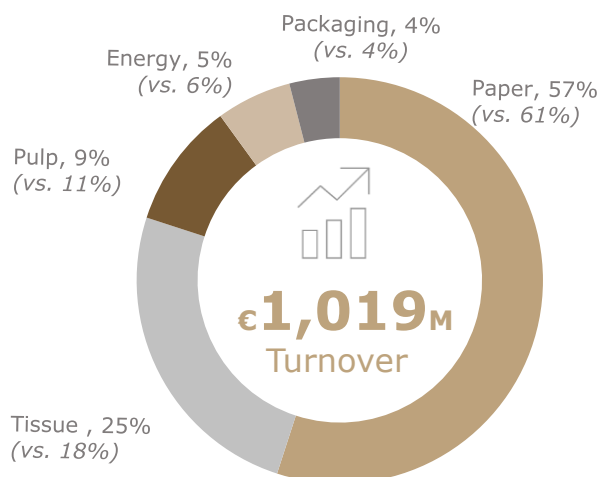
Million euros	Q2 2025	Q1 2025	Change <sup>(8)</sup> Q2 25/Q1 25	Q2 2024	Change <sup>(8)</sup> Q2 25/Q2 24
<b>Total Sales</b>	489.8	529.3	-7.5%	529.1	-7.4%
<b>EBITDA <sup>(1)</sup></b>	<b>100.8</b>	<b>115.6</b>	<b>-12.8%</b>	<b>165.2</b>	<b>-39.0%</b>
<b>Operating Profits (EBIT)</b>	64.5	72.9	-11.5%	127.6	-49.5%
<b>Financial Results</b>	-6.9	-7.1	0.2	-1.6	-5.2
<b>Net Earnings</b>	<b>36.9</b>	<b>48.3</b>	<b>-23.5%</b>	<b>94.8</b>	<b>-61.0%</b>
<b>Cash Flow</b>	73.2	91.0	- 17.8	132.4	- 59.1
<b>Free Cash Flow <sup>(2)</sup></b>	-15.4	57.0	- 72.4	-70.8	55.4
<b>Capex</b>	57.2	36.4	- 72.8	52.3	- 88.7
<b>Net Debt <sup>(3)</sup></b>	675.7	660.3	15.4	664.5	11.3
<b>EBITDA/Sales</b>	<b>20.6%</b>	<b>21.8%</b>	<b>-1.3 pp</b>	<b>31.2%</b>	<b>-10.6 pp</b>
<b>ROS</b>	13.2%	13.8%	-0.6 pp	24.1%	-10.9 pp
<b>ROCE <sup>(4)</sup></b>	13.0%	14.4%	-1.5 pp	26.8%	-13.9 pp
<b>ROE <sup>(5)</sup></b>	10.9%	14.0%	-3.1 pp	28.6%	-17.7 pp
<b>Equity Ratio</b>	41.5%	42.8%	-1.2 pp	42.9%	-1.4 pp
<b>Net Debt / EBITDA <sup>(6)(7)</sup></b>	1.46	1.25	0.21	1.21	0.24

1. Operating profits + depreciation + provisions
2. Variation in net debt + dividends + purchase of own shares | Q2 2024 includes impact of acquisition of Accrol (payment of € 153 million for the shares and consolidation of additional debt)
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 of 1.69; Net Debt / EBITDA (H1 2024) of 1.43
8. Variation in figures not rounded up/down

Note: Navigator Tissue UK's business was integrated into the group in Q2 2024



## ANALYSIS OF RESULTS



(1<sup>st</sup> Half 2025 vs. 1<sup>st</sup> Half 2024)

The success of the diversification strategy (with the new Tissue and Packaging segments accounting already for close to 30% of turnover), supported by commercial initiatives geared to growth in new markets, has secured consistent and stable turnover, despite a macroeconomic and geopolitical situation dominated by deep uncertainty, slack global demand and trade tensions which have severely affected the performance of industrial operators in the sector.

### The Printing and Writing papers industry

Apparent global demand for Printing and Writing paper, YTD May, was down by 2.4%, with UWF again the most resilient grade, with a decline of 1.7%, in contrast to coated papers (Coated Woodfree – CWF) for which demand dropped by 4.3%. Demand for paper produced from mechanical pulp (coated and uncoated) dropped by 2.5%.

In Europe, apparent demand for UWF was down by 8.6% YTD June, as deliveries and imports shrank across the continent. Intra-European deliveries dropped by 7% and imports fell by 19%, in relation to the same period last year (YTD May), confirming an abrupt slowdown in effective demand in the region.

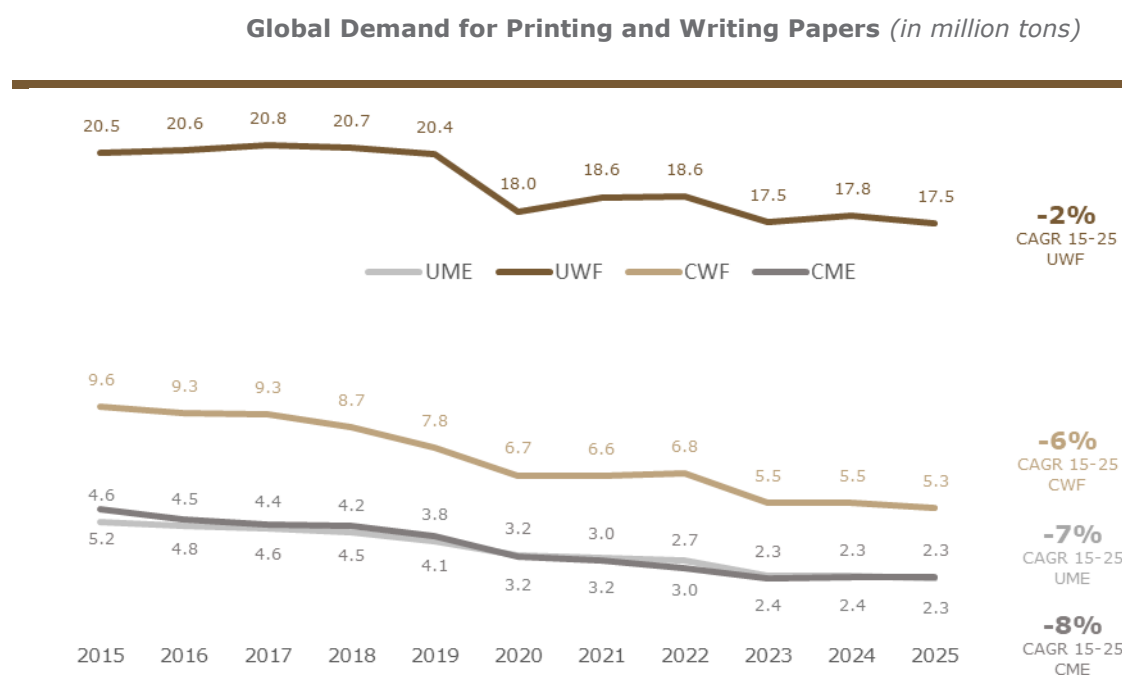
In the United States, the drop in consumption was more moderate up to May (down 2.1%), in a region which remains a net importer of significant quantities in order to satisfy domestic demand. This heavy dependency on imports, which will worsen with the implementation of customs tariffs, will most likely keep prices high, with a tendency to rise further, even in situations where consumption drops; still higher levels are anticipated for 2026.

On the supply side, recent closures have removed annual UWF capacity of approximately 430 thousand tons from Europe, equivalent to 7% of its rated capacity. In the US, the closure was announced of a unit with annual production capacity of 350 thousand tons of UWF, representing 8% of the country's capacity.

Navigator's operating rate stood at 87% in the first half (up 2 pp on the same period last year), whilst for the industry as a whole operating rates deteriorated, averaging 83% for the period (down 2 pp from the first half of 2024).



Significantly, the volume of new orders increased by 10% at Navigator in the first half of 2025, in contrast to an industry-wide decline of 2%. This positive performance was also recorded in Navigator's European markets, where the company recorded growth of 4%, contrasting with an average decline across the industry of 4%. This enabled Navigator to boost its share of orders YoY by 3 percentage points worldwide to 27% and by 2 percentage points in the European market, to 20%.



Source: PPPC, May (2015 - 2025) | \* 2025 YtD May

The benchmark index for Office paper prices in Europe, PIX A4 B-copy, stood at an average of 1,035 €/t in the first half, down by 6% on the same period last year, but 23% above the pre-pandemic average (845 €/t in the period 2015-2021).

Navigator's paper price dipped 14€/t in relation to the first quarter, including a negative foreign exchange impact of 20€/t, due mostly to the weakness of the dollar, the currency in which Navigator trades in more than 100 countries around the world. In Europe, despite the context of a drop in the PIX A4 B-copy index, Navigator's average price remained stable, sustained by the preservation of substantial **price premiums** on mill brands, whose reputation and market penetration enables the company to position its prices at a higher level.

Navigator's sales of UWF and Packaging paper totalled 642 thousand tons in the first half, down 5% on the same period in 2024, and in value the same sales fell by 11% YoY. In early April, given the deep uncertainty surrounding tariffs, the company took the strategic decision of preventively building up stocks in the US, trimming potential sales in the quarter by approximately € 10 million, with the aim of achieving higher margins in the future.

## Pulp Market

In the Pulp market, the first half divided into two distinct phases. The year started with prospect of rising prices, which materialised throughout the first quarter, due to certain constraints on supply and an upturn in business,



but, from April onwards, the uncertainty created by increasingly protectionist measures (in particular the announcement of global tariffs by the new US administration on 2 April) and the normalisation of supply caused prices in China to tumble, with knock-on effects in Europe.

The benchmark index for hardwood pulp - PIX BHKP in dollars, in Europe - ended the first half at an average price of 1,125 USD/t, down by 10% on the same period last year. The first half saw prices rally strongly in the first quarter, especially in Europe. This positive tendency continued through to the start of the second quarter, when prices started to adjust downwards once again. The sharpest drop was observed in China, where prices took a dive of 16% between April and June, with the effects felt also in Europe.

Nonetheless, global demand for hardwood pulp grew by 5% YoY (YTD May), reflecting a positive dynamic in the market. This performance was driven mainly by China, where demand jumped 11%, and, on a smaller scale, by the Rest of World (up 3%). In contrast, markets in Europe and the US recorded drops in demand of 3% and 8% respectively.

Demand for eucalyptus pulp (EUCA) was the top global performer, with growth of more than 6% YTD May, with China up by 13% and Europe shrinking by 3% (in comparison with the same period in the previous year). This performance has consistently boosted EUCA's share in the hardwood bleached chemical pulp segment.

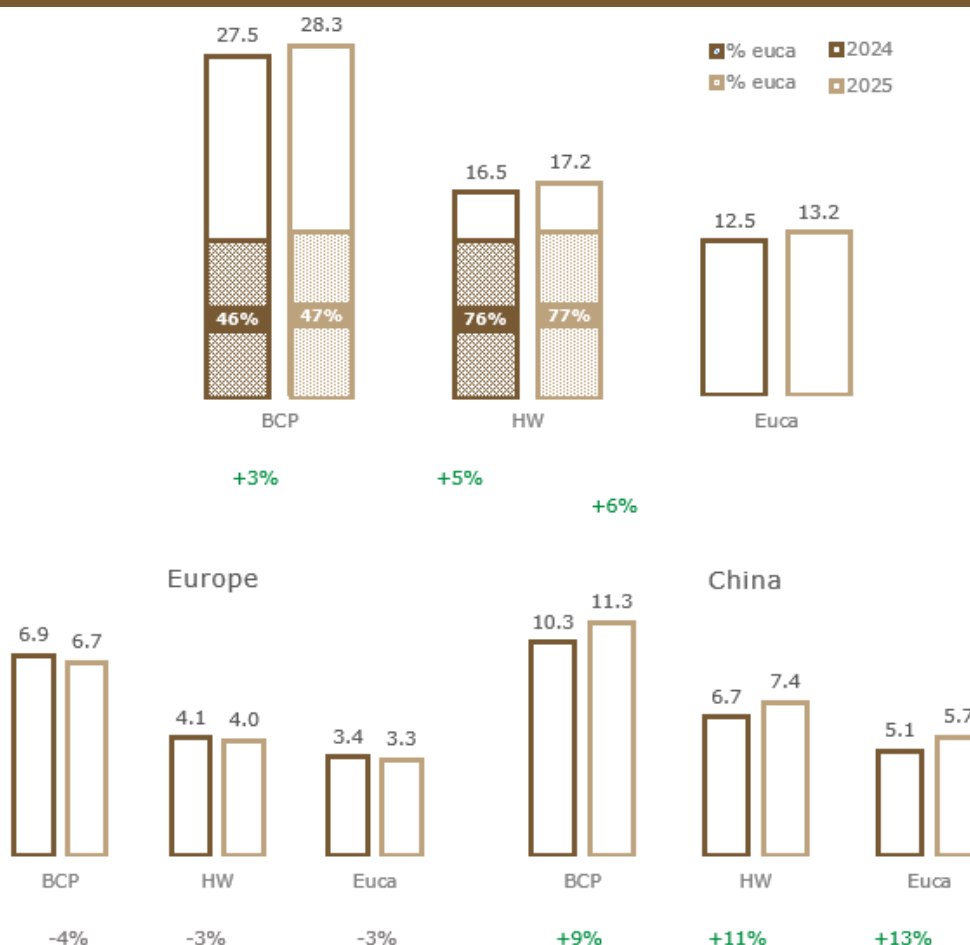
On the supply side, although the ramping up of new capacity in 2024 exerted a degree of pressure on the operating rate, rising consumption and maintenance shutdowns in the first half contributed significantly to sustaining the operating rates of hardwood producers.

China is expected to continue to play a central role in the global dynamics of the pulp market, not just because of the growing importance of its own domestic consumption, but also because of the plans for new capacity. Between 2022 and 2024, it is estimated that BHKP production capacity in the country was increased by around 3.7 Mt, with another 2.4 Mt planned for 2025 - a significant expansion, which has so far relied largely on local wood. However, there are serious questions about the future sustainability of this source of supply. This development has the potential to disrupt global markets, putting pressure on prices and changing trade flows. Even so, it is expected that international wood, although more expensive, will remain the main source of supply for the Chinese industry, and will experience equally significant growth in the next few years.





## Global Demand for Pulp (million tons)



Source: PPC, May (2025 vs. 2024)

In Europe, stock levels remained relatively stable. In China, although stocks at ports have been building up since January, analysis of paper production suggests that this growth is proportional to the expansion in industrial operations, and not an anomalous accumulation. The ratio of stocks to days of production has held relatively steady in recent months, pointing to a balance between supply and demand.

Navigator's pulp sales totalled 168 thousand tons, down 7% on the same period in 2024. The value of sales fell by 22% YoY, as a result of the drop in prices.

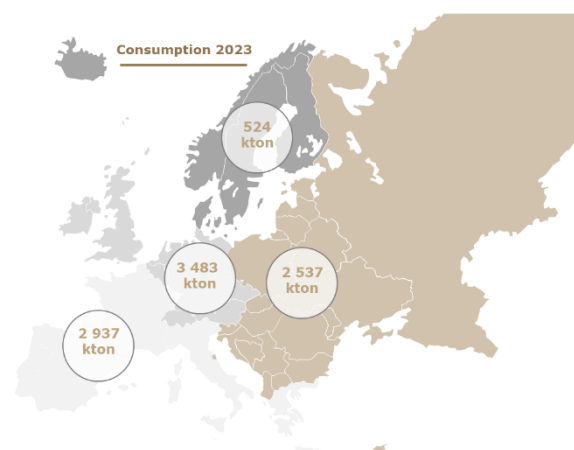
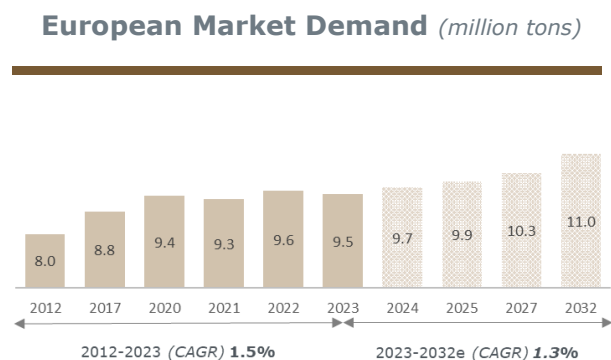
As demand cooled in Europe in the second quarter, the sales volume in these markets was affected. The sharp drop in prices observed in the global market also put the brakes on sales, as it required strict standards to be applied in selecting business opportunities, limiting the volumes sold.

## Growth and strong performance in Tissue business

After significant growth of 6.3% in 2024, European demand for Tissue edged down YoY by just 0.3% (YTD April). This slight drop is explained by a sharp reduction in Eastern Europe (down 1.4%), whilst demand in Western



Europe held steady. This performance reflects the current challenging state of the economy in Europe, with a downturn in demand for consumer goods. It also contrasts with the dynamism experienced in 2024, when demand was driven by restocking and rising household spending power.



Source: RISI "Outlook World Tissue – Fastmarkets - 2023"

Navigator's Tissue sales (finished products and reels) totalled 119 thousand tons in the first half, up by 27% on the same period in 2024. The value of sales grew by 35% YoY.

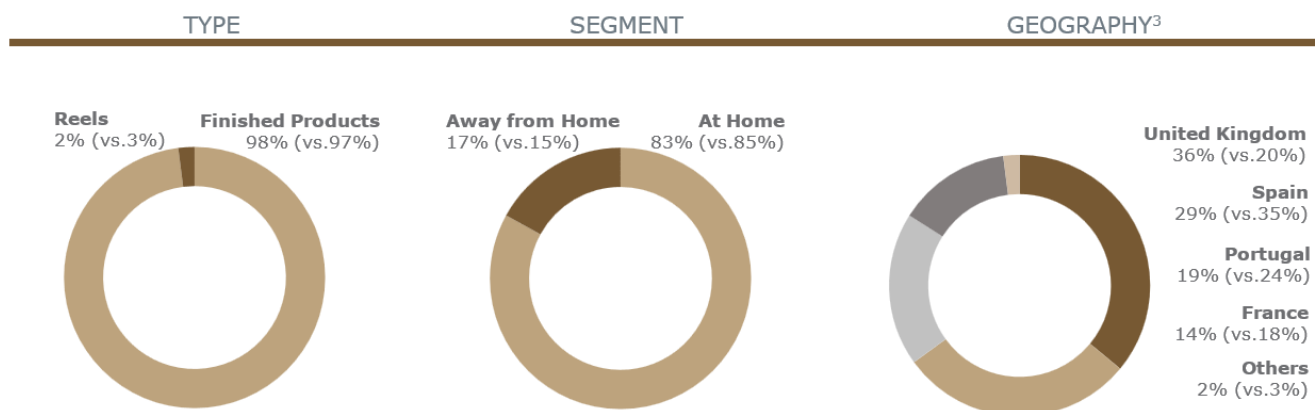
The YoY figures were boosted by the integration of Navigator Tissue UK, in May 2024, which, as well as extending the product range and contributing to growth in sales, expanded the customer base and generated gains by unlocking synergies. It has also permitted cross-selling, which has further strengthened commercial relations with clients.

International sales in Tissue business accounted for 81% of the sales volume in the reporting period (vs. 54% in 2022, prior to integration of Tissue Ejea and Tissue UK). The English market took the largest share, with 36% of sales, followed by Spain, with 29%, and France, which accounted for 14% of sales. In the last two years, acquisitions of new units in Spain and the United Kingdom have enabled us to balance our geographical mix, offering greater resilience for Navigator's Tissue business. On the other hand, finished products represented 98% of total sales, and reels just 2%. In terms of client segment stratification, At Home or Consumer (retail) business has grown in importance, currently accounting for around 83% of sales, whilst the Away from Home segment (wholesalers - Horeca channel and offices) accounts for the remaining 17%.

In the first half of 2025, mill brands grew by 20% year-on-year, accounting for 19% of total sales, based on a diversified customer base and innovative products.



## Tissue Sales H1 2025 <sup>1 2</sup> (vs. H1 2024)



<sup>1</sup> Tons <sup>2</sup> May to June 2024 and H1 2025 includes Tissue UK <sup>3</sup>Finished product and reels

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

The global market for kraft papers (Machine Glazed and Machine Finished) grew by approximately 9%, with a strong overall dynamic.

In this segment, Navigator's sales were up YoY by 8% in the first half, thanks to a 4% rise in price and a 5% increase in volume, despite growth in the area of paper sold of 9%, due to increased penetration in low basis weight segments. Navigator has been developing and investing in the gKRAFT™ sustainable packaging segment, which offers alternatives to fossil-based plastics, supporting the transition to renewable, low carbon products.

To this end, the final decision was taken in the first half to invest in conversion of the PM3 paper machine, at the integrated pulp and paper mill in Setúbal, reassigning it to production of low basis weight flexible packaging papers. This capex project will take a machine ranked in the 3<sup>rd</sup> quartile for competitiveness in production of UWF paper and reinvent it as a machine for producing flexible packaging, ranked among the leaders of the 1<sup>st</sup> quartile for competitiveness in this market.

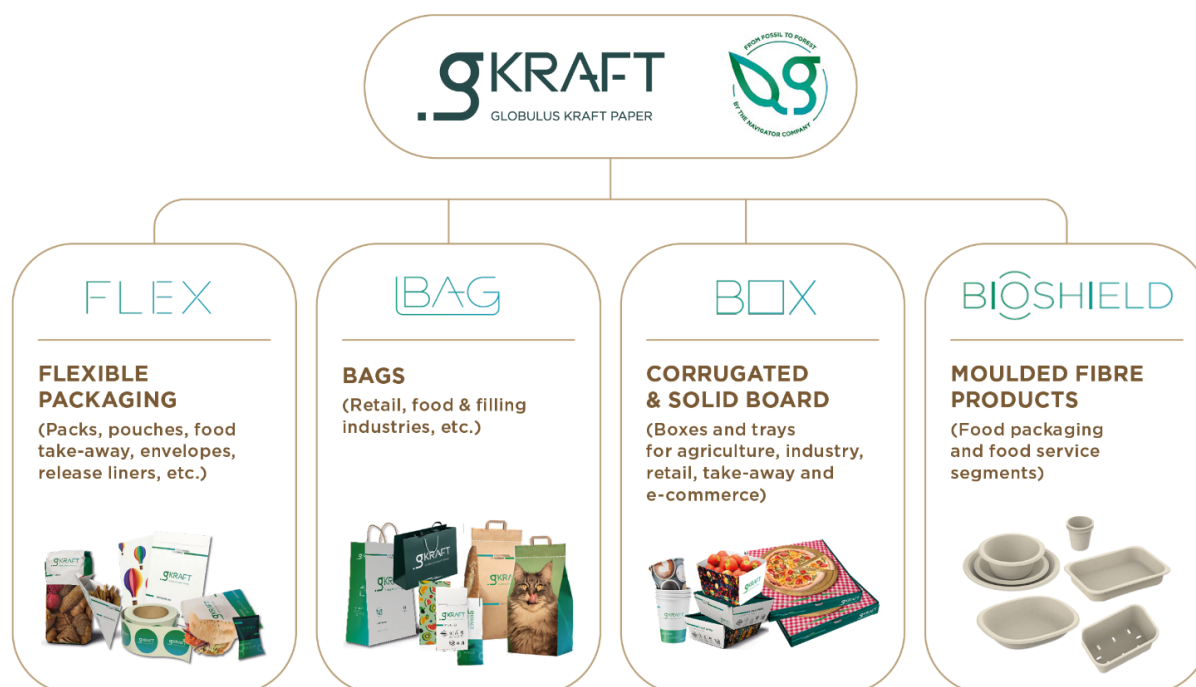
The PM3 machine takes advantage of Navigator's vertical integration and the cost efficiency of Eucalyptus globulus fibre for producing distinctive top quality kraft papers, with a structural advantage in costs. These papers have established a reputation for softness and low permeability, having already been tested by clients, in particular in the food sector and release liners for feminine hygiene, bolstering our position in segments which can be expected to grow.

This capex project will enable Navigator to respond flexibly and efficiently to growing demands from the flexible packaging market, with rates of growth estimated at between 2.5% and 3% up to 2035. The market has responded enthusiastically to Navigator's distinctive solutions, as demonstrated by growth in the gKRAFT™ brand and the strong performance of gKRAFT™ low basis weight for flexible packaging solutions.

As a result of this conversion, Navigator will move up to 4<sup>th</sup> place in the European league table of low basis weight flexible packaging producers, strategically consolidating its presence in a segment where demand is surging.



Navigator has based its offering of Packaging papers on three **gKraft™** macro-segments: **BAG, FLEX and BOX**, aimed respectively at the markets for Bags (retail, consumer and industrial bags), Flexible Packaging (serving a variety of industries: agri-food, restaurants, pharmaceutical and hygiene products...), and Boxes (corrugated cardboard boxes for value-added products, including cardboards for producing paper cups and food trays). In these products the innovative introduction of the properties of eucalyptus fibre has been crucial in securing broad acceptance and recognition in the market.



As part of the diversification of Packaging business, progress has continued as planned on 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, under the **gKraft™ Bioshield** brand. The facility is one of the largest in Europe and the first such integrated facility in southern Europe, moving into a fast growing, high-potential market.

In early 2025, Navigator achieved certification for food contact under EC 1935/2004, awarded by ISEGA, the prestigious German laboratory, in line with the protocol established in German standard BfR XXXVI. Up to date, the only moulded cellulose fibre product to be certified under this standard, which is the main European safety benchmark for food contact, for cellulose fibre materials and articles.

The first quarter saw the successful start-up of four production lines, now operating round the clock, and the start of commercial efforts to consolidate sales of five products for the food sector. At the end of the second quarter, the first contracts were signed with major retail outlets and Navigator started to move into the market for modified atmosphere packaging for raw protein. This packaging requires exhaustive testing, under tough industrial and supply chain conditions, in order to ensure it is suitable for packing lines and refrigeration conditions used by distributors, replacing non-recyclable PET/PE trays with packaging solutions which are 100% recyclable and compostable. Alongside this, efforts were stepped up to expand into new European markets, as Navigator set its sights on growing towards market leader status.



## 80% of Power Output generated from renewable energy sources

In the first half of 2025, electricity sales totalled approximately € 54 million, representing a reduction of 16% in relation to the same period in the previous year. This reduction was essentially connected to the following factors: (i) on 30 April, the renewable cogeneration units in Aveiro and a turbogenerator (TG3) in Figueira da Foz switched to production for self-consumption, as a result of the special pricing system being discontinued, and (ii) the planned maintenance shutdown at the Aveiro Biomass Power Plant.

The main development in generation capacity in the first half was the start-up of the new hi-tech Chemical Recovery Boiler at the Setúbal industrial complex which, among other things, will make it possible to increase generation of renewable steam from burning the black liquor resulting from the cooking of wood. In addition to the obvious improvement in operating performance, there will also be positive outcomes for the environment, in particular a reduction in emissions of malodorous gases, which will be burned in this unit, initiating a new stage in the decarbonisation of the process at this industrial complex.

At the same time, work is proceeding on construction of a new biomass boiler at the Vila Velha de Ródão industrial complex, which will enable the unit to substitute steam currently generated using two natural gas boilers, and on a 5.3 MWp solar photovoltaic plant, for the mill's self-consumption.

The first half was also marked by high prices for electricity and natural gas. In relation to the first half of 2024, the spot price for electricity on the Iberian OMIE market was up by approximately 63% and the TTFMA, the benchmark index for the European natural gas market recorded an increase of more than 40%. Prices peaked during the first half at 143 €/MWh for electricity and 58 €/MWh for natural gas.

The group's industrial units continued to actively serve the manual Frequency Restoration Reserve Band Market (mFRR Band). This system service, provided to the operator of the power grid by qualified consumers, helps to safeguard the security of supply in the National Electrical System, which has already proved to be decisive for protecting domestic consumers and critical users. Over the course of the first half, Navigator was mobilised on 15 occasions to reduce its power consumption, under the mFRR Band service.

## EBITDA of € 216 million

A diversified business model, combined with commercial initiatives for growth in new markets, has enabled Navigator to enjoy consistent and stable results.

In the first half, the reduction in sales volumes in pulp and paper segments were offset by increased volumes in Tissue and Packaging paper. At the same time, strong performance in Tissue and Packaging paper prices cushioned the impact of lower benchmark prices for pulp and paper, without wholly offsetting this effect.

Despite the constant focus on managing variable costs, the first half saw pressure on energy cost items, with higher costs, due to the rise and intense volatility of market benchmarks over the period. This shift in market indicators brought significant cost increases in energy, but also indirectly in chemicals, logistics and packaging materials.

Pressure was also exerted on logistical costs by changes in the operating context: in the first place, phase 2 of the Emissions Trading System (ETS) came into effect as from the start of the year in maritime transport, increasing the need to purchase emissions licenses from 40% to 70%, whilst the uncertainty generated by the announcement of customs tariffs caused changes in global trade flows, resulting in more volatile freight prices.



In addition, Navigator's risk management strategy for mitigating the impacts of a strike at ports and the introduction of tariffs led to stocks being built up in the US, with a one-off increase in logistical and storage costs, in particular in the second quarter.

Fixed costs have increased YoY, due to integration of what is now called Navigator Tissue UK (May 2024). Without the integration of Navigator Tissue UK, fixed costs would be slightly below those recorded in the first half of 2024.

It should be stressed that the impact on EBITDA, resulting from the instability in costs and prices over the first half, was cushioned by the company's policies for managing financial risk, in particular through the fixing of electricity and natural gas prices, as well as foreign exchange hedges.

In this context, Navigator recorded EBITDA of € 216 million in the first half (vs. € 299 million in the same period in 2024), with an EBITDA margin of 21.2% (down 6.8 p.p. year-on-year).

## Financial Results

Financial results deteriorated by € 3.5 million in relation to the same period in 2024, standing at a loss of € 14.0 million in the first half (vs. a loss of € 10.5 million in H1 2024), due to an increase in average indebtedness, in relation to the same period last year, and also to higher interest rates (up by 0.2% in the weighted average cost of borrowing), resulting in an increase in interest expense of € 4.9 million.

The costs of financing operations (net of gains on investments of surplus cash) stood at € 9.5 million (vs. € 4.6 in H1 last year), as a result of new borrowing being contracted in the second half of 2024, so as to extend the average debt maturity to 4.3 years (vs. 3.3 years in June 2024).

Despite being contracted with competitive costs, the debt negotiated from June 2024 onwards has higher costs than the debt it substituted, given that the latter was contracted at a time of historically low interest rates. Average indebtedness in the same period in 2024 was € 190 million lower than recorded at 30 June 2025, despite that period having ended with net debt close to that now recorded (€ 676 million vs. € 647 million), with an impact on interest expense.

Pre-tax profits totalled € 123 million (vs. € 215 million in H1 2024) and corporation tax payable stood at € 38 million, with an effective tax rate for the period of 30.9%. Net income stood at € 85 million (vs. € 159 million in the same period in 2024).

## Free cash flow generation of €42 million

Free cash flow generation totalled € 42 million in the first half (vs. - € 25 million in the same period in 2024). It should be noted that, although the first half of 2024 reflects the investment in acquisition of what is now called Navigator Tissue UK, both periods were marked by a high level of capex, in excess of € 90 million.

This level of capital expenditure includes projects under the Recovery and Resilience Plan (RRP), which are proceeding as scheduled. Eligible investments for this purpose, of approximately € 269 million, will benefit from investment support of more than € 100 million. Up to June 2025, Navigator had received incentives totalling approximately € 57 million, of which € 11 million was paid in the first half of 2025.



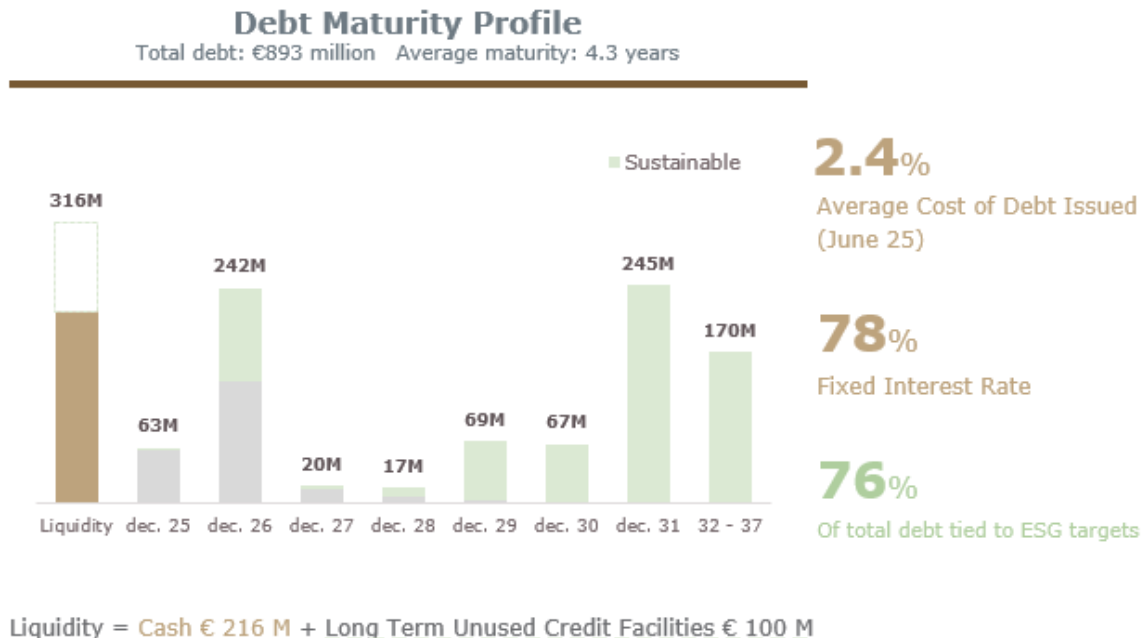
## Sustainable Financial Management

At 30 June 2025, net debt stood at € 676 million, up by € 58 million on December, despite an interim dividend payout of € 100 million during the first quarter and the current period of heavy capital expenditure (€ 94 million in the first half). The Interest-Bearing Net Debt/EBITDA ratio stood at 1.46x, further consolidating the financial strength displayed by the Group.

Debt repayments totalling € 217 million were made over the first half. At the same time, in addition to the funding under the €115 million loan facility (EIB - Recovery Boiler), debt totalling € 200 million was contracted.

This was done through a programme of bonds divided into three series, the first of which for € 100 million was issued in June 2025, with a maturity of 7 years; the other series, with a value of € 50 million each, will be issued in December 2025 and June 2026. The financial terms for these issues are linked to attainment of three ESG indicators, already envisaged in our Sustainability Agenda, and also aligned with the United Nations Sustainable Development Goals. We have sought to further extend debt maturity while at the same time keeping the average borrowing cost within its current levels, renewing and strengthening our commitment to the company's sustainable development goals, attainment of which is reflected in the final cost of the borrowing.

Average debt maturity currently stands at 4.3 years, as compared to 3.5 years in December, with rationally staggered repayments, more than 76% of total debt tied to sustainability and 78% of total debt issued on a fixed rate basis, directly or using interest rate hedges. It should be noted that, despite interest rates rising across the market in relation to last financing cycle, our average cost of financing at the end of the first half remained low, at approximately 2.4%. Unused long term credit facilities currently total € 100 million.



## Capital expenditure of € 94 million

In the 1<sup>st</sup> half of 2025, capital expenditure totalled € 94 million (compared to € 93 million in H1 2024), of which approximately € 56 million corresponds to value-creating environmental or sustainability investment, accounting for approximately 60% of total.



This investment consisted mostly of projects aimed at decarbonisation, maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects.

Capex projects included the new high efficiency Chemical Recovery Boiler in Setúbal, already in operation, and also the oxygen delignification line in Setúbal, due to start up in April 2026, when it will bring down consumption of chemicals at the pulp bleaching stage, as well as improving the effluent quality at this site.

The new Chemical Recovery Boiler in Setúbal, which is the most important unit of a pulp mill, will not only bring clear improvements to operational and environmental performance, in particular by reducing malodorous gases, but also represents a milestone in the process of industrial decarbonisation. This project incorporates the best available techniques which, among other things, will cut annual scope 1 emissions at this industrial complex by 136 thousand tons of CO<sub>2</sub>, and allow for concentrated non-condensable gases (CNCGs) to be transported and burned, in addition to collecting, transporting and burning malodorous diluted non-condensable gases (DNCGs) in the boiler. This project falls under the decarbonisation agenda in the RRP.

Alongside this, Navigator is investing in a new cogeneration unit at the Tissue plant in Aveiro, conversion of the Setúbal lime kiln to burning biomass, conversion of burning processes to hydrogen in Aveiro, collection and incineration of malodorous gases (NCGs) in Setúbal and the new biomass-fuelled lime kiln in Figueira da Foz.

Implementation of all projects under the Recovery and Resilience Plan (PRR) is proceeding as planned, in line with commitments to national authorities.

## From Forest to the Future

### Responsible Business: Innovation & Sustainability

Water is a resource used throughout Navigator's value chain, from forestry production through to the end product. At the different stages of our industrial processes, where the materiality of impact is most significant, water is used in steam production, transport of materials, cooling systems and other areas. As a shared resource, Navigator takes care to implement measures for efficient use of water, applying the best available techniques that enable it to minimise losses, close circuits and recirculate currents of process water. More recently, it has started to reuse treated effluent from WWTP 2 at the Setúbal Industrial Complex

In this context, Navigator has implemented the **Programme for Reducing Water Use (PRWU)** in its operations. The aim of which is a 33% reduction in specific use of water by 2030, in relation to 2019. This programme includes a set of initiatives for optimising processes, such as recovery of water from industrial processes, recirculation of filtered water and closed washing circuits, thereby reducing withdrawal of fresh water.

In 2024, fourteen strategic initiatives were concluded under the PRWU, representing a significant potential for annual reduction of water. Alongside the implementation of optimisation measures that make for greater efficiency in using this resource, the PRWU has from an early stage started to explore more ambitious alternatives for reusing effluents or internal currents, with or without complementary treatments. These solutions, with great potential for cutting water use, entail greater technical demands, involving computer simulations, laboratory testing and pilot tests.

The work done and the persistence of the research team have resulted in breaking down barriers to the reuse of water at Navigator.





## What if we could transform industrial effluent into fresh water?

The expansion of WWTP no. 2 in Setúbal started in late 2021, coinciding with the start-up of production by the packaging segment at the Setúbal industrial complex. Using high-yield kraft eucalyptus pulp (HYKEP) and unbleached eucalyptus kraft pulp (UEKP), this landmark saw the introduction of innovative products which are shaping the future of sustainable packaging.

The creation of these disruptive products, opening the way to a new packaging paradigm, entailed a new technical challenge: managing effluents with significantly more complex profiles. In response to this need, Navigator chose not to merely modernise its systems, but to actually rethink them. This visionary step forward is aligned with its ambitious sustainability commitments, specifically those on reducing water use and working towards using resources within a closed loop - circularity.

The system chosen to address the new challenges is called **MBR - Membrane Bioreactor and uses "ultrafiltration"** technology. Incorporation of MBR technology in the WWTP has resulted in an integrated and sustainable solution, able to respond effectively to technical, regulatory and environmental challenges, whilst promoting the highest operating standards. This approach ensures strict compliance with the highest quality standards and bolsters our commitment to preserving natural resources.

Application of the MBR systems offers an array of advantages in relation to other treatment alternatives, including notably highly efficient treatment, occupation of less space, advanced automation and flexibility to deal with variations in organic loads. In addition, the significant reduction in water use helps to mitigate the environmental impacts associated with withdrawal of fresh water, promoting to compliance with the aims of the European Taxonomy as regards the sustainable use of water resources. The use of MBR technology and state-of-the-art automation makes it possible to optimise energy consumption, in line with the targets for the energy transition. There are other significant benefits, such as increased operational resilience and lower operating costs in the long term.

In 2025, the successful results have now been consolidated and we concluded that installation of the MBR ultrafiltration system had enabled the plant to achieve a high enough quality of effluent to justify a trial of recirculating it, in direct substitution of fresh water in PM3 at the Setúbal Complex at the pilot stage, it is already possible to recirculate 6% of the effluent treated at WWTP 2 to the paper production process. The aim is to stabilise and consolidated this practice as a permanent solution for recirculation of water at the Industrial Complex. With this measure, Navigator Paper Setúbal has made an important contribution to an overall reduction in specific use of water by 2030 of 33%, in relation to 2019.

The project has represented capex of approximately € 8 million and reaffirms Navigator's commitment to protecting the environment and to achieving efficiency in its operations.

## External recognition of our commitment to sustainability

Our ongoing commitment and investment in consolidating our Responsible Business has also been reflected in positive assessments from independent rating agencies.

In 2025, Navigator was again classified by Sustainalytics as a low-risk company for investors, maintaining its status as an **"ESG Industry Top-Rated Company"** and reasserting its leadership in the forestry and paper sector. Placing it in the prestigious global list of 2025 ESG Top-Rated Companies, this recent assessment consolidates



Navigator's position as one of the world's best companies in terms of environmental, social and governance (ESG) practices.

In the first half of 2025, Navigator obtained the top score of "A" on the CDP Climate Change and CDP Forests questionnaires for last year, securing it a place on the prestigious "A List" for Climate and for Forests, and consequently its coveted **leadership status**. This assessment by CDP (Disclosure Insight Action) provides international recognition of Navigator's commitment and good practices in relation to risk management and deforestation. Of the more than 22,000 companies assessed by CDP in 2024, only 2% are included in the 'A List' for achieving the highest rating in at least one of the questionnaires.

Our business strategy, which incorporates **sustainability** as an essential pillar, has a real impact on the communities where we operate. An example of this is the Tissue mill Vila Velha de Ródão, which has been a driving force for local development, attracting new families with children, thanks to the new jobs created. Since 2018, the town's population has grown by 360 inhabitants, thanks to policies to support housing and household expenditure. Navigator's Ródão plant currently has a workforce of 255 employees of five nationalities, significantly contributing to the integration of immigrant communities in search of better living standards. Investing in the future also means investing in people, their families and the education of their children - a central commitment for Navigator.





## OUTLOOK

The current international situation, dominated by deep uncertainty, is expected to continue influencing developments over the quarters ahead. Global trade faces growing instability, aggravated by the upsurge in protectionism, fiercer tensions between economic blocs and the escalation of geopolitical conflicts in the Middle East and Eastern Europe. The unpredictability of the US trade policy has introduced additional risks, already reflected in a slowdown in global economic growth. This context has contributed to a downturn in consumer spending in various markets and to a weaker US dollar, penalising exporter companies like Navigator, which trades its products in dollars in more than 100 countries outside the Eurozone.

In view of the volatility created by the trade policies of the new US administration, it is still too early to predict precisely what the total impact will be on international trade. The European market has seen the deadline for reaching trade deals between the US and its international partners extended to 1 August, under the threat of 30% tariffs, as compared to 10% at the latter date.

In the Printing and Writing paper market, the United States is not currently self-sufficient and will have to continue importing some of the products it needs. North America as a whole (USA + Canada) has an overall shortfall in production of these papers, a situation recently aggravated by the closure of the largest mill (350 thousand tons) of the US' third largest manufacturer, further exacerbating North America's structural deficit, which is estimated at approximately 800-1,100 thousand tons.

As a result, the US' need for imports will have to continue to be met by the few countries with the capacity to supply products that meet the exacting specifications demanded by the region's market, notably a number of manufacturers in Europe and Latin America. In the case of Latin America, manufacturers are being threatened with tariffs higher than those currently announced for Europe. At the same time, American producers may focus more on their domestic market, which will also open up opportunities in their current export markets.

China and Indonesia, two producers currently subject to high levels of anti-dumping duties, and with a relatively small volume of sales to the US, may be expected to play only a small role here, not having a great presence on the US market, they will not feel the need to repatriate large volumes of exports.

Despite the complexity of the current situation, new opportunities are also emerging in the UWF market in different geographical regions. Announcements by Mexico of planned taxes on imports from Asia and by Colombia on imports from Brazil continue to protect and provide impetus for Navigator's sales in these markets, making it more competitive and expanding its regional presence.

Irrespective of the global scenario that finally emerges, Navigator is consolidating its competitiveness and bolstering a resilient, integrated and forward-looking strategy. Navigator has responded to this situation with determination and vision, by taking concrete steps to ensure its operations are robust, promoting efficiency gains and a rapid commercial response, as well as preparing the company to face the challenges and opportunities in the sector with confidence.

Keeping its focus on high operational standards, the company has launched internal programmes designed to act on different fronts so as to protect its results in this uncertain scenario. This involves implementing programmes for:

- Optimisation and reduction of variable costs, by optimising specific consumption of raw and subsidiary materials, seeking strategic negotiations with these suppliers, as well as logistics. In this area, the company will likewise step up its commitment to Iberian wood, promoting local and sustainable procurement.
- Cutting fixed costs, with a focus on restricting new recruitment and optimising running costs.



- Reliability at Pulp and Paper mills and availability of plant for production, in particular by speeding up implementation of the Asset Performance Management (APM) system and executing specific action plans to build up teams and improve systems for asset management, maintenance and reliability.
- Alongside this, capex plans will be subject to careful review, especially as regards scheduling, seeking to reduce projects in 2025 by approximately € 40 million, prioritising those under the RRP and those offering higher rates of return.

Lastly, alongside commercial strategy and market diversification, business diversification and innovation in new products remain at the heart of Navigator's strategy, especially in the Tissue and Packaging segments, where there is still great potential for growth.

The quick-footed and flexible response of Navigator's teams to the demands of integrated management of all its operations, from forestry through to the group's various industrial units, combined with the company's sound financial position, have added to Navigator's capacity to face the challenges of the present and prepare for the future with confidence. We believe that all these factors, together with continuous development focused on diversifying the group's business base, will further underpin the resilience and sustainability of our business model.

Lisbon, 24 July 2025

Conference Call and Webcast for Analysts and Investors

Date: Tuesday, 29 July 2025

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

Link to the Conference Call webcast:

<https://streamstudio.world-television.com/1076-1695-42061/en>

Link for advance registration for telephone access to Conference Call:

<https://grid.trustwavetechnology.com/navigator/register.html>



## FINANCIAL STATEMENTS

The Navigator Company S.A.

### Consolidated Income Statement

30 June 2025 and 2024

Figures in Euros	30/06/2025	30/06/2024
Revenue	1 019 032 130	1 065 534 120
Other operating income and gains	43 075 761	35 937 557
Changes in fair value in biological assets	2 149 237	1 567 196
Cost of goods sold and materials consumed	(457 951 103)	(441 017 459)
Changes in production	11 117 825	5 084 265
Third party supplies and services	(268 176 621)	(234 690 231)
Personnel expenditure	(108 308 317)	(101 520 471)
Other operating expenses and losses	(24 605 532)	(32 136 805)
Net provisions	3 759 582	247 762
Depreciation, amortisation and impairment losses in non-financial assets	(82 747 036)	(73 401 164)
<b>Operating result</b>	<b>137 345 926</b>	<b>225 604 770</b>
Financial income and gains	8 220 882	8 558 629
Financial expenditure and losses	(22 185 064)	(19 008 870)
<b>Net financial income</b>	<b>(13 964 182)</b>	<b>(10 450 241)</b>
<b>Profits before tax</b>	<b>123 381 744</b>	<b>215 154 529</b>
Corporation tax	(38 133 408)	(56 297 497)
<b>Net income for period</b>	<b>85 248 336</b>	<b>158 857 032</b>
Attributable to Navigator equity holders	85 229 477	158 845 066
Attributable to non-controlling interests	18 859	11 966



The Navigator Company S.A.

## Consolidated Statement of Financial Position

at 30 June 2025 and at 31 December 2024

Figures in Euros

	30/06/2025	31/12/2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	421 361 906	422 627 337
Intangible assets	109 926 171	119 600 687
Tangible fixed assets	1 431 219 153	1 415 945 085
Right-of-use assets	95 281 903	98 651 166
Biological assets	115 243 984	115 250 198
Investment properties	354 296	360 170
Other financial assets	-	1 347 318
Non-current accounts receivable	4 094 877	13 142 937
Deferred tax assets	57 210 600	59 110 851
	<b>2 234 692 890</b>	<b>2 246 035 749</b>
<b>Current assets</b>		
Inventories	329 438 282	303 198 367
Current accounts receivable	472 641 143	496 698 621
Corporation tax	22 078 666	20 621 461
Cash and cash equivalents	216 004 485	286 628 866
	<b>1 040 162 576</b>	<b>1 107 147 315</b>
<b>Total assets</b>	<b>3 274 855 466</b>	<b>3 353 183 064</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	500 000 000	500 000 000
Foreign currency translation reserve	8 230 553	13 829 407
Fair value reserve	13 541 633	12 011 454
Legal reserve	100 000 000	100 000 000
Other reserves	(5 960 836)	(5 960 836)
Retained Earnings	658 617 168	548 900 068
Net income for period	85 229 477	286 948 195
Interim dividends	-	(99 999 451)
<b>Equity attributable to Navigator equity holders</b>	<b>1 359 657 995</b>	<b>1 355 728 837</b>
Non-controlling interests	378 146	360 347
<b>Total Equity</b>	<b>1 360 036 141</b>	<b>1 356 089 184</b>
<b>Non-current liabilities</b>		
Loans obtained	735 730 837	726 229 071
Lease liabilities	95 078 649	98 627 669
Defined benefit liabilities	785 163	-
Deferred tax liabilities	135 015 086	135 938 603
Provisions	25 043 260	28 371 069
Non-current accounts payable	113 228 283	117 161 513
	<b>1 104 881 278</b>	<b>1 106 327 925</b>
<b>Current liabilities</b>		
Loans obtained	156 015 432	177 748 681
Lease liabilities	12 935 435	13 109 231
Current accounts payable	588 806 533	658 569 674
Corporation tax	52 180 647	41 338 369
	<b>809 938 047</b>	<b>890 765 955</b>
<b>Total liabilities</b>	<b>1 914 819 325</b>	<b>1 997 093 880</b>
<b>Equity and Total Liabilities</b>	<b>3 274 855 466</b>	<b>3 353 183 064</b>



**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