

The fibre of people

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Tasmanian Blue Gum
Eucalyptus globulus

In heritage forest managed by the Company are identified about 800 species and flora subspecies and 241 species of fauna.



THE
NAVIGATOR
C O M P A N Y

The Navigator Company, S.A.
Public Limited Company

Share Capital
500 000 000 Eur

Corporate Entity
503 025 798
Registered at
the Commercial
Register
of Setúbal

Headquarters
Península
de Mitrena,
Freguesia
do Sado
- Setúbal



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1. PERFORMANCE FOR THE 1ST QUARTER 2021

The first quarter was marked by further surges in Covid-19 case rates and periods of lockdown in most of the Group's key markets, while the pace of paper demand remained at appreciably the same level as in the fourth quarter of 2020. List prices for pulp also recovered strongly over the period and successive price increases were implemented; a number of price increments for paper were also announced.

QoQ Analysis (1st Quarter 2021 vs 4th Quarter 2020)

- Market conditions proved to be similar to those in the final quarter of 2020 and sale prices for pulp recovered significantly, thereby sustaining a degree of improvement in paper prices;
- In relation to output, Navigator scheduled its annual maintenance shutdowns for both the pulp mill and the paper machines in Figueira da Foz in the first quarter, with an impact of 11 days;
- The volume of paper sales totalled 335 thousand tons (down 2%), pulp sales stood at 79 thousand tons (down 19%) and tissue sales at 27 thousand tons (up 1%);
- Turnover was in line with the fourth quarter, at a total of € 341 million; the recovery in sales price made it possible to offset the reduction in sales volume;
- The Company achieved EBITDA of € 71 million and a sales margin of 21% (vs. € 75 million and a margin of 22% in Q4 2020), benefiting from an improvement in sales prices and positive evolution in fixed costs;
- Net earnings totalled € 23.5 million, comparing with €34 million in Q4 2020 (-31%);
- Free Cash Flow stood at € 56 million vs € 63 million in Q4 2020.

YoY Analysis (1st Quarter 2021 vs 1st Quarter 2020)

- Difficult YoY analysis as performance in 2021 was marked by further surges in Covid-19 and the subsequent impact of lockdown measures, in contrast to the first quarter of 2020, when the economic impact of the pandemic only started to be felt towards the end of the period;
- Paper sales were 8% down on the first quarter of 2020, pulp sales fell by 6%, but tissue sales were up by 4%;
- Although pulp price rallied strongly over the period (with the benchmark index up 15% in USD and 5.5% in Euros), paper index price was still 6.4% lower than in the first quarter of 2020;
- Turnover of € 341 million represented a reduction of 16%, under pressure from smaller volumes of pulp and paper sales due essentially to the planned shutdowns, and to lower paper prices;
- Teams across the Company have worked to cut fixed and variable costs, with results that were visible in the quarter and partially offset the reduction in turnover, leading to EBITDA of € 71 million (down 20%), corresponding to a margin of 21% (down 1pp);
- Navigator's Free Cash Flow remained strong, at € 56 million, comparing with € 15 million in the first quarter of 2020, and net debt dropped to € 625 million (vs. € 800 million), keeping the Net Debt / EBITDA ratio at 2.33 X;
- Net earnings totalled € 23.5 million, comparing with €31 million in Q1 2020 (-23%);
- The first quarter also saw the start-up of the new solar power facility at Figueira da Foz, with annual capacity of 2.6 MW, which will avoid annual emissions of 1,296 tCO₂.

2. Leading Indicators (unaudited figures)

Million euros	Q1 2021	Q1 2020	Change ⁽⁸⁾ Q1 21/Q1 20	Q4 2020	Change ⁽⁸⁾ Q1 21/Q4 20
Total Sales	340.8	405.8	-16.0%	341.4	-0.2%
EBITDA ⁽¹⁾	70.6	88.4	-20.2%	75.1	-6.0%
Operating Profits (EBIT)	40.1	48.3	-17.1%	40.8	-1.9%
Financial Results	- 9.7	- 6.2	57.8%	- 5.6	73.0%
Net Earnings	23.5	30.6	-23.2%	34.0	-30.8%
Cash Flow	54.0	70.7	- 16.7	68.2	- 14.2
Free Cash Flow ⁽²⁾	56.4	14.9	41.5	63.1	- 6.7
Capex	20.1	22.7	- 2.6	10.9	9.2
Net Debt ⁽³⁾	623.6	799.5	- 175.9	680.0	- 56.4
EBITDA/Sales	20.7%	21.8%	-1.1 pp	22.0%	-1.3 pp
ROS	6.9%	7.5%	-0.6 pp	9.9%	-3.0 pp
ROCE ⁽⁴⁾	9.5%	10.8%	-1.3 pp	9.5%	0.0 pp
ROE ⁽⁵⁾	9.1%	11.8%	-2.8 pp	13.2%	-4.2 pp
Equity Ratio	39.9%	38.9%	1.0 pp	40.2%	-0.3 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	2.33	2.25	0.08	2.38	-0.05

1. Operating profits + depreciation + provisions;
2. Variation net debt + dividends + purchase of own shares
3. Interest-bearing liabilities - liquid assets (not including effect of IFRS 16)
4. ROCE = Annualised operating income / Average Capital employed (N+(N-1))/2
5. ROE = Annualised net income / Average Shareholders' Funds (N+(N-1))/2
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months
7. Impact of IFRS 16: Net Debt / EBITDA in 2020 of 2.53; restated 30/12/2020 Net Debt / EBITDA of 2.57
8. Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

1st Quarter 2021 vs 1st Quarter 2020

In the first quarter of 2021, The Navigator Company recorded turnover of € 341 million, with paper sales accounting for around 70% of turnover (vs. 72%), pulp sales 10% (vs. 9%), tissue sales 10% (vs. 9%) and energy sales 9% (vs. 10%). The start of the year was marked by further surges in Covid-19 case rates and periods of lockdown in most of the Group's key markets, while the pace of paper demand remained at the same level as in the fourth quarter of 2020. List prices for pulp also recovered strongly over the period and successive price increases were implemented; a number of price increments for paper were also announced.

Demand for UWF paper showed a recovery in April, after a first quarter marked by lockdowns

Global demand for printing & writing papers fell by around 8% YTD March, with UWF paper showing a reduction of 5%, more favourable than for coated papers (down 8%), and mechanical papers (uncoated down 12% and coated down 18%). In Europe, demand for UWF paper during the first quarter evolved along similar lines (down 9%), improving in April to YTD -4%, with apparent demand up 16% in April.

In the United States, demand for UWF dropped by approximately 14% in the first three months of the year. The demand evolution and a capacity reduction of around 15% allowed for a recovery in the capacity utilisation rate, up from 83% in January to 88% in March.

It is important to note the difficult comparison with the performance in 2020, as this quarter was impacted by new surges in Covid-19 infections and the subsequent lockdowns, as well as the concentration of maintenance shutdowns, versus a period in 2020 where the economic impact of the pandemic was only felt towards the end of the first quarter.

Navigator therefore decided to bring forward to the first quarter the annual maintenance shutdowns for the pulp mill and for paper machines at Figueira da Foz. Paper sales totalled 335 thousand tons in the first period, down by 8.4% in relation to the same period in the previous year.

In this context, Navigator maintained a fairly robust order book over the period, and ended March with an order book of 49 days. This level represents an improvement of approximately 60% over the period, which started with an order book of around 30 days, and compares favourably with the level of 30 days experienced by the Company's competitors and also with the level of around 40 days recorded in the same period last year. Navigator registered decreasing levels of paper inventories over the quarter, ending the period with around 13 days' stocks, as compared to an average of 31 days at its competitors and down on the figure in December 2020, thanks to careful management of working capital and a good start of the year in terms of demand.

The benchmark index for A4 in Europe showed a downward adjustment of 6.4% YoY, to an average price of € 809/ton, as compared to € 864 /ton in the first quarter of 2020. The value of UWF sales was accordingly affected by the global decline in paper prices. Navigator's average sale price was also highly penalised by the evolution of exchange rates on the international markets, and its products and markets mix reflected the pandemic situation in Europe and the strong recovery in demand and prices in Overseas markets, where sales were up in comparison with the same period in 2020.

Recovery in pulp market with rising sales prices

After proving to be particularly resilient in 2020 (with short fibre growing by 6%), the global pulp market showed a recovery in benchmark prices in 2021, with successive increases. Hardwood pulp in USD in China was up by around 46% in the first three months of the year (up USD 230/ton), and rose 29% in Europe, up from USD 680/ton to USD 876/ton (up 34% in Euros, € 191/ton). Considering that China prices are net and those in Europe are gross before discounts, there will still be room for price convergence between Europe and China over the course of the second quarter.

The improvement in prices was sustained by a wide range of factors, among which we may point to macroeconomic aspects as well as others more closely related to the industry itself. Concerning the first ones, stimulus measures for the global economy and the strong recovery of the Chinese economy fuelled an upward cycle in commodities, whilst exchange rate trends (depreciation of the CNY and Euro against the USD) also sustained higher prices in USD. In what relates to the second factor, the strong recovery in pulp demand, which already started in late 2020, in particular in China, driven by a global increase in tissue consumption, a robust P&W demand, especially for UWF and by demand for boxboards made from virgin fibre (Ivory board). Also significant was the wide price differential between long and short fibre, which pushed up hardwood pulp prices, and also the decline worldwide in availability of recycled fibres.

On the supply side, low stocks in the supply chain, several planned and unplanned production stoppages (with longer than usual maintenance shutdowns as a result of pandemic-related restrictions) and the conversion of some short fibre pulp capacity to dissolving pulp combined to constrain the amount of hardwood pulp available on the market. Another constraining factor on the availability of pulp is related to logistical issues.

Navigator's sales performance in the first quarter was marked by the production shutdowns mentioned, which limited the amount of pulp available for sale, and also the low level of stocks at year-end 2020. Sales accordingly stood at 79 thousand tons, 5.5% down on the first quarter of 2020 and 18.6% lower than in the final quarter of 2020. The recovery in pulp prices observed since the start of the year helped to mitigate the decline in sales volumes with sales value registering an increase of 2.1% YoY higher but a decline of 6.4% QoQ.

Sales in Europe were up on 2020, with growth in the Décor segment and UWF, and a reduction in specialities and tissue.

Tissue sales continue to rise and grow 4% YoY

The tissue market felt the effects of travel restrictions imposed again early in the year, especially in the Away-from-Home segment, with the delay in reopening economies and the consequent impact on the Horeca channel and the return to presential work. As vaccination programmes gathered speed and the prospects for a return to a degree of normality improved, the At-Home sector registered some "destocking" as households run down inventories, especially when compared with the same period in the previous year. It is now expected a gradual rebound in the Away-from-Home segment.

Despite this context, Navigator's sales continued the good performance recorded over the previous year and stood at 27 thousand tons, up by around 4% YoY and in line with the final quarter of 2020. The average sales price was around 4% lower than one year previously, due essentially to the proportion of reels in the sales mix, given that sales prices for finished

products evolved positively. Sales were, therefore, in line with the first quarter last year and down 2.7% on the fourth quarter.

Energy

In the first quarter of 2021, energy sales saw a reduction of 22% in relation to the figures for the same period in the previous year. This decline was due essentially to the following factors:

- (i) the natural gas combined cycle power station in Setúbal switched to powering one of the paper machines, rather than supplying electricity to national grid, as a result of a breakdown in a transformer;
- (ii) Maintenance stoppages at the Figueira da Foz pulp mill.

The natural gas combined cycle power station in Setúbal operating in self-consumption also made it possible to cut power purchases, which were down by 17% in the quarter in relation to the previous year.

One positive highlight was the start-up of the new solar power plant at the Figueira da Foz industrial complex to supply the site's own needs. The plant has rated capacity of approximately 2.6 MW, comprises 7,700 photovoltaic solar panels and will enable Navigator to avoid around 1,296 t of carbon emissions each year. The Group's solar capacity now totals 5 MW.

Quarterly operating figures

Pulp

(in 000 tons)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YoY	QoQ
BEKP Output	393.7	268.7	337.6	363.9	337.1	-14.4%	-7.4%
FOEX – BHKP Euros/ton	616	617	583	570	650	5.5%	14.1%
FOEX – BHKP USD/ton	680	680	680	680	782	15.0%	15.0%

Paper

(in 000 tons)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YoY	QoQ
UWF Output	384.2	223.5	333.4	353.9	330.0	-14.1%	-6.8%
FOEX – A4- BCopy Euros/ton	864	845	828	809	809	-6.4%	0.0%

Tissue

(in 000 tons)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YoY	QoQ
Reels Output	26.4	29.6	29.0	27.7	29.4	11.5%	6.1%

Energy

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YoY	QoQ
Production (GWh)	538.7	435.2	509.0	528.6	479.2	-11.0%	-9.3%

Reductions in variable and fixed costs across the Company enabled it to record EBITDA of € 71 million and an EBITDA/Sales margin of 21%

Positive evolution was recorded over the quarter in variable production costs (at constant volumes), specifically for wood, energy and chemicals, essentially due to improved efficiency in specific consumption levels. The drive in 2020 to contain fixed costs has continued and the Group recorded a reduction of € 6 million in relation to the first quarter of 2020 (down 9%), with the most significant figures achieved in functioning costs (down 22% YoY). Fixed costs were also successfully cut in relation to the fourth quarter of 2020, with a reduction of around 17%.

In this context, EBITDA for the quarter stood at € 71 million, as compared to € 88 million in the same quarter in 2020 and € 75 million in the final quarter of that year. The EBITDA / Sales margin stood at 21% and compares with a margin of 22% YoY and QoQ. To note that EBITDA of € 75 million recorded in the fourth quarter of 2020 included non-recurrent gains (mainly relative to biological assets).

Financial costs increase by € 3.6 million due to non-recurrent developments

Net financial costs stood at € 9.7 million, up by € 3.6 million from the figure of € 6.2 million recorded in the first quarter of 2020 (and compared with € 5.6 million in the fourth quarter of 2020). This worsening was due essentially to the negative exchange rate impact of the borrowing by the subsidiary in Mozambique (€ -3.7 million) and to the cancellation of an interest rate swap associated with a bond issue repaid in December 2020 (€ -1.5 million). Without these non-recurrent effects, the financial results would have improved by € 1.6 million, essentially due to an increase of € 2.8 million in net interest income from financial investments, taking it just into positive territory after the negative results recorded in the same period in 2020.

As a result, pre-tax profits stood at € 30.4 million (vs. € 42.2 million in the first quarter of 2020 and vs. € 35.2 million in the final quarter of 2020), with corporate tax (IRC) payable in the period totalling € 6.8 million. Net income in the first quarter of 2021 totalled € 23.5 million (vs. € 30.6 million in the same period in 2020 and vs. € 33.9 million in the fourth quarter of 2020).

Free cash flow generation of € 56 million

In the first quarter of 2021, Navigator demonstrated strong cash flow generation capacity: the free cash flow generated totalled € 56 million, comparing very favourably with the same period in 2020 (€ 15 million); it should be noted that Navigator's cash generation cycle normally presents very moderate levels in the first quarter. In the fourth quarter of 2020, free cash flow stood at € 63.1 million.

Despite the gradual upturn in activity levels - accompanied by slight increases in stock levels (essentially in the value of wood stocks) and clients - the continued low level of investment in working capital has been crucial to the healthy level of free cash flow. Effective management of working capital, in which a careful policy of supplier management is combined with offering our partners solutions for supporting their liquidity, therefore remains a cornerstone of the process of managing free cash flow in the Company.

Analysis of free cash flow generation over the past twelve months shows that Navigator generated a cash flow of approximately € 275 million, the highest figure recorded since 2013.

Debt restructuring and reduction of net debt to € 624 million

Navigator's net debt fell by approximately € 56 million, standing at the end of March at € 624 million (vs. € 680 million in December 2020). The Net Debt / EBITDA ratio remains at a conservative level of 2.33 X (excluding the impact of IFRS 16 on interest-bearing net debt).

Gross debt held relatively steady in relation to year-end 2020, ahead of a month (April) when, as planned, a reduction occurred. As well as the repayment of a one-year loan (€ 40 million), taken out in the context of the early days of the pandemic, developments in the first quarter included the use of a facility already contracted and negotiation of further finance, totalling € 42.5 million, enabling the Group to extend the maturity of its debt and diversify its sources of finance.

After the end of the quarter, in April, Navigator undertook a significant restructuring of its debt, repaying loans totalling € 240 million (maturity of two medium/long term loans of € 170 million, early repayment of a bond issue of € 45 million and repayment of short term facilities of € 25 million, taken out in the context of the pandemic).

At the same time, the second series was issued of bonds contracted in 2020, with a value of € 85 million (with maturity in 2023), and a further bond issue was made with a value of € 20 million, also contracted in 2020, maturing in 2026.

These operations enabled the Group to fix the maturity of its debt to 3.5 years, and also to reduce the cost of medium and long term debt.

Following on from developments previously reported, after registering in its accounts in 2020, a sum of € 17.6 million by way of partial rebate of anti-dumping duties in the USA, Navigator received the outstanding amount relating to POR 1 (€ 6.1 million) during the first quarter of 2021. It is recalled that these receipts result from the downwards revision by the US authorities of the duties applicable to sales of Uncoated Woodfree paper in the United States and the differences in relation to excess amounts deposited with US customs for the period corresponding to the first and second periods of review, running from August 2015 to February 2017 (POR1), and from March 2017 to February 2018 (POR2).

Still on this matter, and as reported in January, the final rate for POR 3 period (March 2018 to February 2019) was confirmed and fixed at 6.75%. US authorities should, therefore, initiate the reimbursement process in the next months, relative to the amount deposited in excess. Important to note that, on every 5 year anniversary of the Anti-dumping duty order, the US authorities must begin a procedure ("sunset review") to reassess whether the Anti-dumping order could be discontinued. US authorities have now decided that a complete revision will be taken place on the anti-dumping process on UWF paper imports to the USA object of the original order, including imports coming from Portugal. NVG expects this to be a lengthy process, and this decision merely means that the first hurdle has been successfully overcome.

Capex of € 20 million (vs € 23 million YoY and € 11 QoQ)

Capital expenditure in the quarter totalled € 20.1 million (as compared to € 22.7 million in

the first quarter of 2020 and € 10.9 million in the final quarter of 2020). This sum includes mostly projects aimed at maintaining production capacity and achieving efficiency gains. It also includes € 4.6 million in environmental improvements and € 3 million in other projects, including the new woodchip pile in Aveiro and solar power facilities in Figueira da Foz (completed) and Setúbal (under construction).

4. Outlook

As the economy recovers and the vaccination plan is implemented, conditions in the pulp, paper and tissue sector can be expected to remain positive overall.

Continued high pulp prices in all regions are sustaining the gradual implementation of price rises for paper. At the end of April, Navigator's order books and those in the industry stood at historically high levels (57 days and 32 days, respectively). On the supply side, some of the constraints experienced in the first quarter remain in place, in particular the continued high levels of maritime freights, along with delays in the logistics chain, limiting access to Europe and Navigator's key markets by competitors from other geographical regions. The shutdown of capacity in the order of 1.8 to 2.1 million tons in the US between 2019 and 2021 (26% of all US capacity) and other announced closures in Europe, which will take out around 8% of European capacity, are creating positive pressure on the balance between paper supply and demand.

In the pulp market, after sharp rises in prices over recent months, the prospects now point to moderate evolution, with a degree of stability in China and price rises in Europe, narrowing the price differential between the regions.

In tissue, rising prices for pulp and other factors of production have put manufacturers' margins under pressure. In February, Navigator announced to the market that price rises between 6 and 8% would be implemented for its tissue products as from April, and a number of other producers have also announced price increases for the second quarter. These increases are currently under way.

Navigator will continue to take action on the variables it is able to control, particularly in the management of its fixed and variable costs. The Company estimates it will maintain approximately 80% of the savings achieved on running costs between 2019 and 2020, as well as on implementing its investment plan and its sustainability projects.

In order to face the challenges and opportunities of the decade ahead, The Navigator Company has drawn up its 2030 Agenda, a responsible business management agenda which seeks to increase the Company's positive contribution to creating value and sustainable growth in a changing world. This agenda unfolds around three main pillars:

- For Society: develop our people, engage with communities and share value with society on a fair and inclusive basis;
- For Nature: preserve and add value to Natural Capital
- For Climate: contribute to a circular and low-carbon economy.

These focus areas are perfectly aligned with Navigator's Purpose and Values:

"We are committed to creating sustainable value for our shareholders and for society as a whole. We want to share not just our results, but also our knowledge, our experience and our resources, in the quest for a better future for all.



Because it is people, their quality of life and the future of the planet that inspire and motivate us!"

Lisbon, 28 May 2021

Subsequent Events:

As approved by the General Meeting of Shareholders held on 11 May 2021, The Navigator Company paid a dividend on 25 May 2021 of 0.14 €/share, representing a total of € 99.6 million.

5. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	3 months 31-03-2021	3 months 31-03-2020
		<i>Unaudited</i>	<i>Unaudited</i>
Revenue	2.1	340,822,999	405,760,730
Other operating income	2.2	6,513,807	7,836,993
Changes in the fair value of biological assets	3.7	(1,087,009)	(2,276,035)
Costs of goods sold and materials consumed		(143,051,928)	(173,137,029)
Variation in production		2,195,489	3,248,213
External services and supplies	2.3	(89,451,388)	(109,591,419)
Payroll costs	7.1	(35,829,616)	(36,238,634)
Other operating expenses	2.3	(9,551,980)	(7,202,990)
Net provisions	9.1	(166,210)	(1,882,075)
Depreciation, amortisation and impairment losses in non-financial assets	3.6	(30,329,401)	(38,215,771)
Operating results		40,064,762	48,301,983
Financial income and gains	5.7	969,277	4,394,504
Financial expenses and losses	5.7	(10,697,441)	(10,559,916)
Financial results		(9,728,164)	(6,165,412)
Gains/(losses) of associated companies and joint ventures		-	-
Profit before income tax		30,336,598	42,136,571
Income tax	6.1	(6,824,402)	(11,518,145)
Net profit for the period		23,512,196	30,618,426
Attributable to Navigator's equity holders		23,514,983	30,614,407
Attributable to non-controlling interests	5.3	(2,787)	4,019
Earnings per share			
Basic earnings per share, Eur	5.2	0.033	0.043
Diluted earnings per share, Eur	5.2	0.033	0.043

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
	<i>Unaudited</i>	<i>Unaudited</i>
Net profit for the period		
Before non-controlling interests	23,512,196	30,618,426
Items that may be reclassified to profit and loss		
Hedging derivative financial instruments		
Changes in fair value	(5,983,726)	(2,090,149)
Tax effect	1,942,788	574,881
Currency translation differences		749,608
Tax on conventional capital remuneration	1,611,807	-
Items that cannot be reclassified to profit and loss		
Remeasurement of post-employment benefits		
Remeasurements	1,195,745	(15,009,850)
Comprehensive income of associated companies and joint ventures	(209,536)	976,434
Total other comprehensive income net of taxes	(1,442,921)	(14,799,076)
Total comprehensive income	22,069,275	15,819,350
Attributable to:		
Navigator's equity holders	22,072,062	15,813,969
Non-controlling interests	(2,787)	5,381
	22,069,275	15,819,350

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	31-03-2021	31-12-2020
		<i>Unaudited</i>	
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	35,390,713	11,912,684
Property, plant and equipment	3.3	1,174,703,426	1,183,949,592
Right-of-use assets	3.5	51,881,588	51,827,000
Biological assets	3.7	147,497,443	148,584,452
Investment properties	3.4	93,824	94,236
Non-current receivables	4.2	31,426,627	34,696,105
Deferred tax assets	6.2	30,715,560	30,629,217
		1,849,048,647	1,839,032,752
Current assets			
Inventories	4.1	180,592,669	176,735,137
Current receivables	4.2	236,909,958	231,772,282
Income tax	6.1	3,800,884	3,482,762
Cash and cash equivalents	5.6	361,322,410	302,399,831
		782,625,921	714,390,012
Total Assets		2,631,674,568	2,553,422,764
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	5.1	500,000,000	500,000,000
Treasury shares	5.1	(20,189,264)	(20,189,264)
Currency translation reserve		(19,269,762)	(20,881,569)
Fair value reserve		(10,682,305)	(6,641,368)
Legal reserves		100,000,000	100,000,000
Other reserves		266,443,645	266,443,646
Retained earnings		208,181,271	97,981,342
Net profit for the period		23,514,983	109,213,720
Equity attributable to Navigator's equity holders		1,047,998,569	1,025,926,507
Non-controlling interests	5.3	272,395	275,182
Total Equity		1,048,270,964	1,026,201,689
Non-current liabilities			
Interest-bearing liabilities	5.4	698,248,977	690,878,427
Lease liabilities	5.5	46,420,938	47,473,102
Pensions and other post-employment benefits	7.2	10,366,720	12,562,465
Deferred tax liabilities	6.2	87,039,364	85,962,014
Provisions	9.1	23,569,528	23,409,335
Non-current payables	4.3	30,877,606	30,234,237
		896,523,133	890,519,580
Current liabilities			
Interest-bearing liabilities	5.4	286,666,572	291,532,356
Lease liabilities	5.5	6,918,750	5,607,817
Current payables	4.3	353,693,262	303,649,690
Income tax	6.1	39,601,888	35,911,632
		686,880,472	636,701,495
Total Liabilities		1,583,403,605	1,527,221,075
Total Equity and Liabilities		2,631,674,568	2,553,422,764

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2021		500,000,000	(20,189,264)	(20,881,569)	(6,641,368)	100,000,000	266,443,646	97,981,342	109,213,720	1,025,926,507	275,182	1,026,201,689
Net profit for the period		-	-	-	-	-	-	-	23,514,983	23,514,983	(2,787)	23,512,196
Other comprehensive income (net of taxes)		-	-	1,611,807	(4,040,937)	-	-	986,209	-	(1,442,921)	-	(1,442,921)
Total comprehensive income for the period		-	-	1,611,807	(4,040,937)	-	-	986,209	23,514,983	22,072,062	(2,787)	22,069,275
Application of 2020 net profit for the period:												
- Application of prior period's net profit		-	-	-	-	-	-	109,213,720	(109,213,720)	-	-	-
Total transactions with shareholders		-	-	-	-	-	-	109,213,720	(109,213,720)	-	-	-
Equity as at 31 March 2021		500,000,000	(20,189,264)	(19,269,762)	(10,682,305)	100,000,000	266,443,646	208,181,271	23,514,983	1,047,998,568	272,395	1,048,270,964

Amounts in Euro	Note	Share capital	Treasury shares	Currency translation reserve	Fair value reserves	Legal reserves	Other reserves	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2020		500,000,000	(20,189,264)	(18,728,949)	(6,384,412)	100,000,000	98,153,331	206,004,258	168,290,315	1,027,145,277	273,817	1,027,419,094
Net profit for the period		-	-	-	-	-	-	-	30,614,407	30,614,407	5,381	30,619,788
Other comprehensive income (net of taxes)		-	-	749,608	(1,515,268)	-	-	(14,034,777)	-	(14,800,437)	-	(14,800,437)
Total comprehensive income for the period		-	-	749,608	(1,515,268)	-	-	(14,034,777)	30,614,407	15,813,970	5,381	15,819,350
Application of 2019 net profit for the period:												
- Application of prior period's net profit		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
Total transactions with shareholders		-	-	-	-	-	-	168,290,315	(168,290,315)	-	-	-
Equity as at 31 March 2020		500,000,000	(20,189,264)	(17,979,341)	(7,899,680)	100,000,000	98,153,331	360,259,796	30,614,407	1,042,959,249	279,198	1,043,238,447

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Note	3 months 31-03-2021 <i>Unaudited</i>	3 months 31-03-2020 <i>Unaudited</i>
OPERATING ACTIVITIES			
Receipts from customers		348,612,969	384,239,074
Payments to suppliers		(252,050,223)	(322,101,319)
Payments to employees		(23,575,333)	(23,897,356)
Cash flow from operations		72,987,413	38,240,399
Income tax received/ (paid)		(474,048)	(10,977,051)
Other (payments)/ receipts relating to operating activities		14,855,399	21,585,954
Cash flows from operating activities (1)		87,368,764	48,849,302
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		33,610	957,677
Interest and similar income		3,034,493	890,766
		3,068,103	1,848,443
Outflows:			
Property, plant and equipment		(20,384,028)	(24,315,733)
Intangible assets		(6,906,079)	(730,163)
		(27,290,107)	(25,045,896)
Cash flows from investing activities (2)		(24,222,004)	(23,197,453)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities	5.10	42,778,814	180,000,000
		42,778,814	180,000,000
Outflows:			
Interest-bearing liabilities	5.10	(40,000,000)	(1,790,415)
Amortisation of lease agreements		(2,252,062)	(2,403,651)
Interest and similar expense		(5,031,218)	(8,307,996)
Distribution of reserves		-	(99,138,920)
		(47,283,281)	(111,640,982)
Cash flows from financing activities (3)		(4,504,466)	68,359,017
CHANGES IN CASH AND CASH EQUIVALENTS (1) + (2) + (3)		58,642,294	94,010,867
Effect of exchange rate differences		280,285	(222,020)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.9	302,399,831	161,880,403
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.9	361,322,410	255,669,251

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. (until 2015 designated as Portucel, S.A.) and its subsidiaries.

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

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

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A., which was redenominated to 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 1.5 and 1.6 millions of tons (of which 800 thousand tons available for market), respectively, and it sells approximately 393 thousand tons of pulp (350 thousand tons in 2019), annually, integrating the remainder in the production of UWF paper and Tissue paper.

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

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

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

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

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



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

Company:	The Navigator Company, S.A.
Head Office:	Mitrena, 2901-861 Setúbal Portugal
Legal Form:	Public Limited Company
Share Capital:	Euro 500,000,000
Registration No.:	503 025 798

Navigator is included in the consolidation perimeter of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., the parent company, and Sodim - SGPS, S.A., the final controlling entity.

1.2. IMPACTS OF THE COVID-19 PANDEMIC

The Navigator Group has continued to monitor the evolution of this public health emergency on an ongoing basis, with constant updates of its contingency plan in line with guidance from the Portuguese Directorate-General of Health and Government. The office responsible for managing and monitoring the spread of COVID-19 within the Group has also monitored developments in the situation at all Group sites, in close cooperation with the Executive Committee.

Navigator continues to study the potential impacts on its financial position, performance and cash flows of the Group arising from the decline in economic activity as a result of the Covid-19 pandemic, namely the impacts on significant accounting estimates and judgements. No evidence of impairment in the first quarter of 2021 was identified from this analysis.

The Company continues to show a remarkable free cash-flow generation and a strengthened financial position, and it is the Board of Directors' belief that, given its financial and liquidity position, the Group will overcome the negative impacts of this crisis, without compromising the going concern principle applied in the preparation of these financial statements.

1.3. SUBSEQUENT EVENTS

1.3.1. Resolutions of the General Shareholders' Meeting of 11 May 2021

In accordance with the approval of the General Shareholders' Meeting held on 11 May 2021, The Navigator Company paid dividends on 25 May 2021, with a value of Euro 0.14/share, for a total of Euro 99,565,630.

1.4. BASIS FOR PREPARATION

1.4.1. Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors on 28 May 2021.

1.4.2. Basis for presentation

The Condensed consolidated financial statements for the three-month period ended 31 March 2021 were prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

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 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 2020.

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

1.5. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of condensed consolidated financial statements requires that the Group's Board of Directors make judgements and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the date of the consolidated statement of financial position. To that effect, the Group's Board of Directors are based on:

- (i) the best information and knowledge of current events and in certain cases on the reports of independent experts; and
- (ii) the actions that the Group considers it may have to take in the future.

On the date on which the operations are realised, the outcome could differ from those estimates.

More significant estimates and judgements are presented below:

Estimates and judgements	Notes
Recoverability of Goodwill	3.1 – Goodwill
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 - Employee Benefits
Fair value of biological Assets	3.8 – Biological assets
Recognition of provisions	10.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment

2. OPERATIONAL PERFORMANCE

2.1. REVENUE AND SEGMENT REPORTING

Navigator's Executive Committee is primarily responsible for the Group's operational decisions, periodically and consistently analysing the reports on the financial and operational information of each segment. The reports are used to monitor the operational performance of its business and to decide on the best allocation of resources to the segment, as well as the evaluation of its performance and strategic decision-making.

The information used in segment reporting corresponds to the financial information prepared by the Group and there are no adjustments to be considered. All the inter-segment sales and services correspond to market prices and are eliminated on consolidation.

In 2020, the Group changed its segment reporting. 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 for sale);
- 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;
- iv. Support – segment where the Group's corporate centre and financial management (holding) are included.

Financial information by operating segment in 2021 and 2020

	31-03-2021					
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
REVENUE						
Sales and services - external	35,562,464	238,453,602	35,516,816	31,290,117	-	340,822,999
Sales and services - intersegment	650,246	-	-	-	(650,246)	-
Total revenue	36,212,710	238,453,602	35,516,816	31,290,117	(650,246)	340,822,999
PROFIT/ (LOSS)						
Segmental profit	6,545,129	37,847,257	5,715,421	2,456,648	(12,499,693)	40,064,762
Operating profit						40,064,762
Financial results	-	-	-	-	(9,728,164)	(9,728,164)
Income tax	-	-	-	-	(6,824,402)	(6,824,402)
Profit after income tax						23,512,196
Non-controlling interests	-	-	-	-	2,787	2,787
Net profit						23,514,983
OTHER INFORMATION						
Capital expenditure	2,289,812	11,774,692	1,393,185	4,107,339	582,402	20,147,429
Depreciation and impairment	(2,389,478)	(17,639,543)	(2,648,952)	(4,902,240)	(2,749,188)	(30,329,401)
Provisions ((increases) / reversal)	(12,000)	(36,937)	-	(36,000)	(81,273)	(166,210)
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	138,388,360	678,525,700	155,553,141	199,417,831	2,818,393	1,174,703,426
Right-of-use assets	10,379,563	38,345,918	-	-	3,156,106	51,881,588
Biological assets	36,874,361	110,623,082	-	-	-	147,497,443
Non-current receivables	75,624	487,152	100,202	-	30,763,649	31,426,627
Inventories	12,869,418	147,872,422	19,394,562	456,267	-	180,592,669
Other receivables	32,968,756	138,127,230	28,276,966	2,625,396	34,911,610	236,909,958
Other assets	1,106,070	55,043,824	2,020,664	83,663	373,069,171	431,323,392
Total Assets	232,662,152	1,545,781,712	205,928,618	202,583,157	444,718,928	2,631,674,568
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	554,367	37,067,054	-	947,294,127	984,915,548
Lease liabilities	10,705,037	39,381,850	-	-	3,252,801	53,339,688
Other payables	54,588,269	255,177,618	26,161,090	7,224,494	41,419,398	384,570,868
Other liabilities	6,963,183	84,423,076	1,875,171	6,955,137	60,360,933	160,577,501
Total Liabilities	72,256,489	379,536,911	65,103,315	14,179,631	1,052,327,259	1,583,403,605

The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.

Following the change in the reporting of internal information to management at the end of 2020, we present below the segment reporting for 31 March 2020 restated:

	31-03-2020 Restated					
	MARKET PULP	UWF PAPER	TISSUE PAPER	ENERGY	SUPPORT	TOTAL
REVENUE						
Sales and services - products	34,845,962	290,901,783	35,571,265	40,215,342	-	401,534,352
Sales and services - intersegment	682,442	-	-	-	(682,442)	-
Total revenue	35,528,404	290,901,783	35,571,265	40,215,342	(682,442)	401,534,352
PROFIT/ (LOSS)						
Segmental profit	3,032,781	51,677,398	657	10,243,388	(16,652,241)	48,301,983
Operating profit	-	-	-	-	-	48,301,983
Financial results	-	-	-	-	(6,165,412)	(6,165,412)
Income tax	-	-	-	-	(11,518,145)	(11,518,145)
Profit after income tax	-	-	-	-	-	30,618,426
Non-controlling interests	-	-	-	-	(4,019)	(4,019)
Net profit	-	-	-	-	(4,019)	30,614,407
OTHER INFORMATION						
Capital expenditure	7,531,875	11,116,540	1,636,389	1,465,236	995,884	22,745,924
Depreciation and impairment	(2,392,084)	(24,584,862)	(4,901,843)	(4,825,920)	(1,511,061)	(38,215,771)
Provisions ((increases) / reversal)	(12,000)	(1,544,342)	-	-	(325,733)	(1,882,075)
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	106,617,321	681,131,039	164,667,866	196,728,611	83,035,049	1,232,179,886
Right-of-use assets	10,024,067	33,794,415	-	-	3,647,599	47,466,080
Biological assets	32,373,451	97,120,354	-	-	-	129,493,806
Non-current receivables	-	24,360,303	-	-	33,310,419	57,670,722
Inventories	33,637,061	174,635,375	19,754,612	348,597	-	228,375,645
Other current receivables	23,383,975	182,482,871	34,948,485	2,721,247	57,762,345	301,298,923
Other assets	9,183,753	86,342,844	12,817,178	2,837,413	220,630,967	331,812,155
Total Assets	215,219,627	1,656,623,584	232,771,224	202,635,868	398,386,379	2,705,636,683
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	-	-	-	1,055,159,391	1,055,159,391
Lease liabilities	10,300,805	34,538,522	-	-	3,708,349	48,547,676
Other payables	53,807,715	240,560,437	23,523,990	7,259,940	70,395,209	395,547,291
Other liabilities	20,828,754	94,379,000	6,212,837	4,077,681	37,645,606	163,143,878
Total Liabilities	84,937,274	369,477,959	29,736,827	11,337,621	1,166,908,554	1,662,398,235

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

31-03-2021	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Amounts in Euro							
Portugal	419,050	10,997,085	14,366,624	31,290,117	-	57,072,876	14%
Rest of Europe	22,338,319	134,366,808	20,257,410	-	-	176,962,537	44%
America	669,528	35,135,941	687,106	-	-	36,492,575	9%
Africa	5,705,915	35,519,622	205,675	-	-	41,431,212	10%
Asia	6,429,652	22,068,423	-	-	-	28,498,075	7%
Oceania	-	365,724	-	-	-	365,724	0%
	35,562,464	238,453,602	35,516,816	31,290,117	-	340,822,999	85%
Recognition pattern							
At a certain moment in time	35,562,464	238,453,602	35,516,816	31,290,117	-	340,822,999	85%
Over time	-	-	-	-	-	-	0%

31-03-2020	Pulp	UWF Paper	Tissue Paper	Energy	Support	Total Amount	Total %
Amounts in Euro							
Portugal	2,043,075	14,850,871	14,400,919	40,215,342	-	71,510,207	18%
Rest of Europe	19,468,342	159,654,230	19,591,830	-	-	198,714,403	49%
America	148,974	42,927,411	54,866	-	-	43,131,252	11%
Africa	4,406,339	44,326,892	1,523,649	-	-	50,256,880	13%
Asia	8,779,232	28,984,868	-	-	-	37,764,100	9%
Oceania	-	157,511	-	-	-	157,511	0%
	34,845,962	290,901,783	35,571,265	40,215,342	-	401,534,352	100%
Recognition pattern							
At a certain moment in time	34,845,962	290,901,783	35,571,265	40,215,342	-	401,534,352	100%
Over time	-	-	-	-	-	-	0%

Group's revenue distribution by geographic area



In 2021 and 2020, no single customer accounted for 10% or more of the Group's total revenues.

2.2. OTHER OPERATING INCOME

For the three-month periods ended 31 March 2021 and 31 March 2020, Other operating income is detailed as follows:

Amounts in Euro	31-03-2021	31-03-2020
Gains on disposal of non-current assets	29,980	541,638
Grants - CO ₂ emission allowances	4,868,022	3,262,579
Supplementary gains	270,122	133,524
Operating grants	667,791	670,803
Impairment on receivables	15,779	495
Impairment on inventories	-	1,630,628
Gains on inventories	19,270	856,241
Own work capitalised	85,056	222,542
Insurance compensation	47,356	253
Other operating income	510,431	518,289
	6,513,807	7,836,993

Gains with CO₂ allowances correspond to the recognition of the free allocation of allowances for 464,131 tons of CO₂, at the average price of Euro 33.95 (482,453 tons of CO₂ in 31 December 2020, at the average price of Euro 23.82) (Note 3.2).

For the three-month periods ended 31 March 2021 and 31 March 2020, Gains on disposals of non-current assets includes the sale of forest lands with reduced forestry capability.

The reversal of inventory impairments in 2020 resulted mainly from the sale of UWF paper and Tissue waste.

2.3. OTHER OPERATING EXPENSES

Amounts in Euro	31-03-2021	31-03-2020
Costs of goods sold and materials consumed	143,051,928	173,137,029
External services and supplies		
Energy and fluids	28,070,899	33,631,970
Transportation of goods	29,455,465	31,725,037
Specialised work	16,211,818	19,716,688
Maintenance and repair	5,509,458	9,211,920
Insurance	1,432,748	3,834,973
Advertising and marketing	2,811,774	3,502,319
Rentals	2,373,249	2,196,651
Fees	1,000,741	1,003,798
Travel and accommodation	585,722	967,071
Materials	478,826	952,609
Communications	284,377	228,778
Subcontracts	88,410	245,691
Other	1,147,902	2,373,914
	89,451,388	109,591,419
Variation in production	(2,195,489)	(3,248,213)
Payroll costs (Note 7.1)	35,829,616	36,238,634
Other operating expenses		
CO2 emission expenses	5,296,989	4,547,223
Impairment losses on receivables	123,539	12,181
Impairment losses on inventories	593,563	18,818
Other inventory losses	1,757,645	163,736
Indirect taxes and fees	491,208	880,718
Water resource fee	279,410	409,128
Losses on the disposal of non-current assets	1,223	90,389
Other operating expenses	1,008,403	1,080,796
	9,551,980	7,202,990
Net provisions (Note 9.1)	166,210	1,882,075
	-	-
Total operating expenses	275,855,633	324,803,934

In order to mitigate the expected drop in revenue resulting from the reduction in turnover due as a result of the Covid-19 pandemic, the Navigator Group has implemented several cost reduction measures, which explains the reduction recorded under External supplies and services.

As at 31 March 2021 and 31 March 2020, the costs incurred with investigation and research activities amounted to Euro 825,483 and Euro 1,106,511, respectively.

The CO₂ emission expenses correspond to the emission of 155,428 tons of CO₂ (31 March 2020: 187,470 tons).

Losses in inventories recorded in the first quarter of 2021 derive from timber and chip count adjustments.

3. INVESTMENTS

3.1. GOODWILL

Goodwill – net amount

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

Amounts in Euro	31-03-2021	31-12-2020
CGU of UWF paper production on Figueira da Foz site (goodwill resulting from the acquisition of Navigator Brands, S.A.)	376,756,383	376,756,383
CGU of Tissue paper production on Vila Velha de Ródão site (goodwill resulting from the acquisition of Navigator Tissue Ródão, S.A.)	583,083	583,083
	377,339,466	377,339,466

NAVIGATOR BRANDS, S.A.

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.

NAVIGATOR TISSUE RÓDÃO, S.A.

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

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

3.2. INTANGIBLE ASSETS

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO2 emission allowances	Assets under construction	Total
Acquisition cost				
Balance as at 1 January 2020	12,329	4,496,487	-	4,508,816
Acquisitions/ Attributions	-	11,496,650	4,335	11,500,985
Adjustments, transfers and write-offs	4,335	-	(4,335)	-
Balance as at 31 March 2020	16,664	15,993,137	-	16,009,801
Acquisitions/ Attributions	4,335	10,264,469	(4,335)	10,264,469
Disposals	-	-	-	-
Adjustments, transfers and write-offs	(4,335)	(14,354,986)	4,335	(14,354,986)
Balance as at 31 December 2020	16,664	11,902,620	-	11,919,284
Acquisitions/ Attributions	-	23,479,186	-	23,479,186
Disposals	-	-	-	-
Balance as at 31 March 2021	16,664	35,381,806	-	35,398,470
Accumulated amortisation and impairment losses				
Balance as at 1 January 2020	(2,127)	-	-	(2,127)
Amortisation for the period (Note 3.7)	(1,002)	-	-	(1,002)
Balance as at 31 March 2020	(3,129)	-	-	(3,129)
Amortisation for the period	(3,471)	-	-	(3,471)
Balance as at 31 December 2020	(6,600)	-	-	(6,600)
Depreciation and amortisation for the period (Note 3.7)	(1,157)	-	-	(1,157)
Balance as at 31 March 2021	(7,757)	-	-	(7,757)
Net book value as at 1 January 2020	10,202	4,496,487	-	4,506,689
Net book value as at 31 March 2020	13,535	15,993,137	-	16,006,672
Net book value as at 31 December 2020	10,064	11,902,620	-	11,912,684
Net book value as at 31 March 2021	8,907	35,381,806	-	35,390,713

CO₂ Allowances

	31-03-2021	31-12-2020
CO2 allowances (units)	1,181,448	516,319
Average unit value (Euro)	29.95	23.05
Market quotation (Euro)	42.55	32.72

CO₂ allowances – movements of the period

Amounts in Euro	2021		2020	
	Tons	Amount	Tons	Amount
Opening balance	516,319	11,902,620	267,222	4,496,487
CO2 allowances awarded free of charge (estimate)	464,131	15,757,247	482,453	11,492,030
CO2 allowances acquired	200,998	7,721,939	510,962	10,269,089
CO2 allowances returned to the Licensing Coordinating Entity	-	-	(744,318)	(14,354,986)
Closing balance	1,181,448	35,381,806	516,319	11,902,620

3.3. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment

Amounts in Euro	Land	Buildings and other constructions	Equipment and other tangibles	Assets under construction	Total
Acquisition cost					
Balance as at 1 January 2020	115,028,864	539,358,347	3,522,159,863	107,798,987	4,284,346,061
Acquisitions	-	-	3,090,515	19,651,074	22,741,589
Disposals	(435,560)	-	(1,571)	-	(437,131)
Adjustments, transfers and write-offs	8,528	321,049	17,611,150	(19,302,795)	(1,362,067)
Balance as at 31 March 2020	114,601,832	539,679,396	3,542,859,957	108,147,265	4,305,288,451
Acquisitions	-	-	(3,090,515)	60,988,028	57,897,513
Disposals	(100,845)	(9,246)	(44,254)	-	(154,344)
Adjustments, transfers and write-offs	3,577	1,570,325	28,032,649	(45,709,863)	(16,103,312)
Balance as at 31 December 2020	114,504,564	541,240,475	3,567,757,837	123,425,431	4,346,928,309
Acquisitions	-	-	5,142,215	15,005,214	20,147,429
Disposals	(2,134)	-	(31,472)	-	(33,606)
Adjustments, transfers and write-offs	(1,223)	364,058	57,419,613	(63,542,369)	(5,759,921)
Balance as at 31 March 2021	114,501,207	541,604,534	3,630,288,192	74,888,276	4,361,282,209
Accumulated depreciation and impairment losses					
Balance as at 1 January 2020	-	(340,877,824)	(2,693,816,638)	-	(3,034,694,462)
Depreciation for the period (Note 3.7)	-	(3,034,632)	(36,461,362)	-	(39,495,994)
Disposals	-	-	1,571	-	1,571
Adjustments, transfers and write-offs	-	84,338	995,982	-	1,080,320
Balance as at 31 March 2020	-	(343,828,119)	(2,729,280,446)	-	(3,073,108,565)
Depreciation for the period	-	(8,287,684)	(97,817,196)	-	(106,104,880)
Disposals	-	7,918	44,254	-	52,172
Adjustments, transfers and write-offs	-	(84,338)	16,266,894	-	16,182,556
Balance as at 31 December 2020	-	(352,192,222)	(2,810,786,495)	-	(3,162,978,717)
Depreciation for the period (Note 3.7)	-	(2,805,725)	(26,591,436)	-	(29,397,161)
Disposals	-	-	(31,472)	-	(31,472)
Adjustments, transfers and write-offs	-	300,600	5,527,966	-	5,828,566
Balance as at 31 March 2021	-	(354,697,347)	(2,831,881,437)	-	(3,186,578,784)
Net book value as at 1 January 2020	115,028,864	198,480,523	828,343,225	107,798,987	1,249,651,599
Net book value as at 31 March 2020	114,601,832	195,851,278	813,579,510	108,147,265	1,232,179,886
Net book value as at 31 December 2020	114,504,564	189,048,253	756,971,342	123,425,431	1,183,949,592
Net book value as at 31 March 2021	114,501,207	186,907,187	798,406,755	74,888,276	1,174,703,425

As at 31 March 2021, the item Assets under construction includes investments associated with ongoing development projects, in particular those related to the redesign of the Stripping wet zone no. 4 in Aveiro (Euro 10,450 thousand), the new chip pile in Aveiro (Euro 7,854 thousand), the environmental plan (Euro 7,521 thousand), the photovoltaic power plants in Figueira da Foz and Setúbal (Euro 2,039 thousand). The remainder is related to several projects for improving and optimizing the production process.

3.4. INVESTMENT PROPERTIES

Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
Acquisition cost			
Balance as at 1 January 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2020	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2021	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2020	(399,372)	(11,797)	(411,169)
Impairment losses (Note 3.7)	-	(412)	(412)
Balance as at 31 March 2020	(399,372)	(12,209)	(411,581)
Impairment losses	-	(1,234)	(1,234)
Balance as at 31 December 2020	(399,372)	(13,443)	(412,815)
Impairment losses	-	(412)	(412)
Balance as at 31 March 2021	(399,372)	(13,855)	(413,227)
Net book value as at 1 January 2020	25,372	70,510	95,882
Net book value as at 31 March 2020	25,372	70,098	95,470
Net book value as at 31 December 2020	25,372	68,864	94,236
Net book value as at 31 March 2021	25,372	68,452	93,824

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

3.5. RIGHT-OF-USE ASSETS

Movements in right-of-use assets

Amounts in Euro	Forestry lands	Buildings	Vehicles	Software licences	Other lease assets	Total
Gross amount						
Balance as at 1 January 2020	41,463,008	4,547,372	4,508,865	-	548,249	51,067,494
Acquisitions in the period	1,396,391	85,184	1,941,557	197,639	-	3,620,771
Balance as at 31 March 2020	42,859,399	4,632,556	6,450,422	197,639	548,249	54,688,265
Acquisitions	4,849,969	18,483	487,408	-	5,158,457	10,514,317
Adjustments, transfers and write-offs	(862,347)	-	(30,691)	(195,782)	-	(1,088,820)
Balance as at 31 December 2020	46,847,021	4,651,039	6,907,139	1,857	5,706,706	64,113,762
Acquisitions	916,332	-	104,757	963,772	-	1,984,862
Balance as at 31 March 2021	47,763,353	4,651,039	7,011,897	965,629	5,706,706	66,098,624
Accumulated depreciation and impairment losses						
Balance as at 1 January 2020	(3,006,912)	(702,301)	(1,612,924)	-	(227,433)	(5,549,570)
Acquisitions	(785,399)	(178,447)	(659,740)	(37,894)	(16,244)	(1,677,724)
Adjustments, transfers and write-offs	5,110	-	-	-	-	5,110
Balance as at 31 March 2020	(3,787,202)	(880,748)	(2,272,664)	(37,894)	(243,677)	(7,222,185)
Acquisitions	(2,393,745)	(488,536)	(1,422,597)	36,039	(806,664)	(5,075,503)
Adjustments, transfers and write-offs	204	-	10,723	(2)	-	10,925
Balance as at 31 December 2020	(6,180,742)	(1,369,284)	(3,684,538)	(1,857)	(1,050,341)	(12,286,762)
Acquisitions	(778,139)	(128,514)	(465,874)	(283,580)	(274,167)	(1,930,274)
Balance as at 31 March 2021	(6,958,882)	(1,497,798)	(4,150,412)	(285,437)	(1,324,508)	(14,217,036)
Net book value as at 1 January 2020	38,456,096	3,845,071	2,895,941	-	320,816	45,517,924
Net book value as at 31 March 2020	39,072,197	3,751,808	4,177,759	159,744	304,572	47,466,081
Net book value as at 31 December 2020	40,666,279	3,281,755	3,222,601	-	4,656,365	51,827,000
Net book value as at 31 March 2021	40,804,471	3,153,241	2,861,485	680,192	4,382,198	51,881,588

The item Lands essentially refers to rights to use land for forestry exploitation existing the subsidiary Navigator, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest takes place before the 24th year of the term.

The item Buildings refers to the lease agreement entered into between The Navigator Company, S.A. and Refundos - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A. for the building located at Avenida Fontes Pereira de Melo, in Lisbon, for use as an office.

In the item Other, it should be noted the conclusion of a new agreement for the leasing of forklift trucks in 2020, in the amount of Euro 5,158,457.

3.6. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	31-03-2021	31-03-2020
Depreciation of property, plant and equipment for the period (Note 3.3)	29,397,161	39,495,994
Charge-off of government grants	(999,603)	(2,959,361)
Depreciation of property, plant and equipment, net of grants charged-off	28,397,558	36,536,633
Amortisation of intangible assets for the period (Note 3.2)	1,157	1,002
Depreciation of right-of-use assets for the period (Note 3.5)	1,930,274	1,677,724
Impairment of investment properties (Note 3.4)	412	412
	30,329,401	38,215,771

3.7. BIOLOGICAL ASSETS

Movements in biological assets

Amounts in Euro	2021	2020
Opening balance	148,584,452	131,769,841
Logging in the period	(6,141,105)	(7,542,280)
Growth	912,687	598,701
New planted areas and replanting (at cost)	1,104,030	1,075,110
Other changes in fair value	3,037,378	3,592,434
	(1,087,009)	(2,276,035)
Amount as at 31 March	147,497,443	129,493,806
Remaining quarters		19,090,646
Amount as at 31 December		148,584,452

The amounts shown as "Other changes in fair value" correspond to actual costs of forest asset management foreseen and incurred in the period, changes in the general assessment assumptions (price of wood and cost of capital) and changes in expectations in relation to the annual model:

Amounts in Euro	31-12-2021	31-03-2020
Costs of assets management		
Forestry	860,197	719,246
Structure	307,074	857,567
Fixed and variable rents	2,863,971	2,015,622
	4,031,243	3,592,434
Changes in expectations		
Variation in other species	110,166	-
Other changes in expectations (structure costs, asset rationalisation)	(1,104,031)	-
	(993,864)	-
	3,037,378	3,592,434

As at 31 March 2021 and 31 December 2020, biological assets, by species, are detailed as follows:

Amounts in Euro	31-03-2021	31-12-2020
Eucalyptus (Portugal)	117,719,658	118,916,833
Pine (Portugal)	6,311,003	6,311,003
Cork oak (Portugal)	6,050,894	6,050,894
Other species (Portugal)	701,455	591,289
Eucalyptus (Mozambique)	16,714,433	16,714,433
	147,497,443	148,584,452

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

Amounts in Euro	31-03-2021	31-12-2020
Eucalyptus (Portugal) - Potential future of wood extractions k m3ssc	10,245	10,245
Pine (Portugal) - Potential future of wood extractions k ton	306	306
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potential future of cork extractions k @	573	573
Eucalyptus (Mozambique) - Potential future of wood extractions k m3ssc	3,394	3,394

Concerning Eucalyptus, the most relevant biological asset in the financial statements, in the three-month period ended 31 March 2021 and 31 March 2020, 158,580 m3ssc and 186,304 m3ssc of wood were extracted from the forests owned and operated by the Group, respectively.

As at 31 March 2021 and 31 December 2020 (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	31-03-2021	31-12-2020
Raw materials	95,119,561	92,421,384
Goods	240,184	268,916
Subtotal	95,359,745	92,690,300
Finished and semi-finished goods	80,535,504	77,760,647
Goods and work in progres	2,515,625	3,101,026
By-products and waste	2,181,795	3,183,163
Subtotal	85,232,925	84,044,836
Total	180,592,669	176,735,137

As at 31 March 2021 and 31 December 2020, there are no inventories in which ownership is restricted and/or pledged as collateral for liabilities.

4.1.2. Movements in impairment losses in inventories

Amounts in Euro	2021	2020
Balance as at 1 January	(2,157,570)	(11,121,848)
Increases (Note 2.3)	(593,563)	(18,818)
Reversals (Note 2.2)	-	1,630,628
Impact in profit and loss for the period	(593,563)	1,611,810
Charge-off	-	-
Balance as at 31 March	(2,751,133)	(9,510,038)
Remaining quarters		7,352,468
Balance as at 31 December		(2,157,570)

4.2. RECEIVABLES

Amounts in Euro	31-03-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	150,902,762	150,902,762	-	133,591,397	133,591,397
Other receivables - related companies (Note 10.3)	-	12,915	12,915	-	443,649	443,649
State and other public entities	i)	-	35,584,237	-	45,933,424	45,933,424
Department of Commerce (USA)	ii)	771,365	4,426,566	3,245,517	6,608,333	9,853,850
Enviva Pellets Greenwood, LLC (USA)	iii)	29,918,559	2,132,196	30,747,820	2,747,317	33,495,137
Accrued income	iv)	-	11,232,729	-	17,263,014	17,263,014
Deferred expenses	iv)	-	13,888,385	-	7,148,871	7,148,871
Derivative financial instruments (Note 8.1.1)	-	-	293,755	-	4,019,440	4,019,440
Other	-	736,703	18,436,414	702,768	14,016,837	14,719,605
		31,426,627	236,909,958	268,336,586	34,696,105	231,772,282
					266,468,387	

i) State is detailed as follows:

Amounts in Euro	31-03-2021	31-12-2020
Value added tax - recoverable	10,552,440	16,980,665
Value added tax - refund requests	22,747,985	26,668,947
Amounts pending refund (tax proceedings decided in favour of the Group)	2,283,812	2,283,812
	35,584,237	45,933,424

As at 31 March 2021, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro	Dec/2020	Mar/2021	Total
The Navigator Company, S.A.	-	20,729,835	20,729,835
Bosques do Atlântico, S.L.	-	1,868,150	1,868,150
Eucaliptusland, S.A.	150,000	-	150,000
	150,000	22,597,985	22,747,985

Up to the date of issuing this report, the entirety of the amounts outstanding as at 31 March 2021 had already been received.

As at 31 December 2020, the amount of refund requests comprised the following, by month and by company:

Amounts in Euro	Nov/2020	Dec/2020	Total
The Navigator Company, S.A.	7,738,657	16,406,001	24,144,658
Bosques do Atlântico, S.L.	-	2,374,289	2,374,289
Eucaliptusland, S.A.	-	150,000	150,000
	7,738,657	18,930,290	26,668,947

ii) As at 31 March 2021 and 31 December 2020, the balance corresponds to the net amount receivable from the Department of Commerce (DoC) following the investigation initiated in 2015 of alleged dumping practices in exports of UWF paper to the United States by the subsidiary Navigator.

The final rate for the period of review from August 2015 to February 2017 (first period of review) was reviewed to 1.63%. The amount to be refunded by the DoC after setting the final rate was Euro 20,620,864, of which Euro 14,012,531 was received in 2020, plus the corresponding interest. During the first quarter of 2021 the remaining amount was received.

Regarding the second period of review, from March 2018 to February 2019, Navigator was refunded during the first half of 2020 the amount of Euro 4,055,993, corresponding to the fixed rate of 4.37%.

In January 2021, the Department of Commerce confirmed the final rate to be applied for the third period of review from March 2019 to February 2020 at 6.75%. The final rate remained unchanged from the preliminary rate, so the Group will soon receive about Euro 4.4 million for the difference between the deposits made and the final rate payable.

Regarding the review periods 4 and 5 it is estimated that the Group has amounts to be settled with DoC, which are reflected under Other payables - Note 4.3.

The non-current receivables correspond to the estimated receivables from the review period 6 that started on 1 March 2021.

iii) Reflects the present value of the amount still to be received from the sale of the pellet business. The nominal receivable shall bear interest at the rate of 2.5% (Note 5.11).

iv) Accrued income and deferred expenses are detailed as follows:

Amounts in Euro	31-03-2021	31-12-2020
Accrued income		
Interest receivable	92,006	1,729,911
Energy sales	9,761,809	12,314,111
Insurance compensation	1,250,000	2,950,000
Other	128,914	268,992
	11,232,729	17,263,014
Deferred expenses		
Insurance	6,293,710	252
Rentals	7,477,209	7,082,041
Other	117,466	66,578
	13,888,385	7,148,871
	25,121,114	24,411,885

4.3. PAYABLES

Amounts in Euro	31-03-2021	31-12-2020
Trade payables - current account	126,844,173	88,456,179
Trade payables receipt and checking - logistics	8,603,203	7,229,024
Trade payables receipt and checking - other	60,483,301	70,674,553
Trade payables - current account	4,104,105	1,979,388
State and other public entities	31,400,761	32,397,267
Related parties (Note 10.3)	1,298,685	769,888
Other creditors - CO2 emission allowances	21,827,524	16,530,618
Tax consolidation (Semapa)	6,447,546	6,447,546
Other creditors	1,098,853	516,599
Derivative financial instruments (Note 8.1.1)	13,141,871	6,196,001
Accrued expenses - payroll	26,582,707	22,324,875
Accrued expenses - interest payable	4,231,847	5,167,352
Wood suppliers bonus	7,229,142	5,352,176
Water resource fee	1,383,447	1,104,037
Rent liabilities	14,555,935	13,683,172
Other accrued expenses	2,758,057	13,717,891
Non-refundable grants	21,702,105	11,103,125
Current payables	353,693,262	303,649,690
Non-refundable grants	29,432,050	30,234,237
Department of Commerce (USA) (Note 4.2)	1,445,556	-
Non-current payables	30,877,606	30,234,237
	384,570,866	333,883,925

State - details

Amounts in Euro	31-03-2021	31-12-2020
Personal income tax withhold (IRS)	1,689,690	2,765,825
Value added tax	26,859,234	26,852,922
Social Security contributions	2,260,454	2,202,862
Other	591,382	575,658
	31,400,761	32,397,267

As at 31 March 2021 and 31 December 2020, there were no overdue debts to the State.

Non-refundable grants - details

Amounts in Euro	31-03-2021	31-12-2020
Investment grants	5,211,182	4,997,433
Grants - CO2 emission allowances	12,314,872	1,425,646
Other grants	4,176,051	4,680,046
Non-refundable grants - current	21,702,105	11,103,125
Investment grants	29,432,050	30,234,237
Non-refundable grants - non-current	29,432,050	30,234,237
	51,134,155	41,337,362

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 31 March 2020, The Navigator Company, S.A.'s share capital of Euro 500,000,000 was fully subscribed and is represented by 717,500,000 shares without nominal value.

As at 31 March 2020 and 31 December 2019, the shareholders with qualified shareholdings in the Company's capital were as follows:

Designation	31-03-2021		31-12-2020	
	No. of shares	%	No. of shares	%
Shares without nominal value				
Semapa, SGPS, S.A.	497,617,299	69.35%	497,617,299	69.35%
Treasury shares	6,316,931	0.88%	6,316,931	0.88%
Floating shares	213,565,770	29.77%	213,565,770	29.77%
	717,500,000	100%	717,500,000	100%

Treasury shares - movements

	31-03-2021		31-12-2020	
	No. of shares	Book value (Euro)	No. of shares	Book value (Euro)
Treasury shares held at the beginning of the period	6,316,931	20,189,264	6,316,931	20,189,264
Acquisition of treasury shares	-	-	-	-
Disposals for the period	-	-	-	-
Treasury shares at the end of the period	6,316,931	20,189,264	6,316,931	20,189,264

Treasury shares were mainly acquired during 2008, 2012, 2018 and 2019, and are stated at acquisition cost.

The market value of the treasury shares held on 31 March 2021 amounted to Euro 17,624,237 (31 December 2020: Euro 15,779,694), corresponding to a unit value of Euro 2.79 (31 December 2020: Euro 2.498) and the market capitalisation of the Company at this date amounted to Euro 2,001,825,000 (31 December 2020: Euro 1,792,315,000) compared to an equity, net of non-controlling interests, of Euro 1,047,998,569 (31 December 2020: 1,025,926,507).

5.2. EARNINGS PER SHARE

	31-03-2021	31-03-2020
Profit attributable to Navigator's equity holders (Euro)	23,514,983	30,614,407
Total number of shares issued	717,500,000	717,500,000
Average treasury shares held for the period	(6,316,931)	(6,316,931)
Weighted average number of shares	711,183,069	711,183,069
Basic earnings per share (Euro)	0.033	0.043
Diluted earnings per share (Euro)	0.033	0.043

5.3. NON-CONTROLLING INTERESTS

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit	
		31-03-2020	31-12-2020	31-03-2020	31-03-2020
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	272,395	275,182	(2,787)	4,019
Portucel Moçambique	90.02%	-	-	-	-
		272,395	275,182	(2,787)	4,019

Non-controlling interests are related to RAÍZ – Instituto de Investigação da Florestal e Papel, where the Group owns 97% of the capital and voting rights. The remaining 3% are owned by external associates.

In 2014, the Group signed agreements with IFC – Internacional Finance Corporation for the entry of this institution into the share capital of the subsidiary Portucel Moçambique, S.A., thus ensuring the construction phase of the Group's forestry project in Mozambique. In 2015, this Company performed a capital increase from MZM 1,000 million to MZM 1,680.798 million subscribing MZM 332,798 million corresponding to 19.98% of the capital at that date.

As at February 2019 a reduction occurred of the subscribed, underwritten and paid-up capital of the shareholder The Navigator Company, S.A. to MZM 456,596,000, which reflect 90.02% of the Company's share capital, and the participation of the IFC was reviewed to MZM 50,620,000, which reflect 9.98% of the Portucel Moçambique's share capital.

The surplus of the share capital reduction previously owned by The Navigator Company, S.A., of MZM 891,404,000 was employed to offset negative retained earnings. The differential between the MZM 332,798,000 previously subscribed by IFC and the MZM 50,620,000 which were paid in February 2019 were included in the share capital of Portucel Moçambique, as share premium.

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.

5.4. INTEREST-BEARING LIABILITIES

Amounts in Euro	30-03-2021			31-12-2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	340,000,000	145,000,000	485,000,000	340,000,000	145,000,000	485,000,000
Commercial paper	205,000,000	130,000,000	335,000,000	240,000,000	135,000,000	375,000,000
Bank loans	121,805,555	11,527,778	133,333,333	79,305,555	11,527,778	90,833,333
Charges with bond issuances	(3,723,389)	-	(3,723,389)	(3,449,340)	-	(3,449,340)
Refundable grants	38,099,607	138,794	38,238,401	37,955,008	4,578	37,959,586
Deferrals	(2,932,796)	-	(2,932,796)	(2,932,796)	-	(2,932,796)
Debt securities and bank debt	698,248,977	286,666,572	984,915,549	690,878,427	291,532,356	982,410,783

In the first quarter of 2021, a short-term loan of Euro 40 million, which had been taken in the context of the beginning of the pandemic, was refunded. On the other hand, the financing contracted in 2020 with the EIB for Euro 27.5 million over 10 years was disbursed, and a new long-term financing of Euro 15 million was also contracted.

The refundable grants include grants from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the grant under the investment agreement entered into with the Navigator Group subsidiary for the construction of the new Tissue plant in Aveiro. This agreement comprises a financial incentive in the form of a refundable grant, up to a maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last refund happening in 2027.

Interest-bearing liabilities - details

31-03-2021						
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Variable rate indexed to Euribor	-	150,000,000
Navigator 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	100,000,000	-
Navigator 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	45,000,000	-
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Navigator 2020-2023	100,000,000	15,000,000	August 2023	Variable rate indexed to Euribor	-	15,000,000
Navigator 2021-2026	20,000,000	-	April 2026	Variable rate indexed to Euribor	-	-
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor	-	75,000,000
Fees	-	(3,723,389)				(3,723,389)
European Investment Bank (EIB)						
EIB Loan - Ambiente B	1,666,667	1,666,667	June 2021	Variable rate indexed to Euribor	1,666,667	-
EIB Loan - Energy	28,333,333	28,333,333	December 2024	Variable rate indexed to Euribor	7,083,333	21,250,000
EIB Loan - Cacia	20,833,333	20,833,333	May 2028	Fixed rate	2,777,778	18,055,555
EIB Loan - Figueira	40,000,000	40,000,000	February 2029	Fixed rate	-	40,000,000
EIB Loan - Biomass Boiler	27,500,000	27,500,000	11,383	Fixed rate	-	27,500,000
Commercial Paper Program						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	35,000,000	140,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	70,000,000	-
Commercial Paper Program 65M	65,000,000	65,000,000	February 2026	Variable rate indexed to Euribor	-	65,000,000
Commercial Paper Program 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Commercial Paper Program 25M	25,000,000	25,000,000	April 2021	Variable rate indexed to Euribor	25,000,000	-
Loans						
Loan 15M	15,000,000	15,000,000	March 2026	Variable rate indexed to Euribor	-	15,000,000
Refundable grants						
AICEP	38,238,400	38,238,400	November 2027	Fixed rate	138,794	38,099,607
Deferrals	-	(2,932,796)			-	(2,932,796)
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
		984,915,549			286,666,572	698,248,977
31-12-2020						
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Navigator 2015-2023	150,000,000	150,000,000	September 2023	Variable rate indexed to Euribor	-	150,000,000
Navigator 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	100,000,000	-
Navigator 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	45,000,000	-
Navigator 2019-2026	50,000,000	50,000,000	January 2026	Fixed rate	-	50,000,000
Navigator 2019-2025	50,000,000	50,000,000	March 2025	Variable rate indexed to Euribor	-	50,000,000
Navigator 2020-2023	100,000,000	15,000,000	August 2023	Variable rate indexed to Euribor	-	15,000,000
Navigator 2021-2026	20,000,000	-	April 2026	Variable rate indexed to Euribor	-	-
Navigator 2020-2026	75,000,000	75,000,000	December 2026	Variable rate indexed to Euribor	-	75,000,000
Fees	-	(3,449,340)			-	(3,449,340)
European Investment Bank (EIB)						
EIB Loan - Ambiente B	1,666,667	1,666,667	June 2021	Variable rate indexed to Euribor	1,666,667	-
EIB Loan - Energy	28,333,333	28,333,333	December 2024	Variable rate indexed to Euribor	7,083,333	21,250,000
EIB Loan - Cacia	20,833,333	20,833,333	May 2028	Fixed rate	2,777,778	18,055,555
EIB Loan - Figueira	40,000,000	40,000,000	February 2029	Fixed rate	-	40,000,000
EIB Loan - Biomass Boiler	27,500,000	-		-	-	-
Commercial Paper Program						
Commercial Paper Program 175M	175,000,000	175,000,000	February 2026	Fixed rate	-	175,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	70,000,000	-
Commercial Paper Program 65M	65,000,000	65,000,000	February 2026	Variable rate indexed to Euribor	-	65,000,000
Commercial Paper Program 75M	75,000,000	-	February 2026	Variable rate indexed to Euribor	-	-
Commercial Paper Program 50M	50,000,000	-	December 2025	Variable rate indexed to Euribor	-	-
Commercial Paper Program 40M	40,000,000	40,000,000	March 2021	Variable rate indexed to Euribor	40,000,000	-
Commercial Paper Program 25M	25,000,000	25,000,000	April 2021	Variable rate indexed to Euribor	25,000,000	-
Refundable grants						
AICEP	37,959,586	37,959,586	November 2027	Fixed rate	4,578	37,955,008
Deferrals	-	(2,932,796)			-	(2,932,796)
Bank credit lines						
Short-term line 20M	20,450,714	-			-	-
		982,410,783			291,532,356	690,878,427

As at 31 March 2021, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 1.5% (31 December 2020: 1.5%).

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

Amounts in Euro	31-03-2021	31-12-2020
Non-current		
1 to 2 years	97,286,486	54,536,485
2 to 3 years	267,509,083	263,441,716
3 to 4 years	89,973,368	100,544,797
4 to 5 years	97,390,035	114,461,463
More than 5 years	152,746,189	164,276,102
	704,905,161	697,260,563
Fees	(6,656,185)	(6,382,136)
	698,248,976	690,878,427

As at 31 March 2021, the Group had contracted Commercial Paper Programs, contracted and undisbursed long-term financing, as well as available but not used credit facilities of Euro 250,450,714 (31 December 2020: Euro 277,950,714).

As at 31 March 2021 and 31 December 2020, the Group's interest-bearing net debt was as follows:

Amounts in Euro	31-03-2021	31-12-2020
Interest-bearing liabilities (Note 5.4)	984,915,549	982,410,783
Cash and cash equivalents (Note 5.6)	(361,322,410)	(302,399,831)
Interest-bearing net debt	623,593,138	680,010,952
Lease liabilities	53,339,688	53,080,919
Interest-bearing net debt with lease liabilities	676,932,826	733,091,871

5.5. LEASE LIABILITIES

Lease liabilities - future liabilities

Amounts in Euro	31-03-2021			31-12-2020		
	Maturing rents	Interest on liabilities	Present value of liabilities	Maturing rents	Interest on liabilities	Present value of liabilities
Less than 1 year	4,893,180	2,025,570	6,918,750	3,765,081	1,842,736	5,607,817
1 to 2 years	3,582,963	1,715,481	5,298,444	3,370,911	1,702,752	5,073,663
2 to 3 years	2,854,132	1,582,469	4,436,601	2,861,255	1,571,098	4,432,353
3 to 4 years	2,518,074	1,457,487	3,975,561	2,533,056	1,448,561	3,981,617
4 to 5 years	1,445,433	1,344,693	2,790,126	1,689,138	1,333,485	3,022,623
More than 5 years	20,370,580	9,549,626	29,920,206	21,467,905	9,494,941	30,962,846
Present value of liabilities	35,664,363	17,675,326	53,339,688	35,687,346	17,393,573	53,080,919

5.6. CASH AND CASH EQUIVALENTS

Amounts in Euro	31-03-2021	31-12-2020
Cash	41,148	37,778
Short-term bank deposits	330,275,378	265,358,163
Other short-term investments	31,005,884	37,003,891
	361,322,410	302,399,831

As at 31 March 2021, the caption Other short-term investments includes Euro 31,005,884 (31 December 2020: Euro 37,003,891) of amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

As at 31 March 2021 and 31 December 2020, there are no significant balances of cash and cash equivalents that are subject to restrictions on use by the Group.

5.7. NET FINANCIAL RESULTS

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Interest paid on debt securities and bank debt	(3,153,390)	(1,729,269)
Commissions on loans and expenses with the opening of credit facilities	(900,391)	(861,080)
Interest paid using the effective interest method	(4,053,781)	(2,590,349)
Interest paid on lease liabilities	(525,992)	(495,129)
Financial expenses related to the Group's capital structure	(4,579,773)	(3,085,478)
Losses on financial instruments - foreign exchange hedging	(302,483)	(364,640)
Losses on financial instruments - interest-rate hedging	(1,973,560)	(566,262)
Losses on financial instruments - trading	(3,609,072)	(2,495,592)
Accrual for option premiums	-	(397,180)
Losses on compensatory interest	-	(175,755)
Other expenses and financial losses	(232,552)	(3,475,009)
Financial expenses and losses	(10,697,441)	(10,559,917)
Interest earned on financial assets at amortised cost	412,385	-
Favourable exchange rate differences	282,681	3,566,860
Gains on financial instruments - hedging	-	600,665
Gains on compensatory interest	274,210	-
Other financial income and gains	-	226,979
Financial income and gains	969,277	4,394,504
Net financial results	(9,728,164)	(6,165,412)

Financial results amounted to Euro 9,728,164 (vs. Euro 6,165,412 in the first quarter of 2020). This increase, of Euro 3,562,752, results mainly from the exchange rate impact of the financing of the subsidiary in Mozambique (- Euro 3.7 million), justifying the decrease in the caption "favourable exchange rate differences". Additionally, there was the cancellation of an interest rate swap associated with a bond loan repaid in December 2020 (- Euro 1.5 million), which impacted the variation recorded in "Losses on interest instruments – interest-rate hedging".

In the opposite direction, there was a positive variation of Euro 2.8 million in interest earned on financial investments, which in the period was slightly positive compared to the very negative values obtained in the same period last year, which were reflected under "other financial expenses and losses".

6. INCOME TAX

6.1. INCOME TAX FOR THE PERIOD

6.1.1. Income tax recognised in the consolidated income statement

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Current tax	3,767,099	10,152,600
Change in uncertain tax positions in the period	134,019	(3,810,460)
Deferred tax (Note 6.2)	2,923,284	5,176,005
	6,824,402	11,518,145

As at 31 March 2021, current tax includes Euro 2,611,563 (31 March 2020: Euro 7,665,399) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

Reconciliation of the effective income tax rate for the period

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Profit before income tax	30,336,598	42,136,571
Expected tax at nominal rate (21%)	6,370,686	8,848,680
Municipal surcharge (2021: 2.34%; 2020: 1.88%)	710,213	790,356
State surcharge (2021: 4.24%; 2020: 3.99%)	1,284,778	1,681,940
Income tax resulting from the applicable tax rate	8,365,677	11,320,976
Nominal tax rate for the period	27.58%	26.87%
Differences (a)	958,900	197,169
Excess of income tax estimate	(2,500,176)	-
	6,824,402	11,518,145
Effective tax rate	22.50%	27.34%

(a) This amount concerns mainly:

	3 months 31-03-2021	3 months 31-03-2020
Capital gains/ (losses) for tax purposes	25,275	614,480
Capital gains/ (losses) for accounting purposes	(22,642)	(2,000)
Taxable provisions and impairment	992,054	59,821
Tax benefits	(117,204)	(136,019)
Other	2,609,426	180,697
	3,486,910	716,979
Tax effect (27.5%)	958,900	197,169

6.1.2. Tax recognised in the consolidated statement of financial position

Amounts in Euro	31-03-2021	31-12-2020
Assets		
Amounts pending refund (tax proceedings decided in favour of the Group)	3,800,884	3,482,762
	3,800,884	3,482,762
Liabilities		
Corporate Income Tax - IRC	16,703,136	13,012,879
Additional tax liabilities (IRC)	22,898,753	22,898,753
	39,601,888	35,911,632

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	31-03-2021	31-12-2020
Income tax for the period	3,767,099	25,415,652
Payments on account, special and additional payments on account	-	(11,094,358)
Withholding tax recoverable	(44,667)	(33,315)
Corporate Income Tax payable/ (recoverable) from prior periods	12,660,736	-
Other payables / (receivables)	319,968	(1,275,100)
	16,703,136	13,012,879

Amounts pending refund

Amounts in Euro	2021	2020
2013 Corporate income tax (RETGS)	86,215	86,215
2010 Corporate income tax (RETGS)	2,341,168	2,341,168
RFAI 2010 to 2012 - compensatory interest	469,351	469,351
2017 Corporate income tax - Navigator Tissue Rodão	347,336	347,336
Other	556,815	238,692
	3,800,884	3,482,762

The movements in the period are detailed as follows:

Amounts in Euro	31-03-2021	31-12-2020
Balance at the beginning of the period	3,482,762	7,198,086
Increases	318,122	3,157,855
Reversals	-	(6,873,179)
	3,800,884	3,482,762

Uncertain tax positions - liabilities

Amounts in Euro	31-03-2021	31-12-2020
Balance at the beginning of the period	22,898,753	36,228,728
Increases	-	4,749,869
Reversals	-	(18,079,844)
Amount recognised in the income statement - (gain) / loss	-	(13,329,975)
	22,898,753	22,898,753

Taxes paid in litigation

As at 31 December 2020 and 31 December 2019, the additional tax assessments that are already paid and contested, not recognised in assets, refer to the Navigator Group and are summarised as follows:

Amounts in Euro	31-03-2021	31-12-2020
2005 Aggregated corporate income tax (Note 9.2)	10,394,386	10,394,386
2006 Aggregated corporate income tax (Note 9.2)	8,150,146	8,150,146
2015 Corporate income tax - Navigator Tissue Ródão, S.A.	7,586,361	7,586,361
2016 Aggregated corporate income tax	2,697,180	2,697,180
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
	53,275,899	53,275,899

6.2. DEFERRED TAXES

Movements in deferred taxes

Amounts in Euro	As at 1 January 2021	Income Statement		Equity	As at 31 March 2021
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	6,974,025	150,000	-	-	7,124,025
Adjustment of property, plant and equipment	71,179,011	-	(3,231,018)	-	67,947,993
Financial instruments	8,879,577	-	-	5,573,707	14,453,285
Deferred accounting gains on intra-group transactions	15,145,588	-	(2,178,714)	-	12,966,874
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	7,000,000	-	-	-	7,000,000
	109,381,789	150,000	(5,409,732)	5,573,707	109,695,765
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(224,593)	-	-	-	(224,593)
Deferred accounting losses on intra-group transactions	(9,929,599)	-	-	-	(9,929,599)
Valuation of biological assets	(23,121,032)	1,181,627	-	-	(21,939,405)
Adjustment of property, plant and equipment	(272,907,547)	-	(6,681,398)	-	(279,588,945)
Investment grants	(6,406,374)	129,380	-	1,452,757	(4,824,238)
	(312,589,145)	1,311,006	(6,681,398)	1,452,757	(316,506,780)
Deferred tax assets	30,079,993	41,250	(1,487,676)	1,532,770	30,166,336
Government grants	549,224	-	-	-	549,224
Deferred tax assets	30,629,217	41,250	(1,487,676)	1,532,770	30,715,560
Deferred tax liabilities	(85,962,014)	360,527	(1,837,384)	399,508	(87,039,364)

Amounts in Euro	As at 1 January 2020	Income Statement		Equity	As at 31 December 2020
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	6,793,848	180,177	-	-	6,974,025
Adjustment of property, plant and equipment	69,004,705	2,174,305	-	-	71,179,011
Financial instruments	8,525,155	-	-	354,422	8,879,577
Deferred accounting gains on intra-group transactions	18,864,851	-	(3,719,263)	-	15,145,588
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,660,000	-	(3,220,000)	560,000	7,000,000
	113,052,148	2,354,482	(6,939,263)	914,422	109,381,789
Temporary differences originating deferred tax liabilities					
Pensions and other post-employment benefits	(510,040)	-	(638,963)	924,411	(224,593)
Deferred accounting losses on intra-group transactions	(9,994,509)	64,910	-	-	(9,929,599)
Valuation of biological assets	(25,999,474)	-	2,878,442	-	(23,121,032)
Adjustment of property, plant and equipment	(249,833,138)	-	(23,074,409)	-	(272,907,547)
Investment grants	(6,077,044)	862,557	-	(1,191,888)	(6,406,374)
	(292,414,206)	927,467	(20,834,930)	(267,477)	(312,589,145)
Deferred tax assets	31,089,341	647,483	(1,908,297)	251,466	30,079,993
Government grants (Note 3.5)	549,224	-	-	-	549,224
Deferred tax assets	31,638,565	647,483	(1,908,297)	251,466	30,629,217
Deferred tax liabilities	(80,413,906)	255,054	(5,729,606)	(73,556)	(85,962,014)

In the measurement of the deferred taxes as at 31 December 2020 and 31 December 2019, the rate of 27.50% was used.

7. PAYROLL

7.1. PAYROLL COSTS

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Remuneration of Corporate Bodies - fixed	826,099	822,424
Remuneration of Corporate Bodies - variable	521,585	662,556
Other remunerations	26,011,685	26,771,584
Social Security contributions	5,704,747	5,802,275
Post-employment benefits (Note 7.2)	321,075	314,516
Other payroll costs	2,444,425	1,865,278
Payroll costs	35,829,616	36,238,634

Number of employees by segment at the end of the period

	31-03-2021	31-12-2020	Var. 21/20
Market pulp	258	258	-
UWF	1,831	1,831	-
Tissue	380	380	-
Other	756	763	(7)
	3,225	3,232	(7)

Other Payroll costs are detailed as follows during the three-month periods ended 31 March 2021 and 31 March 2020:

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Training	51,474	150,024
Social action	694,373	296,928
Insurance	1,125,614	926,979
Compensation for contract termination	409,786	433,720
Other	163,178	57,628
	2,444,425	1,865,278

The increase in social action expenses in the first quarter of 2021 is primarily due to expenses related to Covid-19 testing at the Group's units.

7.2. EMPLOYEE BENEFITS

7.2.1. Introduction

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

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

A. Pension Plan – Defined benefit

The Group has responsibilities with post-employment benefit plans for a reduced group of Employees who have chosen to maintain the defined benefit plan or who have chosen to maintain a safeguard clause, the latter following the conversion of their plan into a Defined Contribution Plan. In effect, the safeguard clause gives the employee the option, at the time of retirement, to pay a pension in accordance with the provisions laid down on the Defined Benefit Plan. For those who choose to activate the Safeguard Clause, the accumulated balance in the Defined Contribution Plan (*Conta 1*) will be used to finance the liability of the Defined Benefit Plan.

B. Pension Plan – Defined contribution

As at 31 March 2021, three Defined Contribution plans were in force covering 2,853 employees (2020: 2,816 employees) (Note 7.2.3).

Net liabilities

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

	31-03-2021		31-12-2020	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accounts	458	77,829,641	458	77,829,641
Alumni	103	22,158,138	103	22,158,138
Retired employees	547	91,265,747	547	91,265,747
Market value of pension funds		(180,886,807)		(178,691,062)
Total net liabilities	1,108	10,366,720	1,108	12,562,465

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2021	2020
Opening balance	178,691,062	173,292,676
Charge for the period	1,000,000	-
Remeasurement	1,195,745	(15,009,849)
Balance as at 31 March	180,886,807	158,282,827
Remaining quarters		20,408,235
Balance as at 31 December		178,691,062

The assets of the pension fund related to the defined benefit plan are under the management of Schrodgers, BlackRock and Credit Suisse, as detailed below:

Amounts in Euro	2021	2020
Defined benefits and <i>Conta 1</i> :		
Occidental - Pensions	1,608,428	4,358,496
Schrodgers	69,457,097	68,356,435
BlackRock	70,345,923	66,399,325
<i>Conta 1</i> - Credit Suisse	39,475,360	39,576,805
Total defined benefits and <i>Conta 1</i>	180,886,807	178,691,062

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	31-03-2021	%	31-12-2020	%
Securities listed in the market				
Bonds	112,349,876	62.1%	110,570,981	61.9%
Shares	48,466,828	26.8%	47,196,654	26.4%
Public debt	13,950,885	7.7%	12,142,648	6.8%
Liquidity	4,349,775	2.4%	4,480,780	2.5%
Real estate	-	0.0%	-	0.0%
Other short-term investments	1,769,443	1.0%	4,300,000	2.4%
	180,886,807	100%	178,691,062	100%

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

7.2.2. Defined Contribution Plan

As at 31 December 2020 and 31 December 2019, two defined contribution plans were in force for most of the employees.

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

Amounts in Euro	No. of Beneficiaries	Profitability %	31-03-2021	No. of Beneficiaries	Profitability %	31-12-2020
Defined contribution (BMO):						
Defensive sub-fund	123	0.21%	8,440,263	128	3.52%	9,063,068
Conventional sub-fund	388	1.27%	19,502,742	391	4.05%	19,684,340
Dynamic sub-fund	688	2.76%	16,000,338	685	4.57%	15,440,179
Aggressive sub-fund	1,654	4.52%	5,424,714	1,612	4.34%	5,163,381
Total defined contribution	2,853		49,368,057	2,816		49,350,968

7.2.3. Expenses incurred with post-employment benefit plans

The effect of these plans in the income statement for the periods ended 31 December 2020 and 31 December 2019 was as follows:

Amounts in Euro	3 months 31-03-2021	3 months 31-03-2020
Defined benefit plans		
Current services	-	-
Interest expense	-	-
Expected return on plan assets	-	-
	-	-
Defined contribution plans		
Contribution for the period	321,075	314,516
	321,075	314,516
Expenses for the period	321,075	314,516

8. FINANCIAL INSTRUMENTS

8.1. DERIVATIVE FINANCIAL INSTRUMENTS

Movements in derivative financial instruments

Amounts in Euro	30-03-2021			31-12-2020		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Balance at the beginning of the period	3,160,131	(5,336,692)	(2,176,560)	536,035	(4,316,491)	(3,780,456)
New contracts / settlements	(623,573)	(6,532,781)	(7,156,354)	623,573	2,982,135	3,605,708
Change in fair value through profit and loss	(3,609,072)	(2,276,043)	(5,885,115)	2,000,523	(3,647,914)	(1,647,391)
Change in fair value through other comprehensive income	-	2,369,913	2,369,913	-	(354,422)	(354,422)
Balance at the end of the period	(1,072,514)	(11,775,603)	(12,848,116)	3,160,131	(5,336,692)	(2,176,561)

8.1.1. Detail and maturity of derivative financial instruments by nature

31 March 2021 Amounts in Euro	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net amount
Hedging						
Hedging (future sales)	243,500,000	USD	2021	-	(3,465,361)	(3,465,361)
Hedging (future sales)	54,000,000	GBP	2021	-	(2,335,750)	(2,335,750)
Interest rate swaps - Bonds	275,000,000	EUR	2026	106,495	(4,906,283)	(4,799,788)
BHKP pulp	6,840,000	USD	2021	-	(1,174,704)	(1,174,704)
				106,495	(11,882,098)	(11,775,603)
Trading						
Foreign exchange forwards (future sales)	100,481,678	USD	2023	187,180	(1,171,552)	(984,371)
Foreign exchange forwards (future sales)	4,250,000	GBP	2021	-	(88,222)	(88,222)
Foreign exchange forwards (future sales)	75,000	CHF	2021	80	-	80
				187,260	(1,259,774)	(1,072,514)
				293,755	(13,141,871)	(12,848,116)
31 December 2020 Amounts in Euro						
Hedging						
Hedging (future sales)	204,000,000	USD	2021	831,818	(668)	831,149
Hedging (future sales)	72,000,000	GBP	2021	-	(515,688)	(515,688)
Interest rate swaps - Bonds	200,000,000	EUR	2025	-	(5,501,229)	(5,501,229)
BHKP pulp	9,120,000	USD	2021	-	(150,926)	(150,926)
				831,818	(6,168,511)	(5,336,693)
Trading						
Foreign exchange forwards (future sales)	100,228,946	USD	2023	2,564,049	-	2,564,049
Foreign exchange forwards (future sales)	5,425,000	GBP	2021	-	(27,345)	(27,345)
Foreign exchange forwards (future sales)	225,000	CHF	2021	-	(146)	(146)
Future purchase of CO2 allowances (Note 3.2)	2,545,625	EUR	2021	623,573	-	623,573
				3,187,622	(27,491)	3,160,131
				4,019,440	(6,196,001)	(2,176,562)

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

In this context, during the last quarter of 2020, the Group contracted several financial structures to cover the portion of the net foreign exchange exposure of estimated sales in USD for 2021, which is estimated at about USD 292,000,000. The derivative financial instruments are Zero Cost Collar, in an amount of USD 204,000,000 and GBP 72,000,000, which expire on 31 December 2021.

During January 2021, the Group concluded the contracting of derivative financial instruments by acquiring USD 88,000,000 in Zero Cost Collar, thus guaranteeing total coverage of the estimated value of exposure for 2021.

Interest rate hedge

During the last quarter of 2020, the Group made a partial amortisation of Euro 50,000,000, related to the Navigator 2015-2023 bond loan, also performing the settlement of the associated IRS.

During the first quarter, the Group reinforced its interest rate hedges by contracting a swap in the amount of Euro 75,000,000 to set the interest rate associated with the Navigator 2020-2026 bond loan, of the same amount.

BHKP Pulp Hedge

As in the previous year, the Group periodically monitors its exposure to the price of BHKP pulp.

During the fourth quarter of 2020, the Group opted to acquire a financial instrument to hedge the pulp price, by contracting a swap to set the price of 12,000 tons of pulp for the next 12 months, ended 31 December 2021.

9. PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1. PROVISIONS

Movements in provisions

Amounts in Euro	Legal proceedings	Other	Total
1 January 2020	5,506,894	14,441,452	19,948,347
Increases	1,664,075	333,233	1,997,308
Reversals	(115,233)	-	(115,233)
Impact in profit and loss for the period	1,548,842	333,233	1,882,075
Exchange rate adjustment	(91,875)	-	(91,875)
31 March 2020	6,963,860	14,774,685	21,738,546
Increases	502,623	16,404,227	16,906,850
Reversals	(2,863,636)	(13,615,000)	(16,478,636)
Impact in profit and loss for the period	(2,361,013)	2,789,227	428,214
Exchange rate adjustment	65,258	-	65,258
Other transfers and adjustments	-	1,177,316	1,177,316
31 December 2020	4,668,105	18,741,229	23,409,335
Increases	248,714	-	248,714
Reversals	(82,504)	-	(82,504)
Impact in profit and loss for the period	166,210	-	166,210
Exchange rate adjustment	10,233	-	10,233
Other transfers and adjustments	(16,250)	-	(16,250)
31 March 2021	4,828,298	18,741,229	23,569,528

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

9.2. COMMITMENTS

Guarantees provided to third parties

Amounts in Euro	31-03-2021	31-12-2020
Guarantees provided		
Navigator guarantees for EIB loans	35,208,333	56,666,667
Portuguese Tax Authorities	15,997,679	15,264,923
IAPMEI	1,280,701	1,280,701
Customs clearance	1,250	1,250
Spanish state tax agency	1,033,204	1,033,204
Portuguese Environment Agency	1,141,618	1,141,618
Simria	338,829	338,829
Other	686,706	700,971
	55,688,321	76,428,163

Purchase commitments

Amounts in Euro	31-03-2021	31-12-2020
Purchase commitments		
Property, plant and equipment - Industrial equipment	35,242,090	9,367,666
Wood		
Commitments with acquisitions in the subsequent period	144,800,000	191,698,539
Commitments to long-term acquisitions	106,300,000	79,200,000
	286,342,090	280,266,205

10. GROUP STRUCTURE

10.1. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

10.1.1. Navigator Group subsidiaries

Company	Head Office	Share equity owned			Main activity	
		31-03-2021		31-12-2020		
		Direct	Indirect	Total		
Parent company:						
The Navigator Company, S.A.	Portugal	-	-	-	-	Sale of paper and pulp
Subsidiaries:						
Navigator Brands , S.A.	Portugal	100.00	-	100.00	100.00	Acquisition, operation, lease or concession of the use and disposal of trademarks, patents and other industrial or intellectual property
Navigator Parques Industriais, S.A.	Portugal	100.00	-	100.00	100.00	Management of industrial real estate
Navigator Paper Figueira, S.A	Portugal	100.00	-	100.00	100.00	Paper production
Empremedia RE , AC	Ireland	100.00	-	100.00	100.00	Insurance mediation and advisory services
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	75.00	22.00	97.00	97.00	Applied research in the field of pulp and paper industry and forestry activity
Raiz Ventures , SA	Portugal	-	97.00	97.00	97.00	Promotion of business units directly or indirectly related to research, development and innovation activities in the field of forest-based bioeconomy
About the Future - Essential Oils, SA	Portugal	-	97.00	97.00	97.00	Production, rectification and wholesale of essential oils
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	100.00	Energy production
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	100.00	Production of cellulose pulp and provision of administration, management and internal advisory services
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	92.20	92.20	92.20	
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	90.20	90.20	90.20	Provision of industrial maintenance services
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	90.00	90.00	90.00	
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	100.00	Cellulose pulp production
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Cellulose pulp production
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Tissue paper production
Navigator Tissue Ródão , S.A.	Portugal	-	100.00	100.00	100.00	Tissue paper production
Navigator Tissue Iberica , S.A.	Spain	-	100.00	100.00	100.00	Sale of tissue paper
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	90.02	Forestry production
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	100.00	Management of shareholdings
Navigator Financial Services sp . Zoo	Poland	25.00	75.00	100.00	100.00	Financial services
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	100.00	Forestry production
EucaliptusLand, S.A.	Portugal	-	100.00	100.00	100.00	Forestry production
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	100.00	Wine production
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	100.00	Management of hunting resources
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80	Provision of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00	Plant production in nurseries
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	100.00	Provision of services within the scope of forestry activities and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00	Trade in wood and biomass and logging
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00	Trade in wood and biomass and logging
Navigator Paper Setúbal , S.A.	Portugal	100.00	-	100.00	100.00	Paper and energy production
Navigator North America Inc.	USA	-	100.00	100.00	100.00	Sale of paper
Navigator Afrique du Nord	Morocco	-	100.00	100.00	100.00	
Navigator España, S.A.	Spain	-	100.00	100.00	100.00	
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	100.00	
Navigator France, EURL	France	-	100.00	100.00	100.00	
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	100.00	
Navigator Italia, SRL	Italy	-	100.00	100.00	100.00	
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	100.00	Provision of sales intermediation services
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	100.00	
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	100.00	
Navigator Eurasia	Turkey	-	100.00	100.00	100.00	
Navigator Rus Company, LLC	Russia	-	100.00	100.00	100.00	
Navigator Paper Mexico	Mexico	25.00	75.00	100.00	100.00	
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	100.00	
Navigator Egypt, ELLC	Egypt	1.00	99.00	100.00	100.00	
Empremédia - Corretores de Seguros, S.A.	Portugal	-	100.00	100.00	100.00	Insurance mediation and advisory services
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00	Sale of timber

10.1.2. Incorporated joint operations

Company	Head Office	Share equity owned			Main activity	
		31-03-2021		31-12-2020		
		Direct	Indirect	Total		
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchases of materials, subsidiary materials and services used in the pulp and paper production processes

10.2. CHANGES IN THE CONSOLIDATION PERIMETER

During the three-month period ended 31 March 2020, the consolidation perimeter was not changed from the previous period.

10.3. TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

Amounts in Euro	31-03-2021				31-12-2020			
	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities (Note 5.4)	Lease liabilities (Note 5.5)	Receivables (Note 4.2)	Payables (Note 4.3)	Interest-bearing liabilities (Note 5.4)	Lease liabilities (Note 5.5)
Shareholders (Note 5.1)								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	7,470,630	-	-	-	7,001,046	-	-
Other subsidiaries of Semapa Group								
Secil - Companhia Geral Cal e Cimento, S.A.	12,915	50,696	-	-	443,648	35,503	-	-
Secil Britas, S.A.	-	124,335	-	-	-	86,954	-	-
CMP - Cimentos Maceira e Pataias, S.A.	-	16,601	-	-	-	23,682	-	-
Unibetão, S.A.	-	83,970	-	-	-	66,595	-	-
Other related parties								
Sonagi Imobiliária, S.A.	-	-	-	188,841	-	-	-	188,841
Hotel Ritz, S.A.	-	-	-	-	-	3,654	-	-
	12,915	7,746,231	-	188,841	443,649	7,217,434	-	188,841

Transactions with related parties

Amounts in Euro	31-03-2021				31-03-2020			
	Purchase of goods and services	Sales and services rendered	Other operating income	Other operating expenses	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses) / income
Shareholders (Note 5.1)								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	2,557,189	-	-	-	2,281,279	-	-	-
	2,557,189	-	-	-	2,281,279	-	-	-
Other subsidiaries of Semapa Group								
Secil - Companhia Geral Cal e Cimento, S.A.	15,287	15,750	-	-	15,713	12,000	-	-
Secil Britas, S.A.	102,240	-	-	-	13,439	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	8,695	-	-	-	8,982	-	-	-
Unibetão, S.A.	4,097	-	-	-	62,892	-	-	-
	130,319	15,750	-	-	101,026	12,000	-	-
Other related parties								
Enermontijo, S.A.	-	-	-	-	118,109	159,081	-	-
Seinpar Investments BV	-	-	-	-	-	-	248	-
Sonagi Imobiliária, S.A.	-	-	-	-	-	-	-	(421)
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	-	-	-	-	(28,072)
Hotel Ritz, S.A.	4,474	-	-	-	570	-	-	-
	4,474	-	-	-	118,679	159,081	248	(28,493)
	2,691,982	15,750	-	-	2,500,983	171,081	248	(28,493)

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 69.4% 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 Navigator Company, SA and Refundos - Sociedade Gestora de Investimentos Imobiliário, SA, also entered into a lease agreement beginning on 1 June 2017 and ending on 31 May 2027, automatically renewable for a 5 year period, regarding the lease of an office building located in Lisbon, Avenida Fontes Pereira de Melo. Since the company was sold to a third party during the first half of the year, it is no longer considered a related party in 2020.

The operations performed with the Secil Group arise from normal market operations.

In the identification of the Navigator Company Group's related parties for the purpose of financial reporting, the members of the Navigator Company Group's Board of Directors and other corporate bodies were considered as related parties.

11. EXPLANATION ADDED FOR TRANSLATION

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

BOARD OF DIRECTORS

João Nuno de Sottomayor Pinto de Castello Branco
Board of Directors Chairman

António José Pereira Redondo
Chairman of the Executive Board

Adriano Augusto da Silva Silveira
Executive Board Member

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Araújo Oliveira
Executive Board Member

João Paulo Cabete Gonçalves Lé
Executive Board Member

Manuel Soares Ferreira Regalado
Member

Maria Teresa Aliu Presas
Member

Mariana Rita Antunes Marques dos Santos
Member

Ricardo Miguel dos Santos Pacheco Pires
Member

Sandra Maria Soares Santos
Member

Vítor Manuel Rocha Novais Gonçalves
Member

Vítor Paulo Paranhos Ferreira
Member