



THE
NAVIGATOR
COMPANY

VALUING IS WHO WE ARE

2023

FIRST NINE MONTHS
INTERIM RESULTS



3 / 4

The Navigator Company, S.A.

Share Capital 500 000 000 Eur
Corporate Entity 503 025 798

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



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1. PERFORMANCE IN FIRST 9 MONTHS OF 2023

Over the course of the first half of 2023, destocking of paper and packaging along the distribution chain was slower than expected. As a result, new orders in these segments stood at historically low levels. A slight improvement was observed in the 3rd quarter, in line with the decrease in inventories. The Tissue segment continued to perform well in the first nine months of 2023, with shorter supply chains, less likely to accumulate stocks. However, the current geopolitical environment and the slowdown in global economic growth are having a negative impact across the industrial spectrum, and on our sector in particular.

In this context, rigorous implementation of cost control programmes and efficiency in specific consumption levels, combined with production management and planning, have been crucial in adjusting supply to demand and, consequently, operating results. As explained in previous quarters, this year's figures are compared with 2022, an altogether exceptional year, where prices reached historical levels, due to an unprecedented imbalance between supply and demand in all products, created by logistical constraints and cost inflation which we have succeeded in controlling in 2023, keeping our cash costs at the level recorded at the start of 2022.

We remain committed to our plans for investment and innovation in all segments where we operate and continue to explore growth opportunities with differentiation in Tissue, Packaging and Energy. Navigator's product range and sustainable business, the scale of our operations and its strong financial position have all supported a resilient business model, enabling us to present consistent results, even under adverse market conditions.

3rd Quarter Analysis (vs Q2 2023 and vs Q3 2022)

- Navigator recorded turnover of € 481 million (up 0.6% on Q2; down 29% on Q3 2022);
- EBITDA stood at € 124 million (up 1% from Q2; down 40% from Q3 2022), reflected in an EBITDA margin of 25.7% (up 0.1 pp on the previous quarter; down 4.8 pp from Q3 2022);
- Net income stood at € 63 million (down 4% from Q2; down 42% from Q3 2022);
- Pulp sales totalled 154 thousand tons (up +25% on Q2; up +191% on Q3 2022). Decreased incorporation into paper resulted in more pulp available for sale, which was quickly absorbed thanks to its distinctive properties, highly valued for decades by international markets;
- Paper sales stood at 276 thousand tons (up 6% on Q2; down 31% on Q3 2022), representing a slight improvement on the previous quarter. Although slow at first, the process of destocking appears to have continued more expressively throughout Q3;
- Sales of Tissue stood at 41 thousand tons (up 11% on Q2; up +54% on Q3 2022), driven by growth in demand for finished products and by the new capacity added by Navigator Ejea;
- We continue to explore new opportunities in the Packaging sector, with new product ranges, aimed at the food industry, for which trials and the market launch is currently in progress. This will open doors in the short term to other high value-added segments, not only in the food industry and consumer goods, but also in other industries. At the same time, work is proceeding to plan on the project for integrated production of moulded cellulose components, designed to substitute single use plastic packaging. Production is expected to start up at the end of the 1st half of 2024.

First 9 months of 2023 vs. 9 months 2022

- Navigator recorded turnover of € 1,461 million (down 20% on 9M 2022);



- EBITDA stood at € 377 million (down 32% on 9M 2022), and the EBITDA margin at 25.8% (down 4.5 pp from 9M 2022);
- Net income totalled € 201 million (down 26% from 9M 2022);
- Net debt of € 550 million, reflecting the impact of Gomà-Camps Consumer acquisition in Q1, distribution of € 200 in dividends in Q2, and the level of tax payments, in view of the exceptional results in 2022, as well as the demanding schedule for the capex plan under the Recovery and Resilience Plan (RRP). The Net Debt / EBITDA ratio was 0.98x.

2. MAIN INDICATORS

Million euros	9M 2023	9M 2022	% 9M 23/ 9M 22
Total Sales	1 460.6	1 822.5	-19.9%
EBITDA ⁽¹⁾	376.5	551.9	-31.8%
Operating Profits (EBIT)	277.6	437.9	-36.6%
Financial Results	-15.7	-60.1	73.9%
Net Earnings	200.8	270.5	-25.8%
Cash Flow	299.7	384.5	- 84.8
Free Cash Flow ⁽²⁾	32.5	322.4	- 289.9
Capex	142.1	64.6	77.5
Net Debt ⁽³⁾	549.7	372.5	177.2
EBITDA/Sales	25.8%	30.3%	-4.5 pp
ROCE ⁽⁴⁾	21.5%	35.8%	-14.3 pp
ROE ⁽⁵⁾	21.4%	31.4%	-10.0 pp
Equity Ratio	46.1%	43.3%	2.8 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.98	0.56	0.42

Million euros	Q2 2023	Q1 2023	% Q2 23/Q1 23	Q2 2022	% Q2 23/ Q2 22
Total sales	481.1	478.3	0.6%	680.4	-29.3%
EBITDA ⁽¹⁾	123.5	122.3	1.0%	207.4	-40.4%
Operating profits	90.0	88.4	1.8%	165.0	-45.5%
Financial results	- 7.2	- 5.8	24.1%	- 15.1	-52.2%
Net earnings	63.3	65.8	-3.7%	108.6	-41.7%
Cash flow	96.9	99.7	- 2.8	150.9	- 54.0
Free Cash Flow ⁽²⁾	22.8	- 21.1	43.9	148.2	- 125.4
Capex	29.5	70.9	- 41.4	30.3	- 0.8
Net Debt ⁽³⁾	549.7	572.5	- 22.8	372.5	177.2
EBITDA/Sales (%)	25.7%	25.6%	0.1 pp	30.5%	-4.8 pp
ROCE ⁽⁴⁾	20.9%	20.8%	0.1 pp	40.4%	-19.5 pp
ROE ⁽⁵⁾	20.2%	21.4%	-1.2 pp	37.8%	-17.6 pp
Equity ratio	46.1%	43.4%	2.7 pp	43.3%	2.8 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.98	0.89	0.09	0.56	0.42

1. Operating profits + depreciation + provisions;

2. Variation net debt + dividends + purchase of own shares

3. Interest-bearing liabilities - liquid assets (not including effect of IFRS 16)

4. ROCE = Annualised operating income / Average Capital invested (N+(N-1))/2

5. ROE = Annualised net income / Average Shareholders' Funds last -1 months

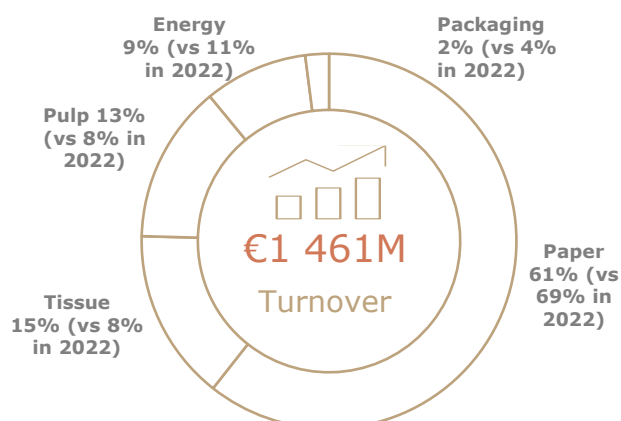
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months

7. Impact of IFRS 16: Net Debt / EBITDA (9M 2023) of 1.1; Net Debt / EBITDA (9M 2022) of 0.65;

8. Variation in figures not rounded up/down



3. ANALYSIS OF RESULTS



The reduction achieved in cash costs in all segments over the course of the year continues to make itself felt, being more pronounced in this quarter. At the same time, the resilience in international prices for printing papers, and tissue, combined with the sales strategy and diversification of products and markets, enabled us to achieve good results, in an international context of a sharp downturn in demand in most of the segments in which we operate.

The printing and writing papers industry

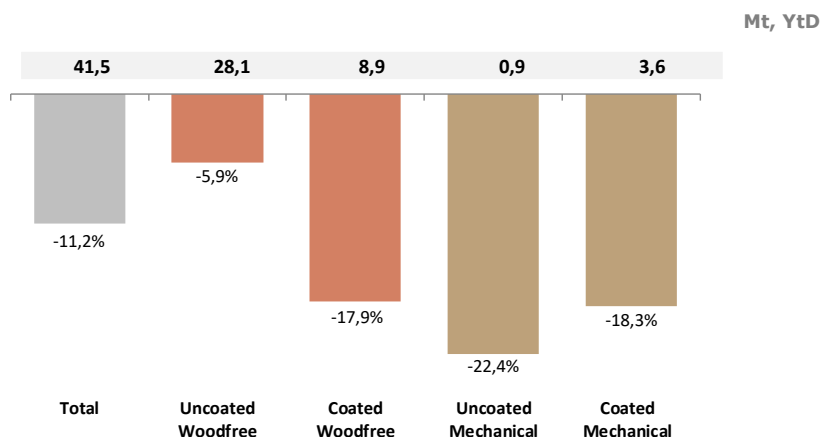
The industry recorded a significant adjustment in capacity utilisation rates (production/capacity) in 2023, and Navigator likewise steadied the pace of production. The average capacity utilisation rate in the first 9 months was 75%, as compared to an industry average of 66%.

The third quarter saw a slight improvement in the market environment in relation to the first half. Although initially slow, the destocking process along the distribution chain appears to have intensified in the end of the third quarter, with most operators continuing to adjust stock levels for the levels of demand experienced. This situation has led to a slight increase in the level of new orders to European manufacturers, in particular in September, substantially offsetting the seasonal factors to which the industry is normally subject.

As a result, the third quarter saw a slight increase in capacity utilisation, with Navigator at 76% (vs an industry average of 66%).



Global demand for printing and writing papers



Source: Navigator, PPPC (August).

In a global context of sharply falling apparent demand (down 11%), UWF paper remains the most resilient, as usual, in view of its versatile uses, with a reduction of 6%, as compared to CWF papers, for which demand dropped by 18%. Demand for paper produced from mechanical pulp dropped by 21%.

In Europe, apparent demand for UWF paper fell by 21% YoY (September), and this also remained the most resilient grade.

In the United States, demand declined by 13% YTD August. Apparent UWF consumption in other world regions decreased by 2%, with China growing 1% in UWF consumption compared with 2022.

The benchmark index for office paper in Europe stood at 1,127 € /ton at the end of September (vs 1,204 €/t at the end of June). Despite the downward trend over the first nine months of 2023, the benchmark price index for paper has proved resilient, with the average price in the first nine months of 2023 still 6% higher than in the same period of 2022. Significantly, the reduction in the index since the start of the year has been 16%, while the pulp index has dropped by more than 40%.

Navigator's UWF sales totalled 819 thousand tons in the first nine months of the year, down by 29% on the same period last year. Third quarter sales were nonetheless up by 6% on the preceding quarter, reflecting the return of stocks to normal levels along the distribution chain, which were abnormally high in the first half. The value of sales in the first 9 months was 31% down on the same period in 2022. We can once again point to the resilience of our mill brands which have accounted for approximately 80% of sales since the start of the year (as compared to an average of 65% in the period 2012-2021). Premium products also continue to represent a large share, at 58% (compared to a historical average of 53% in the period 2012-2021).

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

The Packaging segment saw a sharp downturn in demand in comparison with previous years, when unusually high levels of demand resulted in an abnormal increase in stocks at processors and end customers. In a context of a wider economic slowdown and high inflation, destocking has been a slow process, which explains the drop in demand. Consumption of retail packaging and bags has been hit by new ways of taxing packaging across the board, failing to take into account the sustainability of products



and applying the same rules to natural, renewable and biodegradable and compostable paper products, as to other packaging products obtained from fossil and/or finite resources. Even so, there have been encouraging signs of a degree of recovery in recent months, and the Packaging segment continues to hold promise for Navigator's future development.

Our gKRAFT™ products, made from eucalyptus globulus fibre, have established a reputation for quality and been used by high profile brands in sectors ranging from fashion to food retail, e-commerce, manufacturing and agriculture, creating an ever larger and more diverse base of clients, already totalling more than 250 active clients, in 33 countries, since the brand's launch in 2021.

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

As well as other projects in progress to expand its market offering, Navigator has been working since early 2023 on developing new product ranges, aimed at the food industry, and also at a variety of consumer products. These are currently being trialled and launched on the market and will soon open the door to other segments with potential for high added value, not only in the food and consumer goods sector, but also in other industries.

The project for integrated production of eucalyptus-based moulded cellulose components, designed to substitute single-use plastic packaging in the food service and food packaging market, continues to progress as planned, the project is now 75% executed, and production is planned to start up by the end of 1st half of 2024.

Pulp Market

The benchmark index for short fibre (hardwood) pulp in Europe – PIX BHKP in dollars – rose to record levels in 2022 (1,380 USD/t), and started to adjust downwards in the 1st quarter of 2023, falling more sharply in the 2nd and 3rd quarter to 820 USD/t at the end of September, representing a drop of 13% from the end of June 2023. Average prices in the quarter were 40% lower than those in the same period in 2022. The benchmark index in China for hardwood pulp rose 9% in relation to the end of June, standing at 553 USD/t at the end of September. It should be noted that prices in China fell to their lowest level in May (475 USD/t), down by 45% from the level of 866 USD/t recorded in September 2022, and in Europe, in August (800 USD/t), they dropped by 42% from the peak of 1,380 USD/t recorded in January 2023.

This was driven by: (i) the downturn in global demand in particular in Europe; (ii) rising stocks along the supply chain in later 2022 and early 2023; (iii) easing of the logistical constraints experienced during 2022; and (iv) growth in supply, due to new capacity coming online, especially in Latin America, where one venture started up in December last year (1.3Mt) and another during the second quarter of 2023 (2.2Mt).

In the 3rd quarter of 2023, global demand for eucalyptus fibre (euca) performed better than in the first half of the year, (where growth was practically zero), starting to grow this quarter. China has been the driving force behind this recovery, with restocking after prices fell to their lowest level in May. Demand was up (YoY August) by 20% for EUCA. The strong performance of the Chinese market more than compensated for slack demand in Europe, at levels 19% lower than the same period in 2022, both in total demand for hardwood pulp and in demand for eucalyptus pulp (euca).

This fairly positive movement in the pulp market was due to the effect of restocking in China after prices hit a low in May (as already mentioned), and also to an apparently strong upturn in printing and packaging paper and tissue production in China (August was the second-best month in the past three years in terms of output of paper and tissue from virgin fibre), surprising analysts and market players. The upswing



explains the increase in prices for November in China, to 630 USD/t (up 33% from May) and in Europe, to 980 USD/t (PIX 24/Oct at 847 USD).

Over the course of the year, Navigator has had a larger quantity of pulp available for sale, as a result of less being incorporated into paper. As a result, YTD sales stood at 370 tons, representing an increase of 83% over the same period in 2022, whilst the value of sales (in euros) was brought down by the current level of prices, consequently showing growth of approximately 30%.

Tissue business continues to perform strongly

The Tissue segment continues to perform well, with sustained growth in demand for finished products in the first nine months of 2023, allowing for good business performance.

This growth was achieved in a context of stable market demand in Iberia (Spain growing by 0.2% in the first 7 months of 2023), whilst demand for Western Europe contracted by 2.4%.

The volume of tissue sales stood at 102 thousand tons in the first nine months, up by 32% YoY, and rising prices led to growth of approximately 51% in the value of sales. This growth was helped by the integration of the new mill, now operating as Navigator Tissue Ejea, since the 2nd quarter. The integration of NVG Tissue Ejea has boosted growth in sales, diversified the client base and brought significant gains in terms of synergies.

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

Navigator has maintained a responsible pricing policy, continuing to adopt prudent management of its variable and fixed costs, with balanced margins and a consistent focus on innovation and distinctive features, which has succeeded in making its products attractive and building their market reputation.

The focus on innovation and product differentiation continues to enable Navigator to expand its position with customers, especially through use of mill brands, which in the first 9 months accounted for 24% of the total value of sales of finished products, resulting from growth of 26% YoY in the sales volume.

Energy

In the first nine months of the year, electricity sales totalled approximately € 130 million, representing a YoY reduction of close to 33%.

This reduction was due essentially to the fact that, in the first half of the year, the average price for the Portuguese area of OMIE, serving as the benchmark for sales in this period, stood at 90.4 €/MW, in contrast to a figure of 205.8 €/MWh in 2022. The group's total sales volume in the period was in line with that recorded in the previous year.

It should be stressed that the group's renewable cogeneration plants switched in June from the market price system for sales to the special pricing system.

In an important development, work started on building the new solar power facilities for the group's self-consumption at the industrial sites in Figueira da Foz, Aveiro and Vila Velha de Rodão. This will triple the capacity installed on our sites, from 12 MW at present to close to 38 MW.



Slowdown in costs and resilient prices offset falling demand, resulting in EBITDA of € 377 million

Variable costs were brought down in the first nine months, with a reduction in unit cash costs in all segments. The resilience of paper prices, especially in segments with higher value added, has offered additional protection to profits, in a context where volumes of paper sales have dwindled. These factors, combined with a sales strategy of product and market diversification, made it possible to achieve EBITDA of € 377 million.

The positive evolution in unit cash costs was already visible over the first half and gathered strength in the third quarter. When we compare cash costs with those recorded in the 1st half, a reduction of between 12% and 15% can be observed in the pulp and paper segments, and of more than 9% in Tissue.

Comparing the 3rd quarter with the same quarter in 2022, we can point to a sharp drop in costs in all segments, with a reduction of between 16% and 18% in the pulp and paper segments and close to 12% in Tissue.

Total fixed costs grew by approximately 1% YoY, due in part to lower personnel costs and modest rises in running and maintenance costs, which increased at below the rate of inflation.

Navigator therefore remains focused not just on managing its variable costs, but also on boosting efficiency in consumption of raw and subsidiary materials, by reducing specific consumption levels, in particular in pulp, paper and Tissue production, whilst also making continued efforts to contain fixed costs.

In this context, Navigator achieved EBITDA of € 377 million in the first nine months and an EBITDA / Sales margin of 25.8% (down 4.5 p.p. YoY).

Financial Results

Financial results showed a loss of € 15.7 million (as compared to € 60.1 million in the same period in 2022). It should be noted that in the same period last year, financial results were penalised by non-recurrent (non-cash) impacts of approximately € -40 million, resulting essentially from recognition, in income for the period, in 2022, of accumulated exchange rate losses, relating to repayment of shareholder loans provided to the subsidiary Portucel Moçambique.

If non-recurrent items are excluded, we can point to an improvement YoY of € 4.4 million. One contributing factor to this result was the rise in interest rates which enabled us to optimise management of cash surpluses, resulting in a positive result of € 3.6 million. Another factor was the policy on hedging interest rate risk which, despite the rapid rise in reference rates, enabled us to keep financing costs stable. Significantly, the average cost of debt remained at under 2% in September 2023.

Pre-tax profits totalled € 262 million and corporation tax payable stood at € 61 million, with a taxation rate for the period of 23.3%. Net income totalled € 201 million, as compared with € 271 million recorded in the same period in 2022.



Free cash flow generation impacted by acquisition operation and tax payments

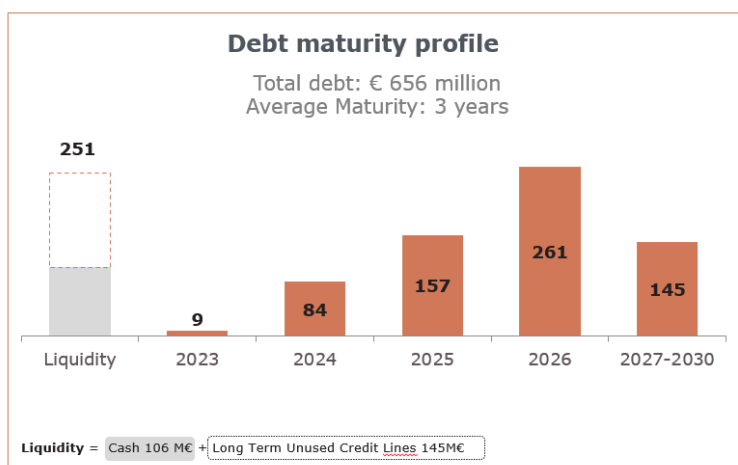
Free cash flow generation in the first nine months totalled approximately € 33 million (compared to close to € 322 million in the same period in 2022), reflecting the impact of the disbursement for acquisition of Gomà-Camps Consumer, a higher level of tax payments than in the previous year, in view of the outstanding results in 2022, and also the demanding schedule for the capex plan under the Recovery and Resilience Plan (RRP).

The level of investment in working capital was again contained and, at the end of the quarter, the value of inventories, which had been rising, began to fall, accompanied by a reduction in the balance of accounts receivable.

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

Net debt stands at € 550 million euros, reflecting the impact, among other things, of the disbursement for acquisition of Gomà-Camps Consumer in the first quarter and the distribution of € 200 million in dividends in the second quarter. As a result, the ratio of Interest-Bearing Net Debt/EBITDA ratio stood at 0.98, further consolidating the financial strength displayed by the Group in recent years.

In the 1st quarter, debt of approximately € 50 million was repaid, followed in the 2nd quarter by repayment of approximately € 11 million, and of close to € 14 million in the 3rd quarter. Average debt maturity remains appropriate, with rationally staggered repayments, and close to 40% of total debt tied to sustainability and 94% of total debt issued by the Group on a flat rate basis, enabling us to maintain low financing costs in a scenario of sharply rising interest rates. Unused long term credit facilities currently total € 145 million.



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

Interest Rate

Fixed	Floating
94%	6%

Capex of € 142 million

In the first nine months of 2023, capital expenditure totalled € 142 million (compared to € 65 million in the same period in 2022). It should be noted that 61% of total investment in the first 9 months, corresponding to € 86 million, is classified as ESG investment - in environmental projects or others geared to sustainability.



Capital expenditure consisted mostly of projects aimed at maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects. The capex projects under way include: the new high efficiency Recovery Boiler in Setúbal, of high efficiency, the new tower and washing presses in Aveiro, which will help accelerate the Group's decarbonisation plan, the investment in wastewater treatment (WWTP in Setúbal), the new Wood Yard in Figueira and ash treatment for the Recovery Boiler in Aveiro.

4. A BIOINDUSTRY ON THE RIGHT SIDE OF THE FUTURE

Navigator accelerates towards decarbonisation.

Navigator has brought forward by three years its interim target for direct emissions, and expects to achieve by the end of 2026 the goals initially set for 2029 in its Roadmap for Carbon Neutrality-. This means that by 2026 the Company may achieve a level representing less than half of the emissions recorded in 2018. However, we should recall that, in 2022, 86% of CO₂ emissions directly from the industrial sites of the company were already from biogenic origin, whereby the decarbonisation effort is now focused in 14% of the emissions.

This early attainment of targets on the road to decarbonisation is the result of obtaining RRP incentives, with the approval of five environmental projects at Navigator, representing total investment of € 158 million. This will be spread over 14 initiatives at the Figueira da Foz, Setúbal and Aveiro complexes over the next two years. Attention is drawn to investment in a new high-efficiency recovery boiler in Setúbal, as already mentioned, with investment in incineration of non-condensable gases, investment in converting the lime kilns to biomass at the Figueira and Aveiro site, and a new high-efficiency cogeneration plant in Aveiro.

Equally significant is the project to replace fuel oil with hydrogen and natural gas in the steam generators. The fuel oil currently used has environmentally significant emissions, meaning that this is an important step towards reducing our environmental footprint.

Navigator was the first Portuguese company, and one of the first in the world, to commit itself to achieving carbon neutrality at its industrial complexes in 2035, fifteen years ahead of the Portuguese and European targets.

Investment of 8 million in Navigator mills contributes to energy savings equivalent to the consumption of 31 thousand households

In the past 5 years, Navigator has invested more than 8 million euros in projects to promote energy efficiency. This is an important plank in the Company's sustainability policy and has resulted in energy savings in the order to 100 GWh/year, corresponding to the consumption of around 31 thousand households (equivalent to cities such as Viseu or Setúbal) and avoiding the emission of approximately 23,000 tons of carbon dioxide.

The solutions adopted for more efficient use of energy resources, between 2018 and 2022, have also yielded an annual saving in energy costs in the order of 6 million euros. The changes have been made in different areas of its four industrial complexes, in improved efficiency in production of compressed air, optimisation of cooling systems, LED lighting in industrial buildings and thermal efficiency.

The optimisation of production processes resulting from implementation of energy efficiency measures has also made it possible to optimise energy consumption from primary sources, per ton of output.



As part of its 2030 Agenda, the responsible business strategy designed by Navigator to address the challenges of the decade and increase its creation of sustainable value, the company has committed itself to "promoting efficient use of resources, while minimising our ecological footprint".

For seventy years, Navigator has obtained materials, products, and energy from biological resources, produced on a sustainable basis. With a corporate Purpose and 2030 Responsible Management Agenda aligned with the United Nations Sustainable Development Goals, Navigator is committed to creating sustainable value for its shareholders, but also for society as a whole, leaving a better planet for future generations, through natural products that are sustainable, recyclable and biodegradable, that help to sequester carbon and produce oxygen, that protect biodiversity, improve the soil, contributing to regularization of the hydrological cycle and combat climate change.

External recognition of our commitment to sustainability

Navigator's Sustainability performance has been recognised in ESG questionnaires and ratings.



Our commitment to sustainability also entails the highest standards in reporting practices, as made clear by the improvement in our score from Reporting Matters, a WBCSD and Radley Yeldar initiative, where we are ranked third in the group of Basic Resources companies.

5. MARKET OUTLOOK

In addition to the severe geopolitical instability that has dominated 2023, the current economic context, marked by slowdowns in the leading world economies, continues to mean that market prospects are difficult to read. The uncertainty and likely increase of volatility in international markets (financial markets, energy and raw materials), that the instability in Middle East will bring add, as disturbing elements, to geopolitical tensions that developed and accumulated over the past two years.

In the fourth quarter and into 2024, pulp business is expected to continue to recover gradually, as already observed particularly during the third quarter, although the current situation suggests that a degree of prudence is advisable. In fact, volatility in the Chinese market, the main driving force for HW consumption reinforces this degree of prudence in a prospect of a too quick evolution in pulp prices for 2024. At the same time, a new mill in Latin America is due to start up in 2024 (2.6 Mton/years). This will be one of the three largest hardwood fibre mills in the world, meaning that the balance between supply and demand is subject to considerable uncertainty.

In the Paper segment, order books are expected to improve in the 4th quarter and in 2024, in line with a trend we have observed as from September. In addition to growing orders, delivery times from mills to distributors have increased, currently standing at 2021 levels. Although the economic slowdown and uncertainty we are living, the improvement in demand, reduction of supply in Europe, and the strong pressure on costs will likely result in a reversal of the fall of paper prices in Europe and some international markets.



Temporary and definitive reductions in capacity have been announced in the paper sector in Europe. In 2023 and 2024, Europe has lost almost 600 thousand tons of annual UWF production capacity. Some manufacturers have announced the permanent closure of operations, whilst others have announced the conversion of capacity to packaging grades. In contrast, China has recorded a net increase of 3 million tons in 2023 and a further 2.8 million tons of net UWF capacity is expected to come online in the next few years (although 2 million of this is still uncertain). This movement could be positive for the Pulp market, but it will nonetheless put pressure on the Paper markets, not so much in Europe, as in Overseas regions.

In the Tissue segment, demand continues to present interesting rates of growth. The Group has moved to create synergies and economies of scale driven by business growth, in particular with the acquisition of Navigator Tissue Ejea. However, there is growing pressure on margins, as a result of recent significant hikes in pulp and energy prices, the main costs in the Tissue segment.

Despite the Group's efforts and its commitment to cutting costs, both by optimising specific consumption levels and by negotiating prices for logistics, raw and subsidiary materials and energy, these prices remain much higher than pre-pandemic levels. Energy prices are still at twice their recent historical levels (2018-2019), which of course puts pressure on the price of end products, meaning that they are not expected to move back to the levels recorded in the past.

The quick footed response by Navigator's teams, with responsible production management and planning, sales strategies focused on diversifying into new products and regions, combined with rigorous programmes to control costs and achieve efficiency in specific consumption levels, as well as the company's sound finances, have enabled it to deliver consistently strong and stable results in changing market contexts. We are confident that all these factors will continue to point to the resilience of Navigator's business model.

Lisbon, 25 October 2023

Conference Call and Webcast for Analysts and Investors

Date: Monday, 30 October 2023

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

Link to the Conference Call webcast:

<https://streamstudio.world-television.com/1076-1695-38345/en>

Link for advance registration for telephone access to Conference Call:

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



6. FINANCIAL STATEMENTS

The Navigator Company, S.A.
Consolidated Income Statement
on September 30th 2023 and 2022

Amounts in Euro	9 months 30-09-2023	9 months 30-09-2022
Revenue	1460 559 742	1822 465 859
Other operating income	46 487 975	34 290 611
Changes in the fair value of biological assets	(1629 153)	(23 251 074)
Costs of goods sold and materials consumed	(658 202 460)	(695 349 144)
Variation in production	2 038 370	66 702 545
External services and supplies	(307 223 688)	(463 295 152)
Payroll costs	(128 189 117)	(132 541 368)
Other operating expenses	(37 307 648)	(57 079 712)
Net provisions	(1289 652)	2 509 125
Depreciation, amortisation and impairment losses in non-financial assets	(97 637 432)	(116 503 092)
Operating results	277 606 937	437 948 599
Financial income	9 769 797	604 266
Financial expenses	(25 462 742)	(60 728 814)
Net financial results	(15 692 945)	(60 124 548)
Gains/(losses) of associates and joint ventures	-	-
Profit before tax	261 913 992	377 824 051
Income tax	(61 121 814)	(107 354 871)
Net profit for the period	200 792 178	270 469 179
Attributable to Navigator Company's Shareholders	200 755 871	270 480 922
Attributable to non-controlling interests	36 308	(11 743)



The Navigator Company, S.A.
 Consolidated Statement of Financial Position
 on September 30th 2023 and December 31st 2022

Amounts in Euro	30/09/2023	31/12/2022
ASSETS		
Non-current assets		
Goodwill	411376 608	377 339 466
Intangible assets	44 672 337	44 813 091
Property, plant and equipment	1 187 671 925	1 099 689 407
Investment properties	89 708	90 943
Right-of-use assets	61 952 133	57 934 840
Biological assets	120 870 721	122 499 875
Receivables and other non-current assets	319 110 17	25 282 858
Deferred tax assets	25 242 467	27 204 659
	1 883 786 916	1 754 855 139
Current assets		
Inventories	318 866 292	298 729 217
Receivables and other current assets	390 574 271	499 143 408
Income tax	15 803 646	16 216 543
Cash and cash equivalents	106 355 587	343 083 788
	831 599 796	1 157 172 956
Total assets	2 715 386 712	2 912 028 095
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	500 000 000	500 000 000
Currency translation reserve	10 196 892	5 343 706
Fair value reserves	20 282 073	33 997 828
Legal reserve	100 000 000	100 000 000
Other reserves	3 481 014	3 481 014
Retained earnings	409 328 481	224 049 919
Net profit for the period	200 755 870	392 537 070
Equity attributable to Navigator Company's Shareholders	1 244 044 330	1 259 409 537
Non-controlling interests	334 679	297 977
Total Equity	1 244 379 009	1 259 707 514
Non-current liabilities		
Interest-bearing liabilities	568 179 608	643 006 886
Lease liabilities	59 388 791	55 089 083
Pensions and other post-employment benefits	8 489 495	2 835 730
Deferred tax liabilities	91 504 964	98 314 430
Provisions	30 127 252	28 432 877
Payables and other non-current liabilities	47 422 232	34 852 398
	805 112 342	862 531 404
Current liabilities		
Interest-bearing liabilities	87 907 926	82 294 836
Lease liabilities	6 886 097	6 551 966
Payables and other current liabilities	522 393 125	575 467 689
Income tax	48 708 213	125 474 686
	665 895 361	789 789 177
Total Liabilities	1 471 007 703	1 652 320 581
Total Equity and Liabilities	2 715 386 712	2 912 028 095