



*The Strawberry tree
(Arbutus unedo)
lives in the forest areas
managed by
The Navigator Company,
where 235 fauna and
740 flora species,
are preserved.*

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



INDEX

1. 1st QUARTER 2020 PERFORMANCE	3
2. COVID-19	4
3. SUMMARY OF LEADING INDICATORS	5
4. ANALYSIS OF RESULTS	6
5. IMPACT OF COVID-19 AND OUTLOOK FOR 2020	10
6. MEASURES TO PRESERVE BUSINESS CONTINUITY	13
7. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	16

1. 1st Quarter 2020 Performance

Quarter marked by the significant improvement of the mill's operational performance and by the improvement in our paper order book, for both YoY and QoQ. The impact of the decrease in paper and pulp prices in Q1 2020 (especially when compared to Q1 2019, when prices were still at high levels) was partially offset by the recovery in sales volumes across pulp, paper and tissue businesses.

YoY Analysis (1st Quarter 2020 vs 1st Quarter 2019)

- Strong order book for paper in the quarter, with the second highest level ever for this period; the impact of the pandemic was visible from mid-March onwards
- Substantial improvement in operational performance and overall increase in sales volume YoY: up 4% for paper, up 34% for pulp and up 10% for tissue
- Performance constrained by falling sales prices in comparison to 1st quarter 2019: the BHKP pulp index (in euros) fell 29% and the A4 paper index dropped 5.5%
- Turnover of € 406 million (down 3.8%) and Ebitda at € 88 million (down 15.7%); Ebitda / Sales margin of 21.8% (down 3.1 pp)
- Production costs evolved positively (fixed and variable), mitigating the impact of lower sales prices
- Free Cash Flow stood at approximately € 15 million (vs €10 million) and capital expenditure totalled €22.7 million (vs €32.5 million)

QoQ Analysis (1st Quarter 2020 vs 4th Quarter 2019)

- Paper output in Q1 2020 was up 12% on Q4 2019, pulp output up by 8% and tissue by 25%, representing a return to normal levels.
- Paper sales in quantity held steady (up 0.4%), pulp sales were 16% lower and tissue sales were up by 20% on the previous quarter.
- Ebitda for the period grew by 23%, adding 4.4 pp to the Ebitda / Sales margin, up from 17.4% to 21.8%.
- Operating income grew by 43% to € 48 million and net income improved by 47%, totalling € 31 million.
- Operating cash flow stood at €71 million, around €12 up from the 4th quarter, with moderate implementation of the capex plan and careful management of working capital.

Financial position

- Payment of reserves of € 100 million in January; Net debt of € 800 million at the end of the quarter (€ 715 million at year end 2019), with Net Debt / Ebitda of 2.25 X
- Increase in immediate liquidity to € 256 million at the end of March (as compared to € 160 million at year end 2019), maintaining a level of financial strength that enables the group to see through comfortably the current situation and with all financial needs for 2020 assured.

2. Covid-19

Measures implemented

- A contingency plan was drawn up at the end of February, and progressively updated, designed to protect the health of all employees and the wider community, whilst assuring operational continuity.
- Implementation of preventive, sanitisation and strict containment measures has enabled operations to proceed normally, without any disruption to client service.
- It was decided to postpone the maintenance shutdowns at the Setúbal and Figueira da Foz pulp until the second and third quarters.
- The Group launched a number of initiatives to support local people in the municipalities where it operates, in particular by jointly donating digital radiology equipment to Figueira da Foz hospital and repeated donations of a range of protective materials to hospitals in Setúbal and Aveiro.

Impact on business

- As from mid-March, with the implementation of a state of emergency in several countries which are export destinations for the group, and the consequent strict lockdowns, economic activity slowed significantly in the Group's main markets, with a direct impact on its clients' business and global paper consumption.
- The unprecedented drop in orders, experienced as from the end of March, forced Navigator to partially and temporarily suspend paper production as from 22 April, for a period initially estimated at around 30 days, affecting between 700 and 2000 tons a day; this shutdown has had no impact on employees' earnings.
- The decision to partially suspend paper production was taken in a context of an economic slowdown which led paper manufacturers on every continent in the world to shut down production. Thanks to the excellent health of its order books in March, Navigator was able to postpone this decision as far as possible, and the adjustment has led to a better balance between supply and demand, minimising the risk of stocks building up along the supply chain.
- Integrated pulp production was adjusted in line with the needs of the paper machines in operation; the Aveiro Pulp Mill, which supplies the Tissue mill and produces pulp for the market, has continued to operate within normal parameters.
- The Tissue Mills in Aveiro and Vila Velha de Ródão have also continued to function with no restriction on their operations.

3. Summary of Leading Indicators (unaudited figures)

Million euros	Q1 2020	Q1 2019	Change ⁽⁸⁾ Q1 20/Q1 19	Q4 2019	Change ⁽⁸⁾ Q1 20/Q4 19
Total Sales	405.8	421.8	-3.8%	413.6	-1.9%
EBITDA ⁽¹⁾	88.4	104.9	-15.7%	71.8	23.0%
Operating Profits (EBIT)	48.3	66.2	-27.0%	33.8	42.8%
Financial Results	- 6.2	- 3.9	56.7%	- 7.5	-17.9%
Net Earnings	30.6	49.3	-37.9%	20.8	47.5%
Cash Flow	70.7	88.0	- 17.3	58.8	11.9
Free Cash Flow ⁽²⁾	14.9	9.9	5.0	60.8	- 45.9
Capex	22.7	32.5	- 9.8	69.7	- 47.0
Net Debt ⁽³⁾	799.5	676.9	122.6	715.3	84.2
EBITDA/Sales	21.8%	24.9%	-3.1 pp	17.4%	4.4 pp
ROS	7.5%	11.7%	-4.1 pp	5.0%	2.5 pp
ROCE ⁽⁴⁾	10.8%	14.0%	-3.3 pp	7.5%	3.3 pp
ROE ⁽⁵⁾	11.8%	16.4%	-4.5 pp	7.5%	4.3 pp
Equity Ratio	38.9%	44.4%	-5.5 pp	40.6%	-1.7 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	2.25	1.51	0.74	1.92	0.33

1. Operating profits + depreciation + provisions;
2. Variation net debt + dividends + purchase of own shares
3. Interest-bearing liabilities - liquid assets
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 2.38; restated 2018 Net Debt / EBITDA in Q1 2019 of 1.6; Net Debt / EBITDA Q4 2019 of 2.05
8. Variation in figures not rounded up/down

NB:

Impacts of application of IFRS 16 on Income Statements in 2020:

- reduction in the value of rentals in Third Party Supplies and Services of around € 2.2 million;
- increase in value of depreciation of approximately € 1.7 million;
- increase in value of interest of € 0.5 million

Impacts of application of IFRS 16 on Balance Sheet in 2020:

A sum of € 48.5 million has been stated under Lease Assets, with the corresponding contra-entry in Non-current Lease Liabilities.

4. ANALYSIS OF RESULTS

1st Quarter 2020 vs 1st Quarter 2019

The Navigator Company recorded turnover of € 406 million in the first quarter of 2020, with paper sales accounting for around 72% of turnover, energy sales for 10%, and pulp and tissue sales for approximately 9% each. The quarter was marked by the significant improvement of the mill's operational performance and by the improvement in our paper order book. Pulp and paper prices in Q1 2020 were down when compared to Q1 2019 (when prices were still at high levels) but this was partially offset by the recovery in sales volumes across pulp, paper and tissue businesses.

Volume of UWF paper sales up 4%

In the paper business, after the distribution chain ended 2019 with very low stock levels, the early months of 2020 saw the reverse phenomenon, as the European industry experienced strong growth in orders. Navigator recorded a very high level of paper orders in the first quarter, in excess of 50 days, one of the highest ever figures for this period of the year. In the final fortnight of March, as lockdowns were imposed in most European and Asian countries, the Company began to receive cancellations and above all postponement of orders by its clients. Despite this, it still ended the month with an order book of more than 40 days, a level 45% higher than its European counterparts.

The YoY trend in sales prices reflects the adjustment that started in the second quarter of 2019, and continued throughout the first quarter of 2020. The benchmark index for A4 showed a downward adjustment of 5.5% YoY, to an average price of 864 €/ton, as compared with 914 €/ton in the first quarter of 2019.

In this context, Navigator's sales volume for UWF paper rose by around 4% in relation to the first quarter of 2019. In geographical terms, sales outside Europe rose steeply, up by more than 10%. Premium segment sales accounted for 53% of total, and mill brand sales also rose to 71% of total. Despite the increase of 4% in sales volume, the sales value in the Group's UWF business was impacted by falling prices over the period, and sales dropped in value by around 2%, to € 293 million. It is important to note that the YoY price comparison between quarters is hindered by the fact that Navigator implemented a price increase for UWF paper right at the start of 2019, following on from a further four increases over the course of 2018.

Pulp sales volume grows by 34%

By the end of February, the global pulp market registered an increase in demand of approximately 13% YTD, but demand then fell during March, and it is estimated that world demand for short fibre stabilised overall in the first quarter of 2020 (vs. first quarter of 2019). On the supply side, there were a number of unplanned shutdowns and reductions in output, above all in the supply of short fibre from Asian producers, as well as a certain reduction in available output of short and long fibre as a result of the three-week strike by forestry, pulp and paper workers in Finland. In addition, the Covid-19

pandemic resulted in very significant limitations on logistical operations in China as from the Chinese new year (25 January), through to March, severely limiting the dispatch of pulp from ports to mills.

In this environment, the USD price of BHKP in Europe held steady over the quarter, at 680 USD/ton, 31.4% down from the price of 991 USD /ton recorded in the first quarter of 2019. The price of BHKP pulp in Euros dropped by around 29.3%, to 616 €/ton in the quarter, as compared to 872€/ton, also impacted by the strength of the US dollar in relation to the Euro. Over this period, Navigator succeeded in recording a volume of sales of market pulp significantly higher than in the same quarter in 2019 (up 34% in tons), due to recovering sales in Europe and diversification of sales to other markets. This increase in sales is in line with expectations given the capacity expansion at the Figueira da Foz mill and the return to good operating performance over the quarter.

Nonetheless, due to the downward trend in prices, the value of pulp business sales stood at € 35 million, as compared to € 40 million in the first quarter of 2019.

Tissue sales grow in volume and value

Tissue business evolved very favourably over the first quarter, with sales in volume reaching close to 26 thousand tons, representing an increase of 9.7% in relation to the first quarter of 2019.

Group operations succeeded in reacting positively, seizing the opportunity offered by the peak in demand triggered by COVID-19 for At Home products. The Aveiro and Vila Velha de Ródão tissue plants functioned without any restrictions on operation during the state of emergency, achieving an increase in output, especially on converting lines. However, it must be noted that increased sales in the At Home segment were counterbalanced by evolution in the Away from Home segment, which was affected by the COVID-19 situation (these products are aimed to a large extent at HORECA channels - hotel, restaurants and cafés - and at companies, which were severely affected by the lockdown measures implemented from mid-March onwards).

The Group accordingly recorded an increase in tissue business of approximately 10%. The sales mix improved in relation to the same quarter in the previous year, with the proportion of finished products rising to 86% (as compared to 74% in 2019), to the detriment of reels.

Energy Business feels impact of lower Brent price

Energy sales fell by approximately 9% in the first quarter. This reduction was due essentially to a drop in power sales to the national grid, caused by a breakdown in the steam turbine at the natural gas combined cycle power station at the ATF paper mill in Setúbal. Also the reduction in sales price resulted from the lower Brent prices in 2020, which had an impact on the sales tariff formula.

Other energy assets operated at a normal pace, without any impact from COVID-19 during the first quarter. Power was purchased on the futures market over the course of the period, with a view to ensuring competitive supply prices in 2021.

Improvement in production costs

The quarter saw positive evolution in most production expenses, both variable and fixed. The main factors improving variable costs were observed in the cost of external fibre (thanks to falling prices for long and short fibre, and to the reduction in specific consumption), in expenditure on wood (due in particular to lower specific consumption in the period), as well as in lower costs for chemicals, essentially due to lower prices for certain chemicals and reduced consumption for bleaching.

Fixed costs in the quarter were approximately € 6 million down on the first quarter of 2019, with positive evolution in operating costs (in particular in the costs of corporate sectors, in line with the cost reduction plan announced last year), in payroll costs (with a reduction in the value of bonuses and in the headcount), as well as lower maintenance costs, which were positively influenced by the postponement of maintenance shutdowns at the pulp mills in Figueira da Foz and Setúbal (shutdowns which took place in the first quarter of 2019).

EBITDA: lower costs and increased volumes partially offset drop in prices

In this context, first quarter EBITDA totalled € 88.3 million, down 15.7% on the first quarter of 2019, in a context of steeply falling pulp prices (down 31%) and a reduction in paper prices (down 5.5%). The EBITDA / Sales margin stood at 21.8%, 3.1 pp down from the first quarter margin in 2019, but considerably higher than the margin recorded at year-end 2019.

Financial costs stood at € 6.1 million (vs. € 3.9 million), representing an increase of € 2.2 million, due essentially to falling interest income from financial investments, hit by the impact of Covid-19 on the performance of the financial markets in March (whilst evolution in the first two months of 2020 had been neutral). In contrast, the performance of currency hedges and exchange rate variations were clearly positive for the Group.

Pre-tax profits totalled € 42 million and tax payable stood at € 11.5, the taxation rate for the period having risen to 27.3%. The increase in the effective tax rate was due essentially to the fact that the first quarter of 2019 benefited from reversal of a series of tax provisions, with no such benefit in 2020.

Net income for the period stood at € 30.6 million, as compared to € 49.3 million in the first quarter of 2019.

1st Quarter 2020 vs 4th Quarter 2019

The Group recorded a significant improvement in operational performance in the first quarter when compared with the previous quarter, which had been marked by several planned and unplanned shutdowns, in particular the strike at the pulp and paper mills in Setúbal and Figueira da Foz, at the Tissue mill in Vila Velha de Ródão, as well as the maintenance shutdown at the Aveiro tissue mill in November and December.

Paper output in the 1st quarter of 2020 therefore stood at 12% higher than in the 4th quarter of 2019, pulp output was up by 8% and tissue output grew by 25%.

The volume of paper sales held steady QoQ (up 0.4%), pulp sales dropped by 16% from the 4th quarter (a seasonally very strong period in terms of volume) and tissue sales were up by 20% on the previous quarter. However, the growth in volumes was not enough to offset the unfavourable trend in sales prices in the first quarter, with the result that turnover stood at € 406 million, 1.9% down on turnover in the fourth quarter of 2019.

The increase in volumes and lower costs in the first quarter in relation to the previous quarter led to a significant improvement in EBITDA, which recorded an increase of 23% over the previous quarter. This was in turn reflected in an improvement of 4.4 pp in the Ebitda / Sales margin, which rose from 17.4% to 21.8%.

Operating income improved by 43% to € 48 million and net income grew by 47%, totalling € 31 million.

Operating cash flow stood at €70.7 million, around €12 up from the 4th quarter, with steady implementation of the capex plan, totalling € 22.7 million over the period, and careful management of working capital.

Free cash flow generation rises to € 15 million

Free cash flow generation totalled € 15 million in the first quarter, as compared with €10 million in the same period in 2019. It should be recalled that sizeable annual payments traditionally weigh heavily on first quarter accounts (bonuses and insurance premiums, joined this year by an additional tax assessment). This situation was handled smoothly thanks to a careful policy of working capital management, in which the extension of certain payment periods was coordinated with implementation of complementary measures to support the liquidity of our partners. The adoption of a significantly more moderate pace in implementing our capex plan also contributed to this success.

At the end of March, net interest-bearing debt totalled € 800 million (excluding the impact of IFRS 16), representing an increase of € 85 million over year-end 2019, after a

period in which the Group distributed reserves of € 100 million to its shareholders. The Net Debt / Ebitda ratio remains at a conservative level of 2.25 x (excluding the impact of IFRS 16).

First quarter Capex of € 22.7 million (down 30% on Q1 2019)

Capital expenditure in the quarter stood at € 22.7 million, as compared to € 32.5 million in the first quarter of 2019. This figure includes a sum of approximately € 13.7 million invested in maintenance, efficiency and other improvements, € 6.6 million in asset reconditioning projects and around € 2.4 million on environmental projects, in particular the new biomass boiler at Figueira da Foz.

Antidumping duties in the US: POR2 rate reviewed down to 4.37%

The anti-dumping rate to be applied retroactively on paper sales to the United States for the second period of review (“POR2”), which ran from March 2017 to February 2018, initially set at 5.96%, was adjusted down to 4.37% at the end of 2019 by the United States Department of Commerce (“DoC”). As a result of this decision, the CBP (Customs and Border Protection) has already processed a refund in relation to part of POR2, with an initial value of USD 2.2 million, which the Company expects to receive before the end of the first half of 2020, and which should correspond to around half of the total amount estimated as receivable in relation to POR2.

In relation to the first period of review (“POR1”), the matter is currently before the US Court of International Trade. It is recalled that the final rate for POR1 was reviewed from 37.3% to 1.75% in October 2018, and the same court decided, in November 2019, to request the DoC to review that outcome. The DoC had until February 2020 to submit its decision to the court, which it did, again recalculating the rate, which it has now set at 1.68%. Proceedings at the court are taking their normal course.

5. IMPACT OF COVID-19 AND OUTLOOK FOR 2020

The global socio-economic outlook has changed greatly since the emergence of the Covid-19 outbreak at the start of the year in China and its rapid spread as a global pandemic. The lockdowns implemented in several countries and their consequences introduce an unprecedented factor of uncertainty for the performance of Companies in 2020. Estimates of its future impact are highly dependent on the duration of the containment measures and on how a return to economic activity is permitted. It is therefore difficult to offer a reliable quantification of the financial impacts.

At Navigator, the swift implementation of containment measures and the Company's pro-active response to the pandemic have meant that its operations have continued on a normal basis, without no disruption to client service. In February, the Company implemented a contingency plan and set up a Crisis Office in charge of managing the

evolving spread of Covid-19. The Executive Board was involved on a permanent basis and the first priority has been to protect the health and welfare of all of our workforce, whilst ensuring operational continuity. Measures taken to ensure worker safety have included organising working areas and shared areas so as to reduce the number of persons in the same space, increased disinfection materials in workplaces, distribution of protective equipment to internal and external personnel, restrictions on access by non-company personnel and organisation of teleworking for around 940 employees.

The business continuity plan includes a range of initiatives, which include monitoring the situation throughout the supply chain - from supplies of wood and raw and subsidiary materials (including logistics) to technical and support services provided by foreign companies, and providers of outsourced services. Other measures adopted by the Company were control of operations at the various industrial units and in different businesses, boosting the capacity of information systems, which has allowed almost a thousand employees to work from home, and stepping up security measures in the Company's networks so that telework can proceed without any disruption, development of a new plan to cut fixed and variable costs, robust cash management, a significant review of the 2020 capex plan and an increase in immediate liquidity.

On the market side, however, the sharp downturn in economic activity, in most of the markets where the company operates, has had a significant impact on UWF paper consumption and demand, and Navigator accordingly decided to cut its output by approximately 700 to 2 000 tons a day, for a period of 30 days, as previously announced to the market.

At this time, considering the signs currently visible in relation to paper orders, the Company has decided to extend the cut in production until the end of June, which will preserve a better balance between supply and demand, minimising the risk of stocks accumulating along the supply chain.

In order to ensure operational normality and stability in stock levels, adjustments have been made to the pace of production at the mills producing pulp integrated into UWF paper, rather than to shut them down, and also to alter and shorten the maintenance shutdowns planned for Q2.

Following this situation, Navigator has also decided to apply the simplified partial furlough measure in the form of temporary suspension of employment contracts or reduction in worktime, provided for in subparagraph (a) of article no. 4 of Decree-Law no. 10-G/2020 of 26th March. Approximately 1201 workers will be impacted by these furlough measures, 97 of which will be in full furlough, with impacts as of June 1st. In term of full-time equivalent (FTE), this represents less than 13% of the total numbers of workers within the Group. It is noted that the Company will maintain the full remuneration of these workers, excluding the components associated to the actual provision of work.

Considering the recent developments, for the sake of prudence and because of the use of the furlough measure, the Board of Directors has decided to withdraw the proposal related to profit allocation in the agenda of the next General Meeting to be held on May 28th 2020. As previously mentioned, Navigator has already paid to shareholders an amount of approximately € 100 million related to reserves in January 2020 and the proposal that is being withdrawn referred to an additional distribution of approximately € 99 million. The Company will issue a new convening notice for a new General Meeting with the discussion the new proposal for allocation of net profits - to be made by the Board of Directors, for such profits to be fully applied into free reserves – as the sole item in the agenda.

Outlook for Navigator's businesses in 2020

UWF Paper

Since the start of the Covid-19 pandemic, Navigator has implemented models for monitoring and forecasting the likely impacts on its core business. The sales volume has so far been in line with the projections initially made in March. The UWF sales volume fell by 22% in April in relation to the same month in the previous year, whilst the combined drop in the first four months of the year, in relation to 2019, is only 2%.

Demand for printing and writing paper is severely affected by a situation of social paralysis, with schools, shops and offices all closed. Even so, UWF paper is more versatile in its final applications than other forms of printing and writing paper, and continues to display a stronger level of resilience. Preliminary figures for April show that demand for UWF is being less affected than demand for other printing papers. The YoY percentage drop in domestic sales by European producers in Uncoated Woodfree has been around half of that for Coated Woodfree.

The dynamism of the UWF market in the near future is dependent, like most economic sectors, on the success of the reopening of the economy, which is believed to be happening gradually alongside plans for ending lockdowns and a return to normality, to the extent possible.

The demand for office paper will be boosted in particular by the reopening of schools and universities, the return of employees working from home to an office environment and the resurgence of the service sector. Demand for folio paper and reels will depend on the revival of the publishing and advertising sectors.

Significant drops in demand are therefore expected in the second quarter, most acutely in key European markets and in the United States, and a gradual recovery is then anticipated until the end of the year.

Pulp

Navigator expects to achieve a slight increase in its sales of pulp to the market, in particular in the second quarter, in line with its budget projections. At the Figueira da Foz mill, the capacity expansion implemented in 2018, combined with reduced needs for integration in paper and the current drying capacity, will enable the Company to free up some pulp capacity for the market, in addition to sales from the Aveiro mill.

Tissue

COVID-19 had a positive effect on first quarter sales, and continued business growth is expected in the months ahead, in line with Navigator's budget projections, despite predictions of a slight downturn in demand in the Tissue market, as economic activity slows, especially in the tourism sector. As previously envisaged, Tissue business should enjoy a positive impact from growing output and sales, and from a more efficient cost structure combined with economies of scale.

However, it should be stressed that sales in Q2 may be impacted by the reduction already made by Portuguese and international insurers in the credit cover ceilings for paper, pulp and tissue clients. Navigator awaits the Portuguese government measures regarding the increase in credit lines supporting exports, as several European governments have already done, namely in Germany and France, in order to defend their local export industries.

6. MEASURES TO PRESERVE BUSINESS CONTINUITY

Measures implemented in procurement operations

Operational measures have been taken to reduce wood imports, including both non-Iberian markets and the Spanish market, as well as to cut deliveries from our own forests and the home market. In the Spanish and Portuguese market, and in forest operations on our own holdings, Navigator has taken care to ensure work for all suppliers and service providers, reflecting significant efforts to protect Portuguese forestry producers and the forestry value chain, adjusting daily supply needs to the needs of production, and maintaining balanced stock levels, despite the reduction in volume. Complementing these measures, plans to cut fixed costs have been stepped up, and work has proceeded on projects in progress.

As regards financial measures, arrangements have been designed to support our suppliers, to permit greater flexibility in cash management and to provide guidance to their companies in the wake of COVID-19.

In the rest of the supply chain, a plan has been implemented for daily monitoring of supply risks, in order to anticipate any interruptions to supply, originating from the production units of our Suppliers or from logistical transportation chains. In addition, a new stocks control process has been implemented at our production sites allowing them not only to streamline stocks of raw materials but also to make rapid adjustments in orders in line with our real needs, in the current situation with COVID-19. In relation to operating costs, additional containment measures have been implemented, ensuring that the team is fully functioning on a telework basis.

These initiatives are also a way to protect and support our relationship with our regular providers, most of which are small and mid-size companies, allowing them to continue to operate in this difficult environment, keeping their ability to remain as our business partners and as providers of the Portuguese Economy.

Measures to support Group liquidity

Navigator increased its immediate liquidity to € 256 million at the end of the quarter (to which should be added the continued existence of sizeable unused medium/long term backup facilities, standing at € 75 million at the end of the period, as well as short term facilities of € 20 million), and has maintained a sound financial position enabling it to face comfortably the current situation, with all its financial needs for 2020 assured.

The Group continued to pursue this policy in April, with the contracting of additional short term finance, with a value of € 65 million, which, in combination with implementation of new measures to manage working capital, have made it possible to reinforce this liquidity position still further.

Reduction of 2020 capex by 56%

In view of the current situation, Navigator decided to review its capex plans for 2020, which in its budget were estimated at around 158 million. In addition to capex allocated to maintenance and efficiency gains, this sum also included environmental investments, major repairs and other capex projects for reconditioning assets, which will now be cut very significantly by around € 88 million to € 70 million.

Measures to optimise and reduce costs and improve operational efficiency

As part of systematic and ongoing efforts to improve operational efficiency and the Group's economic and financial sustainability, a new cost optimisation and operational efficiency plan was implemented at the start of the year, involving the entire organisation and all its business areas, as well as a new Digital Transformation project in the corporate sector.

However, with the shift to a deep recession, as a result of the measures to contain and mitigate the Covid-19 pandemic, the Group has had to review and extend the scope and depth of the cost reduction initiatives originally envisaged, and to contemplate a thorough reformulation and streamlining of the Group's operating structure, addressing fixed costs, variable and investment costs. This should make it possible to obtain very significant reductions, in particular in fixed costs, totalling € 46 million in 2020, in relation to 2019.

Keeping their focus on boosting sales in business areas in this particularly challenging context, all the Group's sectors are also committed to the essential efforts to optimise costs, as a way of preserving the Group's sustainability in the immediate future and the long term.

The Group is taking all the steps in its power to mitigate the impacts of the Covid-19 pandemic, firm in the belief that the dedication of its workforce and its business model, founded on a continued and growing presence in the hardwood pulp sector, on a strategic commitment to diversification into tissue and on the resilience and soundness of its UWF business, will enable it to face the difficult period ahead with confidence and determination.

Lisbon, 20 May 2020

Conference call and Webcast

Date: May 26 of 2020

Schedule: 10:00 AM (Western European Summer Time – UTC+1)

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7. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT

Amounts in Euro	Note	3 months 31-03-2020 (unaudited)	3 months 31-03-2019 (unaudited)
Revenue	2.1	405,760,730	421,835,168
Other operating income	2.2	7,836,993	9,705,380
Changes in the fair value of biological assets	3.7	(2,276,035)	(1,298,685)
Costs of goods sold and materials consumed		(173,137,029)	(193,920,298)
Variation in production		3,248,213	25,051,523
External services and supplies	2.3	(109,591,419)	(111,929,332)
Payroll costs	7.1	(36,238,634)	(38,476,632)
Other operating expenses	2.3	(7,202,990)	(6,093,544)
Net provisions	9.1	(1,882,075)	(1,289,005)
Depreciation, amortisation and impairment losses in non-financial assets	3.6	(38,215,771)	(37,419,356)
Operating results		48,301,983	66,165,217
Financial income	5.7	4,394,504	2,480,907
Financial expenses	5.7	(10,559,916)	(6,414,757)
Net financial results		(6,165,412)	(3,933,850)
Gains/(losses) of associates and joint ventures		-	(5,812)
Profit before tax		42,136,571	62,225,555
Income tax	6.1	(11,518,145)	(12,953,611)
Net profit for the period		30,618,426	49,271,944
Attributable to Navigator Company's Shareholders		30,614,407	49,274,893
Attributable to non-controlling interests	5.3	4,019	(2,949)
Earnings per share			
Basic earnings per share, Eur	5.2	0.043	0.069
Diluted earnings per share, Eur	5.2	0.043	0.069

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro	Note	3 months 31-03-2020 <i>(unaudited)</i>	3 months 31-03-2019 <i>(unaudited)</i>
Net profit for the period before non-controlling interest		30,618,426	49,271,944
Items that may be reclassified to the income statement			
Hedge derivative financial instruments			
Changes in fair value	8.1	(2,090,149)	(3 222 686)
Tax effect		574,881	886,239
Currency translation differences		749,608	1 566 725
Tax on conventional capital remuneration		-	1,001,000
Items that cannot be reclassified to income statement			
Remeasurement of post-employment benefits			
Remeasurements	7.2	(15,009,850)	(13 054 538)
Tax effect	7.2	-	-
Comprehensive income from associates and joint ventures		976,434	2,404,928
Other comprehensive income		-	-
Total other comprehensive income net of taxes		(14,799,076)	(10,418,332)
Total comprehensive income		15,819,350	38,853,612
Attributable to:			
Navigator Company's Shareholders		15,813,969	39,064,930
Non-controlling interests		5,381	(211,318)
		15,819,350	38,853,612

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in Euro	Note	31-03-2020	31-12-2019
		(unaudited)	
ASSETS			
Non-current assets			
Goodwill	3.1	377,339,466	377,339,466
Intangible assets	3.2	16,006,672	4,506,689
Property, plant and equipment	3.3	1,232,179,886	1,249,651,599
Right-of-use assets	3.5	47,466,080	45,517,924
Biological assets	3.7	129,493,806	131,769,841
Investment properties	3.4	95,470	95,882
Receivables and other non-current assets	4.2	57,670,722	58,778,469
Deferred tax assets	6.2	29,784,503	31,638,565
		1,890,036,604	1,899,298,435
Current assets			
Inventories	4.1	228,375,645	217,879,700
Receivables and other current assets	4.2	301,298,924	247,408,647
Income tax	6.1	30,256,261	25,145,169
Cash and cash equivalents	5.6	255,669,250	161,880,403
		815,600,079	652,313,920
Total Assets		2,705,636,683	2,551,612,355
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		(17,979,341)	(18,728,949)
Fair value reserves		(7,899,680)	(6,384,412)
Legal reserve		100,000,000	100,000,000
Other reserves		98,153,331	98,153,331
Retained earnings		360,259,796	206,004,258
Net profit for the period		30,614,407	168,290,315
Equity attributable to Navigator Company's Shareholders		1,042,959,249	1,027,145,277
Non-controlling interests	5.3	279,198	273,817
Total Equity		1,043,238,447	1,027,419,095
Non-current liabilities			
Interest-bearing liabilities	5.4	876,964,947	863,936,941
Lease liabilities	5.5	43,693,932	42,450,826
Pensions and other post-employment benefits	7.2	21,597,926	6,588,076
Deferred tax liabilities	6.2	83,143,836	80,413,906
Provisions	9.1	21,738,546	19,948,347
Payables and other current liabilities	4.3	27,931,687	30,837,585
		1,075,070,875	1,044,175,681
Current liabilities			
Interest-bearing liabilities	5.4	178,194,444	13,194,444
Lease liabilities	5.5	4,853,744	4,396,971
Payables and other current liabilities	4.3	367,615,604	426,197,436
Income tax	6.1	36,663,568	36,228,728
		587,327,360	480,017,579
Total Liabilities		1,662,398,235	1,524,193,260
Total Equity and Liabilities		2,705,636,683	2,551,612,355

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in Euro	Note	Share capital	Treasury shares	Translation reserve	Fair value reserve	Legal reserve	Other reserve	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	15,819,351
Application of 2019 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

Amounts in Euro	Note	Share capital	Treasury shares	Translation reserve	Fair value reserve	Legal reserve	Other reserve	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as at 1 January 2019		500,000,000	(2,317,915)	(20,575,293)	(5,633,483)	100,000,000	197,292,250	192,512,197	225,135,403	1,186,413,158	204,263	1,186,617,421
Net profit for the period		-	-	-	-	-	-	-	49,274,893	49,274,893	1,559	49,276,452
Other comprehensive income (net of taxes)		-	-	1,566,725	(2,336,448)	-	-	(9,653,117)	-	-	-	-
Total comprehensive income for the period		-	-	1,566,725	(2,336,448)	-	-	(9,653,117)	49,274,893	49,274,893	1,559	49,276,452
Application of 2018 profit for the period:		-	-	-	-	-	-	-	-	-	-	-
- Application of prior period's net profit		-	-	-	-	-	-	225,135,403	(225,135,403)	-	-	-
Acquisition of treasury shares	5.1	-	(3,311,967)	-	-	-	-	-	-	(3,311,967)	-	(3,311,967)
Total transactions with shareholders		-	(3,311,967)	-	-	-	-	225,135,403	(225,135,403)	(3,311,967)	-	(3,311,967)
Equity as at 31 March 2019		500,000,000	(5,629,882)	(19,008,568)	(7,969,931)	100,000,000	197,292,250	407,994,483	49,274,893	1,232,376,083	205,822	1,232,581,906

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

CONSOLIDATED CASH FLOW STATEMENT

Amounts in Euro	Notes	3 months 31-03-2020 (unaudited)	3 months 31-03-2019
OPERATING ACTIVITIES			
Receipts from customers		384,239,074	451,204,751
Payments to suppliers		(322,101,319)	(365,684,998)
Payments to employees		(23,897,356)	(24,174,429)
Cash flows from operations		38,240,399	61,345,324
Income tax received/ (paid)		(10,977,051)	(4,133,330)
Other receipts/ (payments) relating to operating activities		21,585,954	(10,307,580)
Cash flows from operating activities (1)		48,849,302	46,904,414
INVESTING ACTIVITIES			
Inflows:			
Property, plant and equipment		957,677	133,296
Interest and similar income		890,766	-
Other non-current assets		-	227,993
		1,848,443	361,289
Outflows:			
Property, plant and equipment		(24,315,733)	(32,774,588)
Intangible assets		(730,163)	-
		(25,045,896)	(32,774,588)
Cash flows from investing activities (2)		(23,197,453)	(32,413,299)
FINANCING ACTIVITIES			
Inflows:			
Interest-bearing liabilities		180,000,000	90,000,000
		180,000,000	90,000,000
Outflows:			
Interest-bearing liabilities		(1,790,415)	-
Amortisation of lease contracts		(2,403,651)	-
Interest and similar expense		(8,307,996)	(6,560,383)
Dividends		(99,138,920)	-
Acquisition of treasury shares		-	(3,311,967)
		(111,640,982)	(9,872,350)
Cash flows from financing activities (3)		68,359,017	80,127,650
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		94,010,866	94,618,766
Effect of exchange rate differences		(222,020)	63,748
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.6	161,880,403	80,859,784
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.6	255,669,250	175,542,298

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INTRODUCTION

1.1 THE GROUP

The Navigator group (“Group”) comprises The Navigator Company, S.A. (formerly 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 nationalization 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 privatization, 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 reprivatized, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel, S.A. 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, respectively, and it sells approximately 314 thousand tons of pulp, annually, integrating the remainder in the production of UWF paper and Tissue paper.

In June 2004, the Portuguese State sold a 30% stake of Portucel’s equity, which was acquired by Semapa Group. In September 2004, 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.

In July 2016, the Navigator group expanded its activity to the pellets business with the construction of a plant in Greenwood, state of South Carolina, United States of America, which was sold in February 2018.

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 whole 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.

On 6 February 2016, the Portucel Group changed its corporate brand to The Navigator Company. This new corporate identity represents the union of companies with a history of more than 60 years, aiming to give the Group a more appealing and modern image.

Following this event, and after approval in the General Shareholder's Meeting, held on 19 April 2016, Portucel S.A. changed its designation to The Navigator Company, S.A.

The Navigator Company, S.A. 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.

Head Office: Mitrena, 2901-861 Setúbal

Share Capital: Euros 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 SUBSEQUENT EVENTS

1.2.1 Temporary shutdown of paper production

The sharp decline in orders since the end of March has forced Navigator to temporarily and gradually stop production on some of its UWF paper machines in order to meet current demand in more than 120 markets where it regularly operates.

This shutdown took place as of 22 April, affecting between 700 and 2000 tonnes daily. This shutdown had no impact on the employees' income.

The integrated pulp production was adjusted according to the production needs of the paper machines in operation. The Aveiro Pulp Mill continues to operate within normal conditions, both in the production of pulp for the market and in the production of tissue, with the Vila Velha de Ródão tissue mill also operating as planned.

Within this framework, Navigator has also taken the decision to use the simplified lay-off scheme, in the form of suspension of jobs or reduction in the workload, under the terms and for the purposes of article 4, no. 2 of Decree-Law no. 10-G/2020 of 26 March. The number of employees affected by the lay-off is 1,201, of which 97 are under full lay-off, with effect from 1 June. It should be noted, however, that as far as full-time equivalents are concerned, around 12.6% of the Group's total workforce will be laid off.

Therefore, for precautionary reasons and also due to the use of the simplified lay-off, the proposal regarding the application of results to be discussed at the General Shareholders Meeting of the Company, scheduled for 28 May 2020, was withdrawn. As already mentioned, the Company distributed reserves in the amount of approximately Euro 100 million in January 2020, and the proposal, now withdrawn, included the payment of dividends in the amount of Euro 99 million. The Company will call a new General Meeting for the approval of a new proposal for the application of net profits, to be formulated by the Board of Directors, so that they are fully applied under the free reserves caption.

In this context of strong uncertainty, Navigator is following the evolution of the market on a daily basis, remaining deeply committed to ensuring the health and well-being of its employees and families, as well as the continuity of its operations and the sustainability of its business.

1.3 BASIS FOR PREPARATION

1.3.1 Authorisation to issue financial statements

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 20 May 2020.

1.3.2 Basis for measurement

The Interim consolidated financial statements for the three-month period ended 31 March 2020 were prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The notes to the financial statements were prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 10), and based on historical cost, except for available-for-sale financial assets, financial instruments derivatives and biological assets, which are recorded at 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 annual reporting date. In this context, these interim financial statements should be read together with the Navigator Group's consolidated financial statements for the year ended 31 December 2019.

The global socio-economic outlook has changed profoundly since the outbreak of COVID-19 in China at the beginning of the year and its rapid spread into a worldwide pandemic. Given the Navigator Group's results and the macroeconomic conditions of the countries and business segments in which the Group operates, it is premature, as of 31 March 2020, to reassess the conclusions obtained in the preparation of the annual financial statements as at 31 December 2019, regarding the recoverability of tangible and intangible assets, goodwill and receivables. However, should it be estimated that the developments of this pandemic permanently affect the medium and long term projections used in the budget and business plan, these will be considered in the impairment analysis models in order to identify possible accounting impacts on the recovery of assets.

Since the first reports of the virus in Portugal began, The Navigator Company S.A. has been continuously monitoring the evolution of this public health emergency, having implemented, at the end of February, a contingency plan based on the indications from Portuguese Health Authority, having also created, at the beginning of March, an Office responsible for managing and monitoring the evolution of the spread of COVID-19 in the Group, in close liaison with the Executive Committee.

As is well known, the pandemic in question and the restrictions associated with it have resulted in an unprecedented and profound slowdown in the world economy, in particular for the sector in which the Navigator Group operates, the closing of shops, schools, universities and offices, which has a direct impact on paper consumption and consequently on the Group's order book. Thus, there is an immediate drop in the volume of orders and, consequently, in the Group's turnover.

Navigator will alleviate the expected drop in revenue resulting from the reduction in its turnover with the implementation of various cost reduction measures and a significant revision of its investment plan for 2020. The Company currently has a comfortable liquidity situation as a result of a significant increase in its short-term assets and careful working capital management.

The interim consolidated financial statements have been prepared in Euro, unless expressly stated otherwise.

1.4 MAIN ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires that the Group's Board of Directors make judgments and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the

date of the consolidated statement of financial position. To that effect, the Group's Board of Directors are based on:

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

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

More significant estimates and judgements are presented below:

Estimates and judgements	Notes
Recoverability of Goodwill	3.1 – Goodwill
Uncertainty over Income Tax Treatments	6.1 - Income tax for the period 6.2 - Deferred taxes
Actuarial assumptions	7.2 - Employee Benefits
Fair value of biological Assets	3.7 – Biological assets
Recognition of provisions	9.1 - Provisions
Recoverability, useful life and depreciation of property, plant and equipment	3.3 – Property, plant and equipment

2 OPERATIONAL PERFORMANCE

2.1 REVENUE AND SEGMENT REPORTING

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.

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:

- 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; and
- iv. Others – segment which includes the forest, the production of electricity from biomass.

Financial information by operating segment in 2020 and 2019

	31-03-2020					
	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	ELIMINATIONS/ UNALLOCATED	TOTAL
REVENUE						
Sales and services rendered - products	34,669,687	293,439,763	35,571,265	1,868,418	-	365,549,133
Energy sales	4,602,144	30,225,335	-	5,384,119	-	40,211,597
Sales and services rendered - external	39,271,831	323,665,098	35,571,265	7,252,536	-	405,760,730
Sales and services rendered - intersegment	(31,255,343)	-	-	(123,818,091)	155,073,434	-
Total revenue	8,016,487	323,665,098	35,571,265	(116,565,554)	155,073,434	405,760,730
PROFIT/ (LOSS)						
Segment reporting	3,740,008	56,706,448	(587,465)	(11,557,008)	-	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	-	-	-	-	-	30,614,407
OTHER INFORMATION						
Capital expenditure	7,531,875	11,116,540	1,636,389	2,456,785	-	22,741,589
Depreciation and impairment	(3,862,745)	(26,111,070)	(4,901,843)	(3,340,113)	-	(38,215,771)
Provisions ((increases) / reversals)	(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	143,165,954	684,243,849	164,667,866	240,102,217	-	1,232,179,886
Right-of-use assets	-	3,722,215	-	43,743,866	-	47,466,080
Biological assets	-	-	-	129,493,806	-	129,493,806
Receivables and other non-current assets	-	24,360,303	-	33,310,419	-	57,670,722
Inventories	28,858,213	159,360,797	19,754,612	20,402,023	-	228,375,645
Receivables and other current assets	18,462,273	167,717,765	34,948,485	80,170,401	-	301,298,924
Other assets	2,953,324	67,651,559	12,817,178	248,390,094	-	331,812,155
Total assets	193,439,764	1,483,812,870	232,771,224	795,612,825	-	2,705,636,683
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	-	-	1,055,159,391	-	1,055,159,391
Lease liabilities	-	3,638,108	-	44,909,568	-	48,547,676
Other payables	20,675,515	141,163,837	23,523,990	210,183,949	-	395,547,291
Other liabilities	18,493,377	87,372,870	6,212,837	51,064,793	-	163,143,877
Total liabilities	39,168,893	232,174,815	29,736,827	1,361,317,700	-	1,662,398,235

The Group's energy sales are reported under different business segments. Energy sales coming from the cogeneration process are recorded under the "Market pulp" and "UWF Paper" segments. Sales of electricity exclusively produced in units dedicated to the production of electricity from biomass are reported under the segment "Other".

The fixed capital expenditure for the year includes investments in the regular pulp, paper and tissue operations (Euro 20,284,804), as well as Euro 1,465,236 related to the construction of the new biomass boiler at the Figueira da Foz mill and Euro 991,549 from other sundry investments.

Property, plant and equipment reported under the segment "Other" include:

Amounts in Euro	31-03-2020	31-03-2019
Forestry lands	74,361,715	71,486,585
Real estate - manufacturing site of Setúbal	56,157,340	54,318,423
Real estate - manufacturing site of Aveiro	11,371,351	11,586,199
Real estate - manufacturing site of Figueira da Foz	41,805,202	45,471,051
Biomass thermoelectric plants	47,733,274	24,952,308
Other	8,673,334	14,408,990
	240,102,217	222,223,556

Forestry land and industrial real estate in a total amount of Euro 183,695,608, consolidated amounts, are reported in the individual financial statements as investment properties. The real estate property of Vila Velha de Ródão, in the amount of Euro 11,023,549, is included in the segment "Tissue Paper".

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

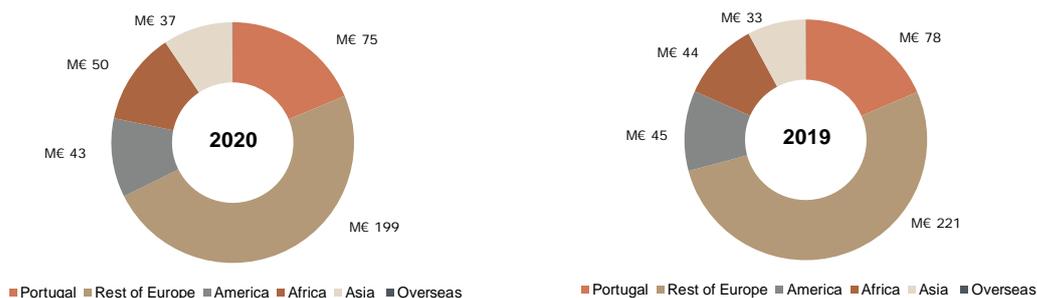
	31-03-2019					
	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	ELIMINATIONS/ UNALLOCATED	TOTAL
REVENUE						
Sales and services rendered - products	39,756,541	300,241,419	32,749,755	4,805,593	-	377,553,307
Energy sales	4,488,835	34,424,492	-	5,368,533	-	44,281,860
Sales and services rendered - external	44,245,376	334,665,911	32,749,755	10,174,126	-	421,835,168
Sales and services rendered - intersegment	(44,877,348)	-	-	(147,152,004)	192,029,352	-
Total revenue	(631,972)	334,665,911	32,749,755	(136,977,878)	192,029,352	421,835,168
PROFIT/ (LOSS)						
Segment reporting	16,064,669	78,320,157	(3,692,577)	(24,527,031)	-	66,165,217
Operating profit	-	-	-	-	-	66,165,217
Financial results	-	-	-	-	(3,939,662)	(3,939,662)
Income tax	-	-	-	-	(12,953,611)	(12,953,611)
Profit after income tax	-	-	-	-	-	49,271,944
Non-controlling interests	-	-	-	-	2,949	2,949
Net profit	-	-	-	-	-	49,274,893
OTHER INFORMATION						
Capital expenditure	5,182,183	11,511,957	5,563,844	10,270,086	-	32,528,071
Depreciation and impairment	(2,559,848)	(25,776,206)	(4,886,790)	(4,196,513)	-	(37,419,356)
Provisions ((increases) / reversal)	-	(2,153,526)	-	864,521	-	(1,289,005)
OTHER INFORMATION						
SEGMENT ASSETS						
Goodwill	-	376,756,383	583,083	-	-	377,339,466
Property, plant and equipment	131,727,677	707,638,115	170,577,087	222,223,556	-	1,232,166,435
Right-of-use assets	-	310,474	-	49,980,694	-	50,291,168
Biological assets	-	-	-	118,315,882	-	118,315,882
Receivables and other non-current assets	-	32,202,733	42,166,636	29,700,737	-	104,070,107
Inventories	32,675,822	121,481,420	27,800,730	67,829,283	-	249,787,256
Receivables and other current assets	24,735,285	178,343,426	34,045,673	34,687,963	-	271,812,347
Other assets	1,024,645	95,145,340	29,816,701	223,961,989	-	349,948,675
Total assets	190,163,429	1,511,877,891	304,989,910	746,700,105	-	2,753,731,335
SEGMENT LIABILITIES						
Interest-bearing liabilities	-	-	-	852,420,818	-	852,420,818
Lease liabilities	-	311,012	-	50,194,254	-	50,505,266
Other payables	17,404,673	113,000,445	21,068,752	183,722,587	-	335,196,458
Other liabilities	23,103,231	98,050,055	60,821,907	111,474,534	-	293,449,726
Total liabilities	40,507,904	211,361,511	81,890,659	1,197,812,194	-	1,531,572,268

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

31-03-2020 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Other	Total amount	Total %
Portugal	6,468,944	47,614,186	14,400,919	7,252,536	75,736,585	19%
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	12%
Asia	8,779,232	28,984,868	-	-	37,764,100	9%
Overseas	-	157,511	-	-	157,511	0%
	39,271,831	323,665,098	35,571,265	7,252,536	405,760,730	100%
Measurement standard						
At a specific point in time	39,271,831	323,665,098	35,571,265	7,252,536	405,760,730	100%
Over time	-	-	-	-	-	0%

31-03-2019 Amounts in Euro	Pulp	UWF Paper	Tissue Paper	Other	Total amount	Total %
Portugal	7,039,942	47,365,448	13,403,575	10,174,126	77,983,091	18%
Rest of Europe	25,633,628	176,906,753	18,266,560	-	220,806,940	52%
America	-	45,401,399	-	-	45,401,399	11%
Africa	3,496,967	40,150,587	1,044,614	-	44,692,168	11%
Asia	8,074,839	24,749,338	35,006	-	32,859,183	8%
Overseas	-	92,386	-	-	92,386	0%
	44,245,376	334,665,911	32,749,755	10,174,126	421,835,168	100%
Measurement standard						
At a specific point in time	44,245,376	334,665,911	32,749,755	10,174,126	421,835,168	100%
Over time	-	-	-	-	-	0%

Group's revenue distribution by geographic area



In 2020 and 2019, no single customer accounted for 10% or more of the Group's total revenues.

2.2 OTHER OPERATING INCOME

For the three-month period ended 31 March 2020 and 2019, Other operating income is detailed as follows:

Amounts in Euro	31-03-2020	31-03-2019
Gains on disposal of non-current assets	541,638	86,939
Grants - CO ₂ emission allowances	3,262,579	3,103,319
Supplementary income	133,524	42,428
Operating grants	670,803	122,817
Impairment reversal on receivables	495	2,525
Impairment reversal on inventories	1,630,628	975,270
Gains on inventories	856,241	460,267
Own work capitalised	222,542	124,445
Compensation received	253	1,130,300
Other operating income	518,289	3,657,070
	7,836,993	9,705,380

Gains with CO₂ allowances correspond to the recognition of the free allocation of allowances for 136,968 tons of CO₂, at the average price of Euro 23.82 (140,041 tons in 31 March 2019, at the average price of Euro 22.16).

The “insurance compensation received” in 2019 included, essentially, the compensation associated with losses at the Figueira da Foz factory resulting from hurricane Leslie.

2.3 OTHER OPERATING EXPENSES

Amounts in Euro	31-03-2020	31-03-2019
Cost of goods sold and materials consumed	173,137,029	193,920,298
External services and supplies		
Energy and fluids	33,631,970	38,551,781
Transportation of goods	31,725,037	28,732,905
Specialised work	19,716,688	21,607,729
Maintenance and repair	9,211,920	8,954,489
Insurance	3,834,973	3,304,923
Advertising and marketing	3,502,319	3,749,130
Rentals	2,196,651	2,020,296
Fees	1,003,798	563,947
Travel and accommodation	967,071	1,502,987
Materials	952,609	975,583
Subcontracts	245,691	214,064
Communication	228,778	317,705
Other	2,373,914	1,433,796
	109,591,419	111,929,332
Variation in production	(3,248,213)	(25,051,523)
Payroll costs (Note 7.1)	36,238,634	38,476,632
Other operating expenses		
Costs with CO2 emissions	4,547,223	4,219,921
Impairment losses on receivables	12,181	228
Impairment losses on inventories	18,818	-
Other losses on inventories	163,736	305,573
Indirect taxes and fees	880,718	372,376
Water resources charges	409,128	321,127
Losses on disposal of non-current assets	90,389	-
Other operating expenses	1,080,796	874,319
	7,202,990	6,093,544
Net provisions (Note 9.1)	1,882,075	1,289,005
	-	-
Total operating expenses	322,921,859	326,657,288

The decrease in external supplies and services in 2020 is essentially associated with a decrease in energy and fluid costs (due to the reduction in the purchase price of electricity and natural gas) and specialized work, in line with the cost reduction plan announced in 2019.

As at 31 March 2020 and 2019, the costs incurred with investigation and research activities amounted to Euro 1,106,511 and Euro 1,447,259, respectively.

The costs with CO₂ emissions correspond to the emission of 187,470 tons of CO₂ (31 March 2019: 191,304 tons).

Audit fees

Amounts in Euro	31-03-2020		31-03-2019	
	Expenses in the period	Invoiced fees	Expenses in the period	Invoiced fees
KPMG (SROC) and other entities belonging to the same network				
Statutory audit and audit services	89,088	5,751	55,584	92,775
Tax advisory services permitted	-	-	-	-
Other reliability assurance services	-	-	-	-
Other services	800	800	-	-
	89,888	6,551	55,584	92,775

The Board of Directors believes there are adequate procedures safeguarding the independence of auditors, through the Supervisory Board process analysis of the work proposed and careful definition of the work to be performed by the auditors.

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	31-03-2020	31-12-2019
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 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.

The book value of goodwill amounts to Euro 376,756,383 as it was amortised up to 31 December 2003 (date of transition to IFRS: 1 January 2004), and amortisation as from that date, the accumulated amount of which was Euro 51,375,871, has ceased. From that date on, depreciation ceased and was replaced by annual impairment tests. If this amortisation had not been interrupted, the net book value of the Goodwill as at 31 March 2020 would amount to Euro 98,470,410 (31 December 2019: Euro 102,751,733).

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, and the approval by the competition authorities for the acquisition was obtained on 17 April 2015.

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

Goodwill Recoverability Analysis

Every year, the Navigator Company Group calculates the recoverable amount of each business, based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for the following year and projected cash flows for the following 4 years. As a result of the calculations, up to this date no impairment losses relating to Goodwill have been identified.

3.2 INTANGIBLE ASSETS

Movements in intangible assets

Amounts in Euro	Industrial property and other rights	CO2 emission allowances	Other intangible assets	Intangible assets in progress	Total
Gross amount					
Balance as at 1 January 2019	3,135	2,884,633	-	-	2,887,768
Acquisitions/attributions	-	10,360,686	-	-	10,360,686
Adjustments, transfers and write-offs	-	-	-	-	-
Balance as at 31 March 2019	3,135	13,245,319	-	-	13,248,454
Acquisitions/attributions	-	3,497,510	-	9,194	3,506,704
Disposals	-	(40,766)	-	-	(40,766)
Adjustments, transfers and write-offs	9,194	(12,205,576)	-	(9,194)	(12,205,576)
Balance as at 31 December 2019	12,329	4,496,487	-	-	4,508,816
Acquisitions/attributions	-	11,496,650	-	4,335	11,500,985
Disposals	-	-	-	-	-
Adjustments, transfers and write-offs	4,335	-	-	(4,335)	-
Balance as at 31 March 2020	16,664	15,993,137	-	-	16,009,801
Accumulated amortisation and impairment losses					
Balance as at 1 January 2019	(1,517)	-	-	-	(1,517)
Amortisation for the period (Note 3.6)	(47)	-	-	-	(47)
Impairment losses for the period (Note 3.6)	-	-	-	-	-
Balance as at 31 March 2019	(1,564)	-	-	-	(1,564)
Amortisation for the period (Note 3.6)	(597)	-	-	-	(597)
Impairment losses for the period (Note 3.6)	-	-	-	-	-
Adjustments, transfers and write-offs	34	-	-	-	34
Balance as at 31 December 2019	(2,127)	-	-	-	(2,127)
Amortisation for the period (Note 3.6)	(1,002)	-	-	-	(1,002)
Impairment losses for the period (Note 3.6)	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2020	(3,129)	-	-	-	(3,129)
Net book value as at 1 January 2019	1,618	2,884,633	-	-	2,886,251
Net book value as at 31 March 2019	1,571	13,245,319	-	-	13,246,890
Net book value as at 31 December 2019	10,202	4,496,487	-	-	4,506,689
Net book value as at 31 March 2020	13,535	15,993,137	-	-	16,006,672

CO₂ Allowances

	31-03-2020	31-12-2019
CO2 emission allowances (units)	743,589	267,222
Average unit value (Euro)	21.51	16.83
Market quotation (Euro)	23.82	24.52

CO₂ allowances – movements of the period

Amounts in Euro	2020		2019	
	Tons	Amount	Tons	Amount
Opening balance	126,721	4,496,487	301,644	2,884,633
CO2 allowances awarded free of charge	457,906	10,907,320	467,540	10,360,686
CO2 allowances acquired	158,962	589,330	137,142	3,497,510
CO2 allowances sold	-	-	(5,142)	(40,766)
CO2 allowances returned to the Licensing Coordinating Entity	-	-	(774,463)	(12,205,576)
Closing balance	743,589	15,993,137	126,721	4,496,487

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
Gross amount					
Balance as at 1 January 2019	114,046,006	533,924,403	3,428,643,287	61,588,747	4,138,202,442
Acquisitions			3,387,389	29,140,681	32,528,070
Disposals	(114,613)		(27,000)		(141,613)
Adjustments, transfers and write-offs	(2,309,641)	1,321,812	13,757,334	(14,969,109)	(2,199,604)
Balance as at 31 March 2019	111,621,752	535,246,215	3,445,761,010	75,760,319	4,168,389,294
Acquisitions	-	-	10,460,332	114,954,727	125,415,059
Disposals	(369,789)		(165,604)		(535,393)
Adjustments, transfers and write-offs	3,776,901	4,112,132	66,104,124	(82,916,059)	(8,922,902)
Balance as at 31 December 2019	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
Accumulated depreciation and impairment losses					
Balance as at 1 January 2019	-	(329,246,156)	(2,569,947,552)	-	(2,899,193,708)
Depreciation for the period (Note 3.6)		(6,359,440)	(30,250,694)	-	(36,610,134)
Disposals			27,000		27,000
Adjustments, transfers and write-offs		94,269	(540,286)		(446,018)
Balance as at 31 March 2019	-	(335,511,328)	(2,600,711,531)	-	(2,936,222,859)
Depreciation for the period (Note 3.6)		(5,659,280)	(104,643,447)		(110,302,728)
Disposals			164,187		164,187
Adjustments, transfers and write-offs		292,785	11,374,154		11,666,939
Balance as at 31 December 2019	-	(340,877,824)	(2,693,816,638)	-	(3,034,694,462)
Depreciation for the period (Note 3.6)		(3,034,632)	(36,461,362)		(39,495,994)
Disposals			1,571		1,571
Impairment losses (Note 3.6)					-
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)
Net book value as at 1 January 2019	114,046,006	204,678,247	858,695,735	61,588,747	1,239,008,734
Net book value as at 31 March 2019	111,621,752	199,734,887	845,049,479	75,760,319	1,232,166,435
Net book value as at 31 December 2019	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	813,579,511	108,147,265	1,232,179,886

As at 31 March 2020, Assets under construction include investments associated with ongoing development projects, in particular those related to the paper business segment, where the construction of the new biomass boiler at the Figueira da Foz mill (Euros 26,663,451) and several improvements in the production process (Euros 42,565,748) are noteworthy.

In the pulp segment, Assets under construction amount to Euro 28,618,231, which include the requalification of several production equipment.

Assets under construction in the tissue segment amount to Euro 7,636,532 and essentially comprise several investments to improve production processes.

In "Others" segment are included Assets under construction in the amount of Euro 2,117,196 which are expected to be fulfilled shortly.

3.4 INVESTMENT PROPERTIES

Movement in investment properties

Amounts in Euro	Land	Buildings and other constructions	Total
Gross amount			
Balance as at 1 January 2019	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2019	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 December 2019	424,744	82,307	507,051
Acquisitions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2020	424,744	82,307	507,051
Accumulated depreciation and impairment losses			
Balance as at 1 January 2019	(399,372)	(10,151)	(409,523)
Depreciation for the period (Note 3.7)	-	-	-
Disposals	-	-	-
Impairment losses (Note 3.7)	-	(412)	(412)
Balance as at 31 March 2019	(399,372)	(10,563)	(409,935)
Depreciation for the period	-	-	-
Disposals	-	-	-
Impairment losses	-	(1,234)	(1,234)
Balance as at 31 December 2019	(399,372)	(11,797)	(411,169)
Depreciation for the period	-	-	-
Disposals	-	-	-
Impairment losses	-	(412)	(412)
Balance as at 31 March 2020	(399,372)	(12,209)	(411,581)
Net book value as at 1 January 2019	25,372	72,156	97,528
Net book value as at 31 March 2019	25,372	71,744	97,116
Net book value as at 31 December 2019	25,372	70,510	95,882
Net book value as at 31 March 2020	25,372	70,098	95,470

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	Other lease assets	Total
Gross amount						
Balance as at 1 January 2019	-	-	-	-	-	-
Acquisitions - IFRS 16 adoption	38,817,386	4,547,372	4,285,373	4,304,783	189,517	52,144,430
Balance as at 31 March 2019	38,817,386	4,547,372	4,285,373	4,304,783	189,517	52,144,430
Acquisitions	3,123,918	-	229,937	-	-	3,353,855
Disposals	(478,296)	-	(6,445)	-	-	(484,741)
Adjustments, transfers and write-offs	-	-	-	(3,946,051)	-	(3,946,051)
Balance as at 31 December 2019	41,463,008	4,547,372	4,508,865	358,732	189,517	51,067,494
Acquisitions	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	556,370	189,517	54,688,265
Accumulated depreciation and impairment losses						
Balance as at 1 January 2019	-	-	-	-	-	-
Depreciation	(746,432)	(175,575)	(427,643)	(487,366)	(16,244)	(1,853,262)
Balance as at 31 March 2019	(746,432)	(175,575)	(427,643)	(487,366)	(16,244)	(1,853,262)
Depreciation	(2,268,183)	(526,726)	(1,185,281)	324,911	(48,733)	(3,704,011)
Disposals	7,703	-	-	-	-	7,703
Balance as at 31 December 2019	(3,006,912)	(702,301)	(1,612,924)	(162,455)	(64,977)	(5,549,570)
Depreciation	(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)	(200,350)	(81,221)	(7,222,185)
Net book value as at 1 January 2019	-	-	-	-	-	-
Net book value as at 31 March 2019	38,070,953	4,371,797	3,857,730	3,817,416	173,272	50,291,168
Net book value as at 31 December 2019	38,456,095	3,845,071	2,895,941	196,276	124,539	45,517,924
Net book value as at 31 March 2020	39,072,197	3,751,808	4,177,759	356,021	108,295	47,466,080

The item Forestry lands essentially refers to rights to use land for forestry exploitation, whose agreements usually have a duration of 24 years, and may be cancelled in advance if the 2nd harvest occurs before the 24th year of the agreement term.

3.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Amounts in Euro	31-03-2020	31-03-2019
Depreciation of property, plant and equipment for the period (Note 3.3.)	39,495,994	36,610,134
Investment grants charged-off	(2,959,361)	(1,044,498)
Depreciation of property, plant and equipment, net of grants charged-off	36,536,633	35,565,636
Amortisation of intangible assets for the period (Note 3.2)	1,002	46
Depreciation of right-of-use assets for the period (Note 3.5)	1,677,724	1,853,262
Impairment of investment properties (Note 3.4)	412	412
	38,215,771	37,419,356

3.7 BIOLOGICAL ASSETS

Movements in biological assets

Amounts in Euro	2020	2019
Balance as at 1 January	131,769,841	119,614,567
Logging	(7,542,280)	(6,128,214)
Growth	598,701	393,388
New plantations and replanting (at cost)	1,075,110	837,724
Other changes in fair value	3,592,434	3,598,417
	(2,276,035)	(1,298,685)
Balance as at 31 March	129,493,806	118,315,882
Remaining quarters		13,453,959
Balance as at 31 December		131,769,841

The amount presented as "Other changes in fair value" refers mainly to the forest management costs foreseen and incurred in the period:

Amounts in Euro	2020	2019
Costs of assets management		
Forestry	719,246	738,233
Structure	857,567	647,310
Fixed and variable rents	2,015,622	2,212,874
	3,592,434	3,598,417

As at 31 March 2020 and 31 December 2019, biological assets, by species, were detailed as follows:

Amounts in Euro	31-03-2020	31-12-2019
Eucalyptus (Portugal)	121,011,336	123,314,343
Pine (Portugal)	4,201,000	4,201,000
Cork oak (Portugal)	3,883,727	3,883,727
Other species (Portugal)	397,743	370,771
	129,493,806	131,769,841

Concerning Eucalyptus in Portugal, the most relevant biological asset in the financial statements for the three-month period ended 31 March 2020 and 31 December 2019, the Group extracted 186,304 m³ssc and 160,836 m³ssc of wood from its owned and explored forests, respectively.

As at 31 March 2020 and 31 December 2019 (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 subsidies related to biological assets recognized 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	31-03-2020	31-12-2019
Raw materials	113,981,466	109,028,273
Goods	195,812	262,995
Subtotal	114,177,278	109,291,268
Finished and intermediate products	110,290,001	104,159,967
Work in progress	3,029,786	3,507,709
Sub-products and waste	878,580	920,756
Subtotal	114,198,367	108,588,432
Total	228,375,645	217,879,700

As of 31 December 2019 and 2018, 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	2020	2019
Balance as at 1 January	(11,121,848)	(5,234,487)
Increases	(18,818)	-
Reversals	1,630,628	975,270
Impact in profit or loss for the period	1,611,810	975,270
Charge-off	-	-
Balance as at 31 March	(9,510,038)	(4,259,217)
Remaining quarters	-	(6,862,631)
Balance as at 31 December	-	(11,121,848)

4.2 RECEIVABLES

Amounts in Euro	31-03-2020			31-12-2019		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables	-	199,331,003	199,331,003	-	155,954,560	155,954,560
Other receivables - Group companies (Note 10.3)	-	599,174	599,174	-	599,174	599,174
State and other public entities	i)	50,057,849	50,057,849	-	42,175,250	42,175,250
Department of Commerce (EUA)	ii)	23,953,125	4,062,235	28,015,360	4,055,993	29,736,251
Enviva Pellets Greenwood, LLC (EUA)	iii)	33,070,374	-	33,070,374	32,489,823	-
Accrued income	iv)	-	17,367,299	-	20,047,064	20,047,064
Deferred expenses	-	11,691,154	11,691,154	-	6,706,922	6,706,922
Derivative financial instruments (Note 8.1)	-	2,415,679	2,415,679	-	2,954,495	2,954,495
Other	-	647,223	15,774,529	608,389	14,915,189	15,523,577
		57,670,722	301,298,924	358,969,646	58,778,469	247,408,647
						306,187,116

i) State is detailed as follows:

Amounts in Euro	31-03-2020	31-12-2019
Value added tax - recoverable	753,844	10,827,982
Value added tax - reimbursement requests	47,020,077	29,062,417
Amounts pending reimbursement (tax proceedings favourable to the Group)	2,283,928	2,284,851
	50,057,849	42,175,250

As at 31 March 2020 and 31 December 2019, the amount of reimbursement requests comprised the following, by month and by company:

Amounts in Euro	Feb/2020	Mar/2020	Total
The Navigator Company, S.A.	20,580,407	23,474,445	44,054,852
EMA Setúbal, ACE	-	106,170	106,170
EMA Figueira da Foz, ACE	-	107,180	107,180
Bosques do Atlântico, S.L.	-	2,751,875	2,751,875
	20,580,407	26,439,671	47,020,077

Up to the date of issuing this report, Euro 20,793,757 of the outstanding amounts as of 31 March 2019, had already been received.

Amounts in Euro	Nov/2019	Dec/2019	Total
The Navigator Company, S.A.	9,422,420	16,371,963	25,794,383
Bosques do Atlântico, S.L.	-	3,268,034	3,268,034
	9,422,420	19,639,997	29,062,417

All these amounts were received during the first quarter of 2020.

iii) As at 31 March 2020 and 31 December 2019, the balance corresponds to the amount receivable from the United States Department of Commerce (DoC) following the investigation of alleged dumping of UWF paper exports to the United States of America and a definitive rate of 1.75% has been applied in October last for the review period between August 2015 and February 2017 (POR1). However, the US Court of International Trade decided in November 2019 to request the DoC to review that result, and the DoC recalculated the rate again downwards, now setting it at 1.68%. The Group is entitled to this amount because higher rates of 29.53% and 7.8% were applied for the same period. As the lawsuit goes to court, it is expected that the reimbursement will occur more than 12 months after the balance sheet date, which is the reason why this amount was reclassified, to non-current assets.

The current balance corresponds to the amount to be reimbursed for the second period of review, from March 2018 to February 2019. Following the audit performed last August by the Department of Commerce, the rate was set at 4.37%. Following this decision, the U.S. Customs and Border Protection (CBC) has already instructed the processing of a reimbursement for part of the POR2 for an initial amount of USD 2.2 million, which the Company expects to receive in the first half of 2020.

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 5.7).

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

Amounts in Euro	31-03-2020	31-12-2019
Accrued income		
Interest receivable	234,140	766,223
Energy sales	13,360,953	13,286,097
Insurance compensation	3,750,000	5,750,000
Other	22,206	244,744
	17,367,299	20,047,064
Deferred expenses		
Insurance	6,244,358	962,664
Rentals	5,363,869	5,647,010
Other	82,928	97,249
	11,691,154	6,706,922
	29,058,454	26,753,987

4.3 PAYABLES

Amounts in Euro	31-03-2020	31-12-2019
Trade payables	199,191,583	194,263,355
Trade payables - Property, plant and equipment	5,482,075	5,311,674
State and other public entities	40,567,919	19,928,405
Related parties (Note 10.3)	1,285,611	1,285,611
Other creditors - CO2 emission allowances	20,332,142	15,785,183
Tax consolidation (Semapa)	6,586,968	6,586,968
Shareholders	-	99,138,920
Other creditors	1,650,808	3,217,199
Derivative financial instruments (Note 8.1)	11,238,610	6,734,952
Accrued expenses - Payroll	29,241,789	24,605,696
Accrued expenses - Interest payable	3,305,304	5,118,502
Wood supplier bonus	3,309,924	5,846,301
Water resources tax	2,862,033	2,456,998
Rent liabilities	11,578,229	10,912,663
Other accrued expense	7,489,776	8,514,362
Non-repayable grants	23,492,835	16,490,645
Other deferred income - ISP	-	-
Payables and other liabilities - current	367,615,604	426,197,435
Non-repayable grants	27,931,687	30,837,585
Payables and other liabilities - non-current	27,931,687	30,837,585
	395,547,289	457,035,020

At the General Extraordinary Meeting of 20 December 2019, The Navigator Company S.A. decided on the payment of free reserves to be distributed to shareholders, as from 9 January 2020, depending on the shares held, in the amount of Euro 99,138,920.

State - details

Amounts in Euro	31-03-2020	31-12-2019
Personal Income Tax withhold (IRS)	1,706,626	1,881,895
Value Added Tax (IVA)	35,613,133	15,062,932
Social Security contributions	2,346,559	2,319,890
Other	901,601	663,688
	40,567,919	19,928,405

As at 31 March 2020 and 31 December 2019, there were no overdue debts to the State.

Non-repayable grants - details

Amounts in Euro	31-03-2020	31-12-2019
Investment grants	11,938,987	11,938,987
Grants - CO2 emission allowances	7,644,740	-
Other grants	3,909,108	4,551,660
Non-repayable grants - current	23,492,835	16,490,647
Investment grants	27,931,687	30,837,585
Non-repayable grants - non-current	27,931,687	30,837,585
	51,424,522	47,328,232

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 share capital of Euro 500,000,000 was fully subscribed and paid for being 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:

Entity	31-03-2020		31-12-2019	
	No. of shares	%	No. of shares	%
Shares without nominal value				
Seinpar Investments, BV	241,583,015	33.67%	241,583,015	33.67%
Semapa, SGPS, S.A.	256,034,284	35.68%	256,034,284	35.68%
Treasury shares	6,316,931	0.88%	6,316,931	0.88%
Remaining shareholders	213,565,770	29.77%	213,565,770	29.77%
	717,500,000	100%	717,500,000	100%

Treasury shares - movements

	31-03-2020		31-12-2019	
	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	864,049	2,317,915
Acquisition of treasury shares	-	-	5,452,882	17,871,349
Disposals in the period	-	-	-	-
Treasury shares at the end of the period	6,316,931	20,189,264	6,316,931	20,189,264

Treasury shares are stated at acquisition cost.

These shares were mainly acquired during 2008 and 2012 as well as in 2018 and 2019, and the changes in the period were as follows:

Amounts in Euro	2020		2019	
	Quantity	Amount	Quantity	Amount
Treasury shares held on 1 January	6,316,931	20,189,264	864,049	2,317,915
Acquisitions				
January	-	-	880,882	3,311,967
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	2,523,835	8,460,107
June	-	-	586,677	1,887,454
July	-	-	-	-
August	-	-	1,441,488	4,090,544
September	-	-	20,000	121,277
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
	-	-	880,882	3,311,967
Treasury shares held in March	6,316,931	20,189,264	1,744,931	5,629,882
Remaining quarters	-	-	4,572,000	14,559,382
Treasury shares held in December	6,316,931	20,189,264	6,316,931	20,189,264

The market value of the treasury shares held on 31 March 2020 amounted to Euro 13,631,937 (31 December 2019: Euro 13,631,937), corresponding to a unit value of Euro 2.158 (31 December 2019: Euro 3.588) and the market capitalization of the Company at this date amounted to Euro 1,548,365,000 (2019: Euro 2,574,390,000) compared to an equity, net of non-controlling interests, of Euro 1,042,959,249 (2019: 1,027,145,277).

5.2 EARNINGS PER SHARE

	31-03-2020	31-03-2019
Profit attributable to Navigator's shareholders (Euro)	30,614,407	49,274,893
Total number of issued shares	717,500,000	717,500,000
Average treasury shares in the portfolio	(6,316,931)	(1,744,931)
Weighted average number of shares	711,183,069	715,755,069
Basic earnings per share (Euro)	0.043	0.069
Diluted earnings per share (Euro)	0.043	0.069

5.3 NON-CONTROLLING INTERESTS

Detail of non-controlling interests, by subsidiary

Amounts in Euro	% held	Equity		Net profit	
		31-03-2020	31-12-2019	31-03-2020	31-03-2019
Raiz - Instituto de Investigação da Floresta e Papel	3.00%	279,198	273,817	4,019	(2,949)
Portucel Mocambique	90.02%	-	-	-	-
		279,198	273,817	4,019	(2,949)

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

As at the reporting date, there are no rights of protection of non-controlling interests that significantly restrict the entity's ability to access or use assets and settle liabilities of the Group.

5.4 INTEREST-BEARING LIABILITIES

Amounts in Euro	31-03-2020			31-12-2019		
	Non-current	Current	Total	Non-current	Current	Total
Bond loans	445,000,000	-	445,000,000	445,000,000	-	445,000,000
Commercial paper	310,000,000	165,000,000	475,000,000	295,000,000	-	295,000,000
Bank loans	90,833,334	13,194,444	104,027,778	90,833,334	13,194,444	104,027,778
Charges with bond issuances	(3,233,965)	-	(3,233,965)	(3,052,386)	-	(3,052,386)
Refundable grants	37,541,081	-	37,541,081	39,331,496	-	39,331,496
Deferrals	(3,175,502)	-	(3,175,502)	(3,175,502)	-	(3,175,502)
Debt securities and bank debt	876,964,947	178,194,444	1,055,159,391	863,936,941	13,194,444	877,131,386
Average interest rate, considering charges for annual fees and hedging operations	1.5%			1.7%		

In the first quarter of 2020, several issues of commercial paper were made, which, in net terms, amounted in the period to Euro 180,000,000, a substantial part of which was allocated to the creation of a liquidity reserve, at a level that the company considered adequate to safely face the difficult environment ahead.

The reimbursable incentives include incentives from AICEP - Agência para o Investimento e Comércio Externo de Portugal, as part of a number of research and development projects, which includes the incentive 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 reimbursable incentive, up to a

maximum amount of Euro 42,166,636, without interest payment, with a grace period of two years, with the last reimbursement happening in 2027.

Interest-bearing liabilities - details

31-03-2020							
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current	
Bond loans							
Navigator 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000	
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	
Commissions	-	(3,233,965)			-	-	(3,233,965)
European Bank Investment							
Loan BEI Ambiente B	5,000,000	5,000,000	June 2021	Variable rate indexed to Euribor	3,333,333	1,666,667	
Loan BEI Energia	35,416,667	35,416,667	December 2024	Variable rate indexed to Euribor	7,083,333	28,333,333	
Loan BEI Cacia	23,611,111	23,611,111	May 2028	Fixed rate	2,777,778	20,833,333	
Loan BEI Figueira	40,000,000	40,000,000	February 2029	-	-	40,000,000	
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 25M	25,000,000	25,000,000	June 2020		25,000,000		
Commercial Paper Program 50M	50,000,000	50,000,000	June 2020		50,000,000		
Commercial Paper Program 20M	20,000,000	20,000,000	March 2021		20,000,000		
Commercial Paper Program 40M	40,000,000	40,000,000	March 2021		40,000,000		
Commercial Paper Program 30M	30,000,000	30,000,000	September 2020		30,000,000		
Commercial Paper Program 75M	75,000,000	-	July 2026	Variable rate indexed to Euribor	-	-	
Refundable grants							
AICEP	37,541,081	37,541,081			-	-	37,541,081
Deferrals	-	(3,175,502)			-	-	(3,175,502)
Bank credit lines							
Short-term line 20M	20,450,714	-			-	-	
					178 194 444	876 964 947	

31-12-2019							
Amounts in Euro	Amount	Outstanding amount	Maturity	Interest rate	Current	Non-current	
Bond loans							
Navigator 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000	
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	
Commissions	-	(3,052,386)			-	-	(3,052,386)
European Bank Investment							
Loan BEI Ambiente B	5,000,000	5,000,000	June 2021	Variable rate indexed to Euribor	3,333,333	1,666,667	
Loan BEI Energia	35,416,667	35,416,667	December 2024	Variable rate indexed to Euribor	7,083,333	28,333,333	
Loan BEI Cacia	23,611,111	23,611,111	May 2028	Fixed rate	2,777,778	20,833,333	
Loan BEI Figueira	40,000,000	40,000,000	February 2029	-	-	40,000,000	
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	50,000,000	February 2026	Variable rate indexed to Euribor	-	50,000,000	
Commercial Paper Program 75M	75,000,000	-	July 2026	Variable rate indexed to Euribor	-	-	
Refundable grants							
AICEP	39,331,496	39,331,496	November 2027	Fixed rate	-	-	39,331,496
Deferrals	-	(3,175,502)			-	-	(3,175,502)
Bank credit lines							
Short-term line 20M	20,450,714	-			-	-	
Short-term line 20M	20,450,714	-			-	-	
					13 194 444	863 936 941	

Similar to 2019 and 2018, in 2020, Navigator has continued to place short-term commercial paper issues on an auction basis.

As at 31 March 2020, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 1.5% (31 December 2019: 1.7%).

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

Amounts in Euro	31-03-2020	31-12-2019
Non-current		
1 to 2 years	226,527,778	226,527,778
2 to 3 years	53,536,486	51,679,254
3 to 4 years	299,544,797	295,294,397
4 to 5 years	100,544,797	95,294,397
Above 5 years	203,220,557	201,369,003
	883,374,415	870,164,829
Commissions	(6,409,467)	(6,227,888)
	876,964,947	863,936,941

As at 31 March 2020, the Group had Commercial Paper programs and credit lines available, but not used, in the amount of Euro 95,450,714 (31 December 2019: Euro 110,450,714).

The fair value of the bond loans, considering the date and respective contractual conditions, determined according to level 2 of the fair value hierarchy, does not differ substantially from the reported book value.

As at 31 March 2020 and 31 December 2019, the Group's interest-bearing net debt was as follows:

Amounts in Euro	31/03/2020	31/12/2019
Interest-bearing liabilities (Note 5.4)	1,055,159,391	877,131,386
Cash and cash equivalents (Note 5.6)	(255,669,250)	(161,880,404)
Net interest-bearing debt	799,490,142	715,250,982
Lease liabilities	48,547,676	46,847,797
Net interest-bearing debt with lease liabilities	848,037,818	762,098,779

5.5 LEASE LIABILITIES

Lease liabilities - details

Amounts in Euro	31-03-2020			31-12-2019		
	Outstanding rents	Interest on liabilities	Present value of liabilities	Outstanding rents	Interest on liabilities	Present value of liabilities
Below 1 year	3,018,265	1,835,478	4,853,744	2,734,225	1,662,746	4,396,971
1 to 2 years	2,467,221	1,763,275	4,230,496	2,156,930	1,541,515	3,698,445
2 to 3 years	1,625,487	1,430,755	3,056,242	1,626,218	1,431,399	3,057,617
3 to 4 years	1,257,381	1,246,192	2,503,573	1,341,681	1,329,742	2,671,423
4 to 5 years	1,178,997	1,087,398	2,266,395	1,336,559	1,232,720	2,569,279
Above 5 years	22,670,867	8,966,359	31,637,226	21,823,025	8,631,036	30,454,062
Present value of liabilities	32,218,219	16,329,457	48,547,676	31,018,639	15,829,158	46,847,797

5.6 CASH AND CASH EQUIVALENTS

Amounts in Euro	31-03-2020	31-12-2019
Cash	49,712	39,818
Short-term bank deposits	219,081,495	120,620,841
Other short-term investments	36,538,042	41,219,744
	255,669,250	161,880,404

In 2020 and 2019, the amount presented under Other short terms investments corresponds to amounts invested by Navigator in a portfolio of short-term, highly liquid financial assets and issuers with adequate ratings.

As of 31 March 2020 and 31 December 2019, 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 31-03-2020	3 months 31-03-2019
Interest paid on debt securities and bank debt	(1,729,269)	(2,459,930)
Commissions on loans and expenses with credit facilities	(861,080)	(1,069,302)
Interest paid by applying the effective interest method	(2,590,349)	(3,529,232)
Interest paid on lease liabilities	(495,129)	(444,463)
Financial expenses related to the Group's capital structure	(3,085,478)	(3,973,694)
Losses on financial instruments - foreign exchange hedging (Note 8.1)	(364,640)	(379,359)
Losses on financial instruments - interest rate hedging (Note 8.1)	(566,262)	(491,734)
Losses on financial instruments - trading (Note 8.1)	(2,495,592)	(995,509)
Accrual for option premiums	(397,180)	(574,210)
Losses on compensatory interest	(175,755)	-
Other financial expenses and losses	(3,475,009)	(251)
Financial expenses and losses	(10,559,917)	(6,414,757)
Interest earned on financial assets at amortised cost	-	1,298,297
Favourable exchange rate differences	3,566,860	934,974
Gains on financial instruments - hedging (Note 8.1)	600,665	-
Gains on compensatory interest	-	18,656
Other financial income and gains	226,979	228,981
Financial income and gains	4,394,504	2,480,907
Net financial results	(6,165,412)	(3,933,850)

Financial results show an unfavourable variation of Euro 2.2 million, standing at negative Euro 6.2 million (vs. Euro 3.9 million), having been positively impacted by the result of financing operations of Euro 700 thousand. On the other hand, and derived from the impacts of Covid-19, there was a depreciation of assets reflected in Other short terms investments in the amount of Euro 4.6 million.

The result of foreign exchange operations, showed a positive impact in the quarter in the amount of Euro 0.7 million, which represents a positive variation of Euro 1.2 million compared to the same period of 2019.

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 31-03-2020	3 months 31-03-2019
Current tax	10,152,600	14,665,396
Change in uncertain tax positions in the period	(3,810,460)	(2,130,659)
Deferred tax (Note 6.2)	5,176,005	418,875
	11,518,145	12,953,611

As of 31 March 2020, current tax includes Euro 7,665,399 (31 March 2019: Euro 14,207,888) regarding the liability created under the aggregated income tax regime of The Navigator Company, S.A..

In 2019 the item "Change in uncertain tax positions in the period" reflects the favourable outcome of some processes regarding matters with high uncertainty.

Nominal tax rate

In the periods presented, the Group considers a nominal tax rate in Portugal of 27.5%, resulting from the tax legislation as follows:

	2020	2019
Portugal		
Nominal income tax rate	21.0%	21.0%
Municipal surcharge	1.5%	1.5%
	22.5%	22.5%
State surcharge - on taxable income between Euro 1,500,000 and Euro 7,500,000	3.0%	3.0%
State surcharge - on taxable income between Euro 7,500,000 and Euro 35,000,000	5.0%	5.0%
State surcharge - on taxable income above Euro 35,000,000	9.0%	9.0%

Reconciliation of the effective income tax rate for the period

Amounts in Euro	3 months 31-03-2020	3 months 31-03-2019
Profit before tax	42,136,571	62,225,555
Expected tax at nominal rate (21%)	8,848,680	13,067,367
Municipal surcharge (2020: 1.88%; 2019: 1.79%)	790,356	1,112,877
State surcharge (2020: 3.99%; 2019: 4.07%)	1,681,940	2,535,368
Income tax resulting from the applicable tax rate	11,320,976	16,715,612
Nominal tax rate for the period	26.87%	26.86%
Differences (a)	197,169	(3,762,001)
	11,518,145	12,953,611
Effective tax rate	27.34%	20.82%

(a) This amount concerns mainly :

Amounts in Euro	3 meses 31-03-2020	3 meses 31-03-2019
Gains / (Losses) for tax purposes	614,480	17,382
Gains / (Losses) for accounting purposes	(2,000)	(17,492)
Taxable provisions and impairment	59,821	(12,494,088)
Tax benefits	(136,019)	(274,908)
Post-employment benefits	-	-
Other	180,697	(910,898)
	716,979	(13,680,004)
Tax effect (27.5%)	197,169	(3,762,001)

6.1.2 Tax recognised in the consolidated statement of financial position

Amounts in Euro	31-03-2020	31-12-2019
Assets		
Corporate Income Tax (IRC)	22,483,994	17,947,083
Amounts pending reimbursement (tax proceedings favourable to the Group)	7,772,267	7,198,086
	30,256,261	25,145,169
Liabilities		
Corporate Income Tax (IRC)	-	-
Additional tax liabilities (IRC)	36,663,568	36,228,728
	36,663,568	36,228,728

Detail of Corporate Income Tax - IRC (net)

Amounts in Euro	31-03-2020	31-12-2019
Income tax for the period	10,152,600	21,955,869
Payments on accounts, Special payments on accounts and Additional payments on accounts	-	(39,772,213)
Withholding tax recoverable	(11,103)	(674,207)
Income tax payable/ (recoverable) from prior years	(33,462,050)	-
Other receivables/ (payables)	836,559	543,468
	(22,483,994)	(17,947,084)

Amounts pending reimbursement

Amounts in Euro	2020	2019
2013 Corporate income tax (RETGS)	406,620	1,273,038
2012 Corporate income tax - Proceeding 727/2016	4,422,958	4,422,958
2010 to 2012 RFAI - compensatory interests	1,440,599	-
Other	1,502,090	1,502,090
	7,772,267	7,198,086

Uncertain tax positions - liabilities

Amounts in Euro	31-03-2020	31-12-2019
Balance at the beginning of the period	36,228,728	12,277,050
Increases	1,546,597	-
Transfers (IFRIC 23)	-	34,765,601
Reversals	(1,111,757)	(10,813,923)
Amount recognised in the income statement - (gain) / loss	434,840	23,951,678
	36,663,568	36,228,728

Taxes paid in litigation

As of 31 March 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	31-03-2020	31-12-2019
2005 Aggregate corporate income tax	10,394,386	10,394,386
2006 Aggregate corporate income tax	8,150,146	8,150,146
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
2010 State surcharge	4,372,289	4,372,289
2017 Value added tax	147,253	147,253
	47,511,899	47,511,899

6.2 DEFERRED TAXES

Movements in deferred taxes

Amounts in Euro	As at 1 January 2020	Income Statement		Equity	As at 31 March 2020
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	6,793,848	-	-	-	6,793,848
Adjustment of property, plant and equipment	69,004,705	-	(7,198,914)	-	61,805,792
Financial instruments	8,525,155	-	-	2,090,476	10,615,631
Deferred accounting gains on inter-group transactions	18,864,851	-	(1,633,608)	-	17,231,243
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,660,000	-	-	-	9,660,000
	113,052,148	-	(8,832,521)	2,090,476	106,310,103
Temporary differences originating deferred tax liabilities					
Pensions and post-employment benefits	(510,040)	-	-	-	(510,040)
Financial instruments	-	-	-	-	-
Deferred accounting losses on inter-group transactions	(9,994,509)	-	-	-	(9,994,509)
Valuation of biological assets	(25,999,474)	1,684,029	-	-	(24,315,445)
Adjustment of property, plant and equipment	(249,833,138)	-	(11,942,963)	-	(261,776,102)
Investment grants	(6,077,044)	269,619	-	62,296	(5,745,129)
	(292,414,206)	1,953,648	(11,942,963)	62,296	(302,341,225)
Deferred tax assets	31,089,341	-	(2,428,943)	574,881	29,235,279
Tax incentives for investment	549,224	-	-	-	549,224
Deferred tax assets	31,638,565	-	(2,428,943)	574,881	29,784,503
Deferred tax liabilities	(80,413,906)	537,253	(3,284,315)	17,131	(83,143,836)

Amounts in Euro	As at 1 January 2019	Income Statement		Equity	As at 31 December 2019
		Increases	Decreases		
Temporary differences originating deferred tax assets					
Taxed provisions	1,439,796	5,354,052	-	-	6,793,848
Adjustment of property, plant and equipment	104,175,669	-	(35,170,963)	-	69,004,705
Financial instruments	7,489,391	-	-	1,035,764	8,525,155
Deferred accounting gains on inter-group transactions	39,285,900	-	(20,421,049)	-	18,864,851
Investment grants	203,588	-	-	-	203,588
Conventional capital remuneration	9,240,000	-	(3,220,000)	3,640,000	9,660,000
	161,834,345	5,354,052	(58,812,012)	4,675,764	113,052,148
Temporary differences originating deferred tax liabilities					
Pensions and post-employment benefits	(16,445)	(2,408,246)	-	1,914,651	(510,040)
Financial instruments	(144,728)	-	144,728	-	-
Deferred accounting losses on inter-group transactions	(9,994,509)	-	-	-	(9,994,509)
Valuation of biological assets	(13,969,979)	(12,029,495)	-	-	(25,999,474)
Adjustment of property, plant and equipment	(208,882,941)	(40,950,197)	-	-	(249,833,138)
Investment grants	(7,439,159)	-	1,112,930	249,185	(6,077,044)
	(240,447,761)	(55,387,938)	1,257,658	2,163,836	(292,414,206)
Deferred tax assets	44,504,444	1,472,364	(16,173,302)	1,285,835	31,089,341
Tax incentives for investment	26,502,330	-	(25,953,106)	-	549,224
Deferred tax assets	71,006,774	1,472,364	(42,126,408)	1,285,835	31,638,565
Deferred tax liabilities	(66,123,135)	(15,231,683)	345,857	595,055	(80,413,906)

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

7 PAYROLL

7.1 PAYROLL COSTS

Amounts in Euro	3 months 31-03-2020	3 months 31-03-2019
Remuneration of Corporate bodies - fixed	822,424	820,095
Remuneration of Corporate bodies - variable	662,556	1,052,561
Other remunerations	26,771,584	28,132,923
Social Security contributions	5,802,275	5,625,768
Post-employment benefits (Note 7.2)	314,516	331,231
Other payroll costs	1,865,278	2,514,054
Payroll costs	36,238,634	38,476,632

Number of employees by segment at the end of the period

	31-03-2020	31-12-2019	Var. 20/19
Market pulp	265	269	(4)
UWF	1,877	1,869	8
Tissue	370	376	(6)
Other	727	766	(39)
	3,239	3,280	(41)

Other Payroll costs are detailed as follows during the 3-month periods ended 31 March 2020 and 2019:

Amounts in Euro	3 months 31-03-2020	3 months 31-03-2019
Training	150,024	346,813
Social action	296,928	273,248
Insurance	926,979	938,829
Compensations	433,720	868,086
Other	57,628	87,077
	1,865,278	2,514,054

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 2020, three Defined Contribution plans were in force, which covered 2,757 employees, excluding employees who chose to maintain a benefit safeguard clause.

7.2.2 Defined benefit plan

Net liabilities

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

	31-03-2020		31-12-2019	
	No. Beneficiaries	Amount	No. Beneficiaries	Amount
Past service liabilities				
Active employees, including individual accou	481	75,583,410	481	75,583,410
Former employees	130	23,358,802	130	23,358,802
Retired employees	522	80,938,541	522	80,938,541
Market value of the pension funds		(158,282,827)		(173,292,676)
Total net liabilities	1,133	21,597,926	1,133	6,588,076

Assumptions used in the valuation of the liabilities

The assumptions used in the valuation of liabilities correspond to those of December 2019, since no actuarial studies are conducted for the quarter:

	31-12-2019
Social Security Benefits Formula	Decree-Law no.
Disability table	EKV 80
Mortality table	TV 88/90
Wage growth rate	1.00%
Technical interest rate	1.75%
Return rate on plan assets	1.75%
Pensions growth rate	0.75%

The discount rates used in this calculation were selected by reference to the yield rates of a set of high-quality corporate bonds. Bonds whose maturity and rating were considered appropriate were selected, considering the amount and the timing of the cash flows associated with the payment of benefits to Employees.

Funds

Funds allocated to the defined benefit pension plans - evolution

Amounts in Euro	2020	2019
Balance as at 1 January	173,292,676	147,131,961
Remeasurement	(15,009,849)	5,677,765
Balance as at 31 March	158,282,827	152,809,726
Remaining quarters		20,482,950
Balance as at 31 December		173,292,676

The impact of Euro 15,009,849 is due to the lower profitability of assets when compared with the profitability rates considered in the assumptions.

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	2020	2019
Defined benefit and <i>Conta 1</i> :		
Occidental - Pensions	95,056	684,412
Schroders	60,071,300	65,053,133
BlackRock	59,167,264	64,042,229
<i>Conta 1</i> - Credit Suisse	38,949,207	43,512,903
Total Defined benefit and <i>Conta 1</i>	158,282,827	173,292,676

Funds allocated to defined benefit plans - composition of assets

Amounts in Euro	31-03-2020	%	31-12-2019	%
Listed securities in active market				
Bonds	101,081,200	63.9%	100,758,787	58.1%
Shares	37,905,074	23.9%	44,766,233	25.8%
Public debt	15,038,560	9.5%	13,724,039	7.9%
Liquidity	4,257,993	2.7%	14,043,617	8.1%
Real estate	-	0.0%	-	0.0%
Other short-term investments	-	0.0%	-	0.0%
	158,282,827	100%	173,292,676	100%

7.2.3 Defined Contribution Plan

As at 31 March 2020, 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 %	2020	No. of Beneficiaries	Profitability %	2019
Defined contribution (BMO):						
Defensive sub-fund	131	(4.44%)	7,849,680	127	7.76%	8,879,084
Conventional sub-fund	385	(5.94%)	19,282,614	398	10.05%	21,313,529
Dynamic sub-fund	690	(8.17%)	13,490,497	686	13.83%	14,619,829
Aggressive sub-fund	1,551	(11.67%)	4,973,519	1,579	18.64%	5,645,957
Total Defined contribution	2,757		45,596,309	2,790		50,458,399

7.2.4 Expenses incurred with post-employment benefit plans

The effect of these plans in the income statement for the 3-month periods ended 31 March 2020 and 2019 was as follows:

Amounts in Euro	3 months 31-03-2020	3 months 31-03-2019
Defined benefit plans		
Current services	-	-
Interest expenses	-	-
Expected return on plan assets	-	-
Waiver of liabilities	-	-
	314,516	331,231
Defined benefit plans		
Contribution of the period	314,516	331,231
	314,516	331,231
Costs for the period	314,516	331,231

Since actuarial studies are conducted on a half-yearly basis, no expenses were recorded for the defined benefit plans for the quarter.

8 FINANCIAL INSTRUMENTS

8.1 DERIVATIVE FINANCIAL INSTRUMENTS

Movements in derivative financial instruments

Amounts in Euro	2020			2019		
	Trading derivatives	Hedging derivatives	Net total	Trading derivatives	Hedging derivatives	Net total
Opening balance	2,954,495	(6,734,952)	(3,780,457)	141,860	(4,502,399)	(4,360,539)
New contracts / settlements	(2,418,460)	1,634,759	(783,701)	-	801,221	801,221
Change in fair value through profit or loss	(2,495,592)	(727,416)	(3,223,009)	(995,509)	(1,445,303)	(2,440,812)
Change in fair value through other comprehensive income	-	(1,035,764)	(1,035,764)	-	(1,035,764)	(1,035,764)
Closing balance (31/03)	(1,959,557)	(6,863,373)	(8,822,931)	(853,649)	(6,182,245)	(7,035,894)

8.1.1 Detail and maturity of derivative financial instruments by nature

31 March 2020	Notional	Currency	Maturity	Positive (Note 4.2)	Negative (Note 4.3)	Net total
Amounts in Euro						
Hedging						
Hedging (future sales)	220,400,000	USD	2020	620,277	(2,164,365)	(1,544,088)
Hedging (future sales)	54,000,000	GBP	2020	936,496	-	936,496
Interest rate swaps - Bonds	250,000,000	EUR	2025	-	(7,002,902)	(7,002,902)
BHKP Pulp	14,220,000	USD	2020	747,120	-	747,120
				2,303,893	(9,167,267)	(6,863,373)
Trading						
Foreign exchange forwards (future sales)	94,900,553	USD	2023	-	(2,071,343)	(2,071,343)
Foreign exchange forwards (future sales)	9,450,000	GBP	2020	111,786	-	111,786
				111,786	(2,071,343)	(1,959,557)
				2,415,679	(11,238,610)	(8,822,931)
31 December 2019						
Amounts in Euro						
Hedging						
Hedging (future sales)	224,439,394	USD	2020	1,512,853	(11,549)	1,501,304
Hedging (future sales)	97,611,111	GBP	2020	252,153	(217,046)	35,107
Interest rate swaps - Bonds	250,000,000	EUR	2025	-	(6,301,796)	(6,301,796)
BHKP Pulp	18,960,000	USD	2020	448,894	-	448,894
				2,213,899	(6,530,391)	(4,316,492)
Trading						
Foreign exchange forwards (future sales)	105,663,053	USD	2023	740,596	-	740,596
Foreign exchange forwards (future sales)	8,350,000	GBP	2020	-	(204,561)	(204,561)
Future purchase of CO2 allowances	550,000	EUR	2020	-	-	-
				740,596	(204,561)	536,035
				2,954,495	(6,734,952)	(3,780,457)

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

During the last quarter of the 2019 period and in January 2020, the Group contracted a set of financial structures to cover the total net exchange rate exposure of the estimated sales in USD for 2020. The derivative financial instruments in force since 1 January 2020 are Options and Zero Cost Collar, in an overall amount of USD 201,000,000 and GBP 69,500,000, which expire on 31 December 2020.

In 2020, the financial instruments were further strengthened through the additional contracting of USD 73,000,000 in Zero Cost Collar, maturing in December 2020.

9 PROVISIONS, COMMITMENTS AND CONTINGENCIES

9.1 PROVISIONS

Movements in provisions

Amounts in Euro	Legal proceedings	Tax proceedings	Other	Total
1 January 2019	4,785,976	23,170,208	15,109,286	43,065,470
Increases	-	-	2,121,081	2,121,081
Reversals	(832,076)	-	-	(832,076)
Impact on profit or loss for the period	(832,076)	-	2,121,081	1,289,005
Transfers and adjustments	(8,684)	(2,894,688)	-	(2,903,372)
31 March 2019	3,945,216	20,275,521	17,230,367	41,451,104
Increases	1,507,622	-	320,371	1,827,993
Reversals	14,451	-	(3,168,176)	(3,153,725)
Transfers - IFRIC 23	-	(34,765,601)	-	(34,765,601)
Transfers and adjustments	39,607	14,490,080	58,890	14,588,577
31 December 2019	5,506,895	-	14,441,452	19,948,347
Increases	1,664,075	-	333,233	1,997,308
Reversals	(115,233)	-	-	(115,233)
Impact on profit or loss for the period	1,548,842	-	333,233	1,882,075
Exchange rate adjustment	(91,875)	-	-	(91,875)
31 March 2020	6,963,862	-	14,774,685	21,738,546

Legal proceedings

The outcome of provisions for legal claims depends on the labour or civil court decisions.

Other provisions

The amount presented includes provisions to cover risks related to events of a different nature, the resolution of which may result in outflows of cash, in particular organisational restructuring processes, risks of contractual positions assumed in investments, among others. As at 31 March 2020 this item includes Euro 13,615,000 relating to the Mozambique project.

9.2 COMMITMENTS

Guarantees provided to third parties

Amounts in Euro	31-03-2020	31-12-2019
Guarantees provided		
Navigator guarantees for EIB loans	40,416,667	70,416,667
Portuguese tax authorities	845,957	845,957
IAPMEI	2,561,401	3,653,785
Customs clearance	1,250	1,250
Spanish state tax agency	1,033,204	1,033,204
Simria	338,829	338,829
Other	972,943	982,839
	46,170,251	77,272,531

Purchase commitments

Amounts in Euro	31-03-2020	31-12-2019
Purchase commitments		
Property, plant and equipment - Manufacturing equipment	66,268,052	18,279,270
Wood		
Commitments to acquisitions in the subsequent period	134,369,292	59,600,000
Commitments to long-term acquisitions	102,260,301	88,000,000
	302,897,645	165,879,270

10 GROUP STRUCTURE

10.1 COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

10.1.1 Navigator Group subsidiaries

Company	Head Office	Share equity owned			Total	Main business activity
		31-03-2020	31-12-2019			
		Directly	Indirectly	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, exploitation, 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	Industrial real estate management
Navigator Products & Tecnologia, S.A.	Portugal	100.00	-	100.00	100.00	Sale of products, technology and engineering services
Navigator Paper Figueira, S.A	Portugal	100.00	-	100.00	100.00	Paper production
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	50.00	Purchase of materials, subsidiary materials and services used in pulp and paper production processes
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 - Essencial 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 pulp and rendering 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	Rendering 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	Production of pulp
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	Production of pulp
Navigator International GmbH	Germany	100.00	-	100.00	100.00	Sale of pulp
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	100.00	
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
Portuce! 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
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80	64.80	Rendering of forest fire prevention and fighting services
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	100.00	Production of plants in nurseries
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	100.00	Rendering of services within the scope of forestry activity and trade in timber
Bosques do Atlantico, SL	Spain	-	100.00	100.00	100.00	Wood, biomass and forestry trade
Navigator Africa, SRL	Italy	-	100.00	100.00	100.00	Wood, biomass and forestry trade
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 Paper World, S.A. *	Portugal	-	-	-	100.00	Rendering of administration and management services and management of shareholdings
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	UK	-	100.00	100.00	100.00	
Navigator Paper Company UK, Ltd	UK	-	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	Rendering of sales brokerage 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	-	100.00	100.00	100.00	
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	100.00	
Navigator Participações Holding ,SGPS, S.A.	Portugal	-	100.00	100.00	100.00	Management of shareholdings
Empremédia - Corretores de Seguros, S.A.	Portugal	-	100.00	100.00	100.00	Rendering of sales brokerage services
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	100.00	Sale of wood

* Companies merged in 2020 (Note 10.2)

10.2 CHANGES IN THE CONSOLIDATION PERIMETER

During the 3-month period ended 31 March 2020, the consolidation perimeter was changed by the following corporate reorganization operations:

- Merger by incorporation of Navigator Paper World, S.A. into Navigator Paper Setúbal, S.A.

10.3 TRANSACTIONS WITH RELATED PARTIES

Balances with related parties

Amounts in Euro	31-03-2020				31-12-2019		
	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)	Lease liabilities (Note 5.5)
Shareholders (Note 5.2)							
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	-	7,511,383	-	-	24,651	10,881,165	-
Other subsidiaries of Semapa Group							
Secil - Companhia Geral Cal e Cimento, S.A.	320,624	33,374	-	-	329,779	22,513	-
Secil Britas, S.A.	-	74,808	-	-	-	70,636	-
Secil Prebetão, S.A.	-	314	-	-	-	314	-
CMP - Cimentos Maceira e Pataias, S.A.	-	10,733	-	-	-	7,477	-
Unibetão, S.A.	-	60,466	-	-	-	40,367	-
Other related entities							
Enermontijo, S.A.	278,250	181,501	-	-	82,580	42,887	-
Seinpar Investments BV	300	-	-	-	600	-	-
Sonagi Imobiliária, S.A.	-	-	-	104,332	85,382	-	33,745
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	3,694,930	-	93,430	74,664
Hotel Ritz, S.A.	-	-	-	-	-	2,033	-
	599,174	7,872,579	-	3,799,262	522,992	11,160,822	108,409

Transactions of the period with related parties

Amounts in Euro	31-03-2020				31-03-2019			
	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses)/income	Purchase of goods and services	Sales and services rendered	Other operating income	Financial (expenses)/income
Shareholders (Note 5.2)								
Semapa - Soc. de Investimento e Gestão, SGPS, S.A.	2,281,279	-	-	-	2,612,079	-	-	-
	2,281,279	-	-	-	2,612,079	-	-	-
Other subsidiaries of Semapa Group								
Secil - Companhia Geral Cal e Cimento, S.A.	15,713	12,000	-	-	301,161	211,444	-	-
Secil Britas, S.A.	13,439	-	-	-	102,122	-	-	-
Secil Prebetão, S.A.	-	-	-	-	22,006	-	-	-
CMP - Cimentos Maceira e Pataias, S.A.	8,982	-	-	-	48,946	-	-	-
Unibetão, S.A.	62,892	-	-	-	91,263	-	-	-
	101,026	12,000	-	-	565,498	211,444	-	-
Other related entities								
Enermontijo, S.A.	118,109	159,081	-	-	131,015	136,961	-	-
Seinpar Investments BV	-	-	248	-	-	-	-	-
Sonagi Imobiliária, S.A.	-	-	-	(421)	48,946	-	-	-
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	-	-	(28,072)	141,715	-	-	-
Hotel Ritz, S.A.	570	-	-	-	3,217	-	-	-
	118,679	159,081	248	(28,493)	324,892	136,961	-	-
	2,500,983	171,081	248	(28,493)	3,502,469	348,405	-	-

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.

It was also celebrated a lease agreement between Navigator Brands, S.A. (previously designated as Navigator Paper Figueira, S.A.) and Cimilonga – Imobiliária, S.A. under which an office was leased in Semapa SGPS, SA headquarters' building, in Lisbon, which was denounced in 2020.

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.

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
Chairman

António José Pereira Redondo
Executive Board Member

Adriano Augusto da Silva Silveira
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 Belmar da Costa

Member

Ricardo Miguel dos Santos Pacheco Pires

Member

Sandra Maria Soares Santos

Member

Vitor Manuel Rocha Novais Gonçalves

Member

Vitor Paulo Paranhos Pereira

Member