



THE
NAVIGATOR
COMPANY

Creating Value, Planting the Future.



The Navigator Company, S.A.

Share Capital
500 000 000 Eur

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

Headquarters
Península de Mitrena. Freguesia
do Sado, Setúbal

2023

Consolidated Annual Results



NAVIGATOR'S PERFORMANCE	2
2023 vs. 2022	2
4 th Quarter Analysis (vs. Q3 2023 and vs. Q4 2022).....	4
MAIN INDICATORS	5
ANALYSIS OF RESULTS	6
Paper	6
Packaging	8
Pulp	8
Tissue	9
Energy	10
EBITDA	11
Financial Results.....	11
Free Cash Flow	12
Sustainable Financial Management.....	12
Investment	13
CREATING VALUE, PLANTING THE FUTURE	14
OUTLOOK	16
PROPOSED ALLOCATION OF PROFITS	17
FINANCIAL STATEMENTS.....	18



PERFORMANCE 4TH QUARTER AND FULL-YEAR 2023

At the start of 2023, the global economic outlook was far from promising, with the expectation that growth in the main developed economies would be modest, or even negative. On the geopolitical stage, the war in Ukraine and the tensions between China and Taiwan were joined in the final quarter of the year by conflict in the Middle East, making for periods of significant risk aversion over the course of the year.

In this context, 2023 was also a challenging year for the Pulp and Paper sector. The 1st half was marked by a sharp drop in benchmark prices for pulp, down from record high levels in 2022, with a downturn in demand, especially in Europe. Over the course of the first half, we also saw a slow reduction in stocks of printing and packaging paper which had accumulated along the distribution chain over the course of 2022. New orders were consequently at a historically low level in these segments, but started to improve as from the 3rd quarter, rising more clearly in the final quarter, as stocks normalised. In the Tissue paper segment, with shorter supply chains and so less tendency to accumulate stocks, performance remained considerably stronger, benefiting also from the increased market share and positive synergies brought by integration of the new Tissue mill in Zaragoza.

Navigator's operational flexibility enabled it to produce more Pulp, in response to scaling down Paper output, and to place this additional output in geographical regions where demand was more robust in 2023. In the writing and packaging paper business, careful planning of production also made it possible to manage output and stocks at better adjusted levels. Combined with responsible management of prices and margins, this enabled Navigator to protect its operating results.

We nonetheless remained committed to investment and innovation in all the sectors in which we operate and have continued to exploit opportunities for growth with distinctive value in tissue, packaging and energy. Navigator's product range, the quality of our brands and different products, our sustainable business approach, the scale of our operations and our sound finances have all supported a resilient business model, enabling us to present consistent results, even in hostile market conditions.

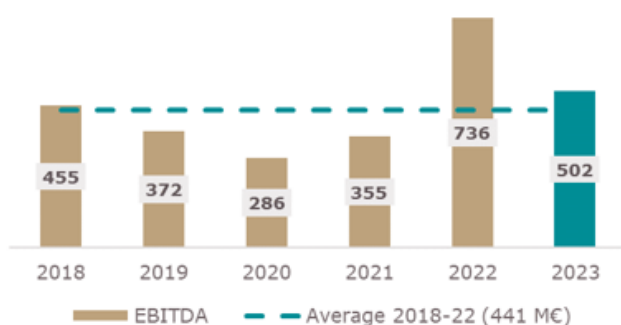
2023 vs. 2022

- The Group recorded strong industrial performance, most notably in the pulp sector, where the Figueira da Foz complex set a new record for annual pulp output, at 649 193 tAD; the Tissue segment also increased its output (up 24% for reels and up 70% finished products) in relation to 2022, with acquisition of the Ejea mill in the first quarter. The takeover of this unit permitted Navigator to position itself as Iberia's 2nd largest manufacturer of Tissue paper.
- In the Packaging segment, work has continued on expanding our offering, with the development of new product ranges which in the short will open the door to other high value-added segment, in a move supported by market trials (220 in 2023), of which 45 trials are still under way. The trials were carried out on more than 100 customers, two thirds of them new customers;
- Turnover in 2023 stood at € 1,953 million, the second-best result in the company's history, 11% up on average turnover for the past 5 years (2018-2022), the all-time record of € 2,465 million having been set in 2022;
- In a particularly volatile year, Navigator once again showed considerable stability in the generation of quarterly results;
- Expansion of Tissue business and flexibility of operational management in production and sales made it possible to offset both the drop in international demand for paper and also the reduction in demand for cellulose pulp in Europe, with pulp sales growing by 26% and Tissue sales up by 49%, counterbalancing a 32% downturn in paper sales;

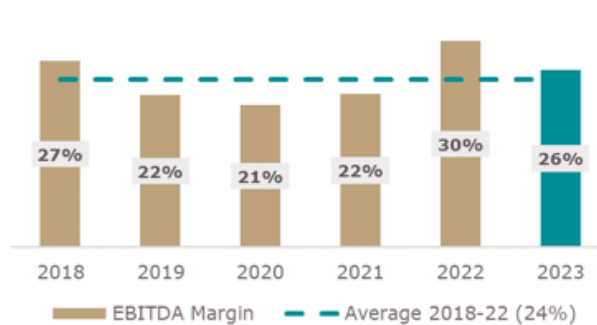


- EBITDA stood at € 502 million, with cost management and resilient prices offsetting the downturn in demand, and the EBITDA margin stood at 26%, comparing with an average margin of 24% in the past 5 years (vs. € 736 million and a margin of 30% in 2022);
- Annual net income totalled € 275 million, down by 30% on 2022 but still 29% higher than the average for the past five years;
- Capital expenditure in 2023 totalled € 187 million (vs. € 113 million in 2022), of which close to € 106 million related to capital projects classified as ESG, representing 57% of total capex;
- Navigator closed the year with net debt of € 490 million, reflecting the impact of acquisition of a Tissue mill in the first quarter, distribution of € 200 in dividends in the second quarter, and the level of tax payments, in view of the exceptional results in 2022, as well as the demanding schedule for the capex plan under the Recovery and Resilience Plan (RRP). The Net Debt / EBITDA ratio remains at a very comfortable level of 0.98x;
- In December, Navigator contracted green finance from EIB worth € 115 million, to be used over the next 18 months, repayable in 12 years.

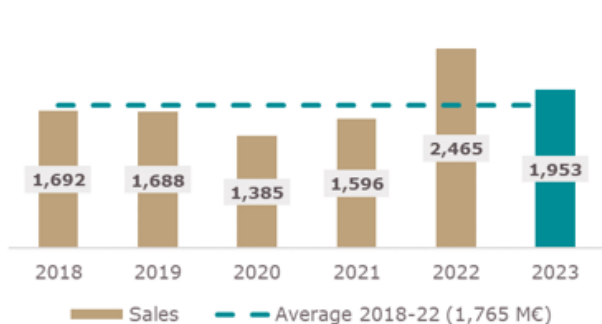
EBITDA (M€)



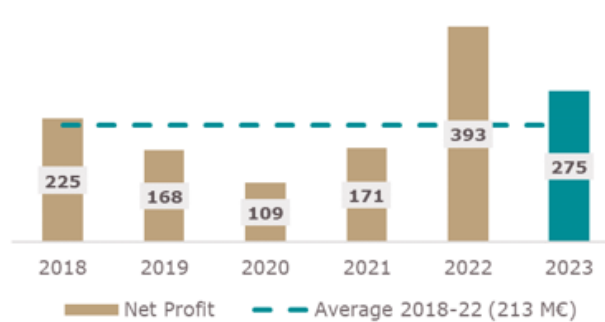
EBITDA Margin (%)



Sales (M€)



Net Profit (M€)





4th Quarter Analysis (vs. Q3 2023 and vs. Q4 2022)

- Turnover stood at € 493 million, up 2% on the 3rd quarter, but down by 23% YoY;
- EBITDA totalled € 125 million (up 1% on the 3rd quarter and down 32% on the final quarter of 2022), with an EBITDA margin of 25.4% (down 0.3 pp on the 3rd quarter and 3.3 pp YoY);
- The volume of paper and packaging sales stood at 322 thousand tons (up 17% on the 3rd quarter and down 12% on the 4th quarter of 2022);
- The volume of pulp sales stood at 92 thousand tons (down 41% on the 3rd quarter and up 75% on the 4th quarter of 2022), showing above all the impact of planned maintenance stoppages;
- The tissue sales volume stood at 40 thousand tons, down by close to 2% in relation to the previous quarter, due to the decreased availability of paper (reels) for sale, and up by 64% YoY;
- Strong cash flow generation with free cash flow of €60 million (vs. € 23 million in the previous quarter and vs. €140 million in the 4th quarter of 2022);
- After the close of the period, in January 2024, Navigator signed up to the United Nations Global Compact and is taking part in the Business & Human Rights Accelerator Program, reasserting its commitment to sustainable development, responsible business and defence of human and employment rights.



MAIN INDICATORS

Million euros	FY 2023	FY 2022	FY 23/ FY 22 ⁽⁸⁾
Total Sales	1,953.2	2,464.6	-20.7%
EBITDA ⁽¹⁾	501.5	736.4	-31.9%
Operating Profits (EBIT)	366.4	573.5	-36.1%
Financial Results	-19.3	-57.0	66.1%
Net Earnings	274.9	392.5	-30.0%
Cash Flow	410.1	555.4	- 145.3
Free Cash Flow ⁽²⁾	92.3	462.6	- 370.3
Capex	186.5	112.5	74.0
Net Debt ⁽³⁾	489.9	382.2	107.7
EBITDA/Sales	25.7%	29.9%	-4.2 pp
ROS	18.8%	23.3%	-4.5 pp
ROCE ⁽⁴⁾	21.3%	34.9%	-13.6 pp
ROE ⁽⁵⁾	21.4%	34.1%	-12.7 pp
Equity Ratio	46.8%	43.3%	3.5 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.98	0.52	0.46

Million euros	Q4 2023	Q3 2023	Q4 23/Q3 23 ⁽⁸⁾	Q4 2022	Q4 23/ Q4 22 ⁽⁸⁾
Total sales	492.7	481.1	2.4%	642.2	-23.3%
EBITDA ⁽¹⁾	125.0	123.5	1.2%	184.4	-32.2%
Operating profits	88.7	90.0	-1.4%	135.5	-34.5%
Financial results	- 3.6	- 7.2	50.0%	3.1	-216.1%
Net earnings	74.2	63.3	17.2%	122.1	-39.2%
Cash flow	110.5	96.9	13.6	171.0	- 60.5
Free Cash Flow ⁽²⁾	59.9	22.8	37.1	140.2	- 80.3
Capex	44.4	29.5	14.9	47.9	- 3.5
Net Debt ⁽³⁾	489.9	549.7	- 59.8	382.2	107.7
EBITDA/Sales (%)	25.4%	25.7%	-0.3 pp	28.7%	-3.3 pp
ROS	18.0%	18.7%	-0.7 pp	21.1%	-3.1 pp
ROCE ⁽⁴⁾	20.6%	20.9%	-0.3 pp	33.0%	-12.4 pp
ROE ⁽⁵⁾	23.0%	20.2%	2.8 pp	42.4%	-19.4 pp
Equity ratio	46.8%	46.1%	0.7 pp	43.3%	3.5 pp
Net Debt/EBITDA ⁽⁶⁾⁽⁷⁾	0.98	0.98	0.00	0.52	0.46

1. Operating profits + depreciation + provisions

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

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

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

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

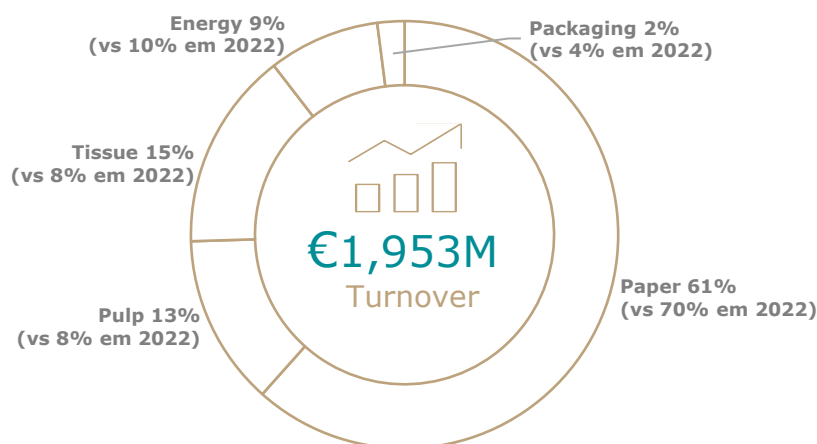
6. (Interest-bearing liabilities - liquid assets) / EBITDA corresponding to last 12 months

7. Impact of IFRS 16: Net Debt / EBITDA in 2023 of 1.1; Net Debt / EBITDA in 2022 of 0.60;

8. Variation in figures not rounded up/down



ANALYSIS OF RESULTS



2023 vs. 2022

A reduction in cash costs in all segments over the year and the resilience in international prices for printing paper, packaging and tissue, combined with the sales strategy, product and market diversification and skilful adjustment of production levels, enabled us to achieve good results, in an international context of a very sharp downturn in international demand in most of the segments in which we operate.

The printing and writing papers industry

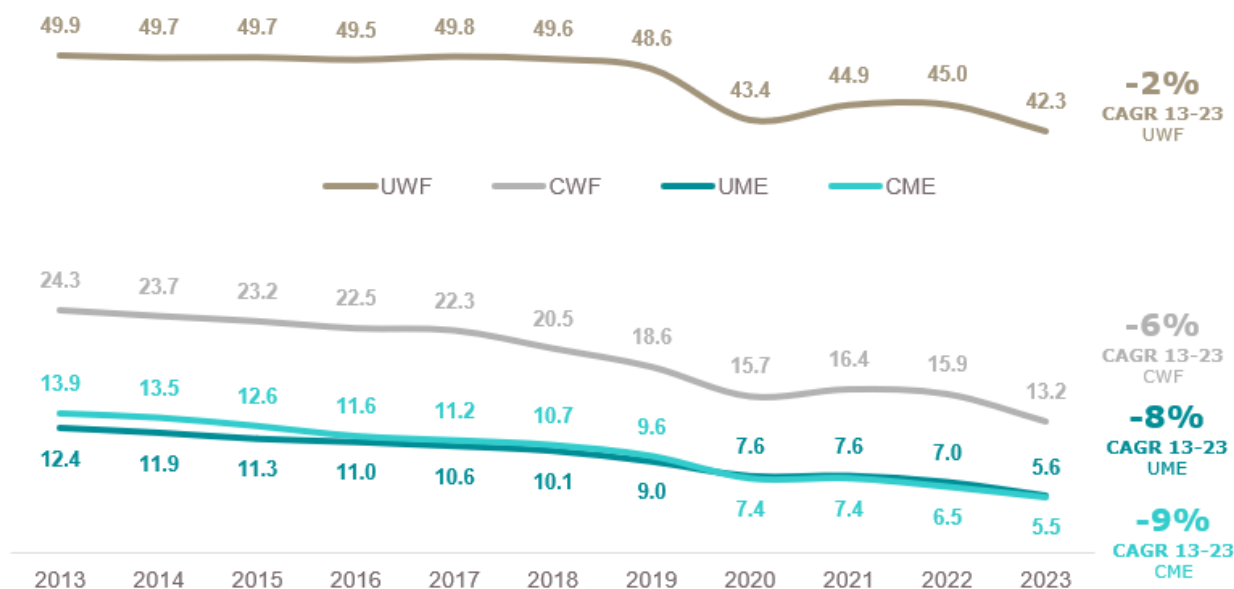
The financial year of 2023, and above all the first half, saw a slow process of destocking along the distribution chain. This imbalance significantly affected the demand experienced by manufacturers in all paper segments, except tissue. The improvement in market conditions in the 3rd quarter continued to be felt in the final quarter. Although initially slow, the destocking process along the distribution chain appears to have dissipated, bringing a consistent upturn in the level of new orders to European manufacturers, significantly offsetting the seasonal factors normally faced by the industry.

In the 4th quarter, the level of new orders recorded by Navigator from all markets increased by 18% over the previous quarter, and orders from Europe rose by 25%.

The industry recorded a significant adjustment in capacity utilisation rates in 2023, and Navigator likewise steadied the pace of production. The capacity utilization rate for year eventually stood at 78%, comparing with an average figure of 71% for the industry in Europe, boosted by the increase in the 4th quarter, when Navigator recorded a rate of 85% (vs. an industry rate of 80%).



Demand for printing and writing paper (K tons)



Source: PPPC

In a global context of sharply falling apparent demand (down 11%), UWF paper remains the most resilient, as usual, in view of its versatile uses, with a reduction of 6%, as compared to CWF papers, for which demand dropped by 17%. Demand for paper produced from mechanical pulp dropped by 18%.

In Europe in particular, apparent demand for UWF was down by 20%, although it also remained the most resilient grade, with the cutsize segment, in principle more vulnerable to the tendency for digitisation, presenting better performance than the others. It should also be noted that, in Europe, between 2013 and 2023, apparent demand for UWF fell by an average of 4.7% a year (CAGR). A clearly better trend than any of the other segments in the printing and writing paper family.

In the United States, demand declined more slowly than in Europe, down by 14%. Apparent UWF consumption in other world regions dropped by 2%, with China presenting growth of 6% in UWF consumption by November, in relation to 2022.

The benchmark index for the price of office paper in Europe (PIX A4 B-copy) averaged 1,206€/t (vs. 1,216€/t) in 2023, a variation of only 0.8% in relation to 2022, although the benchmark index closed the year at 1,092€/t, down by 18% on the start of the year (1,334€/t). Significantly, the 18% drop in the index is also comparable with the sharp adjustment in the pulp index which, despite rallying in the 2nd half, presented an overall decline of 27% since the start of the year.

Navigator's UWF sales totalled 1,131 thousand tons in 2023, down by 25% on the previous year. It is important to note that mill brands represented close to 80% of the year's sales (vs. an average of 65% over the period 2012-2021), highlighting the resilience of the company's branding strategy. The proportion of premium products, whilst lower than in the previous year, remains high, at 57% (compared to an average of 53% in the period 2012-2021).



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

In the packaging business, where a consolidated presence on the international market is still being built up, Navigator likewise felt the adverse conditions of a year marked by overstocking throughout the distribution chain, which was reflected in the slower and irregular behaviour of demand. In particular, consumption of bags (one of Navigator's main segments) fell by 40% after the introduction of mandatory in-store charges for consumers.

Nonetheless, the development of our Packaging business continues to show considerable promise, with a growing customer base, recognition of the quality of our products, based on eucalyptus globulus fibre, and consequently of the gKraft™ brand. Our products are being used by high profile brands in sectors ranging from fashion to food retail, e-commerce, manufacturing and farming.

This success is confirmed by growth in the client base, which today boasts more than 230 active clients, in 30 countries, since starting up in 2021. gKRAFT has won recognition not only in the marketplace: Navigator's work in the field of sustainable packaging solutions was rewarded in June this year by winning the National Innovation Prize. In addition, the Mobilising Agenda entitled "From Fossil to Forest - Sustainable Packaging Products to Substitute Fossil Plastic", led by Navigator, was selected by Deloitte Portugal for its Transformation Award, distinguishing transformation and innovation projects with an impact on markets.

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

Navigator worked over the course of 2023 on developing new product ranges, aimed at the food industry, and also at a variety of consumer products. These are currently still being trialled and launched on the market, in a large-scale operation aimed at new customers, supported by the conducting of 220 market trials in 2023. Developments included the creation of new product ranges, most significantly for innovative 100% Eucalyptus products, with a total of 31 new grades.

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

Pulp Market

The 1st half of 2023 saw prices drop sharply from historically high levels. The benchmark index for short fibre (hardwood) - PIX BHKP in dollars- had climbed to an all-time record level in 2022 of 1,380 USD/t. In the 2nd quarter, we saw prices rally in China and in Europe - prices in China bottomed out in May (475 USD/t) and ended 2023 at 653 USD/t, whilst in Europe they fell to their lowest level in August (800 USD/t), recovering by December to 1,008 USD/t.



Falling pulp prices in the first half of the year could be traced to (i) the YoY reduction in demand globally, and in particular in Europe; (ii) rising stocks along the supply chain in late 2022 and early 2023; (iii) easing of the logistical constraints experienced during 2022; and (iv) growth in supply, due to new capacity coming online, especially in Latin America, where one venture started up in December 2022 (1.6 Mt) and another during the second half of 2023 (2.1 Mt).

The second half of the year brought a reversal of fortunes for the pulp market, with global demand for eucalyptus (EUCA) pulp performing more strongly than in the first half of the year (when growth was practically nil). China was the driving force behind this recovery, with restocking after prices bottomed out in May.

As a result, Chinese demand for hardwood pulp (HW) performed well in the second half, culminating in growth of 29% HW and 24% for short eucalyptus fibre (EUCA) in 2023, comparing favourably with the first half (up 21% HW, up 14% EUCA).

As a result, global demand for hardwood pulp (HW) kept pace with this positive tendency in the second half, culminating in growth of 8.0% HW and 6.5% for short eucalyptus fibre (EUCA) in 2023, comparing favourably with the first half (up 3.1% HW, up 0.6% EUCA).

Stocks at manufacturers and ports were also high in the first half of the year, and then normalised in the second half. Comparing 2nd half stock levels with those in the first half of the year, we may observe that stocks at manufacturers of chemical and hardwood fibre pulp fell by 7% and 6% respectively and stocks at ports fell by 11% in China and in Europe recorded a significant downwards adjustment (-35%).

Over the course of the year, Navigator has had a larger quantity of pulp available for sale, as a result of less being incorporated into paper. As a consequence, pulp sales for the period stood at 462 thousand tons, representing an increase of 81% YoY, whilst the value of sales was constrained by the current level of prices, showing growth of 26%.

Growth and strong performance in Tissue business

Tissue business took a front seat in 2023, with the acquisition of a production unit in Zaragoza, taking effect from the start of the 2nd quarter. The takeover of this new mill is part of Navigator's ambitious plan for growth and diversification and has bolstered its strategic position in the Tissue market, where in just eight years it has established itself as the 2nd largest player in Iberia, with total annual production capacity of 165 thousand tons and annual converting capacity of 180 thousand tons.

In 2023, Tissue sales proved significantly resilient, and there was sustained growth in demand for Navigator's finished products, despite the contraction of demand in Western Europe (down 2.9%, first eleven months), especially in the second half.

The volume of Tissue sales (finished product and reels) totalled 142 thousand tons in 2023, representing an increase in volume of 40% in relation to 2022, whilst the value of sales grew by 49%. This success was boosted by the integration of the new mill in the second quarter, changing its name to Navigator Tissue Ejea. As well as contributing to growth in sales, the new mill has also expanded our customer base and generated significant gains by unlocking synergies.

Sales of Navigator brands in 2023 were up by 25% in comparison with 2022. Similarly, sales of more distinctive and innovative products continued to set new records in 2023 and were up by 64% in relation to 2022.



The focus on innovation and differentiation continues to allow Navigator to enjoy recognition from consumers, winning the "5 Star Award" for the third year running. This has further raised its profile with customers, especially in terms of mill brands which in 2023 accounted for 24% of the total volume of finished product sales.

Power Output of 1,436 GWh in 2023, of which 76% was from renewable energy sources

Power sales totalled € 165 million in 2023, down by 35% on the previous year.

This result is explained essentially by; (i) reduction in the market price (OMIE), which meant that it became advantageous to switch the renewable cogeneration facilities to the special pricing system (when in 2022 they sold their output under the market price system, benefiting from a better OMIE price), (ii) lower sales by the Setúbal Combined Cycle Natural Gas Power Station, as a result of it changing in 2023 to operation of only one generator set (the operating margin for this unit was brought down by the difference between the market power price and the natural gas price), making it possible to cut consumption of fossil fuels, and (iii) reduced operation of paper machines (meaning that less heat was needed to dry paper, causing the cogeneration plants to be operated less, in turn reducing output of electricity).

The Group's industrial units continued 2023 to participate in the Regulation Reserve Band Market, a system service provided to the operator of the power grid by qualified major power consumers, designed to contribute to the fundamental aim of safeguarding the security of supply in the National Electrical System.

In another important development in 2023, work started on building the new solar power facilities for the group's own consumption at the industrial sites in Figueira da Foz, Aveiro and Vila Velha de Ródão. This will triple the capacity installed on our sites, from 12 MWp at present to close to 38 MWp.

In phase three, in 2024-25, installation will proceed of between 8 and 15 MWp of new photovoltaic solar capacity, which will bring Navigator's total capacity up to between 46 and 53 MWp, making Navigator the no. 1 player in solar PV rated capacity for in-house consumption in Portugal.

Along similar lines, the Navigator Group is also looking into the possibility of investing in batteries (electrical storage), above all for providing regulation reserve system services. There is the possibility of investing in up to three batteries, 10 MW / 2 hours each. If this investment proves attractive, it may amount to a capex project of 7 to 21 million euros.

With more of a medium-long term view, Navigator is still looking into the attractiveness of investing in green fuels, both biofuels (medium term) and e-fuels or synthetic fuels (medium-long term).

In terms of biofuels, possible capex projects are being assessed in the production of second-generation bioethanol (using eucalyptus bark as raw material) and in producing kraft biomethanol (through the recovery and purification of by-product biomethanol produced at pulp mills) for use as fuel or in the chemicals industry.

Lastly, in terms of e-fuels, capex projects are still being assessed for production of e-methanol and e-jetfuel. These are two distinct projects, with different technologies and potential partners. In both cases, an essential component is biogenic CO₂, which is a by-product in our pulp production processes. In brief, these are processes for synthesising (biogenic) CO₂ and green H₂ (obtained from water electrolysis) with a view to producing sustainable hydrocarbons (e-methanol, e-kerosene), neutral in carbon emissions, for the shipping and/or aviation sectors, where electrical engines are not an option.



In the meantime, the European regulations on e-SAFs have changed, and incorporation of e-SAFs into traditional fuels will only be mandatory in 2030, meaning that priorities need to be reconsidered. As a result, the project previously announced with P2X Europe (for production of e-fuels/e-SAFs), which was provisionally scheduled to start operation in 2023, will not be able to proceed as initially envisaged. The two companies have nonetheless reaffirmed their interest in continuing to look into any new opportunities in the power-to-liquids sector, in line with the new adoption dates set by the EU.

Cost management and price levels together offset falling demand, resulting in EBITDA of € 502 million

Variable costs were brought down significantly over the year, with a reduction in unit cash costs in all segments. Careful management of paper prices, especially in segments with higher value added, has offered additional protection to profits, in a context where volumes of paper sales have dwindled. These factors, combined with a sales strategy of prioritising mill brands and product and market diversification, made it possible to achieve EBITDA of € 502 million.

Unit cash costs improved over the year, and most significantly in the 2nd half. Comparing the 2nd half in 2023 with the same period in 2022, we can point to a sharp drop in costs, with a reduction of between 16% and 20% in the pulp and paper segments (printing and writing, tissue and packaging).

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

Control of fixed costs resulted in a reduction of 5% in 2023 in relation to 2022, despite the inclusion of the Tissue Ejea unit in the 2nd quarter. Considerable efforts have been made to contain costs, with maintenance and running costs rising by less than 1% in 2023, well below the rate of inflation for the year (4.3%) and the rate of global wage rises, in particular at Navigator, where the average wage rise implemented in 2023 was 5.3%.

In this context, Navigator achieved EBITDA of € 502 million in 2023 and an EBITDA / Sales margin of 26% (down 4.2 p.p. on 2022). Attention is drawn to the net negative impact of the exchange rate on EBITDA, of approximately € 16 million, with an average EUR/USD rate in 2023 of 1.08, as compared to 1.05 in 2022.

Financial Results benefit from interest rate hedging policy

Financial results showed a loss of € 19 million (as compared to € - 57 million in 2022). It should be noted that in 2022 financial results were penalised by non-recurrent (non-cash) impacts, resulting from recognition, in income for the period, of accumulated exchange rate losses, essentially relating to repayment of shareholder loans provided to the subsidiary Portucel Moçambique (€ -34 million).

If these non-recurrent items are excluded, we can point to an improvement YoY of € 4.6 million. This was partly due to rising interest rates, which enabled Navigator to optimise cash management, with a positive impact of € 3.7 million. At the same time, the interest rate risk hedging policy, with 95% of total borrowing currently on a fixed rate basis, made it possible for the average borrowing rate to be kept stable despite the steep hike in reference rates. Combined with the reduction in gross debt, this also made for an improvement of € 1.1 million in financing costs.

Pre-tax profits totalled € 347 million (€ 516 million in 2022) and corporation tax payable stood at € 72 million (€ 124 million in 2022), with a taxation rate for the period of 20.8% (24% in 2022). Net income stood at € 275 million (€ 393 million in 2022).



Free cash flow generation impacted by acquisition operation and by accelerated capex

Free cash flow generation in 2023 stood at approximately € 92 million (vs. approx. € 463 million in 2022), reflecting the impact of the disbursement for acquisition of the Tissue unit in the 1st quarter (€ 85 million), the demanding schedule for the capex plan under the Recovery and Resilience Plan (RRP) and the additional payment of € 108 million in corporation tax (IRC), as a result of the exceptional level of profits in the previous year, as well as the distribution of employee bonuses. These payments are closely related to the excellent performance the company achieved in 2022.

The figures were also due in part to a significant reduction in the value of inventories and of client receivables, more than offsetting the reduction in balances payable to suppliers, which reflect the policy of supporting our partners' liquidity.

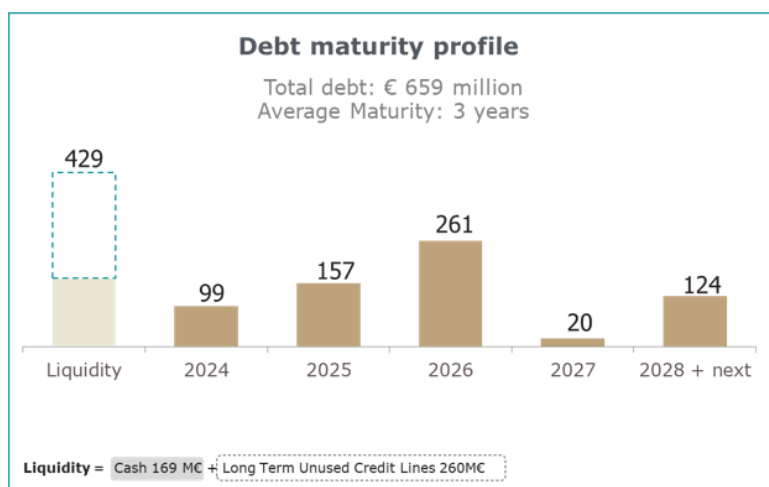
New long term green Finance from EIB, worth € 115 million, consolidates Sustainable Financial Management

Net debt stood at € 490 million at year-end 2023, reflecting the impact, among other things, of the disbursement for acquisition of the new Tissue mill in the first quarter and the distribution of € 200 million in dividends in the second quarter. As a result, the ratio of Interest-Bearing Net Debt/EBITDA ratio stood at 0.98, further consolidating the financial strength displayed by the Group in recent years.

Debt repayments totalling € 82 million were made over the year, In the 4th quarter, Navigator contracted long term finance from the European Investment Bank (EIB) with a value of 115 million euros, which can be drawn in 3 tranches over a period of 18 months after signing, with maturities of up to 12 years. The loan is intended to support the project to build and operate the high-efficiency recovery boiler at the Setúbal Industrial Complex, a fundamental step forward under the roadmap for decarbonisation. This green finance is provided as part of the REPowerEU Plan, designed to boost finance for green energy and to support the European Union's autonomy and ability to compete.

As a result, average debt maturity remains appropriate, with rationally staggered repayments, 46% of total debt tied to sustainability (42% of total issued) and 95% of total debt issued on a fixed rate basis, enabling us to maintain low financing costs in a scenario of sharply rising interest rates.

Unused long term credit facilities currently total € 260 million.



Average Interest Rate (Dez-23)
1.9%

Interest Rate	
Fixed	Floating
95%	5%

Investment of € 187 million accelerates decarbonisation

In 2023, capital expenditure totalled € 187 million (compared to 113 million in 2022). Capital expenditure consisted mostly of projects aimed at maintaining production capacity, modernising plant and achieving efficiency gains, as well as structural and safety projects.

Capex projects include the new high efficiency Recovery Boiler in Setúbal, the new tower and washing presses in Aveiro, which are both under way and will help accelerate the Group's decarbonisation plan, as well as investment in wastewater treatment (WWTP in Setúbal), the new Wood Yard in Figueira da Foz and ash treatment for the Recovery Boiler in Aveiro.

Over the next two years, Navigator will continue with a high level of investment, in particular under the Recovery and Resilience Plan (RRP). This process will be led by the From Fossil to Forest Agenda - "Sustainable Packaging Products to replace Fossil Plastic", including, among other ventures, those already under way: i) projects to develop high yield chemical pulp and brown papers; ii) projects to develop moulded cellulose for rigid packaging; (iii) biocomposites, and iv) papers with barrier properties. The Decarbonisation Agenda has also been launched, including the projects already under way: i) new cogeneration turbine in Figueira da Foz, ii) new lime and biomass kiln in Figueira da Foz, iii) new recovery boiler in Setúbal, iv) incineration of non-condensable gases (NCG) in the new recovery boiler in Setúbal, v) new cogeneration plant at Tissue Aveiro, vi) new solar facility at Tissue Aveiro, vii) new bleaching tower and pulp washing presses in Aveiro; viii) new cogeneration plant in Vila Velha de Ródão. The Transform Agenda, featuring in particular the following projects already under way: i) genetic improvement and see orchards at Viveiros Aliança and Raiz; ii) Remove data detection for sustainable and resilient forestry management; iii) Boosting adopting of electrical engines in Portugal's forestry sector and iv) Reclamation of industrial waste for producing fertilisers.

For eligible investments under the RRP, an incentive rate of around 40% is anticipated, corresponding to close to € 100 million, and the company received approximately 21 million in 2023.

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

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



CREATING VALUE, PLANTING THE FUTURE

Navigator draws its motivation from a corporate purpose that involves sharing value with society and a commitment to generating a positive impact on people and the planet through its business.

It accordingly pays keen attention to the global developments, seeking to consolidate its strategy and its ability to steer its operations, successfully and sustainably, through uncertain future, building partnerships with various stakeholder groups and seeking to cooperate with organisations that share its values, creating a positive impact on Society, the Climate and Nature.

The initiatives and projects undertaken over the year include the Navigator Forestry Producers Club, a pioneering and unique scheme for strengthening relations with its partners and making an important contribution to a significant increase in Portugal's forestry yields and wood output, by disseminating sustainable and active management practices in the country's woodlands.

With the slogan "Working Together for the Forest", the Navigator Forestry Producers Club sets out to support our forestry sector partners, on a collaborative basis, in implementing active and responsible forestry management. A technological platform is used to provide agent acceleration solutions, a central purchasing unit and a varied range of benefits, in addition to direct access to programmes supporting production, provision of forest management tools, training and also co-investment opportunities.

By increasing the area of land in Portugal on which best forestry practices are applied and all certification requirements are complied with, the project will bring benefits that extend well beyond a stronger eucalyptus sector. It will also contribute to lower fire risks, less CO₂ emissions, increased biodiversity, with more conservation areas, and to a more dynamic economy in inland regions of Portugal.

Other important developments in 2023:

Environment

In 2023, capital expenditure totalled € 187 million (compared to € 113 million in 2022), of which € 106 million related to investment classified as sustainability projects (ESG), representing 57% of total capex.

This investment has enabled Navigator to bring forward by three years its interim target for direct emissions, and it expects to achieve by the end of 2026 the goals initially set for 2029 in its Roadmap for Decarbonisation of its industrial operations by 2035. This means that by 2026 Navigator will be able to achieve a level representing less than half of the emissions recorded in 2018. It should nonetheless be noted that in 2023 emissions were already 41% down from 2018 levels.

Social / People:

On social issues, Navigator's initiatives included signing up to the United Nations Global Compact and taking part in the Business & Human Rights Accelerator Program, reasserting its commitment to sustainable development, responsible business and defence of human and employment rights.

The company has committed itself to exercising diligence on environmental and human rights issues through its risk management systems, strict standards for suppliers of raw materials and its Human Rights Policy.

In signing up to the 10 principles of the UN Global Compact, the company is furthering its efforts to promote responsible business conduct. Participation in the Business & Human Rights Accelerator Program represents



an opportunity to step up efforts to identify, prevent and eliminate negative impacts along the value chain, whilst enabling it to communicate the progress it makes and to collaborate with international actors.

Over recent years, Navigator has sought to increase diversity in its teams, believing that this can offer a wider range of opinions, perspectives, and forms of interaction, thereby boosting its potential for innovation. The two indicators that best reflect this achievement are the improved gender balance and the increase in employees of different nationalities:

- 30% increase in the percentage of women in middle and senior management positions in the last 5 years to date;
- 110% increase in the percentage of women in top management positions in the last 5 years to date;
- 30 different nationalities in the company, and 24 in Portugal

At the same time, the average age and average length of service have both come down over the last 5 years, so that different generations work side by side. Careful change management has accordingly been essential, with monitoring through the various initiatives of the Grow project.



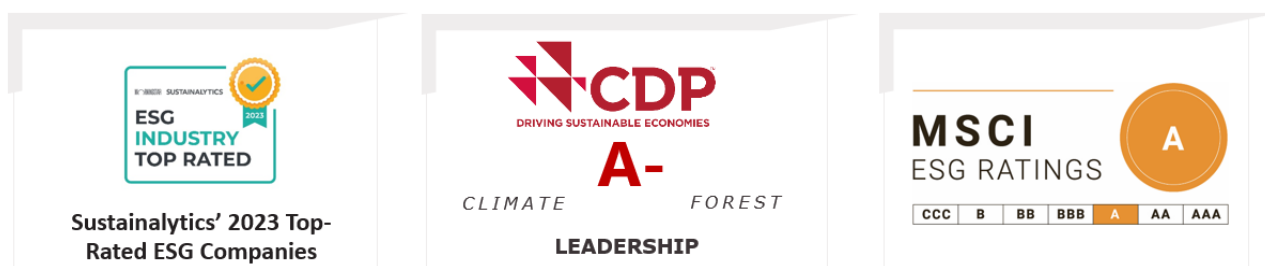
Governance / Business Innovation and Transformation

Another focus in 2023 was on business innovation and transformation. In the 2nd quarter, the gKRAFT™ packaging papers range was awarded the National Innovation Prize, in the category for “Innovation in Large Companies”. The prizes are organised by *Jornal de Negócios*, BPI and Claranet, in partnership with Nova SBE and Cotec Portugal.

The From Fossil to Forest Agenda was the winner of the Transformation Award from Deloitte Portugal, in the category for transformation and innovation projects with market impact. The award recognises the importance of the project in creating disruptive products and cellulose-based packaging as a response to the challenges posed by growing consumption of single use plastics.

The Mobilising Agenda entitled “From Fossil to Forest - Sustainable Packaging Solutions for Substituting Fossil Plastic”, led by Navigator, is one of our most ambitious investments in the field of the forest-based bioeconomy, involving the design, production and marketing of innovative packaging, based on raw material sourced from planted eucalyptus forests with certified management.

External recognition of our commitment to sustainability





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

OUTLOOK

The uncertainty and possibility of increased volatility in international markets (financial, energy, logistics and commodity markets), generated by the current economic climate and the geopolitical tensions that have developed and accumulated in recent years, mean that it is still difficult to predict market developments in the near future.

In the first quarter, pulp business is expected to continue to recover gradually, as already observed since the third quarter of 2023. However, prudence is advisable in the current context as regards how the market will develop over the rest of the year. Other factors recommending caution are the volatility of the Chinese market, the main driving force behind hardwood pulp consumption, and the start-up of a new mill in Latin America (2.6 Mton/year), due to be one of the three largest hardwood fibre mills in the world (increasing the uncertainty over the balance between supply and demand).

In the Paper segment, order books are expected to improve in the 1st quarter, in line with a trend we have observed as from September 2023. In addition to growing orders, delivery times from mills to distributors have increased, currently above 2021 levels. In addition to the expected normalisation, the crisis in the Suez Canal is also contributing to increased delivery times (of cargo coming from Asia). Despite the current context of an economic slowdown and extreme uncertainty, it is foreseeable that the upturn in demand, the reduction of supply in Europe and the severe pressure on costs will help reverse the downward course of paper prices in Europe and in certain international markets.

In Europe, temporary and definitive reductions in capacity have been announced in the paper sector. In 2023 and 2024, the European market will shed almost 400 thousand tons of annual UWF production capacity. Some manufacturers have announced the permanent closure of operations, whilst others have announced the conversion of capacity to packaging grades. In contrast, China has recorded a net increase of 1.4 million tons in 2023 and a further 5.4 million tons of net UWF capacity is expected to come online in the next few years (although 2.5 million of this is still uncertain). This movement will be positive for the Pulp market, but it could nonetheless put pressure on paper markets, not so much in Europe, as in Overseas regions.

In the tissue paper segment, demand for Navigator Tissue continues to present interesting rates of growth. The Group has moved to create synergies and economies of scale driven by business growth, in particular with the acquisition of Navigator Tissue Ejea.

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

The quick footed response by Navigator's teams, in managing all operations, from forestry to the group's various production units, combined with sales strategies focused on responsible price management, prioritising mill brands and diversifying into new products and regions, rigorous programmes to control costs and achieve efficiency in specific consumption levels, and the company's sound finances, have all enabled it to deliver consistently strong and stable results in changing market contexts. We are confident that all these factors, together with development focused on diversification of the group's operational base, will continue to highlight and underpin the resilience of Navigator's business model.



PROPOSED ALLOCATION OF PROFITS

In view of Navigator's 2023 performance, the Board of Directors will propose to the General Meeting of Shareholders the distribution of dividends, in relation to the financial year of 2023, of € 0.21091 per share, corresponding to a total value of approximately € 150 million. Additionally, the Board of Directors will propose employee profit-sharing for the year up to €14 million.

Lisbon, 20 February 2024

Conference Call and Webcast for Analysts and Investors

Date: Monday, 26 February 2024

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

Link to the Conference Call webcast:

<https://streamstudio.world-television.com/1076-1695-39000/en>

Link for pre-registration to access the Conference Call via telephone:

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



FINANCIAL STATEMENTS

The Navigator Company, S.A.
Consolidated Income Statement
on December 31th 2023 and 2022

Amounts in Euro

	2023	2022
Revenue	1 953 242 900	2 464 624 691
Other operating income	80 315 713	71 158 532
Changes in the fair value of biological assets	(6 907 896)	(24 824 186)
Costs of goods sold and materials consumed	(848 515 663)	(968 849 205)
Variation in production	(23 719 799)	80 484 007
External services and supplies	(422 373 519)	(626 158 733)
Payroll costs	(172 252 203)	(186 239 235)
Other operating expenses	(58 241 591)	(73 837 092)
Net provisions	1 006 041	(1 621 447)
Depreciation, amortisation and impairment losses in non-financial assets	(136 198 800)	(161 277 579)
Operating results	366 355 183	573 459 753
Financial income	14 033 284	1 688 981
Financial expenses	(33 353 202)	(58 671 991)
Net financial results	(19 319 918)	(56 983 010)
Gains/(losses) of associates and joint ventures	-	-
Profit before tax	347 035 265	516 476 743
Income tax	(72 086 123)	(123 937 812)
Net profit for the period	274 949 142	392 538 931
Attributable to Navigator Company's Shareholders	274 923 820	392 537 070
Attributable to non-controlling interests	25 322	1 861



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

Amounts in Euro

2023

2022

ASSETS

Non-current assets

Goodwill	381,496,008	377,339,466
Intangible assets	46,198,240	44,813,091
Property, plant and equipment	1,233,223,791	1,099,689,407
Right-of-use assets	65,044,454	57,934,840
Biological assets	115,591,979	122,499,875
Investment properties	463,404	90,943
Receivables and other non-current assets	44,399,506	25,282,858
Deferred tax assets	23,653,501	27,204,659
	1,910,070,883	1,754,855,139

Current assets

Inventories	286,490,362	298,729,217
Receivables and other current assets	424,740,973	499,143,408
Income tax	18,385,534	16,216,543
Cash and cash equivalents	169,464,967	343,083,788
	899,081,836	1,157,172,956

Total assets **2,809,152,719** **2,912,028,095**

EQUITY AND LIABILITIES

Capital and Reserves

Share capital	500,000,000	500,000,000
Currency translation reserve	5,309,023	5,343,706
Fair value reserves	12,898,767	33,997,828
Legal reserve	100,000,000	100,000,000
Other reserves	3,481,014	3,481,014
Retained earnings	418,633,191	224,049,919
Net profit for the period	274,923,820	392,537,070

Equity attributable to Navigator Company's Shareholders **1,315,245,815** **1,259,409,537**

Non-controlling interests 327,018 297,977

Total Equity **1,315,572,833** **1,259,707,514**

Non-current liabilities

Interest-bearing liabilities	560,085,341	643,006,886
Lease liabilities	62,848,761	55,089,083
Pensions and other post-employment benefits	-	2,835,730
Deferred tax liabilities	95,856,013	98,314,430
Provisions	27,837,286	28,432,877
Payables and other current liabilities	114,670,790	34,852,398
	861,298,191	862,531,404

Current liabilities

Interest-bearing liabilities	99,259,122	82,294,836
Lease liabilities	7,148,060	6,551,966
Payables and other current liabilities	503,046,782	575,467,689
Income tax	22,827,731	125,474,686
	632,281,695	789,789,177

Total Liabilities **1,493,579,886** **1,652,320,581**

Total Equity and Liabilities **2,809,152,719** **2,912,028,095**