



**ALTRI, SGPS, S.A.**  
Public Company

Head Office: Rua Manuel Pinto de Azevedo, 818 – Porto  
Fiscal Number 507 172 086  
Share Capital: 25,641,459 Euro

**Financial Information – 3<sup>rd</sup> Quarter of 2019  
(Unaudited)**

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

## Financial Information 3Q 2019

The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS). Since January 1, 2019, IFRS 16 was adopted, and in accordance with this standard, 2018 information was not restated.

### 3Q2019 Profit and Loss Statement

| thousand Euro                                                   | 3Q 2019                 | 3Q 2018                 | 3Q19/3Q18<br>Var%          | 2Q2019                  | 3Q19/2Q19<br>Var%         |
|-----------------------------------------------------------------|-------------------------|-------------------------|----------------------------|-------------------------|---------------------------|
| <b>Total revenues</b>                                           | <b>174,790</b>          | <b>205,193</b>          | <b>-14.8%</b>              | <b>199,980</b>          | <b>-12.6%</b>             |
| Cost of sales                                                   | 62,986                  | 61,084                  | 3.1%                       | 73,583                  | -14.4%                    |
| External supplies and services                                  | 44,415                  | 46,725                  | -4.9%                      | 47,286                  | -6.1%                     |
| Payroll expenses                                                | 9,323                   | 8,976                   | 3.9%                       | 9,742                   | -4.3%                     |
| Other expenses                                                  | 2,385                   | 5,011                   | -52.4%                     | 1,772                   | 34.6%                     |
| Provisions and impairment losses                                | 1,181                   | 1,385                   | -                          | -159                    | -840.8%                   |
| <b>Total expenses (a)</b>                                       | <b>120,290</b>          | <b>123,180</b>          | <b>-2.3%</b>               | <b>132,224</b>          | <b>-9.0%</b>              |
| <b>EBITDA (b)<br/>margin</b>                                    | <b>54,500<br/>31.2%</b> | <b>82,013<br/>40.0%</b> | <b>-33.5%<br/>-8.8 pp</b>  | <b>67,756<br/>33.9%</b> | <b>-19.6%<br/>-2.7 pp</b> |
| Amortisation and depreciation                                   | 19,035                  | 16,096                  | 18.3%                      | 18,229                  | 4.4%                      |
| <b>EBIT (c)<br/>margin</b>                                      | <b>35,465<br/>20.3%</b> | <b>65,916<br/>32.1%</b> | <b>-46.2%<br/>-11.8 pp</b> | <b>49,527<br/>24.8%</b> | <b>-28.4%<br/>-4.5 pp</b> |
| Gains / (losses) related to investments                         | 101                     | 1,315                   | -                          | 25                      | -                         |
| Financial expenses                                              | -7,047                  | -5,440                  | 29.5%                      | -7,460                  | -5.5%                     |
| Financial income                                                | 1,621                   | 1,390                   | 16.7%                      | 594                     | 173.1%                    |
| <b>Financial profit / (loss)</b>                                | <b>-5,325</b>           | <b>-2,736</b>           | <b>94.6%</b>               | <b>-6,841</b>           | <b>-22.2%</b>             |
| <b>Profit before income tax</b>                                 | <b>30,140</b>           | <b>63,181</b>           | <b>-52.3%</b>              | <b>42,686</b>           | <b>-29.4%</b>             |
| Income tax                                                      | -7,295                  | -16,579                 | -56.0%                     | -11,549                 | -36.8%                    |
| <b>Net profit attributable to parent company's shareholders</b> | <b>22,845</b>           | <b>46,602</b>           | <b>-51.0%</b>              | <b>31,137</b>           | <b>-26.6%</b>             |

(a) Operating costs excluding amortisation, financial expenses and income tax

(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation

(c) EBIT = earnings before interests and taxes

As in the previous quarter, the third quarter of 2019, was characterised by a continuous downward trend in BHKP pulp sales price, which, according to the price index PIX, the average for the month of September 2019, reached 764 USD/ton (692 EUR/ton).

The decrease in total revenues volume is explained by the downward trend in the price, as well as the demand decrease from regular clients.

During the quarter under analysis it was applied a commercial strategy that reduced the exposure to peripheral markets (spot), where the sales price is substantially lower.

Hence, during the third quarter of 2019, the tons level of pulp sold has been reduced compared to the previous quarter.

**3<sup>rd</sup> Quarter of 2019: EBITDA reached 54.5 million Euro**

During the third quarter of 2019, EBITDA of Altri Group reached approximately 54.5 million Euro, which corresponds to a 33.5% decrease when compared to the same quarter of previous year. EBITDA margin achieved 31.2%.

In terms of top line, total revenues amounted to 175 million Euro, a 15% decrease when compared with the same period of 2018.

During the period under analysis, 285.3 thousand tons of pulp were produced, of which 27 thousand tons of dissolving pulp. The volume of pulp produced was slightly lower than the same period of the previous year (-0.5%) and slightly higher than the second quarter of 2019 (+0.6%).

In terms of sales, during the period between July and September 2019, 260.1 thousand tons of pulp were sold (-3.4% over the same period of 2018 and -4.4% over the second quarter of 2019), of which 22.3 thousand tons of dissolving pulp. Total pulp sales amounted to 133.6 million Euro, which corresponds to a 25% decrease when compared to the same period of the previous year and a 19% decrease over the previous quarter of 2019.

**Exports reached 116 million Euro**

Regarding exports, during the third quarter of 2019, Altri exported around 224.2 thousand tons of pulp (-7% over the same period of 2018). In monetary terms, quarter exports amounted to 116 million Euro, which corresponds to a 28% decrease, when compared to the third quarter of 2018.

Regarding expenses, total operational expenses decreased 2.3% over the same period of the previous year and a 9% decrease when compared to the second quarter of 2019.

A horizontal banner image showing a close-up of green leaves, likely from a plant, with the text "Financial Information 3Q 2019" overlaid in white.

## Financial Information 3Q 2019

EBITDA recorded during the third quarter of 2019 amounted to 54.5 million Euro, a 33.5% decrease over the EBITDA recorded in the same period of 2018 and a 20% decrease over the previous quarter of the current year.

Amortisations and depreciations amounted to 19.0 million Euro, representing a 18% increase over the same period of 2018. This increase reflects the consolidation of biomass companies; the conclusion of the investment projects occurred at Celbi and Celtejo, namely the installation of the new recovery boiler; and the impact of IFRS 16 adoption.

The net financial loss amounted to 7.3 million Euro.

Altri's consolidated net profit amounted to 22.8 million Euro.

## Financial Information 3Q 2019

### 9 months period of 2019: EBITDA reached 197 million Euro

Regarding the first nine months of 2019, total revenues recorded 582.1 million Euro, which corresponds to a slightly decrease of 0.3% over the same period of 2018. EBITDA amounted to 196.8 million Euro, corresponding to a 9.7% decrease. EBITDA margin reached 33.8%. The net profit of this period achieved 90.7 million Euro (-24.7%).

| thousand Euro                                                   | 9M 2019                  | 9M 2018                  | 9M19/9M18<br>Var%         |
|-----------------------------------------------------------------|--------------------------|--------------------------|---------------------------|
| <b>Total revenues</b>                                           | <b>582,124</b>           | <b>583,618</b>           | <b>-0.3%</b>              |
| Cost of sales                                                   | 214,037                  | 194,435                  | 10.1%                     |
| External supplies and services                                  | 135,786                  | 135,580                  | 0.2%                      |
| Payroll expenses                                                | 28,335                   | 25,888                   | 9.5%                      |
| Other expenses                                                  | 5,992                    | 9,512                    | -37.0%                    |
| Provisions and impairment losses                                | 1,181                    | 186                      | -                         |
| <b>Total expenses (a)</b>                                       | <b>385,330</b>           | <b>365,601</b>           | <b>5.4%</b>               |
| <b>EBITDA (b)<br/>margin</b>                                    | <b>196,794<br/>33.8%</b> | <b>218,017<br/>37.4%</b> | <b>-9.7%<br/>-3.5 pp</b>  |
| Amortisation and depreciation                                   | 56,191                   | 41,680                   | 34.8%                     |
| <b>EBIT (c)<br/>margin</b>                                      | <b>140,603<br/>24.2%</b> | <b>176,337<br/>30.2%</b> | <b>-20.3%<br/>-6.1 pp</b> |
| Gains / (losses) related to investments                         | 128                      | 2,487                    | -94.9%                    |
| Financial expenses                                              | -20,696                  | -17,660                  | 17.2%                     |
| Financial income                                                | 3,608                    | 6,751                    | -46.5%                    |
| <b>Financial profit / (loss)</b>                                | <b>-16,960</b>           | <b>-8,422</b>            | <b>101.4%</b>             |
| <b>Profit before income tax</b>                                 | <b>123,643</b>           | <b>167,915</b>           | <b>-26.4%</b>             |
| Income tax                                                      | -32,937                  | -47,503                  | -30.7%                    |
| <b>Net profit attributable to parent company's shareholders</b> | <b>90,706</b>            | <b>120,412</b>           | <b>-24.7%</b>             |

(a) Operating costs excluding amortisation, financial expenses and income tax

(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation

(c) EBIT = earnings before interests and taxes

## Financial Information 3Q 2019

### Remunerated net debt of 529.6 million Euro

Altri's nominal remunerated net debt as of 30 September 2019 amounted to 529.6 million Euro, which corresponds to an increase of 97 million Euro over the net debt recorded in the end of 2018.

Total investment (CAPEX) recorded until September 2019 by industrial and biomass units amounted to approximately 57 million Euro.

The increase in the net debt in the third quarter of 2019 when compared to the first half of 2019, in the amount of 11.9 million Euro, is explained mainly by the effect of payments on account (over the income) made during the quarter under analysis.

Altri believes that is only possible to achieve a truly environmental, economic and social development if criteria leading Group decisions are sustainable, turning Altri, therefore, strongly focused in reinforcing its sustainable commitment by integrating sustainability in its corporate finance.

Consequently, under this context, Altri began, in the late 2018, preparing its first bond issuance aligned with the "Green Bond Principles" published by the International Capital Market Association, which was issued, in February 2019, as the first Green Bond Issuance admitted to trading in Portugal, on Euronext Access Lisbon.

More recently, as part of "Climate Finance Week", taking place this week in Dublin, Euronext has launched the "Euronext Green Bonds" – a pan-European initiative of the Euronext Group that seeks to promote the green bonds listed on Euronext Amsterdam, Brussels, Dublin, Lisbon, Paris and Oslo – in which Sociedade Bioelétrica do Mondego, S.A. green bond was integrated, from the first hour.

## Financial Information 3Q 2019

### Key balance sheet indicators

| thousand Euro                               | 30.Sep.19        | 31.Dec.18        | Var% |
|---------------------------------------------|------------------|------------------|------|
| Biological assets                           | 103,300          | 98,474           | 5%   |
| Property, plant and equipment               | 554,581          | 555,510          | 0%   |
| Goodwill                                    | 265,531          | 265,531          | 0%   |
| Intangible assets and Right of use          | 123,114          | 55,284           | 123% |
| Others                                      | 45,830           | 41,760           | 10%  |
| <b>Non-current assets</b>                   | <b>1,092,356</b> | <b>1,016,559</b> | 7%   |
| Inventories                                 | 96,118           | 70,096           | 37%  |
| Customers                                   | 94,760           | 120,825          | -22% |
| Cash and banks                              | 139,663          | 240,766          | -42% |
| Others                                      | 30,115           | 43,943           | -31% |
| <b>Current assets</b>                       | <b>360,656</b>   | <b>475,630</b>   | -24% |
| <b>Total assets</b>                         | <b>1,453,012</b> | <b>1,492,189</b> | -3%  |
| <b>Equity and non-controlling interests</b> | <b>453,498</b>   | <b>521,597</b>   | -13% |
| Bank loans                                  | 585,818          | 539,536          | 9%   |
| Lease liability                             | 71,262           | -                | n/a  |
| Others                                      | 80,671           | 82,586           | -2%  |
| <b>Non-current liabilities</b>              | <b>737,751</b>   | <b>622,122</b>   | 19%  |
| Bank loans                                  | 83,492           | 135,348          | -38% |
| Lease liability                             | 11,998           | -                | n/a  |
| Suppliers                                   | 95,513           | 123,710          | -23% |
| Others                                      | 70,760           | 89,412           | -21% |
| <b>Current liabilities</b>                  | <b>261,763</b>   | <b>348,470</b>   | -25% |



## Financial Information 3Q 2019

### Impacts da IFRS 16

Since 1 January 2019, Altri's Group financial statements reflect the adoption of IFRS 16. The Group did not restate the comparative information regarding 2018, according to the possibility stated in this standard. The main impacts of the standard in the semester under analysis are as follows:

1. EBITDA: increase of 8.2 million Euro;
2. Amortisations: increase of 6.5 million Euro;
3. Financial expenses: increase of 1.8 million Euro;
4. Asset ("Right of Use"): increase of 68 million Euro;
5. Liability ("Lease Liability"): increase of 83 million Euro;
6. Equity: decrease of 7 million Euro (net of deferred taxes).

The nominal remunerated net debt of 529.6 million Euro does not include the lease liability mentioned above.

## Financial Information 3Q 2019

### Pulp market

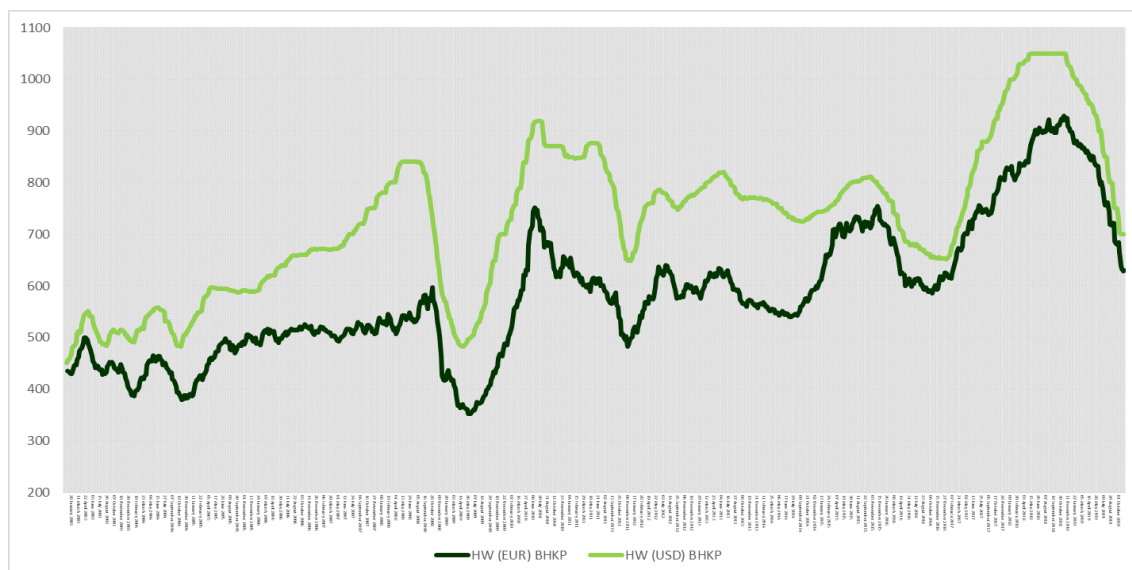
In accordance to demand's last data available (G100 Chemical Market Pulp Flash Report - August 2019), pulp total demand will have grown around 2.7% in August, where softwood pulp demand increased 11% and hardwood pulp demand decreased 1.6%. Hence, total pulp demand accumulated between January and August 2019 recorded a 0.6% decrease over the same period of 2018. If detailed by type of pulp, it is verified that softwood pulp demand recorded an increase of 3.8%, while hardwood pulp demand recorded a 3.4% decrease.

Considering the normal process of stocks accumulation linked with the Chinese Lunar New Year (which will take place as of 25 January 2020), demand has been increasing in recent months (compared to the date of this release).

In terms of BHKP pulp price, the third quarter of 2019 was characterised by an average price of 815 USD, which corresponds to a 22% decrease over the homologous quarter of 2018. In Euro, the average price evolution recorded during the same period was -19%.

### Evolution of BHKP pulp price in Europe from 2003

Source: *FOEX*



## Altri – business profile

Altri is a reference in European eucalyptus pulp producers. In addition to pulp production, the Group is also present in the renewable power production business from forest base sources, namely industrial cogeneration through black liquor and biomass. The forestry strategy is based on the full use of all the components provided by the forest: pulp, black liquor and forest wastes.

Currently, Altri manages over 80 thousand hectares of forest in Portugal, entirely certified by the *Forest Stewardship Council*® (FSC®)<sup>1</sup> and by the Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Altri has three pulp mills in Portugal, with an installed capacity that in 2018 reached more than 1 million tons/year of eucalyptus pulp.

Altri's organic structure can be represented as follows:



Oporto, November 7, 2019

<sup>1</sup> FSC-C004615



**Condensed consolidated  
financial statements and  
notes**

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Translation of financial statements originally issued in Portuguese - Note 20)  
(Amounts expressed in Euro)

| ASSETS                                                                | Notes | 30.09.2019           | 31.12.2018           |
|-----------------------------------------------------------------------|-------|----------------------|----------------------|
| <b>NON-CURRENT ASSETS:</b>                                            |       |                      |                      |
| Biological assets                                                     |       | 103,299,815          | 98,473,925           |
| Property, plant and equipment                                         |       | 554,581,422          | 555,509,551          |
| Right of use                                                          | 3     | 68,117,795           | -                    |
| Investment property                                                   |       | 113,310              | 113,310              |
| Goodwill                                                              |       | 265,531,404          | 265,531,404          |
| Intangible assets                                                     |       | 54,996,295           | 55,284,353           |
| Investments in associated companies                                   | 4.2   | 824,169              | 696,660              |
| Other financial investments                                           |       | 239,987              | 822,913              |
| Other non-current assets                                              |       | 6,453,853            | 3,210,260            |
| Derivatives                                                           | 11    | -                    | 733,653              |
| Deferred tax assets                                                   | 3     | 38,197,620           | 36,183,398           |
| <b>Total non-current assets</b>                                       |       | <b>1,092,355,670</b> | <b>1,016,559,427</b> |
| <b>CURRENT ASSETS:</b>                                                |       |                      |                      |
| Inventories                                                           |       | 96,117,708           | 70,096,250           |
| Trade receivables                                                     |       | 94,571,640           | 120,825,225          |
| Contract assets                                                       |       | 3,442,569            | 8,018,340            |
| Other debtors                                                         |       | 15,103,616           | 25,079,689           |
| Income tax receivable                                                 |       | 2,922,511            | 3,702,509            |
| Other assets                                                          |       | 7,088,900            | 7,043,093            |
| Derivatives                                                           | 11    | 1,209,282            | 98,873               |
| Cash and banks                                                        | 6     | 139,663,160          | 240,765,868          |
| <b>Total current assets</b>                                           |       | <b>360,119,386</b>   | <b>475,629,847</b>   |
| <b>Total assets</b>                                                   |       | <b>1,452,475,056</b> | <b>1,492,189,274</b> |
| <b>EQUITY AND LIABILITIES</b>                                         |       |                      |                      |
| <b>EQUITY:</b>                                                        |       |                      |                      |
| Share capital                                                         | 8     | 25,641,459           | 25,641,459           |
| Legal reserve                                                         |       | 5,128,292            | 5,128,292            |
| Other reserves                                                        | 3     | 332,011,592          | 296,330,045          |
| Consolidated net profit / (loss)                                      |       | 90,706,486           | 194,497,353          |
| Total equity attributable to the equity holders of the parent company |       | 453,487,829          | 521,597,149          |
| Non-controlling interests                                             |       | 10,000               | -                    |
| <b>Total equity</b>                                                   |       | <b>453,497,829</b>   | <b>521,597,149</b>   |
| <b>LIABILITIES:</b>                                                   |       |                      |                      |
| <b>NON-CURRENT LIABILITIES:</b>                                       |       |                      |                      |
| Bank loans                                                            | 9     | 27,500,000           | 33,500,000           |
| Other loans                                                           | 9     | 558,867,913          | 506,035,710          |
| Reimbursable government grants                                        | 9     | 2,942,267            | 6,581,251            |
| Lease liability                                                       | 3     | 71,262,016           | -                    |
| Other non-current liabilities                                         |       | 17,105,137           | 16,411,963           |
| Deferred tax liabilities                                              |       | 41,512,574           | 41,427,492           |
| Pension liabilities                                                   |       | 3,774,864            | 3,774,864            |
| Provisions                                                            | 10    | 14,386,930           | 14,390,330           |
| Derivatives                                                           | 11    | 2,294,645            | -                    |
| <b>Total non-current liabilities</b>                                  |       | <b>739,646,346</b>   | <b>622,121,610</b>   |
| <b>CURRENT LIABILITIES:</b>                                           |       |                      |                      |
| Bank loans                                                            | 9     | 6,216,448            | 6,536,505            |
| Other loans                                                           | 9     | 77,275,614           | 128,811,525          |
| Reimbursable government grants                                        | 9     | 5,197,888            | 5,511,090            |
| Trade payables                                                        |       | 94,231,579           | 123,710,486          |
| Contract liabilities                                                  |       | 7,911,373            | 5,670,445            |
| Lease liability                                                       | 3     | 11,998,261           | -                    |
| Other creditors                                                       |       | 22,053,153           | 29,391,301           |
| Income tax payable                                                    |       | 2,111,283            | 25,228,590           |
| Other liabilities                                                     | 3     | 27,939,418           | 20,677,215           |
| Derivatives                                                           | 11    | 4,395,864            | 2,933,358            |
| <b>Total current liabilities</b>                                      |       | <b>259,330,881</b>   | <b>348,470,515</b>   |
| <b>Total equity and liabilities</b>                                   |       | <b>1,452,475,056</b> | <b>1,492,189,274</b> |

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

The official chartered accountant

The Board of Directors

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE NINE AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 20)  
(Amounts expressed in Euro)

|                                          | Notes    | PERIOD ENDED AT   |                    | QUARTER ENDED AT  |                   |
|------------------------------------------|----------|-------------------|--------------------|-------------------|-------------------|
|                                          |          | 30.09.2019        | 30.09.2018         | 30.09.2019        | 30.09.2018        |
| Sales                                    |          | 571,668,701       | 571,210,038        | 169,952,058       | 200,261,929       |
| Services rendered                        |          | 3,343,629         | 6,931,598          | 1,179,964         | 2,302,597         |
| Other income                             | 14       | 7,111,466         | 5,475,977          | 3,657,674         | 2,628,530         |
| Cost of sales                            |          | (214,036,505)     | (194,435,312)      | (62,986,089)      | (61,083,659)      |
| External supplies and services           | 3        | (135,785,816)     | (135,580,406)      | (44,414,846)      | (46,725,452)      |
| Payroll expenses                         |          | (28,334,715)      | (25,887,621)       | (9,323,419)       | (8,976,121)       |
| Amortisation and depreciation            | 3        | (56,190,549)      | (41,679,701)       | (19,035,126)      | (16,096,161)      |
| Provisions and impairment losses         |          | (1,180,865)       | (185,680)          | (1,180,865)       | (1,384,610)       |
| Other costs                              |          | (5,991,897)       | (9,511,647)        | (2,384,799)       | (5,010,654)       |
| Gains / (losses) in associated companies | 4.2      | 127,509           | 2,487,176          | 100,695           | 1,314,708         |
| Financial expenses                       | 3 and 12 | (20,696,208)      | (17,660,245)       | (7,046,904)       | (5,440,108)       |
| Financial income                         | 12       | 3,608,331         | 6,750,644          | 1,621,490         | 1,399,613         |
| Profit before income tax                 |          | 123,643,080       | 167,914,821        | 30,139,832        | 63,180,612        |
| Income tax                               |          | (32,936,594)      | (47,503,225)       | (7,294,845)       | (16,578,871)      |
| Profit after income tax                  |          | 90,706,486        | 120,411,596        | 22,844,987        | 46,601,741        |
| <b>Consolidated net profit</b>           |          | <b>90,706,486</b> | <b>120,411,596</b> | <b>22,844,987</b> | <b>46,601,741</b> |
| Attributable to:                         |          |                   |                    |                   |                   |
| Parent company's shareholders            |          | 90,706,486        | 120,411,596        | 22,844,987        | 46,601,741        |
| Non-controlling interests                |          | -                 | -                  | -                 | -                 |
|                                          |          | <b>90,706,486</b> | <b>120,411,596</b> | <b>22,844,987</b> | <b>46,601,741</b> |
| <b>Earnings per share:</b>               |          |                   |                    |                   |                   |
| Basic                                    | 13       | 0.44              | 0.59               | 0.11              | 0.23              |
| Diluted                                  | 13       | 0.44              | 0.59               | 0.11              | 0.23              |

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

The official chartered accountant

The Board of Directors

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 20)  
(Amounts expressed in Euro)

|                                                                           | Notes | PERIOD ENDED AT |              | QUARTER ENDED AT |             |
|---------------------------------------------------------------------------|-------|-----------------|--------------|------------------|-------------|
|                                                                           |       | 30.09.2019      | 30.09.2018   | 30.09.2019       | 30.09.2018  |
| Consolidated net profit for the period                                    |       | 90,706,486      | 120,411,596  | 22,844,987       | 46,601,741  |
| Other comprehensive income:                                               |       |                 |              |                  |             |
| Items that may be reclassified to profit and loss in subsequent periods   |       |                 |              |                  |             |
| Change in fair value of cash flow hedging derivatives - gross amount      | 11    | (4,798,019)     | (10,214,384) | (6,280,067)      | (1,869,442) |
| Change in fair value of cash flow hedging derivatives - deferred taxation | 11    | 837,996         | 2,207,672    | 1,274,504        | 192,154     |
| Changes in currency translation reserves                                  |       | 24,722          | 39,824       | 15,352           | 26,459      |
| Others                                                                    |       | 53,453          | (1,157)      | 1,532            | 32          |
|                                                                           |       | (3,881,849)     | (7,968,045)  | (4,988,680)      | (1,650,797) |
| Other comprehensive income                                                |       | (3,881,849)     | (7,968,045)  | (4,988,680)      | (1,650,797) |
| Total comprehensive income for the period                                 |       | 86,824,637      | 112,443,551  | 17,856,307       | 44,950,944  |
| Attributable to:                                                          |       |                 |              |                  |             |
| Equity holders of the parent company                                      |       | 86,824,637      | 112,443,551  | 17,856,307       | 44,950,944  |
| Non-controlling interests                                                 |       | -               | -            | -                | -           |

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

The official chartered accountant

The Board of Directors

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 20)  
(Amounts expressed in Euro)

|                                                      | Notes | Attributable to the parent company's shareholders |                  |                    |                    |                    | Non-controlling interest | Total shareholders' funds |
|------------------------------------------------------|-------|---------------------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------------|---------------------------|
|                                                      |       | Share capital                                     | Legal reserve    | Other reserves     | Net profit         | Total              |                          |                           |
| Balance as of 1 January 2018                         | 8     | 25,641,459                                        | 5,128,292        | 267,729,157        | 96,068,168         | 394,567,076        | -                        | 394,567,076               |
| Appropriation of the consolidated net profit of 2017 |       | -                                                 | -                | 96,068,168         | (96,068,168)       | -                  | -                        | -                         |
| Dividends distribution                               |       | -                                                 | -                | (61,539,503)       | -                  | (61,539,503)       | -                        | (61,539,503)              |
| Total comprehensive income for the period            |       | -                                                 | -                | (7,968,045)        | 120,411,596        | 112,443,551        | -                        | 112,443,551               |
| Balance as of 30 September 2018                      | 8     | <u>25,641,459</u>                                 | <u>5,128,292</u> | <u>294,289,777</u> | <u>120,411,596</u> | <u>445,471,124</u> | -                        | <u>445,471,124</u>        |
| Balance as of 1 January 2019                         | 8     | 25,641,459                                        | 5,128,292        | 296,330,045        | 194,497,353        | 521,597,149        | -                        | 521,597,149               |
| IFRS 16 adoption effects                             | 3     | -                                                 | -                | (7,239,153)        | -                  | (7,239,153)        | -                        | (7,239,153)               |
| Balance as of 1 January 2019 restated                |       | 25,641,459                                        | 5,128,292        | 289,090,892        | 194,497,353        | 514,357,996        | -                        | 514,357,996               |
| Appropriation of the consolidated net profit of 2018 |       | -                                                 | -                | 194,497,353        | (194,497,353)      | -                  | -                        | -                         |
| Dividends distribution                               |       | -                                                 | -                | (147,694,804)      | -                  | (147,694,804)      | -                        | (147,694,804)             |
| Entry of new companies                               |       | -                                                 | -                | -                  | -                  | -                  | 10,000                   | 10,000                    |
| Total comprehensive income for the period            |       | -                                                 | -                | (3,881,849)        | 90,706,486         | 86,824,637         | -                        | 86,824,637                |
| Balance as of 30 September 2019                      | 8     | <u>25,641,459</u>                                 | <u>5,128,292</u> | <u>332,011,592</u> | <u>90,706,486</u>  | <u>453,487,829</u> | <u>10,000</u>            | <u>453,497,829</u>        |

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

The official chartered accountant

The Board of Directors

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS FOR THE NINE AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 20)  
(Amounts expressed in Euro)

|                                                          | Notes | PERIOD ENDED AT |              | QUARTER ENDED AT |              |
|----------------------------------------------------------|-------|-----------------|--------------|------------------|--------------|
|                                                          |       | 30.09.2019      | 30.09.2018   | 30.09.2019       | 30.09.2018   |
| Operating activities:                                    |       |                 |              |                  |              |
| Cash flow from operating activities (1)                  |       | 126,032,564     | 203,239,661  | 11,809,456       | 58,402,696   |
| Investment activities:                                   |       |                 |              |                  |              |
| Receipts relating to:                                    |       |                 |              |                  |              |
| Tangible assets                                          |       | 81,615          | 198,776      | 4,029            | 21,125       |
| Financial investments                                    | 6     | 151,209         | 144,000      | 48,000           | 48,000       |
| Interests and similar income                             |       | 1,694,071       | 2,017,807    | 261,730          | 235,312      |
| Other financial assets                                   |       | 6,801,689       | 6,000,000    | 69,243           | -            |
| Investment subsidies                                     |       | 1,822,308       | 1,747,075    | 75,233           | -            |
| Payments relating to:                                    |       |                 |              |                  |              |
| Investment subsidies                                     |       | (1,818,120)     | (877,048)    | 1                | -            |
| Financial investments                                    | 6     | (32,075)        | (26,500,000) | -                | (18,000,000) |
| Loans conceded                                           |       | (4,390,817)     | -            | -                | -            |
| Tangible assets                                          |       | (56,063,359)    | (55,034,611) | (16,705,092)     | (15,001,484) |
| Intangible assets                                        |       | (555,999)       | -            | -                | -            |
| Other financial assets                                   |       | (977,457)       | (10,633,889) | (384,152)        | (1,183,252)  |
| Cash flow from investment activities (2)                 |       | (53,286,935)    | (82,937,889) | (16,631,008)     | (33,880,299) |
| Financing activities:                                    |       |                 |              |                  |              |
| Receipts relating to:                                    |       |                 |              |                  |              |
| Loans obtained                                           |       | 172,037,608     | 186,413,334  | 71,466,633       | 30,746,527   |
| Other financial operations                               |       | -               | 131,206      | -                | (22,558)     |
| Payments relating to:                                    |       |                 |              |                  |              |
| Loans obtained                                           |       | (176,900,086)   | (84,461,402) | (122,957,484)    | (37,335,514) |
| Interest and similar costs                               |       | (18,141,083)    | (12,476,179) | (7,682,645)      | (4,321,299)  |
| Other financial operations                               |       | (2,872,231)     | -            | -                | -            |
| Dividends distribution                                   |       | (147,694,804)   | (61,539,503) | -                | -            |
| Cash flow from financing activities (3)                  |       | (173,570,596)   | 28,067,456   | (59,173,496)     | (10,932,844) |
| Cash and cash equivalents at the beginning of the period | 6     | 240,476,078     | 193,599,737  | 203,646,159      | 328,379,412  |
| Exchange rate effect                                     |       | -               | (2,879)      | -                | (2,879)      |
| Variation of cash and cash equivalent: (1)+(2)+(3)       |       | (100,824,967)   | 148,369,228  | (63,995,048)     | 13,589,553   |
| Cash and cash equivalents at the end of the period       | 6     | 139,651,111     | 341,966,086  | 139,651,111      | 341,966,086  |

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

The official chartered accountant

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. ("Altri" or "Company") is an public company established as of 1 March 2005 and has its head-office located at Rua Manuel Pinto Azevedo, 818, Porto and its shares are listed in the Euronext Lisbon Stock Exchange. Its main activity is the management of investments.

Altri dedicates to the management of investments mainly in the industrial area, being the parent company of a group of companies listed in Note 4 and known as Altri Group. There is not any Company above Altri, which includes these consolidated financial statements.

The current activity of Altri Group focuses on the the production of bleached pulp of eucalyptus through three mills (Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão).

The condensed consolidated financial statements of Altri Group are presented in Euro rounded off to the unit, which is the currency used by the Group in its operations and considered as the functional currency.

2. MAIN ACCOUNTING POLICIES AND BASIS FOR PRESENTATION

The accounting policies used in the preparation of the condensed consolidated financial statements of Altri are consistent with those used in the comparative periods, except for IFRS 16 adoption (Note 3).

The accompanying condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as from the consolidated financial statements issuance date.

The interim condensed consolidated financial statements are presented quarterly and in accordance with the International Accounting Standard 34 – Interim Financial Reporting and includes the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as well as the selected explanatory notes.

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some property, plant and equipment, for the biological assets and for the derivative financial instruments, which were measured under revaluation cost or at fair value in the end of each reporting period.

3. CHANGES IN ACCOUNTING POLICIES AND COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the period there were no changes in accounting policies, neither were identified any material mistakes related to previous years.

New accounting standards and their impact in these condensed consolidated financial statements:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during 2019:

| With mandatory application during 2019                                             | Effective date (for financial year beginning on or after) |
|------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Annual Improvements to IFRS standards (cycle 2015-2017)                            | 01 Jan 2019                                               |
| IAS 19 (amendment) – Employee benefits (Plan amendment, curtailment or settlement) | 01 Jan 2019                                               |
| IAS 28 (amendment) – Long-term interests in Associates and Joint ventures          | 01 Jan 2019                                               |
| IFRIC 23 – Uncertainty over income tax treatments                                  | 01 Jan 2019                                               |
| IFRS 9 (amendment) – Prepayment features with negative compensation                | 01 Jan 2019                                               |
| IFRS 16 – Leases - (recognition and measurement principles)                        | 01 Jan 2019                                               |

The Group made an analysis of the changes made by the adoption of IFRS 16.

**IFRS 16 impact adoption**

The Group opted for the modified retrospective model foreseen in paragraphs C3(a), C5(b), C7 and C8 of IFRS 16. Consequently, it determined the discount rate based on the incremental borrowing rate using the currency, maturity and cash flows inherent to the lease and to the credit risk of the Group. The Group elected to use the exemption foreseen in IFRS 16 on lease contracts for which the lease terms ends within 12 months as of the date of initial application.

Recognition

The Group present assets “Right of use” and “Lease liability” in captions properly segregated in the financial position statement.

The Group recognizes a right of use of an asset and a lease liability on the start date of the lease.

The right of use of the asset is initially measured at the cost, comprising the initial value of the lease liability adjusted for any lease payments made on or before the start date, in addition to any initial direct costs incurred, as well as an estimate of the dismantling costs and removal of the underlying asset (if applicable), deducted from any incentive granted.

The liabilities recorded as “Lease liability” correspond to the actual value, as of 1 January 2019, of the remaining lease payments from contracts previously classified as operational leases, as stated at IAS 17, and do not correspond to short-term leases, accordingly to IFRS 16.

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

Altri uses its incremental interest rate as the discount rate to be applied. Lease payments included in the measurement of lease liabilities include fixed payments, deducted from any incentives already received.

The lease liability is measured at amortized cost, using the effective interest method, being remeasured when changes in future payments derived from a change in the rate or index are verified, as well as the possible modifications of lease agreements.

When the liability is remeasured, the value of the right of use is also adjusted, or if the carrying amount of the asset of the right of use was already reduced to zero, a profit or loss is recorded in the income statement.

The asset right of use is depreciated through the straight-linear method, based on lease term.

If this standard had not been adopted, the main changes in the condensed consolidated financial statements as of 30 September 2019 would be as follows:

| ASSETS                                                                |                          | 30.09.2019           | IFRS 16 Effect     | 30.09.2019 without IFRS 16 effect |
|-----------------------------------------------------------------------|--------------------------|----------------------|--------------------|-----------------------------------|
| NON-CURRENT ASSETS:                                                   |                          |                      |                    |                                   |
| Biological assets                                                     |                          | 103,299,815          | 221,166            | 103,078,649                       |
| Right of use                                                          |                          | 68,117,795           | 68,117,795         | -                                 |
| Deferred tax assets                                                   |                          | 38,197,620           | 2,135,795          | 36,061,825                        |
| <b>Total non-current assets</b>                                       |                          | <b>1,092,355,670</b> | <b>70,474,756</b>  | <b>1,021,880,914</b>              |
| CURRENT ASSETS:                                                       |                          |                      |                    |                                   |
| <b>Total current assets</b>                                           |                          | <b>360,119,386</b>   | <b>-</b>           | <b>360,119,386</b>                |
| <b>Total assets</b>                                                   |                          | <b>1,452,475,056</b> | <b>70,474,756</b>  | <b>1,382,000,300</b>              |
| EQUITY AND LIABILITIES                                                |                          | 30.09.2019           | IFRS 16 Effect     | 30.09.2019 without IFRS 16 effect |
| EQUITY:                                                               |                          |                      |                    |                                   |
| Other reserves                                                        |                          | 332,011,592          | (7,239,153)        | 339,250,745                       |
| Consolidated net profit / (loss)                                      |                          | 90,706,486           | 77,815             | 90,628,671                        |
| Total equity attributable to the equity holders of the parent company |                          | 453,487,829          | (7,161,338)        | 460,649,167                       |
| Non-controlling interests                                             |                          | 10,000               | -                  | 10,000                            |
| <b>Total equity</b>                                                   |                          | <b>453,497,829</b>   | <b>(7,161,338)</b> | <b>460,659,167</b>                |
| LIABILITIES:                                                          |                          |                      |                    |                                   |
| NON-CURRENT LIABILITIES:                                              |                          |                      |                    |                                   |
| Lease liability                                                       |                          | 71,262,016           | 71,262,016         | -                                 |
| <b>Total non-current liabilities</b>                                  |                          | <b>739,646,346</b>   | <b>71,262,016</b>  | <b>668,384,330</b>                |
| CURRENT LIABILITIES:                                                  |                          |                      |                    |                                   |
| Trade payables                                                        |                          | 94,231,579           | (17,680)           | 94,249,259                        |
| Lease liability                                                       |                          | 11,998,261           | 11,998,261         | -                                 |
| Other liabilities                                                     |                          | 27,939,418           | (5,606,503)        | 33,545,921                        |
| <b>Total current liabilities</b>                                      |                          | <b>259,330,881</b>   | <b>6,374,078</b>   | <b>252,956,803</b>                |
| <b>Total equity and liabilities</b>                                   |                          | <b>1,452,475,056</b> | <b>70,474,756</b>  | <b>1,382,000,300</b>              |
|                                                                       |                          | 30.09.2019           | IFRS 16 Effect     | 30.09.2019 without IFRS 16        |
| Cost of sales                                                         |                          | (214,036,505)        | 221,196            | (214,257,701)                     |
| External supplies and services                                        |                          | (135,785,816)        | 8,219,641          | (144,005,457)                     |
| Amortisation and depreciation                                         |                          | (56,190,549)         | (6,536,349)        | (49,654,200)                      |
| Financial expenses                                                    |                          | (20,696,208)         | (1,792,547)        | (18,903,661)                      |
|                                                                       | Profit before income tax | 123,643,080          | 111,941            | 123,531,139                       |
| Income tax                                                            |                          | (32,936,594)         | (34,126)           | (32,902,468)                      |
|                                                                       | Profit after income tax  | 90,706,486           | 77,815             | 90,628,671                        |
| <b>Consolidated net profit</b>                                        |                          | <b>90,706,486</b>    | <b>77,815</b>      | <b>90,628,671</b>                 |

## REPORT AND ACCOUNTS 3Q2019

### Condensed consolidated financial statements and notes

The following standards, interpretations, amendments and revisions were not at to the date of approval of these consolidated financial statements endorsed by the European Union:

| With mandatory application after 2019                                  | Effective date (for financial year beginning on or after) |
|------------------------------------------------------------------------|-----------------------------------------------------------|
| IFRS 17 – Insurance contracts                                          | 01 Jan 2021                                               |
| Amendments to references to the Conceptual Framework in IFRS Standards | 01 Jan 2020                                               |
| IFRS 3 (amendment) – Business combinations                             | 01 Jan 2020                                               |
| IAS 1 and IAS 8 (amendment) – Definition of material                   | 01 Jan 2020                                               |
| IFRS 7 and IFRS 9 (amendment) – Interest Rate benchmark reform         | 01 Jan 2020                                               |

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 30 September 2019 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards.

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### 4. INVESTMENTS

#### 4.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage participation held and main activity as of 30 September 2019 and 31 December 2018, are as follows:

| Company                                                               | Head Office         | Percentage Held |      | Main Activity                                                                        |
|-----------------------------------------------------------------------|---------------------|-----------------|------|--------------------------------------------------------------------------------------|
| <u>Parent Company:</u>                                                |                     |                 |      |                                                                                      |
| Altri, SGPS, S.A.                                                     | Porto               |                 |      | Investment management                                                                |
| <u>Subsidiaries:</u>                                                  |                     |                 |      |                                                                                      |
| Altri Abastecimento de Madeira, S.A.                                  | Figueira da Foz     | 100%            | 100% | Wood commercialization                                                               |
| Altri Florestal, S.A.                                                 | Figueira da Foz     | 100%            | 100% | Forest management                                                                    |
| Altri Sales, S.A.                                                     | Nyon, Suíça         | 100%            | 100% | Group management support services                                                    |
| Altri, Participaciones Y Trading, S.L.                                | Pontevedra, Espanha | 100%            | 100% | Commercialization of pulp                                                            |
| Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.       | Constância          | 100%            | 100% | Production of energy                                                                 |
| Caima Indústria de Celulose, S.A.                                     | Constância          | 100%            | 100% | Production and commercialization of pulp                                             |
| Captaraíz Unipessoal, Lda.                                            | Figueira da Foz     | 100%            | 100% | Purchase and sale of properties                                                      |
| Celtejo – Empresa de Celulose do Tejo, S.A.                           | Vila Velha de Ródão | 100%            | 100% | Production and commercialization of pulp                                             |
| Celulose Beira Industrial (Celbi), S.A.                               | Figueira da Foz     | 100%            | 100% | Production and commercialization of pulp                                             |
| Inflora – Sociedade de Investimentos Florestais, S.A.                 | Figueira da Foz     | 100%            | 100% | Forest management                                                                    |
| Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. | Porto               | 100%            | 100% | Purchase and sale of properties                                                      |
| Viveiros do Furadouro Unipessoal, Lda.                                | Óbidos              | 100%            | 100% | Production of plants in nurseries and services related with forests and landscapes   |
| Florestsul, S.A. (a)                                                  | Figueira da Foz     | 100%            | --   | Forest management                                                                    |
| Sociedade de Energia Solar do Alto Tejo (SESAT), Lda. (b)             | Nisa                | 80%             | --   | Renewable energy                                                                     |
| Bioelétrica da Foz, S.A.                                              | Figueira da Foz     | 100%            | 100% | Production of electric energy through waste sources and biomass                      |
| Bioródão, S.A.                                                        | Figueira da Foz     | 100%            | 100% | Production of electric energy through waste sources and biomass                      |
| Ródão Power - Energia e Biomassa do Ródão, S.A.                       | Vila Velha de Ródão | 100%            | 100% | Production and commercialization of electric and thermal energy through cogeneration |
| Sociedade Bioelétrica do Mondego, S.A.                                | Figueira da Foz     | 100%            | 100% | Production of electric energy through waste sources and biomass                      |
| Ribatejo Green, Lda (c)                                               | Algés               | 70%             | --   | Production of electric energy                                                        |
| Amieira Green, Lda (c)                                                | Algés               | 70%             | --   | Production of electric energy                                                        |
| Paraimo Green, Lda (c)                                                | Algés               | 70%             | --   | Production of electric energy                                                        |
| Piara Solar, Lda (c)                                                  | Algés               | 70%             | --   | Production of electric energy                                                        |
| Maior Green, Lda (c)                                                  | Algés               | 70%             | --   | Production of electric energy                                                        |

(a) Company acquired in the end of the first half of 2019 (Nota 5)

(b) Company incorporated during the second quarter of 2019

(c) Company incorporated during the third quarter of 2019

All the above companies were included in the Altri Group consolidated financial statements in accordance with the full consolidation method.

# REPORT AND ACCOUNTS 3Q2019

## Condensed consolidated financial statements and notes

### 4.2 INVESTMENT IN ASSOCIATED COMPANIES

The associated company, percentage of capital held and main activity as of 30 September 2019 and 31 December 2018 are as follows:

| Company                                                | Head Office     | Statement of financial position |         | Percentage Held |        | Activity          |
|--------------------------------------------------------|-----------------|---------------------------------|---------|-----------------|--------|-------------------|
|                                                        |                 | 2019                            | 2018    | 2019            | 2018   |                   |
| <u>Associated companies:</u>                           |                 |                                 |         |                 |        |                   |
| Operfoz – Operadores do Porto da Figueira da Foz, Lda. | Figueira da Foz | 824,169                         | 696,660 | 33.33%          | 33.33% | Harbor operations |
|                                                        |                 | 824,169                         | 696,660 |                 |        |                   |

This associated company was included in the Altri Group consolidated financial statements in accordance with the equity method.

The movements occurred in the balance of this caption in the periods ended in 30 September 2019 and 31 December 2018 were as follows:

|                                                                        | Statement of financial position |                  |                     |
|------------------------------------------------------------------------|---------------------------------|------------------|---------------------|
|                                                                        | 30.September.2019               | 31.December.2018 |                     |
|                                                                        | Operfoz                         | Operfoz          | EDP Bioelétrica (a) |
| Opening balance                                                        | 696,660                         | 701,421          | 16,755,511          |
| Dividends distribution                                                 | -                               | -                | -                   |
| Acquisition of the remaining 50% of capital                            | -                               | -                | (21,039,089)        |
| Equity method:                                                         |                                 |                  |                     |
| Effects on gains and losses in associated companies and joint ventures | 127,509                         | (4,761)          | 4,283,578           |
| Closing balance                                                        | 824,169                         | 696,660          | -                   |

(a) – Includes loans granted.

The accounting policies used by these companies do not differ significantly from those used by Altri Group, fact that led to no accounting policies harmonization.

### 5. CHANGES OCCURRED IN THE CONSOLIDATION PERIMETER

In the first half of 2019, Altri Group acquired the complete share capital of Florestsul, S.A. (Note 4.1). Hence, as prescribed by IFRS 3 – Business Combinations, Florestsul, S.A., has been consolidated from the acquisition date by the full consolidation method.

The impact of the acquisition in the consolidated financial statements of Altri Group can be detailed as follows:

|                                              | At purchase date |
|----------------------------------------------|------------------|
| <b><u>Acquired Net Assets:</u></b>           |                  |
| Biological assets                            | 4,000,000        |
| Deferred tax assets                          | 300,000          |
| Other current assets                         | 340,323          |
| Cash and cash equivalents                    | 30,000           |
| Loans                                        | (3,190,817)      |
| Supplementary payments                       | (1,200,000)      |
| Trade payables and other current liabilities | (195,508)        |
|                                              | <b>83,998</b>    |
| <b><u>Compensation:</u></b>                  |                  |
| Trade payables and other current liabilities | (32,075)         |
|                                              | <b>51,923</b>    |

The acquisition of Florestsul included the acquisition, at face value, of credits for loans and supplementary payments held by the former shareholder, amounting to Euro 4,390,817.

The profit and loss statement of Florestsul was included in the Group's consolidation for the months July to September, once the acquisition occurred in the end of June.

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### Condensed consolidated financial statements and notes

At the date of presentation of these financial statements, and taking into consideration that the acquisition of control only occurred by the end of June 2019, the purchase price allocation is still considered subject to review, as prescribed by IFRS 3. The purchase price allocation will be completed by the end of the twelfth month from the acquisition date, as permitted by IFRS 3.

If this subsidiary had been consolidated since 1 January 2019, the Group's turnover would have been unchanged and the operational results would have been lower in 55 thousand Euro.

#### 6. CASH AND BANKS

As of 30 September 2019 and 2018, the caption "Cash and banks" can be detailed as follows:

|                                           | 30.09.2019  | 30.09.2018  |
|-------------------------------------------|-------------|-------------|
| Cash                                      | 26,343      | 36,711      |
| Bank deposits                             | 139,636,818 | 344,723,401 |
| Total available cash within balance sheet | 139,663,160 | 344,760,112 |
| Bank overdrafts (Note 9)                  | (12,049)    | (2,794,026) |
| Cash and banks                            | 139,651,111 | 341,966,086 |

During the first nine months period ended on 30 September 2019, the payments related to financial investments refer to the acquisition of the share capital of Florestsul, S.A..

During the period ended as of 30 September 2018 the payments related to financial investments refer to loans granted to EDP Bioelétrica (currently named Bioelétrica da Foz, S.A.).

During the period ended as of 30 September 2018, the receipts relating with financial investments correspond to the partial collection of the sale of Sócasca – Recolha e Comércio de Recicláveis, S.A. (disposed in 2011).

#### 7. CURRENT AND DEFERRED TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a four year period (five years for Social Security), with the exception when there have been tax losses, cases when there have been granted tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the Company tax returns since 2015 are still subject to review.

The Board of Directors of Altri believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 30 September 2019.

#### 8. SHARE CAPITAL

As of 30 September 2019 and 2018, the Company's fully subscribed and paid up capital consisted of 205,131,672 shares with a nominal value of 12.5 cents of Euro each.

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### 9. BANK LOANS, OTHER LOANS AND REIMBURSABLE SUBSIDIES

As of 30 September 2019 and 31 December 2018, the captions “Bank loans”, “Other loans” and “Reimbursable subsidies” can be detailed as follows:

|                                | 30.09.2019        |                    |                    |                   |                    |                    |
|--------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|                                | Nominal value     |                    |                    | Book value        |                    |                    |
|                                | Current           | Non-current        | Total              | Current           | Non-current        | Total              |
| Bank loans                     | 6,000,000         | 27,500,000         | 33,500,000         | 6,204,399         | 27,500,000         | 33,704,399         |
| Bank overdrafts                | 12,049            | -                  | 12,049             | 12,049            | -                  | 12,049             |
| Bank loans                     | <u>6,012,049</u>  | <u>27,500,000</u>  | <u>33,512,049</u>  | <u>6,216,448</u>  | <u>27,500,000</u>  | <u>33,716,448</u>  |
| Commercial paper               | 72,000,000        | 65,000,000         | 137,000,000        | 72,034,681        | 64,994,904         | 137,029,585        |
| Bond loans                     | -                 | 495,700,000        | 495,700,000        | 2,248,222         | 493,825,009        | 496,073,231        |
| Other loans                    | 2,992,709         | 48,000             | 3,040,709          | 2,992,711         | 48,000             | 3,040,711          |
| Other loans                    | <u>74,992,709</u> | <u>560,748,000</u> | <u>635,740,709</u> | <u>77,275,614</u> | <u>558,867,913</u> | <u>636,143,527</u> |
| Reimbursable government grants | 5,197,888         | 2,942,267          | 8,140,155          | 5,197,888         | 2,942,267          | 8,140,155          |
|                                | <u>86,202,646</u> | <u>591,190,267</u> | <u>677,392,913</u> | <u>88,689,950</u> | <u>589,310,180</u> | <u>678,000,130</u> |

|                                | 31.12.2018         |                    |                    |                    |                    |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Nominal value      |                    |                    | Book value         |                    |                    |
|                                | Current            | Non-current        | Total              | Current            | Non-current        | Total              |
| Bank loans                     | 6,000,000          | 33,500,000         | 39,500,000         | 6,246,715          | 33,500,000         | 39,746,715         |
| Bank overdrafts                | 289,790            | -                  | 289,790            | 289,790            | -                  | 289,790            |
| Bank loans                     | <u>6,289,790</u>   | <u>33,500,000</u>  | <u>39,789,790</u>  | <u>6,536,505</u>   | <u>33,500,000</u>  | <u>40,036,505</u>  |
| Commercial paper               | 42,000,000         | 61,500,000         | 103,500,000        | 42,127,037         | 61,490,259         | 103,617,296        |
| Bond loans                     | 40,000,000         | 446,400,000        | 486,400,000        | 42,855,915         | 444,353,451        | 487,209,366        |
| Other loans                    | 43,828,573         | 192,000            | 44,020,573         | 43,828,573         | 192,000            | 44,020,573         |
| Other loans                    | <u>125,828,573</u> | <u>508,092,000</u> | <u>633,920,573</u> | <u>128,811,525</u> | <u>506,035,710</u> | <u>634,847,235</u> |
| Reimbursable government grants | 5,511,090          | 6,581,251          | 12,092,341         | 5,511,090          | 6,581,251          | 12,092,341         |
|                                | <u>137,629,453</u> | <u>548,173,251</u> | <u>685,802,704</u> | <u>140,859,120</u> | <u>546,116,961</u> | <u>686,976,081</u> |

The expenditures with the constitution of the loans were deducted from its nominal value, being these recognized as financial expenses along the loan's life period (Note 12).

### 10. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the nine months periods ended at 30 September 2019 and 2018 can be detailed as follows:

|                 | 30.09.2019        |                                          |                                  |                   |
|-----------------|-------------------|------------------------------------------|----------------------------------|-------------------|
|                 | Provisions        | Impairment losses in accounts receivable | Impairment losses in inventories | Total             |
| Opening balance | 14,390,330        | 3,630,547                                | 8,336,698                        | 26,357,575        |
| Increases       | 5,752             | -                                        | 1,175,113                        | 1,180,865         |
| Utilizations    | -                 | -                                        | -                                | -                 |
| Transfers       | (9,152)           | -                                        | -                                | (9,152)           |
| Closing balance | <u>14,386,930</u> | <u>3,630,547</u>                         | <u>9,511,811</u>                 | <u>27,529,288</u> |

|                 | 30.09.2018       |                                          |                                  |                   |
|-----------------|------------------|------------------------------------------|----------------------------------|-------------------|
|                 | Provisions       | Impairment losses in accounts receivable | Impairment losses in inventories | Total             |
| Opening balance | 5,025,260        | 3,604,839                                | 7,803,018                        | 16,433,117        |
| Increases       | 1,008,013        | -                                        | 200,000                          | 1,208,013         |
| Utilizations    | (9,153)          | (1,518)                                  | (1,020,815)                      | (1,031,486)       |
| Closing balance | <u>6,024,120</u> | <u>3,603,321</u>                         | <u>6,982,203</u>                 | <u>16,609,644</u> |

As of 30 September 2019, the amount recorded in the caption “Provisions” includes the dismantling and decommissioning provisions of the power generation plants operated by Bioelétrica da Foz and its subsidiaries.

The amount recorded under that caption as of 30 September 2019 and 31 December 2018 is the best estimate of the Board of Directors in order to face all the losses that may be supported due to claims in force.

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### 11. DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 September 2019 and 31 December 2018, the companies of the Group operated with contracts for derivatives related to hedge interest rate variations, exchange rate derivatives and pulp price (commodities) derivatives, which are recorded according to their fair value.

Altri Group's companies only use derivatives to hedge cash flows associated with operations related with their activities.

As of 30 September 2019 and 31 December 2018 the detail of the financial derivative instruments is as follows:

|                           | 30.09.2019 |             |             |             | 31.12.2018 |             |             |             |
|---------------------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
|                           | Assets     |             | Liabilities |             | Assets     |             | Liabilities |             |
|                           | Current    | Non-current | Current     | Non-current | Current    | Non-current | Current     | Non-current |
| Interest rate derivatives | -          | -           | 1,609,768   | -           | -          | -           | 788,929     | -           |
| Exchange rate derivatives | -          | -           | 2,786,096   | 2,294,645   | -          | 733,653     | 870,615     | -           |
| Pulp price derivatives    | 1,209,282  | -           | -           | -           | 98,873     | -           | 1,273,814   | -           |
|                           | 1,209,282  | -           | 4,395,864   | 2,294,645   | 98,873     | 733,653     | 2,933,358   | -           |

As of 30 September 2019, the movements of the financial derivative instruments occurred in the nine months periods then ended is as follows:

| 2019                                 | Pulp price derivatives | Interest rate derivatives | Exchange rate derivatives | Total       |
|--------------------------------------|------------------------|---------------------------|---------------------------|-------------|
| Opening balance                      | (1,174,941)            | (788,929)                 | (136,962)                 | (2,100,832) |
| Derivatives fair value variation     |                        |                           |                           |             |
| Effects on shareholders' funds       | 2,384,223              | (739,961)                 | (6,442,281)               | (4,798,019) |
| Effects on profit and loss statement | -                      | (257,127)                 | 1,498,502                 | 1,241,375   |
| Effects on the balance sheet         | -                      | 176,249                   | -                         | 176,249     |
| Closing balance                      | 1,209,282              | (1,609,768)               | (5,080,741)               | (5,481,227) |

### 12. FINANCIAL RESULTS

The financial results for the nine months periods ended at 30 September 2019 and 2018 are detailed as follows:

|                           | 30.09.2019        | 30.09.2018        |
|---------------------------|-------------------|-------------------|
| <u>Financial expenses</u> |                   |                   |
| Interests                 | 11,803,422        | 12,667,558        |
| Other financial expenses  | 8,892,786         | 4,992,687         |
|                           | <u>20,696,208</u> | <u>17,660,245</u> |
| <u>Financial income</u>   |                   |                   |
| Interests                 | 214,847           | 391,633           |
| Other financial income    | 3,393,484         | 6,359,011         |
|                           | <u>3,608,331</u>  | <u>6,750,644</u>  |

The caption "Other financial expenses" includes, mainly, expenses with loans setup, which are recognized in the profit and loss statement through the duration of those loans (Note 9) and on interest rate derivatives instruments that matured or were paid until that date (Note 11). The caption "Other financial income" includes, mainly, exchange rate gains.

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### 13. EARNINGS PER SHARE

Earnings per share for the nine months periods ended as of 30 September 2019 and 2018 were determined taking into consideration the following amounts:

|                                                                            | 30.09.2019  | 30.09.2018  |
|----------------------------------------------------------------------------|-------------|-------------|
| Shares number considered for the computation of basic and diluted earnings | 205,131,672 | 205,131,672 |
| Net profit considered for the computation of basic and diluted earnings    | 90,706,486  | 120,411,596 |
| Earnings per share                                                         |             |             |
| Basic                                                                      | 0.44        | 0.59        |
| Diluted                                                                    | 0.44        | 0.59        |

### 14. OTHER INCOME

As of 30 September 2019 and 2018 the caption of the statement of profit and loss "Other Income" is detailed as follows:

|                                          | 30.09.2019       | 30.09.2018       |
|------------------------------------------|------------------|------------------|
| Subsidies to investment and exploitation | 3,456,790        | 4,377,465        |
| Gains on disposal of fixed assets        | 168,959          | 466,277          |
| Other income                             | 3,485,717        | 632,235          |
|                                          | <u>7,111,466</u> | <u>5,475,977</u> |

### 15. SEGMENTAL INFORMATION

In 2008, was signed the Altri SGPS, S.A. spin-off public deed. Under the terms of that project, the planned reorganization implies the split of Altri's two business units that manage equity holdings in the pulp and paper sector and in the steel and storage systems sector. This reorganization aimed a bigger focus and transparency on ALTRI's business, and giving each of the areas an opportunity to be better seen and better evaluated by the market. This allows for the Altri Group to focus its activity on its core business, production and commercialization of bleached pulp from eucalyptus, so the Board of Directors believes that there is only one business segment and the management information is reported and analysed on this basis.

### 16. RELATED PARTIES

The subsidiary companies of the Group have between each other transactions that classify as transactions with related parties and which are made at market prices. In the consolidation procedures the transactions between the companies included in consolidation by the full consolidation method are eliminated, once the consolidated financial statements present the owner and its subsidiaries information as one single company, therefore they are not disclosed in this note.

During the nine months periods ended at 30 September 2019 and 2018, there were no transactions or loans granted to the members of the Board of Directors.

As of 30 September 2019 and 2018 the balances and transactions with related parties are as follow:

| Transactions                                | Purchases and services obtained |                  | Sales and services rendered |                   | Interest income |                   |
|---------------------------------------------|---------------------------------|------------------|-----------------------------|-------------------|-----------------|-------------------|
|                                             | 30.09.2019                      | 30.09.2018       | 30.09.2019                  | 30.09.2018        | 30.09.2019      | 30.09.2018        |
| Associated companies and joint ventures (a) | 1,693,947                       | 1,862,019        | -                           | 11,857,258        | -               | 122,535           |
| Other related parties (b)                   | 6,555,576                       | 767,931          | -                           | -                 | -               | -                 |
|                                             | <u>8,249,523</u>                | <u>2,629,950</u> | <u>-</u>                    | <u>11,857,258</u> | <u>-</u>        | <u>122,535</u>    |
| Balances                                    | Accounts payable                |                  | Accounts receivable         |                   | Loans conceded  |                   |
|                                             | 30.09.2019                      | 30.09.2018       | 30.09.2019                  | 30.09.2018        | 30.09.2019      | 30.09.2018        |
| Associated companies and joint ventures (a) | 124,371                         | 211,011          | 29,838                      | 2,949,246         | 291,563         | 38,026,483        |
| Other related parties (b)                   | 5,155,591                       | 99,156           | -                           | 505,558           | -               | -                 |
|                                             | <u>5,279,962</u>                | <u>310,167</u>   | <u>29,838</u>               | <u>3,454,804</u>  | <u>291,563</u>  | <u>38,026,483</u> |

(a) All entities consolidated by the equity method as of 30 September 2019 and 2018 (Note 4.2);

(b) Were considered as related parties the companies listed below.

Besides the companies included in consolidation (Note 4), entities considered as related parties as of 30 September 2019 can be detailed as follow:

- Actium Capital, S.A.
- A Nossa Aposta – Jogos e Apostas On-line, S.A.
- Caderno Azul, S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Elege Valor, Lda.
- Expeliarmus – Consultoria, Lda.
- F. Ramada II, Imobiliária, S.A.
- Ramada Investimentos e Indústria, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Livrefluxo, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Planfuro Global, S.A.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo Investimentos, S.A.
- Ramada – Aços, S.A.
- Socitrel – Sociedade Industrial de Trefilaria, S.A.
- Universal Afir, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- 1 Thing Investments, S.A.

17. APPLICATION OF NET PROFIT

Regarding the fiscal year of 2018, the Board of Directors proposed, in its annual report, approved at the General Shareholders' Meeting held on 28 May 2019, that the individual net profit of Altri, SGPS, S.A., amounting to 135,210,911.23 Euro, would be entirely distributed as dividends. The Board of Directors proposed, as well, the distribution of free reserves amounting to 12,483,892.84 Euro, as of dividends, which corresponds to a total dividend of 0.72 Euro/share.

18. SUBSEQUENT EVENTS

There were no significant subsequent events from 30 September 2019 until the date of approval of these financial statements.

19. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in November 7, 2019.

20. EXPLANATION ADDED FOR TRANSLATION

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Laurentina da Silva Martins

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

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