



ALTRI, SGPS, S.A.
Public Company

Financial Information – 1st Quarter of 2020 (Unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards as adopted in European Union (IFRS-EU), 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.

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

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1. HIGHLIGHTS

1.1. COVID-19

The first quarter of 2020 was marked by the emergence of a global epidemic called COVID-19, and on March 11, 2020 the World Health Organization declared it a pandemic. In Portugal, a state of emergency was declared, which was in force from the 19th of March to the 2nd of May 2020.

First of all, Altri's Board of Directors wants to formally address a special thanks to all its Employees, for the absolutely exemplary and noteworthy way in which they all endeavored to overcome this phase that we are going through.

Altri Group has been assessing and monitoring the pandemic's developments, in terms of the risk factors that in its understanding are relevant, and which may affect the business areas, whether in operational, investment or financial terms.

From all the actions implemented within the scope of the monitoring and evaluation of pandemic developments, we highlight the following:

- Altri Group, from a very early stage, implemented a set of measures for the prevention, control and surveillance of this infection. As a result of the various measures implemented by the Group, on March 31, 2020, a negative impact on the income statement is estimated in the amount of approximately 250 thousand Euro (including personnel expenses, namely extra shifts and hours, as well as travel expenses, donations, protective equipment, expenses with hiring companies specialised in disinfecting spaces, among others).
- Altri Group proceeded cautiously with an internal review and evaluation process on the investments it had planned for the 2020 financial year, reassessing the cost-benefit of these portfolio projects, as well as their feasibility, considering the current reality. From this review, it was decided to reschedule the understanding of some projects in the amount of approximately 9 million Euro.
- With regard to liquidity risk management, the Group maintained a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance in unfavorable conditions. As of March 31, 2020, the amount of consolidated loans¹ maturing in the next 12 months is approximately 128 million Euro. On the same date, the Group has consolidated credit

¹ Consolidated loans: Bank loans + Other loans + Reimbursable government grants + Lease liabilities.

lines available (namely bank overdrafts, pledged current accounts and not used commercial paper programs) in the amount of approximately 85.1 million Euro. Additionally, the Group's cash and cash equivalents reach roughly 220 million Euro, representing approximately 80% of its current liabilities.

- Ensuring the permanent well-being of all Employees, their families and community, has always been and will continue to be a priority within Altri Group. Altri Group put in place a set of additional preventive measures to protect the health and safety of its Employees, based on the recommendations of the Portuguese Health Authority to deal with the pandemic. The human resources department, based on the recommendations of the Portuguese Health Authority, proceeded with the elaboration of a Group's COVID-19 Contingency Plan. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our employees and the local community. Altri Group hereby informs that, up to this date, it is unaware of any of its employees testing positive for COVID-19. Nevertheless, the Group is prepared for that contingency.

Within Altri Group, the three plants continue to produce fully, as well as the power plants. During this period, and until today, operations at all units that make up the Altri Group's business universe were carried out at the usual pace, with no disruptions.

1.2. Altri Group's Activity Summary

- ✓ Pulp production amounts to 282.3 thousand tonnes
- ✓ Exports amount to 114.5 million Euro
- ✓ EBITDA of 33.1 million Euro
- ✓ Nominal remunerated net debt² of 491 million Euro

During the first quarter of 2020, the Altri Group increased its pulp production by around 8% compared to the first quarter of 2019 (impacted by the annual maintenance stoppage at the Celbi industrial unit) and by about 6% compared to the last quarter of the previous year. Pulp sales followed the same trend, with growth of around 3% and 6%, respectively.

It should also be noted that the production of renewable electric energy through forest biomass, in the period under analysis, reached about 184.3 GWh, which corresponds to a 72% growth compared to the first quarter of 2019 and a growth of 10% compared to the fourth quarter of 2019. This was essentially due to the entry into operation of the renewable energy production unit in Figueira da Foz.

² Nominal remunerated net debt: Other loans (nominal values) + Bank loans (nominal values) – Cash and cash equivalents.

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2. RESULTS ANALYSIS

The financial information was prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU).

1Q2020 Income Statement

thousand Euro	1Q2020	1Q2019	1Q20/1Q19 Var%	4Q2019	1Q20/4Q19 Var%
Total revenues (a)	165,660	207,354	-20.1%	171,396	-3.3%
Cost of sales	81,037	77,467	4.6%	71,586	13.2%
External supplies and services	42,948	44,085	-2.6%	46,995	-8.6%
Payroll expenses	9,193	9,269	-0.8%	11,985	-23.3%
Other expenses	1,193	1,835	-35.0%	324	268.2%
Provisions and impairment losses	-1,857	159	-	6,093	-
Fair value changes in biological assets	0	-	-	-1,937	-
Total expenses	132,514	132,815	-0.2%	135,046	-1.9%
EBITDA (b)	33,146	74,539	-55.5%	36,350	-8.8%
EBITDA margin (c)	20.0%	35.9%	-15.9 pp	21.2%	-1.2 pp
Amortisation and depreciation	-19,766	-18,926	4.4%	-19,156	3.2%
EBIT (d)	13,380	55,613	-75.9%	17,193	-22.2%
EBIT margin (e)	8.1%	26.8%	-18.7 pp	10.0%	-1.9 pp
Results related to investments	120	1	-	-99	-221.4%
Financial expenses	-5,806	-6,189	-6.2%	-4,829	20.2%
Financial income	1,277	1,393	-8.3%	350	264.9%
Financial results	-4,409	-4,795	-8.1%	-4,578	-3.7%
Profit before income tax	8,971	50,818	-82.3%	12,616	-28.9%
Income tax	-2,156	-14,093	-84.7%	-2,500	-13.8%
Consolidated net profit for the period					
Attributable to:					
Shareholders of the parent company	6,815	36,725	-81.4%	10,120	-32.7%
Non-controlling interest	0	-	-	(4)	-

(a) Total revenues = Sales + Services rendered + Other income

(b) EBITDA = Profit before income tax - Results related to investments + Financial expenses - Financial income + Amortisation and depreciation

(c) EBITDA margin = EBITDA / Total revenues

(d) EBIT = EBITDA + Amortisation and depreciation

(e) EBIT margin = EBIT / Total revenues

The first quarter of 2020 was characterised by a market context that was closely linked to the COVID-19 pandemic. Thus, there was a strong demand from producers of tissue paper (raw material for the production of paper products for households' domestic use, hygiene and

protection), however from the end of March onwards, demand from paper manufactures for printing and writing began to show some signs of slowing down.

Production

tons	1Q 2020	1Q 2019	1Q20/1Q19 Var%	4Q 2019	1Q20/4Q19 Var%
BHKP pulp production	259,748	234,290	10.9%	247,861	4.8%
DWP pulp production	22,584	27,983	-19.3%	19,816	14.0%
Total pulp production	282,332	262,273	7.6%	267,677	5.5%
BHKP pulp sales	254,286	252,515	0.7%	257,399	-1.2%
DWP pulp sales	32,897	27,024	21.7%	14,784	122.5%
Total pulp sales	287,183	279,539	2.7%	272,183	5.5%

During the first quarter of 2020, Altri produced 282.3 thousand tonnes of pulp, of which 259.7 thousand tonnes were paper pulp (BHKP) and about 22.6 thousand tonnes were dissolving wood pulp (DWP). In terms of sales, during the period under analysis, 287.2 thousand tonnes were sold, of which 32.9 thousand tonnes were of DWP.

During the quarter under analysis, Altri's total revenues reached 165.7 million Euro, corresponding to a decrease of about 20% compared to the same period from the previous year and a decrease of 3% compared to the fourth quarter of 2019. Total revenues associated with pulp production units amounted approximately 143.8 million Euro.

The average market pulp price (BHKP) during the first quarter of 2020 was €616/ton, which corresponds to a decrease of 29.5% compared to the average price registered in the same period of 2019.

Total revenues associated with the units of energy production through forest biomass amounted to approximately 21.8 million Euro, which corresponds to an increase of 70% compared to the first quarter of 2019 and to a 9.4% increase compared to the last quarter of the previous year.

In the first quarter of 2020, the Altri Group exported 248.7 thousand tonnes of pulp, which corresponds to 87% of its total pulp sales. In monetary terms, quarterly exports amounted to 114.5 million Euro.

Total expenses for the first quarter of 2020 amounted to 132.5 million Euro, which corresponds to a slight decrease of 0.2% in relation to the first quarter of 2019 and a reduction of 1.9% compared to the fourth quarter of the previous year.

Total EBITDA reached 33.1 million Euro, a decrease of around 55.5% compared to the EBITDA recorded in the same period last year, and 8.8% compared to the fourth quarter of 2019. In terms of segments, the EBITDA of the pulp production units and others amounted to 25.4 million Euro and the EBITDA generated by the forest biomass energy production units amounted to 7.8 million Euro.

EBIT amounted to 13.4 million Euro. Altri Group's consolidated net profit reached 6.8 million Euro.

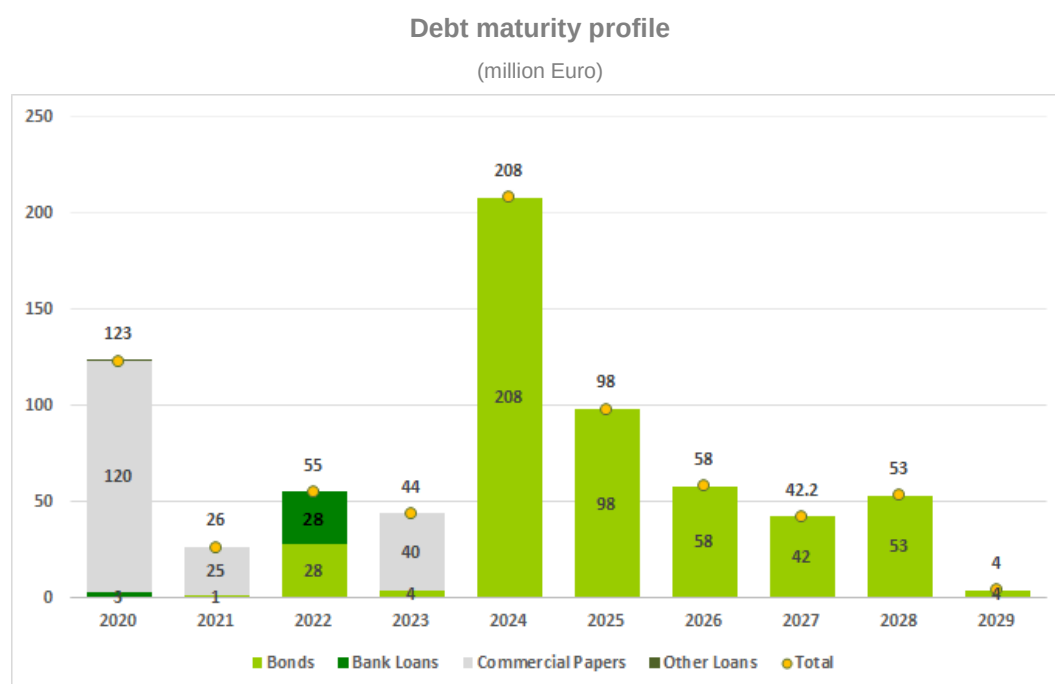
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3. INVESTMENTS

The total net investment³ made during the period under analysis by the Group's units amounted to approximately 9.7 million Euro. Considering the current context, the total estimated investment for the year 2020, for all industrial units that make up the Altri Group, is about 35 million Euro.

4. DEBT

Altri's nominal remunerated net debt on 31 March 2020 amounted to 491 million Euro, which corresponds to a decrease of around 21.7 million Euro compared to the nominal remunerated net debt on 31 December 2019.



³ Total net investment: Payments in the period related to the acquisition of property, plant and equipment related to the operational activity of the Paper and Energy segments.

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Key balance sheet indicators

thousand Euro	31.03.2020	31.12.2019	Var%
Biological assets	105,778	104,491	1%
Property, plant and equipment	543,109	555,289	-2%
Right-of-use assets	68,973	69,601	-1%
Goodwill	265,631	265,631	0%
Investments in associated companies	845	725	17%
Others	88,737	89,108	0%
Non-current assets	1,073,072	1,084,846	-1%
Inventories	82,941	85,966	-4%
Trade receivables	86,278	83,739	3%
Cash and cash equivalents	219,639	181,344	21%
Others	39,228	46,557	-16%
Current assets	428,086	397,605	8%
Total assets	1,501,158	1,482,451	1%
Equity and non-controlling interests	470,932	466,043	1%
Bank loans	27,500	27,500	0%
Other loans	568,598	558,765	2%
Reimbursable government grants	2,868	2,942	-3%
Lease liabilities	70,514	70,392	0%
Others	80,913	82,337	-2%
Non-current liabilities	750,394	741,936	1%
Bank loans	2,934	6,203	-53%
Other loans	112,508	102,651	10%
Reimbursable government grants	2,921	3,026	-3%
Lease liabilities	9,422	9,316	1%
Trade payables	101,077	102,378	-1%
Others	50,969	50,898	0%
Current liabilities	279,832	274,471	2%
Total liabilities	1,030,226	1,016,408	1%
Total liabilities and equity	1,501,158	1,482,451	1%

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5. SUSTAINABILITY

During the first quarter, Altri Group structured and refined the carbon footprint calculation, in order to improve its alignment with several frameworks and international benchmarks, such as the GHG Protocol, CDP Climate Change and the CEPI Framework for Carbon Footprints for Paper and Board Products. On the other hand, Altri has committed to calculate its emissions according to the Science Based Target Initiative (SBT) methodology, a platform that supports companies to establish emission reduction targets, in line with the Paris Agreement commitment, to limit the global warming below 1.5°C.

At the same time, Altri Group continued its policy of efficient resource management, namely in reducing water and energy consumption per tonne of pulp produced. It should be noted that the consumption of water per tonne of pulp of the Altri Group (21 m³/tpsa) is a reference value for the sector, whereas in the case of the Celbi industrial unit this consumption (16 m³/tpsa) is a reference worldwide.

FOREST BIODIVERSITY

Altri Group has been investing in recent years, and will continue to invest in the future, through its subsidiary Altri Florestal, S.A., in the development of biodiversity valorisation and recovery initiatives (namely the AltriDiversity Program) in protected areas that are under its management.

This program plans to duplicate the conservation area within 10 years, producing and planting around 1 million native plants per year, expanding the network of biodiversity stations, preserving and restoring ecosystems of high safeguarding value and integrating other activities with economic, social and environmental value with forest management.

SUSTAINABLE FINANCE

Altri is strongly committed to integrating the sustainability agenda into its corporate finances. Therefore, through sustainable finance, Altri aims to invest in projects that improve its environmental performance, promote a clean and renewable energy production environment, and enhance an integrated pollution prevention and control, thus reinforcing Altri Group's sustainability commitment.

Based on these assumptions, in February 2019, Altri Group issued – through Sociedade Bioelétrica do Mondego – its first Green Bond, being the first Green Bonds' issuance to be admitted to trading in Portugal, on Euronext Access Lisbon.

In January this year, within the 2020 edition of the Euronext Lisbon Awards event, Altri Group saw this commitment and vanguardism recognised, being presented the “Finance for the Future” award.

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6. PULP MARKET

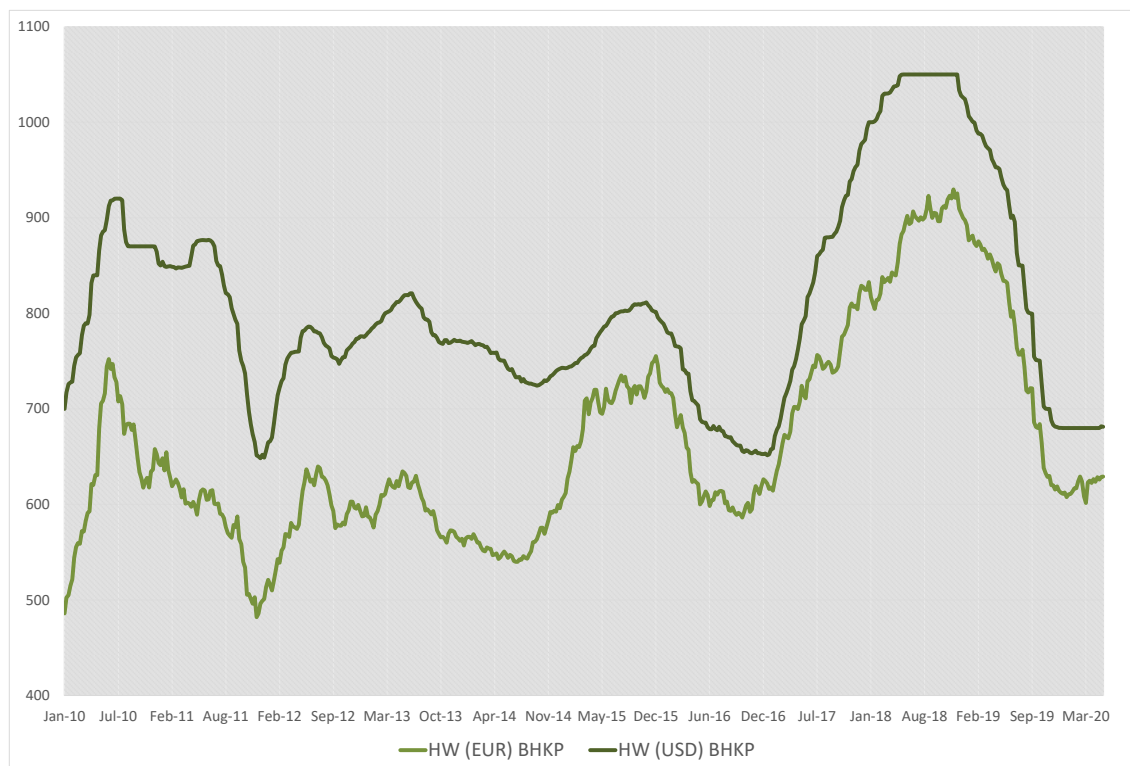
According to data from the Pulp and Paper Products Council (PPPC), World Chemical Market Pulp Global 100 Report, February 2020, the cumulative total demand for the first two months of 2020 for hardwood pulp increased by 13.3% compared to the same period of 2019. In the last 12 months, the price of hardwood pulp has dropped by about 35%.

Geographically, it is verified that consumption of hardwood pulp in Europe (Western Europe and Eastern Europe) grew by 2.2% and the demand from China grew by 16.9%.

Recently, already during the second quarter of 2020, pulp producers announced their intention to increase the selling price in Europe by 30 USD/ton.

Evolution of BHKP pulp price in Europe from 2010 to May 2020

Source: FOEX



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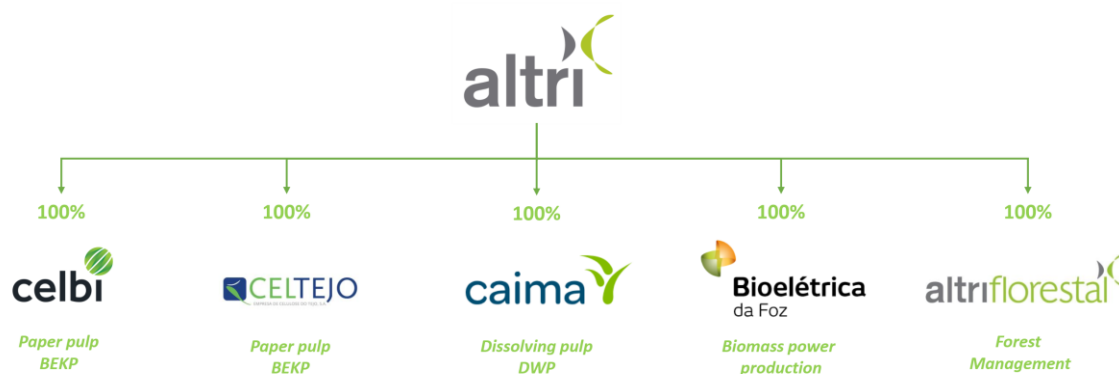
7. ALTRI – Business Profile

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 around 83.5 thousand hectares of forest in Portugal, entirely certified by the Forest Stewardship Council® (FSC®)⁴ and for the Programme for the Endorsement of Forest Certification™ (PEFC™), two of the most worldwide acknowledged certification entities.

Currently, Altri has three pulp mills in Portugal, with an installed capacity that in 2019 reached more than 1 million tonnes/year of eucalyptus pulp.

Altri's current organic structure can be represented as follows:



⁴ FSC-C004615

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8. FUTURE PERSPECTIVES

Despite the measures already mentioned, and at this stage, characterised by a generalised uncertainty in the social and economic context, Altri Group will remain alert and careful in the management of its business, and in the evaluation and monitoring of the actions already implemented and/or to be implemented in order to manage and anticipate, as far as possible, the impacts of this pandemic on its operational and financial performance.

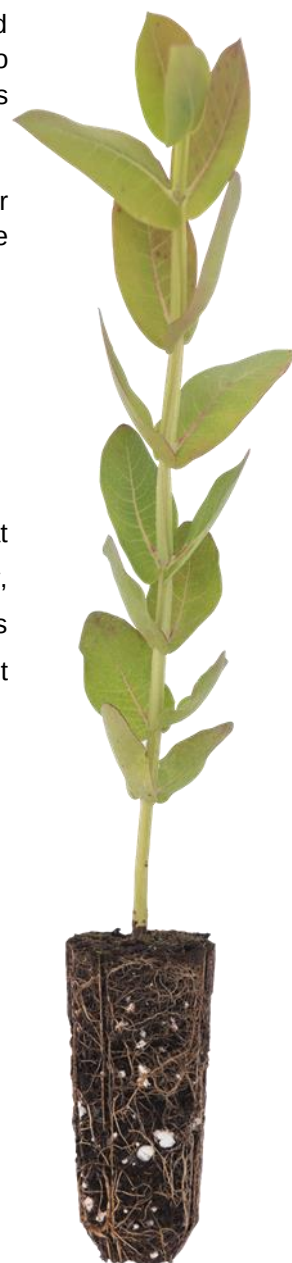
We are convinced that with prevention, serenity and joint efforts with all of our partners, namely, Customers, Suppliers, Employees and local Communities, we are ready to face this challenge.

The schedule for programmed maintenance stoppages is as follows:

- Celbi: June 2020 – 10 days
- Caima: fourth quarter of 2020 – 10 days

Following the continuous improvement and digital transformation processes that have been implemented, and taking into account the current degree of uncertainty, the Altri Group is deepening a series of projects aimed at reducing operating costs and reinforcing efficiency operating of its production units, as well as prudent execution of the revised investment plan for 2020.

Oporto, May 28, 2020



Condensed consolidated financial statements and notes

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

(Translation of financial statements originally issued in Portuguese - Note 21)
(Amounts expressed in Euros)

ASSETS	Notes	31.03.2020	31.12.2019
NON-CURRENT ASSETS:			
Biological assets		105,777,596	104,491,065
Property, plant and equipment		543,108,893	555,289,032
Right-of-use assets		68,972,735	69,601,105
Investment properties		113,310	113,310
Goodwill		265,630,973	265,630,973
Intangible assets		51,296,889	52,042,671
Investments in associated companies	5	845,363	725,472
Other investments		239,987	239,987
Other non-current assets		3,210,260	3,210,260
Derivative financial instruments	12	-	-
Deferred tax assets		33,876,358	33,501,991
Total non-current assets		1,073,072,364	1,084,845,866
CURRENT ASSETS:			
Inventories		82,941,034	85,965,748
Trade receivables		86,278,009	83,738,646
Assets associated with contracts with customers		7,189,825	7,365,847
Other debts from third parties		15,287,519	18,317,337
Income tax		8,653,984	12,658,843
Other current assets		7,119,106	6,657,394
Derivative financial instruments	12	977,105	1,557,085
Cash and cash equivalents	7	219,639,229	181,343,914
Total current assets		428,085,811	397,604,814
Total assets		1,501,158,175	1,482,450,680
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	9	25,641,459	25,641,459
Legal reserve		5,128,292	5,128,292
Hedging reserve		(4,429,256)	(2,493,790)
Other reserves		437,762,813	336,927,499
Consolidated net profit/(loss) for the period		6,815,639	100,826,022
Total equity attributable to shareholders of the Parent Company		470,918,947	466,029,482
Non-controlling interests		13,357	13,453
Total equity		470,932,304	466,042,935
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	10	27,500,000	27,500,000
Other loans	10	568,598,466	558,764,714
Reimbursable government grants	10	2,868,177	2,942,267
Lease liabilities		70,514,335	70,392,159
Other non-current liabilities		13,265,804	14,448,082
Deferred tax liabilities		44,802,683	44,894,324
Pension liabilities		4,768,530	4,768,530
Provisions	11	17,001,119	17,307,171
Derivative financial instruments	12	1,075,244	919,120
Total non-current liabilities		750,394,358	741,936,367
CURRENT LIABILITIES:			
Bank loans	10	2,934,350	6,202,715
Other loans	10	112,508,202	102,650,962
Reimbursable government grants	10	2,921,268	3,026,144
Lease liabilities		9,422,427	9,316,241
Trade payables		101,076,651	102,377,748
Liabilities associated with contracts with customers		2,265,699	3,568,671
Other debts to third parties		12,516,435	20,505,050
Income tax		4,125,532	4,125,532
Other current liabilities		27,846,478	20,817,950
Derivative financial instruments	12	4,214,471	1,880,365
Total current liabilities		279,831,513	274,471,378
Total liabilities and equity		1,501,158,175	1,482,450,680

The accompanying notes are an integral part of the condensed consolidated financial statements.

The Chartered Accountant

The Board of Directors

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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 21)
(Amounts expressed in Euros)

	Notes	31.03.2020	31.03.2019
Sales		163,432,616	204,625,421
Services rendered		1,014,319	1,066,019
Other income	15	1,213,424	1,662,584
Costs of sales		(81,037,724)	(77,467,227)
External supplies and services		(42,947,517)	(44,085,376)
Payroll expenses		(9,192,533)	(9,268,922)
Amortisation and depreciation		(19,766,024)	(18,926,358)
Fair value changes in biological assets		-	-
Provisions and impairment losses	11	1,857,170	(159,401)
Other expenses		(1,192,758)	(1,835,159)
Results related to investments	5	119,891	1,388
Financial expenses	13	(5,806,019)	(6,189,014)
Financial income	13	1,276,573	1,393,157
Profit before income tax		8,971,418	50,817,112
Income tax		(2,155,875)	(14,092,684)
Consolidated net profit for the period		6,815,543	36,724,428
Attributable to:			
Holders of equity in the parent company		6,815,639	36,724,428
Non-controlling interests		(96)	-
		6,815,543	36,724,428
Earnings per share			
Basic	14	0.03	0.18
Diluted	14	0.03	0.18

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 21)
(Amounts expressed in Euros)

	<u>Notes</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
Consolidated net profit/(loss) for the financial year		6,815,543	36,724,428
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in pension liabilities - gross amount		-	-
Changes in pension liabilities - deferred tax		-	-
Items that may be reclassified to profit or loss in the future			
Changes in fair value of cash flow hedging derivatives - gross amount	12	(2,605,580)	(2,679,620)
Changes in fair value of cash flow hedging derivatives - deferred tax		670,114	701,400
Change in exchange rate reserve		9,292	4,743
		(1,926,174)	(1,973,477)
Other comprehensive income for the period		(1,926,174)	(1,973,477)
Total consolidated comprehensive income for the period		<u>4,889,369</u>	<u>34,750,951</u>
Attributable to:			
Shareholders in the Parent Company		4,889,465	34,750,951
Non-controlling interests		(96)	-

The accompanying notes are an integral part of the condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 21)
(Amounts expressed in Euros)

	Notes	Attributable to shareholders in the Parent Company						Non-controlling interest	Total equity
		Share capital	Legal reserve	Hedging reserves	Other reserves	Profit and loss result	Total		
Balance as at 1 January 2019	9	25,641,459	5,128,292	(2,502,304)	298,832,349	194,497,353	521,597,149	-	521,597,149
Appropriation of the consolidated result from 2018		-	-	-	194,497,353	(194,497,353)	-	-	-
Impact of application of IFRS 16		-	-	-	(7,239,153)	-	(7,239,153)	-	(7,239,153)
Total consolidated comprehensive income for the period		-	-	(1,978,220)	4,743	36,724,428	34,750,951	-	34,750,951
Balance as at 31 March 2019	9	<u>25,641,459</u>	<u>5,128,292</u>	<u>(4,480,524)</u>	<u>486,095,292</u>	<u>36,724,428</u>	<u>549,108,947</u>	<u>-</u>	<u>549,108,947</u>
Balance as at 1 January 2020	9	25,641,459	5,128,292	(2,493,790)	336,927,499	100,826,022	466,029,482	13,453	466,042,935
Appropriation of the consolidated result from 2019		-	-	-	100,826,022	(100,826,022)	-	-	-
Total consolidated comprehensive income for the period		-	-	(1,935,466)	9,292	6,815,639	4,889,465	(96)	4,889,369
Balance as at 31 March 2020	9	<u>25,641,459</u>	<u>5,128,292</u>	<u>(4,429,256)</u>	<u>437,762,813</u>	<u>6,815,639</u>	<u>470,918,947</u>	<u>13,357</u>	<u>470,932,304</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2020 AND 2019

(Translation of financial statements originally issued in Portuguese - Note 21)
(Amounts expressed in Euros)

	Notes	31.03.2020		31.03.2019	
Operating activities:					
<i>Cash flows generated by operating activities (1)</i>		<u>42,984,581</u>	<u>42,984,581</u>	<u>66,685,529</u>	<u>66,685,529</u>
Investment activities:					
Receipts arising from:					
Investments		48,000		7,209	
Property, plant and equipment		16,141		48,791	
Investment grants		45,140		-	
Interest and similar income		124,174		646,728	
Dividends		-	233,455	-	702,728
Payments relating to:					
Investments		-		-	
Property, plant and equipment		(8,033,994)		(22,927,467)	
Intangible assets		-		(555,999)	
Investment grants		-	(8,033,994)	-	(23,483,466)
<i>Cash flows generated by investment activities (2)</i>		<u>-</u>	<u>(7,800,539)</u>	<u>-</u>	<u>(22,780,738)</u>
Financing activities:					
Receipts arising from:					
Loans obtained		165,000,000		50,888,846	
Other financing transactions		-	165,000,000	145,759	51,034,605
Payments relating to:					
Interest and similar expenses		(4,053,482)		(5,020,962)	
Distributed dividends		-		-	
Loans obtained		(151,019,876)		(18,117,657)	
Reimbursable government grants		-		-	
Lease liabilities		(8,437,727)		-	
Other financing transactions		(1,274,926)	(164,786,011)	(3,163,748)	(26,302,367)
<i>Cash flows generated by financing activities (3)</i>		<u>-</u>	<u>213,989</u>	<u>-</u>	<u>24,732,238</u>
Cash and cash equivalents at the beginning of the period			181,343,914		240,476,078
Cash and cash equivalents variation: (1)+(2)+(3)			35,398,031		68,637,029
Cash and cash equivalents at the end of the period	7		<u>216,741,945</u>		<u>309,113,107</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. ('Altri' or 'the Company') is a public company incorporated on 1 March 2005, whose head office is located at Rua Manuel Pinto de Azevedo, 818, in Oporto, and its main activity involves managing shareholdings, while its shares are listed at Euronext Lisbon.

Altri is dedicated to managing shareholdings primarily in the industrial sector, as the parent company of the group of companies shown under Note 5 and referred to as the Altri Group. There is no other company above it that includes these consolidated financial statements. The Altri Group's current activities focus on producing bleached eucalyptus pulp at three production plants and on generating electricity via waste consumption and forest biomass.

Faced with this reality in the Altri Group, its Board of Directors considers there are two business segments, namely, production and commercialization of bleached eucalyptus pulp and electricity generation via waste consumption and forest biomass, being management information also prepared and examined on that basis (Note 16).

The Altri Group's condensed consolidated financial statements are shown in Euros, in amounts rounded off to the nearest Euro. This is the currency used by the Group in its transactions and, as such, is deemed to be the functional currency.

2. MAIN ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The condensed consolidated financial statements, for the period ended on 31 March 2020, were prepared in accordance with IAS 34 – Interim Financial Reporting and include the condensed consolidated statement of financial position, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, as well as, the selected explanatory notes. These condensed consolidated financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Altri Group for the financial year ended 31 December 2019.

The accounting policies adopted for preparation of the attached condensed consolidated financial statements were consistently applied during the periods being compared.

The Board of Directors assessed the capacity of the Company, its subsidiaries and associates to operate on a going concern basis, based on the entire relevant information, facts and circumstances, of financial, commercial or other nature, including events subsequent to the condensed consolidated financial statements' reference date, as available regarding the future. As a result of the assessment conducted, the Board of Directors concluded that it has adequate resources to keep up its operations, which it does not intend to cease in the short term. Therefore, it was considered appropriate to use the going concern basis in preparing the condensed consolidated financial statements.

The attached condensed consolidated financial statements were prepared based on the accounting books and records of the company, its subsidiaries, and associates, adjusted in the consolidation process, in the assumption of going concern basis. When preparing the condensed consolidated financial statements, the Group used historical cost as its basis, modified, where applicable, via fair value measurement of i) biological assets measured at fair value, and ii) certain financial instruments, which are recorded at their fair value.

The preparation of condensed consolidated financial statements requires the use of estimates, assumptions and critical judgements in the process of determining accounting policies to be adopted by the Group, with significant impact on the book value of assets and liabilities, as well as on income and expenses for the period. Although these estimates are based on the best experience of the Board of Directors and on its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas with significant assumptions and estimates are disclosed in Note 2.4 of the accompanying notes to the consolidated financial statements of the Group for the financial year ended 31 December 2019.

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

During the period, there were no changes in accounting policies. Likewise, no material errors were recognised in relation to previous financial years.

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

Up to the date of approval of these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments and revisions, mandatorily applied to the financial year beginning on 1 January 2020:

	Effective date (financial years begun on or after)
Amendments to references to the Conceptual Framework in IFRS Standards	01 Jan 2020
Amendment to IFRS 3 - Business combinations	01 Jan 2020
Amendment to IAS 1 and IAS 8 - Definition of material	01 Jan 2020
Amendments to standards IFRS 9, IAS 39 and IFRS 7 - Interest rate Benchmark reform (IBOR Reform)	01 Jan 2020

The adoption of these standards and interpretations had no relevant impact on the Group's financial statements.

On the approval date of these financial statements, the following accounting standards, amendments and interpretations were not yet endorsed by the European Union:

	Effective date (financial years begun on or after)
IFRS 17 - Insurance contracts	01 Jan 2021
IAS 1 (Amendments) Classification of Liabilities as Current or Non-current	01 Jan 2023

The Group has not adopted any standard, amendment or interpretation that has been issued but not yet effective, for the preparation of the consolidated financial statements for the period ending 31 March 2020, given that application is not mandatory. The impact of the referred standards is currently being assessed.

4. SIGNIFICANT EVENTS: COVID-19

The first quarter of 2020 was marked by the emergence of a global epidemic called COVID-19, and on March 11, 2020 the World Health Organization declared it a pandemic. In Portugal, a state of emergency was declared, which was in force from the 19th of March to the 2nd of May 2020.

The Altri Group has been assessing and monitoring the pandemic's developments, in terms of the risk factors that in its understanding are relevant, and which may affect the business areas, whether in operational, investment or financial terms. If it becomes the Group's understanding that the current developments and conditions will eventually affect, in a definitive way, the business plans and

medium and long-term projections used in the Altri Group's budget and strategic plan, they will be considered in the impairment analysis models in order to obtain their possible accounting impacts.

From all the actions implemented within the scope of the monitoring and evaluation of pandemic developments, we highlight the following:

- The Altri Group, from a very early stage, implemented a set of measures for the prevention, control and surveillance of this infection. As a result of the various measures implemented by the Group, on March 31, 2020, a negative impact on the income statement is estimated in the amount of approximately 250 thousand Euro (including personnel expenses, namely extra shifts and hours, as well as travel expenses, donations, protective equipment, expenses with hiring companies specialised in disinfecting spaces, among others).
- The Altri Group proceeded cautiously with an internal review and evaluation process on the investments it had planned for the 2020 financial year, reassessing the cost-benefit of these portfolio projects, as well as their feasibility, considering the current reality. From this review it was decided to reschedule the implementation of some projects in the amount of approximately 9 million Euro.
- With regard to liquidity risk management, the Group maintained a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance in unfavorable conditions. As of March 31, 2020, the amount of consolidated loans¹ maturing in the next 12 months is approximately 128 million Euro. On the same date, the Group has consolidated credit lines available (namely bank overdrafts, pledged current accounts and not used commercial paper programs) in the amount of approximately 85.1 million Euro. Additionally, the Group's 'Cash and cash equivalents' reach approximately 220 million Euro, representing approximately 80% of its current liabilities.

Within Altri Group, the three plants continue to produce fully, as well as the power plants. During this period, and until today, operations at all units that make up the Altri Group's business universe were carried out at the usual pace, with no disruptions. Given the operational activity of the Altri Group, the assessment and conclusions with reference to 31 December 2019, with respect to the hedging derivative instruments' accounting, remains valid at 31 March 2020.

It is worth mentioning that based on the results of the Altri Group, reinforced by the performance of its operating segments during the three months period ended 31 March 2020, and considering the information available up to this date, the conclusions in the preparation of the annual financial statements at 31 December 2019, regarding recoverability of the financial and non-financial assets, namely with regard to the potential impacts of the COVID-19 pandemic, remain unchanged. The sensitivity analyses were disclosed in the notes to the financial statements for the year ended 31 December 2019.

Nevertheless, circumstances of extended social and macroeconomic conditions with negative impact on the value chain could result in negative effects on the results of the Altri Group with a consequence on the recoverable value of its assets.

Despite the measures mentioned above, and at this stage, which is characterised by widespread uncertainty in the social and economic context, the Altri Group will remain attentive and careful in the management of its business, and in the evaluation and monitoring of the actions already implemented and / or to be implemented, in order to manage and anticipate, as far as possible, the impacts of this pandemic on its operational and financial performance.

With regard to short-term impacts, the following should be noted:

Pulp segment:

The first quarter of 2020, despite the pandemic, started positively in commercial terms, with regard to the demand for pulp, which is the raw material for tissue production. The high demand from Customers is explained by the increased consumption of paper products for domestic use, as well as

¹ Consolidated loans: Bank loans + Other loans + Reimbursable government grants + Lease liabilities

for hygiene and protection use, also explained by the pandemic. In the second quarter, demand for tissue is expected to continue offsetting the drop in the graphic paper industry (printing and writing).

Stoppage of production facilities for maintenance purposes in the pulp industry were generally postponed to the second semestre. Several of these stops may coincide, which may imply a reduction in the supply of pulp in the market.

The production of tissue has been considered an essential activity and, as such, the raw material used in its production (paper pulp) was also considered an essential good. For this reason, the Altri Group maintains its activity as part of this supply chain.

Given the strong partnership with its Suppliers, no constraint in the supply chain and supply of raw materials has occurred up to this date.

In the beginning of the current financial year, the spread of COVID-19 did not allow the increase of the sales price, which was already being anticipated in the market at the end of 2019. During the first quarter of 2020, however, we noticed a stabilisation of the selling price of the BHKP pulp, recorded by the PIX in USD, in comparison to the values at 31 December 2019. At this date, there is an expectation in the market that the increase in the selling price will take place gradually over the course of the third and fourth quarters of the year.

The European Commission has implemented a “free transit” operation at borders and for this reason, up to this date, no constraints in the movement of products for export have occurred.

Despite the fact that the Altri Group maintained the credit insurance levels in its pulp sales, even under a pandemic situation, there has been no relevant difficulties in terms of collection up to this date. Additionally, there were no contractual defaults or changes to existing contracts with customers.

Energy segment:

Given the business model of this segment, up to this date, turnover has not been significantly impacted as a result of the pandemic, with all sales made to the public grid. Likewise, there hasn't been any relevant difficulties in terms of collection or in terms of other important operational issues.

Employees:

Ensuring the permanent well-being of all Employees, their families and the community has always been and will continue to be a priority of the Altri Group.

The Altri Group put in place a set of additional preventive measures to protect the health and safety of its Employees, based on the recommendations of the Portuguese Health Authority to deal with the pandemic.

The human resources department, based on the recommendations of the Portuguese Health Authority, proceeded with the elaboration of a Group's COVID-19 Contingency Plan. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our employees and the local community.

Several measures have been implemented, namely:

- Following the most recent recommendations of the Government and the national health authorities, which highlight the convenience of widespread use of masks in the community, the Altri Group has made the use of masks mandatory from the entry point in each subsidiary;
- Still as a contingency measure in the fight against COVID-19, thermal cameras with thermographic technology were installed in the main entries of the subsidiaries Caima, Celbi and Celtejo;
- PROTOCOL Altri COVID Free – the Altri Group has been carrying a serological test to all Employees, a fast and effective way to screen for COVID-19;
- Disinfection with hypochlorite - This equipment is normally used against forest pests, having been adapted to protect the health of the Employees;

- In order to adopt more restrictive measures in terms of physical contact between Employees, during the declared state of emergency and until May 17, the collective transport of Employees by bus was suspended.

The Altri Group hereby informs that, up to this date, it is unaware of any of its employees testing positive for COVID-19. Nevertheless, the Group is prepared for that contingency.

Altri's Board of Directors wants to formally address a special thanks to all its Employees, for the absolutely exemplary and noteworthy way in which they all endeavored to overcome this phase that we are going through.

5. INVESTMENTS

5.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidation by the full consolidation method, respective registered offices, proportion of capital held and main activity as at 31 March 2020 and 31 December 2019 are as follows:

Company	Registered office	Effective held percentage		Main activity
		31.03.2020	31.12.2019	
<u>Parent company:</u>				
Altri, SGPS, S.A.	Porto			Holding (company)
<u>Subsidiaries:</u>				
Altri Abastecimento de Madeira, S.A.	Figueira da Foz	100%	100%	Timber commercialization
Altri Florestal, S.A.	Figueira da Foz	100%	100%	Forest management
Altri Sales, S.A.	Nyon, Switzerland	100%	100%	Group management support services
Altri, Participaciones Y Trading, S.L.	Pontevedra, Spain	100%	100%	Commercialization of Eucalyptus pulp
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Constância	100%	100%	Generation of thermal energy and electricity
Caima – Indústria de Celulose, S.A.	Constância	100%	100%	Production and commercialization of Eucalyptus pulp
Captaraiz Unipessoal, Lda.	Figueira da Foz	100%	100%	Real estate
Celtejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	100%	100%	Production and commercialization of Eucalyptus pulp
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and commercialization of Eucalyptus 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%	Real estate
Viveiros do Furadouro Unipessoal, Lda.	Óbidos	100%	100%	Plant production in nurseries and services related with forest and landscapes
Florestsul, S.A.	Figueira da Foz	100%	100%	Forest management
Sociedade de Energia Solar do Alto Tejo (SESAT), Lda.	Nisa	80%	80%	Renewable energy sources
Bioelétrica da Foz, S.A.	Figueira da Foz	100%	100%	Electricity generation using waste and biomass sources
Bioródão, S.A.	Figueira da Foz	100%	100%	Electricity generation using waste and biomass sources
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%	Electricity generation using waste and biomass sources
Ribatejo Green, Lda	Algés	70%	70%	Electricity generation
Amieira Green, Lda	Algés	70%	70%	Electricity generation
Paraimo Green, Lda	Algés	70%	70%	Electricity generation
Piara Solar, Lda	Algés	70%	70%	Electricity generation
Maior Green, Lda	Algés	70%	70%	Electricity generation

All subsidiaries above were included in the Altri Group's consolidated financial statements using the full consolidation method.

5.2 INVESTMENT IN ASSOCIATED COMPANIES

Associated companies and proportion of capital held as at 31 March 2020 and 31 December 2019 are as follows:

Company	Statement of financial position		Effective shareholding percentage	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
<u>Associated companies:</u>				
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	845,363	725,472	33.33%	33.33%
	845,363	725,472		

Operfoz has its registered office at Figueira da Foz and its main activity is operation of ports. This entity was included in the Altri Group's consolidated financial statements using the equity method.

The movements in the balance of this caption in the periods ended 31 March 2020 and 31 December 2019 are detailed as follows:

	Statement of financial position	
	31.03.2020	31.12.2019
Opening balance	725,472	696,660
Equity method:		
Effects on gains and losses related to associated companies	119,891	28,812
Closing balance	845,363	725,472

The accounting policies used by the associated company are not significantly different from those used by the Altri Group, and as such no harmonization of the accounting policies was necessary.

6. CHANGES IN THE CONSOLIDATION PERIMETER

During the three months period ended on 31 March 2020, there were no changes in the consolidation perimeter compared to 31 December 2019.

7. CASH AND CASH EQUIVALENTS

As at 31 March 2020 and 2019, Cash and cash equivalents are as follows:

	31.03.2020	31.03.2019
Cash	31,491	36,462
Bank deposits	219,607,738	309,076,645
Cash and cash equivalents on the statement of financial position	219,639,229	309,113,107
Bank overdrafts (Note 10)	(2,897,284)	-
Cash and cash equivalents on the statement of cash flows	216,741,945	309,113,107

8. CURRENT AND DEFERRED TAXES

According to current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there have been tax losses, tax benefits granted, or when inspections, complaints or challenges are in progress, in which cases, depending on the circumstances, the deadlines are extended or suspended. Therefore, the Group's tax returns since 2016 may still be 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 condensed consolidated financial statements as of 31 March 2020.

9. SHARE CAPITAL

As at 31 March 2020 and 31 December 2019, the Company's share capital was fully subscribed and paid up, consisting of 205,131,672 shares with a nominal value of 12.5 cents of Euro each.

10. BANK LOANS, OTHER LOANS AND REIMBURSABLE GOVERNMENT GRANTS

As at 31 March 2020 and 31 December 2019, 'Bank loans', 'Other loans' and 'Reimbursable government grants' can be detailed as follows:

	31.03.2020					
	Nominal value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	-	27,500,000	27,500,000	37,066	27,500,000	27,537,066
Bank overdrafts	2,897,284	-	2,897,284	2,897,284	-	2,897,284
Bank loans	2,897,284	27,500,000	30,397,284	2,934,350	27,500,000	30,434,350
Commercial paper	110,000,000	75,000,000	185,000,000	110,204,213	75,000,000	185,204,213
Bond loans	-	495,700,000	495,700,000	2,159,989	493,598,466	495,758,455
Other loans	144,000	-	144,000	144,000	-	144,000
Other loans	110,144,000	570,700,000	680,844,000	112,508,202	568,598,466	681,106,668
Reimbursable government grants	2,921,268	2,868,177	5,789,445	2,921,268	2,868,177	5,789,445
	115,962,552	601,068,177	717,030,729	118,363,820	598,966,643	717,330,463

	31.12.2019					
	Nominal value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	6,000,000	27,500,000	33,500,000	6,202,715	27,500,000	33,702,715
Bank overdrafts	-	-	-	-	-	-
Bank loans	6,000,000	27,500,000	33,500,000	6,202,715	27,500,000	33,702,715
Commercial paper	100,000,000	65,000,000	165,000,000	100,098,828	65,000,000	165,098,828
Bond loans	-	495,700,000	495,700,000	2,360,134	493,764,714	496,124,848
Other loans	192,000	-	192,000	192,000	-	192,000
Other loans	100,192,000	560,700,000	660,892,000	102,650,962	558,764,714	661,415,676
Reimbursable government grants	3,026,144	2,942,267	5,968,411	3,026,144	2,942,267	5,968,411
	109,218,144	591,142,267	700,360,411	111,879,821	589,206,981	701,086,802

The book value includes accrued interests and the expenditures with the issuance of the loans. These expenses were deducted from its nominal value and are being recognised as financial expenses along the life period of the loan (Note 13).

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11. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movement occurred under provisions and impairment losses in the three months periods ended 31 March 2020 and 2019 can be detailed as follows:

	31.03.2020			
	Provisions	Impairment losses in receivables	Impairment losses in inventories	Total
Opening balance	17,307,171	3,624,622	14,837,369	35,769,162
Increases	37,549	-	-	37,549
Utilizations	(340,551)	-	-	(340,551)
Reversals	-	-	(1,857,170)	(1,857,170)
Transfers	(3,050)	-	-	(3,050)
Closing balance	17,001,119	3,624,622	12,980,199	33,605,940

	31.03.2019			
	Provisions	Impairment losses in receivables	Impairment losses in inventories	Total
Opening balance	14,390,330	3,630,547	8,336,698	26,357,575
Increases	2,876	-	-	2,876
Utilizations	(3,051)	-	(159,226)	(162,277)
Closing balance	14,390,155	3,630,547	8,177,472	26,198,174

The amount recorded under 'Provisions' includes the dismantling provision of the power generation plants operated by Bioelétrica da Foz and its subsidiaries.

The increase recorded in the three months period ended 31 March 2020 refers to the unwinding of the discount. This discount that results from the passage of time is recorded against the caption 'Financial expenses'.

The amount recorded under the caption 'Provisions' is the best estimate from the Board of Directors in order to address the entirety of losses to be incurred with currently ongoing legal proceedings.

12. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2020 and 31 December 2019, the Altri Group had in force derivative financial instrument contracts associated with hedging interest rate changes and derivative financial instrument contracts associated with hedging exchange rate changes. All these instruments are recorded at fair value.

Altri Group subsidiaries only use derivatives to hedge cash flows associated with operations generated by their activity.

As at 31 March 2020 and 31 December 2019, the fair value of derivative financial instruments is as follows:

	31.03.2020				31.12.2019			
	Asset		Liability		Asset		Liability	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Interest rate derivatives	-	-	111,120	1,075,244	-	-	111,003	919,120
Exchange rate derivatives	977,105	-	4,103,351	-	1,557,085	-	1,769,362	-
	977,105	-	4,214,471	1,075,244	1,557,085	-	1,880,365	919,120

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The movement in the fair value of the derivative financial instruments during the three months period ended 31 March 2020 can be broken down as follows:

	Interest rate derivatives	Exchange rate derivatives	Total
Opening balance	(1,030,123)	(212,277)	(1,242,400)
Change in fair value			
Effects on equity	(100,760)	(2,504,820)	(2,605,580)
Effects on the income statement	(55,481)	(1,509,222)	(1,564,703)
Effects on the statement of financial position	-	1,100,073	1,100,073
Closing balance	(1,186,364)	(3,126,246)	(4,312,610)

13. FINANCIAL RESULTS

The financial results for the three months periods ended 31 March 2020 and 2019 are detailed as follows:

	31.03.2020	31.03.2019
Financial expenses		
Interest expenses	3,444,884	4,143,973
Other financial expenses and losses	2,361,135	2,045,041
	<u>5,806,019</u>	<u>6,189,014</u>
Financial income		
Interest income	14,542	980,224
Other financial income and gains	1,262,031	412,933
	<u>1,276,573</u>	<u>1,393,157</u>

During the three months period ended on 31 March 2020, the caption 'Other financial expenses and losses' includes, among others, expenses incurred with loans, which are being recognised as an expense over the life of the respective loan (Note 10) and the expenses on exchange rate derivatives (Note 12). The caption 'Other financial income and gains' includes, mainly, exchange rate gains.

14. EARNINGS PER SHARE

Earnings per share for the three months period ended 31 March 2020 and 2019 were calculated based on the following amounts:

	31.03.2020	31.03.2019
Number of shares for basic and diluted earning calculation	205,131,672	205,131,672
Result for the purpose of calculating earnings per share	6,815,639	36,724,428
Earnings per share		
Basic	0.03	0.18
Diluted	0.03	0.18

15. OTHER INCOME

As at 31 March 2020 and 2019, the caption 'Other Income' is detailed as follows:

	31.03.2020	31.03.2019
Investment and exploration subsidies	988,530	1,221,117
Gains on sales of assets	26,787	64,427
Others	198,107	377,040
	<u>1,213,424</u>	<u>1,662,584</u>

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16. INFORMATION BY SEGMENTS

The Altri Group shows the following reportable segments:

- i) **Pulp**
Comprising essentially the three pulp mills in Portugal: Celulose Beira Industrial (Celbi), S.A., in Figueira da Foz; Celtejo – Empresa de Celulose do Tejo, S.A., in Vila Velha de Ródão; and Caima – Indústria de Celulose, S.A., located in Constância, and the forestry activity; and
- ii) **Energy**
Consisting of Bioelétrica da Foz, S.A. and its subsidiaries, comprising five power plants generating energy from forest biomass, for sale to the public grid.

The Group identified these two reportable segments, considering that these are Group facilities that carry on business where revenues and expenses can be separately identified and relative to which separate financial information is produced. Compared to 31 December 2019, the Group revised its method of monitoring operations, not distinguishing the other segment from the pulp segment. The identification of the reportable segments made by the Group is consistent with the way the Board of Directors conducts and controls them, and on which it makes decisions.

The contribution of the business segments to the consolidated income statement for the three months period ended 31 March 2020 is as follows:

	Energy	Pulp	Total	Eliminations	Consolidated
Sales	21,757,119	141,675,497	163,432,616	-	163,432,616
Sales - intersegmental	3,013,987	88,127,269	91,141,256	(91,141,256)	-
Services rendered	-	1,014,319	1,014,319	-	1,014,319
Services rendered - intersegmental	-	8,976,016	8,976,016	(8,976,016)	-
Other income	55,604	1,157,820	1,213,424	-	1,213,424
Other income - intersegmental	-	208,017	208,017	(208,017)	-
Fair value changes in biological assets	-	-	-	-	-
Total operating income	24,826,710	241,158,938	265,985,648	(100,325,289)	165,660,359
Cost of sales	(12,468,552)	(157,575,770)	(170,044,322)	89,006,598	(81,037,724)
External supplies and services	(4,472,258)	(49,646,159)	(54,118,417)	11,170,900	(42,947,517)
Payroll expenses	-	(9,242,163)	(9,242,163)	49,630	(9,192,533)
Amortisation and depreciation	(3,669,614)	(16,096,410)	(19,766,024)	-	(19,766,024)
Provisions and impairment losses	-	1,857,170	1,857,170	-	1,857,170
Other expenses	(45,625)	(1,152,156)	(1,197,781)	5,023	(1,192,758)
Total operating expenses	(20,656,049)	(231,855,488)	(252,511,537)	100,232,151	(152,279,386)
Operating results	4,170,661	9,303,450	13,474,111	(93,138)	13,380,973
Results related to investments					119,891
Financial results					(4,529,446)
Profit/(loss) before income tax					8,971,418
Income tax					(2,155,875)
Net profit/(loss)					6,815,543
Attributable to:					
Holders of equity in the parent company					6,815,639
Non-controlling interests					(96)
					6,815,543

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The contribution of the business segments to the consolidated income statement for the three months period ended 31 March 2019 is as follows:

	Energy	Pulp	Total	Eliminations	Consolidated
Sales	12,791,686	191,833,735	204,625,421	-	204,625,421
Sales - intersegmental	-	77,725,119	77,725,119	(77,725,119)	-
Services rendered	-	1,066,019	1,066,019	-	1,066,019
Services rendered - intersegmental	-	11,672,954	11,672,954	(11,672,954)	-
Other income	41,254	1,621,330	1,662,584	-	1,662,584
Other income - intersegmental	-	144,815	144,815	(144,815)	-
Fair value changes in biological assets	-	-	-	-	-
Total operating income	12,832,940	284,063,972	296,896,912	(89,542,888)	207,354,024
Cost of sales	(5,253,922)	(148,012,646)	(153,266,568)	75,799,341	(77,467,227)
External supplies and services	(3,607,960)	(54,092,746)	(57,700,706)	13,615,330	(44,085,376)
Payroll expenses	-	(9,271,994)	(9,271,994)	3,072	(9,268,922)
Amortisation and depreciation	(1,966,411)	(16,959,947)	(18,926,358)	-	(18,926,358)
Provisions and impairment losses	-	(159,401)	(159,401)	-	(159,401)
Other expenses	(23,519)	(1,811,671)	(1,835,190)	31	(1,835,159)
Total operating expenses	(10,851,812)	(230,308,405)	(241,160,217)	89,417,774	(151,742,443)
Operating results	1,981,128	53,755,567	55,736,695	(125,114)	55,611,581
Results related to investments					1,388
Financial results					(4,795,857)
Profit/(loss) before income tax					50,817,112
Income tax					(14,092,684)
Net profit/(loss)					36,724,428
Attributable to:					
Holders of equity in the parent company					36,724,428
Non-controlling interests					-
					<u>36,724,428</u>

17. RELATED PARTIES

Altri Group subsidiary companies have relationships with each other that qualify as transactions with related parties, which were carried out at market prices.

In the consolidation procedures, transactions between companies included in the consolidation using the full consolidation method are eliminated, since the consolidated financial statements show information on the holder and its subsidiaries as if it were a single company, and so they are not disclosed under this note.

During the three months periods ended 31 March 2020 and 2019, there were no transactions with the Board of Directors, nor were they granted loans.

As at 31 March 2020 and 2019, balances and transactions with related entities during the three months periods ended on those dates can be summarised as follows:

	Payables		Receivables	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Balances				
Associated companies (a)	658,599	97,331	-	-
Other related parties (b)	522,872	56,559	-	-
	<u>1,181,471</u>	<u>153,890</u>	<u>-</u>	<u>-</u>

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	Purchases and acquired services		Sales and services rendered	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Transactions				
Associated companies (a)	863,357	368,891	-	-
Other related parties (b)	662,021	712,298	-	-
	<u>1,525,378</u>	<u>1,081,189</u>	<u>-</u>	<u>-</u>

- (a) Entities included in the consolidation using the equity method as at 31 March 2020 and 2019 (Note 5.2)
- (b) The companies listed below were considered as other related parties

Along with the companies included in the consolidation (Note 5), entities deemed related as at 31 March 2020 can be shown as follows:

- 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.

18. APPROPRIATION OF NET PROFIT

Regarding the 2019 financial year, the Board of Directors proposed in its annual report, which was approved in the General Meeting held on April 30, 2020, that the individual net profit of Altri, SGPS, S.A. in the amount of EUR 114,428,315, should be allocated as follows:

Free reserves	EUR 52,888,813
Dividends	EUR 61,539,502

The distribution of profits for the financial year results in the payment of a gross dividend of EUR 0.30 per share.

19. SUBSEQUENT EVENTS

From 31 March 2020 to the date of issue of this report, there were no other relevant facts that could materially affect the financial position and future results of the Altri Group and its subsidiary and associated companies included in the consolidation.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2020.

21. TRANSLATION NOTE

These consolidated financial statements are a translation of the financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting and with the International Financial Reporting Standards as adopted by the European Union, 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

Alberto João Coraceiro de Castro

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

Maria do Carmo Guedes Oliveira

Paula Simões de Figueiredo Pimentel Freixo

José Soares de Pina

José António Nogueira dos Santos

Carlos Alberto Sousa Van Zeller e Silva



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