altri

our value is made of fiber

EARNINGS ANNOUNCEMENT
(unaudited information)

1Q23

Index

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards 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.

Highlights of 1Q23

Altri Group achieved total revenues of € 224.7 M in 1Q23, a decrease of 9.9% vs 1Q22. The global destocking effect in the pulp and paper industry led the Altri Group to register a lower sales volume than the same period last year. Additionally, the change of the electricity regime of Celbi to self-consumption ended up leading to a relevant reduction in the level of revenues.

Altri Group reached a EBITDA of € 50.2 M in 1Q23, a decrease of 17.6% when compared to the same period of last year. **EBITDA margin reached 22.3%**, a decrease over the 24.5% reported in 1Q22. During 1Q23, we started to notice a **decrease in variable costs per ton**, a trend that should accelerate in the coming quarters.

Altri Group's Net Profit reached **€ 19.6 M in 1Q23,** a decrease of 34.3% when compared to 1Q22.

Altri Group maintains a comfortable debt level at the end of the 1Q23, reaching **a Net Debt/EBITDA LTM ratio of 1.1x**, which corresponds to a net debt level of € 327.5 M.

The Altri Group continues to look for opportunities to **improve the efficiency of its industrial units**. In addition, the Group expects to start up, still in 2023, with additional power-generating capacity, through new photovoltaic plants and by using the excess power from Caima's new biomass boiler.

The Altri Group continues to develop the **Gama project** and a final investment decision is expected to be announced by the end of 2023. The Gama project should be a transformational project, implying the construction of a new industrial unit for the production of dissolving pulp and sustainable textile fibers, in Galicia. Altri Group continues to actively work in the environmental impact study, engineering project, economic feasibility study, financing structure and access to European Union funds.

Message from the CEO

After a challenging 2022, we entered this new year with a strong focus on operational discipline and on transforming the Group's profile, oriented towards bioeconomy markets and the creation of greater value.

In our operations, we successfully carried out the scheduled maintenance downtime of what is the largest industrial unit of Altri Group, Celbi, this quarter, reinforcing its operational efficiency. This downtime implied a reduction in the total volume of fibers produced by the Altri Group.

The context of destocking along the value chain of the pulp and paper industry, a consequence of the slowdown in global demand and normalization of global logistics, led to a decrease in sales at a time of dropping fiber prices.

Although we have seen a stabilization in the main costs, they remain higher than in the same period last year. This context reinforces our focus on managing costs throughout the production process and implementing additional measures to improve operational efficiency.

Despite this conjuncture, we continue our new investment effort in relevant projects that reinforce our focus on organic growth. In this quarter alone, Altri Group invested a total of 18.4 million Euro, almost three times more than in the same period last year, in an effort to improve the efficiency and sustainability of our industrial units, but also to prepare them to seize the new opportunities created by the bioeconomy.

We remain committed to the development of the Gama Project, focused on the production of sustainable fibers for the textile industry, in Galicia, and for which we expect to announce a final investment decision by the end of 2023.

José Soares de Pina
Altri's CEO

Operating and financial performance

Pulp market

Global demand for pulp during 1Q23 decreased by 3.5% vs the same period of the previous year, with demand for Hardwood pulp registering a slightly better evolution, with a reduction of 3.1%, according to the PPPC (World Chemical Market Pulp Global 100 Report – March 2023).

In regional terms, and focusing essentially on the Hardwood pulp market, in which Altri Group has a predominant position, we positively highlight Latin America (+19.1%) and China (+4.3%). The European market in particular, as a consequence of the destocking effect already seen in the last months of 2022, showed a significant decrease of -18.1% in 1Q23.

000' Tons	1Q23	1Q22	YoY
Bleached Hardwood Sulphate	9,078	9,372	-3.1%
Bleached Softwood Sulphate	6,014	6,156	-2.3%
Unbleached Sulphite	659	782	-15.7%
Sulphite	25	31	-19.3%
Pulp Global Demand	**15,776**	**16,341**	**-3.5%**
Bleached Hardwood Sulphate per region			
North America	788	797	-1.1%
Western Europe	1,808	2,203	-18.1%
Eastern Europe	310	374	-17.1%
Latin America	818	686	19.1%
Japan	243	272	-10.5%
China	3,684	3,533	4.3%
Rest of Asia/Africa	1,383	1,447	-4.4%
Oceania	45	59	-23.4%
Total	**9,078**	**9,372**	**-3.1%**

Source: PPPC (World Chemical Market Pulp Global 100 Report- March 2023).

One of the relevant factors to confirm the balance of demand and supply of pulp in the European market is the level of stocks in European ports. Given the global destocking trend in the pulp and paper industry value chain in general, the level of stocks at European Ports experienced an increase during 1Q23, and is now at levels slightly above the historical average.

Pulp stocks in European Ports

Mil Tons	Mar-23	Feb-23	Jan-23	2022	2021	2020	2019
Stocks (EU Ports)	1,722	1,674	1,514	1,157	1,198	1,542	1,912

Note: Monthly end-of-period stocks. Monthly average for quarterly and annual values.
Source: Europulp (Federation of the National Associations of Pulp Sellers in Europe).

During 1Q23, the list price of pulp (BHKP) in Europe decreased from February onwards, ending the quarter at US$1,280/ton. After a year 2022 with several supply constraints, exacerbated by logistical difficulties, we are now witnessing a process of normalization of the value chains.

BHKP average pulp price evolution in Europe (2017 to 1Q23)

US$/ton	2023 1Q	2022	2021	2020	2019	2018	2017
Avg. Pulp Price (BHKP)	1,337	1,286	1,014	680	858	1,037	819

Source: FOEX.

Global demand for Dissolving Pulp (DP) has registered a slight decrease of 2.2% during 1Q23, according to Numera Analytics (Global DP Demand Report – February 2023). These demand figures are still a consequence of the slowdown verified during 4Q22 in the textile industry. We recall that DP is targeted for textile use and used mainly in Asia, the region that absorbs more than 80% of the demand. In geographical terms, China registered an increase of 7.8%, despite the negative figures from other parts of Asia. Despite this reduction in demand in the first two months of the year, there are indications that the market has stabilized and that demand, as well as the price level, is already in a process of recovery.

Global dissolving pulp demand

000' Tons	Jan-Feb 2023	Jan-Feb 2022	YoY
North America	94	70	35.2%
Western Europe	88	106	-16.5%
Asia	977	1,012	-3.4%
China	771	715	7.8%
Japan	32	28	14.9%
Taiwan	6	7	-16.8%
Thailand	24	27	-10.9%
Other Asia	145	235	-38.4%
Other	9	9	2.8%
Total	**1,169**	**1,195**	**-2.2%**

Source: Numera Analytics (Global DP Demand Report – February 2023).

Altri Group

Operating performance

Total volume of pulp produced in 1Q23 achieved 239.5 thousand tons, a decrease of 17.5% when compared to the previous quarter and a 14.5% decrease over the same quarter in the previous year. This variation is explained essentially by the downtime that occurred during 1Q23 in Celbi, the main industrial unit of the Altri Group.

In terms of pulp sales, the recorded volume was approximately 251.4 thousand tons during 1Q23, a growth of 2.8% vs 4Q22 and a decrease of 15.7% when compared to the 1Q22.

The reduction vs the same quarter of the previous year is explained essentially by the destocking effect along the value chain of the pulp and paper industry, a consequence of the slowdown in global demand for pulp and normalization of world logistics. This effect was especially relevant in the 'Printing & Writing (P&W)' segment and some 'Specialties'.

Operating indicators (Quarter)

000' tons	1Q23	1Q22	1Q23/1Q22	4Q22	1Q23/4Q22
Production Pulp BHKP	214.8	256.5	-16.2%	269.2	-20.2%
Production Pulp DWP	24.7	23.8	3.9%	21.3	16.2%
Total Production	**239.5**	**280.3**	**-14.5%**	**290.4**	**-17.5%**
Pulp Sales BHKP	228.8	264.0	-13.4%	228.3	0.2%
Pulp Sales DWP	22.6	34.1	-33.7%	16.3	38.5%
Total Sales	**251.4**	**298.1**	**-15.7%**	**244.6**	**2.8%**

In terms of end use, Tissue continues to maintain solid demand levels, increasing its weight to 56% (53% in 2022 and 50% in 2021). The P&W segment remains the second most important, with 16% of the volume sold, but losing importance given the particularly relevant destocking effect occurring in this segment. In regional terms, Europe (including Portugal), accounts for 66% of sales, followed by the Middle East with 23%, Turkey and Israel being the main destinations in the Middle East.

Weight of sales (volume) by end use

	1Q23	2022	2021
Tissue	56%	53%	50%
P&W	16%	24%	19%
Dissolving	10%	8%	8%
Décor	5%	5%	7%
Specialities	5%	5%	6%
Packaging	2%	2%	2%
Other	6%	3%	8%

Weight of sales (volume) by region

	1Q23	2022	2021
Europe (excl. Portugal)	54%	61%	61%
Middle East	23%	17%	17%
Portugal	12%	15%	14%
Asia	11%	7%	8%

Economic and financial performance

During 1Q23, total revenues of Altri Group amounted to € 224.7 M, a 9.9% decrease vs 1Q22 and a decrease of 13.7% vs 4Q22. This variation in revenues from 'Cellulosic fibers' is explained essentially by the deceleration in global demand for pulp, and, consequently, by the destocking effect along the value chain of the pulp and paper industry. Compared to 4Q22, and despite the increase in tons sold (2.8%), the decrease in revenues from 'Cellulosic fibers' (-12.4%) is mainly explained by the drop in the price of Hardwood pulp (BHKP) during 1Q23 and the unfavorable evolution of the Euro vs. the US Dollar (US$) in the period.

The variation of revenues included in the item 'Others' (-27.6% vs 1Q22) is explained essentially by a change in the Electric Energy (EE) sales regime, as a consequence of Celbi's production unit switching to Self-Consumption as of 3Q22. As such, the sale of electric energy started to correspond only to the surplus, being previously sold the total gross energy produced. As from that date, and since the Group sells the energy surplus in the market, it became exposed to the evolution of electricity prices. Given the reduction in pool prices during 1Q23 when compared to the previous quarter, we have witnessed a decrease of revenues from the sale of surplus generated electricity, which also explains the decrease in the item 'Others'.

In the first three months of 2023, we saw a stabilization and slight reduction in the prices of the main variable costs compared to 4Q22, although they are still at a much higher level than in 1Q22. Additionally, the scheduled maintenance downtime of the production unit of Celbi took place in February and March 2023 without incidents and with positive results. All these factors, both in terms of revenues and costs, ended up leading to a negative evolution in the margin when compared to the previous quarter and with the same quarter of the previous year.

In 1Q23, EBITDA reached € 50.2 M, decreasing 17.6% vs 1Q22 with an EBITDA margin of 22.3%, a decrease of 2.2 p.p. when compared to the same period in the previous year and of 7.7 p.p. when compared to 4Q22.

Although about 32% of the gross nominal financial debt is issued at a fixed rate (including interest rate swap contracts), the caption 'Financial results' increased in 65.9% compared to 1Q22, as a result of interest rate increases, which impacted the cost of financing at a variable rate. Compared to 4Q22, there was a significant improvement in the financial results (-67.7%), given that some factors that weighed negatively in 4Q22, such as currency hedges and exchange rate differences, evolved more favorably this quarter.

The decrease in the caption 'Income tax' was in line with the decrease in 'Profit before income tax of continued operations', with the effective tax rate remaining relatively stable vs the same quarter of the previous year.

The Net Profit of the Altri Group reached € 19.6 M, a decrease of 34.3% when compared to the 1Q22 and of 43.9% vs 4Q22.

Income statement highlights of the 1Q23

€ M	1Q23	1Q22	1Q23/1Q22	4Q22	1Q23/4Q22
Cellulosic fibers	189.1	200.0	-5.5%	215.9	-12.4%
Others[1]	35.6	49.2	-27.6%	44.5	-19.9%
Total Revenues	**224.7**	**249.2**	**-9.9%**	**260.4**	**-13.7%**
EBITDA	**50.2**	**61.0**	**-17.6%**	**78.1**	**-35.7%**
EBITDA mg	**22.3%**	**24.5%**	**-2.2 pp**	**30.0%**	**-7.7 pp**
EBIT	32.8	44.4	-26.1%	63.3	-48.2%
EBIT mg	14.6%	17.8%	-3.2 pp	24.3%	-9.7 pp
Net profit of cont. operations[2]	**19.6**	**29.8**	**-34.3%**	**34.9**	**-43.9%**

[1] Others: includes essentially i) sale of biomass and rendering of operation and maintenance services to Greenvolt's biomass plants in Portugal and ii) sale of Electric Energy (cogeneration) related to the cellulosic fiber production process.
[2] Attributable to equity holders of the parent

Investment

The total net investment made by the Altri Group during the first three months of 2023 reached € 18.4 M, which compares with the € 6.8 M in the same period of 2022. The total investment for the three month period of 2023 includes € 6.6 M related to the new biomass boiler for the Caima industrial unit.

	1Q23	2022	4Q22	3Q22	2Q22	1Q22
Total net investment	18.4	45.3	10.5	16.0	12.0	6.8

Debt

The Altri Group's net debt was € 327.5 M at the end of the 1Q23, a slight increase vs € 325.8 M at the end of 2022 and vs € 303.3 M in 1Q22. This level of debt is equivalent to a Net Debt/EBITDA LTM ratio of 1.1x. The Total net debt level, when adding lease liabilities, was around € 403.2 M at the end of 1Q23.

€ M	1Q23	4Q22	3Q22	2Q22	1Q22	2021
Net Debt	327.5	325.8	360.1	356.9	303.3	344.0

Sustainability

The Altri Group has defined four strategic development vectors that focus its activity and its future investments:

- To value the people
- Develop and enhance the forest
- Focus on operational excellence and technological innovation
- Affirming sustainability as a competitiveness factor

Based on this strategy, the main sustainability objectives for the Group were identified, in line with the Sustainable Development Goals (SDGs) of the United Nations, and with the expectations of our stakeholders, resulting in the definition of the “2030 Commitment” of the Altri Group. Every quarter we see progress towards a more sustainable Group, of which we highlight the recent initiatives:

- The Altri Group maintained its **rating ESG as A- in combating climate change** in 2022, status that fits in the band of 'Leadership' of the **CDP agency ranking**. This ranking is above the European regional average (‘B’) and of the 'Wood and Paper' sector average ('C'), as defined by CDP, and described as a reference of best practice implementation.

- In addition, CDP assigned Altri Group a **'B' rating regarding its performance in Forestry**, from policies, commitments, risk management, certification, forest strategy, among others. This rating is above the European average ('B-') and in line with the sector of 'Wood and Paper' ('B'), as defined by CDP.

CDP SCORE REPORT
FORESTS 2022 - Timber

CDP SCORE REPORT - CLIMATE CHANGE 2022

Perspectives

The process of normalization of the **global pulp market**, which began during the last months of 2022, is expected to continue during the second quarter of 2023. **Europe** continues to show some slowdown in demand, particularly in the more cyclical end-use segments such as Printing and Writing (P&W) and Décor (construction). The Group believes that the destocking that is still occurring along the value chain of the pulp and paper industry is the consequence of some economic slowdown and the normalization of global logistics. Additionally, the expectation of more Hardwood pulp supply from new projects in Latin America in the coming months may be amplifying this global destocking effect. On the positive side is the solid performance of the Tissue segment, which represents more than 50% of Altri Group's sales.

The reopening of the **Chinese** economy during the last quarter of 2022 was awaited with some expectation in the sector, given its central role in global pulp consumption. Despite being one of the regions with positive demand levels (+4.3%) in 1Q23, according to the PPPC, it has not been enough to offset the slowdown in other regions. Although the decline in Hardwood pulp (BHKP) prices in China since the beginning of the year has been faster than market expectations, the Group believes that current price levels will be close to the year's lows which will lead to a reactivation in demand.

In **Europe**, the price of Hardwood pulp (BHKP) has followed the global downward price trend. After ending 1Q23 at levels of US$ 1,280/ton, we continue to witness a correction in prices, following this destocking process in the paper industry. The Group believes that this normalization process may be approaching its end and, with it, an improvement in the outlook for prices. The Altri Group remains attentive and prudent in relation to the market's evolution perspectives for the coming quarters.

After the challenging year of 2022, trying to minimize the effect of a generalized inflation of **variable costs**, we have seen some price stabilization during 4Q22 as well as in the beginning of 2023. In 1Q23 we were able to decrease production costs per ton and we expect this trend to accelerate in the coming quarters. The downward trend in natural gas and chemical prices has accelerated in recent months and we note a trend toward lower wood prices in the local markets in addition to lower import requirements. The Group is also implementing additional measures to mitigate the impact on fixed costs.

In order to strengthen the energy competitiveness of the Altri Group, we expect that the project started in 2022 to install **additional electricity generation capacity**, through photovoltaic plants at the three Altri mills, will start operating in the second half of 2023.

In what concerns the **Gama project**, in Galicia, the Altri Group continues to work with the goal of announcing the final investment decision in 2023. The Group continues to make progress on the main pillars for the decision making, namely the environmental impact study, engineering design, economic feasibility, financing structure and access to funds of the European Union. To be noted that the Gama project stems from a Memorandum of Understanding (MoU) signed with Impulsa, a public-private consortium from the Autonomous Community of Galicia, to study exclusively the construction of a greenfield industrial plant from scratch, with an annual production capacity of 200,000 tons of soluble pulp and sustainable textile fibers.

Annexes

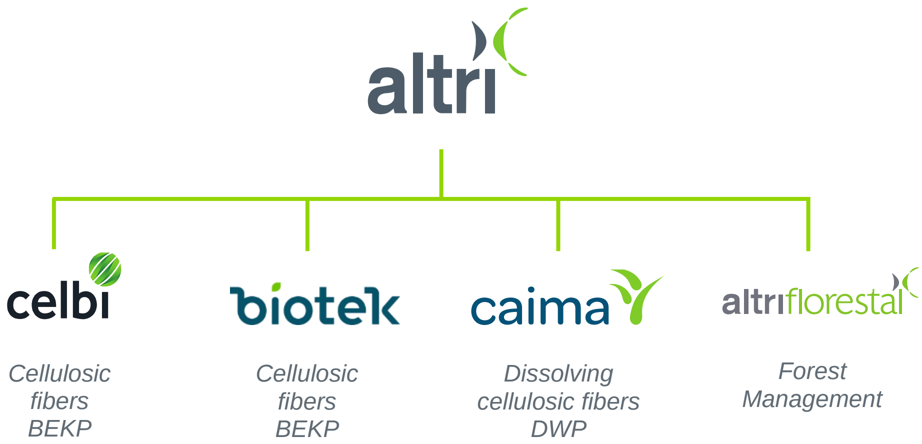
Description of Altri Group

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

Currently, Altri manages around 90.4 thousand hectars of forest in Portugal, entirely certified by the Forest Stewardship Council® (FSC® -C004615) and by Programme for the Endorsement of Forest Certification™ (PEFC™), two of the most acknowledged certification entities worldwide.

Currently, Altri has three pulp mills in Portugal, with an installed capacity that, in 2022, surpassed 1.1 million tonnes/year of eucalyptus cellulosic fibers.

Altri's current organic structure at the end of 1Q23 can be represented as follows:

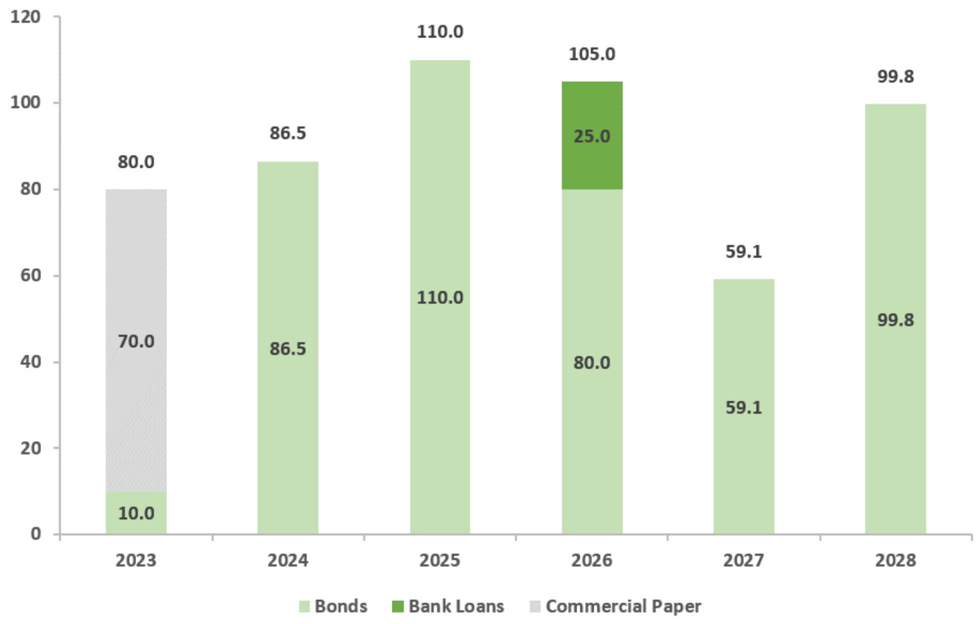


Pulp mill's maintenance downtime schedule

In terms of stoppages for maintenance during 2023, the schedule is as follows:

Mill	2023	Status
Celbi	March	Concluded
Biotek	October	Scheduled
Caima	October	Scheduled

Debt maturity profile



Amounts in € M. Note: Commercial Paper renewable with multi-year maturity.

Income statement (1Q23)

€ M	1Q23	1Q22	1Q23/1Q22	4Q22	1Q23/4Q22
Cellulosic fibers	189.1	200.0	-5.5%	215.9	-12.4%
Others[1]	35.6	49.2	-27.6%	44.5	-19.9%
Total revenues	**224.7**	**249.2**	**-9.9%**	**260.4**	**-13.7%**
Cost of sales	112.0	103.7	8.1%	116.9	-4.2%
External supplies and services	47.2	71.4	-33.8%	42.0	12.4%
Payroll expenses	11.6	10.1	14.0%	17.1	-32.5%
Other expenses	3.7	3.1	20.5%	6.8	-45.2%
Change in fair value of Biological assets	0.0	0.0	s.s.	-3.6	s.s.
Provisions and impairment losses	-0.1	0.0	s.s.	3.0	s.s.
Total expenses	**174.5**	**188.3**	**-7.3%**	**182.3**	**-4.3%**
EBITDA	**50.2**	**61.0**	**-17.6%**	**78.1**	**-35.7%**
EBITDA margin	**22.3%**	**24.5%**	**-2.2 pp**	**30.0%**	**-7.7 pp**
Amortisation and depreciation	-17.4	-16.5	5.1%	-14.7	17.8%
EBIT	**32.8**	**44.4**	**-26.1%**	**63.3**	**-48.2%**
EBIT margin	**14.6%**	**17.8%**	**-3.2 pp**	**24.3%**	**-9.7 pp**
Financial results	-5.8	-3.5	65.9%	-18.0	-67.7%
Profit before income tax of continued operations	**27.0**	**40.9**	**-34.0%**	**45.4**	**-40.4%**
Income tax	-7.6	-11.1	-31.6%	-10.6	-28.5%
Consolidated net profit of continued operations in the	**19.4**	**29.8**	**-34.8%**	**34.7**	**-44.0%**
Attributable to:					
Equity holders of the parent	**19.6**	**29.8**	**-34.3%**	**34.9**	**-43.9%**
Non-controlling interests	-0.2	0.0	s.s.	-0.2	-19.4%

[1] Others: includes essentially i) sale of biomass and rendering of operation and maintenance services to Greenvolt's biomass plants in Portugal and ii) sale of Electric Energy (cogeneration) related to the cellulosic fiber production process.

Balance sheet (1Q23)

€ M	1Q23	2022	1Q23/2022
Biological assets	109.7	109.1	0.5%
Property, plant and equipment	342.8	336.6	1.8%
Right-of-use assets	68.3	68.6	-0.5%
Goodwill	265.6	265.6	0.0%
Investments in joint ventures and associates	0.9	1.7	-48.3%
Others	19.9	22.0	-9.4%
Total non-current assets	**807.2**	**803.7**	**0.4%**
Inventories	138.2	112.9	22.4%
Trade receivables	124.9	134.6	-7.2%
Cash and cash equivalents	212.9	233.6	-8.9%
Others	36.8	32.9	11.8%
Total current assets	**512.8**	**514.0**	**-0.2%**
Group of assets classified as held for distribution to shareholders	153.5	180.6	-15.0%
Total assets	**1,473.5**	**1,498.4**	**-1.7%**
Total equity and Non-controlling interests	**608.0**	**609.9**	**-0.3%**
Bank loans	25.0	25.0	0.0%
Other loans	357.0	433.8	-17.7%
Reimbursable government grants	1.3	1.6	-20.0%
Lease liabilities	64.6	64.9	-0.4%
Others	51.9	47.8	8.4%
Total non-current liabilities	**499.8**	**573.2**	**-12.8%**
Bank loans	0.0	19.1	-99.9%
Other loans	161.5	82.5	95.8%
Reimbursable government grants	0.7	0.7	0.0%
Lease liabilities	11.1	17.4	-36.4%
Trade payables	111.9	108.7	2.9%
Others	80.5	86.9	-7.4%
Total current liabilities	**365.6**	**315.3**	**16.0%**
Total liabilities and equity	**1,473.5**	**1,498.4**	**-1.7%**

Note: Consolidated financial information included in this document was prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Glossary

CDP: ESG Rating agency

EBIT: Profit before income tax and Financial results of continued operations

EBIT margin: EBIT / Total Revenues

EBITDA: Profit before income tax, Financial results and Amortisation and depreciation of continued operations

EBITDA LTM: EBITDA reported in the last twelve months

EBITDA margin: EBITDA / Total Revenues

ESG: Environment, Social and Governance

Financial results: Results related to investments, Financial expenses and Financial income

Net Debt: Bank loans (nominal amounts) + Other loans (nominal amounts) - Cash and cash equivalents

Net Profit: Net profit of continued operations attributable to equity holders of the parent

Total Net Debt: Net Debt + Lease Liabilities

Total net investment: Payments in the period relating to acquisitions of property, plant and equipment

Total Revenues: Sales + Services rendered + Other income

EARNINGS ANNOUNCEMENT

1Q23

ALTRI, SGPS, S.A.

Head office: Rua Manuel Pinto de Azevedo, 818, Porto
Share capital: Euro 25,641,459
Registered in the Oporto Commercial Registry Office under the single registration and tax identification number - 507 172 086