inapa

IMPROVING THE WORLD

Half year Financial Report

2023

INDEX

01 **Highlights** **03**

02 **Main events** **06**

03 **Management report** **07**

3.1 Market context 07

3.2 Consolidated performance 11

3.3 Performance by business area 13

3.4 Future prospects 16

3.5 Stock exchange performance 17

3.6 Additional information 19

04 **Interim consolidated financial information** **20**

4.1 Interim consolidated financial statements 20

4.2 Notes to Interim consolidated financial statements 25

4.3 Declaration of Conformity 52

4.4 Auditor Report 53

01 Highlights

RESULTS GENERATION

During the first six months of 2023, the trend of significant decrease on paper demand has remained. This trend relates to the generalised stabilisation of the supply chain and an inventory reduction, observed since the last quarter of 2022. Average selling prices were under pressure, but shown resilience.

- Decrease of 28.3% in sales volume in tons compared to the first half of 2022.
- Sales loss of EUR 94.2 million, or 15.3%, compared to the same period of 2022.
- Loss of EUR 34.0 million in Gross Margin, compared to the first half of 2022, corresponding to 18.0% of Sales, a reduction of 2.8 pp.
- Net operating costs represented 14.2% of Sales (more 0.8% than the first half of 2022).
- EBITDA of EUR 19.7 million (less EUR 22.8 million than in 2022), corresponding to 3.8% of Sales.
- Operational profit (EBIT) of EUR 11.3 million (decrease of EUR 21.7 million).
- Net profit of EUR 1.0 million.

FINANCIAL STRUCTURE

- Consolidated net debt decreased EUR 4.8 million as compared to December 2022 (-EUR 10.1 million as compared to June 2022 with a Net Debt / Re-EBITDA ratio of 3.5x.
- Working capital decreased EUR 8.4 million as compared to December 2022 (more EUR 3.1 million than in June 2022).

Inapa presents a table of alternative activity indicators to the Financial Statements. This table facilitates the analysis of the evolution of the business by the management and is aligned with what is practiced by the other market players.

(Amounts in million euros except when otherwise mentioned)

	1H23	**1H22**	**VAR.23/22**
Tonnes ('000)	280	390	-28.3%
Sales	519.5	613.6	-15.3%
Gross Margin	93.5	127.5	-26.7%
Gross *Margin (%)*	*18.0%*	*20.8%*	*-2.8 pp*
Net operating costs	73.6	82.2	-10.5%
Operating income	12.4	14.4	-13.8%
Operating costs	86.0	96.6	-11.0%
Impairment of trade receivables	0.1	0.4	-73.1%
Re-EBITDA	19.8	45.0	-25.1
Re-EBITDA (%)	*3.8%*	*7.3%*	*-3.5 pp*
Non recurrent costs	0.1	2.4	-2.3
EBITDA	19.7	42.5	-22.8
EBITDA (%)	*3.8%*	*6.9%*	*-3.1 pp*
EBIT	11.3	33.1	-21.7
EBIT (%)	*2.2%*	*5.4%*	*-3.2 pp*
Financial function	9.5	7.9	20.0%
EBT	1.9	25.2	-23.3
Taxes on profits	0.9	9.2	-8.3
Net income	1.0	16.0	-15.0

	30/06/23	**30/06/22**	**VAR.23/22**
Net Debt	216.3	226.4	-10.1
Net Debt/Re-EBITDA [1]	3.5 x	3.4 x	0.1 x
Net Debt excluding Trade Finance	198.5	207.3	-8.8
Interest coverage	2.1 x	5.7 x	-3.6 x
Working capital	27.4	24.3	3.1

[1] Rolling Twelve Month Re-EBITDA

GLOSSARY

Sales
Sales of merchandise and other products [Note 3]

Gross Margin
Sales of merchandise and other products [Note 3] - Cost of sales + Net cash discounts [Note 3].

Net operating costs
Operating costs - Operating income

Operating income
Services rendered and Other income excluding Net cash discounts [Note 3]

Operating costs
Personnel costs + Other costs (except for provisions and impairment of trade receivables) [note 5], excluding Non-recurrent costs

Impairment of trade receivables
Provisions and Impairment of trade receivables as in Other costs [Note 5]

Re-EBITDA
Earnings before depreciation and amortization, Financial function, Non-recurrent costs and Income tax

Re-EBITDA (%)
Re-EBITDA / Sales

Non recurrent costs
Mainly related to restructuring costs, namely compensation for termination of work contracts

EBIT
Results before net financial function and Income tax

EBIT (%)
EBIT / Sales

Financial function
Net financial results [Note 6] + Gains / / (losses) in associates

Net debt
Gross debt - Cash and cash equivalents [Note 15]

Net debt excluding Trade Finance
Net debt – Trade Finance [Note 15]

Financial charges coverage
Re-EBITDA / Financial function

Working capital
Trade receivables + Inventories - Trade payables

02 Main events

01.03
BCP reduces qualifying holding and voting rights to a threshold below 10%

24.04
BCP reduces qualifying holding and voting rights to a threshold below 5%

28.04
Information regarding announcement of 2022 annual results

04.05
Notice of Ordinary General Meeting and 2022 Annual Report publication

25.05
Ordinary General Meeting

25.05
Election of a new Member of the Board of Directors for the current triennium (2022-2024)

05.06
Changes in the composition of the Board of Directors and of the Executive Committee

SUBSEQUENT FACTS

At the time this report is published, no subsequent events have been recorded.

03 Management report

3.1 Market context

Macroeconomic context

Global economic growth has decreased during the first half of 2023, and it should continue to slowdown as compared to 2022. This evolution takes place within a context featured by geopolitical risks, inflationary pressures and uncertainties regarding financial stability.

During this period, although the European Union has shown signs of resilience, it has also registered a very moderate growth of around 0.2% (as compared to the last quarter of 2022). Despite the decrease of energy costs and low unemployment rates, internal demand has been limited, affected by an increase of goods and services prices and by restrictive monetary policies. The conflict in Ukraine, as well as wider geopolitical tensions have limited the potential impact of international trade.

The above-mentioned constraints should persist in the second half of the year. Recent reports allude to signs of economic slowdown during summer and subsequent months, as well as to a slower dynamic concerning services (despite of tourism dynamism in some countries). For the second half of the year, and similarly to the first half, a moderate evolution in the European Union might be expected and it should result in an annual growth of 0.8%. The expected inflation rate for 2023 is 6.5%.

Hereafter, we present some comments on the evolution of economies in some of the main countries in which Inapa Group operates.

In the first half-year, **German economy** performed below expectations, recording a contraction (-0.1%) during the first quarter and a stagnation during the second quarter (quarter-on-quarter evolution). Real wage cuts continued to affect private consumption. Weak international dynamism has negatively impacted exports. Public consumption has decreased in the first quarter, reflecting a progressive reduction of expenses related to COVID-19. Industry and services confidence indicators (namely energy-intensive industries) have decreased, reflecting constraints within industrial, logistics and transportation sectors. On the other hand, since the end of 2022, a recovery of investment has stimulated growth. For the third and fourth quarter, real wages shall increase thus boosting private consumption and contributing for a moderate recovery. Annual estimates indicate a GDP contraction of 0.4% and an inflation of 6.4%.

In the second quarter of 2023, **French economy** has grown 0.5%, boosted by net exports, after a slowdown that has occurred since the second half of 2022. However, private consumption continued to be moderated and it is expected to recover for the next quarters as inflationary pressures decrease and household saving rate returns to its historical average. A progressive recovery of household and business investment is also expected. Therefore, GDP growth is expected to reach 1.0% and general inflation rate shall reach 5.6%.

Spanish economy has grown 0.5% in the first quarter and 0.4% in the second quarter (quarter-on-quarter growth). In the first quarter, external demand was decisive for this performance, since domestic demand has been limited by inflation and deteriorating financial conditions. In the second quarter, on the other hand, growth has been boosted by domestic demand, due to private consumption, encouraged by a moderate inflation, inverting the contraction trend and registering a quarterly growth of 1.6%. During this period, investment has increased, especially investment in capital goods and construction. Externally, exports have decreased more significantly than imports. Economic expansion shall be more moderate in the second half of 2023, namely reflecting tourism slowdown. GDP growth is expected to reach 2.2% in 2023 and inflation 3.6%.

Portuguese economy has grown 1.6% in the first quarter (quarter-on-quarter), and it stagnated in the second quarter. In the first quarter, growth has been boosted by exports. Exports of goods have grown 4.8% and exports of services have grown 10.8%. During this period, private consumption has also grown, namely through consumption of durable goods. In the second quarter, exports have decreased more significantly than imports thus contributing for the above-mentioned stagnation. Domestic demand has registered a moderate evolution, and household consumption presented a positive evolution. Recent forecasts point to an annual growth of around 2.5% and an inflation above 5%.

Belgian economy has moderately grown in the first six months of 2023. In the first quarter, the evolution was of 0.4% as compared to the last quarter of 2022 (close to stagnation) and in the second quarter it was of 0.2%. Expansion of private consumption and services, as well as increased volume of business investment had a significant influence in this evolution. Performance has been negatively impacted by the reduction of residential investment and public expenditures that were below expectations. Recent forecasts point to an annual growth of around 1% and an inflation above 3%.

In the second quarter, **Turkey** has grown 3,5% (quarter-on-quarter), which represents a positive evolution as compared to the contraction of 0.1% recorded in the first quarter (a period marked by the earthquakes). Fast consumption recovery, investment and public expenditure have positively contributed to that. Deterioration of trade balance, caused by a decrease of exports and an increase of imports, gave a negative contribution. Forecasts point to an annual growth of around 3% and an inflation above 58%. Inflation has been revised upwards due to the depreciation of the Turkish Lira and subsequent impacts on costs and demand, taking into consideration tax and wages adjustments and rising food prices.

Sector framework

During the first half of 2023, accumulated stocks in the value chain of paper industry have continued to decrease (destocking). The process of adjusting the inventory levels to the demand and supply dynamics has been carried out since the last months of 2022, and it has been extended beyond expectations. Destocking, allied to a context of geopolitical uncertainty, rising interest rates, inflation and other factors that directly affect consumers, have contributed to a significant reduction in paper demand (except for Tissue paper) all over Europe.

During this period, according to Eurograph (European Association of Graphic Paper Producers) statistics, Western Europe has registered a reduction of 29.9% in paper consumption for graphic arts, writing and printing as compared to the first half of 2022. Coated woodfree and uncoated woodfree papers decreased 39.7% and 23.0% respectively.

According to Eurograph, sales volume has decreased 30.2% in markets in which Inapa operates. Germany has registered a decrease of 32.0%, France, 27.5%, Portugal, 28.5% and Spain, 30.6%. These data refer to the consumption of coated woodfree and uncoated woodfree papers - which represents about 80% of traded papers, excluding the remaining subfamilies that comprise specialty papers, cardboards and self-adhesives, among others. Regarding Belux (Belgium and Luxembourg) where Inapa is mainly represented in the office paper segment, the market has fallen to 22.2%.

3.2 Consolidated performance

During the first half of 2023, the market trend regarding paper demand has remained downward (around 30%) and this fact is related to a generalised stabilisation of the supply chain and a reduction in inventory levels, registered since the last quarter of 2022.

Within the above-mentioned market context, Inapa's consolidated sales reached EUR 519.5 million, a decrease of 15.3% as compared to the same period last year. Paper sales in tonnes dropped 28.3% as compared to those recorded in the first six months of 2022, with average sales prices under pressure, but showing resilience. In the first six months of 2023, Inapa has increased its market share in the paper distribution sector.

Sales related to complementary businesses of packaging and visual communication registered, during the first six months of the year, a growth of 4.4% comparatively to the first six months of 2022. Packaging area has presented a drop in demand impacted by increased inflation rates that led to a higher pressure in sales prices. Visual communication area had a very positive global behaviour, supported by an organic growth and the acquisition of JJ Loos in France at the end of last year.

Gross margin in the first six months of 2023 was of 18% of sales, -2.8 pp as compared to the same period last year. After a very exceptional year of 2022, 2023's margins have adjusted to the average levels of 2020 and 2021, reflecting the current market conditions.

Net operating costs, excluding costumer impairment, represented 14.2% of sales during the first six months of 2023, an increase of 0.8 pp as compared to the same period last year. In absolute terms, the downturn of EUR 8.6 million was mainly due to a decrease in personnel costs (associated to a headcount reduction resulting from ongoing restructuring measures and sales drop) and transportation costs. The significant restructuring process currently being implemented in Germany, namely in logistics and commercial organisation areas, is particularly relevant since these areas represent relevant optimising opportunities. This process shall be carried out between 2023 and 2024 and consequently its effects in terms of cost reduction shall only be entirely reflected in 2025.

Impairment of trade receivables in the first six months of 2023 amounted to EUR 0.1 million.

Inapa maintains a strict risk monitoring by following rigorous internal procedures of credit control regarding its costumer portfolio, closely interacting with the Group's credit insurer.

EBITDA has rose up to EUR 19.7 million in the first six months of 2023 (3.8% of sales), a drop of EUR 22.8 million as compared to 2022. The reduction in variable costs and gains resulting from operational efficiency measures implemented in Germany (still in an early stage) were not enough to compensate sales drop and margin reduction.

Operational results (EBIT) amounted to EUR 11.3 million, a negative evolution of EUR 21.7 million comparatively to the same period last year.

Financial charges for the first half of 2023 have increased EUR 1.6 million, reaching EUR 9.5 million as compared to the same period in 2022. This progression is due to an increase of average debt cost resulting from an ongoing and progressive rise of reference interest rates since 2022.

Consolidated net profit before tax had a positive result of EUR 1.9 million. Income tax reached EUR 0.9 million, of which EUR 1.8 million are related to current taxes and positive EUR 0.9 million are related to deferred taxes, leading to a positive result of 1M€ in the first six months of 2023.

Working capital has dropped EUR 8.4 million as compared to December 2022, to EUR 27.4 million, mainly reflecting the reduction in inventory levels.

Consolidated net debt stood at EUR 216.3 million, less EUR 4.8 million than in December 2022, reflecting a Net debt/ Re-EBITDA ratio of 3.5x. In the first six months of 2023, Inapa's German subsidiary has been subject to a financing renegotiation next to a bank consortium with a maturity extension until the end of 2025. Thus, current debt excluded from Trade Finance on June 30, 2023, stood at EUR 50.8 million, i.e., 23% of total gross debt (vs 27% in December 2022.

3.3 Performance by business area

Paper distribution has been subject to the normalisation process of the supply chains, which has strongly impacted the market during the first six months of 2023, with the destocking process taking more time than expected and the Western European market recording a drop of 29.9% in consumption as compared to the first six months of 2022 (Eurograph data).

Inapa has continued its strategy of improving the sales mix, together with a permanent focusing on efficiency and productivity, throughout a systematic adjustment of business and corporate models. Within this context, Inapa's operations shall be subject to significant restructuring measures, namely within logistics and commercial organisation areas of its German subsidiary. This process shall be carried out during 2023 and 2024, therefore its impact shall only be entirely reflected in 2025.

Global growth of around 4% in the packaging and visual communication complementary business activities, comparatively to the same period in 2022, reflects mainly the impact of the acquisition of JJ Loos at the end of 2022, a French company specialised in trading printing equipment and consumables for visual communication (Viscom).

Inapa continues to explore cross-selling opportunities of packaging solutions, hygiene and safety products in the area of protection and social distancing equipments, sign & display and adhesive & floor marking, among others, in order to increase costumer sales, and compensate the drop registered in the paper segment.

PAPER

As a consequence of a globally difficult year, with a significant drop in consumption due to the above-mentioned destocking, the volume of sales for the first six months has registered a decrease of 28.3% as compared to the levels of the first six months of 2022, up to 280 thousand tonnes. The revenues of paper companies reached EUR 456.7 million (-17.5% compared to June 2022).

During the first six months of 2023, the average sales price[1] has registered a drop of 2.4% compared to the second half of 2022 (+14.6% comparatively to the same period of 2022). An increase on paper production costs, as well as on transportation costs, and factories shutdown, combined with a rising demand, have contributed to a significant increase of prices in 2021 and 2022. As from the end of 2022, prices began to be under pressure but demonstrated resilience. Producers maintained a more reactive and short-term commercial strategy, with order selection (and cancelling) and discontinuing of less profitable businesses.

This operational results (EBIT) of the paper business were EUR 9.3 million, presenting a decrease of around EUR 25.2 million as compared to the same period of 2022. The decline is the result of a strong reduction in sales volume and an adjustment to margin levels, not fully compensated by the decrease of variable costs and savings (still slightly expressive) caused by the current restructuring plan in Germany.

[1] Average Sales Price: Paper Sales / Tonnes

PACKAGING

The business of Inapa Group's packaging companies represented EUR 42.9 million in sales, showing a drop of 5.2% as compared to the first six months of 2022.

This evolution reflects a decrease in demand observed during the first months of the year in different business segments, and the corresponding pressure on sales prices. Sales within agrifood, food processing and cosmetic sectors have been impacted by inflationary pressures. The demand regarding e-commerce packages or transport boxes (for food, medicine, etc.) and automotive, logistics and electronics industry has also dropped.

Notwithstanding this context, Inapa has maintained a very strict commercial policy that led to an increase in margins, thus mitigating the consequences of the aforementioned demand decrease.

Packaging companies recorded operational results (EBIT) of EUR 2.5 million, representing 5.9% of sales (against EUR 2.6 million and 5.7% in the same period of 2022).

VISUAL COMMUNICATION

Business of visual communication has registered a turnover of EUR 19.8 million, a growth of 33.6% compared to the same period of 2022.

Inapa has maintained a very solid development during the first six months, based on a much more dynamic quarter and on the integration of JJ Loos in France. Order flow has increased comparatively to the same period of 2022, particularly within the LFP (Large Format Printing) segment in its components of Media, Hardware and Inks. Sign Making Media & Systems areas and maintenance and spare parts services have also grown.

The semester has also been marked by several workshops and in-house fairs, and by the participation in FESPA, Europe's leading exhibition for this business segment (screen and digital, wide format printing and textile printing).

Operational results got to a break-even point (positive EUR 83 thousand).

3.4 Future prospects

Uncertainty in the European economy regarding the second half of 2023 is quite significant, thus hindering the process of prospective analysis for the coming months.

On one hand, the energy scenario has improved (e.g. substantial reduction of gas prices and stock amounts higher than the average registered in recent years). On the other hand, the conflict in Ukraine persists, as persists the tightening of monetary policies. Main confidence and corporate environment indicators point towards a scenario in which the service sector seems to have limited progression margin. Industrial sector, in turn, presents debility signs and is overloaded by high inventory levels, thus negatively impacting order volumes. In this respect, as mentioned above, EU's prospects point to a 0.8% growth in 2023 and an inflation rate above 6.5%. As for Germany, the economy is expected to slow down by 0.4% and inflation should be at around 6.4%. As regards the paper market, Inapa considers that the most significant impact of the destocking process, which has begun at the end of 2022, has already taken place, and foresees demand improvement can occur before the end of the year.

Within a highly challenging macroeconomic and market environment, Inapa aims at pursuing the implementation of its strategic guidelines, by continuing to strenghten the operational and financial model, while consolidating its reference position in Western Europe and benefiting from non-paper business segments growth.

As regards the paper segment, Inapa shall continue to be focused on margin optimisation, by means of trading higher value-added products, develo-ping e-sales and applying a strict pricing policy.

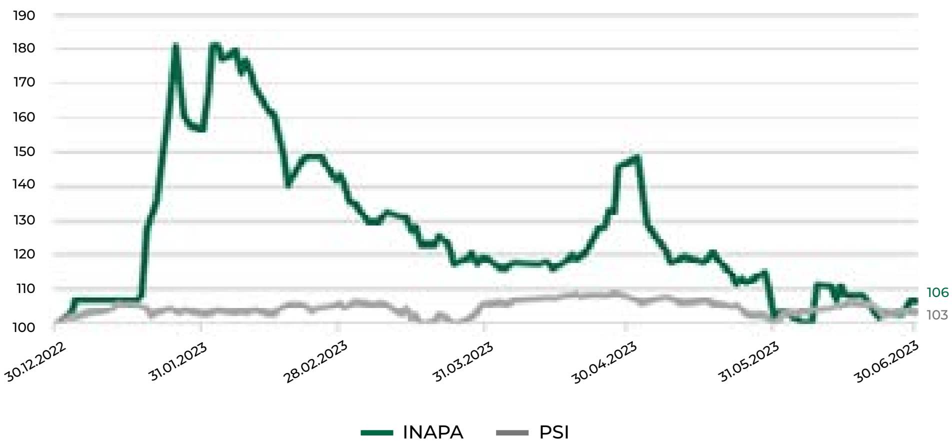
Inapa shall pursue the restructuring process in Germany, namely in logistics and commercial organisation areas, in which emerge very significant savings opportunities. The impact of this implementation process shall be entirely reflected in 2025.

Inapa expects to benefit from the growth in complementary businesses and from the implementation of the new ERP (carried out in the first six months), which shall contribute for establishing a more efficient structure.

Inapa shall maintain a disciplined management of its operating fund that shall integrate an adjustment process of inventories and which, complementarily to the above-mentioned points, shall reinforce Inapa's capacity of treasury and financial position management as of addressing an uncertain macroeconomic and market environment.

3.5 Stock Exchange performance

Inapa's share price evolution vs PSI
JUNE 2023

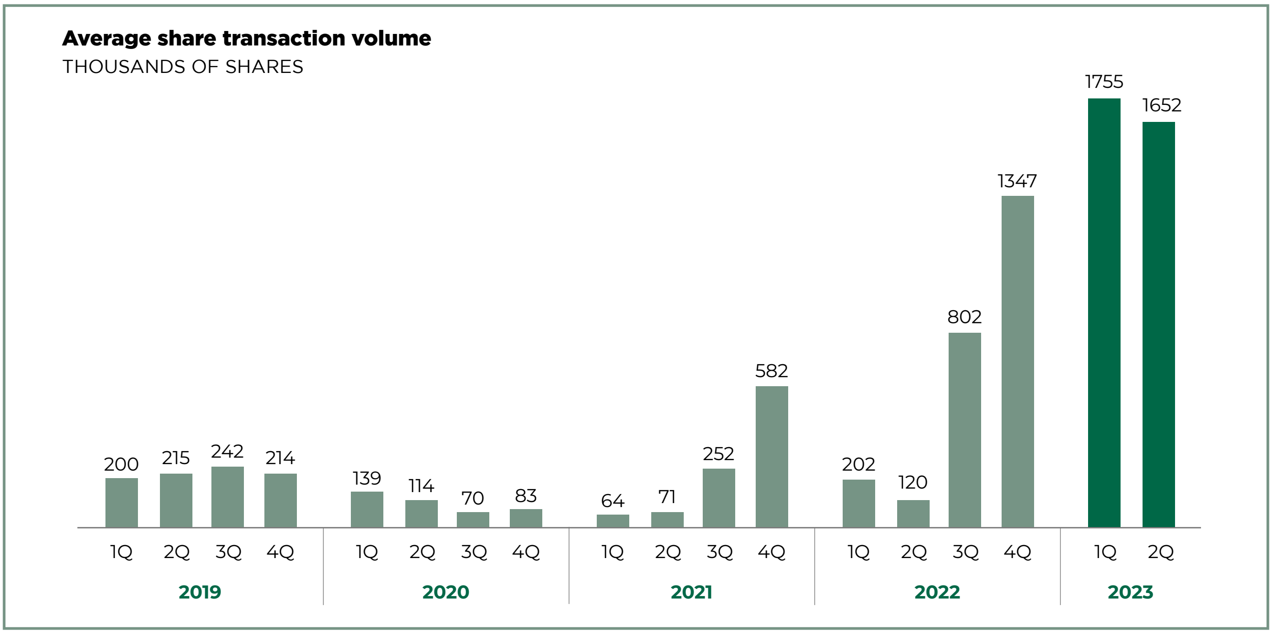


In the first six months of the 2023, capital market has evolved positively, registering an appreciation against most of the benchmark financial indexes. However, this evolution was marked by some volatility caused by concerns related to restrictive monetary policies aimed at controlling inflationary pressures, by issues related to the stability of some financial institutions and by the maintenance of the conflict in Ukraine.

By June 30, 2023, Inapa shares priced 0,039€, corresponding to an appreciation of 6.5% as compared to the end of 2022.

In the first six months, share transaction volume was significantly above relevant historical average.

During this period, share transaction volume reached 215 million shares, a higher volume as compared to 2022 (149 million shares). 2022 registered the highest share transaction volume since 2009.



3.6 Additional information

Shares held by governing bodies

At the time this report is published, members of the Board of Directors and of the Supervisory Board hold no shares issued by the Company, by companies it detains or belonging to the Group.

Directors' transactions

During the first six months of 2023, directors have made no transactions.

04 Interim consolidated financial information

4.1 Interim consolidated financial statements

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2023 AND JUNE 30, 2022

(Amounts in thousand euros)

	Notes	June 30, 2023	June 30, 2022
Tonnes*		**279,637**	**389,884**
Sales and services rendered	3	525,977	623,186
Other income	3	7,237	6,763
Total income		**533,214**	**629,949**
Cost of inventories sold		-427,322	-488,022
Personnel costs		-45,741	-52,202
Other costs	5	-40,471	-47,219
Operating results before depreciations and amortizations		**19,679**	**42,507**
Depreciations and amortizations		-8,373	-9,452
Operating results		**11,306**	**33,055**
Gains / (losses) in associates		39	154
Financial results	6	-9,490	-8,030
Net profit before income tax		**1,855**	**25,178**
Income tax	17	-889	-9,218
Net profit for the period		**966**	**15,960**
Attributable to:			
Shareholders of the company		966	15,960
Earning per share on continuing operations - euros			
Basic		0,0018	0,0303
Diluted		0,0015	0,0234

To be read in conjunction with the attached notes regarding consolidated financial statements.

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT JUNE 30, 2023 AND JUNE 30, 2022

(Amounts in thousand euros)

	June 30, 2023	June 30, 2022
Net income for the period	**966**	**15,960**
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations	62	2,545
Items that may be reclassified subsequently to profit or loss		
Exchange conversion differences	-801	-516
Total other comprehensive income	**-739**	**2,029**
Total comprehensive income	**227**	**17,989**
Attributable to:		
Shareholders of the company	227	17,989
	227	**17,989**

To be read in conjunction with the attached notes regarding consolidated financial statements.

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2023 AND DECEMBER 31, 2022

(Amounts in thousand euros)

	Notes	June 30, 2023	December 31, 2022
Assets			
Non current assets			
Tangible fixed assets		29,902	30,822
Goodwill	7	228,971	228,971
Right of use assets		29,394	34,596
Intangible assets	7	129,768	129,401
Investments in associate companies	9	1,322	1,346
Assets at fair value through profit or loss	8	119	119
Other non current assets	11	2,990	2,749
Deferred tax assets	17	29,912	29,772
Total non current assets		**452,379**	**457,776**
Current assets			
Inventories		70,126	89,956
Trade receivables	11	55,490	49,281
Income tax receivables		1,222	1,321
Other current assets	11	47,424	53,017
Cash and cash equivalents	12	9,524	16,503
Total current assets		**183,786**	**210,078**
Total assets		**636,165**	**667,853**
SHAREHOLDERS' EQUITY			
Share capital	14	180,135	180,135
Share issue premium		431	431
Reserves		20,543	21,282
Retained earnings		-25,167	-42,926
Net profit for the period		966	17,759
Total shareholders' equity		**176,908**	**176,681**
LIABILITIES			
Non current liabilities			
Loans	15	157,217	155,395
Deferred tax liabilities	17	54,077	54,855
Provisions		275	453
Employees' benefits		16,410	16,866
Other non current liabilities	16	17	17
Total non current liabilities		**227,997**	**227,585**
Current liabilities			
Loans	15	68,630	82,183
Trade payables	16	98,227	103,428
Income tax liabilities		8,747	13,302
Provisions		3,691	7,389
Other current liabilities	16	51,966	57,284
Total current liabilities		**231,260**	**263,587**
Total shareholders' equity and liabilities		**636,165**	**667,853**

To be read in conjunction with the attached notes regarding consolidated financial statements.

>>INDEX

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT JUNE 30, 2023 AND 2022

(Amounts in thousand euros)

	ATTRIBUTABLE TO SHAREHOLDERS						
	Share capital	Share issuance premium	Reserves	Retained earnings	Net profit /(Loss) for the period	Total	Total shareholders' equity
BALANCE AS AT JANUARY 1, 2022	**180,135**	**431**	**19,782**	**-46,240**	**3,314**	**157,422**	**157,422**
Total comprehensive income	-	-	2,029	-	15,960	17,989	17,989
Previous year net profit and loss result	-	-	-	3,314	-3,314	-	-
Total for the period	**-**	**-**	**2,029**	**3,314**	**12,646**	**17,989**	**17,989**
BALANCE AS AT JUNE 30, 2022	**180,135**	**431**	**21,812**	**-42,926**	**15,960**	**175,412**	**175,412**
BALANCE AS AT JANUARY 1, 2023	**180,135**	**431**	**21,282**	**-42,926**	**17,759**	**176,681**	**176,681**
Total comprehensive income	-	-	-739	-	966	227	227
Previous year net profit and loss result	-	-	-	17,759	-17,759	-	-
Total for the period	**-**	**-**	**-739**	**17,759**	**-16,793**	**227**	**227**
BALANCE AS AT JUNE 30, 2023	**180,135**	**431**	**20,543**	**-25,167**	**966**	**176,908**	**176,908**

To be read in conjunction with the attached notes to the consolidated financial statements.

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2023 AND JUNE 30, 2022

(Amounts in thousand euros)

	Notes	June 30, 2023	June 30, 2022
Cash flow generated from operating activities			
Cash receipts from customers		600,547	722,948
Payments to suppliers		-467,132	-571,496
Payments to personnel		-43,085	-44,850
Net cash from operational activities		**90,330**	**106,602**
Income taxes received/(paid)		-4,998	-1,205
Other proceeds/(payments) relating to operating activity		-84,066	-70,083
Net cash generated from operating activities	**|1|**	**1,266**	**35,315**
Cash flow from investing activities			
Proceeds from:			
Financial investments		-	1 ,100
Tangible fixed assets		521	11,211
		521	**12,311**
Payments in respect of:			
Tangible fixed assets		-872	-606
Intangible assets		-1,105	-457
		-1,977	**-1,063**
Net cash used in investing activities	**|2|**	**-1,456**	**11,248**
Cash flow from financing activities			
Proceeds from:			
Loans obtained		82,580	129,492
		82,580	**129,492**
Payments in respect of:			
Loans obtained		-77,902	-138,737
Lease capital payments		-5,028	-11,151
Interests and similar expenses		-6,800	-6,538
		-89,729	**-156,425**
Net cash used in financing activities	**|3|**	**-7,149**	**-26,933**
Increase/(decrease) in cash and cash-equivalent	**[4] = |1| + |2| + |3|**	-7,339	19,629
Effect of exchange differences		-119	-26
		-7,459	**19,603**
Cash and cash-equivalents at the beginning of period		15,599	7,009
Cash and cash-equivalents at the end of period	**12**	8,141	26,612
		-7,459	**19,603**

To be read in conjunction with the attached notes regarding consolidated financial statements.

>>INDEX

4.2 Notes to the interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED JUNE 30, 2023

(Amounts expressed in thousands of euros, except where specifically stated)

1. INTRODUCTION

Inapa - Investimentos, Participações e Gestão, S.A. ("Inapa - IPG" or "the Company") is the parent company of Inapa Group and its corporate purpose is the ownership and management of movable and fixed assets, holding shares in other companies, operating its own or third-party commercial and industrial establishments, and providing assistance to companies in general. The Inapa Group's main activities are paper distribution, packaging and visual communication. Inapa - IPG is listed on Euronext Lisbon.

Name: Inapa - Investimentos, Participações e Gestão, S.A.
Headquarters: Rua Braamcamp 40 - 9°D, 1250-050 Lisbon, Portugal
Share Capital: EUR 180,135,111
N.I.P.C.: 500 137 994

As a result of its development and internationalisation plan, the Inapa Group holds shares in the Paper supply sector in various European countries, specifically (i) Inapa Deutschland Holding, GmbH, which holds shares in Inapa Packaging, GmbH, Inapa ComPlott, GmbH, Inapa Logistics GmbH and Inapa Vertriebs GmbH, headquartered in the same country and Inapa Netherlands BV, headquartered in Netherlands, (ii) Inapa France, S.A. which has a holding in JJ Loos, SAS, (iii) Inapa Portugal - Distribuição de Papel, S.A., the Portuguese company in the Group which holds shares in Inapa Angola - Distribuição de Papel, S.A. and Inapa Comunicação Visual, Lda., (iv) Inapa España Distribuición Ibérica, SA, operating in Spain which holds shares in Surpapel, SL (company that markets paper), (v) EUROPACKAGING - Investimentos, Participações e Gestão, Lda., based in Portugal that develops its activity in Portugal and France through its subsidiaries, Inapa Packaging Lda, Embaltec, Inapa Packaging SAS and Semaq, (vi) Inapa Merchants Holding, Ltd, a company without activity located in the United Kingdom, (vii) Inapa Belgium, operating in the Benelux market and (viii) Korda Kağıt Pazarlama ve Ticaret Anonim Şirketi, operating in the Turkish market.

The Board of Directors made an evalutation on the Group's ability to continue as a going concern, based on all available relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events to the reference date of the financial statements.

As a result of the assessment carried out, supported by its projections of short-term cash flows, the Board of Directors concluded that the Group has adequate resources to maintain its activities, with no intention of ceasing activities in the short term, and therefore considered it appropriate to use the assumption of continuity in the preparation of the financial statements. This conclusion is not affected by the current liabilities/current assets ratio, considering, on the one hand, the prospects for generating operating cash flow in the period under review and, on the other hand, the prospect of maintaining the lines of finance currently available (used and unused) beyond that period, namely the use of factoring operations (Note 15). As of this date, new sources of external financing have also been negotiated with the respective financial entities and are pending formalisation.

These consolidated financial statements were approved by the Board of Directors of Inapa - IPG on September 28, 2023, and it is the opinion of the Board that they appropriately reflect the Group's operations and financial position.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Inapa Group are prepared on a continuity of operations basis, based on the accounting books and records of the companies that constitute the Group. On the other hand, the interim consolidated financial statements for the six months ended June 30, 2023, have been prepared in accordance with IAS 34 - Interim Financial Reporting and include condensed notes. Therefore, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

The consolidated financial statements for the Inapa Group are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC), as adopted by the European Union.

Accounting policies

The accounting policies adopted during the six months ended June 30, 2023 are consistent with the ones used in the preparation of the Group's consolidated financial statements of the Group for the year ended December 31, 2022 and referred to in the respective notes.

During the six months ended June 30, 2023 the following standards, interpretations, amendments and improvements which have been endorsed by the European Union and are mandatory for financial years beginning on or after January 1, 2023 came into effect:

Description	Amendment	Value date
IAS 1 – Disclosure of accounting policies	Disclosure requirement for "material" accounting policies rather than to "significant" accounting policies	January 1, 2023
IAS 8 – Disclosure of accounting estimates	Definition of accounting estimate. Clarification regarding the distinction between changes in accounting policies and changes in accounting estimates	January 1, 2023
IFRS 17 – Insurance contracts	New accounting treatment for insurance contracts, reinsurance contracts, and investment contracts with discretionary participation features, in terms of aggregation, recognition, measurement, presentation, and disclosure	January 1, 2023

Description	Amendment	Value date
IFRS 17 – Initial application of IFRS 17 and IFRS 9 - Comparative information	This change allows avoiding temporary accounting mismatches between financial assets and insurance contract liabilities in comparative information presented, when applying IFRS 17 for the first time. This amendment allows the application of an “overlay” in the classification of a financial asset, for which the entity does not update comparative information of IFRS 9	January 1, 2023
IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction	Requirement of recognition of deferred tax on the initial recording of assets under right of use/lease liabilities and provisions for dismantling/related assets when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, as they are not relevant for tax purposes	January 1, 2023

There were no significant effects on the Inapa Group’s financial statements as a result of the adoption of the standards, interpretations, amendments and revisions referred above. The impact of the amendment to IAS 12 led to the recognition of deferred taxes associated with liabilities and assets related to rights of use by their respective amounts, with no offset between assets and liabilities (see Note 17).

Standards (new and amendments) not yet endorsed by the EU

The following accounting standards, interpretations and amendments were issued by the IASB and have not yet been endorsed by the European Union:

Description	Amendment	Value date
IAS 1 – Classification of liabilities as non-current and current, and non-current liabilities with covenants	Classification of a liability as current or non-current based on an entity's right to defer its payment beyond 12 months from the reporting date when subject to covenants	January 1, 2024
IAS 7 e IFRS 7 – Supplier finance arrangements	Additional disclosure requirements regarding supplier financing arrangements (or "reverse factoring"), the impact on liabilities and cash flows, as well as the impact on liquidity risk analysis and how the entity would be affected if these arrangements were no longer available	January 1, 2024
IAS 12 - International tax reform - Pillar Two model rules	Introduction of a temporary exception to the requirements for recognising and disclosing information on deferred tax assets and liabilities related to income taxes in the Pillar Two model. Targeted disclosure requirements for affected entities (entities belonging to multinational groups that have consolidated revenues of €750 million in at least two of the last four years)	Immediately or in January 1, 2023
IFRS 16 – Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and leaseback transactions after the transaction date, when some or all of the lease payments are variable	January 1, 2024

As these changes to the standards have not yet been endorsed by the European Union, they were not applied by the Group in 2023. It is not expected that the future adoption of these changes to the standards will have a significant impact on the financial statements.

>>INDEX

Estimates and fundamental errors

During the first half of 2023, no material errors or significant changes to accounting estimates related to prior periods were recognized.

The estimates made in the preparation of the financial statements for the six-month period ended June 30, 2023 have the same characteristics as those made in the preparation of the financial statements for 2022.

Judgments and relevant assumptions

The preparation of the financial statements was conducted in accordance with generally accepted accounting principles, using estimates and assumptions that affect the reported amounts of assets and liabilities and of income and expenses during the reporting period. It should be noted that although estimates have been based on the best knowledge of the Board of Directors regarding current events and actions, actual results may ultimately differ from them.

3. SALES AND SERVICES RENDERED AND OTHER INCOME

Sales and services rendered in the six months ended June 30, 2023 and 2022 are broken down as follows:

	June 30, 2023	June 30, 2022
Domestic Market		
Sales of merchandise and other products	23,620	21,984
Services rendered	667	1,100
	24,287	**23,085**
Exports		
Sales of merchandise and other products	495,851	591,650
Services rendered	5,838	8,451
	501,689	**600,101**
	525,977	**623,186**

As at June 30, 2023 and 2022, the balances under the heading Other income are analysed as follows:

	June 30, 2023	June 30, 2022
Net cash discounts	1,339	1,920
Reversals of impairment of current assets (Note 13)	593	546
Other income	5,306	4,297
	7,237	**6,763**

4. SEGMENT REPORT

Segment information is presented in accordance with the identified operating segments, which are paper distribution, packaging and visual communication. In Other activities are recorded the amounts related to the holdings, not attributed to the identified businesses.

The results of each segment correspond to those that are directly attributable to them or those that can be reasonably attributed to them. Intra-group transfers are carried out at market prices and are not materially relevant.

At June 30, 2023 and 2022, the financial information by business segments is analysed as follows:

	JUNE 30, 2023					
	Paper	**Packaging**	**Visual Communication**	**Other Activities**	**Eliminations on Consolidations**	**Conso-lidated**
REVENUES						
External sales	456,719	42,906	19,846	-	-	519,471
Inter-segment sales	174	1,071	378	-	-1,623	-
Other revenues	**12,829**	**951**	**908**	**6,896**	**-7,842**	**13,743**
Total revenues	**469,722**	**44,928**	**21,132**	**6,896**	**-9,465**	**533,214**
RESULTS						
Segment results	9,320	2,541	83	-267	-370	11,306
Operational results						**11,306**
Gains/ (losses) in associated companies	39	-	-	-	-	39
Interest expense	-6,580	-704	-352	-6,790	4,602	-9,825
Interest income	4,156	22	7	438	-4,289	335
Net profit before income tax	**6,934**	**1,859**	**-261**	**-6,619**	**-58**	**1,855**
Income tax	-1,855	-716	14	1,668	-	-889
Income from ordinary activities						**966**
Net profit for the year	**5,079**	**1,144**	**-247**	**-4,951**	**-58**	**966**

	JUNE 30, 2022					
	Paper	**Packaging**	**Visual Communication**	**Other Activities**	**Eliminations on Consolidations**	**Conso-lidated**
REVENUES						
External sales	553,500	45,276	14,860	-	-	613,635
Inter-segment sales	124	952	456	-	-1,532	-
Other revenues	**16,084**	**1,241**	**712**	**6,066**	**-7,788**	**16,314**
Total revenues	**569,708**	**47,468**	**16,027**	**6,066**	**-9,320**	**629,949**
RESULTS						
Segment results						
Operational results	34,534	2,574	-27	-3,706	-319	33,055
Gains/ (losses) in associated companies						**33,055**
Interest expense	154	-	-	-	-	154
Interest income	-5,811	-473	-178	-4,640	2,403	-8,699
	2,496	15	16	364	-2,222	669
Net profit before income tax						
Income tax	**31,372**	**2,116**	**-189**	**-7,983**	**-139**	**25,178**
	-9,758	-766	16	1,290	-	-9,218
Income from ordinary activities						
Net profit for the year						**15,960**
	21,614	**1,350**	**-172**	**-6,693**	**-139**	**15,960**

For the periods (half years) ended in June 30, 2023 and 2022, total revenues from all segments in the different countries where the Group operates were broken down as follows:

	Total Revenues	
	June 30, 2023	June 30, 2022
Germany	325,155	393,788
France	148,046	168,159
Portugal	24,511	24,141
Spain	18,580	25,087
Others	16,922	18,773
	533,214	**629,949**

5. OTHER COSTS

For the periods (half years) ended in June 30, 2023 and 2022, Other costs were broken down as follows:

	June 30, 2023	June 30, 2022
Administrative expenses	37,109	43,848
Indirect taxes	2,447	2,809
Other costs	784	198
Provisions	-178	24
Impairment of trade receivables (note 13)	310	339
	40,471	**47,219**

>>INDEX

6. FINANCIAL RESULTS

For the periods (half years) ended in June 30, 2023 and 2022, the financial results were broken down as follows:

	June 30, 2023	June 30, 2022
Financial income		
Interests obtained	56	7
Positive FX	270	657
Other profits and financial income	9	5
	335	**669**
Financial costs		
Interest paid	6,854	5,449
Negative FX	489	500
Other costs and financial losses	2,481	2,750
	9,825	**8,699**
Financial results	**-9,490**	**-8,030**

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The change in the balance recorded under Goodwill during the six months ended in June 30, 2022 was as follows:

January 1, 2022	
Acquisition value	244,386
Accumulated Impairment losses	-11,766
Balance as at January, 2022	**232,620**
Movements during 2022	
Exchange rate differences	-
Increases	1,937
Impairment	-
Transfers and disposals	(5,586)
Changes in consolidation perimeter	-
	228,971
Balance as at December 31, 2022	
Acquisition value	240,737
Accumulated Impairment losses	-11,766
Balance as at December 31, 2022	**228,971**
Movements during 2023	
Exchange rate differences	-
Increases	-
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	228,971
June 30, 2023	
Acquisition value	240,737
Accumulated Impairment losses	-11,766
Balance as at June 30, 2023	**228,971**

When several subsidiaries were acquired, differences between the acquisition cost and the fair value of the assets and liabilities acquired were determined.

As of June 30, 2023, of the Goodwill value of EUR 228,971 thousand, around EUR 203,780 thousand relates to the paper segment.

The valuation methodology for Goodwill is disclosed in the consolidated financial statements as at December 31, 2022.

On June 30, 2023, the Board made an assessment as to whether there are indicators of significant impairment, as required by IAS 34. The Board's analysis considered that paper distribution was subject to a process of normalising supply chains (destocking) which had a strong impact on the market during the first half of 2023. Although this destocking process lasted longer than initially estimated, the Board did not consider that significant impairment indicators existed as at June 30, 2023 and therefore did not update the impairment analysis made on December 31, 2022.

Intangible assets

The balance of Intangible assets corresponds essentially to the set of trademarks registered when the subsidiaries that owned them were acquired, for which there is no time limit at which they will stop generating economic benefits for the Group.

On 30 June 2023, the value of trademarks amounted to EUR 103,227 thousand.

The valuation methodology for these assets is disclosed in the consolidated financial statements as at December 31, 2022.

On June 30, 2023, the Board made an assessment as to whether there were indicators of significant impairment, as required by IAS 34, and concluded that there were no factors that would require updating the impairment analysis made on December 31, 2022.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2023 and December 31, 2022, Assets at fair value through profit or loss were broken down as follows:

	June 30, 2023	December 31, 2022
Non-current		
Others	119	119
	119	**119**
Current		
Others	-	-
	-	-

The movement during the six months ended June 30, 2023, in the item Assets at fair value through profit or loss was as follows:

Balance as at January 1, 2022	**119**
Acquisitions	-
Disposals	-
Changes in fair value	-
Closing balance as at December 31, 2022	**119**
Acquisitions	-
Disposals	-
Changes in fair value	-
Closing balance as at June 30, 2023	**119**

9. COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries included in the consolidation, by applying the full consolidation method, as at June 30, 2023, are as follows:

DESIGNATION	REGISTERED OFFICE	% GOUP STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa Portugal - Distribuição de Papel, SA.	Rua das Cerejeiras, nº 5, Vale Flores 2710-632 Sintra Portugal	100	Paper supply	Inapa - IPG, SA	1988
Inapa España Distribuición de Papel, SA	Calle Delco, nº 1-3 Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid Spain	100	Paper supply	Inapa - IPG, SA	Dec/98
Inapa France, SAS	11 rue de la Nacelle - Villabé 91813 Corbeil-Essonnes Cedex France	100	Paper supply	Inapa - IPG, SA	May/98
Inapa Belgium NV	Vaucampslaan, 30 B-1654 Huizingen Belgium	100	Paper supply	Inapa - IPG, SA	May/98
Inapa Packaging, SAS	14, Impasse des Moines 91410 Dourdan France	100	Packaging	Europackaging - Investimentos, Participações e Gestão, Lda.	Jan/08
Inapa Deutschland Holding, GmbH	Osterbekstraße 90a D-22083 Hamburg Germany	100	Holding	Inapa - IPG, SA	Apr/00
Inapa Deutschland, GmbH	Osterbekstraße 90a D-22083 Hamburg Germany	100	Paper supply	Inapa Deutschland, Holding GmbH	Apr/00
Inapa Packaging, GmbH	Osterbekstraße 90a D-22083 Hamburg Germany	100	Packaging	Inapa Deutschland, GmbH	2006
Inapa – Merchants, Holding, Ltd	39 Hendon Lane Finchley Central, London, N3 1RY United Kingdom	100	Holding	Inapa - IPG, SA	1995

DESIGNATION	REGISTERED OFFICE	% GOUP STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa Complott, GmbH	Industriestraße 7 40822 Mettmann Germany	100	Visual communication	Inapa Deutschland, GmbH	Jan/08
Edições Inapa, Lda	Rua Braamcamp 40 - 9°D, 1250-050 Lisboa Portugal	100	Editorial	Inapa - IPG, SA	Nov/09
Europackaging - Investimentos, Participações e Gestão, Lda.	Rua Braamcamp 40 - 9°D, 1250-050 Lisbon Portugal	100	Holding	Inapa - IPG, SA	Oct/11
Inapa Angola – Distribuição de Papel, SA	Largo 17 de Setembro N° 3 – 3° andar – Sala 302 Edifício Presidente Business Center, Luanda Angola	100	Paper supply	Inapa Portugal – Distribuição de Papel, SA	Dec/09
Semaq Emballages, SAS	Rue de Strasbourg, 33521 BRUGES cedex France	100	Packaging	Inapa Packaging, SAS	Feb/12
Inapa Shared Center, Lda	Rua das Cerejeiras, n° 5, Vale Flores 2710-632 Sintra Portugal	100	Shared services	Inapa – IPG, SA e Inapa Portugal - Distribuição de Papel, SA	Jul/12
Inapa Comunicação Visual, Lda	Rua das Cerejeiras, n° 5, Vale Flores 2710-632 Sintra Portugal	100	Visual communication	Inapa Portugal - Distribuição de Papel, SA	Jan/13
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer Ishani, n°12, 3° 34394 Istambul Turkey	100	Paper supply	Inapa - IPG, SA	Sep/13

DESIGNATION	REGISTERED OFFICE	% GOUP STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa Packaging, Lda	Rua Gonçalves Zarco, 3386 4450-822 Sta Cruz do Bispo Portugal	100	Packaging	Europackaging - Investimentos, Participações e Gestão, Lda	Sep/13
Embaltec SAS	Z.A.E. de l'Epinette 59850 NIEPPE França	100	Packaging	Inapa Packaging, SAS	Nov/16
Inapa Vertriebs GmbH	Osterbekstraße 90a D-22083 Hamburg Alemanha	100	Holding	Inapa Deutschland, GmbH	Sep/12
Inapa Logistics GmbH	Osterbekstraße 90a D-22083 Hamburg Alemanha	100	Holding	Inapa Deutschland, GmbH	Sep/12
JJ Loos, SAS	11 Avenue de Bruxelles 68350 Didenheim França	100	Visual communication	Inapa France, SA	Dec/22
Inapa Netherlands BV	Nassauplein 30 NL-2585 Den Haag The Netherlands	100	Paper supply	Inapa Deutschland Holding, GmbH	May/18

All balances and transactions with subsidiaries were eliminated in the consolidation process.

The following companies were included in the consolidated financial statements by the equity method, under the heading Investments in associate companies:

ASSOCIATE COMPANIES	DIRECT PARENT ENTITY	% OF PARTICIPATION
Surpapel, SL	Inapa España Distribuicíon de Papel, SA	24,70

During the first half of 2022, the Group sold its 25% stake in Römerturm Feinstpapier GmbH & Co KG for EUR 1,100 thousand, resulting in a loss of EUR 3 thousand.

10. COMPANIES EXCLUDED FROM THE CONSOLIDATION

In the period ended in June 30, 2023, all entities controlled by Inapa - IPG were included in the consolidation.

>>INDEX

11. TRADE RECEIVABLES AND OTHER CURRENT AND NON-CURRENT ASSETS

As at June 30, 2023 and December 31, 2022, the Trade Receivables breaks down as follows:

	June 30, 2023	December 31, 2022
Trade receivables		
Trade receivables – current account	51,475	42,104
Trade receivables – bills of exchange	3,950	7,075
Doubtful trade receivables	9,258	9,336
	64,684	**58,514**
Accumulated impairment losses (Note 13)	-9,194	-9,233
Trade receivables - net balance	**55,490**	**49,281**

The Other assets at June 30, 2023 and December 31, 2022 are analysed as follows:

	June 30, 2023	December 31, 2022
Other non-current assets		
Other investments	565	558
Other debtors	3,119	2,886
Accumulated impairment losses (Note 13)	-695	-695
	2,990	**2,749**
Other current assets		
Advances to suppliers	2,504	2,369
	2,504	**2,369**
Other debtors	28,773	34,032
Accumulated impairment losses (Note 13)	-414	-414
	28,359	**33,618**
Other recoverable taxes	917	928
Accrued income	12,062	13,641
Deferred costs	3,581	2,461
	47,424	**53,017**

The item Other current debtors mainly includes amounts receivable that arised from the assignment of customer credits (factoring contracts).

The Accrued income caption corresponds fundamentally to the accrual at year-end of the amount receivable relating to income obtained by the Group as a result of negotiation processes regarding purchases and bonuses on purchases to be received from suppliers.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of financial position can be analysed as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Immediately available bank deposits	9,523	16,500	27,492
Cash	1	3	45
Cash and cash equivalents in balance sheet	**9,524**	**16,503**	**27,537**

Cash flow statement

The breakdown of cash and cash equivalents, for the purposes of the cash flow statement, is analysed as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Immediately available bank deposits	9,523	16,500	27,492
Cash	1	3	45
Cash and cash equivalents in balance sheet	**9,524**	**16,503**	**27,537**
Bank overdrafts (Note 15)	-1,383	-904	-924
Cash and cash equivalents in the cash flow statement	**8,141**	**15,599**	**26,612**

Bank overdrafts include credit balances on current accounts with financial institutions, presented as Loans on the Consolidation Statement of Financial Position (Note 15).

13. IMPAIRMENTS

During the first half of 2023, movements in asset impairments were as follows:

	Goodwill	Other intangible assets	Inventories	Trade receivables	Other current and non-current assets	Total
	(Note 7)			(Note 11)	(Note 11)	
Balance as at January 31, 2022	**11,766**	**27,464**	**1,482**	**10,556**	**1,592**	**52,861**
Increases	-	-	1,392	702	420	2,514
Utilisations/transfers	-	-	-	-1,189	-876	-2,065
Reversals	-	-	-796	-639	-27	-1,462
Exchange rate differences	-	-	-	-198	-	-198
Balance as at December 31, 2022	**11,766**	**27,464**	**2,079**	**9,233**	**1,109**	**51,651**
Increases	-	-	763	310	-	1,073
Utilisations/transfers	-	-	-	429	-	429
Reversals	-	-	-125	-593	-	-718
Changes in consolidation perimeter	-	-	-	-	-	-
Exchange rate differences	-	-	-	-185	-	-185
Balance as at June 30, 2023	**11,766**	**27,464**	**2,717**	**9,194**	**1,109**	**52,250**

14. SHARE CAPITAL

As of June 30, 2023, the share capital is represented by 526,225,508 shares, with ordinary nature. The share capital, in the amount of EUR 180,135 thousand, is fully subscribed and paid up.

At the General Meeting of May 25, 2023, the shareholders of INAPA - Investimentos, Participações e Gestão, S.A. approved that:

- the net profit for 2022, in the amount of EUR 17,758,630 thousand, be transferred to Retained Earnings.

15. LOANS

At June 30, 2023 and December 31, 2022, Loan balances were as follows:

	June 30, 2023	December 31, 2022
Current debt		
• **Bank loans**		
· Bank overdrafts	1,383	904
· Short-term financial instruments	15,035	14,157
· Commercial paper, redeemable at its nominal value	5,050	5,750
· Medium and long-term financial instruments (portion maturity within 1 year)	17,426	29,637
	38,894	**50,448**
• **Convertible bonds**	**3,000**	**3,000**
• **Trade Finance**	**17,822**	**18,128**
• **Lease liabilities**	**8,914**	**10,607**
Total current debt	**68,630**	**82,183**
Non current debt		
• **Bank loans**		
· Commercial paper, redeemable at its nominal value	11,891	13,791
· Medium and long-term financial instruments	109,442	101,587
	121,333	**115,378**
• **Convertible bonds**	**9,000**	**9,000**
• **Lease liabilities**	**26,884**	**31,016**
Total non current debt	**157,217**	**155,395**
Total debt	**225,847**	**237,578**

As at June 30, 2023 and December 31, 2022, the net amount of consolidated financial debt was as follows:

	June 30, 2023	December 31, 2022
Bank Loans	160,227	165,826
Trade Finance	17,822	18,128
Convertible bonds	12,000	12,000
Lease liabilities	35,798	41,624
	225,847	**237,578**
Cash and cash equivalents	**9,524**	**16,503**
Net debt	**216,323**	**221,075**

16. SUPPLIERS AND OTHER CURRENT AND NON-CURRENT LIABILITIES

As at June 30, 2023 and December 31, 2022, the balances of Suppliers and of Other current and non-current liabilities were broken down as follows:

	June 30, 2023	December 31, 2022
Other non-current liabilities		
Other creditors	17	17
	17	**17**
Suppliers		
Current account	92,858	100,489
Invoices in progress	5,369	2,940
	98,227	**103,428**
Other current liabilities		
Advances from trade receivables	1,769	2,041
Other creditors	10,705	14,365
Other payable taxes	11,879	16,263
Accruals and deferrals	27,614	24,615
	51,966	**57,284**

17. INCOME TAX

The amount of income tax shown in the Interim Consolidated Income Statement as at 30 June 2023, totalling -EUR 889 thousand, corresponds to the current tax for the half year in the amount of -EUR 1,834 thousand and the positive change in deferred tax for the period in the amount of EUR 945 thousand.

The differential between the nominal tax rate (average rate of 30%) and the effective company income tax rate (IRC company tax) for the Group, as at June 30, 2023, is analysed as follows:

	June 30, 2023
Net income before tax on profits	1,855
Nominal average tax rate applied to profits	30%
	-557
Income tax - value	-889
	-333
Differences - Portugal	-345
Differences - France	139
Differences - Germany	-1,334
Differences - Turkey	-54
Differences - other countries	1,261
	-333

Deferred taxes

All situations that may significantly affect future taxes are recorded in the financial statements as at June 30, 2023.

In the six months ended in June 30, 2023, the movement in deferred tax assets and liabilities was as follows:

	01-01-2023	Transfers	Fair value reserve and Other reserves	Net profit and loss for the year	30-06-2023
Deferred tax assets					
Taxable provisions	1,540	-	-	-870	670
Unused tax losses	17,423	-	-	2,794	20,217
Others	10,809	-	-28	-1,756	9,025
	29,772	**-**	**-28**	**167**	**29,912**
Deferred tax liabilities					
Reavaluation of fixed assets	-2,666	-	-	16	-2,649
Depreciations	-23,297	-	-	-730	-24,027
Others	-28,892	-	-	1,491	-27,401
	-54,855	**-**	**-**	**777**	**-54,077**
Net deferred tax	**-25,082**	**-**	**-28**	**945**	**-24,166**

	01-01-2022	Transfers	Fair value reserve and Other reserves	Net profit and loss for the year	31-12-2022
Deferred tax assets					
Taxable provisions	663	-	-	877	1,540
Unused tax losses	27,574	-	-	-10,151	17,423
Others	13,755	-1,810	-1,026	-111	10,809
	41,993	**-1,810**	**-1,026**	**-9,384**	**29,772**
Deferred tax liabilities					
Reavaluation of fixed assets	-1.261	-	-	-1,405	-2,666
Depreciations	-23,646	1,935	-	-1,585	-23,297
Others	-28,556	-124	-	-211	-28,892
	-53,464	**1,810**	**-**	**-3,201**	**-54,855**
Net deferred tax	**-11,471**	**-**	**-1,026**	**-12,586**	**-25,082**

The amounts presented in the Others item above, relating to Deferred tax liabilities, result essentially from the fair value allocated to the Group's brands (Note 7).

As mentioned in Note 2, in 2023 the Group applied the standard regarding the presentation of deferred tax assets and liabilities relating to leases and restated its comparatives. The application of this new accounting policy increased both the amount of deferred tax assets and deferred tax liabilities by EUR 2,388 thousand at June 30, 2023 (EUR 3,862 and EUR 4,845 thousand at December 31, 2022 and January 1, 2022 respectively).

Deferred tax assets are recognised on tax losses to the extent that it is probable that the related tax benefit will be realised through future taxable profits. The Group recognised deferred tax assets amounting to EUR 20,217 thousand referring to tax losses that can be deducted from future taxable profits, which are detailed as follows:

Company	June 30, 2023	December 31, 2022	Limit date
Korda	145	-	2028
Inapa France	3,873	4,574	unlimited
Inapa España	5,000	5,000	unlimited
Inapa Deutschland	11,199	7,849	unlimited
	20,217	17,423	

18. RELATED PARTIES TRANSACTIONS

The balances at June 30, 2023 and December 31, 2022 with the Group's related parties were as follows:

	June 30, 2023					
	Trade receivables	Bank deposits	Other current and non-current assets	Bank loans	Lease liabilities	Other current and non-current liabilities
Surpapel SL	33	-	-	-	-	4
	33	**-**	**-**	**-**	**-**	**4**

	December 31, 2022					
	Trade receivables	Bank deposits	Other current and non-current assets	Bank loans	Lease liabilities	Other current and non-current liabilities
Surpapel SL	19	-	-	-	-	14
BCP	1	92	-	85,987	-	519
	20	**92**	**-**	**85,987**	**-**	**533**

The transactions during the first six months of 2023 and 2022 with the Group's related parties were as follows:

	June 30, 2023				
	Sales and services rendered	**Other income**	**Financial income**	**Other costs**	**Financial costs**
Surpapel SL	151	-	-	6	-
	151	**-**	**-**	**6**	**-**

	June 30, 2022				
	Sales and services rendered	**Other income**	**Financial income**	**Other costs**	**Financial costs**
Surpapel SL	46	-	-	5	-
BCP	-	-	-	-	2,044
	46	**-**	**-**	**5**	**2,044**

Related parties considered relevant for the purpose of the financial statements were the Group's associates companies, shareholders with a stake of more than 20%, and the key management personnel.

Considering the reduction of Banco Comercial Português' stake at the end of 2022, it is no longer considered a related party during 2023 for disclosure purposes.

19. CONTINGENT LIABILITIES

On 1st August 2007, Papelaria Fernandes - Indústria e Comércio, SA filed an action against Inapa - Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest - Prestação de Serviços, Participações e Gestão, SA (extinct company) and Inapa Portugal - Distribuição de Papel, SA in which it requests, in summary:

- the annulment of the following acts:

- of the creation in June 2006 of a commercial pledge as counter-guarantee for the comfort letters issued by Inapa - Investimentos, Participações e Gestão, SA as collateral for the financing maintained by that company with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- of the deals carried out in 1991 to concentrate paper distribution activities in SDP (now Inapa Portugal) and envelope production and marketing activities in Papelaria Fernandes;
- the acquisition in 1994 of the stake held by Papelaria Fernandes in SDP (now Inapa Portugal);
- the compensation of credits carried out, also in 1994, between Papelaria Fernandes and Inaprest.

- the condemnation of Inapa:

- to maintain the comfort letters issued in favour of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
- indemnify Papelaria Fernandes in the event of possible mobilisation of the collateral security as counter-guarantee for the letters of comfort.

Papelaria Fernandes - Indústria e Comércio, SA subsequently settled its liabilities with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo, and as a result:

- the comfort letters issued by Inapa - IPG became obsolete and were returned by the respective beneficiaries;
- consequently, this company communicated to Papelaria Fernandes - Indústria e Comércio, SA the verification of the resolutive condition of the commercial pledge made by it in its favour.

The action, which was assigned a value of EUR 24,460 thousand, was contested by Inapa IPG and by its subsidiary Inapa Portugal - Distribuição de Papel, SA, and is currently awaiting the Court to determine the effects on the dissolution / liquidation action of Inaprest - Prestação de Serviços, Participações e Gestão, SA. The Group believes that this process should not result in financial impacts, and therefore no provision has been made.

20. SUBSEQUENT EVENTS

Up to the date of publication, no subsequent events have been recorded.

>>INDEX

4.3 Declaration of conformity

In compliance with paragraph c) of Article 29º-J nbr 1 of the Portuguese Securities Code, each member of the Board of Directors of Inapa - Investimentos, Participações e Gestão, S.A. declares that, to the best of their knowledge, the consolidated information contained in the condensed financial statements for the first six months of the financial year ending June 30, 2023 was prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of the company and the companies included in the consolidation perimeter, and that the interim management report faithfully describes the business evolution, performance and position of all the companies included in the consolidation.

Lisbon, 28th September, 2023

Frederíco João de Moser Lupí
(Chairman of the Board of Directors and Chairman of the Executive Committee of the Board of Directors)

Inês Patrícia Arêde Simões Louro
(Member of the Board of Directors and Member of the Executive Committee of the Board of Directors)

Afonso Nuno Silva Chaby Rosa
(Member of the Board of Directors and Member of the Executive Committee of the Board of Directors)

Victor Maurílio Silva Barros
(Member of the Board of Directors and Chairman of the Audit Committee)

Emília de Noronha Galvão Franco Frazão
(Member of the Board of Directors and Member of the Audit Committee)

Patrícia Isabel Sousa Caldinha
(Member of the Board of Directors and Member of the Audit Committee)

João Miguel Pacheco de Sales Luís
(Member of the Board of Directors)

Fernando Sanz Pinto
(Member of the Board of Directors)

4.4 Auditor's report

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Review Report on the Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. (the Group), which comprise the consolidated statement of financial position as at June 30, 2023 (which shows total assets of Euros 636,165 thousand and total shareholder's equity of Euros 176,908 thousand, including a net profit for the period of Euros 966 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the six month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. as at June 30, 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

September 28, 2023

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Hugo Miguel Patrício Dias, ROC no. 1432
Registered with the Portuguese Securities Market Commission under no. 20161042

WARNING

The document contains forward-looking information and indications, based on management's current expectations or opinions, which we consider to be reasonable. Forward-looking statements should not be considered historical data and are subject to a number of factors and uncertainties that may impact future results.

Although the indications reflect current expectations, investors and analysts and, in general, all users of this document are cautioned that future information is subject to a variety of uncertainties and risks, many of which are difficult to predict. Everyone is cautioned not to place undue importance on future information and indications. We undertake no obligation to update any information or future indication.

Inapa is admitted to trading on the Euronext Stock Exchange.

Information about the company may be checked under the ticker INA.LS

Report available on Inapa's institutional website

www.inapa.com

INVESTOR RELATIONS

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