



inapa

APRIL 30, 2024

ANNUAL RESULTS
ANNOUNCEMENT

2023

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Message from the CEO

2023 has been a rough and challenging year. The European Union's economy has decelerated once again and the scenario was featured by wars, natural disasters, and a restrictive monetary overview. As regards the paper industry, the demand for paper has decreased substantially, due to a destocking process across all value chain, as to a real reduction of demand.

Therefore, we have enhanced the optimisation process and kept our focus on strategic priorities – effectiveness, improvement regarding non-paper products and sustainability. Despite our notable decrease in performance, as compared to 2022, I believe that significant steps have been taken to consolidate the Group's competitiveness and reinforce its position as a major player in the paper distribution sector across Western Europe.

As for performance, 2023's revenues amounted to EUR 969 million, which means a downturn of EUR 243 million, as compared to 2022. However, some positive aspects might be underlined. Firstly, a rise in the market share for paper distribution in many of the countries in which we operate. Secondly, we have mitigated the impact generated by the decline in traded volume of paper (23%), by means of a less pronounced cut in revenues (20%). Thirdly, an increase of around

5% in the non-paper business, related to a positive behaviour in visual communication (supported by an organic growth and the acquisition of JJ Loos in France at the end of 2022).

The revenues' contraction has significantly affected recurring EBITDA, which has amounted to EUR 33 million, against EUR 87 million in 2022 (less 62%). Challenging credit conditions have deepened our financial position, further contributing to a net loss of EUR 8 million.

In terms of balance, we have maintained our path towards debt reduction, which we have consistently sustained in recent years. By December 2023, net debt has been set at EUR 207 million, corresponding to a reduction of EUR 14 million, against EUR 221 million recorded in the same period of 2022.

As previously mentioned, we have taken optimization measures, complemented by modernisation and seamless procedures. In addition to the measures originally planned, like concluding the implementation of the new ERP (Enterprise Resource Planning) – accomplished in France during the first semester –, we have intensified this approach throughout the year, implementing some very difficult measures, though necessary ones. Germany has been our primary focus, where

we have adopted the logistic footprint and the teams, which have required a significant headcount reduction in this country. We must refer that these measures, as well as those currently ongoing, will only have full impact in 2025.

We have kept our commitment for 2024 regarding the United Nation's Sustainable Development Goals (SDGs). Our ability to accomplish some of the goals has been affected by adversities and a period of relatively severe changes. However, some improvements must be highlighted, such as the growing importance of marketing eco-friendly paper (from 78% to 85%), reducing our direct emissions (by 14%) and energy and water consumptions (by 18% and 10% respectively)

2024 will certainly be a year of major uncertainty and challenges, but it will also be a year for opportunities. The strategic cycle 2022-24 is to be concluded, and the strategic approach that has been implemented will be further adapted and improved. But we believe that the measures embraced for 2023, and those currently ongoing, allow the Group to be more agile than before, enabling an enhanced responsiveness to different events that might occur.

The support we have received over time from our employees, communities, customers, partners, and shareholders, empowered us to pursuit our mission. Thank you all.



**Frederico
Lupi**

**CEO
Inapa Group**



Main activity indicators

(Amounts in Million Euros, except when specified otherwise)

	2023	2022	2021	2020	VAR.23/22
Tonnes ('000)	551	714	841	913	-22,9%
Sales	968,7	1 211,7	964,6	1015,5	-20,1%
Gross margin	175,1	242,7	179,3	185,5	-27,8%
<i>Gross margin (%)</i>	<i>18,1%</i>	<i>20,0%</i>	<i>18,6%</i>	<i>18,3%</i>	<i>-1,9 pp</i>
Net Operating costs	141,3	154,7	146,2	156,6	-8,6%
Operating Income	23,9	30,5	28,8	23,6	-21,7%
Operating Costs	165,2	185,2	175,0	180,2	-10,8%
Impairment of trade receivables	0,5	1,1	1,6	1,5	-57,4%
Re-EBITDA	33,3	86,9	31,5	27,4	-61,6%
<i>Re-EBITDA (%)</i>	<i>3,4%</i>	<i>7,2%</i>	<i>3,3%</i>	<i>2,7%</i>	<i>-3,7 pp</i>
Non recurrent costs	4,8	10,8	0,7	11,6	-6,0
EBITDA	28,6	76,1	30,8	15,8	-62,5%
<i>EBITDA (%)</i>	<i>2,9%</i>	<i>6,3%</i>	<i>3,2%</i>	<i>1,6%</i>	<i>-3,3 pp</i>
EBIT	10,8	52,8	15,5	-2,7	-79,5%
<i>EBIT (%)</i>	<i>1,1%</i>	<i>4,4%</i>	<i>1,6%</i>	<i>-0,3%</i>	<i>-3,2 pp</i>
Financial Function	20,0	16,0	14,2	15,5	25,0%
EBT	-9,2	36,8	1,3	-18,2	-46,0
Income Tax	1,2	-19,1	2,0	2,8	20,3
Net income	-8,0	17,8	3,3	-15,5	-25,8

	31/12/23	31/12/22	31/12/21	31/12/20	VAR.23/22
Net debt	206,7	221,1	261,8	315,0	-6,5%
Net debt/Re-EBITDA	6,2 x	2,5 x	8,3 x	11,5 x	3,7 x
Net debt excluding Trade Finance	190,4	202,9	241,8	258,7	-6,2%
Interest coverage	1,7 x	5,4 x	2,2 x	1,8 x	-3,8 x
Working capital	3,1	35,8	11,4	73,0	-91,4%



Relevant facts

01.03.2023

BCP's Qualifying Holding
(to a threshold below 10%)

26.04.2023

BCP's Qualifying Holding
(to a threshold below 5%)

04.05.2023

2022 Annual results announcement

Notice of the Ordinary General Meeting and
publication of 2022 Annual Report

25.05.2023

Ordinary General Meeting
Election of a new director

05.06.2023

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

15.09.2023


Gender Equality Plan for 2024

28.09.2023

Announcement of 1st half results for 2023

Subsequent facts

Up to the date of publication
of the report no subsequent
events have been registered.





Management report

4.1 Macroeconomic context

Global economy has decelerated in 2023, though it has shown some signs of resilience. Within a framework of political uncertainty, wars, natural disasters, and restrictive monetary policies, growth was of 2.7% and inflation of 5.7%.

Geographically, there has been some differences. As regards advanced economies (USA, Japan, and EU), according to the World Bank ranking, the United States has recorded an effective growth of 2.5%, reaching a rate of 2.5%, related to solid consumption levels and an expansionist tax policy. Inflation stood at 4.1%.

EU had a moderated growth, with an increment of 0.5%, against 3.4% recorded in 2022. This is a result of a post-pandemic economic development, within a two-year period, which ended abruptly in 2022. An economic stagnation came next, caused by a decrease of households purchasing power, external demand constraints and restrictive economic policies. However, inflation has dropped to 6.3% in 2023, against 9.2% in 2022, due to a depletion of energy inflation, motivated by less dependency on Russian gas.

2024 is expected to have a global growth of 2.4% and an inflation rate of 3.9%, which represents a slowdown in economic growth for the third consecutive year. This trend reflects the effects of restrictive monetary policies

and credit conditions, and anaemic international trade and investment rates. The outlook differs geographically. As for the advanced economies, predictions suggest a mitigated growth, due to an economic slowdown in the US and Japan. On the other hand, “emerging markets and developing economies” are expected to perform more effectively, since they are featured by essential components viewed as solid.

The European Union has started 2024 at a weakened position, after managing to avoid a technical recession on the second half of 2023, and as result of the German economic contraction during that year. However, there are some optimistic signs. While transportation costs are under pressure, arising from disruptions in the Red Sea, inflation maintains its downward trend.

Credit conditions are still limited, but markets are expecting a period of flexibilization, which combined with the unfolding of the Recovery and Resilience Plan (RRP), should benefit investment. Projections suggests for a growth of 0.9% in 2024 and an inflation rate of 3.0%.

Hereafter, some considerations regarding the economic evolution in 2023 will be presented, as well as future trends within the countries in which Inapa Group operates.

Gross domestic product, volume (percentage of change on preceding year, 2019-2024)

	2019	2020	2021	2022	2023 F	2024 F
Global	2,5%	-3,3%	5,8%	3,0%	2,7%	2,4%
Zona Euro (20)	1,6%	-6,1%	5,9%	3,4%	0,5%	0,8%
União Europeia	1,8%	-5,6%	6,0%	3,4%	0,5%	0,9%
Alemanha	1,1%	-3,8%	3,2%	1,8%	-0,3%	0,3%
França	1,8%	-7,5%	6,4%	2,5%	0,9%	0,9%
Espanha	2,0%	-11,2%	6,4%	5,8%	2,5%	1,7%
Portugal	2,7%	-8,3%	5,7%	6,8%	2,3%	1,2%
Bélgica	2,2%	-5,3%	6,9%	3,0%	1,5%	1,4%
Turquia	0,8%	1,9%	11,4%	5,5%	3,5%	2,7%
Angola	-0,7%	-5,5%	1,2%	3,0%	3,5%	3,6%

Source: Global, Turkey and Angola: United Nations - World Economic Situation Prospects 2022-2024 (January 2022, 2023 and 2024); Other geographies: European Commission - Winter 2024 Forecast (February 2024).

German economy has declined 0.3% in 2023. Purchasing power has decreased, thus affecting private consumption. The investment in construction and energy was limited, due to high construction costs, financing, and labour scarcity. Inflation has dropped to 6.0%, against 8.7% recorded in 2022, because of a fall in energy prices in the wholesale market and the implementation of energy support measures, which ceased in November 2023. Projections for 2024 encompasses a growth of 0.3%, resulting from limited levels of trust, low investment growth (compared to pre-Covid-19 levels), labour scarcity and restrictive policies and tax framework. International trade is not expected to have a significant impact, since imports and exports should record a similar progression. As regards positive prospects, financing conditions have been slightly loosened and real income might benefit from a robust labour market and wage rises, which will stimulate consumption for the next few years. Inflation

should stand at 2.8% in 2024, driven primarily by wage increases in the services sector.

French economy has recorded a growth of 0.9% in 2023. However, inflation and restrictive financing conditions have had a negative impact in its performance. The growth of domestic consumption was limited, but net exports had a positive effect, driven by a decrease in the import of goods. The inflation rate stood at 5.7%, reaching a peak of 7.0% in the first half of the year, followed by a decrease caused by lower energy prices and commodities. Projections for 2024 encompasses a growth of 0.9%, a trend that is expected to be further developed in the second semester. Private consumption, driven by a declining inflation, should determine the growth rate. In the first semester, investment is expected to be short, but it should recover in the second semester, depending on a relaxation of financing conditions. Inflation is expected to stand at 2.8% in 2024,

despite wage rises and pressure arising from an eventual 10% increase of energy prices, triggered by tax changes.

In 2023, **Spanish economy** has grown 2.5%, driven mainly by private consumption, but also by investment. External demand has had a negative impact, during the second and third quarter, but it has improved in the last quarter of the year. Inflation stood at 3.4%, reflecting energy prices downturn. In 2024, growth should be of 1.7%, driven by consumption and investment. Private consumption should be stimulated by real income increase, currently high levels of household savings, and employment growth. Investment should be boosted by the implementation of the RRP, the financial health of non-financial entities, and the loosening of financing conditions. External variables, such as a deceleration of the tourism sector and the economic positioning of key trading partners, should affect exports. The effects of high interest rates and debt are likely to have a negative impact on the economic growth, particularly as regards internal demand. Inflation rate for 2024 is expected to stand at 3.2%.

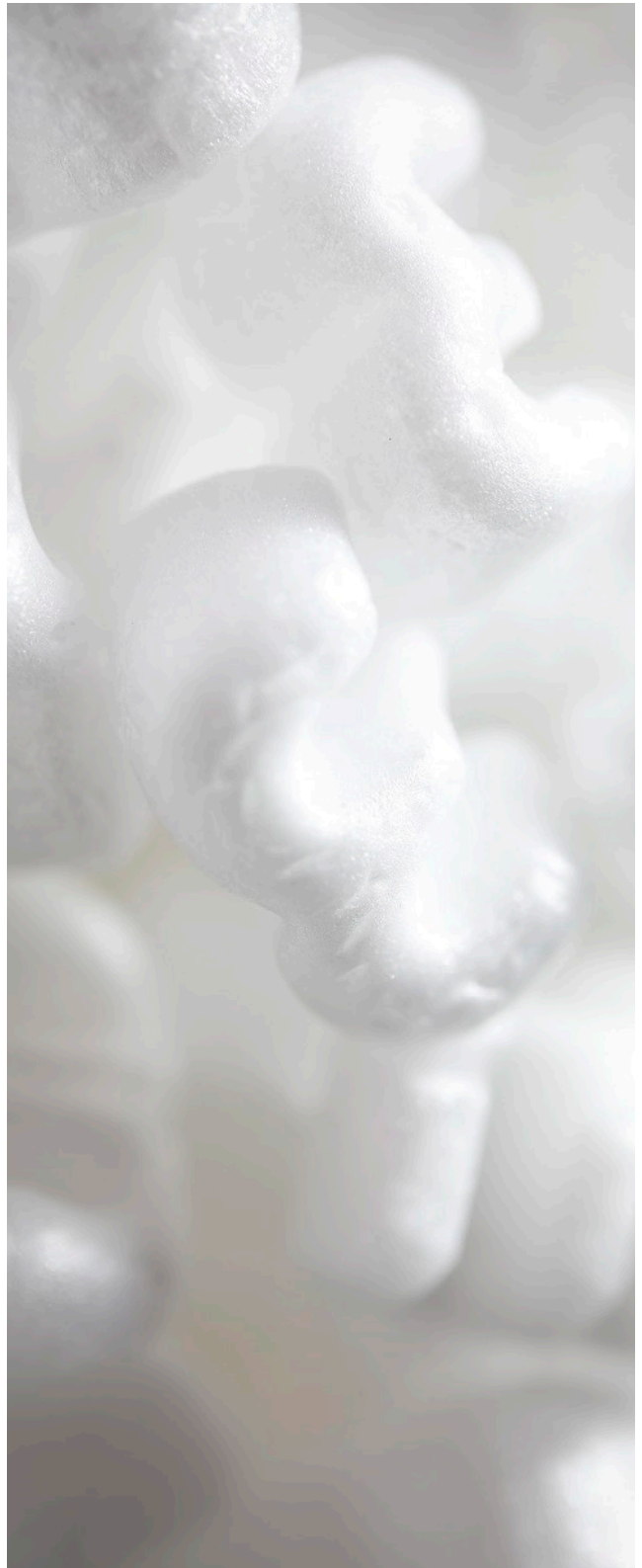
The **Portuguese economy** has increased 2.3% in 2023, featured by a contraction during the third quarter and an improvement of its performance by the end of the year, as a reflection of the recovery of economic trust and employment growth. This economic slowdown, as compared to 2022, in which economy has grown 6.7%, was firstly related to private investment and consumption, reflecting the impact of high interest rates. However, in the second half of the year, consumption and investment has recovered. On the other hand, net exports had a negative behaviour, due to a weakening of external tourism and a reduction of exports. Inflation stood at 5.3%, which represents a significant

decrease compared to 2022 (8.1%), affected by the price evolution of energy, food, and non-energy industrial products. The beginning of 2024 should be featured by a limited economic growth, related to the demand from key trading partners, subsequently evolving gradually. Annual growth should stand at 1.2%. Private consumption should be driven by employment and wage growth. The implementation of RRP should support investment. Imports should grow at a faster pace than exports. During the first semester, disinflation should be contained, which is mainly due to the reinstatement of VAT on food basket. Inflation for 2024 should stand at 2.3%.

Belgian economy has risen 1.5%, stimulated by the resilience of private consumption, which was based on automatic wage and social benefits indexation to inflation, and maintaining households purchasing power. The rise of companies' investment must also be underlined. Inflation stood at 2.3%, due to a fast decrease and transmission of wholesale energy market prices to retail (gas and electricity), together with government measures aimed at mitigating price increase. In 2024, growth should stand at 1.4%, Households consumption should continue to grow, while prices fall, and employment rises. Energy transition and implementing of RRP should contribute to increasing gross fixed capital formation, and public investment should rise until the election cycle. In the short term, limited growth of construction investment is related to high financing costs. International trade should increase dynamism.

In 2023, **Turkish economy** has grown 3.5%. At the beginning of the year, this country was affected by earthquakes that caused tens of thousand of casualties and substantial damages. After the elections hold in May, and within a context of high inflation rates, interest rates have also risen.

Regulatory changes contributed to bound credit development, thus affecting economic growth. However, the economy has grown more than expected, due to a resilient private consumption, but also to expenses related to the post-earthquake recovery process. Inflation has exceeded 60% in the second semester, reaching an annual rate of 55.2%. 2024 should record a growth rate of 2.7%, and strict monetary policies and tax consolidation are to be expected. Growing financial stability, increasing of net exports, and rebalancing of economic activity are also to be expected. Inflation rate should stand at high levels for the first semester, but it will fall in the second semester, thus sustaining private consumption.



4.2 Sector framework

2023 has been a difficult year for this sector. During the first nine months of the year, global consumption of paper has decreased in Western Europe, as compared to 2022. From the end of the third quarter, a slightly improvement has been observed.

In 2023, the evolution of demand has been significantly impacted by a process of reducing high levels of stock (destocking), which have been formed in 2022, across value chain. In 2022, stocks have increased because of global issues within the supply chain, and a widespread perception of a shortage in paper availability, within a framework of price increase. Following the stabilisation of the supply chain, that occurred in the second semester of 2022, stocks adjustments have been undertaken, and it has continued in 2023. Although demand has slightly recovered in the second semester, paper demand has significantly decreased.

In 2023, Western Europe has recorded a reduction of 25.4% on paper consumption for graphic arts, writing, and printing, according to EuroGraph (European Association of Graphic Producers) – in the first semester, it decreased 29.9%. This reduction has affected coated woodfree and uncoated woodfree papers. It is important to refer that paper consumption decreased around 40% worldwide, comparatively to the pre-pandemic period.

The main markets in which Inapa operates – Germany, France, Spain, Portugal, and Belgium – have recorded a combined reduction of 26.0% in traded volume of paper. As in last year, all these countries experienced a decline of demands. According to EuroGraph, Germany had a fall of 25.6%, France declined 25.0%, Spain 29.0%,

and Portugal 28.4%. These data refer to coated woodfree and uncoated woodfree papers – which represent around 90% 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 18.6%. In Europe, aggregated volumes of coated woodfree and uncoated woodfree papers have recorded an overall reduction of 25.0%.

According to CEPI's (Confederation of European Papier Industries) statistics, paper production has fallen 12.8%, as compared to 2022, amounting to 74.3 million of tons. The main reasons for this fall are the macroeconomic context, high costs regarding energy and production, as well as the above-mentioned destocking. Facilities have had larger inactivity periods. The production of coated woodfree papers has decreased 31.2%, and the production of uncoated woodfree papers has decreased 23.9%. Newsprint paper has maintained the trend, by decreasing 19.9%.

The production of coated and uncoated woodfree papers of mechanical pulp has decreased 24.4% and 23.4%, respectively. The production of paper and packaging cardboard has recorded a more moderated decline, with a reduction of 9.1%, as compared to 2022. As for packaging categories, corrugated cardboard – used specially for transport packages and corrugated cardboard boxes – has decreased 4.7%.

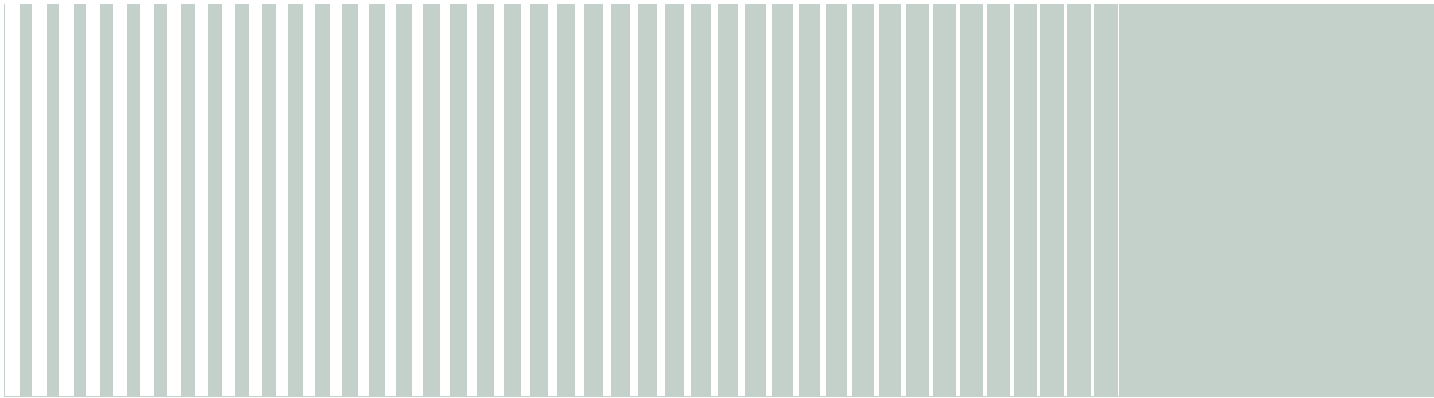
The production of packaging cardboard and other packaging cards mainly used for retail packaging has diminished to 17.3%. The production of wrapping papers – used to produce paper bags – has decreased 15.9%.

To sum up, the weight of graphic categories in total production has decreased to 22.6% in 2023, against 25.9% in 2022. The weight of paper and packaging cardboard corresponded to 62.3% (comparatively to 60.1% in 2022) and the importance of specialty paper and cardboard for industrial purposes has decreased to 4.85%. Finally, the tissue segment has increased its significance to 10.3% in 2023.

In 2023, the price of coated woodfree paper has fallen around 16.0%, depending on the grammage, while the price of office paper has had a widespread fall of 17.9%, and newsprint paper has dropped to 27.7% (from January to December - Fastmarkets¹ FOEX indices for Europe). Paper

producers must face cost constraints related to pulp and energy prices, and CO2 emission rights.

There are also persistent issues related to machine shutdowns. During the first semester of 2024, additional increases of paper pulp prices are to be expected. Eventual disruptions on the supply chain induced by the conflicts in the Middle East might moderately contribute to price increase during the first months of 2024.



⁽¹⁾ Fastmarkets RISI is an independent company that publishes prices statistics for pulp, paper, recycled paper and wood biomass.

4.3 Consolidated performance

2023 has been a period of moderate economic growth in the European Union, but German economy has contracted – German is a particularly relevant country for Inapa Group - within a context of high inflation and interest rates.

As for this business sector, paper demand has decreased more than 25%, particularly because of stocks reduction across the supply chain (destocking), but also because of an effective consumption contraction. Pressures regarding costs are also of significance (such as energy, CO2 emissions and machine shutdowns), and, simultaneously, paper prices have dropped. In general terms, these issues have affected the dynamic and rentability of producers and distributors across Europe, namely office and graphic activities.

Within this framework of demand decline, consolidated sales of Inapa Group in 2023 amounted to EUR 968.7 million, recording a substantial decrease of 20%, as compared to 2022, and average prices of selling paper have been under pressure, though it has shown resilience. Inapa Group has had a market share gain within paper distribution sector.

Sales related to complementary businesses of packaging, visual communication and office supplies have decreased 5.5% in 2023, comparatively to 2022. These areas have presented different behaviours, but packaging business has recorded a fall of 5.2%, as compared to last year, driven by inflationary pressures, leading to a stronger pressure on selling prices. The area of visual communication has had an increase of 34.7% in 2023, as compared to 2022, sustained by an organic growth and driven by the impact

of Loos acquisition, which has been effectively integrated on January 1st, 2023.

2023's gross margin has risen to 18.1% of sales, less 1.9 pp as compared to 2022, reflecting current market conditions, more in line with the average levels of 2020 and 2021, after a very exceptional year of 2022. In 2023, a careful management of pricing and sales mix has been maintained, as well as a focus on products with higher margins, within a context of a slight price decrease from producers.

Net operating costs, excluding costumer impairment, have recorded a decrease of EUR 13.4 million, resulting mainly from personnel expenses (reflecting a headcount reduction, that followed ongoing restructuring measures, and variable costs related to sales) and transportation costs. Particularly in Germany, a meaningful restructuring process of operations should be underlined, specially within logistics and commercial organisation areas, which still represent relevant opportunities for optimisation. This process has begun in 2023 and it should be continued in 2024, though its effects as regards costs reduction should only be fully evident in 2025.

In 2023, costumer impairments have increased to EUR 0.5 million, which represented a decrease of EUR 0.6 million, as compared to 2022. This evolution reflects the strict monitoring of risks that Inapa has been undergoing, by following accurate internal procedures of credit control towards our costumers' portfolio, working closely with the Group's credit insurer every time.

Recurring EBITDA in 2023 stood at EUR 33.3 million, reflecting the pressure felt in 2023 as

regards top line, 3.4% over sales, less 3.7 pp comparatively to 2022, though it presented an improvement of rentability, as compared to 2021. The reduction of variable costs and gains resulting from measures of operational efficiency implemented in Germany are still insufficient to compensate sales drop and margin reduction.

Non-recurrent costs have amounted to EUR 4.8 million and are mainly related to expenses within the scope of a restructuring process that is still ongoing in Germany.

In 2023, EBITDA has amounted to EUR 28.6 million (equivalent to 2.9% of sales).

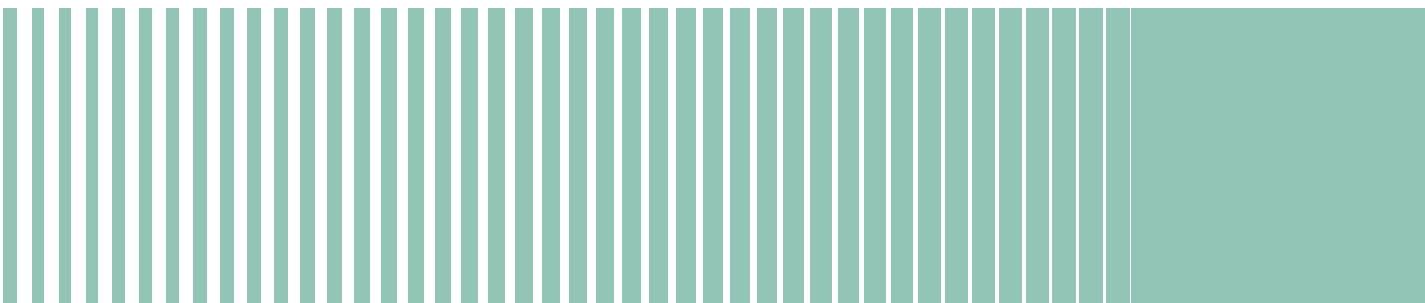
Operational results (EBIT) have amounted to positive EUR 10.8 million, reflecting a negative evolution of EUR 42.0 million, as compared to last year.

Financial charges for 2023 have increased from EUR 4.0 million to EUR 20.0 million (EUR 16.0 million in 2022). This progression is due to an increase of average debt cost resulting from a progressive rise of reference interest rates since 2022, although debt for 2023 has decreased.

Consolidated net profit before tax has amounted to less EUR 9.2 million (EUR 36.8 million in 2022). Income Tax amounted to positive EUR 1.2 million, of which around positive EUR 4.3 million are related to deferred taxes and EUR 3.1 million are related to current taxes. Net profit for 2023 has amounted to negative EUR 8.0 million.

Working capital has decreased EUR 32.7 million, as compared to 2022, amounting to EUR 3.1 million. This evolution is mainly due to a significant reduction of inventory levels, and the average number of days for accounts receivable and accounts payable is in line with those of 2022.

Consolidated net debt on December 31st amounted to EUR 206.7 million, a decrease of EUR 14.4 million, as compared to December 2022, which means a Net Debt / Re-EBITDA ratio of 6.2x. During the first semester of 2023, a financial renegotiation of the German subsidiary has been concluded next to a bank consortium with a maturity extension until the end of 2025. Thus, current debt excluded from Trade Finance on December 2023, stood at EUR 52.5 million, i.e., 24% of total gross debt (against 27% at December 2022).



4.4 Business areas performance

In 2023, the relevance of demand for paper and cardboard packages has been consolidated, though more moderately than previous years. This trend, enhanced by Covid-19 pandemic and subsequent period, is related to the changes in consumption standards. These changes are embodied in e-commerce development and consequently in a larger use of packages (crucial for the transportation of products traded within digital platforms). As in previous years, the tissue segment (in which our Group has no representation) has also strengthened its relevance.

On the other hand, more traditional writing and printing papers have recorded relevant demand cuts. However, and despite the contraction recorded in the past few years, some positive signs might be foreseen regarding the future of paper as a sustainable communication media. Many consider that the use of paper is important to ensure a sustainable management of the environmental ecosystem, specifically florets – from where raw materials needed to produce paper are taken. Additionally, there are growing concerns regarding eventual exclusion and risks associated with the use of digital media. For example, digitalisation might contribute to “disconnect” vulnerable people who depend on traditional communication media, such as elderly, disabled, inhabitants of rural areas, or people with low incomes. There are several “perceived” risks at a security level. A recent survey published by Two

Sides² refers that 56% of respondents are worried about the security of digital communications, namely those associated with the risk of information theft or hacking.

In 2023, average prices of paper producers remained high, due either to the costs of several productive factors (paper pulp, chemicals, energy) and to the balance between supply and demand, featured by new decisions to close factories and subsequent supply cuts.

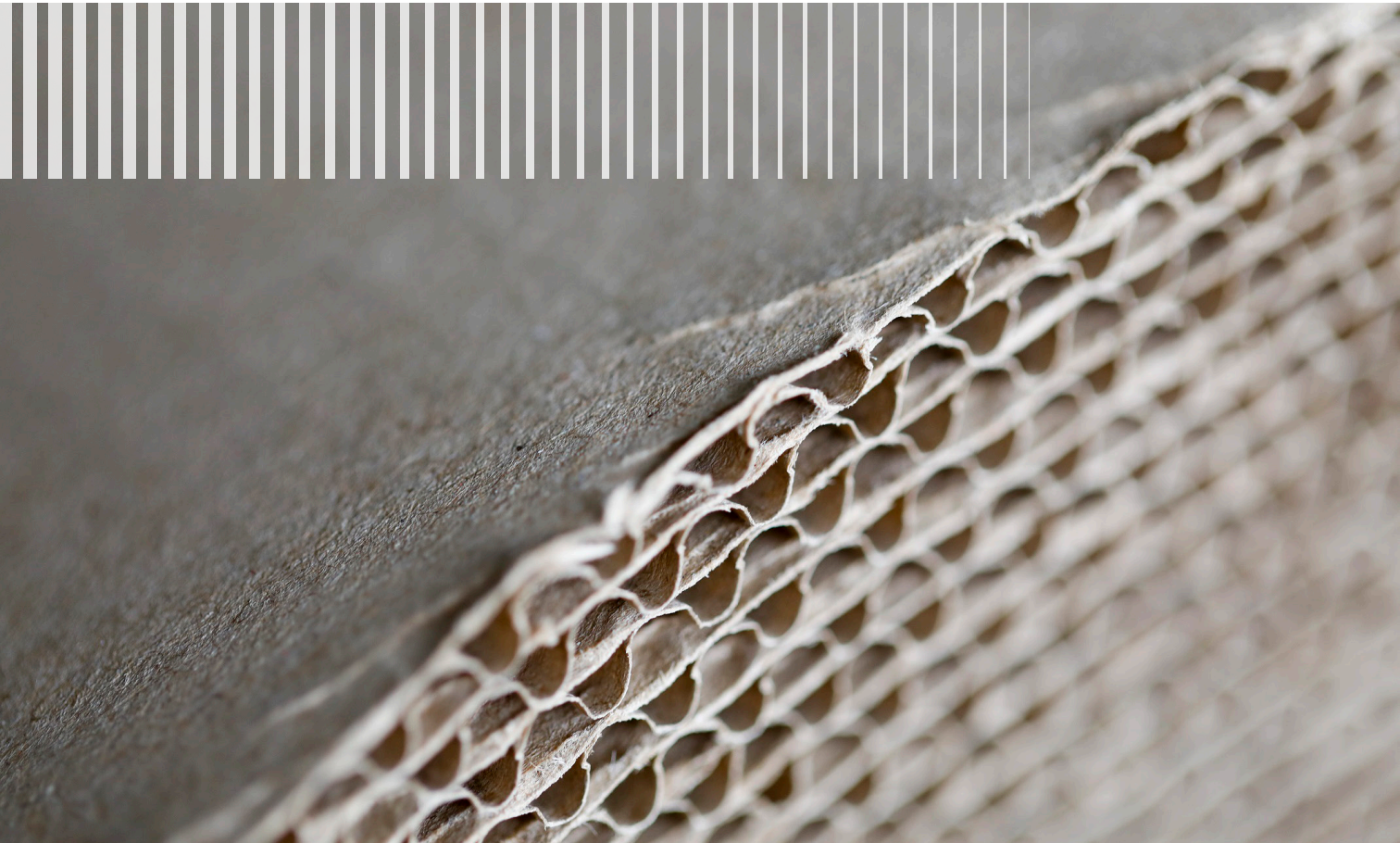
Paper distribution, the core business of Grupo Inapa, has been subjected to the above-mentioned market dynamics, and sales for 2023 presented a cut of 23%, as compared to 2022, representing 87% of the Group’s overall business volume. Inapa has kept its focus on margins optimisation, organic growth, and implementation of measures to reduce costs, in order to create more flexible structures. Within this context, a significant restructuring process has been implemented in our operations in Germany, the most relevant country to the Group, which should be carried out yet in 2024, though its effects in terms of costs reduction should only be entirely reflected in 2025.

Complementary businesses of packaging and visual communication have recorded a global growth of 5.5%, comparatively to 2022. Packaging area has shown great resilience within the current framework featured by less demand, and its market share has increased.

⁽²⁾ Two Sides is a global organisation dedicated to promoting the sustainability and attractiveness of print and paper. Its demystify misconceptions about the environmental impact of print and paper, as well as advocating for the responsible production and use of these materials.

As for visual communication, business has evolved very positively in 2023, either due to the integration of JJ Loos in France, and to organic growth.

Inapa continues to explore cross-selling opportunities of packaging solutions, hygiene and safety products in protection and social distancing equipment, sign and display, and adhesive and floor marking areas, among others, in order to increase customer sales, thus compensating the drop registered in the paper segment.



PAPER

In 2023, business of paper companies pertaining to Inapa Group has amounted to EUR 845,0 million of sales, which represented a drop of around 23%, as compared to the same period in 2022.

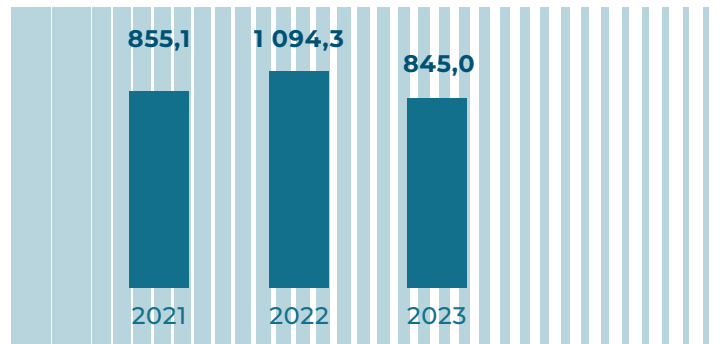
After a first semester in which paper distribution has been influenced by a standardising dynamic of supply chains that had a strong impact on markets, the destocking process has been more extended than expected, leading to a weak recovery in the second semester of 2023. However, this recovery has been insufficient to return to the demand of previous year, resulting in a real reduction of consumption. For the entire year, Western Europe has recorded a 25.4% reduction of paper consumption, as compared to 2022. In the European countries where Inapa operates, consumption have decreased by 26.0%, as compared to 2022.

Within this context, sales volume in 2023 has amounted to 551 thousand tons, which represents a drop of 23% against the same period of 2022. In terms of value, sales have amounted to EUR 845.0 million (a drop of 23%, as compared to 2022), and average paper price remained in line with 2022. Inapa's sales evolution, featuring an above-average market performance, reflects the gain in the market share achieved in 2023.

Throughout the year, Inapa has continued to explore cross-selling opportunities of packaging solutions, hygiene and safety products in protection and social distancing equipment, sign and display and adhesive and floor marking areas, among others, in order to increase customer sales, thus compensating the drop registered in the paper segment.

Inapa has proceeded with its strategy of improving

Sales (million euros)



the sales mix, within a context in which the producer prices, despite a downward adjustment, remained at high levels, mainly because of the cost of production factors (such as paper pulp, energy, and chemical products). Producers have developed a more reactive and short-term commercial strategy, by selecting (and cancelling) orders and discontinuing less profitable businesses. Considering the current market context, average selling prices³ have decreased, specially from the end of the first quarter of 2023, driven by a context of difficult demand, resulting in a reduction of sales margins in 2023.

In 2023, Inapa has remained focused on an ongoing improvement of efficiency and search of new ways of optimising structures. Operational costs have been reduced by means of personnel costs (associated to headcount reduction resulting from ongoing restructuring measures and sales drop) and transportation costs (by means of an enhanced operational efficiency and a reduction of sales volume).

In Germany, Inapa has implemented a profound restructuring process, driven by adverse market

⁽³⁾ Average selling price: paper sales / Tons

developments, by introducing several measures to reduce costs, namely within logistics and commercial organisation areas, that still represent rather relevant optimisation opportunities. This restructuring should be concluded throughout 2024, and its effects in terms of cost reduction should be entirely reflected in 2025.

In France, despite invoicing and margin volumes, Inapa has maintained profitability levels above the market average, sustained by an optimised and flexible cost structure, which has served as a benchmark to the current restructuring process in Germany. During the second quarter of 2023, Inapa has migrated to the new ERP (Enterprise Resource Planning - SAP S/4HANA), which is rather relevant for the operation to ensure high levels of effectiveness.

In 2023, paper business performance has been strongly impacted by the pressure within the top line, and cost structure is still not benefiting from significant savings, that should result from the restructuring process implemented in Germany, which should only be reflected in 2025. Results have been expressively impacted by noncurrent costs recorded in 2023, associated to this process.

Within this context, operational results of paper business have amounted to positive EUR 7.4 million, representing 0.9% of sales (against EUR 50.6 million and 4.6% in 2022).



PACKAGING

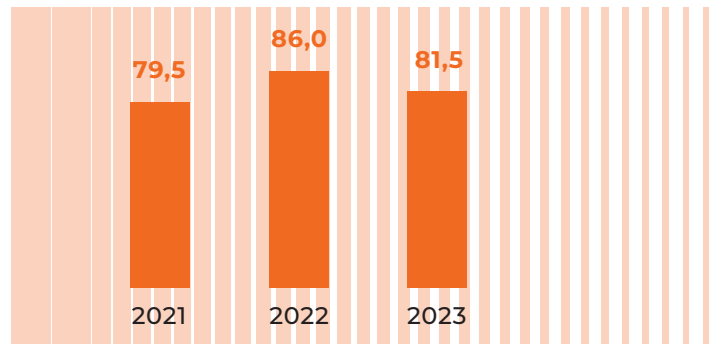
In 2023, the business of packaging companies pertaining to Inapa Group has represented EUR 81.5 million of sales, corresponding to a decrease of 5%, as compared to the same period in 2022.

2023 was characterized by a slowdown in the demand for packaging materials, particularly for the retail sector (e.g., wrapping paper used in bag production) and e-commerce, and consumption levels have returned to those of pre-Covid. According to CEPI's (Confederation of European Paper Industries), statistics, production is estimated to have decreased around 9.1%, comparatively to the previous year, representing 62.3% of paper and cardboard global production (61.1% in 2022). Within this context, Inapa's packaging segment has shown some resilience, despite of a fall of 5%, as compared to the same period in 2022.

Packaging segment has continued to benefit from the replacement effect which emanates from community phase-out standards for plastic packaging. Paper packages might be easily recycled and do not represent an environmental threat. Therefore, the demand regarding its many uses is increasing, such as food and beverages (thermal packaging or packaging for food) or regarding other industry sectors, and transportation (lightweight packaging), which should lead to a sustainable growing demand for the next few years.

In Germany, Inapa Group has continued to develop a strategy of promoting different product ranges from its portfolio, particularly in areas such as e-commerce solutions and maritime transport, one of the areas presenting the highest growth in German packaging market, as well as regards

Sales (million euros)



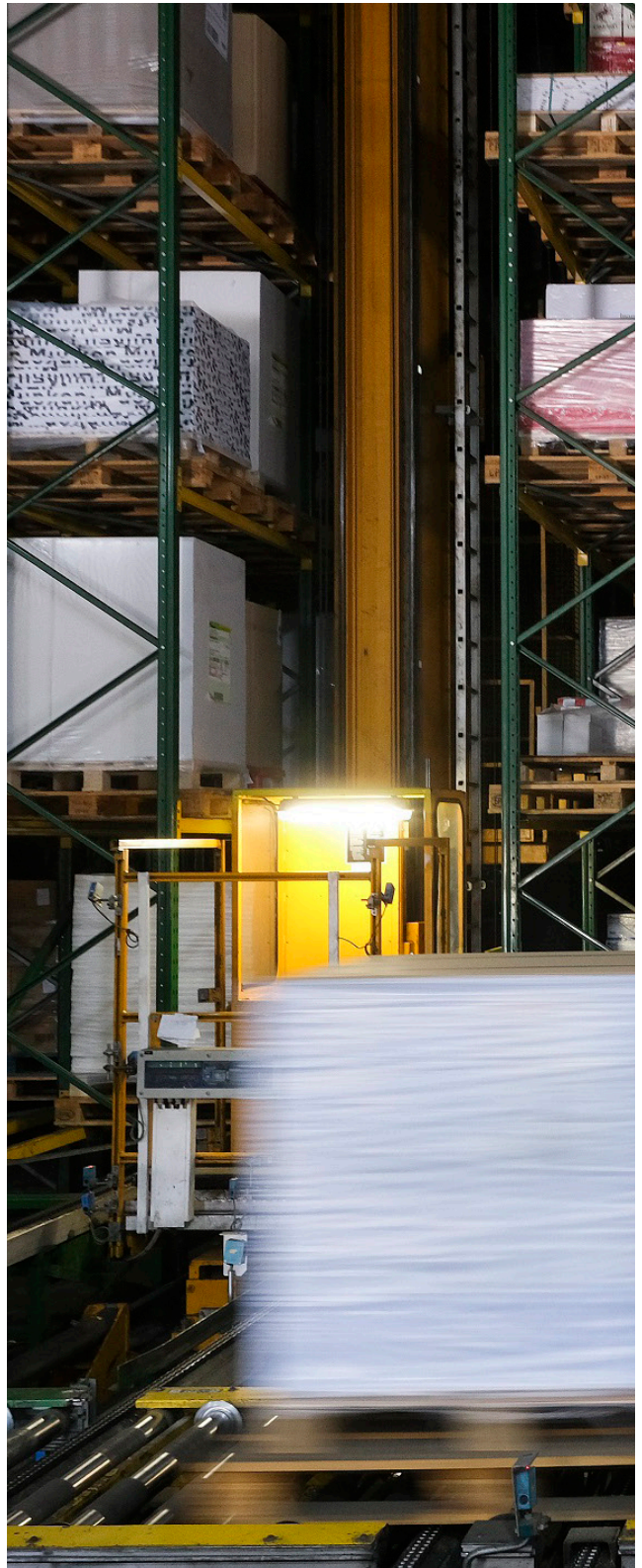
selling standard products of Inapa Packaging (stop gliss solutions, among others). The Inapa Group has successfully managed to converge the product portfolio throughout the sourcing chain of Inapa Deutschland, thus allowing costs optimisation and increased profitability. The approach of a broader entrance within the market, fostered by a renewed sales team, has continued to be implemented.

In 2023, packaging business in France followed the market trend, and the sales volume has dropped comparatively to the same period last year, because of a decline in demand and subsequent pressure over selling prices. Notwithstanding, the company has managed to maintain suitable profitability levels, benefiting from sales teams' dynamism and the ability to negotiate with suppliers. Inapa has continued to develop the business of custom products and technical packaging (custom boxes, technical and manual stretch films), to compensate for the decline in the demand for more traditional products (boxes, adhesives, etc.). Finally, in 2023, a restructuring plan for logistics has begun to be implemented, which aims to adjust the facilities

to the companies' turnover and offer enhanced customer assistance services. Inapa should focus its operations in three main warehouses located in the regions of Paris, Bordeaux and Nieppe-Lile. This process is expected to be concluded until the end of 2024.

In Portugal, the Group has maintained the upward trend, sustained by a diversified supply in tailor-made, technical and engineered packaging solutions, particularly in the key and major accounts channel. The entrance in new segments has also been developed (such as, acoustic solutions, thermal insulation, sealing products), thus leveraging gross margin and return in a very positive way, within a context of deep inflationary pressure that requires strengthening of cost control and optimising cost structure to maintain suitable levels of operational and commercial efficiency.

Operational results in the packaging area have amounted to EUR 4.5 million, representing 5.6% of sales (against EUR 3.9 million and 4.5% in 2022).



VISUAL COMMUNICATION

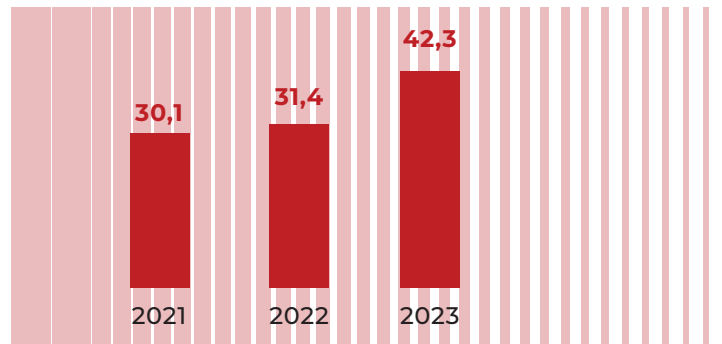
In 2023, business of visual communication within Inapa Group's companies has represented EUR 42.3 million of sales, corresponding to a growth of around 35%, as compared to the same period last year.

In 2023, the business of visual communication has evolved because of the following: an organic growth of around 8% sustained by a higher order flow, namely within the LFP (Large Format Printing) segment in its media, hardware and inks components; a growth of sign making media and system areas, and of maintenance and spare parts services areas; the positive impact of Loos acquisition in France, effectively integrated from January 1st 2023.

In Germany, the focus on boosting sales has endured, based on in-house workshops of technical assistance and in-house fairs in several locations of Inapa ComPlott. The Group's commitment regarding technical training programs in the field of maintenance services has also continued, an area with high added value. To optimise cost structure, and consolidate sales teams, the commercial team has been transferred from the offices in Frankfurt to Kelkheim's facilities, and a new showroom has been installed.

From the end of 2022, Inapa Group holds 100% of Loos share capital, a French company specialised in trading printing equipment and consumables for visual communication. Loos headquarters are located in Mulhouse, France, in the Alsace region, where it is a market leader. Throughout 2023, the Group has optimised processes and carried on with Loos integration within Inapa France, namely as regards commercial (backoffice), sales, marketing, and financial areas. Actions to boost sales, particularly hardware, throughout open

Sales (million euros)



house days, have been implemented, and a new product catalogue has been published.

In Portugal, sales and gross margin has increased, as compared to 2022, due to the launching of new models/equipment and also due to order increment, particularly within the LFP (Large Format Printing) segment in the hardware, inks, and service and parts components.

In 2023, operational outcome amounted to positive EUR 0.2 million, representing 0.4% of sales (a break-even in 2022).

4.5 Outlook for 2024

2024 should be a challenging year. 2023's adversities, as well as uncertainty and volatility observed in several external aspects, hamper the development of short-term outlooks.

Global economic growth is expected to slow for the third consecutive year, despite of the resilience it has been showing. Within the European Union, growth is expected to be moderated, while financial conditions should remain restrictive. Despite inflation tends to decline, it is impossible to predict the time or magnitude of interest rates cuts.

Extreme weather events and an uncertain geopolitical context should be factors of uncertainty. Conflicts in Ukraine and Middle East should persist, and an enlarged election cycle is coming soon – countries representing approximately 50% of the global population will hold elections.

From a sectoral perspective, after a long destocking period that has begun at the end of 2022, and a structural decrease in demand, the first months of 2024 are expected to present a moderate growth of demand.

In Europe, paper prices are expected to rise during the first semester, due to potential increases in demand and reductions in supply. Pressures within the supply chain related, for example, to energy and paper pulp costs, CO2 emission rights, and adversities caused by the Suez crisis, might affect prices.

For Inapa, it is the end of the 2022-24 strategic cycle, which should entail an adjustment process and an accelerating strategic approach, now for a long-term period. Until then, the company should continue to implement the strategy that has been defined, promoting efficiency, growth in non-paper business, and a positive sustainability impact.

As in 2023, the company should strive to reinforce its leadership within paper distribution, by increasing the market share in countries in which it operates. At the same time, it intends to further develop packaging e viscom businesses.

The company shall remain focused on margins, both by optimizing the product mix and improving sales of higher value-added products, as well as through electronic channels and a very strict pricing policy.

Restructuring and optimising the operations should continue to be implemented in every country, particularly regarding logistics. Therefore, the aim is to proceed with an adjustment to market conditions, ensuring the maintenance of high standards of service quality.

The new ERP, that should be fully operational in 2024, might bring significant improvements regarding efficiency and data integration, therefore representing a milestone for consolidation. This toll should be complemented by an investment towards innovation and data science, namely in automated training and predictive modelling skills, which should improve efficiency and enrich the decision-making process.

Financial sustainability is still very important within a context of inflation and high interest rates. For the past few years, the company has reduced its debt, which demonstrates the ambition and path that it urges to continue. Inapa should strive to improve the impact as regards non-financial aspects of sustainability, by reducing its ecological footprint, rejuvenating and empowering its teams, and by means of its global impact on society.

05 Consolidated accounts

Inapa - Investimentos, Participações e Gestão, SA

Consolidated Income Statement at December 31, 2023 and December 31, 2022

(AMOUNTS IN THOUSANDS OF EUROS)

	31 DECEMBER 2023	2 nd HALF DE 2023*	31 DECEMBER 2022	2 nd HALF DE 2022*
Tonnes*	550 767	271 130	714 356	324 471
Sales and services rendered	982 443	456 467	1 230 390	607 204
Other income	12 643	5 406	16 164	9 402
Total income	995 086	461 872	1 246 554	616 605
Cost of inventories sold	-796 070	-368 748	-973 364	-485 342
Personnel costs	-92 757	-47 015	-107 193	-54 992
Other costs	-77 708	-37 236	-89 936	-42 718
Operating results before depreciations and amortizations	28 552	8 873	76 060	33 553
Depreciations e amortizations	-17 744	-9 372	-23 239	-13 787
Operating results	10 808	-499	52 822	19 767
Gains / (Losses) in associates	34	-4	188	34
Financial results	-20 032	-10 543	-16 187	-8 157
Net profit before income tax	-9 190	-11 045	36 823	11 644
Income tax	1 194	2 083	-19 064	-9 846
Net profit for the period	-7 996	-8 962	17 759	1 799
Attributable to:				
Shareholders of the company	-7 996	-8 962	17 759	1 799
Earnings per share on continuing operations - euros				
Basic	0,0152	0,0170	0,0337	0,0034
Diluted	0,0129	0,0144	0,0272	0,0028

* Non audited

Inapa - Investimentos, Participações e Gestão, SA

Consolidated Statement of Financial position at December 31, 2023 and December 31, 2022

(AMOUNTS IN THOUSANDS OF EUROS)

	31 DECEMBER, 2023	31 DECEMBER, 2022
Assets		
Non current assets		
Tangible fixed assets	21 465	30 822
Goodwill	228 971	228 971
Right of use assets	42 800	34 596
Intangible assets	129 747	129 401
Investments in associate companies	1 294	1 346
Financial assets at fair value through profit or loss	123	119
Other non current assets	2 910	2 749
Deferred tax assets	41 700	34 998
Total non current assets	469 010	463 002
Current assets		
Inventories	49 144	89 956
Trade receivables	41 614	49 281
Income tax receivables	1 032	1 321
Other current assets	40 312	53 017
Cash and cash-equivalents	15 389	16 503
Total current assets	147 491	210 078
Total assets	616 502	673 079
SHAREHOLDERS' EQUITY		
Share capital	180 135	180 135
Share issue premium	431	431
Reserves	19 254	21 282
Retained earnings	-25 167	-42 926
Net profit for the period	-7 996	17 759
Total shareholders' equity	166 656	176 681
LIABILITIES		
Non current liabilities		
Loans	153 345	155 395
Deferred tax liabilities	62 359	60 081
Provisions	227	453
Employees' benefits	16 836	16 866
Other non current liabilities	-	17
Total non current liabilities	232 766	232 811
Current liabilities		
Loans	68 717	82 183
Trade payables	87 682	103 428
Income tax liabilities	12 209	13 302
Provisions	3 190	7 389
Other current liabilities	45 281	57 284
Total current liabilities	217 079	263 587
Total shareholders' equity and liabilities	616 502	673 079

06 Additional information

Warning

While the indications reflect current expectations, investors and analysts, and in general all users of this document, are cautioned that future indicators are subject to a variety of uncertainties and risks, many of which are difficult to anticipate.

Everyone is cautioned not to give inappropriate importance to future information and indications.

We assume no obligation to update any future information or indication.

Inapa is admitted to trading on the Euronext Stock Exchange.

Information about the company can be consulted through the symbol INA or by ISIN PTINA0AP0008.

inapa



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