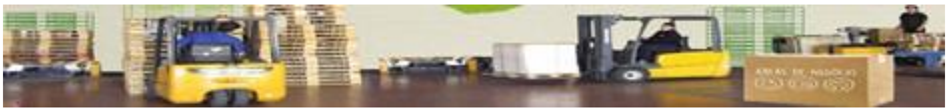
2019
RESULTS
ANNOUNCEMENT

2019

inapa



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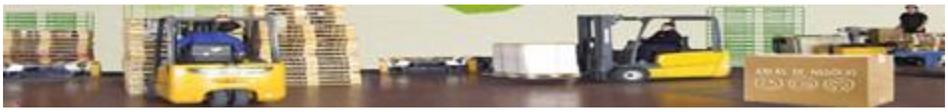


1. MESSAGE FROM THE CEO

2019 was a remarkable year in Inapa's history. The completion of the acquisition of Papyrus Deutschland in July allowed us to achieve a clear leadership position in paper distribution in the markets where Inapa is present, being a solid basis for the group's future development.

The consolidation of Papyrus Deutschland's business in the period from August to December allowed us to achieve a significant 20% growth in turnover in 2019, surpassing the one billion euro annual turnover barrier (EUR 1,031 million). Not taking into account the impact of the pandemic caused by COVID-19, impossible to estimate at the time of writing this message, annual turnover is expected to be above EUR 1.2 billion, representing a growth of around 40% over 2018 turnover.

Despite the delay in the clearance process by the German Competition Authority, which was only granted in July, against the initial expectation of being granted in 2018, the estimate of value generation by consolidation of operations is in line with the project presented to shareholders in November 2018.

The level of activity in Germany in 2019 was impacted by procurement decisions by some customers who had a dual sourcing strategy served simultaneously by Papier Union and Papyrus Deutschland and reduced their purchases from these companies in order to develop the relationship with other suppliers. This effect, already anticipated in our forecasts, was augmented by the extended period of 9 months in which the analysis of the German Competition Authority took place.

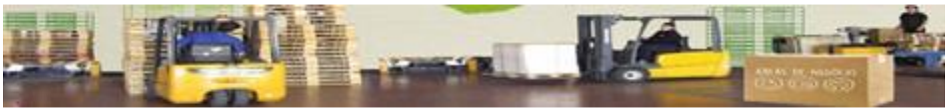
To take advantage of the enormous potential generated by this acquisition, it is necessary to significantly reorganise operations in Germany, a process that already started in 2019 and will continue throughout 2020 and the first half of 2021. From the point of view of increasing the efficiency of operations, the amount of synergies identified is above EUR 20 million per year, which is at the top of the range of initial estimates presented to shareholders.

The Group's strategy for the 2019-2021 triennium is an evolution in the continuity of the strategy defined for the previous triennium, based on four pillars of action: consolidation and optimization of the paper business, diversified growth in the areas of packaging and visual communication (viscom), strengthening of financial sustainability and sustainable development.

Companies in the paper distribution business achieved a total turnover of EUR 922 million representing a growth of 22% compared to 2018. This development, in a market that had a negative development around 8% in Western Europe, was possible by the acquisition in Germany and a resilient performance in the remaining geographies.

Companies in the packaging and visual communication areas saw a 4% growth in turnover, now totalling EUR 109 million. At the same time, the company continued to focus on cross-selling of packaging and viscom in the paper distribution companies, taking advantage of the business relationships established, with a very positive evolution of activity compared to previous periods.

We continued to ensure strong commercial discipline, focusing on higher value-added products, which allowed us to increase the gross margin generated per tonne of paper sold, as well as the gross margin as a percentage of sales in the other businesses.



The gross margin generated increased by 17%, corresponding to a further EUR 26.5 million, while net operational costs increased by 13% (EUR 16.8 million), leading to a recurrent EBITDA increase of EUR 9.8 million.

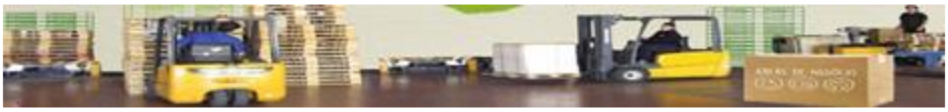
In a year of significant market downturn - worsened in the case of Inapa by the lack of clarity over the authorisation of the purchase of Papyrus Deutschland during the whole first half - and a major reorganisation of the group, net income stood at EUR -4.1 million, corresponding to 0.4% of turnover. It is important to recall that the analysis of the evolution of the activity from 2018 to 2019 has to take into account two effects of significant impact: i) the acquisition of Papyrus Deutschland, whose income statement from August to December as well as the Balance Sheet as of December 31 were consolidated in the overall results; ii) the adoption of IFRS16 standards in 2019.

We maintained the policy of strengthening the balance sheet with particular attention to the reduction of net debt, which stood at EUR 337 million at year-end, 65 million more than in 2018. This growth was due to the effects of the adoption of IFRS16 (with an impact of approximately EUR 44 million) and the acquisition of Papyrus Deutschland for a total of EUR 46 million.

As I write this message, we are in the middle of the pandemic outbreak caused by COVID-19, and it is very difficult to foresee the future evolution of the economy and of our level of activity in the various markets where we are present. It is worth noting that the various operations of the Inapa Group have continued to develop their activity, serving their customers, among whom are some who are in the forefront of the fight against the pandemic, such as hospitals, security forces, the pharmaceutical industry and many others. To these a word of special thanks for their dedication to the common good and the general protection of the population. To our employees the recognition of their commitment to work under especially adverse circumstances.

We have a team prepared to respond to the challenges and opportunities for growth, diversification, efficiency and sustainability that will mark the coming years. To our employees, customers, suppliers, financial institutions and shareholders we leave a special word of thanks for their contribution so that Inapa can continue with its values to carry out its mission.

Diogo Rezende, *CEO*



2. HIGHLIGHTS

- Annual sales of EUR 1,031 million, 20% above last year;
- Paper sales grew 21% to 887 thousand tonnes;
- Paper consumption in Western Europe felt 7.9%;
- Packaging and visual communications sales grew 4% to EUR 109 million;
- Gross margin increased EUR 26.5 million;
- EBITDA of EUR 26.7 million, 10.2 million above last year.

MAIN ACTIVITY INDICATORS

MILLION EUROS	2019	2018	2017	2016	2015	Var. 19/18
Tonnes ('000)	887	735	813	771	809	20,8%
Sales	1 030,8	860,3	885,7	849,8	881,3	19,8%
Gross margin	178,4	151,9	161,7	151,5	159,3	17,4%
Gross margin (%)	*17,3%*	*17,7%*	*18,3%*	*17,8%*	*18,1%*	*-0,4 pp*
Net Operational costs	148,6	131,9	136,6	127,5	133,4	12,6%
Operational Income	24,8	22,9	21,0	25,2	20,2	8,3%
Operational Costs	173,4	154,9	157,5	152,8	153,5	12,0%
Provision for current assets	1,5	1,5	2,5	2,0	2,7	-1,4%
Re-EBITDA	28,3	18,4	22,6	22,0	23,2	53,3%
Re-EBITDA (%)	*2,7%*	*2,1%*	*2,6%*	*2,6%*	*2,6%*	*0,6 pp*
Non recurrent costs	1,6	2,0	3,3	-4,9	1,1	-23,4%
EBITDA	26,7	16,4	19,3	26,9	22,1	61,9%
EBITDA (%)	*2,6%*	*1,9%*	*2,2%*	*3,2%*	*2,5%*	*0,7 pp*
EBIT	10,8	10,6	13,7	21,3	17,0	1,5%
EBIT (%)	*1,0%*	*1,2%*	*1,5%*	*2,5%*	*1,9%*	*-0,2 pp*
Financial results	15,7	14,3	13,2	14,2	15,3	9,7%
EBT	-4,9	-3,7	0,3	7,1	1,7	-1,2
Taxes on Profits	0,8	0,1	0,0	-2,8	-2,2	0,7
Net income	-4,1	-3,6	0,2	4,4	-0,4	-0,5

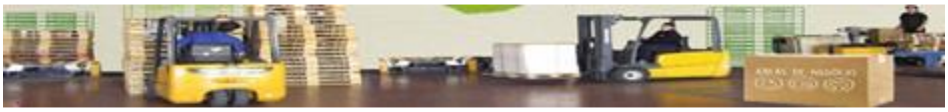
	31/12/19	31/12/18	31/12/17	31/12/16	31/12/15	Var. 19/18
Net debt [1]	337,3	272,2	296,4	290,7	310,9	23,9%
Interest coverag	1,8 x	1,3 x	1,7 x	1,5 x	1,5 x	0,5 x
Working capital	87,6	97,0	119,6	126,6	137,9	-9,7%

[1] Includes securitization.
Includes IFRS 16 impact of 44M€.

On January 1, 2019, Inapa adopted the accounting standard IFRS 16, opting for the modified retrospective transition model, and did not restate the comparative financial information. The main impacts resulting from the adoption of IFRS 16 were:

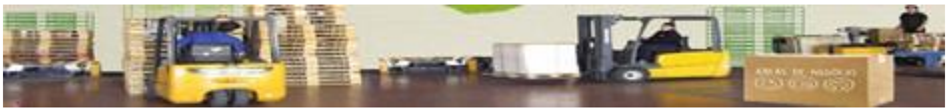
A. On the Balance Sheet: recognition of an asset under right of use in the "Right of Use" item of 41.8M€ and a lease liability in the "Loans" item of 43.8M€, the difference being, net of tax impact deferred charges, recorded in retained earnings.

B. In the Income Statement: reduction of the rent and rental value in Administrative and Commercial Expenses by approximately 11.2M €, increase in the value of depreciation by approximately 9.6M € and increase in the value of financial expenses by 1.4M €.



3. RELEVANT FACTS

04/JAN	CGD sells its stake to the Portuguese Government
10/JAN	Acquisition of shares by Parpública
12/APR	Court's decision not to suspend deliberations to convert the preferred shares into common shares
24/APR	2018 results announcement
	Publish of 2018 annual report
02/MAY	Notice of Ordinary General Meeting
23/MAY	Ordinary General Meeting
04/JUL	Clearance of the acquisition of Papyrus Deutschland GmbH & Co KG
11/JUL	Closing of the acquisition of Papyrus Deutschland GmbH & Co KG
	Emission by Inapa-IPG of convertible bonds on the amount 15 million euros to OptiGroup AB.
29/AGO	Conversion of preferred shares into ordinary shares
18/SEP	Nova Expressão withdrew judicial proceedings
20/SEP	First half 2019 results
24/SEP	Qualified stake of Nova Expressão.
17/OCT	Registration of annulment of judicial proceeding
12/DEC	Change on the qualified stake of BCP Pension Fund.



4. CONSOLIDATED PERFORMANCE

The evolution of the activity in 2019 reflects the impact of two relevant topics: the acquisition of Papyrus Deutschland, effective as of August 1, 2019, whose income statement, from August to December, and Balance Sheet, as of December 31, 2019, were incorporated in the consolidated financial statements and the adoption of IFRS 16 from January 1, 2019.

The impact of the integration of Papyrus Deutschland is visible both in the evolution of paper sales in tons, which registered a growth of 20.8% to 887 thousand tons, in a context of decline as mentioned above, and in the consolidated sales, which in 2019 amounted to EUR 1,030.8, 19.8% above the previous year. It should be noted that the level of activity in Germany was impacted right from the beginning of 2019, following the announcement of the acquisition in October 2018, with a decrease in sales to customers whose main suppliers were both Papier Union and Papyrus Deutschland.

In 2019 the growth trend in sales related to packaging and visual communication businesses continued, with an increase of around 4% compared to 2018.

The evolution of the gross margin essentially reflects the integration of Papyrus Deutschland, with a growth of EUR 26.5 million or 17.4% vs. 2018, and a slight dilution of the gross margin as a percentage of revenues (-0.4 pp), explained by the fact that Papyrus operates with lower gross margins than Inapa. With the adoption by Papyrus Deutschland of the strategy that Inapa has been following in the remaining operations - careful management of pricing and improvement of the sales mix, through the focus on higher value-added products - it was already possible to see some improvement in this indicator in the last months of 2019, and further benefits are expected in the future.

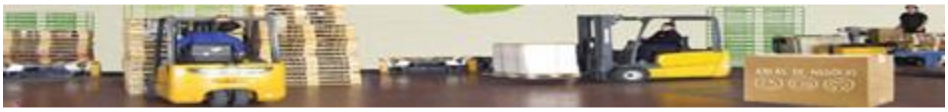
Net operational costs, excluding impairment on current assets, increased by EUR 16.8 million (+12.6%) in 2019, reflecting on the one hand the integration of Papyrus Deutschland and on the other hand the impact of IFRS 16. It should be noted that operational costs decreased to 14.4% of sales from 15.3% in 2018, even before the capture of synergies associated with the consolidation operation in Germany.

Impairments in customer balances amounted to EUR 1.5 million in 2019, practically in line with the figure recorded in 2018, despite the significant increase in revenues as a result of the integration of Papyrus, representing 0.1% of sales. This performance reflects Inapa's careful and rigorous approach to the credit risk of its customer portfolio, ensuring internally the articulation of the commercial and financial areas, together with a close relationship with the Group's credit insurer.

The recurrent EBITDA amounted to EUR 28.2 million in 2019, an increase of EUR 9.8 million over the previous year (including the effect of IFRS 16), impacted by the consolidation of Papyrus Deutschland, but also by the already mentioned friction effect on sales felt in Germany during 2019, as a result of the announcement of the acquisition of Papyrus Deutschland in 2018.

Non recurring costs amounted to EUR 1.6 million, -23% when compared to 2018, and mainly related to restructuring processes still underway in the logistics and commercial areas, in particular in France with the continuation of the optimization process of the structure after the integration of the former Papyrus France.

In 2019, EBITDA totalled EUR 26.7 million, including the effect of IFRS 16, equivalent to 2.6% of sales. As for the operational results (EBIT), they amounted to EUR 10.8 million, practically in line with 2018, positively impacted by the adoption of IFRS 16.



The EUR 1.4 million increase in financial charges in 2019 compared to 2018 is explained almost entirely by the impact of the adoption of IFRS 16.

Consolidated earnings before taxes were negative EUR 4.9 million, compared to EUR -3.7 million in 2018. Income Tax was EUR 0.8 million, of which around EUR 2.0 million related to deferred taxes and EUR 1.2 million related to current taxes, leading to a negative net income in 2019 of EUR 4.1 million.

Working capital decreased by EUR 9.4 million (-9.7%) from December 2018 to EUR 87.6 million, despite the integration of Papyrus Deutschland, with a good performance in inventories and trade receivables.

Consolidated net debt on 31 December 2019 stood at EUR 337 million, 65 million more than in 2018. This growth was due to the effects of the adoption of IFRS16 (with an impact of approximately EUR 44 million) and the acquisition of Papyrus Deutschland for a total of EUR 46 million. This development is consistent with Inapa's policy of reducing financial liabilities, based on rigorous management of working capital and the application of the cash flow generated by the activity, while ensuring ongoing investments in the area of information systems, in particular the replacement of the Group's ERP.

Development by business area

The global paper industry continues to face a challenging environment, with declines in the consumption of printing and writing paper, particularly in mature markets in North America and Western Europe, with more favourable developments in Asia and Eastern Europe. On the other hand, the packaging and visual communication sectors continue to perform positively, thus countering the drop in paper consumption.

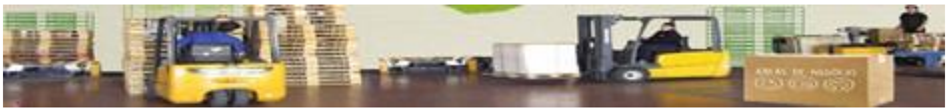
The sales price trend continues, reflecting the increase in the cost of paper production, as a result of the increase in global demand for pulp-based products without any increase on the supply side, as well as the increase in the cost of other raw materials.

This price increase trend has a positive impact on the margin, depending naturally on the dynamics of price transfer to the market, which varies according to the type of product.

Despite the pressure placed, namely by digitalisation, paper will continue to have a relevant importance for different purposes. There are numerous studies proving the greater impact and recall of the messages transmitted on paper compared with electronic media, proving that the written word on paper has a tangible and tactile presence, which can never be replaced by the information disseminated on screens. It should also be noted that paper is one of the most renewable and recyclable materials in existence, a very relevant issue in the context of growing concern with environmental sustainability.

Paper distribution continues to be the most relevant business for Inapa Group, and also the most challenging, given the market dynamics described above. Inapa's strategy in this area has been to invest in higher value-added products and cross-selling, as well as to seek opportunities for consolidation, with a view to occupying the leading position in the markets where we are present.

The acquisition of Papyrus Deutschland in July 2019 is the most recent example of this strategy, and it is expected that in the German market we will see in the coming years the positive results - both in terms of commercial approach and efficiencies - already evident in the French market following the operation carried out at the end of 2016.



The growth in paper distribution sales in 2019 when compared to 2018 reflects the integration (as of August) of Papyrus Deutschland, which resulted in an increase in the weight of this business area in the total turnover of the Inapa Group.

The complementary packaging and visual communication businesses maintained their growth trend in 2019. Papyrus Deutschland presents a lower weight of these complementary businesses in the total of its activity, which presents itself as an interesting opportunity for growth, based on cross-selling.

The growth of the packaging area has been largely supported by the good performance of the industrial packaging sector as well as the wine and food industry sectors. As for visual communication, the positive performance recorded in 2019 reflects the strategy of expanding the product portfolio and greater geographical coverage adopted by Inapa in this area.

PAPER

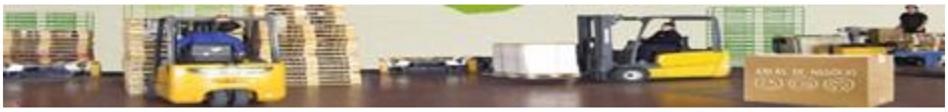
In 2019 the Group's paper business represented EUR 921.9 million of sales, an increase of 22.1% over the same period of 2018.

Throughout 2019, demand maintained the levels of decline seen in 2018. In Western Europe we saw a decrease in paper consumption of 7.9% compared with 7.4% in 2018. In the European countries where Inapa operates, consumption decreased by 8.6% compared to 6.7% in 2018. In this context, Inapa's turnover increased by 22.1%, driven by the increase in the average sales price[1] and especially by the consolidation of Papyrus Deutschland sales, with effect from August 1, 2019.

In Germany, the level of activity was impacted right from the beginning of the year by the effects of the announcement of the acquisition of Papyrus Deutschland, which was communicated to the market on October 24, 2018 and led to a decrease in sales on customers whose main suppliers were Papier Union and Papyrus Deutschland simultaneously. From August onwards, the integration processes of the two companies were initiated in order to obtain higher levels of profitability in terms of logistics and distribution network and optimization of resources, although the impacts in 2019 were still relatively small compared to their potential in the medium term. The good performance of sales of higher value-added products, supported by competence centres and teams of specialists that we have been developing in recent years, should be highlighted, which has allowed us to mitigate the fall in margin.

In France, the business plan resulting from the new post-merger reality has been successfully and rigorously implemented. Price discipline and strict control over sales conditions meant that, despite some drop in volumes, but in line with the market, the gross margin was above the estimated value for 2019 and with a very positive progression compared with the same period of the previous year. This commercial dynamic, combined with a reduction in costs that has already exceeded the initial estimated plan, resulted in a sharp increase in profitability levels, with Inapa France showing a Re-EBITDA margin level in line with good international practice. This performance fully confirms the strategy that the Inapa Group presented to its stakeholders and gives us increased confidence for the future.

[1] Average sales price: Paper sales/tonnes



Inapa maintained a strict pricing policy and a focus on improving the sales mix, which was however not been sufficient to keep the total margin generated at the 2018 level, mainly due to the consolidation of Papyrus Deutschland, which had margins below the group average.

If we purge the impacts of the integration of Papyrus Deutschland, the total administrative and personnel costs maintained the downward trend that has been achieved in recent years, reflecting a steady improvement in efficiency levels. Overall, with the integration, the weight of these costs on turnover has already shown a clear decrease. In France, the effects of the savings from restructuring and integration are already very significant, reaching profitability levels well above those of 2018.

The operational results (EBIT) of the paper business amounted to EUR 12.4 million, representing 1.3% of sales.

In summary, the paper business was penalised by reductions in demand, and more specifically in Germany, for the lengthy period taken by the Competition Authority in its decision to approve the acquisition of Papyrus Deutschland which led to pressure on sales and margins, a trend which was only partially reversed in the last months of the year.

PACKAGING

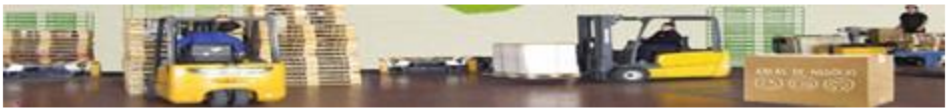
In 2019, Inapa Group's packaging business represented EUR 72.7 million of sales, 1.1 million more than in 2018.

It is estimated that overall production of packaging solutions in 2019 has remained stable compared to 2018. According to CEPI (Confederation of European Paper Industries) statistics, the structural divergence between the evolution of production for the graphical sector and the production of packaging paper continued, with the market share of packaging growing by +1.6pp to 54.1% of total paper and board production compared to 2018 (52.5%). This increase was however distinct in the different categories of packaging, with the production of transport packaging and corrugated boxes growing by 1.4%, while the production of board for small packages or book covers fell by 1.3% and board for paper bags by 1.7%.

In this context, Inapa's sales maintained a positive growth, mainly driven by the performance of sales to the wine, agri-food, chemical and cosmetics sectors, in conjunction with growth in the food processing, automotive or electronic industry segments and the increasing use of packaging by e-commerce.

In Germany, we continued to invest in strengthening the sales force to expand the customer portfolio, especially in the Northern region. The Southern region got off to a good start, but was gradually impacted by the problems of the German car industry in the second half of the year. In response to this drop in sales, measures were taken to reduce our dependence on this sector and to seek to diversify the customer portfolio through a strategy of promoting Inapa Packaging's standard products in this region, as well as a greater focus on its tailor-made solutions.

In France, we maintained a very positive growth throughout the year. We reinforced our presence in the north of the country with the acquisition of Spécial Pack, located in the Bresle and Vimeux valleys, economically very dynamic and where Inapa was not yet represented. With this acquisition we optimized the customer service, being better positioned compared to our competitors. We currently have all three entities operating in this market in a more integrated way, which has allowed us to



achieve gains in terms of cross-selling sales, as well as greater efficiency, particularly in the area of logistics and distribution. Inapa is currently present in the entire French territory offering a range of products with more than 5,000 references through its field sales team and complemented by web sales channels and call centres, positioning it as one of the unavoidable leaders in the market.

In Portugal, we kept the focus on improving the margin supported in offering a wide portfolio of tailor-made solutions and technical Packaging and continued with the structure optimization actions, namely in the areas of production and distribution.

Operational results in the packaging area were EUR 2.1 million, representing 2.9% of sales (2.0% in 2018). The improvement in the operational margin in 2019 reflects the positive impacts of margin protection in conjunction with the reinforcement and optimization of the resources allocated to the activity started in 2018.

VISUAL COMMUNICATION

In 2019, the Group's visual communication business grew by 8.2%, reaching a turnover of EUR 36.2 million, 2.8 million above 2018.

We saw significant growth in all product segments (media, inks, and spare parts), except for Hardware sales, which registered a decrease compared to the previous year. Increased competition in the LFP (Large Format Printing) segment, together with increased demand for unconventional solutions and market consolidation, have put pressure on prices and sales in this business segment. In small equipment, market saturation has also been observed. We saw a recovery in Hardware sales in the second half of the year, however insufficient to compensate for the fall felt in the first half.

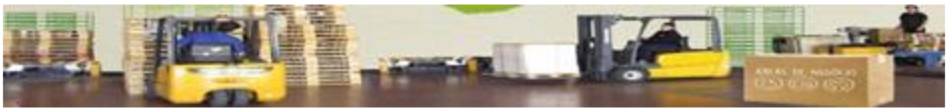
In Germany we continued to grow organically and currently cover almost the entire territory. All the subsidiaries showed a very positive sales progression in all segments, with the exception of Hardware sales where, to counteract this trend, we worked on simplifying our supplier portfolio in the search for greater efficiency. Our brand image has been gaining notoriety and is increasingly seen by suppliers as the channel of excellence for the entry of new products into the market.

The increase in sales, together with the effort to protect the commercial margin, was partly countered by the investment we made in staff and in the opening of new subsidiaries, the effects of which have not yet been fully visible in 2019, leading to operational results of EUR 0.1 million, representing 0.3% of sales.

We are now well positioned in terms of geographical coverage and the investment made in recent years in the internal sales and technical support structure will allow us to continue developing the visual communication business area in a sustainable manner through organic growth, and we will continue to be attentive to opportunities that may drive growth through acquisitions.

Outlook for 2020

The COVID-19 pandemic outbreak that broke out in mainland China in December and quickly took on global proportions has brought great uncertainty about the prospects for economic activity in the Euro Zone in 2020. With more than one million confirmed cases, COVID-19 disease has a higher



transmission capacity than more common viruses, such as influenza, and has a high mortality rate, especially in high age groups. By combining these two characteristics it is considered one of the greatest public health threats ever faced in modern times. The response of major governments to this threat has been to seek to contain or delay the spread as much as possible through restricted social distancing measures which, despite their impact on the economy, have been adopted to avoid the risk of letting health systems collapse, which would certainly have an even higher mortality rate. The uncertainty regarding the short-term outlook is currently related to the extent, severity and duration of these blocking measures currently implemented in several countries and with an impact on about 50% of world GDP. Although it is still unknown what the exact duration and severity of the COVID-19 outbreak in the Euro Zone will be, the expectation is that, as in China where after 4 months of the outbreak there is already a return to the level of activity, it will also be contained in the coming months, allowing for a normalisation of the activity levels in the second half of 2020.

Also in the short term, it is very important that central banks continue to provide support to ensure the smooth functioning of financial markets and the banking sector. The different lines of finance that have been made available to companies are fundamental so that they can continue to operate during this period of loss of revenue to which they are totally unaware, thus avoiding more structural consequences in terms of unemployment and difficult recovery.

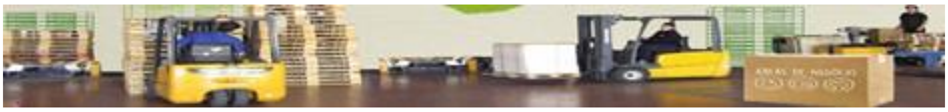
In this context and given the high uncertainty that still exists, it is difficult to quantify exactly the effects in the different markets where Inapa is present. We estimate, however, that during the 2nd quarter there will be a sharp drop in our activity, a period during which there will be a rapid and effective control of the virus, so that at the beginning of the 3rd quarter we will begin to see a rapid recovery with the recovery of the economy. We identified and managed the immediate impacts of the challenges posed by the COVID-19 outbreak on our workers, customers and stakeholders, and assessed the need for short-term government funding and support. We should highlight that the Group's various operations have continued to develop their business, serving their customers, including some that are at the forefront of the fight against the pandemic, such as hospitals, security forces, the pharmaceutical industry and many others.

In addition to the impacts that we estimate from the COVID-19 outbreak for the 2nd quarter, we predict that the paper market will maintain the structural decline that we have seen in recent years through the generalization of digital media, which will continue to negatively influence the evolution of paper demand.

It is also estimated that the pressure still being felt in the industry, due to high raw material costs, will continue. Considering that no further increases in pulp production capacity are expected before 2021, we anticipate that its cost will remain at least stable.

Inapa will maintain a permanent focus on maintaining margin improvement through product-mix optimization, boosting sales of higher value-added products and through electronic channels, and a disciplined pricing policy, taking into account the expectation of continued price increases that have been practiced by suppliers. We will continue to work to build a flexible structure with low operational costs and will continue to implement the logistics and distribution management model, particularly at Inapa France where there is still strong potential for optimisation to be achieved in the short term.

In the paper area, the purchase of 100% of Papyrus Deutschland's share capital from OptiGroup AB, effective August 1, 2019, will enable the Group to show strong sales growth and achieve substantial efficiency gains in this business area in Germany, where we now hold a leading position. Work has begun on defining the restructuring and integration processes to achieve higher levels of profitability,

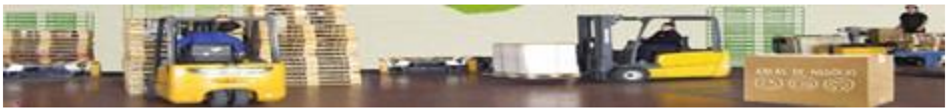


and although we have already achieved some gains from the optimization of resources in 2019, these will be of greater relevance in 2020 and 2021.

With regard to the packaging and visual communication businesses, Inapa will remain focused on its organic growth, through increased penetration in the markets where it operates and the strengthening of cross-selling. These are still very fragmented markets, where small and medium-sized companies typically operate, provide Inapa with the opportunity to continue actively pursuing investment opportunities that reveal perspectives of growth, profitability and value creation according to the standards that have been followed by the Group in recent years. As a result of the implementation of this strategy, Inapa concluded the acquisition of the company Special Pack in April 2019, thus reinforcing its presence in the packaging business in the north of France with the inherent synergies generated at the commercial, operational and logistical levels. Special Pack merged into Embaltec in June and will contribute to further sales growth in the Bresle and Vimeux valleys, economically very dynamic areas with a predominance of the metallurgical and commercial industry.

In June 2019 we started the SAP project and the first phase, which involves the definition of processes across the Group, is in progress. This will be followed by the first implementation, which will take place in the recently acquired business of Papyrus Deutschland and where we have planned to have our operations run in SAP in the third quarter of 2020. Upon completion of the project, benefits are expected in terms of harmonization of processes across all Group operations, which will allow for cost reduction and increased productivity and enhance the Group's strategy of creating shared centres for some functions. This initiative will also transform and simplify our IT application ecosystem, greatly reducing its complexity and maintenance effort.

In terms of balance sheet, the Group will remain focused on reducing its debt ratio by optimising the funds allocated to working capital (in its three dimensions) and the cash flow generation resulting from the activity. The impact on financial ratios of the acquisition of Papyrus Deutschland (transmitted without financial debt) is estimated to be positive, despite the increase in indebtedness through the payment of the price. We will continue to work with the objective of keeping the weight of short-term debt adapted to current activity.

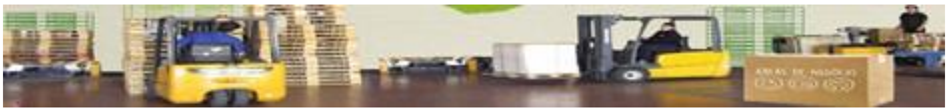


5. CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Amounts in thousands of Euros)

	Period Ended	
	DECEMBER 31, 2019	DECEMBER 31, 2018
Tonnes *	**887 296**	**734 527**
Sales and services rendered	1 045 925	869 231
Other income	14 084	18 612
Total Income	**1 060 008**	**887 843**
Cost of sales	-856 788	-713 046
Personnel costs	-89 647	-75 834
Other costs	-86 866	-82 584
	26 707	**16 380**
Depreciations and amortizations	-15 900	-5 758
Gains / (losses) in associates	-19	38
Net financial function	-15 730	-14 354
Net profit before income tax	**-4 942**	**-3 693**
Income tax	799	118
Net profit / (loss) for the period	**-4 143**	**-3 575**
Attributable to:		
Shareholders of the company	-4 143	-3 575
Earnings per share on continuing operations		
Basic	(0,0079)	(0,0079)
Diluted	(0,0061)	(0,0079)



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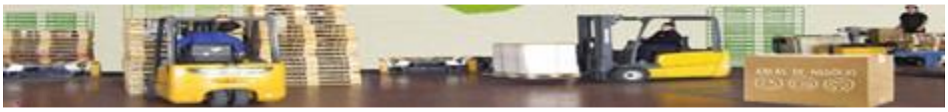
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Amounts in thousands of Euros)

	DECEMBER 31, 2019	DECEMBER 31, 2018
ASSETS		
Non current assets		
Tangible fixed assets	73 726	71 463
Investment property	-	-
Goodwill	231 905	188 480
Right of use	41 778	-
Intangible assets	119 472	117 158
Investments in associate companies	2 482	1 135
Assets at fair value through profit or loss	122	22
Other non current assets	3 194	3 889
Deferred taxes assets	28 813	22 776
Total non current assets	**501 493**	**404 923**
Current assets		
Inventories	71 098	58 730
Trade receivables	136 343	117 499
Tax to be recovered	7 012	7 743
Other current assets	40 162	30 676
Cash and cash-equivalents	37 668	17 943
Total current assets	**292 285**	**232 592**
Total assets	**793 778**	**637 516**
SHAREHOLDERS' EQUITY		
Share capital	180 135	180 135
Share issue premium	431	450
Reserves	23 698	24 383
Retained earnings	-26 644	-21 606
Net profit for the period	-4 143	-3 575
Total shareholders' equity	**173 478**	**179 786**
LIABILITIES		
Non current liabilities		
Loans	220 985	196 476
Financing associated to financial assets	43 953	43 953
Deferred tax liabilties	46 680	45 935
Provisions	9 176	359
Employees benefits	24 618	6 676
Other non current liabilities	40	-
Total non current liabilities	**345 452**	**293 398**
Current iabilities		
Loans	110 066	49 693
Trade payables	119 805	79 212
Tax liabilities	21 600	15 832
Other current liabilities	23 377	19 597
Total current liabilities	**274 848**	**164 332**
Total shareholders' equity and liabilities	**793 778**	**637 516**



6. ADDITIONAL INFORMATION

WARNING

This document contains information and future estimates based on current expectations and management opinions deemed reasonable. Future estimates must not be considered consolidated facts and are subject to several unpredictable factors that may have an impact on future results.

Despite the fact that said estimates represent current expectations, investors, analysts and all those who may make use of this document are warned that future information is subject to uncertain factors and risks, of which many are difficult to forecast. All readers are warned not to attribute inappropriate importance to future estimates and information. We exempt ourselves of any responsibilities concerning any future estimates or information.

Report available on Inapa's website
www.inapa.pt

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Inapa is admitted to trading on the Euronext Stock Exchange.
Information about the company shares may be checked under the ticker INA or on the ISIN PTINA0AP0008

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