



Fourth-quarter 2020 earnings report

23 February 2021



CONTENTS

1. EXECUTIVE SUMMARY	3
2. INTAKE OF A NEW MINORITY SHAREHOLDER IN THE RENEWABLE ENERGY BUSINESS.....	5
3. PULP BUSINESS	5
3.1. PULP MARKET TRENDS	5
3.2. REVENUE FROM PULP SALES.....	7
3.3. PULP PRODUCTION AND THE CASH COST	8
3.4. REVENUE FROM THE SALE OF ENERGY IN CONNECTION WITH PULP PRODUCTION	9
3.5. REVENUE FROM FORESTRY AND OTHER ACTIVITIES.....	9
3.6. STATEMENT OF PROFIT OR LOSS.....	10
3.7. CASH FLOW ANALYSIS	10
3.8. CHANGE IN NET DEBT.....	12
4. RENEWABLE ENERGY BUSINESS	14
4.1. ELECTRICITY MARKET TRENDS.....	14
4.2. ENERGY SALES	15
4.3. STATEMENT OF PROFIT OR LOSS.....	16
4.4. CASH FLOW ANALYSIS	16
4.5. CHANGE IN NET DEBT.....	18
5. CONSOLIDATED FINANCIAL STATEMENTS.....	19
5.1. STATEMENT OF PROFIT OR LOSS	19
5.2. BALANCE SHEET	19
5.3. STATEMENT OF CASH FLOWS	20
6. KEY DEVELOPMENTS.....	21
EXHIBIT 1: MASTER SUSTAINABILITY PLAN	25
EXHIBIT 2: REMUNERATION PARAMETERS APPLICABLE TO THE GROUP'S POWER PLANTS	31
EXHIBIT 3: SHARE PRICE PERFORMANCE	32
EXHIBIT 4: ALTERNATIVE PERFORMANCE MEASURES (APMS)	33

1. EXECUTIVE SUMMARY

Market figures	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
BHKP (USD/t) average price	680.0	696.7	(2.4%)	680.0	-	680.1	860.1	(20.9%)
Average exchange rate (USD/€)	1.19	1.11	7.5%	1.16	2.1%	1.12	1.12	0.0%
BHKP (€/t) average price	572.3	630.4	(9.2%)	584.0	(2.0%)	606.4	766.9	(20.9%)
Average pool price (€/MWh)	41.7	40.9	1.9%	37.6	10.9%	33.8	47.6	(29.0%)

Source: Bloomberg

Operating Metrics	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Pulp production (t)	264,860	185,404	42.9%	221,802	19.4%	1,007,283	912,028	10.4%
Pulp sales (t)	259,224	206,193	25.7%	236,438	9.6%	1,015,482	910,499	11.5%
Average sales pulp price (€/t)	384.4	432.2	(11.0%)	383.6	0.2%	401.2	522.8	(23.3%)
Cash cost (€/t)	366.8	426.6	(14.0%)	372.8	(1.6%)	374.0	396.6	(5.7%)
Renewable Energy sales volume (MWh)	424,339	263,749	60.9%	384,162	10.5%	1,421,446	1,047,163	35.7%
Average sales price - Pool + Ro (€/MWh)	94.0	87.8	7.1%	100.1	(6.1%)	97.0	99.0	(2.0%)
Remuneration for investment (€ m)	15.3	15.9	(3.5%)	15.9	(3.5%)	62.9	63.5	(0.9%)

P&L € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Revenue from Pulp business	125.9	110.0	14.5%	110.7	13.8%	504.5	572.4	(11.9%)
Revenue from Renewable Energy business	55.4	39.3	41.0%	54.6	1.3%	206.0	168.0	22.6%
Consolidation adjustments	(0.5)	(1.0)		(0.4)		(2.7)	(5.0)	
Total revenue	180.8	148.3	22.0%	164.9	9.7%	707.7	735.4	(3.8%)
Pulp business EBITDA	6.8	(9.8)	n.s.	(1.8)	n.s.	13.9	75.2	(81.6%)
Margin %	5%	-9%	14.3 p.p.	-2%	7.1 p.p.	3%	13%	(10.4) p.p.
Renewable Energy business EBITDA	17.4	10.3	68.5%	15.5	11.7%	59.7	51.8	15.2%
Margin %	31%	26%	5.1 p.p.	28%	2.9 p.p.	29%	31%	(1.9) p.p.
EBITDA	24.2	0.5	n.s.	13.7	76.1%	73.6	127.0	(42.0%)
Margin %	13%	0%	13.0 p.p.	8%	5.0 p.p.	10%	17%	(6.9) p.p.
Depreciation, amortisation and forestry depletion	(27.2)	(22.9)	19.1%	(25.4)	7.1%	(107.1)	(92.3)	16.1%
Impairment of and gains/(losses) on fixed-asset disposals	(2.1)	(0.2)	n.s.	0.0	n.s.	(1.6)	1.8	n.s.
Other non-ordinary results of operations	(1.3)	(0.9)	47.1%	(1.3)	-	(5.0)	(4.0)	25.0%
EBIT	(6.4)	(23.4)	(72.6%)	(12.9)	(50.3%)	(40.1)	32.5	n.s.
Net finance cost	(7.6)	(3.8)	100.4%	(7.7)	(1.0%)	(28.3)	(22.7)	24.3%
Other finance income/(cost) results	32.1	(1.0)	n.s.	(0.8)	n.s.	31.8	1.3	n.s.
Profit before tax	18.1	(28.1)	n.s.	(21.4)	n.s.	(36.7)	11.1	n.s.
Income tax	(2.2)	9.5	n.s.	5.4	n.s.	11.9	0.4	n.s.
Net income	15.8	(18.6)	n.s.	(15.9)	n.s.	(24.7)	11.5	n.s.
Non-controlling interests	(0.4)	(0.0)	n.s.	(0.5)	(15.8%)	(1.7)	(2.3)	(25.7%)
Attributable Net Income	15.4	(18.6)	n.s.	(16.5)	n.s.	(26.4)	9.2	n.s.
Earnings per share (Basic EPS)	0.06	(0.08)	n.s.	(0.07)	n.s.	(0.11)	0.04	n.s.

Cash flow € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
EBITDA	24.2	0.5	n.s.	13.7	76.1%	73.6	127.0	(42.0%)
Change in working capital	15.5	70.6	(78.0%)	16.1	(3.6%)	42.5	65.5	(35.1%)
Maintenance capex	(3.0)	(8.2)	(63.6%)	(4.2)	(28.5%)	(16.2)	(29.8)	(45.6%)
Net interest Payment	(8.3)	(5.9)	39.0%	(4.0)	106.4%	(22.0)	(15.8)	39.1%
Income tax received/(paid)	5.1	(2.9)	n.s.	(0.2)	n.s.	5.9	(9.6)	n.s.
Normalised free cash flow	33.5	54.1	(38.0%)	21.5	55.9%	83.8	137.2	(38.9%)
Other collection (payments) and non cash expenses (revenues)	(20.4)	(1.1)	n.s.	(8.8)	132.2%	(37.6)	11.4	n.s.
Payments for 2019 expansion capex	(15.9)	(31.0)	(48.8%)	(18.9)	(16.0%)	(64.5)	(217.6)	(70.4%)
Payments for 2019 sustainability capex	(2.8)	(18.2)	(84.7%)	(1.8)	55.3%	(16.3)	(45.0)	(63.6%)
Disposals	58.6	0.5	n.s.	0.3	n.s.	59.3	5.1	n.s.
Free cash flow	53.1	4.3	n.s.	(7.7)	n.s.	24.6	(108.8)	n.s.
Dividends from the parent	-	(1.4)	-	-	n.s.	-	(25.6)	(100.0%)

Net debt € m	Dec-20	Dec-19	Δ%
Net financial debt Pulp business	43.4	305.7	(85.8%)
Net financial debt Renewable Energy business	134.5	207.0	(35.0%)
Net financial debt	177.8	512.7	(65.3%)

- ✓ All of Ence's activities - pulp production, forest management and renewable power generation - were deemed 'essential' under Spanish Royal Decree 463/2020 of March 14, 2020. Rigorous and ongoing application of Ence's internal protocols for the prevention and minimisation of Covid-19 risks for the Group's people and operations have enabled it to operate fully throughout the initial outbreak and subsequent waves of the health crisis, with no jobs lost.
- ✓ Last December, Ence closed the sale of a minority interest - of 49% - in its Renewable Energy business to the infrastructure fund, Ancala Partners, for up to €357m. Of that sum, €223m was collected when the transaction closed; collection of the earnout of up to €134m will depend on the Company's success developing its pipeline of biomass renewable power projects, on the price obtained in the auctions, on the cash distributed by the business during the next eight years and on its valuation at the end of that period. Also in December, Ence closed the sale of its 90% interest in the solar thermal plant in Puertollano for €82m, thanks to which it was able to deconsolidate €75m of net debt that has been assumed by the facility's buyer.
- ✓ Thanks to both transactions, the Group's net debt declined by €378m in fourth quarter to end the year at €178m, €43m in the Pulp business and €135 in the Renewable Energy business. Cash in balance stood at €542m at the December close.
- ✓ Revenue from pulp sales increased by 25.7% year-on-year in the fourth quarter and by 11.5% in all of 2020, reaching an annual record of over one million tonnes, thanks to the capacity added at the Navia biomill towards the end of 2019.
- ✓ Pulp prices began to stage a strong recovery at the end of 2020, having hovered at record lows throughout the year. Hardwood pulp prices in Europe have gained 15% since December 2020 and are currently trading at \$780/tonne (gross). The leading global producers have announced additional price increases to \$820/tonne (gross) from February.
- ✓ For 2021, Ence has locked in a sales price of \$773/tonne for 247,000 tonnes of pulp; the hedged price is \$93/tonne above the average benchmark price in Europe in 2020.
- ✓ Ence's cash cost continued to trend lower during the fourth quarter, to \$367/tonne. In 2020, the cash cost averaged €374/tonne, a year-on-year improvement of 6%.
- ✓ EBITDA in the Pulp business amounted to €6.8m in 4Q20 and €13.9m in 2020, a contraction of 82% compared to 2019, due to the 23% drop in the average sales price.
- ✓ Renewable Energy sales increased by 61% year-on-year in 4Q20 and by 36% in 2020, thanks to the commissioning of two new agricultural and forestry biomass plants at the end of the first quarter: a 46-MW plant in Huelva and a 50-MW plant in Ciudad Real.
- ✓ EBITDA in the Renewable Energy business amounted to €17.4m in 4Q20 and €59.7m in 2020, up 15% year-on-year, again driven by the contribution by the new plants.
- ✓ Ence aspires to play a leading role in the development of Spain's bioeconomy, to which end it plans to shore up its growth in renewable energy and to resume the Pulp investments contemplated in its Business Plan, once the pandemic is behind and with the expected recovery in pulp prices.
- ✓ To boost its growth in renewables, Ence is relying on an advanced pipeline of 405 MW that will be ready for construction by the end of 2021 and will ultimately multiply the Company's current installed capacity by a factor of 2.5. Ence has also secured permits to connect a further 100 MW of photovoltaic solar power up to the national grid.
- ✓ In January 2021, MSCI raised the rating assigned to Ence for its performance along environmental, social and governance (ESG) criteria to AA. That decision is in line with the rating awarded in 2020 by Sustainalytics, which gave Ence an overall score of 82 out of 100, ranking it among the most sustainable players in its sector.
- ✓ Lastly, Ence continues to defend the legality of the extension of its concession in Pontevedra until 2073 in the courts. An initial ruling is expected in the coming months. The legal proceedings could take as long as four years, including appeals, which Ence will take to the highest possible level.

2. INTAKE OF A NEW MINORITY SHAREHOLDER IN THE RENEWABLE ENERGY BUSINESS AND SALE OF THE CSP PLANT IN PUERTOLLANO

Ence is a leading player in the sustainable use of natural resources for the eco-efficient production of pulp and renewable energy. The production of pulp represented 19% of Group EBITDA in 2020, while the generation of energy from renewable sources at standalone power plants accounted for the remaining 81%.

In December 2020, Ence closed the sale of a minority interest - of 49% - in its Renewable Energy business to the infrastructure fund, Ancala Partners, for up to €357m. Of that sum, €223m was collected when the transaction closed; collection of the earnout of up to €134m will depend on the Company's success developing its pipeline of biomass renewable power projects, on the price obtained in the auctions, on the cash distributed by the business during the next eight years and on its valuation at the end of that period.

Also in December, Ence closed the sale of its 90% interest in the solar thermal plant in Puertollano for €82m, thanks to which it was able to deconsolidate €75m of net debt that has been assumed by the facility's buyer.

Ence aspires to play a leading role in the development of Spain's bioeconomy: these two transactions will allow it to shore up its growth in renewable energy and to resume the Pulp investments contemplated in its Business Plan, once the pandemic is behind us and with the expected recovery in pulp prices.

3. PULP BUSINESS

Ence has two eucalyptus hardwood pulp (BHKP) biomills in Spain: a 685,000-tonne-capacity facility in the town of Navia, Asturias, and a 515,000-tonne-capacity complex in Pontevedra, Galicia. Both biomills use eucalyptus timber procured locally from sources that can certify sustainable forest management.

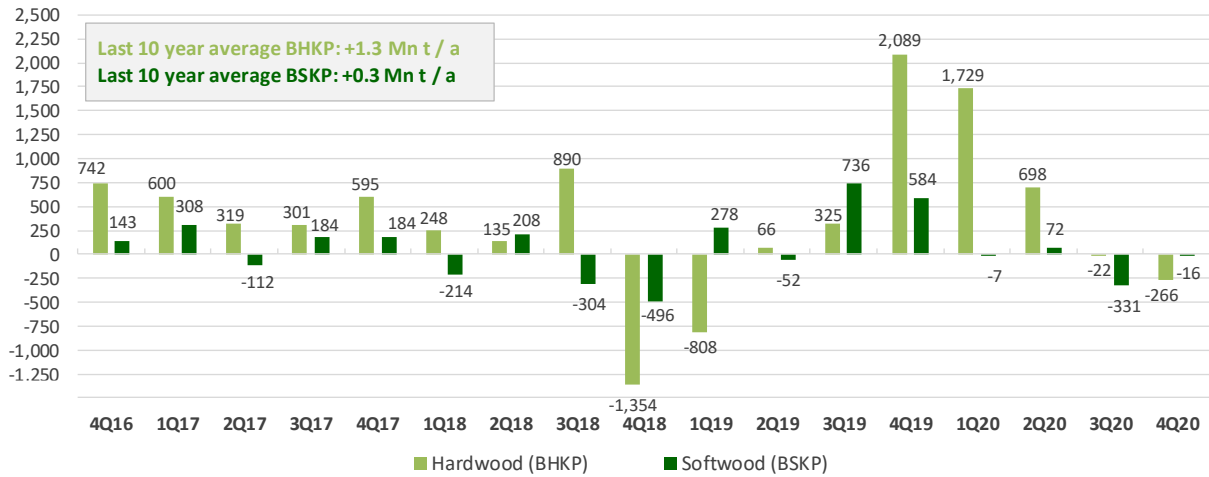
Ence's Pulp business encompasses all the activities related to the production of pulp for sale to third parties. It therefore includes not only the production and sale of pulp but also the generation and co-generation of energy using renewable biomass at the plants involved in the productive process, as well as the supply and sale of timber from the plantations managed sustainably by the Company.

3.1. Pulp market trends

Rapid growth in urban populations and improving living standards in emerging markets are the key factors driving growth in global pulp demand for tissue paper and hygiene products. Those demographic trends are being complemented by a substitution effect: pulp is a natural, sustainable, recyclable and biodegradable raw material that is a good substitute for less environmentally-friendly materials such as plastics and synthetic fibres.

These demand dynamics are very consistent over time and contrast with the abrupt destocking observed in the paper industry at the end of 2018 and restocking at the end of 2019. That destocking by the paper industry put pressure on pulp prices which hit a 10-year low at the end of 2019, a trough at which they stayed for a year. Prices began to recover towards the end of 2020.

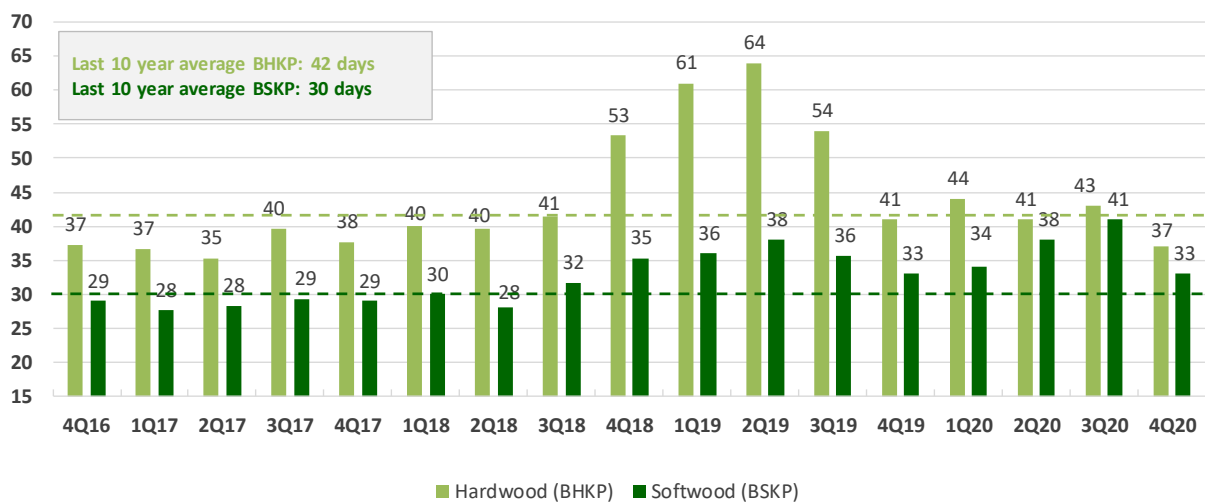
Year-on-year change in global demand for pulp, last five years (tonnes, 000)



Source: Ence, PPPC-G100

Growth in demand for pulp last year was actually higher than the long-run average, despite the international spread of Covid-19 and the contention measures rolled out successively around the world. Market pulp demand grew by 3% in 2020 (equivalent to 1.9m tonnes compared to average annual growth of 1.6m tonnes during the last decade), driven by strong demand for tissue paper, restocking by the paper industry and the displacement of less efficient integrated capacity, which more than offset the decline in demand for printing and writing papers as a result of the pandemic. China accounts for nearly 40% of the global pulp market and growth in Chinese demand reached 8% in 2020.

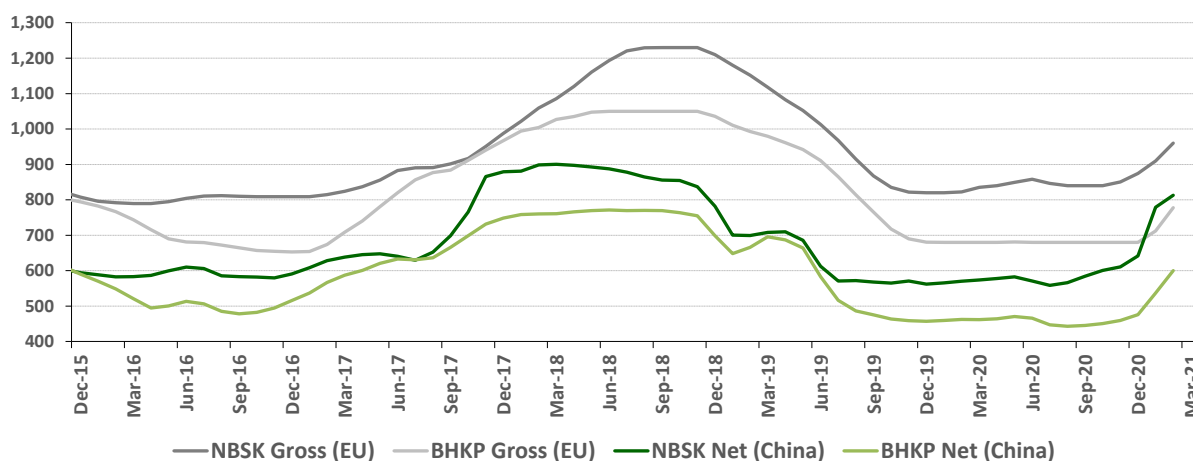
Pulp producer inventories during the last five years (quarterly average in no. of days)



Source: Ence, PPPC-G100

Buoyant demand enabled the pulp producers to run down their inventories to below the 10-year average. Hardwood (BHKP) inventories stood at 35 days in December, compared to a 10-year average of 42 days, while softwood inventories stood at 33 days, close to their 10-year average of 30 days.

Net pulp prices in China and gross prices in Europe during the last five years (US\$)



Source: FOEX

Pulp prices began to stage a strong recovery at the end of 2020, having hovered at record lows throughout the year. Hardwood pulp prices (BHKP) in China have already recovered by over 30% since November 2020 and are currently trading at \$600/tonne (net). Those prices are having a knock-on effect in the European market, where hardwood prices have gained 15% since December 2020 and are currently trading at \$780/tonne (gross). The leading European producers have announced additional price increases to \$820/tonne (gross) applicable to volumes negotiated from February.

Sustained growth in demand, coupled with the decision to delay the commissioning of new capacity in Latin America until 2022, bodes well for pulp price recovery in 2021.

3.2. Revenue from pulp sales

The global spread of Covid-19 and the measures taken around the world to contain it have not had a significant impact on Ence's business operations.

Pulp sales volumes increased by 25.7% year-on-year to 259,224 tonnes in the fourth quarter and by 11.5% in 2020 as a whole, to hit a new record of 1,015,482 tonnes, driven by the 80,000 tonnes of capacity added at the Navia biomill during the fourth quarter of 2019.

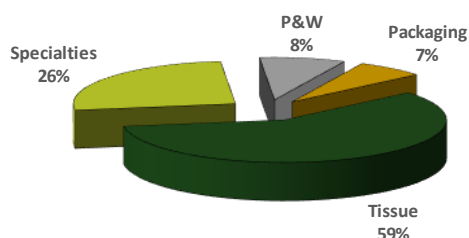
	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Pulp sales (t)	259,224	206,193	25.7%	236,438	9.6%	1,015,482	910,499	11.5%
Average sales price (€/t)	384.4	432.2	(11.0%)	383.6	0.2%	401.2	522.8	(23.3%)
Pulp sales revenue (€ m)	99.7	89.1	11.8%	90.7	9.9%	407.4	476.0	(14.4%)

The Company increased its pulp inventories by 5,300 tonnes during the fourth quarter to 46,200 tonnes in order to ensure continuity of service during the maintenance stoppages programmed at both biomills for the first quarter of 2021. At year-end 2019, pulp inventories stood at 56,900 tonnes.

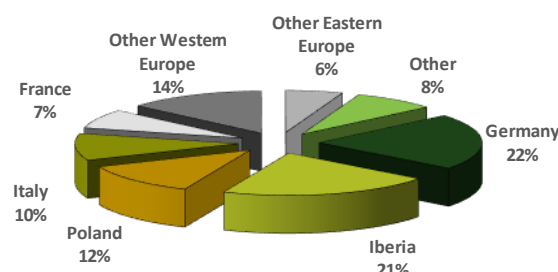
The average sales price fetched by Ence during the fourth quarter was flat compared to the third quarter but 11% lower than in 4Q19, due to the drop in benchmark prices in Europe. Ence's average sales price decreased by 23.3% in 2020 from 2019.

The combination of the two factors resulted in a year-on-year increase in revenue from pulp sales of 11.8% to €99.7m in 4Q20 and a decline of 14.4% to €407.4m in 2020.

Breakdown of revenue by end product



Breakdown of revenue by geographic market



The tissue paper segment remains the main end use given to the pulp sold by Ence, accounting for 59% of revenue from pulp sales in 2020, followed by the specialty paper segment, at 26%. The printing and writing paper segment accounted for 8% of sales and packaging, the remaining 7%.

Most of the pulp produced by Ence is sold in Europe, namely 92% of revenue from pulp sales in 1H20. Germany and Iberia accounted for 22% and 21% of total revenue, respectively, followed by Poland (12%), Italy (10%) and France (7%). The other western European countries accounted for 14% of the total, with the rest of Eastern Europe representing 6%.

Ence's differentiated products, such as Naturcell and Powercell, which are more sustainable and better suited for replacing softwood pulp, accounted for 9% of 2020 sales.

3.3. Pulp production and the cash cost

Rigorous and ongoing application of Ence's internal protocols for the prevention and minimisation of Covid-19 risks for the Group's people and operations have enabled it to operate fully throughout the initial outbreak and subsequent waves of the health crisis, with no jobs lost.

All of Ence's activities were deemed 'essential' for the purposes of Spanish Royal Decree 463/2020.

	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Navia pulp production	150,592	68,971	118.3%	135,652	11.0%	572,565	457,397	25.2%
Pontevedra pulp production	114,268	116,433	(1.9%)	86,150	32.6%	434,718	454,631	(4.4%)
Pulp production (t)	264,860	185,404	42.9%	221,802	19.4%	1,007,283	912,028	10.4%

Pulp production increased by 42.9% year-on-year to 264,860 tonnes in the fourth quarter and by 10.4% in 2020 as a whole, hitting a new record of 1,007,283 tonnes, boosted by the 80,000 tonnes of capacity added at the Navia biomill during the fourth quarter of 2019.

The annual maintenance work was carried out at both biomills in July, lasting 25 days in Pontevedra and seven days in Navia. The Company took advantage of the stoppages to introduce several energy efficiency improvements and to fine-tune a second pulp drying line in Navia. On the sustainability front, the Company made investments to reduce emissions, odours, waste and timber consumption. In 2019 the annual stoppages took place during the first half of the year: the Pontevedra biomill was stopped for 10 days during 1Q19 and the Navia biomill, for 12 days in 2Q19. The Navia biomill was also idled for 37 days in 4Q19 to add new capacity.

Figures in €/t	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Wood cost	205.6	205.4	0.1%	201.4	2.1%	204.5	208.5	(1.9%)
Conversion costs	102.1	147.4	(30.7%)	108.9	(6.2%)	109.0	118.9	(8.4%)
Sales and logistic costs	28.4	32.4	(12.3%)	27.6	2.8%	29.2	31.4	(7.1%)
Overheads	30.7	41.3	(25.8%)	34.9	(12.1%)	31.3	37.8	(17.0%)
Total cash cost	366.8	426.6	(14.0%)	372.8	(1.6%)	374.0	396.6	(5.7%)

Ence's cash cost was €366.8/tonne in the fourth quarter, down 14% (or €60/tonne) year-on-year, the 4Q19 cash cost having been affected by the extraordinary stoppage of the Navia biomill in order to add capacity. Quarter-on-quarter, the cash cost decreased by 1.6% (or €6/tonne) due mainly to better economies of scale on the back of higher production and sales volumes. In 2020 as a whole, the cash cost decreased by 5.7% (equivalent to €23/tonne) thanks to a €10/tonne reduction in conversion costs, a €7/tonne improvement in overhead, a €4/tonne drop in timber costs and €2/tonne savings in sales and logistics costs.

3.4. Revenue from the sale of energy in connection with pulp production (included in the cash cost)

Ence uses the lignin and forest biomass derived from its manufacturing activities to generate the renewable energy needed for the process. Specifically, it operates a 34.6-MW lignin-fired CHP plant, integrated within the Pontevedra biomill, and a 40.3-MW CHP lignin-fired plant and a 36.7-MW biomass generation plant, both of which are integrated within the pulp production process at the Navia biomill.

The renewable energy generated at these power plants is sold to the grid and subsequently repurchased. The operating profit from this activity is included in the above-mentioned conversion costs within the cash cost metric.

	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Navia energy sales	149,033	99,810	49.3%	137,043	8.7%	568,561	483,455	17.6%
Pontevedra energy sales	67,747	56,174	20.6%	51,118	32.5%	247,883	226,735	9.3%
Energy sales linked to the pulp process (MWh)	216,780	155,985	39.0%	188,161	15.2%	816,444	710,190	15.0%
Average sales price - Pool + Ro (€/MWh)	80.9	79.9	1.3%	82.1	(1.4%)	80.0	88.8	(10.0%)
Remuneration for investment (€ m)	2.6	2.6	0.1%	2.6	-	10.3	10.2	0.1%
Revenues from energy sales linked to pulp (€ m)	20.1	15.0	33.9%	18.0	11.7%	75.5	73.3	3.0%

The sale of energy in connection with pulp production increased by 39% year-on-year in 4Q20 to 216,780 MWh, shaped by a favourable comparison with 4Q19 when the Navia biomill was being expanded. In all of 2020, energy sales related with the production of pulp increased by 15% to 816,444 MWh, driven by higher pulp production volumes and the energy efficiency improvements made during the year.

The average sales price improved by 1.3% year-on-year in the fourth quarter, albeit falling by 10% in 2020 as a whole to €80/MWh, due to the contraction in pool prices.

As a result, revenue from energy sales in the Pulp business, factoring in remuneration for investment - unchanged - increased by 33.9% year-on-year in 4Q20 to €20.1m and by 3% in 2020 to €75.5m.

3.5. Revenue from forestry and other activities

In addition to the sale of pulp and energy, the Pulp business encompasses other activities, notable among which the sale of timber sourced from proprietary eucalyptus plantations located in southern Spain.

	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Forestry and other revenue (€ m)	6.2	5.9	5.3%	2.0	214.4%	21.5	23.0	(6.5%)

Revenue from forestry activities amounted to €6.2m in 4Q20, up 5.3% year-on-year, and three times the 3Q20 figure, which was affected by the restrictions placed of forestry operations during the summer. In 2020, revenue from forestry activities declined by 6.5% to €21.5m.

3.6. Statement of profit or loss

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Total net revenue	125.9	110.0	14.5%	110.7	13.8%	504.5	572.4	(11.9%)
EBITDA	6.8	(9.8)	<i>n.s.</i>	(1.8)	<i>n.s.</i>	13.9	75.2	(81.6%)
<i>EBITDA margin</i>	<i>5%</i>	<i>-9%</i>	<i>14.3 p.p.</i>	<i>-2%</i>	<i>7.1 p.p.</i>	<i>3%</i>	<i>13%</i>	<i>(10.4) p.p.</i>
Depreciation and amortisation	(15.4)	(11.6)	33.1%	(13.8)	11.7%	(57.3)	(53.8)	6.4%
Depletion of forestry reserves	(2.4)	(2.8)	(14.7%)	(0.7)	227.1%	(9.8)	(9.3)	5.4%
Impairment of and gains/(losses) on fixed-asset dispo:	(0.2)	0.2	<i>n.s.</i>	(0.4)	(33.6%)	0.2	2.3	(90.4%)
Other non-recurring gains/(losses)	(1.3)	(0.9)	47.1%	(1.3)	-	(5.0)	(4.0)	0.3 p.p.
EBIT	(12.5)	(24.9)	(49.7%)	(18.0)	(30.5%)	(58.0)	10.4	<i>n.s.</i>
<i>EBIT margin</i>	<i>-10%</i>	<i>-23%</i>	<i>12.7 p.p.</i>	<i>-16%</i>	<i>6.3 p.p.</i>	<i>-11%</i>	<i>2%</i>	<i>(13.3) p.p.</i>
Net finance cost	(3.2)	(2.4)	34.6%	(3.5)	(7.4%)	(12.1)	(8.8)	37.4%
Other financial results	(0.8)	(1.0)	(14.0%)	(0.8)	0.7%	(1.1)	1.4	<i>n.s.</i>
Profit before tax	(16.6)	(28.2)	(41.3%)	(22.3)	(25.7%)	(71.2)	2.9	<i>n.s.</i>
Income tax	5.4	4.9	11.2%	5.5	(0.8%)	18.9	(2.6)	<i>n.s.</i>
Net Income	(11.1)	(23.4)	(52.3%)	(16.8)	(33.8%)	(52.3)	0.3	<i>n.s.</i>

EBITDA in the Pulp business amounted to €6.8m in 4Q20, compared to a loss of €9.8m in 4Q19, which was affected by lower sales volumes and higher costs associated with the 80,000 tonnes of capacity added at Navia.

In 2020, EBITDA in the Pulp business declined by 81.6% to €13.9m as a result of a 23.3% decrease in the average sales price, partially offset by the 5.7% improvement in the cash cost and growth of 11.5% in pulp sales volumes.

Ence has an ongoing hedging policy designed to mitigate the impact of exchange rate volatility on its earnings. Those hedges implied a gain of €0.5m in 4Q20 and a loss of €9.3m in 2020, compared to a loss of €30m in 2019.

In addition, 2020 EBITDA includes other expenses, net of other income, that are not included in the cash cost, of €4.5m. The income and expenses not included in the cash cost include the EBITDA generated on the sale of timber to third parties, charges for community work in the vicinity of the Group's biomills, working capital provisions, non-recurring staff costs and *ad-hoc* advisory service costs.

Below the EBITDA line, depreciation and amortisation charges were 6.4% higher at €57.3m in 2020, due to capital expenditure incurred in 2019, while forest depletion charges increased by 5.4% to €9.8m as a result of more intense use of timber sourced from proprietary plantations.

Impairment and gains/(losses) on the disposal of assets, in the amount of €0.2m, mainly includes the reversal of the impairment charges recognised on the remaining assets in Huelva, which were transferred to the Renewable Energy business during the first quarter, thus completing the full separation of the two units' assets. Other non-recurring operating charges include a €5m provision for expenses under Ence's Environmental Pact in Pontevedra, signed in June 2016.

Lastly, the net finance cost was €3.3m higher than in 2019, at €12.1m, in line with the increase in the gross debt balance as a result of the Company's strategy of reinforcing its liquidity at the onset of the crisis to ensure the continuity of the Group's activities in any possible scenario. 'Other finance income/costs' includes €1.1m of exchange rate losses on working capital.

As a result, the Pulp business posted a net loss of €11.1m in 4Q20 and of €52.3m in 2020, compared to a loss of €23.4m in 4Q19 and a profit of €0.3m in 2019.

3.7. Cash flow analysis

Net cash from operating activities amounted to €6.8m in 4Q20 (€34.4m in 4Q19) and €23.9 m in 2020 (€124.1m in 2019). The drop in operating cash flow is mainly attributable to the decline in EBITDA, coupled with contrasting trends in working capital and the impact of the regulatory collar.

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
EBITDA	6.8	(9.8)	<i>n.s.</i>	(1.8)	<i>n.s.</i>	13.9	75.2	<i>(81.6%)</i>
Non cash expenses / (income)	(7.8)	2.7	<i>n.s.</i>	(2.0)	<i>n.s.</i>	(8.2)	15.3	<i>n.s.</i>
Other collections / (payments)	0.1	(0.1)	<i>n.s.</i>	(0.7)	<i>n.s.</i>	(0.4)	(3.9)	<i>(90.4%)</i>
Change in working capital	2.3	44.8	<i>(94.8%)</i>	3.2	<i>(28.0%)</i>	18.8	49.8	<i>(62.2%)</i>
Income tax received / (paid)	6.3	(0.9)	<i>n.s.</i>	(0.0)	<i>n.s.</i>	6.3	(7.5)	<i>n.s.</i>
Net interest received / (paid)	(1.3)	(2.3)	<i>(44.8%)</i>	(2.8)	<i>(54.7%)</i>	(6.5)	(4.8)	<i>35.3%</i>
Net cash flow from operating activities	6.6	34.4	<i>(80.9%)</i>	(4.2)	<i>n.s.</i>	23.9	124.1	<i>(80.7%)</i>

Non-cash income includes €1.6m in 4Q20 and €10.6m in 2020 related with the impact of the regulatory collar on energy sales associated with the production of pulp, a balance that will be collected over the remaining useful lives of the plants.

Movements in working capital implied a cash inflow of €2.3m in 4Q20 and of €18.8m in 2020, driven mainly by the increase in trade payables.

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Inventories	3.7	(0.8)	<i>n.s.</i>	3.5	<i>5.0%</i>	2.4	(12.3)	<i>n.s.</i>
Trade and other receivables	(1.6)	60.7	<i>n.s.</i>	2.4	<i>n.s.</i>	(8.0)	68.5	<i>n.s.</i>
Financial and other current assets	(5.7)	(0.8)	<i>n.s.</i>	2.9	<i>n.s.</i>	(4.5)	(2.2)	<i>103.5%</i>
Trade and other payables	5.9	(14.4)	<i>n.s.</i>	(5.5)	<i>n.s.</i>	28.9	(4.2)	<i>n.s.</i>
Change in working capital	2.3	44.8	<i>(94.8%)</i>	3.2	<i>(28.0%)</i>	18.8	49.8	<i>(62.2%)</i>

At year-end 2020, Ence had drawn down €66.1m of non-recourse factoring facilities in the Pulp business, compared to €74.4m at year-end 2019. Ence has also arranged several non-recourse reverse factoring facilities, which were drawn down by €88.7m at the December close, compared to €82.1m at year-end.

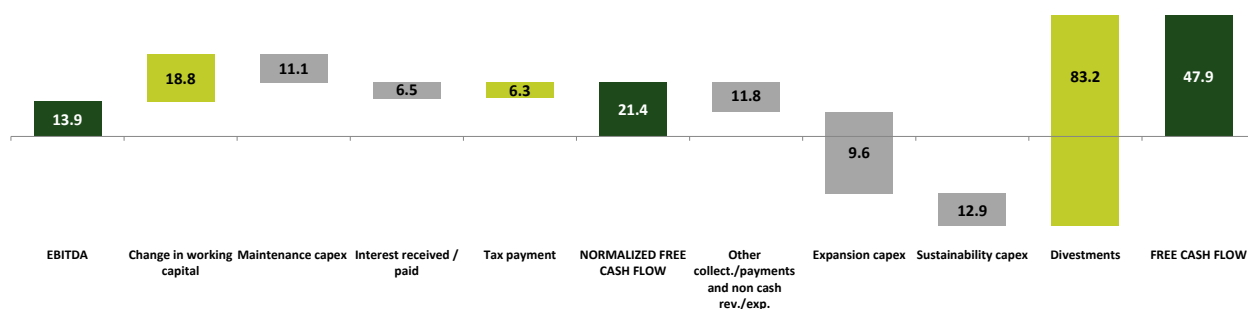
Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Maintenance capex	(1.8)	(5.6)	<i>(67.4%)</i>	(2.6)	<i>(30.4%)</i>	(11.1)	(21.0)	<i>(47.2%)</i>
Expansion capex	(3.4)	(12.9)	<i>(73.7%)</i>	(7.6)	<i>(55.1%)</i>	(32.2)	(104.3)	<i>(69.1%)</i>
Sustainability capex and other	(2.2)	(16.1)	<i>(86.0%)</i>	(1.1)	<i>98.0%</i>	(12.9)	(36.8)	<i>(64.8%)</i>
Financial investments	(3.2)	(35.0)	<i>(90.8%)</i>	(0.0)	<i>n.s.</i>	(3.2)	(35.2)	<i>(90.9%)</i>
Investments	(10.7)	(69.6)	<i>(84.7%)</i>	(11.3)	<i>(6.0%)</i>	(59.4)	(197.3)	<i>(69.9%)</i>
Disposals	82.8	0.4	<i>n.s.</i>	0.3	<i>n.s.</i>	83.5	5.0	<i>n.s.</i>
Net cash flow used in investing activities	72.1	(69.2)	<i>n.s.</i>	(11.1)	<i>n.s.</i>	24.0	(192.3)	<i>n.s.</i>

Net cash from investing activities amounted to €72.1m in 4Q20 and €24m in 2020 due to the proceeds from the sale of the Company's investment in the Puertollano solar thermal plant for €82.5m in December 2020. In 4Q19 and 2019 as a whole, when the Company undertook major investments under the scope of its Business Plan, investing activities used up net cash of €69.2m and €192.3m, respectively.

Maintenance capex was pared back to €1.8m in 4Q20 and to €11.1m in 2020, compared to €5.6m and €21m in the same periods of 2019, respectively.

The outlay for efficiency and growth capex was reduced to €3.4m in 4Q20 and to €32.2m in 2020, compared to €12.9m and €104.3m in the same periods of 2019, respectively. Those payments are mainly related with the capacity added in 2019. At year-end 2020, the Company had outstanding capital expenditure payments of €62m.

Lastly, sustainability-related capex was cut to €2.2m in 4Q20 and to €12.9m in 1H20, compared to €16.1m and €36.8m in 4Q19 and 2019, respectively. Those investments are largely related with a range of initiatives targeted at reinforcing safety and reducing odour, noise and water consumption at the biomills, an effort that will make Ence more competitive in the long run.



As a result, normalised free cash flow in the Pulp business amounted to €21.4m in 2020, while free cash flow net of efficiency, growth and sustainability capex plus the proceeds from the sale of the solar thermal plant in Puertollano came in at €47.9m.

3.8. Change in net debt

In addition to the free cash flow it generated in 2020, the Company collected the first payment - of €219.9m (net of transaction costs) - on the sale of a 49% equity interest in the Renewable Energy business to the infrastructure fund, Ancala Partners, in December 2020. Collection of up to €134m more is conditional upon the level of success developing the pipeline of biomass power plants, on the price obtained in the auctions, on the cash distributed by the business during the next eight years and on its valuation at the end of that period.

As a result, net debt in the Pulp business decreased by €262.4m from year-end 2019 to €43.4m at 31 December 2020, all of which corresponds to lease liabilities.

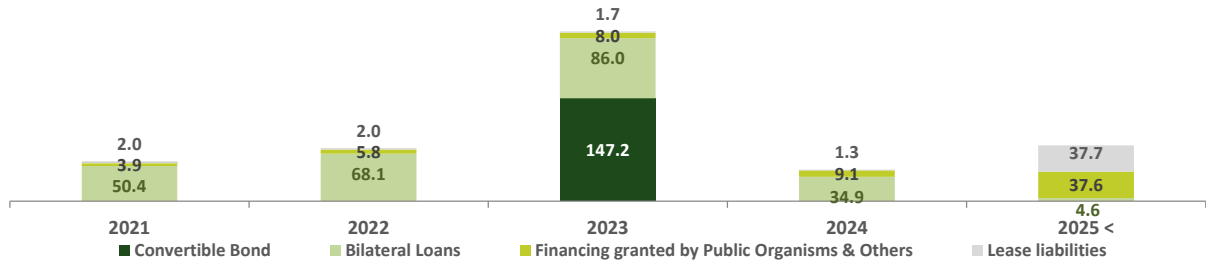
Figures in € m	Dec-20	Dec-19	Δ%
Non-current financial debt	401.2	361.1	11.1%
Current financial debt	54.4	6.7	n.s.
Gross financial debt	455.6	367.8	23.9%
Non-current lease contracts	42.8	41.5	2.9%
Current lease contracts	2.0	2.1	(4.5%)
Financial liabilities related to lease contracts	44.8	43.7	2.6%
Cash and cash equivalents	448.1	101.3	n.s.
Short-term financial investments	9.0	4.4	102.0%
Net financial debt Pulp business	43.4	305.7	(85.8%)

The ratio of net debt-to-LTM EBITDA in the Pulp business stood at 3.1x at the December 2020 close. Due to the cyclical nature of the Pulp business, it is financed with covenant-free, long-term debt and ample liquidity. At the reporting date, the Pulp business had cash and cash equivalents of €457.1m.

In light of the uncertainty sparked by the global spread of Covid-19 and with the aim of maximising its liquidity, in 1Q20, the Company drew down a €70 million revolving credit facility due May 2023. Following the disposals completed in December, the Company repaid that facility, leaving it once again fully undrawn at year-end. During the year, the Company also arranged €88m of new financing facilities with a range of maturities up until 2025.

The gross debt of €455.6m at the December close corresponds mainly to the €147.2m of convertible bonds (deducted by the value of the equity component), the outstanding balance of €244m on bilateral loans and a series of loans totalling €64.4m awarded by the CDTI (acronym in Spanish for the Centre for the Development of Industrial Technology) and Spanish Ministry of Industry to finance investments in efficiency upgrades and capacity expansion work; the maturities on these loans range to 2030. Debt arrangement fees are deducted from gross borrowings on the statement of financial position.

Pulp business debt maturity profile (€Mn)



4. RENEWABLE ENERGY BUSINESS

Ence's Renewable Energy business encompasses the generation of power from renewable sources at plants that have no relation to the pulp production process. At year-end 2020, Ence had eight power plants fuelled by forestry and agricultural biomass with aggregate installed capacity of 266 MW: three plants in Huelva (with capacity of 50 MW, 46 MW and 41 MW); two in Ciudad Real (50 MW and 16 MW); one in Merida (20 MW); one in Jaen (16 MW); and a complex in Cordoba (27 MW).

The new agricultural and forestry biomass plants in Huelva (46 MW) and Ciudad Real (50 MW) were brought on line on 31 January and 31 March 2020, respectively,

In December, Ence closed the sale of its 90% interest in its 50-MW CSP plant in Puertollano (Ciudad Real) for €82m, thanks to which it was able to deconsolidate €75m of net debt that has been assumed by the buyer.

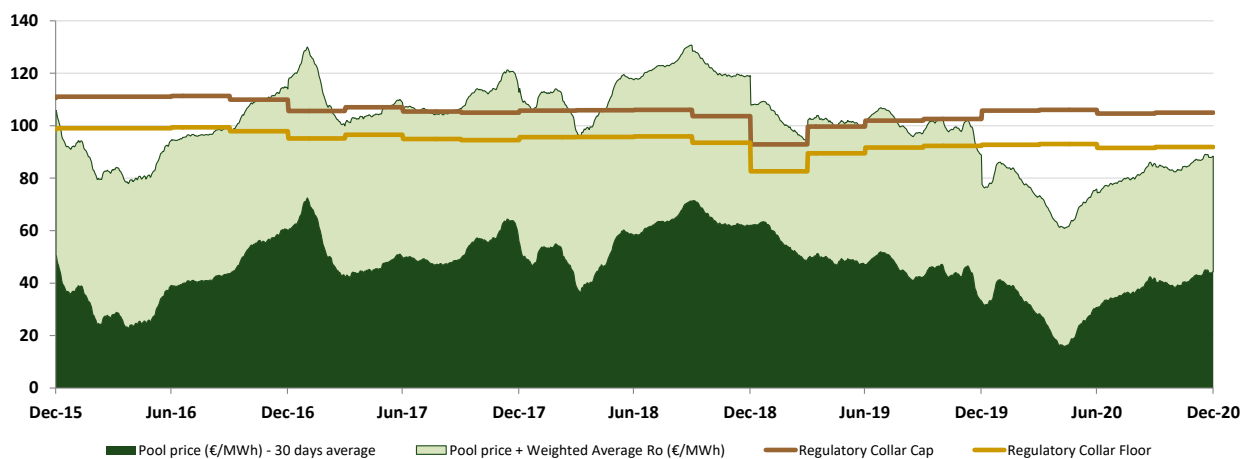
4.1. Electricity market trends

The average pool price in Spain declined by 1.9% year-on-year in 4Q20 to €41.7/MWh and by 29% in 2020 to €33.8/MWh.

	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Average pool price (€/MWh)	41.7	40.9	1.9%	37.6	10.9%	33.8	47.6	(29.0%)

The price per MWh sold by Ence is determined by the market (pool) price plus the remuneration for operations (Ro) earned by each plant, within the ceiling and floor set by the regulator (regulatory collar). Those parameters were updated for the 2020-2022 regulatory sub period on 28 February 2020, as contemplated in applicable legislation.

Pool price, average Ro and regulatory collar, last 5 years (€/MWh)



In addition, the remuneration for investment (Ri) for the universe of power plants comprising Ence's Renewable Energy business was set at 7.4% for 2020-2031 by Spanish Royal Decree-Law 17/2019. That remuneration concept implies annual income of €40.9m (already excluding the solar thermal plant sold in December 2020).

The plants' remuneration parameters are outlined in greater detail in Exhibit 2.

4.2. Energy sales

All of Ence's activities were deemed 'essential' for the purposes of Spanish Royal Decree 463/2020.

The volume of energy sold increased by 60.9% year-on-year to 424,339 MWh in 4Q20, thanks to the contribution made by two new biomass plants, a 46-MW plant in Huelva and a 50-MW plant in Ciudad Real, commissioned on 31 January and 31 March, respectively. In 2020, energy sales volumes were 35.7% higher at 1,421,446 MWh, driven by the contribution by the two new plants, mitigated by the loss of output at the 41-MW plant in Huelva as a result of turbine damage in March, which kept that facility offline until August.

	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Huelva 41 MW - Biomass	53,900	55,785	(3.4%)	24,695	118.3%	106,733	155,726	(31.5%)
Jaén 16 MW - Biomass	17,913	17,420	2.8%	24,622	(27.2%)	88,644	71,315	24.3%
Ciudad Real 16 MW - Biomass	25,400	24,296	4.5%	22,990	10.5%	81,661	94,169	(13.3%)
Córdoba 27 MW - Biomass	48,040	51,031	(5.9%)	50,852	(5.5%)	196,371	195,915	0.2%
Ciudad Real 50 MW - Solar thermal plant	7,198	4,670	54.2%	27,843	(74.1%)	59,874	72,015	(16.9%)
Huelva 50 MW - Biomass	98,302	86,440	13.7%	64,154	53.2%	330,551	325,152	1.7%
Mérida 20 MW - Biomass	37,082	24,108	53.8%	41,519	(10.7%)	147,854	132,871	11.3%
Huelva 46 MW - Biomass	69,254	-	-	60,319	14.8%	214,360	-	-
Ciudad Real 50 MW - Biomass	67,250	-	-	67,170	0.1%	195,398	-	-
Energy sales (MWh)	424,339	263,749	60.9%	384,162	10.5%	1,421,446	1,047,163	35.7%
Average sales price - Pool + Collar + Ro (€/MWh)	94.0	87.8	7.1%	100.1	(6.1%)	97.0	99.0	(2.0%)
Remuneration for investment (€ m)	15.3	15.9	(3.5%)	15.9	(3.5%)	62.9	63.5	(0.9%)
Revenue (€ m)	55.4	39.3	41.0%	54.6	1.3%	201.8	168.0	20.2%
Capitalized revenues (€ m)	-	-	-	0.0	-	4.1	-	-
Total revenue (€ m)	55.4	39.3	41.0%	54.6	1.3%	206.0	168.0	22.6%

The average sales price gained 7.1% year-on-year to reach €94/MWh in 4Q20, whereas for the year as a whole it declined by 2% to €97/MWh. Ence adjusts its average sales price monthly as a function of the limits set by the regulator (regulatory collar). That accounting treatment implied the recognition of revenue of €3.2m in 4Q20 and of €25.6m in 2020, compared to a reduction in revenue of €4.4m and €6.7m, respectively, in that same connection in the same periods of 2019.

Ence's remuneration for investment decreased by €0.6m during the fourth quarter due to the sale of the solar thermal plant in December.

Note that both the remuneration for operations (Ro) and the floor and cap set by the regulator (regulatory collar) applicable during the term of effectiveness of the state of emergency in Spain are to be reviewed, as dictated in Royal Decree-Law 23/2020 (of 23 June 2020) on economic reactivation measures in the energy and other fields.

Lastly, 2020 revenue includes €4.1m corresponding to the energy sold by the new biomass plants during testing in 1Q20; that revenue was recognised along with the corresponding expenses so that the impact at the EBITDA level was neutral.

In total, the Renewable Energy business posted revenue of €55.4m in 4Q20, up 41% year-on-year, and of €206m in 2020, growth of 22.6%.

4.3. Statement of profit or loss

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Total revenue	55.4	39.3	41.0%	54.6	1.3%	206.0	168.0	22.6%
EBITDA	17.4	10.3	68.5%	15.5	11.7%	59.7	51.8	15.2%
<i>EBITDA margin</i>	<i>31%</i>	<i>26%</i>	<i>5.1 p.p.</i>	<i>28%</i>	<i>2.9 p.p.</i>	<i>29%</i>	<i>31%</i>	<i>(1.9) p.p.</i>
Depreciation and amortisation	(12.1)	(8.4)	43.4%	(11.3)	7.4%	(43.7)	(29.2)	49.9%
Depletion of forestry reserves	(0.0)	(0.0)	2.7%	(0.0)	(15.6%)	(0.3)	(0.1)	n.s.
Impairment of and gains/(losses) on fixed-asset dispo:	(0.1)	(0.3)	(66.8%)	(0.1)	(16.3%)	(1.8)	(0.5)	n.s.
EBIT	5.1	1.5	244.8%	4.1	24.6%	13.9	22.1	(37.2%)
<i>EBIT margin</i>	<i>9%</i>	<i>4%</i>	<i>5.4 p.p.</i>	<i>7%</i>	<i>1.7 p.p.</i>	<i>7%</i>	<i>13%</i>	<i>(6.4) p.p.</i>
Net finance cost	(4.3)	(1.4)	215.8%	(4.2)	4.5%	(16.1)	(13.9)	16.0%
Other finance income/(cost)	32.9	(0.0)	n.s.	0.0	n.s.	32.9	(0.0)	n.s.
Profit before tax	33.6	0.1	n.s.	(0.1)	n.s.	30.6	8.2	n.s.
Income tax	(3.7)	1.1	n.s.	0.0	n.s.	(3.0)	(0.6)	n.s.
Net Income	29.9	1.2	n.s.	(0.0)	n.s.	27.7	7.6	n.s.
Non-controlling interests	(0.4)	(0.0)	n.s.	(0.5)	(1.7)	(1.7)	(2.3)	(25.7%)
Attributable Net Income	29.5	1.1	n.s.	(0.6)	n.s.	26.0	5.3	n.s.

EBITDA in the Renewable Energy business amounted to €17.4m in 4Q20, up 68.5% year-on-year, due to the contribution by the two new biomass power plants and a higher average sales price, boosted by the collection of a €1.5m insurance claim related with the incident affecting the turbine at the 41-MW Huelva plant.

In 2020, the Renewable Energy business recorded EBITDA growth of 15.2% to €59.7m, again boosted by the contribution by the two new plants, which more than offset the loss of output at the 41-MW Huelva facility and a lower average sales price in 2020.

Below EBITDA it is worth highlighting the year-on-year growth in depreciation and amortisation charges of 49.9% to €43.7m as a result of the addition of the new biomass plants in 1Q20 and the transfer of the remaining Pulp business assets in Huelva.

Impairment losses amounted to €1.8m in 2020 and related mainly to charges for the costs of dismantling the remaining industrial assets in Huelva which were transferred from the Pulp business during the first quarter.

Net finance costs increased by €2.2m from 2019 to €16.1m, while other finance income - at €32.9m - includes the gain recognised on the sale of the 50-MW solar thermal plant in Ciudad Real in December 2020.

As a result, the Renewable Energy business posted a net profit of €29.5m in 4Q20 and of €26m in 2020, compared to a profit of €1.1m in 4Q19 and of €5.3m in 2019.

4.4. Cash flow analysis

Net cash from operating activities amounted to €9.6m in 4Q20 (€33.2m in 4Q19) and €38.5m in 2020 (€61m in 2019). The difference is mostly attributable to the impact of the regulatory collar, which implied the recognition of €25.6m of revenue with no impact on cash in 2020, whereas it implied a non-cash expense of €6.7m in 2019.

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
EBITDA	17.4	10.3	68.5%	15.5	11.7%	59.7	51.8	15.2%
Non cash expenses / (incomes)	(12.7)	3.0	n.s.	(6.0)	112.1%	(29.0)	7.8	n.s.
Other collections / (payments)	0.0	(0.2)	n.s.	0.0	(98.3%)	(0.0)	(1.1)	(98.2%)
Change in working capital	13.2	25.8	(48.9%)	12.9	2.6%	23.7	15.7	50.5%
Income tax received / (paid)	(1.2)	(2.0)	(39.9%)	(0.2)	n.s.	(0.4)	(2.1)	(83.0%)
Net interest received / (paid)	(7.0)	(3.7)	91.5%	(1.2)	n.s.	(15.6)	(11.1)	40.8%
Net cash flow from operating activities	9.6	33.2	(71.1%)	21.0	(54.4%)	38.5	61.0	(37.0%)

The change in working capital implied cash inflows of €13.2m in 4Q20 and of €23.7m in 2020, compared to inflows of €25.8m and €15.7m in 4Q19 and 2019, respectively.

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Inventories	4.5	(1.6)	n.s.	1.1	n.s.	1.1	(4.0)	n.s.
Trade and other receivables	6.2	22.7	(72.7%)	(1.6)	n.s.	(2.8)	14.4	n.s.
Trade and other payables	2.5	4.8	(48.1%)	13.4	(81.4%)	25.4	5.4	n.s.
Change in working capital	13.2	25.8	(48.9%)	12.9	2.6%	23.7	15.7	50.5%

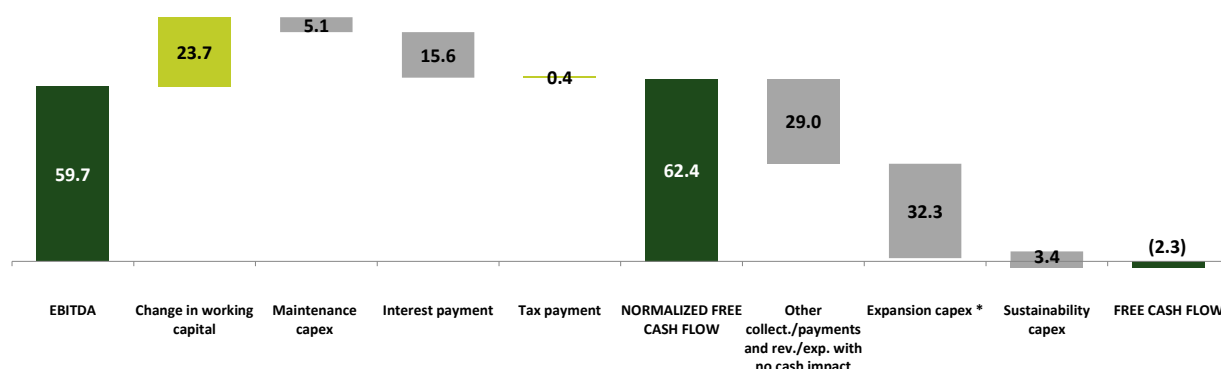
At year-end 2020, the Renewable Energy business had drawn down its factoring lines by €22.2m, compared to €26.3m at year-end 2019. The Renewable Energy business has also arranged several non-recourse reverse factoring facilities, which were drawn down by €27.4m at the December 2020 close, compared to €10.5m a year earlier.

Figures in € m	4Q20	4Q19	Δ%	3Q20	Δ%	2020	2019	Δ%
Maintenance capex	(1.2)	(2.6)	(55.3%)	(1.5)	(25.2%)	(5.1)	(8.8)	(41.8%)
Efficiency and expansion capex	(12.5)	(18.1)	(31.2%)	(11.3)	10.2%	(59.2)	(127.7)	(53.6%)
Sustainability capex and other	(0.5)	(2.1)	(74.2%)	(0.7)	(18.0%)	(3.4)	(8.2)	(58.3%)
Financial investments	(0.0)	(6.4)	(100.0%)	0.0	n.s.	-	(6.4)	(100.0%)
Investments	(14.2)	(29.1)	(51.4%)	(13.5)	4.8%	(67.7)	(151.1)	(55.2%)
Disposals	58.3	0.1	n.s.	-	n.s.	58.3	0.1	n.s.
Net cash flow from investing activities	44.1	(29.0)	n.s.	(13.5)	n.s.	(9.4)	(150.9)	(93.8%)

Investing activities translated into a net inflow of €44.1m in 4Q20 and a net outflow of €9.4m in 2020, following the recognition of the €58.3m of proceeds collected from the sale of the solar thermal plant in Puertollano in December. That balance is adjusted at the consolidated level as it is already included as proceeds in the cash flows of the Pulp business, along with the €24.2m of cash at the plant at the transaction close, for a total sum of €82.5m. In 4Q19 and 2019 as a whole, when the Company undertook major investments in order to build the two new biomass plants commissioned in 1Q20, investing activities used up net cash of €29m and €150.9m, respectively.

2020 efficiency and growth investments of €59.2m notably include the transfer during the first quarter of the remaining Huelva assets by the Pulp business at a value of €26.9m, thus completing the separation of the two units' assets; the transfer had no impact on the the Group's consolidated cash flows. The remaining €32.3m corresponded largely to outstanding payments due on the new biomass plants. At year-end 2020, the Company still had outstanding capital expenditure payments of €14m.

Maintenance and sustainability capex totalled €1.7m in 4Q20 and €8.5m in 2020, down 63.8% and 49.8%, respectively, year-on-year.



* Growth capex as per the chart excludes the contribution of the remaining Pulp business assets in Huelva at a value of €26.9m, a transaction that has no impact on the Group's cash flows at the consolidated level.

As a result, normalised free cash flow in the Renewable Energy business amounted to €62.4m in 2020, while free cash flow net of efficiency, growth and sustainability capex, excluding the impact of the Pulp business assets transferred, which had no impact on the Group's consolidated statement of cash flows, came in at a negative €2.3m. That balance includes the regulatory collar adjustment recognised during the year in the amount of €25.6m.

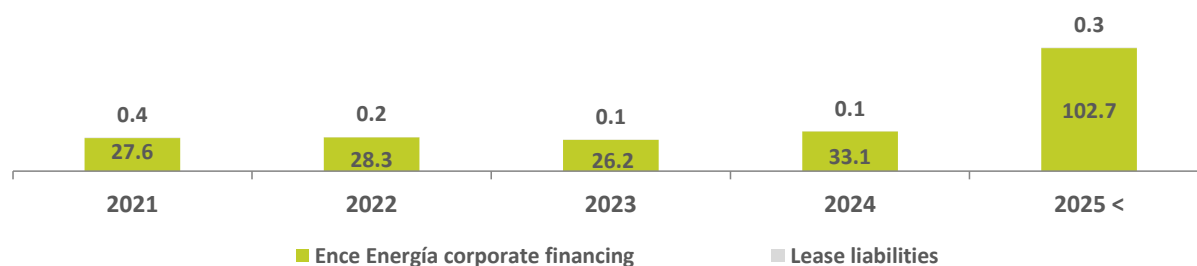
4.5. Change in net debt

Net debt in the Renewable Energy business decreased by €72.5m from year-end 2019 to €134.5m at 31 December 2020, of which €1.2m corresponds to lease liabilities. In addition to the cash generated in 2020, this division deconsolidated the €74.8m of net debt at the thermal solar plant sold in December (including lease liabilities of €7.4m).

Figures in € m	Dec-20	Dec-19	Δ%
Non-current financial debt	189.2	294.2	(35.7%)
Current financial debt	28.6	25.1	13.7%
Gross financial debt	217.8	319.3	(31.8%)
Non-current lease contracts	0.7	8.3	(91.1%)
Current lease contracts	0.4	0.3	29.4%
Financial liabilities related to lease contracts	1.2	8.6	(86.3%)
Cash and cash equivalents	84.5	120.9	(30.1%)
Short-term financial investments	0.0	0.0	(11.1%)
Net financial debt Renewable Energy business	134.5	207.0	(35.0%)

Cash amounted to €84.5m at year-end and the ratio of net debt-to-LTM EBITDA in the Renewable Energy business stood at 2.3x.

Energy debt maturity profile (€Mn)



5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. Statement of profit or loss

Figures in € m	2020				2019			
	Pulp	Energy	Adjustments	Consolidated	Pulp	Energy	Adjustments	Consolidated
Total revenue	504.5	206.0	(2.7)	707.7	572.4	168.0	(5.0)	735.4
Other income	14.8	8.3	(5.6)	17.5	18.1	4.5	(3.4)	19.2
Foreign exchange hedging operations results	(9.3)	-	-	(9.3)	(30.0)	-	-	(30.0)
Cost of sales and change in inventories of finished produ	(280.1)	(65.3)	2.7	(342.7)	(260.8)	(48.7)	5.0	(304.5)
Personnel expenses	(78.4)	(13.9)	-	(92.4)	(79.9)	(12.4)	-	(92.3)
Other operating expenses	(137.5)	(75.3)	5.6	(207.2)	(144.6)	(59.5)	3.4	(200.7)
EBITDA	13.9	59.7		73.6	75.2	51.8		127.0
<i>EBITDA margin</i>	3%	29%		10%	13%	31%		17%
Depreciation and amortisation	(57.3)	(43.7)	3.9	(97.1)	(53.8)	(29.2)	-	(83.0)
Depletion of forestry reserves	(9.8)	(0.3)	-	(10.1)	(9.3)	(0.1)	-	(9.3)
Impairment of and gains/(losses) on fixed-asset disposal:	0.2	(1.8)	-	(1.6)	2.3	(0.5)	-	1.8
Other non-ordinary operating gains/(losses)	(5.0)	-	-	(5.0)	(4.0)	-	-	(4.0)
EBIT	(58.0)	13.9	3.9	(40.1)	10.4	22.1		32.5
<i>EBIT margin</i>	-11%	7%		-6%	2%	13%		4%
Net finance cost	(12.1)	(16.1)	-	(28.3)	(8.8)	(13.9)	-	(22.7)
Other finance income/(costs)	(1.1)	32.9	-	31.8	1.4	(0.0)	-	1.3
Profit before tax	(71.2)	30.6	3.9	(36.7)	2.9	8.2		11.1
Income tax	18.9	(3.0)	(4.0)	11.9	(2.6)	(0.6)	3.6	0.4
Net Income	(52.3)	27.7	(0.1)	(24.7)	0.3	7.6	3.6	11.5
Non-controlling interests	-	(1.7)	-	(1.7)	-	(2.3)	-	(2.3)
Attributable Net Income	(52.3)	26.0	(0.1)	(26.4)	0.3	5.3	3.6	9.2
Earnings per Share (EPS)	(0.21)	0.11	-	(0.11)	0.00	0.02	-	0.04

5.2. Balance sheet

Figures in € m	Dec - 20				Dec - 19			
	Pulp	Energy	Adjustments	Consolidated	Pulp	Energy	Adjustments	Consolidated
Intangible assets	15.8	40.0	(13.9)	41.9	14.9	61.4	(14.4)	61.9
Property, plant and equipment	627.7	476.8	(11.7)	1,092.9	647.3	592.7	(1.7)	1,238.3
Biological assets	71.0	0.2	-	71.3	78.7	0.3	-	79.1
Non-current investments in Group companies	125.8	0.0	(125.8)	0.0	312.4	0.0	(312.4)	-
Non-current borrowings to Group companies	38.3	-	(38.3)	-	75.2	0.0	(75.2)	-
Non-current financial assets	17.6	6.6	-	24.2	3.6	5.2	-	8.7
Deferred tax assets	56.2	15.8	-	72.0	38.6	15.4	-	54.0
Total non-current assets	952.4	539.5	(189.7)	1,302.2	1,170.8	675.0	(403.7)	1,442.2
Inventories	43.3	9.5	(1.0)	51.8	44.9	11.7	-	56.6
Trade and other accounts receivable	61.7	23.2	(26.7)	58.2	41.6	17.6	(16.9)	42.2
Income tax	0.0	0.9	-	1.0	6.9	1.7	-	8.6
Other current assets	1.3	0.1	-	1.3	1.7	0.2	-	1.8
Hedging derivatives	6.8	-	-	6.8	0.0	-	-	-
Current financial investments	18.2	0.0	-	18.2	4.4	0.0	-	4.5
Cash and cash equivalents	448.1	84.5	-	532.6	101.3	120.9	-	222.2
Total current assets	579.4	118.3	(27.7)	670.0	200.7	152.1	(16.9)	336.0
TOTAL ASSETS	1,531.8	657.8	(217.4)	1,972.2	1,371.5	827.2	(420.6)	1,778.1
Equity	733.0	268.5	(151.3)	850.1	696.4	303.1	(324.5)	674.9
Non-current borrowings	444.0	190.0	-	634.0	402.6	302.4	-	705.0
Non-current loans with Group companies and associates	-	75.2	(38.3)	36.8	-	75.2	(75.2)	-
Non-current derivatives	0.1	5.5	-	5.6	0.2	6.3	-	6.4
Deferred tax liabilities	19.9	1.8	-	21.7	23.0	18.6	(4.0)	37.6
Non-current provisions	2.7	0.1	-	2.8	3.4	9.4	-	12.8
Other non-current liabilities	4.5	8.8	-	13.3	10.1	26.1	-	36.2
Total non-current liabilities	471.2	281.3	(38.3)	714.2	439.3	438.0	(79.2)	798.1
Current borrowings	56.4	29.0	-	85.5	8.8	25.5	-	34.3
Current derivatives	4.9	3.2	-	8.1	6.2	3.7	-	9.9
Trade and other account payable	238.0	68.2	(26.8)	279.3	196.4	55.2	(16.9)	234.7
Income tax	0.0	5.6	-	5.6	0.4	-	-	0.4
Current provisions	28.4	1.9	(1.0)	29.4	24.0	1.7	-	25.7
Total current liabilities	327.8	108.0	(27.8)	407.9	235.9	86.1	(16.9)	305.1
TOTAL EQUITY AND LIABILITIES	1,531.9	657.8	(217.5)	1,972.2	1,371.5	827.2	(420.6)	1,778.1

5.3. Statement of cash flows

Figures in € m	2020				2019			
	Pulp	Energy	Adjustments	Consolidated	Pulp	Energy	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	(71.2)	30.6	3.9	(36.7)	2.9	8.2		11.1
Depreciation and amortisation	67.0	44.0	(3.9)	107.1	64.1	28.3		92.3
Changes in provisions and other deferred expense	8.4	(3.2)		5.2	18.6	1.3		19.9
Impairment of gains/(losses) on disposals intangible asset	(0.4)	(31.1)	-	(31.5)	(2.4)	0.5		(1.9)
Net finance result	13.0	16.1		29.2	7.4	13.9		21.3
Regulatory collar	(10.6)	(25.6)		(36.2)	1.8	6.7		8.6
Government grants taken to income	(1.0)	(0.3)		(1.2)	(1.1)	(0.3)		(1.4)
Adjustments to profit	76.5	0.1	(3.9)	72.6	88.4	50.5		138.8
Inventories	2.4	1.1		3.5	(12.3)	(4.0)		(16.3)
Trade and other receivables	(8.0)	(2.8)		(10.8)	68.5	14.4		82.8
Current financial and other assets	(4.5)	-		(4.5)	(2.2)	-		(2.2)
Trade and other payables	28.9	25.4		54.3	(4.2)	5.4		1.2
Changes in working capital	18.8	23.7		42.5	49.8	15.7		65.5
Interest paid	(6.5)	(15.6)		(22.0)	(4.8)	(11.1)		(15.8)
Dividends received	-	-		-	-	-		-
Income tax received/(paid)	6.3	(0.4)		5.9	(7.5)	(2.1)		(9.6)
Other collections/(payments)	-	-		-	(4.7)	(0.2)		(4.9)
Other cash flows from operating activities	(0.2)	(15.9)		(16.1)	(17.0)	(13.4)		(30.3)
Net cash flow from operating activities	23.9	38.4		62.4	124.1	61.0		185.1
Property, plant and equipment	(52.2)	(66.9)	26.9	(92.2)	(155.7)	(129.9)		(285.6)
Intangible assets	(4.0)	(0.8)		(4.8)	(6.4)	(14.7)	14.4	(6.8)
Other financial assets	(3.2)	0.0	3.2	-	(35.2)	(6.4)	35.0	(6.6)
Disposals	83.5	58.3	(82.5)	59.2	5.0	0.1		5.1
Net cash flow used in investing activities	24.0	(9.4)	(52.4)	(37.8)	(192.3)	(150.9)	49.4	(293.8)
Free cash flow	47.9	29.0	(52.4)	24.6	(68.2)	(89.9)	49.4	(108.8)
Buyback/(disposal) of own equity instruments	219.8	(52.4)	52.4	219.8	(12.0)	49.4	(49.4)	(12.0)
Proceeds from and repayments of financial liabilities	79.1	(11.6)		67.5	59.0	(37.0)		22.0
Dividends payments	-	(1.4)		(1.4)	(25.6)	(2.0)		(27.6)
Net cash flow from/ (used in) financing activities	298.9	(65.4)	52.4	285.8	21.4	10.4	(49.4)	(17.6)
Net increase/(decrease) in cash and cash equivalents	346.8	(36.4)		310.4	(46.9)	(79.6)		(126.4)

6. KEY DEVELOPMENTS

Measures taken to prevent the spread of Covid-19 and minimise its impact on the Group's people and operations

Ence began to plan and execute Covid-19 response measures in February in order to protect its professionals from transmission and ensure the continuity of its operations.

The Emergency Committee set up - made up of the Chairman and the rest of Ence's Management Committee - met daily from the onset of the health crisis in order to continue to take the measures necessary and make sure they were being strictly complied with throughout the entire organisation.

The measures have proven effective, preventing the spread of the virus in our workplaces and enabling business continuity throughout the health crisis.

'Essential' activity status

All of Ence's activities - pulp production, forest management and renewable power generation - were deemed 'essential' under Spanish Royal Decree 463/2020, declaring the state of alarm in Spain.

Minimisation of on-site work throughout the health crisis

During the initial stages of the pandemic, the measures rolled out included having as many people as possible work from home, including all professionals deemed to be particularly at risk. On-site staff levels were reduced to the bare minimum. Ence also devised shifts and designed non-intersecting isolated teams; meanwhile, back-up teams were kept in preventive isolation at home.

Maintenance stoppages

Both of the biomills' annual maintenance stoppages were postponed to the third quarter due to the mobility limitations imposed during the health crisis and in order to give the Company time to minimise the associated risks for our professionals. Specific protocols were designed for the maintenance work, including the organisation of teams into multiple independent bubbles to minimise the risk of contagion.

Covid-19 protocol

Ence's Covid-19 response protocol was implemented on 24 February and has since been complemented by a series of additional measures which have been updated regularly as more became known about the disease and its transmission.

That protocol is applicable in all of the Group's places of work and to all employees of Ence and its service providers. Among other things, it stipulates the following:

- ✓ The suspension of all travel and factory visits.
- ✓ Preventive quarantines for anyone with symptoms, anyone who has been in a place of risk or in proximity to people who may have been in contact with the virus.
- ✓ Specific measures governing travel to work and temperature checks before entering.
- ✓ Preventive measures with respect to workplace and personal hygiene, social distancing, the wearing of masks and the provision of materials (masks and hand sanitisers) at all workplaces.
- ✓ Specific measures for the various classes of contractors and suppliers who need access to Ence's places of work.
- ✓ Measures for testing health status before returning to work (coronavirus testing).
- ✓ Online training about the protocol.

- ✓ Promotion of the use of remote working arrangements such as video conference calls to facilitate social distancing; widespread use of walkie talkies with intercoms for field work to enable employee interaction without breaching the 2-metre distance rule.

Internal communication has been stepped up to ensure that the protocol and each update reach every corner of the organisation. To ensure stringent compliance, daily audits are carried out in each work centre, with all activities reviewed every three days at most.

Covid-19 testing drive

In April, Ence rolled out a test schedule availing of the most accurate techniques available for investigating symptomatic cases and tracing potential close contacts. That programme was subsequently broadened to take samples from all staff entering the factories with a view to detecting asymptomatic cases and preventing the potential spread of the virus. The programme began with a combined PCR and rapid antibody testing strategy. The ELISA antibody blood test was later incorporated and now the Company is using the newest rapid antigen tests. The test programme is governed by a protocol which sets the testing frequencies and best sampling techniques based on key pandemic indicators such as the accumulated case incidence numbers.

Protocol vis-a-vis outbreaks

During the gradual rollback of the lockdown measures, Ence devised its own protocol for addressing how to respond to fresh outbreaks based on the incidence and cluster figures reported regionally in Spain. That protocol set objective criteria for classifying the risk of any such outbreak and guidelines, including preventive quarantines for people living in areas affected by clusters and PCR and antibody testing for people potentially exposed to the virus. That protocol was complemented by the implementation of a team of internal track-and-tracers.

That protocol is currently on hold as the situation is no longer one of controlled outbreaks but rather community transmission.

Airborne transmission: use of masks and improved ventilation

Ence has required all of its staff to wear a mask at work since April. Given the difficulty in procuring masks at that time, it commissioned external workshops to make hygienic masks in accordance with the requirements and guidelines approved by the health authorities. Masks are currently widely available in the marketplace and Ence continues to require their widespread use. Employees are currently using certified, washable hygienic masks, surgical masks or FFP2-grade masks, depending on risk levels and the level of protection required.

Audits are carried out at every facility daily to verify compliance with this and other safety measures. Those audits are carried out not only by safety staff but also line managers.

In April experts began to signal the aerosols exhaled by asymptomatic carriers as a potential source of infection, which prompted Ence to take steps to boost ventilation. Specifically:

- The establishment of 15-minute long ventilation intervals every two hours.
- Improvements to the HVAC systems, entailing significant investments, to comply with the recommendations issued by the European federation of HVAC associations for preventing the spread of the coronavirus in workplaces.
- Installation of CO₂ monitoring devices and addition of guidelines to the various protocols for keeping air quality at stringent standards.

Covid-19 passport

Ence has developed and implemented software to enable each user entering an Ence facility and persons working in forestry activities or the supply chain to obtain a Covid-19 passport. To obtain the passport they must have passed the required Covid tests and fill in health questionnaires periodically. The application helps the Company's medical service with its effort to detect asymptomatic cases and trace contacts.

The passport is connected up to the access control system so that anyone who does not meet all of the required safety conditions is not allowed in.

Sensitivity analysis vis-a-vis adverse scenarios

Ence has worked on potential adverse scenarios against the backdrop of the pandemic and developed specific action plans across the various areas implicated to minimise their impact.

Nevertheless, given the lack of visibility into the situation and where it may be headed, it continues to actively analyse the various scenarios that could emerge whose impact has not yet been evaluated and would require additional measures to those already taken by Ence.

Measures taken to boost liquidity

In light of the uncertainty sparked by the global spread of Covid-19 and with the aim of maximising its liquidity, in 1Q20, the Company drew down a €70 million revolving credit facility due May 2023 during the first quarter. Following the disposals completed in December, the Company repaid that facility, leaving it once again fully undrawn at year-end. During the year, the Company arranged €95m of new financing facilities with maturity dates ranging until 2025.

In tandem, it reinforced its working capital management tools by making greater use of its factoring and reverse factoring lines and negotiated with certain suppliers the deferral of €63m of capital expenditure related payments to 2021.

Thanks to those measures, coupled with the disposals completed in December, the Company ended 2020 with unrestricted cash of €542m, up 139% from year-end 2019.

Covid-19 related costs

In 2020 the costs associated with COVID-19 amounted to €7.6m. Those costs include extra staff costs to implement the new safety and hygiene measures put in place and the provision of disinfectants, face masks, tests and equipment to facilitate working from home. The Company also invested €1.3m, essentially to improve the ventilation systems available across all of its facilities.

Intake of a new minority shareholder in the Renewable Energy business and sale of the solar thermal plant in Puertollano

On 18 December 2020, Ence closed the sale of a minority interest - of 49% - in its Renewable Energy business to the infrastructure fund, Ancala Partners, having first obtained shareholder approval at an EGM held for that purpose on 14 December 2020. Ence will retain control of the subsidiary, holding the remaining 51% of its equity.

At the transaction close date, the Company received an initial payment of €223m; collection of the earnout of up to €134m will depend on the Company's success developing its pipeline of biomass renewable power projects, on the price obtained in the auctions, on the cash distributed by the business during the next eight years and on its valuation at the end of that period.

Elsewhere, on 15 December 2020, Ence closed the sale of a 90% interest in its 50-MW solar thermal plant in Puertollano to Q-Energy for €82.5m. The collection of up to €4m of that sum is conditional upon future interventions related with the plant's electrical connection facilities. The net debt assumed by the buyer amounted to €74.8m at the transaction date.

Change in ratings at S&P

On 24 November 2020, S&P downgraded Ence's credit rating from BB to BB- on account of low prevailing pulp prices and dollar weakness against the euro. The ratings agency welcomed, however, the sale of a 49% interest in the Renewable Energy business and the sale of the solar thermal plant in Puertollano and changed its rating outlook from negative to stable, underpinned by the anticipated gradual recovery in pulp prices.

2020 Annual General Meeting

Ence held its Annual General Meeting remotely on 31 March 2020. It was attended by shareholders representing 57% of its share capital who ratified all of the agenda items. The motions were carried with over 88% of votes in favour on average. The items ratified included:

- Approval of the 2019 financial statements, management report and sustainability report.
- Approval of the Board of Directors' performance and proposed appropriation of profit for 2019.
- Reelection of Ignacio de Colmenares Brunet as executive director and reelection of Víctor Urrutia Vallejo as proprietary director.
- Approval of the director remuneration policy for 2020-2022.
- Reelection of the Company's auditor.

Change in ratings at Moody's

On 10 March 2020, Moody's lowered Ence's credit rating from Ba2 to Ba3 as a result of the downtrend in pulp prices and the uncertainty sparked by the coronavirus.

On the other hand, it changed its outlook from negative to stable, highlighting the growing contribution by the Renewable Energy business, the postponement of new investments and new liquidity measures.

EXHIBIT 1: MASTER SUSTAINABILITY PLAN

Sustainability is intrinsic to Ence's business activities as a leading player in the sustainable use of natural resources for the production of differentiated pulp and renewable energy. It is fully embedded within the Company's purpose and constitutes a strategic priority, as is evident in Ence's 2019-2023 Business Plan.

To articulate its sustainability strategy, Ence has defined a Sustainability Master Plan with the same time horizon as its Business Plan. It constitutes the roadmap for advancing towards excellence in sustainability and fostering the creation of shared value with its stakeholders. In 2020, the Company revised the Plan to include initiatives related with employee health, as well as a specific line of initiative related with climate action, so that it is now articulated around seven priority lines of action:

1. People and values

Ence's commitment to its people has guided its response to the Covid-19 crisis. As early as February it approved and implemented a specific, Group-wide protocol in response Covid-19, which establishes the measures and conduct to be observed to prevent transmission. Those measures included protocols designed to facilitate working from home. Throughout all of 2020 the Company continued to revise and fine-tune its general protocols, as well as the protocols addressing stoppages and restriction easing, to adapt them for the circumstances prevailing at all times.

In addition to responding swiftly to the pandemic, the Company's human capital management priorities remain focused on the provision of quality work; improvement of the workplace climate; stimulation, management and development of talent; promotion of training and learning; fostering of diversity; and creation of a sustainability culture within the organisation, among others.

In terms of the generation of quality work, note that as of year-end 2020, 88% of Ence employees had indefinite employment contracts and 98.5% were working full time.

The Workplace Climate Improvement Plan is a top priority, not only for the human resources team but for all of the professionals who work at Ence. Thanks to the efforts the Company has been making since embarking on this project, in 2020 the aggregate workplace climate score improved by over 13% from 2019, topping the sector average. For the first time, the Company secured Great Place to Work certification.

On the talent development front, Ence is striving to ensure that it attracts, develops and retains the professionals it needs to ensure that the Company boasts the human capital required to successfully execute its 2019-2023 Business Plan. In 2020 it focused on the reinforcement of internal promotions as the basis for the professional development of its employees, specifically raising the profile of all internal vacancies, promoting 48 professionals during the year in total.

As for training and learning, the overriding goal of Ence's professional training strategy is to encourage personal and professional development at all levels with a view to improving employee integration in the Company and commitment to the organisation's strategic goals. The aim is to give employees the skills they need to do their jobs, while fostering a culture of development, value creation and continuous improvement and preparing them to assume new responsibilities in the future.

Training is an important aspect of the Strategic Human Resources Plan, which contemplates the following corporate training initiatives in addition to each Operations Centre's specific training plans:

- ✓ Occupational Health and Safety Policy
- ✓ Sustainability
- ✓ Digital Transformation
- ✓ Environmental Awareness
- ✓ Regulatory Compliance
- ✓ Operations and Maintenance Services
- ✓ Development of Leadership Skills

In 2020, the Company imparted 17,743 hours of training, i.e., 15.2 hours per employee, adapting the formats for remote working arrangements and other safety protocols derived from the health crisis.

In terms of its effort to bring about effective equality and diversity, Ence remained strategically committed to hiring a higher percentage of women in 2020, lifting female representation to 9%. Moreover, 64% of executive and individual contract hires were female, a figure that rises to 71% in the case of graduate hires under the age of 30.

Under its Equality Plan, Ence offers the following measures which go beyond its obligations under prevailing labour legislation:

- ✓ Leaves for breast-feeding (with scope for accumulating leave to take full days off)
- ✓ Paid maternity leave
- ✓ The ability to structure maternity leave into a part-time arrangement
- ✓ The use of video-conferencing to reduce travel requirements
- ✓ The requirement to finish work meetings by 6pm
- ✓ At least one candidate in the final round of selection processes must be female
- ✓ Integration measures for foreign employees in the form of support and assistance with moves and the settling in of their families

In line with those commitments, the Group's remuneration policy is likewise designed to guarantee non-discrimination in pay, compensating employees competitively based on market criteria and a variable component based on objective job performance evaluation informed by equality and efficiency criteria. As a result, the gender pay gap at Ence was 0% in 2019.

Elsewhere, as part of the drive to create sustainability awareness, Ence has launched equality and sustainability related training programmes addressed at the entire organisation. More than 3,300 employees participated in the various online courses offered in 2020.

Ence works to build management-employee relations based on dialogue and joint responsibility, the idea being to foster a climate that is propitious to working towards efficiency and productivity gains. To that end it engages in open and continuous dialogue with its employees' various representatives at all of its places of work. In 2020, Ence regularly updated its safety protocol, met weekly to monitor Covid-19 developments, negotiated the De-escalation Protocol and signed a new collective bargaining agreement at Norfor.

2. Climate action

On the climate action front, Ence is working on two lines of initiative: (i) climate change mitigation by adapting its productive processes to minimise its carbon footprint; and (ii) climate change adaptation by taking action to make the Company more resilient.

In the mitigation area, it is worth highlighting the fact that Ence's Board of Directors has approved specific GHG reduction targets, which call for the reduction of specific scope 1 and 2 emissions in the Pulp segment by 25% by 2025 compared to the base year, defined as 2018. To deliver that target, Ence has devised emission-cutting plans based on continuous improvement and the substitution of fossil fuels at the biomills.

In the adaptation area, Ence is following the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) around the governance and management of climate-related risks and opportunities. Throughout 2020, Ence focused its efforts on the development of *ad-hoc* climate models which provide a tool for analysing the potential impacts of climate change on the Company's facilities and timber and biomass supply areas. To develop those models, Ence is using two IPCC climate scenarios: a more pessimistic scenario (RCP 8.5) and a scenario more closely aligned with current emissions (RCP 4.5). It is analysing the changes in the climate over three time horizons: the near future (until 2040), medium term (until 2070) and a more distant future (2100). Given that for Ence the impact of physical risks derived from climate change is more relevant than from regulatory risks, the scenarios in which the physical impacts are more pronounced have been selected for the analysis, instead of a scenario that contemplates a heating below 1.5°C.

3. Safe and eco-friendly operations

Ence is working to achieve zero workplace accidents. In parallel, it is striving to run exemplary business operations in environmental terms, by upholding the most stringent benchmark international standards, and earn the social licence to operate in its business communities.

In 2020, Ence's health and safety effort was dictated by the health crisis triggered by Covid-19.

Ence's pioneering response in its sector and in the Spanish manufacturing industry more generally set a precedent by anticipating the magnitude of the crisis, analysing all the deriving risks and implementing safety measures very early on, all of which prioritising the protection of all its professionals (Ence's and contractors' employees) and their families over and above everything else. Many sectors and companies have since taken their lead from Ence in setting their Covid-19 strategies.

As a result, several weeks before Covid-19 took a firm hold in Spain, the Ence Group already had a robust action plan for the prevention of transmission which encompassed preventative measures along several fronts: the organisation of work; workplace health and safety; training, information and communication; the provision of health resources and crisis management plans.

Some of the most noteworthy measures: the implementation of social distancing, hygiene and regular disinfection rules; the alignment of the organisation's HVAC systems with the recommendations issued by the European federation for HVAC associations for the prevention of coronavirus transmission in workplaces; the organisation of work for the various job categories; the drafting and updating of emergency protocols; access health controls; daily monitoring of Covid developments by the Management Committee; the development of robust screening and testing plans for all members of the Ence Family availing of all the latest methodologies (antibody, antigen, PCR and ELISA testing methods); and the audit of hotels for business travel and of food distribution firms for our workplaces.

To complement the general protection protocol, the Company has drafted a number of other specific protocols to address important aspects of managing the pandemic effectively, such as the protocol for the management of Covid-19 in the context of programmed maintenance stoppages; a protocol for the phasing-out of certain restrictions; a protocol for the management of new outbreaks; and a Covid-19 testing protocol.

In sum, Ence's decisive response to the crisis has enabled it not only to protect the health of its employees and contractors but also to continue its activities - deemed essential - to ensure the supply of hygiene and healthcare products and the generation of electricity for society.

On the safety front, the key accident performance indicators deteriorated in 2019, due largely to a higher number of accidents, particularly among subcontractors in the forestry area. The injury frequency rate was 4.13 in the Pulp business, 5.21 in Renewable Energy and 12.8 in Forestry.

There are two key reasons for that deterioration: (i) in the context of the Covid-19 pandemic, the ensuing health measures meant that Ence's managers spent less time supervising subcontractors on the ground; and (ii) the economic crisis induced by the pandemic, which drove unemployment higher in some sectors, prompted more workers with less forestry experience and know-how to seek out work in the forestry sector. Nevertheless, the Company's injury KPIs remain significantly below comparable benchmark indicators (Spanish manufacturing industry; the pulp and paper sector; and the Spanish chemical products industry).

Among the environmental milestones achieved in 2020, it is worth highlighting the reduction in water consumption per tonne of pulp produced at both biomills: a reduction of 6% in Pontevedra and of 11% in Navia.

As for odour emissions, Navia's monthly emissions, measured in minutes, improved by 46.4%, while in Pontevedra they improved by 45%.

On the circular economy front, it is worth noting that Company-wide, waste recycling and recovery levels exceeded 98%. The Navia biomill and the Enemansa and La Loma independent power plants joined the Pontevedra complex in obtaining AENOR's Zero Waste Company certificate, rendering both of the Company's biomills front-runners in their sector. Lastly, it is worth highlighting the fact that the Company has begun to sell the ash produced in the furnaces in the Huelva 46-MW and Huelva 50-MW plants as a by-product for the manufacture of fertilisers, thus joining the La Loma and Lucena power plants.

4. Rural and forest development

Ence works to ensure the sustainability and traceability of the raw materials it sources (timber and biomass) and create value for land owners, suppliers and other stakeholders in the agricultural and forestry sectors, generating positive knock-on effects on the area based on sustainable business models.

Indeed, Ence has cemented itself as a benchmark in sustainable forest management in Spain, applying internationally-recognised standards of excellence, such as the FSC® (license code FSC®-C099970) (Forest Stewardship Council®) and PEFC™ (Program for the Endorsement of Forest Certification) schemes to the forest assets it manages and encouraging their adoption by its supply chain. At year-end 2020, nearly 87% of its forest assets were certified under one or other of those standards and over 78% of the timber that entered its biomills during the year came with one or both certifications.

As for its effort to create value for forest owners and suppliers, the Company lends particular support to small firms: in the case of timber supplies, over 71% of the volume purchased came from small suppliers, while in the case of standing timber purchases, 78% of the volume purchased corresponded to small-scale owners. In 2020, the Company purchased almost €29 million worth of timber from nearly 1,400 forest owners.

As for biomass, Ence mobilised around 1.8 million tonnes, worth over €62 million, through its plants.

Ence also strives to contribute to development in the areas in which it operates. To that end it encourages the purchase of local timber; in 2020, all of the timber bought came from Galicia, Asturias, Cantabria and the Basque region. Local timber purchasing not only helps generate value in the vicinity of its business operations, it also reduces transport requirements, so lowering the Company's carbon footprint. All of the biomass procured by the Company is similarly sourced nearby (including from Portugal in the case of the plants in Huelva and Merida).

Ence's renewable energy activities make it an important player in the mobilisation of agricultural and forestry biomass in Spain. As a result, Ence not only contributes to minimising the environmental impacts of inappropriate management of agricultural and forestry waste, it actually creates value for the suppliers of these materials, while helping to invigorate the economy in the supply areas and stem the tide of rural depopulation.

As well as generating value for its biomass suppliers, Ence contributes to fostering more sustainable agricultural management. Against that backdrop, in 2020 Ence continued to make progress on the application of its 10-Point Declaration on the Sustainability of Biomass: delivery reached 66.8% in 2020, above the target set for the year of 65%. Application of that initiative is translating into gradual growth in the percentage of agricultural and industrial biomass consumed in recent years to reach 55.9% in 2020.

5. Sustainable products

Ence's strategic commitment to sustainable products crystallised in the launch of the Ence Advanced trademark in 2019. That development is the result of years of R&D and industrial and product development work. Under the umbrella of that platform, Ence is working to develop products with a lower carbon footprint as alternatives to hardwood pulp (which has a larger timber consumption requirement): adapted and special products and unbleached pulp for the manufacture of bags and packaging suitable for substituting materials such as plastic. One of Ence's sustainability targets for 2020 was to increase sales of its products with special sustainability attributes: last year, sales of those sustainable products accounted for 9% of overall pulp sales.

6. Community commitment

Ence remains committed to investing in its local communities. In 2019, it launched the third edition of its Pontevedra Community Plan, endowed with €3 million for social, environmental, sports and entrepreneurship projects, and initiatives aimed at addressing social exclusion. Ence has agreements with the town councils of Navia and San Juan del Puerto, endowed with €200,000, for the sponsorship and patronage of social and other community activities.

Ence has had to adapt the timeline for the execution of the Pontevedra Community Plan in response to the ongoing health crisis. The Company sought fit to grant the beneficiaries an extra three months (until 1 March

2021), the duration of the state of emergency in Spain, to present their project credentials. It has also been flexible about changes in the use of proceeds so long as so doing did not modify the ultimate purpose. In this manner it has strived to demonstrate, once again, its support for society and its empathy with the beneficiaries affected by the health crisis.

In addition to the above community investments, in 2020, Ence continued to execute specific relations plans for its communities in Huelva, Navia and Pontevedra, with the aim of educating local residents and other stakeholders about the Company's activities. Under the umbrella of those plans, it organised a total of 580 visits to the facilities in Navia, Pontevedra and Huelva, reconfiguring them as online visits after the onset of the pandemic. In parallel to those facility tours, Ence carried out numerous training, education and volunteering activities with the help of its employees.

Framed by its firm commitment to giving back to society, Ence is looking for ways to support its communities in the face of the difficulties caused by the pandemic. With that aim in mind, the Company has launched an initiative dubbed "ENCEmploys" for the hire of 16 young vocational training graduates, who will join the team at the Pontevedra biomill for one year. In parallel, Ence has rolled out other initiatives designed to help its community constituents during the health crisis. For example, the Company donated a 2,000-metre roll for the production of certified non-woven fabric to a group of women from Pontevedra for the production of face masks and 24 tonnes of sanitary products (toilet rolls and hand towels) to various hospitals. It also implemented corporate volunteering programmes for the acquisition of basic necessities by employees in all its workplaces for subsequent donation to the food banks. Ence is also working to help ensure the survival of small enterprises that have been affected by the crisis by acquiring over 30,000 face masks from Albino González, a small business in Pontevedra which has reinvented itself to survive the pandemic.

In the vicinity of its biomill in Navia, in line with the Company's community commitment in all its business markets, Ence, together with LC Paper, donated two truckloads of paper for sanitary and hygienic use produced by latter using pulp made at Ence's biomills. The paper was donated by the two companies to the public health service in Asturias in support of its effort to combat Covid-19.

In addition, in San Juan del Puerto, the closest town to Ence's energy complex in Huelva, the Company provided the town council with an upfront payment of €50,000 against the annual contributions made to the council by Ence in order to help with its Covid-19 efforts. As a result, some of the economic aid contemplated under the agreement with that authority was used to purchase protective equipment and other materials needed to safeguard the health of the town's residents, and hygienic equipment, machinery and products for boosting municipal disinfection and street cleaning resources.

Again in collaboration with LC Paper, Ence provided the town council of Puertollano with a truckload of health materials for distribution to a range of municipal entities. The companies' idea was to make a donation to the town council in order to supply necessary hygiene materials to municipal buildings used for sports, administrative and social purposes during the gradual reopening, so contributing to the town's recovery from the health crisis.

In addition to the activities designed to improve community relations, it is worth highlighting the knock-on effects and impact on socioeconomic development Ence's activities have in communities such as Asturias and Galicia. It is estimated that Ence's biomill in Navia generates more than 6,900 direct, indirect and induced jobs, of which more than 400 are at the facility itself. The Navia biomill also has a significant positive impact on local forestry, where it is responsible for an estimated 2,900 jobs, and on industries related with Ence's activities, such as timber harvesting, transportation and transformation. Ence's activities in Asturias also serve as a growth engine, creating wealth indirectly in other sectors such as the hospitality, food and independent retailing sectors.

Ence's biomill in Pontevedra is similarly an important source of job and wealth creation in the area. Over 5,100 families depend on the mill directly and indirectly, including 400 employees, around 2,700 contractor jobs in the industrial, logistics and transportation areas and over 2,100 jobs in the Galician forestry sector. In transport alone, the hundreds of trucks that enter the biomill daily paint a picture of the significance of the complex's activities for the local business landscape.

7. Corporate governance

On the corporate governance front, Ence boasts a comprehensive and effective system which incorporates prevailing regulatory requirements and recommendations with respect to best practices in the field. Ence continuously assesses its stakeholders' legitimate expectations, engaging openly with shareholders, investors and proxy advisors and responding transparently to requests for information from research analysts, rating agencies and ESG consultants.

Ence has been working hard on its board's gender diversity: female representation in its boardroom has increased from 7% in 2017 to 29% in 2020. It has also rolled out a training programme for directors designed to update their knowledge of matters of strategic importance to Ence.

In parallel, the Company has been focusing on gradually updating its corporate policies and reinforcing its transparency, expanding the information published about its governing bodies. In 2020, it approved the updated version of its Code of Conduct and Whistle-Blowing Channel Procedure and also approved the Anti-Corruption and Fraud Policy. It also approved the Purchasing Policy which stipulates the sustainability criteria Ence requires its suppliers to comply with. The appointment of a lead independent director has reinforced debate in the boardroom and helped channel proposals from the non-executive members of the board.

In sum, the objectives being pursued on the corporate governance front are aimed at upholding the interests of its shareholders and other stakeholders in the long term.

EXHIBIT 2: REMUNERATION PARAMETERS APPLICABLE TO THE GROUP'S POWER PLANTS

Facility	Type of facility	MW	Annual Remuneration for investment (Ri; €/MW) *	Type of fuel	Remuneration for operation 2020 (Ro; €/MWh)	Cap on sale hours under tariff per MW	Regulatory life (year of maturity)
Pontevedra	Biomass co-generation	34.6	-	Lignin	25.9	-	2032
			55,319	Agroforestry biomass	51.3	-	
Navia	Biomass co-generation	40.3	-	Lignin	24.8	-	2034
			230,425	Agroforestry biomass	50.3	7,500	
Huelva 41MW	Biomass generation	41.0	246,313	Agroforestry biomass	56.9	7,500	2025
Jaen 16MW	Biomass generation	16.0	261,058	Olive Pulp	35.3	7,500	2027
Ciudad Real 16MW	Biomass generation	16.0	261,059	Olive Pulp	36.3	7,500	2027
Cordoba 27MW	Biomass generation	14.3	229,620	Olive Pulp	38.3	7,500	2031
				Gas co-generation	12.8	-	
Ciudad Real 50MW	Solar thermal plant	50.0	440,037	-	35.0	2,016	2034
Huelva 50MW	Biomass generation	50.0	266,483	Agroforestry biomass	48.8	7,500	2037
Mérida 20MW	Biomass generation	20.0	293,608	Agroforestry biomass	47.8	7,500	2039
Huelva 46 MW	Biomass generation	46.0	-	Agroforestry biomass	44.5	7,500	2044
Ciudad Real 50 MW	Biomass generation	50.0	-	Agroforestry biomass	44.5	7,500	2044

* Original Ri: Does not include subsequent adjustments by regulatory collar, which Ence adjusts monthly on its revenue figure.

Power plants fuelled by renewable sources of energy, combined heat and power (CHP) systems or waste are regulated by Spanish Royal Decree 413/2014. These plants are remunerated via two concepts, one fixed and the other variable, in order to ensure a reasonable return:

1. The **remuneration for investment (€/MW)** parameter guarantees the recovery of the initial investment plus a return of 7.4% on the estimated cost of building a 'standard' plant. It takes the form of a sum per MW installed (gross), which in the case of Ence implies annual revenue of €41m in the Renewable Energy business (having excluded the solar thermal plant sold in December 2020) and €10m in the Pulp business.

Royal Decree-Law 17/2019 has established that 'reasonable return' at 7.4% for the regulatory period elapsing between 2020 and 2031 for all Ence plants entitled to its receipt. Note that the two new biomass plants commissioned in 2020 do not receive that remuneration for investment.

2. The **regulated sales price (€/MWh)** enables plant owners to cover all the costs of operating a 'standard' plant, including fuel costs. It is made up of the electricity market (pool) price, subject to the ceiling and floor set by the regulator, plus the remuneration for operation (Ro) earned by each plant.

The pool prices estimated by the regulator for the purpose of determining the 'Ro' complement are reviewed every three years. Any deviations between actual pool prices and the prices estimated by the regulator at the start of each period are compensated as a function of certain annual ceilings and floors (regulatory collar).

Below are the pool prices estimated by the regulator for 2020-2022, along with the corresponding ceilings and floors:

Eur / MWh	2020	2021	2022
LS2	63.1	60.5	56.6
LS1	58.8	56.3	52.7
Estimated pool price	54.4	52.1	48.8
LI1	50.1	48.0	44.9
LI2	45.7	43.8	41.0

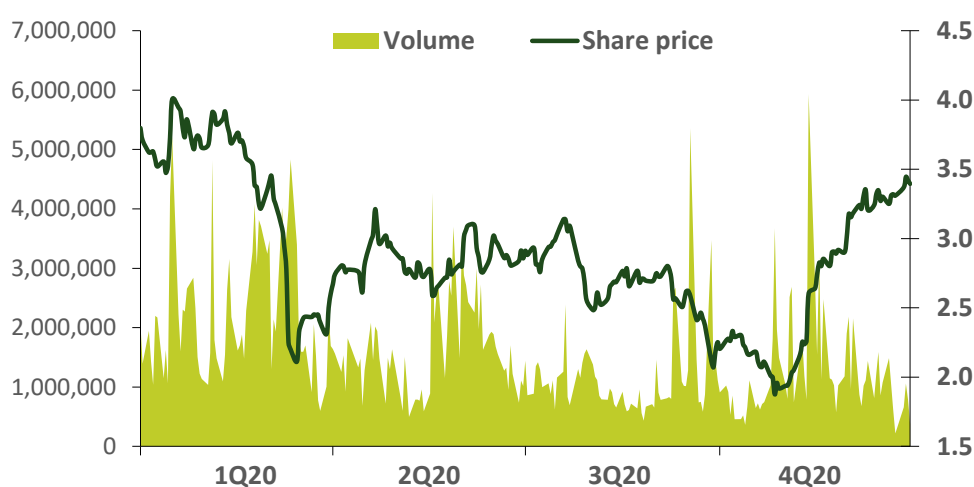
Sales volumes in MWh may not exceed the product of a facility's gross installed capacity (MW) and the annual cap on hourly output, which is 7,500 hours in the case of power generated using biomass and 2,016 hours for solar thermal electric power (there is no cap in the case of CHP). Output above this cap is sold at pool prices, with no entitlement to additional premiums.

3. Both the remuneration for investment and the regulated sale price are subject to a levy on the value of electric energy produced of 7%.

EXHIBIT 3: SHARE PRICE PERFORMANCE

Ence's share capital consists of 246,272,500 shares with a unit par value of €0.90. They are represented by book entries and all carry identical voting and dividend rights. The Company's shares have been traded on the Spanish stock exchanges and on the continuous market since it was privatised in 2001 and are part of the Ibex Medium Cap index.

Ence's share price ended the year at €3.40/share, down 7.5% from year-end 2019. Over the same timeframe, Company's peers' share prices corrected by 9.1% on average, affected by low pulp prices, as well as the impact of the global spread of Covid-19 and the restrictions taken by the various countries in response.



Source: Bloomberg

SHARES	1Q20	2Q20	3Q20	4Q20
Share price at the end of the period	2.50	2.91	2.19	3.40
Market capitalization at the end of the period	615.7	717.6	539.8	836.1
Ence quarterly evolution	(31.9%)	16.6%	(24.8%)	54.9%
Daily average volume (shares)	2,288,921	1,677,385	1,149,625	1,272,577
Peers quarterly evolution *	(25.3%)	3.3%	0.6%	32.2%

(*) Altri, Navigator, Suzano, CMPC and Canfor Pulp

On 5 March 2018, Ence issued €160m of convertible bonds due 5 March 2023. The bonds carry a fixed annual coupon of 1.25%, payable semi-annually, and are convertible into shares of the Company, at the option of the bondholders, at an initial conversion price of €7.5517 per share (adjusted on 1 July 2020). The convertible bonds are traded on the Frankfurt stock exchange.

CONVERTIBLE BOND	1Q20	2Q20	3Q20	4Q20
Bond price at the end of the period	80.50	88.76	86.83	94.49
Yield to worst at the end of the period*	8.979%	5.848%	7.270%	3.931%

*Yield to maturity

The following table shows the current credit ratings awarded to the Ence Group by Moody's and S&P:

	RATING	OUTLOOK	DATE
S&P	BB-	Stable	24/11/2020
Moody's	Ba3	Stable	10/03/2020

EXHIBIT 4: ALTERNATIVE PERFORMANCE MEASURES (APMs)

Ence presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, this report provides certain other complementary metrics that are not defined or specified in IFRS and are used by management to track the Company's performance. The alternative performance measures (APMs) used in this report are defined, reconciled and explained below:

CASH COST

The production cost per tonne of pulp produced, or cash cost, is the key measure used by management to measure its efficiency as a pulp maker. Cash costs are analysed in section 2.3 of this report.

Cash cost includes all of the expenses incurred to produce pulp: timber, conversion costs, corporate overhead, sales and marketing expenses and logistics costs. It excludes fixed-asset depreciation and forest depletion charges, impairment charges and gains/losses on non-current assets, finance costs/income, income tax and certain operating expenses which management deems to be non-recurring, such as *ad-hoc* consultancy projects, Ence's long-term remuneration plan, the termination benefits agreed with staff and the cost of certain benefits.

As a result, the difference between the average sales price and the cash cost applied to the total sales volume in tonnes yields a figure that is a very close proxy for the EBITDA generated by the Pulp business.

EBITDA

EBITDA is a measure used in the statements of profit or loss presented in this report, in sections 2.6, 3.3 and 4.1, and is a measure of operating profit before depreciation, amortisation and forest depletion charges, non-current asset impairment charges, gains or losses on non-current assets and one-off items of income and expense that are not part of the Company's ordinary operating activities and therefore undermine the comparability of the numbers.

EBITDA is an indicator used by management to track the Company's recurring profitability over time. This metric provides an initial approximation of the cash generated by the Company's ordinary operating activities, before interest and tax payments, and is a measure that is widely used in the capital markets to compare the earnings performances of different companies.

CASH FLOW ANALYSIS

The Cash Flow Analysis presented in sections 1, 2.7 and 3.4 of this report differs from the cash flow movements presented in the statement of cash flows included in section 4.3 and also presented in the annual financial statements.

The difference stems from the fact that the former analyses the movements in Free Cash Flow starting from EBITDA, whereas the Cash Flow Statement presents the movements in the Group's cash and cash equivalents starting from profit before tax, using the indirect method.

As a result, the headings, 'Other receipts/(payments)' and 'Expenses/(income) with no impact on cash' do not coincide exactly with 'Consolidated profit/(loss) for the period - Adjustments' and 'Other receipts/(payments)', albeit in both instances arriving at net cash from operating activities.

NORMALISED FREE CASH FLOW

Ence reports normalised free cash flow within the cash flow analysis provided for each of its two business units in sections 1, 2.7 and 3.4 of this report. Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capital expenditure, net interest payments and income tax payments.

Normalised free cash flow provides a proxy for the cash generated by the Company's operating activities before collection of proceeds from asset sales; this cash represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

MAINTENANCE, EFFICIENCY, GROWTH AND SUSTAINABILITY CAPEX

Ence provides the breakdown of its capex-related cash outflows for each of its business units in sections 1, 2.7 and 3.4, distinguishing between maintenance, efficiency, growth and sustainability capex.

Maintenance capex are recurring investments designed to maintain the capacity and productivity of the Company's assets. Efficiency and growth capex, meanwhile, are investments designed to increase those assets' capacity and productivity. Lastly, sustainability capex covers investments made to enhance quality standards, occupational health and safety and environmental performance and to prevent contamination.

Ence's 2019-2023 Business Plan includes a schedule of the amounts it expects to invest annually in efficiency, growth and sustainability in order to attain the strategic targets set. The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published Business Plan.

FREE CASH FLOW

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities in sections 2.7, 3.4 and 4.3 of this report.

Free cash flow provides information about the cash generated by the Group's operating activities that is left over after its investing activities for the remuneration of shareholders and repayment of debt.

NET DEBT

The borrowings recognised on the balance sheet, as detailed in section 4.2 of this report, include bonds and other marketable securities, bank borrowings and other financial liabilities. They do not include, however, the measurement of derivatives or borrowings from Group companies and associates.

Net debt is calculated as the difference between current and non-current borrowings on the liability side of the balance sheet and the sum of cash and cash equivalents and other financial investments within current assets, as outlined in sections 2.8 and 3.5 of this report.

Net debt provides a proxy for the Company's indebtedness and is a metric that is widely used in the capital markets to compare the financial position of different companies.

DISCLAIMER

The information contained in this report was prepared by Ence and includes forward-looking statements.

Any statements made in this report other than those based on historical information, including, merely for illustrative purposes, those referring to Ence's financial situation, business strategy, planned capital expenditure, management plans and objectives related to future operations, as well as statements including words such as "anticipate", "believe", "estimate", "consider", "expect" and other similar expressions, constitute forward-looking statements that reflect the current outlook of Ence or its management team with respect to future events and involve known and unknown risks and uncertainties. As a result, the actual situation and results of Ence and its sector could differ substantially from those depicted expressly or implicitly in these forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding Ence's current and future business strategy and the environment it expects to encounter in the future. A series of material factors could cause Ence's situation and results to differ materially from those reflected in these forward-looking statements, including fluctuations in pulp and/or timber prices, business seasonality, exchange rate fluctuations, financial risks, strikes or other action taken by Ence's employees, the competitive landscape, environmental risks and any of the other factors detailed in this document. The forward-looking statements are made only as of the date of this presentation. Ence disclaims any obligation or undertaking to update or revise these statements, whether as a result of any change in Ence's expectations or the conditions or circumstances underlying these statements, or any other information or data contained in this presentation.

The information contained in this document has not been verified by independent experts. Accordingly, Ence does not make any representation or warranty, express or implied, as to the impartiality, reliability, completeness or accuracy of the information, opinions or conclusions in this presentation.

This document does not constitute an offer or a recommendation to buy or subscribe for shares, in keeping with the terms of Spanish Royal Decree 4/2015 (of 23 October 2015), enacting the consolidated text of Spain's Securities Market Act and implementing regulations. Nor does it constitute an offer to buy, sell or exchange or a solicitation of an offer to buy, sell or exchange any securities or the solicitation of any vote or approval in any jurisdiction.

The use by ENCE ENERGIA Y CELULOSA, S.A. of any MSCI ESG RESEARCH LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ENCE ENERGIA Y CELULOSA, S.A by MSCI. MSCI Services and data are the property of MSCI or its information providers, and are provided "as-is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI.



Earnings Report 4Q20

