ENCE ENERGÍA & CELULOSA

1Q23 Results

9 May 2023

SUSTAINALYTICS Global ESG score: 91/100

MSCI ESG RATINGS A

FTSE4Good

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Today's presenters

Ignacio de Colmenares

Chairman & CEO
Ence Energía y Celulosa

Alfredo Avello

CFO and Chief Forestry Officer
Ence Energía y Celulosa

Ideally positioned for future shareholder value creation

…delivered strong 1Q23 results…

...has multiple future growth & diversification initiatives

…to deliver consistent future cash & income for investors

…is leading the industry in Sustainability

1Q23 Highlights

1Q23 Financial Highlights

- Group Revenue of €296m (up 26% y/y) and Group EBITDA of €89m (up 91% y/y)
- PV project sales in Q123 boosted our Renewables EBITDA by €23m
- The difference between regulated and market energy prices generated cash collection rights amounting to €40m in 1Q23
- FCF of €(99)m driven by a one-off €137m working capital normalization, as anticipated
- Net debt/EBITDA 0.4x end March 2023 offers flexibility to seize multiple future growth opportunities
- Final FY22 dividend of €0.29/share (€70m) approved at recent AGM
- We remain leaders in sustainability

2023 Outlook

- 2023 Pulp production expected to normalize close to 1 million tons
- Industry specialists forecast average pulp price of US$1,060/t in FY2023
- Cash cost expected to improve by 135 €/t over 2H23 vs. 1Q23 down to below €500/t
- Regulated energy prices €207/MWh in 1H23 and 144 €/MWh in 2H23
- The difference between regulated and current market energy prices generates cash collection rights that will be mostly cashed in 2024
- PV projects sale to boost Renewables EBITDA by over €50m in 2023-24 (including €23m in 1Q23)

Growth & Diversification Initiatives Update

- “Navia Excelente” investment plan on track to deliver a ROCE >12%
- R&D for plastic substitution
- As Pontes project to continue growing and diversifying without increasing the consumption of wood
- 15 biogas projects currently under development targeting a ROCE>12%
- Growing opportunities to replace gas industrial heating with biomass
- New opportunities to monetize carbon credits in the CO_2 markets
- Unique competitive advantage: over 95% of our wood locally sourced

Agenda

1. 1Q23 Financial Highlights
2. 2023 Outlook
3. Growth & Diversification Initiatives Update
4. Q&A

1. 1Q23 Financial Highlights

1Q23 Financial Highlights

EBITDA x2 y/y

1 26% Group revenue growth and 91% **EBITDA growth y/y to €89m**

2 Group LTM **ROCE[1] rose to 18%**

3 The difference between regulated and market energy prices generated **cash collection rights amounting to €40m in 1Q23 that will be mostly cashed along 2024**

4 New bilateral loans for a combined amount of **€145 Mn**, with a cash balance of €350 Mn

5 **0.4x Net debt / EBITDA ratio** offers flexibility to seize multiple growth opportunities

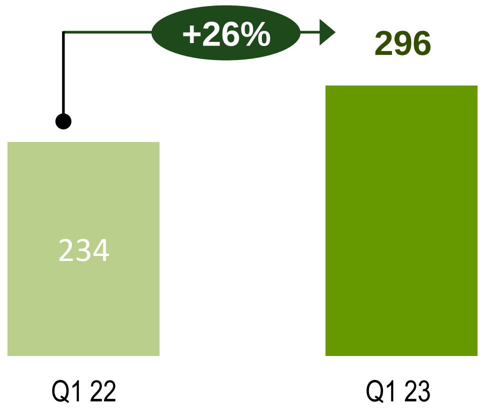
6 **Final dividend of €0.29** per share (€70m) to be paid on 18 May

[1] ROCE = EBIT / Equity + Net Debt (including leases)

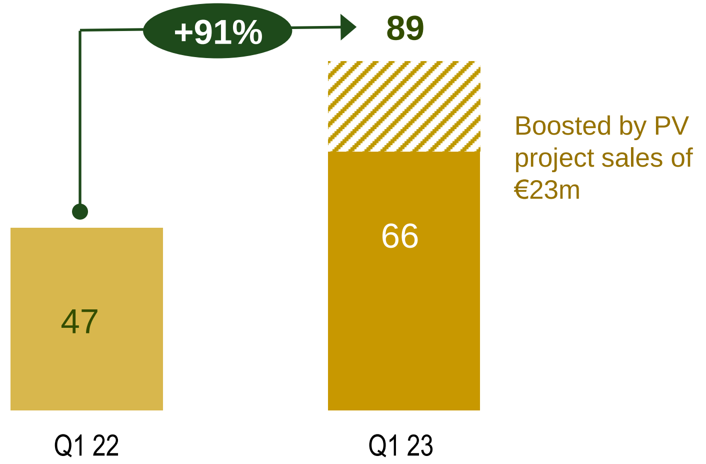
Strong growth in 1Q23

Driven by pulp and energy prices, pulp production normalization and the first PV project sale

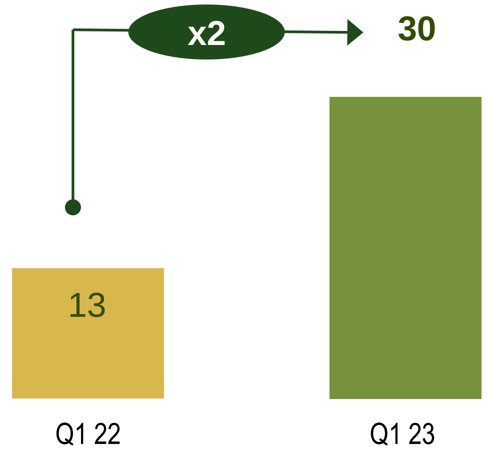
Group Revenues (€ m)



Group EBITDA (€ m)



Attributable Net Income (€ m)



Group Revenues +26% up to €296m

Group EBITDA +91% up to €89m

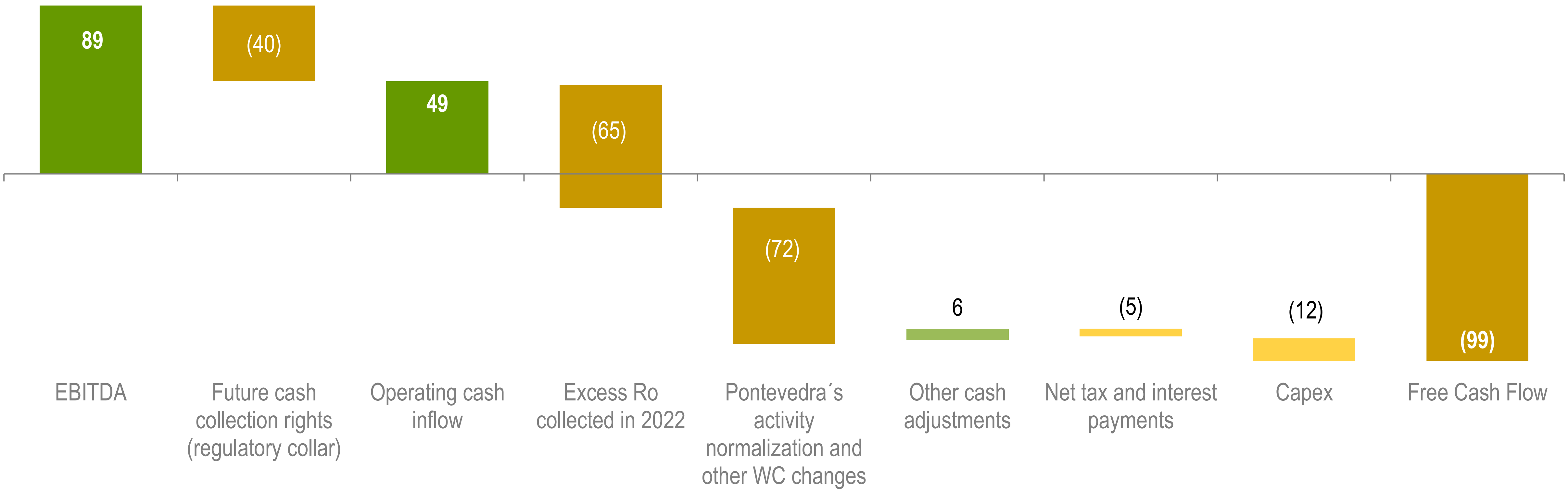
Group attributable net income x2 up to €30m

- **+16% GROSS pulp price in Europe** vs. 1Q22 offset the accumulated inflation in raw material prices.
- **+27% pulp production** vs. 1Q22 driven by Pontevedra´s pulp production normalization and annual maintenance shutdowns in 1Q22
- **Regulated energy price of 207 €/Mwh in 1H23** generated cash collection rights amounting to €40m in 1Q23 which will be mostly cashed in 2024
- **First PV project sale** contributed with €23 Mn to 1Q23

Working Capital normalization in 1Q23

Following Pontevedra´s restart and the return of excess Ro collected in 2022

Short Cash Flow Statement 1Q23
(€m)

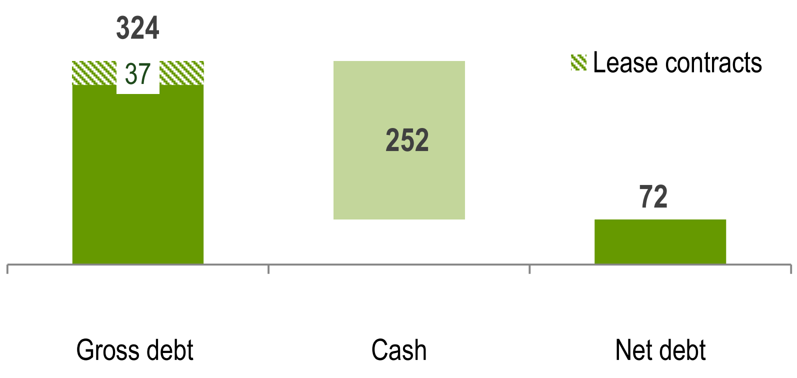


€137m working capital outflow includes the impact of renewed activity at **Pontevedra** and the **return of €65m from the excess remuneration** collected following the adjustment of the regulation applicable to renewables in 2022

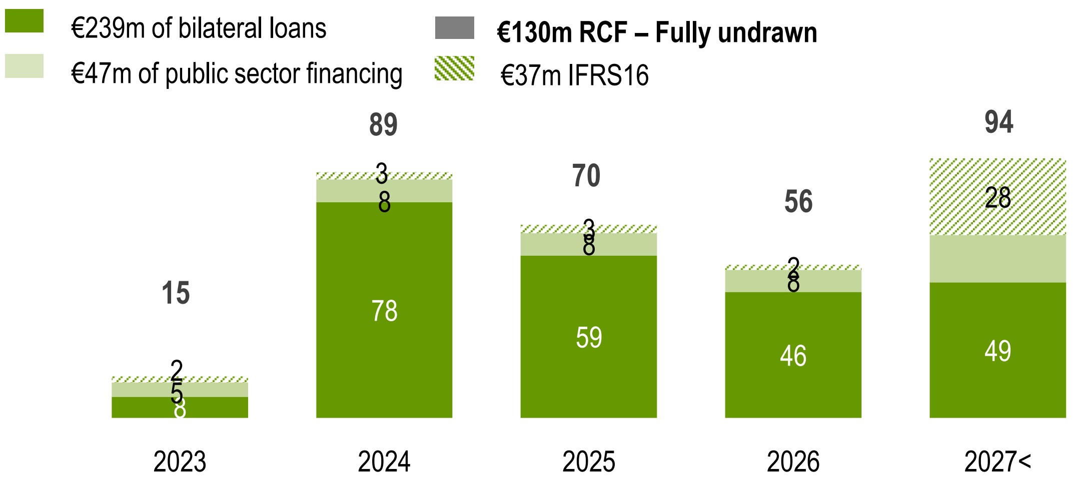
Net debt / EBITDA ratio of 0.4x offers flexibility to seize growth opportunities

€63m convertible bond amortization and €145m of new bilateral loans in the Pulp business

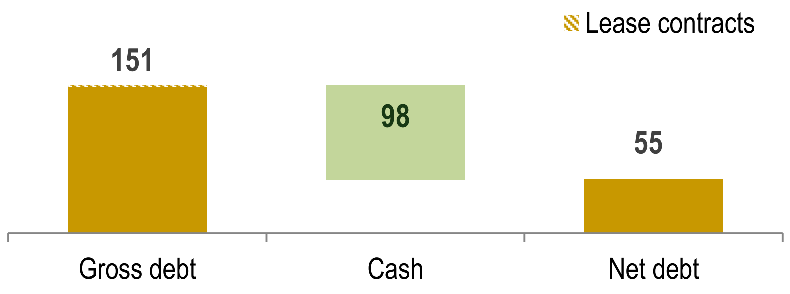
Pulp business net debt as of 31 Mar. 2023 (€ m)



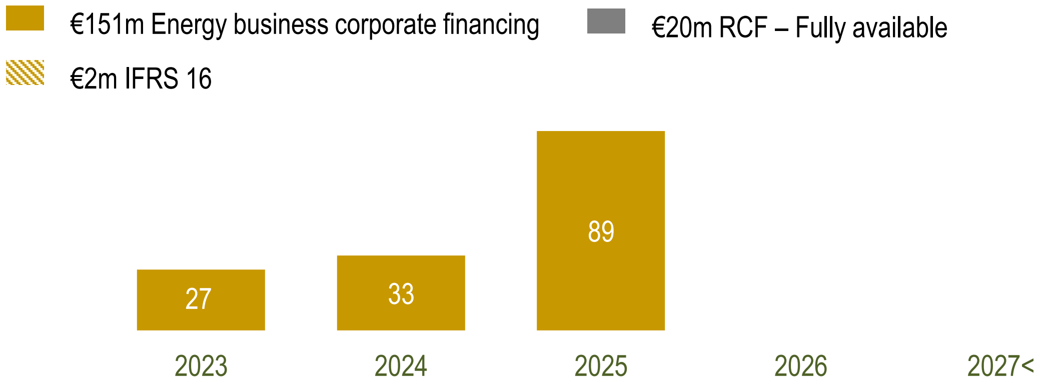
Pulp business debt maturity schedule (€ m)



Renewables business net debt as of 31 Mar. 2023 (€ m)



Renewables business debt maturity schedule (€ m)



A Final FY22 dividend of €70m will be paid on 18 May 2023

Based on strong FCF generation and low leverage

Dividend policy

Amount based on cash available for distribution

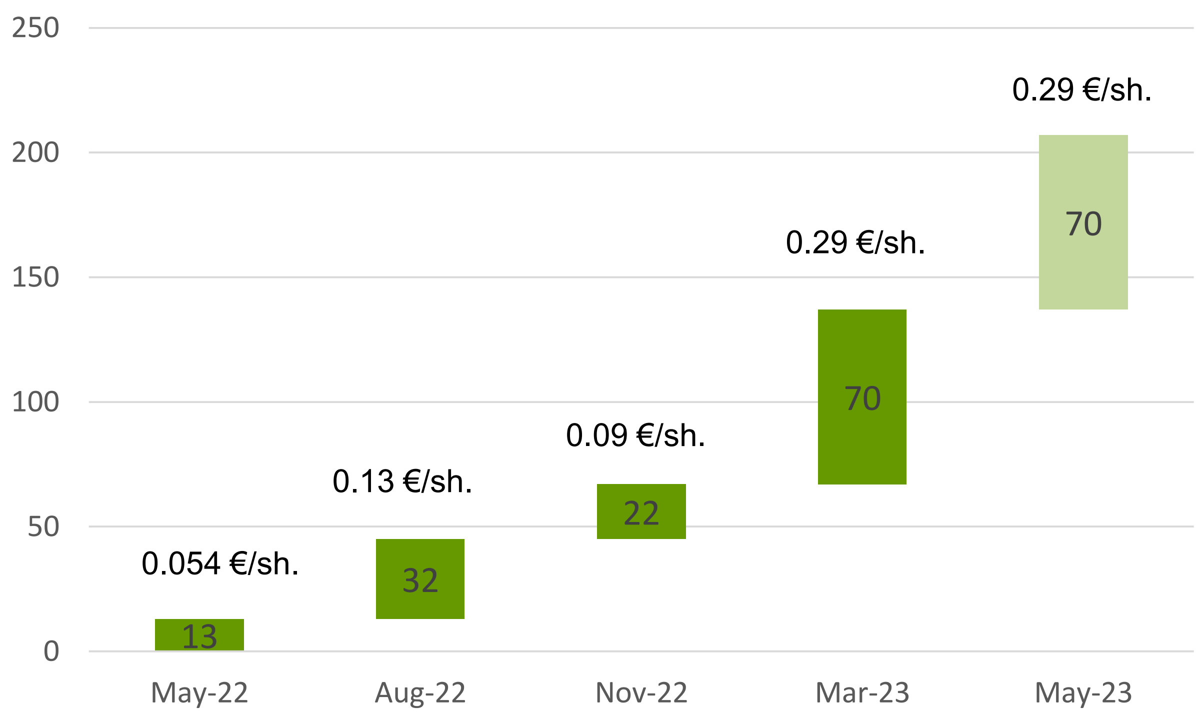
Ensuring a **leverage** below:

2.5 x Net Debt / EBITDA for the **Pulp** business, at average cycle prices

5.0 x Net Debt / EBITDA for the **Energy** business, at average cycle prices

Considering capex plans and commitments

Dividend payment against FY2022 results (€m)



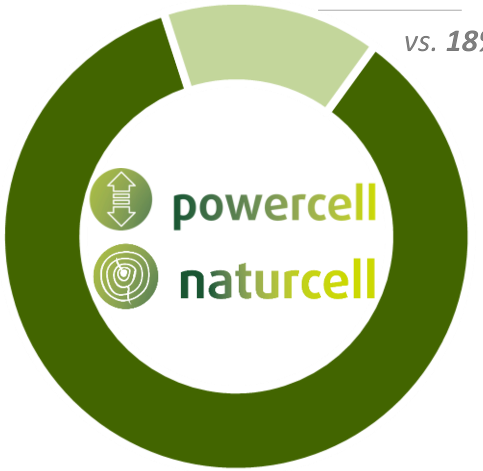
1a. Pulp Business

Differentiated & higher value-added products accounted for 15% of sales

217,000 tons Pulp sold in 1Q23

Differentiated products
% of pulp sales

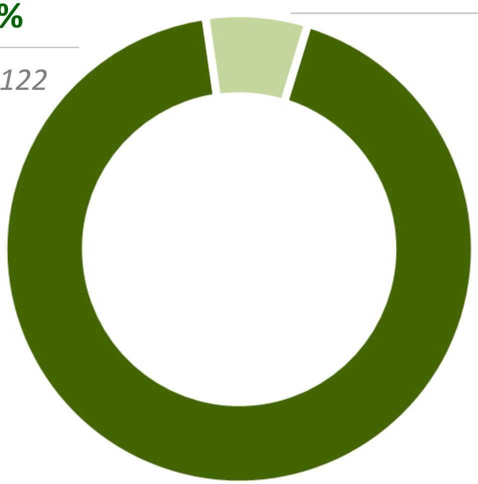
15%
*vs. **18%** in Q122*



Geographical sales breakdown
% of pulp sales

Europe **93%**
*vs. **97%** in Q122*

7% Other



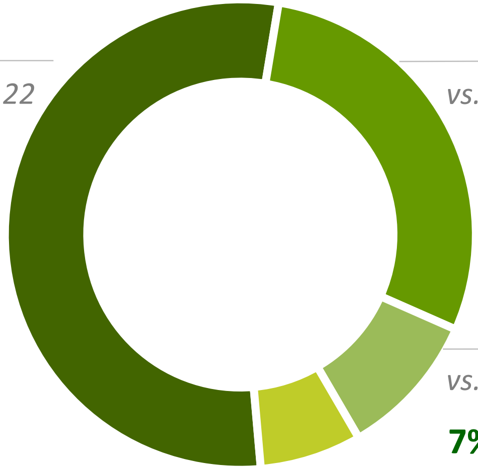
Breakdown by end product
% of pulp sales

Tissue **54%**
*vs. **48%** in Q122*

29% Specialty papers
*vs. **31%** in Q122*

10% P&W
*vs. **17%** in Q122*

7% Packaging
*vs. **4%** in Q122*



Differentiated products accounted for 15% of pulp sales in 1Q23 vs. 18% in 1Q22 due to **temporary narrowing of the price spread vs. softwood**

These higher value-added products **allow higher margins**. They are more environmentally friendly and are well suited to replace softwood pulp

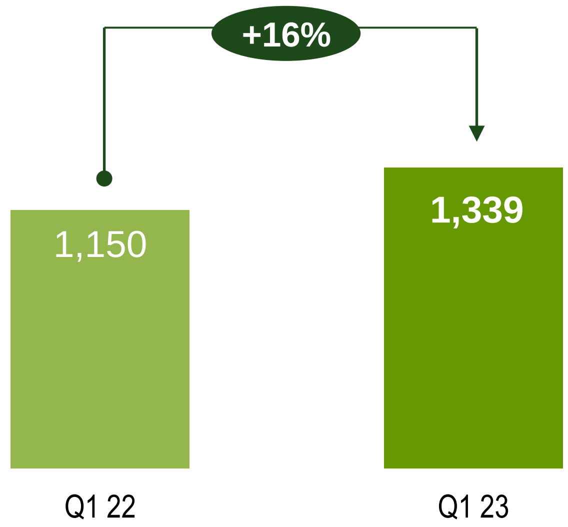
93% of ENCE´s pulp is sold to Iberian and European markets, where we have strong logistic and service-related competitive advantages.

54% of ENCE´s pulp sales are in the fast-growing tissue and hygiene products segment

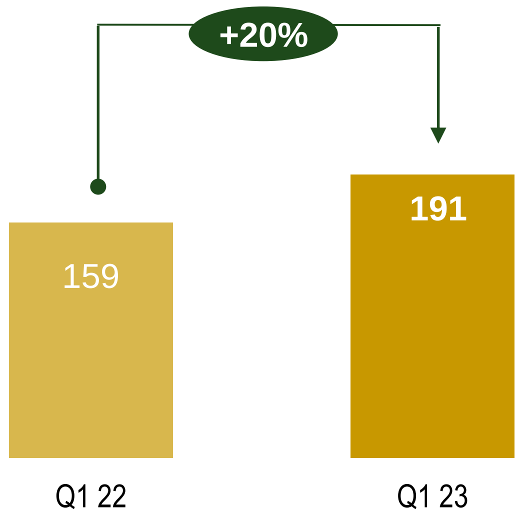
Pulp business boosted by Pontevedra´s normalization and prices

Higher pulp prices offset raw material cost inflation

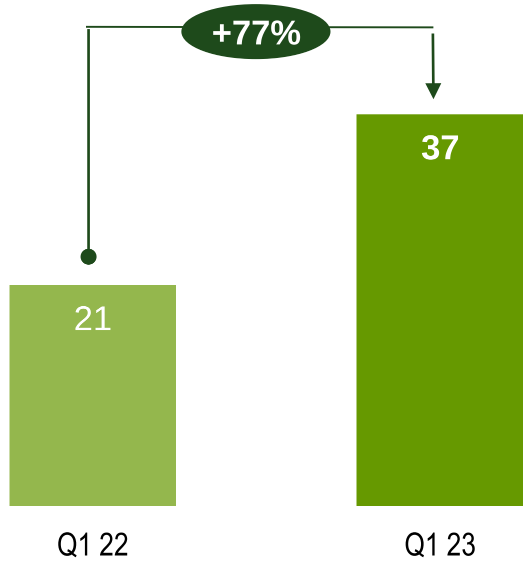
Avg. Europe Pulp price
(US$/t)



Pulp Sales
(€m)



Pulp EBITDA
(€m)



16% higher average pulp price in Europe in 1Q23 offset raw material cost inflation

9% higher pulp volume sold in 1Q23 due to Pontevedra´s activity normalization and maintenance shutdowns in 1Q22

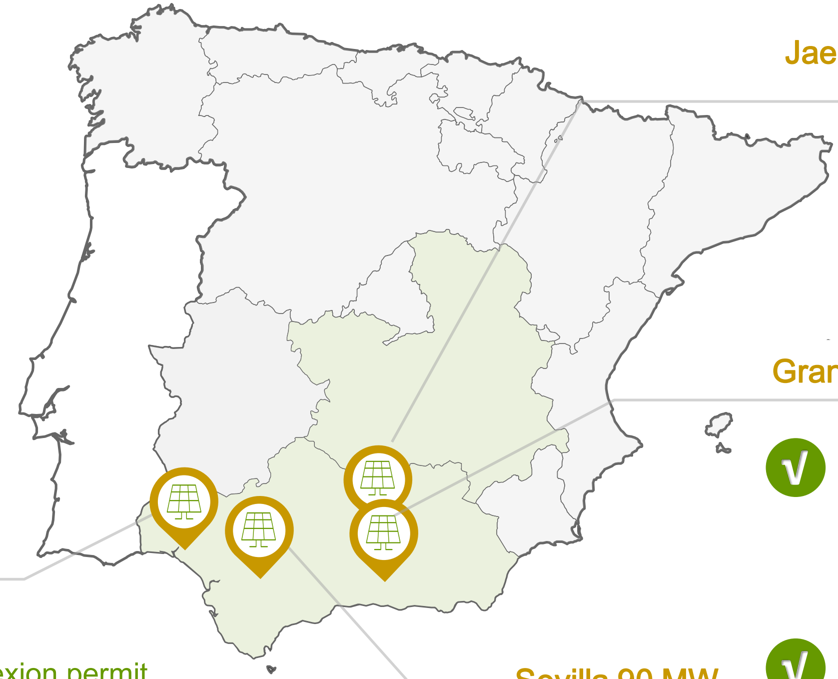
The difference between the regulated and market energy prices generated €12m of cash collection rights in 1Q23, which will be partially cashed in 2024

1b. Renewables Business

Contribution of €23m to EBITDA from the first PV project sale in 1Q23

Another €27m EBITDA expected from the remaining PV project sales in 2023-24

Portfolio location



TRANSACTION CLOSED

Jaen 100 MW

Granada 133 MW

- Land
- Grid connexion permit
- Engineering

Huelva 40 MW

- Land
- Grid connexion permit
- Engineering
- Environmental permit

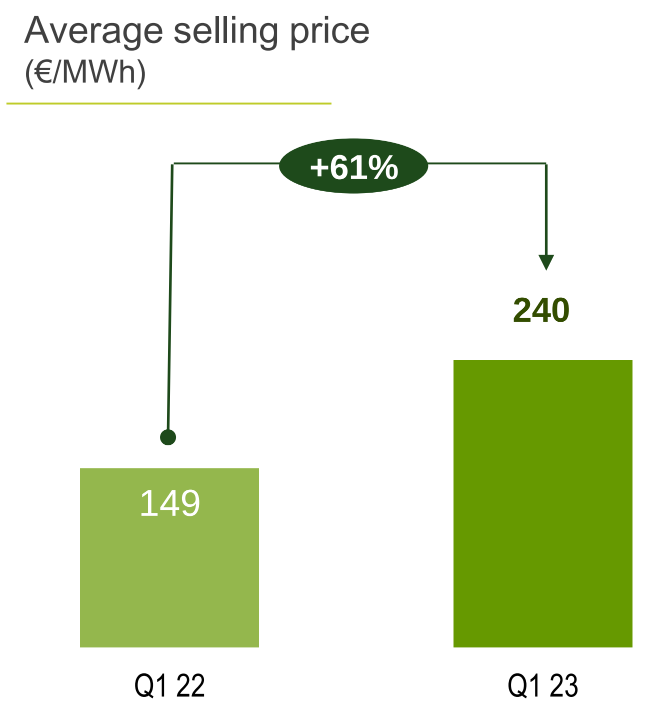
Sevilla 90 MW

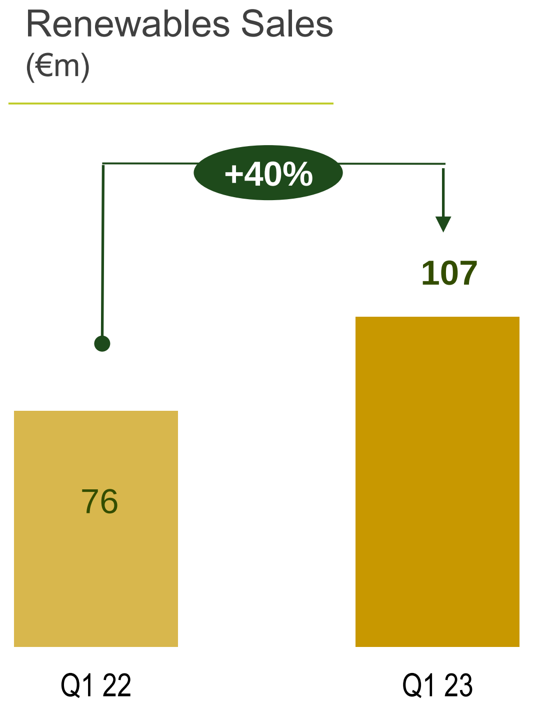
- Land
- Grid connexion permit
- Engineering
- Environmental permit

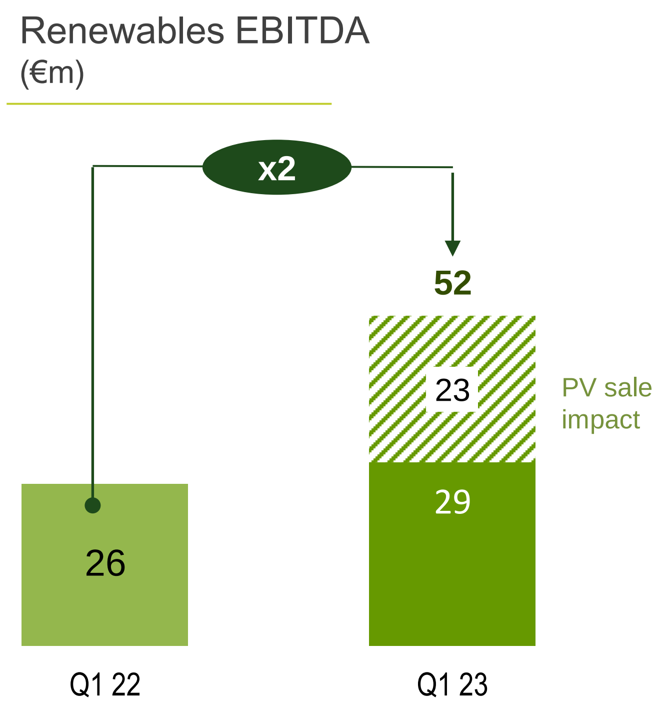
In Dec. 2021 Magnon agreed to sell its PV pipeline to Naturgy as it reached its RTB status in 2023 – 2024

Renewable business also boosted by a higher regulated energy price

Regulated energy price at 207 €/MWh in 1H23







Higher regulated energy price of 207€/MWh in 1H23

The difference between the regulated and market energy prices generated €28m of cash collection rights in 1Q23, which will be fully cashed in 2024

Sustainability industry leader

1Q23 Highlights

SUSTAINALYTICS
Global ESG score: 91/100

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Production cost reduction

Safe & efficient operations

Protecting Health and Safety

- ✓ **6 months without sick leave accidents** in the energy plants and biomass supply chain

Water footprint reduction

- ✓ **Water use reduction in both biofactories** (-5% in Navia vs. 2022 and -10% in Pontevedra vs. 2022) and energy plants* (-13%)

Advancing towards a circular economy

- ✓ **>98%** of waste recovered (2022)
- ✓ **100% plants ZERO WASTE certified**

Odour reduction (vs 2022)

- ✓ **-41%** odour minutes in Navia and **-16%** in Pontevedra

*Huelva, Mérida, Jaén y Puertollano

Leadership and differentiation

Climate action

Committed to mitigate climate change

- ✓ **-10% total GHG emissions** (2022 vs. 2021)
- ✓ Ongoing climate risk analysis following **TCFD Recommendations**

Sustainable products

Differentiated products with higher added value

- ✓ **15% of total sales.** Products with higher and growing margins
- ✓ **1st Pulp EPD* published**: Encell TCF and Naturcell
- ✓ **1st Carbon neutral product** (Naturcell Zero)

*EPD: Environmental Product Declaration

License to operate

People & Values

Talent as a competitive advantage

- ✓ **Great Place to Work** certification for the third year in a row
- ✓ Quality jobs: **94% permanent contracts**
- ✓ **+4,7% female employees** vs 2022
- ✓ **43% of new hires** in 1Q23 were women

Commitment to communities

Adding value to society:

- ✓ **Launch of the Ence Pontevedra 2023 Social Plan,** endowed with 3 million euros
- ✓ **23 sponsorship actions** in Q1

Risk minimisation

Sustainable agroforestry

Certified supply chain

- ✓ **>83%** of managed land certified
- ✓ **>71%** of supplied wood certified
- ✓ **>98%** wood & biomass suppliers homologated
- ✓ **100% plants SURE System certified** (Sustainable biomass)

Corporate governance

- ✓ **60% independent female directors** on Committees (Audit, Nomination and Remuneration and Sustainability)
- ✓ **Publication of Annual Reports :** Corporate Governance Report, Directors Remunerations Report, and Non-Financial Information Report

2. 2023 Outlook

2023 outlook

1 Pulp production expected to normalize close to 1 million tons

2 Industry specialists forecast average pulp prices of US$1,060/t in 2023

3 Cash cost expected to improve by 135€/t during 2H23 vs. 1Q23 to below €500/t

4 Regulated energy price 207 €/MWh in 1H23 and 144 €/MWh in 2H23

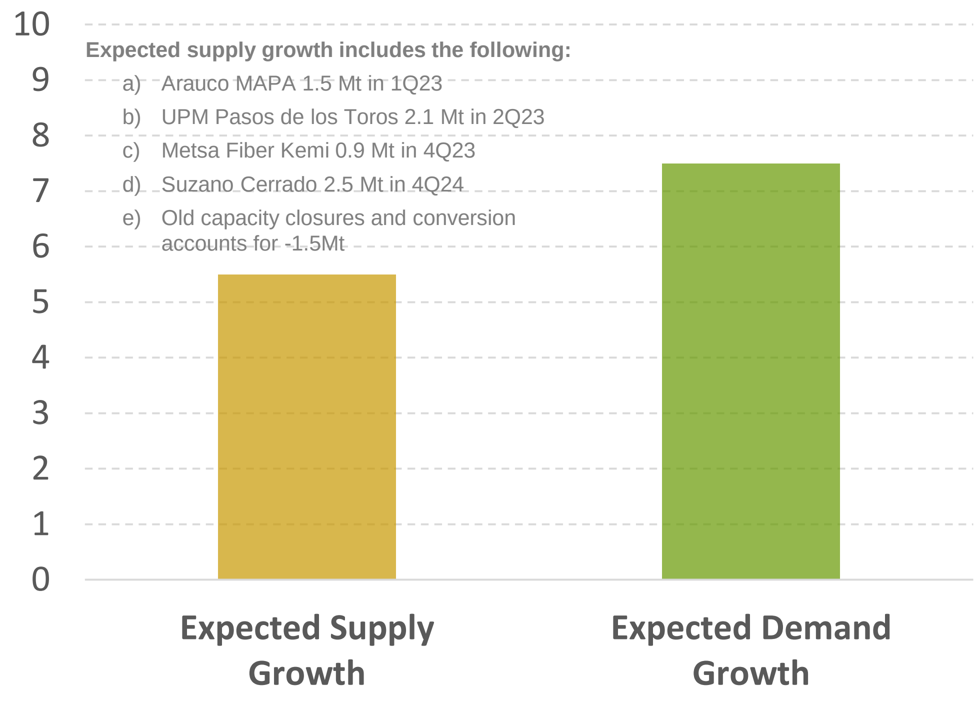
5 The difference between the regulated and market energy prices in 2023 generates future cash collection rights which will be mostly cashed along 2024

6 PV projects sale to boost Renewables EBITDA by an estimated €50m in 2023-24 (including €23m in 1Q23)

We expect pulp demand to outgrow supply over 2023-27

Prices expected to normalize along 2023 and 2024 before rising materially again as from 2025

Market Pulp Expected Supply and Demand Growth over 2023 - 2027
(Mn tons)



Main market pulp demand growth drivers

- ✓ China reopening and the displacement of its integrated pulp capacity at current net price levels, should incentivize strong market pulp demand growth in 2023-24
- ✓ Growing paper segments (tissue, packaging and specialties) now account for over 80% of market pulp demand
- ✓ Boosted by structural growth trends such as urban population growth, increasing living standards in emerging markets and e-commerce
- ✓ Plastic and synthetic fiber substitution to accelerate pulp demand growth in the coming years
- ✓ Lower recycled fiber availability due to declining P&W paper consumption to increase virgin fiber demand

Wood availability to limit further pulp capacity additions (market or integrated)

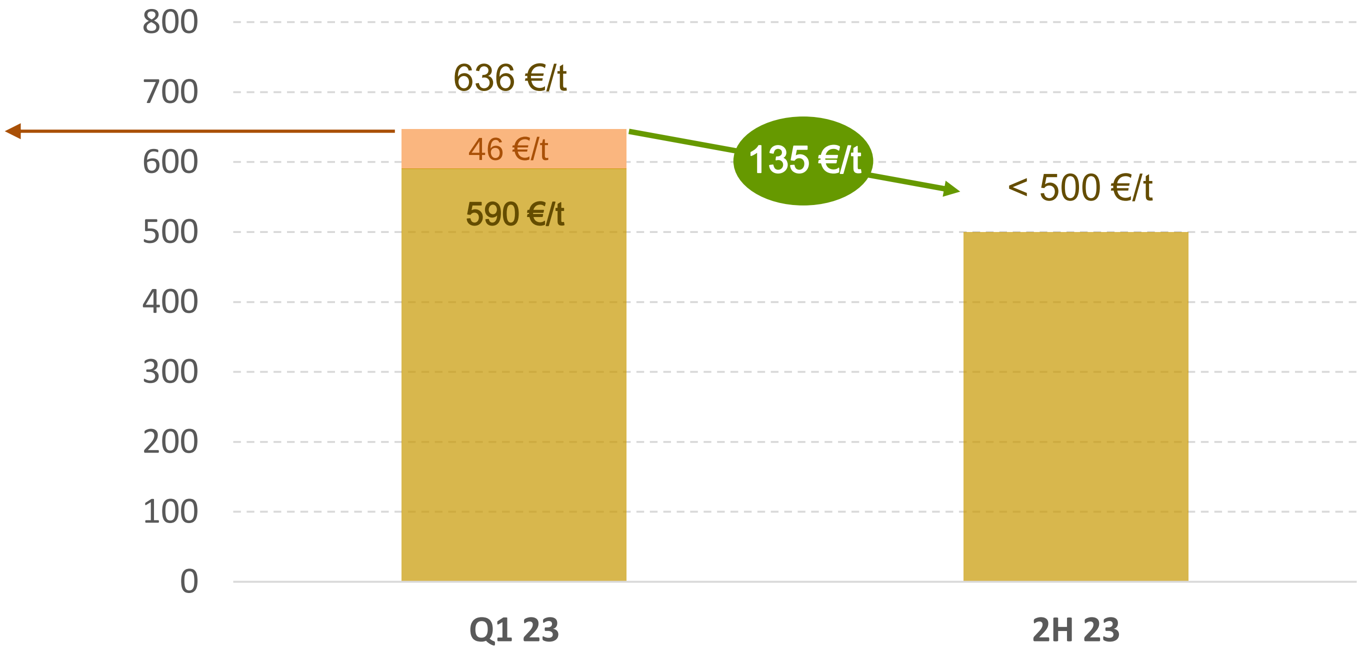
Despite short term destocking in the paper industry, **we expect pulp demand to outgrow supply over 2023-2027**

Cash cost expected to improve by 135 €/t during 2H23 vs. 1Q23 to <€500/t

Raw material costs have started to moderate

Cash cost (€/t)

- Pontevedra´s **extra-costs associated with the new water recovery solution** together with **repair works** in its energy turbine had an estimated impact of 46 €/t on 1Q23 cash cost



Cash cost expected to improve by 135 €/t during 2H23 vs. 1Q23 down to bellow 500 €/t mainly driven lower energy, wood and chemicals costs

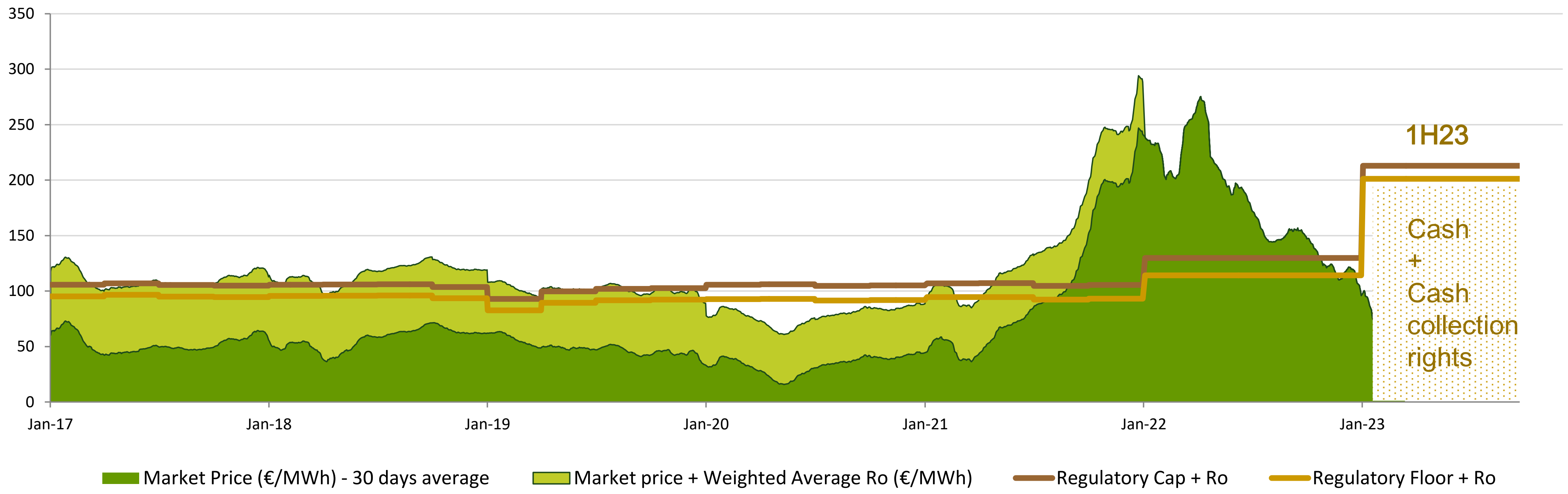
Pontevedra´s water recovery solution and repair works in its energy turbine implied an extra cost of 46 €/t in 1Q23

Biomass regulation ensures a minimum return of 7.4%[1]

Biomass plants sell their output at a regulated price

Regulated price (€/MWh)

Regulatory price + Return on the operations (Ro)



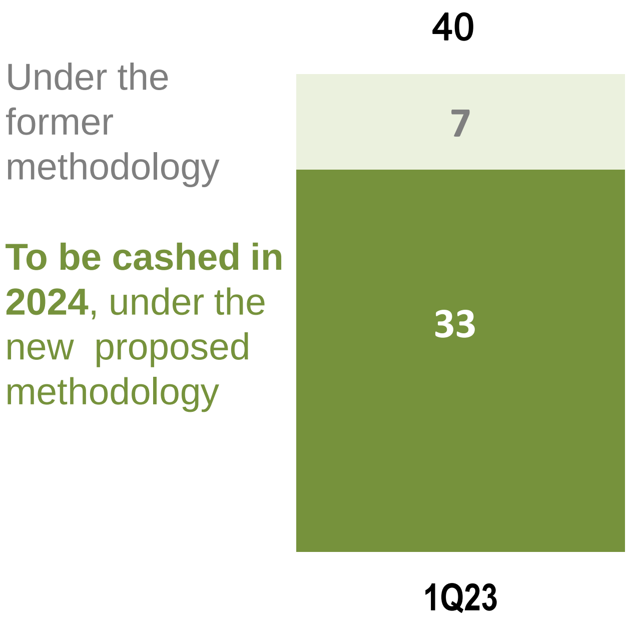
The difference between the regulated and market energy prices in 1H23 generates cash collection rights which will be mostly cashed in 2024

[1]Return was set at 7.4% until 2031 via Spanish Royal Decree 17/2019

New methodology proposed for the regulatory collar calculation

The regulatory collar generated under the new methodology in 2023 will be cashed in 2024

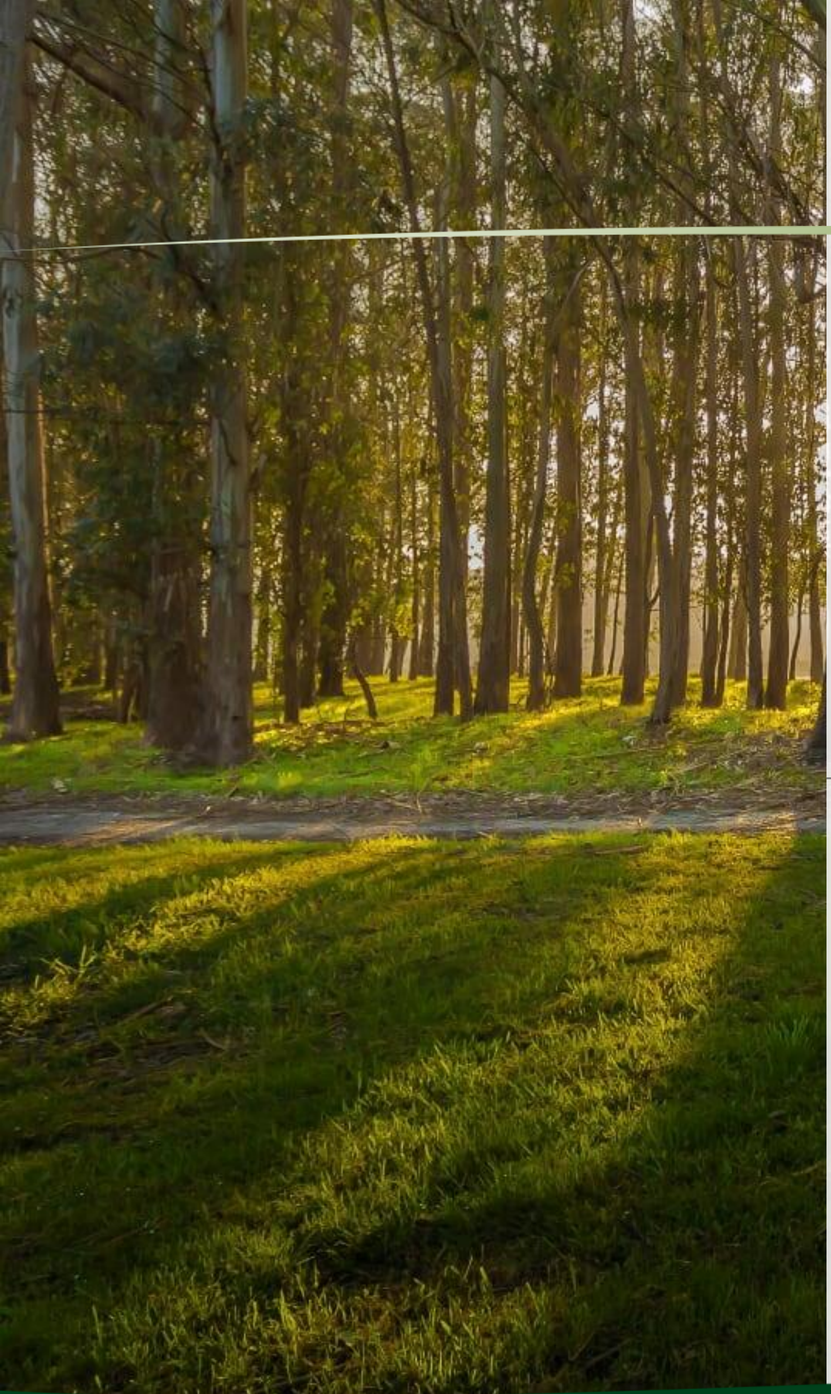
Regulatory Collar EBITDA impact in 1Q23 (Pulp + Renewables)
(€m)



- The proposed methodology would be **applicable to our biomass generation and gas cogeneration plants**. Our lignin cogeneration plants in the Pulp business would remain under the former regulation.
- **Main changes** included in the draft, which is currently in its allegations phase:
  - ✓ The regulated price will be set annually, instead of every 3 years
  - ✓ Deviations between the regulated and market energy prices will be compensated during the following year, instead of during the rest of the regulatory life of the plants
  - ✓ The annual settlements will be independent from the remuneration from investment (Ri) set for each plant and will be proportional to the real power generation, instead of the theoretical production of 7.500 hours / year
  - ✓ Regulated price is maintained at 207 €/MWh for 1H23 and is exceptionally adjusted to 144 €/MWh for 2H23.

1Q23 Results prudently include this new methodology. With the previous methodology, 1Q23 EBITDA would have been €14m higher

New methodology proposed improves our free cash flow profile in the short term



3. Growth & Diversification Initiatives Update

Navia Excelente investment plan

Modular investments adaptable to the cycle with a targeted ROCE[1] >12%

DIFFERENTIATED PRODUCTS

R&D for plastic substitution and improvement of the eco-efficiency and flexibility of the differentiated pulp production in Navia to substitute softwood and plastic products

Estimated Capex (€m)	15	2024-25
Substitution of BHKP (t)	+250K [2]	2023-27
Targeted incremental margin (€/t)	20	2023-27

FLUFF

To diversify Navia product range into Fluff pulp production for the absorbent hygienic products industry in Europe, substituting imported Fluff

Estimated Capex (€m)	30	2024-25
Substitution by Fluff (t)	100K	2026-27
Targeted incremental margin (€/t)	40	2026-27

DECARBONIZATION

Use of lignin to replace natural gas in lime kilns and its use in high value-added products. Reduction of up to 50.000 tons of CO_2 emissions by 2027

Estimated Capex (€m)	60	2024-27
Annual Pulp Production boost (t)	+30K	2027
Navia cash-cost reduction (€/t)	5	2027

[1] ROCE = EBIT / Equity + Net Debt (including leases)
[2] Up to +400,000 by 2027

As Pontes project

Growth and diversification opportunity without increasing the consumption of wood

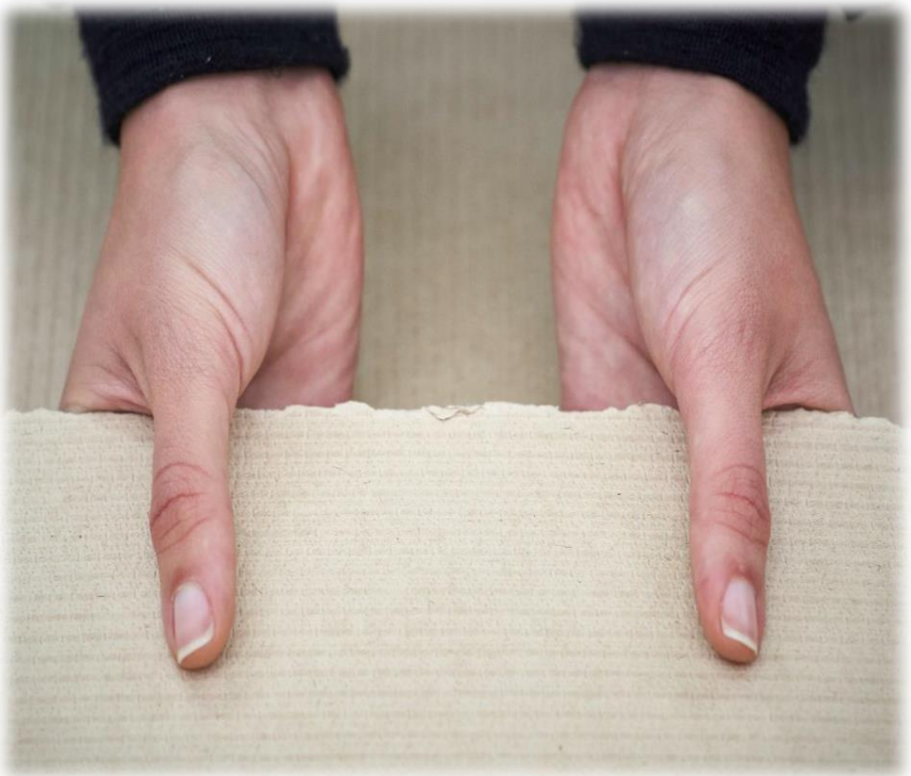
- Ence continues to make progress on the project it is studying to launch in the town of **As Pontes** in Galicia.

- The first phase of the project consists of a line for the production of bleached mixed fiber from recovered cardboard and paper and from virgin cellulose produced by Ence, with a capacity of **100,000 tons per year** and an estimated investment of **€125m**.

- In January 2023, the purchase option for the land where the project would be located was signed. This first phase **could be operational in 2027**. The expected return (**ROCE[1]**) of the project is over **12%.**

- This project constitutes an example of fair transition and circular bioeconomy by transforming land that is part of a thermal power plant into an innovative facility based on the recovery and reuse of natural resources, **without increasing the consumption of wood**.

- Subsequent phases of the project include the installation of a cogeneration plant with certified biomass that will cover all the heat and electricity needs of the installation and a line for the manufacture of 30,000 tons of paper products per year.



[1] ROCE = EBIT / FFPP + Net Debt (including leases)

Ence Biogas: a new business based on the circular bioeconomy

15 projects now under development with a targeted ROCE[1] >12%

- Ence has incorporated a new subsidiary in 2022, Ence Biogas, for the development and operation of biomethane plants.
- These plants will recycle **local organic waste** into biomethane, attracting the associated sustainability certificate, and generating a high-quality organic fertiliser.
- Ence Biogas aims at developing 20 biomethane plants during the next 5 years, with a capacity of > 1.000 GWh per year.
- It already has a portfolio of 15 projects under development in Spain, **6 of them are at their engineering phase with expected COD by the end of 2025 and 2026.**
- Initially estimated investment of around **€20 Mn** on average **per plant**, with a targeted **ROCE >12%**

[1] ROCE = EBIT / Equity + Net Debt (including leases)

Other growth opportunities in Renewables

Biomass plants, industrial heating and PV projects

Biomass Energy

- Developed 3 projects with a combined capacity of **140 MW**
- Specific capacity auctions are scheduled until 2030 for a combined capacity of 655 MW

Industrial Heating

- Biomass has a great potential to help decarbonize the industry
- We are **analysing several opportunities** in Spain to replace fossil fuel industrial heating with biomass or renewable electricity

PV Projects

- 100 MW sold in 1Q23 with an €23m EBITDA contribution
- **Another 263 MW to be sold in 2023-24** with an expected EBITDA contribution of > €27 m
- Another 300 MW at an early stage of development

Largest private forest manager in Spain…

…offers additional growth opportunities in the voluntary CO_2 markets

- **>600,000 tons of CO_2 is removed annually** from the atmosphere and yield other environmental benefits: biodiversity promotion, water cycle regulation and soil protection
- Part of our managed forests **produce carbon credits which may be sold in the voluntary CO2 markets** for others to offset
- **387 hectares registered** with Spanish Climate Change Office, equivalent to **the removal of over 60,000 tons of CO2** over plantation life
- Another 4,000 hectares identified as eligible to produce carbon credits, within our current plantations. We aim to register even more hectares over the next 5 years.
- **Estimated 200 tons of CO^2 per hectare** during the life of the plantation (avg. 30 years) with an estimated price between 30 and 45 €/ton.

Ideally positioned for future shareholder value creation

ENERGÍA & CELULOSA

…delivered strong 1Q23 results…

...has multiple future growth & diversification initiatives

…to deliver consistent future cash & income for investors

…is leading the industry in Sustainability

Thank You!

Alberto Valdes

Head of Investor Relations

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Appendix

Group Financial Review
Short P&L

Figures in € m	1Q23 Pulp	1Q23 Renewables	1Q23 Adjustments	1Q23 Consolidated	1Q22 Pulp	1Q22 Renewables	1Q22 Adjustments	1Q22 Consolidated
Total revenue	**190,8**	**106,6**	**(1,4)**	**296,1**	**158,5**	**76,2**	**(0,6)**	**234,1**
Other income	4,8	1,3	(0,3)	5,8	3,9	1,3	(0,3)	5,0
Foreign exchange hedging operations results	(0,9)	-	-	(0,9)	(3,7)	-	-	(3,7)
Cost of sales and change in inventories of finished produ	(87,0)	(32,7)	1,4	(118,3)	(71,6)	(29,9)	0,6	(101,0)
Personnel expenses	(22,5)	(4,2)	-	(26,7)	(18,1)	(4,3)	-	(22,5)
Other operating expenses	(48,4)	(19,0)	0,3	(67,1)	(48,2)	(17,6)	0,3	(65,5)
EBITDA	**36,9**	**52,1**	**-**	**88,9**	**20,8**	**25,6**	**-**	**46,5**
Depreciation and amortisation	(13,2)	(8,8)	0,4	(21,7)	(9,5)	(10,0)	0,3	(19,3)
Depletion of forestry reserves	(2,3)	-	-	(2,3)	(1,7)	-	-	(1,7)
Impairment of and gains/(losses) on fixed-asset disposals	(0,2)	(0,0)	-	(0,2)	(0,8)	0,0	-	(0,7)
Other non-ordinary operating gains/(losses)	-	-	-	-	(0,1)	-	-	(0,1)
EBIT	**21,1**	**43,2**	**0,4**	**64,8**	**8,8**	**15,6**	**0,3**	**24,7**
Net finance cost	(2,3)	(3,1)	-	(5,4)	(1,0)	(4,5)	-	(5,5)
Other finance income/(costs)	(0,4)	0,0	-	(0,4)	0,6	0,1	-	0,7
Profit before tax	**18,5**	**40,1**	**0,4**	**59,0**	**8,3**	**11,3**	**0,3**	**19,9**
Income tax	(4,8)	(6,7)	-	(11,6)	0,1	(3,7)	-	(3,6)
Net Income	**13,7**	**33,3**	**0,4**	**47,4**	**8,4**	**7,6**	**0,2**	**16,2**
Non-controlling interests	0,0	(1,2)	(15,7)	(16,9)	-	0,8	(3,9)	(3,1)
Atributable Net Income	**13,7**	**32,1**	**(15,4)**	**30,4**	**8,4**	**8,4**	**(3,7)**	**13,1**
Earnings per Share (EPS)	0,06	0,13	(0,1)	0,13	0,03	0,03	(0,02)	0,05

Group Financial Review
Short Cash Flow

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ENERGÍA & CELULOSA

	1Q23				1Q22			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	**18,5**	**40,1**	**0,4**	**59,0**	**8,3**	**11,3**	**0,3**	**19,8**
Depreciation and amortisation	15,5	8,8	(0,4)	24,0	11,2	10,0	(0,3)	21,0
Changes in provisions and other deferred expense	7,1	0,8	-	7,9	(6,6)	0,9	-	(5,7)
Impairment of gains/(losses) on disposals intangible assets	0,2	0,0	-	0,2	0,8	(0,0)	-	0,7
Net finance result	2,2	3,1	-	5,3	0,7	4,3	-	5,0
Energy regulation adjustment (regulatory collar)	(13,0)	(28,6)	-	(41,6)	6,6	33,6	-	40,3
Government grants taken to income	(0,1)	(0,0)	-	(0,2)	(0,1)	(0,0)	-	(0,2)
Adjustments to profit	**11,9**	**(15,9)**	**(0,4)**	**(4,4)**	**12,6**	**48,9**	**(0,3)**	**61,2**
Inventories	(7,7)	(0,5)	-	(8,2)	0,2	1,1	-	1,3
Trade and other receivables	(44,7)	(0,1)	(21,7)	(66,5)	16,0	4,5	-	20,5
Current financial and other assets	(0,3)	0,0	-	(0,3)	0,0	(0,0)	-	(0,0)
Trade and other payables	(17,1)	(66,3)	21,7	(61,7)	(24,7)	1,5	-	(23,3)
Changes in working capital	**(69,8)**	**(66,9)**	**-**	**(136,7)**	**(8,5)**	**7,0**	**-**	**(1,5)**
Interest paid	(2,8)	(1,8)	-	(4,6)	(2,3)	(3,2)	-	(5,5)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	-	0,0	-	0,0	0,0	0,1	-	0,1
Other collections/(payments)	-	-	-	-	-	-	-	-
Other cash flows from operating activities	**(2,8)**	**(1,8)**	**-**	**(4,6)**	**(2,3)**	**(3,2)**	**-**	**(5,4)**
Net cash flow from operating activities	**(42,2)**	**(44,5)**	**-**	**(86,7)**	**10,1**	**64,0**	**-**	**74,1**
Property, plant and equipment	(10,6)	(1,3)	-	(11,9)	(13,5)	(2,1)	-	(15,7)
Intangible assets	(0,7)	(0,1)	-	(0,8)	(0,7)	(0,1)	-	(0,8)
Other financial assets	0,5	-	-	0,5	0,0	(0,0)	-	(0,0)
Disposals	-	-	-	-	-	0,4	-	0,4
Net cash flow used in investing activities	**(10,8)**	**(1,4)**	**-**	**(12,2)**	**(14,2)**	**(1,8)**	**-**	**(16,1)**
Free cash flow	**(53,0)**	**(45,8)**	**-**	**(98,8)**	**(4,1)**	**62,2**	**-**	**58,0**

Group Financial Review
Short Balance Sheet

Figures in € m	Mar-23 Pulp	Mar-23 Renewables	Mar-23 Adjustments	Mar-23 Consolidated	Dec-22 Pulp	Dec-22 Renewables	Dec-22 Adjustments	Dec-22 Consolidated
Intangible assets	15,6	34,6	(12,6)	37,6	15,6	35,0	(12,7)	37,9
Property, plant and equipment	599,3	382,3	(8,3)	973,3	603,4	389,0	(8,5)	983,9
Biological assets	60,3	0,2	-	60,4	60,4	0,2	(0,0)	60,5
Non-current investments in Group companies	112,6	0,0	(112,5)	0,0	112,6	0,0	(112,5)	0,0
Non-current borrowings to Group companies	18,6	-	(18,6)	-	18,6	-	(18,6)	-
Non-current financial assets	33,0	32,8	0,0	65,8	20,8	5,4	-	26,1
Deferred tax assets	28,8	17,7	3,2	49,7	30,5	19,4	3,2	53,1
Cash reserve for debt service	-	10,0	-	10,0	-	10,0	-	10,0
Total non-current assets	**868,1**	**477,5**	**(148,8)**	**1.196,9**	**861,8**	**459,0**	**(149,1)**	**1.171,6**
Inventories	89,3	21,6	0,0	110,9	80,5	21,9	-	102,3
Trade and other accounts receivable	97,7	37,2	(7,5)	127,5	59,4	40,5	(29,2)	70,6
Income tax	6,8	1,3	0,0	8,0	6,8	1,3	-	8,0
Other current assets	1,2	3,6	-	4,9	7,5	0,4	0,0	7,9
Hedging derivatives	1,3	3,3	-	4,5	0,0	2,6	-	2,6
Current financial investments in Group companies	0,1	0,0	(0,1)	0,0	0,4	0,0	(0,4)	0,0
Current financial investments	4,5	0,0	-	4,5	4,2	0,0	(0,0)	4,3
Cash and cash equivalents	247,3	88,1	-	335,4	278,4	134,5	(0,0)	412,9
Total current assets	**448,2**	**155,2**	**(7,6)**	**595,8**	**437,1**	**201,2**	**(29,6)**	**608,7**
TOTAL ASSETS	**1.316,3**	**632,7**	**(156,3)**	**1.792,6**	**1.298,9**	**660,2**	**(178,8)**	**1.780,3**
Equity	**665,2**	**262,2**	**(130,2)**	**797,2**	**719,8**	**228,9**	**(130,6)**	**818,2**
Non-current borrowings	244,9	123,6	-	368,5	163,2	122,9	-	286,1
Non-current loans with Group companies and associates	-	36,4	(18,6)	17,8	-	36,4	(18,6)	17,8
Non-current derivatives	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28,2	0,1	-	28,3	27,9	0,1	0,0	28,0
Other non-current liabilities	36,3	74,2	-	110,5	38,2	75,8	-	114,0
Total non-current liabilities	**309,3**	**234,3**	**(18,6)**	**525,1**	**229,2**	**235,3**	**(18,6)**	**445,9**
Current borrowings	79,2	29,9	-	109,1	83,3	27,8	-	111,1
Current derivatives	0,0	-	-	0,0	0,4	-	-	0,4
Trade and other account payable	216,8	96,6	(7,5)	306,0	226,4	164,4	(29,2)	361,6
Short-term debts with group companies	0,0	0,2	(0,1)	0,1	0,0	0,7	(0,4)	0,4
Income tax	3,6	5,0	-	8,6	0,0	-	-	0,0
Current provisions	42,2	4,5	-	46,7	39,8	3,0	(0,0)	42,8
Total current liabilities	**341,8**	**136,2**	**(7,6)**	**470,4**	**349,9**	**196,0**	**(29,6)**	**516,2**
TOTAL EQUITY AND LIABILITIES	**1.316,3**	**632,7**	**(156,3)**	**1.792,6**	**1.298,9**	**660,2**	**(178,8)**	**1.780,3**

Alternative Performance Measures (APMs)
Pg.1

Ence presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, its quarterly earnings 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 presentation are defined, reconciled and explained in the corresponding quarterly earnings report publicly available through the investor section of our web page www.ence.es.

EBITDA

EBITDA 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 other non-operating items that undermine the comparability of the numbers.

EBITDA is an indicator used by management to track the Group'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.

OTHER NON-OPERATING ITEMS

Other non-operating items refers to ad-hoc income and expenses unrelated to the Company's ordinary business activities that render two reporting periods less comparable.

CASH COST

The production cost per tonne of pulp, or cash cost, is the key measure used by management to measure and benchmark its efficiency as a pulp maker. The cash cost includes all of the costs directly related with the production and sale of pulp that impact cash flows. Therefore, it does not include asset depreciation and amortisation charges, impairment losses on non-current assets or gains or losses on their disposal, other non-operating items, finance income or costs or income tax.

The cash cost can be measured as the difference between revenue from the sale of pulp and EBITDA in the Pulp business, adjusted for the settlement of hedges, the effect of adjustments for tariff shortfall/surplus (the regulatory collar) on energy sales, forest depletion charges and the change in inventories. To calculate the cash cost, the related production costs are divided by the volume of tonnes produced, while overhead and sales and logistics costs are divided by the volume of tonnes sold.

OPERATING PROFIT PER TONNE OF PULP

The operating profit is a yardstick for the operating profit generated by the Pulp business without taking into account asset depreciation and amortisation charges, impairment losses on non-current assets and gains or losses on their disposal and other non-operating items, adjusted for the settlement of hedges, the effect of the regulatory collar on energy sales and forest depletion charges.

Alternative Performance Measures (APMs)
Pg.2

It provides a comparable measure of the business's profitability and is measured as the difference between the average sales price per tonne, calculated by dividing revenue from the sale of pulp by the number of tonnes sold, and the cash cost.

NET FINANCE COST AND OTHER FINANCIAL ITEMS

Net finance cost encompasses the various items of finance income and finance costs, while other financial items encompasses exchange differences, the change in the fair value of financial instruments and impairment losses on financial instruments and gains or losses on their disposal.

MAINTENANCE, EFFICIENCY, GROWTH AND SUSTAINABILITY CAPEX

ENCE provides the breakdown of the capital expenditure included in its statement of cash flows for each of its business classifying its investments into the following categories: maintenance capex, efficiency and growth capex, sustainability capex and financial investments.

Ence's technical experts classify its capital expenditure using the following criteria: 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. Financial investments correspond to payments for investments in financial assets.

The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published Business Plan.

OPERATING CASH FLOW

The operating cash flow coincides with the net cash from operating activities presented in the statement of cash flows. However, operating cash flow is arrived at by starting from EBITDA, whereas net cash from operating activities is arrived at by starting from profit before tax. As a result, the adjustments to profit do not coincide in the two calculations. This APM is provided to reconcile EBITDA and operating cash flow.

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. 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.

Alternative Performance Measures (APMs)
Pg.3

NORMALISED FREE CASH FLOW

Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capex, net interest payments and income tax payments. It provides a proxy for the cash generated by the Company's operating activities before collection of proceeds from asset sales, the adjustments related with electricity sector regulations and other adjustments to profit. It represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

NET DEBT / (CASH)

The borrowings recognised on the balance sheet, 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/(cash) is calculated as the difference between current and non-current borrowings on the liability side of the statement of financial position and unrestricted cash on the asset side, which includes cash and cash equivalents, the debt service cash reserve (included with non-current financial assets) and other financial investments (within current assets).

Net debt/(cash) provides a proxy for the Group's net indebtedness or liquidity and is a metric that is widely used in the capital markets to compare the financial position of different companies.

ROCE

ROCE stands for the return on capital employed and is used by management as a key profitability performance indicator. It is calculated by dividing EBIT for the last 12 months by average capital employed during the period, capital employed being the sum of equity and net debt. For the Pulp business, equity is calculated as the difference between consolidated equity and the equity recognised by the Renewable Energy business.

ROCE is widely used in the capital markets to measure and compare the earnings performance of different companies.

Global ESG score: 91/100

Delivering value
Delivering commitments