

Audio-webcast with analysts

Thursday February 9 at 16:00h (CET)

- On Thursday February 9 at 16:00 h (CET) Ence's management will do a presentation with analysts following the Spanish Supreme Court decision to back the legality of Pontevedra concession extension until 2073.
- The link to follow the presentation live is :

[Click here to follow the presentation live on February 9 at 16:00h \(CET\)](#)

- The slides that will be used in the presentation are included hereafter.

Spanish Supreme Court ruling on Pontevedra concession extension

9 February 2022



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Supreme Court backs the legality of Pontevedra concession until 2073

Estimated positive impact of €169m on 2022 net income



- The Supreme Court endorses the legality of the extension of the Pontevedra concession, which **may continue to operate until 2073**. The full content of the sentences will be known in the coming days
- The Pontevedra biomill is an **example of circular bioeconomy** that will continue to generate employment and wealth in Galicia.
- The reversal of asset impairments and expense provisions recorded in the 2021 financial statements, as a consequence of the National Court rulings, will have an **estimated positive impact of approximately €169m on 2022 net income**.
- The company reiterates its commitment to Pontevedra and Galicia:
 - ❑ The **planned investments in the biomill**, both recurrent and one-off, exceed **€130m** over the next **10 years** to continue operating with the best quality and sustainability standards.
 - ❑ In addition, the company will resume its **Social Plan** endowed with an annual budget of €3 million to promote sustainability, education, innovation and sports in the biomill environment.
 - ❑ On the other hand, Ence continues to advance in the project that it is studying to launch in the Galician town of **As Pontes** for the production of recycled fiber from recovered cardboard and paper and from virgin cellulose produced by Ence.
- The **Navia Excelente** project continues with the aim of diversifying the range of products and decarbonizing the Asturian biomill.
- The strength of the Group's balance sheet, with a **net cash position**, gives it flexibility to take advantage of the growth opportunities available to it in both businesses:
 - ❑ **Ence biogás** already has a portfolio of 9 projects under development in Spain with a joint capacity to supply 560 GWh of biomethane per year.
 - ❑ Through **Magnon Green Energy**, Ence has developed a portfolio of 813 MW renewable projects and continues to bet on the growth and diversification of its generation mix, including biomass, photovoltaic and storage. In addition, Magnon wants to be a relevant player in the decarbonisation of the Spanish industry by replacing fossil fuels with biomass.

The Supreme Court confirms the concession extension granted in 2016

The full content of the sentences will be known in the coming days



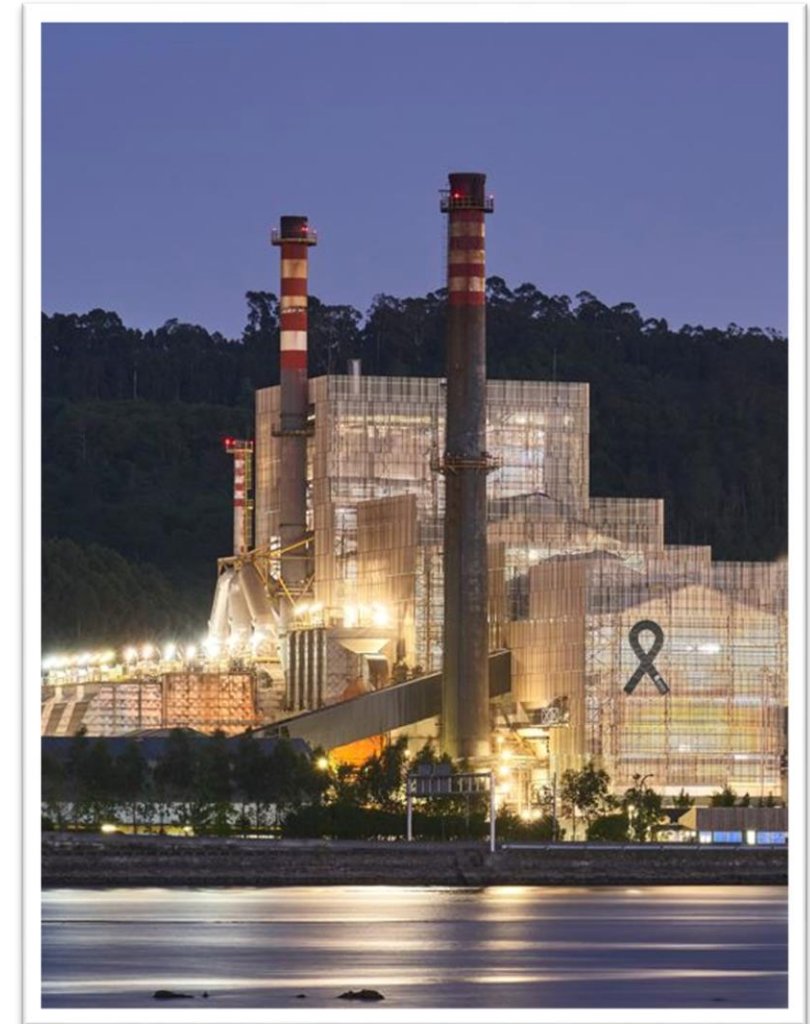
Official communication from the Spanish Judiciary Authority

- ✓ The Fifth Section of the Contentious-Administrative Chamber of the **Supreme Court has estimated the appeals presented by ENCE** and other entities against the judgments of the National Court that annulled the Resolution, of January 20, 2016, of the General Director of Sustainability of la Costa y del Mar, which granted ENCE a **60-year extension** of the concession for the occupation of a strip of public maritime land domain destined for a pulp mill in Pontevedra.
- ✓ The Chamber considers that **concessions prior to the General Coastal Law of 1988 can be extended**, as is the case, **provided favorable environmental reports are recorded**.
- ✓ In the case of Ence, there were favorable environmental reports from the Administration.
- ✓ **The full content of the sentences will be known in the coming days.**

Pontevedra biomill is an example of circular bioeconomy

That will continue to generate employment and wealth in Galicia

- The biomill is supplied with local wood from certified responsible sources. Its annual contribution to the rural world in Galicia exceeds that of the two lines of European (FEADER and FEAGA funds).
- Its environmental parameters exceed the most demanding European and Spanish standards and authorizations.
- Its chlorine-free pulp production is endorsed by the Gold distinction from the European Commission and by the prestigious Nordic Swan eco-label from the Scandinavian countries.
- It is self-sufficient with renewable energy generated with the parts of the wood that cannot be used for the production of pulp: bark and lignin. The sustainability of this biomass is certified under the SURE verification scheme.
- It has developed an innovative solution to recover water from its own effluent and from the Pontevedra WWTP in drought episodes and has the "Zero Waste" certificate from AENOR
- Its products are renewable, recyclable and biodegradable, capable of replacing plastics in plenty of uses.
- It contributes to generating 5,100 jobs in different sectors such as forestry, industry and transport.
- **The biomill will resume its Social Plan endowed with an annual budget of €3m to promote sustainability, education, innovation and sport in its environment**



Estimated positive impact of approximately €169m on 2022 net income

4Q22 Results will be released on February 28

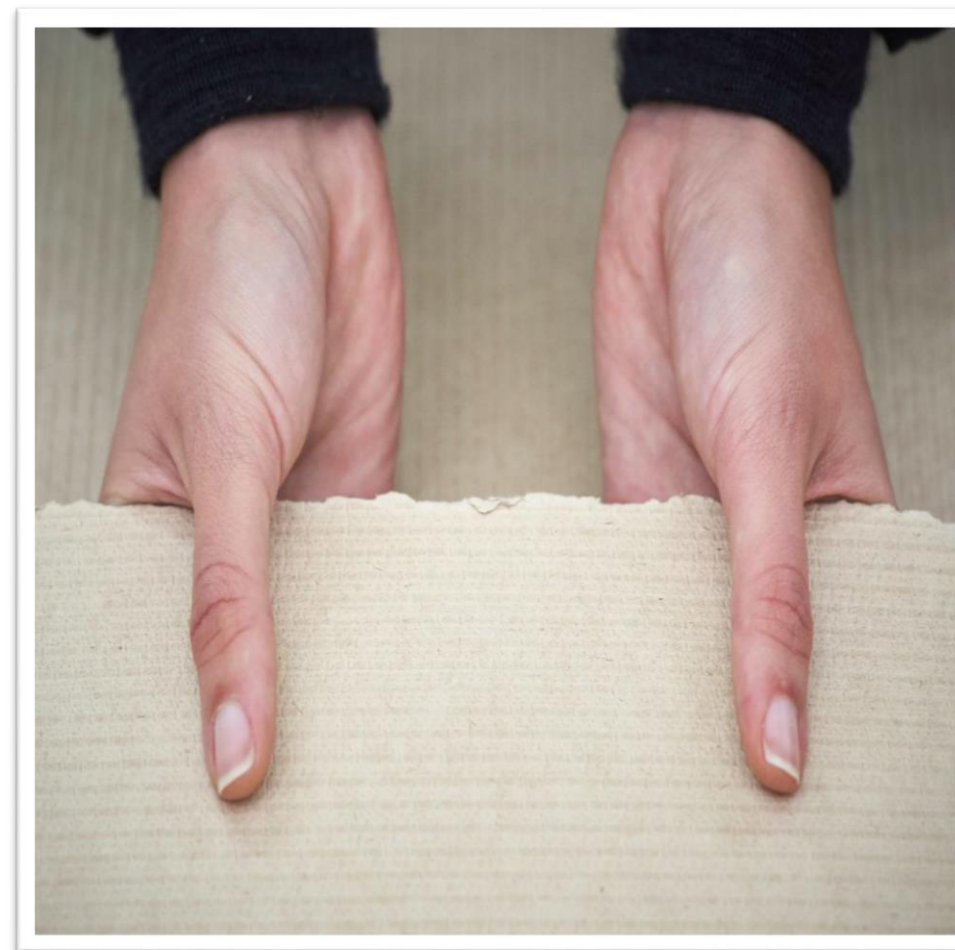
- The reversal of asset impairments and expense provisions recorded in the 2021 financial statements, as a result of the National Court rulings, will have an **estimated positive impact of approximately €169m on 2022 net profit**.
- The scheduled date for the publication of the **results for the fourth quarter of 2022** and the semi-annual accounts is maintained, **February 28**, which will include the estimated accounting impact following the Supreme Court statement.
- The audited annual accounts for 2022 will be published on March 31, 2023.



Ence reiterates its commitment with Pontevedra and Galicia

The As Pontes project is another example of fair transition and circular bioeconomy

- **Planned investments** in the biomill, both recurrent and one-off, exceed **€130m** over the next **10 years** to continue operating with the best quality and sustainability standards.
- In addition, the company 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 recycled 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 2026. The expected return (**ROCE**) of the project is greater than **12%**.
- This project constitutes an example of fair transition and circular bioeconomy by transforming land that is part of a thermal power plant, powered by fossil fuels, 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)

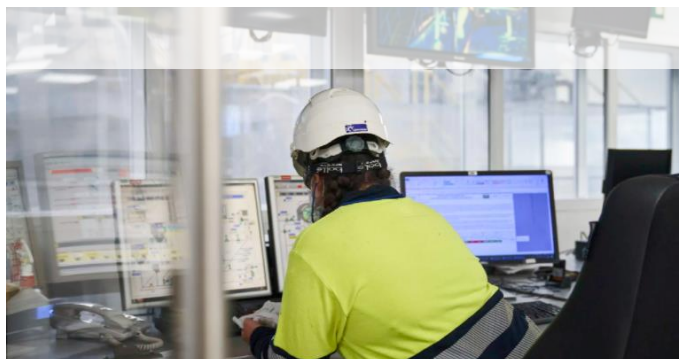
The “Navia Excelente” project continues

With the aim at diversifying and decarbonizing the Navia biomill

DIFFERENTIATED PRODUCTS

- Improvement of the eco-efficiency and flexibility of the differentiated pulp production in Navia to substitute softwood and plastic products

Estimated Capex (€m)	15	2023
Substitution of BHKP (t)	+250.000 ¹	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	2023-24
Substitution by Fluff (t)	100.000	2024-27
Targeted incremental margin (€/t)	40	2024-27



DECARBONIZATION

- Promotion of the circular bio-economy through the use of lignin to replace natural gas as fuel in lime kilns and its use in high value-added products. Reduction of up to 50.000 tons of CO₂ emissions by 2027

Estimated Capex (€m)	60	2023-25
Annual Pulp Production boost (t)	+30.000	2025-26
Navia cash-cost reduction (€/t)	5	2025-26



The estimated joint investment in the Navia Excelente project amounts to €105m with an expected return (**ROCE**) of more than **12%**

¹Up to +400,000 t in 2027 (+250,000 vs. 2021)

The strength of the Group's balance sheet, with a net cash position provides flexibility to take advantage of growth opportunities

ence biogas

- New line of business based on the circular bioeconomy and with great growth potential in Spain.
- **Portfolio of 9 projects under development in Spain** with a combined capacity to supply **560 GWh of biomethane per year**.
- Medium-term target: **20 plants** in operation with a capacity of **>1,000 GWh of biomethane per year**.



Magnon

- **Portfolio of 813 MW renewable projects** to grow and diversify its generation mix, including biomass (140 MW), photovoltaic (673 MW) and storage.
- In addition, Magnon wants to be a relevant player in the **decarbonisation of the Spanish industry** by replacing fossil fuels with biomass





Delivering value Delivering commitments