ENCE ENERGÍA & CELULOSA

Leading the Circular Bioeconomy

July 2023

SUSTAINALYTICS Global ESG score: 90/100

MSCI ESG RATINGS A

FTSE4Good

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Vision

“To be leaders in the sustainable use of natural resources to produce ***special pulp*** *and* ***renewable energy*** *in competitive bio-factories and plants integrated into their environment”*

Purpose

“…to contribute to the development of society through the sustainable and responsible use of the natural resources available in our environment, offering pulp to replace polluting products and manageable green energy”

Strategy

“To continue growing and diversifying our businesses towards the circular bioeconomy”

Contents:

1. Ence Overview

Leading the Circular Bioeconomy

4 activities, 2 reporting segments, 1 vision

PULP Business

1 Sustainable Forestry Management

- Ence manages >65,000 hectares of forest land in the Iberian Peninsula. 22% dedicated to ecosystem protection
- >600.000 t of CO_2 annually removed from the atmosphere
- Pioneers in the clonal reproduction of eucalyptus globulus adapted to climate change and local plague conditions
- 3 Mn tons of wood acquired annually from the surroundings of our biomills, from certified responsible sources by way of our unique supply chain

2 Eco-efficient Production of Special Pulp

- We are a leading European eucalyptus pulp producer, with 1.2 Mn tons of installed capacity
- Our production process is environmentally friendly and is an important example of energy efficiency, decarbonization and the circular bioeconomy
- We produce natural, renewable and biodegradable materials, which are substitutes for plastic used in multiple applications
- We have a growing portfolio of differentiated and more sustainable products, allowing for higher margins

RENEWABLES Business

4 Biogas & other renewables

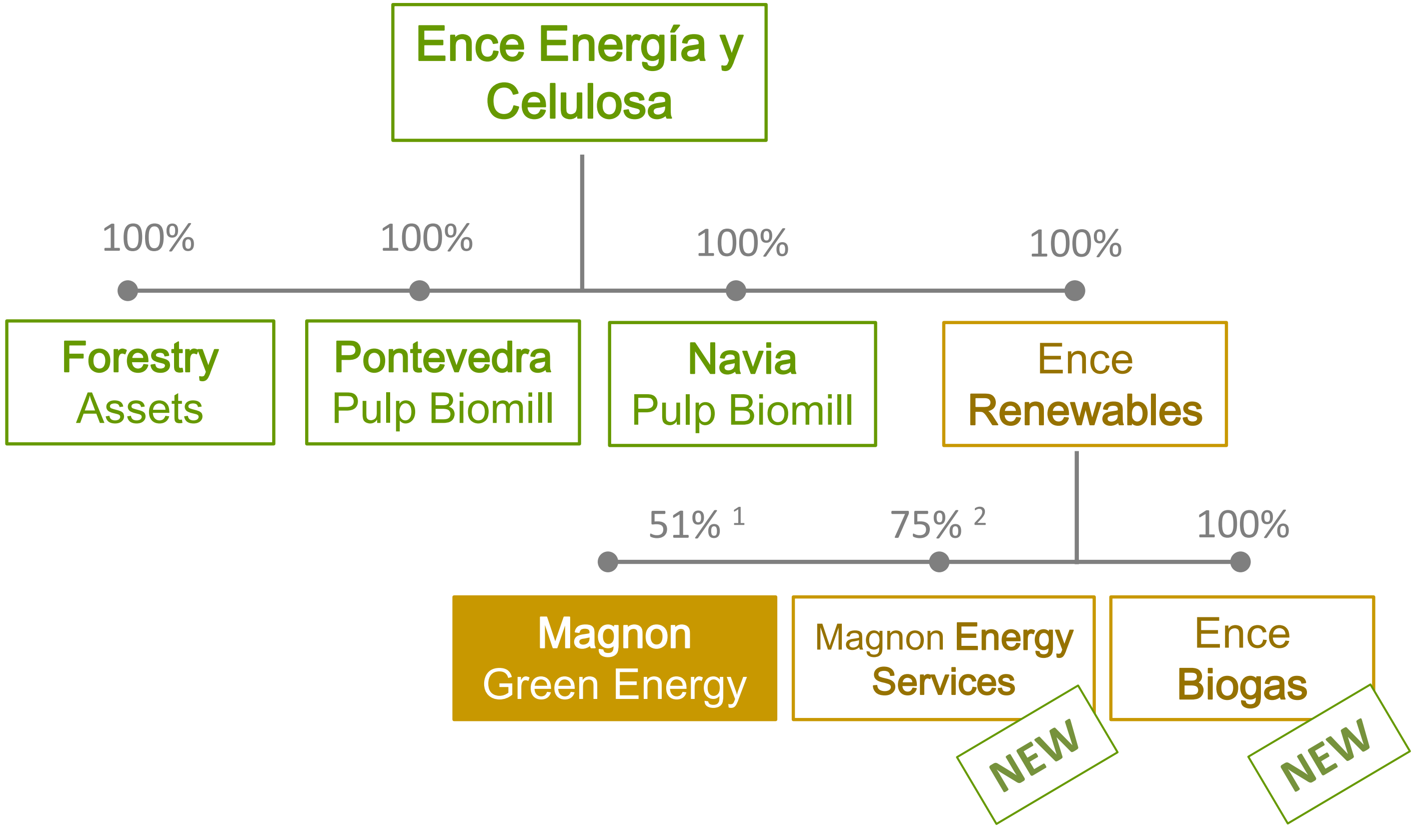
- Ence has incorporated a new subsidiary in 2022 for the development and operation of biomethane plants.
- Our plants will recycle local organic waste into biomethane, with its associated sustainability certificate, and a high-quality organic fertilizer.
- Target to reach 20 plants with a combined capacity of >1TWh per year by 2030
- Ence has also developed 373 MW in PV projects that will be sold in 2023-2024. Another 300 MW at an early stage of development.

3 Biomass electrical and thermal Energy

- We are the largest renewable energy producer with agricultural and forestry biomass in Spain, with an installed capacity of 266 MW (43% market share) and 140 MW growth pipeline
- Our biomass plants are fully manageable and contribute to EU decarbonisation goals
- We draw upon local agricultural and forest by-products, mitigating their environmental impact and reducing fire risk
- Working with potential industrial customers in Spain to help them decarbonize by replacing fossil fuel heating with renewable heating

Pulp & Renewables – 2 Independent reporting segments

The renewables business complements the cyclicality of the Pulp business



1 Ancala Partners: 49%
2 Ancala Partners: 25%

Ence main figures

In FY22

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Revenues
€1bn
+22% vs. FY21

Normalized FCF[1,2,3]
€250m
>2x vs. FY21

Dividends paid
€67m (€0.27ps)

Net Debt (Cash)
€(30)m

EBITDA[3]
€248m
+16% vs. FY21

Net Income[6]
€247m

ROCE[4]
13%

Market Cap
>€700m[5]

1 *Normalised FCF = EBITDA +/- change in working capital - maintenance capex - net interest payments - income tax payments. Measure of the cash flow available for growth capex, net debt reduction and dividends.*
2 *FY22 WC figure includes pending payments to the electricity system amounting to €85m*
3 *2021 excludes the impact one-off pulp and energy price hedges arranged in 2020, during the pandemic*
4 *ROCE = EBIT / Average (Equity + Net Debt). Excludes accounting impact of the Supreme Court ruling*
5 *As of 30/06/2023*
6 *Includes Reversal of Pontevedra impairments and provisions of €169m*

Ence Management Team

Ignacio de Colmenares

Chairman & CEO

Alfredo Avello

CFO & Chief Forestry Officer

Jordi Aguiló

CEO of Pulp business

Guillermo Negro

CEO of Biomass business

2. Why invest in Ence

Why invest in Ence

1 **We are leaders in the circular Bioeconomy,** addressing structural growth markets with 4 complementary activities

2 **We enjoy competitive advantages** in both Pulp & Renewables

3 **We focus on value creation for our shareholders,** delivering attractive returns

4 **Our solid balance sheet provides flexibility to pursue multiple growth oportunities,** whilst adhering to strict capital allocation policies

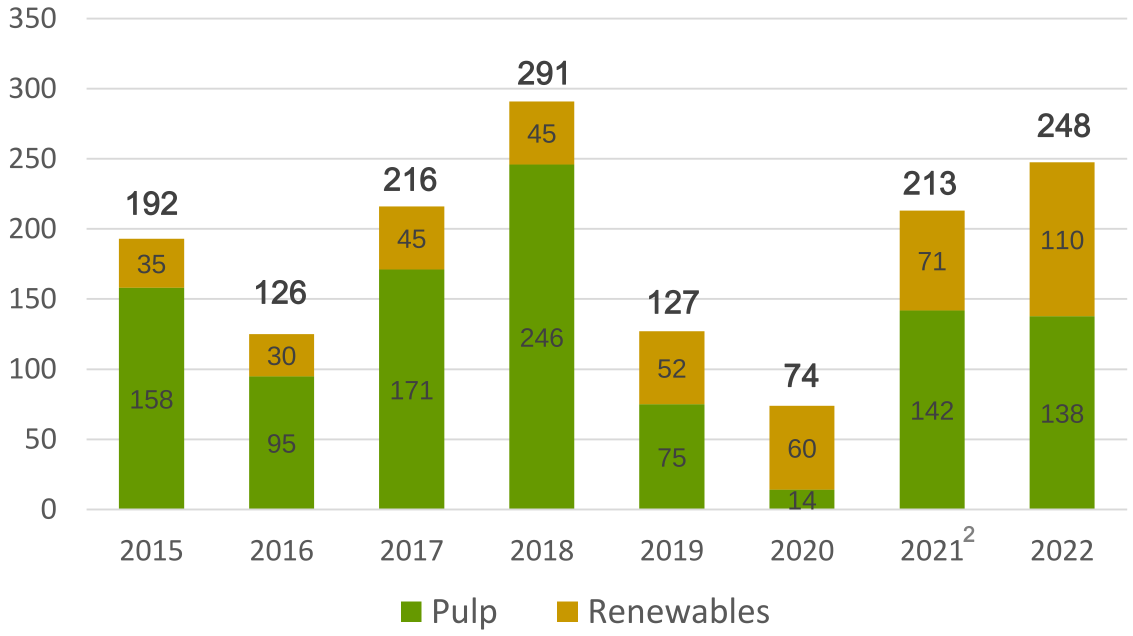
5 **We lead the industry on Sustainability**, in view of our commitment to the circular bioeconomy

6 **Our strategy is clear and our leadership team is highly experienced,** with a strong track record

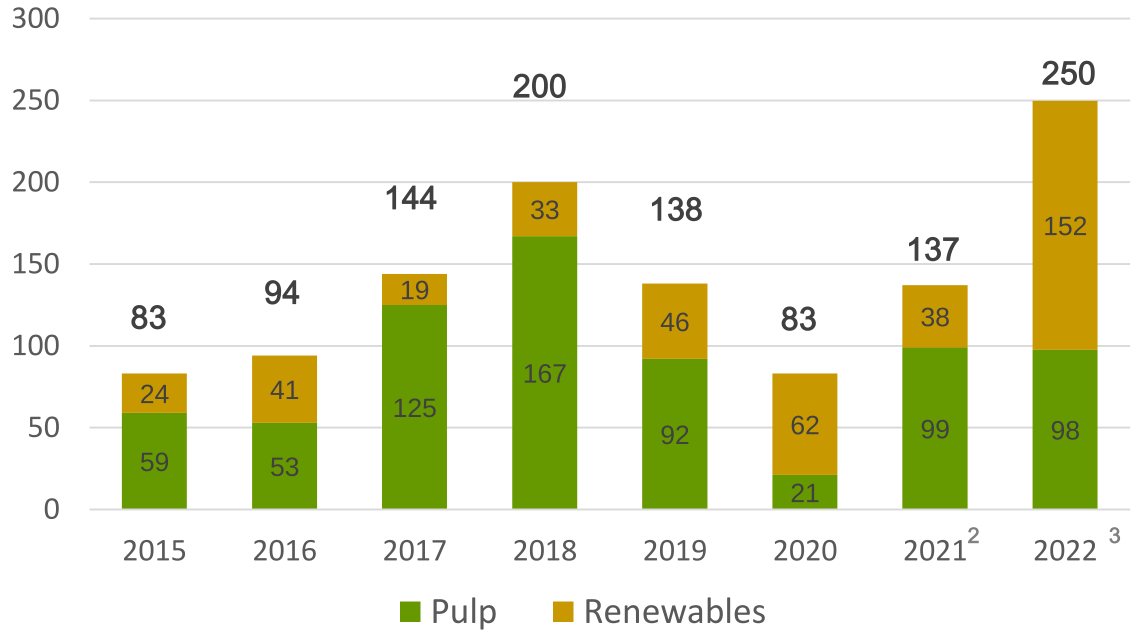
Strong & consistent delivery of EBITDA & cash flow through the cycle

Our Renewable business complements the cyclical nature of the Pulp business

2015 – 2022 LTM EBITDA per business
€m



2015 – 2022 LTM normalized FCF per business [1]
€m



Average EBITDA 2015 - 2022: €186m

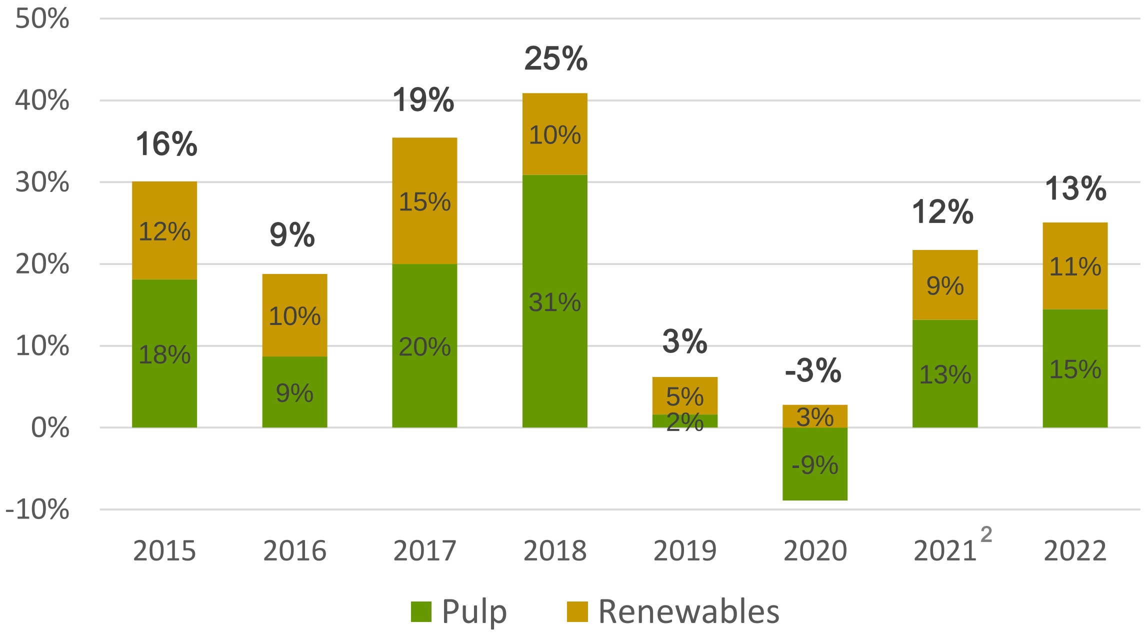
Average normalized FCF1 2015 - 2022: €141m

1 Normalized FCF = EBITDA +/- change in working capital - maintenance capex - net interest payments - income tax payments. Measure of the cash flow available for growth capex, net debt reduction and dividends
2 2021 excludes the impact one-off pulp and energy price hedges arranged in 2020, during the pandemic
3 FY22 WC figure includes pending payments to the electricity system amounting to €85m

Focus on profitability

Returns-based framework drives decision-making with ROCE[1] targets for each business

2015 – 2022 LTM ROCE per business
€m



Average ROCE[1] 2015 - 2022: 12%

ROCE framework

1	"Through the cycle" ROCE	> 10%	• Good measure of capital efficiency • Focuses the business on cash generation and optimal asset allocation • Value generation for shareholders
2	ROCE New Project	Pulp > 12% RE > 7% [3]	• Projects prioritized in line with strategic interests & target annualized Rate of Return • Investments reviewed quarterly to monitor progress, costs, benefits
3	Leverage	Pulp < 2.5x RE < 5.0x	• Optimize capital structure for shareholders' value creation • Drives company decisions in relation to the overall market and industry

Structural Long Term Growth Drivers
Improving Efficiency (Operating Leverage)
Optimal Capital Allocation

1 ROCE = EBIT / Equity + Net Debt (including leases)
2 2021 excludes the impact one-off pulp and energy price hedges arranged in 2020, during the pandemic
3 ROCE target in Renewables currently under review

Our dividend policy is aligned with cash available for distribution & leverage

Typically payable in 3 annual payments

DIVIDEND POLICY

CASH

Amount is based on cash available for distribution after considering capex plans

Ensuring a **leverage** below:

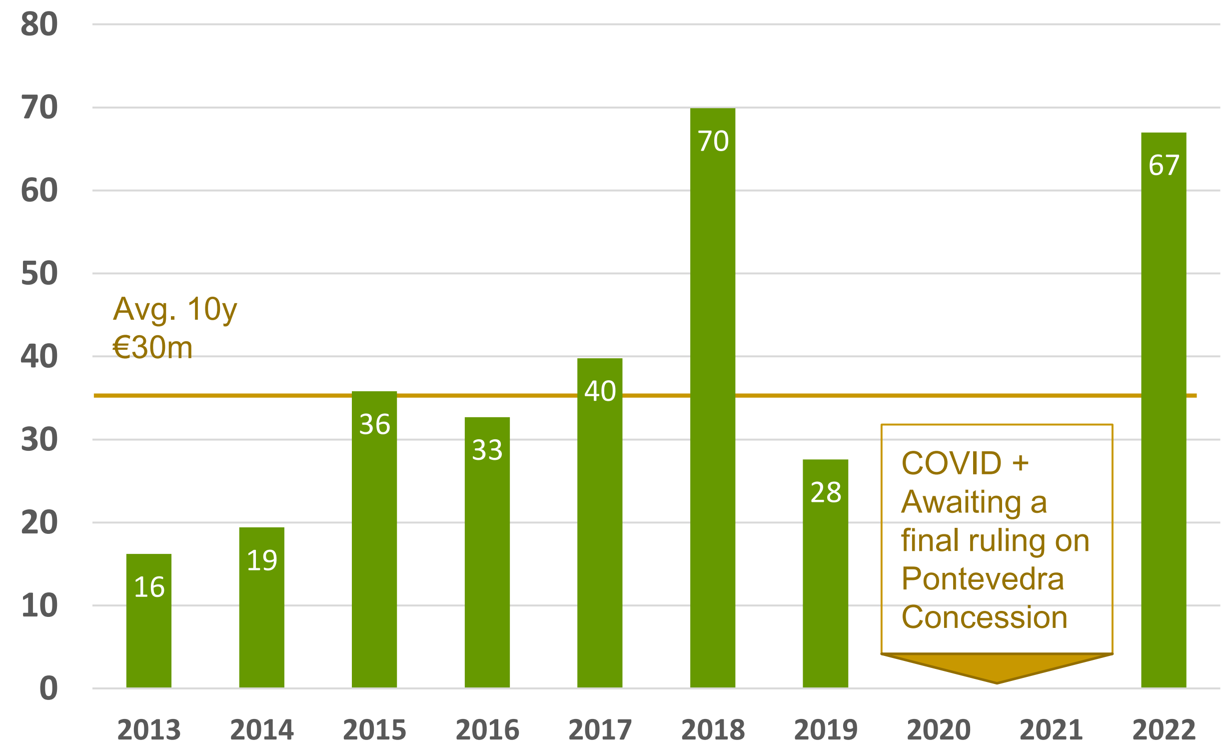
- **2.5x** Net Debt / EBITDA for **Pulp** business[1]
- **5.0x** Net Debt / EBITDA for **Energy**[1] business

3 Annual payments

1. Complimentary dividend paid in May post AGM
2. First interim dividend paid in August post H1
3. Second interim dividend paid in October post 9M

Average of €30m dividend paid per year

(€m)



[1]At average cycle prices

2 Share price As of 8/3/2023

Sustainability industry leader

The most sustainable company in our sector (Sustainalytics)

Safe & efficient operations

- ✓ Protecting Health and Safety
- ✓ Water footprint reduction
- ✓ Circular Economy
- ✓ Odour reduction

Production cost reduction

Climate Action

- ✓ Decarbonization
- ✓ Climate change adaptation

Sustainable Products

- ✓ Differentiated products with higher added value
- ✓ Renewable energy

Leadership and differentiation

People & Values

- ✓ Quality employment
- ✓ Equality & diversity
- ✓ Talent promotion

Commitment to Communities

- ✓ Social plans
- ✓ Job creation in rural areas

License to operate

Corporate Governance

- ✓ Transparency and best practices
- ✓ 38% independent and female directors
- ✓ Management remuneration aligned with shareholder interests
- ✓ Sustainability targets included in management variable compensation

Risk minimisation

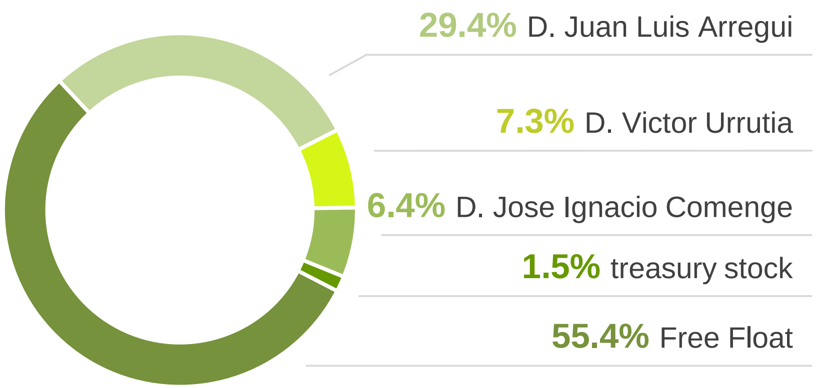
SUSTAINALYTICS Global ESG score: 90/100

Robust corporate governance with a supportive shareholder base

Management remuneration aligned with shareholder interests

Shareholding Structure

As of Dec. 2022



Transparency & best practices

- 38% independent and female directors
- Audit, Remuneration and Sustainability committee chaired by independent directors
- 60% of independent directors at the Audit and Remuneration committees
- Management remuneration aligned with shareholder interests
- Sustainability targets account for 15% of management short-term bonus and 25% of the long-term bonus

Board of Directors

Growth and diversification strategy towards the circular bio-economy

Highly experienced management team, with a strong track record

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Pulp business

- **1958** – Incorporation of the Public company Empresa Nacional de Celulosas (**ENCE**), which was awarded with a 60 year concession in **PONTEVEDRA**
- **1964** – Commissioning of the **HUELVA** biomill
- **1999** – ENCE acquires **NAVIA** biomill(CEASA)
- **2001** – **Full privatization** of ENCE
- **2009** – Commissioning of the **37 MW Biomass Plant at NAVIA**
- **2014** – Reform of the regulation of renewables in Spain. **Closure the HUELVA biomill**
- **2016** – The Government grants **PONTEVEDRA an extension of its concession until 2073.** Three appeals are presented to the National Court
- **2017** – **Expansion of PONTEVEDRA by 20.000t**
- **2019** – Government accepts the appeals against the extension of PONTEVEDRA concession. **Expansion of PONTEVEDRA by 20.000t**. **Expansion of capacity in NAVIA by 80.000t**
- **2021** – **Ence Advanced** Differentiated products. The National Court annuls the extension granted to PONTEVEDRA in 2016. Appeals are filed to the Supreme Court
- **2023** – **The Supreme Court confirms the extension of the PONTEVEDRA concession until 2073**

Biomass business

INCORPORATION OF ENCE ENERGÍA

- **2012** – **50MW biomass plant**
- **2014** – **Mérida 20MW Biomass Plant**. **Huelva 41MW biomass plant** (recovered from the closed Huelva pup mill)
- **2016** – Acquisition of the **Ciudad Real 16MW and Jaén 16MW** biomass plants from Enel
- **2017** – Acquisition of **Cordoba 27MW** biomass complex from EDF
- **2018** – Acquisition of **Puertollano 50MW** CHP plant from Iberdrola
- **2020** – **Huelva 46MW** and **Ciudad Real 50MW** biomass plants. **Sale of 49% of Ence Energia to Ancala Partners. Sale of the Puertollano CHP Puertollano to Q-Energy**
- **2022** – Incorporation of **Magnon Energy Services**, within Ence Renewables business. Incorporation of **Magnon Green Energy**, within Ence Renewables business

Biogas business

BIOGAS

- **2022** – Incorporation of Ence Biogas, within Ence Renewables business

GORWTH AND DIVERSIFICATION OPPORTUNITIES:

- **HIGHER VALUE ADDED PULP PRODUCTS**
- **AS PONTES**
- **CARBON SINKS**

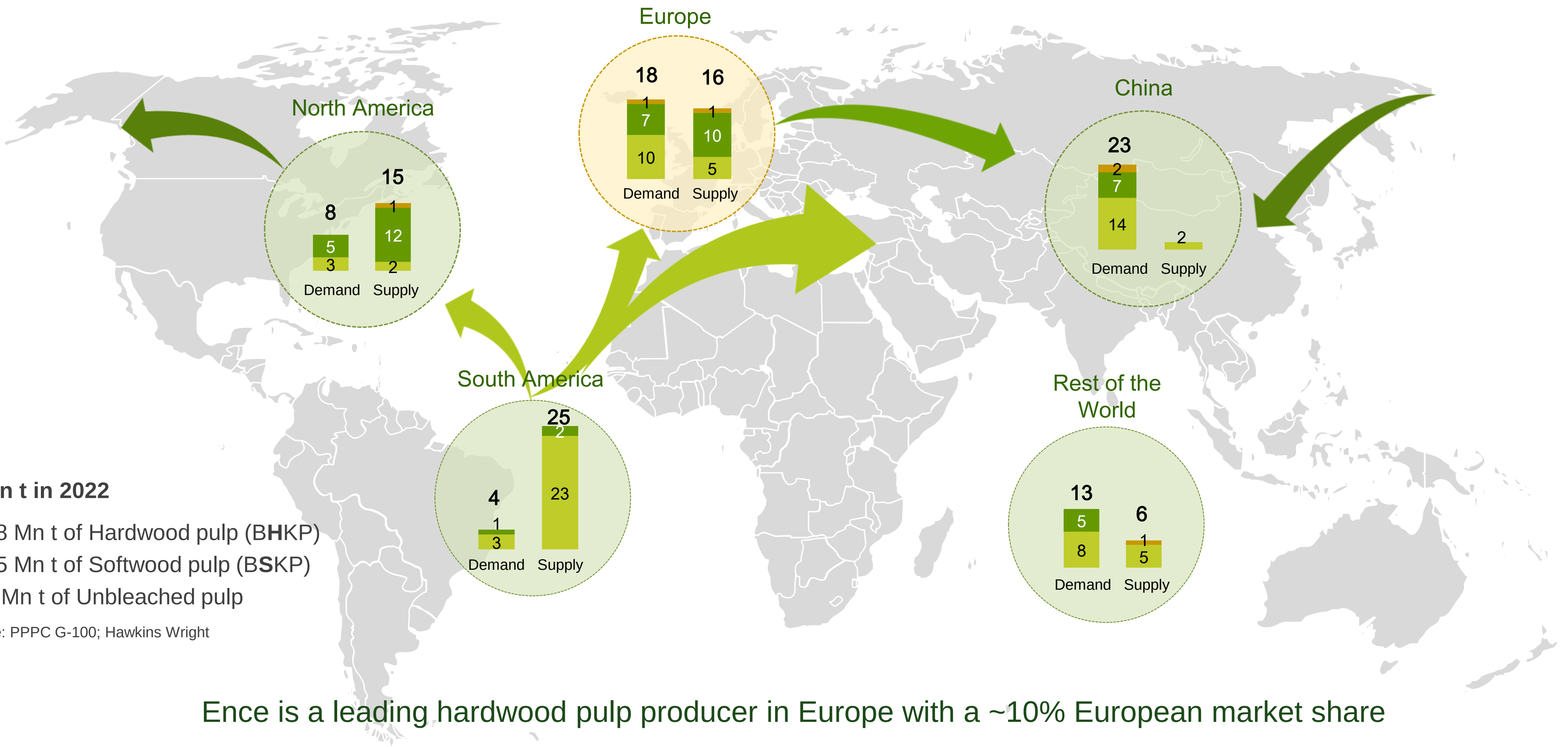
- **RENEWABLE INDUSTRIAL HEATING**
- **PIPELINE OF 140 MW IN BIOMASS**
- **SALE OF 373 PHOTOVOLTAIC MW IN 23/24**

- **15 PROJECTS UNDER DEVELOPMENT IN SPAIN**
- **TARGET BY 2030: 20 PLANTS WITH A CAPACITY >1TWH/YEAR**

3a. Pulp Market Positioning & Competitive Advantage

The global market pulp industry

60% of hardwood pulp is produced in South America and exported to China and Europe



66 Mn t in 2022

- 38 Mn t of Hardwood pulp (B**H**KP)
- 25 Mn t of Softwood pulp (B**S**KP)
- 3 Mn t of Unbleached pulp

Source: PPPC G-100; Hawkins Wright

Ence is a leading hardwood pulp producer in Europe with a ~10% European market share

Market pulp demand grows at a 3% average annual rate

Boosted by structural megatrends

Estimated global market pulp demand breakdown by end use
Mn t

Source: Ence

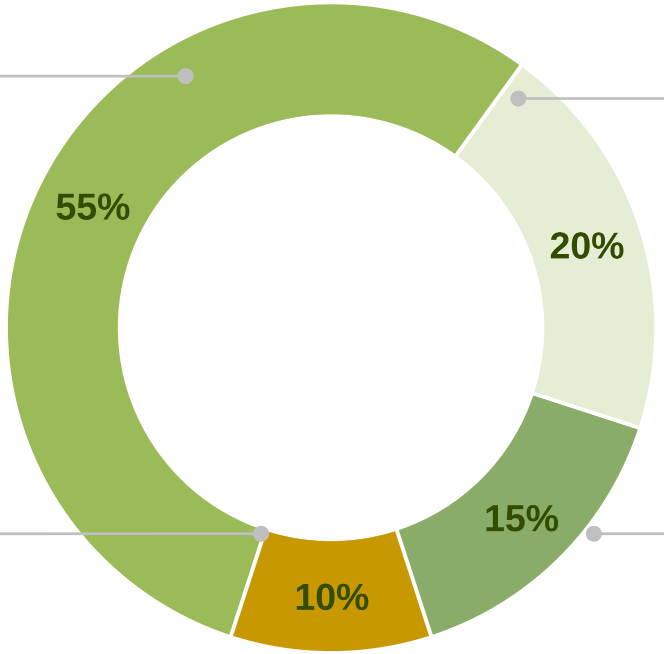
Tissue & Hygiene products: 36 Mn t

CAGR 2010 –20: 3.9%

Source: RISI

Continued tissue demand growth driven by:

- ✓ Urban population growth and
- ✓ Increasing living standards in emerging countries
- ✓ Post-pandemic consumption habits



Printing & Writing: 13 Mn t

CAGR 2010 –2020: - 3.3%

Source: RISI

P&W secular decline driven by digitalization

Packaging: 7 Mn t

CAGR 2010 –2020: 2.3%

Source: RISI

Packaging growth driven by:

- ✓ E-commerce
- ✓ Plastic products substitution

Specialties: 10 Mn t

CAGR 2010 –2020: 0.8%

Source: RISI

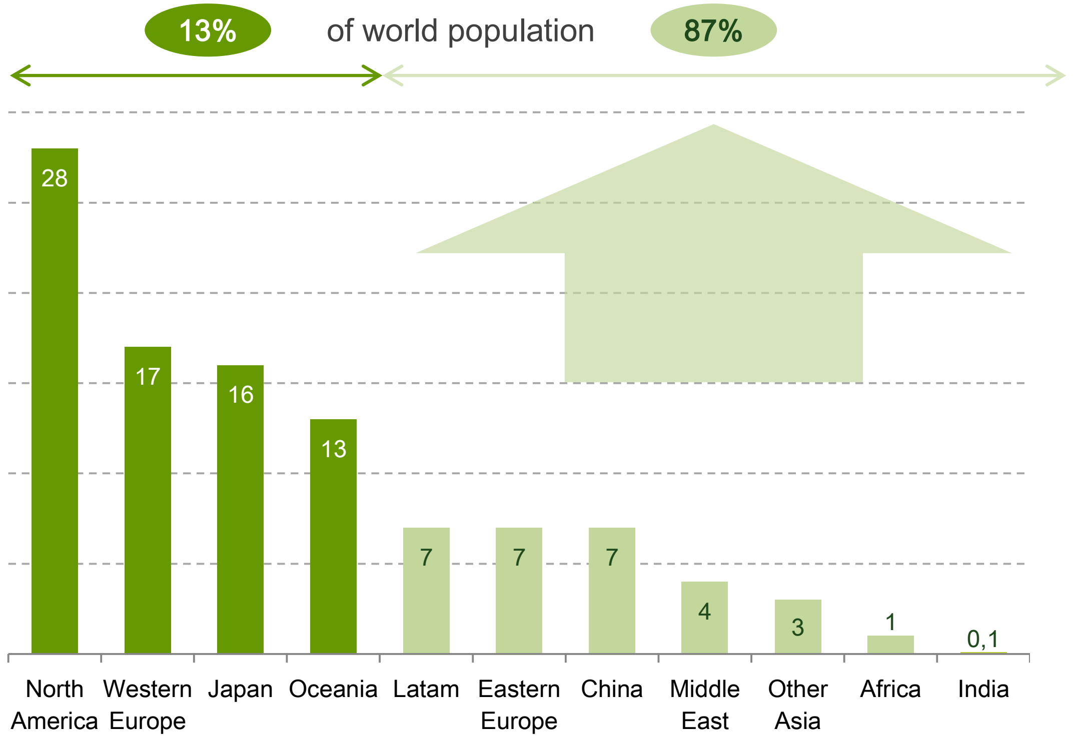
Specialties growth driven by:

- ✓ Industrial output
- ✓ Household consumption
- ✓ Plastic products substitution

Tissue is the fastest growing paper segment

Driven by urban growth and increasing living standards in emerging countries

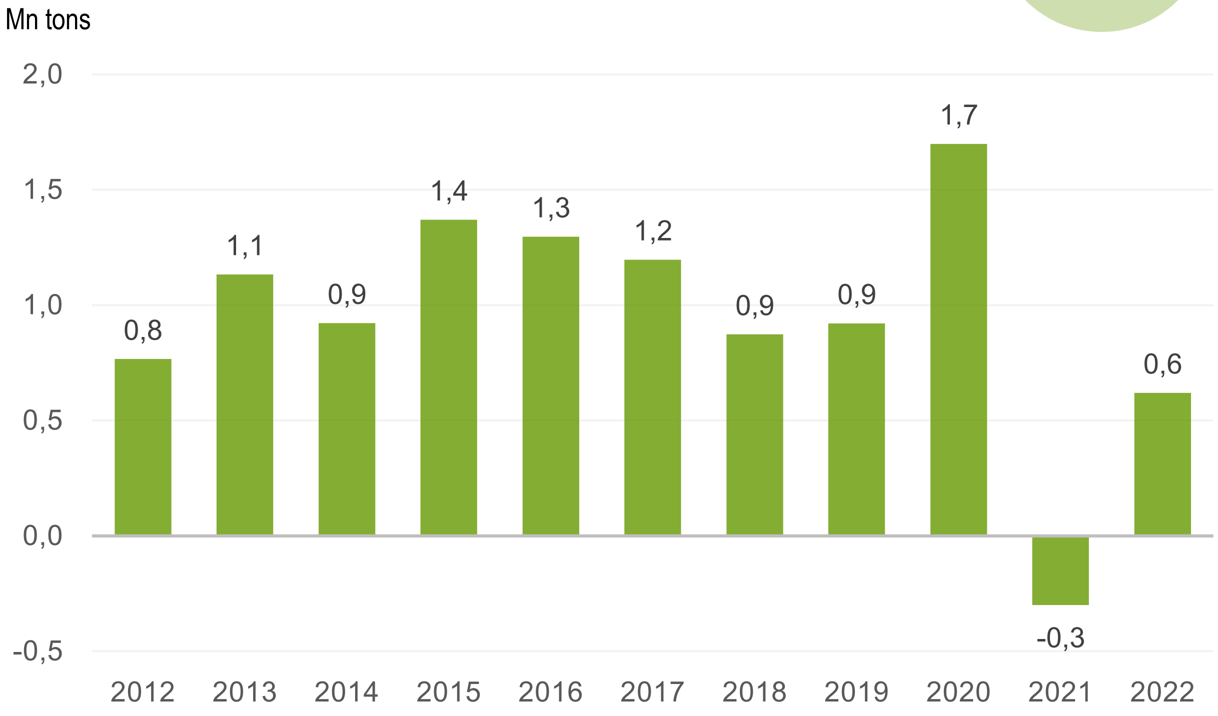
Tissue paper per-capita consumption
Kg/year



Source: RISI 2020

Tissue annual consumption growth
Last 10 years (Mn tons)

3.9% CAGR 2010-20



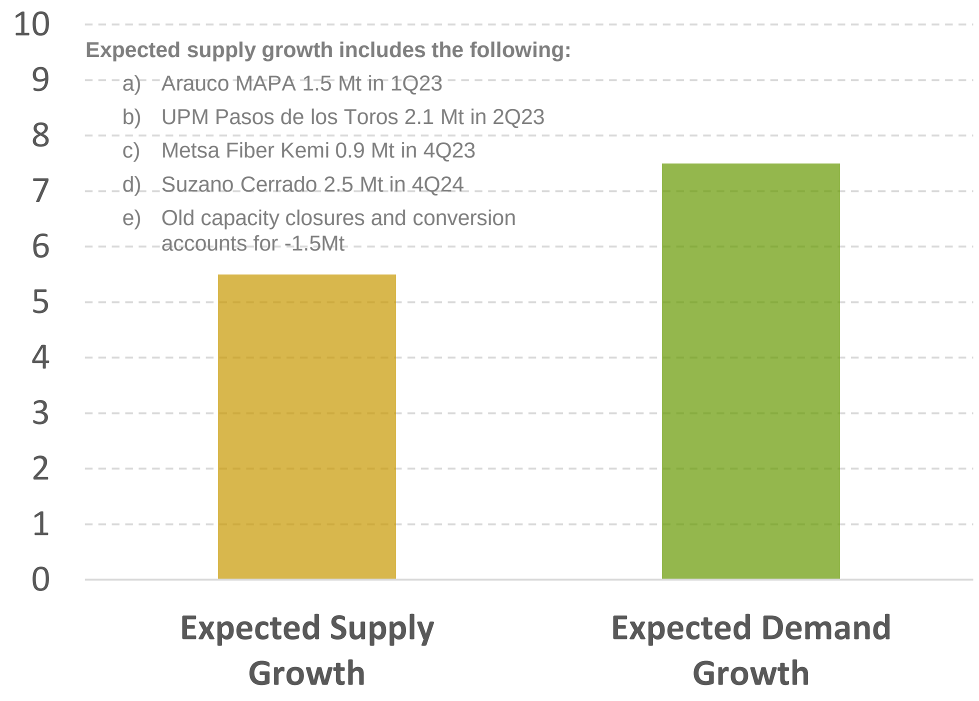
Source: PPPC

87% of the world population is starting to use tissue and hygiene products

We expect pulp demand to outgrow supply over 2023-27

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

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



Main market pulp demand growth drivers

- ✓ The end of the current destocking in the paper industry and the displacement of the higher cost integrated pulp capacity at current net price levels, should stimulate a market pulp demand recovery in 2H23-2024
- ✓ Growing paper segments (tissue, packaging and specialities) 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 will accelerate pulp demand growth in the coming years
- ✓ Lower recycled fiber availability due to declining P&W paper consumption will increase virgin fiber demand

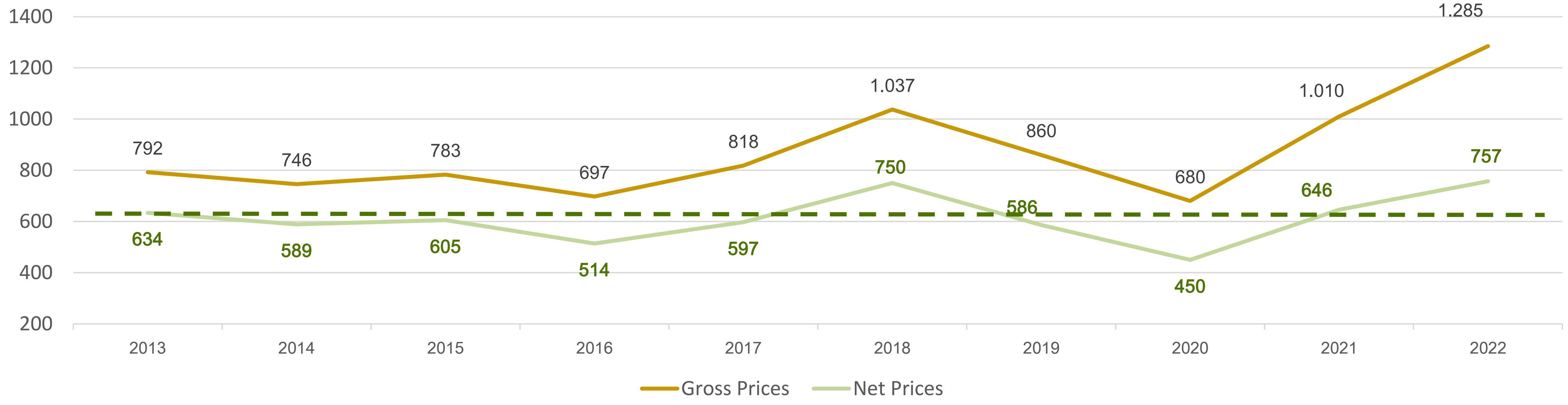
Despite destocking in the paper industry during 1H23, we expect pulp demand to outgrow supply over 2023-2027

Keeping a tight supply & demand balance

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

Avg. annual Pulp Prices Europe
BHKP US$/t

Sources: - Annual average FOEX gross price in Europe
- Net price provided by Ence

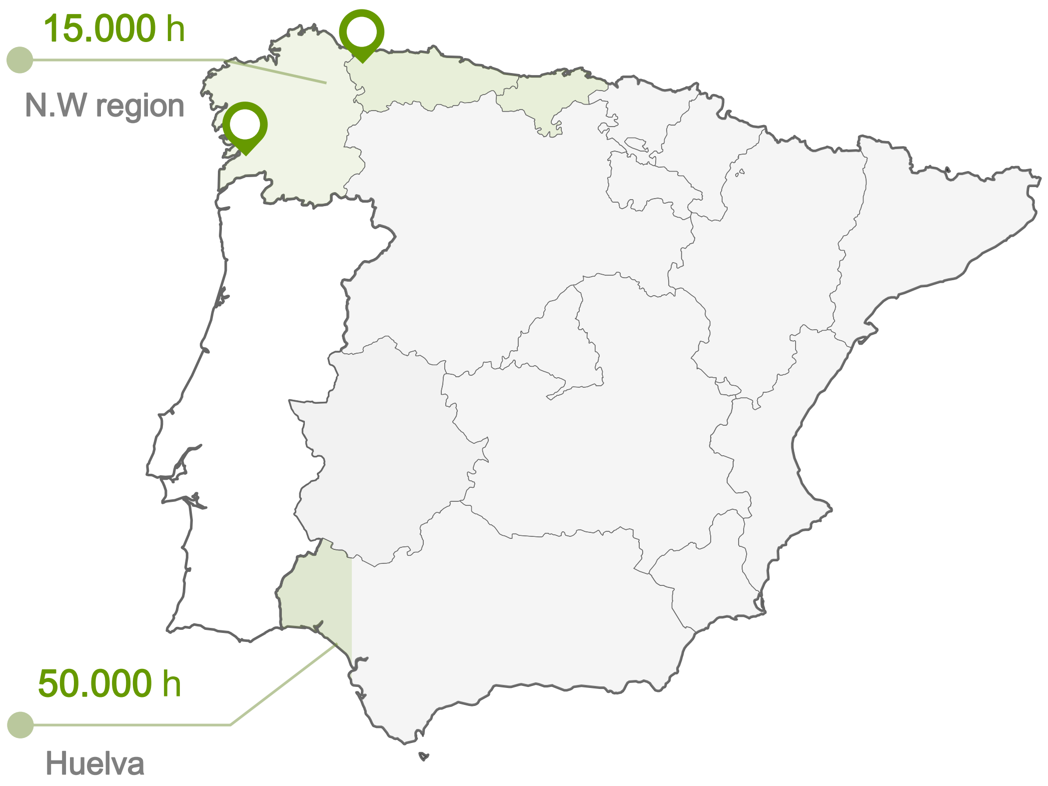


Industry specialists expect pulp price to normalize over 2023 – 2024 before rising materially as from 2025

Competitive advantage 1: Largest private forest manager in Spain

Wood back-up, carbon credits & innovation within our own eucalyptus plantations

Ence eucalyptus plantations
Hectares



Annual production and book value 2022:

- ✓ Annual production: **0,4 million m3/year**
- ✓ Book value: **€144m** (€84m land + €60m standing timber)

Sustainability certification and biodiversity 2022:

- ✓ **84%** of the forest land is certified
- ✓ **22%** of hectares (c. 14.000 ha) dedicated to preserving ecosystems

Carbon sink:

- ✓ Our plantations annually remove >**600.000 t of CO2** from the atmosphere
- ✓ > 3,000 hectares eligible to produce carbon credits. Plan to increase them in the following years

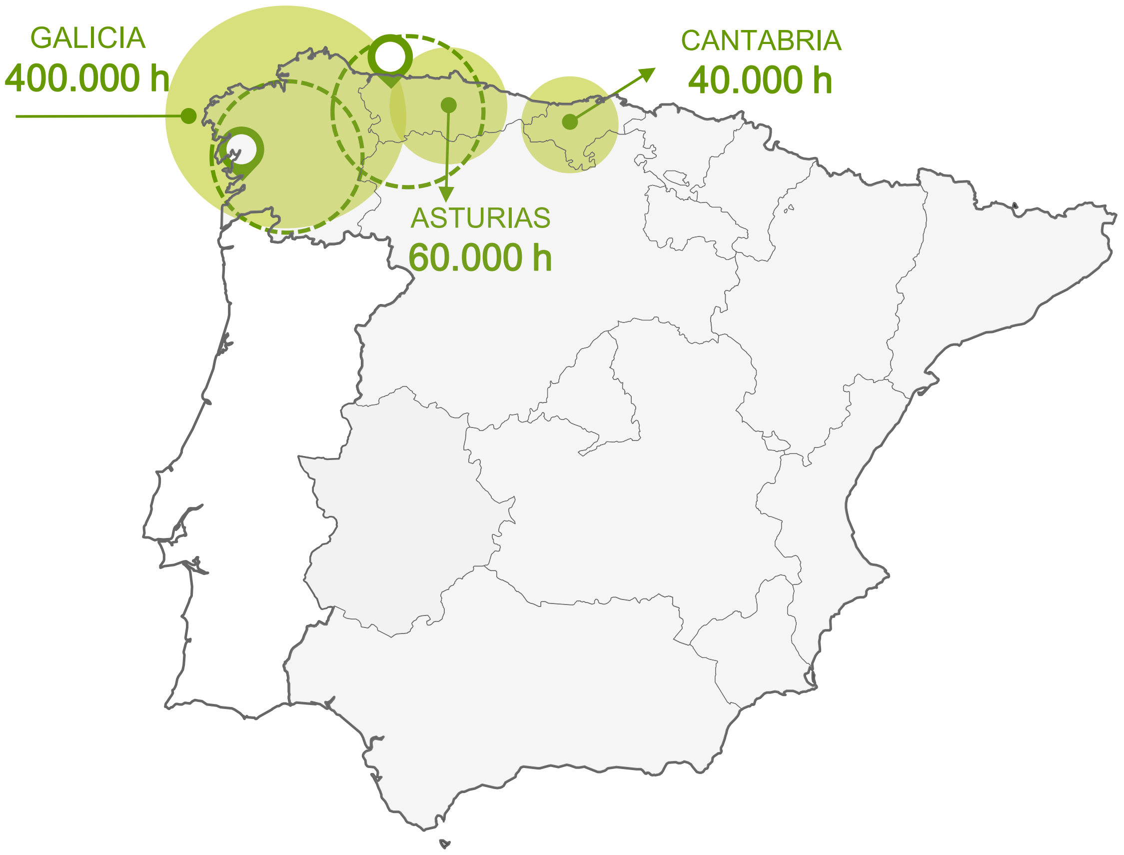
Innovation:

- ✓ **Pioneers in the clonal reproduction** of eucalyptus globulus adapted to recent climate change and local plague conditions
- ✓ **3 Eucalyptus nurseries** in Spain and 12 million improved clones and seedlings production are produced annually.

Competitive advantage 2: over 95% of our wood is locally sourced

We benefit from our close access to eucalyptus plantations around our biomills

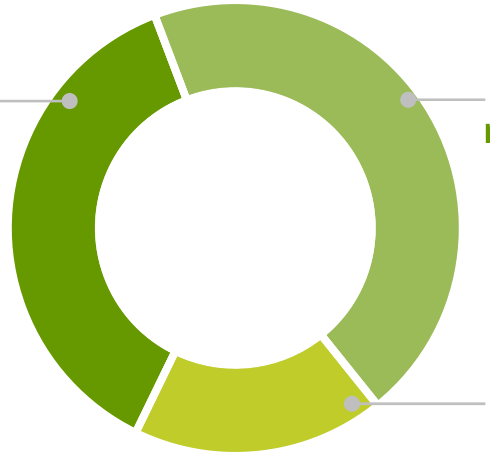
Eucalyptus plantations surface in N.W. Spain



Main figures in 2022:

- ✓ **2.8 million m3** of wood purchased in 2022
- ✓ **96%** sourced locally in Spain
- ✓ **73%** of supplied wood certified
- ✓ **100%** wood suppliers homologated
- ✓ **<110 Km** of average supply distance

Supplier split (%)



- ➢ Landowner search
- ➢ Direct purchases
- ➢ Permitting processing
- ➢ Harvesting
- ➢ Transportation

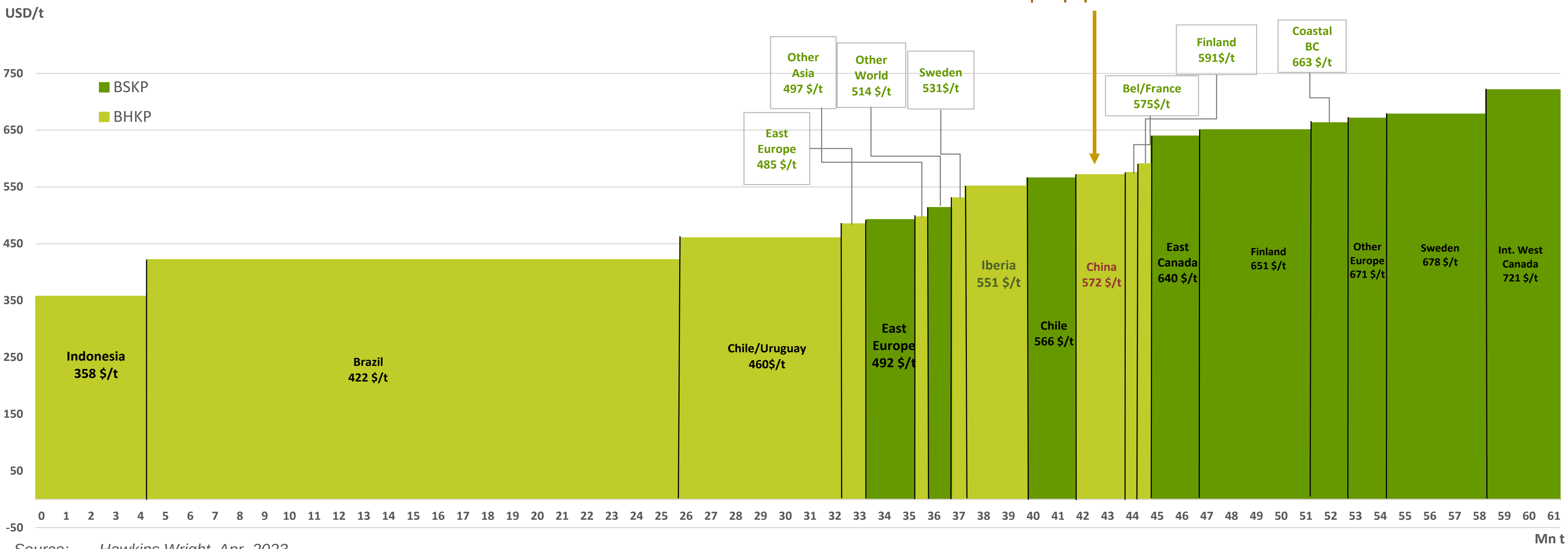
1 Includes Ence´s managed plantations

China has the highest production costs due to its lack of local wood

Its 6 Mn tons of integrated capacity act as a floor mechanism for pulp prices

Market pulp industry total cost curve
US$/t

China acts as a floor mechanism for pulp prices



Source: - Hawkins Wright. Apr. 2023

China's market pulp imports increase when pulp prices reach the variable production cost of its integrated capacity

Competitive advantage 3: Lower costs vs. softwood pulp producers

Substitutive materials with an average price spread of 95 US$/t

	Hardwood pulp (BHKP)		Softwood pulp (BSKP)
Source	Most hardwood pulp from **eucalyptus wood**	← **Substitutive materials** →	Most softwood pulp from **pine & spruce wood**
Primary Use	Best suited for products with high smoothness, opacity and uniformity **(e.g. tissue)**		Best suited for higher durability & strength **(e.g. printing & writing)**
Geography	Eucalyptus only grows under specific climate conditions (Iberia & LatAm)		More abundant pines are better adapted to cold climates (Nordic)
Yield[1]	Iberia: 4.8		Scandinavia: 1.1
Production Cost	$ Low	← **Last 10 years NET average price spread of 95 $/t** →	$ High

[1] Tons of pulp / ha / year

Competitive advantage 4: Circular, sustainable & self-sufficient processes

Producing renewable & recyclable products capable of replacing plastics

CIRCULAR
SUSTAINABLE
SELF-SUFFICIENT
ZERO WASTE

1 Local wood sourced responsibly

- Certified sources
- Unique supply chain

2 Environmental Excellence

- Environmental parameters exceed European & Spanish standards
- Gold distinction endorsement from European Commission
- Nordic Swan eco-label

3 Self sufficient with renewable energy

- Surplus of renewable energy generated in our biomills, using wood parts that cannot be used for pulp production: bark & lignin
- Biomass sustainability certified

4 Innovative Water recovery solution

- Installed in Pontevedra biomill
- Water recovered from the city WWTP in droughts

5 "Zero waste"

- "Zero Waste" certificate from AENOR

6 Renewable, recyclable & biodegradable products

- Products capable of replacing plastics in plenty of uses
- Fully biodegradable

Competitive advantage 5: A growing portfolio of differentiated products

Aimed at softwood pulp & plastic substitution…with higher operating margins

- ✓ Aimed to replace softwood pulp
- ✓ Targeted for demanding customers in terms of sustainability
- ✓ Certified life cycle analysis

- ✓ First unbleached short-fiber cellulose on the market
- ✓ Minimization of refining energy
- ✓ Soften products

- ✓ Used as a plastic alternative in multiple uses
- ✓ Low wet-expansion cellulose suitable for decor paper applications
- ✓ Results in significant energy savings in the refining process

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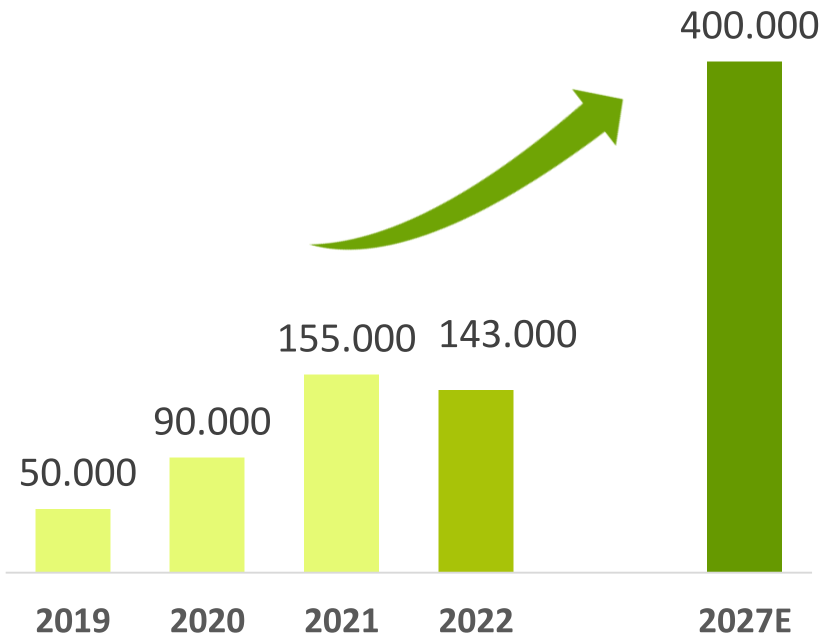
- ✓ Used as a plastic alternative in packaging for food & beverage industry
- ✓ Low porosity material

+ Others such as photocell, high white, softcell and porocell

Differentiated pulp sales

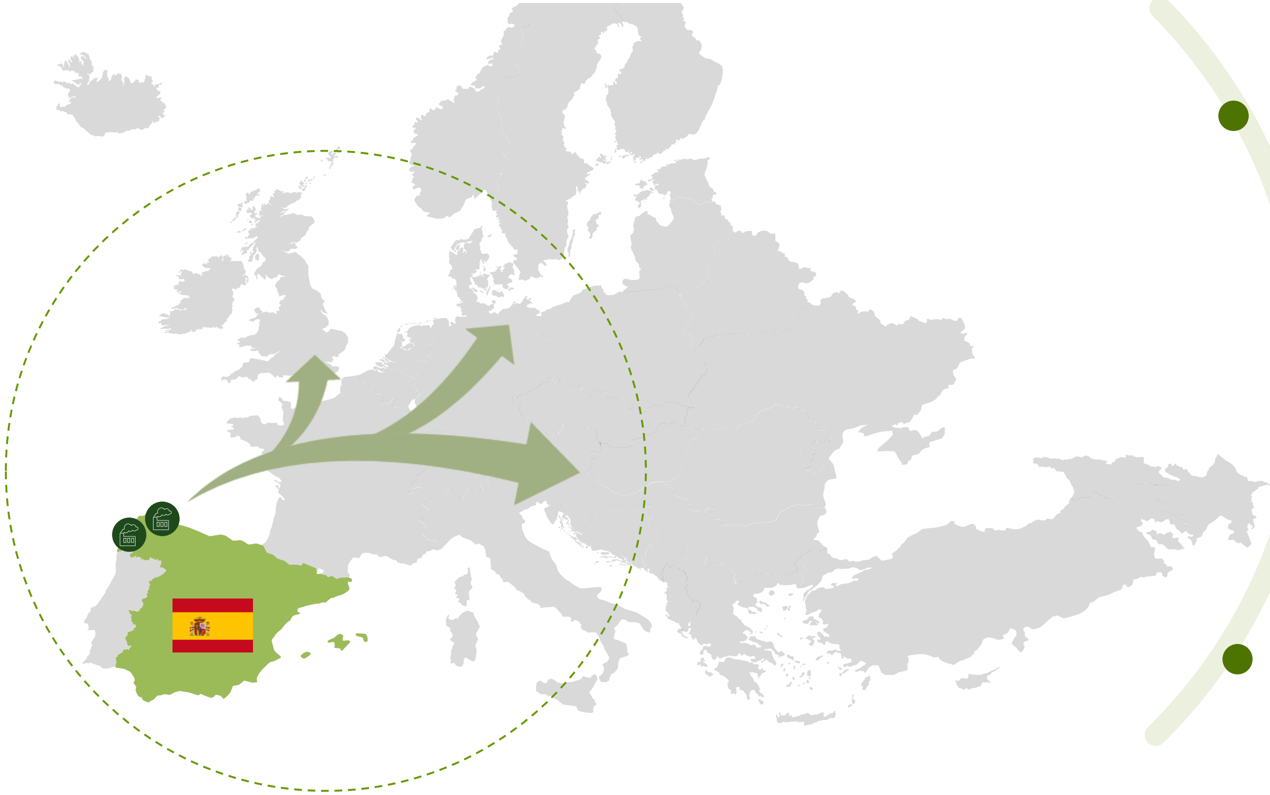
Tons



Ence's advanced differentiated products offer a lower environmental footprint and enhanced technical properties with a higher operating margin

Competitive advantage 6: Just-in-time service with 5-7 days delivery

Compared to 40 days from LatAm producers



Lower logistics costs vs LatAm

Protection against rising transport costs

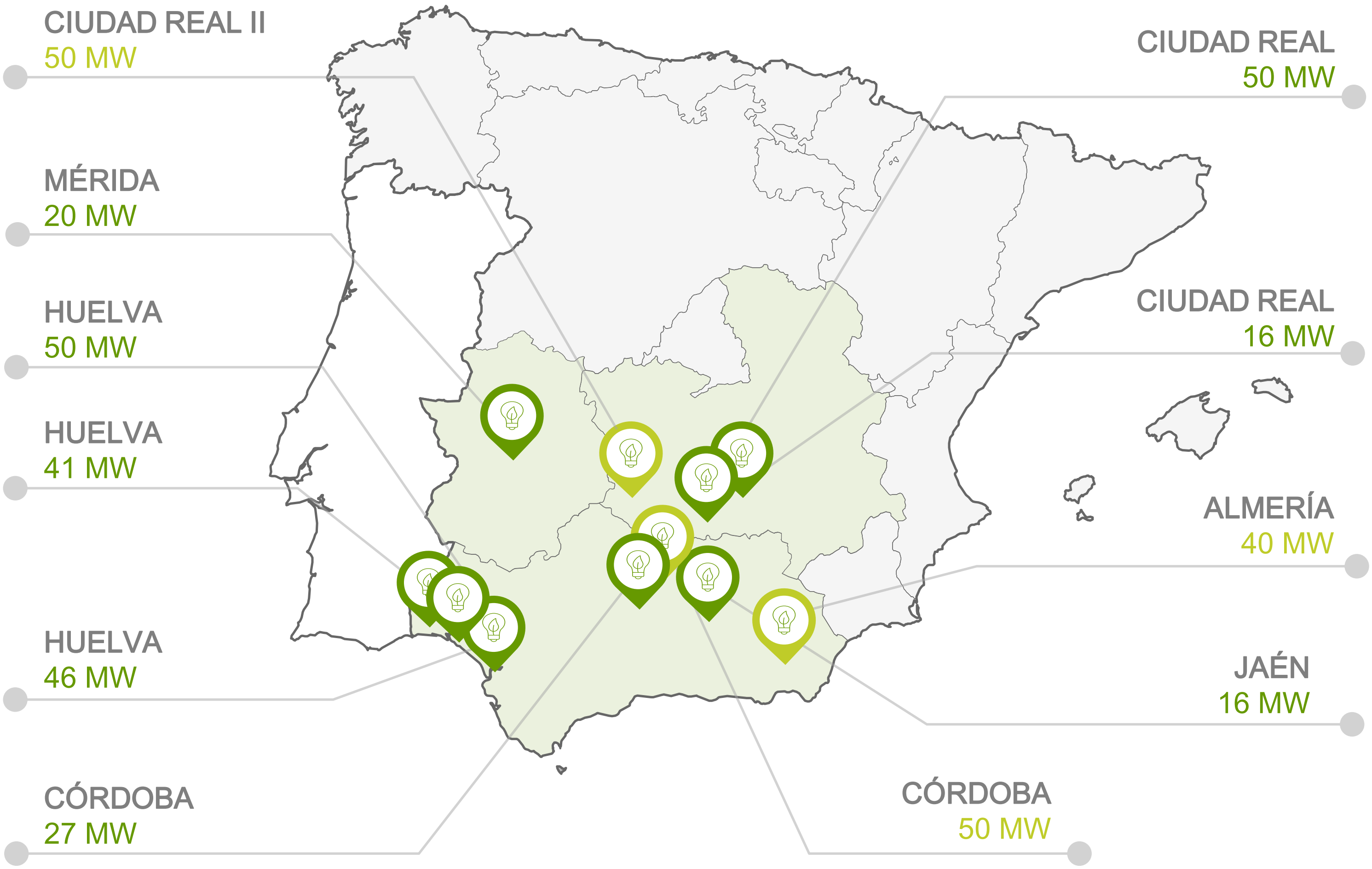
Reduced transport related CO_2 emissions

Ence has a privileged access to the European market with a capilliarized sales force and a top customer service

3b. Renewables Market Positioning & Competitive Advantage

Ence is the largest biomass operator in Spain with 40% market share

Benefitting from economies of scale



Current Power Plants Portfolio

Biomass operating power plants
266 MW

Biomass Pipeline
140 MW

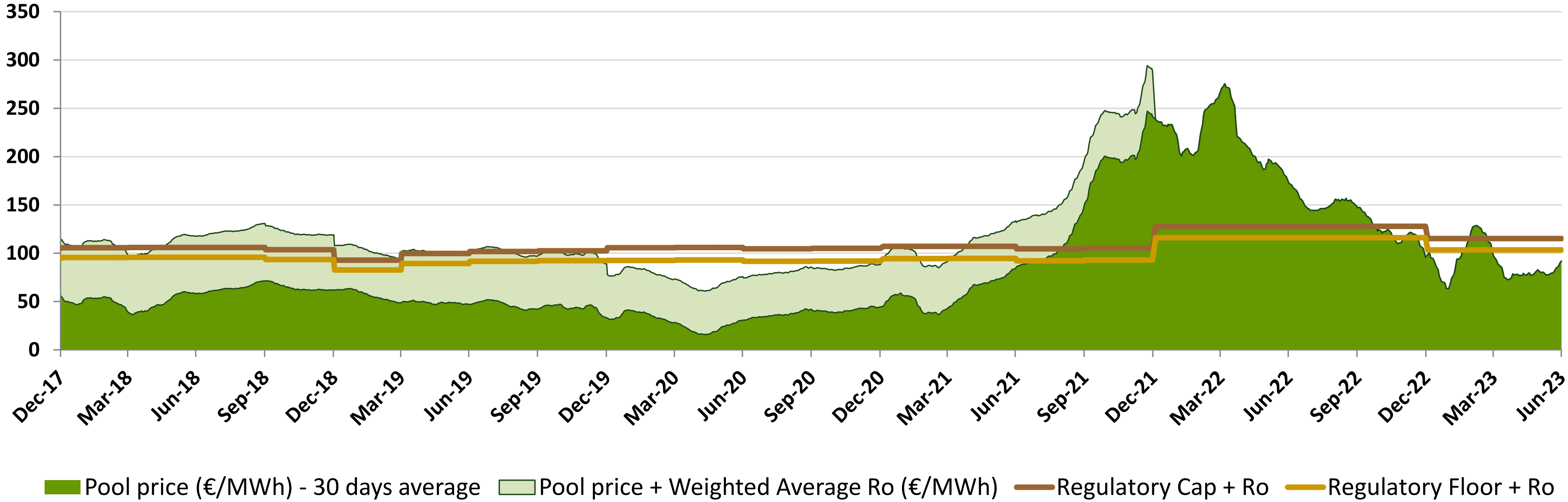
To participate in future public auctions

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 is settled by adjusting the annual remuneration for investment

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

Biomass is the only fully manageable, renewable technology

Ence provides backup services to the Spanish electricity network operator at an additional price

Abundant resource

Biomass is a very abundant resource in Spain. **We draw upon local agricultural and forest by-products**, mitigating their environmental impact and reducing fire risk

CO_2 neutral

Biomass is **neutral in carbon emissions** and avoids diffuse emissions of forest and agricultural by-products. It also reduces fire risk in our forests and the problem of uncontrolled biomass burning.

Fully manageable

Biomass is the only renewable technology, together with hydraulics, which is **totally manageable.** It can operate 24 hours a day, 365 days a year and exceed 8,000 hours a year. Biomass acts as a backup for other renewable energies.

Rural development

Biomass provides a **high socioeconomic value** due to its environmental advantages and the important contribution to the rural employment generation and the industrialization of the rural economy, avoiding rural exodus.

Spain's biomass installed capacity x3 by 2030

A growth opportunity for Ence

EU's target of energy from renewable sources by **2030…** **45%**

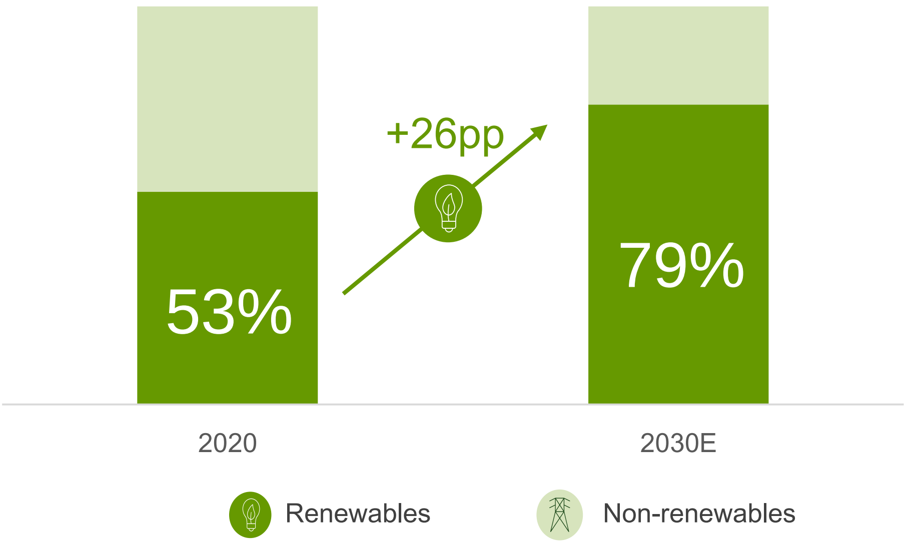
Spain expected renewable energy to triple by 2030[1]

MW

Technology (MW)	2020	2025E	2030E
Wind	26,754	42,144	62,044
Solar PV	11,004	56,737	76,387
Hydraulic	14,011	14,261	14,511
Pumping	6,024	6,899	9,524
Solar thermoelectric	2,300	2,300	4,800
Biomass	**609**	**1,009**	**1,409**
Biogas & Other RES	210	265	520
Total (MW)	**60,912**	**123,615**	**169,195**

Spain renewable electric energy share to rise >26pp by 2030[1]

In % of total MW



[1]Source: Draft of the Integrated National Energy and Climate Plan 2021-2030

4. Growth and Diversification Opportunities

Capital allocation priorities

With clear leverage limits and ROCE targets for each business

1) Maintain a strong balance sheet with prudent **leverage limits** per business:

- **Pulp** business
  Net Debt / EBITDA **< 2.5x**
- **Renewable** Energy business
  Net debt / EBITDA **< 5.0x**

Note: leverage calculated with the average cycle EBITDA

2) Fund organic investments with clear **ROCE targets** per business:

- **Pulp** business: **>12%**
- **Renewable** Energy business: **>7%**

1 ROCE = EBIT / Equity + Net Debt (including leases)
2 ROCE target in Renewables currently under review

3) Shareholder remuneration:

Enhanced dividend policy linked to

- FCF generation
- and leverage limits per business

3 annual payments

Note: leverage limits considering capex plans and commitments

4) M&A opportunities

Strong track record creating value through M&A and selective asset rotation in the Renewable Energy business

1st phase of Navia Excelente on track to deliver targeted ROCE1 >12%

Continuing to diversify our production towards our differentiated pulp products and Fluff pulp

1st phase 2024 - 25

2nd phase 2026 - 27

DIFFERENTIATED PRODUCTS

R&D in plastic substitution and in the development of our higher value-added products, which are environmentally friendly and well suited to replace softwood pulp

Estimated Capex (€m)	-	-
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 CO2 emissions by 2027

Estimated Capex (€m)	60	2026-27
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

An opportunity for growth and diversification, without increasing the consumption of wood

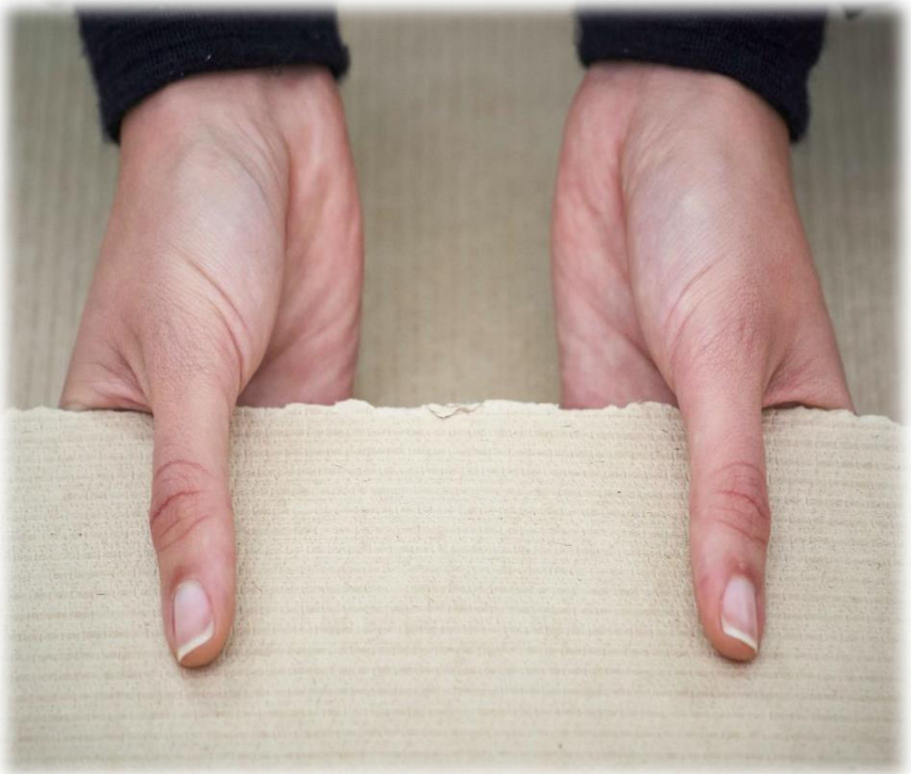
- Ence continues to make progress on the project it is studying to launch in the town of **As Pontes** in Galicia, which has been declared as a **project of strategic importance** by the Regional Government.

- The first phase of the project consists of a line for the production of bleached mixed fiber using recovered cardboard and paper and 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 is an example of fair transition and the 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 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 2026.**
- Initially estimated investment of around **€15-20 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, renewable 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

Renewable Industrial Heating

- Working with potential industrial customers in Spain to help them decarbonize by replacing fossil fuel heating with renewable heating
- **First O&M and biomass supply contract signed in June.**

PV Projects

- 100 MW sold in 1Q23 with an €23m EBITDA contribution
- **Another 263 MW to be sold in 2H23-24** with an expected EBITDA contribution of > €27 m
- Another 300 MW at an early stage of development

ENCE is the largest private forest manager in Spain

Which offers additional growth opportunities in the voluntary CO_2 markets

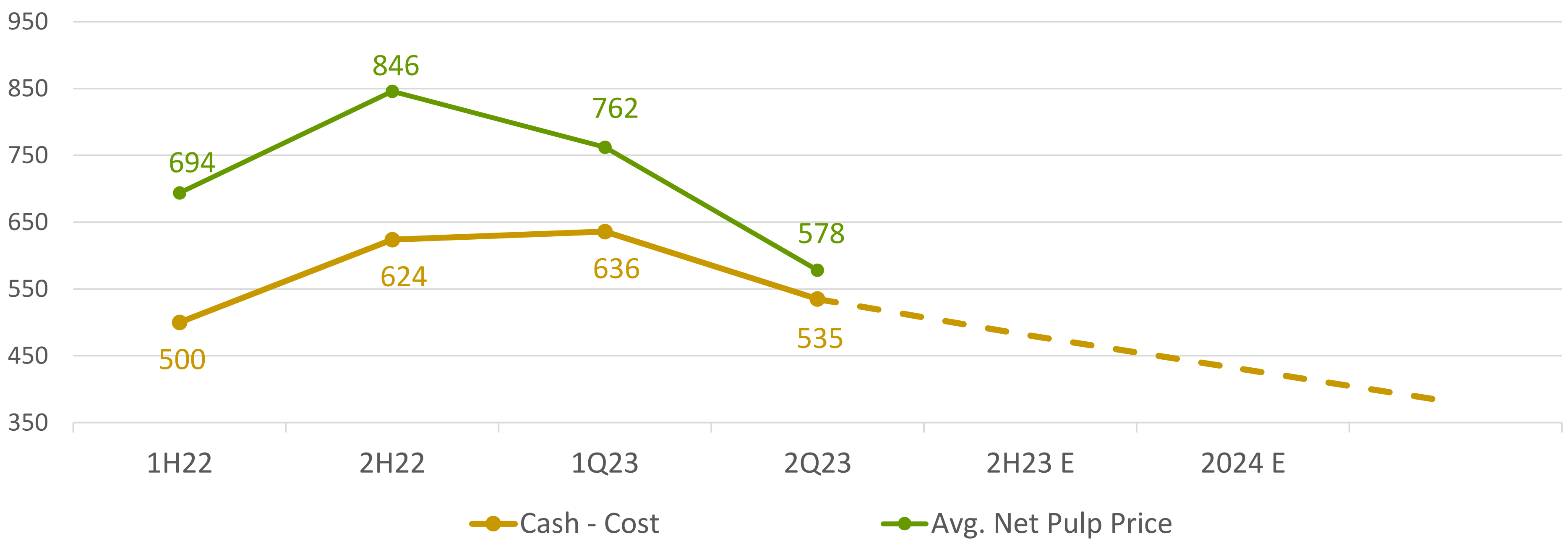
- **>600,000 tons of CO_2 is removed annually** from the atmosphere
- Part of our managed forests **produce carbon credits which may be sold in the voluntary CO2 markets** for others to offset
- **387 hectares registered** with Spanish Climate Change Office, equivalent to **the removal of over 60,000 tons of CO2** over plantation life
- Another 4,000 hectares identified as eligible to produce carbon credits, within our current plantations. Plan to increase them in 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.

5. 1H23 Results Summary & Outlook

100 €/t cash cost reduction in 2Q23 vs. 1Q23

Partially mitigated the 24% decline in net pulp prices during the same quarter

Avg. NET Pulp Price & Cash-Cost
(€/t)



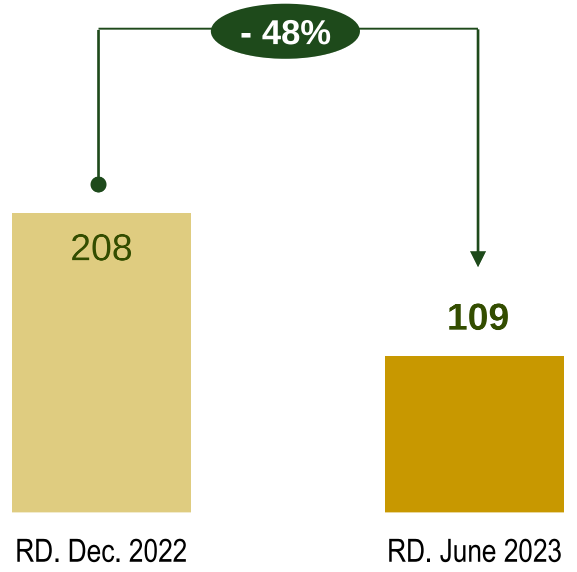
Pulp price in Europe is expected to bottom out in 3Q23, following its correction in 2Q23

Cash cost improvement to continue in the coming quarters

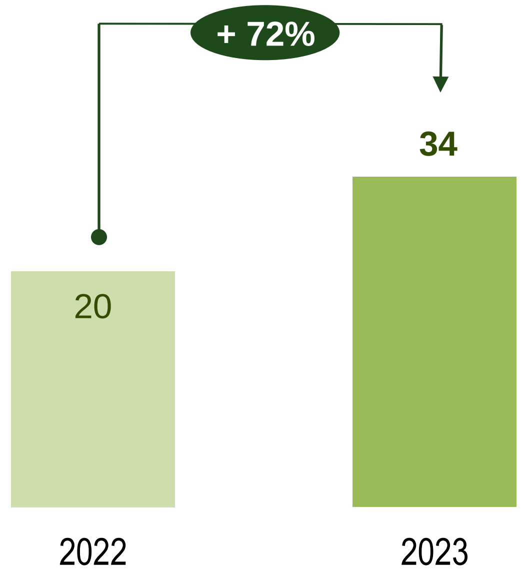
The regulated energy price applicable from 1 Jan. 2023 was updated in June

Accounting (non cash) impact in 2023 is offset by a higher Ri cashed annually from 2023

Regulatory energy price (**€/MWh**)



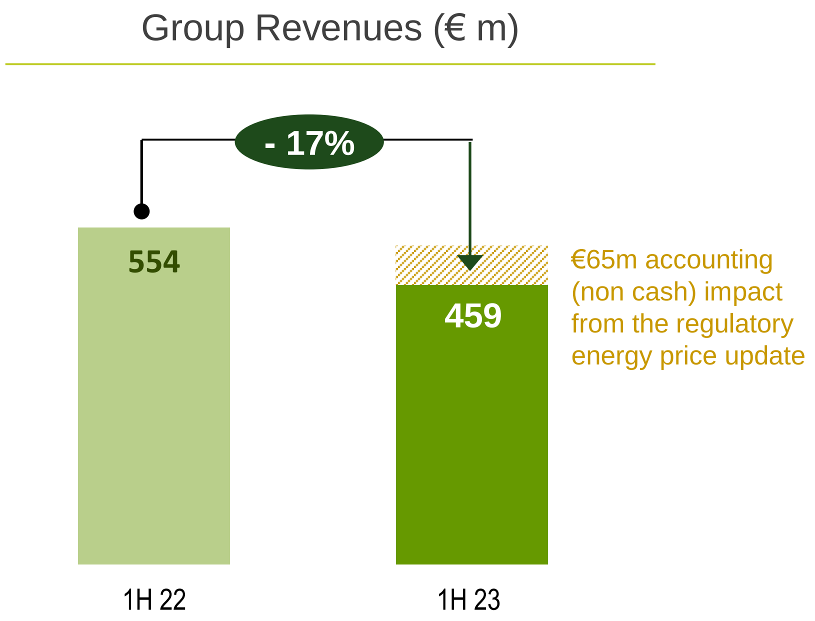
Annual remuneration for investment (Ri) for the Group Plants (**€m per year**)

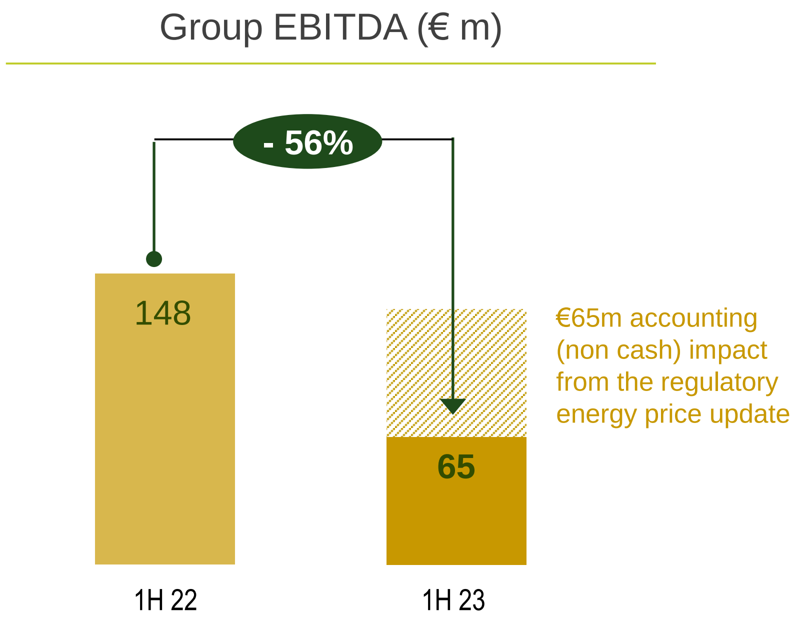


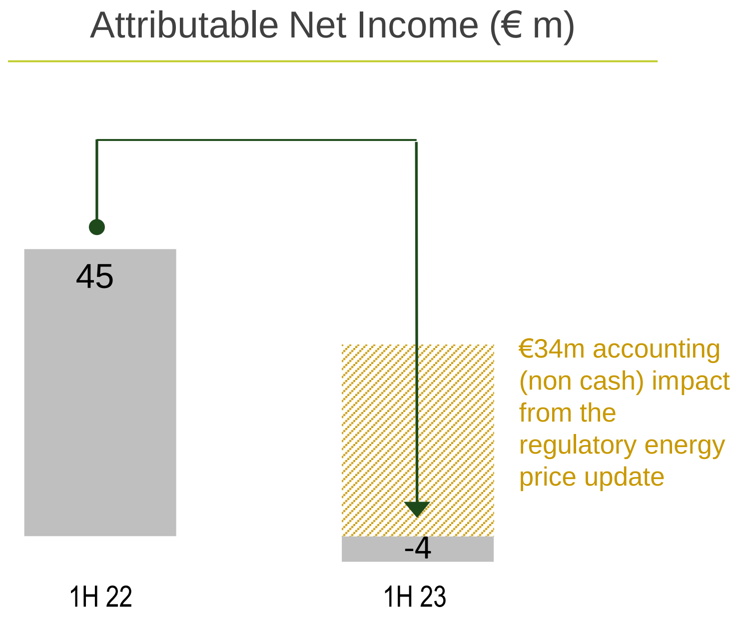
- Accounting (non cash) impact from the regulated energy price update is offset by **€14m higher remuneration for investment** (Ri) **cashed annually from 2023**
- Biomass plants regulation ensures a **minimum return of 7.4%** during the life of the plants

1H23 Consolidated Results

Driven by the pulp price correction and the accounting impact of the regulated energy price update







Group Revenues - 17% to €459m

Group EBITDA - 56% to €65m

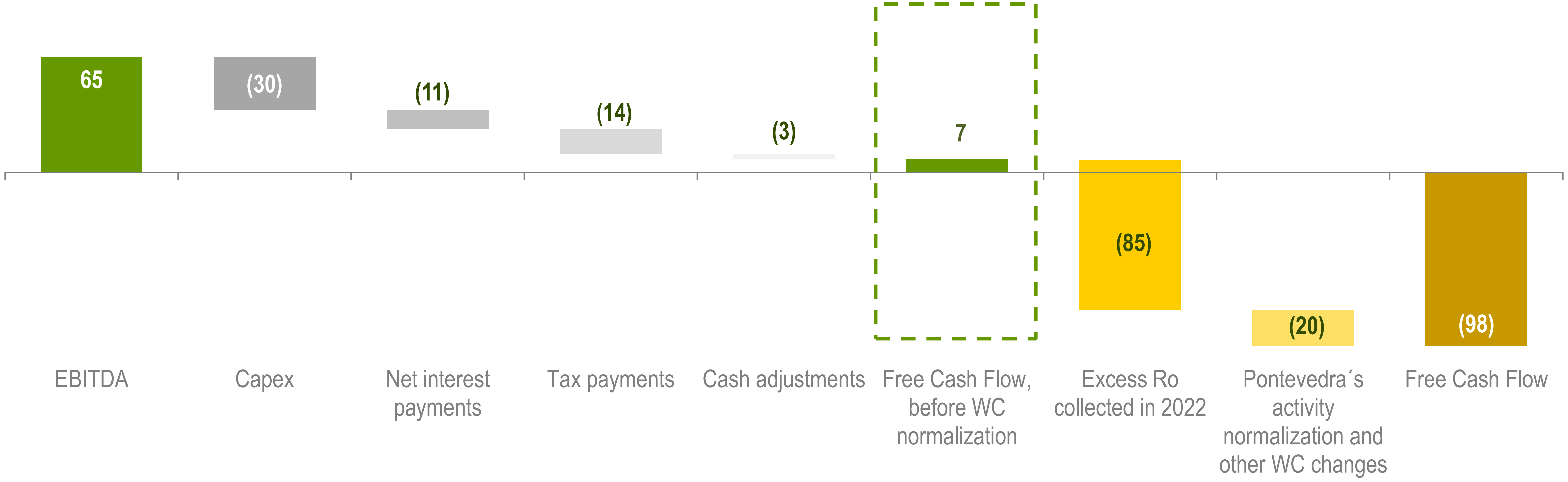
Group attributable net income to €(4)m

- **Accounting (non cash) impact of the regulatory energy price update**, applicable as from 1 January 2023, is **offset by €14m higher remuneration for investment** (Ri) **cashed annually from 2023**
- **-4% net average sales pulp price** and +17% cash cost vs. 1H22 due to the **delayed effect of inflation** in raw material and energy costs
- **100 €/t cash cost improvement in 2Q23** vs. 1Q23 due to declining raw material and energy costs
- **First PV project sale** contributed €23m to EBITDA 1Q23

Working capital normalization in 1H23

Free Cash Flow was positive in 1H23, before the working capital normalization

Short Cash Flow Statement 1H23
(€m)



- **€105m working capital outflow** includes the **return of €85m from the excess remuneration** collected in 2022 following the adjustment of the regulation applicable to renewables in 2022 and the impact of renewed activity at **Pontevedra**

€140m dividend paid in 1H23, against 2022 Results

Based on strong FCF generation and low leverage

Dividend policy

Amount based on cash available for distribution

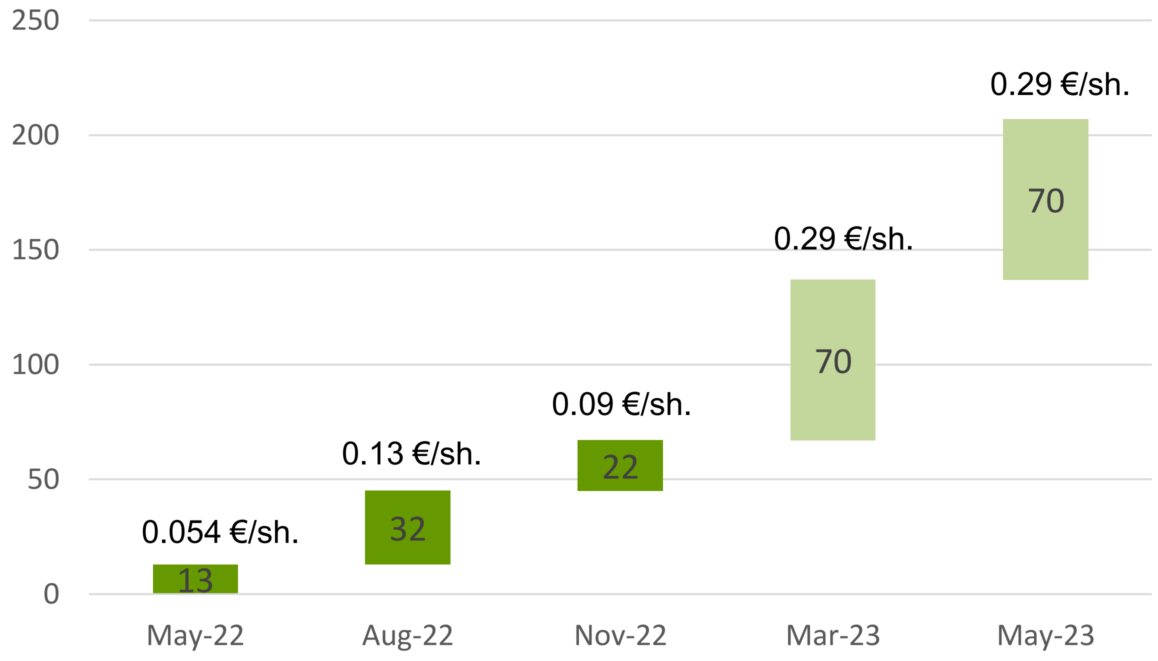
Ensuring a **leverage** below:

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

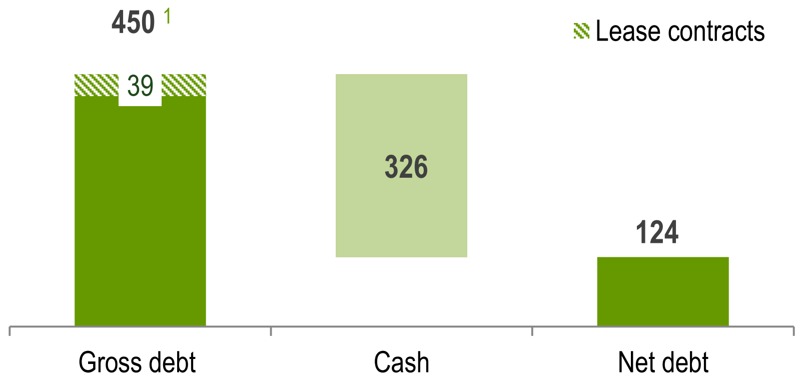
Dividend payment against FY2022 results (€m)



Low leverage position relative to our average cycle EBITDA

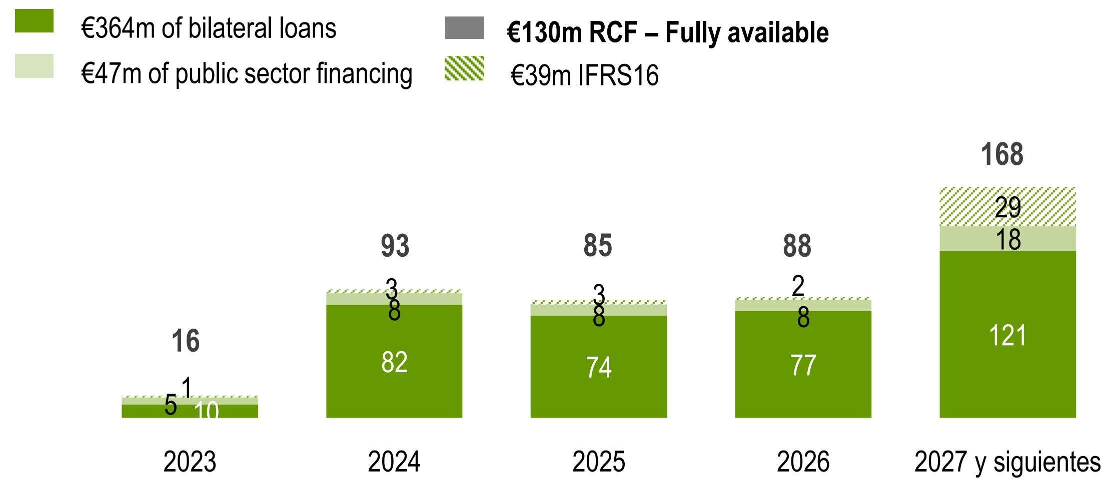
Solid cash balance of €376m at 30 June 2023

Pulp business net debt as of 30 Jun. 2023 (€ m)

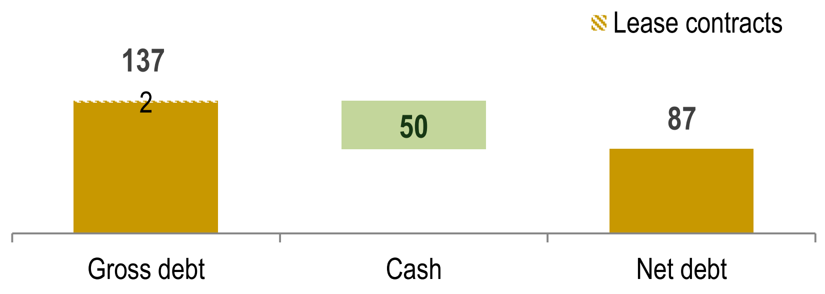


1) Pulp business financial debt is covenant free

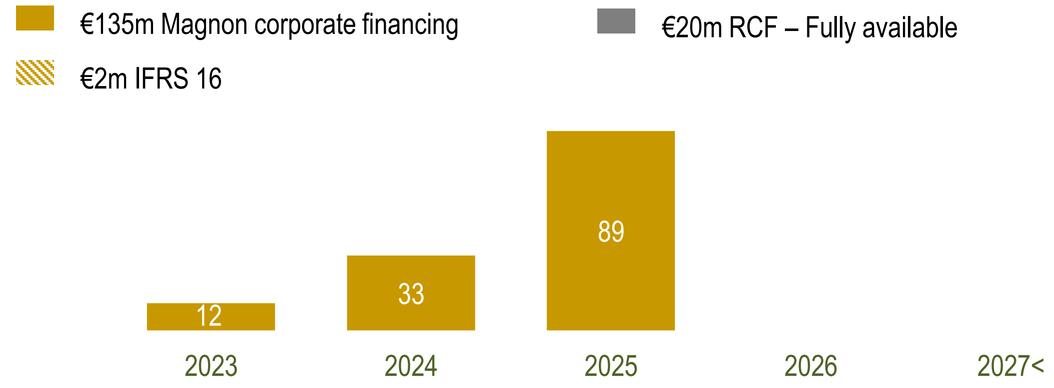
Pulp business debt maturity schedule (€ m)



Renewables business net debt as of 30 Jun. 2023 (€ m)



Renewables business debt maturity schedule (€ m)



2023 Outlook

1 Cash cost improvement to continue in the coming quarters. Cash cost expected to improve below €500/t over 2H23

2 Pulp production is expected to normalize at close to 1 million tons

3 Pulp price in Europe is expected to bottom out in 3Q23, following its correction in 2Q23

4 We expect pulp demand growth to exceed supply growth over the coming years, providing a strong support for an improving pulp price outlook

5 €26m estimated positive cash impact in 2023 from the regulated energy price update

6 €27m expected positive contribution to EBITDA from pending PV projects sale in 2H23-2024

Thank You!

Alberto Valdes

Head of Investor Relations

Investor Relations contact details:

Email: ir@ence.es
Phone: (+34) 91 337 85 53

6. Appendix

Group Financial Review
Short P&L

Figures in € m	1H23 Pulp	1H23 Renewables	1H23 Adjustments	1H23 Consolidated	1H22 Pulp	1H22 Renewables	1H22 Adjustments	1H22 Consolidated
Total revenue	**335,1**	**125,7**	**(2,0)**	**458,8**	**380,0**	**175,2**	**(1,5)**	**553,7**
Other income	14,8	3,3	(0,6)	17,5	8,2	3,8	(0,5)	11,4
Foreign exchange hedging operations results	(0,7)	-	-	(0,7)	(11,3)	-	-	(11,3)
Cost of sales and change in inventories of finished produ	(179,2)	(47,4)	2,0	(224,6)	(178,8)	(55,3)	1,5	(232,5)
Personnel expenses	(43,3)	(10,1)	-	(53,3)	(36,7)	(8,6)	-	(45,3)
Other operating expenses	(92,9)	(39,9)	0,6	(132,2)	(91,6)	(36,6)	0,5	(127,6)
EBITDA	**33,8**	**31,6**	**-**	**65,4**	**69,8**	**78,6**	**-**	**148,4**
Depreciation and amortisation	(26,2)	(17,5)	0,8	(43,0)	(20,4)	(20,0)	0,5	(39,9)
Depletion of forestry reserves	(5,0)	-	-	(5,0)	(4,0)	(0,0)	-	(4,0)
Impairment of and gains/(losses) on fixed-asset disposals	(0,5)	0,3	-	(0,3)	(1,1)	(37,0)	-	(37,3)
Other non-ordinary operating gains/(losses)	(6,6)	-	-	(6,6)	(0,1)	-	-	(0,1)
EBIT	**(4,5)**	**14,3**	**0,8**	**10,6**	**44,2**	**21,6**	**1,2**	**67,1**
Net finance cost	(6,6)	(6,4)	-	(13,0)	(4,5)	(9,2)	-	(13,7)
Other finance income/(costs)	(0,4)	-	-	(0,4)	2,0	0,3	-	2,3
Profit before tax	**(11,5)**	**7,9**	**0,8**	**(2,8)**	**41,7**	**12,7**	**1,2**	**55,6**
Income tax	2,9	1,2	(0,1)	4,0	(1,4)	(7,3)	-	(8,7)
Net Income	**(8,6)**	**9,1**	**-**	**1,2**	**40,4**	**5,4**	**1,2**	**46,9**
Non-controlling interests	-	(1,2)	(4,2)	(5,4)	-	1,0	(3,2)	(2,2)
Atributable Net Income	**(8,6)**	**7,9**	**(3,5)**	**(4,2)**	**40,4**	**6,4**	**(2,1)**	**44,7**
Earnings per Share (EPS)	(0,04)	0,03	(0,01)	(0,02)	0,17	0,03	(0,01)	0,18

Group Financial Review
Short Cash Flow

Figures in € m	1H23 Pulp	1H23 Renewables	1H23 Adjustments	1H23 Consolidated	1H22 Pulp	1H22 Renewables	1H22 Adjustments	1H22 Consolidated
Consolidated profit/(loss) for the period before tax	**(11,5)**	**7,9**	**0,8**	**(2,8)**	**41,7**	**12,7**	**1,2**	**55,7**
Depreciation and amortisation	31,3	17,5	(0,8)	48,0	24,4	20,0	(0,5)	43,9
Changes in provisions and other deferred expense	12,9	1,7	-	14,7	(2,4)	0,6	-	(1,8)
Impairment of gains/(losses) on disposals intangible assets	0,6	(0,3)	-	0,3	1,1	37,0	(0,7)	37,3
Net finance result	6,5	6,4	-	12,9	2,9	8,9	-	11,7
Energy regulation adjustment (regulatory collar)	(2,5)	(8,1)	-	(10,6)	14,4	12,1	-	26,5
Government grants taken to income	(0,4)	(0,1)	-	(0,5)	(0,3)	(0,1)	-	(0,3)
Adjustments to profit	**48,4**	**17,3**	**(0,8)**	**64,8**	**40,1**	**78,5**	**(1,2)**	**117,3**
Inventories	(9,6)	(6,0)	-	(15,7)	8,6	(1,2)	-	7,4
Trade and other receivables	(1,2)	13,8	(26,8)	(14,3)	(23,2)	(1,3)	-	(24,5)
Current financial and other assets	0,8	0,0	-	0,8	0,6	(0,0)	-	0,6
Trade and other payables	(10,9)	(92,6)	26,8	(76,7)	(17,3)	37,2	-	19,9
Changes in working capital	**(20,9)**	**(84,9)**	**-**	**(105,8)**	**(31,2)**	**34,6**	**-**	**3,4**
Interest paid	(4,5)	(6,4)	-	(10,9)	(3,3)	(9,8)	-	(13,1)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	(3,9)	(10,1)	-	(14,1)	(1,9)	(2,5)	-	(4,3)
Other collections/(payments)	-	-	-	-	-	-	-	-
Other cash flows from operating activities	**(8,4)**	**(16,6)**	**-**	**(25,0)**	**(5,2)**	**(12,2)**	**-**	**(17,4)**
Net cash flow from operating activities	**7,5**	**(76,3)**	**-**	**(68,7)**	**45,4**	**113,5**	**-**	**158,9**
Property, plant and equipment	(24,5)	(2,626)	-	(27,2)	(23,8)	(4,7)	-	(28,5)
Intangible assets	(2,5)	(0,285)	-	(2,8)	(1,6)	(0,1)	-	(1,7)
Other financial assets	(0,1)	0,400	0,3	0,6	(0,0)	-	-	(0,0)
Disposals	(0,5)	-	0,4	(0,1)	0,0	0,4	-	0,4
Net cash flow used in investing activities	**(27,6)**	**(2,511)**	**0,7**	**(29,4)**	**(25,5)**	**(4,4)**	**-**	**(29,9)**
Free cash flow	**(20,1)**	**(78,8)**	**0,7**	**(98,2)**	**19,9**	**109,1**	**-**	**129,0**

Group Financial Review
Short Balance Sheet

	Jun-23				Dec-22			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	16.5	34.4	(12.4)	38.5	15.6	35.0	(12.7)	37.9
Property, plant and equipment	601.4	377.9	(8.0)	971.3	603.4	389.0	(8.5)	983.9
Biological assets	60.2	0.2	-	60.3	60.4	0.2	-	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	19.4	-	(19.4)	-	18.6	-	(18.6)	-
Non-current financial assets	23.6	10.0	-	33.7	20.8	5.4	-	26.1
Deferred tax assets	32.8	21.5	3.1	57.4	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	**866.5**	**454.0**	**(149.2)**	**1,171.3**	**861.8**	**459.0**	**(149.1)**	**1,171.6**
Inventories	82.3	22.5	-	104.8	80.5	21.9	-	102.3
Trade and other accounts receivable	56.7	34.8	(2.4)	89.1	59.4	40.5	(29.2)	70.6
Income tax	6.8	1.3	-	8.0	6.8	1.3	-	8.0
Other current assets	6.5	2.5	-	9.0	7.5	0.4	-	7.9
Hedging derivatives	1.2	3.7	-	4.9	0.0	2.6	-	2.6
Current financial investments in Group companies	0.3	0.1	(0.4)	0.0	0.4	0.0	(0.4)	0.0
Current financial investments	3.4	0.0	-	3.4	4.2	0.0	-	4.3
Cash and cash equivalents	323.3	41.1	-	364.4	278.4	134.5	-	412.9
Total current assets	**480.5**	**106.0**	**(2.8)**	**583.8**	**437.1**	**201.2**	**(29.6)**	**608.7**
TOTAL ASSETS	**1,347.0**	**560.0**	**(152.0)**	**1,755.0**	**1,298.9**	**660.2**	**(178.8)**	**1,780.3**
Equity	**572.3**	**234.2**	**(129.8)**	**676.6**	**719.8**	**228.9**	**(130.6)**	**818.2**
Non-current borrowings	367.6	111.4	-	479.0	163.2	122.9	-	286.1
Non-current loans with Group companies and associates	-	37.2	(19.4)	17.8	-	36.4	(18.6)	17.8
Non-current derivatives	0.1	-	-	0.1	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28.9	0.1	-	29.0	27.9	0.1	-	28.0
Other non-current liabilities	40.8	72.3	-	113.1	38.2	75.8	-	114.0
Total non-current liabilities	**437.3**	**221.1**	**(19.4)**	**639.1**	**229.2**	**235.3**	**(18.6)**	**445.9**
Current borrowings	82.9	25.6	-	108.5	83.3	27.8	-	111.1
Current derivatives	0.0	-	-	0.0	0.4	-	-	0.4
Trade and other account payable	218.4	75.0	(2.4)	291.0	226.4	164.4	(29.2)	361.6
Short-term debts with group companies	0.1	0.5	(0.4)	0.3	0.0	0.7	(0.4)	0.4
Income tax	0.0	0.9	-	0.9	0.0	-	-	0.0
Current provisions	36.0	2.7	-	38.7	39.8	3.0	-	42.8
Total current liabilities	**337.4**	**104.8**	**(2.8)**	**439.4**	**349.9**	**196.0**	**(29.6)**	**516.2**
TOTAL EQUITY AND LIABILITIES	**1,347.0**	**560.0**	**(152.0)**	**1,755.0**	**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.

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)
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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.

SUSTAINALYTICS Global ESG score: 90/100

Delivering value
Delivering commitments

ence ENERGÍA & CELULOSA