

4Q23 Results

1 March 2024



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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*

Results Summary

4Q23 Operating Highlights

- Pulp price recovery started in 3Q23 and continues into 1Q24 up to 1,220 GROSS USD/t (700 NET USD/ton aprox)
- Cash cost reduction continued in 4Q23, down to 455 €/t (-180 €/t vs. 1Q23)
- Pulp production improved by 15% vs. 3Q23 boosted by the strong performance of both mills
- Ence Advance pulp sales accounted for 28% of total pulp sales in 4Q23
- Acquisition of Sniace forestry assets in 4Q23
- Sustainability and Ecovadis confirmed our leadership in sustainability in 2023

4Q23 Financial Results

- EBITDA turnaround in 4Q23, up to €25m, driven by the operating margin recovery in the pulp business
- €26m growth and sustainability capex in 4Q23, including Sniace Forestry Assets and Pontevedra water recovery solution
- €8m Free Cash Flow in 4Q23
- €280m net debt position (including leases) at 31 Dec. 2023 with a cash balance of €345m
- Low leverage position vs. our average cycle EBITDA

1Q24 Outlook

- Main pulp producers have announced further price increases of up to 1,300 GROSS USD/ton (750 NET USD/ton aprox.)
- Pulp business operating margin should continue improving
- +10 €/MWh remuneration from the operation of biomass power plants proposed for 2024
- New draft regulation for biomass power plants should align cash generation with accounting EBITDA
- The closing of the sale of the remaining 3 PV projects is scheduled for 2024

Growth and Diversification Projects

- Ence Advance pulp sales continue gaining market share. Aim: to reach 50% by 2028
- Navia's project for the production of up to 125,000 tons of Fluff pulp is on track. Commissioning expected in 4Q25.
- Advancing with the engineering to boost the efficiency and flexibility of Pontevedra biomill
- 6 biomethane plants now in their engineering and permitting phase
- Final bidder in 5 contracts to provide renewable thermal energy
- Advancing with the engineering to capture the biogenic CO₂ released by our activities



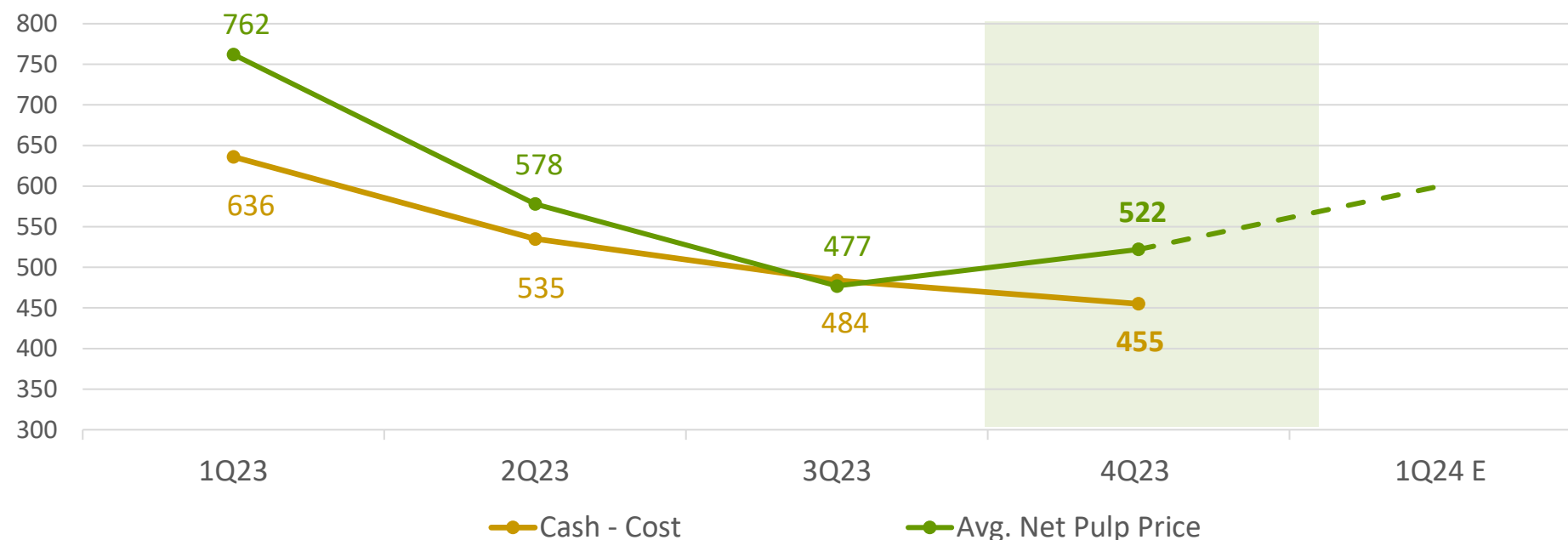
1.

4Q23 Operating Highlights

Pulp price recovery started in 4Q23 and continues into 1Q24

180 cash cost reduction achieved during 2023, down to 455 €/t in 4Q23

Avg. NET Pulp Price & Cash-Cost
(€/t)



Continued cash cost reduction in 4Q23, favoured by a higher fixed cost dilution leveraged on a strong production

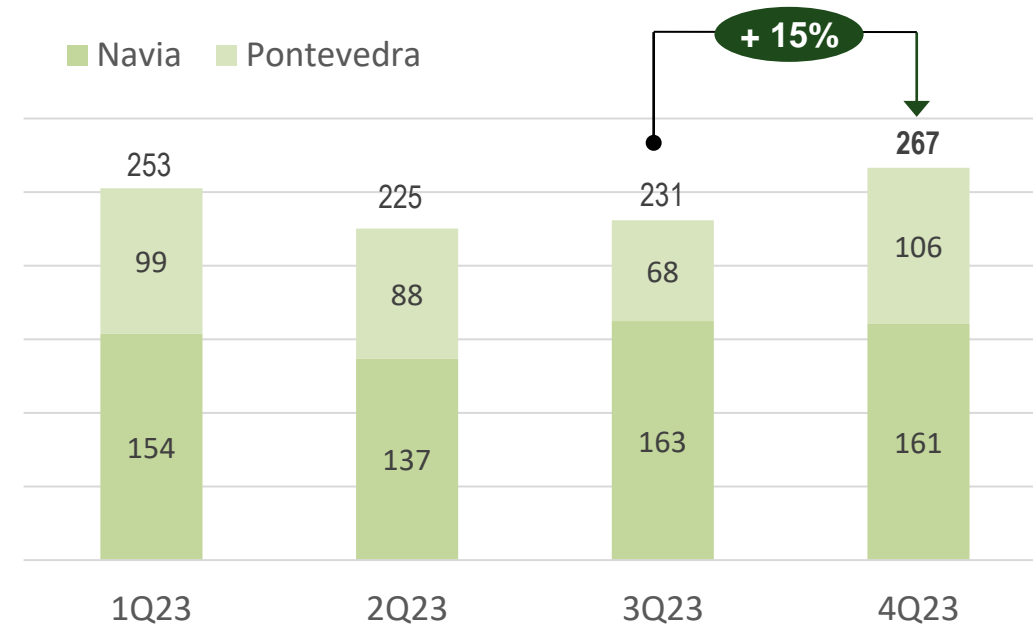
European pulp prices currently at 1,220 GROSS USD/ton (equivalent to NET 700 USD/ton approx.)

Main pulp producers have announced a further price increase of up to 1,300 GROSS USD/ton (equivalent to NET 750 USD/ton approx.)

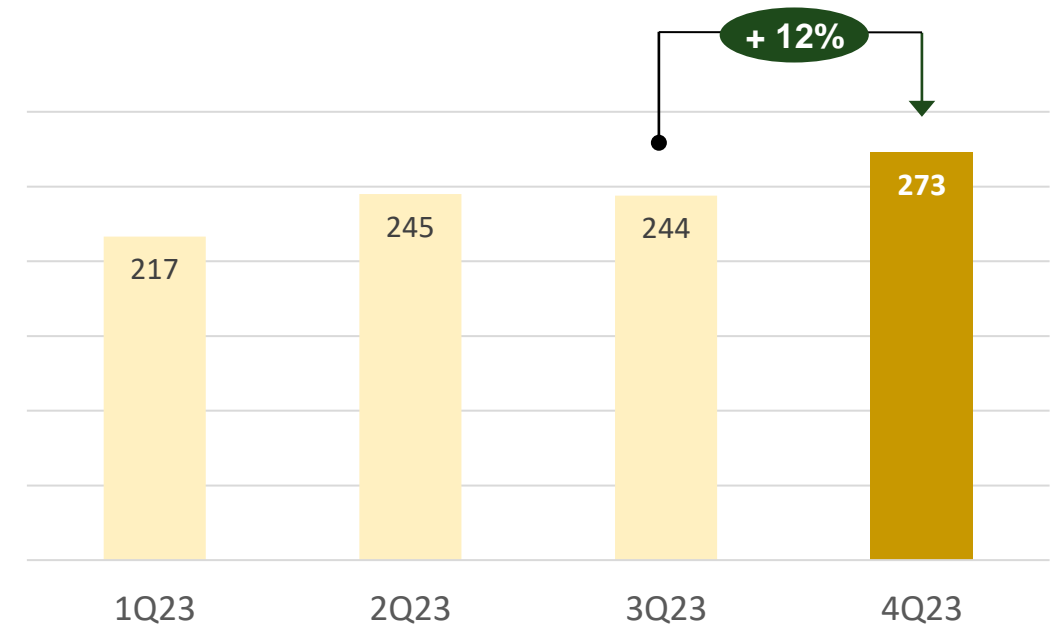
Pulp production improved by 15% vs. 3Q23

Boosted by the strong performance of both mills

Pulp production (,000 tons)



Pulp sales (,000 tons)



- **Production at Navia reached its highest ever annual level in 2023: 614,000 tons.**
- Our innovative solution to recycle the water from our internal effluent and from the local WWTM is already installed at Pontevedra.
 - ✓ The environmental permit to recycle our internal effluent was received in 1Q24.
 - The concession and the environmental permit to recycle the waste water from the local WWTM are expected in the coming quarters.
- Annual maintenance shutdowns at both bio-mills were undertaken in 2Q23. Next annual maintenance shutdowns are scheduled for 2Q24 at Navia and 3Q24 at Pontevedra

Ence Advanced pulp sales accounted for 28% of our pulp sales in 4Q23

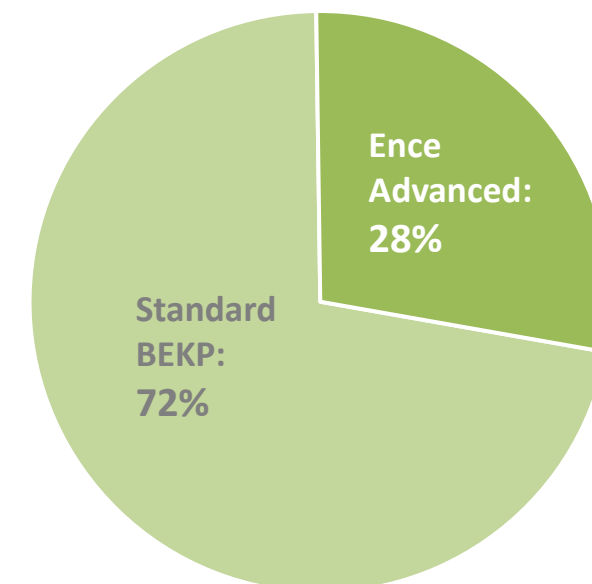
Lower environmental footprint and enhanced technical properties at a higher margin



- ✓ Aiming to replace softwood pulp
- ✓ Targeting customers with high sustainability standards
- ✓ Minimizing the energy consumption during the refining process
- ✓ First unbleached hardwood pulp in the market
- ✓ Certified CO² footprint during the product life cycle
- ✓ Increases tissue softness
- ✓ Low wet-expansion cellulose suitable for decor paper applications
- ✓ Narrow range of porosity
- ✓ Used as a plastic alternative in packaging for the food & beverage industry
- ✓ Low porosity material

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

Ence Advanced Pulp Sales
% of total pulp sales

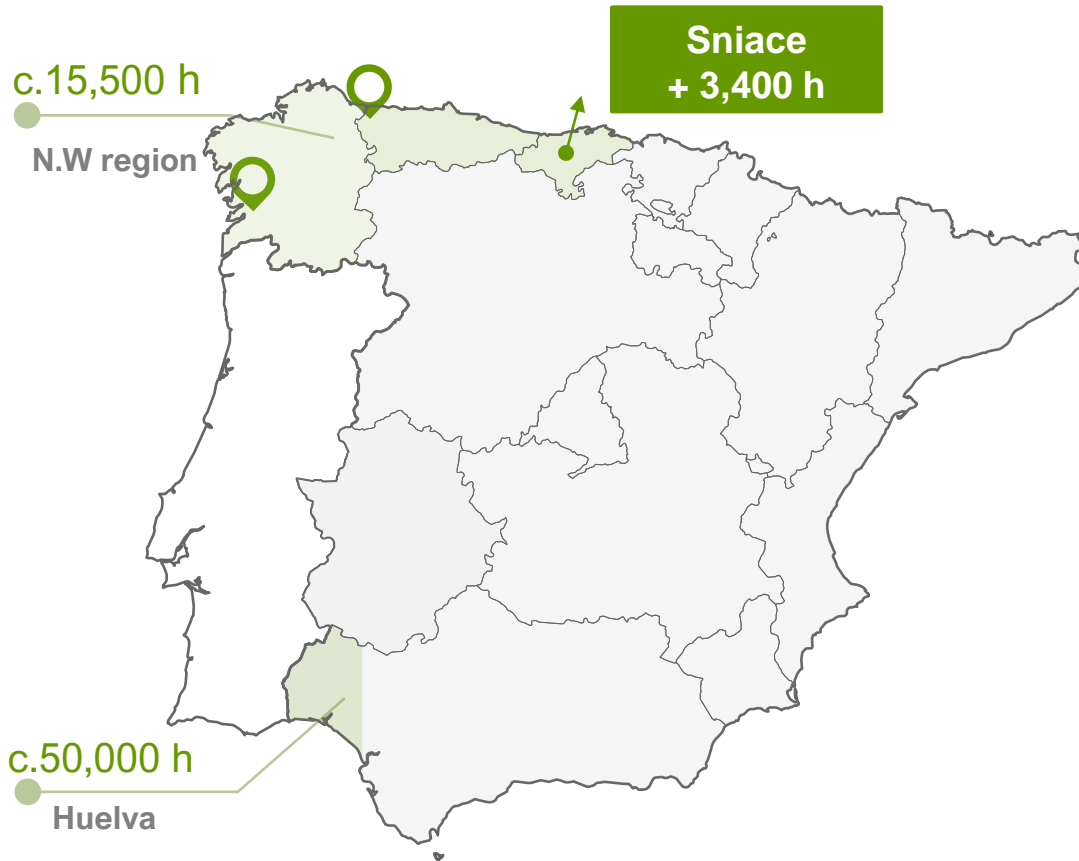


We expect Ence Advanced pulp sales to reach c.50% of our pulp production by 2028 (>500,000 t)

Acquisition of Sniace forestry assets in 4Q23

Reinforcing our position as the largest private forest manager in Spain

Ence eucalyptus plantations Hectares



Annual production and book value 2023:

- ✓ **Annual production: > 0,3 million m³/year**
- ✓ **Book value: €155m** (€88m land + €67m standing timber)

Sustainability certification and biodiversity 2023:

- ✓ **84%** of the forest land is certified
- ✓ **22%** of hectares are dedicated to preserving ecosystems

Carbon sink:

- ✓ Our plantations annually remove **>600.000 t of CO₂** from the atmosphere

Innovation:

- ✓ **Pioneers in the clonal reproduction** of eucalyptus globulus
- ✓ **Advanced Plant Material Improvement Program** to adapt to future climate change and local plague conditions
- ✓ **3 Eucalyptus nurseries** in Spain and 12 million improved clones and seedlings produced annually.

ENCE: industry leader in sustainability

2023 Highlights



Production cost reduction



Safe & efficient operations

Protecting Health and Safety of employees and contractors

- ✓ **83% reduction** of FR (Frequency Rate)* in Energy plants vs 2022

Water footprint reduction

- ✓ **Water use reduction** in Navia and Pontevedra (-6% vs 2022 in both plants)

Advancing towards a circular economy

- ✓ **>95%** waste recovery rate
- ✓ **100% plants ZERO WASTE certified**

Odour reduction (vs 2022)

- ✓ **-43%** odour minutes in Navia and **-34%** in Pontevedra

Leadership and differentiation



Climate action

Committed to mitigate climate change

- ✓ 2023 update of the climate risk & opportunities analysis following **TCFD Recommendations**
- ✓ **-7% Ence's direct emissions reduction** vs 2022



Sustainable products

Differentiated products with higher added value

- ✓ **22% of total sales** (2023). Products with higher and growing margins
- ✓ **1st Pulp EPD* published**: Encell TCF, Encell ECF and Naturcell
- ✓ **1st Carbon neutral product** (Naturcell Zero)

License to operate



People & Values

Talent as a competitive advantage

- ✓ **Great Place to Work** certification for the fourth year in a row
- ✓ We offer quality jobs: **94% of contracts were permanent**
- ✓ **+13% female employees** vs 2022



Commitment to communities

Adding value to society:

- ✓ **Launch of the Ence Pontevedra 2023 Social Plan**, endowed with 3 million euros
- ✓ **>300 social, environmental and cultural projects** sponsored within the Plan

Risk minimisation



Sustainable agroforestry

Certified supply chain

- ✓ **84%** of managed land certified
- ✓ **>73%** of supplied wood certified
- ✓ **>99%** wood & biomass suppliers homologated
- ✓ **100% plants SURE System certified** (Sustainable biomass)



Corporate governance

- ✓ **Approval of Ence's Sustainability Due Diligence Policy**, which contains the guiding principles to prevent Human Rights violations and negative environmental impacts along Ence's value chain and pilot project to deploy it throughout the supply chain

*FR: nº of accidents/working hours x 10⁶

*EPD: Environmental Product Declaration



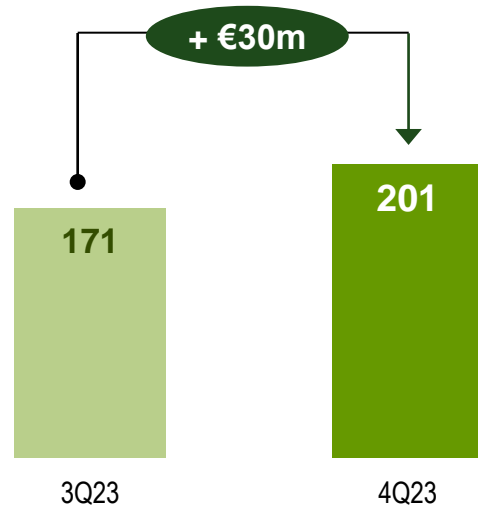
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4Q23 Financial Results

Financial turnaround in 4Q23

Driven by the operating margin recovery in the pulp business

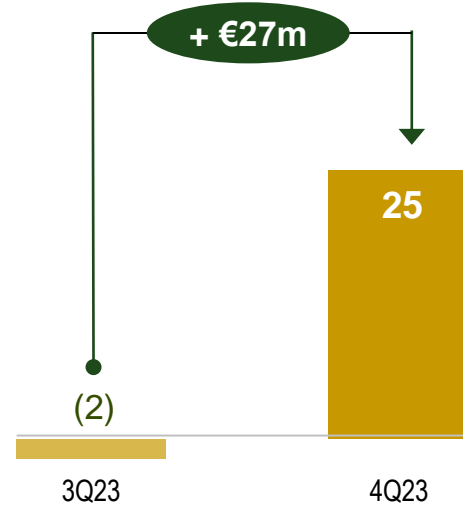
Group Revenues (€ m)



+ €30m consolidated revenue growth vs. 3Q23

- +€34m in the Pulp business
- - €4m in the Renewables business

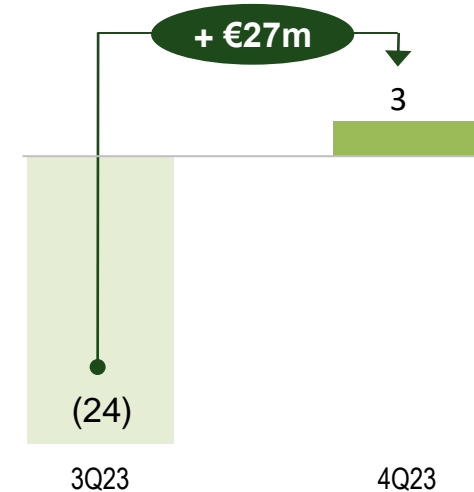
Group EBITDA (€ m)



+ €27m consolidated EBITDA growth vs. 3Q23

- + €25m in the Pulp business
- + €2m in the Renewable business

Attributable Net Income (€ m)

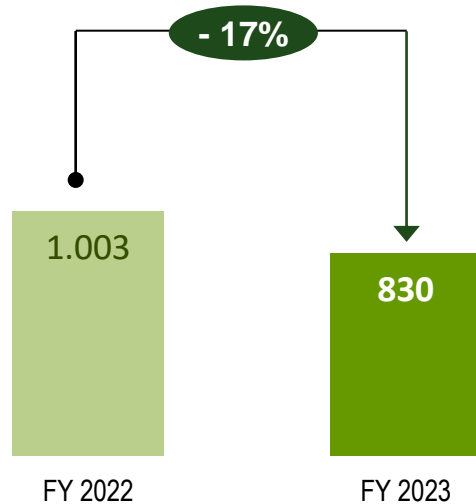


+ €27m Attributable Net Income growth vs. 3Q23

- + €25m in the Pulp business
- + €2m in the Renewable business, including consolidation adjustments.

Consolidated FY 2023 results still affected by the price cycle change registered in both the Pulp and the Renewable businesses

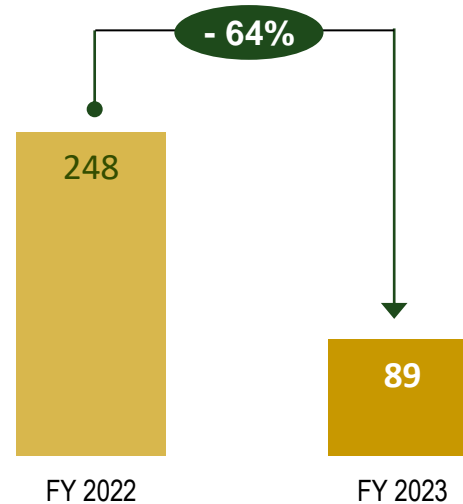
Group Revenues (€ m)



17% decline in consolidated revenues vs. FY 2022

- 50% derived from the Pulp business
- 50% derived from the Renewables business

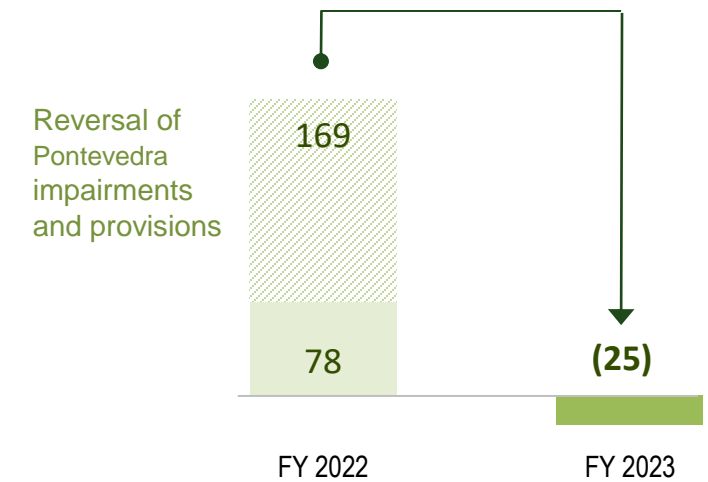
Group EBITDA (€ m)



64% decline in consolidated EBITDA vs. FY 2022

- 58% derived from the Pulp business
- 42% derived from the Renewables business

Attributable Net Income (€ m)

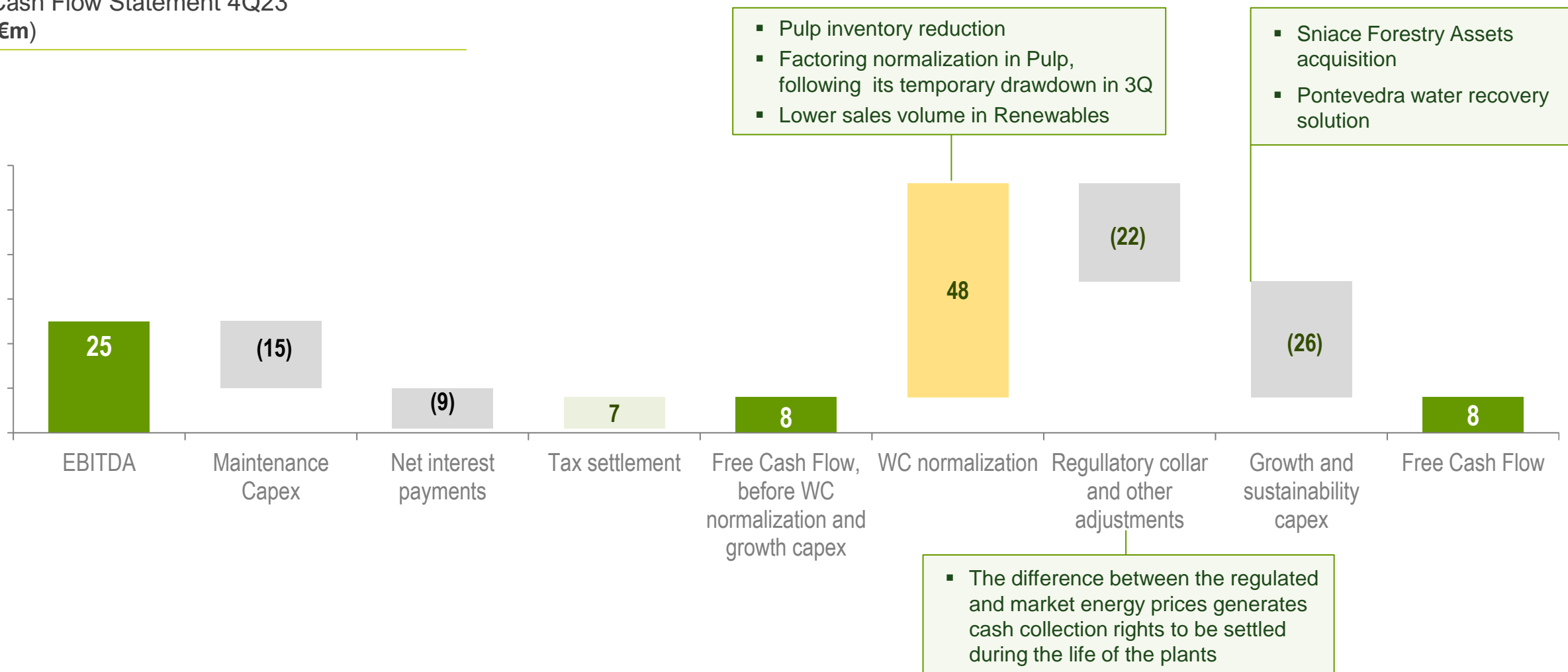


€103m decline in Attributable Net Income vs. FY 2022, before the €169m positive impact in 4Q22 resulting from the Supreme Court ruling backing the legality of the Pontevedra concession's extension until 2073

Positive FCF in 4Q23

WC inflow in 4Q23 following a temporary outflow registered in 3Q23

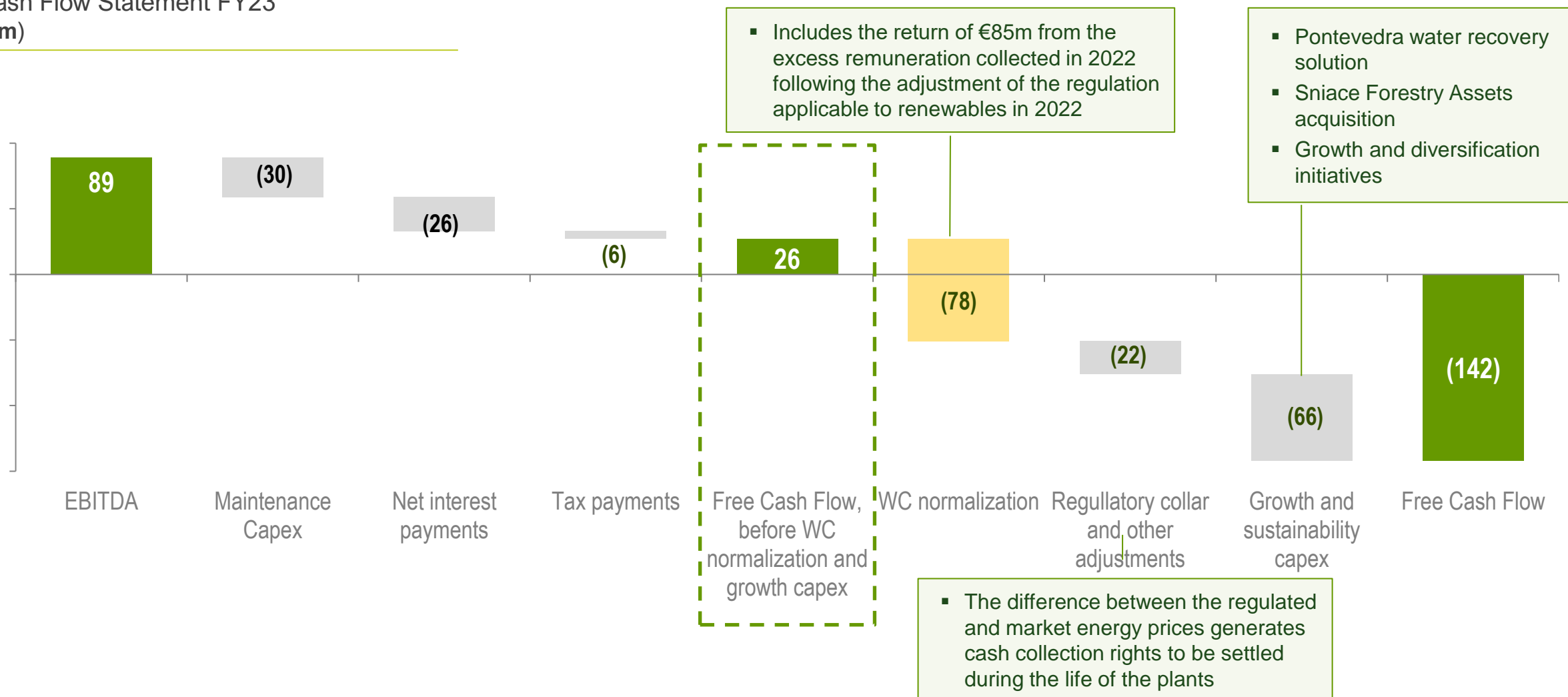
Cash Flow Statement 4Q23
(€m)



Positive FCF in FY 2023 before WC normalization and growth capex

WC outflow in FY 2023 includes the return of €85m from the excess Ro collected in 2022

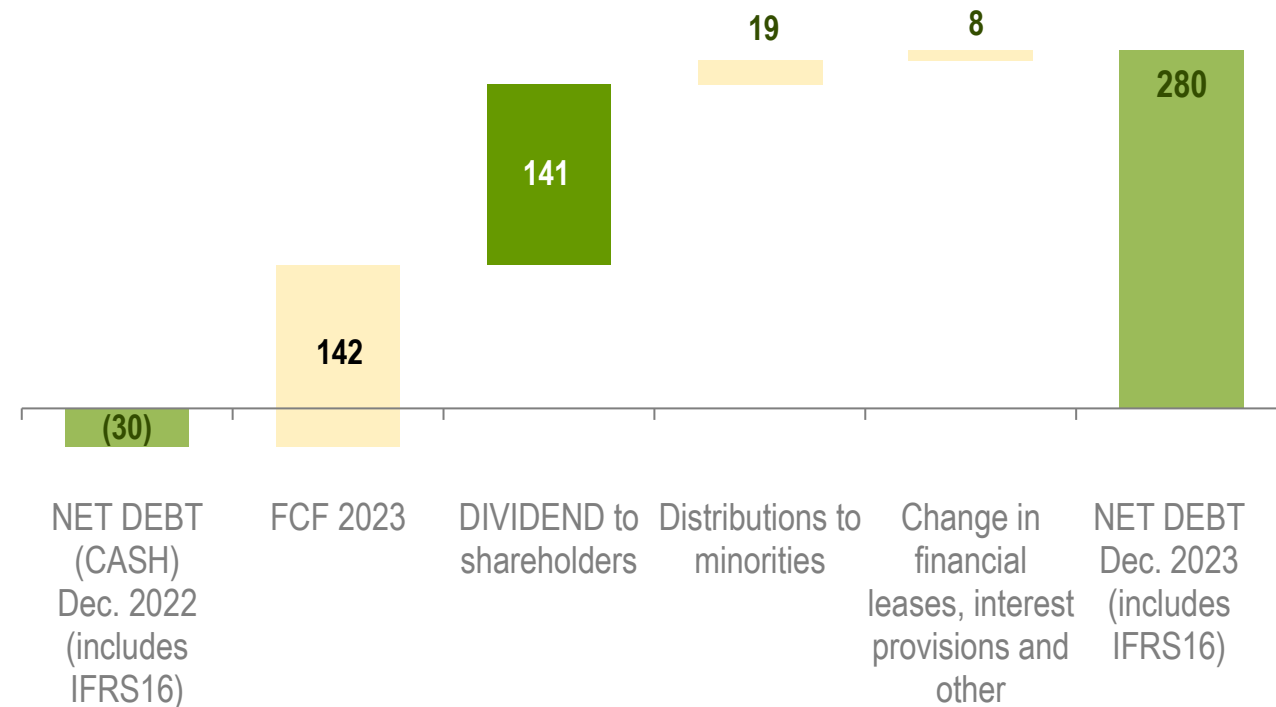
Cash Flow Statement FY23 (€m)



Net Debt Change in FY2023 includes €141m dividends against 2022 Results

Dividend policy based on cash flow generation and leverage limits per business

Net Debt Change FY 2023 (€m)



Dividend policy

Amount based on **cash** generated

available for distribution

Ensuring a **leverage** below:

2.5 x

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

5.0 x

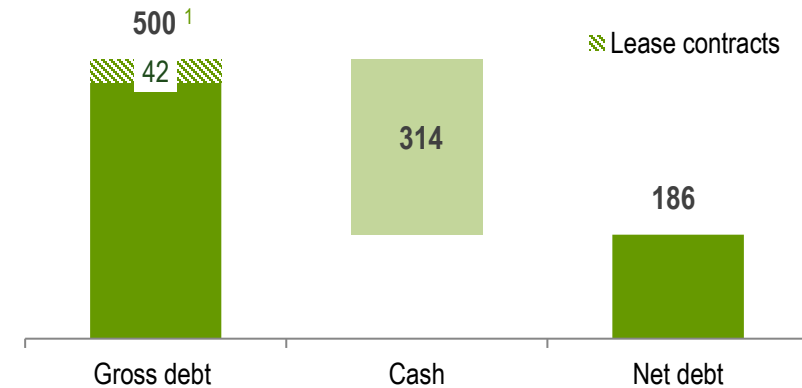
Net Debt / EBITDA for the **Energy** business, at average cycle prices

Taking into account our investment plans and commitments

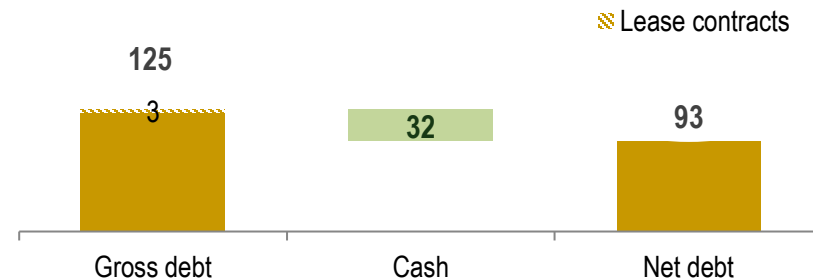
Low leverage position vs. our average cycle EBITDA

Solid cash balance of €345m at 31 Dec. 2023

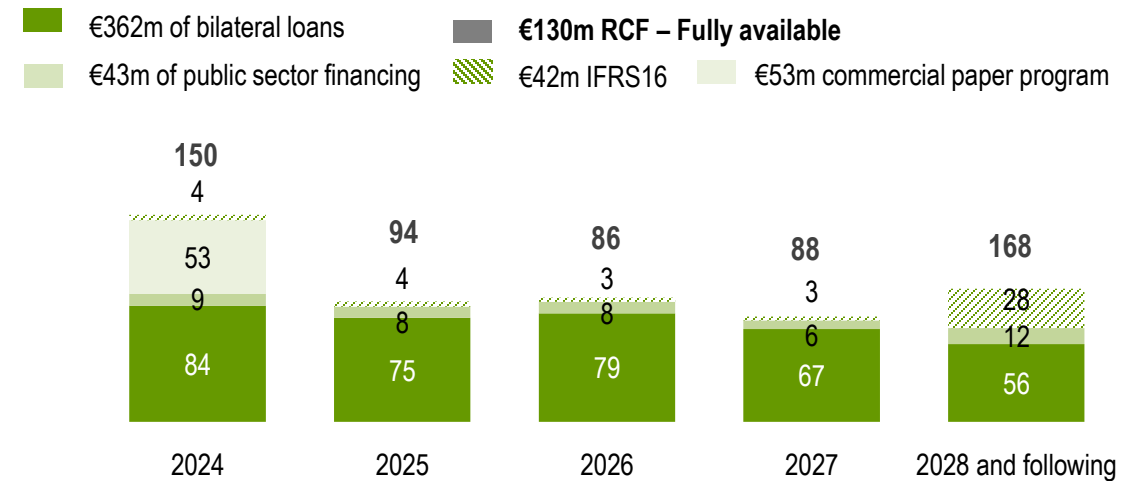
Pulp business net debt as of 31 Dec. 2023 (€ m)



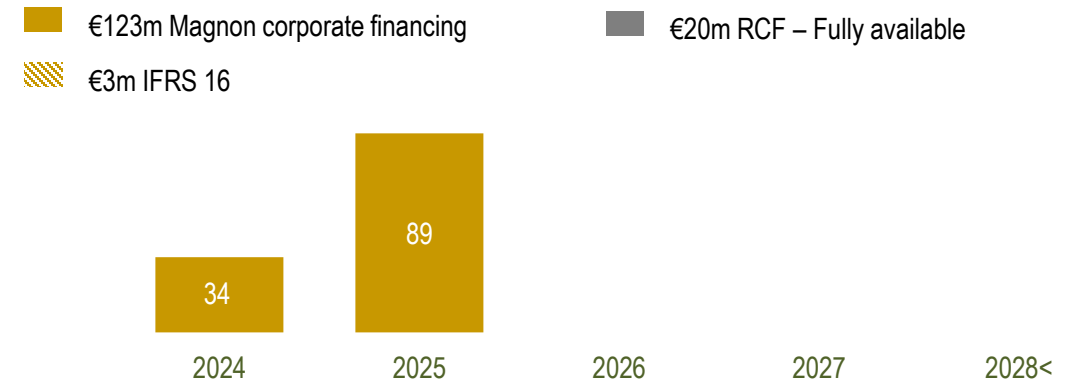
Renewables business net debt as of 31 Dec. 2023 (€ m)



Pulp business debt maturity schedule (€ m)



Renewables business debt maturity schedule (€ m)





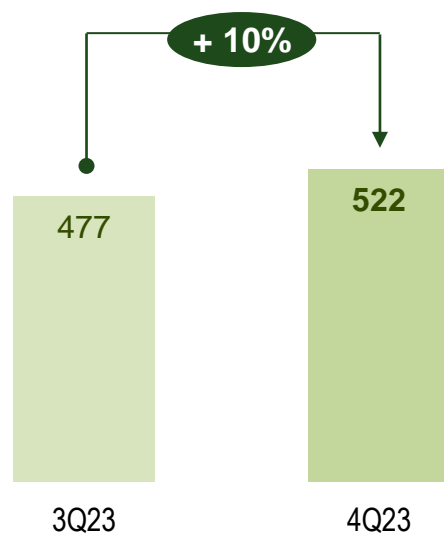
2a.

Pulp Business

Pulp business turnaround in 4Q23

Operating margin recovery up to 67 €/t

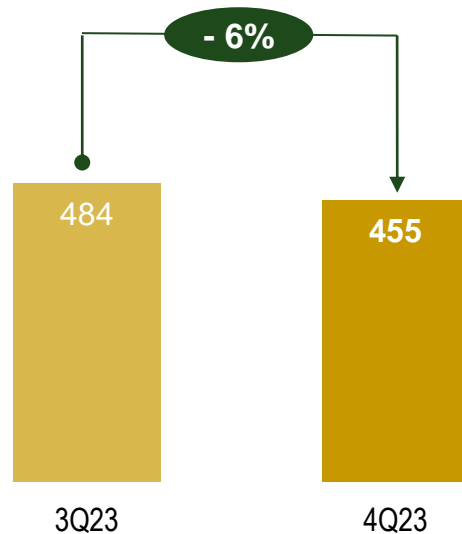
Avg. NET Sales price
(€/t)



45 €/t avg. net pulp price recovery vs. 3Q23

In line with the **initial recovery** in the European pulp market

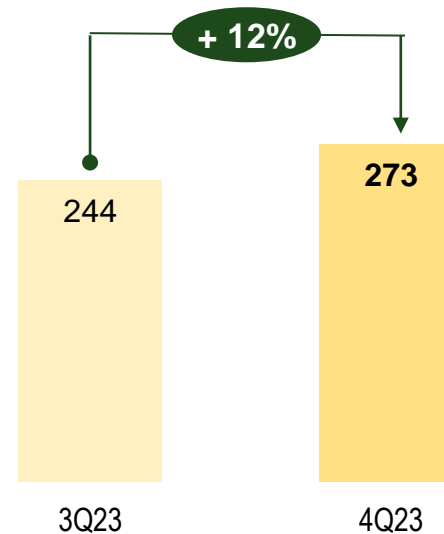
Cash Cost
(€/t)



28 €/t cash cost reduction vs. 3Q23

Boosted by a **higher fixed cost dilution** in the quarter linked to strong production

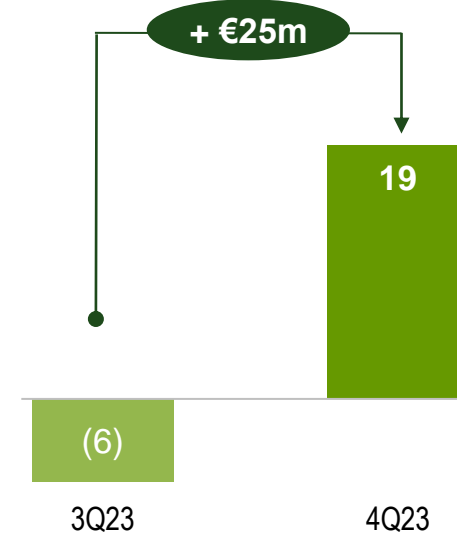
Pulp sales volume
(,000 t)



12% pulp sales growth vs. 3Q23

Strong production rate achieved in 4Q23

Pulp EBITDA
(€m)

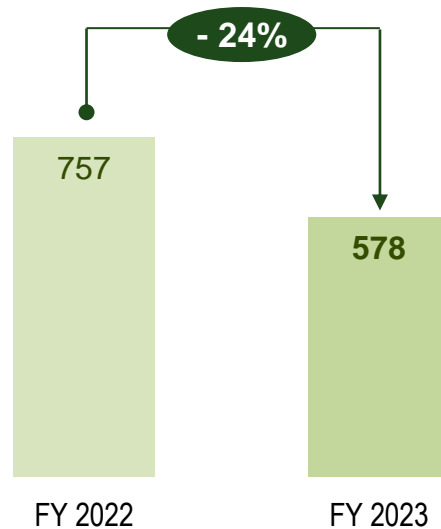


EBITDA turnaround in 4Q23 up to €19m

Pulp business results in FY 2023 still affected by the price cycle change

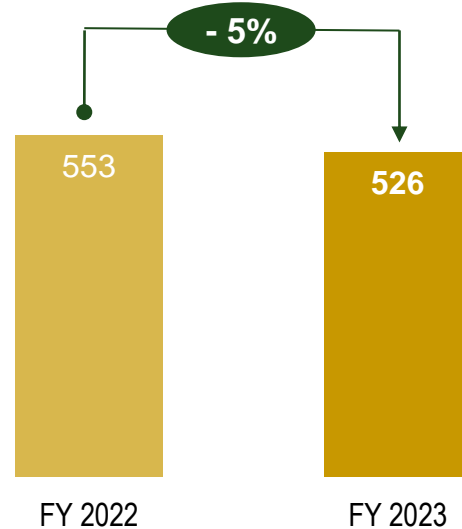
Pulp prices bottomed out in 3Q23

Avg. NET Sales price
(€/t)



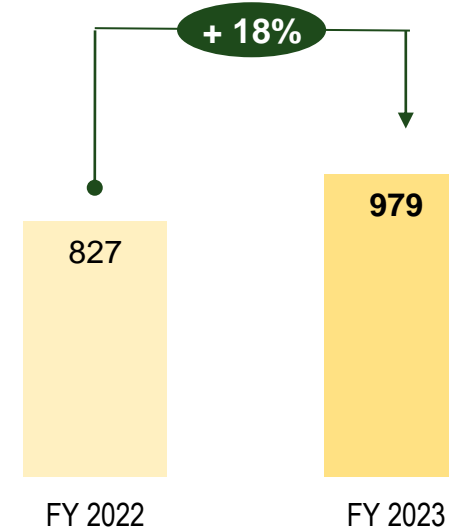
179 €/t decline in the avg. net pulp price vs. FY 2022
Pulp prices bottomed out in 3Q23 from their peak in 4Q22

Cash Cost
(€/t)



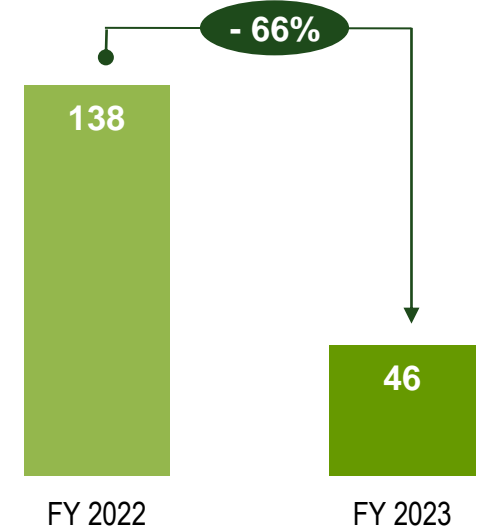
27 €/t avg. cash cost reduction vs. FY 2022
Mainly driven by **lower raw material and logistics costs**
180 €/t reduction vs. 1Q23

Pulp sales volume
(,000 t)



+18% pulp sales volume recovery
Navia historical production record in FY23
Pontevedra downtime in 2H22 due to low river water levels

Pulp EBITDA
(€m)



€92m EBITDA decline vs. FY2022
Lower pulp prices, partially mitigated by the cash cost reduction and higher sales



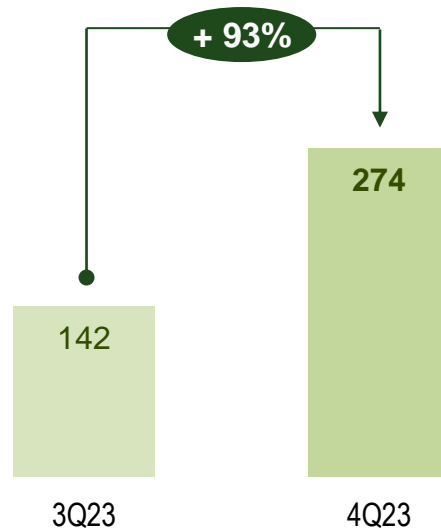
2b.

Renewables Business

+52% Renewables EBITDA improvement in 4Q23

Lower generation was more than offset by higher earnings per MWh in 4Q23

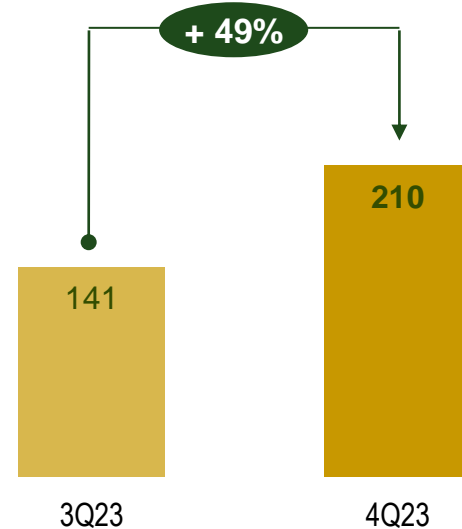
Average earnings per MWh
(€/MWh)



132 €/MWh higher earnings per MWh vs. 3Q23 supported by the **regulatory collar**

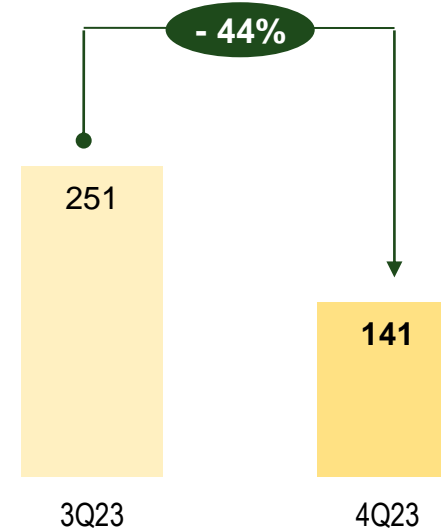
Includes quarterly remuneration on investment (Ri)

Net operating costs per MWh
(€/MWh)



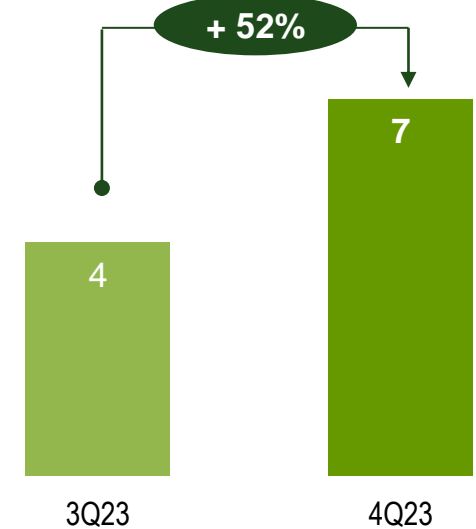
69 €/MWh higher operating cost vs. 3Q23 due to the effect of a **lower fixed cost dilution**

Energy volume sold
(GWh)



Lower energy volume vs. 3Q23 linked to the extraordinary maintenance shutdowns undertaken at Huelva 46 MW and Ciudad Real 50 MW power plants as well as lower market prices

Renewables EBITDA
(€m)

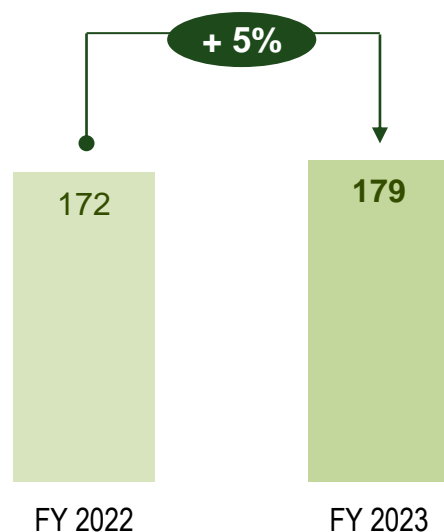


4Q23 EBITDA includes €2m extra costs linked to the development of new renewable businesses (biomethane and thermal energy)

Renewables business results in FY23 affected by lower power generation

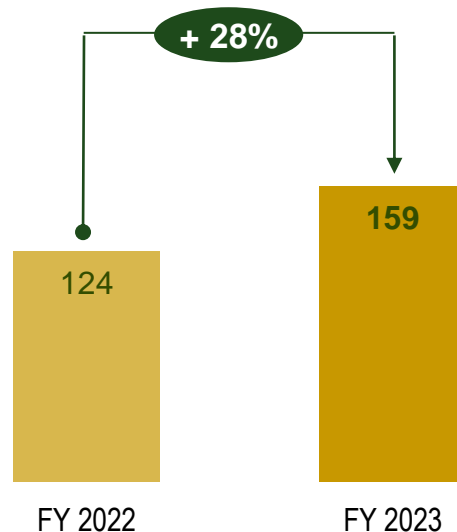
Mainly linked to extraordinary maintenance shutdowns

Average earnings per MWh
(€/MWh)



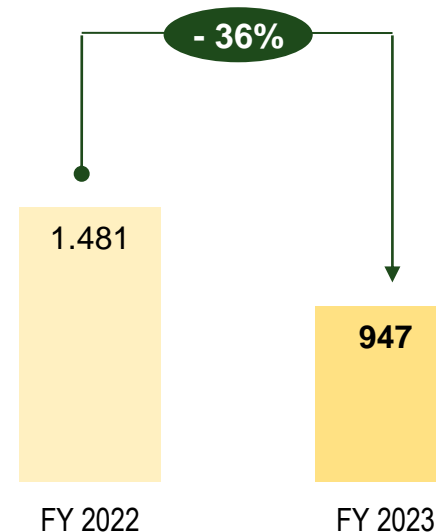
7 €/MWh higher earnings per MWh vs. FY 2022
Includes annual remuneration on investment (Ri)

Net operating costs per MWh
(€/MWh)



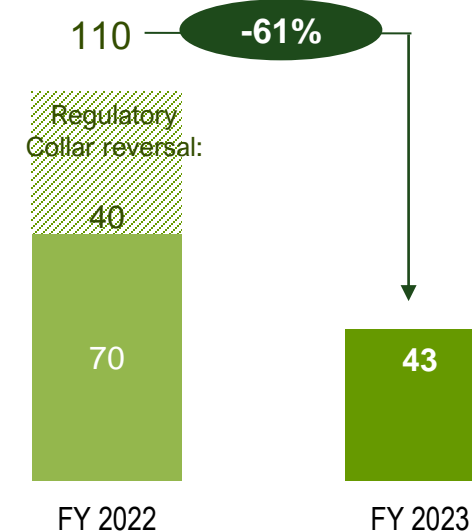
69 €/MWh higher operating cost vs. FY 2022 mainly due to the effect of a **lower fixed cost dilution due to extraordinary shutdowns at two of our plants** as well as lower market prices

Energy volume sold
(GWh)



-36% energy volume vs. FY22 linked to extraordinary shutdowns undertaken at Huelva 46 MW and Ciudad Real 50 MW power plants as well as lower market prices

Renewables EBITDA
(€m)

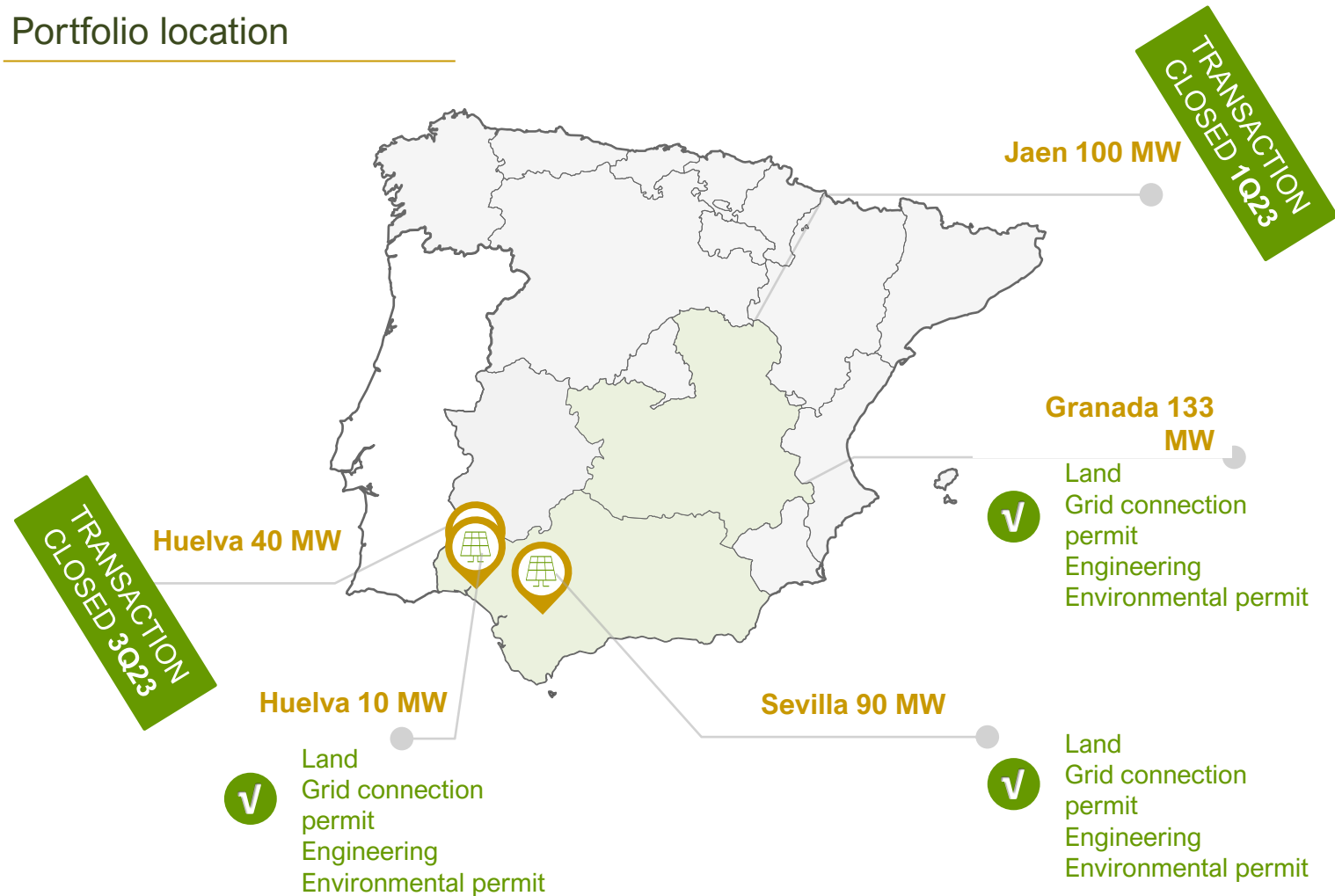


FY23 EBITDA includes €4m extra costs for the development of new businesses (biomethane and thermal energy)

PV project sales in FY 2023 contributed €27m to EBITDA

Remaining PV projects expected to be sold in 2024

Portfolio location





3.

1Q24 Outlook

1

European pulp prices currently at 1,220 GROSS USD/ton (equivalent to NET 700 USD/ton approx.)

Main pulp producers have announced further price increases up to 1,300 GROSS USD/ton (equivalent to NET 750 USD/ton approx.)

2

Pulp business **operating margin should continue improving**

3

+10 €/MWh remuneration from the operation of biomass power plants proposed for 2024

4

New draft regulation for biomass power plants should **align cash generation with accounting EBITDA**



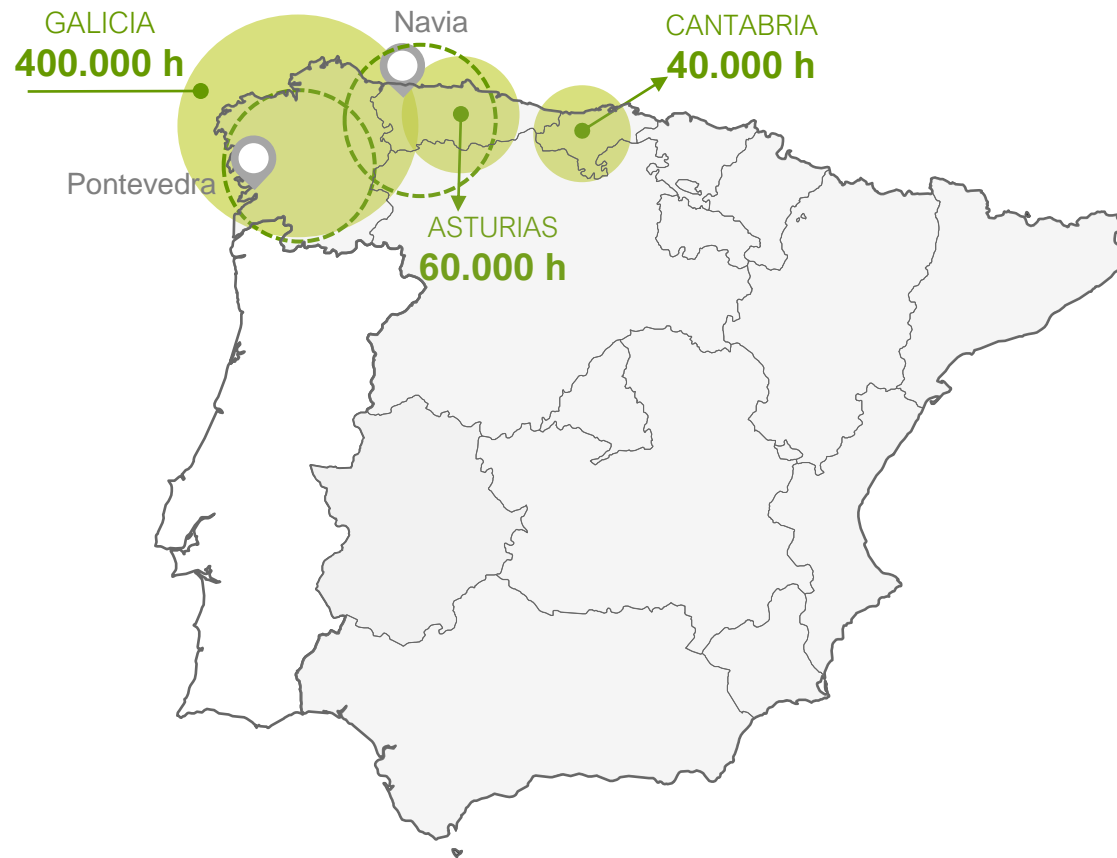
4.

Growth and diversification projects

Our unique competitive advantage: over 95% of our wood is locally sourced

We benefit from close access to eucalyptus plantations around our biomills

Eucalyptus plantations surface in N.W. Spain



Main figures (FY2023):

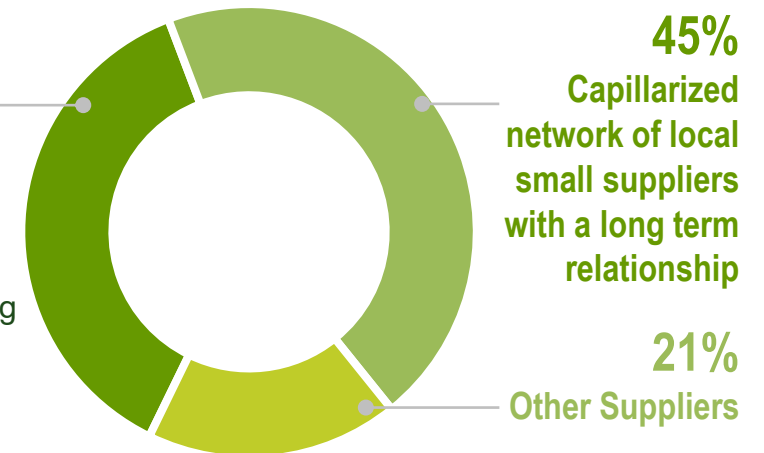
- ✓ **3 million m3** of wood purchased
- ✓ **96%** sourced locally in Spain
- ✓ **73%** of supplied wood certified
- ✓ **>99%** wood suppliers homologated
- ✓ **<110 Km** of average supply distance

Supplier split (%)

34%

Directly to landowners¹

- Landowner search
- Direct purchases
- Permitting processing
- Harvesting
- Transportation
- Technical assistance



¹ Includes Ence's managed plantations

Growth and diversification projects in the Pulp business

Without increasing the consumption of wood

Status: **On track**
ROCE target: **>12%**

ENCE ADVANCED PULP

To develop and sell our differentiated products, with a lower environmental footprint and enhanced technical properties at a higher price

Substitution target > 500 Kt by 2028

Estimated Capex 0



Status: **On track**
ROCE target: **>12%**

FLUFF

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

Substitution target 125 Kt

Estimated Capex €30m in 24-25

Exp. commissioning 4Q 2025



Status: **Engineering phase**
ROCE target: **>12%**

BLEACHED RECYCLED PULP

To produce bleached recycled pulp in As Pontes (Galicia) using recovered cardboard and paper, recovered water and recovered land, without increasing the consumption of wood

Production target +100 Kt

Expected Decision 2025

Estimated Capex >€125m

Exp. commissioning 2027



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

Pontevedra Avanza

Project to boost the efficiency and flexibility of Pontevedra biomill



- Project to boost the efficiency and flexibility of Pontevedra biomill:
 - ✓ Reduce its cash-cost by 50 €/ton
 - ✓ Improve its flexibility to use different species of eucalyptus
 - ✓ Continue moving from standard pulp to Ence Advanced pulp products

Current Status	Engineering phase
Expected Investment Decision	4Q24
Estimated Capex	€120m in 2025 - 2030
ROCE Target	>12%

Execution of this project will be adapted and aligned to our cash flow generation throughout the pulp cycle and to our leverage policy

Growth and diversification projects in Renewables

Biogas, renewable thermal energy, and green fuels

Status: 6 plants in engineering and permitting
ROCE target: >12%

BIOGAS

Biomethane generation from the recycling of local organic waste, including the associated sustainability certificate and a high-quality organic fertilizer as a byproduct

Target	1 TWh by 2030
Estimated production	50 GWh / plant
Estimated capex	€20m / plant



Status: Final bidder in 5 contracts
ROCE target: >11%

RENEWABLE THERMAL ENERGY

Development and operation of comprehensive thermal energy solutions based on biomass for industrial applications

Target	2 TWh by 2030
Estimated production	60–200 GWh / plant
Estimated capex	€6–20m / plant



Status: Engineering and permitting to capture biogenic CO₂

GREEN FUELS

Ence Group annually produces c.6 Mn tons of biogenic CO₂ which will be used to produce green e-methanol.

Target	-
Estimated production	-
Estimated capex	-



Other growth and diversification opportunities in Renewables

Biomass Supply, ancillary services, sale of PV projects and carbon credits

BIOMASS SUPPLY

Biomass supply services in Iberia for a growing demand from thermal energy, biofuels and other uses



ANCILLARY SERVICES

All our biomass power plants are enabled to provide ancillary services to the electricity system operator



SALE OF PV PROJECTS

140 MW sold in 2023 and 233 MW to be sold in 2024.

Another 300 MW at an earlier stage of development



CARBON CREDITS

Registering and selling CO₂ credits from our forestry operations

1,000 hectares already registered with Spanish Climate Change Office



Closing Remarks

4Q23 Operating Highlights

- Pulp price recovery started in 3Q23 and continues into 1Q24 up to 1,220 GROSS USD/t (700 NET USD/ton aprox)
- Cash cost reduction continued in 4Q23, down to 455 €/t (-180 €/t vs. 1Q23)
- Pulp production improved by 15% vs. 3Q23 boosted by the strong performance of both mills
- Ence Advance pulp sales accounted for 28% of total pulp sales in 4Q23
- Acquisition of Sniace forestry assets in 4Q23
- Sustainability and Ecovadis confirmed our leadership in sustainability in 2023

4Q23 Financial Results

- EBITDA turnaround in 4Q23, up to €25m, driven by the operating margin recovery in the pulp business
- €26m growth and sustainability capex in 4Q23, including Sniace Forestry Assets and Pontevedra water recovery solution
- €8m Free Cash Flow in 4Q23
- €280m net debt position (including leases) at 31 Dec. 2023 with a cash balance of €345m
- Low leverage position vs. our average cycle EBITDA

1Q24 Outlook

- Main pulp producers have announced further price increases of up to 1,300 GROSS USD/ton (750 NET USD/ton aprox.)
- Pulp business operating margin should continue improving
- +10 €/MWh remuneration from the operation of biomass power plants proposed for 2024
- New draft regulation for biomass power plants should align cash generation with accounting EBITDA
- The closing of the sale of the remaining 3 PV projects is scheduled for 2024

Growth and Diversification Projects

- Ence Advance pulp sales continue gaining market share. Aim: to reach 50% by 2028
- Navia's project for the production of up to 125,000 tons of Fluff pulp is on track. Commissioning expected in 4Q25.
- Advancing with the engineering to boost the efficiency and flexibility of Pontevedra biomill
- 6 biomethane plants now in their engineering and permitting phase
- Final bidder in 5 contracts to provide renewable thermal energy
- Advancing with the engineering to capture the biogenic CO₂ released by our activities



Appendix

Group Financial Review

P&L 2023

Figures in € m	2023			
	Pulp	Renewables	Adjustments	Consolidated
Total revenue	623.2	209.1	(2.7)	829.6
Other income	28.9	5.2	(1.2)	32.8
Foreign exchange hedging operations results	(0.4)	-	-	(0.4)
Cost of sales and change in inventories of finished produ	(361.7)	(78.6)	2.7	(437.5)
Personnel expenses	(83.3)	(20.7)	(0.0)	(104.0)
Other operating expenses	(160.5)	(72.5)	1.2	(231.7)
EBITDA	46.2	42.6	-	88.8
Depreciation and amortisation	(55.6)	(39.1)	1.6	(93.1)
Depletion of forestry reserves	(8.8)	-	-	(8.8)
Impairment of and gains/(losses) on fixed-asset disposals	(1.0)	8.8	-	7.8
Other non-ordinary operating gains/(losses)	3.7	(0.4)	-	3.3
EBIT	(15.5)	11.9	1.6	(2.0)
Net finance cost	(17.4)	(12.8)	-	(30.2)
Other finance income/(costs)	(1.0)	0.0	-	(1.0)
Profit before tax	(33.9)	(0.9)	1.6	(33.2)
Income tax	6.6	5.7	(0.1)	12.1
Net Income	(27.3)	4.8	1.5	(21.1)
Non-controlling interests	-	(3.7)	-	(3.7)
Atributable Net Income	(27.3)	1.1	1.5	(24.7)
Earnings per Share (EPS)	(0.11)	0.00	0.01	(0.10)

2022			
Pulp	Renewables	Adjustments	Consolidated
712.9	294.3	(3.8)	1,003.4
20.5	4.3	(1.2)	23.6
(20.3)	-	-	(20.3)
(307.8)	(92.7)	3.8	(396.7)
(75.4)	(17.8)	-	(93.2)
(192.2)	(78.2)	1.2	(269.2)
137.7	109.8	-	247.6
(52.1)	(40.2)	0.9	(91.4)
(7.0)	(0.0)	-	(7.0)
184.5	(41.3)	-	143.9
(14.9)	-	-	(14.9)
248.3	28.3	1.6	278.2
(9.9)	(16.3)	-	(26.3)
1.4	0.3	-	1.6
239.8	12.2	1.6	253.6
3.7	(8.2)	-	(4.7)
243.5	3.9	1.5	248.9
-	0.6	(2.3)	(1.7)
243.5	4.5	(0.8)	247.2
1.00	0.02	(0.00)	1.02

Group Financial Review

Cash Flow Statement 2023

Figures in € m	2023			
	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	(33.9)	(0.9)	1.6	(33.2)
Depreciation and amortisation	64.4	39.1	(1.6)	101.9
Changes in provisions and other deferred expense	5.6	2.6	-	8.2
Impairment of gains/(losses) on disposals intangible assets	1.2	(8.8)	-	(7.6)
Net finance result	17.7	12.8	-	30.5
Energy regulation adjustment (regulatory collar)	(8.0)	(26.0)	-	(34.0)
Government grants taken to income	(0.9)	(0.1)	-	(1.0)
Adjustments to profit	80.0	19.6	(1.6)	98.0
Inventories	25.7	(0.4)	-	25.339
Trade and other receivables	13.9	33.9	(27.3)	20.415
Current financial and other assets	1.8	0.0	-	1.8
Trade and other payables	(66.1)	(86.9)	27.3	(125.617)
Changes in working capital	(24.7)	(53.4)	-	(78.102)
Interest paid	(13.0)	(13.2)	-	(26.2)
Dividends received	-	-	-	-
Income tax received/(paid)	2.6	(9.2)	-	(6.6)
Other collections/(payments)	-	-	-	-
Other cash flows from operating activities	(10.5)	(22.4)	-	(32.8)
Net cash flow from operating activities	10.9	(57.0)	-	(46.1)
Property, plant and equipment	(76.2)	(13.6)	-	(89.8)
Intangible assets	(5.4)	(0.6)	-	(5.9)
Other financial assets	(4.3)	0.5	3.6	(0.3)
Disposals	-	-	-	-
Net cash flow used in investing activities	(85.8)	(13.8)	3.6	(96.0)
Free cash flow	(75.0)	(70.8)	3.6	(142.2)

2022			
Pulp	Renewables	Adjustments	Consolidated
239.8	12.2	1.6	253.6
59.0	40.3	(0.9)	98.4
23.4	2.1	-	25.5
(184.5)	41.2	(0.7)	(144.0)
8.6	16.0	-	24.6
14.5	10.4	-	25.0
(0.5)	(0.1)	-	(0.7)
(79.5)	109.9	(1.6)	28.8
(24.3)	(10.3)	-	(34.6)
8.2	0.6	11.7	20.5
2.4	(0.0)	(0.0)	2.3
10.7	80.3	(11.7)	79.3
(3.0)	70.6	-	67.6
(6.3)	(17.0)	-	(23.3)
-	-	-	-
(13.9)	(8.6)	-	(22.6)
(0.4)	-	-	(0.4)
(20.6)	(25.7)	-	(46.3)
136.7	167.0	-	303.7
(41.7)	(10.1)	-	(51.8)
(2.8)	(0.3)	-	(3.1)
0.2	-	-	0.2
0.4	0.4	-	0.8
(43.9)	(10.0)	-	(53.9)
92.8	157.0	-	249.8

Group Financial Review

Balance Sheet 2023

Figures in € m	Dec-23				Dec-22			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	17.7	33.7	(12.1)	39.3	15.6	35.0	(12.7)	37.9
Property, plant and equipment	617.5	379.0	(7.5)	989.0	603.4	389.0	(8.5)	983.9
Biological assets	66.9	0.2	-	67.1	60.4	0.2	-	60.5
Non-current investments in Group companies	114.0	0.0	(114.0)	0.0	112.6	0.0	(112.5)	0.0
Non-current borrowings to Group companies	22.3	-	(22.3)	-	18.6	-	(18.6)	-
Deferred tax assets	38.0	27.0	3.0	68.0	30.5	19.4	3.1	53.0
Non-current financial assets	27.7	24.9	-	52.6	20.8	5.4	-	26.1
Cash reserve for debt service	-	10.0	-	10.0	-	10.0	-	10.0
Total non-current assets	904.0	474.8	(152.8)	1,226.0	861.8	459.0	(149.2)	1,171.5
Inventories	54.8	17.3	-	72.1	80.5	21.9	-	102.3
Trade and other accounts receivable	39.5	7.5	(2.0)	45.1	59.4	40.5	(29.2)	70.6
Income tax	4.8	10.1	-	15.0	6.8	1.3	-	8.0
Other current assets	3.8	0.2	-	4.0	7.5	0.4	-	7.9
Hedging derivatives	1.1	1.7	-	2.8	0.0	2.6	-	2.6
Current financial investments in Group companies	0.2	0.1	(0.3)	0.0	0.4	0.0	(0.4)	0.0
Current financial investments	2.5	0.0	-	2.5	4.2	0.0	-	4.3
Cash and cash equivalents	311.2	21.8	-	333.0	278.4	134.5	-	412.9
Total current assets	418.0	58.7	(2.3)	474.5	437.1	201.2	(29.6)	608.7
TOTAL ASSETS	1,322.0	533.5	(155.1)	1,700.5	1,298.9	660.2	(178.8)	1,780.2
Equity	552.5	227.7	(130.5)	649.6	719.8	228.9	(130.6)	818.1
Non-current borrowings	349.6	90.6	-	440.2	163.2	122.9	-	286.1
Non-current loans with Group companies and associates	-	27.1	(22.3)	4.9	-	36.4	(18.6)	17.8
Non-current derivatives	3.4	-	-	3.4	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28.1	0.1	-	28.3	27.9	0.1	-	28.0
Other non-current liabilities	35.9	69.6	(0.0)	105.5	38.2	75.8	-	114.0
Total non-current liabilities	417.0	187.5	(22.3)	582.3	229.2	235.3	(18.6)	445.9
Current borrowings	150.3	34.7	(0.0)	185.0	83.3	27.8	-	111.1
Current derivatives	0.6	-	-	0.6	0.4	-	-	0.4
Trade and other account payable	162.8	79.7	(2.0)	240.6	226.4	164.4	(29.2)	361.6
Short-term debts with group companies	0.1	0.5	(0.3)	0.2	0.0	0.7	(0.4)	0.4
Income tax	0.0	0.0	-	0.0	0.0	-	-	0.0
Current provisions	38.8	3.4	-	42.2	39.8	3.0	-	42.8
Total current liabilities	352.5	118.3	(2.3)	468.6	349.9	196.0	(29.6)	516.2
TOTAL EQUITY AND LIABILITIES	1,322.0	533.5	(155.1)	1,700.5	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.

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.

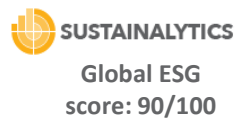
Net debt/(cash) is calculated as the difference between current and non-current borrowings on the liability side of the statement of financial position and unrestricted cash on the asset side, which includes cash and cash equivalents, the debt service cash reserve (included with non-current financial 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.



Delivering value Delivering commitments