ENERGÍA & CELULOSA

Earnings Report
Third quarter 2024

29 October 2024

SUSTAINALYTICS Global ESG score: 93/100

MSCI ESG RATINGS

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1. EXECUTIVE SUMMARY

Market figures	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
BHKP (USD/t) average price	1,375.9	837.2	*64.3%*	1,350.6	*1.9%*	1,281.6	1,092.5	*17.3%*
Average exchange rate (USD/€)	1.09	1.09	*0.2%*	1.08	*1.4%*	1.09	1.08	*0.4%*
BHKP (€/t) average price	1,258.3	767.0	*64.1%*	1,253.0	*0.4%*	1,179.6	1,009.6	*16.8%*

Operating Metrics	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Pulp production (t)	**248,180**	**230,782**	***7.5%***	**238,069**	***4.2%***	**741,114**	**708,785**	***4.6%***
Navia pulp production	155,161	162,494	*(4.5%)*	132,278	*17.3%*	434,040	453,445	*(4.3%)*
Pontevedra pulp production	93,019	68,288	*36.2%*	105,791	*(12.1%)*	307,073	255,340	*20.3%*
Pulp sales (t)	**233,833**	**243,926**	***(4.1%)***	**255,847**	***(8.6%)***	**732,406**	**705,420**	***3.8%***
Ence Advanced pulp sales (%)	19%	25%	*(6 p.p.)*	28%	*(9 p.p.)*	22%	20%	*2 p.p.*
Average sales pulp price (€/t)	678.7	477.0	*42.3%*	728.0	*(6.8%)*	670.1	599.6	*11.8%*
Cash cost (€/t)	488.7	483.6	*1.1%*	474.0	*3.1%*	483.4	552.2	*(12.5%)*
Operating margin per ton (€/t)	**190.0**	**(6.6)**	***n.s.***	**254.0**	***(25.2%)***	**186.7**	**47.4**	***n.s.***
Renewable Energy sales volume (MWh)	308,426	250,807	*23.0%*	311,227	*(0.9%)*	852,136	806,560	*5.7%*
Average sales price (€/MWh)	136.6	117.3	*16.4%*	122.3	*11.7%*	135.7	139.8	*(2.9%)*
Remuneration for investment (€ m)	6.2	6.2	*(0.2%)*	6.1	*1.6%*	18.5	18.6	*(0.5%)*

P&L € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Revenue from Pulp business	171.7	127.2	*35.0%*	199.9	*(14.1%)*	530.6	462.3	*14.8%*
Revenue from Renewable Energy business	48.9	43.9	*11.5%*	45.9	*6.6%*	140.3	169.6	*(17.3%)*
Consolidation adjustments	(1.0)	(0.2)		(1.0)		(2.8)	(2.2)	
Total revenue	**219.6**	**170.8**	*28.6%*	**244.8**	*(10.3%)*	**668.1**	**629.6**	*6.1%*
Pulp business EBITDA	42.2	(6.1)	*n.s.*	60.9	*(30.8%)*	131.8	27.7	*n.s.*
Renewable Energy business EBITDA	9.4	4.4	*114.8%*	4.6	*103.7%*	20.6	36.0	*(42.6%)*
EBITDA	**51.6**	**(1.8)**	*n.s.*	**65.5**	*(21.3%)*	**152.5**	**63.7**	*139.5%*
Depreciation, amortisation and forestry depletion	(24.6)	(26.7)	*(8.2%)*	(24.9)	*(1.2%)*	(75.1)	(74.7)	*0.5%*
Impairment of and gains/(losses) on fixed-assets	(0.2)	(0.2)	*(22.8%)*	0.8	*n.s.*	0.2	(0.5)	*n.s.*
Other non-ordinary results of operations	(0.7)	0.6	*n.s.*	(5.7)	*(87.5%)*	(6.5)	(6.0)	*7.1%*
EBIT	**26.1**	**(28.2)**	*n.s.*	**35.7**	*(26.9%)*	**71.1**	**(17.6)**	*n.s.*
Net finance cost	(7.7)	(7.9)	*(2.1%)*	(7.8)	*(1.2%)*	(23.8)	(20.8)	*14.0%*
Other finance income/(cost) results	(1.6)	0.4	*n.s.*	0.3	*n.s.*	(0.7)	(0.1)	*n.s.*
Profit before tax	**16.8**	**(35.7)**	*n.s.*	**28.3**	*(40.5%)*	**46.7**	**(38.5)**	*n.s.*
Income tax	(3.5)	8.5	*n.s.*	(9.7)	*(64.2%)*	(13.5)	12.5	*n.s.*
Consolidated Net income	**13.4**	**(27.1)**	*n.s.*	**18.5**	*(28.0%)*	**33.2**	**(25.9)**	*n.s.*
Non-controlling interests	1.0	3.1	*(68.8%)*	4.5	*(78.5%)*	7.6	(2.3)	*n.s.*
Attributable Net Income	**14.3**	**(24.0)**	*n.s.*	**23.1**	*(37.9%)*	**40.8**	**(28.2)**	*n.s.*
Earnings per share (Basic EPS)	0.06	(0.10)	*n.s.*	0.09	*(37.9%)*	0.17	(0.12)	*n.s.*

Cash flow € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
EBITDA	**51.6**	**(1.8)**	*n.s.*	**65.5**	*(21.3%)*	**152.5**	**63.7**	*139.5%*
Change in working capital	18.4	(20.3)	*n.s.*	(11.7)	*n.s.*	(59.1)	(126.1)	*(53.1%)*
Maintenance capex	(6.4)	(8.9)	*(28.4%)*	(8.9)	*(28.1%)*	(20.8)	(14.2)	*47.3%*
Net interest Payment	(6.6)	(6.4)	*3.7%*	(8.2)	*(18.7%)*	(23.9)	(17.3)	*38.4%*
Income tax received/(paid)	0.0	0.0	*n.s.*	(2.2)	*n.s.*	(2.0)	(14.1)	*(86.0%)*
Normalised free cash flow	**56.9**	**(37.4)**	***n.s.***	**34.5**	***65.0%***	**46.6**	**(107.9)**	***n.s.***
Energy regulation adjustment (regullatory collar)	-	(2.2)	*n.s.*	-	*n.s.*	-	(12.8)	*(100.0%)*
Other cash adjustments	(2.9)	3.5	*n.s.*	(1.3)	*120.7%*	1.2	11.3	*(89.1%)*
Efficiency and expansion capex	(5.6)	(5.2)	*9.2%*	(7.5)	*(24.6%)*	(21.1)	(18.6)	*13.1%*
Sustainability capex and other	(3.2)	(10.2)	*(68.4%)*	(2.4)	*32.2%*	(9.2)	(21.5)	*(57.0%)*
Disposals	5.7	-	*n.s.*	1.1	*n.s.*	6.8	(0.1)	*n.s.*
Free cash flow	**50.9**	**(51.4)**	*n.s.*	**24.3**	*109.2%*	**24.3**	**(149.6)**	*n.s.*
Dividends from the parent	(26.0)	-	*n.s.*	-	*n.s.*	(26.0)	(140.6)	*(81.5%)*
Dividend to minorities	(5.1)	(4.1)	*26.5%*	-	*n.s.*	(5.1)	(4.1)	
Proceeds/(payments) of equity instruments	(1.0)	1.1	*n.s.*	0.3	*n.s.*	0.5	7.0	
Other movements in borrowings	(18.2)	(19.5)	*(6.9%)*	19.6	*n.s.*	7.6	(26.3)	
Net decrease / (increase) in net financial debt (€ n	**0.7**	**(73.9)**	*n.s.*	**44.2**	*(98.5%)*	**1.3**	**(313.6)**	

Net debt € m	Sep-24	Dec-23	Δ%
Net financial debt Pulp business	200.4	186.1	*7.7%*
Net financial debt Renewable Energy business	77.9	93.5	*(16.7%)*
Net financial debt	**278.3**	**279.6**	*(0.5%)*

- ✓ **Group profit increased by €14m in the third quarter for a total of €41m in the first nine months of the year.**
- ✓ **Consolidated free cash flow amounted to €51m in 3Q24, including a cash inflow of €18m derived from a lower working capital requirement on the back of cooling pulp prices.**
- ✓ **The Company has agreed to pay a second interim dividend from 2024 profits of €8m, or €0.033 per share (before withholding tax), payable on 7 November, on top of the €26m paid out in August. Combined, these dividends imply a yield of 5%, calculated using the closing share price of 30 September 2024.**
- ✓ **Pulp prices in China had stabilised at around $560 per tonne (net) by October, having corrected by 24% in 3Q24, while in Europe pulp prices have been easing since July and stand at around $1,160 per tonne (gross, which is equivalent to approximately $650 net) as of October.**
- ✓ **Ence's pulp price averaged a net €679 per tonne in 3Q24, year-on-year growth of 42%.**
- ✓ **Sales of Ence Advanced products, which are higher margin than its standard pulp products, accounted for 22% of pulp sales in the first nine months of the year.**
- ✓ **Production volumes at the Pontevedra biomill increased by a noteworthy 36% year-on-year in 3Q24, fuelled by the launch of the wastewater recirculation project, which allowed the Company to reduce its water consumption by 38% and operate business as usual throughout the summer months, offsetting the impact of the annual maintenance stoppage, which took place during the quarter.**
- ✓ **Elsewhere, the per-tonne cash cost increased by 1% year-on-year in 3Q24 to €489, mainly as a result of higher wood costs. In addition, an incident affecting the co-generation turbine in Navia in the month of September implied a non-recurring cost of €2m in 3Q24. That incident is expected to be fixed in the first quarter of 2025.**
- ✓ **As a result, EBITDA in the Pulp business amounted to €42m in 3Q24 and €132m in 9M24, nearly five times the EBITDA posted in 9M23.**
- ✓ **In the Renewables business, EBITDA increased a noteworthy 115% year-on-year in 3Q24, to €9m, driven by the recovery in generation volumes coupled with lower operating expenses, as well as higher average sales prices.**
- ✓ **The new methodology whereby the remuneration for operation parameter for the biomass plants is updated quarterly, approved in June 2024, aligns the accrual and collection of the regulated energy price and eliminates the adjustment for deviations in the energy market price (regulatory collar) in place until December 2023.**
- ✓ **Consolidated Group EBITDA therefore totalled €52m in 3Q24 and €152m in 9M24, which is more than double the 9M23 equivalent.**
- ✓ **Investment in growth and sustainability amounted to €9m in 3Q24.**
    - o **In the Pulp business, the Company ordered the equipment for diversifying production in Navia into pulp for absorbent personal care products (fluff pulp), which is expected to come on stream towards the end of 2025. In addition, the Company is finalising the engineering work for the Pontevedra Avanza project, designed to boost flexibility and efficiency at that biomill, and for the renewable packaging project, which consists of the development of products that can replace the plastic trays used in the food industry.**
    - o **In the Renewables business, the Group already has a portfolio of 14 biomethane plants and 4 renewable thermal energy plants at the engineering and permitting phase.**
- ✓ **At the September close, the Group's net debt stood at €278m, virtually unchanged from year-end 2023, following the payment of dividends, the modification of lease agreements and the partial repayment of the bridge loan extended to Magnon Green Energy by its shareholders.**
- ✓ **In July, Magnon refinanced its corporate debt with a pool of financial institutions and institutional investors, increasing the gross amount to €190m and extending the final maturities until January 2032. The new facility is non-recourse to the parent of the Renewables business, evidencing the financial community's confidence in the regulated biomass-powered electricity market.**
- ✓ **Ence has been the leading sustainability player in the global pulp market for four years in a row, according to its most recent Sustainalytics score, having improved its overall ESG performance score to 93 points out of 100 in the second quarter of 2024. The Company was also included in the FTSE4Good index for the fourth year in a row during the second quarter of this year.**

2. PULP BUSINESS

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

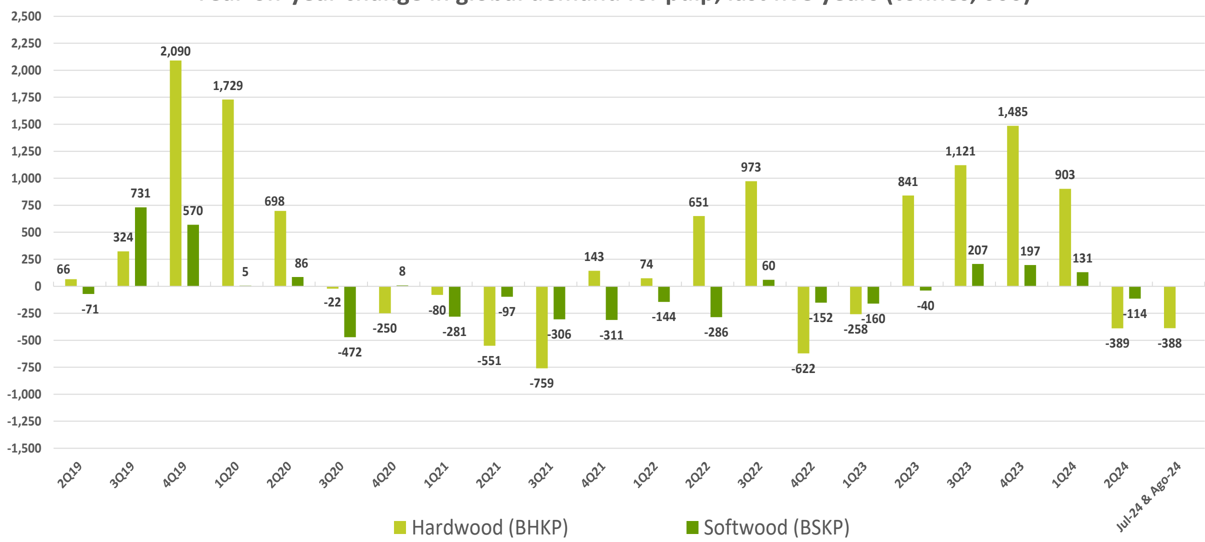
Ence's Pulp Business encompasses all the activities related to the production of pulp for sale to third parties. It therefore includes not only the production and sale of pulp but also the generation and co-generation of energy using renewable biomass at the plants involved in the productive process,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

2.1. Pulp market trends

Rapid growth in urban populations and improving living standards in emerging markets are the key factors driving growth in global demand for pulp for tissue paper and hygiene products, particularly in developing countries, where per-capita consumption of these products is well below the average observed in developed economies. Those demographic trends are being complemented by a substitution effect: pulp is a natural, sustainable, recyclable and biodegradable raw material that is a good substitute for less environmentally-friendly materials such as plastics and synthetic fibres. These demand dynamics are very solid in the long term and contrast with the movements observed in inventories in the paper industry.

Global demand for paper is rising sharply in 2024, led by demand for tissue paper, which was running 3.5% higher year-on-year as of July, with demand for printing and writing papers also up 2.7% year-on-year, having been affected by destocking in the Western world in 2023.

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

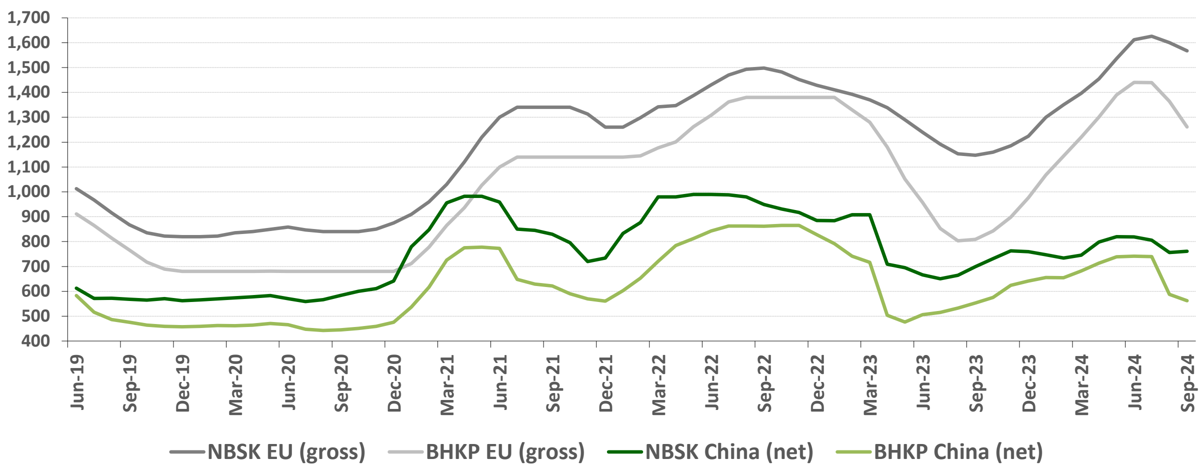


Source: PPPC–G100

The growth in global demand for paper contrasts with a let-up in global demand for pulp, which was trending 1% lower year-on-year as of August, dragged down by the contraction in Chinese demand in 3Q24. Whereas demand for pulp in Europe and North America was 11.5% higher year-on-year in the first eight months of 2024, demand for pulp in China was down by 10% over that same timeframe, having corrected by 20% in 3Q24, shaped by a tough comparison, as demand had increased sharply in 3Q23, as well as pulp destocking by the paper industry.

That destocking by the Chinese paper industry, coupled with the start-up of a new pulp mill in Brazil in 3Q24, drove an increase in pulp producer inventories to 46 days in August.

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



Source: FOEX

Against this backdrop, hardwood (BHKP) pulp prices in China have corrected by 24% since July, stabilising at around $560 (net) in October, whereas gross BHKP prices in Europe eased by close to 20% over the same timeframe, settling at around $1,160 per tonne (approximately $650 net) in October.

Market figures	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
BHKP (USD/t) average price	1,375.9	837.2	*64.3%*	1,350.6	*1.9%*	1,281.6	1,092.5	*17.3%*
Average exchange rate (USD/€)	1.09	1.09	*0.2%*	1.08	*1.4%*	1.09	1.08	*0.4%*
BHKP (€/t) average price	1,258.3	767.0	*64.1%*	1,253.0	*0.4%*	1,179.6	1,009.6	*16.8%*

The benchmark price for BHKP in Europe averaged $1,376/tonne (gross) in 3Q24, up 1.9% from 2Q24 and 64% above the 3Q23 average. The average benchmark price in the first nine months of the year was $1,282 (gross), growth of 17% from 9M23.

2.2. Revenue from pulp sales

Pulp sales volumes totalled 233,833 tonnes in 3Q24, down 4.1% from 3Q23 and 8.6% from 2Q24, despite the growth in production volumes, explained by growth in pulp inventories. In 9M24, pulp sales volumes totalled 732,406 tonnes, growth of 3.8% from 9M23.

	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Pulp sales (t)	**233,833**	**243,926**	*(4.1%)*	**255,847**	*(8.6%)*	**732,406**	**705,420**	*3.8%*
Average sales price (€/t)	678.7	477.0	*42.3%*	728.0	*(6.8%)*	670.1	599.6	*11.8%*
Pulp sales revenue (€ m)	**158.7**	**116.4**	*36.4%*	**186.3**	*(14.8%)*	**490.8**	**423.0**	*16.0%*

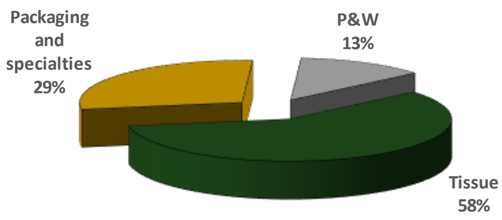
Elsewhere, the average sales price averaged €678.7 per tonne in 3Q24, up 42.3% (€202/t) from the depressed prices obtained in 3Q23. Quarter-on-quarter, the average sales price dropped 6.8% (€49/t) due to the impact of the lower net price realised on pulp sold in the spot market. In 9M24, the sales price averaged €670.1 per tonne, growth of 11.8% (€70/t) from 9M23.

The combination of the two factors drove revenue from pulp sales to €158.7m in 3Q24, marking year-on-year growth of 36.4% but a drop of 14.8% from 2Q24. Revenue from pulp sales totalled €490.8m in the 9M24, growth of 16% from 9M23.

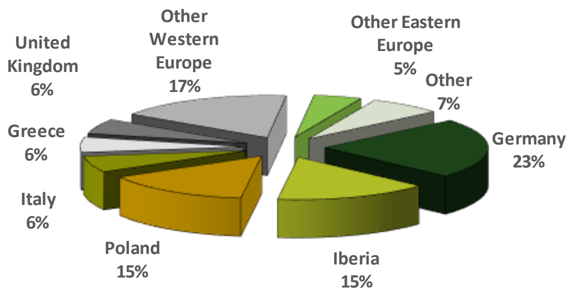
Ence Advanced products, which are higher margin than Ence’s standard pulp products, accounted for 19% of pulp sales in 3Q24, compared to 25% in 3Q23, due to the annual maintenance stoppage at the Pontevedra biomill, which took place in the third quarter in 2024 as opposed to the second quarter in 2023. In 9M24, Ence Advanced products accounted for 22% of pulp sales, compared to 20% in 9M23.

The tissue paper segment remains the main end use given to the pulp sold by Ence, accounting for 58% of revenue from pulp sales in 9M24, followed by the packaging and specialty paper segment, at 29%. The printing and writing paper segment accounted for the remaining 13%.

Breakdown of revenue by end product



Breakdown of revenue by geographic market



By geography, most of the pulp produced by Ence is sold in Europe, with this market accounting for 93% of revenue from pulp sales in 9M24. Germany accounted for 23% of sales revenue, followed by Spain/Portugal and Poland, with shares of 15% apiece, with Italy, Greece and the UK each representing shares of 6%. The other western European countries accounted for 17% of the total, with the rest of Eastern Europe representing 5%.

2.3. Pulp production and cash cost

Third-quarter pulp production amounted to 248,180 tonnes, growth of 7.5% year-on-year, thanks to the rollout of the wastewater recirculation project at the Pontevedra biomill, which allowed it to operate business as usual throughout the summer season and offset the impact of the annual maintenance stoppage, which took place in the third quarter in 2024, as opposed to the second quarter in 2023.

By comparison with 2Q24, pulp production increased by 4.2%, fuelled by the Navia biomill, which undertook its annual maintenance stoppage in the second quarter both this year and last.

In the first nine months of the year, pulp production increased by 4.6% year-on-year to 741,114 tonnes, with higher production in Pontevedra offsetting the drop in production in Navia.

	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Navia pulp production	155,161	162,494	*(4.5%)*	132,278	*17.3%*	434,040	453,445	*(4.3%)*
Pontevedra pulp production	93,019	68,288	*36.2%*	105,791	*(12.1%)*	307,073	255,340	*20.3%*
Pulp production (t)	**248,180**	**230,782**	*7.5%*	**238,069**	*4.2%*	**741,114**	**708,785**	*4.6%*

The third-quarter cash cost was $489 per tonne, up 1.1% (€5/t) from 3Q23 and up 3.1% (€15/t) from 2Q24, due mainly to the higher cost of wood.

The 9M24 cash cost was €483 per tonne, down 12.5% (€69/t) year-on-year.

Figures in €/t	**3Q24**	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
	678.7	477.0	*42.3%*	728.0	*(6.8%)*	670.1	599.6	*11.8%*
Total cash cost	488.7	483.6	*1.1%*	474.0	*3.1%*	483.4	552.2	*(12.5%)*
Operating margin	**190.0**	**(6.6)**	*n.s.*	**254.0**	*(25.2%)*	**186.7**	**47.4**	*n.s.*

The recovery in the average sales price drove the unit operating profit to €190 per tonne in the third quarter, which is an improvement of €196 per tonne from the third quarter of 2023. By comparison with 2Q24, the drop in the average sales price and higher cash cost reduced unit operating profit by €64 per tonne.

In the first nine months, the operating profit amounted to €187 per tonne, marking an improvement of €139 per tonne from 9M23.

2.4. Other income

Ence's pulp production operations are self-sufficient electricity-wise. Ence uses the lignin and forest biomass derived from its manufacturing activities to generate renewable energy. Specifically, it operates a 34.6-MW lignin-fired CHP plant, integrated within the Pontevedra biomill, and a 40.3-MW CHP lignin-fired plant and a 36.7-MW biomass generation plant, both of which are integrated within the Navia biomill. Surplus energy production is sold to the grid.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Revenues from energy sales linked to pulp (€ m)	11.2	8.9	*25.1%*	7.3	*53.8%*	27.2	25.1	*8.1%*
Forestry and other revenue (€ m)	1.9	1.9	*(1.2%)*	6.4	*(70.8%)*	12.6	14.2	*(10.9%)*
Other income	**13.0**	**10.8**	*20.5%*	**13.6**	*(4.3%)*	**39.8**	**39.3**	*1.2%*

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

2.5. Statement of profit or loss

EBITDA in the Pulp business amounted to €42.2m in 3Q24, compared to a loss of €6.1m in 3Q23, when pulp prices dipped to lows. By comparison with 2Q24, EBITDA decreased by 30.8% as a result of a 6.8% drop in the average sales price, coupled with a 2.9% increase in the cash cost and 8.6% lower pulp sales volumes.

In addition, the co-generation turbine at the Navia biomill suffered an incident during the month of September, which did not affect the pace of pulp production but is, temporarily, requiring higher purchases of electricity in the spot market. The incident had a non-recurring impact of €1.7m in the third quarter, which is not included in the cash cost figures, and the Company expects it to have a further impact of approximately €6m in 4Q24. The turbine is expected to be fixed in the first quarter of 2025.

In 9M24, EBITDA in the Pulp business amounted to €131.8m, which is nearly five times the 9M23 figure.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Pulp sales revenue	158.7	116.4	*36.4%*	186.3	*(14.8%)*	490.8	423.0	*16.0%*
Other income	13.0	10.8	*20.5%*	13.6	*(4.3%)*	39.8	39.3	*1.2%*
Total net revenue	**171.7**	**127.2**	*35.0%*	**199.9**	*(14.1%)*	**530.6**	**462.3**	*14.8%*
EBITDA	**42.2**	**(6.1)**	*n.s.*	**60.9**	*(30.8%)*	**131.8**	**27.7**	*n.s.*
Depreciation and amortisation	(14.7)	(14.4)	*1.6%*	(13.6)	*8.1%*	(43.3)	(40.7)	*6.6%*
Depletion of forestry reserves	(1.3)	(1.9)	*(32.8%)*	(3.5)	*(63.4%)*	(7.6)	(6.9)	*9.2%*
Impairment of and gains/(losses) on fixed-asset dis	(0.2)	(0.2)	*(5.8%)*	(0.3)	*(26.9%)*	(0.9)	(0.7)	*18.3%*
Other non-ordinary results from operations	(0.7)	0.9	*n.s.*	(1.3)	*(43.3%)*	(2.0)	(5.6)	*(0.6) p.p.*
EBIT	**25.3**	**(21.8)**	*n.s.*	**42.3**	*(40.3%)*	**78.0**	**(26.3)**	*n.s.*
Net finance cost	(4.6)	(4.7)	*(3.2%)*	(4.2)	*10.4%*	(14.1)	(11.3)	*25.0%*
Other financial results	(1.9)	0.4	*n.s.*	0.4	*n.s.*	(1.0)	(0.1)	*n.s.*
Profit before tax	**18.8**	**(26.1)**	*n.s.*	**38.5**	*(51.1%)*	**63.0**	**(37.6)**	*n.s.*
Income tax	(3.7)	4.5	*n.s.*	(10.1)	*(63.3%)*	(13.8)	7.4	*n.s.*
Net Income	**15.1**	**(21.6)**	*n.s.*	**28.4**	*(46.8%)*	**49.1**	**(30.2)**	*n.s.*

Ence has an ongoing hedging policy designed to mitigate the impact of exchange rate volatility on its earnings; that strategy implied a cash inflow of €0.5m in 9M24, in line with the year-earlier figure. For the fourth quarter of 2024, Ence has arranged hedges over a notional amount of $66m with a weighted average ceiling of $/€1.11 and a weighted average floor of $/€1.08.

FX Hedges	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Nominal hedged (USD Mn)	28.5	63.5	**33.0**	33.0	33.0	27.5
Average cap (USD / EUR)	1.11	1.09	**1.10**	1.11	1.10	1.11
Average floor (USD / EUR)	1.06	1.07	**1.07**	1.08	1.08	1.07

Below the EBITDA line, depreciation and amortisation charges increased to €14.7m in 3Q24 and €43.3m in 9M24 on the back of higher fixed assets. Forest depletion charges also increased to €7.6m in 9M24 due to higher own wood consumption.

Impairment losses and gains/(losses) on disposals, which were negative by €0.2m in 3Q24 and €0.9m in 9M24, reflect a provision for fixed asset related risks, while other non-recurring operating items, negative by €0.7m in 3Q24 and €2.0m in 9M24, correspond mainly to the adjustment of the remuneration parameters applicable to the biomass plants and a change in the energy consumption measures relative to 2023.

The net finance cost narrowed to €4.6m in 3Q24 and increased to €14.1m in 9M24 due to the increase in the average borrowing cost. "Other finance income/(cost)" mainly presents the effect of movements in exchange rates on working capital during the period: a net loss of €1.9m in 3Q24 and one of €1m in 9M24.

Lastly, income tax expense amounted to €3.7m in the third quarter and €13.8m in 9M24, implying an effective tax rate of 22%.

As a result, the Pulp business reported a net profit of €15.1m in 3Q24 and of €49.1m in 9M24, compared to net losses of €21.6m and €30.2m in the same periods of 2023, respectively.

2.6. Cash flow analysis

The Company generated €63.1m of net cash flows from operating activities in 3Q24, thanks to a €27.6m reduction in working capital, cash flow from operating activities amounted to €77.8m in 9M24, including a €41m increase in working capital.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
EBITDA	**42.2**	**(6.1)**	*n.s.*	**60.9**	*(30.8%)*	**131.8**	**27.7**	*n.s.*
Energy regulation adjustment (regullatory collar)	-	(0.6)	*(100.0%)*	-	*n.s.*	-	(3.1)	*(100.0%)*
Other cash adjustments	(1.8)	3.2	*n.s.*	0.3	*n.s.*	4.0	8.8	*(54.2%)*
Change in working capital	27.6	(34.2)	*n.s.*	(27.0)	*n.s.*	(41.0)	(55.1)	*(25.6%)*
Income tax received / (paid)	-	0.0	*(100.0%)*	(1.7)	*(100.0%)*	(1.7)	(3.9)	*(57.1%)*
Net interest received / (paid)	(4.8)	(4.7)	*1.4%*	(3.1)	*52.7%*	(15.4)	(9.2)	*67.7%*
Net cash flow from operating activities	**63.1**	**(42.4)**	*n.s.*	**29.4**	*115.0%*	**77.8**	**(34.8)**	*n.s.*

Working capital movements implied a cash inflow of €27.6m in 3Q24, due mainly to the impact of the reduction in the average sales price on the receivables balance. In 9M24, the change in working capital implied a cash outflow of €41m, in this case due to the impact of the cumulative increase in pulp prices on trade receivables, as well an increase in inventories.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Inventories	(11.8)	9.3	*n.s.*	5.8	*n.s.*	(13.4)	(0.3)	*n.s.*
Trade and other receivables	33.4	(8.9)	*n.s.*	(35.6)	*n.s.*	(27.2)	(10.1)	*169.0%*
Financial and other current assets	0.8	(1.1)	*n.s.*	(0.5)	*n.s.*	(0.7)	(0.3)	*140.9%*
Trade and other payables	5.1	(33.5)	*n.s.*	3.2	*62.1%*	0.4	(44.4)	*n.s.*
Change in working capital	**27.6**	**(34.2)**	*n.s.*	**(27.0)**	*n.s.*	**(41.0)**	**(55.1)**	*(25.6%)*

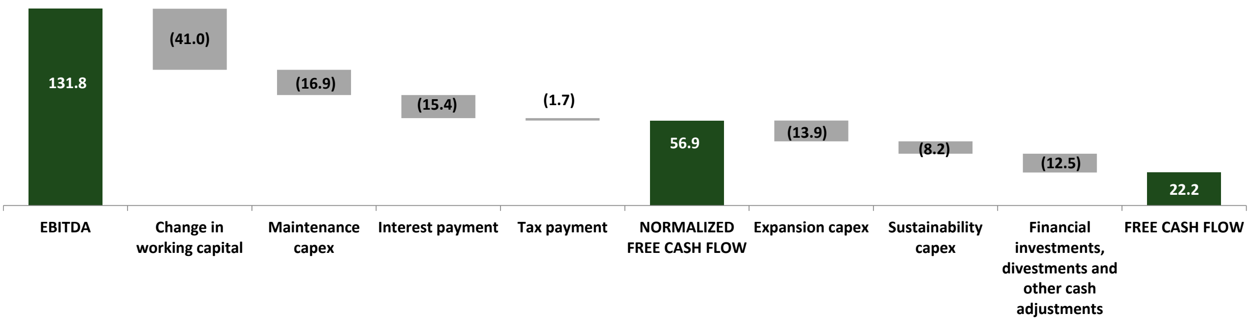
At 30 September 2024, the Pulp business had drawn down €85.7m under its non-recourse receivable discounting facilities, compared to €83.9m at year-end 2023. Ence has also arranged several reverse factoring facilities, which were drawn down by €59.4m at the September close, compared to €58.9m at year-end. The reverse factoring facilities do not entail the provision of guarantees, do not alter the average payment term agreed with the corresponding suppliers and do not accrue interest.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Maintenance capex	(5.4)	(7.9)	*(31.2%)*	(6.3)	*(14.2%)*	(16.9)	(12.1)	*39.6%*
Sustainability capex and other	(3.1)	(9.7)	*(68.0%)*	(1.9)	*61.7%*	(8.2)	(20.7)	*(60.2%)*
Efficiency and expansion capex	(3.6)	(3.7)	*(1.5%)*	(4.3)	*(16.0%)*	(13.9)	(15.5)	*(10.1%)*
Financial investments	(0.9)	(2.4)	*(64.4%)*	(21.6)	*(96.1%)*	(22.8)	(2.5)	*n.s.*
Investments	**(13.0)**	**(23.7)**	*(45.1%)*	**(34.2)**	*(62.0%)*	**(61.9)**	**(50.8)**	*21.7%*
Disposals	6.1	-	*n.s.*	0.2	*n.s.*	6.3	(0.5)	*n.s.*
Net cash flow used in investing activities	**(6.9)**	**(23.7)**	*(70.9%)*	**(34.0)**	*(79.7%)*	**(55.6)**	**(51.3)**	*8.4%*

The Company used a net €6.9m of cash flows in investing activities in 3Q24; that figure includes €6.1m recognised as proceeds from disposals related with the arrangement of a lease to finance part of the investment related with the fluff pulp project, with a counterbalancing entry under higher borrowings. In 9M24, net cash flows used in investing activities totalled €55.6m, including the provision of a €22.5m bridge loan to the Group's Renewables subsidiary in the second quarter, which gets eliminated from the consolidated statement of cash flows.

Maintenance capex amounted to €5.4m in 3Q24 and €16.9m in 9M24, while sustainability and other capex totalled €3.1m in 3Q24 and €8.2m in 9M24. The sustainability investments were earmarked to reinforcing facility safety and reducing emissions, odour, noise and water consumption at the biomills, bolstering Ence's competitiveness in the long term.

Lastly, investments in efficiency and growth totalled €3.6m in 3Q24 and €13.9m in 9M24, and notably included the effort to diversify pulp production at the Navia biomill into pulp for absorbent personal care products (fluff pulp), which is expected to come online towards the end of 2025, as well as the engineering work for the Pontevedra Avanza and renewable packaging projects. Ence is also investing in equipment to increase wood-cutting capacity in the vicinity of its biomills.



Normalised free cash flow therefore totalled €59.5m in 3Q24 and €56.9m in 9M24, shaped by a sharp increase in working capital as a result of the growth in pulp prices during the period. Free cash flow after growth and sustainability capex amounted to €56.2m in 3Q24 and €22.2m in 9M24, including the provision of a bridge loan of €22.5m to the Group's Renewables subsidiary, which gets eliminated from the consolidated statement of cash flows.

2.7. Change in net debt

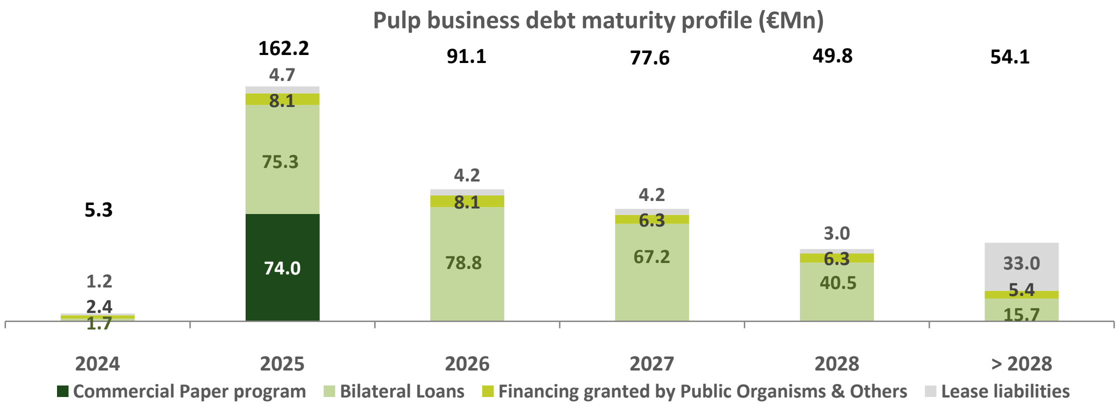
The Pulp business ended the third quarter with net debt of €200.4m, compared to net debt of €186.1m at year-end 2023 (i.e., an increase of €14.3m). The movement in net debt was shaped by the free cash flow generated by the Pulp business in 9M24 (€22.2m), which was reduced by the payment of €26m of dividends in 3Q24, and by a further €10.5m associated with a series of other movements related with equity instruments, leases and the provision for interest.

Figures in € m	Sep-24	Dec-23	Δ%
Non-current financial debt	264.0	311.6	*(15.3%)*
Current financial debt	125.8	146.2	*(14.0%)*
Gross financial debt	**389.8**	**457.8**	*(14.9%)*
Non-current lease contracts	44.9	38.0	*18.0%*
Current lease contracts	5.5	4.0	*38.1%*
Financial liabilities related to lease contracts	**50.4**	**42.0**	*19.9%*
Cash and cash equivalents	236.5	311.2	*(24.0%)*
Short-term financial investments	3.2	2.5	*27.8%*
Net financial debt Pulp business	**200.4**	**186.1**	*7.7%*

In the first nine months of 2024, Ence prepaid €73m of bilateral loans. The balance outstanding under the MARF commercial paper programme increased by €21m in 9M24 to €74m.

Due to the cyclical nature of the Pulp business, it is financed with covenant-free debt and ample liquidity. At the reporting date, the Pulp business had cash and cash equivalents of €239.7m.

The gross debt of €389.8m at the September close corresponds to the outstanding balances of: (i) bilateral loans (€279.3m); (ii) a series of loans totalling €36.5m awarded by the CDTI (acronym in Spanish for the Centre for the Development of Industrial Technology) and Spanish Ministry of Industry to finance investments in efficiency upgrades and capacity expansion work, whose maturities range to 2030; and (iii) the €74m outstanding under Ence's sustainable commercial paper programme. Finance lease liabilities stood at €50.4m at the September close. Debt arrangement fees are deducted from gross borrowings on the statement of financial position.



2.8. Efficiency and diversification opportunities

Ence's growth strategy in the Pulp business entails lifting its cost competitiveness and diversifying into the production of higher-margin pulp and products, leveraging its competitive advantages in the European market.

Firstly, 22% of pulp sales already originate from the Ence Advanced pulp range. The Ence Advanced products have superior technical properties and a lower environmental footprint and are well suited to replacing softwood pulp, which is more expensive, translating into higher margins relative to standard pulp grades. The goal is to lift this percentage to 50% of total pulp sales by 2028.

Secondly, the Company is investing €30m in adapting the Navia biomill so that it can produce up to 125,000 tonnes of fluff pulp for absorbent hygiene products, with the new capacity scheduled to come on stream gradually from 2026. Fluff pulp is currently imported from North America and commands an even higher price than softwood pulp. The expected return (ROCE) on this project is over 15%.

Thirdly, Ence has developed a range of renewable pulp-based containers that are apt for replacing the plastic trays used widely in the food industry. It is currently finalising the engineering and permitting work for a first facility with the capacity to produce 40m containers per annum, with scope for scaling it up in the future. This first facility is expected to require an investment of €12m and deliver a return (ROCE) of over 15%.

On the efficiency front, the Company is also putting the finishing touches on the engineering and permitting work for Pontevedra Avanza, the project designed to reduce the cash cost at this biomill by €50 per tonne (€20/t at the Group level), render it more flexible so that it can use different types of eucalyptus and continue the process of shifting production into the Ence Advanced range. The budgeted investment is €120m and the expected return (ROCE) is over 12%. The idea is to execute the project gradually during the annual maintenance stoppages programmed between 2025 and 2030.

In addition, the Company is completing the engineering work for the decarbonisation project for its biomill in Navia, which involves retrofitting the lumber yard and replacing natural gas with biomass in the lime furnaces. This project will reduce the biomill's Scope 1 emissions by 60% and its cash cost by €13 per tonne (€8/t at the Group level). The budgeted investment is €35m between 2025 and 2027 and the expected return (ROCE) is at least 15%. That figure of €35m already discounts the €13m grant awarded by IDEA (acronym in Spanish for the energy savings and diversification institute), which will be collected when the project is complete.

Lastly, the Company continues to make progress on the engineering and permitting work for an innovative project under development in the Coruña town of As Pontes for the production of 100,000 tonnes of recycled and bleached pulp from recovered fibres, without increasing its wood consumption.

3. RENEWABLES BUSINESS

Ence conducts its renewable energy business through its subsidiary, Ence Renovables, which owns 51% of Magnon Green Energy, 75.5% of Magnon Energy Services (50% directly and 25.5% through Magnon Green Energy) and 100% of Ence Biogas.

Magnon Green Energy is the largest generator of renewable energy from biomass in Spain. With eight facilities in operation, it has aggregate installed capacity of 266 MW, as well as two developments in the pipeline with combined capacity of 100 MW with which it is entitled to participate in the future capacity tenders scheduled between now and 2030.

Magnon also has an internal platform for the development and sale of photovoltaic developments. The Company sold 140 MW of developments in 2023 and a further 10 MW in 1Q24; the sale of another 90 MW is expected to close during the first half of 2025.

Magnon Energy Services provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. It signed its first services agreement in 2023 and has four more projects at the engineering and permitting phase.

Ence Biogas is the Group subsidiary devoted to developing and operating biomethane and organic fertiliser plants, underpinned by a model based on sustainable and circular management of agricultural and breeding biomass. The Company has a portfolio of 14 projects at the engineering and permitting phase.

Ence's Renewables business therefore comprises: the sale of renewable energy generated using biomass at independent energy plants, unrelated with the pulp production process; the sale of biomass to third parties; the sale of photovoltaic developments; and incipient businesses related with the sale of renewable thermal energy and biomethane.

3.1. Developments in the electricity market and the regulation of power generated from biomass

The average price on the day-ahead market (pool price) declined by 18.5% year-on-year to €78.7/MWh in 3Q24 and by 42.9% year-on-year to €52.3/MWh in 9M24.

Market figures	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Average pool price (€/MWh)	78.7	96.6	*(18.5%)*	33.4	*135.7%*	52.3	91.5	*(42.9%)*

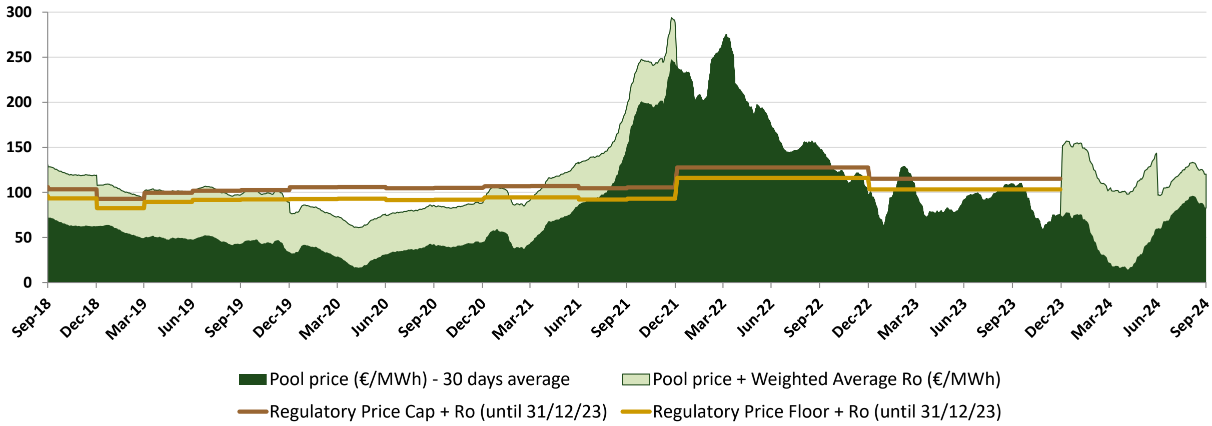
Source: OMIE

However, the price at which Ence sells the energy it generates is a regulated price designed to cover all of the estimated costs of operating a standard facility, including fuel costs. That price is made up of the pool price plus the corresponding supplementary remuneration for operation (Ro) earned by each plant.

Under the new methodology approved in 2024, the remuneration for operation (Ro) parameter is updated quarterly, as a function of the difference between the standard cost of operating the plants (around €115/MWh) and the pool price estimated the immediately previous quarter. As result, the system of adjustments for deviations between market and regulated prices (regulatory collar) in place until the end of 2023 has been eliminated.

All of Magnon's plants are also prepared to provide the electricity system operator with back-up ancillary services, so generating an additional source of income.

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



Lastly, some of Magnon's biomass plants are entitled to remuneration for investment (Ri) at an annual rate of 7.4%, which will boost revenue by an estimated €24.8m in 2024.

The renewable energy plants' remuneration parameters are outlined in greater detail in Appendix 2.

3.2. Revenue from energy sales

Ence sold 308,426 MWh of energy in 3Q24, year-on-year growth of 23% and virtually in line with the 2Q24 figure. It sold 852,136 MWh in the first nine months, a year-on-year increase of 5.7%.

The 16-MW plant in Ciudad Real, which has been idle for all of 2024, is expected to re-start during the first quarter of 2025.

Operating figures	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Huelva 41 MW - Biomass	36,882	35,546	*3.8%*	-	*n.s.*	62,580	104,577	*(40.2%)*
Jaén 16 MW - Biomass	21,515	19,260	*11.7%*	19,792	*8.7%*	61,847	55,068	*12.3%*
Ciudad Real 16 MW - Biomass	-	-	*n.s.*	-	*n.s.*	-	-	*n.s.*
Córdoba 27 MW - Biomass	20,574	15,384	*33.7%*	42,131	*(51.2%)*	106,172	80,391	*32.1%*
Huelva 50 MW - Biomass	79,250	48,506	*63.4%*	83,842	*(5.5%)*	232,491	127,812	*81.9%*
Mérida 20 MW - Biomass	27,948	32,057	*(12.8%)*	28,735	*(2.7%)*	78,239	93,254	*(16.1%)*
Huelva 46 MW - Biomass	60,706	40,418	*50.2%*	66,292	*(8.4%)*	147,163	167,599	*(12.2%)*
Ciudad Real 50 MW - Biomass	61,551	59,636	*3.2%*	70,435	*(12.6%)*	163,644	177,858	*(8.0%)*
Energy sales (MWh)	**308,426**	**250,807**	*23.0%*	**311,227**	*(0.9%)*	**852,136**	**806,560**	*5.7%*
Average sales price - (€/MWh)	136.6	117.3	*16.4%*	122.3	*11.7%*	135.7	139.8	*(2.9%)*
Remuneration for investment (€m)	6.2	6.2	*(0.2%)*	6.1	*1.6%*	18.5	18.6	*(0.5%)*
Revenue from energy sales (€ m)	**48.3**	**35.6**	*35.6%*	**44.2**	*9.4%*	**134.2**	**131.3**	*2.2%*

In 3Q24, the sales price averaged €136.6/MWh, year-on-year growth of 16.4% under the now defunct remuneration methodology and growth of 11.7% from the 2Q24 average, which included an adjustment for the new remuneration parameters applicable to the biomass plants in 2024. The average sales price in 9M24 was €135.7/MWh, down 2.9% year-on-year.

The combination of the two factors yielded revenue from energy sales of €48.3m in 3Q24, factoring in remuneration for investment, which was flat, growth of 35.6% from 3Q23 and of 9.4% from 2Q24. In 9M24, revenue from energy sales totalled €134.2m, growth of 2.2% from 9M23.

3.3. Statement of profit or loss

EBITDA in the Renewables business amounted to €9.4m in 3Q24, up 114.8% from 3Q23, fuelled by the recovery in generation volumes and lower operating expenses, as well as growth in the average sales price. By comparison with 2Q24, EBITDA increased by 103.7%, boosted by the growth in the average sales price.

In 9M24, EBITDA amounted to €20.6m, down 42.6% year-on-year; note that the 9M23 EBITDA figure included €22.7m from the sale of a 100-MW photovoltaic development in Jaén in 1Q23 and another €4m from the sale of a second 40-MW photovoltaic development in Huelva in 3Q23.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Revenue from energy sales	48.3	35.6	*35.6%*	44.2	*9.4%*	134.2	131.3	*2.2%*
Other revenues	0.6	8.3	*(92.8%)*	1.7	*(65.9%)*	6.1	38.2	*(84.0%)*
Total revenue	**48.9**	**43.9**	*11.5%*	**45.9**	*6.6%*	**140.3**	**169.6**	*(17.3%)*
EBITDA from energy sales	10.3	4.3	*140.7%*	6.6	*55.9%*	23.8	37.1	*(35.9%)*
EBITDA from new businesses	(0.9)	0.1		(2.0)		(3.1)	(1.1)	
EBITDA	**9.4**	**4.4**	*114.8%*	**4.6**	*103.7%*	**20.6**	**36.0**	*(42.6%)*
Depreciation and amortisation	(9.0)	(10.8)	*(16.6%)*	(8.2)	*9.8%*	(25.4)	(28.4)	*(10.4%)*
Impairment of and gains/(losses) on fixed-asset disp.	0.1	0.0	*n.s.*	1.1	*(95.3%)*	1.1	0.3	*n.s.*
Other non-ordinary results from operations	-	(0.4)		(4.5)	*(100.0%)*	(4.5)	(0.4)	
EBIT	**0.4**	**(6.8)**	*n.s.*	**(7.0)**	*n.s.*	**(8.1)**	**7.5**	*n.s.*
Net finance cost	(3.1)	(3.1)	*(0.4%)*	(3.6)	*(14.5%)*	(9.7)	(9.6)	*1.0%*
Other finance income/(cost)	0.3	0.0	*n.s.*	(0.0)	*n.s.*	0.3	0.0	*n.s.*
Profit before tax	**(2.4)**	**(9.9)**	*(75.9%)*	**(10.6)**	*(77.5%)*	**(17.5)**	**(2.0)**	*n.s.*
Income tax	0.2	4.0	*(93.8%)*	0.4	*(33.6%)*	0.5	5.2	*(91.3%)*
Net Income	**(2.1)**	**(5.9)**	*(63.6%)*	**(10.3)**	*(79.1%)*	**(17.1)**	**3.2**	*n.s.*
Non-controlling interests	1.0	(1.1)	*n.s.*	4.5		7.6	(2.3)	*n.s.*
Attributable Net Income	**(1.2)**	**(7.0)**	*(83.2%)*	**(5.8)**	*(79.6%)*	**(9.5)**	**0.9**	*n.s.*

Below the EBITDA line, depreciation and amortisation charges amounted to €9m in 3Q24 and €25.4m in 9M24.

The gains of €0.1m and €1.1m recognised under impairment and gains/(losses) on the disposal of non-current assets 3Q24 and 9M24, respectively, originated from the reversal of an asset impairment charge. Meanwhile, the Group recorded a loss of €4.5m under other non-operating items in 9M24, related with the adjustments made to the biomass facilities' remuneration parameters in 2023, which were published in April 2024.

The net finance cost amounted to €3.1m in 3Q24 and €9.7m in 9M24, very much in line with the amounts reported in the same periods of 2023.

As a result, the Renewables business posted an attributable net loss of €1.2m in 3Q24 and of €9.5m in 9M24, compared to a loss of €7m in 3Q23 and a profit of €0.9m in 9M23.

3.4. Cash flow analysis

The Renewables business used €2.8m of cash in operating activities in 3Q24 and €9.1m in 9M24, due to a higher working capital requirement related with the increase in the plants' remuneration for operations.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
EBITDA	**9.4**	**4.4**	*114.8%*	**4.6**	*103.7%*	**20.6**	**36.0**	*(42.6%)*
Energy regulation adjustment (regulatory collar)	-	(1.6)	*(100.0%)*	-	*n.s.*	-	(9.7)	*(100.0%)*
Other cash adjustments	(1.2)	0.1	*n.s.*	(0.6)	*88.5%*	(2.8)	1.8	*n.s.*
Change in working capital	(9.2)	14.1	*n.s.*	15.3	*n.s.*	(18.1)	(70.8)	*(74.4%)*
Income tax received / (paid)	-	0.0	*(100.0%)*	(0.5)	*(100.0%)*	(0.3)	(10.1)	*(97.2%)*
Net interest received / (paid)	(1.8)	(1.7)	*8.3%*	(5.1)	*(64.4%)*	(8.5)	(8.1)	*5.1%*
Net cash flow from operating activities	**(2.8)**	**15.3**	*n.s.*	**13.6**	*n.s.*	**(9.1)**	**(61.0)**	*(85.1%)*

Movements in working capital implied a cash outflow of €9.2m in 3Q24 and of €18.1m in 9M24, due mainly to the increase in trade payables as a result of the increase in the plants' remuneration for operation.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Inventories	0.7	8.1	*(91.7%)*	(3.0)	*n.s.*	0.0	2.1	*(98.4%)*
Trade and other receivables	(4.6)	7.9	*n.s.*	10.3	*n.s.*	(21.1)	21.7	*n.s.*
Current financial and other assets	(0.1)	-	*n.s.*	(0.0)	*n.s.*	(0.2)	-	*n.s.*
Trade and other payables	(5.1)	(1.9)	*167.8%*	7.9	*n.s.*	3.1	(94.5)	*n.s.*
Change in working capital	**(9.2)**	**14.1**	*n.s.*	**15.3**	*n.s.*	**(18.1)**	**(70.8)**	*(74.4%)*

At the September close, the Renewables business had drawn down its non-recourse receivable discounting facilities by €1.1m (compared to €44.4m at the end of 2Q24), having collected during 3Q24 the remuneration for operation accrued in the first half of the year under the new methodology published in June.

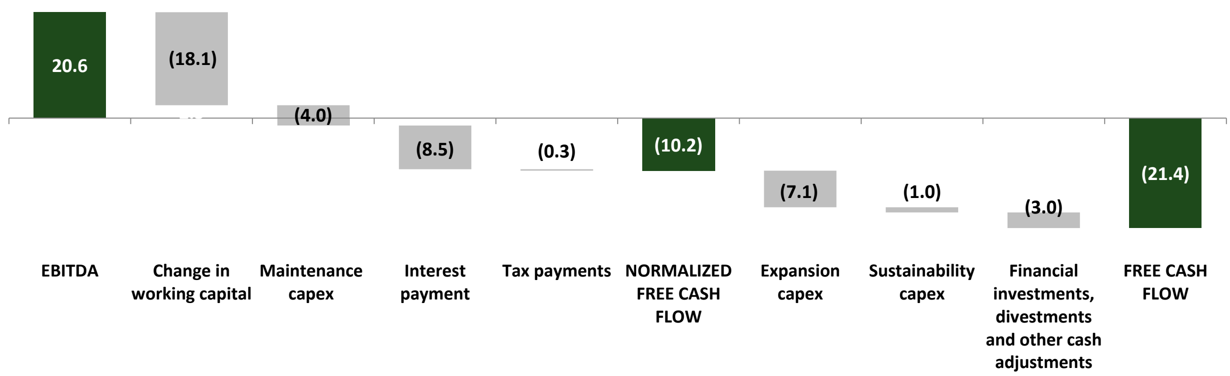
Magnon has arranged several non-recourse reverse factoring facilities, which were drawn down by €21.4m at the September close, compared to €19.8m at year-end 2023. The reverse factoring facilities do not entail the provision of guarantees, do not alter the average payment term agreed with the corresponding suppliers and do not accrue interest.

Figures in € m	3Q24	3Q23	Δ%	2Q24	Δ%	9M24	9M23	Δ%
Maintenance capex	(1.0)	(1.0)	*(7.1%)*	(2.6)	*(62.2%)*	(4.0)	(2.1)	*92.7%*
Sustainability capex and other	(0.1)	(0.5)	*(75.9%)*	(0.5)	*(77.2%)*	(1.0)	(0.8)	*27.8%*
Efficiency and expansion capex	(2.0)	(1.5)	*35.0%*	(3.2)	*(36.2%)*	(7.1)	(3.1)	*128.1%*
Financial investments	-	-	*n.s.*	(1.4)	*(100.0%)*	(0.8)	0.4	*n.s.*
Investments	**(3.1)**	**(3.0)**	*2.6%*	**(7.7)**	*(59.6%)*	**(12.9)**	**(5.6)**	*131.7%*
Disposals	(0.4)	-	*n.s.*	0.9	*n.s.*	0.5	-	*n.s.*
Net cash flow from investing activities	**(3.5)**	**(3.0)**	*15.1%*	**(6.8)**	*(48.7%)*	**(12.3)**	**(5.6)**	*122.3%*

Net cash flows used in investing activities totalled €3.5m in 3Q24 and €12.3m in 9M24, including proceeds from disposals of €0.5m related mainly with the collection of an outstanding payment in connection with the sale of the Puertollano solar thermal power plant in 2020.

Maintenance capex amounted to €1.0m in 3Q24 and €4m in 9M24, while sustainability capex amounted to €0.1m in 3Q24 and €1.0m in 9M24. The sustainability investments were earmarked to reinforcing facility safety and reducing dust, odour, noise and water consumption at the energy plants, bolstering their competitiveness in the long term.

Lastly, investments in efficiency and growth totalled €2.0m in 3Q24 and €7.1m in 9M24. Ence currently has a portfolio of 4 renewable heat plants and 14 biomethane plants at the engineering and permitting phase.



Normalised free cash flow in the Renewables business was therefore negative by €2.6m in 3Q24 and by €10.2m in 9M24, affected by the sharp increase in working capital derived from higher remuneration for the operation of the plants. Free cash flow after growth and sustainability capex was negative by €6.7m in 3Q24 and by €21.4m in 9M24.

3.5. Change in net debt

Net debt in the Renewable Energy business decreased by €15.6m from year-end 2023 to €77.9m.

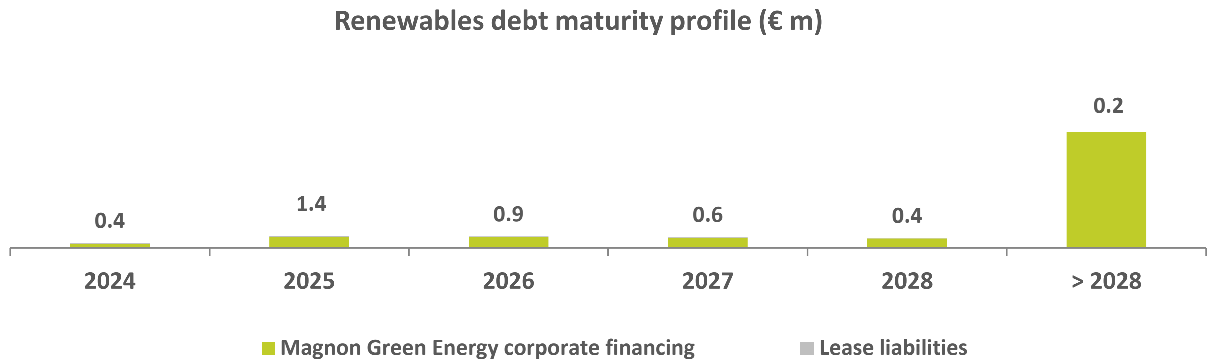
Free cash flow for the period (-€21.4m in 9M24) was more than offset by the receipt of a €24m bridge loan extended to Magnon by its non-controlling shareholder and a loan of €22.5m from the Group parent, which gets eliminated from the consolidated statement of cash flows. This shareholder loan was provided to cover Magnon's liquidity requirements until it collected the remuneration for operation accrued under the new methodology published in June. Magnon repaid its non-controlling shareholder €7m in 3Q24.

Also in 3Q24, Magnon paid a dividend of €5.1m to its non-controlling shareholder. The remainder of the movement in net debt, an increase of €4.4m, is attributable to the movements in leases and the provision for interest.

Figures in € m	Sep-24	Dec-23	Δ%
Non-current financial debt	156.2	88.9	*75.7%*
Current financial debt	10.3	33.6	*(69.3%)*
Gross financial debt	**166.5**	**122.5**	*35.9%*
Non-current lease contracts	2.5	1.7	*42.0%*
Current lease contracts	1.4	1.1	*25.3%*
Financial liabilities related to lease contracts	**3.8**	**2.8**	*35.5%*
Cash reserve for debt service	10.0	10.0	-
Cash and cash equivalents	82.3	21.8	*n.s.*
Short-term financial investments	0.2	0.0	*n.s.*
Net financial debt Renewable Renewable business	**77.9**	**93.5**	*(16.7%)*

In July, Magnon refinanced its corporate debt with a pool of financial institutions and institutional investors, increasing the gross amount to €170m and extending the final maturities until January 2032. Magnon has also been extended a €20m revolving credit facility which is currently undrawn. The new facility is non-recourse to the parent of the Renewables business, evidencing the financial community's confidence in the regulated biomass-powered electricity market.

Gross debt at the September close stood at €166.5m, lease liabilities amounted to €3.8m and cash and cash equivalents stood at €92.5m.



3.6. Growth and diversification opportunities

Ence's strategy in the Renewables business is to continue to pursue growth and business diversification, specifically into the sale of renewable thermal energy and biomethane, principally, leveraging its leadership position in biomass management in Spain.

Through its subsidiary, Magnon Energy Services, the Group provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. This company plans to develop the capacity to produce 2 TWh of renewable energy by 2030, a project with a targeted return on capital employed (ROCE) of at least 11%. By the September close, Magnon Energy Services had one services agreement underway and four other projects at the engineering and permitting phase.

Elsewhere, Ence Biogas is in the process of developing biomethane and organic fertiliser plants, underpinned by a model based on sustainable and circular management of agricultural and breeding biomass. The goal is to produce over 1 TWh of biomethane by 2030, a project with an expected ROCE of at least 12%. By the reporting date, Ence Biogas had a portfolio of 14 biomethane developments at the engineering and permitting phase.

Note, lastly, that agricultural, forestry and breeding biomass is the main source of biogenic CO_2, a raw material needed to produce green fuels. The Group produces over 4 million tonnes of biogenic CO_2 annually and it is studying the viability of using it to produce green fuels in the future.

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1. Summarised statement of profit or loss

	9M24				9M23			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Total revenue	**530.6**	**140.3**	**(2.8)**	**668.1**	**462.3**	**169.6**	**(2.2)**	**629.6**
Other income	16.1	3.3	(0.9)	18.5	21.9	4.1	(0.9)	25.1
Foreign exchange hedging operations results	0.5	-	-	0.5	(0.5)	-	-	(0.5)
Cost of sales and change in inventories of finished produ	(258.3)	(50.5)	2.8	(306.1)	(264.9)	(68.2)	2.2	(330.9)
Personnel expenses	(68.6)	(17.7)	-	(86.3)	(65.0)	(15.4)	-	(80.4)
Other operating expenses	(88.5)	(54.7)	0.9	(142.2)	(126.2)	(54.0)	0.9	(179.3)
EBITDA	**131.8**	**20.6**	**-**	**152.5**	**27.7**	**36.0**	**-**	**63.7**
Depreciation and amortisation	(43.3)	(25.4)	1.2	(67.6)	(40.7)	(28.4)	1.2	(67.8)
Depletion of forestry reserves	(7.6)	-	-	(7.6)	(6.9)	-	-	(6.9)
Impairment of and gains/(losses) on fixed-asset disposal	(0.9)	1.1	-	0.2	(0.7)	0.3	-	(0.5)
Other non-ordinary operating gains/(losses)	(2.0)	(4.5)	-	(6.5)	(5.6)	(0.4)	0.0	(6.0)
EBIT	**78.0**	**(8.1)**	**1.2**	**71.1**	**(26.3)**	**7.5**	**1.2**	**(17.6)**
Net finance cost	(14.1)	(9.7)	-	(23.8)	(11.3)	(9.6)	(0.0)	(20.8)
Other finance income/(costs)	(1.0)	0.3	-	(0.7)	(0.1)	0.0	-	(0.1)
Profit before tax	**63.0**	**(17.5)**	**1.2**	**46.7**	**(37.6)**	**(2.0)**	**1.2**	**(38.5)**
Income tax	(13.8)	0.5	(0.1)	(13.5)	7.4	5.2	(0.1)	12.5
Net Income	**49.1**	**(17.1)**	**1.1**	**33.2**	**(30.2)**	**3.2**	**1.1**	**(25.9)**
Non-controlling interests	-	7.6	-	7.6	-	(2.3)	-	(2.3)
Atributable Net Income	**49.1**	**(9.5)**	**1.1**	**40.8**	**(30.2)**	**0.9**	**1.1**	**(28.2)**
Earnings per Share (EPS)	0.20	(0.04)	-	0.17	(0.12)	(0.05)	-	(0.12)

4.2. Summarised statement of financial position

	Sep-24				Dec-23			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	18.6	33.7	(11.7)	40.7	17.7	33.7	(12.1)	39.3
Property, plant and equipment	606.2	365.5	(6.7)	965.1	617.5	379.0	(7.5)	989.0
Biological assets	65.8	0.2	-	66.0	66.9	0.2	-	67.1
Non-current investments in Group companies	114.0	0.0	(114.0)	0.1	114.0	0.0	(114.0)	0.0
Non-current borrowings to Group companies	45.2	0.4	(45.2)	0.4	22.3	-	(22.3)	-
Deferred tax assets	28.4	28.3	2.9	59.6	38.0	27.0	3.0	68.0
Non-current financial assets	28.4	20.0	-	48.4	27.7	24.9	-	52.6
Cash reserve for debt service	-	10.0	-	10.0	-	10.0	-	10.0
Total non-current assets	**906.7**	**458.2**	**(174.6)**	**1,190.3**	**904.0**	**474.8**	**(152.8)**	**1,226.0**
Inventories	65.0	15.2	(0.0)	80.1	54.8	17.3	-	72.1
Trade and other accounts receivable	59.5	28.2	(6.1)	81.6	39.5	7.5	(2.0)	45.1
Income tax	4.9	9.9	-	14.8	4.8	10.1	-	15.0
Other current assets	12.1	1.3	-	13.4	3.8	0.2	-	4.0
Hedging derivatives	1.9	0.3	-	2.2	1.1	1.7	-	2.8
Current financial investments in Group companies	0.0	0.9	(0.9)	0.0	0.2	0.1	(0.3)	0.0
Current financial investments	3.2	0.2	-	3.3	2.5	0.0	-	2.5
Cash and cash equivalents	236.5	82.3	-	318.8	311.2	21.8	-	333.0
Total current assets	**383.1**	**138.3**	**(7.0)**	**514.4**	**418.0**	**58.7**	**(2.3)**	**474.5**
TOTAL ASSETS	**1,289.8**	**596.5**	**(181.6)**	**1,704.7**	**1,322.0**	**533.5**	**(155.1)**	**1,700.5**
Equity	**579.2**	**200.9**	**(129.4)**	**650.7**	**552.5**	**227.7**	**(130.5)**	**649.6**
Non-current borrowings	308.8	158.7	-	467.5	349.6	90.6	-	440.2
Non-current loans with Group companies and associates	-	74.2	(45.2)	29.0	-	27.1	(22.3)	4.9
Non-current derivatives	2.8	2.5	-	5.3	3.4	-	-	3.4
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	29.0	0.4	-	29.4	28.1	0.1	-	28.3
Other non-current liabilities	34.8	65.3	-	100.0	35.9	69.6	-	105.5
Total non-current liabilities	**375.4**	**301.0**	**(45.2)**	**631.2**	**417.0**	**187.5**	**(22.3)**	**582.3**
Current borrowings	131.3	11.7	-	143.0	150.3	34.7	-	185.0
Current derivatives	0.5	-	-	0.5	0.6	-	-	0.6
Trade and other account payable	164.2	79.7	(6.1)	237.7	162.8	79.7	(2.0)	240.6
Short-term debts with group companies	0.8	0.9	(0.9)	0.9	0.1	0.5	(0.3)	0.2
Income tax	4.5	0.0	-	4.5	0.0	0.0	-	0.0
Current provisions	34.0	2.2	-	36.2	38.8	3.4	-	42.2
Total current liabilities	**335.2**	**94.5**	**(7.0)**	**422.8**	**352.5**	**118.3**	**(2.3)**	**468.6**
TOTAL EQUITY AND LIABILITIES	**1,289.8**	**596.5**	**(181.6)**	**1,704.7**	**1,322.0**	**533.5**	**(155.1)**	**1,700.5**

4.3. Statement of cash flows

Figures in € m	9M24 Pulp	9M24 Renewables	9M24 Adjustments	9M24 Consolidated	9M23 Pulp	9M23 Renewables	9M23 Adjustments	9M23 Consolidated
Consolidated profit/(loss) for the period before tax	**63.0**	**(17.5)**	**1.2**	**46.7**	**(37.6)**	**(2.0)**	**1.2**	**(38.5)**
Depreciation and amortisation	50.9	25.4	(1.2)	75.1	47.6	28.4	(1.2)	74.7
Changes in provisions and other deferred expense	7.7	1.3	-	9.0	15.6	2.2	-	17.8
Impairment of gains/(losses) on disposals intangible asset	0.9	(1.1)	-	(0.2)	0.8	(0.3)	-	0.5
Net finance result	14.7	9.4	-	24.0	10.8	9.6	-	20.3
Energy regulation adjustments	(0.3)	0.5	-	0.2	(3.1)	(9.7)	-	(12.8)
Government grants taken to income	(0.7)	(0.1)	-	(0.8)	(0.6)	(0.1)	-	(0.7)
Adjustments to profit	**73.1**	**35.4**	**(1.2)**	**107.2**	**71.0**	**30.1**	**(1.2)**	**99.9**
Inventories	(13.4)	0.0	(0.0)	(13.4)	(0.3)	2.1	-	1.8
Trade and other receivables	(27.2)	(21.1)	4.1	(44.1)	(10.1)	21.7	(22.5)	(10.9)
Current financial and other assets	(0.7)	(0.2)	-	(0.8)	(0.3)	(0.0)	-	(0.3)
Trade and other payables	0.4	3.1	(4.1)	(0.7)	(44.4)	(94.5)	22.2	(116.7)
Changes in working capital	**(41.0)**	**(18.1)**	-	**(59.1)**	**(55.1)**	**(70.8)**	**(0.3)**	**(126.1)**
Interest paid	(15.4)	(8.5)	-	(23.9)	(9.2)	(8.1)	-	(17.3)
Income tax received/(paid)	(1.7)	(0.3)	-	(2.0)	(3.9)	(10.1)	-	(14.1)
Other collections/(payments)	(0.2)	-	-	(0.2)	-	-	-	-
Other cash flows from operating activities	**(17.3)**	**(8.8)**	**-**	**(26.1)**	**(13.1)**	**(18.3)**	**-**	**(31.4)**
Net cash flow from operating activities	**77.8**	**(9.1)**	**-**	**68.7**	**(34.8)**	**(61.0)**	**-**	**(96.0)**
Property, plant and equipment	(35.8)	(10.7)	-	(46.4)	(44.7)	(5.5)	-	(50.3)
Intangible assets	(3.3)	(1.4)	-	(4.7)	(3.6)	(0.4)	-	(4.0)
Other financial assets	(22.8)	(0.8)	23.5	(0.1)	(2.5)	0.4	2.9	0.8
Disposals	6.3	0.5	-	6.8	(0.5)	-	0.4	(0.1)
Net cash flow used in investing activities	**(55.6)**	**(12.3)**	**23.5**	**(44.5)**	**(51.3)**	**(5.6)**	**3.3**	**(53.6)**
Free cash flow	**22.2**	**(21.4)**	**23.5**	**24.3**	**(86.1)**	**(66.5)**	**3.0**	**(149.6)**
Buyback/(disposal) of own equity instruments	0.5	-	-	0.5	7.0	-	-	7.0
Proceeds from and repayments of financial liabilities	(71.4)	87.0	(23.5)	(7.9)	187.7	(27.3)	(3.0)	157.3
Dividends payments	(26.0)	(5.1)	-	(31.1)	(140.6)	(4.1)	-	(144.7)
Net cash flow from/ (used in) financing activities	**(96.9)**	**81.9**	**(23.5)**	**(38.5)**	**54.1**	**(31.4)**	**(3.0)**	**19.7**
Net increase/(decrease) in cash and cash equivalents	**(74.7)**	**60.5**	**0.0**	**(14.2)**	**(32.0)**	**(97.9)**	**-**	**(129.9)**

5. KEY DEVELOPMENTS

Second interim dividend against 2024 profit

On 29 October 2024, the Company agreed to distribute a second interim dividend from 2024 profits of €8m, or €0.033 per share (before withholding tax), payable on 7 November.

On 30 July 2024, the Company agreed to distribute a first interim dividend from 2024 profits of €26m, or €0.107 per share (before withholding tax), which it paid out on 7 August.

Combined, these dividends imply a yield of 5%, calculated using the closing share price of 30 September 2024.

New methodology for updating the remuneration for operation (Ro) at the biomass plants with effect from 1 January 2024

On 4 June 2024, Spain's Ministry of Green Transition and Demographic Challenges published new methodology for updating the remuneration for operation (Ro) parameter applicable to the plants that generate electricity from biomass under which, with retroactive effect to 1 January 2024, the Ro applicable to the electricity sold by the biomass plants will be updated quarterly as a function of the difference between the regulated price and pool price estimated the immediately preceding quarter.

The Company estimates that application of this new methodology will have a positive impact on cash generation of over €60m in 2024, depending on the volume of energy effectively generated this year, due to the elimination of the regulatory collar, a development that aligns the accrual of income with cash generation for the first time.

From an accounting perspective, the fact of invoicing the regulated price as a function of the hours effectively generated (instead of 7,500 theoretical hours under the previous methodology) implied a reduction in the revenue reported in the first quarter of an estimated €9.8m.

Magnon Green Energy refinances its corporate debt, extending it to January 2032

On 30 July 2024, Magnon Green Energy closed the refinancing of its corporate debt with a pool of financial institutions and institutional investors, increasing the gross balance to €170m and extending the final maturities until January 2032.

Magnon has also been extended a €20m revolving credit facility which is currently undrawn.

The financing is non-recourse to the parent of the Renewables business, evidencing the financial community's confidence in the regulated biomass-powered electricity market.

2024 Annual General Meeting

Ence held its Annual General Meeting on 4 April 2024. The agenda motions ratified were:

1) Examination and ratification of the annual financial statements and management reports of ENCE ENERGÍA Y CELULOSA, S.A. and of its consolidated group for the year ended 31 December 2023.
2) Examination and ratification of the group's non-financial statement (2023 Sustainability Report) for the year ended 31 December 2023.
3) Examination and ratification of the motion for the appropriation of the earnings of ENCE ENERGÍA Y CELULOSA, S.A. for the year ended 31 December 2023.
4) Examination of and grant of discharge for the performance of the Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. during the year ended 31 December 2023.
5) Re-election of the following directors:

- Mr. José Ignacio Comenge Sánchez-Real as proprietary director.
- Mr. Gorka Arregui Abendivar as proprietary director.
- Mr. Javier Arregui Abendivar as proprietary director.
- Mr. Oscar Arregui Abendivar as proprietary director.
- Ms. Rosa María García Piñeiro as independent director.
- Ms. María de la Paz Robina Rosat as independent director.

6) Re-election of the auditor of the Company and its consolidated group.
7) Delegation of powers in the Board of Directors to interpret, supplement, rectify, execute and formalise the resolutions ratified at the Annual General Meeting.
8) Advisory vote on the annual report on director remuneration for 2023.

2024-2028 Sustainability Master Plan

In 1Q24, the Company officially updated its Sustainability Master Plan for 2024-2028, based on a double materiality assessment. The new master plan includes a new decarbonisation plan which will allow the Group to cut its Scope 1 and 2 emissions by 70% by 2035.

APPENDIX 1: SUSTAINABILITY MASTER PLAN

Sustainability is intrinsic to Ence's business activities as a leading player in the sustainable use of natural resources for the production of differentiated pulp and renewable energy. Sustainability is fully integrated into the Company's purpose and is one of its strategic priorities.

To articulate this commitment strategically, in 2018, the Company formulated its first Sustainability Master Plan, covering 2019-2023. At the end of 2023, the Company approved an update of that Master Plan, for 2024-2028, in line with its new strategic framework.

The 2024-2028 Sustainability Master Plan is structured into four priority action areas: operations, products & services, supply chain and social impact. In addition to these four areas, the plan includes a cross-cutting line of initiative designed to reinforce the governance of ESG aspects and the ethics and compliance function. An account is provided on the progress made on each in the following sections.

Preparation of the new plan included a double materiality assessment - through the dual lenses of impact materiality and financial materiality - in order to identify the most material aspects on which to focus the next round of initiatives and associated targets. Furthermore, this assessment constitutes the first step in Ence's effort to adapt for its new reporting requirements under the incoming Corporate Sustainability Reporting Directive (CSRD). To this end, during the third quarter of this year, the Company worked on adapting its internal control over sustainability reporting system and the associated reporting platforms and continued to work on the internal procedures and documents needed to generate the information identified during the CSRD gap analysis carried out during the first half.

Ence's noteworthy performance along environmental, social and governance (ESG) dimensions is echoed in its assessments by prestigious ESG agencies and indices. In its last assessment, in 2024, Sustainalytics gave Ence an overall ESG score of 93 points out of 100, a year-on-year improvement of three points, ranking it as a global leader in the pulp and paper sector for the fourth year running. In 2024, Ence also validated its place on the FTSE4Good Index, in which it has been traded since 2021. Ence is also a recipient of Ecovadis' platinum medal, the highest accolade given by this platform specialised in assessing companies' sustainability performance. It has also been included in the IBEX ESG, a sustainability index recently launched by BME. To be eligible for this index, in addition to being traded as part of the main IBEX 35 or IBEX Medium Cap indices, candidates must have an ESG rating of C+ or higher (out of 12 possible ratings which run from A+ to D-). Moreover, they must uphold the principles enshrined in the United Nations Global Compact and revenue from certain critical activities may not exceed specific thresholds.

1. Safe and eco-friendly operations

Ence strives to carry out its business activities in a manner that is safe for its employees and contractors and to serve as an example in terms of its environmental performance by upholding the most ambitious international standards to ensure it earns the social licence to operate in its business communities.

On the **health and safety front**, in 9M24 the Company's injury metrics improved notably, marked by 48% fewer lost-time injuries by comparison with 9M23, thanks to accident prevention dynamics implemented across all areas. Indeed, thanks to this improved performance, Ence's injury metrics hit record lows during the first nine months of the year. All of Ence's business units reported a year-on-year improvement in their injury severity statistics.

Magnon continues to work to improve its safety culture, an effort that has been acknowledged in the form of the Escolástico Zaldívar prize in the "Talking about Prevention" category, awarded by Fraternidad Muprespa.

In the Pulp business, work has begun to implement Process Safety Management (PSM) methodology, which will be carried out over the next three years (2024-2026) and will constitute another key lever in the unwavering effort to prevent potentially serious accidents in the workplace and on the environmental front.

As for its **environmental performance**, it is worth highlighting the completion of environmental risk studies at all of the energy plants, the industrial heat plant and in the procurement area during the first nine months of the year. The results of those studies will allow the Group to prioritise its investments and ensure familiarity with existing risks at the plant level and with the preventive measures in place to reduce them to tolerable levels. These risk assessments have been extended to include the safety and operations area so that Magnon has obtained a full picture of its exposure. Magnon has also updated its water map, revising its consumption reduction targets for the various plants, and finalised the Renewables business's GHG emissions reduction plan; those targets have been included in the Group's decarbonisation plan.

In the Pulp business, the biomills continued to improve their odour emissions in the first nine months, specifically cutting the related metrics by over 20% in Navia and nearly 35% in Pontevedra by comparison with 2023 levels, despite the fact that last year was marked by all-time records in this regard. The biomills have also continued to reduce their water consumption, particularly in Pontevedra. Throughout the summer months, that biomill continued to implement consumption rationalisation measures and the industrial wastewater recirculation and treatment system was activated, cutting withdrawal from the nearby river by 60% and ultimately delivering this facility's best ever water consumption ratios per tonne of pulp produced.

As for its circular economy transition, Ence continues to present high waste recovery and recycling readings, enabling it to renew its AENOR Zero Waste management certification (a seal only given to facilities that send less than 10% of their waste to landfill). As of the 3Q24 close, all of the Group's facilities boasted that certification.

In tandem, Magnon is also working to obtain AENOR's "Circular Strategy" certification, a milestone it hopes to achieve in the last quarter of this year. To that end, the Management Committee approved Magnon's circular economy strategy, which is aligned with the above standard, and completed the external pre-audit with very successful results during the first nine months of the year.

Turning to **environmental and safety management**, in addition to maintaining their ISO 14001, ISO 45001, ISO 50001 and EMAS certifications, in 2024, the biomills secured ISO 22000 food safety management certification, so ensuring their products can be used to safely replace plastic materials to package food products. In addition, in July, Ence's Board of Directors approved a Corporate Environmental Policy, which sets down the related guiding principles, priority areas of intervention and the associated environmental compliance and monitoring mechanisms, which are applicable all across the Group. That policy has been published on Ence's website and can be consulted by any of its stakeholders.

On the **climate action** front, Ence is working on two lines of initiative: (i) climate change mitigation by adapting its productive processes to minimise its carbon footprint; and (ii) climate change adaptation by analysing its climate risks and opportunities and taking action to make the Company more resilient. Notably, last July, Ence's Board of Directors also approved a Corporate Climate Change Policy, which lays out the Company's guiding principles and commitments in this area. That policy has likewise been published on Ence's website and can be consulted by any of its stakeholders.

On the mitigation front, in 3Q24, the Group updated its Decarbonisation Plan, setting emissions reduction targets for 2030 by way of interim milestone on the decarbonisation roadmap established in the Sustainability Master Plan, which calls for reducing the Group's Scope 1 and Scope 2 emissions by 70% by comparison with the base year (2018) by 2035. To achieve these targets, it is working on projects for replacing fossil fuels at its biomills with other renewable sources. A first step has been taken at the Navia biomill where some of the natural gas used in the lime furnace has been replaced by biomethanol obtained in the production process. As a result, this facility ended 2023 with its lowest-ever fossil fuel emissions ratio per tonne of pulp produced. Also, permitting is complete for a new initiative to replace more fossil fuel with biomass in the furnaces. The climate neutrality plan for the Pontevedra biomill and the emissions reduction plan for Magnon were also completed by the reporting date.

Ence also updates its inventory of greenhouse gas emissions annually, most recently including, for the first time, an analysis of the net carbon balance of the forests owned by the Company. That analysis, which was performed in keeping with the IPCC guidelines, showed that in 2023 the forests managed by Ence sequestered over 200,000 tonnes of CO_2, net of that withdrawn in the form of wood and biomass. As it has done consistently in prior years, in 2024, Ence had its Greenhouse Gas Emissions Report successfully verified at the reasonable assurance level. That report is available to all Ence stakeholders on the corporate website (https://ence.es/sostenibilidad/informes-gei/).

In the adaptation area, Ence is following the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) around the governance and management of climate-related risks and opportunities. More specifically, Ence is focusing its efforts on the development of *ad-hoc* climate models which provide a tool for analysing the potential impacts of climate change on the Company's facilities and wood and biomass supply areas. In developing those models, in order to analyse its physical risks, in the first nine months of 2024, Ence implemented the new climate scenarios from the IPCC's sixth report, specifically scenario SSP245 (which can be seen as an update of the previous RCP4.5 scenario, representing the medium pathway of future greenhouse gas emissions) and scenario SSP585 (which can be seen as an update of the RCP8.5 scenario, now combined with socio-economic aspects and representing the upper end of the scenario pathway). For these scenarios, Ence is analysing the changes in the climate over three time horizons: the near future (until 2040), medium term (until 2070) and a more distant future (2100). For Ence, the impact of the physical risks derived from climate change is more relevant than the impact of the transition risks, to which end it has selected scenarios in which the physical impacts are more pronounced, rather than a scenario that contemplates global warming of less than 1.5ºC, for its analysis.

In addition to updating the scenarios modelled, in 2024, Ence has started to analyse the financial impacts of the main climate risks that could affect the Company and revise the mitigation measures in place for each risk factor to prevent the materialisation of significant impacts. It has also identified new risks which have been included in the analysis for assessment.

As for **biodiversity**, in the first nine months of 2024, Ence designed an action plan for preserving and nurturing biodiversity in the forest tracts it manages. That plan is focused on protecting biodiversity in designated conservation areas in Spain, improving connectivity between the areas flagged for conservation work, shielding existing biodiversity in productive forest assets and analysing and developing new methodologies for safeguarding and enhancing natural capital. Among the latter it is worth highlighting certification of the Biodiversity Ecosystem Service, whose certified land area now stretches to nearly 1,500 hectares. The biodiversity plan also includes awareness and communication initiatives so as to create a culture of biodiversity protection among all employees. Here too, the Board of Directors of Ence has approved a Corporate Biodiversity Policy, which is available on its website for consultation by all of its stakeholders. During the fourth quarter, Ence will define the specific metrics and targets to be used to monitor the plan between 2025 and 2028.

2. Bioproducts and ecosystem services

Under the scope of its bioproducts and ecosystem services line of action, Ence defines its targets for increasing its supply of sustainable products based on biomaterials (ranging from products derived from pulp to biomethane and biogenic CO_2) and for unlocking the value implicit in the ecosystem services generated by the forest tracts managed by the Company, with a particular focus on carbon capture.

Ence's strategic commitment to sustainable bioproducts crystallised in the launch of the Ence Advanced trademark in 2019, the result of years of R&D and industrial and product development work. Under the umbrella of that platform, Ence is working to develop **products with a lower carbon footprint** as alternatives to hardwood pulp (which has a higher wood consumption requirement): adapted products and unbleached pulp for the manufacture of bags and packaging apt for substituting materials such as plastic.

Within this product line, it is worth flagging the Company’s unbleached pulp, Naturcell, which is not only more environmentally-friendly to make, but also offers customers the possibility of offsetting the residual GHG emissions derived from its life cycle via credits purchased on the voluntary market so as to make the product carbon-neutral (Naturcell Zero). One of the key thrusts of this line of initiative is to increase penetration of the products that carry the Ence Advanced label. By September 2024, customer certifications of these products numbered 109. Sales of special pulp products accounted for 22% of total pulp sales in 9M24.

Ence is likewise committed to providing its customers with objective and transparent product information. To that end, it has provided them with a carbon emissions calculator for the products they purchase: that tool calculates emissions from raw material supply through manufacture, transportation and final delivery. Customers can get this information directly from Ence's website. Ence also shares the Environmental Product Declarations (EDP) obtained by its pulp products made in Pontevedra (Encell TCF and Naturcell) and the bleached pulp made in Navia (Encell ECF[(3)]) with its customers.

(1) https://www.environdec.com/product-category-rules-pcr/get-involved-in-pcr-development#recentlypublishedpcrs.

(2) https://www.environdec.com/library/epd6638 y https://www.environdec.com/library/epd6639

(3) https://www.environdec.com/library/epd7965

With the aim of meeting the most exacting requirements and demonstrating a solid commitment to the safety of its customers and the entire supply chain, Ence has implemented an ISO 22000 certified food safety management system at its two pulp biomills. This project culminated with the receipt of the corresponding certificates from AENOR earlier this year.

Besides the work done on these special products, in the first nine months of 2024, Ence continued to advance on development of **moulded pulp** products for the manufacture of containers and trays apt for replacing the plastic products currently used in the food and retail sectors.

It also made progress on the engineering work and permitting process for the bioplant under study in Galicia (As Pontes) that would produce bleached **recycled pulp** and biomaterials. This project marks a clear commitment to the circular economy as, instead of using wood, the plant will use recovered paper and board to produce pulp, closing the loop and preventing this waste from being sent to landfill. The project's blueprints layer in Ence's decarbonisation commitments, which means that the plant will be fuelled by renewable energy (biomass) and not fossil fuels. This initiative is also a good example of Ence's contribution to a fair transition, as it will be located on the industrial site of a formal thermal power plant, providing an opportunity to revitalise the area and generate new jobs. Permitting of this project continued during the first nine months, a process that included its public presentation and introductory meetings with representatives from several associations in the town of As Pontes.

Another aspect of the bioproducts line of initiative relates to implementation of the plan for developing **biomethane** plants at Ence Biogas, the subsidiary set up by Ence to create facilities capable of transforming agricultural and breeding waste collected locally into renewable gas and organic fertiliser. The biomethane generated at these plants will contribute to the decarbonisation of the heavy ground and maritime shipping industries, sectors that currently have few opportunities for reducing their carbon emissions. Ence Biogás' medium-term target is to put 20 biomethane plants into operation with capacity to produce >1,000 GWh per year. At the reporting date, this company already had 11 developments at the permitting phase and six proposals at the preparation phase, the idea being to present them all before the end of the year. Framed by its commitment to transparency and engagement with its stakeholders, Ence Biogas holds meetings with the local communities in the towns where it plans to locate its plants. By the end of September, it had organised five such presentations to introduce the company and its business proposition and to field questions and comments from the various community representatives.

This chapter of the Master Plan also includes Ence's goal of developing **renewable industrial heat** projects, through Magnon Energy Services (MSE), a company set up to leverage biomass to offer end-to-end decarbonisation solutions with industrial heat applications. As a result, MSE's customers can decarbonise industrial processes that are hard to electrify, such as the generation of industrial heat, using an alternative renewable source and generating environmental as well as economic advantages for their companies by reducing exposure to fossil fuel price volatility and lowering their emission allowances costs. Under this business model, Magnon manages the entire renewable thermal energy value chain for its customers, from the supply of sustainable biomass, the logistics, the treatment of the biomass, plant design and construction through to its operation and maintenance and the management of the resulting waste. MSE already has one project up and running and continued to make progress on the permitting of another five new projects in 9M24.

Lastly, this chapter encompasses the development of forestry products and services, including the **development of enhanced plant material**, adapted for emerging climate conditions, which Ence will use in the forests it manages and also offer to other forest owners to help them adapt for climate change and increase the productivity of their plantations. During the first nine months of 2024, the Company completed the development and marketing of a new eucalyptus clone and expects to finalise the development of a second clone during the last quarter of the year.

Lastly, Ence is looking to monetise the **ecosystem services** provided by the forests it owns, with a focus on carbon capture. To that end, Ence is working on the design and registry of forest sinks in voluntary carbon markets, generating credits it can sell so that other companies can offset emissions they cannot forego. By the September close, Ence had registered over 2,000 hectares of forest sinks in different voluntary schemes and is working on increasing that surface area by adopting additional biodiversity criteria.

3. Responsible supply chain

In this line of initiative, Ence aims to ensure the **sustainability of the raw materials** it procures by participating in benchmark certification schemes and carrying out the **due diligence** required to prevent, detect and mitigate potential sustainability-related risks in its supply chain, focusing on human rights protection and the prevention of adverse environmental impacts.

On the certification front, Ence has cemented itself as a benchmark in **sustainable forest management** in Spain, applying internationally-recognised criteria and standards of excellence, such as the FSC® (Forest Stewardship Council®, with license numbers FSC®-C099970 and FSC®-C081854) and PEFC (Program for the Endorsement of Forest Certification, with licence numbers PEFC/14-22-00010 and PEFC/14-33-00001) schemes, to the forest assets it manages and encouraging their adoption by its supply chain. As of September 2024, close to 87% of its forest assets (out of total certifiable assets) were certified under one or other of those schemes and over 78% of the wood that entered its biomills during the period from its proprietary forests, suppliers and forest owners came with one or both certifications. That marked growth of nearly 7% from year-end 2023 and was above the target set for all of this year (75%).

Ence also ensures that the **biomass** used in its energy generation plants is sustainable by means of the SUstainable REsources Verification Scheme (SURE), thereby complying with the European Renewable Energy Directive (RED II). All of its facilities were SURE-certified as of 30 June 2024.

As for **supply chain supervision**, in 2023, Ence approved its Sustainability Due Diligence Policy which sets down the commitments and guidelines for preventing, detecting and mitigating human rights violations and adverse environmental impacts all along its supply chain. Derived from this new policy, Ence drew up a procedure for articulating these commitments in its business relationships with its suppliers and other third parties, and, in 9M24, rolled out the plan for implementing this procedure so that it gradually encompasses its entire value chain. The target is that by 2028, over 90% of the Company's purchases will be analysed using the new procedure. In addition, in 9M24, Ence worked, in coordination with the authorities, to deploy technological devices that facilitate supplier compliance with the European Regulation on deforestation-free products (EUDR).

4. Positive social impact

This chapter of the Master Plan encompasses all the lines of initiative designed to have a positive social impact both internally (on Ence employees) and on the Company's local business communities.

The Company's **human capital management** priorities pivot around championing equality and developing and retaining talent.

In terms of its effort to bring about effective **equality and diversity**, Ence remains strategically committed to its female hiring thrust, lifting female representation to 27.1% of the workforce as of the September 2024 close. In addition to increasing female representation in general, Ence is placing the spotlight on increasing the number of women in executive positions. By the end of the third quarter, the percentage of female executives (including managers) stood at 29.3%, above the target for 2024 set down in the Sustainability Master Plan (29%).

In 9M24, Ence also worked to develop methodology for calculating the gender pay gap at the Company that meets the requirements stipulated in the new Corporate Sustainability Reporting Directive (CSRD). The Company's target is to keep the gender pay gap at under 2%.

On the **talent development** front, Ence is striving to ensure that it attracts, develops and motivates the professionals it needs to ensure that the organisation has the human capital required to execute its strategic objectives. To that end, Ence is reinforcing internal promotions as the basis for the professional development of its employees, specifically publicising all internal vacancies. Indeed, in 9M24, one in every four vacancies was filled through internal promotions.

Ence is also committed to providing its employees with ongoing training with the overriding goal of encouraging personal and professional development at all levels with a view to improving employee integration in the Company and commitment to the organisation's strategic goals. The aim is to give employees the skills they need to do their jobs, while fostering a culture of development, value creation and continuous improvement and paving the way for them to assume new responsibilities in the future. In 9M24, the Group imparted 13,968 hours of training, i.e., 11.15 hours per employee. The training effort focused particularly on technical operations matters, health and safety and compliance.

Thanks to all these efforts, Ence was once again rated as a Great Place to Work in 2023, obtaining this accolade for the fourth year in a row.

In its bid to have a **positive social impact on its local communities**, Ence continues to invest in them, framed by the agreements in place with local councils in the towns where it has its main facilities. Ence supports projects of a social, environmental and sporting nature, including work to prevent social exclusion, and fosters entrepreneurship. In September, it launched a new edition of the Ence Pontevedra Community Plan, endowed with €3 million, in order to help fund community initiatives in the vicinity of the biomill, with a particular focus on the towns of Pontevedra, Marín and Poio. The Plan is articulated around five lines of initiative: social inclusion; recovery and care for the surroundings; education and culture; support for entrepreneurship and innovation; and the promotion of grassroots and elite sports. The call for tenders closed on 1 October 2024, with nearly 500 projects submitted, which is 30% more than for the last edition. The beneficiaries will be announced before the end of the year. Over the years, the Ence Pontevedra Community Plan has benefitted more than 1,100 projects, which have had a direct impact on improving people's lives, specifically improving the living conditions of most of the groups at risk of exclusion in Pontevedra and its surrounding area.

In addition to the above community investments, Ence rolls out specific community relations plans with the aim of educating local residents and other stakeholders about the Company's activities. In 9M24, Ence welcomed nearly 600 visitors to its facilities in Navia, Pontevedra, Puertollano and Huelva and held more than 30 meetings with representatives from a range of stakeholders.

Another line of action within this chapter of the Master Plan is to facilitate **professional development** in the Company's local communities by giving young people living in rural areas job skills and ensuring the next generation is ready to take on work in the forestry sector, so helping to stem depopulation in these areas. Ence runs a number of initiatives, including the provision of training to forest machine operators and internships in its operations under its Talent Programme. Two editions of the 2024 machine operator course got underway in 9M24 with 15 students enrolled in each, while 10 new interns joined Ence under the Talent Programme. Ence also prioritises local hiring: almost 90% of new hires in 9M24 were local hires.

Ence likewise helps forest owners to professionalise their operations by lending forestry management consultancy services under the scope of Ence Terra, specifically sharing best practices in management techniques and recommending what trees to plant to best suit soil conditions and shifting climate conditions. In 9M24, Ence provided advice to more than 800 forest owners in northern Spain, easily topping the target for the year (of 400).

5. Governance and compliance

This cross-cutting line of initiative is designed to reinforce ESG governance and bolster the ethics and compliance function.

On the ESG governance front, Ence has set itself the goal of defining corporate policies for the aspects for which the Company wants to establish specific lines of initiative and targets that are not itemised in the Sustainability Master Plan. To that end, in 2023 it approved the new Due Diligence Policy and so far in 2024 Ence's Board of Directors has approved three new corporate policies (Climate Change, Biodiversity and Environment). In 4Q24, the Board is also expected to approve the Stakeholder Engagement and Positive Social Impact Policy.

Also as part of its effort to update its internal rules and regulations, in 9M24, the Board of Directors approved the Anti-Corruption and Fraud Policy. A new corporate procedure for preventing and managing conflicts of interest was also published, while the procedures governing donations, collective bargaining agreements and recruitment and hiring were all updated.

As for the compliance function, following the recent creation of the Corporate Ethics and Compliance Department, during the first nine months of the year, the Company organised a host of communication and training initiatives and activities designed to strengthen the Group's ethics and compliance culture. Specifically, compliance-related training was provided to almost 80% of the workforce via online and in-person training sessions in the first nine months of 2024. On the communication front, in 9M24 the Company published 43 internal memos, about different compliance topics, including reminders about existing rules and the importance of upholding them and about the Whistleblowing Channel, and infographics and vignettes touching on a range of matters related with ethics and compliance and key aspects of the new and updated procedures. Ence also began to publish a bi-monthly newsletter targeted at all employees. A new Ethics and Compliance section was set up on the corporate intranet to provide the entire team with ready access to a broad range of documentation and information related with the new department.

A new awareness initiative articulated around short and informal sessions in small groups was set in motion in 2024. The idea is to make all areas of the Company familiar with the functions of the Ethics and Compliance Department in a format that sparks conversation and helps resolve employees' questions. This initiative has involved visits to all of the Group's plants, biomills and offices and the provision of training to over 390 people.

Ongoing compliance with Ence's certified criminal compliance management system under UNE 19601:2017 was audited during the reporting period, with no non-conformities detected. In terms of the update of the criminal risk map and related controls, the Company exhaustively analysed all of the risks that apply to the Company with input from the various areas and reviewed all of the controls in place with their respective owners in order to ensure ongoing compliance. After analysing all of the Group's activities, two new criminal risks were added to the map, along with new controls. Ence also analysed and supervised the newer businesses (energy services, biomass trading, biogas and moulded pulp). It also implemented a tool for digitalising management of the risks and controls which encompasses all of the risks to which it is exposed and all of the mitigating controls in place, the individuals responsible for executing the controls and the evidence that has to be presented to substantiate their performance.

Lastly, following approval of the Due Diligence Procedure with third parties, work began on the implementation of a new Due Diligence tool which will provide support for the analysis, assessment and monitoring of the third parties Ence engages with, including its business partners, customers, suppliers and intermediaries. By the end of September, a total of 520 companies had registered with the new tool.

Safe and Eco-efficient operations
For operational cost reduction

Protecting Health and Safety of employees and contractors
- ✓ **49% reduction of accidents with leave** vs. 2023
- ✓ **59% reduction** in Severity rate vs. 2023

Water use reduction
- ✓ **- 11,2% Pontevedra** (vs 2023), increasing resilience to climate risks related to droughts

Odour reduction (vs. 2023)
- ✓ **- 20% Navia and -35% Pontevedra**

Advancing towards a circular economy
- ✓ **100% sites ZERO WASTE** certified

Committed to mitigate climate change
- ✓ **New decarbonization plan with GHG emission reduction targets for 2030**

Bioproducts & ecosystem services
Potential for topline improvement

Differentiated pulp products with higher added value
- ✓ **22% of total sales in 9M24.** Products with higher and growing margins
- ✓ **1st Carbon neutral product** (Naturcell Zero)

Forestry bioproducts and ecosystem services
- ✓ **Improved plant material, better adapted to climate change:** 1 new Eucalyptus clone in commercial phase + 1 clon in pre-commercial phase
- ✓ **>2.000 ha Forest sinks** registered in voluntary carbon markets

Responsible supply chain
To become preferred supplier

Certified supply chain
- ✓ **87%** of managed land certified
- ✓ **>78%** of wood certified
- ✓ **100% sites SURE System certified** (Sustainable biomass)

Supply chain supervision
- ✓ **Deployment of the new Third Party Due Diligence Procedure,** in order to minimize human rights violations and negative environmental impacts risks along the supply chain
- ✓ Implementation of tools to comply with the **EUDR Regulation** against deforestation

Positive social impact
To grant business sustainability

Talent as a competitive advantage
- ✓ **27,1% female employees**
- ✓ **29,3% females in managerial positions**
- ✓ **Great Place to Work certification** (4th year in a row)

Creating positive social impact in local communities
- ✓ New edition of Ence's **Pontevedra Social Plan** (3M€), with more than 500 applications

Promoting professional development in rural communities
- ✓ New edition of the **Forestry machinery training program**
- ✓ **800+ technical advice sessions** with Forest owners

APPENDIX 2: REMUNERATION PARAMETERS APPLICABLE TO THE POWER GENERATION PLANTS

Facility	Type of facility	MW	FY24 Remuneration for investment in P&L (Ri; €/MW)	Type of fuel	Remuneration for operation 9M24 (Ro; €/MWh)	Sale hours limit under regulated price	Regulatory life (year of maturity)
Pontevedra	Biomass co-generation	34.6	-	Lignin	-	6,500	2032
	Biomass generation		46,281	Agroforestry biomass	-	7,500	
Navia	Biomass co-generation	40.3	-	Lignin	-	6,500	2034
	Biomass generation	36.2	208,346	Agroforestry biomass	55.9	7,500	
Huelva 41MW	Biomass generation	41.0	37,216	Agroforestry biomass	59.3	7,500	2025
Jaen 16MW	Biomass generation	16.0	123,452	Olive Pulp	58.6	7,500	2027
Ciudad Real 16MW	Biomass generation	16.0	66,074	Olive Pulp	58.6	7,500	2027
Cordoba 27MW	Biomass generation	14.3	183,899	Olive Pulp	61.6	7,500	2031
	Gas co-generation	12.8	-	Natural Gas	132.0	6,537	2030
Huelva 50MW	Biomass generation	50.0	242,373	Agroforestry biomass	68.2	7,500	2037
Mérida 20MW	Biomass generation	20.0	267,220	Agroforestry biomass	68.4	7,500	2039
Huelva 46 MW	Biomass generation	46.0	-	Agroforestry biomass	68.3	7,500	2044
Ciudad Real 50 MW	Biomass generation	50.0	-	Agroforestry biomass	70.1	7,500	2044

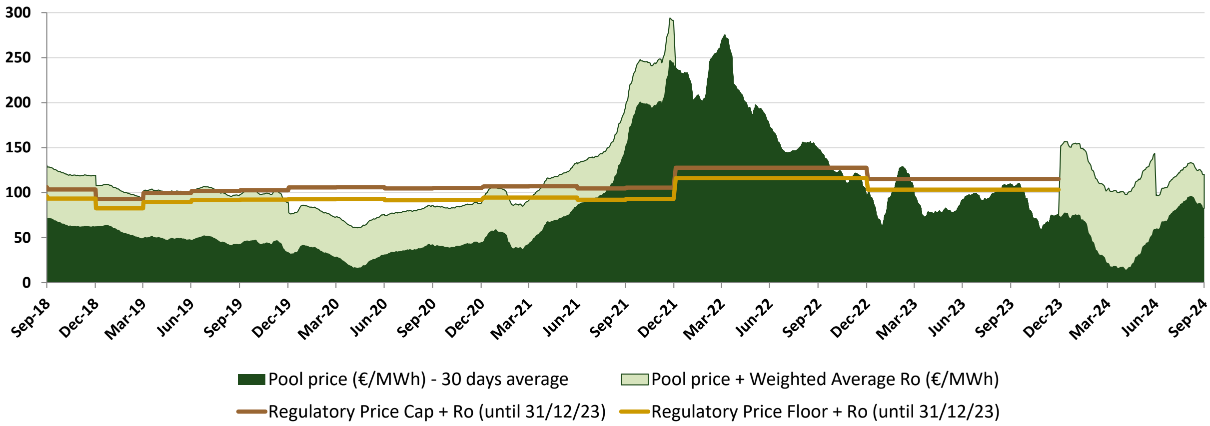
Power plants fuelled by renewable sources of energy, combined heat and power (CHP) systems or waste are regulated by Spanish Royal Decree 413/2014. These plants are remunerated via two concepts, one fixed and the other variable, in order to ensure a reasonable return:

1. The **remuneration for investment (€/MW)** parameter guarantees the recovery of the initial investment plus a minimum return on the estimated cost of building a 'standard' plant. That return was set at 7.4% for 2020–2031 via Royal Decree-Law 17/2019 (22 November 2019).
2. The **regulated sales price (€/MWh)** enables plant owners to cover all the estimated costs of operating a 'standard' plant, including fuel costs. That price is made up of the pool price plus the corresponding supplementary remuneration for operation (Ro) earned by each plant.

   Under the new methodology approved in 2024, the remuneration for operation (Ro) parameter is updated quarterly, as a function of the difference between the standard cost of operating the plants (around €115/MWh in the case of Magnon Green Energy's biomass plants) and the pool price estimated the immediately previous quarter. As result, the system of adjustments for deviations between market and regulated prices (regulatory collar) in place until the end of 2023 has been eliminated.

   The pool price estimated for the fourth quarter of 2024 is €83.2/MWh.

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



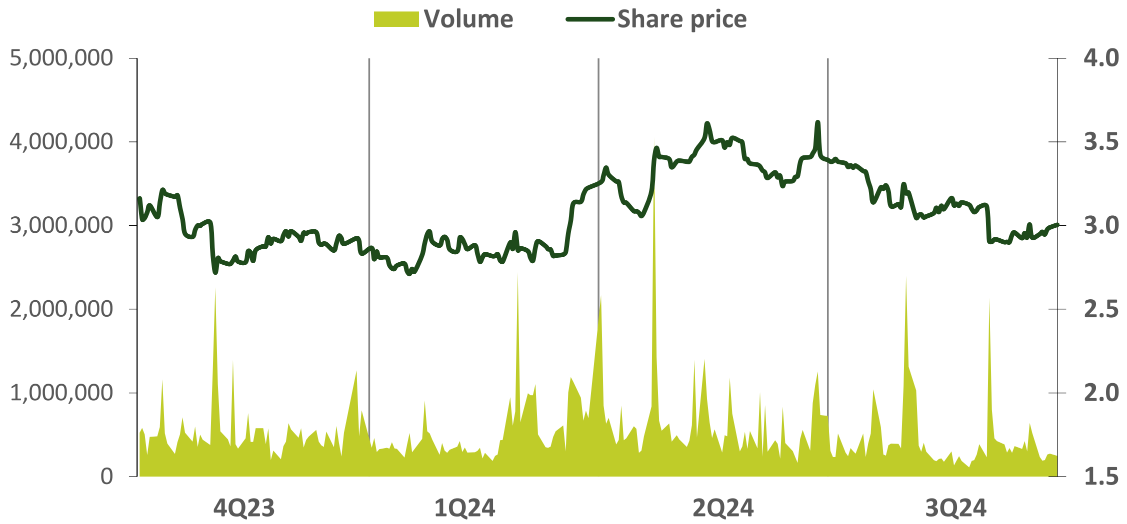
3. All of Magnon Green Energy's plants are also prepared to provide the electricity system operator with **back-up services**, so generating and additional source of income.

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

APPENDIX 3: SHARE PRICE PERFORMANCE

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

Ence's share price ended September at €3/share, up 6.1% from the year-end close price. During that same period, the Company's closest traded comparables sustained a share price correction of 2.7% on average.



SHARES	3Q23	4Q23	1Q24	2Q24	3Q24
Share price at the end of the period	3.17	2.83	3.23	3.42	3.00
Market capitalization at the end of the period	781.7	697.4	794.5	842.7	739.8
Ence quarterly evolution	10.0%	(10.8%)	13.9%	6.1%	(12.2%)
Daily average volume (shares)	605,663	551,485	531,313	670,165	431,315
Peers quarterly evolution *	9.6%	2.0%	12.6%	(6.8%)	(6.6%)

(*) Altri, Navigator, Suzano and CMPC – prices in euros

Source: Bloomberg

APPENDIX 4: ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

EBITDA

EBITDA is a metric used in the statements of profit or loss presented in this report, in sections 1, 2.5, 2.6, 3.3, 3.4, 4.1 and 4.2, and is a measure of operating profit before depreciation, amortisation and forest depletion charges, non-current asset impairment charges, gains or losses on non-current assets and 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 Group'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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

			9M24				9M23			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
OPERATING PROFIT/(LOSS)	€ m	P&L	78.0	(8.1)	1.2	71.1	(26.3)	7.5	1.2	(17.6)
Depreciation and amortisation charges	€ m	P&L	43.3	25.4	(1.2)	67.6	40.7	28.4	(1.2)	67.8
Depletion of forest reserve	€ m	P&L	7.6	-	-	7.6	6.9	-	-	6.9
Impairment of and gains/(losses) on disposal of fixed assets	€ m	P&L	0.9	(1.1)	-	(0.2)	0.7	(0.3)	-	0.5
Other non-ordinary results from operations	€ m	APM	2.0	4.5	-	6.5	5.6	0.4	(0.0)	6.0
EBITDA	**€ m**		**131.8**	**20.6**	**-**	**152.5**	**27.7**	**36.0**	**-**	**63.7**

Other non-recurring items, presented in sections 1, 2.5, 4.1 and 4.2 of this report, refers to *ad-hoc* income and expenses unrelated to the Company's ordinary business activities that render two reporting periods less comparable. The non-recurring loss of €6.5m under recorded under other non-operating items in 9M24 originated from the adjustments made to the biomass facilities' remuneration parameters in 2023, which were published in April 2024. The loss of €6m recognised in 9M23 related to inventory impairment allowances, as net pulp prices were below the amount at which the Group's inventories were carried at the June close.

CASH COST

The 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. Cash costs are analysed in section 2.3 of this report.

The cash cost includes all of the costs directly related with the production and sale of pulp that impact cash flows, without considering 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 deviations in electricity market prices (the regulatory collar), 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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24 Pulp	9M23 Pulp
Revenue from pulp sales	€ m	P&L	490.8	423.0
EBITDA	€ m	APM	(131.8)	(27.7)
Total costs (Revenue - EBITDA)	€ m		359.0	395.3
Gains/(losses) on hedging transactions	€ m	APM	0.5	(0.5)
Adjustments for tariff shortfall/surplus (electricity market)	€ m		0.3	3.1
Depletion of forest reserve	€ m	P&L	7.6	6.9
Change in inventories	€ m	P&L	6.9	(3.8)
Other income and expenses	€ m		(16.6)	(9.9)
ADJUSTED CASH COST	€ m		357.6	391.1
Pulp production costs	€ m		302.7	331.2
No. of tonnes produced	Unit		741,114	708,785
PRODUCTION-RELATED COSTS PER TONNE	€/tonn		**408.4**	**467.3**
Overhead, sales and logistics costs			54.9	59.9
No. of tonnes sold	Unit		732,406	705,420
OVERHEAD, SALES AND LOGISTICS COSTS PER TONNE	€/tonn		**75.0**	**84.9**
CASH COST	**€/tonne**		**483.4**	**552.2**

“Other income and expenses” includes €1.7m of extra costs derived from the incident affecting the Navia co-generation turbine in 3Q24; the loss on the sale of wood to third parties (-€1.9m in 9M24 and -€0.9m in 9M23), nursery costs (-€0.6m in 9M24 and -€0.6m in 9M23), long-term remuneration and termination benefits (-€5.5m in 9M24 and -€1.9m in 9M23), receivables impairment allowances (-€3.4m in 9M24 and -€1.1m in 9M23) and bank charges (-€2.5m in 9M24 and -€1m in 9M23). The remaining items implied expenditure of €1.3m in 9M24 and €4.4m in 9M23.

OPERATING PROFIT PER TONNE OF PULP

The operating profit referred to in sections 1 and 2.3 of this report 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 or gains or losses on their disposal or 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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24 Pulp	9M23 Pulp
Revenue from pulp sales	€ m	P&L	490.8	423.0
No. of tonnes sold	Unit		732,406	705,420
Average sales price per tonne (Revenue / # tonnes)	€/tonne		670.1	599.6
Cash cost (€)	€/tonne	APM	483.4	552.2
TOTAL OPERATING PROFIT PER TONNE OF PULP	**€/tonne**		**186.7**	**47.4**

NET FINANCE COST AND OTHER FINANCIAL ITEMS

Net finance cost and other financial items are included in the statement of profit or loss analysis presented in this report in sections 2.5, 3.3 and 4.1. They aggregate statement of profit or loss headings in order to facilitate their comparison.

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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24				9M23			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Finance income	€ m	P&L	7.5	1.7	(1.1)	8.1	3.8	0.8	(0.5)	4.1
Finance costs	€ m	P&L	(21.6)	(11.3)	1.1	(31.9)	(15.1)	(10.4)	0.5	(24.9)
NET FINANCE COST	**€ m**		**(14.1)**	**(9.7)**	**0.0**	**(23.8)**	**(11.3)**	**(9.6)**	**(0.0)**	**(20.8)**
Change in fair value of financial instruments	€ m	P&L	0.1	0.3	-	0.4	-	-	-	-
Exchange differences	€ m	P&L	(1.1)	0.0	-	(1.1)	(0.1)	0.0	-	(0.1)
OTHER FINANCIAL ITEMS	**€ m**		**(1.0)**	**0.3**	**-**	**(0.7)**	**(0.1)**	**0.0**	**-**	**(0.1)**
NET FINANCE INCOME/(COST)	€ m	P&L	(15.1)	(9.4)	-	(24.4)	(11.4)	(9.5)	-	(20.9)

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 units in sections 1, 2.6 and 3.4, 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 Group'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 and raise occupational health and safety and environmental performance. Financial investments correspond to payments for investments in financial assets.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24				9M23			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Maintenance capex	€ m		(16.9)	(4.0)	-	(20.8)	(12.1)	(2.1)	-	(14.2)
Efficiency and growth capex	€ m		(8.2)	(1.0)	-	(9.2)	(20.7)	(0.8)	-	(21.5)
Sustainability capex	€ m		(13.9)	(7.1)	-	(21.1)	(15.5)	(3.1)	-	(18.6)
Financial investments	€ m		(22.8)	(0.8)	23.6	-	(2.5)	0.4	2.9	0.8
TOTAL CAPITAL EXPENDITURE	**€ m**		**(61.9)**	**(12.9)**	**23.6**	**(51.2)**	**(50.8)**	**(5.6)**	**2.9**	**(53.5)**

OPERATING CASH FLOW

The operating cash flow analysed in sections 1, 2.6 and 3.4 of this report coincides with the net cash from operating activities presented in the statement of cash flows included in section 4.3. 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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24 Pulp	9M24 Renewable Energy	9M24 Adjustments & Eliminations	9M24 CONSOLIDATED TOTAL	9M23 Pulp	9M23 Renewable Energy	9M23 Adjustments & Eliminations	9M23 CONSOLIDATED TOTAL
EBITDA	€ m	APM	131.8	20.6	-	152.5	27.7	36.0	-	63.7
Other non-recurring items	€ m	APM	(2.0)	(4.5)	-	(6.5)	0.9	-	(7.0)	(6.0)
Adjustments to reconcile profit before tax to net cash flows:					-				-	
Changes in provisions and other deferred expense (net)	€ m	CF	7.7	1.3	-	9.0	15.6	2.2	-	17.8
Adjustments for tariff shortfall/surplus (electricity market)	€ m	CF	(0.3)	0.5	-	0.2	(3.1)	(9.7)	-	(12.8)
Grants taken to profit and loss	€ m	CF	(0.7)	(0.1)	-	(0.8)	(0.6)	(0.1)	-	(0.7)
Exchange differences with an impact on cash	€ m		(0.4)	0.0	-	(0.4)	(7.1)	(0.4)	-	(0.5)
Change in working capital	€ m		(41.0)	(18.1)	-	(59.1)	(55.1)	(70.8)	-	(126.1)
Interest paid, net (including right-of-use assets)	€ m	CF	(15.4)	(8.5)	-	(23.9)	(9.2)	(8.1)	-	(17.3)
Dividends received	€ m	CF	0.0	-	-	0.0	-	-	-	-
Income tax paid	€ m	CF	(1.7)	(0.3)	-	(2.0)	(3.9)	(10.1)	-	(14.1)
Other collections/(payments)	€ m	CF	(0.2)	-	-	(0.2)	-	-	-	-
OPERATING CASH FLOW			**77.8**	**(9.1)**	**-**	**68.7**	**(34.8)**	**(61.0)**	**-**	**(96.0)**

FREE CASH FLOW

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities in sections 1, 2.6, 3.4 and 4.3 of this report.

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

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24 Pulp	9M24 Renewable Energy	9M24 Adjustments & Eliminations	9M24 CONSOLIDATED TOTAL	9M23 Pulp	9M23 Renewable Energy	9M23 Adjustments & Eliminations	9M23 CONSOLIDATED TOTAL
Net cash flows from/(used in) operating activities	€ m	CF	77.8	(9.1)	-	68.7	(34.8)	(61.0)	-	(96.0)
Net cash flows from/(used in) investing activities	€ m	CF	(55.6)	(12.3)	23.5	(44.5)	(51.3)	(5.6)	3.3	(53.6)
FREE CASH FLOW	**€ m**		**22.2**	**(21.4)**	**23.5**	**24.3**	**(86.1)**	**(66.5)**	**3.3**	**(149.6)**

NORMALISED FREE CASH FLOW

Ence reports normalised free cash flow within the cash flow metrics for each of its two business units in sections 1, 2.6 and 3.4 of this report. Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capital expenditure, net interest payments and income tax payments.

Normalised free cash flow provides a proxy for the cash generated by the Group'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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

	Unit	Source Financial Statement	9M24 Pulp	9M24 Renewable Energy	9M24 Adjustments & Eliminations	9M24 CONSOLIDATED TOTAL	9M23 Pulp	9M23 Renewable Energy	9M23 Adjustments & Eliminations	9M23 CONSOLIDATED TOTAL
EBITDA	€ m	APM	131.8	20.6	-	152.5	27.7	36.0	-	63.7
Changes in working capital:					-				-	
Inventories	€ m	CF	(13.4)	0.0	(0.0)	(13.4)	(0.3)	2.1	-	1.8
Trade and other receivables	€ m	CF	(27.2)	(21.1)	4.1	(44.1)	(10.1)	21.7	(22.5)	(10.9)
Short-term investments	€ m	CF	(0.7)	(0.2)	-	(0.8)	(0.3)	(0.0)	-	(0.3)
Trade payables, other payables and other liabilities	€ m	CF	0.4	3.1	(4.1)	(0.7)	(44.4)	(94.5)	22.2	(116.7)
Maintenance capex	€ m	APM	(16.9)	(4.0)	-	(20.8)	(12.1)	(2.1)	-	(14.2)
Interest paid, net (including right-of-use assets)	€ m	CF	(15.4)	(8.5)	-	(23.9)	(9.2)	(8.1)	-	(17.3)
Income tax paid	€ m	CF	(1.7)	(0.3)	-	(2.0)	(3.9)	(10.1)	-	(14.1)
NORMALISED FREE CASH FLOW	**€ m**		**56.9**	**(10.2)**	**-**	**46.6**	**(52.6)**	**(55.1)**	**-**	**(107.9)**

NET DEBT/(CASH)

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

Net debt/(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 within non-current financial assets) and other financial investments (within current assets), as outlined in sections 2.7 and 3.5 of this report.

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.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used were the same in both periods:

			Sep. 2024				Dec. 2023			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Non-current borrowings:										
Bonds and other maketable securities	€ m	BS	-	-		-	-	78.7		78.7
Bank borrowings	€ m	BS	231.5	155.3		394.5	283.3	11.2		294.5
Other financial liabilities	€ m	BS	77.3	3.4		73.0	66.3	0.8		67.0
Current borrowings:	€ m									
Bonds and other maketable securities	€ m	BS	74.0	-		74.0	-	0.0		0.0
Bank borrowings	€ m	BS	53.8	11.2		54.1	144.0	34.1		178.1
Other financial liabilities	€ m	BS	3.6	0.4		14.9	6.3	0.6		6.9
Cash and cash equivalents	€ m	BS	236.5	82.3		318.8	311.2	21.8		333.0
Current financial assets - Other financial investments	€ m		3.2	0.2		3.3	2.5	0.0		2.5
Cash reserve for debt service	€ m		-	10.0		10.0	-	10.0		10.0
NET DEBT/(CASH)	€ m		**200.4**	**77.9**		**278.3**	**186.1**	**93.5**		**279.6**

ROCE

ROCE stands for the return on capital employed and is used by management as a key profitability performance indicator. It is provided in section 1 of this report. ROCE is widely used in the capital markets to measure and compare the earnings performance of different companies.

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 Renewables business.

Below is a reconciliation between both headings and the amounts presented in the financial statements for the first nine months of 2024 and the comparison with the 9M23 figure. The criteria used to determine these APMs were the same in both periods:

			9M24				9M23			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
EBIT, last 12 months	€ m	P&L	88.8	(3.7)	1.6	86.7	(13.7)	12.0	1.6	(0.2)
Average capital employed, last 12 months					-					
Average equity	€ m	BS	435.2	219.7	-	654.9	522.1	236.4	-	758.5
Average net debt	€ m	BS	202.5	86.3	-	288.7	55.2	48.8	-	103.8
ROCE	**%**		**13.9%**	**-1.2%**	**-**	**9.2%**	**-2.4%**	**4.2%**	**-**	**0.0%**

DISCLAIMER

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

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Earnings Report
3Q24

SUSTAINALYTICS
Global ESG
score: 93/100