ENCE ENERGÍA & CELULOSA

Earnings Report
Fourth quarter 2024

27 February 2025

Global ESG score: 93/100

CONTENTS

1. EXECUTIVE SUMMARY

Market figures	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
BHKP (USD/t) average price	1,099.4	904.5	*21.5%*	1,375.9	*(20.1%)*	1,235.7	1,045.5	*18.2%*
Average exchange rate (USD/€)	1.08	1.07	*0.3%*	1.09	*(1.6%)*	1.084	1.08	*0.4%*
BHKP (€/t) average price	1,022.2	843.4	*21.2%*	1,258.3	*(18.8%)*	1,140.1	968.1	*17.8%*

Operating Metrics	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Pulp production (t)	**255,842**	**266,556**	***(4.0%)***	**248,180**	***3.1%***	**996,955**	**975,345**	***2.2%***
Pulp sales (t)	**235,221**	**273,082**	***(13.9%)***	**233,833**	***0.6%***	**967,628**	**978,501**	***(1.1%)***
Ence Advanced pulp sales (%)	24%	28%	*(4 p.p.)*	19%	*5 p.p.*	23%	22%	*1 p.p.*
Average sales pulp price (€/t)	575.7	522.2	*10.2%*	678.7	*(15.2%)*	647.2	578.0	*12.0%*
Cash cost (€/t)	521.4	455.2	*14.5%*	488.7	*6.7%*	493.0	525.5	*(6.2%)*
Operating margin per ton (€/t)	**54.4**	**67.0**	***(18.9%)***	**190.0**	***(71.4%)***	**154.2**	**52.5**	***193.5%***
Renewable Energy sales volume (MWh)	314,953	140,690	*123.9%*	308,426	*2.1%*	1,167,089	947,249	*23.2%*
Average sales price (€/MWh)	155.1	230.5	*(32.7%)*	136.6	*13.5%*	141.0	153.3	*(8.0%)*
Remuneration for investment (€ m)	6.2	6.2	-	6.2	-	24.6	24.8	*(0.5%)*

P&G € Mn	4T24	4T23	Δ%	3T24	Δ%	2024	2023	Δ%
Revenue from Pulp business	152.6	160.9	*(5.2%)*	171.7	*(11.2%)*	683.2	623.2	*9.6%*
Revenue from Renewable Energy business [1]	56.4	39.6	*42.6%*	48.9	*15.3%*	196.7	209.1	*(5.9%)*
Consolidation adjustments	(0.9)	(0.5)		(1.0)		(3.7)	(2.7)	
Total Revenue [1]	**208.1**	**200.0**	*4.0%*	**219.6**	*(5.3%)*	**876.2**	**829.6**	*5.6%*
Pulp business EBITDA	6.3	18.5	*(65.7%)*	42.2	*(85.0%)*	138.2	46.2	*199.3%*
Renewable Energy business EBITDA	5.7	6.7	*(14.7%)*	9.4	*(39.6%)*	26.3	42.6	*(38.3%)*
EBITDA	**12.0**	**25.1**	*(52.2%)*	**51.6**	*(76.7%)*	**164.5**	**88.8**	*85.2%*
Depreciation, amortisation and forestry depletion	(25.4)	(27.2)	*(6.5%)*	(24.6)	*3.4%*	(100.5)	(101.9)	*(1.3%)*
Impairment of and gains/(losses) on fixed-assets	(0.2)	8.3	*n.s.*	(0.2)	*35.2%*	(0.0)	7.8	*n.s.*
Other non-ordinary results of operations	5.8	9.3	*(37.4%)*	(0.7)	*n.s.*	(0.6)	3.3	*n.s.*
EBIT	**(7.8)**	**15.6**	*n.s.*	**26.1**	*n.s.*	**63.3**	**(2.0)**	*n.s.*
Net finance cost	(8.7)	(9.4)	*(7.4%)*	(7.7)	*13.0%*	(32.4)	(30.2)	*7.3%*
Other finance income/(cost) results	2.1	(0.9)	*n.s.*	(1.6)	*n.s.*	1.5	(1.0)	*n.s.*
Profit before tax	**(14.3)**	**5.3**	*n.s.*	**16.8**	*n.s.*	**32.4**	**(33.2)**	*n.s.*
Income tax	1.3	(0.4)	*n.s.*	(3.5)	*n.s.*	(12.2)	12.1	*n.s.*
Consolidated Net income	**(13.1)**	**4.8**	*n.s.*	**13.4**	*n.s.*	**20.1**	**(21.1)**	*n.s.*
Non-controlling interests	3.8	(1.4)	*n.s.*	1.0	*n.s.*	11.4	(3.7)	*n.s.*
Attributable Net Income	**(9.2)**	**3.5**	*n.s.*	**14.3**	*n.s.*	**31.6**	**(24.7)**	*n.s.*
Earnings per share (Basic EPS)	(0.04)	0.01	*n.s.*	0.06	*n.s.*	0.13	(0.10)	*n.s.*

[1] Net Revenue excludes other non-recurring operating income of €5.7m in 2Q24

Cash flow € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
EBITDA	**12.0**	**25.1**	*(52.2%)*	**51.6**	*(76.7%)*	**164.5**	**88.8**	*85.2%*
Change in working capital	(7.0)	48.0	*n.s.*	18.4	*n.s.*	(66.0)	(78.1)	*(15.4%)*
Maintenance capex	(11.9)	(15.5)	*(23.1%)*	(6.4)	*86.3%*	(32.8)	(29.7)	*10.5%*
Net interest Payment	(9.5)	(8.9)	*7.0%*	(6.6)	*43.7%*	(33.4)	(26.2)	*27.7%*
Income tax received/(paid)	5.1	7.4	*(31.5%)*	0.0	*n.s.*	3.1	(6.6)	*n.s.*
Normalised free cash flow	**(11.3)**	**56.1**	***n.s.***	**56.9**	***n.s.***	**35.3**	**(51.8)**	***n.s.***
Energy regulation adjustment (regullatory collar)	-	(21.2)	*n.s.*	-	*n.s.*	-	(34.0)	*(100.0%)*
Other cash adjustments	9.2	(0.3)	*n.s.*	(3.0)	*n.s.*	10.5	10.0	*5.3%*
Efficiency and expansion capex	(10.4)	(14.8)	*(29.8%)*	(5.6)	*84.6%*	(31.5)	(33.4)	*(5.9%)*
Sustainability capex and other	(3.4)	(11.1)	*(69.6%)*	(3.2)	*4.9%*	(12.6)	(32.6)	*(61.3%)*
Financial investments and in Group companies [2]	(20.1)	(1.8)		0.1	*n.s.*	(20.2)	(0.3)	
Disposals [3]	(4.6)	0.5	*n.s.*	5.7	*n.s.*	2.2	-	*n.s.*
Free cash flow	**(40.5)**	**7.5**	*n.s.*	**50.9**	*n.s.*	**(16.2)**	**(142.2)**	*(88.6%)*
Dividends from the parent	(8.0)	-	*n.s.*	(26.0)	*(69.3%)*	(34.0)	(140.6)	*(75.8%)*
Dividend to minorities	-	-	*n.s.*	(5.1)	*(100.0%)*	(5.1)	(4.1)	
Proceeds/(payments) of equity instruments	0.2	(1.2)	*n.s.*	(1.0)	*n.s.*	0.7	5.8	
Other movements in borrowings [3]	5.4	(2.3)	*n.s.*	(18.2)	*n.s.*	13.1	(28.7)	
Net decrease / (increase) in net financial debt (€ m)	**(42.9)**	**3.9**	*n.s.*	**0.7**	*n.s.*	**(41.5)**	**(309.6)**	

[2] Financial Investments in 4Q24 exclude €10m maturing on Jan.25

[3] Equipment leases for €6.3m included as Disposals in 3Q24 and reclassified as other movements in borrowings in 4Q24

Net debt € m	Dec-24	Dec-23	Δ%
Net financial debt Pulp business	242.6	186.1	*30.3%*
Net financial debt Renewable Energy business	78.6	93.5	*(16.0%)*
Net financial debt	**321.2**	**279.6**	*14.8%*

- ✓ **The Group reported a profit of €32m in 2024, fuelled by the improvement in pulp prices and lower costs for the year, even though 4Q24 was marked by a pulp price correction and a temporary spike in the cash cost.**
- ✓ **Sales of Ence Advanced products accounted for 23% of total pulp sales in 2024, fetching a €29 higher margin per tonne than standard pulp. Sales of these products are expected to reach 30% of the total in 2025.**
- ✓ **Ence's average sales price was €647/t in 2024 (€576/t in 4Q24), up 12% from 2023, while the average cash cost per tonne decreased by 6%, to €493/t, thanks to the reduction in the cost of raw materials and despite the temporary uptick in the cash cost in 4Q24, to €521/t.**
- ✓ **As a result, the operating profit per tonne amounted to €154 in 2024 and EBITDA in the Pulp business multiplied threefold, to €138m (4Q24: €6m).**
- ✓ **EBITDA from the sale of energy increased by 50% in 2024 to €32m, boosted by growth in generation volumes and lower operating costs. However, EBITDA in the Renewables business as a whole fell by 38% in 2024 to €26m (4Q24: €6m) due to a tough comp (having recognised the gain on the sale of two PV projects in 2023), as well as new businesses development expenses.**
- ✓ **Cash flow before working capital movements and growth and sustainability capex amounted to €101m in 2024, up from €26m in 2023.**
- ✓ **Changes in working capital implied a cash outflow of €66m in 2024 due to higher pulp prices and inventories, coupled with lower remuneration for the operation of biomass plants as a result of the new methodology enacted in 2024.**
- ✓ **Investment in growth and sustainability amounted to €64m in 2024 (4Q24: €34m).**
  - o **In December 2024, Ence Biogás acquired a biomethane facility in La Galera (Tarragona) with annual production capacity of up to 50 GWh for the sum of €17.4m, signing a 15-year agreement with an important gas merchant for the offtake of the biomethane produced at the plant. In January 2025, Ence Biogás arranged a €20 million project finance facility due 2037 to fund the acquisition and investments planned for the plant. This acquisition accelerates Ence's plans to develop a biomethane platform in Spain with the ability to generate 1,000 GWh per year by 2030, contributing an estimated €60m to EBITDA.**
  - o **At the end of 2024, Magnon Energy Services signed an agreement with a leading beer maker in Spain for the annual supply of 85 GWht of renewable thermal energy for a period of 15 years. This business aims to lift renewable thermal energy production to 2,000 GWh per year by 2030, adding an estimated €40m to EBITDA.**
  - o **In the Pulp business, the new line for the production of up to 125,000 tonnes of fluff pulp for the absorbent hygiene product industry in Europe is expected to start up in 4Q25. Ence also expects to begin production and sale of its pulp-based renewable packaging line in 2025; these products are being designed as substitutes for the plastic packaging used in the food sector. On the efficiency front, Ence has launched its cost reduction and decarbonisation project for its biomill in Navia, which will reduce its Scope 1 emissions by 60% and lower its cash cost by €13/t.**
- ✓ **In 2024, Ence paid out two interim dividends totalling €34m, implying a dividend yield of 5%, calculated using the Company's share price at the start of the year.**
- ✓ **The Group's net debt ended 2024 at €321m, including lease liabilities: €242m corresponding to the Pulp business and €79 to the Renewables business. The Group's financial strength and outlook for cash generation form a solid basis for achieving the growth and diversification objectives set for both businesses.**
- ✓ **Subsequent to year-end, it is worth highlighting the sale in February 2025 of energy savings certificates generated via energy efficiency initiatives for a net sum of €30m, which the company expects to recognise as revenue and collect in the first quarter of 2025.**
- ✓ **Pulp prices in Europe have already recovered by $100/tonne from their low of $1,000/tonne (gross, equivalent to approximately $550 on a net basis) recorded in December 2024. The leading producers have announced additional price increases to $1,220/tonne (gross, approximately $645 net) from March.**
- ✓ **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 2024. The Company was also included in the FTSE4Good index for the fourth year in a row in 2024.**

2. PULP BUSINESS

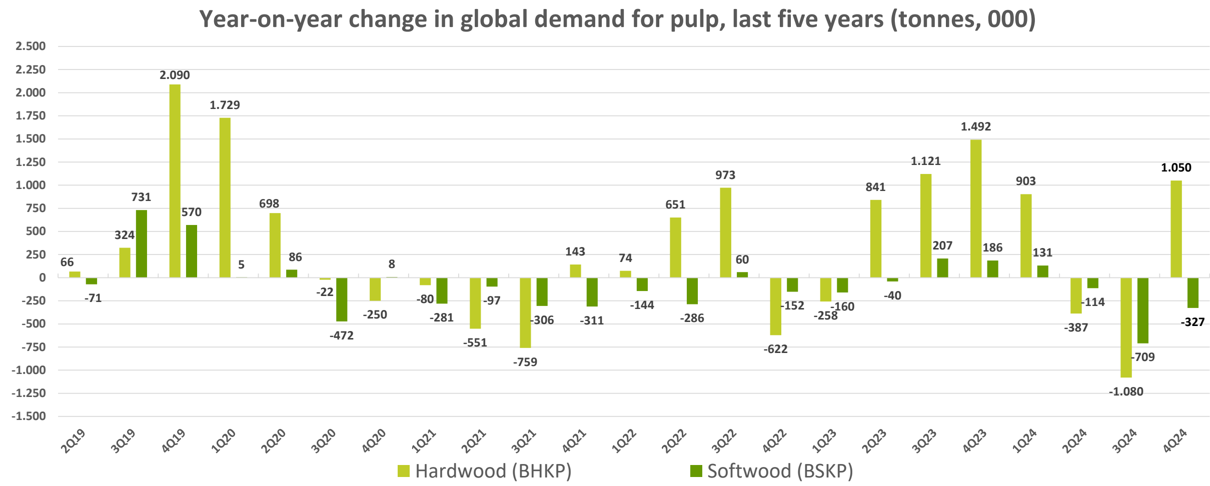
Ence has two eucalyptus hardwood pulp (BHKP) biomills in northeast Spain: a 685,000-tonne-capacity facility located on a site owned by the Company in the town of Navia, Asturias, and a 515,000-tonne-capacity complex located on a site held under concession in Pontevedra, Galicia. Both use eucalyptus timber 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 continued to rise in 2024, led by demand for tissue paper, which increased by 3.1% in 2024, with demand for printing and writing papers also up 0.4%, having been hurt by destocking in the Western world in 2023.

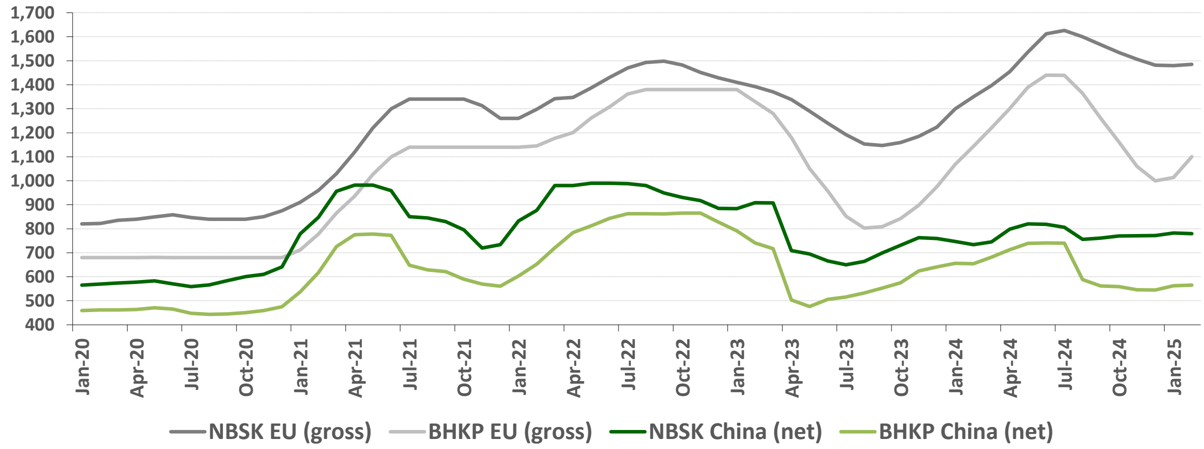


Source: PPPC–G100

The growth in global demand for paper contrasts with a let-up in global demand for pulp, which decreased by 1.0% in 2024 (-0.6m tonnes), shaped by a tough comparison with 2023 (when demand jumped by 2.9m tonnes). In 4Q24, global demand for pulp recorded a strong year-on-year increase, fuelled by inventories recovery in the paper industry in China, after experiencing a reduction in 3Q24.

The growth in demand for pulp in 4Q24 contributed to offset the increase in production related to the start-up of a new pulp mill in Brazil in 3Q24. Pulp producer inventories stood at 39 days at the end of 2024, compared to 40 days at the end of 2023.

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



Source: FOEX

Against this backdrop, European hardwood pulp (BHKP) prices recorded a low of $1,000 per tonne (gross) in December (approximately $550 net). In the first two months of 2025, pulp prices have already recovered by $100 to $1,100 (gross) by February 2025. The leading producers have announced additional price increases to $1,220/tonne (gross, approximately $645 net) from March 2025.

Market figures	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
BHKP (USD/t) average price	1,099.4	904.5	*21.5%*	1,375.9	*(20.1%)*	1,235.7	1,045.5	*18.2%*
Average exchange rate (USD/€)	1.08	1.07	*0.3%*	1.09	*(1.6%)*	1.084	1.08	*0.4%*
BHKP (€/t) average price	1,022.2	843.4	*21.2%*	1,258.3	*(18.8%)*	1,140.1	968.1	*17.8%*

The average benchmark price for hardwood pulp (BHKP) in Europe averaged $1,236 (gross) in 2024, growth of 18.2% from 2023. The benchmark price was 1,099/tonne (gross) in 4Q24, up 21.5% from 4Q23 and 20.1% below the 3Q24 average.

2.2. Revenue from pulp sales

Pulp sales volumes totalled 967,628 tonnes in 2024, down 1.1% from 2023, due to higher pulp inventories, which more than offset the growth in production volumes. 4Q24 pulp sales volumes totalled 235,221, up 0.6% from 3Q24 and down 13.9% from 4Q23, shaped by the above-mentioned growth in pulp inventories.

	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Pulp sales (t)	**235,221**	**273,082**	*(13.9%)*	**233,833**	*0.6%*	**967,628**	**978,501**	*(1.1%)*
Average sales price (€/t)	575.7	522.2	*10.2%*	678.7	*(15.2%)*	647.2	578.0	*12.0%*
Pulp sales revenue (€ m)	**135.4**	**142.6**	*(5.0%)*	**158.7**	*(14.7%)*	**626.2**	**565.6**	*10.7%*

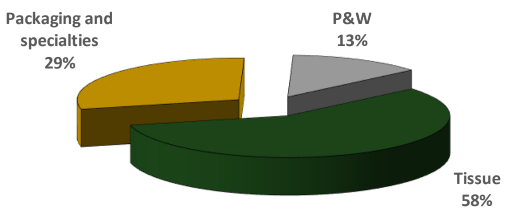
Average sales prices improved by 12% (€69/t) in 2024, to €647.2 per tonne. The average sales price in 4Q24 was €575.7 per tonne, up 10.2% (€53/t) vs. 4Q23.

The combination of the two factors drove growth of 10.7% in revenue from pulp sales in 2024, to €626.2m. In 4Q24, revenue from pulp sales came to €135.4m.

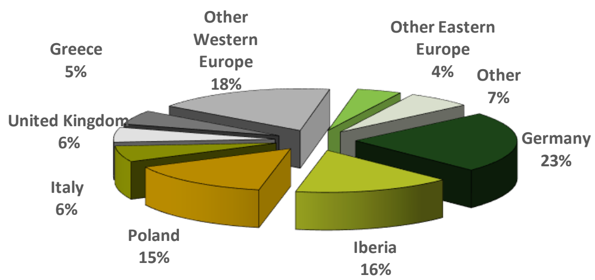
Ence Advanced products accounted for 23% of total pulp sales in 2024 (24% in 4Q24), fetching a €29 higher margin per tonne than standard pulp. Sales of these higher-margin products are expected to reach 30% of total pulp sales in 2025.

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 2024, 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, namely 93% of revenue from pulp sales in 2024. In Europe, Ence boasts sizeable competitive advantages in terms of logistics and customer service. Germany accounted for 23% of revenue, followed by Spain and Portugal (16%), Poland (15%), Italy (6%), the UK (6%) and Greece (5%). The other western European countries accounted for 18% of the total, with the rest of Eastern Europe representing 4%.

2.3. Pulp production and cash cost

In 2024, pulp production increased by 2.2% from 2023 to 996,955 tonnes, with higher production in Pontevedra offsetting the drop in production in Navia. Pulp production in 4Q24 amounted to 255,842 tonnes, up 3.1% quarter-on-quarter but down 4% year-on-year.

	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Navia pulp production	144,027	160,584	*(10.3%)*	155,161	*(7.2%)*	578,067	614,032	*(5.9%)*
Pontevedra pulp production	111,815	105,972	*5.5%*	93,019	*20.2%*	418,888	361,313	*15.9%*
Pulp production (t)	**255,842**	**266,556**	*(4.0%)*	**248,180**	*3.1%*	**996,955**	**975,345**	*2.2%*

The average cash cost decreased by 6.2% (€32/t) in 2024, to €493/t, favoured by lower raw material and transportation costs.

The cash cost in 4Q24 increased by 6.7% year-on-year to €521/t, shaped by temporary factors related with a smaller contribution by the sale of surplus energy, lower grants to offset CO_2 emissions and higher chemical costs as a result of a temporary stoppage at one of Spain's largest soda producers.

Figures in €/t	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
	575.7	522.2	*10.2%*	678.7	*(15.2%)*	647.2	578.0	*12.0%*
Total cash cost	521.4	455.2	*14.5%*	488.7	*6.7%*	493.0	525.5	*(6.2%)*
Operating margin	**54.4**	**67.0**	*(18.9%)*	**190.0**	*(71.4%)*	**154.2**	**52.5**	*193.5%*

The growth in the average sales price coupled with the reduction in the cash cost lifted average operating profit to €154/t in 2024, from €52.5/t in 2023. In 4Q24, average profit per tonne dipped to €54.4/t, a year-on-year reduction of 18.9%, as a result of the temporary uptick in the cash cost, partially offset by a higher average sales price.

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	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Revenues from energy sales linked to pulp (€ m)	10.7	13.1	*(18.2%)*	11.2	*(4.2%)*	37.9	38.2	*(0.9%)*
Forestry and other revenue (€ m)	6.4	5.2	*23.4%*	1.9	*246.6%*	19.1	19.4	*(1.7%)*
Other income	**17.1**	**18.3**	*(6.3%)*	**13.6**	*25.9%*	**56.9**	**57.6**	*(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 €138.2m in 2024, which is three times the 2023 figure, boosted by growth in the average sales price and the reduction in the cash cost.

EBITDA in 4Q24 came to €6.3m, after a non-recurring extraordinary cost of €10.4m due to higher energy purchases caused by the idling of the co-generation turbine in Navia; this cost is not included in the cash cost. That incident is expected to be fixed by May 2025, generating an additional impact of approximately €10m in 2025. Excluding this item, 4Q24 EBITDA would have been €16.7m.

Figures in € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Pulp sales revenue	135.4	142.6	*(5.0%)*	158.7	*(14.7%)*	626.2	565.6	*10.7%*
Other income	17.1	18.3	*(6.3%)*	13.0	*31.6%*	56.9	57.6	*(1.2%)*
Total net revenue	**152.6**	**160.9**	*(5.2%)*	**171.7**	*(11.2%)*	**683.2**	**623.2**	*9.6%*
EBITDA	**6.3**	**18.5**	*(65.7%)*	**42.2**	*(85.0%)*	**138.2**	**46.2**	*199.3%*
Depreciation and amortisation	(14.6)	(14.9)	*(2.5%)*	(14.7)	*(0.6%)*	(57.9)	(55.6)	*4.2%*
Depletion of forestry reserves	(2.2)	(1.9)	*15.6%*	(1.3)	*70.6%*	(9.7)	(8.8)	*10.5%*
Impairment of and gains/(losses) on fixed-asset disp.	(0.8)	(0.2)	*n.s.*	(0.2)	*n.s.*	(1.7)	(1.0)	*77.3%*
Other non-ordinary results from operations	5.8	9.3	*(37.6%)*	(0.7)	*n.s.*	3.8	3.7	*0.0 p.p.*
EBIT	**(5.4)**	**10.8**	*n.s.*	**25.3**	*n.s.*	**72.6**	**(15.5)**	*n.s.*
Net finance cost	(4.5)	(6.1)	*(26.3%)*	(4.6)	*(1.7%)*	(18.6)	(17.4)	*7.0%*
Other financial results	2.2	(0.9)	*n.s.*	(1.9)	*n.s.*	1.2	(1.0)	*n.s.*
Profit before tax	**(7.8)**	**3.8**	*n.s.*	**18.8**	*n.s.*	**55.2**	**(33.9)**	*n.s.*
Income tax	2.4	(0.8)	*n.s.*	(3.7)	*n.s.*	(11.4)	6.6	*n.s.*
Net Income	**(5.3)**	**2.9**	*n.s.*	**15.1**	*n.s.*	**43.8**	**(27.3)**	*n.s.*

Ence has an ongoing hedging policy designed to mitigate the impact of exchange rate volatility on its earnings. In 2024, settlement of those hedges implied a loss of €0.6m. For 2025, Ence has arranged hedges over a notional amount of $289m with a weighted average ceiling of $/€1.09 and a weighted average floor of $/€1.06.

FX Hedges	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Nominal hedged (USD Mn)	28.5	63.5	33.0	**66.0**	96.9	73.1	72.9	45.9
Average cap (USD / EUR)	1.11	1.09	1.10	**1.10**	1.09	1.09	1.10	1.08
Average floor (USD / EUR)	1.06	1.07	1.07	**1.08**	1.06	1.07	1.07	1.05

Below the EBITDA line, depreciation and amortisation charges increased to €57.9m in 2024 (4Q24: €14.6m) on the back of higher fixed assets. Forest depletion charges also increased to €9.7m in 2024 (4Q24: €2.2m) due to higher own wood consumption.

Impairment losses and gains/(losses) on disposals amounted to a loss of €1.7m in 2024 (4Q24: €0.8m) and reflect a provision for fixed-asset risks. Other non-recurring items - a net gain of €3.8m in 2024 - include a gain of €5.8m in 4Q24 derived from the reversal of non-current provisions for liabilities and charges recognised in prior years, coupled with the effect of the adjustment of the remuneration parameters applicable to the biomass plants and a change in the energy consumption metrics for 2023.

Elsewhere, net finance costs increased by €1.2m to €18.6m in 2024 (4Q24: €4.5m), including €2.4m related to the unwind of the regulatory collar provision. "Other finance income/(cost)" mainly presents the effect of movements in exchange rates on working capital during the period: a net loss of €1.2m in 2024 (4Q24: net loss of €2.2m).

Lastly, income tax expense amounted to €11.4m in 2024 (tax income of €2.4m in 4Q24), implying an effective tax rate of 21%. Note that the 2024 Constitutional Court ruling annulling the limit on offsetting tax losses could lead to the collection, in 2026, of an estimated €15.6m of taxes paid unduly. Also, at year-end 2024, the Pulp business had unused tax losses totalling €21.9m.

As a result, the Pulp business reported a net profit of €43.8m in 2024 (loss of €5.3m in 4Q24), compared to a net loss of €27.3m in 2023.

2.6. Cash flow analysis

Cash flows from operating activities amounted to €86.7m in 2024 (4Q24: €9.2m), despite a €36.7m increase in working capital.

Figures in € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
EBITDA	**6.3**	**18.5**	*(65.7%)*	**42.2**	*(85.0%)*	**138.2**	**46.2**	*199.3%*
Energy regulation adjustment (regullatory collar)	-	(4.9)	*(100.0%)*	-	*n.s.*	-	(8.0)	*(100.0%)*
Other cash adjustments	7.3	(0.9)	*n.s.*	(1.8)	*n.s.*	11.1	7.9	*40.3%*
Change in working capital	4.2	30.4	*(86.1%)*	27.6	*(84.7%)*	(36.7)	(24.7)	*48.5%*
Income tax received / (paid)	(4.8)	6.5	*n.s.*	-	*n.s.*	(6.5)	2.6	*n.s.*
Net interest received / (paid)	(3.9)	(3.9)	*0.4%*	(4.8)	*(19.3%)*	(19.3)	(13.0)	*47.8%*
Net cash flow from operating activities	**9.2**	**45.7**	*(79.9%)*	**63.1**	*(85.5%)*	**86.7**	**10.9**	*n.s.*

Movements in working capital implied a cash outflow of €36.7m in 2024, shaped mainly by the increase in inventories. In 4Q24, the increase in the inventories balance was offset by a reduction in accounts receivable for a net cash inflow of €4.2m that quarter.

Figures in € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Inventories	(16.1)	26.0	*n.s.*	(11.8)	*36.4%*	(29.5)	25.7	*n.s.*
Trade and other receivables	18.9	24.0	*(21.2%)*	33.4	*(43.4%)*	(8.3)	13.9	*n.s.*
Financial and other current assets	0.7	2.0	*(66.4%)*	0.8	*(18.8%)*	-	1.8	*(100.0%)*
Trade and other payables	0.7	(21.7)	*n.s.*	5.1	*(86.0%)*	1.1	(66.1)	*n.s.*
Change in working capital	**4.2**	**30.4**	*(86.1%)*	**27.6**	*(84.7%)*	**(36.7)**	**(24.7)**	*48.5%*

At year-end, Ence had drawn down €86m of non-recourse receivables discounting facilities in the Pulp business, compared to €83.9m at year-end 2023. Ence has also arranged several reverse factoring facilities, which were drawn down by €59.7m at the December close, compared to €58.9m 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.

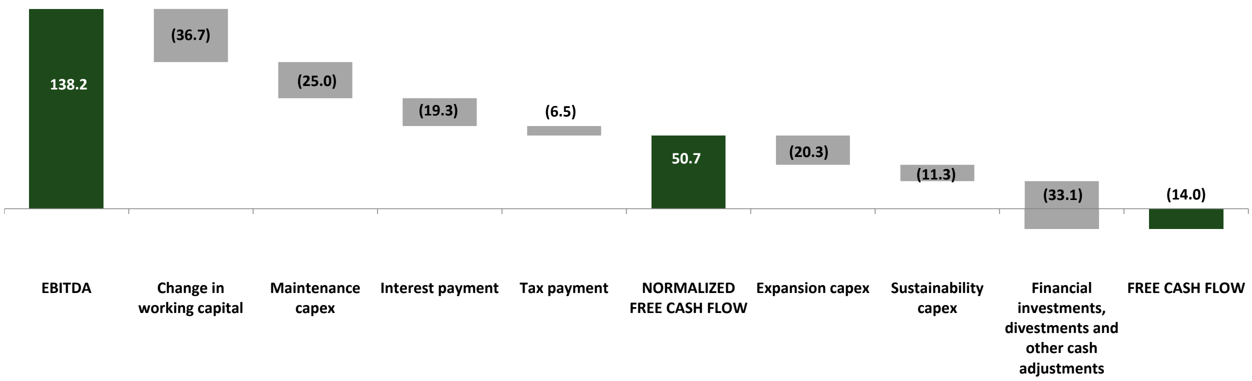
Figures in €Mn	4T24	4T23	Δ%	3T24	Δ%	2024	2023	Δ%
Maintenance capex	(8.1)	(11.2)	*(27.8%)*	(5.4)	*49.1%*	(25.0)	(23.3)	*7.2%*
Sustainability capex and other	(3.1)	(8.9)	*(65.6%)*	(3.1)	*(1.5%)*	(11.3)	(29.6)	*(61.8%)*
Efficiency and expansion capex	(6.3)	(13.1)	*(51.6%)*	(3.6)	*75.8%*	(20.3)	(28.6)	*(29.1%)*
Financial investments in Group companies [1]	(22.5)	(1.8)	*n.s.*	(0.9)	*n.s.*	(45.3)	(4.3)	*n.s.*
Investments	**(40.0)**	**(35.0)**	*14.2%*	**(13.0)**	*207.8%*	**(101.9)**	**(85.845)**	*18.7%*
Disposals [2]	(5.1)	0.5	*n.s.*	6.1	*n.s.*	1.2	-	*n.s.*
Net cash flow used in investing activities	**(45.1)**	**(34.5)**	*30.5%*	**(6.9)**	*n.s.*	**(100.7)**	**(85.8)**	*17.3%*

[1] Financial Investments in 4Q24 exclude €10m maturing on Jan.25
[2] Equipment leases for €6.3m included as Disposals in 3Q24 and reclassified as other movements in borrowings

Capital expenditure in the Pulp business entailed a cash outflow of €101.9m in 2024 (4Q24: €40m), including, by way of financial investment, a €44m loan to the Group's Renewables subsidiary (€21.5m in 4Q24), which gets eliminated in the consolidated statement of cash flows. Excluding that loan, capex in this business amounted to €57.9m in 2024.

Maintenance capex amounted to €25m in 2024 (€8.1m in 4Q24), while sustainability and other capex totalled €11.3m (€3.1m in 4Q24). 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 amounted to €20.3m in 2024 (€6.3m in 4Q24) and notably included the effort to diversify pulp production at the Navia biomill into fluff pulp for absorbent personal care products , which is expected to come online towards the end of 2025, as well as the engineering work for the Pontevedra Avanza and As Pontes projects.



As a result, normalised free cash flow in the Pulp business amounted to €50.7m in 2024 (-€6.2m in 4Q24), despite a €36.7m increase in working capital derived from the increase in pulp inventories over the course of the second half of the year. Free cash flow after growth, financial and sustainability capex was negative by €14m in 2024 (-€41.0m in 4Q24), including the provision of a loan of €44m to the Group's Renewables subsidiary (€21.5m in 4Q24), which is eliminated in the consolidated statement of cash flows. Excluding this intragroup loan, free cash flow in the Pulp business would have been €30m in 2024 (-€19.5m in 4Q24).

2.7. Change in net debt

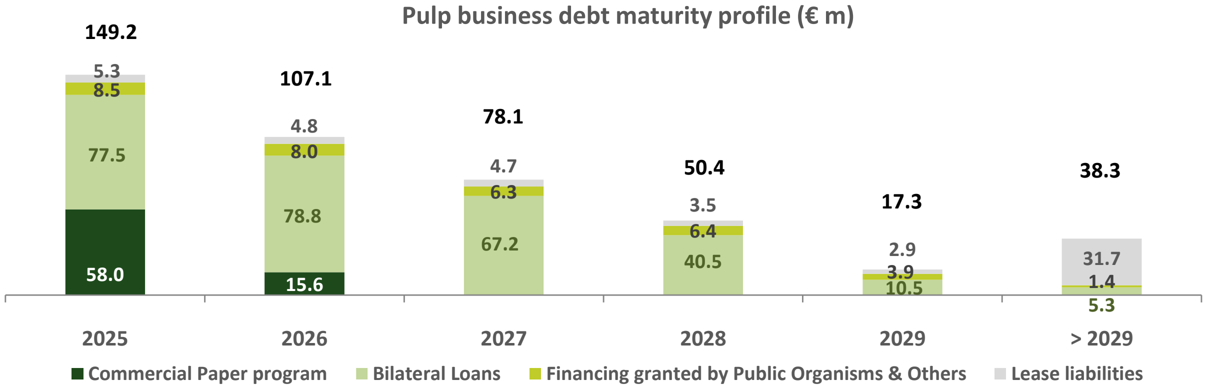
The Pulp business ended 2024 with net debt of €242.6m, compared to net debt of €186.1m at year-end 2023. i.e., an increase of €56.5m, including the €44m loan extended to the Renewables business. The movement in net debt was shaped by the free cash flow generated by the Pulp business in 2024 (-€14m), the payment of €34m of dividends and €8.5m associated with a series of other movements related with equity instruments, leases and the provision for interest.

Figures in € m	Dec-24	Dec-23	Δ%
Non-current financial debt	243.8	311.6	*(21.8%)*
Current financial debt	143.9	146.2	*(1.6%)*
Gross financial debt	**387.7**	**457.8**	*(15.3%)*
Non-current lease contracts	47.5	38.0	*25.1%*
Current lease contracts	5.3	4.0	*31.1%*
Financial liabilities related to lease contracts	**52.8**	**42.0**	*25.7%*
Cash and cash equivalents	184.6	311.2	*(40.7%)*
Short-term financial investments	13.3	2.5	*n.s.*
Net financial debt Pulp business	**242.6**	**186.1**	*30.3%*

In 2024, Ence prepaid €73m of bilateral loans. The balance outstanding under the MARF commercial paper programme increased by €20.5m in 2024 to €73.5m.

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 €197.9m.

The gross debt of €387.7m at the December close corresponds to the outstanding balances of: (i) bilateral loans (€279.7m); (ii) a series of loans totalling €34.4m 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 €73.5m outstanding under Ence's sustainable commercial paper programme, which is being renewed and amended to extend the maturities. Finance lease liabilities stood at €52.8m at year-end. Debt arrangement fees are deducted from gross borrowings on the statement of financial position.



2.8. Diversification and efficiency projects

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, 23% of 2024 pulp sales already originated 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, work is underway to adapt the Navia biomill for the production of up to 125,000 tonnes of fluff pulp for the absorbent hygiene products industry in Europe, substituting imported softwood fluff pulp. In this manner, in addition to selling a higher-margin product than standard pulp, Ence will offer its customers a 'made in Europe' alternative with a smaller carbon footprint. Production is scheduled to start up in the fourth quarter of 2025. The budgeted investment is over €30m between 2024 and 2025 and the expected return (ROCE) is at least 15%.

Thirdly, Ence has developed a pulp-based renewable packaging range designed as a substitute for plastic packaging in the food sector, such as trays for fresh produce and prepared meals. The Company will begin producing and selling this range in 2025 and expects to lift production capacity to 40 million containers by 2026, with scope for scaling up production further in the future. This first facility is expected to require an investment of €12m between 2025 and 2026 and deliver a return (ROCE) of over 15%.

On the efficiency front, the Company has already rolled out its 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 2026 and the expected return (ROCE) is at least 15%. That figure 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.

Also, the Company is 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 wood and continue the process of shifting production into the Ence Advanced range. The budgeted investment in this project is €120m and the expected return (ROCE) is at least 12%. This project will be executed gradually, during the annual maintenance stoppages scheduled between 2025 and 2030.

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 Energy Services provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. In 2023, this company signed its first services provision agreement; it has one development in progress for the supply of 85 GWht per annum from 2026 and another three in permitting for combined production of an estimated 130 GWht/year.

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. In December 2024, this company acquired its first biomethane facility in Tarragona, designed to produce up to 50 GWh per annum, also signing a 15-year agreement with an important gas supplier for the offtake of the biomethane produced at the plant. In addition, as of the reporting date, this subsidiary had a portfolio of 16 biomethane developments at the permitting phase.

3.1. Regulation of the generation of electricity using biomass

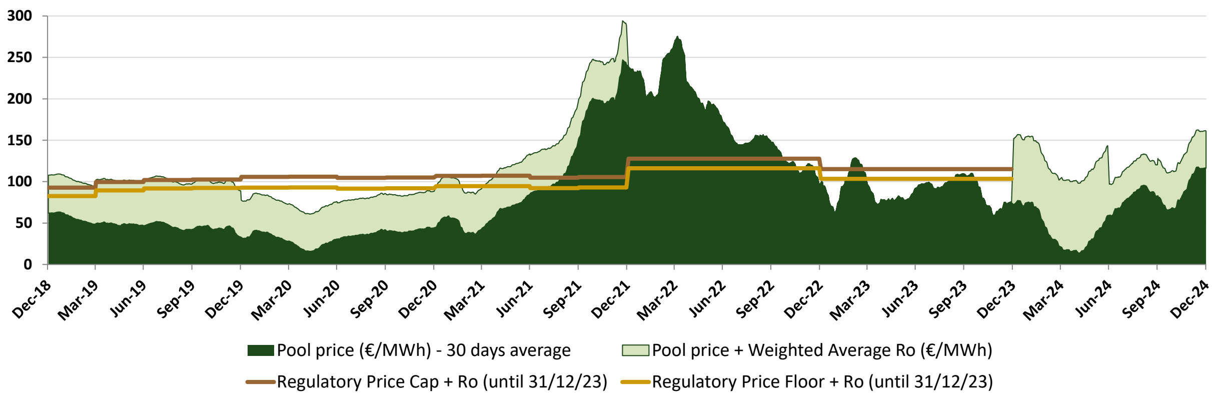
The average price on the day-ahead market (pool price) was €62.9/MWh in 2024 and €94.7/MWh in 4Q24, compared to an estimated pool price for that quarter of €83.2/MWh.

Market figures	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Average pool price (€/MWh)	94.7	75.3	*25.9%*	78.7	*20.4%*	62.9	87.4	*(28.1%)*

Source: OMIE

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

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



Under the new methodology approved in 2024 (Ministerial Order TED/526/2024), 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 services, so generating an additional source of income.

Lastly, most of Magnon's biomass plants are entitled to remuneration for investment (Ri) at an annual rate of 7.4%, which boosted revenue by €24.6m in 2024.

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

3.2. Revenue from energy sales

The volume of energy sold in 2024 totalled 1,167,089 MWh, annual growth of 23.2%, having been affected in 2023 by the drop in pool prices under the now defunct methodology for updating the plants' Ro. In 4Q24, energy sales volumes jumped by 123.9% year-on-year, having been affected in 4Q23 by maintenance stoppages and interventions at the 46-MW plant in Huelva and the 50-MW plant in Ciudad Real.

The 16-MW plant in Ciudad Real, which was idle for nearly all of 2024, is expected to start to operate again in 2025.

Operating figures	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Huelva 41 MW - Biomass	43,165	27,171	*58.9%*	36,882	*17.0%*	105,745	131,748	*(19.7%)*
Jaén 16 MW - Biomass	21,010	13,956	*50.5%*	21,515	*(2.3%)*	82,857	69,023	*20.0%*
Ciudad Real 16 MW - Biomass	218	-	*n.s.*	-	*n.s.*	218	-	*n.s.*
Córdoba 27 MW - Biomass	38,341	27,997	*36.9%*	20,574	*86.4%*	144,512	108,388	*33.3%*
Huelva 50 MW - Biomass	73,128	51,826	*41.1%*	79,250	*(7.7%)*	305,619	179,638	*70.1%*
Mérida 20 MW - Biomass	10,747	19,740	*(45.6%)*	27,948	*(61.5%)*	88,987	112,994	*(21.2%)*
Huelva 46 MW - Biomass	57,939	-	*n.s.*	60,706	*(4.6%)*	205,102	167,599	*22.4%*
Ciudad Real 50 MW - Biomass	70,405	-	*n.s.*	61,551	*14.4%*	234,049	177,858	*31.6%*
Energy sales (MWh)	**314,953**	**140,690**	*123.9%*	**308,426**	*2.1%*	**1,167,089**	**947,249**	*23.2%*
Average sales price - (€/MWh)	155.1	230.5	*(32.7%)*	136.6	*13.5%*	141.0	153.3	*(8.0%)*
Remuneration for investment (€m)	6.2	6.2	-	6.2	-	24.6	24.8	*(0.5%)*
Revenue from energy sales (€ m)	**55.0**	**38.6**	*42.5%*	**48.3**	*13.9%*	**189.2**	**169.9**	*11.3%*

The average sales price was €141/MWh in 2024 (€155.1/MWh in 4Q24), down 8% from 2023, which included an accounting adjustment for the mismatch between the pool price and the regulatory price (regulatory collar) under the now defunct remuneration calculation methodology.

The combination of the two factors drove revenue from energy sales 11.3% higher €189.2m in 2024 (4Q24: €55m), factoring in remuneration for investment, which was flat.

3.3. Statement of profit or loss

The Renewables business generated €26.3m of EBITDA in 2024 (4Q24: €5.7m), down 38.3% from 2023, which included a positive contribution from other businesses in the amount of €21m, mainly related with the sale of two photovoltaic developments during the first half of that year. The negative contribution by other businesses of €6.1m in 2024 includes an impairment loss of €2.3m recognised against another photovoltaic development in 4Q24.

Excluding those positive and negative contributions by other renewable businesses, EBITDA from the sale of energy increased by 49.8% in 2024 to €32.5m (4Q24: €9m), boosted higher generation volumes and lower operating costs.

Figures in € m	4T24	4T23	Δ%	3T24	Δ%	2024	2023	Δ%
Revenue from energy sales (includes hedges)	55.0	38.6	*42.5%*	48.3	*13.9%*	189.2	169.9	*11.3%*
Other revenues	1.4	1.0	*44.4%*	0.6	*135.2%*	7.5	39.2	*(80.9%)*
Total revenue [1]	**56.4**	**39.6**	*42.6%*	**48.9**	*15.3%*	**196.7**	**209.1**	*(5.9%)*
EBITDA from energy sales	9.0	7.9	*13.6%*	10.3	*(12.9%)*	32.5	21.7	*49.8%*
EBITDA from other businesses	(3.3)	(1.2)	*167.7%*	(1.5)	*115.5%*	(6.1)	21.0	*n.s.*
EBITDA	**5.7**	**6.7**	*(14.7%)*	**9.4**	*(39.6%)*	**26.3**	**42.6**	*(38.3%)*
Depreciation and amortisation	(9.1)	(10.7)	*(15.6%)*	(9.0)	*0.3%*	(34.5)	(39.1)	*(11.8%)*
Impairment of and gains/(losses) on fixed-asset disp.	0.6	8.5	*(93.0%)*	0.1	*n.s.*	1.7	8.8	*(80.6%)*
Other non-ordinary results from operations	-	(0.0)		-	*n.s.*	(4.5)	(0.4)	
EBIT	**(2.8)**	**4.4**	*n.s.*	**0.4**	*n.s.*	**(10.9)**	**11.9**	*n.s.*
Net finance cost	(4.2)	(3.3)	*27.7%*	(3.1)	*34.6%*	(13.8)	(12.8)	*7.8%*
Other finance income/(cost)	(0.0)	0.0	*n.s.*	0.3	*n.s.*	0.3	0.0	*n.s.*
Profit before tax	**(7.0)**	**1.1**	*n.s.*	**(2.4)**	*191.9%*	**(24.5)**	**(0.9)**	*n.s.*
Income tax	(1.1)	0.4	*n.s.*	0.2	*n.s.*	(0.7)	5.7	*n.s.*
Net Income	**(8.1)**	**1.6**	*n.s.*	**(2.1)**	*n.s.*	**(25.2)**	**4.8**	*n.s.*
Non-controlling interests	3.8	(1.4)	*n.s.*	1.0		11.4	(3.7)	*n.s.*
Attributable Net Income	**(4.3)**	**0.2**	*n.s.*	**(1.2)**	*n.s.*	**(13.8)**	**1.1**	*n.s.*

[1] Net Revenue amount in 2Q24 excludes other non-recurring operating income of €5.7m

To mitigate the risk of movements in electricity market prices relative to the pool price estimated in the immediately preceding quarter, Magnon has put in place a hedging policy designed to replicate the formula used by the ministry to estimate market prices covering up to 40% of forecast generation output. In 4Q24, settlement of those hedges implied a loss of €2.8m.

Below the EBITDA line, depreciation and amortisation charges decreased to €34.5m in 2Q24 (1Q24: €9.1m).

The gain of €1.7m recognised under impairment and gains/(losses) on the disposal of non-current assets in 2024 (€0.6m in 4Q24) originated from the reversal of an asset impairment charge. Meanwhile, the Group recorded a loss of €4.5m in 2024 under other non-operating items related with the adjustments made to the biomass facilities' remuneration parameters in 2023, which were published in April 2024.

Finance costs increased to €13.8m in 2024 (4Q24: €4.2m), including €5.2m related to the unwind of the regulatory collar provision.

Tax expense amounted to €0.7m in 2024 (tax income of €1.1m in 4Q24). Note that the Constitutional Court ruling in 2024 annulling the limit on offsetting tax losses could lead to the collection, in 2026, of an estimated €3.1m of taxes paid unduly. Also, at year-end 2024, the Renewables business had unused tax losses totalling €17.5m.

As a result, the Renewables business posted a net attributable loss of €13.8m in 2024 (loss of €4.3m in 4Q24), compared to a profit of €1.1m in 2024.

3.4. Cash flow analysis

The Renewables business used €8.1m of cash in operating activities in 2024 (€0.9m in 4Q24), due mainly to a sharp increase in working capital related with higher remuneration for operation (Ro) of the plants as a result of the new methodology for the quarterly update of that parameter enacted in 2024.

Figures in € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
EBITDA	**5.7**	**6.7**	*(14.7%)*	**9.4**	*(39.6%)*	**26.3**	**42.6**	*(38.3%)*
Energy regulation adjustment (regulatory collar)	-	(16.3)	*(100.0%)*	-	*n.s.*	-	(26.0)	*(100.0%)*
Other cash adjustments	2.2	0.3	*n.s.*	(1.2)	*n.s.*	(0.6)	2.1	*n.s.*
Change in working capital	(11.2)	17.4	*n.s.*	(9.2)	*22.0%*	(29.3)	(53.4)	*(45.1%)*
Income tax received / (paid)	9.9	0.9	*n.s.*	-	*n.s.*	9.6	(9.2)	*n.s.*
Net interest received / (paid)	(5.7)	(5.1)	*12.3%*	(1.8)	*212.3%*	(14.2)	(13.2)	*7.9%*
Net cash flow from operating activities	**0.9**	**4.0**	*(76.8%)*	**(2.8)**	*n.s.*	**(8.1)**	**(57.0)**	*(85.7%)*

Movements in working capital implied a cash outflow of €29.3m in 2024 (and of €11.2m in 4Q24), due mainly to the increase in trade payables as a result of the increase in the plants' remuneration for operation.

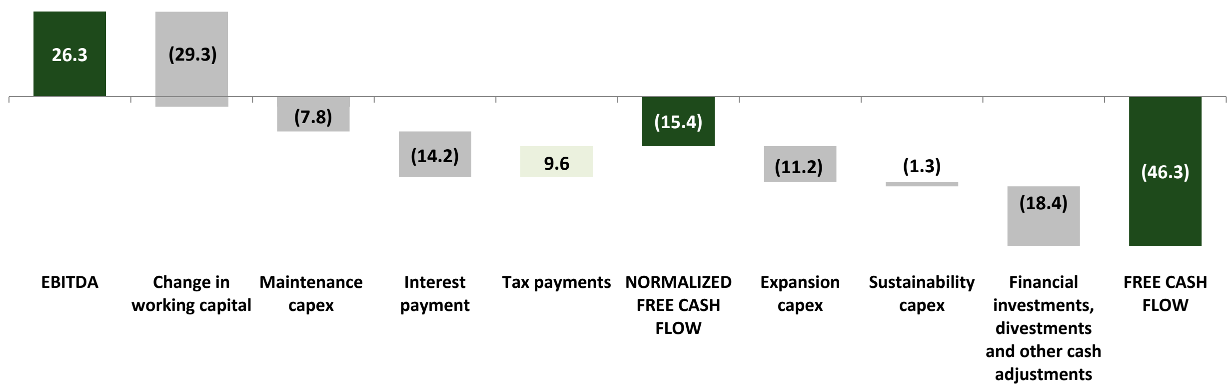
Figures in € m	4Q24	4Q23	Δ%	3Q24	Δ%	2024	2023	Δ%
Inventories	0.1	(2.4)	*n.s.*	0.7	*(87.0%)*	0.1	(0.4)	*n.s.*
Trade and other receivables	(7.5)	12.2	*n.s.*	(4.6)	*62.1%*	(28.5)	33.9	*n.s.*
Current financial and other assets	0.2	-	*n.s.*	(0.1)	*n.s.*	-	-	*n.s.*
Trade and other payables	(4.0)	7.6	*n.s.*	(5.1)	*(22.3%)*	(0.9)	(86.9)	*(99.0%)*
Change in working capital	**(11.2)**	**17.4**	*n.s.*	**(9.2)**	*22.0%*	**(29.3)**	**(53.4)**	*(45.1%)*

This business's non-recourse receivable discounting facilities were fully undrawn at year-end 2024 (drawn down by €4.4m at year-end 2023). Magnon has also arranged several non-recourse reverse factoring facilities, which were drawn down by €23.4m at 31 December 2024, 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.

Capital expenditure entailed a cash outflow of €38.1m in 2024 (4Q24: €25.8m), including a financial investment of €17.4m for the acquisition of 98% of a biomethane generation plant located in the town of La Galera, Tarragona in December.

Maintenance capex amounted to €7.8m in 2024 (€3.8m in 4Q24), while sustainability capex totalled €1.3m (€0.3m in 4Q24). 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 amounted to €11.2m in 2024 (€4.1m in 4Q24) and were mainly related with the development of the biomethane and renewable thermal energy projects.



Normalised free cash flow in the Renewables business was negative by -€15.4m in 2024 (and -€5.1m in 4Q24), affected by the sharp increase in working capital derived from higher remuneration for plant operation. Free cash flow after growth and sustainability capex was -€46.3m in 2024 (-€24.4m in 4Q24), including a financial investment of €17.4m for the acquisition the biomethane generation plant in Tarragona in December.

3.5. Change in net debt

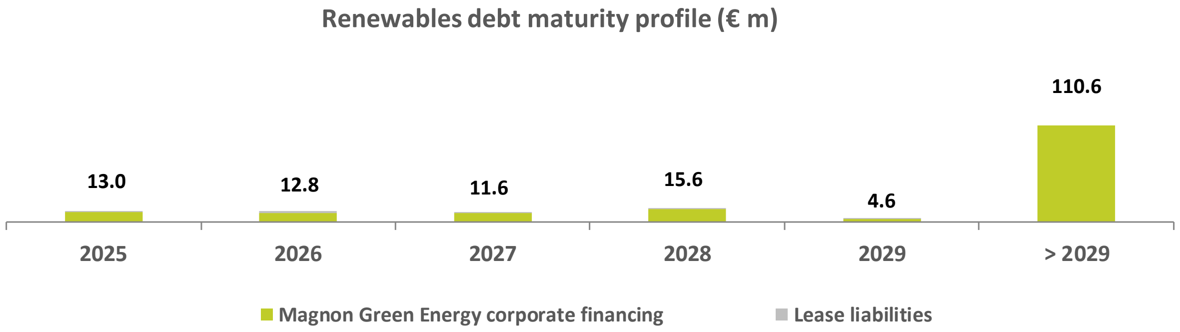
Net debt in the Renewables business decreased by €14.9m from year-end 2023 to €78.6m.

The negative free cash flow in 2024 (€46.3m) was more than offset by the loan of €44m received from the Group parent, in addition to the €24.1m loan provided to Magnon by its non-controlling shareholder. In addition, Ence Renovables paid dividends of €5.1m to its non-controlling shareholders. The remainder of the movement in net debt, an increase of €1.8m, is attributable to the movements in leases and the provision for interest.

Figures in €Mn	Dec-24	Dec-23	Δ%
Deuda financiera a largo plazo	151.2	88.9	*70.0%*
Deuda financiera a corto plazo	11.3	33.6	*(66.5%)*
Deuda financiera bruta	**162.4**	**122.5**	*32.6%*
Arrendamientos a largo plazo	4.0	1.7	*129.9%*
Arrendamientos a corto plazo	1.8	1.1	*60.3%*
Pasivo financiero por arrendamientos	**5.7**	**2.8**	*102.8%*
Efectivo para cobertura de deuda financiera	10.0	10.0	-
Efectivo y equivalentes	79.4	21.8	*n.s.*
Inversiones financieras temporales	0.2	0.0	*n.s.*
Deuda financiera neta del negocio de Renovables	**78.6**	**93.5**	*(16.0%)*

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 €162.4m, lease liabilities amounted to €5.7m and cash and cash equivalents stood at €89.6m.



Note that on 30 January 2025, Ence Biogas arranged a project finance facility to fund the acquisition of and investments planned at the Galera biomethane plant with a drawdown limit of €19.6m. The new facility qualifies as a green loan, with recourse exclusively to the asset it is financing, and it matures in June 2037.

3.6. Growth and diversification projects

Ence's strategy in the Renewables business is to continue to pursue growth and business diversification, specifically in new renewable energies, leveraging its leadership position in the biomass value chain in Spain.

Firstly, through its subsidiary, Ence Biogas, the Group in the process of developing biomethane and biofertiliser plants, underpinned by a model based on sustainable and circular management of agricultural and breeding biomass. This company aims to build production capacity of 1,000 GWh per year by 2030, at an estimated investment of €0.4m per GWh. This investment is targeting a return (ROCE) of at least 12% and EBITDA of over €60m by 2030.

In December 2024, Ence Biogas acquired its first biomethane facility in Tarragona, designed to produce up to 50 GWh per annum, also signing a 15-year agreement with an important gas merchant for the offtake of the biomethane produced at the plant. At year-end, this company also had a portfolio of 16 other developments at the permitting stage (in Castile and León, Aragon, Catalonia, Castile-La Mancha, Extremadura and Andalusia), plus another 12 initiatives under development for which sites have been located and viability studies performed.

Secondly, 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 aims to build renewable thermal energy production capacity of 2,000 GWh per year by 2030, at an estimated investment of between €0.1m and €0.2m per GWh. This investment is targeting a return (ROCE) of at least 11% and EBITDA of over €40m by 2030.

At year-end 2024, Magnon signed an agreement with a leading beer maker in Spain for the installation of two 10 MWt biomass furnaces that will supply it with 85 GWht of renewable thermal energy per annum for 15 years in order to decarbonise its operations. This facility is expected to be commissioned during the first half of 2026, entail a budgeted investment of €12m between 2025 and 2026 and deliver an estimated return (ROCE) of over 11%. That figure already discounts the €4m grant awarded under Spain's strategic decarbonisaton plan using NGEU funds, which will be collected when the project is complete.

This company also has a services provision agreement in operation, and three more renewable thermal energy developments in advanced and exclusive negotiations which will imply combined production of an estimated 130 GWht/year. These developments are expected to be ready for the start of construction in the course of 2025. Magnon is also in negotiations with another 10 potential industrial customers in Spain with a view to providing them with renewable thermal heat.

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 Ence Group produces close to 4 million tonnes of biogenic CO_2 annually and is advancing on the engineering and permitting work needed for its potential capture and use in the future.

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1. Summarised statement of profit or loss

Figures in € m	2024 Pulp	2024 Renewables	2024 Adjustments	2024 Consolidated	2023 Pulp	2023 Renewables	2023 Adjustments	2023 Consolidated
Total revenue	**683.2**	**196.7**	**(3.7)**	**876.2**	**623.2**	**209.1**	**(2.7)**	**829.6**
Foreign exchange hedging operations results*	(0.6)	(2.8)	-	(3.4)	(0.4)	-	-	(0.4)
Other income	21.8	5.3	(1.3)	25.8	28.9	5.2	(1.2)	32.8
Cost of sales and change in inventories of finished produc	(342.2)	(69.6)	3.7	(408.1)	(361.7)	(78.6)	2.7	(437.5)
Personnel expenses	(89.6)	(23.5)	-	(113.1)	(83.3)	(20.7)	-	(104.0)
Other operating expenses	(134.4)	(79.7)	1.3	(212.8)	(160.5)	(72.5)	1.2	(231.7)
EBITDA	**138.2**	**26.3**	**0.0**	**164.5**	**46.2**	**42.6**	**-**	**88.8**
Depreciation and amortisation	(57.9)	(34.5)	1.6	(90.8)	(55.6)	(39.1)	1.6	(93.1)
Depletion of forestry reserves	(9.7)	-	-	(9.7)	(8.8)	-	-	(8.8)
Impairment of and gains/(losses) on fixed-asset disposals	(1.7)	1.7	-	(0.0)	(1.0)	8.8	-	7.8
Other non-ordinary operating gains/(losses)	3.8	(4.5)	-	(0.6)	3.7	(0.4)	-	3.3
EBIT	**72.6**	**(10.9)**	**1.6**	**63.3**	**(15.5)**	**11.9**	**1.6**	**(2.0)**
Net finance cost	(18.6)	(13.8)	-	(32.4)	(17.4)	(12.8)	(0.0)	(30.2)
Other finance income/(costs)	1.2	0.3	-	1.5	(1.0)	0.0	-	(1.0)
Profit before tax	**55.2**	**(24.5)**	**1.6**	**32.4**	**(33.9)**	**(0.9)**	**1.6**	**(33.2)**
Income tax	(11.4)	(0.7)	(0.1)	(12.2)	6.6	5.7	(0.1)	12.1
Net Income	**43.8**	**(25.2)**	**1.5**	**20.1**	**(27.3)**	**4.8**	**1.5**	**(21.1)**
Non-controlling interests	-	11.4	-	11.4	-	(3.7)	-	(3.7)
Atributable Net Income	**43.8**	**(13.8)**	**1.5**	**31.6**	**(27.3)**	**1.1**	**1.5**	**(24.7)**
Earnings per Share (EPS)	0.18	(0.06)	0.01	0.13	(0.11)	(0.05)	-	(0.10)

* Net Revenue amount excludes other non-recurring operating income of €5.7m in 2Q24

4.2. Summarised statement of financial position

Figures in € m	Dec-24 Pulp	Dec-24 Renewables	Dec-24 Adjustments	Dec-24 Consolidated	Dec-23 Pulp	Dec-23 Renewables	Dec-23 Adjustments	Dec-23 Consolidated
Intangible assets	19.2	57.2	(11.6)	64.9	17.7	33.7	(12.1)	39.3
Property, plant and equipment	608.6	372.4	(6.4)	974.6	617.5	379.0	(7.5)	989.0
Biological assets	66.1	0.3	-	66.3	66.9	0.2	-	67.1
Non-current investments in Group companies	114.0	0.6	(114.0)	0.7	114.0	0.0	(114.0)	0.0
Non-current borrowings to Group companies	65.7	-	(65.7)	-	22.3	-	(22.3)	-
Deferred tax assets	35.2	23.9	2.9	62.0	38.0	27.0	3.0	68.0
Non-current financial assets	19.5	20.3	-	39.8	27.7	24.9	-	52.6
Cash reserve for debt service	-	10.0	-	10.0	-	10.0	-	10.0
Total non-current assets	**928.3**	**484.7**	**(194.8)**	**1,218.3**	**904.0**	**474.8**	**(152.8)**	**1,226.0**
Inventories	82.1	12.5	-	94.6	54.8	17.3	-	72.1
Trade and other accounts receivable	39.5	36.0	(6.0)	69.4	39.5	7.5	(2.0)	45.1
Income tax	5.3	1.3	-	6.6	4.8	10.1	-	15.0
Other current assets	15.7	0.3	-	16.1	3.8	0.2	-	4.0
Hedging derivatives	0.0	-	-	-	1.1	1.7	-	2.8
Current financial investments in Group companies	0.2	0.7	(0.8)	0.0	0.2	0.1	(0.3)	0.0
Current financial investments	13.3	0.2	-	13.6	2.5	0.0	-	2.5
Cash and cash equivalents	184.6	79.4	-	263.9	311.2	21.8	-	333.0
Total current assets	**340.7**	**130.4**	**(6.9)**	**464.2**	**418.0**	**58.7**	**(2.3)**	**474.5**
TOTAL ASSETS	**1,269.0**	**615.1**	**(201.6)**	**1,682.4**	**1,322.0**	**533.5**	**(155.1)**	**1,700.5**
Equity	**559.1**	**192.6**	**(129.0)**	**622.6**	**552.5**	**227.7**	**(130.5)**	**649.6**
Non-current loans with Group companies and associates	-	94.7	(65.7)	29.0	-	27.1	(22.3)	4.9
Non-current borrowings	291.3	155.1	-	446.4	349.6	90.6	-	440.2
Non-current derivatives	2.2	1.8	-	4.0	3.4	-	-	3.4
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28.9	0.6	-	29.5	28.1	0.1	-	28.3
Other non-current liabilities	33.8	71.9	-	105.7	35.9	69.6	-	105.5
Total non-current liabilities	**356.2**	**324.2**	**(65.7)**	**614.7**	**417.0**	**187.5**	**(22.3)**	**582.3**
Current borrowings	149.2	13.0	-	162.2	150.3	34.7	-	185.0
Current derivatives	6.9	1.1	-	8.0	0.6	-	-	0.6
Trade and other account payable	166.4	80.2	(6.0)	240.6	162.8	79.7	(2.0)	240.6
Short-term debts with group companies	0.7	1.0	(0.8)	0.9	0.1	0.5	(0.3)	0.2
Income tax	0.0	0.0	-	0.0	0.0	0.0	-	0.0
Current provisions	30.5	3.0	-	33.5	38.8	3.4	-	42.2
Total current liabilities	**353.7**	**98.3**	**(6.9)**	**445.1**	**352.5**	**118.3**	**(2.3)**	**468.6**
TOTAL EQUITY AND LIABILITIES	**1,269.0**	**615.1**	**(201.6)**	**1,682.4**	**1,322.0**	**533.5**	**(155.1)**	**1,700.5**

4.3. Statement of cash flows

	2024				2023			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	**55.2**	**(24.5)**	**1.6**	**32.3**	**(33.9)**	**(0.9)**	**1.6**	**(33.2)**
Depreciation and amortisation	67.6	34.5	(1.6)	100.5	64.4	39.1	(1.6)	101.9
Changes in provisions and other deferred expense	8.6	4.9	-	13.5	5.6	2.6	-	8.2
Impairment of gains/(losses) on disposals intangible assets	1.9	(1.7)	-	0.2	1.2	(8.8)	-	(7.6)
Net finance result	17.8	13.6	-	31.4	17.7	12.8	-	30.5
Energy regulation adjustments	(0.8)	(0.9)	-	(1.7)	(8.0)	(26.0)	-	(34.0)
Government grants taken to income	(0.9)	(0.1)	-	(1.1)	(0.9)	(0.1)	-	(1.0)
Adjustments to profit	**94.2**	**50.3**	**(1.6)**	**142.8**	**80.0**	**19.6**	**(1.6)**	**98.0**
Inventories	(29.5)	0.1	-	(29.4)	25.7	(0.4)	-	25.3
Trade and other receivables	(8.3)	(28.5)	4.1	(32.8)	13.9	33.9	(27.3)	20.4
Current financial and other assets	-	-	-	-	1.8	0.0	-	1.8
Trade and other payables	1.1	(0.9)	(4.1)	(3.9)	(66.1)	(86.9)	27.3	(125.6)
Changes in working capital	**(36.7)**	**(29.3)**	-	**(66.0)**	**(24.7)**	**(53.4)**	**-**	**(78.1)**
Interest paid	(19.3)	(14.2)	-	(33.4)	(13.0)	(13.2)	-	(26.2)
Dividends received	0.0	-	-	0.0	-	-	-	-
Income tax received/(paid)	(6.5)	9.6	-	3.1	2.6	(9.2)	-	(6.6)
Other collections/(payments)	(0.2)	-	-	(0.2)	-	-	-	-
Other cash flows from operating activities	**(26.0)**	**(4.6)**	**-**	**(30.5)**	**(10.5)**	**(22.4)**	**-**	**(32.8)**
Net cash flow from operating activities	**86.7**	**(8.1)**	**-**	**78.6**	**10.9**	**(57.0)**	**-**	**(46.1)**
Property, plant and equipment	(52.0)	(18.9)	-	(70.9)	(76.2)	(13.6)	-	(89.8)
Intangible assets	(4.6)	(1.4)	-	(6.0)	(5.4)	(0.6)	-	(5.9)
Other financial assets and Group comanies [1]	(45.3)	(18.9)	44.0	(20.2)	(4.3)	0.5	3.6	(0.3)
Disposals	1.2	1.0	-	2.2	-	-	-	-
Net cash flow used in investing activities	**(100.7)**	**(38.1)**	**44.0**	**(94.8)**	**(85.8)**	**(13.8)**	**3.6**	**(96.0)**
							-	
Free cash flow	**(14.0)**	**(46.3)**	**44.0**	**(16.2)**	**(75.0)**	**(70.8)**	**3.6**	**(142.2)**
Buyback/(disposal) of own equity instruments	0.7	-	-	0.7	5.8	-	-	5.8
Proceeds from and repayments of financial liabilities	(69.4)	109.0	(44.0)	(4.4)	242.6	(37.9)	(3.6)	201.1
Dividends payments	(34.0)	(5.1)	-	(39.1)	(140.6)	(4.1)	-	(144.7)
Net cash flow from/ (used in) financing activities	**(102.7)**	**103.8**	**(44.0)**	**(42.8)**	**107.8**	**(42.0)**	**(3.6)**	**62.3**
Net increase/(decrease) in cash and cash equivalents	**(116.6)**	**57.6**	**-**	**(59.1)**	**32.9**	**(112.7)**	**-**	**(79.9)**

[1] Financial Investments in 4Q24 exclude €10m maturing on Jan.25

5. KEY DEVELOPMENTS

Sale of energy savings certificates

In February 2025, Ence sold energy savings certificates (CAEs for their acronym in Spanish) generated via energy efficiency initiatives for a net amount of €30.4m, which the company expects to recognise as revenue and collect in the first quarter of 2025.

Acquisition of the Galera biomethane plant

On 18 December 2024, Ence Biogas closed the acquisition of 98% of the shares of Biometagás La Galera for €17.4m. That company owns a biomethane generation plant in the town of La Galera (Tarragona) designed to produce up to 50 GWh of biomethane a year, along with the corresponding sustainability certificates. That company also signed a 15-year agreement with an important gas supplier for the offtake of the biomethane produced by the newly-acquired plant.

On 30 January 2025, Ence Biogas arranged a project financing facility with a limit of €19.6m to fund the acquisition of this plant and the planned investments. The facility qualifies as a green loan, with recourse exclusively to the asset it is financing, and matures on 30 June 2037.

As part of its business plan, this Group company is planning to invest in the new plant to adapt it to its own sustainability standards, boost biomethane production rates and produce high-quality organic fertiliser.

This acquisition marks the first step towards development of a major biomethane platform in Spain with the capacity to generate 1,000 GWh per year by 2030 and contribute an estimated €60m of annual EBITDA. At year-end 2024, Ence Biogas had a portfolio of 16 projects in the process of environmental permitting, located primarily in Castile and Leon, Aragon, Catalonia, Castile-La Mancha, Extremadura and Andalusia. And it had another 12 initiatives under development for which sites have been located and viability studies completed.

Execution of an agreement for the supply of renewable thermal energy

On 11 November 2024, Magnon Energy Services signed a contract with a leading beer maker in Spain for the installation and operation of two 10 MWt biomass furnaces. This facility is expected to be commissioned during the first half of 2026, allowing the supply of 85 GWht of renewable energy per annum for 15 years, so decarbonising the beer maker's operations.

This company is aiming to lift renewable thermal energy production to 2,000 GWh by 2030, adding an estimated €40m of annual EBITDA. At year-end, this company also had a services provision agreement in operation and three more renewable thermal heat developments in advanced and exclusive negotiations, which will imply combined production of an estimated 130 GWht/year. Magnon is also in negotiations with another 10 potential industrial customers in Spain with a view to providing them with renewable thermal energy.

Dividend payments

The Company paid out dividends of €0.107 and €0.033 per share (before withholdings) from 2024 earnings on 7 August and 7 November 2024, respectively, for a total outlay of €34m.

Combined, these dividends imply a yield of 4.9%, calculated using the closing share price at the start of the year.

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 Order TED/526/2024 establishing 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.

Refinancing of Magnon Green Energy's corporate debt until 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.

Notification of a significant shareholding by Atlas Holdings LLC

On 3 January 2025, the US fund, Atlas GP Global Holding LLC, lifted its shareholding in Ence to 5.071%, according to its last filing with the CNMV, Spain's securities market regulator.

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 constituted the first step in Ence's effort to adapt to its new reporting requirements under the incoming Corporate Sustainability Reporting Directive (CSRD), which the Company followed voluntarily to prepare its Sustainability Statement for 2024. To that end, throughout 2024, the Company worked to adapt its internal control over sustainability reporting system and other reporting systems and to formulate policies and procedures for addressing the reporting gaps identified so as to have all of the information required under the CSRD by the end of the year.

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 2024, the Company's injury metrics improved notably, marked by 34% fewer lost-time injuries by comparison with 2023, thanks to accident prevention dynamics implemented across all areas. Indeed, thanks to this improved performance, Ence's injury metrics improved on prior readings in 2024. 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 in 2024. 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 introduced 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 2024, specifically cutting the related metrics by 40% in Navia and 35% in Pontevedra by comparison with 2023 levels, marking new records. The biomills have also continued to reduce their water consumption, particularly in Pontevedra, where consumption per tonne of pulp produced decreased by 89% from 2023, marking an all-time record for this facility. The consumption rationalisation efforts coupled with the new industrial wastewater recirculation and treatment systems made it possible to keep the Pontevedra biomill in operation throughout the dry summer months, so boosting this facility's resilience vis-a-vis the risks derived from climate change, specifically the risk of reduced water availability. To that end, work continued in 2024 on permitting the development for treating wastewater from the municipal treatment facility located close to the biomill; when this measure has been implemented, the Pontevedra biomill will be even less dependent on water from the river.

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 recycle and reused over 90% of their waste). At year-end 2024, all of the Group's facilities boasted that certification. In that same vein, in 2024, Magnon also obtained AENOR's Circular Strategy certificate.

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 2024, 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 year, 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. The new policy has been published on Ence's website.

In terms of mitigation, in 2024, Ence updated its decarbonisation plan, setting new and more ambitious GHG emissions reduction targets for 2030 (a 40% reduction in the Group's Scope 1 and 2 emissions compared to the base year of 2018) and 2035 (a 75% reduction). The new plan likewise includes the plans for cutting emissions across Magnon's plants, which are focused particularly on the reduction of Scope 2 emissions, as the biomass plants have hardly any direct Scope 1 emissions. 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; also, permitting is complete for a new initiative to replace more fossil fuel with biomass in the furnaces. At the Pontevedra biomill, similar plans and initiatives are in place for replacing the fuel currently used with renewable fuels.

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 2024 the forests managed by Ence sequestered over 275,000 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 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.

Having updated these base scenarios, in 2024, Ence updated its analysis of the financial impacts of the main climate risks that could affect the Company and revised the mitigation measures in place for each risk factor. It also identified new risks which have been included in the analysis for assessment.

Turning to **biodiversity**, the most important milestone reached by Ence in 2024 was the design and approval of its first biodiversity plan, which aims to preserve and nurture biodiversity in the forest tracts managed by the Company. That plan is articulated around four lines of initiative: 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 over 2,000 hectares. The biodiversity plan also includes awareness and communication initiatives so as to create a culture of biodiversity protection among all employees. Under the scope of this plan, medium-term targets have been set for 2028 along with interim annual targets. Delivery of the targets set for 2025 will be verified at the end of this year. Against this backdrop, Ence's Board of Directors also approved the new Corporate Biodiversity Policy in 2024.

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. At year-end, customer certifications of these products numbered 119. Sales of special pulp products accounted for 23% of total pulp sales in 2024.

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 implemented an ISO 22000-certified food safety management system at its two pulp biomills in 2024. This project culminated last year with the receipt of the corresponding certificates from AENOR.

Besides the work done on its special products, over the course of 2024, Ence continued to advance on its **sustainable** moulded-pulp **packaging** line, designed to offer an alternative to 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 2024, 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 gas network and sectors that currently have few alternatives for reducing their carbon emissions. The goal is to build 1 TWh of generation capacity by 2030. At year-end 2024, this company had 16 projects in the environmental permitting phase and another 12 initiatives under development and in December 2024, it closed the acquisition of a first biomethane generation plant in the town of La Galera (Tarragona). This facility, which is already operational, is designed to produce up to 50 GWh of biomethane a year, along with the corresponding sustainability certificates. 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 2024, 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 four new projects in 2024.

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. In 2024, Ence concluded the development and commercialisation of three new eucalyptus clones, so meeting the target set for 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, it 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 year-end, it had registered over 3,700 hectares of forest sinks in different voluntary schemes and continues to work 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. At year-end 2024, close to 90% of its forest assets (out of total certifiable assets) were certified under one or other of those schemes and almost 79% of the wood that entered its biomills during the year from its proprietary forests, suppliers and forest owners came with one or both certifications, so outperforming the related target for the 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 year-end 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 2024, 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, throughout 2024, 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 27.2% of the workforce as of the 2024 close. In addition to increasing female representation in general, Ence is placing the spotlight on increasing the number of women in executive positions. At year-end, the percentage of female executives (including managers) stood at 29.4%, above the target for 2024 set down in the Sustainability Master Plan (29%). In 2024, 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).

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. In this respect, Ence is reinforcing internal promotions as the basis for the professional development of its employees, specifically publicising all internal vacancies. Framed by that goal, in 2024, over one-third of its vacancies were covered via 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 2024, the Group imparted 23,141 hours of training, i.e., 18.6 hours per employee. The training effort focused particularly on technical operations matters, health and safety and compliance.

Thanks to all these efforts, Ence managed to obtain Great Place to Work certification for the fifth year in a row, as well as earning Top Employer certification for the first time this year.

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 2024, 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 with nearly 500 projects submitted, which is 30% more than for the last edition. 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 2024, Ence welcomed nearly 900 visitors to its facilities in Navia, Pontevedra, Puertollano and Huelva and held more than 40 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 2024 with 38 students enrolled in total, while 15 new interns joined Ence under the Talent Programme. Ence also prioritises local hiring: over 90% of new hires in 2024 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 2024, Ence provided advice to more than 1,000 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 in 2024, Ence's Board of Directors approved four new corporate policies (Climate Change, Biodiversity, Environment and Stakeholder Relations and Positive Social Impact).

Also as part of its effort to update its internal rules and regulations, in 2024, 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, in 2024, 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 88% of the workforce via online and in-person training sessions in 2024. On the communication front, in 2024 the Company published 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. Under the umbrella of this initiative, visits took place to the Group's plants, biomills and offices.

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. 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.

Safe and Eco-efficient operations
For operational cost reduction

Protecting Health and Safety of employees and contractors
- ✓ **34% reduction of accidents with leave** vs. 2023
- ✓ **57% reduction** in Severity rate vs. 2023

Water use reduction
- ✓ **-8% Pontevedra** (vs 2023), increasing resilience to climate risks related to droughts

Odour reduction (vs. 2023)
- ✓ **- 40% 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
- ✓ **23% of total sales** of 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:** 3 new Eucalyptus clone in commercial phase
- ✓ **>3.700 ha Forest sinks** registered in voluntary carbon markets

Responsible supply chain
To become preferred supplier

Certified supply chain
- ✓ **90%** of managed land certified
- ✓ **79%** 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
- ✓ **27,2% female employees**
- ✓ **29,4% females in managerial positions**
- ✓ **Great Place to Work certification** (5th year in a row)
- ✓ **Top Employer** certification

Creating positive social impact in local communities
- ✓ New edition of Ence's **Pontevedra Social Plan** (up to3M€), with more than 500 applications

Promoting professional development in rural communities
- ✓ New edition of the **Forestry machinery training program**
- ✓ **1,000+ 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 FY2024 (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	207,678	Agroforestry biomass	56.4	7,500	
Huelva 41MW	Biomass generation	41.0	37,216	Agroforestry biomass	53.1	7,500	2025
Jaen 16MW	Biomass generation	16.0	123,452	Olive Pulp	57.1	7,500	2027
Ciudad Real 16MW	Biomass generation	16.0	66,074	Olive Pulp	57.1	7,500	2027
Cordoba 27MW	Biomass generation	14.3	183,899	Olive Pulp	58.0	7,500	2031
	Gas co-generation	12.8	-	Natural Gas	121.4	6,537	2030
Huelva 50MW	Biomass generation	50.0	242,373	Agroforestry biomass	61.2	7,500	2037
Mérida 20MW	Biomass generation	20.0	267,220	Agroforestry biomass	64.8	7,500	2039
Huelva 46 MW	Biomass generation	46.0	-	Agroforestry biomass	60.4	7,500	2044
Ciudad Real 50 MW	Biomass generation	50.0	-	Agroforestry biomass	61.1	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:

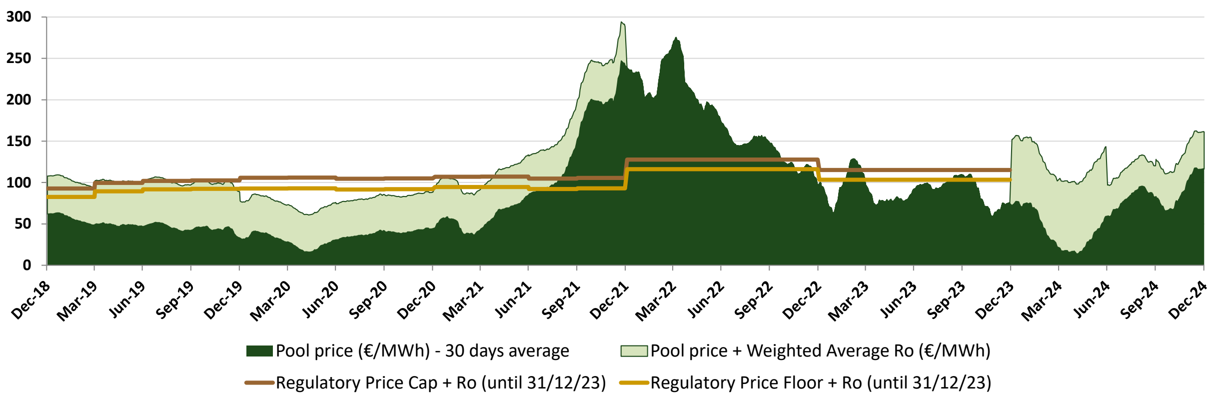
1. The **remuneration for investment (€/MW)** parameter guarantees the recovery of the initial investment plus a minimum return on the estimated cost of building a 'standard' plant. That return was set at 7.4% for 2020–2031 via Royal Decree-Law 17/2019 (22 November 2019).

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 first quarter of 2025 is €73.6/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.

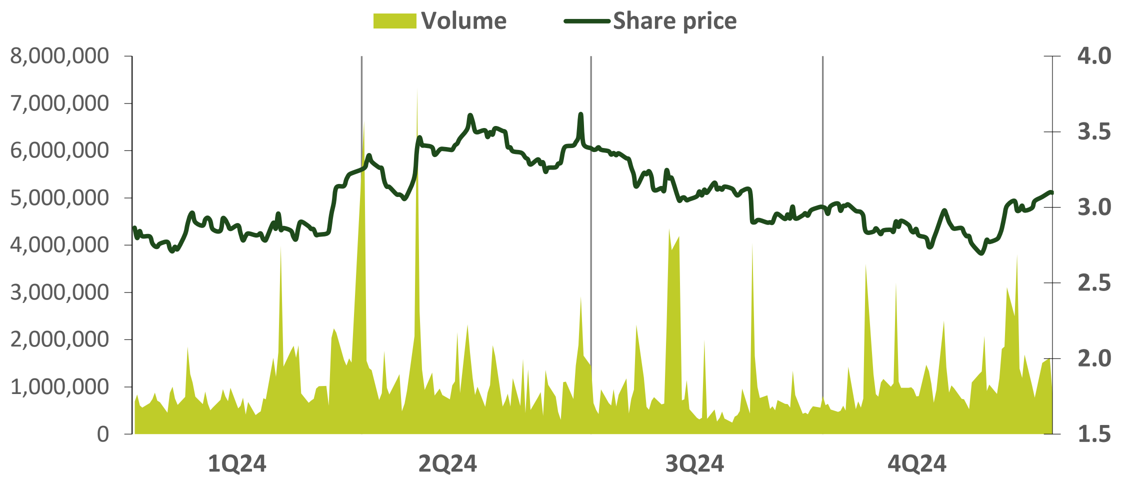
4. Both the remuneration for investment and the regulated sale price are subject to a **levy on the value of electric energy produced of 7%**.

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 Dividend indices.

Ence's share price ended the year at €3.1/share, up 9.4% from year-end 2023. In 2024, the Company's closest traded comparables sustained a share price correction of 3.2% on average.

In addition to this share price gain, the Company's shareholders earned a dividend yield of 4.9%, calculated using the share price at the start of the year.



SHARES	4Q23	1Q24	2Q24	3Q24	4Q24
Share price at the end of the period	2,83	3,23	3,42	3,00	3,10
Market capitalization at the end of the period	697,4	794,5	842,7	739,8	763,0
Ence quarterly evolution	(10,8%)	13,9%	6,1%	(12,2%)	3,1%
Daily average volume (shares)	1.098.244	1.037.061	1.319.780	938.414	1.202.424
Peers quarterly evolution *	2,0%	12,6%	(6,8%)	(6,6%)	2,0%

(*) 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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

			2024				2023			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
OPERATING PROFIT/(LOSS)	€ m	P&L	72.6	(10.9)	1.6	63.3	(15.5)	11.9	1.6	(2.0)
Depreciation and amortisation charges	€ m	P&L	57.9	34.5	(1.6)	90.8	55.6	39.1	(1.6)	93.1
Depletion of forest reserve	€ m	P&L	9.7	-	-	9.7	8.8	-	-	8.8
Impairment of and gains/(losses) on disposal of fixed assets	€ m	P&L	1.7	(1.7)	-	0.0	1.0	(8.8)	-	(7.8)
Other non-ordinary results from operations	€ m	APM	(3.8)	4.5	-	0.6	(3.7)	0.4	-	(3.3)
EBITDA	**€ m**		**138.2**	**26.3**	**-**	**164.5**	**46.2**	**42.6**	**-**	**88.8**

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 net loss recognised in 2024, of €0.6m, relates to the adjustment of the remuneration parameters applicable to the biomass plants in 2023, which was published in 2024 (Renewables business), partially offset by the reversal of provisions for liabilities and charges recognised in prior years (Pulp business). The net gain of €3.3m recognised in 2023 related mainly to the reversal of inventory impairment losses in the Pulp business and the favourable outcome of the last tax inspection in the Renewables business.

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2023 Pulp
Revenue from pulp sales	€ m	P&L	626.2	565.6
EBITDA	€ m	APM	(138.2)	(46.2)
Total costs (Revenue - EBITDA)	€ m		488.1	519.4
Gains/(losses) on hedging transactions	€ m	APM	(0.6)	(0.4)
Adjustments for tariff shortfall/surplus (electricity market)	€ m		0.8	8.0
Depletion of forest reserve	€ m	P&L	9.7	8.8
Change in inventories	€ m	P&L	18.4	(10.2)
Other income and expenses	€ m		(27.1)	(12.8)
ADJUSTED CASH COST	€ m		489.3	512.8
Pulp production costs	€ m		416.1	434.4
No. of tonnes produced	Unit		996,955	975,345
PRODUCTION-RELATED COSTS PER TONNE	€/tonne		**417.4**	**445.4**
Overhead, sales and logistics costs			73.2	78.4
No. of tonnes sold	Unit		967,628	978,501
OVERHEAD, SALES AND LOGISTICS COSTS PER TONNE	€/tonne		**75.6**	**80.1**
CASH COST	**€/tonne**		**493.0**	**525.5**

"Other income and expenses" includes €10m of extra costs derived from the incident affecting the Navia co-generation turbine; the loss on the sale of wood to third parties (-€2.3m in 2024 and -€1.2m in 2023), nursery costs (-€1m in 2024 and -€1.1m in 2023), long-term remuneration and termination benefits (-€3.9m in 2024 and -€1.3m in 2023), receivables impairment allowances (-€3.7m in 2024 and -€2m in 2023) and bank charges (-€3.5m in 2024 and -€2.3m in 2023). The remaining items implied expenses of €2.7m in 2024 and of €4.9m in 2023.

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2023 Pulp
Revenue from pulp sales	€ m	P&L	626.2	565.6
No. of tonnes sold	Unit		967,628	978,501
Average sales price per tonne (Revenue / # tonnes)	€/tonne		647.2	578.0
Cash cost (€)	€/tonne	APM	493.0	525.5
TOTAL OPERATING PROFIT PER TONNE OF PULP	**€/tonne**		**154.2**	**52.5**

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2023 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2024 Renewable Energy	2024 Adjustments & Eliminations	2024 CONSOLIDATED TOTAL	2023 Pulp	2023 Renewable Energy	2023 Adjustments & Eliminations	2023 CONSOLIDATED TOTAL
Finance income	€ m	P&L	9.9	2.5	(1.6)	10.8	6.4	1.0	(0.8)	6.6
Finance costs	€ m	P&L	(28.5)	(16.3)	1.6	(43.3)	(23.8)	(13.8)	0.8	(36.8)
NET FINANCE COST	**€ m**		**(18.6)**	**(13.8)**	**0.0**	**(32.4)**	**(17.4)**	**(12.8)**	**(0.0)**	**(30.2)**
Change in fair value of financial instruments	€ m	P&L	0.1	0.3	-	0.4	-	-	-	-
Exchange differences	€ m	P&L	1.2	(0.0)	0.0	1.2	(0.9)	0.0	-	(0.9)
OTHER FINANCIAL ITEMS	**€ m**		**1.3**	**0.3**	**0.0**	**1.6**	**(0.9)**	**0.0**	**-**	**(0.9)**
NET FINANCE INCOME/(COST)	€ m	P&L	(17.3)	(13.6)	-	(30.8)	(18.3)	(12.8)	-	(31.2)

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2023 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2024 Renewable Energy	2024 Adjustments & Eliminations	2024 CONSOLIDATED TOTAL	2023 Pulp	2023 Renewable Energy	2023 Adjustments & Eliminations	2023 CONSOLIDATED TOTAL
Maintenance capex	€ m		(25.0)	(7.8)	-	(32.8)	(23.3)	(6.4)	-	(29.7)
Efficiency and growth capex	€ m		(11.3)	(1.3)	-	(12.6)	(29.6)	(3.0)	-	(32.6)
Sustainability capex	€ m		(20.3)	(11.2)	-	(31.5)	(28.6)	(4.9)	-	(33.4)
Financial investments	€ m		(45.3)	(18.9)	44.0	(20.2)	(4.3)	0.5	3.6	(0.3)
TOTAL CAPITAL EXPENDITURE	**€ m**		**(101.9)**	**(39.2)**	**44.0**	**(97.0)**	**(85.8)**	**(13.8)**	**3.6**	**(96.0)**

**Financial investments in 2024 exclude €10m due 31 January 2025.*

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2023 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2024 Renewable Energy	2024 Adjustments & Eliminations	2024 CONSOLIDATED TOTAL	2023 Pulp	2023 Renewable Energy	2023 Adjustments & Eliminations	2023 CONSOLIDATED TOTAL
EBITDA	€ m	APM	138.2	26.3	-	164.5	46.2	42.6	-	88.8
Other non-recurring items	€ m	APM	3.8	(4.5)	-	(0.6)	9.3	-	(6.1)	3.3
Adjustments to reconcile profit before tax to net cash flows:					-				-	
Changes in provisions and other deferred expense (net)	€ m	CF	8.6	4.9	-	13.5	5.6	2.6	-	8.2
Adjustments for tariff shortfall/surplus (electricity market)	€ m	CF	(0.8)	(0.9)	-	(1.7)	(8.0)	(26.0)	-	(34.0)
Grants taken to profit and loss	€ m	CF	(0.9)	(0.1)	-	(1.1)	(0.9)	(0.1)	-	(1.0)
Exchange differences with an impact on cash	€ m		0.6	(0.0)	-	0.6	(6.1)	(0.4)	-	(0.5)
Change in working capital	€ m		(36.7)	(29.3)	-	(66.0)	(24.7)	(53.4)	-	(78.1)
Interest paid, net (including right-of-use assets)	€ m	CF	(19.3)	(14.2)	-	(33.4)	(13.0)	(13.2)	-	(26.2)
Dividends received	€ m	CF	0.0	-	-	0.0	-	-	-	-
Income tax paid	€ m	CF	(6.5)	9.6	-	3.1	2.6	(9.2)	-	(6.6)
Other collections/(payments)	€ m	CF	(0.2)	-	-	(0.2)	-	-	-	-
OPERATING CASH FLOW			**86.7**	**(8.1)**	**-**	**78.6**	**10.9**	**(57.0)**	**-**	**(46.1)**

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2024 Renewable Energy	2024 Adjustments & Eliminations	2024 CONSOLIDATED TOTAL	2023 Pulp	2023 Renewable Energy	2023 Adjustments & Eliminations	2023 CONSOLIDATED TOTAL
Net cash flows from/(used in) operating activities	€ m	CF	86.7	(8.1)	-	78.6	10.9	(57.0)	-	(46.1)
Net cash flows from/(used in) investing activities	€ m	CF	(100.7)	(38.1)	44.0	(94.8)	(85.8)	(13.8)	3.6	(96.0)
FREE CASH FLOW	**€ m**		**(14.0)**	**(46.3)**	**44.0**	**(16.2)**	**(75.0)**	**(70.8)**	**3.6**	**(142.2)**

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	2024 Pulp	2024 Renewable Energy	2024 Adjustments & Eliminations	2024 CONSOLIDATED TOTAL	2023 Pulp	2023 Renewable Energy	2023 Adjustments & Eliminations	2023 CONSOLIDATED TOTAL
EBITDA	€ m	APM	138.2	26.3	-	164.5	46.2	42.6	-	88.8
Changes in working capital:					-				-	
Inventories	€ m	CF	(29.5)	0.1	0.0	(29.4)	25.7	(0.4)	-	25.3
Trade and other receivables	€ m	CF	(8.3)	(28.5)	4.1	(32.8)	13.9	33.9	(27.3)	20.4
Short-term investments	€ m	CF	-	-	-	-	1.8	0.0	-	1.8
Trade payables, other payables and other liabilities	€ m	CF	1.1	(0.9)	(4.1)	(3.9)	(66.1)	(86.9)	27.3	(125.6)
Maintenance capex	€ m	APM	(25.0)	(7.8)	-	(32.8)	(23.3)	(6.4)	-	(29.7)
Interest paid, net (including right-of-use assets)	€ m	CF	(19.3)	(14.2)	-	(33.4)	(13.0)	(13.2)	-	(26.2)
Income tax paid	€ m	CF	(6.5)	9.6	-	3.1	2.6	(9.2)	-	(6.6)
NORMALISED FREE CASH FLOW	**€ m**		**50.7**	**(15.4)**	**-**	**35.3**	**(12.4)**	**(39.4)**	**-**	**(51.8)**

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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2022 figures. The criteria used were the same in both periods:

			Dec. 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	15.6	-		15.6	-	78.7		78.7
Bank borrowings	€ m	BS	202.2	151.2		353.4	283.3	11.2		294.5
Other financial liabilities	€ m	BS	73.5	4.0		77.5	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	61.5	11.3		72.7	144.0	34.1		178.1
Other financial liabilities	€ m	BS	13.7	1.8		15.5	6.3	0.6		6.9
Cash and cash equivalents	€ m	BS	184.6	79.4		263.9	311.2	21.8		333.0
Current financial assets - Other financial investments	€ m		13.3	0.2		13.6	2.5	0.0		2.5
Cash reserve for debt service	€ m		-	10.0		10.0	-	10.0		10.0
NET DEBT/(CASH)	€ m		**242.6**	**78.6**		**321.2**	**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 the above amounts and the amounts presented in the financial statements for 2024 and the comparison with the 2023 figures. The criteria used were the same in both periods:

			2024				2023			
	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	72.6	(10.9)	1.6	63.3	(15.5)	11.9	1.6	(2.0)
Average capital employed, last 12 months					-					
Average equity	€ m	BS	437.0	212.6	-	649.6	481.5	236.6	-	718.2
Average net debt	€ m	BS	212.9	83.4	-	296.2	107.3	66.9	-	174.1
ROCE	%		**11.2%**	**-3.7%**	**-**	**6.7%**	**-2.6%**	**3.9%**	**-**	**-0.2%**

DISCLAIMER

The information contained in this report was prepared by Ence and includes forward-looking statements.

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.

These forward-looking statements are based on numerous assumptions regarding Ence's current and future business strategy and the environment it expects to encounter in the future. A series of material factors could cause Ence's situation and results to differ materially from those reflected in these forward-looking statements, including fluctuations in pulp and/or wood prices, business seasonality, exchange rate fluctuations, financial risks, strikes or other action taken by Ence's employees, the competitive landscape, environmental risks and any of the other factors detailed in this document. The forward-looking statements are made only as of the date of this presentation. Ence disclaims any obligation or undertaking to update or revise these statements, whether as a result of any change in Ence's expectations or the conditions or circumstances underlying these statements, or any other information or data contained in this presentation.

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4Q24