



Investors Presentation

September 2025



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A close-up photograph of wheat stalks, showing the golden-brown grain heads and green stems, with a soft, out-of-focus background.

Index:

1. Overview

2. Pulp Business

- a.** Market pulp industry
- b.** Positioning and competitive advantages
- c.** Diversification and efficiency projects

3. Renewable Business

- a.** Positioning and competitive advantages
- b.** Growth and diversification projects

1. Overview

1

We are leaders in the circular bioeconomy

We are a leading European eucalyptus pulp producer and the largest biomass renewable energy producer in Spain

2

We manage two independent and complementary businesses

The Pulp and Renewable businesses are physically, legally and financially separated

3

Consistent delivery of EBITDA and Cash throughout the cycle

The Renewables business complements the cyclical nature of the Pulp business

4

We have a solid balance sheet and a strong liquidity position

Long-term financing without covenants in the Pulp business

5

We have a clear growth and diversification strategy into biomass renewable energies and higher margin pulp products

With leverage limits and ROCE targets per business

6

Robust corporate governance and leadership in sustainability

We are recognized by prestigious agencies and indices, in environmental, social and corporate governance (ESG).

Leading the circular bioeconomy

4 activities, 2 businesses, 1 vision

PULP Business

Sustainable forestry management

1

- Ence manages close to 70,000 hectares of forest land in the Iberian Peninsula. 23% of hectares are dedicated to preserving ecosystems
- We have access to 3 Mn tons of wood acquired annually in the vicinity of our biomills, from certified responsible sources using our unique supply chain
- We are pioneers in the clonal reproduction of eucalyptus globulus adapted to future climate change and local plagues
- Our plantations remove >600.000 t of CO₂ annually from the atmosphere.
- Platform to produce carbon credits and ecosystem services to monetize them in the voluntary CO₂ market.



2

Eco-efficient production of special pulp

- We are a leading European eucalyptus pulp producer, with 1.2 Mn tons of installed capacity (>1 Mn tons of annual production)
- We produce natural, renewable and biodegradable materials, which are substitutes for plastic used in multiple applications
- We have a growing portfolio of adapted products with higher margins under our trademark Ence Advanced, which already accounted for 35% of our pulp sales in 1Q25.
- Ongoing diversification into eucalyptus fluff pulp; 1st production line will start its operations as from 4Q25 (125k Tn capacity)
- Likewise, we expect to start the production of our renewable packaging solutions in 2025



RENEWABLES Business

Biomethane

- Through our subsidiary Ence biogas, we aim to produce 1 TWh of biomethane by 2030.
- Our unique business model is based on the recycling of local agricultural and livestock biomass into biomethane, with corresponding sustainability certificates, as well as producing a high-quality organic fertilizer and biogenic CO₂.
- We already have 32 projects with their land secured and their feasibility studies completed, 16 of them are in engineering and permitting phase.
- We plan to build these plants with EPC contracts, using non-recourse project financing, backed by long term PPAs



4

3

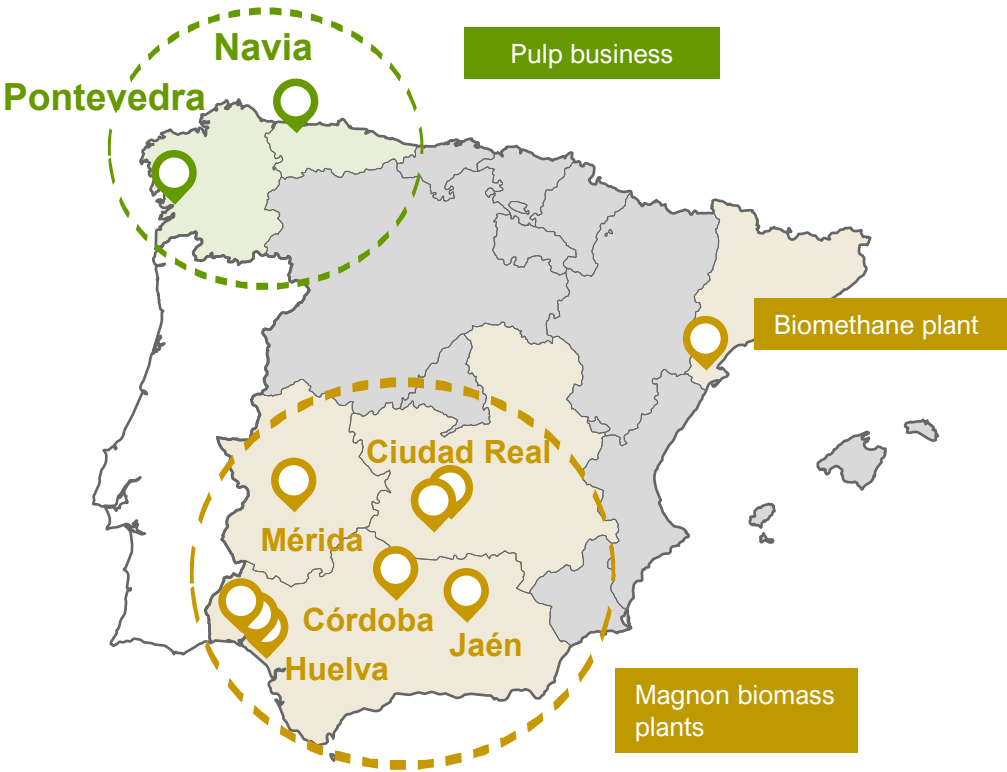
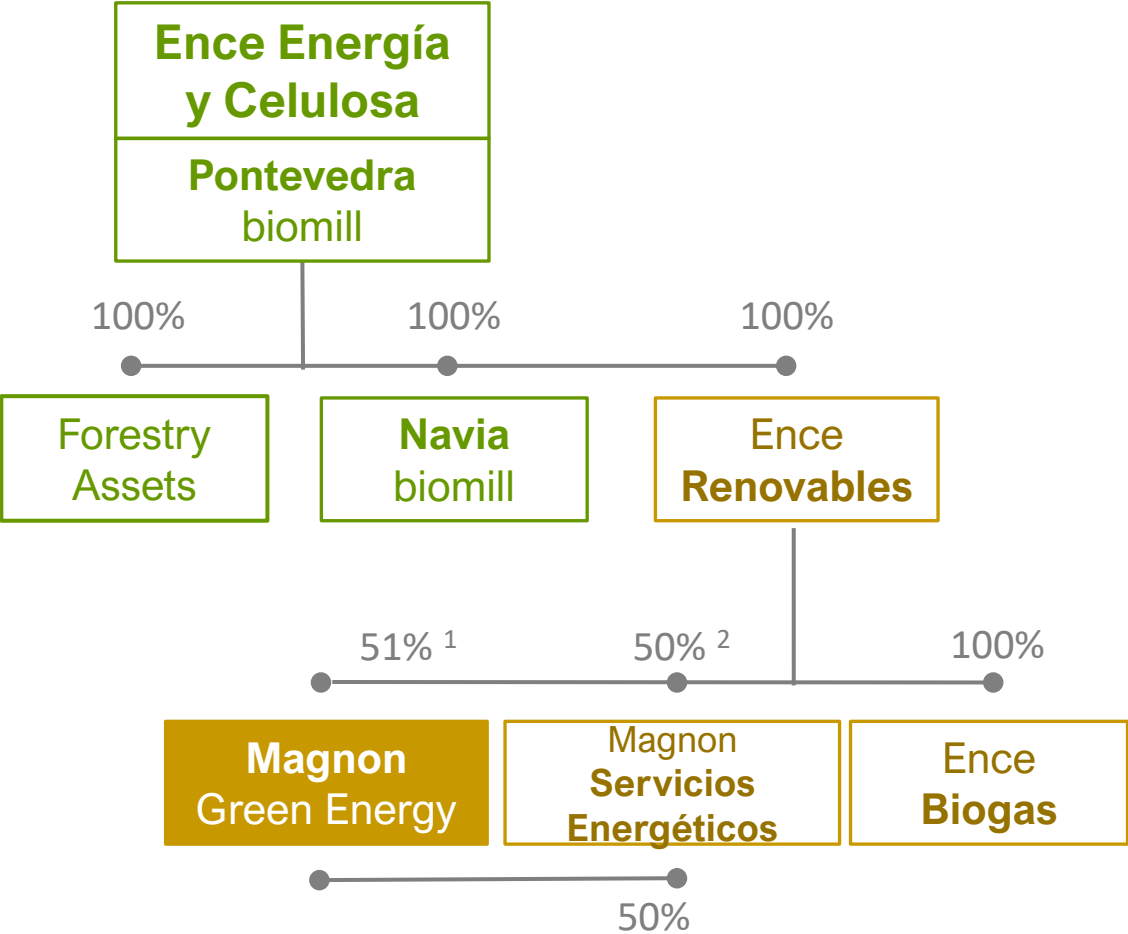
Biomass electrical and thermal energy

- We are the leading biomass collector and transformer in Spain (>2 Mn tons annually managed) and the largest biomass power producer in Spain, with an installed capacity of 266 MW (40% market share)
- We draw exclusively on local agricultural and forest byproducts. All our biomass power plants are certified in compliance with the RED II renewable directive.
- The biomass power is a regulated business that ensures a minimum 7.4% return for a standard plant
- Currently working with potential industrial customers in Spain to produce and sell renewable thermal energy based on biomass



Pulp and Renewable Energy

2 independent and complementary businesses

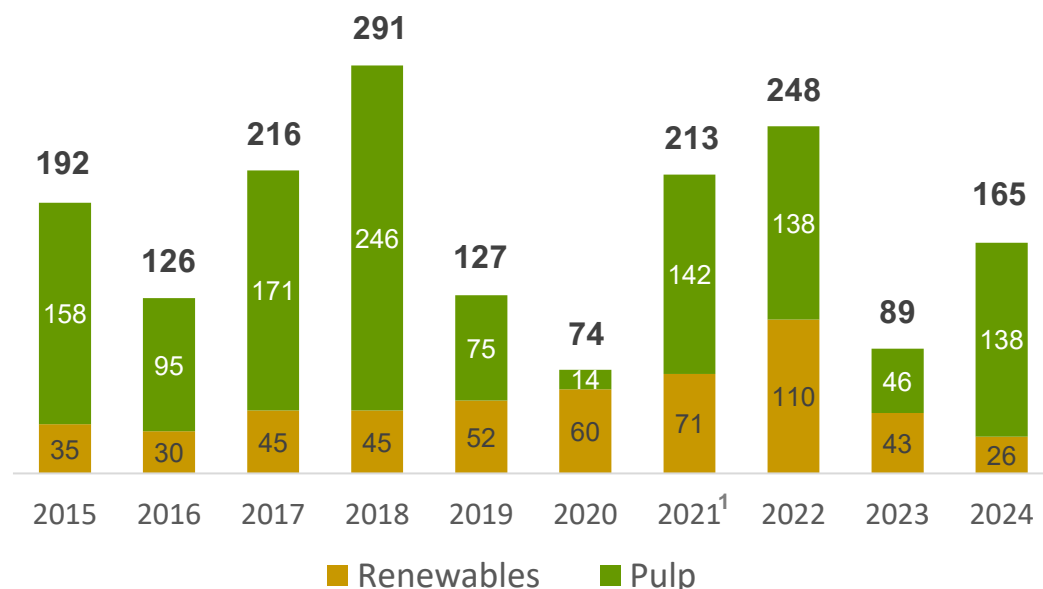


1 Ence directly controls 51% of the equity. Ancala Partners controls the remaining 49%.
2 Ence directly controls 50% of the equity. Magnon Green Energy controls the remaining 50%..

Consistent delivery of EBITDA and cash flow throughout the cycle

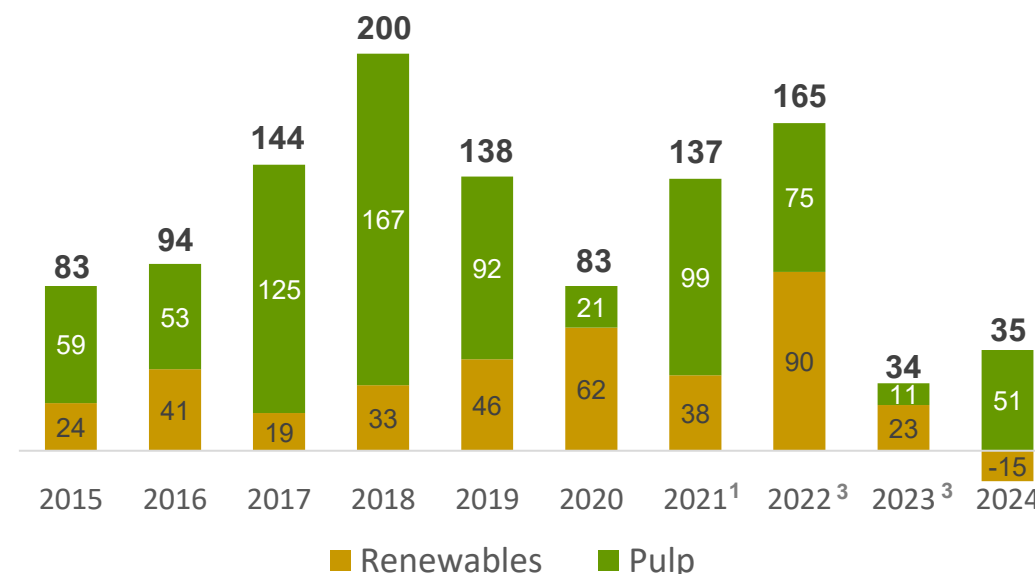
The Renewable business complements the cyclical nature of the Pulp business

2015 – 2024 LTM EBITDA per business
€m



Average EBITDA ¹ 2015 - 2024: **€174m**
(€122m in Pulp and €52m in Renewables)

2015 – 2024 LTM normalized FCF per business²
€m



Average normalized FCF ² 2015 - 2024: **€111m**
(€75m in Pulp and €36m in Renewables)

¹ 2021 excludes the impact one-off pulp and energy price hedges arranged in 2020, during the pandemic

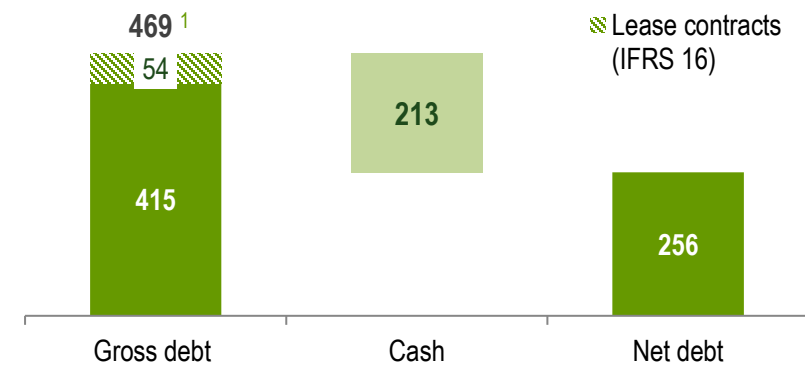
² Normalized FCF = EBITDA +/- change in working capital - maintenance capex - net interest payments - income tax payments.
Measure of the cash flow available for growth capex, net debt reduction and dividends

³ FY22 and FY2023 normalized FCF adjusted by excess regulated remuneration (Ro) collected in 2022 and returned in 2023 amounting to €85m

Strong liquidity, long term maturities and no covenants in Pulp

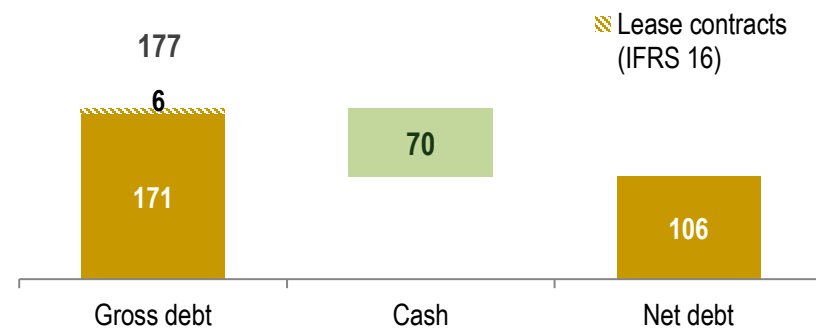
€362m consolidated net debt at the end of 2Q25

Pulp business net debt as of 30 Jun. 2025 (€ m)

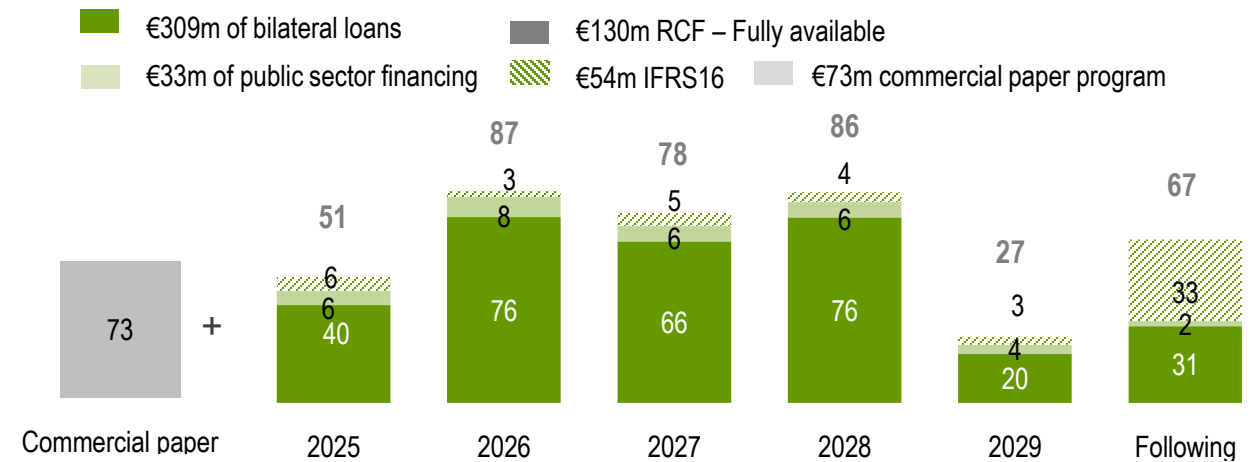


1) Pulp business financial debt is covenant free

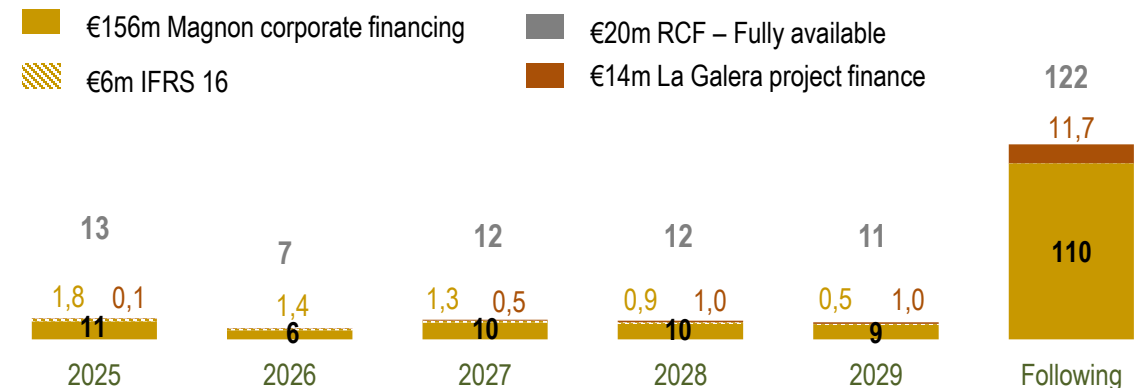
Renewables business net debt as of 30 Jun. 2025 (€ m)



Pulp business debt maturity schedule (€ m)



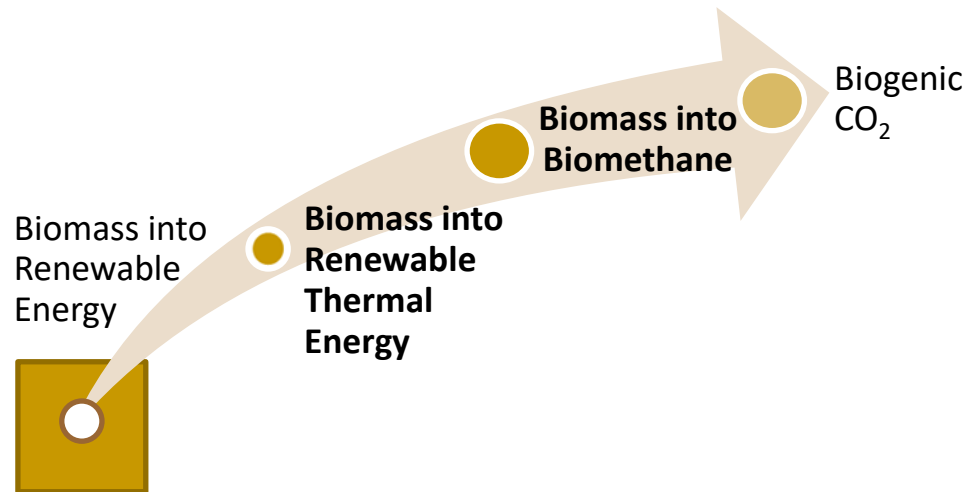
Magnon debt maturity schedule (€ m)



Clear growth and diversification strategy

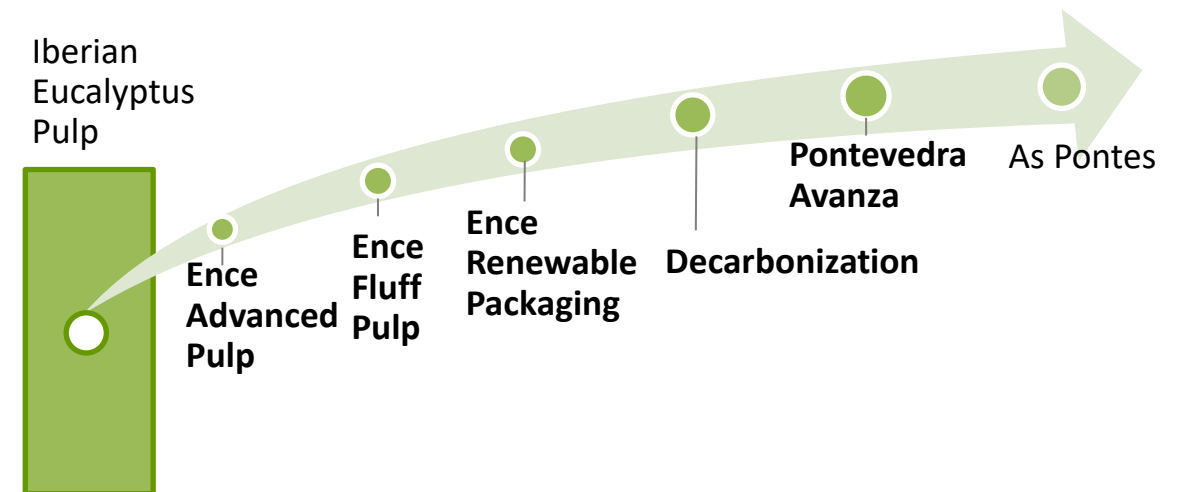
Into other biomass renewable energies and higher margin pulp products

Growth and diversification projects in **Biomass Renewable Energy:**



We aim at more than doubling the Renewable business EBITDA over the next 5 years...

Diversification, efficiency and growth projects in **Pulp:**



...while significantly increasing our Pulp business average cycle EBITDA

Capital allocation priorities

With clear leverage limits and ROCE targets for each business

1) Maintain a strong balance sheet

with prudent **leverage limits** per business:

- **Pulp** business
Net Debt / EBITDA < **2.5x**
- **Renewable** Energy business
Net debt / EBITDA < **4.5x**

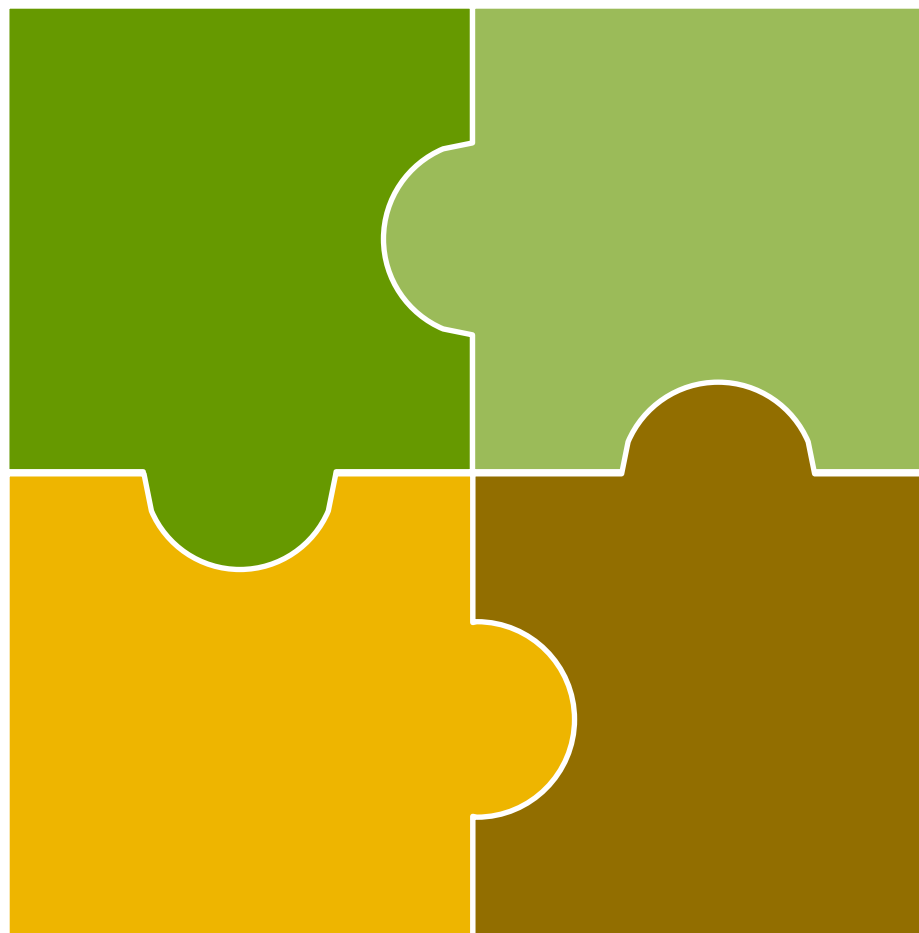
Note: leverage calculated with the average cycle EBITDA

3) Shareholder remuneration:

Enhanced dividend policy linked to

- FCF generation
- and leverage limits per business

Note: leverage limits considering capex plans and commitments



2) Fund organic investments

with clear **ROCE¹ targets** per business:

- **Pulp** business: >**12%**
- **Renewable** Energy business: >**10%**

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

4) M&A opportunities

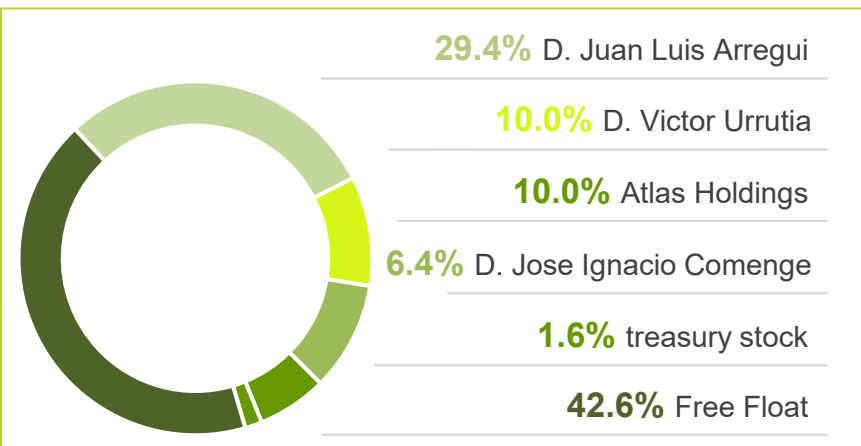
Strong track record creating value through M&A and selective asset rotation in the Renewable Energy business

Robust corporate governance with a supportive shareholder base

Management remuneration aligned with shareholder interests

Shareholding Structure

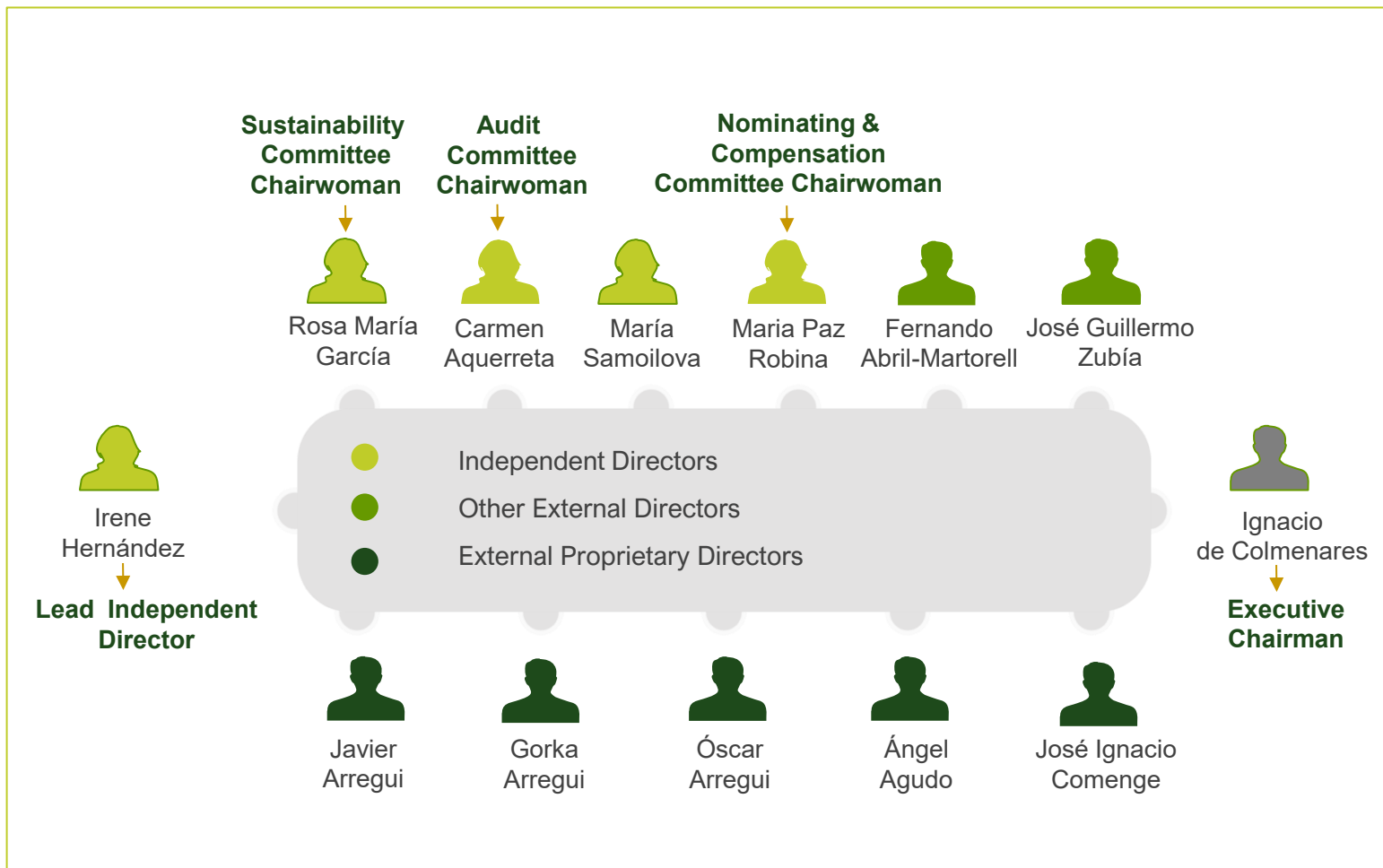
As of Jun. 2025



Transparency & best practices

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

Board of Directors



ENCE: industry leader in sustainability

4 sustainable priorities



Eco-efficient operations

1. Health and safety
2. Social license to operate (odour, noise and dust)
3. Water consumption
4. GHG emission reduction
5. Climate change
6. Biodiversity



Bio-products and ecosystem services

1. Ence Advanced pulp
2. Bleached recycled pulp
3. Carbon sinking and ecosystem services
4. Improved forestry material
5. Biomethane
6. Renewable industrial heating
7. Biogenic CO₂



Responsible Supply Chain

1. Sustainable forestry certification
2. Due diligence in the value chain



Positive social impact

1. Equality, talent development and retention
2. Professional development in local communities
3. Social Investment Plan
4. Relation with stakeholders



Governance

- A. Climate policy
- B. Biodiversity policy
- C. Environmental policy

Cross-cutting objectives

Strengthen governance in each area
Strengthen the *ethics and compliance* function

- A. Stakeholder Engagement policy



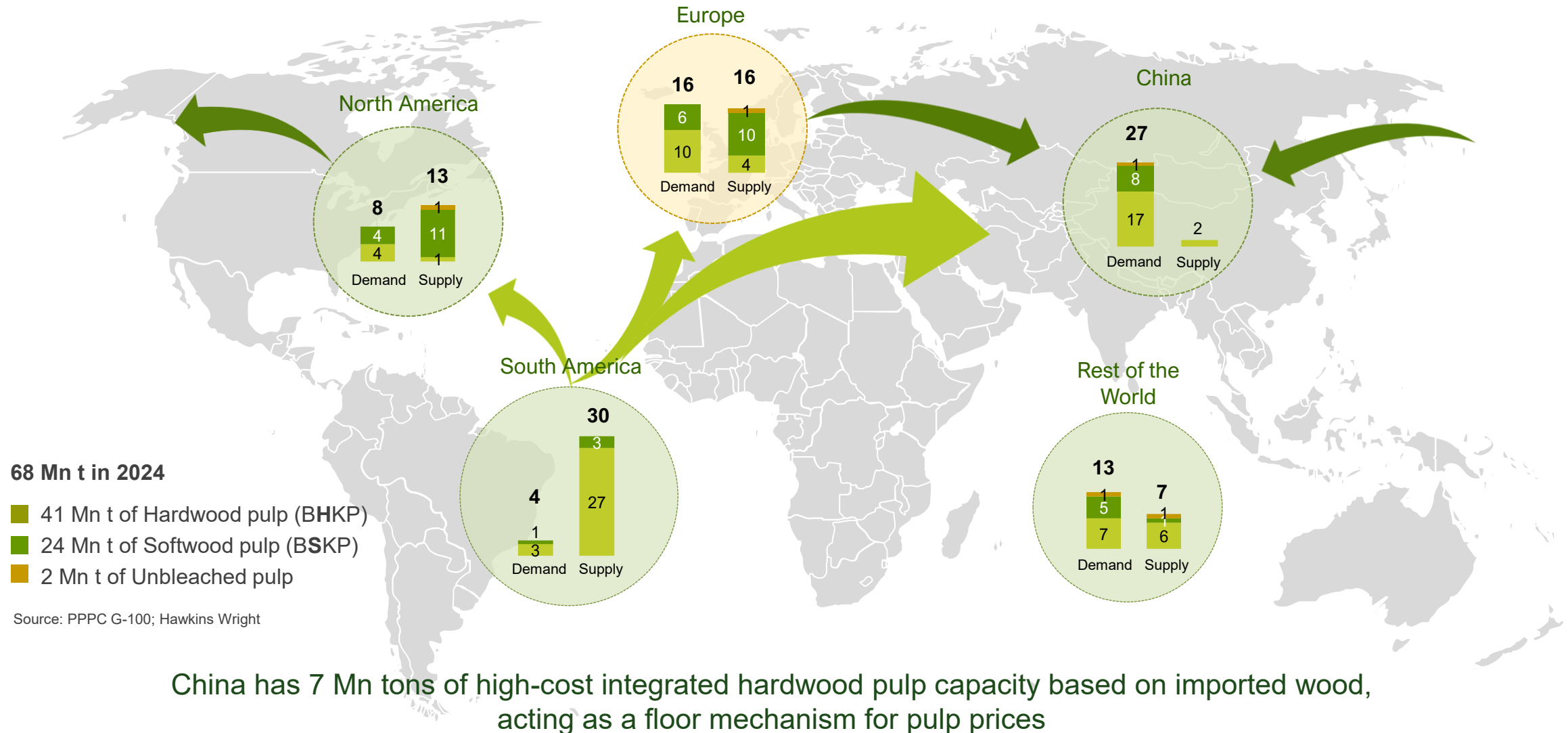


2 a ■

Market pulp industry


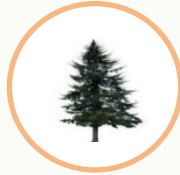






The global market pulp industry

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



Hardwood pulp vs. softwood pulp

Substitutive materials with an increasing price spread

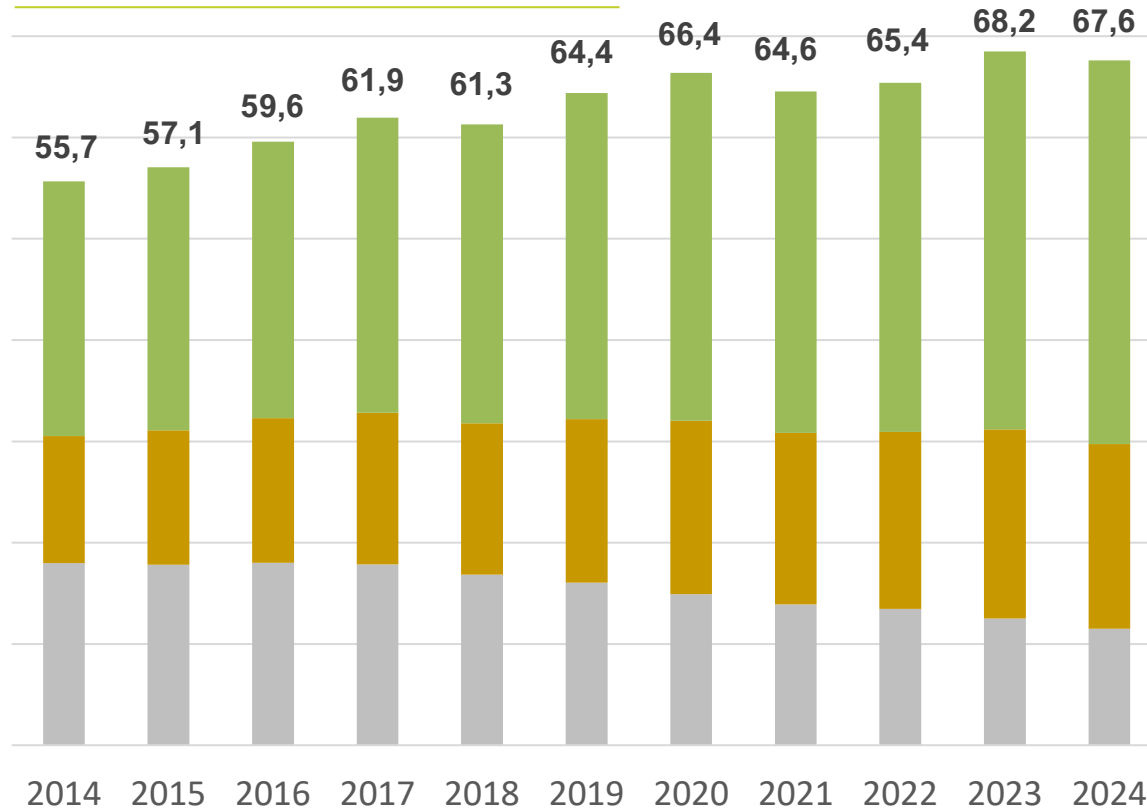
	Hardwood pulp (BHKP)		Softwood pulp (BSKP)
Source	Most hardwood pulp from eucalyptus wood 	← Substitutive materials →	Most softwood pulp from pine & spruce wood 
Primary Use	Best suited for products with high smoothness, opacity and uniformity (e.g. tissue) 		Best suited for higher durability & strength (e.g. printing & writing) 
Geography	Eucalyptus only grows under specific climate conditions (Iberia & LatAm) 		More abundant pines are better adapted to cold climates (Nordic) 
Yield ¹	Iberia: 4.8		Scandinavia: 1.1
Production Cost	 Low	← Last 10 years NET average price spread of c.100 \$/t →	 High

¹ Tons of pulp / ha / year

Continued market pulp demand growth

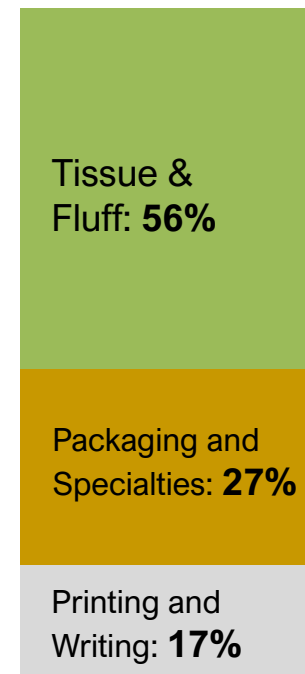
Boosted by structural megatrends

Global market pulp annual demand
Mn tons



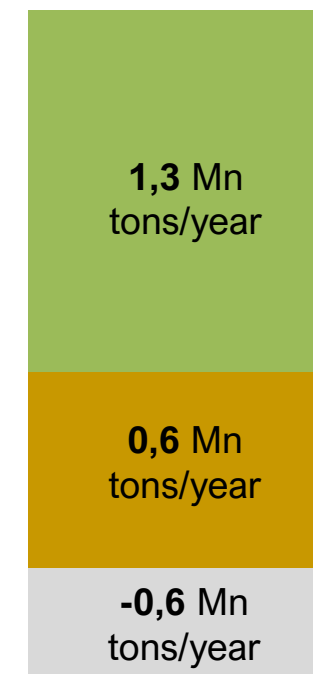
Source: PPPC & Hawkins Wright

**Est. Breakdown
by end use (%)**



Source: Hawkins Wright & Ence

**L10Y Avg. Growth
(Mnt / year)**



Main drivers

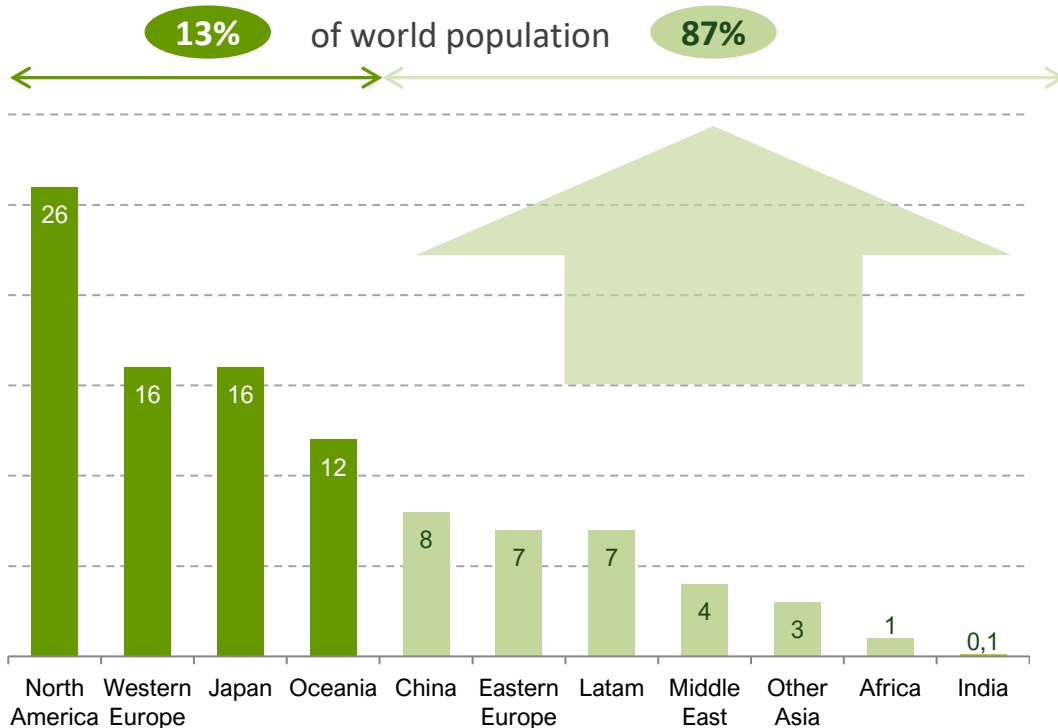
- ✓ **Urban growth and increasing living standards in emerging countries**
- ✓ **Ageing population in developed countries**
- ✓ **Plastic substitution**
- ✓ **E-commerce**
- ✓ **Household consumption**
- ✓ **Industrial Output**
- ✓ **Digitalization**

Average market pulp demand growth of 1.2 million tons per year driven by tissue and hygiene products

Tissue is the fastest growing paper segment

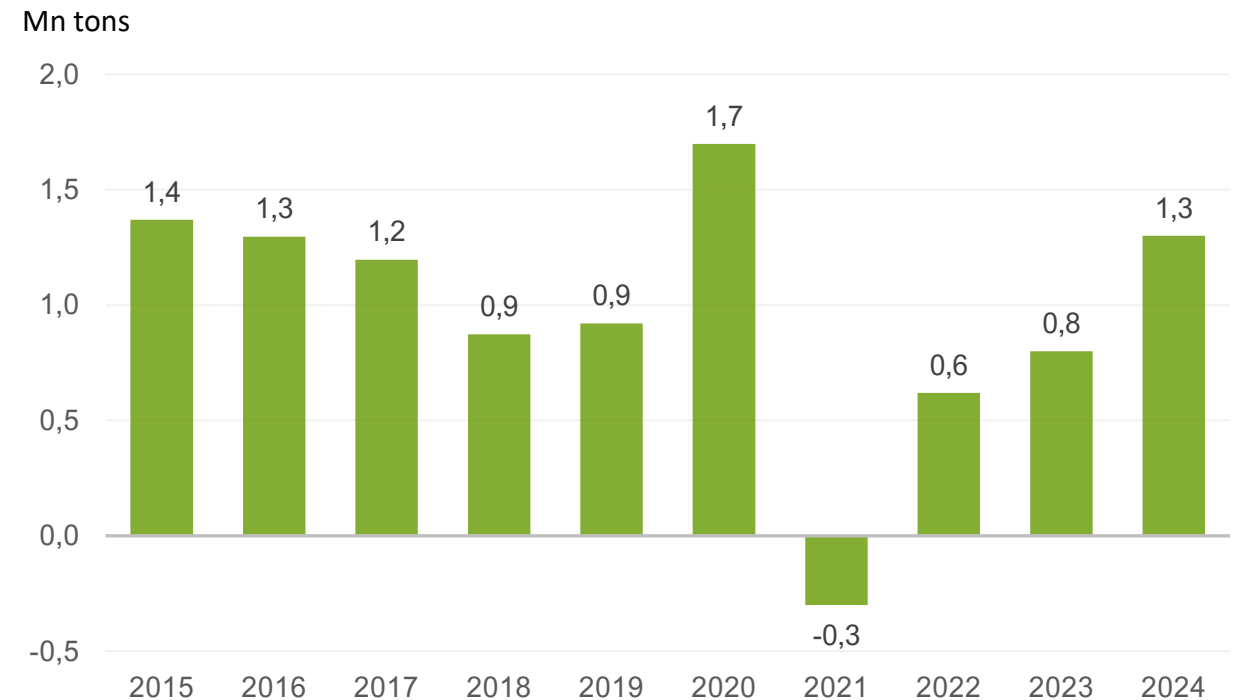
Driven by urban growth and increasing living standards in emerging countries

Tissue paper per-capita consumption
Kg/year



Source: RISI 2021

Tissue annual consumption GROWTH
Last 10 years (Mn tons)



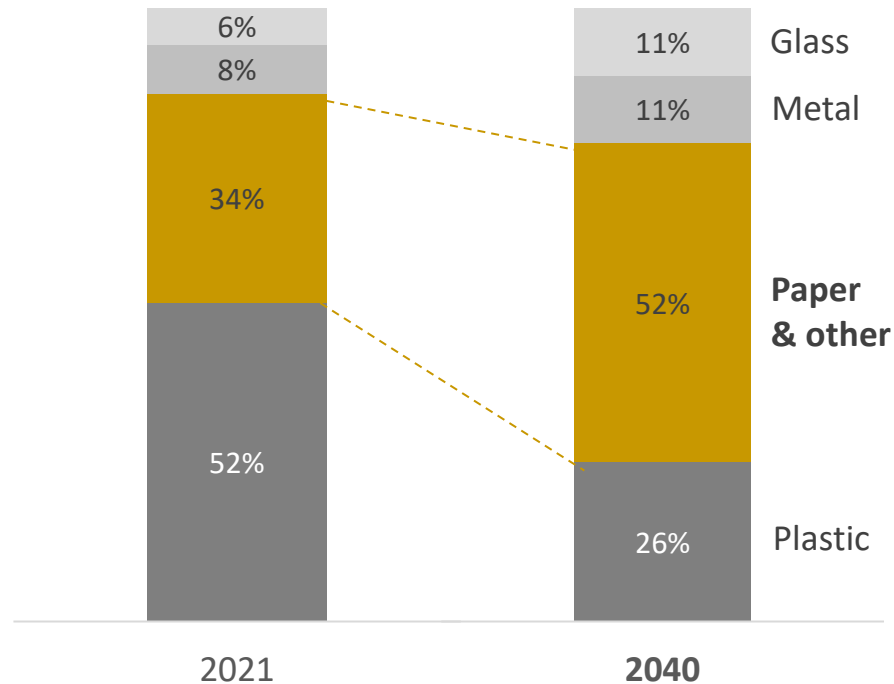
Source: PPPC

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

Paper packaging is the best sustainable alternative to plastic packaging

A growing opportunity for the pulp and paper industry

Food and beverage packaging breakdown by material (%)



Source: Smithers Pira May 2022

Sustainable paper packaging examples:

IN THE MARKET TODAY:



SHORT TERM DEVELOPMENT WINDOW:



MID TERM DEVELOPMENT WINDOW:



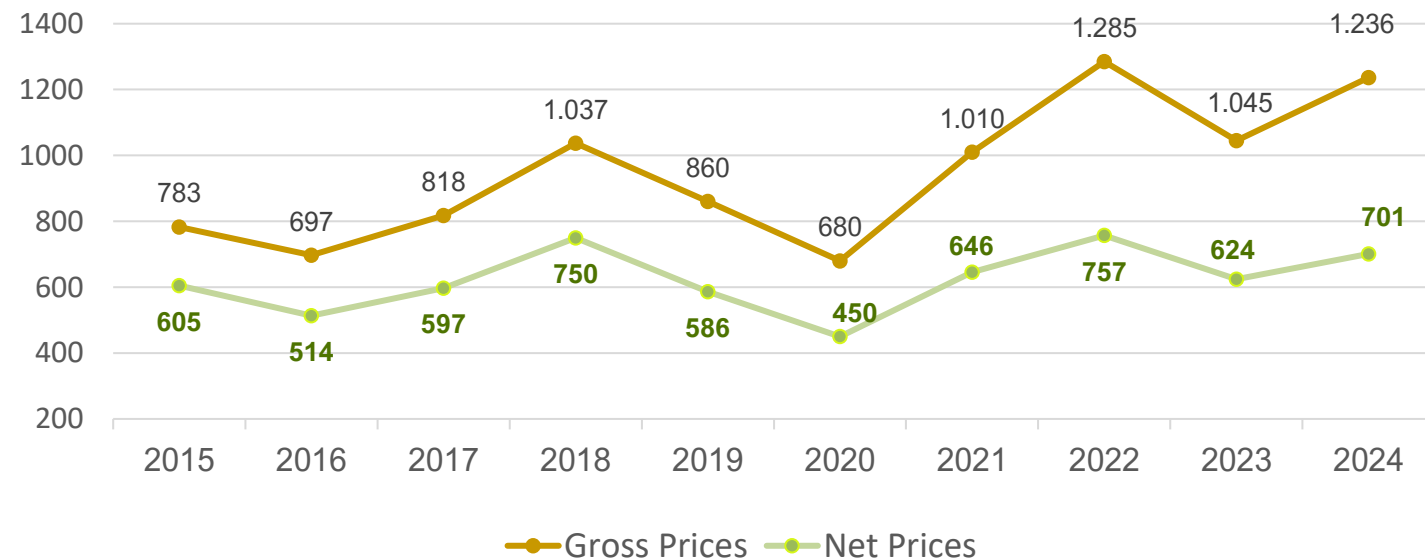
Source: Graphic Packaging Investors Presentation

Plastic used in food and beverage packaging is expected to halve by 2040, providing a secular tailwind for pulp and paper based packaging

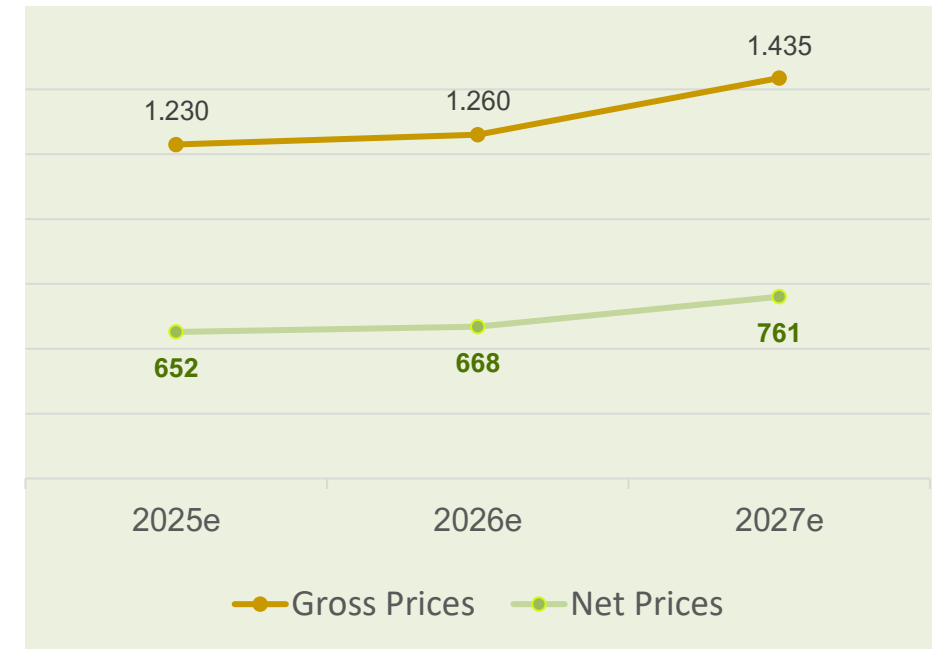
No large pulp capacity increases in Latam during 2025 - 2027

Supporting an improving outlook for pulp prices

Avg. annual Pulp Prices in Europe
(BHKP USD / ton)



European Pulp Futures Prices
(BHKP USD / ton)



Source: Norexeco (26/03/2025)

European pulp futures point to average net pulp prices above 700 USD / ton in 2026

2_b ■ Pulp business positioning and competitive advantages

A leading European eucalyptus pulp producer

Recognized for the quality, flexibility and sustainability of our pulp production

Navia biomill



Pontevedra biomill



Location:	Asturias – Own land
Installed capacity:	685.000 tons / year
Annual production:	578.000 tons (2024)
Bleaching system:	ECF

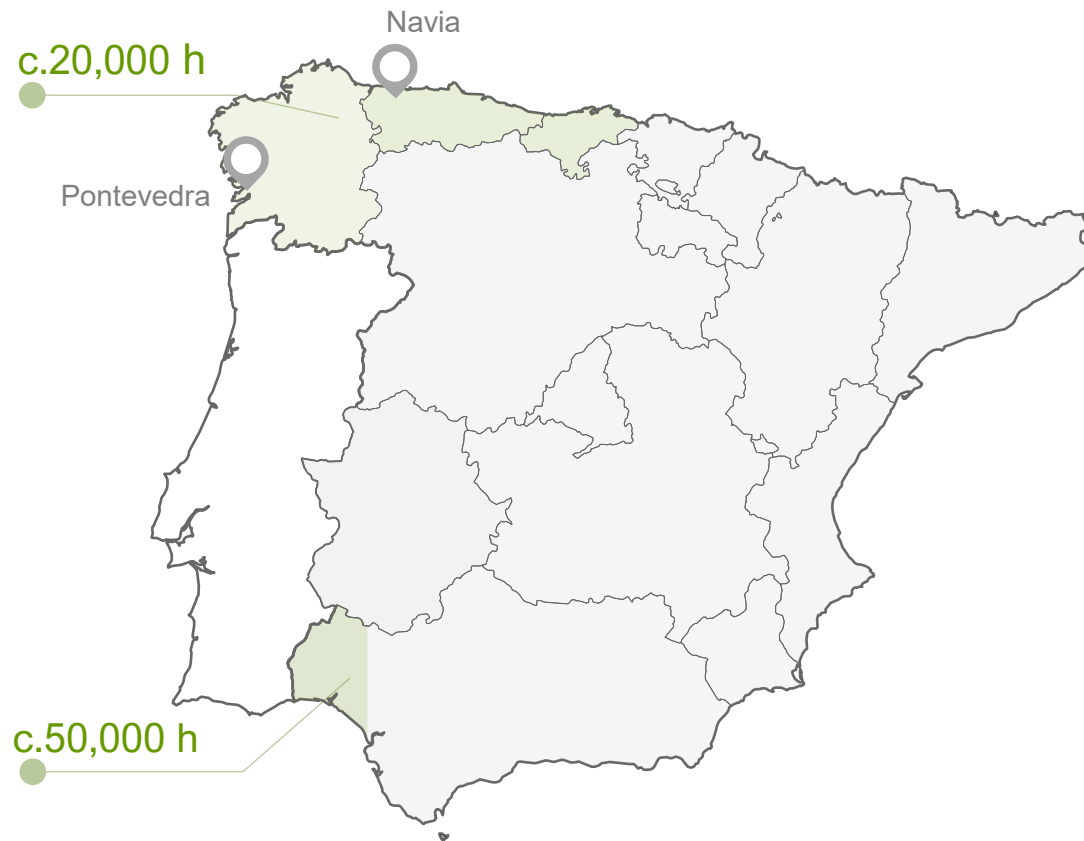
Location:	Galicia – Public concession until 2073
Installed capacity:	515.000 tons / year
Annual production:	419.000 tons (2024)
Bleaching system:	TCF

Largest private forest manager in Spain

Pioneers in the clonal reproduction of eucalyptus globulus and its adaptation to climate change

Ence eucalyptus plantations

Hectares



Annual production and book value 2024:

- ✓ **Annual production: > 0,3 million m³/year**
- ✓ **Book value: €154m** (€88m land + €66m standing timber)

Sustainability certification and biodiversity 2024:

- ✓ **90%** of the forest land is certified
- ✓ **23%** of hectares are dedicated to preserving ecosystems

Carbon sink:

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

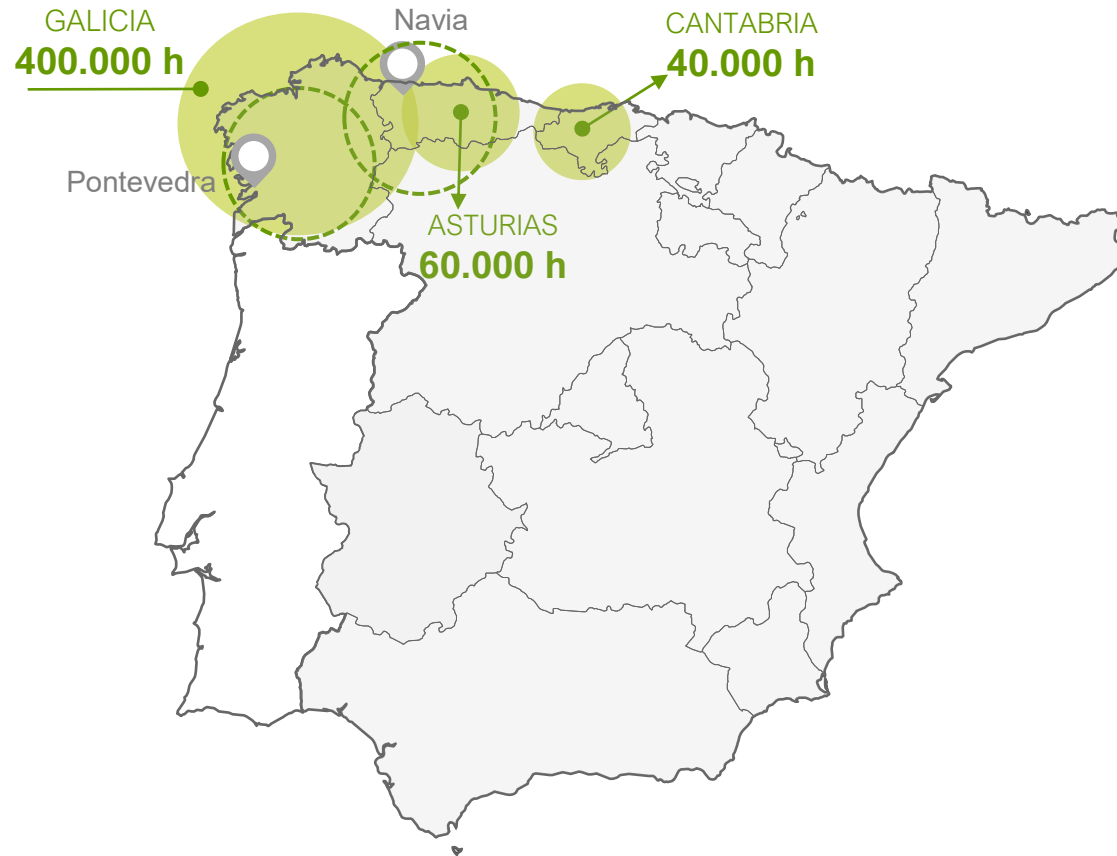
Innovation:

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

Local wood sourcing

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

Eucalyptus plantations surface in N.W. Spain



Main figures (FY2024):

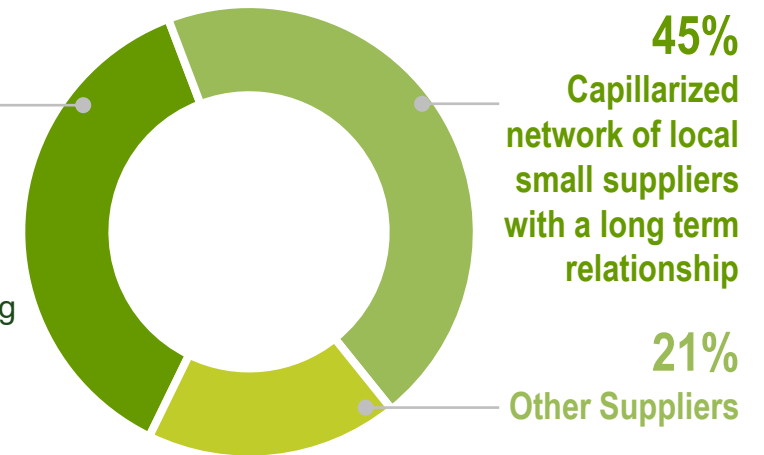
- ✓ **3 million m3** of wood purchased
- ✓ **>86%** sourced locally in Spain
- ✓ **79%** of supplied wood certified
- ✓ **>99%** wood suppliers homologated
- ✓ **<110 Km** of average supply distance

Supplier split (%)

34%

Directly to landowners ¹

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

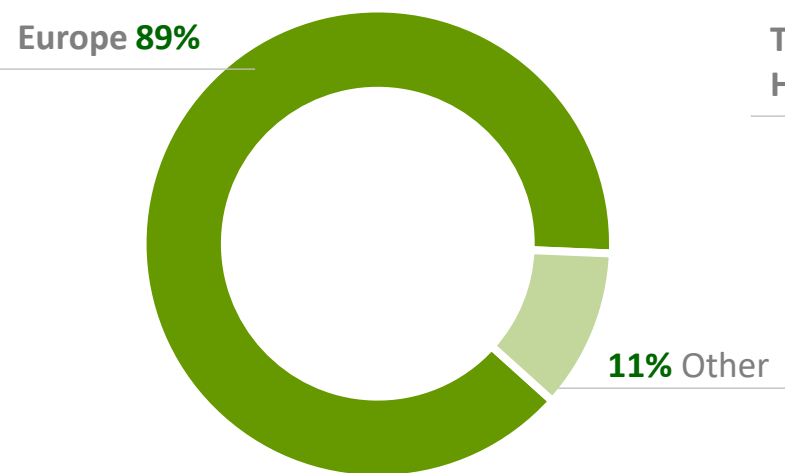


¹ Includes Ence's managed plantations

Ence's Pulp sales breakdown

Focus on Europe and on growing segments with our own portfolio of higher margin pulp products

Geographical breakdown of sales
% of pulp sales

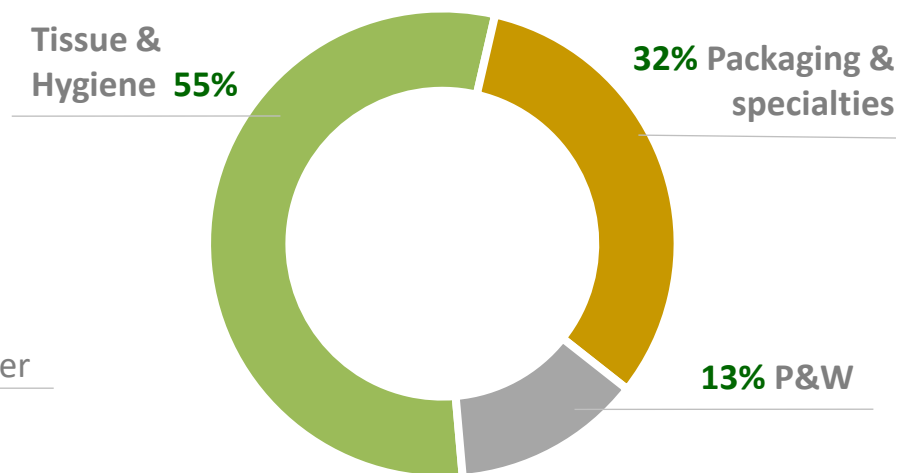


Source: Ence 1H25

89%

of our total pulp sales went to European markets, where we have strong logistic and service-related competitive advantages

Breakdown by end product
% of pulp sales



Source: Ence 1H25

87%

of our total pulp sales went to the fastest growing tissue & hygiene and packaging & specialties segments

Higher margin pulp products
% of pulp sales



Source: Ence 1H25

32%

of our total pulp sales corresponded to Ence Advanced pulp which deliver higher margins than our standard pulp

Growing portfolio of Ence Advanced pulp products with higher margins

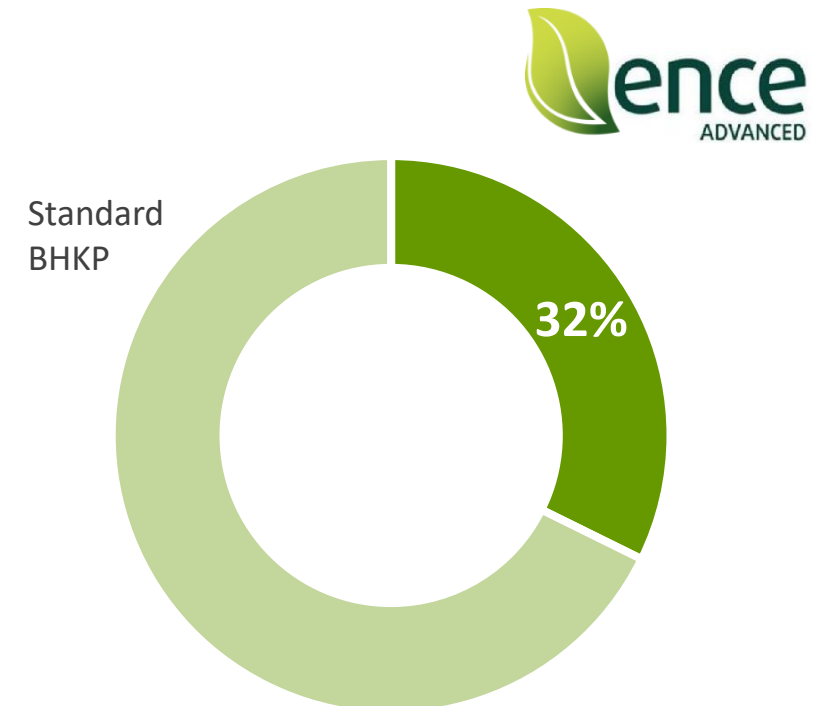
Ence Advanced products are expected to account for 50% of the sales in 2028



- ✓ High strength pulp aiming to substitute softwood pulp
 - ✓ Minimizes the energy consumption during the refining process
-
- ✓ First unbleached hardwood pulp in the market
 - ✓ Certified CO₂ footprint during the product life cycle
 - ✓ Increases tissue softness
-
- ✓ Low wet-expansion cellulose suitable for decor paper applications
 - ✓ Narrow range of porosity
-
- ✓ Plastic alternative in packaging for food & beverage industry
 - ✓ Low porosity material

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

% of total pulp sales in 1H25

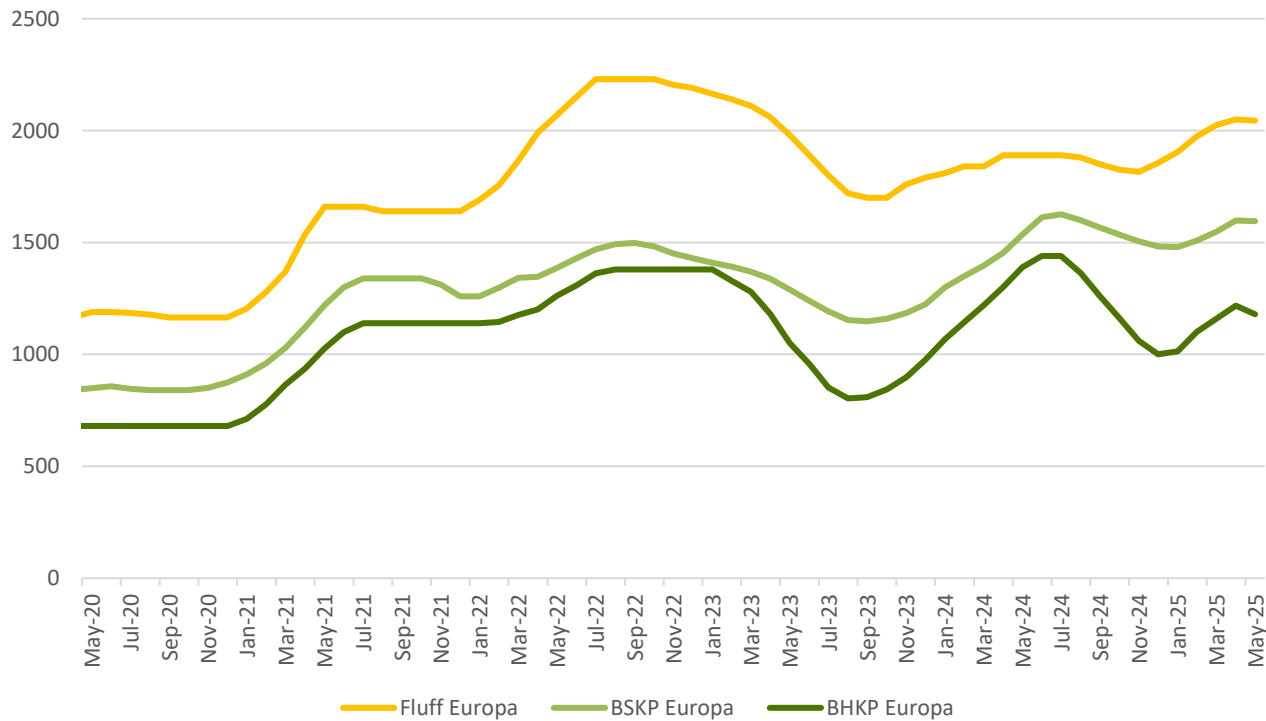


Ence Advanced products generate c. €30/t higher operating margin

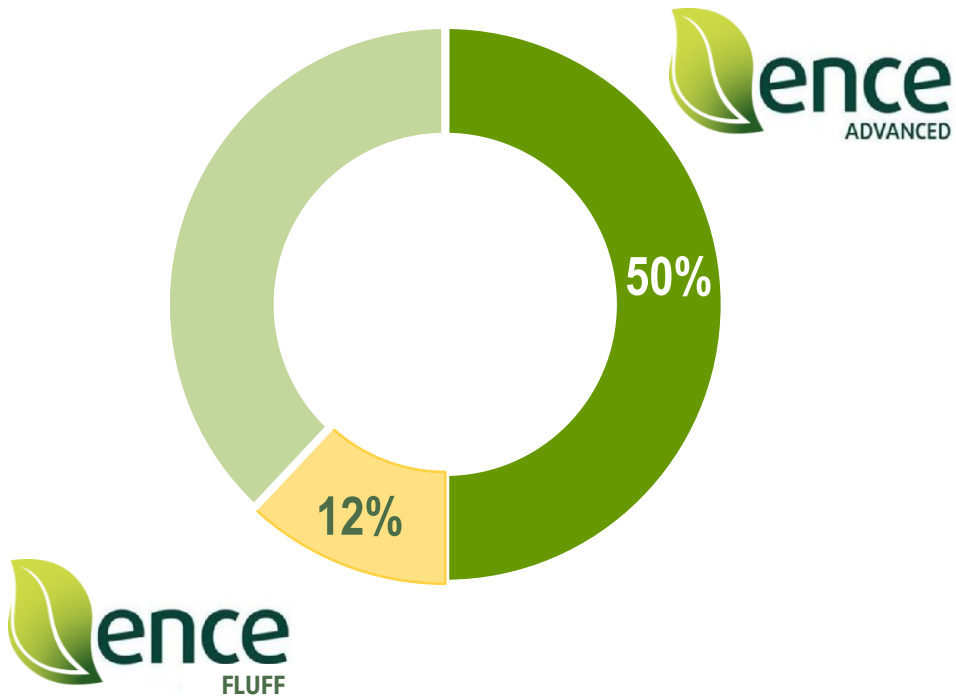
New fluff pulp line (125 kt) is on track for start-up in 4Q25

Fluff is expected to account for 12% sales in 2028

Fluff, Softwood and Hardwood gross pulp prices
In Europe (USD/t)



Expected % of total pulp sales in 2028



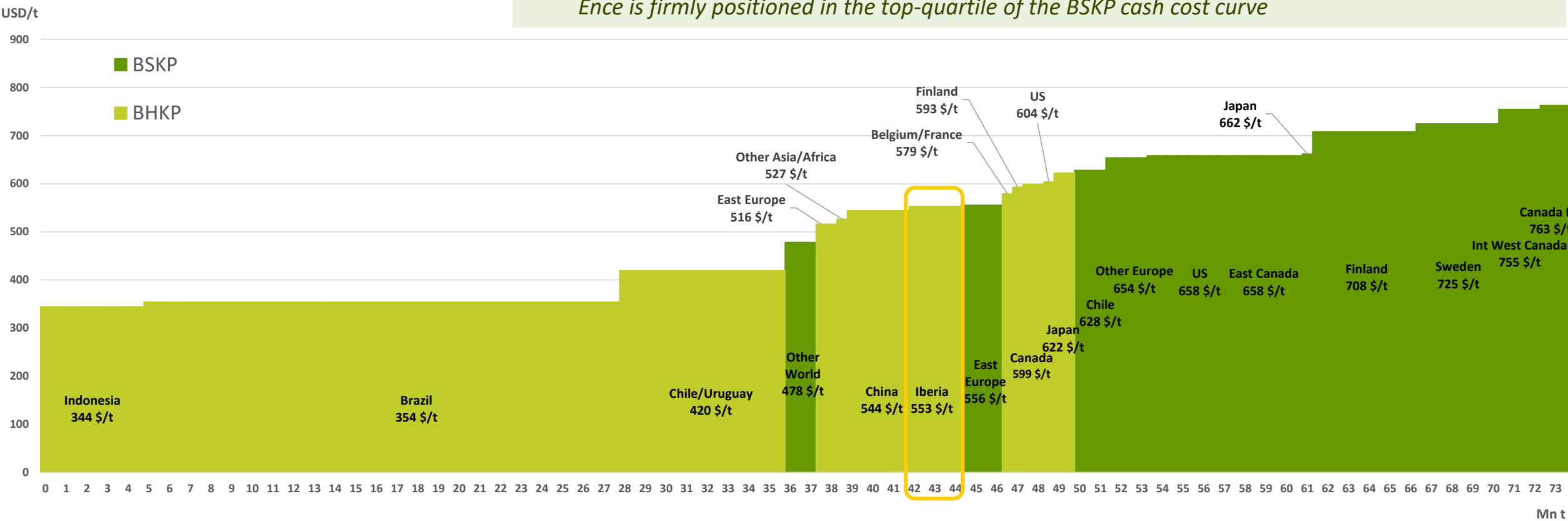
Fluff sales are expected to generate c.+60€/t margin vs. standard BHKP

Special products are positioning Ence as a top-quartile producer in the global cash cost curve vs. BSKP producers



Market pulp production costs by region

- ✓ Ence Advanced and upcoming fluff offering substitutes more expensive BSKP products. This special product range is expected to account for c.62% of the Ence’s sales by 2028
- ✓ At current 488€/t cash costs (c. 550 \$/t vs. an average cash costs of 659 \$/t of BSKP producers), Ence is firmly positioned in the top-quartile of the BSKP cash cost curve



Source: Hawkins Wright, CIF Europe (April 2025)

Just-in-time service with 5-7 days delivery

Compared to 40 days from LatAm producers





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

Virtually all our sales are generated in Europe and the Mediterranean

Providing greater resilience to rising trade tariffs in other countries



-  Virtually all our pulp sales are generated in Europe and Mediterranean markets, where we have significant competitive advantages in logistics and customer service
-  Our pulp is mainly used to make basic and resilient consumer products such as tissue paper and hygiene products.
-  Almost all our wood consumption is sourced locally, from certified plantations
-  Chemicals are also locally sourced or imported from Western Europe
-  Our pulp bio-mills are energy self-sufficient. They generate a surplus of renewable energy which is sold to the grid at a regulated price
-  100% of the biomass used in our Renewable businesses is sourced locally and the energy produced is sold on the local markets

Mitigating the impact of a weaker dollar through our ongoing FX hedging policy

Annual average cap of 1.09 dollars for almost 50% of our expected pulp sales in 2025




EUR / USD Exchange Rate



EUR / USD Hedges as of 30/06/25

FX Hedges	1Q25	2Q25	3Q25	4Q25	Avg. 2025
Nominal hedged (USD Mn)	97	73	73	57	300
Average cap (USD / EUR)	1,09	1,09	1,10	1,08	1,09
Average floor (USD / EUR)	1,06	1,07	1,07	1,06	1,06



2 Diversification and efficiency projects in the Pulp business

Diversification projects in the Pulp business

These will deliver higher operating margins

Status: **On track**

ENCE ADVANCED PULP

To develop and sell our Ence Advanced products, with enhanced technical properties and approx. **30 €/t higher operating margin** than our standard pulp

% / total pulp sales **32% in 1H25**

Substitution target 50% by 2028

Estimated capex 0



Status: **On track**
ROCE¹ target: >15%

FLUFF

To diversify Navia's production into Fluff pulp (125 kt) for the absorbent hygienic products industry in Europe, substituting imported Fluff based on softwood. Over **60 €/t² higher operating margin** expected vs. standard pulp

Substitution target 12% by 2028

Estimated capex €30m in 2024-25

Exp. commissioning 4Q 2025



Status: **On track**
ROCE¹ target: >15%

RENEWABLE PACKAGING SOLUTIONS

To develop and produce a portfolio of renewable packaging solutions, capable of replacing single-use plastic packaging in the food sector

Production target: 1 Kt / 40 m units

Estimated capex: €12m in 2025 - 26

Exp. commissioning 3Q 2025



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

² Based on Fluff pulp prices in Europe during 2024

Efficiency and growth projects in the Pulp business

Aimed at significantly increasing our Pulp business average cycle EBITDA over the next 5 years

Status: **Started**

ROCE¹ target: >15%

NAVIA DECARBONIZATION

13 €/t cash cost reduction and 60% reduction of Navia's scope 1 emissions by reconditioning the wood yard and replacing natural gas with biomass in its lime kiln

Navia cash cost reduction target:	13 €/t (8 €/t in the Group)
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Net estimated capex:	€35m in 2025-26
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Exp. commissioning	4Q 2026
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Status: **Engineering and permitting**

ROCE¹ target: >12%

PONTEVEDRA AVANZA

An integral project to boost the efficiency and flexibility of Pontevedra biomill

Pontevedra cash cost reduction target:	50 €/t (20 €/t in the Group)
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Estimated capex:	€120m in 2025-30
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Investment decision:	2025
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Status: **Engineering and permitting**

ROCE¹ target: >12%

AS PONTES

To produce bleached recycled pulp in As Pontes (Galicia) using recycled fibers, without increasing the consumption of wood

Production target:	+ 100 Kt
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Estimated capex:	> €125m
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Investment decision:	2025
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¹ ROCE = EBIT / Equity + Net Debt (including leases)

3^a ■ Positioning and competitive advantages in Renewables

Ence is the leading biomass collector and transformer in Spain

A unique platform for growth and diversification into new biomass renewable energies

- We are the leading biomass collector and transformer in Spain. Each year we manage **over 2 Mn tons** of agricultural and forestry biomass
- We draw exclusively on **local** agricultural and forest by-products, mitigating their environmental impact and reducing fire risk
- We have a **capillarized** supply network with over 1,000 suppliers nationwide
- We run **flexible operations**, able to process more than 100 types of agro-forestry biomass, depending on the location and the season of the year
- All our biomass power plants are **certified** according to the Sure System certification scheme, in compliance with the RED II renewable directive.



Ence is the largest biomass power producer in Spain

A regulated business that ensures a minimum 7.4%¹ return for a standard plant

Biomass Power Plants Portfolio



Operating biomass power plants
266 MW



2 biomass projects
100 MW
Ready to participate in future biomass capacity auctions



- Through our subsidiary Magnon Green Energy, we currently operate **8 biomass power plants** in the south of Spain with a combined installed capacity of 266 MW
- Biomass power plants sell their power generation at a **regulated price**² aiming to cover the estimated costs of operating a standard facility, including biomass costs. This regulated price is comprised by the market energy price plus the corresponding supplementary remuneration for operation (Ro) earned by each plant, which is updated quarterly.
- In addition, all our biomass plants are fully manageable, and they are prepared to provide the electricity system operator with back-up **ancillary services**, generating an additional source of revenues.
- Furthermore, our biomass plants receive an annual **remuneration on investment** amounting to €25m in 2024.

¹ Profitability was set at 7.4% until 2031 by Royal Decree 17/2019

² Around 117 €/MWh, net of production tax, for Magnon operating biomass power plants



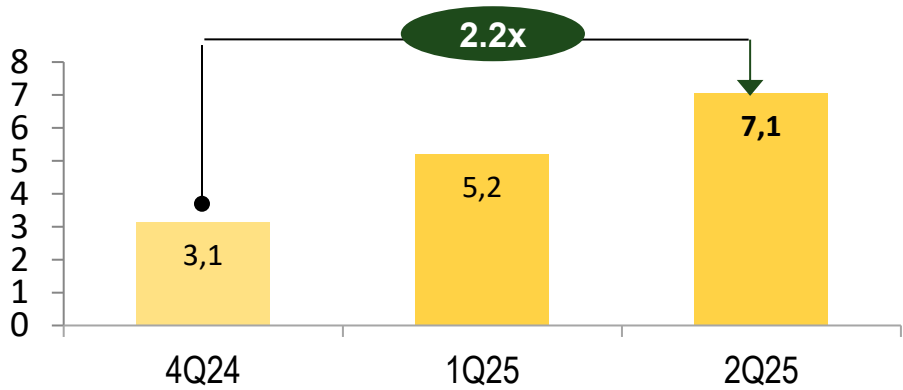
3_b ■ Growth and diversification projects in Renewables

Ence Biogas acquired a 50 GWh/yr biomethane plant in La Galera in 2024

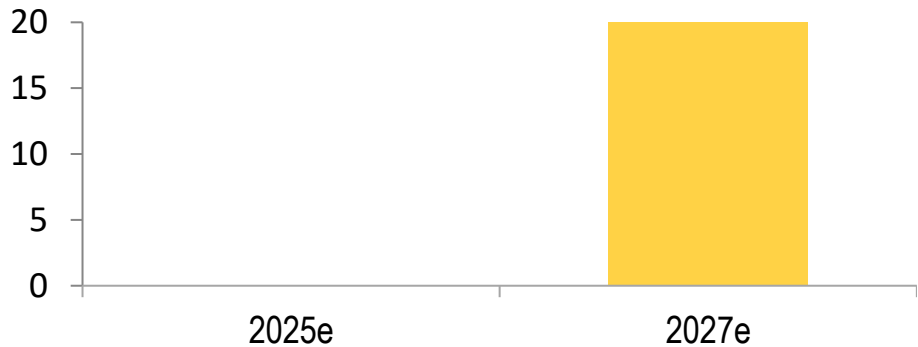
La Galera plant has more than double its production since Ence's entry



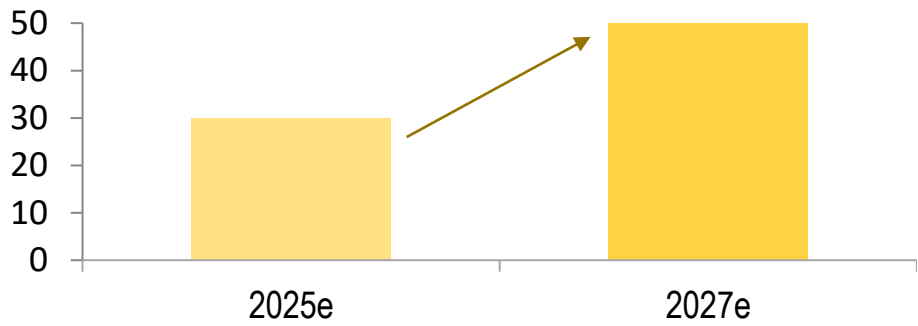
La Galera biomethane production (GWh)



La Galera estimated biofertilizer production (K tons)



La Galera estimated biomethane production (GWh)



Ongoing upgrading of the plant to produce 50 GWh and 20 kt of organic fertilizer from 2027

First step in the creation of biomethane platform in Spain

Target: 1 TWh of biomethane production by 2030 and over €60m contribution to EBITDA

BIOMETHANE BUSINESS

Biofertilizer and biomethane production from the valorisation of local agricultural and livestock biomass, including the associated sustainability certificates

Plant size: 50 – 100 GWh

Production Target: 1,000 GWh by 2030

Estimated Capex: €0.4m / GWh

ROCE¹ Target: > 12%



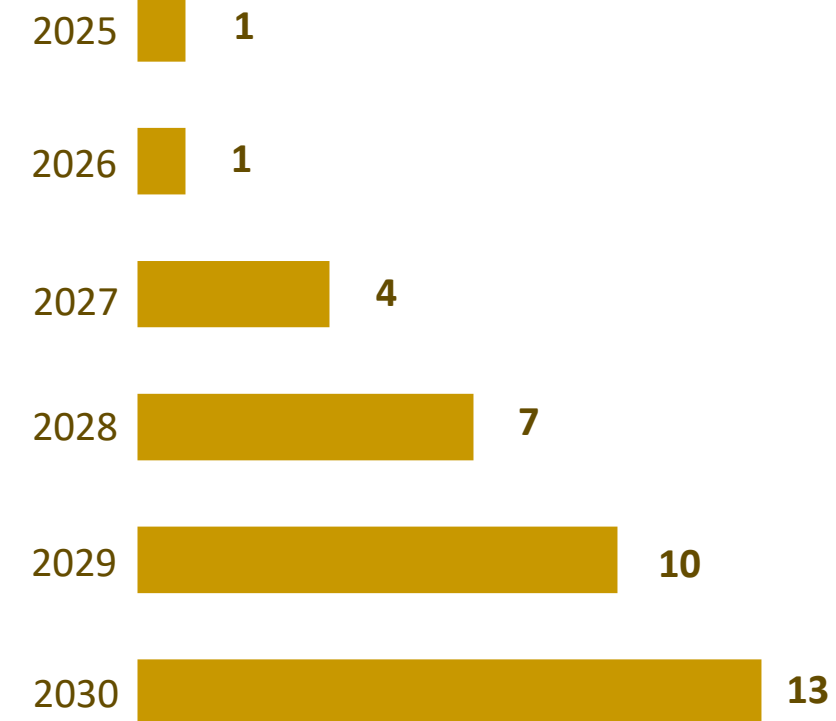
PROJECT PIPELINE

37 plants: locations secured and feasibility studies completed

17 plants already in their permitting phase

10 plants expected RTB in 2025-26

PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



17 biomethane plants already in their permitting phase, with a required ROCE¹ >12%

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

Magnon starts the construction of two biomass boilers for Mahou San Miguel

For the supply of 85 GWh of biomass thermal energy per year with a 15-year term

MAHOU-SAN MIGUEL THERMAL ENERGY PROJECT

For the supply of 85 GWh of biomass thermal energy per year with a 15-year term

Installed capacity: 20 MW

Prod. Target: 85 GWh/yr

Exp commissioning: 2Q26

Estimated Capex: €12m*

ROCE¹ Target: > 11%

* Excluding a €4m subsidy granted by the European Next Generation Funds



Landmark credential with major food & beverage player

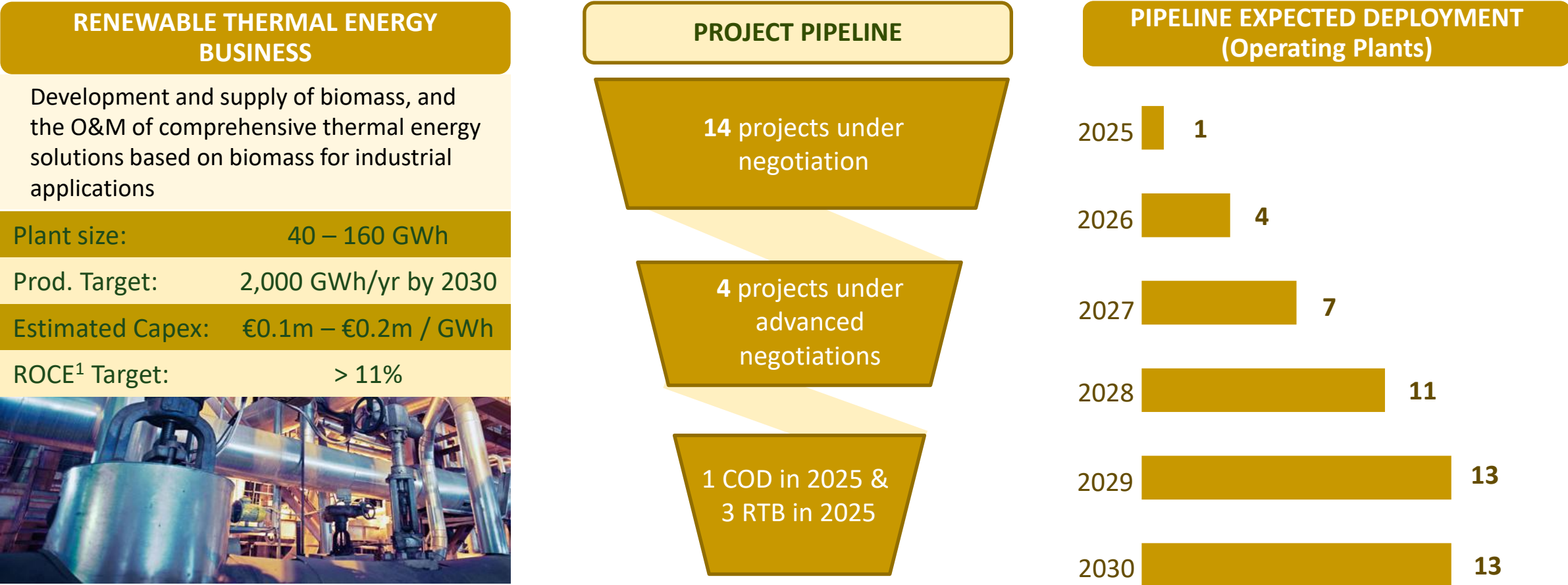
¹ ROCE = EBIT / Equity + Net Debt (including leases)

Second step in the creation of a renewable industrial heating platform in Spain

Target: 2TWh thermal energy supply by 2030 and over €40m contribution to EBITDA



ence
ENERGÍA & CELULOSA



As of today, 1 contract in operation and 1 project in construction. By 2025 YE, 1 additional project in COD and 3 more projects in RTB expected, with a required ROCE¹ >11%.

Alternative Performance Measures (APMs)

Pg.1

Ence presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, its quarterly earnings report provides certain other complementary metrics that are not defined or specified in IFRS and are used by management to track the company's performance. The alternative performance measures (APMs) used in this presentation are defined, reconciled and explained in the corresponding quarterly earnings report publicly available through the investor section of our web page www.ence.es.

EBITDA

EBITDA is a measure of operating profit before depreciation, amortisation and forest depletion charges, non-current asset impairment charges, gains or losses on non-current assets and other non-operating items that undermine the comparability of the numbers.

EBITDA is an indicator used by management to track the Group's recurring profitability over time. This metric provides an initial approximation of the cash generated by the Company's ordinary operating activities, before interest and tax payments, and is a measure that is widely used in the capital markets to compare the earnings performances of different companies.

OTHER NON-OPERATING ITEMS

Other non-operating items refers to ad-hoc income and expenses unrelated to the Company's ordinary business activities that render two reporting periods less comparable.

CASH COST

The production cost per tonne of pulp, or cash cost, is the key measure used by management to measure and benchmark its efficiency as a pulp maker. The cash cost includes all of the costs directly related with the production and sale of pulp that impact cash flows. Therefore, it does not include asset depreciation and amortisation charges, impairment losses on non-current assets or gains or losses on their disposal, other non-operating items, finance income or costs or income tax.

The cash cost can be measured as the difference between revenue from the sale of pulp and EBITDA in the Pulp business, adjusted for the settlement of hedges, the effect of adjustments for tariff shortfall/surplus (the regulatory collar) on energy sales, forest depletion charges and the change in inventories. To calculate the cash cost, the related production costs are divided by the volume of tonnes produced, while overhead and sales and logistics costs are divided by the volume of tonnes sold.

OPERATING PROFIT PER TONNE OF PULP

The operating profit is a yardstick for the operating profit generated by the Pulp business without taking into account asset depreciation and amortisation charges, impairment losses on non-current assets and gains or losses on their disposal and other non-operating items, adjusted for the settlement of hedges, the effect of the regulatory collar on energy sales and forest depletion charges.

It provides a comparable measure of the business's profitability and is measured as the difference between the average sales price per tonne, calculated by dividing revenue from the sale of pulp by the number of tonnes sold, and the cash cost.

NET FINANCE COST AND OTHER FINANCIAL ITEMS

Net finance cost encompasses the various items of finance income and finance costs, while other financial items encompasses exchange differences, the change in the fair value of financial instruments and impairment losses on financial instruments and gains or losses on their disposal.

MAINTENANCE, EFFICIENCY, GROWTH AND SUSTAINABILITY CAPEX

ENCE provides the breakdown of the capital expenditure included in its statement of cash flows for each of its business classifying its investments into the following categories: maintenance capex, efficiency and growth capex, sustainability capex and financial investments.

Ence's technical experts classify its capital expenditure using the following criteria: Maintenance capex are recurring investments designed to maintain the capacity and productivity of the Company's assets. Efficiency and growth capex, meanwhile, are investments designed to increase those assets' capacity and productivity. Lastly, sustainability capex covers investments made to enhance quality standards, occupational health and safety and environmental performance and to prevent contamination. Financial investments correspond to payments for investments in financial assets.

The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published Business Plan.

OPERATING CASH FLOW

The operating cash flow coincides with the net cash from operating activities presented in the statement of cash flows. However, operating cash flow is arrived at by starting from EBITDA, whereas net cash from operating activities is arrived at by starting from profit before tax. As a result, the adjustments to profit do not coincide in the two calculations. This APM is provided to reconcile EBITDA and operating cash flow.

FREE CASH FLOW

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities. Free cash flow provides information about the cash generated by the Group's operating activities that is left over after its investing activities for the remuneration of shareholders and repayment of debt.

NORMALISED FREE CASH FLOW

Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capex, net interest payments and income tax payments. It provides a proxy for the cash generated by the Company's operating activities before collection of proceeds from asset sales, the adjustments related with electricity sector regulations and other adjustments to profit. It represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

NET DEBT / (CASH)

The borrowings recognised on the balance sheet, include bonds and other marketable securities, bank borrowings and other financial liabilities. They do not include, however, the measurement of derivatives or borrowings from Group companies and associates.

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

Net debt/(cash) provides a proxy for the Group's net indebtedness or liquidity and is a metric that is widely used in the capital markets to compare the financial position of different companies.

ROCE

ROCE stands for the return on capital employed and is used by management as a key profitability performance indicator. It is calculated by dividing EBIT for the last 12 months by average capital employed during the period, capital employed being the sum of equity and net debt. For the Pulp business, equity is calculated as the difference between consolidated equity and the equity recognised by the Renewable Energy business.

ROCE is widely used in the capital markets to measure and compare the earnings performance of different companies.



Delivering value Delivering commitments