



4Q25 Results

25 February 2026



FTSE4Good

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Today's presenters



Ignacio de Colmenares

*Chairman & CEO
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*Chief Financial Officer
Ence Energía y Celulosa*

Results Summary

2026 Outlook

- Europe gross BHKP prices average stood at 1,086\$/tn, price increases to 1,330\$/t in March, already announced.
- Demand remains strong driven by emerging economies growth and fiber to fiber substitution. Moreover, capacity closures, shifts to dissolving and the revocation of forestry licenses in Indonesia, will support the price trend.
- Ence special pulp continue to grow with a target close to 40% share in 2026 (vs. 30% in 2025).
- Ongoing cash costs initiatives to reduce cash costs by 30€/tn in 2026/27, 15€/tn in 2026 (468€/tn cash costs guidance).
- New regulatory parameters⁽¹⁾ increase biomass' plants Ro by 6€/MWh, meaning incremental run-rate EBITDA of c.+€10m⁽²⁾.
- +c.€30m Positive cash impact in 1H26 from: (i) the collection of NOLs (c.€24M)⁽³⁾ and (ii) CAEs (c.€6m).

2025 Operating Highlights

- Cash cost of 483€/tn in 2025 (478€/tn excluding Pontevedra strike) vs. 493€/tn in 2024. 2025 Cash cost is the lowest since 2022.
- Special pulp products accounted for 30% of total pulp volumes sold in 2025 (+7 p.p. 2024), with 37€/t higher margin.
- Ence becomes the only European based producer of eucalyptus fluff, starting the rump-up of its operations in 4Q'25 (125k tn capacity).
- +6% YoY growth in energy generation, up to 1,241 GWh (+10% QoQ).
- Renewable Industrial Heating gained 3 landmark contracts in 2025. As of today, there are 3 projects in construction with COD expected by mid 2026 and a fourth one in start-up phase.
- La Galera consolidates its positive performance with +27% increase in annual production of biomethane without capex related.

2025 Financial Results

- Pulp EBITDA of €56m in 2025, including CAEs, vs. €138m in 2024.
- Renewables EBITDA of €27m (+4% YoY increase), including €4m of devex from new businesses.
- FCF before growth capex of €8m despite low pulp prices and weaker FX vs. €35m in 2024.
- Investments amounted to €114m including machinery leasing and change in inventories related to industrial heating (vs. €125m guidance).
- Net Debt of €378m with €241m in cash.
- New €200m MARF bond program registered in Jan'26. First issuance of 85M€ with 4y bullet maturity and 410 bps coupon as a clear signal of the reliability of Ence for the investor community.
- Agreements reached for collective dismissal processes, 141 positions will be amortized through voluntary departures, early retirements and reallocations to other business units within the group. A provision of €24m was registered in 2025 accounts.

Growth, Efficiency and Diversification Projects

- 2028 Ence's Special Pulp Centered Business to increase the average across-the-cycle EBITDA by 1,5x:
 - Top line: (i) Special pulp sales > 62% in 2028, delivering incremental EBITDA of €22m, (ii) As Pontes environmental license granted in 3Q25, (iii) Renewable packaging solutions in 2H27.
 - Ongoing Cash Cost initiatives (30€/tn): (i) Efficiency & Competitiveness Plan to capture average annual savings of 22 €/t cash cost from 2027, (ii) Navia cost reduction and decarbonization project (c. 8 €/t savings) with COD in 2Q26.
 - Pontevedra Avanza: 20€/tn cash cost savings
- Largest Iberian biomass backboneed Renewable Energy Platform, on track to almost triple its EBITDA by 2030 through:
 - Biomass to Biomethane: >1TWh | >€60m EBITDA
 - Biomass to Renewable Industrial Heating: 2TWh | >€40m EBITDA

(1) Order TED/ 53/2026, also includes an increase of +20€/MWh in the Ro of cogeneration facilities (i.e. LU-13). (2) For an estimated production of c. 1,4 TWh.

(3) In 2024, the Constitutional Court (STC 11/2024) annulled the limit on offsetting tax losses allowing companies to cash back non applied tax losses.



1.

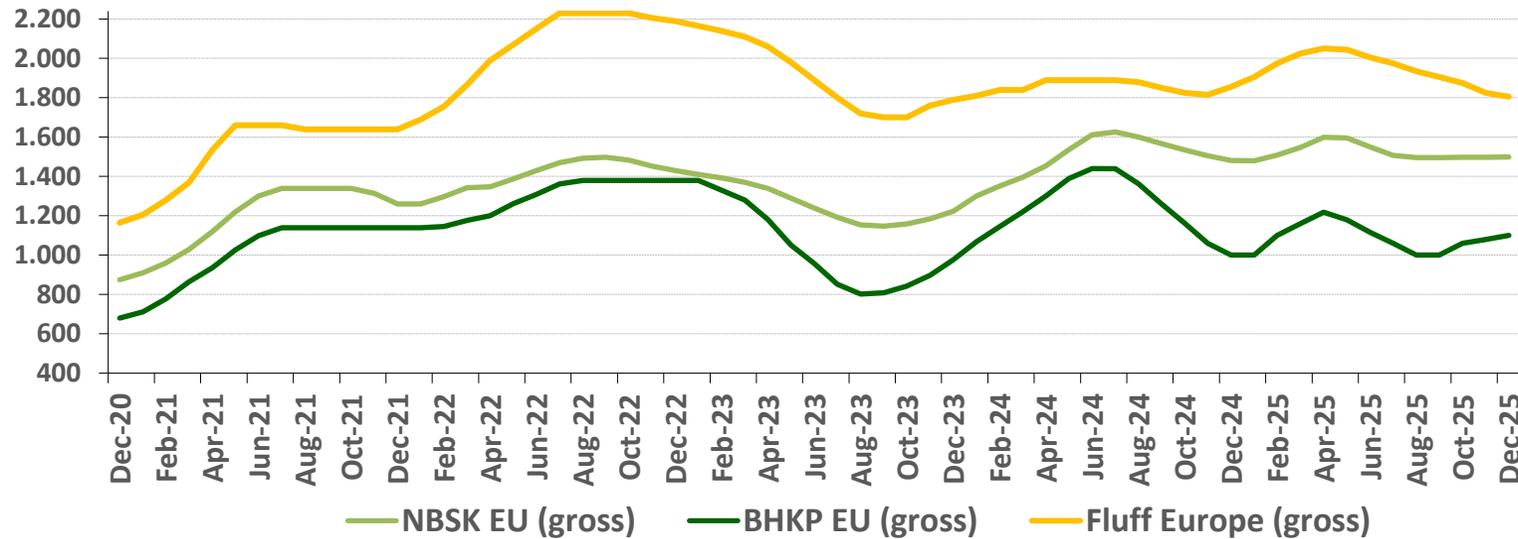
4Q25 Highlights

European BHKP price turns to a positive path in 4Q25

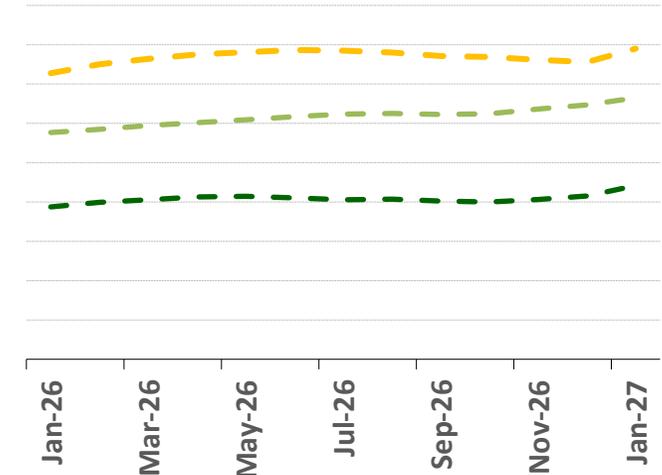
Gross BHKP prices have increased by 10% in 4Q25 to reach 1,100\$/t in December. Price increase announced by major producers up to 1,330\$/t in March.



Gross Pulp Prices in Europe (USD/t)



Pulp prices in Europe - Experts consensus (USD/t)



- BHKP prices ended 2025 at 1,100 \$/t, from August lows of 1,000\$/t, averaging 1,086\$/tn in 2025. Major pulp producers have announced several price increases in Europe since late December up to 1,330\$/t in March.
- Demand fundamentals remain strong with +3,6% YoY growth as of November, driven by the sound development in emerging economies and the fiber to fiber substitution process. On top of that: (i) maintenance shutdowns planned in 1Q26 (c. 500k t) together with capacity shift to dissolving pulp (c. 1M tn) and (ii) the revocation of forestry licenses in Indonesia, impacting between 1 to 4 million tons of BHKP, will support the price trend during the year.

Source: (1) Historic prices: FOEX, (2) Pulp price forecasts – Average of TTOBMA, Fastmarkets and Hawkins Wright estimates as of Jan.'26, (3) Global Demand data: PPPC (Jan.'26).

Ence's special pulp substituting softwood pulp products

Ence's special pulp

Ence Advanced

- ✓ Broad range of BSKP substitute products with different attributes (high strength, unbleached HWP, low porosity, softness) and suitable for diverse applications (hygiene, decor, packaging; etc.)
- ✓ **2028 Target: 500k tn with +30€/tn of incremental margin**

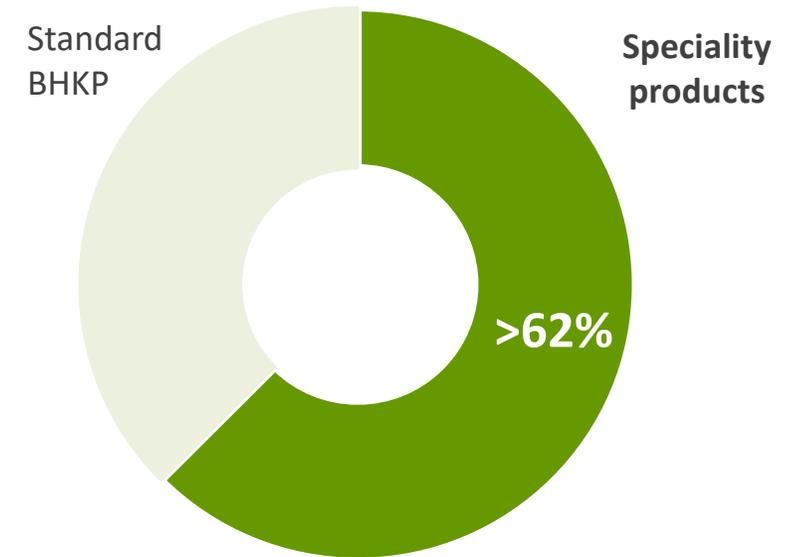


Ence Fluff

- ✓ Ence is the sole European producer of fluff pulp based on eucalyptus wood competing with softwood. Currently in 8 homologation processes.
- ✓ **2028 Target: 125k tn with +60€/tn of incremental margin**



Expected % of total pulp sales volume in 2028



+36€/tn of incremental EBITDA margin

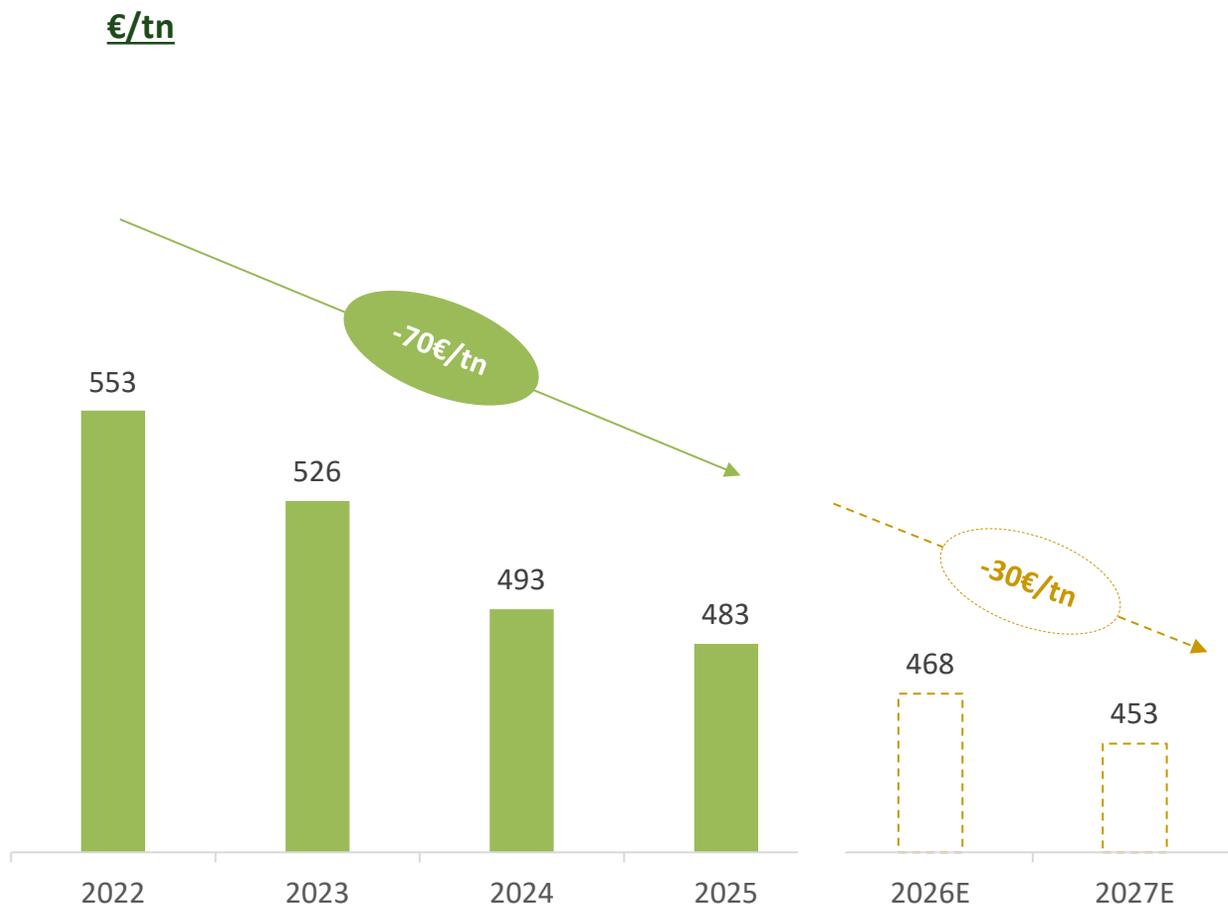
Special pulp accounted for 30% of the sales in 2025 (vs. 23% in 2024) with incremental margin over standard BHKP of 37€/tn.

We expect to increase its weight up close to 40% in 2026.

In 2028, special pulp should stand for more than 62% of the sales contributing with an extra-margin of over 36€/tn.

Efforts on cash cost reductions are showing

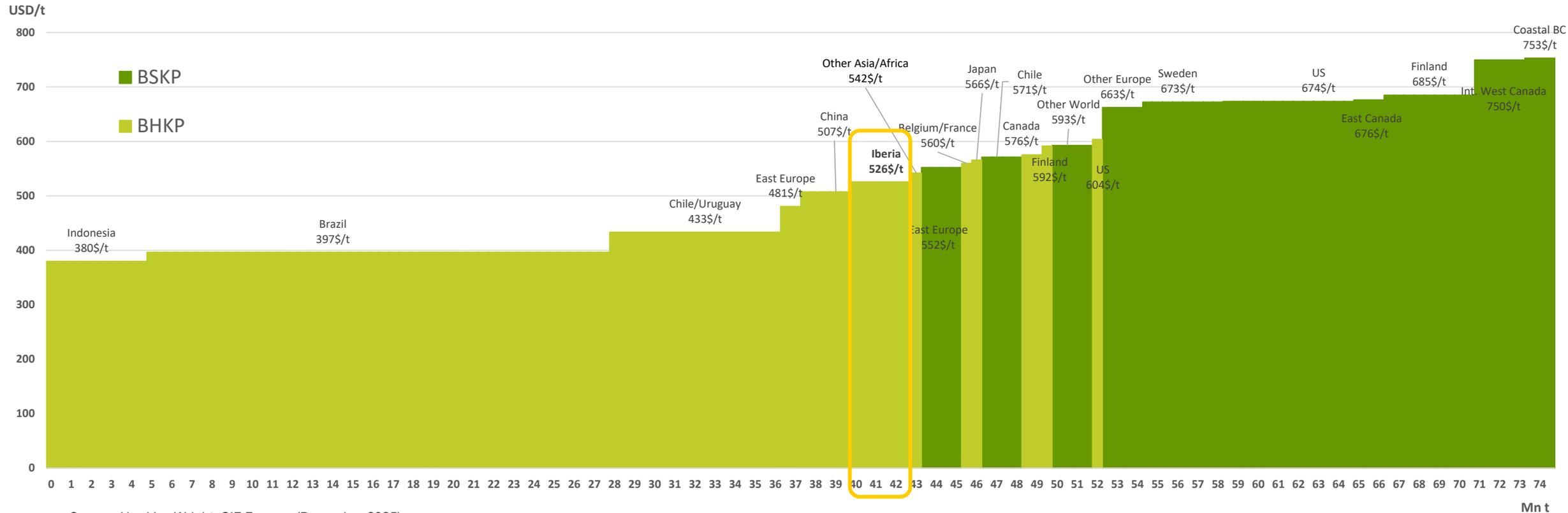
Ongoing measures should allow to additionally reduce cash costs by 30€/tn between 2026 and 2027



- **Cash cost of 483€/tn in 2025, reflecting a -70€/tn improvement vs. 2022.** Major gains achieved through wood procurement, on the back of Ence's local sourcing, and wood processing optimization.
- **Excluding the impact of labour strikes in 4Q25, cash cost for the year 2025 would have been 478€/tn** (vs. 485 €/tn guidance at the beginning of the year).
- Following the agreement reached with labour representatives at both biofactories, **Ence will reduce its headcount on the pulp business by 15% in 2026/27 period (141 employees). The annualized savings of this departures will amount to €11m (11 €/tn)** which are part of the 22€/tn savings announced in the Competitiveness & Efficiency plan. The cost of the headcount reduction amounts to €24m, it is fully provisioned in 2025 accounts and will be cashed out in 2026/27. Additionally, there will be c. €2m cash out related to AI and process reengineering initiatives (totalling €26m cash out for 22€/tn savings).
- On top of the above, **Navia cost reduction & decarbonization plan will allow to reach 8 €/tn savings** with an estimated investment of €35m.
- **Therefore, the Competitiveness & Efficiency plan and Navia Decarbonization sum up €30m of annual savings (30€/tn).**

Special pulp positions Ence as the lowest cash cost producer in the BSKP cash cost curve

Market pulp production costs by region



In 2028, more than 62% of Ence's sales will come from BSKP substitute products, being Ence the lowest cost player in the BSKP segment

Sale of Energy Saving Certificates for a net amount of €40m

Fully cashed in



Energy efficiency projects undertaken imply annual energy savings equivalent to 251 GWh, which have been verified by AENOR.

An Energy Saving Certificate (CAE) is an electronic document which guarantees that, after carrying out an energy efficiency action, a new final energy saving equivalent to 1 kWh has been achieved.

These Energy Saving Certificate (CAE) may be acquired by energy companies to fulfill their energy saving targets.

Ence sold Energy Saving Certificates (CAE) for a net amount of €40m in 2025.

Energy Savings certificates have contributed to Ence's pulp results with €40m in 2025, fully cashed in. We expect to cash in additional €10m in 2026, c.€6m in 1H26.

Biomass to regulated electricity benefitting from new regulatory parameters

Biomass to regulated electricity run-rate EBITDA (€M)

- The Spanish Ministry for the Ecological Transition and Demographic Challenge (MITECO) released updated remuneration parameters applicable to biomass and cogeneration facilities. The new parameters add +6€/MWh for Magnon's biomass facilities and +20€/MWh for the cogeneration unit (LU-13).
- For an estimated run-rate production of 1,4 TWh, the new parameters generate an incremental EBITDA of approximately €10m on top of the potential run-rate EBITDA of €40m.



Positive impact of new regulatory parameters estimated at +€10m of annual recurrent EBITDA for an estimated production of 1,4TWh

Progressive steps in our renewable industrial heating platform in Spain

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

RENEWABLE THERMAL ENERGY BUSINESS

Development and supply of biomass, and the O&M of comprehensive thermal energy solutions based on biomass for industrial applications

Plant size:	40 – 160 GWh
Prod. Target:	2,000 GWh/yr by 2030
Estimated Capex:	€0.1m – €0.2m / GWh
ROCE ¹ Target:	> 11%



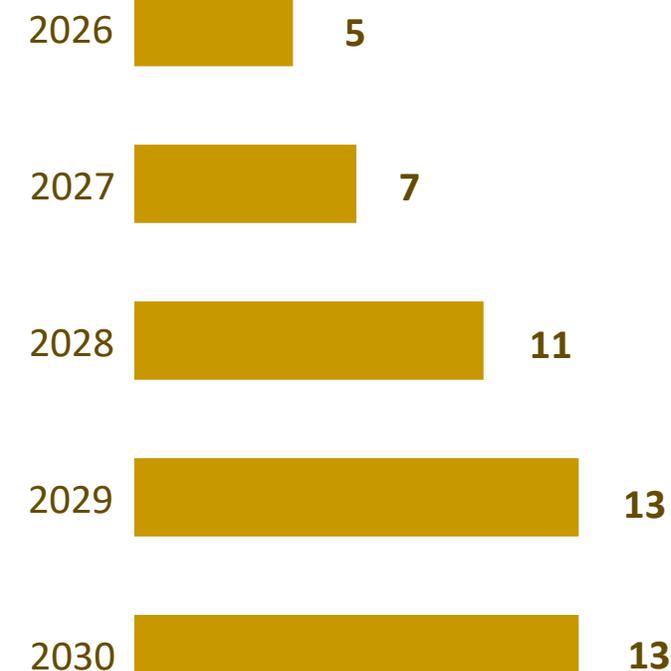
PROJECT PIPELINE

11 projects under negotiation

2 project under advanced negotiations

4 COD & 1 RTB in 2026

PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



As of today, 1 contract in operation, 1 contract in start-up phase and 3 projects in construction. Pipeline with a required ROCE¹ >11%.

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

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
ROCE ¹ Target:	> 12%



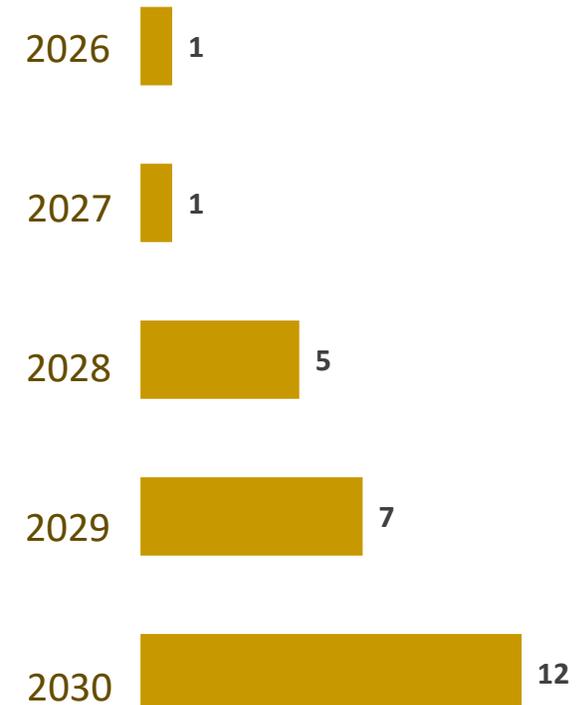
PROJECT PIPELINE

42 plants: locations secured and feasibility studies completed

25 plants already in their permitting phase

10 plants expected RTB in 2026-27

PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



La Galera consolidates an annual production growth of +27% under ENCE's O&M, driven by non-capex related operating initiatives
Actively seeking for inorganic opportunities to accelerate pipeline deployment

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



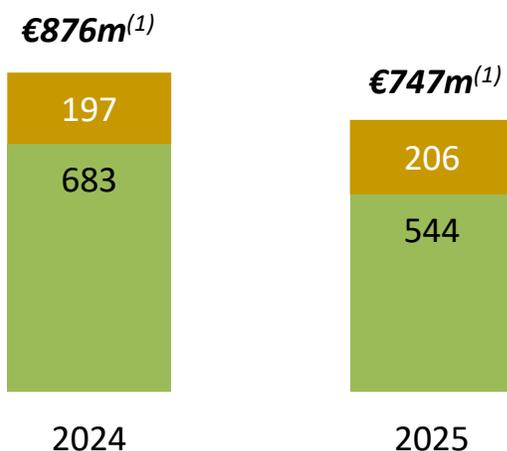
2.

4Q25 Financial Results

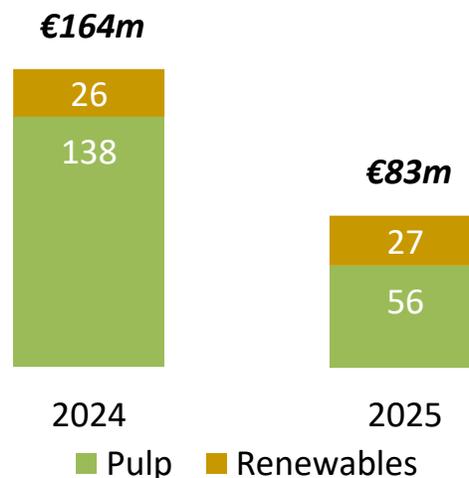
€83m consolidated EBITDA in 2025

€13m EBITDA in 4Q2025

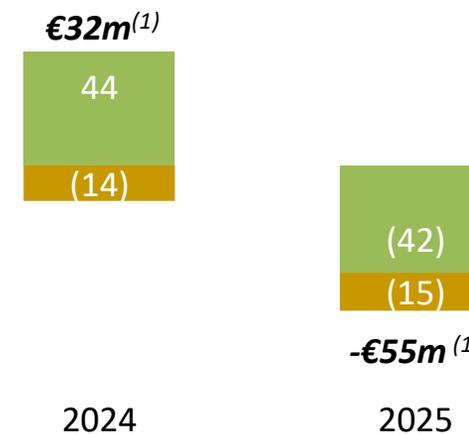
Group Revenues (€m)



Group EBITDA (€m)



Attributable Net Income (€m)



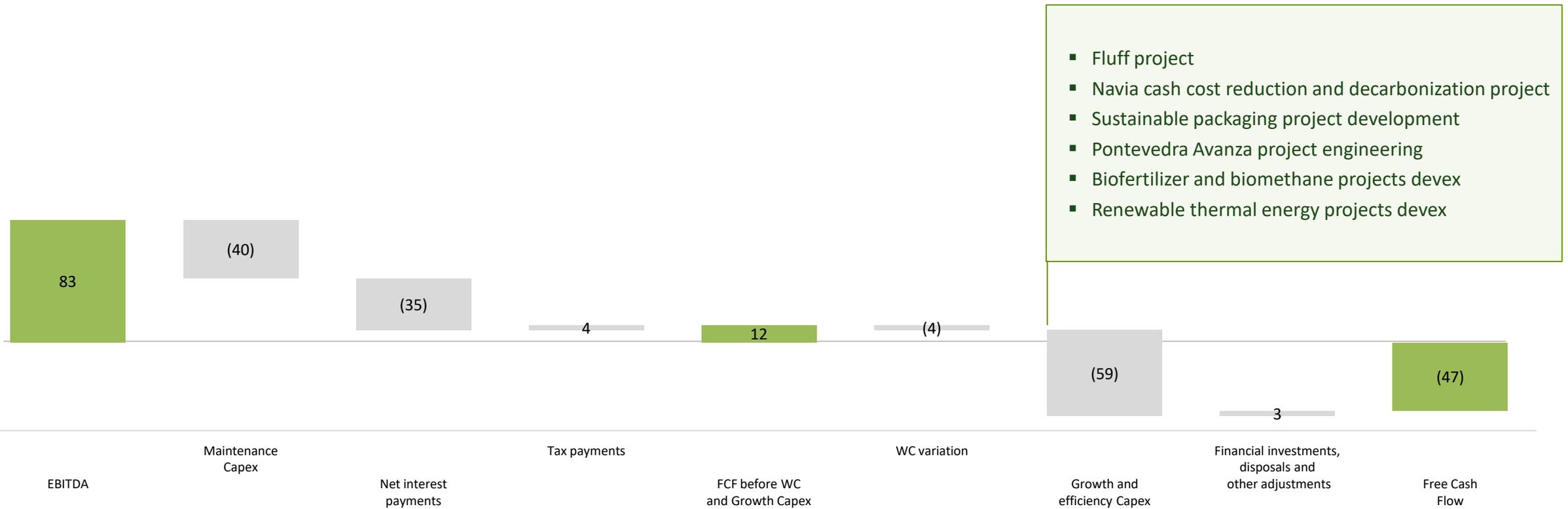
- **2025 Group revenues mainly driven by weaker prices in our pulp business and higher generation in the renewables business.**
 - In 4Q25, pulp revenues amounted to €131m vs. €153m in 4Q24 and €132m in 3Q25. As per the renewables business, revenues amounted to €57m vs €56m in 2024 and €50m in 3Q25.
- **EBITDA in the pulp business is also the result of weaker pulp prices combined with better cash cost and energy saving certificates. In the renewables business, the improved production output has been mainly offset by higher gas and CO2 certificates costs.**
 - In 4Q25, pulp EBITDA amounted to €3m vs. €6m in 4Q24 and €4m in 3Q25. As per the renewables business, EBITDA amounted to €10m vs €6m in 4Q24 and €8m in 3Q25.

(1) Including consolidation adjustments

+€12m FCF before WC variation and expansion and efficiency capex in 2025

€59m Growth and Efficiency Capex

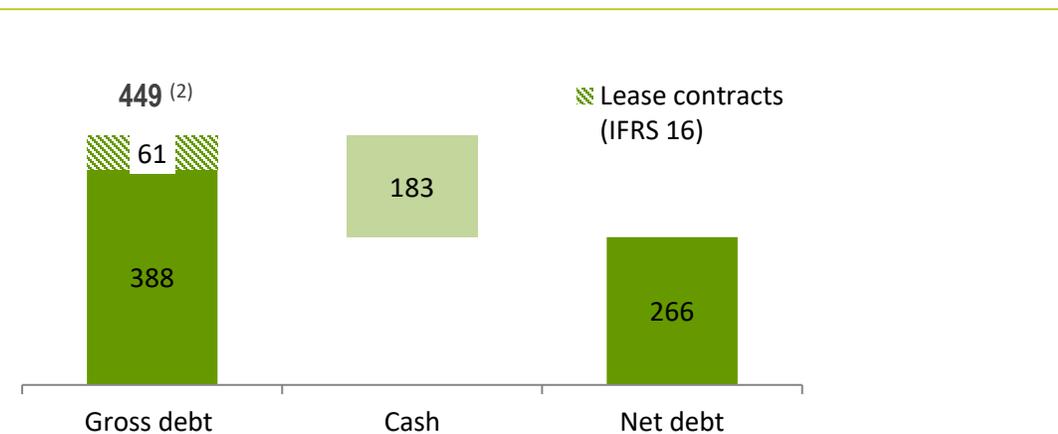
Cash Flow Statement 2025 (€m)



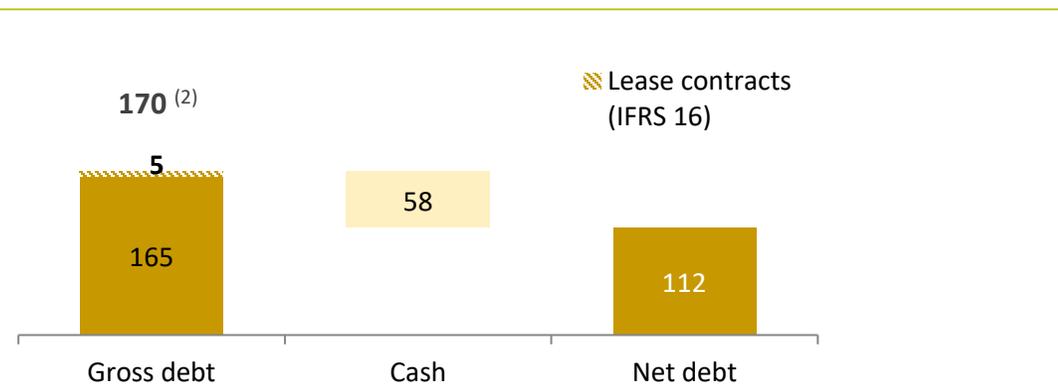
Strong liquidity, long term maturities and no covenants in the Pulp Business

€378m consolidated net debt at the end of 2025.

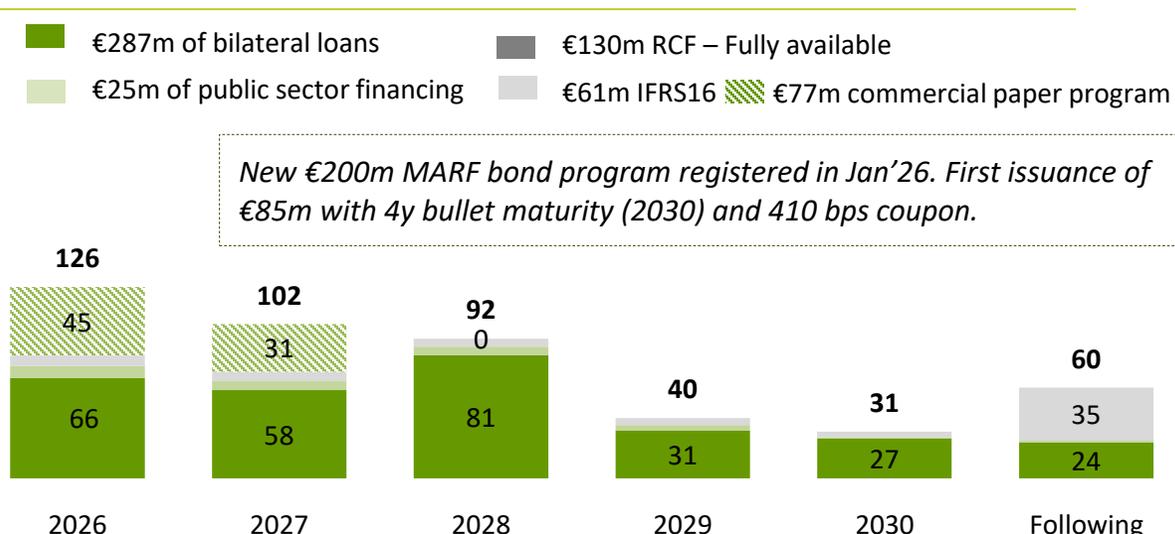
Pulp business net debt as of 31 Dec. 2025 (€ m) ⁽¹⁾



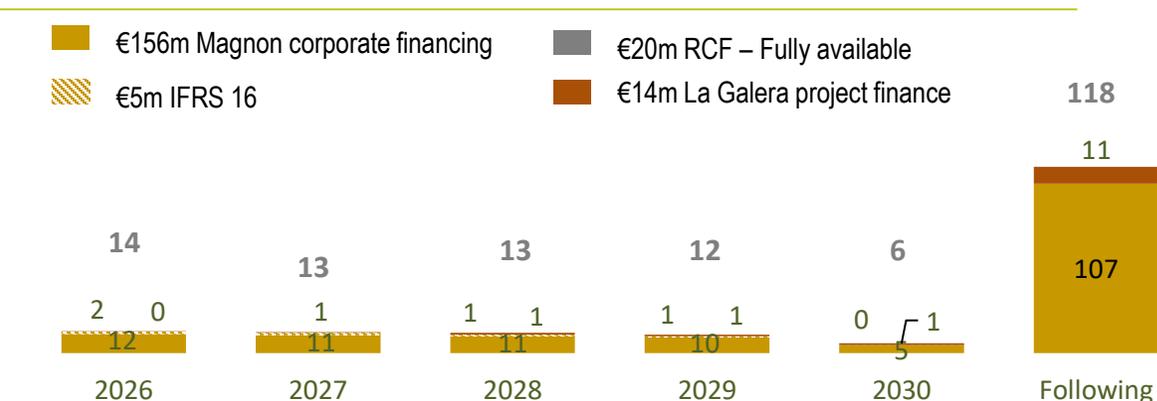
Renewables business net debt as of 31 Dec. 2025 (€ m)



Pulp business debt maturity schedule (€ m)



Renewables business debt maturity schedule (€ m)



¹ Pulp business financial debt is covenant free

² Includes debt related to upfront fees

ENCE: industry leader in sustainability as a tool to be more competitive

Highlights 4Q 2025



Safe and Eco-efficient operations

For operational cost reduction

Protecting Health and Safety of employees and contractors

- ✓ LTIFR for Pulp and Power Plants 6 and 3 times better than the sector benchmark, respectively.
- ✓ Navia technical shutdown completed with **zero accidents** (with/without sick-leave) and Pontevedra with **zero sick-leave accidents**.

Odour reduction

- ✓ Historic record In Navia with **0 minutes of odour** registered.

Water consumption reduction

- ✓ Historical record in Navia with lowest specific water consumption (m³/tAD).

Advancing towards a circular economy

- ✓ **Pioneering projects for the valorization** of ash and limestone sludge in the mining and cement sectors
- ✓ **100% sites ZERO WASTE** certified (Pulp and Energy Plants)
- ✓ Third year of operation of the water recovery system in Pontevedra, increasing resilience to climate-related drought risk



Bioproducts & ecosystem services

Potential for topline improvement

Higher margin special Pulp products with higher added value:

- ✓ 3 new Sustainability certifications for fluff Pulp.
- ✓ 32% of sales from special Pulp products in 4Q25 with higher margins and growing demand.

Recycled Fiber - As Pontes

- ✓ **Integrated Environmental Authorization (IEA)** obtained for the development of the bioplant for recycled fiber production in As Pontes. This circular-economy project combines the recovery of paper and textile fibers, renewable energy generation, and CO₂ capture, with a significant impact on employment and sustainability in the region.

Forestry bioproducts and ecosystem services

- ✓ **Improved plant material, better adapted to climate change:** 1 new Eucalyptus clone developed and already in commercial.
- ✓ **>4,300 ha of forest sinks** registered in different schemes for voluntary carbon markets.



Responsible supply chain

To become preferred supplier

Certified Supply chain

- ✓ **89%** of managed land certified.
- ✓ **77%** 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, with 1,500 third parties analyzed.
- ✓ **PEFC certification** obtained for biomass trading.



Positive social impact

To grant business sustainability

Talent as a competitive advantage

- ✓ **25% female employees.**
- ✓ **30% female in managerial positions.**
- ✓ **41% job openings filled with internal promotion.**

Creating positive social impact in local communities

- ✓ New edition of Ence's **Pontevedra Social Plan** (up to 3M€) for the sponsoring of social and environmental projects in the area, supporting **240 initiatives**.

Promoting professional development in rural communities

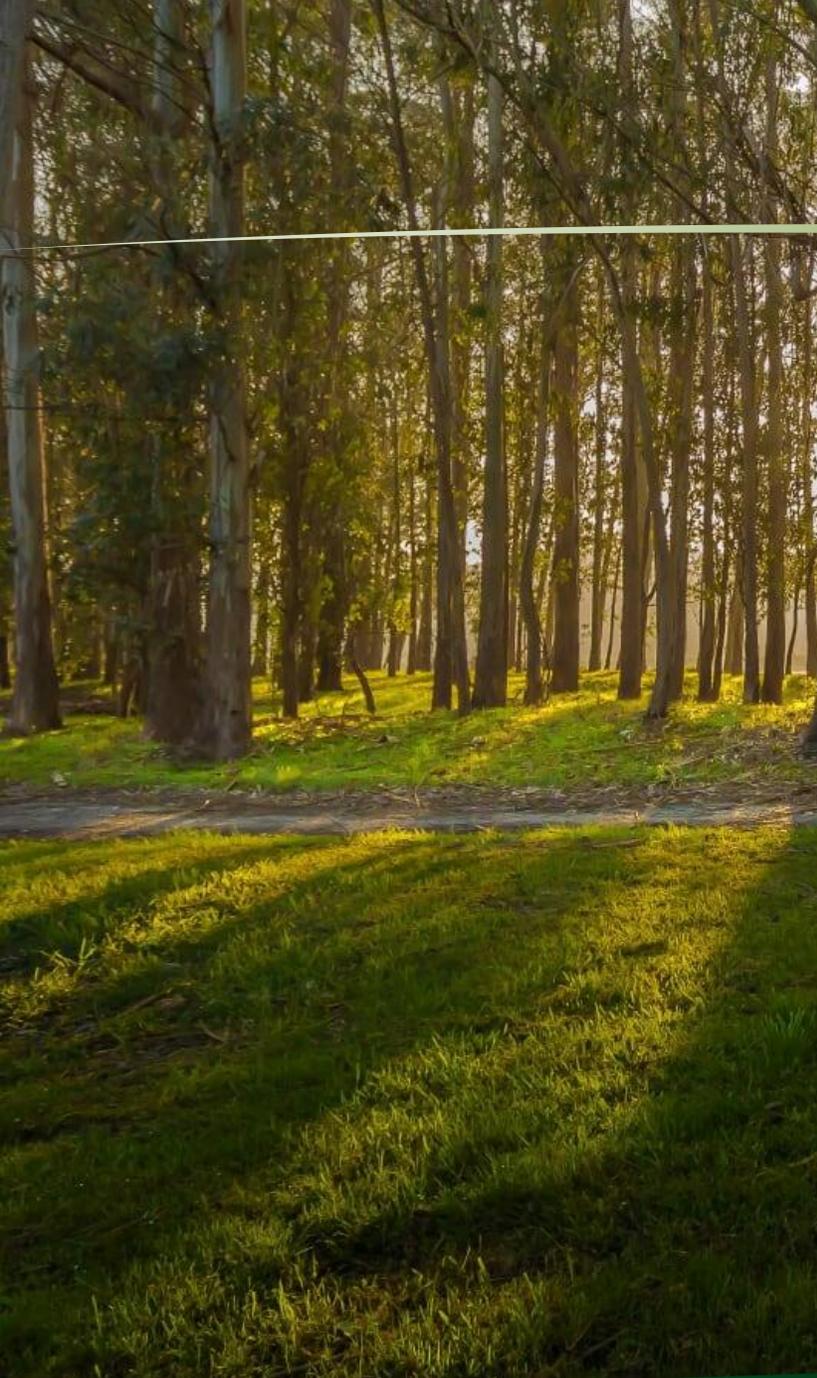
- ✓ **>950 technical advice sessions** with Forest owners.
- ✓ New edition of the **Forestry machinery training program**.



System Governance

- ✓ Update of the **Code of Conduct** and approval of the first **Third-Party Code of Conduct**.
- ✓ Implementation and certification of the **ISO 37001** Anti-bribery Management System.

- ✓ **Antitrust Policy** approval.



3.

2026 Outlook and Closing Remarks

Closing Remarks and 2026 Outlook



- Positive outlook for gross BHKP prices in Europe on the back of (i) demand fundamentals (incl. emerging economies growth and fiber to fiber substitution), (ii) capacity shifts to dissolving and (iii) production constraints in Indonesia. Price increases up to 1,330 \$/tn should be implemented in March (vs. year-end PIX of 1,100 \$/tn and August'25 lows of 1,000 \$/tn).
- Cost saving measures delivered a 10€/tn reduction in cash costs in 2025 (-44 €/t reduction QoQ vs. 4Q24). In 2025 cash cost stood at 483€/tn, being the lowest since 2022 (-70€/tn).
- Ongoing cash costs initiatives, including the Efficiency & Competitiveness Plan and Navia cost reduction and decarbonization plan, are expected to reduce cash costs by 30€/tn in 2026/27 period. 15€/tn savings should be captured in 2026 leading to a cash cost guidance of 468€/tn for the year. Agreements have reached in both biomills, 141 positions will be amortized through voluntary departments, early retirements and reallocations to other business units within the group.
- New regulatory parameters increase biomass' plants remuneration to operations (Ro) by 6€/MWh and cogeneration's plants Ro by 20 €/MWh. These should be translated into an incremental EBITDA of +€10m for Magnon for an estimated production of 1,4 TWh.
- **2028 Ence's Special Pulp Centered Business to increase the average across-the-cycle EBITDA by 1,5x:**
 - Top line: (i) Higher-margin special pulp sales to exceed 62% of 2028 volumes, delivering incremental EBITDA of €22m, (ii) As Pontes environmental license granted in 3Q25, (iii) Renewable packaging solutions to start up in 2H27.
 - Ongoing cash costs initiatives (30€/tn): (i) Efficiency & Competitiveness Plan to capture annual savings of c. 22 €/t cash cost from 2027 and (ii) Navia decarbonization and cost reduction project (c. 8 €/t savings)
 - Pontevedra Avanza: integral capex plan to trigger 20€/t savings.
- Higher-margin special pulp products targeted to substitute more expensive BSKP alternatives, are positioning Ence as a top quartile producer cost wise vs. BSKP producers. In 2026, these products should account for close to 40% of the sales volumes (vs. 30% in 2025)
- We are building **the largest Iberian biomass backed Renewable Energy Platform**, including Biomass to Regulated Electricity + Renewable Industrial Heating + Biomethane + Renewable Fuels, and it is **on track to almost tripled its EBITDA by 2030**.
- **The execution of these projects will be adapted and aligned to our cash flow generation, to maintain a prudent across-the-cycle leverage and an attractive shareholders remuneration.**



Appendix

Group Financial Review

P&L

Figures in € m	2025				2024			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Total revenue	543,6	206,0	(2,4)	747,3	683,2	196,7	(3,7)	876,2
Foreign exchange hedging operations results	8,7	2,6	-	11,3	(0,6)	(2,8)	-	(3,4)
Other income	81,0	7,9	(1,4)	87,4	21,8	5,3	(1,3)	25,8
Cost of sales and change in inventories of finished products	(349,7)	(67,0)	2,4	(414,3)	(342,2)	(69,6)	3,7	(408,1)
Personnel expenses	(87,0)	(25,6)	-	(112,6)	(89,6)	(23,5)	-	(113,1)
Other operating expenses	(140,6)	(96,4)	1,4	(235,7)	(134,4)	(79,7)	1,3	(212,8)
EBITDA	56,0	27,4	(0,0)	83,5	138,2	26,3	0,0	164,5
Depreciation and amortisation	(52,7)	(32,0)	1,9	(82,8)	(57,9)	(34,5)	1,6	(90,8)
Depletion of forestry reserves	(7,2)	(0,1)	0,0	(7,3)	(9,7)	-	-	(9,7)
Impairment of and gains/(losses) on fixed-asset disposals	(0,1)	0,8	0,0	0,8	(1,7)	1,7	-	(0,0)
Other non-ordinary operating gains/(losses)	(26,2)	(4,9)	0,0	(31,1)	3,8	(4,5)	-	(0,6)
EBIT	(30,1)	(8,7)	1,9	(36,9)	72,6	(10,9)	1,6	63,3
Net finance cost	(23,5)	(16,6)	-	(40,1)	(18,6)	(13,8)	-	(32,4)
Other finance income/(costs)	(3,9)	(1,0)	(0,0)	(4,9)	1,2	0,3	(0,0)	1,5
Profit before tax	(57,5)	(26,3)	1,9	(81,9)	55,2	(24,5)	1,6	32,4
Income tax	15,8	3,7	(0,1)	19,4	(11,4)	(0,7)	(0,1)	(12,2)
Net Income	(41,6)	(22,6)	1,7	(62,5)	43,8	(25,2)	1,5	20,1
Non-controlling interests	-	8,0	-	8,0	-	11,4	-	11,4
Attributable Net Income	(41,6)	(14,5)	1,7	(54,5)	43,8	(13,8)	1,5	31,6
Earnings per Share (EPS)	(0,17)	(0,06)	0,01	(0,22)	0,18	(0,06)	0,01	0,13

Group Financial Review

Cash Flow Statement

Figures in € m	2025				2024			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	(57,5)	(26,3)	1,9	(81,9)	55,2	(24,5)	1,6	32,3
Depreciation and amortisation	59,9	32,1	(1,9)	90,1	67,6	34,5	(1,6)	100,5
Changes in provisions and other deferred expense	35,7	8,9	-	44,5	8,6	4,9	-	13,5
Impairment of gains/(losses) on disposals intangible assets	0,6	0,3	-	0,9	1,9	(1,7)	-	0,2
Net finance result	25,5	16,4	(0,0)	41,8	17,8	13,6	-	31,4
Energy regulation adjustments	(2,2)	(6,9)	-	(9,1)	(0,8)	(0,9)	-	(1,7)
Government grants taken to income	(0,9)	(0,1)	-	(0,9)	(0,9)	(0,1)	-	(1,1)
Adjustments to profit	118,5	50,7	(1,9)	167,3	94,2	50,3	(1,6)	142,8
Inventories	0,7	(11,0)	-	(10,4)	(29,5)	0,1	0,0	(29,4)
Trade and other receivables	15,7	16,6	(5,2)	27,1	(8,3)	(28,5)	4,1	(32,8)
Current financial and other assets	-	-	-	-	-	-	-	-
Trade and other payables	(5,5)	(19,9)	5,2	(20,3)	1,1	(0,9)	(4,1)	(3,9)
Changes in working capital	10,8	(14,4)	0,0	(3,6)	(36,7)	(29,3)	-	(66,0)
Interest paid	(19,6)	(15,7)	0,0	(35,2)	(19,3)	(14,2)	-	(33,4)
Dividends received	-	-	-	-	0,0	-	-	0,0
Income tax received/(paid)	3,0	0,6	-	3,6	(6,5)	9,6	-	3,1
Other collections/(payments)	-	-	-	-	(0,2)	-	-	(0,2)
Other cash flows from operating activities	(16,5)	(15,1)	0,0	(31,6)	(26,0)	(4,6)	0,0	(30,5)
Net cash flow from operating activities	55,3	(5,0)	0,0	50,3	86,7	(8,1)	(0,0)	78,6
Property, plant and equipment	(67,5)	(25,1)	(0,0)	(92,6)	(52,0)	(18,9)	-	(70,9)
Intangible assets	(4,5)	(1,4)	-	(5,8)	(4,6)	(1,4)	-	(6,0)
Other financial assets and Group companies	7,9	(2,1)	(6,1)	(0,3)	(45,3)	(18,9)	44,0	(20,2)
Disposals ¹	1,6	0,3	(0,1)	1,8	1,2	1,0	-	2,2
Net cash flow used in investing activities	(62,4)	(28,3)	(6,2)	(96,9)	(100,7)	(38,1)	44,0	(94,8)
Free cash flow	(7,1)	(33,3)	(6,2)	(46,6)	(14,0)	(46,3)	44,0	(16,2)
Buyback/(disposal) of own equity instruments	(1,2)	-	-	(1,2)	0,7	-	-	0,7
Proceeds from and repayments of financial liabilities	(5,7)	1,3	6,2	1,8	(69,4)	109,0	(44,0)	(4,4)
Dividends payments	-	(0,4)	-	(0,4)	(34,0)	(5,1)	-	(39,1)
Net cash flow from/ (used in) financing activities	(6,9)	0,8	6,2	0,1	(102,7)	103,8	(44,0)	(42,8)
Net increase/(decrease) in cash and cash equivalents	(14,0)	(32,5)	0,0	(46,5)	(116,6)	57,6	-	(59,1)

1 Disposals in 2025 exclude the maturity in January 2025 of current financial investments amounting to €10m, as they are considered as cash and cash equivalents

Group Financial Review

Balance Sheet

Figures in € m	2025				2024			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	20,9	56,3	(11,0)	66,2	19,2	57,2	(11,6)	64,9
Property, plant and equipment	648,2	371,0	(5,1)	1.014,0	608,6	372,4	(6,4)	974,6
Biological assets	65,2	0,2	0,0	65,4	66,1	0,3	(0,0)	66,3
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1	114,0	0,6	(114,0)	0,7
Non-current borrowings to Group companies	59,4	(0,0)	(59,4)	(0,0)	65,7	-	(65,7)	-
Deferred tax assets	49,2	27,2	2,8	79,2	35,2	23,9	2,9	62,0
Non-current financial assets	10,3	2,9	0,0	13,2	19,5	20,3	-	39,8
Cash reserve for debt service	-	11,5	-	11,5	-	10,0	-	10,0
Total non-current assets	967,1	469,1	(186,7)	1.249,5	928,3	484,7	(194,8)	1.218,3
Inventories	75,9	16,3	(0,0)	92,1	82,1	12,5	(0,0)	94,6
Trade and other accounts receivable	23,0	24,7	(2,5)	45,3	39,5	36,0	(6,0)	69,4
Income tax	2,9	0,6	-	3,5	5,3	1,3	-	6,6
Other current assets	14,9	0,0	0,0	14,9	15,7	0,3	0,0	16,1
Hedging derivatives	0,6	1,0	-	1,6	-	-	-	-
Current financial investments in Group companies	0,0	0,9	(0,9)	0,0	0,2	0,7	(0,8)	0,0
Current financial investments	2,4	0,1	0,0	2,5	13,3	0,2	(0,0)	13,6
Cash and cash equivalents	180,6	46,9	-	227,5	184,6	79,4	-	263,9
Total current assets	300,2	90,5	(3,4)	387,3	340,7	130,4	(6,9)	464,2
TOTAL ASSETS	1.267,3	559,7	(190,1)	1.636,9	1.269,0	615,1	(201,6)	1.682,4
Equity attributable to the Parent	522,0	82,5	(127,3)	477,2	559,1	95,6	(129,0)	525,6
Minority interest	-	89,4	-	89,4	-	97,1	-	97,1
Total Equity	522,0	172,0	(127,3)	566,7	559,1	192,6	(129,0)	622,6
Non-current loans with Group companies and associates	-	88,4	(59,4)	29,0	-	94,7	(65,7)	29,0
Non-current borrowings	323,3	157,3	-	480,6	291,3	155,1	-	446,4
Non-current derivatives	1,0	0,2	-	1,2	2,2	1,8	-	4,0
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	36,6	0,7	-	37,3	28,9	0,6	(0,0)	29,5
Other non-current liabilities	26,8	60,3	(0,0)	87,0	33,8	71,9	-	105,7
Total non-current liabilities	387,6	306,9	(59,4)	635,2	356,2	324,2	(65,7)	614,7
Current borrowings	126,0	12,9	0,0	138,9	149,2	13,0	-	162,2
Current derivatives	1,1	0,7	-	1,8	6,9	1,1	(0,00)	8,0
Trade and other account payable	181,8	60,4	(2,5)	239,7	166,4	80,2	(6,0)	240,6
Short-term debts with group companies	0,7	2,7	(0,9)	2,5	0,7	1,0	(0,8)	0,9
Income tax	0,0	0,0	(0,0)	0,1	0,0	0,0	-	0,0
Current provisions	48,0	4,0	-	52,1	30,5	3,0	-	33,5
Total current liabilities	357,6	80,8	(3,4)	435,0	353,7	98,3	(6,9)	445,1
TOTAL EQUITY AND LIABILITIES	1.267,3	559,7	(190,1)	1.636,9	1.269,0	615,1	(201,6)	1.682,4

The pulp business includes, among its investments, the higher relative cost associated with the Navia 80 project, completed in 2019, amounting to €8m. This is due to the arbitration ruling dated June 17, which requires the Group to pay €15m, of which €8m had already been recorded.

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, 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 amortization 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, 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 current 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, including leases (IFRS 16). 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.



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