ENCE Energía y Celulosa, S.A. and subsidiaries

Interim condensed consolidated financial statements for the first half of 2026 prepared under the International Financial Reporting Standards adopted by the European Union and the corresponding Interim Management Report

Interim condensed consolidated financial statements for the first half of 2026

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2026

€ 000	Note	30 Jun. 2026 (*)	31 Dec. 2025 (**)
NON-CURRENT ASSETS:			
Intangible assets	11	66,841	66,225
Property, plant and equipment	12	1,030,692	1,014,036
Biological assets	14	64,345	65,375
Investments accounted for using the equity method	19	89	96
Non-current financial assets			
Hedging derivatives	19 & 25	1,278	228
Other financial assets	19 & 22.2	22,408	24,404
Deferred tax assets	27	66,488	79,175
		1,252,141	**1,249,539**
CURRENT ASSETS:			
Inventories	16	125,690	92,146
Trade and other receivables	19 & 20	49,075	31,368
Other taxes receivable	27	15,415	13,934
Income tax receivable	27	3,381	3,502
Current financial assets			
Loans to group companies and related parties	19 & 29	12	12
Hedging derivatives	19 & 25	988	1,567
Other financial assets	19 & 22.2	17,506	15,932
Cash and cash equivalents	19 & 22.1	165,242	227,451
Other current assets		11,206	1,419
		388,515	**387,331**
TOTAL ASSETS		**1,640,656**	**1,636,870**
EQUITY:			
Share capital	17.1	221,645	221,645
Share premium		170,776	170,776
Reserves	17.2	55,630	110,019
Translation differences		10	7
Own shares - parent company shares	17.3	(12,215)10	(12,933)
Valuation adjustments	17.4	38,249	39,803
Other equity instruments	17.5	1,276	2,385
Profit/(loss) for the period attributable to equity holders of the parent		(17,054)	(54,457)
Equity attributable to equity holders of the parent		**458,317**	**477,245**
Non-controlling interests	18	**80,637**	**89,420**
TOTAL EQUITY		**538,954**	**566,665**
NON-CURRENT LIABILITIES:			
Borrowings	19 & 23	533,463	480,568
Derivative financial instruments	19 & 25	319	1,224
Grants		23,777	19,192
Non-current provisions	26	37,903	37,335
Non-current accruals and deferred income		2,655	2,753
Other non-current liabilities	19 & 24	59,089	65,085
Non-current borrowings from group companies and related parties	19 & 29	32,294	29,015
		689,500	**635,172**
CURRENT LIABILITIES:			
Borrowings	19 & 23	137,856	138,903
Derivative financial instruments	19 & 25	6,712	1,804
Current borrowings from group companies and related parties	19 & 29	-	2,507
Trade and other payables	19 & 21	202,638	222,921
Income tax payable	27	24	53
Other taxes payable	27	7,000	12,334
Other current liabilities	19 & 24	4,630	4,461
Current provisions	26	53,342	52,050
		412,202	**435,033**
TOTAL EQUITY AND LIABILITIES		**1,640,656**	**1,636,870**

The accompanying notes 1 to 31 and the Appendix are an integral part of the condensed consolidated statement of financial position at 30 June 2026.

(*) Unaudited figures

(**) The consolidated statement of financial position at 31 December 2025 is presented exclusively for comparative purposes.

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2026

€ 000	Note	First-half 2026 (*)	First-half 2025 (**)
Continuing operations:			
Revenue	5	354,811	379,164
Gains/(losses) on hedging transactions	25	717	1,473
Changes in inventories of finished goods and work in progress	16	(7,586)	2,846
Self-constructed assets	12 & 14	4,240	6,800
Other operating income	5.1	10,786	45,945
Grants taken to profit and loss		5,197	4,164
Operating income		368,165	440,392
Cost of sales	6	(185,434)	(207,821)
Employee benefits expense	7	(56,191)	(58,369)
Depreciation and amortisation charges	11 & 12	(41,415)	(41,555)
Depletion of forest reserve	14	(2,528)	(5,264)
Impairment of and gains/(losses) on disposal of fixed assets	15	32	(70)
Impairment of financial assets	20	(181)	(345)
Other operating expenses	8	(96,772)	(116,881)
Operating expenses		(382,489)	(430,305)
OPERATING PROFIT/(LOSS)		**(14,324)**	**10,087**
Finance income			
From marketable securities and other financial instruments			
Third parties	9	2,484	4,445
Other finance income	9	-	22
Finance costs	9		
Borrowings from group companies and associates	9 & 29	(776)	(801)
Third-party borrowings	9	(19,366)	(23,020)
Unwinding of discount	9	(414)	(312)
Change in fair value of financial instruments	9 & 24	3,642	-
Exchange differences	9	1,039	(3,741)
Impairment of and gains/(losses) on disposal of financial instruments	9	22	-
NET FINANCE COST		**(13,369)**	**(23,407)**
Share of profit/(loss) of entities accounted for using the equity method		-	6
PROFIT/(LOSS) BEFORE TAX		**(27,693)**	**(13,314)**
Income tax	27	3,019	346
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(24,674)**	**(12,968)**
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD (***)		**(24,674)**	**(12,968)**
Profit/(loss) for the period attributable to non-controlling interests	18	(7,620)	(6,103)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(17,054)**	**(6,865)**
Earnings/(loss) per share attributable to equity holders of the parent			**€/share**
Basic	10	**(0.07)**	**(0.03)**
Diluted	10	**(0.07)**	**(0.03)**

The accompanying notes 1 to 31 and Appendix are an integral part of the condensed consolidated statement of profit or loss for the six months ended 30 June 2026

(*) Unaudited figures

(**) Unaudited figures. The condensed consolidated statement of profit or loss for the six months ended 30 June 2025 is presented exclusively for comparison purposes

(***) 100% from continuing operations

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

€ 000	Note	First-half 2026 (*)	First-half 2025 (**)
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD (****)		**(24,674)**	**(12,968)**
Profit/(loss) recognised directly in consolidated equity			
- Cash flow hedges (***)		(3,344)	17,786
- Translation differences (***)		3	(13)
- Tax effect		836	(4,447)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY	21	**(2,505)**	**13,326**
Expense/(income) reclassified to profit or loss			
- Cash flow hedges (***)		(278)	(1,812)
- Tax effect		70	453
TOTAL AMOUNTS TRANSFERRED TO PROFIT OR LOSS	21	**(208)**	**(1,359)**
TOTAL COMPREHENSIVE INCOME		**(27,387)**	**(1,001)**
Attributable to:			
Equity holders of the parent		**(36,169)**	**(7,104)**
Non-controlling interests		**8,782**	**6,103**

The accompanying notes 1 to 31 and Appendix are an integral part of the condensed consolidated statement of comprehensive income for the six months ended 30 June 2026

(*) Unaudited figures

(**) Unaudited figures. The condensed consolidated statement of comprehensive income for the six months ended 30 June 2025 is presented exclusively for comparison purposes.

(***) Items that may be subsequently be reclassified to profit or loss.

(****) Corresponds to "Profit/(loss) for the period from continuing operations" in the condensed consolidated statement of profit or loss.

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2026

€ 000	Issued capital	Own shares	Share premium	Reserves (**)	Interim dividend	Profit/(loss) for the period	Translation differences	Valuation adjustments	Other equity instruments	**Total equity attributable to equity holders of the parent**	Non-controlling interests	**Total equity**
Balance at 31 Dec. 2024 (*)	221,645	(12,205)	170,776	112,895	(33,972)	31,551	20	32,421	2,438	**525,569**	97,051	**622,620**
Total recognised income/(expense)	-	-	-	-	-	(6,865)	(13)	11,981	-	**5,103**	(6,103)	**(1,000)**
Appropriation of prior-year profit/(loss)	-	-	-	(2,421)	33,972	(31,551)	-	-	-	**-**	-	**-**
Own share transactions	-	(769)	-	106	-	-	-	-	-	**(663)**	-	**(663)**
Non-controlling interests, transfers and other movements	-	-	-	-	-	-	-	(106)	612	**506**	106	**612**
Balance at 30 Jun. 2025 (**)	**221,645**	**(12,974)**	**170,776**	**110,580**	-	**(6,865)**	**7**	**44,296**	**3,050**	**530,515**	**91,054**	**621,569**
Balance at 31 Dec. 2025	221,645	(12,933)	170,776	110,019	-	(54,457)	7	39,803	2,385	**477,245**	89,420	**566,665**
Total recognised income/(expense)	-	-	-	-	-	(17,054)	3	(1,554)	-	**(18,605)**	(8,782)	**(27,387)**
Appropriation of prior-year profit/(loss)	-	-	-	(54,457)	-	54,457	-	-	-	**-**	-	**-**
Own share transactions	-	718	-	(307)	-	-	-	-	-	**411**	-	**411**
Non-controlling interests, transfers and other movements	-	-	-	375	-	-	-	-	(1,109)	**(734)**	(1)	**(735)**
Balance at 30 Jun. 2026 (*)	**221,645**	**(12,215)**	**170,776**	**55,630**	-	**(17,054)**	**10**	**38,249**	**1,276**	**458,317**	**80,637**	**538,954**

The accompanying notes 1 to 31 and Appendix are an integral part of the condensed consolidated statement of changes in equity for the six months ended 30 June 2026
(*) Unaudited figures
(**) Unaudited figures. The condensed consolidated statement of changes in equity for the six months ended 30 June 2025 is presented exclusively for comparison purposes

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2026

€ 000	Note	First-half 2026 (*)	First-half 2025 (**)
OPERATING ACTIVITIES:			
Profit/(loss) before tax from continuing operations		(27,693)	(13,314)
Adjustments for:			
Depreciation, amortisation and depletion (PP&E, intangible assets and forest reserve)	11, 12 &	43,943	46,819
Changes in provisions and other deferred expense (net)		(5,155)	2,013
Impairment of and gains/(losses) on disposals of intangible assets, PP&E and financial assets	15	(348)	352
Adjustments for tariff shortfall/surplus and sector regulations	24	(2,338)	(4,067)
Finance income and costs (net)	9	13,599	21,674
Grants taken to profit and loss		(362)	(348)
		49,339	**66,443**
Working capital changes			
Inventories	16	(23,755)	(21,210)
Trade and other receivables	20	(10,296)	263
Trade payables, other payables and other liabilities	21	5,466	3,072
		(28,585)	**(17,875)**
Other cash flows used in operating activities			
Interest paid (net)		(17,295)	(18,348)
Income tax received/(paid)	27	36	(2,207)
Long-term remuneration and other plans	7	(285)	6
		(17,544)	**(20,549)**
Net cash flows (used in)/from operating activities		**(24,483)**	**14,705**
INVESTING ACTIVITIES:			
Payments for investments:			
Property, plant and equipment and biological assets	12 & 14	(78,914)	(46,511)
Intangible assets	11	(3,139)	(3,729)
Financial assets		544	(551)
		(81,509)	**(50,791)**
Proceeds from disposals:			
Financial assets	22	824	10,878
		824	**10,878**
Net cash flows used in investing activities		**(80,685)**	**(39,913)**
FINANCING ACTIVITIES:			
Proceeds from/(payments for) equity instruments:			
Buyback of own equity instruments	17.3	(7,384)	(13,700)
Disposal of own equity instruments	17.3	7,108	13,038
		(276)	**(662)**
Proceeds from/(repayments of) financial liabilities:			
Notes (net of origination costs)	23	20,700	-
Increase/(decrease) in bank borrowings (net of origination costs)	23	28,338	38,423
Increase/(decrease) in other borrowings	23	(60)	(1,875)
Payments for right-of-use assets	13	(6,193)	(5,834)
Grants received, net		450	(10)
		43,235	**30,704**
Net cash flows from financing activities		**42,959**	**30,042**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(62,209)**	**4,834**
Cash and cash equivalents - opening balance	22.1	227,451	263,942
Cash and cash equivalents - closing balance	22.1	165,242	268,776

The accompanying notes 1 to 31 and Appendix are an integral part of the condensed consolidated statement of cash flows for the six months ended 30 June 2026

(*) Unaudited figures

(**) Unaudited figures. The condensed consolidated statement of cash flows for the six months ended 30 June 2025 is presented exclusively for comparison purposes

Notes to the condensed consolidated financial statements for the first half of 2026

“Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails”

Contents

ENCE Energía y Celulosa, S.A. and subsidiaries

Notes to the interim condensed consolidated financial statements for the first half of 2026

1. Group business activity, basis of preparation and scope of consolidation of the interim condensed consolidated financial statements, accounting policies used therein and other information

1.1. Business activity

Ence Energía y Celulosa, S.A. (hereinafter, the “Company” or the “Parent”) was incorporated in 1968. Its registered office is located at Calle Estébanez Calderón, 3-5 in Madrid, Spain. The Parent moved its registered office from Calle Beatriz de Bobadilla, 14, also in Madrid, in 2024. Ence Energía y Celulosa, S.A. formerly went by the name of Empresa Nacional de Celulosas, S.A. until 1999 and Grupo Empresarial ENCE, S.A. until 2012.

Its corporate purpose, as per its bylaws, consists of:

a) The manufacture of cellulose pulp and derivatives thereof, the obtainment of the products and other elements necessary to this end and the use of the sub-products of both;

b) The production by any means, sale and use of electric energy and other sources of energy and of the materials and primary energies needed for its generation, as permitted under prevailing legislation; and the marketing, sale-purchase and supply thereof under any of the formulae permitted under law;

c) The cultivation, exploitation and use of forests and forest land, afforestation work and the provision of expert forestry-related services and works. The preparation and transformation of forestry products. The use and exploitation for commercial and business purposes of all manner of forestry products (including biomass and forest energy products), their derivatives and their sub-products. Forestry studies and projects;

d) The planning, development, construction, operation and maintenance of the facilities referred to in sections a), b) and c) above.

Ence Energía y Celulosa, S.A. and its group of companies (hereinafter, the "Group", "ENCE" or the "ENCE Group") has articulated its activities around two businesses:

The Pulp business:

Encompasses the production from eucalyptus timber of bleached eucalyptus kraft pulp (BEKP), by means of elementary chlorine free (ECF) and totally chlorine free (TCF) bleaching sequences, and of unbleached eucalyptus kraft pulp (UEKP).

To carry out this activity, the Group has two biomills in Spain (located in Asturias and Pontevedra) with combined nominal capacity of approximately 1.2 million tonnes per annum. Of the Group’s total production, approximately 34% consists of special pulp grades conducive to replacing more expensive softwood pulp, made mostly from timber from pine or fir trees.

Both mills use the kraft process to produce pulp. That productive process includes the co-generation of electric power fuelled by the parts of timber that cannot be transformed into pulp: lignin or biomass. The Group's aggregate nominal installed electric power generation capacity (integrated within the Asturias and Pontevedra pulp biomills) is 111 megawatts (hereinafter, "MW").

The Group also manages 67,387 hectares of forest in Spain, 46,091 hectares of which it owns. Of that total, 51,453 hectares are productive forests and the remaining 15,934 hectares are earmarked for forestry conservation and biodiversity.

The Renewables business

This business encompasses the following activities, held and carried on under Ence Renovables, S.L.:

Biomass

ENCE Renewables, through the subgroup whose parent is Magnon Green Energy, S.L. (MAGNON), has developed and acquired several renewable power generation facilities that are fuelled by biomass obtained from agricultural and forestry sub-products; these plants operate on a standalone basis, separately to the Pulp business. Operational renewable power-generating capacity currently stands at 225 MW, broken down as follows:

Location	Capacity MW	Regulatory useful life
Huelva	50	2037
Huelva	46	2045
Merida	20	2039
Jaen	16	2027
Ciudad Real	16	2027
Cordoba	14	2031
Cordoba	13	2030
Ciudad Real	50	2045

The Group is also completing the permitting for two biomass renewable energy generation developments with aggregate capacity of 100 MW that are located in Castile La Mancha and Andalusia.

Biomethane

ENCE is developing biomethane and organic fertiliser plants articulated around a model based on the sustainable and circular management of mostly agricultural and breeding waste with the aim of building annual biomethane production capacity of approximately 1 TWh by 2030. At the end of the reporting period, the Group had a portfolio of 41 developments implying total annual production capacity of 4 TWh, of which 28 are at the engineering and permitting phase and one is commercially operational: a plant acquired in December 2024 with annual biomethane production capacity of 50 GWh, located in the town of La Galera (Tarragona).

Energy services

The Group provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. These solutions allow customers to decarbonise industrial processes that are hard to electrify, like the generation of industrial heat, using a renewable alternative.

The Group's goal is to achieve 2 TWh of renewable thermal energy production in 2030. At the end of the reporting period, the Group had one facility in operation, two in the process of being started up, two under construction and slated for commissioning in the third quarter of 2026 and 11 projects under negotiation, five of which are very advanced.

Other

On 29 June 2026, the Group sold a 90-MW photovoltaic development for €1.5 million, which is equivalent to the fair value of the net assets sold.

ENCE's forestry assets, in addition to producing timber for pulp, also act as a carbon sink, capturing over 700,000 tonnes of CO_2 annually. These forestry assets also produce carbon credits that can be registered and sold in the voluntary carbon trading markets to help other companies offset their carbon footprints. At 30 June 2026, the Group had registered 62,277 tonnes of carbon credits.

Moreover, agricultural and forestry biomass is the only source of biogenic CO_2, a raw material needed to produce renewable fuels. The Group produces close to 4 million tonnes of biogenic CO_2 annually and is studying the viability of using it to produce renewable fuels in the future.

Other:

ENCE's bylaws and other public information are available on its corporate website, at www.ence.es.

All of the Company's shares are represented by book entries and are listed on the Spanish stock exchanges and traded on the continuous market (SIBE for its acronym in Spanish).

1.2. Basis of presentation of the interim condensed consolidated financial statements under the IFRS adopted by the European Union

The accompanying interim condensed consolidated financial statements were prepared from the accounting records of the Group companies and are presented under the International Financial Reporting Standards adopted by the European Union as of 30 June 2026 and, specifically, in accordance with IAS 34 - Interim Financial Information, the standard which establishes the accounting principles applicable to condensed financial statements, as provided for in article 12 of Royal Decree 1362/2007, and factoring in the disclosures required under CNMV Circular 3/2018 (of 28 June 2018), issued by Spain's securities market regulator.

In keeping with IAS 34, the interim financial information has been prepared solely for the purpose of providing an update with respect to the last complete set of annual consolidated financial statements authorised for issue and accordingly focuses on new activities, events and circumstances arising in the six-month period and does not include all of the information and disclosures required in annual consolidated financial statements under IFRS. Accordingly, for adequate reader comprehension, the information included in these condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements for 2025, which were ratified by the Company's shareholders at the Annual General Meeting held on 26 March 2026 and are available for consultation at www.ence.es.

The accompanying interim condensed consolidated financial statements were authorised for issue by the Board of Directors of Ence Energía y Celulosa, S.A. on 21 July 2026.

1.3. Accounting policies applied and basis of consolidation

In drawing up the accompanying interim condensed consolidated financial statements, ENCE has applied the same accounting policies and consolidation rules as were used to prepare the 2025 consolidated financial statements, as detailed in notes 2 and 3 thereof, modified solely as outlined in section 2 below.

1.4. Comparison of information and transaction seasonality

The information provided in these interim condensed consolidated financial statements in respect of the first half of 2025 is presented solely and exclusively to allow the reader to compare the figures with those corresponding to the first half of 2026. In the case of the consolidated statement of financial position, the comparative data correspond to 31 December 2025.

Given the nature of the Group companies' business activities, its transactions are not intrinsically cyclical or seasonal. Note, however, that the production of pulp and the generation of energy from renewable sources require annual stoppages of between 10 and 15 days for maintenance purposes. The Group carried out a maintenance stoppage at its pulp biomill in Navia during the first half of 2026. The Pontevedra biomill will be stopped for maintenance during the second half of 2026.

1.5. Materiality

In determining the information to be disclosed in the explanatory notes for the various headings of the interim condensed consolidated financial statements, the Group assessed materiality in relation to the financial statements themselves, in accordance with IAS 34 - Interim Financial Information.

1.6. Changes in the Group's consolidation scope and business combinations

Appendix I of the Group's annual consolidated financial statements for 2025 provides relevant information about the Group's scope of consolidation. The changes in that scope of consolidation during the first half of 2026 were as follows:

- On 27 January 2026, Magnon Servicios Energéticos, S.L. acquired 100% of the share capital of Enciendetenergía, S.L.U., a company that was largely idle at the time of its acquisition. The acquisition price was €14 thousand.

  The carrying amount of the net assets acquired was equivalent to their acquisition-date fair value, namely €11 thousand. The acquisition gave rise to €39 thousand of goodwill, which has been recognised as an intangible asset within non-current assets on the condensed consolidated statement of financial position at 30 June 2026.

2. Accounting policies and measurement criteria

2.1 New and amended standards taking effect during the reporting period

The accounting standards used to prepare these interim consolidated annual financial statements are the same as those used in the year ended 31 December 2025, except for the application of the following standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union for application in Europe from 1 January 2026:

Standard	Contents
Amendments and/or interpretations applicable from 1 January 2026:	
Amendments to IFRS 7 and IFRS 9 - Classification and measurement of financial liabilities	These amendments clarify the criteria for classifying certain financial assets and for derecognising financial liabilities settled using electronic payment systems. They also introduce additional disclosure requirements.
Amendments to IFRS 9 and IFRS 7 - Accounting for contracts referencing nature-dependent electricity	These amendments clarify how to account for electricity contracts, differentiating between contracts to buy and sell electricity and those that need to be recognised as financial instruments.
Annual improvements to IFRS (Volume 11)	The aim of these improvements is to enhance the quality of the standards, by amending existing financial standards in order to clarify guidance and wording or correct minor oversights.

None of these standards, interpretations or amendments has been applied early. Application of these standards, interpretations and amendments has not had any material impact on these consolidated annual financial statements.

2.2 Standards and interpretations issued but not yet effective

At the date of authorising the accompanying interim condensed consolidated financial statements for issue, the most significant standards and interpretations published by the International Accounting Standard Board (IASB) but not yet effective, either because they have yet to be adopted by the European Union or because their date of effectiveness is subsequent to that of authorisation, are the following:

Standard	Contents
Amendments and/or interpretations applicable from 1 January 2027:	
Amendments to IFRS 19 - Subsidiaries without public accountability: Disclosures	The aim of these amendments is to reduce disclosure requirements for eligible subsidiaries.
Amendments to IAS 21 - The effects of changes in foreign exchange rates: Translation to a hyperinflationary presentation currency	The aim of these amendments is to clarify how entities should translate financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. They prescribe a consistent translation method in order to generate more comparable and useful financial information.
New standards:	
IAS 18 - Presentation and disclosure in financial statements.	The purpose of this new standard is to establish the requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. It will replace the current IAS 1.
IFRS 19 - Subsidiaries without public accountability: Disclosures	This new standard specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS accounting standards.
New standards applicable from 1 January 2029:	
IFRS 20 - Regulatory assets and regulatory liabilities	The aim of this new standard is to prescribe specific recognition, measurement, presentation and disclosure requirements for entities subject to rate regulation, requiring them to recognise regulatory assets and regulatory liabilities derived from timing differences between the provision of service and collection of the consideration through regulated rates.

Application of these amendments is not expected to have a significant impact on the Group as they will be applied prospectively, modify presentation or disclosure requirements only and/or address matters that are not applicable or not material to the Group's operations. The Group is evaluating what impacts application of IFRS 18 will have on its financial disclosures, which will mainly take the form of the changes in the presentation of the statement of profit or loss in order to distinguish between operating, investing and financing activities.

3. Key accounting estimates and judgements

Preparation of these interim condensed consolidated financial statements in accordance with generally accepted accounting principles requires the use of assumptions and estimates that affect the measurement of recognised assets and liabilities, the presentation of contingent assets and liabilities and the amounts of income and expense recognised during the reporting period.

The accounting policies and transactions entailing assumptions and estimates that have a material impact on these condensed consolidated financial statements are the following (for further information, refer to note 4 of ENCE's annual consolidated financial statements for 2025):

- Control over the Renewables business.
- Contingent consideration derived from the sale of interests in subsidiaries without losing control.
- Useful lives of property, plant and equipment and intangible assets and dismantling costs.
- Right-of-use assets.
- Recoverable amount of non-financial assets.
- Revenue from energy sales. Regulated activity settlement.
- Provisions for liabilities and charges.
- Determination of the fair value of financial instruments.
- Income tax calculation (in interim reporting periods, tax expense is recognised at the best estimate of the Group's effective tax rate for the year) and the recognition of deferred tax assets.
- Climate change impacts.

These assumptions and estimates are made considering historical experience, the information provided by expert consultants, forecasts and other circumstances and expectations as at 30 June 2026. It is possible, however, that events or circumstances arising after issuance of this financial report could oblige the Group to revise its assumptions and estimates (in either direction). The effect of any change in estimates would be recognised prospectively in the statement of profit or loss for the year in which they are changed.

In the first half of 2026, there were no significant changes in these estimates with respect to those used in 2025.

4. Operating segments

The Group has defined the following reporting segments for which detailed and discrete financial information is available and reviewed regularly by senior management, along with the operating results, to make decisions about resources to be allocated to the segments and to assess their performance. Those reporting segments are articulated around the two core lines of business, namely:

ENCE Pulp

This business line encompasses the following reportable segments:

- Pulp. This segment includes the standard and special pulp production and sale activities carried out at the biomills located in Pontevedra (Galicia) and Navia (Asturias) and the power co-generation and generation activities integrated into the pulp production process, using the timber parts that cannot be transformed into pulp, essentially lignin and biomass, as inputs.
- Forest Assets & Other. This operating segment essentially includes the forest cover that supplies raw materials that are used in the pulp production process (forest assets located in northern Spain) or sold to third parties (forest assets located in southern Spain), as well as residual forest activities.

ENCE Renewables

This business line encompasses the following reportable segments:

- The generation of renewable and regulated energy using biomass (Biomass): the plants that generate and sell electric power from renewable sources, specifically agricultural and forestry biomass, which are developed and operated independently.
- Production of renewable gas (Biomethane): mainly from farming and breeding by-products, for injection into the natural gas network.

- Production of renewable industrial heat (Industrial Heat): the supply of renewable thermal energy generated from biomass to decarbonise industrial processes.

The Biomethane and Industrial Heat businesses are currently at the early stages of development and their metrics are scantly material as defined in IFRS 8, so that they are included within the Biomass segment for segment reporting purposes.

In order to expand on the disclosures provided in this note, the appendices attached to these interim condensed consolidated financial statements include the condensed consolidated statement of financial position at 30 June 2026 and 31 December 2025 and the condensed consolidated statement of profit or loss and the condensed consolidated statement of cash flows for the six-month periods then ended broken down between the Pulp and Renewables businesses.

4.1 Operating segment reporting

The table below details the earnings performance by operating segment in the first six months of 2026 and 2025, based on the management information reviewed regularly by senior management:

	€ 000						
	PULP Business						
First half 2026	Pulp	Forest Assets & Other	Adjustments & Eliminations	Total PULP	Renewables Business	Adjustments & Eliminations	Total
Revenue:							
Third parties	260,083	7,945	55	268,083	86,731	39	354,853
Inter-segment revenue	331	127,771	(126,071)	2,031	2	(2,075)	(42)
Total revenue	**260,414**	**135,716**	**(126,016)**	**270,114**	**86,733**	**(2,036)**	**354,811**
Earnings:				-			
EBITDA (*)	**18,770**	**2,509**	**(1)**	**21,278**	**7,099**	**-**	**28,377**
Impairment of and gains/(losses) on fixed asset disposals	2	21	(12)	11	21	-	32
Operating profit/(loss)	**(3,474)**	**(1,708)**	**11**	**(5,171)**	**(9,469)**	**316**	**(14,324)**
Finance income	3,103	781	(883)	3,001	727	(1,244)	2,484
Finance costs	(13,338)	(334)	845	(12,827)	(8,973)	1,244	(20,556)
Hedging derivatives	-	-	-	-	3,642	-	3,642
Exchange differences	965	57	-	1,022	17	-	1,039
Impairment of financial instruments	-	-	-	-	22	-	22
Share of profit/(loss) of investees accounting for using equity method	-	-	-	-	-	-	-
Income tax	3,427	303	7	3,737	(646)	(72)	3,019
Profit/(loss) for the year	**(9,317)**	**(901)**	**(20)**	**(10,238)**	**(14,680)**	**244**	**(24,674)**
Profit/(loss) attributable to non-controlling interests	-	-	-	-	7,620	-	7,620
Profit/(loss) attributable to equity holders of the parent	**(9,317)**	**(901)**	**(21)**	**(10,239)**	**(7,060)**	**244**	**(17,055)**
Capital expenditure (**)	32,821	3,550	-	36,371	15,853	-	52,224
Accumulated depreciation and depletion of forest reserves (**)	(1,052,814)	(83,500)	-	(1,136,314)	(431,984)	(2,541)	(1,570,839)
Impairment (**)	(4,036)	(4,353)	55	(8,334)	(26,438)	(84)	(34,856)

(*) This measure is not disclosed in the consolidated statement of profit or loss and is not defined in IFRS. For its definition and a reconciliation with the amounts reported in the consolidated statement of profit or loss, refer to the "Second-Quarter 2026 Earnings Report" appended to the Interim Consolidated Management Report for the six months ended 30 June 2026.

(**) Capital expenditure during the first half of 2026, accumulated depreciation and depletion of forest reserves and impairment of the assets included under "Property, plant and equipment", "Intangible assets" and "Biological assets". Does not include the balances corresponding to "Right-of-use assets" (note 13) or "Goodwill" (note 11).

	€ 000						
	PULP Business						
30/06/2026	Pulp	Forest Assets & Other	Adjustments & Eliminations	Total PULP	Renewables Business	Adjustments & Eliminations	Total
Assets							
Non-current	862,110	206,790	(125,841)	943,059	399,657	(158,103)	1,184,613
Current	263,310	67,118	(28,252)	302,176	80,141	6,195	388,512
Total assets (a)	**1,125,420**	**273,908**	**(154,093)**	**1,245,235**	**479,798**	**(151,908)**	**1,573,125**
Liabilities							
Non-current	442,439	24,068	(19,366)	447,141	265,926	(24,610)	688,457
Current	255,252	92,686	(24,658)	323,280	84,540	4,381	412,201
Total liabilities (a)	**697,691**	**116,754**	**(44,024)**	**770,421**	**350,466**	**(20,229)**	**1,100,658**

(a) Does not include either equity or deferred tax assets/liabilities.

	€ 000						
	PULP Business						
First half 2025	Pulp	Forest Assets & Other	Adjustments & Eliminations	Total PULP	Renewables Business	Adjustments & Eliminations	Total
Revenue:							
Third parties	267,677	12,343	50	280,070	99,091	79	379,240
Inter-segment revenue	80	138,829	(137,317)	1,592	(27)	(1,641)	(76)
Total revenue	**267,757**	**151,172**	**(137,267)**	**281,662**	**99,064**	**(1,562)**	**379,164**
Earnings:							
EBITDA (*)	**45,336**	**3,194**	**3**	**48,533**	**9,514**	**(1)**	**58,046**
Impairment of and gains/(losses) on fixed asset disposals	34	(80)	1	(45)	(25)	-	(70)
Operating profit/(loss)	**20,435**	**(3,840)**	**3**	**16,598**	**(7,323)**	**812**	**10,087**
Finance income	4,547	537	(863)	4,221	1,681	(1,435)	4,467
Finance costs	(15,627)	(503)	863	(15,267)	(10,301)	1,435	(24,133)
Hedging derivatives	(2)	-	-	(2)	2	-	-
Exchange differences	(3,861)	82	-	(3,779)	38	-	(3,741)
Impairment of financial instruments	-	-	-	-	-	-	-
Share of profit/(loss) of investees accounting for using equity method	-	6	-	6	-	-	6
Income tax	(1,295)	942	(1)	(354)	772	(72)	346
Profit/(loss) for the year	**4,197**	**(2,776)**	**2**	**1,423**	**(15,131)**	**740**	**(12,968)**
Profit/(loss) attributable to non-controlling interests	-	-	-	-	6,103	-	6,103
Profit/(loss) attributable to equity holders of the parent	**4,197**	**(2,776)**	**2**	**1,423**	**(9,028)**	**740**	**(6,865)**
Capital expenditure (**)	46,035	5,462	-	51,497	12,264	-	63,761
Accumulated depreciation and depletion of forest reserves (**)	(1,010,243)	(84,083)	-	(1,094,326)	(397,007)	(11,042)	(1,502,375)
Impairment (**)	(4,017)	(4,382)	16	(8,383)	(25,405)	(84)	(33,872)

(*) This measure is not disclosed in the consolidated statement of profit or loss and is not defined in IFRS. For its definition and a reconciliation with the amounts reported in the consolidated statement of profit or loss, refer to the "Second-Quarter 2026 Earnings Report" appended to the Interim Consolidated Management Report for the six months ended 30 June 2026.
(**) Capital expenditure during the first half of 2025, accumulated depreciation and depletion of forest reserves and impairment of the assets included under "Property, plant and equipment", "Intangible assets" and "Biological assets". Does not include the balances corresponding to "Right-of-use assets" (note 13) or "Goodwill" (note 11).

	€ 000						
	PULP Business						
30/06/2025	Pulp	Forest Assets & Other	Adjustments & Eliminations	Total PULP	Renewables Business	Adjustments & Eliminations	Total
Assets							
Non-current	823,465	210,308	(132,249)	901,524	455,117	(182,351)	1,174,290
Current	365,828	67,770	(35,753)	397,845	108,756	(3,203)	503,398
Total assets (a)	**1,189,293**	**278,078**	**(168,002)**	**1,299,369**	**563,873**	**(185,554)**	**1,677,688**
Liabilities							
Non-current	387,377	36,140	(35,512)	388,005	314,111	(51,221)	650,895
Current	307,881	98,887	(34,994)	371,774	96,019	(3,196)	464,597
Total liabilities (a)	**695,258**	**135,027**	**(70,506)**	**759,779**	**410,130**	**(54,417)**	**1,115,492**

(a) Does not include either equity or deferred tax assets/liabilities.

5. Revenue

Revenue corresponds to revenue from contracts with customers. The breakdown of Group revenue by segment in the first six months of 2026 and 2025 is as follows:

	First half 2026			**First half 2025**		
€ 000	Pulp	Renewables	Consol. Group	Pulp	Renewables	Consol. Group
Business metrics						
Pulp sales volume (tonnes)	453,995	-	453,995	458,725	-	458,725
Energy sales volume (MWh)	125,345	517,189	642,534	90,594	579,956	670,550
Revenue						
Pulp	240,306	-	240,306	252,033	-	252,033
Electricity	19,548	80,908	100,456	15,642	94,945	110,587
Timber and forestry services	8,224	3,295	11,519	12,395	1,852	14,247
Industrial heat	-	1,278	1,278	-	1,170	1,170
Biomethane	-	1,252	1,252	-	1,127	1,127
Inter-segment sales	2,036	-	-	1,590	(27)	-
	270,114	**86,733**	**354,811**	**281,660**	**99,067**	**379,164**

(*) The difference between the figures presented under "Consolidated Group" for 1H26 and 1H25 and the addition of the figures corresponding to the "Pulp" and "Renewable Energy" businesses corresponds to the elimination of transactions performed between these business segments in the first six months of 2026 and 2025 in the amounts of €2,036 thousand and €1,563 thousand euros, respectively.

During the first six months of 2026, the Group companies made sales in currencies other than the euro, mainly US dollars, totalling €171 million (1H25: €77 million).

5.1 Other operating income

This heading of the consolidated statement of profit or loss mainly includes income from grants related to income, lease income and claims settled by insurance companies, broken down as follows.

€ 000	First half 2026			First half 2025		
	Pulp	Renewables	Consol. Group	Pulp	Renewables	Consol. Group
Grants related to income (**)	6,459	-	6,459	42,431	-	42,431
Other grants related to income	26	-	26	37	-	37
Insurance claims settlements	-	-	-	1,561	-	1,561
Lease income	875	42	917	943	42	985
Non-recurring operating income	-	-	-	-	-	-
Other	3,861	1,309	3,384	565	1,040	931
	11,221	**1,351**	**10,786**	**45,537**	**1,082**	**45,945**

(*) The difference between the figures presented under "Consolidated Group" for 1H26 and 1H25 and the addition of the figures corresponding to the "Pulp" and "Renewable Energy" businesses corresponds to the elimination of transactions performed between these business segments in the first six months of 2026 and 2025 in the amounts of €1,786 thousand and €675 thousand euros, respectively.

(**) The most significant amount recognised under this heading is €6,459 thousand euros from the sale of energy savings certificates. This heading recognises the difference between the proceeds received and the cost of the investments made. In the first half of 2026, the Group closed three certificate sales transactions encompassing a total of 39 million energy savings certificates, or white certificates, for a combined sale price of €6,908 thousand euros. In the first half of 2025, the Group closed two white certificate sales transactions encompassing 191 million certificates and 61 million certificates for a combined sale price of €42,431 thousand euros. The cost of obtaining those certifications amounted to €2,172 thousand.

5.2 Geographic revenue split

All of the revenue from energy sales was generated in Spain. The breakdown of Group revenue by geographic segment in the first six months of 2026 and 2025 is as follows:

Percentage of pulp sales	First half 2026	First half 2025
Germany	20.2	22.7
Poland	16.9	16.4
Spain	13.7	12.0
Italy	6.1	6.4
Greece	5.8	3.7
Turkey	4.4	4.9
France	3.7	6.6
UK	1.1	3.8
Other	28.3	23.5
	100.0	**100.0**

(*) Breakdown considering place of delivery

5.3 Energy sector regulations

Ministerial Order TED/526/2024, of 31 May 2024, was published on 4 June 2024, establishing new methodology for updating the remuneration for operation (Ro) applicable to standard power generation facilities whose operating costs depend essentially on the price of their fuel and updating the remuneration for operation amounts applicable from 1 January 2024.

It has replaced Ministerial Order IET/1345/2015, of 2 July 2025, and implements article 20.3 of Royal Decree 413/2014, of 6 July 2014, establishing new methodology for updating the remuneration for operation (Ro) applicable to the above standard facilities, specifically the standard facilities encompassed by groups a.1, b.6 and b.8 and the facilities availing themselves of transitional provision one of Royal Decree RD 413/2014 that had in turn been availing themselves of transitional provision two of Royal Decree 661/2007, which regulated the generation of power from renewable sources, known in Spain as the 'special' regime.

Under the new methodology approved in 2024:

- The Ro values are updated quarterly, in tandem with calendar quarters.
- New variables have been established for updating the Ro. Specifically:
    - The market price for electricity (pool price) will be estimated on the basis of the quoted prices for annual, quarterly and monthly futures contracts published by OMIP.
    - The price of emissions allowances will be estimated on the basis of the quoted prices for the quarterly futures contracts published by the International Exchange Endex European Union Allowance.
    - Natural gas prices will be estimated on the basis of the quoted prices for annual, quarterly and monthly futures contracts published by MIBGAS.
    - Biomass prices will be estimated on the basis of the quarter-on-quarter movements in the industrial price index (IPRI) for capital goods, ground freight transportation costs and the minimum wage.
- The new Order stipulates that the facilities falling under the scope of this Ministerial Order are thereby excluded from application of the system of adjustments for tariff shortfalls/surpluses regulated in article 22 of Royal Decree 413/2014, with effect from 1 January 2024.

Ministerial Order TED/53/2026 was published on 27 January 2026, updating the standard facility remuneration parameters applicable to certain electricity producing facilities that use co-generation, renewable energy sources or waste with effect for the regulatory period which began on 1 January 2026. That Order does not modify the remuneration calculation methodology but does approve new types of standard facilities and their corresponding remuneration parameters.

Royal Decree-Law 7/2026, of 20 March 2026, and Royal Decree-Law 18/2026, of 29 June 2026, passing a range of measures under the Comprehensive Middle East Crisis Action Plan, introduce temporary reductions in the tax base on which the tax on the value of electricity output is levied for 2026 (10% in the first quarter, 100% in the second quarter, 30% in the third quarter and 40% in the fourth quarter). Those new laws also establish a roadmap for structurally reducing that levy: to a rate of 3.5% in 2027 and 0% from 2028 onwards, gradually reducing the tax burden associated with electricity generation. However, the remuneration parameters for the generation of electricity by means of renewable energy sources, co-generation and waste will be revised to incorporate the reduction in this tax. As a result, the reduced tax rate will not get fully passed through to earnings at the facilities remunerated under the renewable energy remuneration scheme.

The table below itemises the net asset values and remuneration for investment (Ri) and remuneration for operation (Ro) amounts applicable to the facilities managed by ENCE in the first half of 2026:

		2026		
Facility	**Standard facility code**	**Ro (€/MWh) (**)**	**Ri (€ 000)**	**NAV (*) (€ 000)**
Renewables business:				
50-MW Huelva	IT-00841 (b6/b8)	78.25/54.29	8,542	66,429
41-MW Huelva	IT-00829 / IT-00832	-	-	-
20-MW Merida	IT-00843 (b6)	76.04	3,992	34,091
16-MW Jaen	IT-00831 / IT-00855 (b8)	59.89	1,964	3,532
16-MW Ciudad Real	IT-00831 / IT-00855 (b6/b8)	86.50/59.89	1,964	3,532
14-MW Cordoba - Biomass	IT-00859 (b6/b8)	82.20/56.55	1,609	7,574
13-MW Cordoba - Gas	IT-00430 (c2)	118.65	270	1,369
50-MW Puertollano - Biomass	IT-04005 (b6)	73.43	-	-
46-MW Huelva	IT-04005 (b6)	73.43	-	-
Pulp Business:				
37-MW Navia	IT-00838 (b6/b8)	80.44/55.41	4,598	29,095
40-MW Navia	IT-01035 (c2)	17.51	-	-
Pontevedra G2/G3	IT-00836-7 / IT-01035 (b6/b8/c2)	80.03/54.98/17.51	941	5,425

6. Cost of sales

Cost of sales in the first six months of 2026 and 2025 breaks down as follows:

	First half 2026			First half 2025		
€ 000	Pulp	Renewables	Consolidated Group	Pulp	Renewables	Consolidated Group
Purchases	139,191	39,195	176,352	150,490	34,442	183,370
Change in raw materials and other inventories	(9,980)	(17,249)	(27,229)	(6,915)	(5,300)	(12,215)
Other external expenses	29,913	6,398	36,311	31,933	4,733	36,666
	159,124	**28,344**	**185,434**	**175,508**	**33,875**	**207,821**

(*) The difference between the figures presented under "Consolidated Group" for 1H26 and 1H25 and the addition of the figures corresponding to the "Pulp" and "Renewables" businesses corresponds to the elimination of transactions performed between these business segments in the first six months of 2026 and 2025 in the amounts of €2,034 thousand and €1,562 thousand euros, respectively.

This heading mainly includes the cost of acquiring timber, chemical products and fuel and other variable costs, as well as the cost of timber harvesting and transport services.

7. Employee benefits expense

The breakdown of the employee benefits expense incurred in the businesses carried on by ENCE in the first six months of 2026 and 2025 is provided below:

"Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails"

	First half 2026			First half 2025		
€ 000	Pulp	Renewables	Consolidated Group	Pulp	Renewables	Consolidated Group
Wages and salaries	30,649	10,897	41,546	32,776	8,769	41,545
Social security	8,812	3,192	12,004	9,276	2,487	11,763
Contributions to pension plans	1,180	290	1,470	1,254	284	1,538
Other benefit expense	790	131	921	719	130	849
	41,431	14,510	55,941	44,025	11,670	55,695
Long-term incentive plans	101	(434)	(333)	1,055	193	1,248
Termination benefits	(89)	672	583	1,043	383	1,426
	41,443	**14,748**	**56,191**	**46,123**	**12,246**	**58,369**

7.1 Headcount

The average Group headcount during the first six months of 2026 and 2025:

	Average headcount during the period					
	First half 2026			First half 2025		
Job category	Men	Women	Total	Men	Women	Total
Executives	53	21	74	57	20	77
Managers	72	33	105	68	33	101
Team leaders	66	7	73	67	6	73
Skilled professionals	230	139	369	229	151	380
Administrative staff	14	31	45	16	33	49
Workers	358	60	418	314	50	364
Support and upgrade	50	35	85	47	49	96
Maintenance staff	141	1	142	135	1	136
	984	**327**	**1,311**	**933**	**343**	**1,276**

The Board of Directors was made up of 13 members at 30 June 2026, eight men and five women.

7.2 Long-term incentive plans

The next table itemises the number of beneficiaries at 30 June 2026 and the maximum commitments, assuming target delivery of 100%, under the long-term incentive plans in effect:

		Maximum cost (€ 000)		
LTIP	**Number of beneficiaries**	**Cash**	**Shares**	**Total**
Pulp Business:				
2023-2027 LTIP (*)	83	1,143	6,171	7,314
Moulded Pulp	2	348	-	348
Renewables Business:				
Biogas	4	665	-	665
Industrial Heat	2	557	-	557
	91	**2,713**	**6,171**	**8,884**

(*) Reflects the commitments outstanding at 30 June 2026 associated with Cycles II and III of the plan.

The expenses accrued in both six-month periods under the different remuneration plans, noting where the balancing entries have been recorded, are shown in the next table:

€ 000	First half 2026		
	Employee benefits expense (note 7)	Current and non-current provisions (note 26)	Other equity instruments (note 17.5)
Pulp Business:			
2023-2027 LTIP	65	161	323
Moulded Pulp	36	36	-
Renewables Business:			
Magnon 2021-2025	(535)	-	-
Biomethane	89	89	-
Industrial Heat	12	12	-
	(333)	**298**	**323**

2023-2027 long-term incentive plan

At the Annual General Meeting held on 5 May 2023, the Parent's directors approved the "2023-2027 long-term incentive plan" for executives, including the Company's Chairman & CEO, and other Group employees (the "LTIP").

The LTIP will run for five years, from 1 January 2023 to 31 December 2027, divided into three overlapping, independent three-year cycles to be settled within the 90 days following the last year of each cycle. Cycle I of the LTIP represents 60% of the total incentive and Cycles II and III each represent 20% of the total incentive.

The amount of the incentive corresponding to each cycle depends on the degree of delivery of a series of financial, non-financial and shareholder value creation targets, which are approved by the Board of Directors on the basis of a proposal from its Appointments and Remuneration Committee.

The incentive contemplated in this LTIP consists of a percentage of average fixed remuneration during the period spanned by each cycle depending on the beneficiary's job category and will be settled 70% in shares and 30% in cash, other than for the members of the Management Committee, who will receive all of their bonuses in shares. The Chairman and CEO and the rest of the members of the Management Committee have also agreed to certain lock-up periods for the shares received.

The number of shares to be delivered will be determined using a benchmark share price calculated as the average share price during the 20 days before and after 31 December in the first year of each cycle. The benchmark prices for the three cycles are €3.24 per share, €2.86 per share and €3.1 per share, respectively.

At 30 June 2026, Cycles II and III covered 83 professionals from the Pulp business and Corporate areas and the maximum expected cost of the cycles, combined, assuming target delivery levels of 100%, amounted to approximately €7.3 million (€1.1 million in cash and 2.1 million shares).

In keeping with the terms of the long-term incentive plan of ENCE Energía y Celulosa, S.A. for 2023-2027, Cycle I of the plan was settled in April 2026, implying the payment, after tax, of €285 thousand and 284 thousand ENCE shares.

Other long-term incentive plans and other commitments

In 2024, the Group approved three new long-term incentive plans for certain key employees working in the Moulded Pulp, Biogas and Industrial Heat businesses. Those plans run for 4.5 years and will be settled in cash; the bonuses are subject to delivery of a series of targets tied specifically to the development of each of those new businesses.

In addition, in 2021, the Group approved a 5-year long-term incentive plan targeted at certain key employees from the Renewables business. Following verification during the first half of 2026 that the minimum plan targets were not being met, the entire provision recognised in respect of this plan, in the amount of €535 thousand, was reversed.

On 24 March 2022, the Board of Directors of Magnon Green Energy, S.L. (MAGNON) approved a long-term incentive for certain of its key employees. This incentive will entitle its beneficiaries to receive an extraordinary bonus payable in cash tied to the return obtained by this subsidiary’s shareholders between 18 December 2020 and 18 December 2028. To accrue this bonus, the shareholders must have accrued a minimum internal rate of return (IRR) of 10% and the beneficiaries must remain in the employment of or party to an equivalent arrangement with MAGNON until the payment date, subject to the exceptions customary in incentive schemes such as these. At 30 June 2026, this extraordinary bonus scheme covered a total of four professionals and the maximum expected cost, assuming delivery levels of 100%, amounted to €3,747 thousand.

8. Other operating expenses

The breakdown of this heading of the condensed consolidated statement of profit or loss for the six months ended 30 June 2026 and 2025 by ENCE's business lines:

	First half 2026			First half 2025		
€ 000	Pulp	Renewables	Consolidated Group	Pulp	Renewables	Consolidated Group
External services	50,868	35,624	85,660	61,684	37,692	98,701
Use of emission allowances	5,270	1,281	6,551	4,917	1,704	6,621
Taxes other than income tax	1,322	926	2,248	1,322	837	2,159
Electricity generation levy	403	2,364	2,767	933	6,220	7,153
Change in trade and other provisions	655	101	756	1,980	267	2,247
Other non-recurring operating expenses (**)	(2,164)	954	(1,210)	-	-	-
	56,354	**41,250**	**96,772**	**70,836**	**46,720**	**116,881**

(*) The difference between the figures presented under “Consolidated Group” for 1H26 and 1H25 and the addition of the figures corresponding to the “Pulp” and “Renewable Energy” businesses corresponds to the elimination of transactions performed between these business segments in the first six months of 2026 and 2025 in the amounts of €832 thousand and €675 thousand euros, respectively.

(**) Mainly reflects inventory impairment losses recognised to restate them to their net realisation value in the amount of €2,164 thousand in the Pulp Business and impairment losses against one photovoltaic development in the Renewables Business in the amount of €954 thousand (note 16).

8.1 External services

The breakdown of “External services” in the first six months of 2026 and 2025 is as follows:

	First half 2026			First half 2025		
€ 000	Pulp	Renewables	Consolidated Group	Pulp	Renewables	Consolidated Group
Transport, freight and business expenses	25,170	10,090	35,260	22,099	8,310	30,409
Utilities (**)	1,902	1,480	3,289	13,011	2,290	15,204
Repairs and upkeep	7,453	10,183	17,636	7,285	11,322	18,607
Independent professional services	3,034	677	3,711	5,148	1,277	6,425
Insurance premiums	2,381	1,299	3,679	2,613	1,679	4,292
Banking and similar services	665	592	1,228	723	286	1,012
Rent and fees (note 13.3)	364	232	597	302	208	510
Advertising, publicity and public relations	1,668	60	1,728	1,882	63	1,945
Research and development costs	116	-	116	90	24	114
Other services	8,115	11,011	18,416	8,531	12,233	20,183
	50,868	**35,624**	**85,660**	**61,684**	**37,692**	**98,701**

(*) The difference between the figures presented under “Consolidated Group” for 1H26 and 1H25 and the addition of the figures corresponding to the “Pulp” and “Renewable Energy” businesses corresponds to the elimination of transactions performed between these business segments in the first six months of 2026 and 2025 in the amounts of €832 thousand and €675 thousand euros, respectively.

(**) Primarily includes the purchase of electricity in the amount of €2,384 thousand (€1,306 thousand in the Pulp business and €1,171 thousand in the Renewables business) (1H25: €14,200 thousand: €12,429 thousand in the Pulp business and €1,868 thousand in the Renewables business).

ENCE has arranged director and officer liability insurance which covers all its directors and executives against damages caused by acts or omissions in the course of discharging their duties. That coverage cost the Group €96 thousand in the first six months of 2026.

8.2 Services provided by the auditor

The non-audit services provided by the statutory auditor during the first half of 2026 mainly related to a financial ratio review as part of the Group’s obligations under its financing agreements, the review of certain financial metrics in order to certify the fact that several Group facilities qualify as “electro-intensive consumers”, and review services to certify compliance with the average payment term.

9. Finance income and costs

The breakdown of these headings of the consolidated statement of profit or loss in the first six months of 2026 and 2025 was as follows:

	First half 2026			First half 2025		
€ 000	Pulp	Renewables	Total	Pulp	Renewables	Total
Finance costs:						
Convertible bonds	(1,410)	-	(1,410)	-	-	-
Loans, credit facilities & other	(7,307)	(4,374)	(11,681)	(9,755)	(4,953)	(14,708)
Unwinding of discount - Tariff Adjustment (note 20)	(838)	(1,602)	(2,440)	(998)	(1,548)	(2,546)
Unwinding of discount - Provisions	(414)	-	(414)	(312)	-	(312)
Fees and other charges	(820)	(532)	(1,352)	(2,642)	(1,327)	(3,969)
Inter-business finance income/costs	1,244	(2,021)	(777)	1,585	(1,585)	-
Right-of-use assets (note 13)	(1,391)	(96)	(1,487)	(1,296)	(107)	(1,403)
	(10,936)	(8,625)	(19,561)	(13,418)	(9,520)	(22,938)
Finance income:						
Contingent consideration (note 22)	299	3,662	3,961	781	56	837
Other finance income	1,458	119	1,577	1,820	964	2,784
Impairment of and gains/(losses) on disposal of financial instruments	-	610	610	-	-	-
	1,757	4,391	6,148	2,601	1,020	3,621
Hedging derivatives:						
Settlement of IR swap (note 25)	(647)	(348)	(995)	(229)	(120)	(349)
	(647)	(348)	(995)	(229)	(120)	(349)
	(9,826)	**(4,582)**	**(14,408)**	**(11,046)**	**(8,620)**	**(19,666)**

"Other finance income" mainly includes the remuneration earned on cash surpluses.

10. Earnings per share

The basic and diluted earnings per share calculations for the six months ended 30 June 2026 and 2025 are shown below:

Earnings/(loss) per share	Unit	1H26	1H25
Consolidated profit/(loss) for the period attributable to equity holders of the parent	€ 000	(17,054)	(7,266)
Weighted average ordinary shares outstanding (*)	Millions of shares	242.4	242.7
Weighted average diluted shares	Millions of shares	244.4	247.5
Basic earnings/(loss) per share	**€**	**(0.07)**	**(0.03)**
Diluted earnings/(loss) per share	**€**	**(0.07)**	**(0.03)**

(*) Number of shares outstanding less those held as treasury stock

The diluted earnings per share figures for the first six months of 2026 do not include the potential ordinary shares associated with delivery of the targets set in the Group's long-term incentive plans for 2023-2027 (2.1 million shares as of 30 June 2026) as their inclusion would have had an anti-dilutive effect.

The diluted earnings per share figures for the first six months of 2025 do not include the potential ordinary shares associated with delivery of the targets set in the Group's long-term incentive plans for 2023-2027 (4.9 million shares as of 30 June 2025) as their inclusion would have had an anti-dilutive effect.

11. Goodwill and other intangible assets

The reconciliation of the carrying amounts of goodwill and the various components of intangible assets and amortisation and impairment in the first six months of 2026 and 2025 is as follows:

	€ 000			
30/06/2026	Balance at 01/01/2025	Additions/(charges)	Transfers	Balance at 30/06/2026
Goodwill	7,557	39	-	7,596
Software	42,534	-	809	43,343
Development costs	15,184	221	-	15,405
Advances	11,152	2,861	(846)	13,167
Electric power generation rights	39,968	-	-	39,968
Watering rights	5,073	59	-	5,132
Other intangible assets	6,357	-	-	6,357
Total cost	**127,825**	**3,180**	**(37)**	**130,968**
Software	(34,584)	(1,238)	-	(35,822)
Development costs	(14,696)	(283)	-	(14,979)
Electric power generation rights	(5,614)	(672)	-	(6,286)
Watering rights	(970)	(129)	-	(1,099)
Other intangible assets	(2,250)	(205)	-	(2,455)
Total amortisation	**(58,114)**	**(2,527)**	**-**	**(60,641)**
Impairment (note 15)	**(3,486)**	**-**	**-**	**(3,486)**
Total	**66,225**			**66,841**

The Group did not capitalise any own work within intangible assets in the first half of 2026 or 2025.

11.1 Goodwill

The breakdown of the Group's goodwill at 30 June 2026 by the cash-generating units to which it has been assigned is provided in the table below:

30/06/2026		€ 000		
CGU allocated to	Technology	Goodwill	Impairment (note 15)	Carrying amount
Renewables Business:				
Jaen 16 MW - Ciudad Real 16 MW (*)	Biomass	2,737	(2,737)	-
Biomethane La Galera (**)	Biomethane	4,820	-	4,820
Enciéndete Energía, S.L.	Renewables	39	-	39
		7,596	**(2,737)**	**4,859**

(*) This goodwill originated from the acquisition of ENCE's shareholdings in Loma, S.A. and Energías de la Mancha ENEMAN, S.A., the companies that own 16-MW biomass energy plants in Jaén and Ciudad Real, respectively. That goodwill was fully written down for impairment at 30 June 2025 (note 15).

(**) This goodwill originated from the acquisition in December 2024 of an equity interest in Biometagás La Galera, S.L., a company that owns a biomethane generation facility.

12. Property, plant and equipment

The reconciliation of the carrying amounts of the various components of property, plant and equipment and accumulated depreciation in the first half of 2026 is as follows:

	€ 000					
First half 2026	Balance at 01/01/2026	Additions/ (charges)	Derecognitions or decreases	Transfers	Translation differences and other	Balance at 30/06/2026
Forest land	88,124	-	-	-	-	88,124
Other land	18,820	90	-	(96)	4	18,818
Buildings	175,672	6	-	3,897	-	179,575
Plant and machinery	1,928,440	6,408	-	783	2	1,935,633
Other PP&E	65,082		-	180	-	65,262
Prepayments and PP&E in progress	110,646	42,870	-	(5,100)	-	148,416
Right-of-use assets (note 13)	81,999	7,135	(785)	-	-	88,349
Total cost	**2,468,783**	**56,510**	**(785)**	**(336)**	**6**	**2,524,177**
Buildings	(88,314)	(2,030)	-	-	-	(90,344)
Plant and machinery	(1,277,712)	(31,474)	-	-	(2)	(1,309,188)
Other PP&E	(42,041)	(2,087)	-	-	-	(44,128)
Right-of-use assets (note 13)	(19,787)	(3,624)	471	-	-	(22,940)
Total depreciation	**(1,427,854)**	**(39,215)**	**471**	**-**	**(2)**	**(1,466,600)**
Impairment (note 15)	**(26,893)**	**-**	**8**	**-**	**-**	**(26,885)**
Total Neto	**1,014,036**					**1,030,692**

The Group's productive assets are mostly located in Spain.

12.1 Additions

The Group invested in its productive facilities in both the Pulp and Renewable Energy businesses in the first half of 2026 with a view to making its production processes more efficient, boosting power generation and making them more environmentally friendly. That capital expenditure breaks down as follows:

	€ 000
	First half 2026
Pulp Business:	
Pontevedra & Corporate	3,224
Navia	27,043
Other	3,957
Renewables Business:	
46-MW Huelva	1,204
50-MW Huelva	1,284
50-MW Puertollano	1,000
20-MW Merida	7,561
Other	4,102
Subtotal	**49,375**
Right-of-use assets (note 13)	7,135
	56,510

Capital expenditure in Navia in the first half of 2026 includes investments associated with that biomill's decarbonisation project in the amount of €20 million.

A portion of that figure, specifically €3,285 thousand, corresponds to costs capitalised during the first half of 2026, which are recognised under "Self-constructed assets" in the accompanying consolidated statement of profit or loss.

Capital commitments

The Group was contractually committed to capital expenditure of approximately €12 million at 30 June 2026.

12.2 Insurance cover

It is Group policy to take out the insurance policies necessary to cover the potential risks to which the various items of property, plant, and equipment are exposed. The Parent's directors and their insurance advisors believe that the coverage provided by those policies at the reporting date is sufficient.

13. Right-of-use assets

13.1 Right-of-use assets

The reconciliation of the carrying amounts of the various components of "Right-of-use assets" and the corresponding accumulated depreciation charges at the beginning and end of the first half of 2026:

		€ 000			
First half 2026	Note	Balance at 01/01/2026	Additions/ (charges)	Derecognitions	Balance at 30/06/2026
Cost:					
Pontevedra biomill land	12	19,898	-	-	19,898
Forest leases	12	13,189	426	(271)	13,343
Other (*)	12	48,912	6,709	(513)	55,108
Cost		**81,999**	**7,135**	**(785)**	**88,349**
Depreciation:					
Pontevedra biomill land	12	(1,543)	(192)	-	(1,735)
Forest leases	12	(3,346)	(326)	62	(3,610)
Other (*)	12	(14,898)	(3,106)	409	(17,595)
Depreciation		**(19,787)**	**(3,624)**	**471**	**(22,940)**
Carrying amount		**62,212**			**65,409**

(*) Mainly includes offices, vehicles and other equipment.

13.2 Lease liabilities

The reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of the first half of 2026 is as follows:

		€ 000						
First half 2026	Note	Balance at 01/01/2026	Additions	Instalments paid	Derecognitions	Transfers	Interest	Balance at 30/06/2026
Current lease liabilities	23.2	8,606	-	(6,193)	(282)	6,088	1,717	9,936
Non-current lease liabilities	23.2	57,855	7,020		(23)	(6,088)	-	58,764
		66,461	**7,020**	**(6,193)**	**(305)**	**-**	**1,717**	**68,700**

ENCE believes it is not potentially exposed to significant future cash outflows that are not reflected in the measurement of its lease liabilities.

13.3 Amounts recognised in the consolidated statement of profit or loss

The table below depicts the impact of the Group's leases on "Depreciation and amortisation" and "Finance costs" in the consolidated statement of profit or loss for the six months ended 30 June 2026:

		€ 000		
First half 2026	Note	Depreciation	Finance costs	Lease payments
Depreciation of right-of-use assets:				
Pontevedra biomill land	9 & 12	192	765	785
Other land	9 & 12	326	230	496
Other assets	9 & 12	3,106	722	4,912
		3,624	**1,717**	**6,193**
Costs capitalised		(325)	(230)	-
		3,299	**1,487**	**6,193**

The expenses recognised in connection with short-term leases and variable lease payments not included in the measurement of the lease liability amounted to €636 thousand in the first half of 2026.

14. Biological assets

"Biological assets" exclusively comprises the Group's forest cover; the forest land owned by the Group is presented under "Property, plant and equipment - Forest land". The movement in this heading during the first half of 2026:

	€ 000			
First half 2026	Balance at 01/01/2026	Additions/ (charges)	Derecognitions or decreases	Balance at 30/06/2026
Pulp Business:				
Forest cover	135,106	1,489	(2,176)	134,419
Depletion of forest reserve	(65,417)	(2,354)	2,162	(65,609)
Impairment (note 15)	(4,487)	-	-	(4,487)
	65,202	**(865)**	**(14)**	**64,323**
Renewables Business:				
Forest cover	929	23	-	952
Depletion of forest reserve	(755)	(174)	-	(929)
Impairment (note 15)	(1)	-	-	(1)
	173	**(151)**	**-**	**22**
	65,375			**64,345**

In the first half of 2026, the Group planted 3 hectares of land and carried out forest preservation and protection work on 2,316 hectares, work which entailed investments totalling €1,512 thousand. A portion of the amount capitalised - €556 thousand - is recognised within "Self-constructed assets" in the consolidated statement of profit or loss.

In the first half of 2026, the Group capitalised €955 thousand corresponding to payments for the right to use land earmarked for the development of biological assets and associated borrowing costs.

15. Impairment of non-financial assets

The impairment losses recognised by the Group against non-financial assets at 30 June 2026 are shown in the table below:

		€ 000				
	Note	01/01/2026	Additions	Amounts used	Amounts reversed	30/06/2026
Goodwill	11	2,737	-	-	-	2,737
Other intangible assets	11	749	-	-	-	749
Property, plant and equipment	12	26,893	-	-	(8)	26,885
Biological assets	14	4,488	-	-	-	4,488
Inventories						
Spare parts	16	14,791	818	(258)	-	15,351
Net realisable amount & other	16	9,734	310	6,287	(13,715)	2,616
		59,392	**1,128**	**6,029**	**(13,723)**	**52,826**

The breakdown of "Impairment of and gains/(losses) on disposal of fixed assets" in the consolidated statement of profit or loss for the six months ended 30 June 2026 is shown below:

		First half 2026		
€ 000	Note	Impairment losses (*)	Gains/(losses) on derecognition/sale	Total
Other intangible assets	11	-	(15)	(15)
Property, plant and equipment	12	(8)	(9)	(17)
		(8)	**(24)**	**(32)**

(*) Additions to impairment net of reversals. Charge / (Income).

At least annually, ENCE tests its non-financial assets for indications of impairment. If any are detected, it carries out the corresponding impairment tests for each CGU, using the criteria and methodology outlined in notes 3.5 and 19 of the Group's annual consolidated financial statements for 2025.

The ENCE Group's CGUs are each of the pulp biomills (which include the forest assets earmarked as a source of supply for those mills) and electricity generation plants it operates, as well as the biological assets it earmarks for sale to third parties. Its right-of-use assets are included in the CGU in which they are being used.

At 30 June 2026, the Group reviewed the assumptions made to value the biomass and gas renewable energy generation facilities in the Renewables business. There were no significant changes in the assumptions in terms of the forecast trend in renewable energy prices or the trend in macroeconomic variables such as inflation and interest rates; nor had there been any relevant developments in the regulatory environment. These being the key aspects assessed to check for indications of impairment, there were therefore no changes in the impairment losses associated with those facilities.

The Pulp business is a cyclical business so that the assessment of whether there are indications of impairment spans periods of over one year. The forecasts for pulp prices published by specialist sector analysts, together with the Group's estimates for production costs in the medium term, reveal no indications that the various CGUs comprising the Pulp business may be impaired.

Elsewhere, the Group writes slow-moving parts down for impairment. Specifically, it begins to recognise impairment charges when an asset has not been turned over in the past year, increasing the charges linearly to reach 100% by the time an asset has not been turned over for five years.

ENCE also writes its finished product inventories down for impairment to align their carrying amount with their net realisable value when pulp sales prices, net of discounts and sales and logistics costs, fall below production cost. In the first half of 2026, the increase in pulp prices in the international markets allowed the reversal, by €2,164 thousand, of the impairment losses related with the net realisable amount of inventories in 2025.

16. Inventories

The breakdown of the Group's inventories at 30 June 2026 and 31 December 2025 is as follows:

€ 000	30/06/2026	31/12/2025
Timber and biomass	42,302	24,443
Other raw materials	5,112	4,309
High-turnover spare parts (*)	15,851	16,032
Greenhouse gas emission allowances	23,612	11,956
GHG offset credits	1,601	1,601
Finished goods and work in progress	19,421	28,321
Advances to suppliers	4,147	3,095
Projects under development	16,260	12,123
Impairment (note 15)	(2,616)	(9,734)
	125,690	**92,146**

(*) Presented net of impairment allowances of €15,351 thousand and €14,791 thousand at 30 June 2026 and 31 December 2025, respectively.

In the first half of 2026, Magnon Green Energy S.L. closed the sale of a photovoltaic development under construction in the town of Seville, with capacity of 90 MW, for €1.5 million (note 1).

The balance recognised under "Projects under development" relates to (i) the investments carried out at a biomass furnace under construction for the generation of industrial heat in the amount of €13,689 thousand, which, once built, will be sold to third parties; and (ii) a photovoltaic development with combined capacity of 133 MW located in Granada, in the amount of 2,577 thousand. That photovoltaic development has been fully written down for impairment as its estimated recoverable amount is below its carrying amount. The development's recoverable amount was determined at its fair value less costs to sell, estimated using market prices.

There are no restrictions on title to inventories.

It is Group policy to take out the insurance policies necessary to cover the potential risks to which its inventories are exposed and management believes that the coverage at the reporting date is adequate.

16.1 Emission allowances

The reconciliation of the opening and closing Group-owned greenhouse gas (GHG) emission allowance balances for the first half of 2026 is provided in the next table:

	First half 2026	
	Number of allowances	€ 000
Opening balance	164,320	11,956
Allocations	108,297	9,327
Purchases	51,019	3,930
Closing balance	**323,636**	**25,213**

“Current provisions” on the liability side of the consolidated statement of financial position includes €6,551 thousand in this respect at 30 June 2026, corresponding to the liability derived from the consumption of 78,865 allowances in the first half of the year (note 26).

At 30 June 2026, the Group was contractually committed to the forward purchase of 17,019 allowances at an average price of €79.17/tonne. Those contracts are expected to be executed in the second half of 2026.

17. Equity

17.1 Share capital

The share capital of ENCE Energía y Celulosa, S.A. at 30 June 2026 was represented by 246,272,500 fully subscribed and paid bearer shares, each with a par value of €0.90.

Since ENCE’s shares are represented by the book entry method, it is not possible to ascertain its precise shareholder structure. The table below presents significant direct and indirect holdings in the share capital and financial instruments issued by ENCE at 30 June 2026 and 31 December 2025 as reported by the holders of those securities to the official registers of Spain's securities market regulator, the CNMV for its acronym in Spanish, or to the Company itself, in keeping with Spanish Royal Decree 1362/2007:

	%	
Shareholder	30/06/2026	31/12/2025
Juan Luis Arregui / Retos Operativos XXI, S.L.	29.44	29.44
Atlas GP Global Holding LLC / Prometheus IV LLC	10.01	10.01
Víctor Urrutia Vallejo / Asúa Inversiones, S.L.	10.00	10.00
Jose Ignacio Comenge / MENDIBEA 2002 S.L.	6.38	6.38
Own shares	1.57	1.63
Directors with ownership interest of < 3%	0.66	0.63
Free float	41.94	41.91
Total	**100.00**	**100.00**

The Company’s shares are officially listed on the Spanish stock exchanges and traded on the continuous market. All of its shares confer equal voting and dividend rights.

17.2 Reserves

Below is the reconciliation of the opening and closing reserve balances for the first six months of 2026 and 2025:

€ 000	Parent company reserves					Reserves in fully-consolidated investees	Reserves in equity-accounted investees	**Total reserves**
	Legal reserve	Cancelled capital reserve	Capitalisation reserve	Voluntary reserves	Retained earnings (prior-year losses)			
Balance at 31 Dec. 2024	45,049	10,566	773	19,481	(34,455)	71,567	(86)	112,895
Appropriation of prior-year profit/(loss)	-	-	-	-	12,769	(15,190)	-	(2,421)
Own share transactions	-	-	-	106	-	-	-	106
Balance at 30 Jun. 2026	**45,049**	**10,566**	**773**	**19,587**	**(21,686)**	**56,377**	**(86)**	**110,580**
Balance at 31 Dec. 2025	45,049	10,566	1,498	18,304	(21,686)	56,394	(106)	110,019
Appropriation of prior-year profit/(loss)	-	-	-	-	(30,388)	(24,069)	-	(54,457)
Own share transactions	-	-	-	(307)	-	-	-	(307)
Other changes	-	-	-	375	-	-	-	375
Balance at 30 Jun. 2026	**45,049**	**10,566**	**1,498**	**18,372**	**(52,074)**	**32,325**	**(106)**	**55,630**

17.3 Restricted reserves

The balance of reserves in consolidated companies that was restricted at 30 June 2026 stood at €22,583 thousand (31 December 2025: €21,086 thousand) and corresponded mainly to the legal reserves endowed by the various Group companies.

17.4 Own shares

The reconciliation of "Equity - Own shares" at the beginning and end the six-month period ended 30 June 2026 is as follows:

	First half 2026	
	No. of shares	€ 000
Opening balance	4,026,432	12,933
Purchases	3,102,628	7,392
2023-2027 LTIP (note 7.2)	(284,028)	(695)
Sales	(2,987,518)	(7,415)
Closing balance	**3,857,514**	**12,215**

The own shares held by the Parent at 30 June 2026 represent 1.57% of its share capital and were carried at €3,472 thousand. Those shares were acquired at an average price of €3.17 per share. The own shares held as treasury stock are intended for trading in the market and for delivery under the long-term incentive plans arranged by ENCE (note 7).

ENCE has a liquidity agreement with a financial broker the object of which is to boost the frequency and regularity with which ENCE's shares are traded, within the limits established at the Annual General Meeting and prevailing legislation, specifically, CNMV Circular 2/2019 on liquidity agreements.

17.5 Valuation adjustments

The breakdown of "Valuation adjustments" at 30 June 2026 is provided below:

	30/06/2026			31/12/2025		
€ 000	Fair value	Tax effect	Adjustment in equity	Fair value	Tax effect	Adjustment in equity
Land revaluation	54,102	13,510	40,592	54,102	13,510	40,592
Hedging transactions (note 25)						
IR swap	1,904	476	1,429	(2,488)	(622)	(1,866)
Energy purchases	(2,696)	(674)	(2,022)	858	215	643
Exchange rates	(2,334)	(584)	(1,750)	579	145	434
	50,976	**12,728**	**38,249**	**53,051**	**13,248**	**39,803**

17.6 Other equity instruments

The reconciliation of the movement in the carrying amount of "Other equity instruments" on the consolidated statement of financial position during the first half of 2026 is as follows:

€ 000	Balance at 01/01/2026	Settlement	Additions	Tax effect	Balance at 30/06/2026
Long-term incentive plan (note 7.2)	2,438	(1,051)	(77)	19	1,276
	2,438	**(1,051)**	**(77)**	**19**	**1,276**

18. Non-controlling interests

The reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of the first half of 2026 is as follows:

First half 2026	€ 000			
Company	Balance at 01/01/2026	Profit/(loss) attributable to non-controlling interests	Other changes	Balance at 30/06/2026
Energía de la Loma, S.A.	5,509	(166)	-	5,343
Energías de la Mancha Eneman, S.A.	486	372	-	858
Bioenergía Santamaría, S.A.	5,319	412	-	5,731
MAGNON	78,285	(8,059)	(1,163)	69,063
BioCH4 Developments, S.L.	(511)	-	-	(511)
Biometagás La Galera, S.L.	332	(179)	-	153
Total	**89,420**	**(7,620)**	**(1,163)**	**80,637**

The summarised financial information for the subgroup with material non-controlling interests, before intercompany eliminations, is as follows:

The Group's only subgroup with material non-controlling interests is the MAGNON Group, which at 30 June 2026 had total assets of €507 million, non-current liabilities of €261 million and current liabilities of €88 million.

The "Other changes" column mainly reflects the impact on non-controlling interests of the "Valuation adjustments" (note 17.5).

19. Financial instruments by category

The table below reconciles the Group's financial instruments by category and the consolidated statement of financial position headings at 30 June 2026:

30 June 2026 Thousands of euros	Note	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total at 30 June 2026
Investments accounted for using the equity method		-	-	89	89
Derivative financial instruments	25	-	2,266	-	2,266
Trade and other receivables	20	48,419	-	-	48,419
Trade receivables and other financial assets - Group companies and related parties	20 & 29	668	-	-	668
Other financial assets	22.2	24,354	-	15,560	39,914
Cash and cash equivalents	22.1	165,242	-	-	165,242
Total financial assets		**238,683**	**2,266**	**15,649**	**256,598**
Derivative financial instruments	25	-	7,031	-	7,031
Trade and other payables	21	199,358	-	-	199,358
Other non-current and current liabilities	24	63,719	-	-	63,719
Trade payables and other financial liabilities - Group companies and related parties	21 & 29	35,574	-	-	35,574
Notes and other marketable securities	23.1	179,804	-	-	179,804
Bank borrowings	23.1	397,852	-	-	397,852
Other financial liabilities	23.2	93,663	-	-	93,663
Total financial liabilities		**969,970**	**7,031**	**-**	**977,001**

The amount of net finance costs by financial liability category, at amortised cost, is as follows:

	30/06/2026			**30/06/2025**		
€ 000	Pulp	Renewables	Total	Pulp	Renewables	Total
Borrowings from Group companies	(1,244)	2,021	777	(1,585)	1,585	-
Other accounts payable	12,180	6,604	18,784	15,003	7,935	22,938
	10,936	**8,625**	**19,561**	**13,418**	**9,520**	**22,938**

The derivative financial instruments are valued using level 2 inputs, i.e., different quoted price variables that are observable either directly or indirectly. The fair value of the contingent consideration is measured using level 3 inputs based on the terms of the sale agreement, the Group's knowledge of the business and the effects of the current economic climate.

The fair value of the financial assets and liabilities carried at amortised cost, which include financing arranged at fixed rates of interest (note 23), is not significantly different from the amounts at which they are carried.

20. Trade and other receivables

The breakdown at 30 June 2026 and 31 December 2025 of “Trade and other receivables” in the condensed consolidated statement of financial position is as follows:

€ 000	30/06/2026	31/12/2025
Trade receivables:		
Pulp	32,257	8,725
Renewables	12,091	17,371
Other	2,941	2,679
Trade receivables, group companies and related parties (note 29)	656	789
Other receivables	7,129	7,714
Receivable from employees	9	-
Provision for impairment	(6,008)	(5,910)
	49,075	**31,368**

The credit period on pulp sales is between 56 and 60 days.

The line item “Provision for impairment” in the table above included additions for the period totalling €326 thousand, net of reversals in the amount of €145 thousand.

20.1 Discounting facilities

The Group has arranged the following non-recourse receivables discounting facilities:

	30/06/2026	
	Undrawn limit	Drawn down
Pulp	119,000	82,185
Renewables	46,400	24,671
	165,400	**106,856**

The trade receivables not discounted under those facilities at 30 June 2026 are expected to be collected from the corresponding debtors, rather than via sale.

21. Trade and other payables

The breakdown at 30 June 2026 and 31 December 2025 of "Trade and other payables" in the consolidated statement of financial position is as follows:

€ 000	30/06/2026	31/12/2025
Trade and other payables	177,156	165,996
Trade payables, group companies and related parties (note 29)	3,496	2,811
Payable to fixed-asset suppliers	16,209	45,873
Employee benefits payable	5,777	8,241
	202,638	**222,921**

The Group has arranged the following non-recourse reverse factoring facilities:

	30/06/2026	
	Undrawn limit	Drawn down
Pulp	112,000	62,540
Renewables	49,500	23,435
	161,500	**85,975**

The balances arising from the use of reverse factoring facilities are classified as trade accounts payable. The reverse factoring facilities arranged by ENCE do not entail the provision of guarantees, do not alter the average payment term agreed with the corresponding suppliers and do not earn interest for the banks that extend the facilities.

22. Financial assets

22.1 Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash on hand and short-term bank deposits with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

At 30 June 2026, the Group had €7,143 thousand of cash in dollars.

22.2 Other financial assets

The breakdown of this consolidated statement of financial position heading at 30 June 2026 and 31 December 2025:

	30/06/2026		31/12/2025	
€ 000	Current	Non-current	Current	Non-current
ENCE's share liquidity agreement (note 17.3)	410	-	657	-
Contingent consideration (note 29)	15,560	-	13,462	1,453
Receivable under equipment sub-leases	-	-	-	8,689
Debt service reserve account	-	11,451	-	11,451
Security deposits and other accounts receivable	1,536	10,957	1,813	2,811
	17,506	**22,408**	**15,932**	**24,404**

The "Debt service reserve account" includes cash retained to cover the obligation, stipulated in the financing taken on by the Renewables business, to maintain a minimum cash sweep of €10 million. It also includes cash earmarked to covering the obligation, stipulated in the financing taken on to fund the acquisition of the biomethane plant in December 2024 (note 23), to maintain a minimum cash sweep of €1.5 million.

On 20 December 2020, Ence Energía y Celulosa, S.A. completed the sale to Woodpecker Acquisitions S.a.r.l, an entity controlled by Ancala Partners LLP, of a minority interest of 49% in its subsidiary, Magnon Green Energy, S.L. A portion of the sale price - €134 million - is variable and depends on successful development of the pipeline of biomass renewable energy projects over the next eight years. At 30 June 2026, ENCE recognised a balance receivable of €13,761 thousand, which is the present value, discounted using the business's cost of capital of 8.4%, of the amount of the contingent consideration it expects to collect between 2021 and 2028.

Elsewhere, "Contingent consideration" includes a receivable in the amount of €1,799 thousand at 30 June 2026 corresponding to the present value of the contingent price agreed on the sale in 2020 of the Group's investment in Ence Energía Termollano, S.A., a company that owned a solar thermal electric generation plant.

23. Borrowings

The breakdown of financial borrowings at 30 June 2026 and 31 December 2025 is as follows:

	Non-current liabilities		Current liabilities	
€ 000	30/06/2026	31/12/2025	30/06/2026	31/12/2025
Notes and other marketable securities	120,015	31,343	61,198	45,183
Bank borrowings	337,762	373,953	58,681	77,212
Other financial liabilities	75,686	75,272	17,977	16,508
Total	**533,463**	**480,568**	**137,856**	**138,903**

23.1 Bank borrowings and capital markets issues

The breakdown of bank borrowings at 30 June 2026 corresponding to loans and discounting facilities, classified by their respective maturities, is as follows:

30/06/2026			Maturity					
€ 000	Limit	Drawn down	2026	2027	2028	2029	2030	Beyond
Borrowings - Pulp Business								
Notes issued	179,804	179,804	23,656	43,687	27,461	-	85,000	-
Revolving credit facility	130,000	-	-	-	-	-	-	-
Bank loans	236,793	236,793	20,125	55,634	79,324	31,402	26,499	23,809
Origination fees	-	(1,091)	(178)	(348)	(270)	(230)	(50)	(15)
Interest and coupons payable and	-	2,677	2,677	-	-	-	-	-
	546,597	**418,183**	**46,280**	**98,973**	**106,515**	**31,172**	**111,449**	**23,794**
Borrowings - Renewables Business								
Revolving credit facility	20,000	-	-	-	-	-	-	-
Bank loans	149,600	149,600	5,984	11,288	10,608	9,928	7,344	104,448
Project finance - Biomethane plant	14,239	14,239	21	477	1,007	1,015	1,100	10,619
Origination fees	-	(4,377)	(510)	(837)	(837)	(837)	(837)	(519)
Interest and coupons payable and	-	11	11	-	-	-	-	-
	183,839	**159,473**	**5,506**	**10,928**	**10,778**	**10,106**	**7,607**	**114,548**
	730,436	**577,656**	**51,786**	**109,901**	**117,293**	**41,278**	**119,056**	**138,342**

Each of ENCE's two core businesses finances itself independently of the other. There are no significant cross-guarantees or other recourse mechanisms.

ENCE's average borrowing cost was 4.41% in the first half of 2026. The average borrowing cost in the Pulp business was 3.99%, compared to 5.50% in the Renewables business.

At 30 June 2026, ENCE and its subsidiaries were in full compliance with their financial obligations, including any covenants that could trigger the prepayment of their borrowings.

ENCE's borrowings do not carry any clauses that would imply their modification or renegotiation as a result of a change in its credit ratings.

Borrowings - Pulp business

Notes

On 9 October 2023, ENCE registered a sustainable commercial paper programme with Spain's alternative fixed-income market, MARF, under which is can issue up to €200 million of paper with maturities of up to 24 months. That programme is rolled over annually, having been last renewed on 13 October 2025, on the same terms and conditions. The average cost of this paper in the first half of 2026 was 3.50%.

On 12 January 2026, ENCE registered a sustainable notes programme with Spain's alternative fixed-income market, MARF, under which it can issue up to €200 million. At 30 June 2026, the Group had issued €85 million of notes under that programme. The notes issued carry interest at a fixed annual rate of 4.10% and mature in a single bullet at maturity, with the entire principal balance due on 29 January 2030.

Revolving credit facility

ENCE has a €130 million revolving credit facility with a syndicate of Spanish and international banks which is due in 2030. This revolving credit facility accrues interest at a rate of interest benchmarked to Euribor. The interest rate may vary annually as a function of the Ethifinance environmental sustainability rating obtained by ENCE, which has assessed that debt as "green" financing. The revolving credit facility was fully undrawn at 30 June 2026.

Loans

At 30 June 2026, ENCE had arranged several loans in a combined amount of €237 million; those loans fall due between 2026 and 2033. A portion of those loans, with a face value of €30 million, accrues interest at fixed rates ranging between 1.80% and 4.3%. The remainder accrue interest at floating rates, mainly at Euribor plus a spread ranging from 1.10% to 2.05%. The interest rate on 80% of the loans arranged may vary annually by 2.5 basis points as a function of the Ethifinance environmental sustainability rating obtained by ENCE.

In order to hedge the risk associated with these floating-rate borrowings, ENCE has arranged interest-rate swaps, which currently hedge 51% of the balance drawn down, locking in a fixed rate of 3.24% (note 25).

Financing cancelled

During the first half of 2026, the Group prepaid four loans which were drawn down at the time by €15.7 million. The financing cancelled was originally due in July 2026 (€10 million), April 2028 (€2.7 million) and October 2028 (€3 million) and carried fixed rates of between 1.95%-4.60%, with one benchmarked to Euribor plus a spread of between 1.75% - 2%.

Borrowings - Renewables business

Recourse borrowings

On 11 July 2024, Magnon Green Energy, S.L. ("MAGNON") entered into a loan agreement with a syndicate of 14 entities in the amount of €170 million, additionally obtaining a revolving credit facility (RCF) of €20 million: The breakdown of those hedges at 30 June 2026:

	€ 000			Interest
	Undrawn	Drawn	Maturity	rate (*)
Tranche 1	47,600	47,600	Jul-2031	2.00%-2.75% (i)
Tranche 2	72,000	72,000	Jan-2032 (ii)	3% (i)
Tranche 3	30,000	30,000	Jan-2032 (ii)	5.82%
Tranche 4	20,000	-	Jul-2031	1.25%-2.00% (i)
	169,600	**149,600**		

(i) (i) 6-month Euribor plus a spread. In the tranches provided by the banks, the rate varies as a function of the leverage ratio across the entities comprising the scope of the financing agreement.

(ii) Due in a single bullet payment on the date indicated.

This financing is secured mainly by pledges over the shares in Celulosa Energía S.A.U., Ence Energía Puertollano, S.L.U., ENCE Energía Huelva, S.L.U., Ence Energía Huelva Dos S.L.U., ENCE Energía Extremadura, S.L.U. and Magnon Biomasa, S.L., as well as their current and future assets and credit claims.

The financing similarly includes certain obligations, which are customary in these types of facilities, mainly related to the disclosure of specific business and financial information and compliance with certain solvency and profitability ratios. The covenants include compliance with ratios tied with borrowings, equity and cash flow generation (in order to be able to pay dividends).

The commissions paid and other charges incurred to arrange this funding totalled €5.5 million.

In order to hedge the risk deriving from this floating-rate facility, MAGNON has arranged interest rate swaps. The swaps cover 70% of the financing drawn down and lock in an average rate of 2.8% (note 25).

Project finance - La Galera biomethane plant

On 30 January 2025, Biofertilizantes y Biometano Camarles, S.L., 100%-owned by ENCE, and Biogás and Biometegás la Galera S.L., 100%-owned by Biofertilizantes y Biometano Camarles, S.L, arranged a project finance loan in the amount of €19,582 thousand with a financial institution to fund the acquisition and subsequent expansion of a biomethane facility located in the town of La Galera in Tarragona.

At 30 June 2026, that loan was drawn down by €14,239 thousand. It matures on 30 June 2037. The project finance facility accrues interest at 6-month Euribor plus a spread of 2.25%.

It includes guarantees related exclusively to the asset being financed and is therefore non-recourse to the rest of the Group's activities and assets. Those guarantees include a pledge over 100% of the shares of the borrowers, over their assets and over their current and future collection claims. It also implies a series of obligations related to the disclosure of certain business and financial information, which are customary in these types of facilities, and the requirement to comply with certain solvency and profitability ratios based on the consolidated financial information of the borrowers. Lastly, the facility includes certain restrictions, mainly related to the ability to pay dividends and obtain new financing and the requirement to maintain a cash sweep equivalent to coverage of six months' debt service.

In order to hedge the risk deriving from this floating-rate financing facility, ENCE has arranged interest-rate hedges with the project financier for a notional amount equivalent to 70% of the drawdowns estimated over the term of the facility at an average fixed rate of 2.58%.

Note that the project finance facility qualifies as a green loan under the Green Loan Principles.

23.2 Other financial liabilities

The maturity profile of the items included under this consolidated statement of financial position heading at 30 June 2026:

30/06/2026		Maturity					
€ 000	Drawn down	2026	2027	2028	2029	2030	Beyond
Other financial liabilities - Pulp Business							
Financing granted by public bodies	24,962	5,762	6,021	6,037	3,966	958	2,218
Liabilities related with right-of-use assets	63,411	3,990	7,267	6,108	5,483	3,965	36,598
	88,373	**9,752**	**13,288**	**12,145**	**9,449**	**4,923**	**38,816**
Other financial liabilities - Renewables Business							
Liabilities related with right-of-use assets	5,290	1,279	1,736	1,254	702	319	-
	5,290	**1,279**	**1,736**	**1,254**	**702**	**319**	**-**
	93,663	**11,031**	**15,024**	**13,399**	**10,151**	**5,242**	**38,817**

24. Other current and non-current assets and liabilities:

The breakdown of this consolidated statement of financial position heading at 30 June 2026 and 31 December 2025:

	30/06/2026		31/12/2025	
€ 000	Current	Non-current	Current	Non-current
Assets:				
Other	11,206	-	1,419	-
	11,206	**-**	**1,419**	**-**
Liabilities:				
Tariff Adjustment - prior reg. stub periods	4,630	59,089	4,461	61,443
Contingent consideration	-	-	-	3,642
	4,630	**59,089**	**4,461**	**65,085**

"Contingent consideration" at 31 December 2025 included the present value of the contingent consideration associated with the acquisition in 2024 of 98% of the share capital of Biometagás La Galera, S.L., a company that owns a biomethane generation facility in the municipality of La Galera (Tarragona). Payment of that consideration was contingent upon achieving a certain volume of EBITDA following the start-up of sales of fertilisers, by 2028 at the latest. At 30 June 2026, the Group reassessed that contingent consideration, concluding that the conditions triggering its payment are not being met, so that it has reversed the associated liability, by €3,642 thousand, recognising the gain under "Change in the fair value of financial instruments" in the condensed consolidated statement of profit or loss for the six months ended 30 June 2026 (note 9).

The "Adjustment for tariff shortfall/surplus" account includes the Group's non-current payables to the sector regulator, the CNMC, under the scope of Spanish Royal Decree 413/2014, regulating the production of electric power using renewable sources, co-generation and waste, in respect of the Tariff Adjustment concept (note 5).

At the end of the 2023-2025 regulatory stub period, the amounts recognised within assets and liabilities were recognised at their net amount under liabilities in the condensed consolidated statement of financial position. At 30 June 2026, the Group recognised a net liability in its condensed consolidated statement of financial position in this connection, divided between non-current and current amounts, specifically €59,089 thousand under "Other non-current liabilities" and €4,630 thousand euros under "Other current liabilities".

Ministerial Order TED/526/2024, of 31 May 2024, was published on 4 June 2024, establishing new methodology for updating the remuneration for operation (Ro) applicable to standard power generation facilities whose operating costs depend essentially on the price of their fuel. Among other things, that Order excluded the group a.1, b.6 and b.8 standard facilities, categories which include the Group's biomass energy generation plants, from the Tariff Adjustment system regulated in article 22 of Royal Decree 413/2014, with effect from 1 January 2024, such that the Group will not generate any new balances in respect of the Tariff Adjustment (note 5).

Elsewhere, the balances recognised in the condensed consolidated statement of financial position in this respect at 30 June 2026 will be reclassified to profit or loss over the remaining regulatory useful lives of the facilities that generated them, according to the following schedule:

30/06/2026	Maturity						
€ 000	Total	2026	2027	2028	2029	2030	Beyond
Balances payable:							
Pulp Business:	21,684	963	2,068	2,221	2,386	2,562	11,484
Renewables Business:	42,033	1,269	2,726	2,847	3,058	3,284	28,849
	63,717	**2,232**	**4,794**	**5,068**	**5,444**	**5,846**	**40,333**
Net position	**63,717**	**2,232**	**4,794**	**5,068**	**5,444**	**5,846**	**40,333**

25. Derivative financial instruments

The breakdown of this consolidated statement of financial position heading at 30 June 2026 and 31 December 2025, which corresponds with the fair value of the derivatives at the reporting dates, is provided in the next table:

	Non-current assets		Current assets		Non-current liabilities		Current liabilities	
€ 000	30/06/2026	31/12/2025	30/06/2026	31/12/2025	30/06/2026	31/12/2025	30/06/2026	31/12/2025
Cash flow hedges:								
IR swap	1,278	228	2	-	319	1,224	696	1,674
Currency hedges	-	-	-	579	-	-	2,334	-
Energy sales price hedges	-	-	986	988	-	-	3,682	130
Total	**1,278**	**228**	**988**	**1,567**	**319**	**1,224**	**6,712**	**1,804**

The changes in the fair value of the derivative financial instruments that were reclassified to profit or loss in the first half of 2026 are shown below:

€ 000 - Gain/(loss)	30/06/2026	30/06/2025
Impact on operating profit:		
Currency hedges	170	1,008
Energy sales price hedges	547	465
Subtotal	717	1,473
Impact on net finance cost:		
IR swap (note 9)	(995)	222
Energy sales price hedges (note 9)	-	127
Subtotal	(995)	349
Total	**(278)**	**1,822**

All of the derivatives arranged by ENCE at 30 June 2026 qualify for hedge accounting.

25.1 Currency hedges

ENCE hedges its exposure to fluctuations in the dollar-euro exchange rate, which have a significant impact on pulp sales prices, using tunnel options (Asian options) and forward contracts. The breakdown of those hedges at 30 June 2026:

Tunnel options - Underlying	Maturity	Strike price Call	Strike price Put	Notional amount (USD m)
EUR/USD	3Q26	1.171	1.193	20.5
EUR/USD	4Q26	1.167	1.188	30.9
EUR/USD	1Q27	1.155	1.190	27.6
EUR/USD	2Q27	1.145	1.178	15.5
				94.5

Forward - Underlying	Maturity	Strike price Call	Notional amount (USD m)
EUR/USD	3Q26	1.177	19.2
EUR/USD	4Q26	1.177	12.8
EUR/USD	1Q27	1.177	5.8
EUR/USD	2Q27	1.174	3.1
			40.9

The contracts outstanding at 30 June 2026 cover approximately 25% and 19.06% of forecast pulp sales in the second half of 2026 and the first half of 2027, respectively.

There were no hedge inefficiencies in respect of the foreign currency hedges in the first half of 2026.

The sensitivity of operating profit and equity to dollar appreciation or depreciation against the euro as a result of the impact on the derivative financial instruments arranged by ENCE at 30 June 2026 is shown below:

€ 000	Change in USD/EUR exchange rate	Operating profit (-)/+	Impact on equity (-)/+
	5% depreciation	(5,637)	(4,228)
	5% appreciation	4,732	3,549

25.2 Energy sale hedges

The Group attempts to replicate the regulatory pool price indexation formula established in prevailing energy regulations, to which end, in the first half of 2026, it arranged commodity swaps due 2026 and 2027 over the price at which it sells the power it generates to the national electricity system (OMEL). In an attempt to mitigate its exposure to market risk and lock in a benchmark price aligned with the amounts set down in applicable regulations, the price locked in through those hedges is built daily using the formula for calculating the remuneration for operation metric in accordance with Ministerial Order TED/526/2024. The breakdown of the hedges outstanding at 30 June 2026:

Maturity	Amount (MWh)
3Q26	260,843
4Q26	217,483
1Q27	58,264
2Q27	58,264
3Q27	58,264
4Q27	58,264

There were no hedge inefficiencies in respect of the energy sale price hedges in the first half of 2026.

The sensitivity of earnings to energy price changes as a result of the impact on the derivative financial instruments arranged by ENCE at 30 June 2026 is shown below:

€ 000	Change in USD/EUR exchange rate	Operating profit (-)/+	Impact on equity (-)/+
	5% depreciation	(2,319)	(1,739)
	5% appreciation	(5,344)	(4,008)

25.3 Interest rate swaps

The interest rate derivatives arranged by the Group and outstanding at the reporting date are shown below:

€ 000	Fair value	2026	2027	2028	2029	Beyond
Pulp	534	88,476	46,813	38,934	-	-
Renewables	(231)	95,056	179,073	161,881	146,519	393,208

There were no hedge inefficiencies in respect of these derivatives in the first half of 2026.

The sensitivity of operating profit and equity to interest rate movements as a result of the impact on the derivative financial instruments arranged by the Group at 30 June 2026 is shown below:

€ 000	Change in interest rates	Impact on finance cost (-)/+	Impact on equity (-)/+
	50bp increase	1,607	1,205
	50bp decrease	(3,821)	(2,866)

26. Provisions, guarantees and contingent liabilities

26.1 Provisions

The reconciliation of the opening and closing balances of current and non-current provisions during the reporting period is as follows:

First half 2026	Balance at 01/01/2026	Additions/ (charges)	Derecognitions or decreases	Balance at 30/06/2026
Non-current:				
Long-term incentive plan (note 7.2)	863	251	-	1,114
Dismantling provision	27,085	414	-	27,499
Provision for workforce restructuring (Competitiveness Plan) (*)	7,999	-	-	7,999
Other	1,388	-	(97)	1,291
	37,335	**665**	**(97)**	**37,903**
Current				
Short-term incentive plan (note 7.2)	904	47	(1,105)	(154)
Emission allowances (notes 8 & 16.1)	13,146	6,551	-	19,697
Pontevedra Environmental Pact and other	21,000	-	-	21,000
Provision for workforce restructuring (Competitiveness Plan) (*)	15,999	-	(3,200)	12,799
Other	1,001	-	(1,001)	-
	52,050	**6,598**	**(5,306)**	**53,342**

Provision for workforce restructuring (Competitiveness Plan)

In 2025, the Group embarked on a workforce restructuring process in order to realign its organisational structure with its business performance and boost operating efficiency. This process affects the biomills in Pontevedra and Navia and the head offices in Madrid. The total estimated cost recognised at year-end 2025 was €24 million. In the first half of 2026, as execution of the plan got underway, the first of the affected staff left the Group's employment, recognised with a charge against the previously recognised provision. The unused balance of the provision stood at €20,798 thousand at 30 June 2026 and related to the cost of the departures that have yet to materialise, with the restructuring plan due to run until 31 December 2027.

26.2 Guarantees extended to third parties

At 30 June 2026, several financial institutions had extended the various Group companies the following guarantees:

	€ 000
Government permitting of renewable energy power generation plants	10,663
Subsidised loans (note 23.2)	8,663
Grid access - Pre-allocations	17,353
Receivable discounting lines	10,000
Execution of forest projects	7,915
Pontevedra concession	3,050
Electricity market	5,900
Environmental	1,503
Payments to suppliers	32
Other	20,827
	85,906

The directors do not expect the amounts guaranteed or the guarantees extended to result in material liabilities for the Group other than those recognised in these interim condensed consolidated financial statements.

26.3 Contingent assets and liabilities

At 30 June 2026, the Group was party to legal claims and controversies that arose in the ordinary course of its business. The most significant claims are summarised below:

Energy crops:

In 2013 and 2014, a package of implementing regulations was enacted in Spain: Ministerial Order IET/1045/2014 (16 June 2014), enacting the standard facility remuneration parameters applicable to certain electricity producing facilities that use co-generation, renewable energy sources or waste, so implementing Royal Decree 413/2014 (6 June 2014), both of which emanated from implementation and application of the Electricity Sector Act (Law 24/2013, of 26 December 2013) and Royal Decree-Law 9/2013, adopting urgent measures towards guaranteeing the financial stability of the electricity system, which had the effect of modifying the remuneration and tax regime applicable to the generation of energy from renewable sources, including generation and co-generation facilities fuelled by biomass. Those new regulations, which put energy crops in the same category as forest and agricultural waste for remuneration purposes, obliged ENCE to embark on the process of abandoning the management of its energy crop plantations in a definitive and orderly fashion, including the termination of leases, with the attendant impairment of the investments it had made, requiring the recognition of the corresponding provisions.

As a result, on 14 July 2014, the Parent and certain Group companies (hereinafter, "ENCE") presented a claim for damages from the Spanish state (the "Claim") before the then Ministry of Industry, Energy and Tourism. The award sought was ultimately quantified at €63,300 thousand on the basis of reports compiled by an independent expert.

On 17 February 2021, ENCE presented a new written deed before the now Ministry of Ecological Transition and Demographic Challenges, currently tasked with energy matters, urging the state to issue an express ruling on the claim filed, with a view to evaluating next steps.

On 15 November 2021, ENCE received notice from the General Technical Secretariat of the Ministry of Ecological Transition and Demographic Challenges providing it with a report from the General Directorate of Energy Policy and Mining (the Report) concluding that its claim for damages was not admissible. On 29 November 2023, the ENCE Group presented arguments against the considerations set out in the Report, asking to have access to and see the file, a request the government has yet to answer.

In addition, ENCE has reiterated and recalled on several occasions the government's duty to rule on the Claim submission presented in 2014 in due form and time.

Given the lack of response to its Claim submission, on 10 February 2023, ENCE lodged an appeal (subsequently presenting the statement of claim on 21 June 2023) arguing the total non-viability, generated by the new regulatory framework, from 2013-2014, of the model of generating electricity from energy crops, generating a real, effective and economically quantifiable loss for ENCE related directly to the full termination of the entire production process using energy crops. A date has yet to be set for hearing and ruling on this appeal.

Electricity market regulations:

The Group companies whose business activities are in any way subject to the electricity sector regulatory framework have lodged appeals before the Supreme Court's Chamber for Contentious Administrative Proceedings against a series of ministerial orders (Orders TED/1232/2022, TED/1295/2022, TED/741/2023 and TED/353/2024) which establish the standard facility remuneration parameters applicable to certain electricity-producing facilities that use renewable energy sources, co-generation or waste for application in the first and second halves of 2022 and 2023.

With respect to the appeals lodged against Order TED/1232/2022, the Supreme Court agreed to process several appeals by technology category, including the four lodged by ENCE, on a preferential basis. The Supreme Court has dismissed all four appeals.

The appeals lodged against Order TED/1295/2022 have all been suspended to make room for the processing of other appeals. With respect to the appeals filed against Order TED/741/2023, the Supreme Court has dismissed seven of the appeals lodged, leaving five appeals pending ruling.

As for the appeals against Order TED/353/2024, these are all pending ruling.

The initial challenge mounted by ENCE is based on (i) the fact that the new regulations have retroactive effect, which is prohibited in the Spanish legal system; (ii) the failure to uphold the deadlines stipulated in relation to the remuneration regime contained in the Electricity Sector Act and Royal Decree 413/2014; and (iii) the fact that the regulations are arbitrary and contrary to the principles of good regulatory practice. The challenge also certifies violation of the principle of sufficiency of remuneration. Lastly, the Group has directly challenged Order IET/1345/2015 and asked the Supreme Court to consider the constitutionality of Royal Decree-Law 6/2022. In addition to arguments of a legal character, the challenge is based on an expert analysis determining the existence of a significant economic impact, insofar as the challenged Orders set remuneration for operation parameters that are removed from current real operating costs, so violating the Group's right to receive a remuneration regime on the legally and regulatory contemplated terms.

In response to the proceedings dismissals, motions for rectification and supplementation of the judgement are being lodged, followed by motions for the annulment of proceedings on exceptional grounds.

The Supreme Court's Chamber for Contentious Administrative Proceedings issued an order dismissing the motion to set aside proceedings in case 1030/2022; consequently, on 2 June 2026, an appeal for constitutional protection was lodged in due time and form before the Constitutional Court.

Lastly, an official appeal has been filed against Ministerial Order TED/526/2024, of 31 May 2024, establishing new methodology for updating the remuneration for operation (Ro) applicable to standard power generation facilities whose operating costs depend essentially on the price of their fuel and updates the remuneration for operation amounts applicable from 1 January 2024. This case is currently awaiting a date to be set for voting and ruling.

Public-domain concession - The ENCE biomill in Pontevedra

The resolution of 20 January 2016 granting an extension of the public-domain concession over the land on which ENCE's biomill in Pontevedra is located was challenged firstly through administrative channels and subsequently in court by the town council of Pontevedra and two associations: Greenpeace Spain and Asociación Pola Defensa da Ría de Pontevedra or the APDR.

Those challenges gave rise to three consecutive court proceedings before the National Appellate Court's Chamber for Contentious Administrative Proceedings, which issued its rulings on 15 July 2021 and 21 September 2021, upholding the appeals lodged by Greenpeace Spain, the town council of Pontevedra and APDR and annulling the ministerial resolution of 16 January 2016 extending the concession, based on the Court's understanding that the resolution had failed to substantiate the fact that ENCE's biomill in Pontevedra necessarily had to be located on the public-domain coastal land or to provide reasons of public interest in defence of the biomill's current location.

ENCE lodged appeals against those Appellate Court rulings before the Supreme Court on 28 September 2021 and 29 November 2021, receiving rulings in its interests on 6 March 2023 and 17 June 2025, when the Supreme Court upheld the appeals lodged by the Company against the National Appellate Court rulings of 15 July 2021 in response to cases brought by Greenpeace Spain, the town council of Pontevedra the APDR.

The Supreme Court rulings annul the above-mentioned National Appellate Court rulings and uphold the legality of the concession extension and, thereby, its 60-year term, which runs from the day on which the extension was originally applied for. The Supreme Court rulings are not subject to ordinary appeal.

The state attorney, the town council of Pontevedra, Green Peace and the APDR applied to have the Supreme Court rulings annulled. The Supreme Court denied their applications, so confirming the validity of its original rulings.

The state attorney, Greenpeace and the town council of Pontevedra have lodged appeals before the Constitutional Court of Spain. The appeals lodged by the state attorney and Greenpeace were ruled inadmissible, while the appeal presented by the town council of Pontevedra was admitted for processing via a court order on 26 May 2025. ENCE and its counsel believe there are solid legal arguments in favour of the concession extension allowed by the Supreme Court in its sentences in 2023.

27. Tax matters

The balances receivable from and payable to the tax authorities at 30 June 2026 and 31 December 2025 are shown below:

	30/06/2026		31/12/2025	
€ 000	Assets	Liabilities	Assets	Liabilities
Non-current:				
Deferred tax assets	95,913	-	112,201	-
Deferred tax liabilities	(29,425)	-	(33,026)	-
Total	**66,488**	-	**79,175**	-
Current:				
VAT	13,671	2,277	8,823	3,851
Current tax on profits for the year	3,381	24	3,502	53
Electricity generation levy	-	50	-	-
Sundry other taxes	1,744	4,673	5,111	8,483
Total	**18,796**	**7,024**	**17,436**	**12,387**

ENCE pays its corporate income tax through two tax consolidation groups:

- ENCE Energía y Celulosa, S.A. has been filing its income tax returns under the consolidated tax regime provided for in Chapter VI of Title VII of the Spanish Corporate Income Tax Act (Tax Group 149/02), along with all the Spanish companies in which it has a shareholding of over 75%, since 2002.
- Magnon Green Energy, S.L. has been filing its income tax returns under the consolidated tax regime provided for in Chapter VI of Title VII of the Spanish Corporate Income Tax Act (Tax Group 410/21), along with all the Spanish companies in which it has a shareholding of over 75%, since 2021.

The rest of the Group companies file individual tax returns.

The statutory income tax rate in Spain is 25%. Corporate income is taxed at 21% and 25% in Portugal and Uruguay, respectively.

Under the consolidated tax regime, taxable income is not determined on the basis of consolidated accounting profit but rather the aggregate of the individual taxable incomes of the companies comprising the tax group, determined in accordance with their respective individual tax regimes, which are then restated for eliminations and adjustments applicable under the tax consolidation regime.

Spanish Law 7/2024 (20 December 2024) transposes the Pillar Two rules into Spanish law. That model is designed to ensure that large multinational enterprises pay an effective minimum tax rate of 15% in each of the jurisdictions where they operate. It also reintroduces, with effect from 1 January 2024, several of the measures contemplated in Royal Decree-Law 3/2016 that were annulled in early 2024, including limits on the utilisation of tax losses and tax credits to avoid double taxation, extending to 2024 and 2025 the cap of 50% on the utilisation of individual tax losses in tax groups (provided for in additional provision 19 of Spain's Income Tax Act), so limiting the amount of the individual tax losses of each of the entities comprising the tax group that can be deducted from taxable income to 50% (those amounts will be recovered in the tax group's taxable income via equal deductions over each of the following 10 tax years).

27.1 Recognised deferred tax assets and liabilities

The reconciliation of this consolidated statement of financial position heading at the beginning and end of the interim reporting period:

	Deferred tax assets				Deferred tax liabilities
€ 000	Unused tax losses and tax credits	Hedging instruments	Other deferred tax assets	Total	
Opening balance	83,360	1,131	27,710	112,201	33,026
2025 corporate income tax	3,393	-	(504)	2,889	-
Change in fair value of hedging instruments	-	(2,127)	-	(2,127)	-
Consolidation adjustments	-	-	(278)	(278)	(1,295)
Variable remuneration scheme	-	-	-	-	(361)
Recovery of tax losses 2018-2020	(16,983)	-	-	(16,983)	-
Sale of shares	(1,572)	-	-	(1,572)	(1,572)
Other	3,124	-	(1,341)	1,783	(373)
	71,322	**(996)**	**25,587**	**95,913**	**29,425**

Spanish Law 27/2014 on Corporate Income Tax eliminated, with effect from 1 January 2015, the deadline for utilising tax losses, and extended the general term for utilising tax credits by at least 15 years.

The deferred tax assets relate to asset impairment losses, provisions, tax relief, unused tax losses and differences in depreciation schedules for accounting and tax purposes.

ENCE only recognises deferred tax assets insofar as it is deemed probable that the entities (individually or on a consolidated basis) that have generated them will generate sufficient taxable profit in the future to enable their utilisation.

The balance of unused tax credits and unused tax losses certified but not recognised in the statement of financial position at 30 June 2026 amounts to €58.8 million.

27.2 Years open to inspection and tax inspections

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the inspection period in effect in each tax jurisdiction has prescribed (four years in Spain and Portugal and five years in Uruguay). The Tax Groups have their returns open to inspection from 2022 on.

Also as part of the inspection process, ENCE and MAGNON reaffirmed their right to challenge certain tax measures contained in Royal Decree-Law 3/2016 by signing assessments under protest so to be able to benefit from the potential declaration of their unconstitutional nature. On 18 January 2024, Spain's Constitutional Court, in plenary session, unanimously ruled that several of the income tax modifications introduced via Royal Decree-Law 3/2016, including the limit on the utilisation of tax losses, were unconstitutional, rendering them void. On 9 December 2025, the National Economic-Administrative Court upheld the claim seeking the recovery of tax credits of approximately €20 million, along with the corresponding late payment interest. During the first half of 2026, the Group recouped €16,983 thousand of tax credits, along with late-payment interest of €4,360 thousand, and lodged an appeal before the National Economic-Administrative Court seeking enforcement of the remaining tax credits claimed.

All of the Group's relevant decisions have been analysed internally and also by external advisors, in this and in prior years, and the conclusion reached is that those decisions are lawful and based on reasonable interpretations of tax regulations. The Group also analyses the existence of uncertainty over tax treatments. As a general rule, it takes a prudent approach to factoring any such uncertainty into determination of its tax. ENCE has not identified any uncertain tax positions requiring assessment.

28. Director and key management personnel pay and other benefits

Note 33 of the Group's annual consolidated financial statements for 2025 and Appendix III of the Consolidated Management Report that accompanies those annual financial statements, which includes the Annual Corporate Governance Report and the Annual Report on Director Remuneration, detail the existing agreements with respect to the remuneration and other benefits provided to the Parent's Board of Directors and key management personnel.

At the Annual General Meeting held on 5 May 2023, the Company's shareholders approved the Director Remuneration Policy of Ence Energía y Celulosa, S.A. for 2023-2026 (retrievable from www.ence.es). The cap on annual remuneration payable to the directors as a whole in their capacity as such, as set down in that policy, is €1.9 million.

The table below summarises the most significant items of remuneration and benefits accrued in the first six months of 2026 and 2025:

	€ 000	
	First half 2026	First half 2025
Board of Directors:		
Remuneration for Board membership:		
Fixed remuneration	334	334
Per diems & other	289	396
	623	**730**
Remuneration for performance of executive duties (*)	**694**	**412**
Key management personnel:		
Total remuneration (*)	**1,623**	**1,553**

(*) Includes the amount received for Cycle I of the 2023-2027 LTIP but does not include any other any variable remuneration as those bonuses will be determined, subsequent to year-end, as a function of the degree of delivery of the established targets.

28.1 Remuneration of the members of the Board of Directors

Remuneration for membership of the Board of Directors

The non-executive directors only receive a fixed stipend consisting of fixed remuneration and fees for attending the meetings of the Board of Directors and its committees; they are excluded from the Company's short- and long-term performance-based bonus schemes.

ENCE has arranged insurance to cover its directors as a group against the following accident risks: death, permanent outright disability and permanent partial disability. In addition, the Company offers its directors and their spouses an annual medical check-up.

The members of the Parent's Board of Directors did not receive any remuneration whatsoever for sitting on the boards of other Group subsidiaries or associates during the first half of 2026.

Remuneration for the performance of executive duties

Ence Energía y Celulosa, S.A.'s Director Remuneration Policy stipulates fixed remuneration for the Chairman & CEO of €750 thousand and an annual bonus of up to 120% of his fixed remuneration. ENCE also provides its Chairman & CEO with a range of in-kind compensation, including a company car, health insurance, parking place and an annual medical check-up.

Ignacio de Colmenares Brunet accrued fixed remuneration for the performance of his executive duties of €375 thousand in the first half of 2026.

In addition to the above-mentioned remuneration, ENCE’s Chairman & CEO is the beneficiary of a mixed savings, life and accident insurance policy and a retirement insurance policy (the benefit payable under the plan is one year's fixed and variable remuneration, to be received upon termination of his contract).

Lastly, the Chairman & CEO is a beneficiary under Cycles I, II and III of ENCE Energía y Celulosa, S.A.'s 2023-2027 long-term incentive plan (note 7). Cycle I was paid out in the first half of 2026 based on a target delivery rate of 18.25%; the Chairman & CEO received 116 thousand ENCE shares (before tax). Assuming 100% delivery of the targets associated with Cycles II and III of that plan, he stands to receive (before tax) 262 thousand ENCE shares in 2027 corresponding to Cycle II and 242 thousand ENCE shares in 2028 corresponding to Cycle III.

Other observations

The Group companies have not extended ENCE's directors any advances or loans. Nor have ENCE’s directors received any termination benefits. The directors did not conclude any transactions with ENCE or any of its subsidiaries outside the ordinary course of business or on terms other than on an arm’s length basis in the first half of 2026.

ENCE has no pension or alternative insurance related obligations to its directors, except for its Chairman & CEO, the latter in connection with the performance of his executive duties.

Key management personnel remuneration

Key management personnel (KMP) comprise the executives who report directly to the Chairman & CEO or the Board of Directors or any of its committees and any other executives the Board of Directors deems as such. The breakdown at 30 June 2026:

Name	Position
Ignacio de Colmenares y Brunet	Chairman & Chief Executive Officer
Alfredo Avello de la Peña	Finance and Corporate Development Officer
Jordi Aguiló Jubierre	Pulp Business Officer
Guillermo Negro Maguregui	Managing Director of Magnon Green Energy, S.L.
Reyes Cerezo Rodríguez-Sedano	General Secretary | Sustainability and Regulation Officer
Isabel Vallejo de la Fuente	Human Capital Officer
Modesto Saiz Suárez	Pulp Sales and Logistics Manager
Fernando González-Palacios Carbajo	Planning and Control Manager
Carla Morenés Basabe	Ethics and Compliance Manager
Ángel J. Mosquera López-Leyton	Internal Audit Manager

The key management personnel are the beneficiaries of a mixed savings, life and accident insurance policy. Elsewhere, ENCE provides its key management personnel with a range of in-kind compensation, including company cars, health insurance, parking places and an annual medical check-up.

The key management personnel are also beneficiaries under Cycles I, II and III of ENCE Energía y Celulosa, S.A.'s 2023-2027 long-term incentive plan (note 7.2).

Cycle I was paid out in the first half of 2026 based on a target delivery rate of 18.25%; the key management personnel received 116 thousand ENCE shares and €13 thousand of cash (before tax). Assuming 100% delivery of the targets associated with Cycles II and III of that plan, they stand to receive 365 thousand ENCE shares and €28 thousand in cash in 2027 corresponding to Cycle II and 352 thousand ENCE shares and €28 thousand in cash in 2028 corresponding to Cycle III.

Elsewhere, the key management personnel in the Renewables business are beneficiaries under the Magnon Group's 2021-2025 long-term incentive plan (note 7). Assuming a 19% rate of delivery of the targets to which that incentive scheme is tied, they stand to receive €123 thousand in 2027 if the terms and conditions are met. They are also beneficiaries of an extraordinary bonus associated with the value of the business being developed by Magnon Green Energy, S.L. and its subsidiaries in 2028. If the targets to which that incentive is tied are fully met, those executives stand to receive €2,450 thousand.

29. Transactions with Group companies and related parties

29.1 Transactions with investees accounted for using the equity method and resulting balances

The period-end balances outstanding with investees accounted for using the equity method:

	€ 000		
30/06/2026	Current loans	Current receivables (note 20)	Current payables (note 21)
Oleoenergía de Puertollano, S.L.	12	-	-
Capacitación de Servicios Forestales, S.L.	-	617	2,080
	12	**617**	**2,080**

The transactions performed with investees accounted for using the equity method of consolidation in the first half of 2026 were as follows:

	€ 000		
30/06/2026	Services rendered	Purchases	Operating expenses
Capacitación de Servicios Forestales, S.L.	544	129	2,620
	544	**129**	**2,620**

29.2 Balances and transactions with non-controlling interests

The balances outstanding with non-controlling interests at 30 June 2026 are as follows:

	€ 000			
30/06/2026	Current financial assets (note 22.2)	Current receivables (note 20)	Non-current borrowings	Current payables (note 21)
Woodpecker Acquisitions S.á r.l.	15,560	-	32,294	-
San Miguel Arcángel, S.A.	-	-	-	882
Aceites y Energía Santamaría, S.A.	-	39	-	534
	15,560	**39**	**32,294**	**1,416**

The non-current debt corresponds to a loan extended by Woodpecker Acquisitions S.a.r.l . to Magnon Green Energy, S.L. This loan accrues interest at a rate of 5.45% and falls due in 2032.

The transactions carried out with non-controlling shareholders in the first half of 2026:

	€ 000			
30/06/2026	Sales	Purchases	Operating expenses	Finance costs
Woodpecker Acquisitions S.á r.l.	-	-	-	776
San Miguel Arcángel, S.A.	-	1,456	-	-
Aceites y Energía Santamaría, S.A.	155	611	136	-
	155	**2,067**	**136**	**776**

29.3 Transactions with directors

ENCE had no balances outstanding with its directors at 30 June 2026. Moreover, ENCE did not perform any transactions with its directors in the first half of 2026.

30. Environment

Respect for the environment is intrinsic to ENCE's purpose and is embedded in the commitments and rules of engagement set down in its Code of Conduct and Sustainability Policy.

ENCE's environmental commitments are borne out, first and foremost, in its strategic approach to its business activities.

PULP

- ✓ The **production of pulp** from timber sourced locally from forests managed sustainably has positive impacts on the environment by bringing to market products that are natural, renewable, recyclable and good substitutes for materials made from fossil fuels, such as plastics. Moreover, ENCE's forestry activity not only helps capture carbon from the atmosphere, it also protects biodiversity and provides other ecosystem services.

- ✓ In designing new products, ENCE strives to reduce their environmental footprint and help reduce the environmental impacts derived from its customers' manufacturing process. Ence's launched the **Ence Advanced** trademark in 2019, the result of years of market analysis, R&D efforts and industrial and product development work for special pulp grades. 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 timber consumption requirement): adapted and special pulp grades and unbleached pulp for the manufacture of bags and packaging suitable for substituting materials such as plastic. Here it is worth flagging the Company's unbleached pulp, Naturcell, which is more environmentally-friendly to make and has a smaller CO_2 footprint than bleached pulp. Also worth noting is the strategic launch of **fluff** pulp production in Spain under the Leaf brand; fluff pulp helps to reduce the carbon footprint associated with the logistics involved in most of the pulp of this type currently consumed in Europe. One of the key thrusts of this line of initiative is to increase penetration of ENCE's special pulp grades.

- ✓ Besides the work done on these special products, ENCE continues to advance its **sustainable moulded pulp-based 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 ENCE is planning to build in Galicia (in the town of **As Pontes**) to produce unbleached recycled fibre. This is a world-pioneering facility for the production of bleached recycled fibre from recovered paper and board. With this initiative, the Company will give these materials new life, fully aligned with its circular strategy. When designing this project, the first in Europe to make bleached pulp from recycled paper and board, ENCE factored in its commitment to energy autonomy. As a result, the plant will be self-sufficient and fuelled by renewable energy generated using subproducts from the local forestry industry and will not use fossil fuels. In line with ENCE's commitment to the circular economy, As Pontes will be the first company in the European pulp sector to use totally chlorine free (TCF) bleaching technology for recycled fibres. In 2025, this project obtained its integrated environmental permit and during the first half of 2026 it was granted €24.5 million of Next Generation EU funds for its industrial decarbonisation component.

ENERGY

- ✓ The Group continues to make progress on the process underway to permit the development of methanol production facilities in Spain using the **biogenic CO_2** produced at biomass facilities. This fuel will help sectors less suited to electrification, such as the shipping, aviation and chemicals sectors, to decarbonise.

- ENCE is also working on execution of its plan for developing **renewable thermal energy** 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. There are now two plants in operation, following the commissioning of a new facility during the first half of 2026, which joined the plant that has been in operation for three years. A further three facilities are expected to be operational before the end of the year, two of which are currently under construction by MAGNON.

- Another line of initiative relates to the implementation of the plan for developing **biofertiliser** and **biomethane** plants, facilities capable of transforming agricultural and breeding waste collected locally into renewable gas and organic fertiliser. The renewable gas 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 over 1 TWh of generation capacity by 2030. The Group has one plant up and running (La Galera), several developments at the environmental permitting stage and others for which sites have been located and viability studies performed.

In addition to helping protect the environment through its business activities, ENCE is committed to framing its manufacturing processes with environmental considerations: it uses best available techniques and continuous improvement methodology to reduce the environmental impact of its activities in terms of material consumption, waste generation, emissions, effluents, noise and odours.

ENCE's commitment translates into significant investments to introduce prevailing best available techniques and improve process efficiency. The amount of capital expenditure incurred in each line of business during the first half of 2026 is shown below:

	€ 000
Pulp	12,049
Renewables	932
	12,981

The Group is committed to continually improving its environmental performance, an effort which is spearheaded by its senior management and shared by the entire organisation. However, ENCE is aware that its environmental footprint transcends its direct operations, which is why it extends its environmental commitment to every link in its value chain: from its forestry activities to its pulp production and energy generation and biofertiliser activities, focusing on the potential environmental impacts of its supply chain and urging suppliers to similarly meet the highest standards of environmental excellence.

Compliance, best available techniques and environmental performance

Although ENCE's ambition is to go beyond upholding its **legal obligations**, its environmental commitment first and foremost entails stringent and exhaustive compliance with prevailing legislation and the terms set down in the permits establishing the requirements which must be met by its different business activities, along with adaptation for the **best available techniques (BAT)** defined in the sector BREF (Best Available

Techniques Reference Document for the pulp and paper industry, 2014) approved by the European Parliament's ENVI Committee and the Best Available Techniques (BAT) Reference Document for Large Combustion Plants (LCPs) - Industrial Emissions Directive 2010/75/EU (2017).

In terms of **environmental performance**, during the first half of the year, the Navia biomill notably recorded just 2 minutes of odour, extending its excellent performance following the all-time record set in 2025, when it ended the year with 0 minutes of odour. Meanwhile, at the Pontevedra biomill, odour minutes decreased by over 60% year-on-year during the first half, implying a reduction of more than 99.9% since 2010. These results reflect the high standards attained and endorse the effectiveness of the measures implemented under the Zero Odour Plan. In addition, the Navia biomill recorded its best-ever unit water consumption metric, specifically a reading of 23.8 m^3/tAD in January and an average of 25.3 m^3/tAD in the first half as a whole. This reduction in unit water consumption was unlocked by an ambitious operational improvement plan for reducing the use of water.

It is also worth noting the progress made on the R&D projects aimed at achieving circular management of the main types of waste generated at ENCE’s plants, such as lime sludge, ash and slag. For example, the project to look for a formula for making ecological mortar from these subproducts continued to move forward. In addition, since 2025, the ash produced at one of the furnaces in Huelva qualifies as a subproduct rather than waste and is being used to refill mines, replacing other products with bigger environmental footprints. The dispatch of slag and ash to cement makers gathered traction in the first half of 2026.

Environmental management model and system

ENCE’s environmental management principles are set down in its Environment Policy, which aims to bring its performance beyond compliance with prevailing legislation, prioritising prevention, taking a precautionary stance and upholding continuous improvement principles. Indeed, ENCE implemented its total quality management (TQM) programme over 15 years ago as its standard for cultural and management transformation, addressing matters related to sustainability, quality, health and safety, environmental protection and pollution prevention as one.

Under the scope of that model, each year, ENCE sets a series of key improvement targets focused on a range of environmental thrusts:

- Reducing odour pollution
- Reducing noise
- Reducing air quality impact
- Reducing wastewater impact
- Lifting energy efficiency
- Reducing water consumption
- Reducing the consumption of raw materials
- Reducing waste generation and increasing recovery ratios
- Improving the management governance

Under the scope of this TQM model, the Group has developed the operating standards (procedures, etc.) needed to control and manage potential environmental impacts.

Environmental certificates

ENCE's integrated management system, which encompasses environmental management, is certified under the following international standards:

Centre	ISO 45001 Health and safety	ISO 14001 Environmental	ISO 9001 Quality	ISO 50001 Energy efficiency	EMAS	Zero Waste(1)	Nordic Swan	EU Ecolabel	ISO 22001 Food safety	Sure System(2)	ISCC System(3)
Pontevedra biomill	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Navia biomill	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Huelva energy complex	✓	✓	✓			✓	N/A	N/A		✓	
Merida plant	✓	✓				✓	N/A	N/A		✓	
Lucena plant	✓	✓				✓	N/A	N/A		✓	
Enemansa plant	✓	✓				✓	N/A	N/A		✓	
La Loma plant	✓	✓				✓	N/A	N/A		✓	
Biollano plant	✓	✓				✓	N/A	N/A		✓	
La Galera plant							N/A	N/A			✓

(1) Aenor's Zero Waste certification validates that at least 90% of generated waste is recycled or recovered.
(2) SURE biomass sustainability certification attests to compliance with Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources.
(3) ISCC biomethane sustainability certification attests to compliance with Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources.

MAGNON also holds Circular Economy Strategy certification. This system is certified by authorised organisations which carry out surveillance audits annually.

Transitioning to a circular economy

ENCE is contributing to the transition to a circular economy by selling products made using renewable sources of energy, such as pulp, that its customers then use to make end products that are recyclable and biodegradable and potential substitutes for single-use plastics. In addition, in generating renewable energy (electricity and thermal energy), it provides a solution for managing agricultural and forestry waste by recovering biomass to generate renewable energy and close the loop in sectors of tantamount importance to the rural economy.

The biofertiliser and biomethane business is another example of the circular economy thrust, articulated around the recovery of agricultural and breeding waste. Firstly, transformation of this waste into renewable gas (biomethane) for injection into the grid helps with decarbonisation. Secondly, the biofertiliser generated constitutes a solution for soil with high nitrate levels, contaminated as a result of intensive use of chemical fertilisers, generating value added in rural communities, fostering more sustainable farming practices and reducing dependency on fertilisers made using fossil fuels.

In parallel, ENCE remains committed to diversification and the development of new circular business models. One good example is the project in As Pontes, focused on the production of recycled bleached pulp from recovered paper and board, so eliminating reliance on timber as an input. Another example is the development of facilities for the production of renewable fuels from biogenic CO_2 derived from the generation of power fuelled by biomass. This biogenic CO_2, far from going to waste, is captured and turned into a raw material for the production of biofuels, so helping to close productive cycles and reduce dependency on fossil fuels.

ENCE applies circular economy principles in its own productive processes, searching for new ways to reduce its unit consumption of materials, particularly water, and recover as much waste as possible. To that end it is working to recover waste such as slag and ash by converting it into subproducts and finding niches to give these secondary raw materials a new lease of life; in parallel, it is participating in research projects for the development of new products and projects focused on getting the waste generated at its energy plants classified as subproducts.

As for its circular economy performance, the biomills and electricity generation plants that use biomass boast Zero Waste AENOR certification, attesting to the fact that at least 90% of the waste they generate is recycled or recovered. Moreover, MAGNON holds AENOR's Circular Economy Strategy certification which attests to the circularity of the business model based on the recovery of agricultural and forestry waste for the generation of energy (electricity and heat).

Climate change and carbon footprint mitigation

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.

On the mitigation front, in line with the Decarbonisation Plan timeline, the Navia biomill completed phase one in 2025, replacing the use of fossil fuels in the lime kilns with biomass, and in the first half of 2026 work continued on the tasks implied by phase two, which calls for further increasing the percentage of biomass used. These initiatives are additional to those already carried out in 2023 and 2024 when the biomill began to use biomethanol obtained in the production process by way of renewable fuel in order to reduce the use of fossil fuels. Thanks to these measures, Navia's direct emissions (Scope 1 emissions) decreased by 10% in 2025 from 2024. In tandem, the Pontevedra biomill continues to make progress on designing its plan, which contemplates similar initiatives to those being carried out in Navia for replacing the fossil fuels currently used with renewable sources. With these measures, ENCE is making progress towards delivery of the targets set down in its Decarbonisation Plan for the reduction of absolute Scope 1 and Scope 2 emissions by 55% and 75% by 2030 and 2035, respectively, compared to 2018, the base year. These initiatives reinforce ENCE's commitment to climate action, in line with the Climate Change Policy approved by its Board of Directors in 2024, which sets down the Company's key principles in this area and its commitment to be climate neutral by 2050.

ENCE also updates its inventory of greenhouse gas emissions annually. ENCE had its 2024 carbon footprint and product footprint verified in the second quarter of 2026. That process was carried out in accordance with ISO 14064 and 14067 by an independent expert to a reasonable level of assurance. In 2025, the Group's carbon footprint shrank by 5.0% from 2024, driven primarily by a 10.6% reduction in Scope 3 emissions. The reduction in Scope 3 emissions is primarily attributable to a shorter supply chain for materials, which has reduced the number of kilometres travelled for transport, as well as lower consumption of certain raw materials in the biomills, in line with the reduction in pulp production relative to 2024. Meanwhile, Scope 1 emissions increased by 6.1%, due mainly to higher fuel oil consumption in Pontevedra as a result of the stoppages and restarts associated with the strikes. However, the Navia biomill managed to reduce its direct emissions by 10% thanks to the measures set out in the Decarbonisation Plan. Lastly, Scope 2 emissions rose by 11.5% due to lower self-consumption and increased reliance on grid electricity, as a result of lower electricity generation during the first few months of the year owing to the temporary unavailability of one of the Pulp business's power generation turbines.

As for the analysis of the net carbon balance of the forests owned by the Company, performed in accordance with IPCC guidelines, it was concluded that in 2025, the forest tracts managed by ENCE sequestered close to 360,000 tonnes of CO_2, net of the carbon withdrawn from the forests in the form of wood or biomass.

In terms of adaptation, ENCE assesses its climate risks and opportunities annually. 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. That analysis studies, over three time horizons (near future, medium term and more distant future), the Group's physical risks, using the most recent climate scenarios published in the sixth IPCC report (SPP245 and SPP585), and its transition risks. ENCE will embark on the annual update of this analysis during the second half of 2026. Elsewhere, climate change action includes 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 2025, ENCE started to sell a new clone and has another one scheduled for commercialisation in 2026.

In parallel, ENCE is looking to monetise the **ecosystem services** provided by the forests it owns, with a focus on carbon capture. To that end, it continues to work on registering forest sinks in voluntary carbon markets, generating credits it can sell so that other companies can offset emissions they cannot forego. ENCE has registered nearly 4,400 hectares of forest sinks in different voluntary schemes, including more than 2,300 hectares in the voluntary scheme operated by the Spanish Climate Change Office. Currently, the Company is working on increasing that figure by embracing additional biodiversity criteria in line with European Union guidelines.

Biodiversity

ENCE has a 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, as verified by third-party auditors. This plan also includes awareness and communication initiatives so as to create a culture of biodiversity protection among all employees. Under the umbrella of this plan, medium-term targets (2028) have been defined to articulate and guide the various initiatives.

Noteworthy actions taken in the first half of the year include the restoration of roughly 45 hectares of degraded areas and the creation of ecotones. The Biodiversity Plan is aligned with recent and looming regulatory requirements, including those emanating from the EU Regulation on Deforestation-free products (EURD) (for which technological tools have been developed to support both the Company and its suppliers), the CSRD Directive with respect to the prevention and mitigation of impacts on biodiversity (establishing systematic prevention and monitoring of the potential impacts of forestry work) and the EU Nature Restoration Regulation (in the form of annual targets for restoring degraded habitats).

Responsible supply chain: sustainable timber, biomass and biomethane

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

On the certification front, ENCE has cemented itself as a benchmark in **sustainable forest management** in Spain, applying internationally-recognised criteria and standards of excellence, such as the FSC® (Forest Stewardship Council®, with license numbers FSC®-C099970 and FSC®-C081854) and PEFC (Program for the Endorsement of Forest Certification, with licence numbers PEFC/14-22-00010 and PEFC/14-33-00001) schemes, to the forest assets it manages and encouraging their adoption by its supply chain. As of June 2026, over 87% of its forest assets (out of total certifiable assets) were certified under one or other of those schemes and over 80% of the wood that entered its biomills during the period from its proprietary forests, suppliers and forest owners came with one or both certifications.

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. All of its facilities are SURE-certified. In addition, ENCE obtained PEFC certification (with licence number PEFC/14-31-00410) for its biomass trading activity in 2025.

As is the case with biomass, biomethane production at the La Galera plant boasts International Sustainability and Carbon Certification (ISCC), a voluntary sustainability scheme which facilitates compliance with the sustainability requirements stipulated in European Renewable Energy Directive. In the first half of 2026, 100% of the biomethane generated complied with those sustainability requirements.

As for **supply chain supervision**, over 1,400 entities were assessed through the online ESG & Compliance risk assessment platform in the first half of 2026. Those ESG & Compliance assessments are aligned with ENCE's 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. In addition, ENCE continues to work, in coordination with the authorities, to deploy technological devices that facilitate supplier compliance with the European Regulation on deforestation-free products (EUDR).

31. Events after the reporting date

No significant events have taken place since 30 June 2026, other than those already disclosed in these interim condensed consolidated financial statements, that would imply having to modify them.

Appendix I – Condensed Consolidated Financial Information for the PULP and RENEWABLES Businesses

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS AT 30 JUNE 2026 AND 31 DECEMBER 2025

	30/06/2026				31/12/2025			
€ 000	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL
NON-CURRENT ASSETS:								
Goodwill	-	4,860	-	4,860	-	4,820	-	4,820
Intangible assets	21,888	50,789	(10,696)	61,981	20,865	51,523	(10,983)	61,405
Property, plant and equipment	662,183	373,622	(5,113)	1,030,692	648,179	370,998	(5,141)	1,014,036
Biological assets	64,322	23	-	64,345	65,201	174	-	65,375
Investments accounted for using the equity method	62	27	-	89	66	30	-	96
Non-current financial assets:								
Securities portfolio	113,967	-	(113,967)	-	113,966	(3)	(113,963)	-
Loans to group companies and associates	70,800	-	(70,800)	-	59,390	-	(59,390)	-
Hedging derivatives	1,034	244	-	1,278	-	228	-	228
Other financial assets	9,837	12,571	-	22,408	10,274	14,130	-	24,404
Deferred tax assets	36,341	27,461	2,686	66,488	49,199	27,219	2,757	79,175
	980,434	**469,597**	**(197,890)**	**1,252,141**	**967,140**	**469,119**	**(186,720)**	**1,249,539**
CURRENT ASSETS:								
Inventories	90,934	34,756	-	125,690	75,877	16,269	-	92,146
Trade and other receivables	35,882	15,031	(1,838)	49,075	13,548	20,285	(2,465)	31,368
Other taxes receivable	10,981	4,434	-	15,415	9,474	4,460	-	13,934
Income tax receivable	2,924	457	-	3,381	2,924	578	-	3,502
Current financial assets:								
Loans to group companies and associates	906	401	(1,295)	12	-	949	(937)	12
Hedging derivatives	-	988	-	988	579	988	-	1,567
Other financial assets	17,368	138	-	17,506	15,822	110	-	15,932
Cash and cash equivalents	136,015	29,227	-	165,242	180,574	46,877	-	227,451
Other current assets	7,165	4,039	2	11,206	1,388	31	-	1,419
	302,175	**89,471**	**(3,131)**	**388,515**	**300,186**	**90,547**	**(3,402)**	**387,331**
TOTAL ASSETS	**1,282,609**	**559,068**	**(201,021)**	**1,640,656**	**1,267,326**	**559,666**	**(190,122)**	**1,636,870**

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS AT 30 JUNE 2026 AND 31 DECEMBER 2025

	30/06/2026				31/12/2025			
€ 000	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL
EQUITY:								
Share capital	221,645	22,795	(22,795)	221,645	221,645	22,795	(22,795)	221,645
Share premium	170,776	91,168	(91,168)	170,776	170,776	91,168	(91,168)	170,776
Reserves	100,568	(31,571)	(13,367)	55,630	142,143	(17,044)	(15,080)	110,019
Translation differences	10	-	-	10	7	-	-	7
Own shares - parent company shares	(12,215)	-	-	(12,215)	(12,933)	-	-	(12,933)
Valuation adjustments	39,332	(2,724)	1,641	38,249	39,658	145	-	39,803
Other equity instruments	1,276	-	-	1,276	2,385	-	-	2,385
Consolidated profit/(loss) for the period	(10,238)	(7,060)	244	(17,054)	(41,641)	(14,529)	1,713	(54,457)
Equity attributable to equity holders of the parent	**511,154**	**72,608**	**(125,445)**	**458,317**	**522,040**	**82,535**	**(127,330)**	**477,245**
Non-controlling interests	**-**	**82,277**	**(1,640)**	**80,637**	**-**	**89,420**	**-**	**89,420**
TOTAL EQUITY	**511,154**	**154,885**	**(127,085)**	**538,954**	**522,040**	**171,955**	**(127,330)**	**566,665**
NON-CURRENT LIABILITIES:								
Borrowings	381,609	151,854	-	533,463	323,329	157,239	-	480,568
Derivative financial instruments	-	319	-	319	978	246	-	1,224
Grants	9,762	14,015	-	23,777	6,080	13,112	-	19,192
Non-current provisions	37,103	800	-	37,903	36,637	698	-	37,335
Non-current accruals and deferred income	11	2,644	-	2,655	11	2,742	-	2,753
Other non-current liabilities	19,689	39,400	-	59,089	20,678	44,407	-	65,085
Borrowings from group companies and associates		103,094	(70,800)	32,294	-	88,405	(59,390)	29,015
	448,174	**312,126**	**(70,800)**	**689,500**	**387,713**	**306,849**	**(59,390)**	**635,172**
CURRENT LIABILITIES:								
Borrowings	124,947	12,909	-	137,856	125,925	12,978	-	138,903
Derivative financial instruments	2,837	3,875	-	6,712	1,059	745	-	1,804
Current borrowings from related parties	197	1,098	(1,295)	-	745	2,699	(937)	2,507
Trade and other payables	139,666	64,678	(1,706)	202,638	175,150	50,236	(2,465)	222,921
Income tax payable	18	6	-	24	48	5	-	53
Other taxes payable	5,062	1,938	-	7,000	4,713	7,621	-	12,334
Other current liabilities	1,997	2,768	(135)	4,630	1,922	2,539	-	4,461
Current provisions	48,557	4,785	-	53,342	48,011	4,039	-	52,050
	323,281	**92,057**	**(3,136)**	**412,202**	**357,573**	**80,862**	**(3,402)**	**435,033**
TOTAL EQUITY AND LIABILITIES	**1,282,609**	**559,068**	**(201,021)**	**1,640,656**	**1,267,326**	**599,666**	**(190,122)**	**1,636,870**

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2026 AND 2025

	First half 2026				First half 2025			
€ 000	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL
Continuing operations:								
Revenue	270,114	86,733	(2,036)	354,811	281,662	99,064	(1,562)	379,164
Gains/(losses) on hedging transactions	170	547	-	717	1,008	465	-	1,473
Changes in inventories of finished goods and work in progress	(7,594)	8	-	(7,586)	2,902	(56)	-	2,846
Self-constructed assets	1,962	2,278	-	4,240	5,451	1,349	-	6,800
Other operating income	11,221	395	(830)	10,786	45,537	1,079	(671)	45,945
Grants taken to profit and loss	4,634	563	-	5,197	3,628	536	-	4,164
Operating income subtotal	280,507	90,524	(2,866)	368,165	340,188	102,437	(2,233)	440,392
Cost of sales	(159,122)	(28,346)	2,034	(185,434)	(175,508)	(33,875)	1,562	(207,821)
Employee benefits expense	(41,443)	(14,748)	-	(56,191)	(46,123)	(12,246)	-	(58,369)
Depreciation and amortisation charges	(26,273)	(15,458)	316	(41,415)	(25,586)	(16,777)	808	(41,555)
Depletion of forest reserve	(2,354)	(174)	-	(2,528)	(5,232)	(32)	-	(5,264)
Impairment of and gains/(losses) on disposal of fixed assets	11	21	-	32	(45)	(25)	-	(70)
Impairment of financial assets	(143)	(38)	-	(181)	(260)	(85)	-	(345)
Other operating expenses	(56,354)	(41,250)	832	(96,772)	(70,836)	(46,720)	675	(116,881)
Operating expenses subtotal	(285,678)	(99,993)	3,182	(382,489)	(323,590)	(109,760)	3,045	(430,305)
OPERATING PROFIT/(LOSS)	**(5,171)**	**(9,469)**	**316**	**(14,324)**	**16,598**	**(7,323)**	**812**	**10,087**
Finance income	3,001	727	(1,244)	2,484	4,221	1,681	(1,435)	4,467
Finance costs	(12,827)	(8,973)	1,244	(20,556)	(15,267)	(10,301)	1,435	(24,133)
Change in fair value of financial instruments	-	3,642	-	3,642	(2)	2	-	-
Exchange differences	1,022	17	-	1,039	(3,779)	38	-	(3,741)
Impairment of and gains/(losses) on disposal of financial instruments	-	22	-	22				
NET FINANCE INCOME/(COST)	**(8,804)**	**(4,565)**	**-**	**(13,369)**	**(14,827)**	**(8,580)**	**-**	**(23,407)**
Share of profit/(loss) of entities accounted for using the equity method	-	-	-	-	6	-	-	6
PROFIT/(LOSS) BEFORE TAX	**(13,975)**	**(14,034)**	**316**	**(27,693)**	**1,777**	**(15,903)**	**812**	**(13,314)**
Income tax	3,737	(646)	(72)	3,019	(354)	772	(72)	346
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**(10,238)**	**(14,680)**	**244**	**(24,674)**	**1,423**	**(15,131)**	**740**	**(12,968)**
Profit/(loss) for the period attributable to non-controlling interests	-	(7,620)	-	(7,620)	-	(6,103)	-	(6,103)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE	**(10,238)**	**(7,060)**	**244**	**(17,054)**	**1,423**	**(9,028)**	**740**	**(6,865)**

(*) 100% from continuing operations

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS BY BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2026 AND 2025

	First half 2026			
€ 000	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL
OPERATING ACTIVITIES:				
Profit/(loss) before tax from continuing operations	(13,975)	(14,034)	316	(27,693)
Adjustments for:				
Depreciation, amortisation and depletion (PP&E, intangible assets and forest reserve)	28,626	15,633	(316)	43,943
Changes in provisions and other deferred expense (net)	(5,827)	760	(88)	(5,155)
Impairment of and gains/(losses) on disposals of intangible assets, PP&E and financial	15	(363)	-	(348)
Adjustments for tariff shortfall/surplus and sector regulations	(914)	(1,424)	-	(2,338)
Finance income and costs (net)	8,722	4,877	-	13,599
Grants taken to profit and loss	(338)	(24)	-	(362)
	30,284	**19,459**	**(404)**	**49,339**
Working capital changes:				
Inventories	(6,342)	(17,413)	-	(23,755)
Trade and other receivables	(13,154)	4,160	(1,302)	(10,296)
Trade payables, other payables and other liabilities	(2,691)	6,767	1,390	5,466
	(22,187)	**(6,486)**	**88**	**(28,585)**
Other cash flows from operating activities:				
Interest paid (net)	(9,979)	(7,316)	-	(17,295)
Income tax received/(paid)	(30)	66	-	36
Long-term remuneration and other plans	(285)	-	-	(285)
	(10,294)	**(7,250)**	**-**	**(17,544)**
Net cash used in operating activities	**(16,172)**	**(8,311)**	**-**	**(24,483)**
INVESTING ACTIVITIES:				
Payments for investments:				
Group companies and associates	(12,316)	547	11,769	-
Property, plant and equipment and biological assets	(64,841)	(14,073)	-	(78,914)
Intangible assets	(2,497)	(642)	-	(3,139)
Financial assets	636	(92)	-	544
	(79,018)	**(14,260)**	**11,769**	**(81,509)**
Proceeds from disposals:				
Financial assets	731	93	-	824
	731	**93**	**-**	**824**
Net cash flows used in investing activities	**(78,287)**	**(14,167)**	**11,769**	**(80,685)**
FINANCING ACTIVITIES:				
Proceeds from/(payments for) equity instruments:				
Buyback of own equity instruments	(7,384)	-	-	(7,384)
Disposal of own equity instruments	7,108	-	-	7,108
	(276)	**-**	**-**	**(276)**
Proceeds from/(repayments of) financial liabilities:				
Borrowings from related parties	(545)	12,314	(11,769)	-
Notes (net of origination costs)	20,700	-	-	20,700
Increase/(decrease) in bank borrowings (net of origination costs)	34,343	(6,005)	-	28,338
Increase/(decrease) in other borrowings	(60)	-	-	(60)
Payments for right-of-use assets	(4,690)	(1,503)	-	(6,193)
Grants received, net	450	-	-	450
	50,198	**4,806**	**(11,769)**	**43,235**
Net cash flows from financing activities	**49,922**	**4,806**	**(11,769)**	**42,959**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(44,537)**	**(17,672)**	**-**	**(62,209)**
Cash and cash equivalents - opening balance	180,574	46,877	-	227,451
Cash and cash equivalents - closing balance	136,037	29,205	-	165,242

ENCE ENERGÍA Y CELULOSA, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS BY BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2026 AND 2025

	First half 2025			
€ 000	Pulp	Renewables	Adjustments & Eliminations	CONSOLIDATED TOTAL
OPERATING ACTIVITIES:				
Profit/(loss) before tax from continuing operations	1,777	(15,903)	812	(13,314)
Adjustments for:				
Depreciation, amortisation and depletion (PP&E, intangible assets and forest reserve)	30,811	16,815	(807)	46,819
Changes in provisions and other deferred expense (net)	(105)	1,993	125	2,013
Impairment of and gains/(losses) on disposals of intangible assets, PP&E and financial	328	24	-	352
Adjustments for tariff shortfall/surplus and sector regulations	(1,109)	(2,958)	-	(4,067)
Finance income and costs (net)	13,075	8,582	17	21,674
Grants taken to profit and loss	(281)	(67)	-	(348)
	42,719	**24,389**	**(665)**	**66,443**
Working capital changes:				
Inventories	(13,676)	(7,534)	-	(21,210)
Trade and other receivables	(9,470)	14,235	(4,502)	263
Financial and other current assets	-	-	-	-
Trade payables, other payables and other liabilities	5,137	(6,442)	4,377	3,072
	(18,009)	**259**	**(125)**	**(17,875)**
Other cash flows used in operating activities:				
Interest paid (net)	(10,339)	(8,009)	-	(18,348)
Income tax received/(paid)	(2,505)	298	-	(2,207)
Long-term remuneration and other plans	6	-	-	6
	(12,838)	**(7,711)**	**-**	**(20,549)**
Net cash flows (used in)/from operating activities	**13,649**	**1,034**	**22**	**14,705**
INVESTING ACTIVITIES:				
Payments for investments:				
Group companies and associates	14,489	(488)	(14,001)	-
Property, plant and equipment and biological assets	(35,826)	(10,685)	-	(46,511)
Intangible assets	(2,681)	(1,048)	-	(3,729)
Financial assets	1,091	(1,666)	24	(551)
	(22,927)	**(13,887)**	**(13,977)**	**(50,791)**
Proceeds from disposals:				
Financial assets	10,766	150	(38)	10,878
	10,766	**150**	**(38)**	**10,878**
Net cash flows used in investing activities	**(12,161)**	**(13,737)**	**(14,015)**	**(39,913)**
FINANCING ACTIVITIES:				
Proceeds from/(payments for) equity instruments:				
Buyback of own equity instruments	(13,700)	-	-	(13,700)
Disposal of own equity instruments	13,038	-	-	13,038
	(662)	**-**	**-**	**(662)**
Proceeds from/(repayments of) financial liabilities:	(13,700)	-	-	(13,700)
Borrowings from related parties	500	(14,493)	13,993	-
Notes (net of origination costs)	-	-	-	-
Increase/(decrease) in bank borrowings (net of origination costs)	30,608	7,815	-	38,423
Increase/(decrease) in other borrowings	(1,875)	-	-	(1,875)
Payments for right-of-use assets	(4,511)	(1,323)	-	(5,834)
Grants received, net	(10)	-	-	(10)
	24,712	**(8,001)**	**13,993**	**30,704**
Net cash flows from financing activities	**24,050**	**(8,001)**	**13,993**	**30,042**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**25,538**	**(20,704)**	**-**	**4,834**
Cash and cash equivalents - opening balance	184,582	79,360	-	263,942
Cash and cash equivalents - closing balance	210,120	58,656	-	268,776

ENCE Energía y Celulosa, S.A. and subsidiaries

Interim Consolidated Management Report for the six months ended 30 June 2026

“Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails”

Contents

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ENCE Energía y Celulosa, S.A. and subsidiaries

Interim Consolidated Management Report for the six months ended 30 June 2026

1. Introduction

This interim consolidated management report has been drawn up in keeping with the recommendations included in CNMV (Spain's securities market regulator) Circular 3/2018 on interim reporting by issuers with securities admitted to trading on organised exchanges with respect to half-yearly financial statements, interim management reports and, as warranted, quarterly financial reports. It should be read in conjunction with the Consolidated Management Report for 2025.

An integral part of this interim consolidated management report, and appended thereto, is the Group earnings report for the second quarter of 2026, which includes an analysis of ENCE's business performance during the first half of the year and provides additional details about the markets it operates in and the key trends in the main earnings, cash flow and capital structure indicators. That same report also includes information about ENCE's recent share price performance and the alternative performance measures (APMs) used, which are defined and reconciled with the amounts presented in the condensed consolidated financial statements for the six months ended 30 June 2026.

The reader should also note that the information provided in this interim consolidated management report is complemented by the environmental disclosures provided in note 30.

2. Governance structure

Except for matters reserved for approval by the shareholders in general meeting, the Board of Directors is the highest decision-making body of Ence Energía y Celulosa, S.A. (the "Company"). The Board's policy is to delegate the management of the Company in its executive team and to concentrate its activities on its general supervisory role, without prejudice to the duties that cannot be so delegated, such as approval of the Company's general strategies, investing and financing policies and the remuneration policy applicable to the directors and most senior officers. The Board's actions are guided at all times by the criteria of maximising the value of the Company in the interest of its shareholders, framed by observation of ENCE's sustainability principles, defence of its stakeholders' legitimate interests and surveillance of the impacts its activities have on the community and environment.

The Board of Directors is entitled to delegate duties falling under its purview in committees made up of directors and/or chief executive officer(s), albeit exercising due oversight over such bodies and setting the guidelines under which they should operate.

The Board of Directors is made up of executive, proprietary, external and independent directors. The Board has an Executive Chairman; the chairmanship is currently held by the CEO. The positions of Board Secretary and Vice-Secretary are currently held by two individuals who are not directors.

The Board is supported by an Executive Committee (in which it has delegated all of the powers that can be delegated) and three advisory committees tasked with providing it with information, advice and proposals on the matters falling under their respective remits: the Audit Committee, the Appointments and Remuneration Committee and the Sustainability Committee.

The Chairman & CEO is responsible for the Company's everyday management. He is supported in this work by the Management Committee, specifically the heads of the various business units and corporate departments: the Pulp Operations Officer, the CEO of Magnon Green Energy, S.L., the Financial & Corporate Development Officer, the Human Capital Officer, the Pulp Sales and Logistics Manager, the Financial Controller, the Sustainability Officer and the General Secretary. These officers report directly to the CEO, who sets the guiding lines of initiative within each officer's area of responsibility.

The Company also has an Internal Audit Department and an Ethics & Compliance Department. Both report to the Audit Committee. The Ethics & Compliance Department is tasked with continuously controlling, supervising, evaluating and reviewing compliance with the standards and procedures described in ENCE's Corporate Crime Prevention Protocol. It is also in charge of drawing up plans for remedying, updating, creating or modifying the measures and controls that constitute ENCE's Corporate Crime Prevention and Detection Protocol. Its job is also to analyse and duly record the risks and controls that could affect the Company's departments.

The Company is the parent of a group of companies (the "Group"), whose management is fully integrated and centralised within the former. In this respect, the Company is the sole director of all of the companies within its Group, except for Magnon Green Energy, S.L., Magnon Servicios Energéticos, S.L. and BIOCH4 DEVELOPMENTS, S.L, which have boards of directors, Biofertilizantes CH4, S.L.U., S.L.U. and ENCE CO2, S.L.U., whose sole director is Ence Renovables, S.L., and Silvasur Agroforestal S.A.U., which has two directors, who act joint and severally.

Ence Energía y Celulosa, S.A. owns 51% of the share capital of Magnon Green Energy, S.L. through its subsidiary, Ence Renovables, S.L., and 60% of BIOCH4 DEVELOPMENTS, S.L., through Biofertilizantes CH4, S.L.U. (which is 100%-owned by Ence Renovables, S.L.), exercising control over these investees.

Also, Ence Energía y Celulosa, S.A., through Ence Renovables, S.L., owns 50% of Magnon Servicios Energéticos, S.L., with Magnon Green Energy, S.L. owning the other 50%.

Magnon Green Energy, S.L. is governed by a board of directors to which the non-controlling shareholder appoints two members. Magnon Green Energy, S.L. is in turn the sole director of its group companies, with the exception of Energía la Loma, S.A., Energías de la Mancha ENEMAN, S.A. and Bioenergía Santamaría, S.A., in which it has ownership interests of 60.07%, 68.42% and 70%, respectively. Energía la Loma, S.A. and Bioenergía Santamaría, S.A. are governed by boards on which their respective non-controlling shareholders are represented.

BIOCH4 DEVELOPMENTS, S.L. has a board of directors made up of five members, two of whom are designated by the non-controlling shareholders.

3. Key risks and sources of uncertainty

ENCE's enterprise risk management (ERM) system is a process that is embedded within the organisation. It is designed to identify, assess, prioritise, address, manage and monitor situations that pose a threat to the Group's activities and objectives. It actively involves all of the areas of the organisation with specific responsibilities for each phase of the process.

ENCE's ERM encompasses the Parent and all of its Group companies, all of its businesses - pulp, renewable energy and forest management - and the activities of its corporate departments. It is governed by the Risk Management and Control Policy and the Risk Management Procedure, approved at the Board level.

ENCE's ERM follows the guidelines provided in benchmark international risk frameworks, specifically the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). It is reviewed periodically in order to incorporate best practices in risk management.

ENCE's Board of Directors, with the help of the company's Management Committee, defines the organisation's risk management policies as a function of the risk factors to which it is exposed, establishing internal control systems designed to keep the impact and probability of occurrence of the risk events within the risk appetite thresholds accepted and defined by ENCE.

Meanwhile, the Internal Audit Department verifies that the risk management and control principles and policies defined and approved by the Board of Directors are properly implemented and oversees due compliance with the internal control systems in place throughout the organisation.

ENCE identifies and evaluates emerging risks continuously and systematically. It then monitors developments with respect to the risks so identified. When updating the risk map, it can also determine certain risks to have dissipated or materialised. The purpose of that monitoring and control process is to ensure execution and effectiveness of the action plans defined by the risk owners and guarantee continuous supervision of the Group's key risk factors.

The result of this process is the Risk Register and Map, which are presented to the Management Committee for joint debate and review. Subsequently, the Risk Register and Map are presented to the Audit Committee for approval and subsequent reporting to the Board of Directors.

ENCE's risk control and management process assigns the following specific roles and responsibilities:

1. The executives and managers in charge of the various areas and departments are risk owners: their job is to continuously manage the various risks, implementing action plans and establishing controls in response to the risks identified within their areas of responsibility.
2. ENCE's Internal Audit Department is responsible for supervising everyday risk management, to which end it draws up the Group's risk management criteria and procedures and presents them to the Board of Directors through the Audit Committee periodically.
3. The Ethics & Compliance Department is responsible for defining and updating ENCE's corporate crime risk map, which identifies the organisation's activities that are susceptible to criminal conduct.
4. The Audit Committee assists the Board in supervising effectiveness of the organisation's internal controls and the internal control and risk management systems, including the internal control over financial reporting (ICFR) system and the internal control over sustainability reporting (ICSR) system and the systems controlling environmental, health and safety and cybersecurity risks.
5. Lastly, the Board of Directors is responsible for ensuring the integrity and overseeing the correct working of ENCE's ERM system, monitoring to that end both the risks identified and the controls and action plans agreed to manage the threats to delivery of the Group's strategic objectives.

This general *modus operandi* ensures that all those participating in executing, reporting, monitoring, controlling and supervising the risk management measures taken are duly coordinated.

ENCE's ERM system takes into consideration the possible threats to delivery of the strategic objectives of all of the Group's businesses (pulp, renewable energy and forestry) as well as other activities undertaken by the organisation's various support areas.

That system encompasses the entire Group, understood as each and every one of the companies in which Ence Energía y Celulosa, S.A. holds, directly or indirectly, a majority shareholding, a majority of the voting rights or in which it has appointed or has the power to appoint the majority of the members of their boards of directors, giving it effective control over the investees.

The ERM contemplates threats to the various types of objectives established by the organisation. Specifically it refers to objectives classified as:

1. Strategic
2. Operational
3. Financial and Non-Financial Reporting
4. Reporting
5. Regulatory Compliance

The risks addressed by ENCE's ERM model are in turn classified as follows:

1. Environmental Risks
2. Risks associated with Decision-Making Information
3. Financial Risks
4. Organisational Risks
5. Operational Risks
6. Criminal Risks
7. Tax Risks
8. Climate Change Related Risks
9. ESG risks

In keeping with the Risk Management and Control Policy, the Group has a methodology for assigning specific risk appetite thresholds depending on the activities involved. Its risk tolerance levels are contingent upon ensuring that rewards and potential risks are fully understood before decisions are made, to which end it establishes mitigating measures as required.

ENCE analyses each situation based on the risk-reward trade-off. That analysis contemplates multiple factors including strategy, stakeholder expectations, prevailing legislation, the environment and third-party relations.

1. ENCE takes a zero-tolerance stance towards any situation which could compromise the health or safety of its own employees and partners and workers that are not employees.
2. It similarly takes a zero-tolerance stance towards any situation in which the performance of any of activity could cause any damage whatsoever to its surroundings, the environment, the continuity of the business or the Group's reputation vis-a-vis third parties.
3. Its approach is to minimise its exposure to situations related with compliance with the laws and regulations applicable to the Company.
4. ENCE has a team of external advisors and expert in-house staff who lay down the guidelines for ensuring compliance with tax requirements so that it assumes no risk whatsoever in this arena.
5. ENCE's appetite for risks related to product research, development and innovation can be described as moderate, the aim being to provide solutions that fully satisfy its customers' needs so that the Company remains a benchmark in the pulp market.

6. In addition, aware of prevailing economic complexity, ENCE is committed to the pursuit of financial discipline such that it can control the organisation's overall debt and maintain enough liquidity to ensure its ability to service its payment obligations and fund its priority investments. Against this backdrop, its risk appetite for speculative financial trades is low.
7. Nevertheless, a significant percentage of ENCE's transactions expose it to the exchange rate between the dollar ($) and the euro (€). ENCE, knowledgeable of the prevailing economic situation and trends in the rate of exchange between these two currencies, has defined a low risk appetite strategy in this arena, managing its currency exposure rigorously in keeping with the guidelines set by the Executive Committee of the Board of Directors and the Finance Department, as warranted.

The chief risks to delivery of the organisation's fundamental objectives and the associated response plans for mitigating their potential impact are detailed in this section:

Objective: Financial Discipline

In complex economic environments, such as that in which ENCE does business and operates, demands in terms of business profitability and development tend to increase. Against this backdrop, ENCE is aware of the need to impose financial discipline so that it is capable of maintaining the ability to finance potential investments within reasonable leverage thresholds. Delivery of this objective is exposed to the following risk factors:

a) PULP PRICE VOLATILITY

Pulp prices are formed in an active market. Trends in pulp prices have a significant influence on ENCE's revenue and profits. Global pulp prices have been volatile in recent years, fluctuating significantly over short periods of time, as a result of continual imbalances between supply and demand in the pulp and paper industries. A significant decline in the price of one or more pulp products could have an adverse impact on the organisation's revenue, cash flows and net profit. To mitigate this risk factor, first and foremost, ENCE goes to lengths to reduce its production costs. In addition, ENCE has a Global Risk Committee (Derivatives Committee) which is tasked with continually monitoring the pulp market on account of its highly cyclical nature. This Committee is in constant contact with financial entities with the aim of arranging, if necessary and the prices are right, financial hedges and/or futures in order to mitigate potential fallout from pulp price volatility, in the short and medium term.

b) EXCHANGE RATE VOLATILITY

Revenue from the sale of pulp is directly tied to the trend in the dollar/euro exchange rate. Insofar as the Company's cost structure is denominated in euros, potential changes in the rate of exchange between the two currencies can have an adverse effect on the Company's earnings.

The Global Risk Committee, also the main body tasked with controlling this risk factor, monitors the currency markets and the trend in the dollar/euro exchange rate periodically, from the short-, medium- and long-term perspectives, with the aim of arranging financial hedges to mitigate currency exposure if necessary.

At 30 June 2026, the Group had arranged a number of currency forwards hedging approximately 25% of forecast pulp sales in 2026 and 16% of the sales forecast for the first half of 2027.

c) VOLATILITY IN POOL PRICES VERSUS THE REGULATED PRICE

The remuneration earned by the Group's power generation plants can be affected by a decrease in pool prices, both futures prices and intraday and day-ahead prices, with an impact on cash. The possible existence of divergences between the electricity market sale price (pool price) and the regulated price set at the start of the period (each quarter) using a basket of futures over different terms may generate losses if the pool price is lower than the regulated price.

As a result, deviations in costs, or possible inefficiencies, constitute a risk that could condition the operation of the plants from the standpoint of their expected return, even jeopardising the viability of the plants themselves.

To mitigate this risk, ENCE has developed a strategy for managing its plants efficiently with the aim of optimising their output. It also mitigates the scope for price gaps by attempting to replicate the formula established in the remuneration regulations to estimate the pool price for regulatory purposes.

At 30 June 2026, contracts had been arranged covering approximately 80% of the energy generation forecast for the Renewables business in the second half of 2026.

d) TRADE CREDIT RISK - PULP BUSINESS

In the pulp market is it possible that the odd customer, due to the adverse performance of its own business, could delay or fail to make payments on the terms agreed on orders fulfilled by ENCE.

ENCE has a credit insurance policy, which has been renewed until 31 December 2026, that covers, depending on the country in which the customer is located, between 80% and 90% of the balances receivable. This insurance policy assigns credit limits according to the creditworthiness of the customer and covers virtually all of the Group's pulp sales. Under the policy, pulp customer-specific credit limits cannot be overstepped.

To mitigate this risk, ENCE also has a Credit Committee which is tasked with continuously monitoring outstanding receivables balances and available insurance coverage.

e) LIQUIDITY AND CAPITAL RISK

Adverse conditions in the debt and equity markets could make it hard or impossible for the Group to raise the funding needed in the course of its business operations or to execute its 2024-2028 Framework Strategy.

This is one of the risk factors monitored most closely by the Group. To mitigate this risk, it has established a series of key financial targets, articulated around various short-, medium- and long-term scenarios:

1. Guaranteed business continuity in any pulp price scenario
2. Supporting the growth plans in the various business segments by means of a solid capital structure and adequate liquidity level
3. Establishing leverage targets (based on net debt) tailored for each business unit's revenue volatility profile Against this backdrop, the leverage cap set for the Pulp business is around 2.5 times recurring EBITDA, the latter derived using mid-cycle pulp prices and average exchange rates. The leverage cap established for the Renewable Energy business is 5 times.
4. Diversifying sources of financing and tailoring the mix for each business.

Each of the Group's two businesses is financed and managed separately and optimally in light of their unique characteristics. The debt of each is non-recourse to that of the other and there are no cross-guarantees.

The Group's Finance Department draws up a financial plan annually that addresses all financing needs and how they are to be met. Funding needs for the most significant cash requirements, such as forecast capital expenditure, debt repayments and working capital requirements, as warranted, are identified sufficiently in advance.

There are also policies establishing the maximum amount of equity that can be committed to projects under development before the associated long-term financing has been arranged.

f) REGULATORY CHANGES (INCLUDING TAX REGULATIONS)

It is feasible that the state, regional and/or local tax authorities could make further changes to current tax regulations, such as changes/reforms to corporate and/personal income tax, which could directly affect ENCE and its earnings. ENCE makes sure that all of its activities and operations are carried out in compliance with prevailing applicable tax law.

To mitigate this risk, there is a team of in-house specialists who work together with external tax advisors and experts and have established internal rules for tax compliance and guidelines for minimising exposure to risk in this respect. In addition, the Audit Committee continually and meticulously monitors the Group's tax-related risks with a view to assisting the Board with its task of determining tax risk management and control policy. However, because this is an exogenous risk factor, the teams follow the main tax-related developments closely in order to be ready to react whenever they may materialise.

g) REGULATORY DEVELOPMENTS IN THE ENERGY MARKET

Changes to the regulations governing the production of energy that affect the remuneration assigned to the renewable energy plants operated by the Group, specifically the remuneration for investment and remuneration for operation parameters, could undermine future remuneration and thereby affect the Group's profitability.

ENCE strives to calibrate its output levels as necessary to achieve the initially-estimated returns despite possible changes in energy market regulations. The Regulatory Compliance Department, with the support of the Regulation Committee, made up of the Company's officers and in-house experts, defines the criteria for ensuring compliance with applicable regulations and the assumption of zero risk in this area.

Objective: Enhancing the Company's Productive Capacity

ENCE embeds the best available techniques (BATs) set down in the sector Best Available Techniques Reference Document (BREF) in respect of environmental performance, into all its processes, framed by its total quality management (TQM) methodology, designed to boost its competitive positioning and the quality of its products. However, the Group's maintenance, refurbishment and investment plans could affect the correct operation, performance and/or useful lives of its pulp-making machinery and equipment and its productive facilities.

This target is exposed to productive facility obsolescence risk. In the absence of an investment and maintenance plan to address facility obsolescence, ENCE cannot guarantee delivery of the various operations centres' targets and the biomills' and energy plants' installations, machinery and equipment could become impaired.

In order to manage the risks that could jeopardise delivery of this strategic objective, ENCE works to reduce the relative age of its machinery, equipment and facilities by means of three specific lines of initiative: (i) review of the public works supporting its facilities, replacing obsolete equipment; (ii) new investments to address any areas for improvement detected; and (iii) the design of maintenance programmes to guarantee efficient production.

Objective: New Product Development

ENCE attempts to differentiate its products from those of its competitors while building a globally recognised brand in parallel. Here the main risks include that of not being able to stock the products its customers are looking for or not being able to meet customers' expectations in terms of quality.

The strategy adopted to satisfy customers' needs is to reduce risk by enhancing productive processes and maintaining a customer complaints/claims management system. In the first half of 2026, ENCE continued to raise the profile of and assign new resources to its Customer Service Department. In addition, it upgraded its salesforce with a view to identifying customers' specific needs in order to factor them into the Company's product range.

A significant milestone in this strategy was the commissioning, in the fourth quarter of 2025, of the first fluff line at the Navia biomill, with annual capacity of 125,000 tonnes. This makes ENCE the only producer of fluff pulp made from eucalyptus fibre in Europe, competing in the local market with producers of more expense softwood pulp. This new product, currently undergoing customer approval, is primarily aimed at the European market for absorbent hygiene products, such as nappies and personal hygiene items, where demand is rising on the back of population ageing. ENCE's fluff products will substitute imports and provide a more cost-competitive alternative to the softwood pulp traditionally used to make these products.

Objective: Minimising the Cash Cost

In the volatile environment in which ENCE does business, given the intrinsic characteristics of its businesses and the prevailing economic crisis, the Group has set itself the priority of making its operations more efficient by minimising its cash cost.

Several situations could threaten delivery of this objective, thus translating into a loss of competitiveness for ENCE: inflation in the cost of acquiring raw materials such as timber and biomass, chemical products, fuel, gas, industrial supplies and spare parts, logistics and transport costs, strike action, economic fallout from sector and environmental regulations and technological developments in the sector. Meanwhile, the prices of timber and biomass can also fluctuate as a result of changes in the balance of supply and demand in the regions in which the factories are located.

ENCE attempts to mitigate the risk of price changes by having the respective buying areas periodically monitor the performance of its main suppliers (industrial, forestry and biomass suppliers) with a view to taking the corresponding action (search for alternative products, identification of more competitive goods and services, enhancement of the firm's bargaining power and additions to the pool of suppliers) in the event of significant incidents.

The risk of a shortfall of timber supply in the regions in which the Group's factories are located is managed mainly by means of reliance on alternative markets, usually with higher logistics costs, an increased market presence via standing timber purchases, contingency plans and inventory buffers to guarantee business continuity. ENCE's response to the risk of an insufficient supply of biomass for use as an input at its energy plants is focused on closing supply agreements with suppliers, developing the purchase of biomass from traders and continuously searching for new fuels.

To mitigate the risk of third-party strikes that could affect ENCE, the Group has drawn up supplier communication plans that anticipate these situations so as to enable timely identification of alternatives. A specific joint management-work policy has been defined to address the risk of strike action by carriers. Meanwhile, management and control has been enhanced by means of the provision of mobile computer devices to carriers, the drafting of contingency plans, maintenance of minimum stock buffers, enhanced communication with transport providers and analysis of the current logistics model.

The primary measure taken to reduce the potential cost of specific environmental regulations is to remain in ongoing contact and dialogue with the main stakeholders (mainly the various government offices and sector/environmental associations) with a view to ensuring adequate oversight of the Group's environmental permits and the corresponding paperwork.

Lastly, in order to stay ahead of technological developments in the sector, management closely follows market technology developments, learning about emerging technologies and production process improvements with a view to assessing their suitability/feasibility for the Group. ENCE's technical experts likewise work continually on alternatives for incorporation into its productive processes with a view to further differentiating its products from those of its competitors.

Objective: Increasing ENCE's Market Share

One of ENCE's priorities is to increase the market share commanded by its pulp products, namely to sell higher volumes of pulp to a greater number of customers. However, certain developments could threaten delivery of this objective, such as a deterioration in contractual sales terms, a shift in customers' production mixes, a contraction in demand for its products and evolving market preferences.

ENCE's Marketing Plan for 2026 was designed to reinforce the presence and positioning of the Company's products in the European market and materialised in initiatives aimed at: (i) increasing the customer base in order to reduce concentration risk; (ii) differentiating ENCE's products by means of plans to enhance the properties and qualities of its pulp; and (iii) improving customer service.

In addition, ENCE continually monitors market trends in respect of pulp preferences. In addition, the production and sales teams work closely with ENCE's customers to ensure that the pulp it sells meets or surpasses their needs.

Objective: Streamlining of Post-Production Logistics

Once the product is ready, it is crucial to deliver it to the end customer as cost-effectively as possible and on the contractual terms established in the related sales agreements. Two specific situations could threaten delivery of this objective: stockouts and shipping costs.

End product stockouts can occur as a result of *ad-hoc* technical incidents in the productive process (breakdowns, quality defects, bottlenecks, etc.) resulting in lower than initially-planned product availability. This situation can lead to the failure to deliver within the agreed-upon deadlines, causing damage to the end customer and to ENCE's reputation, generating costs deriving from contract non-performance and ultimately adversely impacting the Company's earnings. Such events can also trigger the cancellation of orders by customers thereby increasing stock levels. To minimise this risk, the Pulp Business reviews the production, sales and logistics areas' plans as a whole in order identify potential shortfalls and devote the resources needed to address them. Sales and end product stock levels are also monitored by means of the corresponding scorecards and supervision of trends in key production and logistics variables.

Objective: Minimising the Impact of our Operations on the Environment

Generally speaking, the activities performed by ENCE in both its Pulp and Renewable Energy businesses are carried out in industrial facilities in which a number of different raw materials and pieces of machinery and equipment interact in a manner that generates risks that are intrinsic to all industrial activities.

ENCE is very strongly committed to minimising all risky activities that could have adverse ramifications for its natural surroundings, the environment or the communities in which it does business. The main threats to delivery of this objective include potential accidental emissions of contaminating particles, possible accidental spills and potential noise or aesthetic contamination as a result of its industrial activities.

ENCE mitigates this risk by reducing the impact its operations have on the environment by means of its integrated quality, environment and safety management system which is certified under the UNE-EN-ISO 14001 environmental management standard, by providing education about how to prevent environmental risks, writing insurance policies, conducting regular internal and external audits and implementing inspection, oversight and control measures, framed by a preventive approach. Note that in 2024, the Group also continued to invest to make its facilities more environmentally-friendly.

Objective: Business Continuity

One of ENCE's key objectives is that of maintaining its business operations and availing of all the measures needed to guarantee the continuity of these operations and all supporting activities. Generally speaking, the main threats in this respect include natural catastrophes and disasters, adverse meteorological conditions (drought, frost, etc.), unexpected geological conditions and other factors of a physical nature, fires, floods or any other emergency situation that could affect ENCE's productive and storage facilities.

Because of the diverse range of risks in this arena, ENCE takes individual actions to address each risk factor with a view to preventing them from materialising and/or mitigating their impact in the event they do: fire safety training, insurance policies, regular audits, preventative inspections, surveillance and control of business operations and a corporate policy for controlling the main pests to which the Group's biological assets are exposed.

The resolution of 20 January 2016 granting an extension of the public-domain concession over the land on which ENCE's biomill in Pontevedra is located was challenged firstly through administrative channels and subsequently in court by the town council of Pontevedra and two associations: Greenpeace Spain and Asociación Pola Defensa da Ría de Pontevedra or the APDR.

Those challenges gave rise to three consecutive court proceedings before the National Appellate Court's Chamber for Contentious Administrative Proceedings, which issued its rulings on 15 July 2021 and 21 September 2021, upholding the appeals lodged by Greenpeace Spain, the town council of Pontevedra and APDR and annulling the ministerial resolution of 16 January 2016 extending the concession, based on the Court's understanding that the resolution had failed to substantiate the fact that ENCE's biomill in Pontevedra necessarily had to be located on the public-domain coastal land or to provide reasons of public interest in defence of the biomill's current location.

ENCE lodged appeals against those Appellate Court rulings before the Supreme Court on 28 September 2021 and 29 November 2021, receiving rulings in its interests on 6 March 2023 and 17 July 2025, when the Supreme Court upheld the appeals lodged by the Company against the National Appellate Court rulings of 15 July 2021 in response to cases brought by Greenpeace Spain, the town council of Pontevedra the APDR.

The Supreme Court rulings annul the above-mentioned National Appellate Court rulings and uphold the legality of the concession extension and, thereby, its 60-year term, which runs from the day on which the extension was originally applied for. The Supreme Court rulings are not subject to ordinary appeal.

The state attorney, the town council of Pontevedra, Greenpeace Spain and the APDR applied to have the Supreme Court rulings annulled. The Supreme Court has since denied their applications, so confirming the validity of its original rulings.

The state attorney, Greenpeace and the town council of Pontevedra have lodged appeals before the Constitutional Court of Spain. The appeals lodged by the state attorney and Greenpeace were ruled inadmissible, while the appeal presented by the town council of Pontevedra was admitted for processing via a court order on 26 May 2025. ENCE and its counsel believe there are solid legal arguments in favour of the concession extension allowed by the Supreme Court in its sentences in 2023.

Elsewhere, given that the risk of water restrictions in the vicinity of our operations materialised in the second half of 2023, significantly affecting the supply of water to our facilities and therefore eroding the Company's revenue, the Group has set ambitious targets for reducing its facilities' water consumption, which are reviewed monthly by the Management Committee and the Board of Directors. That effort has translated into a significant decrease in unit water consumption in recent years. In addition, as a result of materialisation of this risk at the Pontevedra biomill, ENCE has developed a facility and technology for recovering and recirculating processing waters in order to reduce the water it offtakes from the river. In addition, at the Navia biomill, measures have been designed to reduce the risk of a shortage of water so as to reduce its dependence on current sources of supply. To that end, ENCE invested around €5 million in the engineering work for this project in 2024 and plans to approve additional investments for mitigating this risk in Navia in the years to come.

Objective: Guaranteeing Worklife Quality and Workplace Health and Safety

ENCE is aware of the importance of providing a workplace that guarantees the best conditions in terms of occupational health and safety, inspired by stringent compliance with prevailing legislation in Spain. Certain situations could pose a threat to delivery of this objective as some jobs come with intrinsic risks, with the attendant health or safety ramifications for the employees performing them.

To minimise this risk, the Group has accident prevention plans predicated on safety training, the maintenance of integrated health and safety management systems and certification under benchmark standards such as ISO 45001 and FSC®. In parallel, it has drawn up contingency plans over different time horizons for specific situations to ensure safety compliance in the field.

The key risks intrinsic to social matters and issues related to ENCE's own staff and the employees of the firms that collaborate with it at its production facilities include: potential harm to worker health; workplace accidents; the organisation of strike action; staff dissatisfaction; and talent management and retention. Those risks are analysed from the perspective of their probability of occurrence in the short, medium and long term.

Objective: Regulatory and Reporting Compliance

The sector's Best Available Techniques (BAT) reference document (BREF) is more stringent in terms of production and emissions requirements depending on process types, geographic location and local environmental conditions, triggering the need for new environmental investments and control systems.

The strategy employed by ENCE to tackle this risk factor is two-fold. Firstly, ENCE staff reached out to the government, key sector associations and other stakeholders and participated in establishing the definitive standard requirements so that all the players' views could be taken into account. In parallel, the most important environmental investments required at all of the operations centres to adapt to the new regulations were analysed and approved by ENCE's Investment Committee in 2022.

In addition, following effectiveness of Spanish Law 1/2015 (of 30 March 2015), amending the Criminal Code and regulating in greater detail the criminal liability of legal persons, in 2015, ENCE implemented a Corporate Crime Detection and Prevention Risk Management and Control System which includes a plethora of measures and controls designed to prevent or at least mitigate to the extent possible the risk of commission of any form of crime at the organisation and ensure the lawfulness of all actions taken by the Company's staff and executives in the course of discharging their professional duties.

In the first half of 2026, ENCE formulated and implemented policies and procedures for mitigating its exposure to specific crimes, framed by its commitment to complying with the corporate crime prevention model certified by AENOR that year in accordance with the UNE 19601:2017 standard on criminal compliance management systems. It also reinforced its commitment to corporate ethics and compliance by obtaining **ISO 37001** certification for its **anti-bribery management system** focused on the **prevention, detection and management of bribery risks.** This international certification attests that ENCE acts in an ethical, legal and responsible manner, that its management system comprises clear internal rules, specific training and a secure internal channel for reporting anomalies, as well as tools for detecting and preventing inappropriate conduct both within the organisation and in dealings with third parties.

Lastly, in keeping with the European Corporate Sustainability Reporting Directive (CSRD), ENCE presented its Sustainability Statement for 2025 in accordance with the European Sustainability Reporting Standards (ESRSs), additionally meeting its disclosure requirements under Law 11/2018 on non-financial reporting applicable in Spain.

Objective: Tax Risk Control

The Audit Committee monitors the Group's tax-related risks with a view to assisting the Board with its task of determining its tax risk management and control policy.

ENCE has a dedicated tax division and receives specific tax counselling to ensure its in-house guidelines guarantee compliance with prevailing tax regulations, framed by a zero risk tolerance approach in this arena.

4. Events after the reporting date

No significant events have occurred between the reporting date and the date of authorising the interim condensed consolidated financial statements for issue that have not been disclosed therein.

5. Corporate governance

Complete information about ENCE's corporate governance system is available on its website: www.ence.es.

6. Purchase and sale of own shares

The disclosures concerning own shares and related transactions in the first half of 2026 are provided in note 17 of the accompanying condensed consolidated interim financial statements for the six months ended 30 June 2026.

Appendix I – Second-Quarter 2026 Earnings Report

Earnings Report

2nd Quarter 2026

21st July 2026

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1. Executive Summary

Market figures	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
BHKP (USD/t) average price	1.358	1.177	*15,3%*	1.194	*13,7%*	1.276	1.121,7	*13,8%*
Average exchange rate (USD/€)	1,16	1,13	*3,4%*	1,17	*(0,8%)*	1,17	1,09	*7,3%*
BHKP (€/t) average price	1.166	1.045	*11,5%*	1.017	*14,7%*	1.093	1.031	*6,0%*

Operating Metrics	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Pulp production (t)	**254.675**	**256.450**	***(0,7%)***	**185.981**	***36,9%***	**440.656**	**470.702**	***(6,4%)***
Pulp sales (t)	**247.175**	**242.710**	***1,8%***	**206.820**	***19,5%***	**453.995**	**458.725**	***(1,0%)***
Ence Advanced pulp sales (%)	34%	30%	*4,7 p.p.*	34%	*0,5 p.p.*	34%	32%	*2,1 p.p.*
Average sales pulp price (€/t)	558	542	*3,0%*	495	*12,6%*	529	549	*(3,7%)*
Cash cost (€/t)	455	488	*(6,7%)*	522	*(12,9%)*	484	498	*(2,9%)*
Operating margin (w/o hedging) (€/t)	**102,8**	**53,7**	***91,3%***	**(27,0)**	***n.s.***	**45,7**	**51,3**	***(11,0%)***
Renewable Energy sales volume (MWh)	254.224	302.521	*(16,0%)*	262.965	*(3,3%)*	517.189	579.956	*(10,8%)*
Average sales price (€/MWh)	144	125	*15%*	123	*17,1%*	133	142	*(6,0%)*
Remuneration for investment (€ m)	6,0	6,4	*(6,2%)*	6,0	*(0,0%)*	12,1	12,9	*(6,2%)*

P&L € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Revenue from Pulp business	156,3	146,4	*6,8%*	113,8	*37,3%*	270,1	281,7	*(4,1%)*
Revenue from Renewable Energy business	46,1	46,7	*(1,4%)*	40,7	*13,3%*	86,7	99,1	*(12,5%)*
Consolidation adjustments	(1,4)	(0,8)	*(70,0%)*	(0,7)	*(99,6%)*	(2,0)	(1,6)	*(29,9%)*
Total revenue	**201,0**	**192,3**	*4,5%*	**153,8**	*30,7%*	**354,8**	**379,2**	*(6,4%)*
Pulp business EBITDA	22,7	20,0	*13,3%*	(1,4)	*n.s.*	21,3	48,5	*(56,2%)*
Renewable Energy business EBITDA	4,5	3,5	*28,9%*	2,6	*77,1%*	7,1	9,5	*(25,4%)*
EBITDA	**27,2**	**23,5**	*15,6%*	**1,2**	*n.s.*	**28,4**	**58,0**	*(51,1%)*
Depreciation, amortisation and forestry depletion	(23,0)	(24,0)	*4,2%*	(21,0)	*(9,6%)*	(43,9)	(46,8)	*6,1%*
Impairment of and gains/(losses) on fixed-assets	0,0	0,1	*(65,2%)*	0,0	*155,6%*	0,0	(0,1)	*n.s.*
Other non-ordinary results of operations	(1,0)	(1,1)	*10,9%*	2,2	*n.s.*	1,2	(1,1)	*n.s.*
EBIT	**3,3**	**(1,5)**	*n.s.*	**(17,6)**	*n.s.*	**(14,3)**	**10,1**	*n.s.*
Net finance cost	(5,8)	(11,2)	*47,9%*	(8,9)	*34,6%*	(14,7)	(19,7)	*25,2%*
Other finance income/(cost) results	0,5	(2,5)	*n.s.*	0,9	*(41,3%)*	1,4	(3,7)	*n.s.*
Profit before tax	**(2,0)**	**(15,1)**	*86,8%*	**(25,7)**	*92,2%*	**(27,7)**	**(13,3)**	*(108,0%)*
Income tax	(1,1)	2,2	*n.s.*	4,1	*n.s.*	3,0	0,3	*n.s.*
Consolidated Net income	**(3,1)**	**(13,0)**	*76,2%*	**(21,6)**	*85,7%*	**(24,7)**	**(13,0)**	*(90,3%)*
Non-controlling interests	3,6	3,7	*(2,5%)*	4,0	*(11,5%)*	7,6	6,1	*24,8%*
Attributable Net Income	**0,5**	**(9,3)**	*n.s.*	**(17,6)**	*n.s.*	**(17,1)**	**(6,9)**	*(148,4%)*
Earnings per share (Basic EPS)	0,00	(0,04)	*n.s.*	(0,07)	*n.s.*	(0,07)	(0,03)	*(148,7%)*

Cash flow € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
EBITDA	**27,2**	**23,5**	*15,6%*	**1,2**	*n.s.*	**28,4**	**58,0**	*(51,1%)*
Change in working capital	(10,6)	(9,5)	*(11,3%)*	(18,0)	*41,4%*	(28,6)	(17,9)	*(59,9%)*
Maintenance capex	(6,1)	(12,2)	*50,0%*	(7,9)	*23,1%*	(14,0)	(20,3)	*31,1%*
Net interest Payment	(10,3)	(12,3)	*16,5%*	(7,0)	*(46,5%)*	(17,3)	(18,3)	*5,7%*
Income tax received/(paid)	(0,2)	(2,5)	*90,9%*	0,3	*n.s.*	0,0	(2,2)	*n.s.*
Normalised free cash flow	**0,1**	**(12,9)**	***n.s.***	**(31,5)**	***n.s.***	**(31,5)**	**(0,7)**	***n.s.***
Other cash adjustments	(2,2)	0,4	*n.s.*	(4,7)	*52,4%*	(7,0)	(4,9)	*(41,8%)*
Efficiency and expansion capex	(25,1)	(12,7)	*(97,4%)*	(37,1)	*32,4%*	(62,2)	(19,2)	*(224,7%)*
Sustainability capex and other	(2,2)	(6,4)	*65,6%*	(3,7)	*40,3%*	(5,8)	(10,8)	*45,8%*
Financial investments and in Group companies	(0,0)	1,3	*n.s.*	-	*n.s.*	(0,0)	(0,6)	*92,8%*
Disposals	0,6	(0,1)	*n.s.*	0,8	*(26,5%)*	1,4	0,4	*235,2%*
Free cash flow	**(28,9)**	**(30,4)**	*4,7%*	**(76,2)**	*62,1%*	**(105,2)**	**(35,7)**	*(194,7%)*
Dividends from the parent	0,0	-	*n.s.*	(0,0)	*n.s.*	(0,0)	-	*n.s.*
Dividend to minorities	-	-	*n.s.*	-	*n.s.*	-	-	*n.s.*
Proceeds/(payments) of equity instruments	(0,2)	(0,7)	*73,9%*	(0,1)	*(91,0%)*	(0,3)	(0,7)	*58,1%*
Other movements in borrowings	(1,5)	(0,0)	*n.s.*	(7,6)	*79,8%*	(9,1)	(5,0)	*(83,5%)*
Net decrease / (increase) in net debt (€ m)	**(30,6)**	**(31,1)**	*1,3%*	**(83,9)**	*63,5%*	**(114,6)**	**(41,3)**	*(177,3%)*

Net debt € m	Jun-2026	Dec-2025	Δ%
Net debt Pulp business	368,7	266,3	*38,5%*
Net debt Renewable business	123,9	111,8	*10,9%*
Group net debt	**492,7**	**378,1**	*30,3%*

- In the second quarter of 2026, Ence returned to profitability as a result of the increase in pulp prices since the beginning of the year, the initial savings generated by the Efficiency and Competitiveness Plan, and the normalisation of activity following a first quarter affected by weather-related and social disruptions linked to the collective redundancy procedures being implemented.
- In this context, 2Q26 consolidated EBITDA reached €27m, up 16% year-on-year —despite the prior-year period including €10m from Energy Savings Certificates (“CAEs”)— and €26m above the level recorded in the first quarter of 2026. The Group’s net financial debt stood at €493m, including €69m of leases under IFRS 16, with €179m of cash and cash equivalents on the balance sheet, representing an increase of €115m compared with December 2025. This increase reflects the concentration of investments in the first half of the year, linked to projects launched in the previous year, as well as the concentration of scheduled maintenance shutdowns in the regulated renewable biomass power generation business.
- Pulp:
  - Disruptions to logistics routes stemming from the conflict in the Middle East have led to a decoupling of prices between China and Europe, widening the positive differential for the European market amid lower inflows of finished products —mainly paper and tissue— into the region. This environment has enabled European producers to increase production volumes and strengthen their ability to pass price increases on to end customers.
  - The gross price of hardwood pulp closed the quarter at $1,409/t, 28% above the level recorded in December 2025. Pricing conditions should remain strong during the second half of the year, despite the usual seasonal adjustment in the summer months due to lower activity. This expectation is supported by current inventory levels, the progressive increase in the share of hardwood pulp versus softwood pulp, and the ongoing restructuring of softwood pulp capacity in the market.
  - Ence continues to expand its portfolio of specialty products that substitute softwood pulp, including its new fluff line. These products, which generate an average additional margin of €36/t compared with standard pulp, account for 34% of sales in 2026, up from 30% in 2025. The target is for them to exceed 62% by 2028, reinforcing Ence’s repositioning as a highly cost-competitive producer of softwood pulp substitute products.
  - Cash cost in 2Q26 stood at €455/t, €33/t below 2Q25 and €24/t below normalized cash cost (excluding the strike in Navia). This improvement reflects progress under the Efficiency & Competitiveness Plan, despite the inflationary environment and isolated social disputes associated with the implementation of the ongoing collective redundancy procedures.
  - Significant progress was made during the period under the Efficiency and Competitiveness Plan. On the one hand, savings from process reengineering and AI initiatives with annual equivalent impact of 8M€ have been materialized or were under execution in the first half of the year. On the other hand, investments related to the Navia Efficiency and Decarbonization Project have been completed and is expected to generate annual savings of €8/t in the Group’s cash cost. The latter together with headcount measures should start bearing results in the 2H2026.
- Biomass backboned renewable energy platform:
  - Production in the biomass to regulated electricity business reached 254 GWh, 16% below 2Q25 and 3% below 1Q26. This performance reflects the concentration of the Group’s annual maintenance shutdowns across all plants in the period, following the incidents caused by the historic rainfall recorded in the first quarter of the year.
  - In renewable industrial heat, the pipeline continues to progress in both development and execution, with one project comprising two boilers commissioned during the quarter. Two additional projects are expected to start operations in the second half of the year, and the year is expected to close with five projects in operation, four more than at year-end 2025. In addition, MOEVE has selected Magnon Servicios Energéticos as the supplier to install a thermal energy plant at its Huelva refinery; both companies are currently in the final stage of contractual negotiations. This is a large-scale project, with expected production of more than 350 GWht —over 17% of the 2030 production target— and has been declared strategic by the Regional Government of Andalusia.
  - In biomethane, the pipeline continues to advance, with 41 projects and up to 4 TWh of capacity, compared with the 1 TWh target for 2030. All projects have grid connection, locations where feedstock availability is three times higher than the plant’s requirements, and completed feasibility studies; 28 are currently in the engineering and permitting phase, and the first Integrated Environmental Authorizations (AAIs) are expected in the second half of 2026.

2. Pulp Business

Ence operates two eucalyptus-based hardwood pulp (BHKP) biofactories in north-western Spain: one in Navia, Asturias, with installed capacity of 685,000 tonnes on owned land, and another in Pontevedra, Galicia, with capacity of 515,000 tonnes on concession land. Both facilities use eucalyptus wood mainly sourced from areas surrounding the biofactories (less than 110km average radius) and from certified responsible sources that ensure sustainable forest management.

Its production strategy focuses on specialty products that substitute softwood pulp and generate higher margins than standard hardwood pulp. Specialty pulp products accounted for 34% of total sales volume in the first half of 2026, up from 30% in 2025, and are expected to exceed 62% of the Group's sales by 2028.

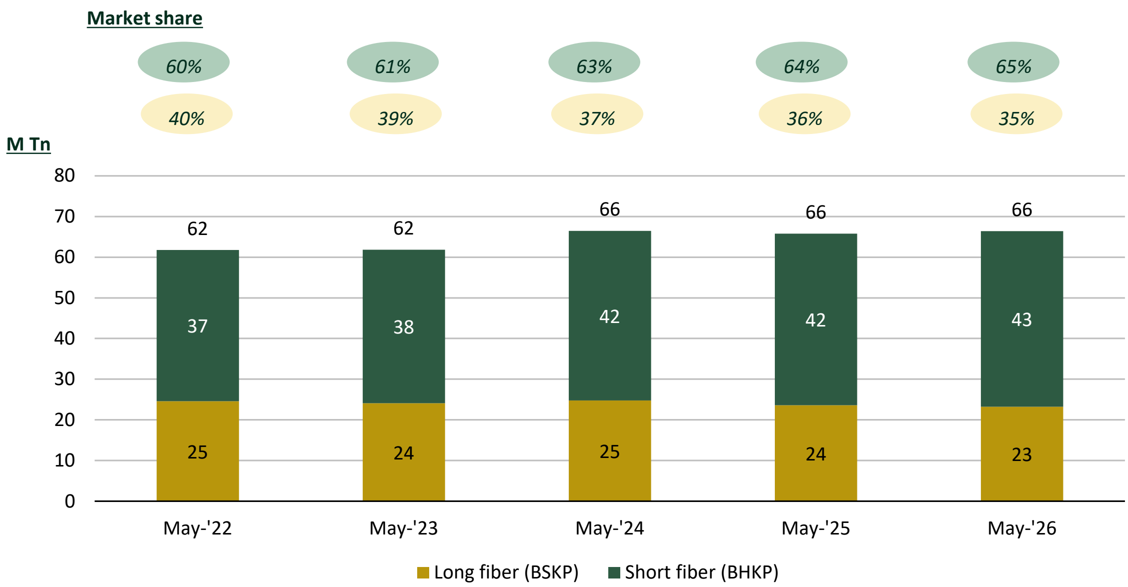
Ence's pulp business comprises all activities related to pulp production for sale to third parties. This includes not only pulp production and sales, but also cogeneration and renewable biomass power generation at plants linked to the production process, as well as the supply and sale of wood from sustainably managed plantations operated by the Company.

2.i) Pulp market evolution:

Based on data until May, global demand for hardwood pulp has grown at a compound annual growth rate of 4% over the last five years, increasing its market share by five percentage points versus softwood pulp, demand for which has declined at an annual rate of 1%. The overall market has grown at an annual rate of 2%.

These figures highlight the resilience of global market demand, supported by urban population growth and rising living standards in emerging economies, as well as the continued consolidation of the fiber substitution process. This trend is driving further penetration of hardwood pulp —mainly produced from eucalyptus wood— in the manufacture of products that have traditionally used softwood pulp, primarily pine and spruce.

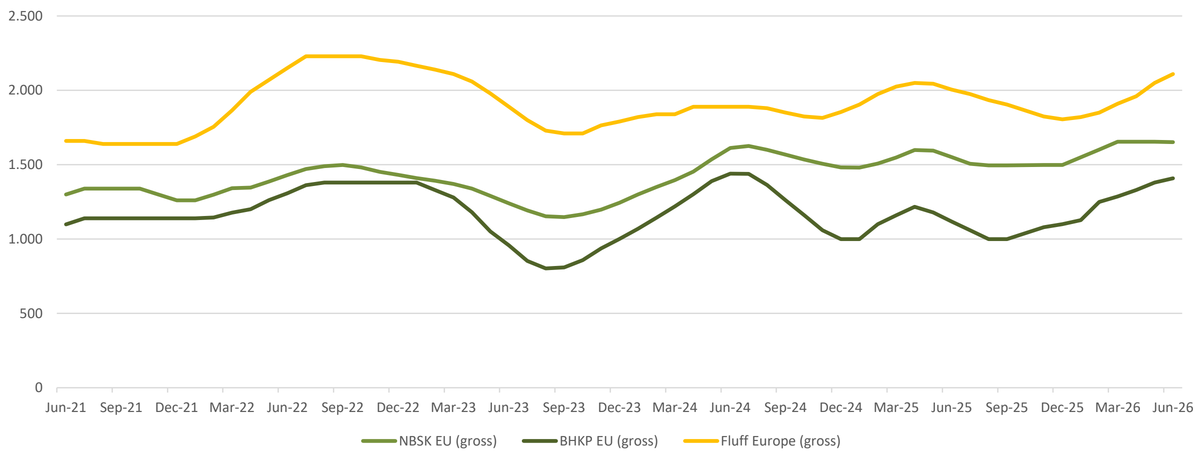
Global Pulp demand evolution (last 5 years)



Source: PPPC (Global – 100). May 2026 data, LTM figures from May.

The gross price of hardwood pulp in Europe closed the quarter at $1,409/t, compared with $1,100/t at year-end. Disruptions to logistics routes in the context of the conflict in the Middle East have reduced imports of finished products —paper and tissue— enabling European producers to increase production volumes and strengthen their ability to pass price increases on to end customers.

European gross prices, last 5 years (USD/tn)



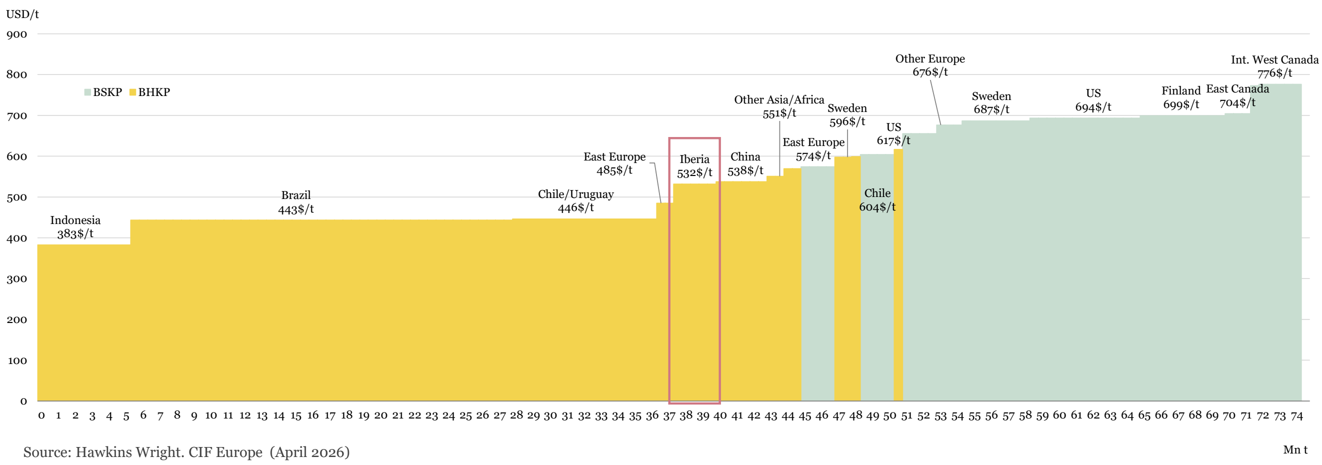
The average benchmark price for hardwood pulp (BHKP) in Europe in the second quarter was $1,358/t gross per tonne, representing a 15% increase compared with the same period in 2025 and a 14% increase versus the previous quarter.

Market figures	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
BHKP (USD/t) average price	1.357,7	1.177,2	*15,3%*	1.193,6	*13,7%*	1.276	1.121,7	*13,8%*
Average exchange rate (USD/€)	1,16	1,13	*3,4%*	1,17	*(0,8%)*	1,17	1,09	*7,3%*
BHKP (€/t) average price	1.166,0	1.045,5	*11,5%*	1.016,9	*14,7%*	1.092,8	1.030,6	*6,0%*

Note: Benchmark pulp prices in Europe (source: FOEX) are expressed in gross terms, i.e., before the sales discounts applied by the pulp producers

From a cost perspective, the global cash cost curve highlights the greater competitiveness of hardwood pulp producers compared with softwood pulp producers. Ence's strategy focused on specialty products that substitute softwood pulp —which already account for 34% of sales and are expected to exceed 62% by 2028— is strengthening its position on the global cost curve as the most competitive producer among softwood pulp manufacturers.

Global cash cost curve (€/tn)



Source: Hawkins Wright. CIF Europe (April 2026)

2.ii) Revenue from pulp sales:

Pulp sales volume in the second quarter of 2026 stood at 247,175 tonnes, up 2% year-on-year and 20% compared with the previous quarter, which had been affected by the strike at Navia.

	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Pulp sales (t)	**247.175**	**242.710**	*1,8%*	**206.820**	*19,5%*	**453.995**	**458.725**	*(1,0%)*
Average sales price (w/o hedging) (€/t)	557,8	541,6	*3,0%*	495,2	*12,6%*	529,3	549,4	*(3,7%)*
Pulp sales revenue (€ m)	**137,9**	**131,5**	*4,9%*	**102,4**	*34,6%*	**240,3**	**252,0**	*(4,7%)*

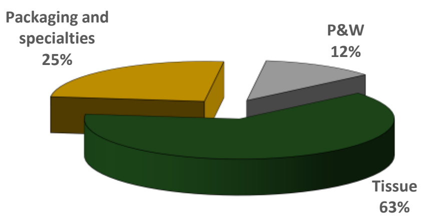
The average selling price, excluding FX hedges, was €558/t, up 3% versus 2Q25 and 13% versus the previous quarter. The increases in the gross BHKP price in Europe since the beginning of the year are starting to feed through to results. As a result, pulp sales revenue amounted to €138m, up 5% versus 2Q25 and 35% versus 1Q26.

Specialty pulp products that substitute softwood pulp continue to gain weight in the sales mix: they accounted for 30% of total pulp sales in 2025 and reached 34% in the first half of 2026.

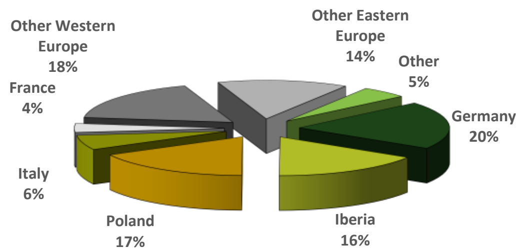
The new fluff pulp line, commissioned in 4Q25, continues to make progress. During the quarter, three qualification processes were completed and industrial trials are underway with 15 customers, with the target of reaching 125,000 tonnes of sales by 2028. Through this activity, Ence is positioning itself as the only European producer of eucalyptus-based fluff pulp. As a result, specialty pulp products as a whole are estimated to generate an incremental margin of €36/t compared with the standard product.

Tissue paper remains the main end use for the fibre sold by Ence, representing 63% of pulp sales revenue in the second quarter of 2026, followed by packaging and specialties, with 25%. Printing and writing accounted for the remaining 12%.

Revenue breakdown by end-product



Revenue breakdown by geography



By geograpy, virtually all of our sales are directed to the European market, where we have significant competitive advantages in logistics and customer service, and where our pulp is mainly used to manufacture essential goods, such as hygiene products. In the first semester of 2026, Germany accounted for 20% of revenue, followed by Poland with 17% and Iberia with 16%, Italy with 6% and France with 4%. The remaining Western European countries accounted for a combined 18% of revenue, while other Eastern European countries represented 14%.

In the context of global trade tensions experienced in the first half of the year, and as a result of the conflict in the Strait of Hormuz, Ence not only has a European exposure in terms of sales, but also, from a supply perspective, its strategy is fundamentally local.

2.iii) Pulp production and cash cost:

Pulp production in the second quarter of 2026 amounted to 254,675 tonnes, in line with the same period of 2025 and 37% higher than in the previous quarter. By mill, production at Navia stood at 149,263 tonnes, 2% higher than in the same period of the previous year and 67% above the previous quarter, which had been affected by the strike. In Pontevedra, production reached 105,412 tonnes, 4% lower than in the second quarter of 2025 and 9% higher than in the previous quarter.

	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Navia pulp production (t)	149.263	146.204	*2,1%*	89.294	*67,2%*	238.557	256.521	*(7,0%)*
Pontevedra pulp production (t)	105.412	110.246	*(4,4%)*	96.687	*9,0%*	202.099	214.181	*(5,6%)*
Pulp production (t)	**254.675**	**256.450**	*(0,7%)*	**185.981**	*36,9%*	**440.656**	**470.702**	*(6,4%)*

Cash cost in the quarter stood at €455/t compared with €488/t in the same quarter of the previous year and €522/t in the first quarter of 2026 (€479/t excluding the impact of the strike). Cost improvements were achieved in an inflationary environment driven by the conflict in the Middle East and despite minor social disputes related to the ongoing collective redundancy procedures (c. €4/t), and reflect the Efficiency and Competitiveness Plan and the Company-wide focus on cost reduction.

As a result, the operating margin per tonne stood at €103/t, €49/t higher than in 2Q25 and €130/t higher than in the previous quarter.

Figures in €/t	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Average sales price (w/o hedging) (€/t)	557,8	541,6	*3,0%*	495,2	*12,6%*	529,3	549,4	*(3,7%)*
Total cash cost (€/t)	455,1	487,9	*(6,7%)*	522,2	*(12,9%)*	483,6	498,1	*(2,9%)*
Operating margin (w/o hedging) (€/t)	**102,8**	**53,7**	*91,3%*	**(27,0)**	*n.s.*	**45,7**	**51,3**	*(11,0%)*

2.iv) Other income:

The pulp production process is self-sufficient in electricity. Ence uses the lignin and forest biomass derived from the pulp production process to generate renewable energy. To this end, it has a 35 MW lignin cogeneration plant integrated into the Pontevedra biofactory, as well as a lignin cogeneration plant and a biomass power generation plant, with capacities of 40 MW and 37 MW, respectively, integrated into the Navia biofactory. The surplus renewable energy is sold to the electricity grid.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Revenues from energy sales linked to pulp (€ m)	12,0	7,1	*69,4%*	7,5	*59,9%*	19,5	15,6	*25,0%*
Forestry and other revenue (€ m)	6,4	7,8	*(18,5%)*	3,9	*63,2%*	10,3	14,0	*(26,6%)*
Other income	**18,4**	**14,9**	*23,3%*	**11,4**	*61,0%*	**29,8**	**29,6**	*0,6%*

In addition to pulp and energy sales, the Pulp business includes other activities, most notably the sale to third parties of wood from the Company's own eucalyptus plantations located in southern Spain. Overall, this revenue amounted to €18m in the quarter.

2.v) Statement of Profit & Loss:

EBITDA in the second quarter of the year was €23m, 13% higher than in 2Q25, although that period included €10m of revenue from Energy Savings Certificates, and compared with negative EBITDA of €1.4m in the previous quarter.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Pulp sales revenue	137,9	131,5	*4,9%*	102,4	*34,6%*	240,3	252,0	*(4,7%)*
Other income	18,4	14,9	*23,3%*	11,4	*61,0%*	29,8	29,6	*0,6%*
Total net revenue	**156,3**	**146,4**	*6,8%*	**113,8**	*37,3%*	**270,1**	**281,7**	*(4,1%)*
EBITDA	**22,7**	**20,0**	*13,3%*	**(1,4)**	*n.s.*	**21,3**	**48,5**	*(56,2%)*
Depreciation and amortisation	(13,9)	(13,6)	*(2,0%)*	(12,4)	*(11,9%)*	(26,3)	(25,6)	*(2,7%)*
Depletion of forestry reserves	(1,5)	(2,5)	*39,1%*	(0,8)	*(84,0%)*	(2,4)	(5,2)	*55,0%*
Impairment of and gains/(losses) on fixed-asset disp.	0,0	0,0	*(94,1%)*	0,0	*(77,8%)*	0,0	(0,0)	*n.s.*
Other non-ordinary results from operations	-	(1,1)	*100,0%*	2,2	*(100,0%)*	2,2	(1,1)	*n.s.*
EBIT	**7,3**	**2,9**	*153,4%*	**(12,5)**	*n.s.*	**(5,2)**	**16,6**	*n.s.*
Net finance cost	(5,2)	(6,7)	*23,3%*	(4,7)	*(10,3%)*	(9,8)	(11,1)	*11,2%*
Other financial results	0,5	(2,6)	*n.s.*	0,5	*(7,9%)*	1,0	(3,8)	*n.s.*
Profit before tax	**2,6**	**(6,4)**	*n.s.*	**(16,6)**	*n.s.*	**(14,0)**	**1,8**	*n.s.*
Income tax	(0,3)	1,6	*n.s.*	4,0	*n.s.*	3,7	(0,4)	*n.s.*
Net Income	**2,3**	**(4,8)**	*n.s.*	**(12,6)**	*n.s.*	**(10,2)**	**1,4**	*n.s.*

Below EBITDA, depreciation and amortisation expense amounted to €14m in the second quarter, in line with the same period of the previous year and -€1.5m vs 1Q26. Forestry depletion stood at €2m, compared with €3m in the second quarter of 2025 and €1m in the previous quarter.

Net finance expense amounted to €5m, compared with €7m in the same period of 2025, while other financial results, which mainly reflect the impact of exchange rate movements on working capital during the period, recorded a positive balance of €0.5m, compared with a loss of €3m in the second quarter of 2025 and aligned with 1Q26 results.

Income tax represented an expense of €0.3m. In this regard, it should be noted that, at period-end, the Company had €32m of tax loss carryforwards pending recovery.

Net profit in the quarter amounted to €2m, compared to €5m of losses in the same quarter of 2025 and €13m in the previous quarter, marking a turning point for the Company as it returns to profitability.

2.vi) Cash flow analysis:

Operating cash flow for the quarter amounted to €9m, compared with €0m in the same period of the previous year and negative €25m in the first quarter of 2026. The higher cash generation was driven by the improved operating result and the collection of €21m from historical tax loss carryforwards.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
EBITDA	**22,7**	**20,0**	*13%*	**(1,4)**	*n.s.*	**21,3**	**48,5**	*(56%)*
Other cash adjustments	(0,9)	0,5	*n.s.*	(4,4)	*79%*	(5,3)	(4,0)	*(31%)*
Change in working capital	(8,9)	(11,9)	*26%*	(13,3)	*34%*	(22,2)	(18,0)	*(23%)*
Income tax received / (paid)	(0,2)	(2,5)	*93%*	0,1	*n.s.*	(0,0)	(2,5)	*99%*
Net interest received / (paid)	(4,2)	(5,7)	*27%*	(5,8)	*28%*	(10,0)	(10,3)	*3%*
Net cash flow from operating activities	**8,6**	**0,4**	*n.s.*	**(24,8)**	*n.s.*	**(16,2)**	**13,6**	*n.s.*

The change in working capital represented a cash outflow of €9m, mainly due to trade and other payables and increasing inventories.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Inventories	(4,9)	(6,2)	*20,8%*	(1,5)	*(232,0%)*	(6,3)	(13,7)	*53,6%*
Trade and other receivables	1,9	(11,1)	*n.s.*	(15,0)	*n.s.*	(13,2)	(9,5)	*(38,5%)*
Financial and other current assets	-	-	*n.s.*	-	*n.s.*	-	-	*n.s.*
Trade and other payables	(5,9)	5,3	*n.s.*	3,2	*n.s.*	(2,7)	5,1	*n.s.*
Change in working capital	**(8,9)**	**(11,9)**	*25,7%*	**(13,3)**	*33,6%*	**(22,2)**	**(18,0)**	*26,1%*

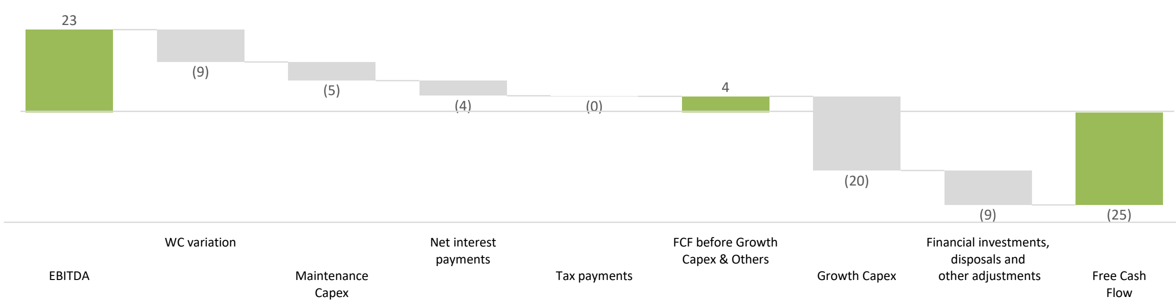
The drawn balance of non-recourse factoring facilities in the Pulp business at the end of the quarter amounted to €82m, compared with a drawn balance of €89m at the end of the previous year. In addition, Ence has entered into several confirming agreements, with a drawn balance of €63m at the end of the quarter, compared with €64m at the end of 2025. The contracted confirming facilities do not include the provision of guarantees, do not alter the average payment period agreed with suppliers and do not accrue any financial cost.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Maintenance capex	(5,1)	(9,2)	*(44,9%)*	(6,8)	*(25,6%)*	(11,9)	(15,4)	*(22,6%)*
Sustainability capex and other	(1,7)	(5,6)	*(69,6%)*	(3,4)	*(50,1%)*	(5,1)	(9,7)	*(46,9%)*
Efficiency and expansion capex	(18,5)	(9,1)	*104,4%*	(31,7)	*(41,5%)*	(50,3)	(13,4)	*n.s.*
Financial investments and in Group companies	(9,0)	16,4	*n.s.*	(3,3)	*172,2%*	(12,3)	15,6	*n.s.*
Investments	**(34,4)**	**(7,5)**	*n.s.*	**(45,3)**	*(24,2%)*	**(79,7)**	**(22,9)**	*247,5%*
Disposals [1]	0,5	(0,1)	*n.s.*	0,8	*(34,0%)*	1,4	0,3	*n.s.*
Net cash flow used in investing activities	**(33,8)**	**(7,6)**	*n.s.*	**(44,5)**	*(24,0%)*	**(78,3)**	**(22,6)**	*245,9%*

1) Divestments in 2025 exclude the maturity in January 2025 of temporary financial investments amounting to €10m, which are treated as cash and cash equivalents.

Investment cash flow in the period was negative by €34m, compared with a cash outflow of €8m in 2Q25 and a cash outflow of €45m in the first quarter of the year. The payments related to the Navia Efficiency and Decarbonisation project and the new fluff line were the main items included in investments.

Cash Flow 2T26 (M€)



Taking into account financial investments, divestments and other adjustments, free cash flow for the period was negative in €25m.

2.vii) Net Debt variation:

The Pulp business closed the second quarter of 2026 with a net debt position of €369m, representing an increase of €102m compared with December 2025.

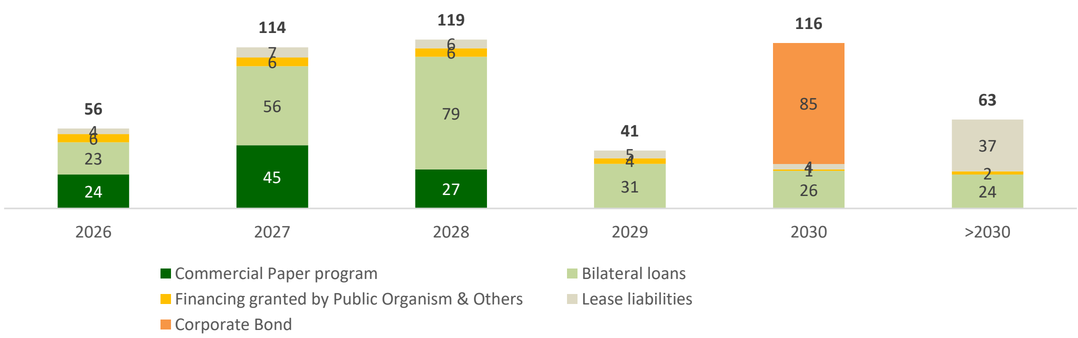
Due to the cyclical nature of the Pulp business, its financing is not subject to any leverage covenant and it has ample liquidity. Cash and temporary financial investments at the end of the quarter amounted to €138m.

Figures in €Mn	Jun-2026	Dec-2025	Δ%
Non-current financial debt	326,3	268,8	*21,4%*
Current financial debt	116,9	119,1	*(1,9%)*
Gross financial debt	**443,1**	**387,9**	*14,2%*
Non-current lease contracts	55,3	54,4	*1,6%*
Current lease contracts	8,1	6,9	*17,3%*
Liabilities related to lease contracts	**63,4**	**61,3**	*3,4%*
Cash and cash equivalents	136,0	180,6	*(24,7%)*
Short-term financial investments	1,8	2,4	*(23,3%)*
Net debt Pulp business	**368,7**	**266,3**	*38,5%*

Of the €443m of gross financial debt at the end of the quarter, €239m corresponded to the outstanding balance of bilateral loans, €85m to the bond issued on the Alternative Fixed-Income Market in January 2026, and €96m to the sustainable commercial paper programme. CDTI and other public bodies have granted financing for investments with an outstanding balance of €25m. Lease liabilities amounted to €63m at year-end. Arrangement fees on financing are deducted from the gross financial debt balance on the balance sheet.

Of the €114m of maturities in 2027, €45m correspond to the commercial paper programme, which will be refinanced throughout the year according to its maturity schedule.

Maturity Schedule (M€)



2.viii) Diversification and efficiency projects:

The Company currently has two relevant initiatives underway to generate up to €30/t of savings in cash cost: the Efficiency and Competitiveness Plan and the Navia Efficiency and Decarbonisation Plan. These savings will materialise between 2026 and 2027, with €15/t in 2026 and the remainder in 2027.

Regarding the Efficiency and Competitiveness Plan, which was launched in the fourth quarter of 2025 and will be implemented over the 2025–2027 period, it has potential overall savings of approximately €22/t in the Group's cash cost and a cash outflow of approximately €26m, structured around two key pillars: (i) artificial intelligence solutions and process reengineering and automation, and (ii) rationalisation of our operating processes, including a workforce reduction.

As of the date of this report, savings have been consolidated or are under execution for an annualised amount of 8 M€, excluding personnel efficiencies and the savings to be generated by the investments in Navia, which will begin to contribute to the reduction in cash cost in the second half of the year.

In this regard, the investments associated with the efficiency and decarbonisation project at the Navia biofactory have been completed, consisting of the upgrade of the wood yard and the replacement of natural gas with biomass in the lime kilns. These investments will reduce the biofactory's Scope 1 emissions by 60% and improve its production cost by €13 per tonne (€8/t at Group level). The investment amounted to a total of €35m in 2025–2026, with an expected return (ROCE) above 15%. This amount already deducts a €13m grant awarded by the Institute for Energy Diversification and Saving (IDAE), which will be collected upon completion of the project.

In addition, Ence is developing a range of renewable packaging solutions based on moulded fiber, capable of replacing plastic packaging in the food sector, such as trays for fresh and prepared products. This project has an expected return above 15%.

Furthermore, the Company is finalising the engineering and permitting process for the Pontevedra Avanza project, aimed at reducing the production cost of this biofactory by €50 per tonne (€20/t at Group level), improving its flexibility to process different types of eucalyptus and increasing the weight of specialty pulps.

Finally, Ence continues to advance the engineering and permitting of an innovative project located in the municipality of As Pontes, in A Coruña, for the production of 100,000 tonnes of recycled and bleached pulp from recovered fibres, without increasing wood consumption. In the third quarter of 2025, the project obtained its integrated environmental authorisation, and in the first quarter of this year it was selected for the award of a €25m PERTE grant.

3. Renewables business

Ence carries out its activity through a diversified renewable energy platform, with local biomass as its cornerstone, including regulated electricity generation, renewable industrial heat, biomethane and renewable fuels. All the biomass used is locally sourced and the energy produced is sold in the Spanish and European markets, helping to strengthen our continent's energy autonomy.

Ence Renovables (100% owned by Ence Energía y Celulosa) is the parent company controlling 51% of Magnon Green Energy, 75.5% of Magnon Servicios Energéticos (50% directly and 25.5% through Magnon Green Energy) and 100% of Biofertilizantes CH4.

Magnon Green Energy is the largest generator of renewable electricity from biomass in Spain. It has eight plants in operation with a combined installed capacity of 225 MW and two projects with a combined capacity of 100 MW, with which it will be able to participate in future capacity auctions.

Magnon Servicios Energéticos offers integrated solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. The target is to reach production of 2 TWht by 2030, with EBITDA of approximately €30m. In 2026, the company will end the year with five projects in operation, compared with one project in 2025, with estimated run-rate production of approximately 230 GWht. In addition, Magnon Servicios Energéticos has been selected by Moeve as its partner for the decarbonisation of its refinery in Palos de la Frontera, and the parties are currently in the final contractual stage. This is a large-scale project, with expected production of more than 350 GWht —over 17% of the 2030 production target— and has been declared strategic by the Regional Government of Andalusia.

Biofertilizantes CH4 is the Group subsidiary dedicated to the development and operation of biomethane and organic fertiliser production plants, based on a model focused on the sustainable and circular management of agricultural and livestock biomass. In December 2024, it acquired its first biomethane plant in Tarragona, designed to produce up to 45 GWh per year, and signed a 15-year agreement with a major gas marketer for the sale of the biomethane produced at the plant. At quarter-end, Biofertilizantes CH4 had projects to develop up to 4 TWh of capacity, compared with a target of 1 TWh; of these, 28 are already in the administrative permitting and engineering phase. Integrated Environmental Authorisation ("AAI") is expected to be obtained for eight of the plants in 2026/27.

In addition, Ence is the largest generator of biogenic CO2 in Spain, with nearly 4 million tonnes per year. Biogenic CO2 is a key input in the production of renewable fuels. The Company has initiated the administrative permitting required to host capture and valorisation units for biogenic CO2 at its main industrial biomass-to-regulated-electricity complexes, namely Huelva, Puertollano and Mérida. In this regard, Magnon has signed a Memorandum of Understanding on exclusivity with Iberdrola for the development of an e-methanol project with production of up to 100,000 tonnes at the Huelva facilities. This project has received a €123m grant from the European Climate, Infrastructure and Environment Executive Agency (CINEA).

3. i) Regulation of biomass-based electricity generation:

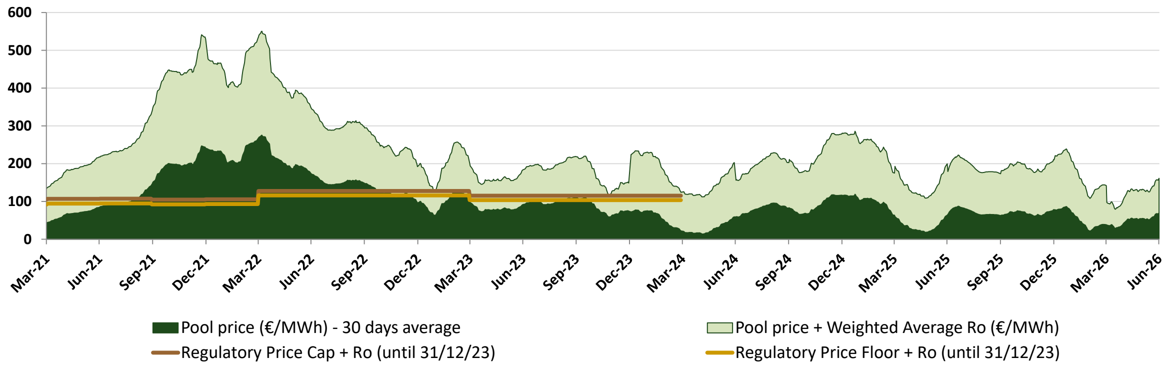
Electricity pool prices averaged 55€/MWh in the 2Q2026 vs 37 €/MWh in the same period of 2025 and 47€/MWh in the previous quarter.

Market figures	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Average pool price (€/MWh)	55,4	36,8	*50,5%*	47,2	*17,4%*	49,3	61,8	*(20,1%)*

Source: OMIE

The price at which Magnon sells its energy is a regulated price that allows all estimated operating costs of a standard plant to be covered, including the cost of biomass. It consists of the market price plus the corresponding supplementary remuneration for the operation of each plant (Ro).

Pool price, Ro and regulatory collar – 5-year average (€/MWh)



Under the methodology approved in 2024 (MITECO Order TED/526/2024), the remuneration for operation (Ro) is updated quarterly based on the difference between the standard operating cost of the plants and the electricity market price estimated for the immediately preceding quarter. As a result, the adjustment mechanism for deviations from the regulated electricity price (regulatory collar), which had been in force until the end of 2023, was eliminated. In addition, in February 2026, the Official State Gazette published MITECO Order TED/53/2026, updating the remuneration parameters for standard facilities applicable to certain electricity generation facilities using renewable energy sources and cogeneration for the 2026–2028 semi-regulatory period. This update implies an increase in the standard cost of the plants of approximately €6/MWh, to around €125/MWh including the IVPEE, and consequently an increase in the remuneration for operation of Magnon's biomass-based electricity generation plants, and of €19.5/MWh for the Lucena cogeneration plant.

In addition, all of Magnon's plants are equipped to provide backup services to the electricity system operator, which represents an additional source of revenue. In the context of the conflict in the Middle East, the potential rise in the pool price would offer an opportunity for this line of business.

Finally, most of Magnon's biomass plants are entitled to remuneration for investment (Ri) of 7.4% per year, which generated revenue of €6m in the second quarter of 2026.

The remuneration parameters of the renewable energy plants are explained in greater detail in Appendix 1.

3. ii) Revenue from Energy sales:

Electricity sales volume in the second quarter of 2026 amounted to 254,224 MWh, representing a 16% decrease compared with the same quarter of 2025 and a 3% decrease versus 1Q26. Following the historic rainfall in the first quarter, the annual maintenance shutdown was carried out at all plants.

Energy operating figures	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Huelva 41 MW - Biomass	-	35.545	(100,0%)	-	n.s.	-	60.453	(100,0%)
Jaén 16 MW - Biomass	16.147	16.524	(2,3%)	14.442	11,8%	30.588	36.126	(15,3%)
Ciudad Real 16 MW - Biomass	16.771	17.801	(5,8%)	17.831	(5,9%)	34.602	36.105	(4,2%)
Córdoba 27 MW - Biomass	40.662	45.293	(10,2%)	22.829	78,1%	63.491	79.545	(20,2%)
Huelva 50 MW - Biomass	65.277	41.300	58,1%	69.620	(6,2%)	134.897	104.738	28,8%
Mérida 20 MW - Biomass	22.685	31.722	(28,5%)	27.868	(18,6%)	50.553	67.771	(25,4%)
Huelva 46 MW - Biomass	45.409	54.745	(17,1%)	53.043	(14,4%)	98.453	79.280	24,2%
Ciudad Real 50 MW - Biomass	47.274	59.591	(20,7%)	57.331	(17,5%)	104.605	115.937	(9,8%)
Energy sales (MWh)	**254.224**	**302.521**	(16,0%)	**262.965**	(3,3%)	**517.189**	**579.956**	(10,8%)
Average sales price - (€/MWh)	143,8	125,0	15,0%	122,7	17,1%	133,1	141,5	(6,0%)
Remuneration for investment (€m)	6,0	6,4	(6,2%)	6,0	(0,0%)	12,1	12,87	(6,2%)
Revenue from energy sales (€ m)	**42,6**	**44,3**	(3,8%)	**38,3**	11,2%	**80,9**	**94,9**	(14,8%)

On the other hand, the average selling price in the quarter reached €144/MWh, 15% higher than in the same period of 2025 and 17% higher than in the previous quarter, which had been affected by high hydro and wind production in the context of storms.

As a result, revenue from energy sales amounted to €43m, 4% lower than in the second quarter of 2025 and 11% higher than in the previous quarter.

3. iii) Biomethane sales:

Biomethane production in the quarter amounted to 6.1 GWh, 14% lower than in 2Q25 and 20% lower than in the previous quarter. The lower production volume was due to different tests carried out on the feedstock mix as part of the process to develop the standard feedstock mix for the future platform.

Biomethane operating figures	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Biomethane sales (MWh)	**6.050**	**7.022**	*(13,8%)*	**7.567**	*(20,1%)*	**13.617**	**12.256**	*11,1%*
Average sales price - (€/MWh)	92	92	*0,1%*	92	*(0,1%)*	92	92	*(0,0%)*
Revenue from biomethane sales (€ m)	**0,6**	**0,6**	*(13,8%)*	**0,7**	*(20,1%)*	**1,3**	**1,1**	*11,1%*

In the second quarter of 2026, biomethane sales revenue amounted to €0.6m, 14% lower than in the same period of the previous year and 20% lower than in the first quarter of 2026.

The company is executing an investment plan at the plant to complete its production process with the manufacturing and marketing of organic fertilisers and to implement Ence's best operating standards (odour control, safety, etc.), so that the plant serves as a showcase for the development of the remaining projects.

3. iv) Statement of Profit & Loss:

Renewables business EBITDA stood at €5m in the quarter, compared with €4m in the second quarter of 2025 and €3m in the previous quarter.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Revenue from energy sales	42,6	44,3	*(3,8%)*	38,3	*11,2%*	80,9	94,9	*(14,8%)*
Revenues from biomethane sales	0,6	0,6	*(13,8%)*	0,7	*(20,1%)*	1,3	1,1	*11,1%*
Other revenues	2,9	1,8	*62,8%*	1,6	*77,9%*	4,6	3,0	*52,8%*
Total revenue	**46,1**	**46,7**	*(1,4%)*	**40,7**	*13,3%*	**86,7**	**99,1**	*(12,5%)*
EBITDA from energy sales	5,0	4,5	*11,5%*	3,3	*53,2%*	8,3	11,8	*(29,4%)*
EBITDA from other businesses	(0,5)	(1,0)	*49,8%*	(0,7)	*30,9%*	(1,2)	(2,3)	*46,2%*
EBITDA	**4,5**	**3,5**	*28,9%*	**2,6**	*77,1%*	**7,1**	**9,5**	*(25,4%)*
Depreciation and amortisation	(7,7)	(8,3)	*6,7%*	(7,9)	*1,9%*	(15,6)	(16,8)	*7,0%*
Impairment of and gains/(losses) on fixed-asset disp.	0,0	0,0	*(34,4%)*	-	*n.s.*	0,0	(0,0)	*n.s.*
Other non-ordinary results from operations	(1,0)	-	*n.s.*	-	*n.s.*	(1,0)	-	*n.s.*
EBIT	**(4,1)**	**(4,7)**	*12,8%*	**(5,3)**	*22,4%*	**(9,5)**	**(7,3)**	*(29,3%)*
Net finance cost	(0,7)	(4,5)	*85,0%*	(4,2)	*84,2%*	(4,9)	(8,6)	*43,2%*
Other finance income/(cost)	0,0	0,0	*(63,2%)*	0,3	*(95,6%)*	0,3	0,0	*n.s.*
Profit before tax	**(4,8)**	**(9,2)**	*47,7%*	**(9,2)**	*48,2%*	**(14,0)**	**(15,9)**	*11,8%*
Income tax	(0,7)	0,6	*n.s.*	0,1	*n.s.*	(0,6)	0,8	*n.s.*
Net Income	**(5,5)**	**(8,6)**	*35,3%*	**(9,2)**	*39,6%*	**(14,7)**	**(15,1)**	*3,0%*
Non-controlling interests	3,6	3,7	*(2,5%)*	4,0	*(11,5%)*	7,6	6,1	*24,8%*
Attributable Net Income	**(2,0)**	**(4,9)**	*60,0%*	**(5,1)**	*61,8%*	**(7,1)**	**(9,0)**	*21,8%*

To mitigate the risk of deviations between the electricity market price and the price estimated by the regulator, Magnon has established a hedging policy aimed at replicating MITECO's formula for estimating electricity market prices. In the second quarter of 2026, hedges were arranged for 97% of production. The deviation between the regulatory price and the market price generated a positive impact of €2.8m, which was partially offset by negative hedge settlements of €2.4m.

Below EBITDA, depreciation, amortisation and impairment expense amounted to €8m. Other non-recurring operating results include a €1m impairment of the 90 MW photovoltaic project sold during the quarter. Net finance expense and other financial results represented an expense of €1m.

Income tax represented an expense of €1m in the quarter. At period-end, the Renewables business had recognised tax loss carryforwards pending recovery in future years amounting to €25m. During the quarter, €0.7m was collected in relation to the declaration of unconstitutionality of Royal Decree-Law 3/2016, which established a limitation on the use of tax loss carryforwards. In addition, a claim process has been initiated with the Tax Agency for €3m plus late-payment interest of €1m, related to the aforementioned limitation on the offsetting of tax loss carryforwards.

Overall, the Renewables business reported an attributable net loss of €2m in the quarter, compared with a net loss of €5m in both the previous quarter and the same period of 2025.

3. v) Cash Flow analysis:

Renewables business operating cash flow was negative in €5m in the quarter, including a €2m cash outflow from working capital and €6m of net interest payments.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
EBITDA	**4,5**	**3,5**	*28,9%*	**2,6**	*77,1%*	**7,1**	**9,5**	*(25,4%)*
Other cash adjustments	(1,3)	(0,3)	*n.s.*	(0,3)	*n.s.*	(1,6)	(1,0)	*(55,9%)*
Change in working capital	(1,6)	2,5	*n.s.*	(4,9)	*67,8%*	(6,5)	0,3	*n.s.*
Income tax received / (paid)	(0,2)	0,0	*n.s.*	0,3	*n.s.*	0,1	0,3	*(78,2%)*
Net interest received / (paid)	(6,1)	(6,6)	*7,7%*	(1,2)	*n.s.*	(7,3)	(8,0)	*8,7%*
Net cash flow from operating activities	**(4,6)**	**(0,8)**	*n.s.*	**(3,6)**	*(29,2%)*	**(8,2)**	**1,0**	*n.s.*

In the second quarter of 2026, the change in working capital represented a cash outflow of €2m as a result of the increase in inventories, which included both the construction of Lactalis' industrial heat projects and biomass inventory buildup. This was offset by the reduction in trade receivables and the increase in trade payables and other accounts payable.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Inventories	(13,4)	(4,8)	*(176,7%)*	(4,0)	*(232,7%)*	(17,4)	(7,5)	*(131,1%)*
Trade and other receivables	5,3	4,3	*21,2%*	(1,1)	*n.s.*	4,2	14,2	*(70,8%)*
Current financial and other assets	-	-	*n.s.*	-	*n.s.*	-	-	*n.s.*
Trade and other payables	6,5	3,0	*116,9%*	0,2	*n.s.*	6,8	(6,5)	*n.s.*
Change in working capital	**(1,6)**	**2,5**	*n.s.*	**(4,9)**	*67,8%*	**(6,5)**	**0,3**	*n.s.*

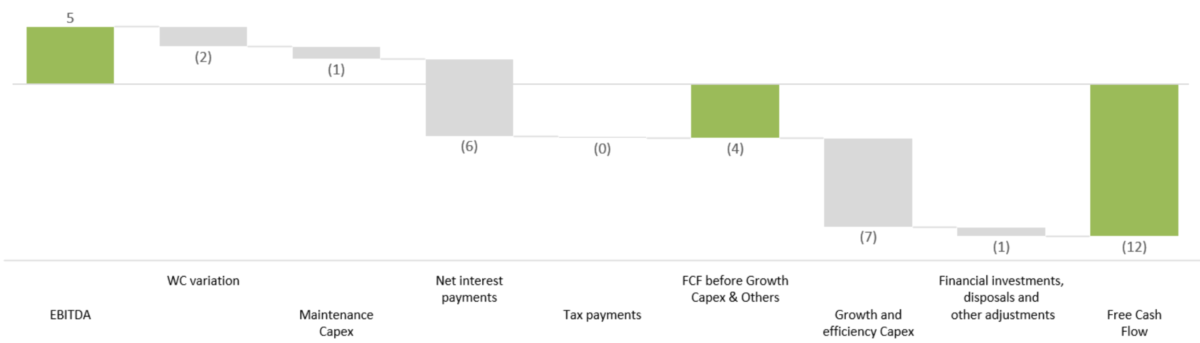
The drawn balance of non-recourse factoring facilities in the Renewables business at the end of the quarter amounted to €25m, compared with €19m at the end of 2025. In addition, Magnon has entered into several non-recourse confirming agreements, with a drawn balance of €23m, compared with €14m at the end of 2025. The contracted confirming facilities do not include the provision of guarantees, do not alter the average payment period agreed with suppliers and do not accrue any financial cost.

Figures in € m	2Q26	2Q25	Δ%	1Q26	Δ%	6M26	6M25	Δ%
Maintenance capex	(1,0)	(2,9)	*66,1%*	(1,1)	*6,6%*	(2,0)	(4,9)	*57,9%*
Sustainability capex and other	(0,5)	(0,7)	*34,9%*	(0,2)	*(103,9%)*	(0,7)	(1,1)	*36,6%*
Efficiency and expansion capex	(6,6)	(3,6)	*(80,0%)*	(5,4)	*(21,4%)*	(12,0)	(5,7)	*(108,0%)*
Financial investments and in Group companies	0,5	(0,3)	*n.s.*	(0,1)	*n.s.*	0,4	(2,2)	*n.s.*
Investments	**(7,5)**	**(7,6)**	*1,4%*	**(6,8)**	*(11,1%)*	**(14,3)**	**(13,9)**	*(3,0%)*
Disposals	0,0	0,1	*(41,0%)*	0,0	*(2,1%)*	0,1	0,1	*(37,6%)*
Net cash flow from investing activities	**(7,5)**	**(7,6)**	*1,0%*	**(6,7)**	*(11,2%)*	**(14,2)**	**(13,7)**	*(3,4%)*

Investments in the Renewables business represented a cash outflow of €8m in the quarter. Maintenance investments amounted to €1m, while efficiency and expansion investments amounted to €7m in the quarter, mainly related to the development of renewable thermal energy and biomethane projects. Sustainability investments amounted to €1m in the quarter. Finally, in June, the sale of a 90 MW photovoltaic project was completed for a price of €1.5 million, equivalent to the fair value of the net assets transferred.

Overall, the Renewables business recorded negative free cash flow of €12m in the quarter.

Free Cash Flow 2Q26 (M€)



3. vi) Net Financial Debt evolution:

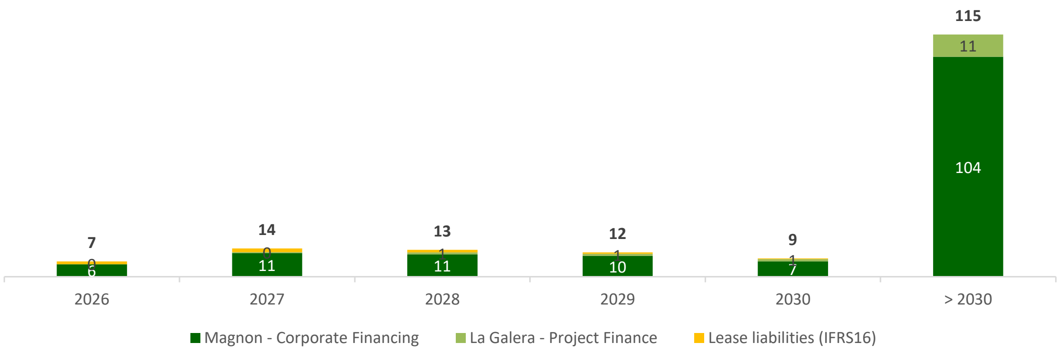
The Renewables business closed the quarter with a net debt position of €124m, compared with net debt of €112m at year-end 2025, representing an increase of €12m.

Thus, the business' gross financial debt balance at quarter-end amounted to €159m, lease liabilities stood at €5m, and cash and temporary financial investments amounted to €41m.

Figures in € m	Jun-2026	Dec-2025	Δ%
Non-current financial debt	148,4	153,9	*(3,6%)*
Current financial debt	11,1	11,2	*(1,2%)*
Gross financial debt	**159,5**	**165,1**	*(3,4%)*
Non-current lease contracts	3,4	3,4	*0,4%*
Current lease contracts	1,8	1,7	*7,5%*
Liabilities related to lease contracts	**5,3**	**5,1**	*2,8%*
Cash reserve for debt service	11,5	11,5	-
Cash and cash equivalents	29,2	46,9	*(37,7%)*
Short-term financial investments	0,1	0,1	*25,5%*
Net debt Renewable business	**123,9**	**111,8**	*10,9%*

Of the €159m of gross debt, €14m corresponds to the La Galera project finance facility and €150m to Magnon's corporate debt. Of the total gross debt outstanding, €115m matures after 2030.

Repayment schedule (€m)



4. Consolidated Financial Statements

4. i) Statement of Profit & Loss:

	6M26				6M25			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Total revenue	**270,1**	**86,7**	**(2,0)**	**354,8**	**281,7**	**99,1**	**(1,6)**	**379,2**
Foreign exchange hedging operations results	0,2	0,5	(0,0)	0,7	1,0	0,5	-	1,5
Other income	17,8	3,2	(0,8)	20,2	54,6	3,0	(0,7)	56,9
Cost of sales and change in inventories of finished products	(166,7)	(28,3)	2,0	(193,0)	(172,6)	(33,9)	1,6	(205,0)
Personnel expenses	(41,4)	(14,7)	-	(56,2)	(46,1)	(12,2)	-	(58,4)
Other operating expenses	(58,7)	(40,3)	0,8	(98,2)	(70,0)	(46,8)	0,7	(116,2)
EBITDA	**21,3**	**7,1**	**(0,0)**	**28,4**	**48,5**	**9,5**	**0,0**	**58,0**
Depreciation and amortisation	(26,3)	(15,5)	0,3	(41,4)	(25,6)	(16,8)	0,8	(41,6)
Depletion of forestry reserves	(2,4)	(0,2)	-	(2,5)	(5,2)	(0,0)	-	(5,3)
Impairment of and gains/(losses) on fixed-asset disposals	0,0	0,0	-	0,0	(0,0)	(0,0)	-	(0,1)
Other non-ordinary operating gains/(losses)	2,2	(1,0)	-	1,2	(1,1)	-	-	(1,1)
EBIT	**(5,2)**	**(9,5)**	**0,3**	**(14,3)**	**16,6**	**(7,3)**	**0,8**	**10,1**
Net finance cost	(9,8)	(4,9)	0,0	(14,7)	(11,1)	(8,6)	-	(19,7)
Other finance income/(costs)	1,0	0,3	0,0	1,4	(3,8)	0,0	0,0	(3,7)
Profit before tax	**(14,0)**	**(14,0)**	**0,3**	**(27,7)**	**1,8**	**(15,9)**	**0,8**	**(13,3)**
Income tax	3,7	(0,6)	(0,1)	3,0	(0,4)	0,8	(0,1)	0,3
Net Income	**(10,2)**	**(14,7)**	**0,2**	**(24,7)**	**1,4**	**(15,1)**	**0,7**	**(13,0)**
Non-controlling interests	-	7,6	-	7,6	-	6,1	-	6,1
Atributable Net Income	**(10,2)**	**(7,1)**	**0,2**	**(17,1)**	**1,4**	**(9,0)**	**0,7**	**(6,9)**
Earnings per Share (EPS)	(0,04)	(0,03)	0,00	(0,07)	0,01	(0,04)	0,00	(0,03)

4. ii) Summarised Balance Sheet:

	Jun-2026				Dec-2025			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	21,9	55,6	(10,7)	66,8	20,9	56,3	(11,0)	66,2
Property, plant and equipment	662,2	373,6	(5,1)	1.030,7	648,2	371,0	(5,1)	1.014,0
Biological assets	64,3	0,0	(0,0)	64,3	65,2	0,2	0,0	65,4
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1	114,0	0,0	(114,0)	0,1
Non-current borrowings to Group companies	70,8	-	(70,8)	-	59,4	(0,0)	(59,4)	(0,0)
Deferred tax assets	36,3	27,5	2,7	66,5	49,2	27,2	2,8	79,2
Non-current financial assets	9,8	2,4	-	12,2	10,3	2,9	0,0	13,2
Cash reserve for debt service	-	11,5	-	11,5	-	11,5	-	11,5
Total non-current assets	**979,4**	**470,6**	**(197,9)**	**1.252,1**	**967,1**	**469,1**	**(186,7)**	**1.249,5**
Inventories	90,9	34,8	-	125,7	75,9	16,3	(0,0)	92,1
Trade and other accounts receivable	46,9	19,5	(1,8)	64,5	23,0	24,7	(2,5)	45,3
Income tax	2,9	0,5	-	3,4	2,9	0,6	-	3,5
Other current assets	22,7	4,0	0,0	26,8	14,9	0,0	0,0	14,9
Hedging derivatives	0,0	1,0	-	1,0	0,6	1,0	-	1,6
Current financial investments in Group companies	0,9	0,4	(1,3)	0,0	-	0,9	(0,9)	0,0
Current financial investments	1,8	0,1	-	1,9	2,4	0,1	0,0	2,5
Cash and cash equivalents	136,0	29,2	-	165,2	180,6	46,9	-	227,5
Total current assets	**302,2**	**89,5**	**(3,1)**	**388,5**	**300,2**	**90,5**	**(3,4)**	**387,3**
TOTAL ASSETS	**1.281,6**	**560,1**	**(201,0)**	**1.640,7**	**1.267,3**	**559,7**	**(190,1)**	**1.636,9**
Equity attributable to the Parent	511,2	72,6	(125,4)	458,3	522,0	82,5	(127,3)	477,2
Minority interest	-	82,3	(1,6)	80,6	-	89,4	-	89,4
Total Equity	**511,2**	**154,9**	**(127,1)**	**539,0**	**522,0**	**172,0**	**(127,3)**	**566,7**
Non-current loans with Group companies and associates	-	103,1	(70,8)	32,3	-	88,4	(59,4)	29,0
Non-current borrowings	381,6	151,9	-	533,5	323,3	157,3	-	480,6
Non-current derivatives	(1,0)	1,4	-	0,3	1,0	0,2	-	1,2
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	37,1	0,8	(0,0)	37,9	36,6	0,7	-	37,3
Other non-current liabilities	29,5	56,1	0,0	85,5	26,8	60,3	(0,0)	87,0
Total non-current liabilities	**447,1**	**313,2**	**(70,8)**	**689,5**	**387,6**	**306,9**	**(59,4)**	**635,2**
Current borrowings	124,9	12,9	0,0	137,9	126,0	12,9	0,0	138,9
Current derivatives	2,8	3,9	-	6,7	1,1	0,7	-	1,8
Trade and other account payable	146,7	69,4	(1,8)	214,3	181,8	60,4	(2,5)	239,7
Short-term debts with group companies	0,2	1,1	(1,3)	-	0,7	2,7	(0,9)	2,5
Income tax	0,0	0,0	-	0,0	0,0	0,0	(0,0)	0,1
Current provisions	48,6	4,8	-	53,3	48,0	4,0	-	52,1
Total current liabilities	**323,3**	**92,1**	**(3,1)**	**412,2**	**357,6**	**80,8**	**(3,4)**	**435,0**
TOTAL EQUITY AND LIABILITIES	**1.281,6**	**560,1**	**(201,0)**	**1.640,7**	**1.267,3**	**559,7**	**(190,1)**	**1.636,9**

The Pulp business includes among its investments the higher cost related to the Navia project completed in 2019, amounting to €8m, as a result of the arbitration ruling dated 17 June 2025, which requires the Group to pay €15m, of which €8m had already been recognised.

4. iii) Summarised statement of Cash Flows:

	6M26				6M25			
Figures in Mn€	Celulosa	Renovables	Ajustes	Consolidado	Celulosa	Renovables	Ajustes	Consolidado
Consolidated profit/(loss) for the period before tax	**(14,0)**	**(14,0)**	**0,3**	**(27,7)**	**1,8**	**(15,9)**	**0,8**	**(13,3)**
Depreciation and amortisation	28,6	15,6	(0,3)	43,9	30,8	16,8	(0,8)	46,8
Changes in provisions and other deferred expense	(5,8)	0,8	(0,1)	(5,2)	(0,1)	2,0	0,1	2,0
Impairment of gains/(losses) on disposals intangible assets	0,0	(0,3)	-	(0,3)	0,3	0,0	-	0,4
Net finance result	8,7	4,9	-	13,6	13,1	8,6	0,0	21,7
Energy regulation adjustments	(0,9)	(1,4)	-	(2,3)	(1,1)	(3,0)	0,0	(4,1)
Government grants taken to income	(0,3)	(0,0)	0,0	(0,4)	(0,3)	(0,1)	-	(0,3)
Adjustments to profit	**30,3**	**19,5**	**(0,4)**	**49,4**	**42,7**	**24,4**	**(0,7)**	**66,4**
Inventories	(6,3)	(17,4)	-	(23,8)	(13,7)	(7,5)	-	(21,2)
Trade and other receivables	(13,2)	4,2	(1,3)	(10,3)	(9,5)	14,2	(4,5)	0,3
Current financial and other assets	-	-	-	-	-	-	-	-
Trade and other payables	(2,7)	6,8	1,4	5,5	5,1	(6,4)	4,4	3,1
Changes in working capital	**(22,2)**	**(6,5)**	**0,1**	**(28,60)**	**(18,0)**	**0,3**	**(0,1)**	**(17,9)**
Interest paid	(10,0)	(7,3)	-	(17,3)	(10,3)	(8,0)	-	(18,3)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	(0,0)	0,1	-	0,0	(2,5)	0,3	(0,0)	(2,2)
Other collections/(payments)	(0,3)	-	-	(0,3)	0,0	-	-	0,0
Other cash flows from operating activities	**(10,3)**	**(7,3)**	**-**	**(17,5)**	**(12,8)**	**(7,7)**	**(0,0)**	**(20,5)**
Net cash flow from operating activities	**(16,2)**	**(8,3)**	**(0,0)**	**(24,4)**	**13,7**	**1,0**	**0,0**	**14,7**
Property, plant and equipment	(64,8)	(14,1)	-	(78,9)	(35,8)	(10,7)	-	(46,5)
Intangible assets	(2,5)	(0,6)	-	(3,1)	(2,7)	(1,0)	(0,0)	(3,7)
Other financial assets and Group companies	(12,3)	0,4	11,9	(0,0)	15,6	(2,2)	(14,0)	(0,6)
Disposals [1]	1,4	0,1	(0,1)	1,4	0,3	0,1	(0,0)	0,4
Net cash flow used in investing activities	**(78,3)**	**(14,2)**	**11,8**	**(80,7)**	**(22,6)**	**(13,7)**	**(14,0)**	**(50,4)**
							-	
Free cash flow	**(94,5)**	**(22,5)**	**11,8**	**(105,2)**	**(9,0)**	**(12,7)**	**(14,0)**	**(35,7)**
Buyback/(disposal) of own equity instruments	(0,3)	-	-	(0,3)	(0,7)	-	0,0	(0,7)
Proceeds from and repayments of financial liabilities	50,2	4,8	(11,8)	43,2	24,7	(8,0)	14,0	30,7
Dividends payments	-	0,0	-	0,0	(0,0)	-	0,0	-
Net cash flow from/ (used in) financing activities	**49,9**	**4,8**	**(11,8)**	**43,0**	**24,0**	**(8,0)**	**14,0**	**30,0**
Net increase/(decrease) in cash and cash equivalents	**(44,5)**	**(17,7)**	**(0,0)**	**(62,2)**	**15,1**	**(20,7)**	**(0,0)**	**(5,6)**

Annex I: 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, Ence has a 2024-2028 Sustainability Master Plan 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.

Ence's strong environmental, social and governance (ESG) performance is recognized by different ESG rating agencies and indices. During the first half of the year, Ence renewed, for the second consecutive year, its Excellent rating in the Solicited Sustainability Rating issued by the ESG rating agency EthiFinance. This ESG rating assesses the Company's performance across four pillars: governance, environment, social (employees), and social (external stakeholders). In addition, during the first half of the year, Ence renewed its EcoVadis Platinum Medal (see link), the highest distinction awarded by this international corporate sustainability rating agency. With this result, the company remains, for the third consecutive assessment, in the 99th percentile, positioning itself among the leaders in the sector. In addition, Ence is also part of the prestigious FTSE4Good Index Series, designed to measure the performance of companies demonstrating strong ESG practices, in which the company has participated since 2021.

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.

In the area of **health and safety**, during the first half of the year it is worth highlighting the positive trend in accident rates. The Ence Group's Lost Time Injury Frequency Rate (LTIFR) year to date stands at 3.32, representing the best result in the company's entire historical series.

During the first quarter, the annual scheduled shutdown was carried out at Navia, involving the addition of more than 1,500 extra workers from contractor companies. All planned activities were successfully executed while maintaining the highest standards of protection and coordination.

In the Pulp business, progress also continued in the rollout of the plan to implement the Process Safety Management (PSM) methodology, which serves as an additional lever for the continuous improvement of the management of major accident risks in the areas of safety and the environment.

At Magnon, following the analysis of incidents and accidents recorded in 2025, a new safety plan was launched focused on strengthening safety leadership, Preventive Safety Observations (PSOs), work permits, and compliance with procedures. By the end of the first half of the year, 40% of the planned actions had been completed. In addition, a series of specific actions will be implemented at those plants where O&M personnel have been internalised. With regard to the prevention of vehicle–pedestrian incidents, a new technological solution incorporating artificial intelligence for collision avoidance was successfully commissioned since the beginning of the year at the Huelva biomass treatment plant.

In terms of the Group's **environmental performance**, it is worth noting the progress made in 2025 on the R&D projects aimed at achieving circular management of the main waste generated at Ence's plants, such as lime sludge, ash and slag. For example, the project to look for a formula for making ecological mortar from these subproducts continued to move forward. In addition, since 2025, the ashes from one of the boilers in Huelva have been classified as a by-product rather than as waste, and are used for mine backfilling, thereby replacing other products with a higher environmental footprint. Furthermore, the outlet of slags and ashes to cement plants has been consolidated.

As part of its circular economy approach, Ence maintains high rates of waste recovery and recycling. In this regard, all biomass power generation plants and the two pulp biomills hold AENOR certification for their waste management in accordance with the Zero Waste criteria (this distinction is awarded only to facilities that recycle and recover more than 90% of their waste). In addition, Magnon also holds AENOR's "Circular Strategy" certification, whose annual surveillance audit was successfully completed during the first half of the year

In the environmental area, it is also worth highlighting that the Navia biorefinery recorded just 2 minutes of odour during the first half of the year, maintaining its excellent performance following the historic record achieved in 2025, when the year closed with zero minutes of odour. Meanwhile, the Pontevedra biorefinery reduced odour minutes more than 60% in the first half of the year compared with the same period in 2025. These results reflect the high standards of environmental performance achieved and confirm the effectiveness of the measures implemented under the "Zero Odour" Plan. In addition, the Navia biorefinery recorded its lowest-ever average specific water consumption, reaching an average value of 23.8 m^3/ADt in January and a cumulative average of 25.3 m^3/ADt for the first half of the year. This reduction in specific water consumption was made possible by an ambitious operational improvement plan aimed at reducing water use.

In the area of **environmental and safety management**, in addition to maintaining ISO 14001, ISO 45001, ISO 50001 and EMAS certifications, the pulp biomills also have held ISO 22000 food safety certification since 2024. This certification ensures that their products can be used in food-related applications that replace plastic materials. With regard to Speciality Pulp certifications, since the beginning of 2026 nine additional certifications have already been obtained. This year, an increase is expected in both sales and the customer portfolio using specialty pulp from the Ence Advanced portfolio as well as fluff pulp.

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.

In terms of mitigation, and in line with the Decarbonisation Plan timeline, in 2025 the Navia biomill completed the first phase of replacing part of the fossil fuel used in the lime kilns with biomass. During the first half of 2026, progress continued on the implementation of the second phase, which will further increase the share of biomass use. These actions are additional to those already implemented in 2023 and 2024, when biomethanol obtained from the process itself began to be used as a renewable fuel to reduce fossil fuel consumption. As a result of these measures, Navia's direct emissions (scope 1) decreased by 10% in 2025 compared to 2024. Meanwhile, at the Pontevedra biomill, progress continues on the design of a plan that includes actions similar to those implemented at Navia to replace the fossil fuels currently used with renewable fuels. With these measures, Ence is making progress towards delivery of the targets set down in its Decarbonisation Plan for the reduction of absolute Scope 1 and Scope 2 emissions by 55% and 75% by 2030 and 2035, respectively, compared to 2018, the base year. These initiatives reinforce Ence's commitment to climate action, in line with the Climate Change Policy approved by its Board of Directors in 2024, which sets down the Company's key principles in this area and its commitment to be climate neutral by 2050.

Ence also updates its greenhouse gas inventory on an annual basis. In the second quarter of 2026, Ence completed the verification of its 2025 Carbon Footprint and Product Carbon Footprint. The verification was carried out by an independent third party in accordance with the ISO 14064 and ISO 14067 standards, with a reasonable assurance level, the highest level of assurance available. In 2025, the Ence Group's carbon footprint decreased by 5.0% compared with the previous year, mainly driven by a 10.6% reduction in Scope 3 emissions. This positive performance was primarily attributable to sourcing materials from locations closer to the Ence's operations, which reduced transport distances associated with logistics, as well as lower consumption of certain raw materials at the biomills, in line with the reduction in pulp production compared with the previous year. Scope 1 emissions increased by 6.1%, mainly due to higher fuel consumption at Pontevedra biomill as a result of the shutdowns and restarts associated with strike action. Nevertheless, Navia biomill reduced its direct emissions by 10% thanks to the measures implemented under the Decarbonisation Plan. Finally, Scope 2 emissions increased by 11.5% due to lower self-consumption and greater reliance on grid electricity, as a result of reduced power generation during the first months of the year following the temporary unavailability of one of the electricity generation turbines at the pulp business.

Regarding the analysis of the net carbon balance of the company's owned forests, conducted in accordance with IPCC guidelines, the results conclude that in 2025 Ence-managed forestry operations sequestered close to 360,000 tCO_2, after deducting carbon removals in the form of harvested wood and biomass.

In terms of adaptation, Ence carries out an annual climate risk and opportunity assessment. In this context, the company focuses its efforts on the development of ad hoc climate models to serve as tools for analysing the potential impacts of climate change on the business. The analysis assesses, across three time horizons (short, medium and long term), both physical risks—using the latest climate scenarios published in the IPCC Sixth Assessment Report (SSP2-4.5 and SSP5-8.5 scenarios)—and transition risks. The annual update of this assessment will commence in the second quarter of 2026.

Ence has a **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, as endorsed by third independent parties. The biodiversity plan also includes awareness and communication initiatives so as to create a culture of biodiversity protection among all employees. Under the umbrella of this plan, medium-term targets (2028) have been defined to articulate and guide the various initiatives.

Thus, during the first half of the year, among the key actions undertaken was the restoration of approximatively 45 hectares of degraded areas and the creation of ecotones. The Plan incorporates both emerging and current regulatory requirements, including those derived from the EU Regulation on Deforestation and Forest Degradation (EUDR)—for which technological support tools have been developed not only for the company but also for its partners; the CSRD Directive with regard to the prevention and mitigation of biodiversity impacts (by establishing a systematic approach to the prevention and monitoring of potential impacts from forestry operations); and the Nature Restoration Regulation, with annualised targets for the restoration of degraded habitats.

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 CO2) 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 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 more environmentally friendly to make. One of the key thrusts of this line of initiative is to increase penetration of the products that carry the Ence Advanced label. Indeed, by the end of the first half of the year, sales of these higher value-added special products accounted for 34% of total pulp sales volumes in the first half of the year.

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) with its customers.

In 2025, Ence began producing eucalyptus fluff at its Navia biofactory. To facilitate approvals for potential clients, a pre-inspection of the fluff paste was requested from the relevant Nordic Swan and Ecolabel bodies in the first quarter of the year, and approval is expected soon. This distinction will add to the three certifications obtained during 2025.

Elsewhere, in order to comply with Regulation (EU) 2023/1115, the European Regulation on deforestation-free products (EUDR), the Pulp business is in the process of implementing all the requirements for meeting its upcoming obligations under this new legislation.

Besides the work done on its special products, over the course of 2026, 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.

The company has also continued to make progress on the engineering and administrative procedures for the **bioplant for the production of bleached recycled fibre** that Ence will develop in the Galician municipality of As Pontes. This will be a pioneering facility worldwide for the production of bleached recycled fibre from recovered paper and cardboard. In this way, the company gives a new life to these materials, fully aligning with the principles of the circular economy. In the design of this project—the first of its kind in Europe to manufacture bleached recycled fibre from recovered paper and cardboard—Ence's commitment to energy independence has been taken into account. Accordingly, the plant will be self-supplied with renewable energy generated from by-products of the local forestry industry and will not use fossil fuels. In line with Ence's commitment to the circular economy, As Pontes will be the first facility in the sector in Europe to apply TCF (Totally Chlorine Free) bleaching technology to recycled fibres. In 2025, the project obtained the Integrated Environmental Authorisation (IEA), and in the first half of 2026 it was awarded €24.5 million under the Industrial Decarbonisation PERTE programme.

Another aspect of the bioproducts line of initiative relates to implementation of the plan for developing **biofertiliser** and **biomethane** plants, facilities capable of transforming agricultural and breeding waste collected locally into renewable gas and organic fertiliser. The renewable gas 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 over 1 TWh of generation capacity by 2030. Ence has one plant up and running (La Galera), several projects in the environmental permitting phase and other initiatives with location and feasibility study completed. Framed by its commitment to stakeholder transparency and engagement, Ence has formulated a community outreach strategy to accompany the development of these facilities under which it contacts the local communities in the towns where they are to be located to introduce the Company and project and address any concerns and enquiries these stakeholders may have.

This chapter of the Master Plan also includes Ence's goal of developing **renewable industrial heat** projects, through Magnon Servicios Energéticos (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. The Company now has two plants in operation, following the commissioning of a new facility during the first half of 2026, in addition to the plant that has been operational for the past three years. A further three facilities are expected to become operational before the end of the year, two of which are currently under construction by Magnon.

Elsewhere, 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 this area, in 2025 an additional clone entered the commercial phase, and another is expected to do so in 2026.

In parallel, Ence is looking to monetise the **ecosystem services** provided by the forests it owns, with a focus on carbon capture. To that end, it continues to work on registering forest sinks in voluntary carbon markets, generating credits it can sell so that other companies can offset emissions they cannot forego. Ence has almost 4,400 hectares of carbon forest sinks registered in different voluntary schemes, including more than 2,300 hectares in the voluntary scheme operated by the Spanish Climate Change Office. Currently, the Company is working on increasing that figure by embracing additional biodiversity criteria in line with European Union guidelines.

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. By the end of the first half, more than 85% of its forest assets (out of total certifiable assets) were certified under one or other of those schemes and over 80% of the timber that entered its biomills during the period from its proprietary forests, suppliers and forest owners came with one or both certifications.

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 are SURE-certified. Also, since 2025, Ence also holds PEFC certification (with licence number PEFC/14-31-00410) for its biomass trading activity.

As with biomass, in the case of biometane production, the La Galera plant holds ISCC (International Sustainability and Carbon Certification), a voluntary sustainability scheme that ensures compliance with the sustainability requirements set out in the Renewable Energy Directive. Year to date, 100% of biomethane generation complied with sustainability requirements.

In terms of **supply chain supervision**, during the first half over 1,400 entities were assessed through the digital platform used for ESG and compliance risk analysis across the value chain. The ESG risk analysis initiative falls under the umbrella of the Sustainability Due Diligence Policy, which sets down Ence's commitments and guidelines for preventing, detecting and mitigating human rights violations and adverse environmental impacts all along its supply chain. In addition, Ence continues to work, 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 25% of the workforce as of half quarter close. In addition to increasing female representation in general, Ence is placing the spotlight on increasing the number of women in executive positions. Year to date, the percentage of female executives (including managers) stands at 31%.

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. Indeed, during the first half of the year, more than 75% of the Company’s vacancies were filled via internal promotions.

In its bid to have a **positive social impact on its business communities**, Ence continues to invest in them, launching tenders for project funding periodically. In this regard, in June 2026 VII edition of the Ence Pontevedra Social Plan was launched, with a budget of €3 million to support social projects in the area surrounding the bioplant, with a particular focus on the municipalities of Pontevedra, Marín and Poio. The plan covers five areas of action: the promotion of social inclusion; environmental restoration and care; the promotion of education and culture; the promotion of entrepreneurship and innovation; and the promotion of both grassroots and elite sports. In total, 240 projects benefited from previous edition.

Sports promotion, both grassroots and high-performance, was one of the categories with the highest number of applications, with 72 in total. This was followed by projects dedicated to environmental restoration and care (56 projects) and initiatives focused on education and culture (49 selected projects). Social inclusion also played a significant role, with 40 supported projects, while entrepreneurship and innovation accounted for 23 initiatives. Over the years, Ence's Social Plan in Pontevedra has supported nearly 1,700 projects.

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. Four editions of this programme were launched during the first half of the year at Navia, Pontevedra, Magnon and Corporate.

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.

5. Governance and compliance:

This cross-cutting pillar aims to strengthen ESG governance, as well as the Company's ethics and compliance function. During the first half of the year, the Ethics and Compliance Department carried out a range of initiatives to ensure compliance with internal regulations and promote a culture of integrity throughout the organisation.

As part of the annual review of risks and controls, and to ensure the effectiveness of the Crime Prevention Model, evidence provided by the owners of more than 390 controls applicable across the organisation was assessed during the first half of the year. In addition, external audits of the UNE 19601 Criminal Compliance Management System and the ISO 37001 Anti-Bribery Management System were successfully completed. The audit results confirmed that the implementation and operation of the control mechanisms are appropriate, with no non-conformities or observations identified, demonstrating the robust implementation of both management systems, their effective operation and the Company's strong commitment to ethics, integrity and transparency.

With regard to awareness and communication initiatives, 25 internal ethics and compliance communications were published during the first half of the year, covering topics such as World Whistleblower Day, competition law, discrimination, conflicts of interest, the use of artificial intelligence, reminders on the use of the Internal Information Channel, and guidance on preventing criminal risks, among others. In addition, the Ethics and Compliance Newsletter continued to be distributed every two months to all employees and displayed on notice boards at the Company's biorefineries and plants. Communication activities also made extensive use of accessible, high-impact formats—including messages displayed on plant screens and comic strips—to tailor key messages to different employee profiles and operational environments. Every two months, alternating with the newsletter, compliance-related communications were also included in Ence Today, the Company's internal publication, which is available on the intranet and distributed in printed format across industrial facilities. Furthermore, a new initiative was introduced to reach employees who do not regularly access the intranet by delivering printed copies of the weekly ethics and compliance notices directly to their workplaces. These communication initiatives reflect the Company's ongoing efforts to strengthen its compliance culture through a multi-channel approach designed to maximise both reach and message frequency.

During the first half of 2026, 60% of the workforce received ethics and compliance training through both face-to-face and online sessions. Oversight activities carried out during the period also reflected an active compliance model characterised by close interaction with the business and a strong focus on the prevention and early detection of risks. These activities included reviews and consultations relating to the Customer Code of Conduct, as well as the preparation of third-party due diligence reports.

In addition, a new initiative was launched in 2026 to recognise employees' commitment to the Company's culture of integrity. Employees can now earn two forms of recognition: the Ethical Shield, awarded upon completion of all ethics and compliance training programmes, and the Compliance Passport, granted once all annual compliance declarations have been completed. This initiative recognises the commitment and engagement of employees who actively contribute to strengthening a robust and responsible culture of integrity.

The programme launched in 2025 to reinforce Ence's commitment to a culture of integrity, responsibility and respect across all levels of the organisation also remains in place. As part of this initiative, Ence has appointed Ethics and Compliance Ambassadors at the Pontevedra and Navia biorefineries and at the Huelva energy complex. Their role is to promote the Company's ethical culture by raising awareness of the Code of Conduct and internal policies throughout their respective sites.

Sustainability - Main KPIs

Safe and Eco-efficient operations
To reduce operational costs

Protecting Health and Safety
- The Group's cumulative LTIFR in Q2 stood at 3.32, the best result across the entire historical series.

Odour Reduction
- Navia: 2 odour minutes, maintaining excellent performance levels.
- Pontevedra: -60% minutes of odor vs 1S25.

Water Consumption Reduction
- Navia: **record monthly low** registered in specific water consumption (<24 m³/Adt).

Contribution to the Circular Economy
- **Pioneering projects for the recovery** and beneficial use of ash and lime sludge in the mining and cement industries.
- **100% of pulp and energy plants** certified *Zero Waste*.

Decarbonisation Plan
- **-5% in Ence's carbon footprint** (Scopes 1, 2 and 3) in 2025 compared with 2024.
- **-10%** in Navia's direct (Scope 1) emissions in 2025 compared with 2024, driven by the use of biomass instead of fossil fuels in the lime kilns.

Bioproducts & ecosystem services
To strenghthen top-line

Special Pulp products with higher added value:
- **9 new approvals** for speciality pulps under the Ence Advanced portfolio.
- Application submitted for the approval of **fluff pulp** under the **Nordic Swan and EU Ecolabel schemes**
- **34%** of sales from special Pulp products with higher margins and growing demand

Recycled Fiber - As Pontes
- Award of **€24.5 million** under the Industrial Decarbonisation PERTE programme. This circular economy project will develop a pioneering facility to produce bleached recycled fibre from recovered paper and cardboard and will be self-supplied with renewable energy.

Forestry bioproducts and ecosystem services
- Improved plant material, better adapted to climate change: **1 new Eucalyptus clone planned for 2026**.
- **≈4,400 ha of forest sinks** registered for voluntary carbon markets.

Responsible supply chain
To become preferred supplier

Certified Supply chain
- ≈ 86% of managed land certified.
- ≈ 82% of Wood certified.
- 100% sites SURE System certified (Sustainable biomass).

Supply chain supervision
- **ESG and Compliance risk assessment of >1,400 value-chain entities**, carried out in line with the Third-Party Due Diligence Procedure.
- **Development and deployment of tools to comply with EUDR Regulation** against deforestation in preparation for its entry into force at the end of the year.

Positive social impact
To grant business sustainability

Talent as competitive advantage
- **25%** female employees.
- **31%** female in managerial positions.
- **78%** job openings filled with internal promotion.
- **Top Employer 2026 Certification.**

Creating positive social impact in local communities
- **Launch of the 7th edition of** Ence's Pontevedra Social Plan **(2026), with funding of up to €3 million for social and environmental projects in the local area.**

Promoting Professional Development in Local Communities
- ✓ **Four Talent Programmes** launched across Navia, Pontevedra, Magnon and Corporate functions.

System Governance
- ✓ **Criminal Compliance Management System (UNE 19601)** obtained, confirming that the implementation and operation of the control mechanisms are appropriate.
- ✓ **Anti-Bribery Management System (ISO 37001)** obtained, confirming the robust implementation of the system and its effective operation

Annex II: Remuneration parameters applicable to the power generation plants

Facility	Type of facility	MW	FY26 Remuneration for investment in P&L (Ri; €/MW)	Type of fuel	Remuneration for operation YTD2026 (Ro; €/MWh)	Sale hours limit under regulated price	Regulatory life (year of maturity)
Pontevedra	Biomass co-generation Biomass generation	34,6	23.270,3	Lignin Agroforestry biomass	0,3 -	- -	2032
Navia	Biomass co-generation Biomass generation	40,3 36,2	104.014,5	Lignin Agroforestry biomass	2,0 74,0	- 7.500	2034
Huelva 41MW	Biomass generation	41,0	-	Agroforestry biomass	-	7.500	2025
Jaen 16MW	Biomass generation	16,0	125.311	Olive Pulp	60,3	7.500	2027
Ciudad Real 16MW	Biomass generation	16,0	125.311	Olive Pulp	60,1	7.500	2027
Cordoba 27MW	Biomass generation	14,3	182.817	Olive Pulp	71,4	7.500	2031
	Gas co-generation	12,8	2.271	Natural Gas	134,2	7.500	2030
Huelva 50MW	Biomass generation	50,0	242.652	Agroforestry biomass	77,9	7.500	2037
Mérida 20MW	Biomass generation	20,0	268.279	Agroforestry biomass	75,2	7.500	2039
Huelva 46 MW	Biomass generation	46,0	-	Agroforestry biomass	72,8	7.500	2044
Ciudad Real 50 MW	Biomass generation	50,0	-	Agroforestry biomass	72,7	7.500	2044

Note: The difference between the Ri of the P&L and that included in the FCF corresponds to the cumulative effect of the adjustment value due to deviations in the market price (regulatory collar) until the end of 2022.

The remuneration of electricity generation plants using renewable sources, cogeneration and waste is regulated by Royal Decree 413/2014. These plants have two remuneration components, one fixed and one variable, to ensure a reasonable level of return:

1. **Remuneration for investment (€/MW)** guarantees the recovery of the initial investment plus a minimum return on the estimated construction cost of a standard plant for each year. This return was set at 7.4% for the 2020–2031 period by Royal Decree-Law 17/2019 of 22 November.
2. **The regulated selling price (€/MWh)** allows all estimated operating costs of a standard plant to be covered, including fuel costs. It consists of the market price plus the corresponding supplementary remuneration for the operation of each plant (Ro).

Under the new methodology approved in 2024, this remuneration for operation (Ro) is updated quarterly based on the difference between the standard operating cost of the plants (around €125/MWh for Magnon Green Energy's biomass plants) and the electricity market price estimated for the immediately preceding quarter. As a result, the adjustment mechanism for deviations from the regulated electricity price (regulatory collar), which had been in force until the end of 2023, was eliminated.

3. In addition, all Magnon Green Energy plants are prepared to provide **back-up services to the electricity system operator**, representing an additional source of revenue.

Both remuneration for investment and the regulated selling price are subject to a **7% tax on the value of electricity generation**.

Annex III: Alternative Performance Measures

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, 2.8, 3.4, 3.5 and 4.1, 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 the first half of 2026 and the comparison with the first half 2025 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	6M26 Pulp	6M26 Renewable Energy	6M26 Adjustments & Eliminations	6M26 CONSOLIDATED TOTAL	6M25 Pulp	6M25 Renewable Energy	6M25 Adjustments & Eliminations	6M25 CONSOLIDATED TOTAL
OPERATING PROFIT/(LOSS)	€ m	P&L	(5,2)	(9,5)	0,3	(14,3)	16,6	(7,3)	0,8	10,1
Depreciation and amortisation charges	€ m	P&L	26,3	15,5	(0,3)	41,4	25,6	16,8	(0,8)	41,6
Depletion of forest reserve	€ m	P&L	2,4	0,2	-	2,5	5,2	0,0	-	5,3
Impairment of and gains/(losses) on disposal of fixed assets	€ m	P&L	(0,0)	(0,0)	-	(0,0)	0,0	0,0	-	0,1
Other non-ordinary results from operations	€ m	APM	(2,2)	1,0	-	(1,2)	1,1	-	-	1,1
EBITDA	**€ m**		**21,3**	**7,1**	**(0,0)**	**28,4**	**48,5**	**9,5**	**0,0**	**58,0**

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 sections 1, 2.1, 2.3, 2.5 and 2.8 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, 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 1H26 and the comparison with the 1H25 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	6M26 Pulp	6M25 Pulp
Revenue from pulp sales	€ m	P&L	240,3	252,0
EBITDA	€ m	APM	21,3	48,5
Total costs (Revenue - EBITDA)	€ m		219,0	203,5
Gains/(losses) on hedging transactions	€ m	APM	0,2	1,0
Depletion of forest reserve	€ m	P&L	2,4	5,2
Change in inventories	€ m	P&L	(7,6)	2,9
Other income and expenses	€ m		0,3	20,9
ADJUSTED CASH COST	€ m		214,2	233,5
Pulp production costs	€ m		176,7	197,4
No. of tonnes produced	Unit		440.656	470.702
PRODUCTION-RELATED COSTS PER TONNE	€/tonne		**401,1**	**419,4**
Overhead, sales and logistics costs	€ m		37,5	36,1
No. of tonnes sold	Unit		453.995	458.725
Overheads, commercialization and logistics	€/tonne		**82,5**	**78,6**
CASH COST	**€/tonne**		**483,6**	**498,1**

The “Other income and expenses” line item for the first half of 2026 includes €6m from the sale of Energy Savings Certificates (CAEs) (€40m in 1H25), the result from the sale of wood to third parties (-€1m in 1H26 and -€1m in 1H25), nursery costs (-€1m in 1H26 and -€1m in 1H25), long-term remuneration and employee severance payments (€0m in 1H26 and -€2m in 1H25), provisions for spare parts and other items (-€4m in 1H26 and -€2m in 1H25), and banking services (-€1m in 1H26 and -€1m in 1H25). The remaining items represented an expense of -€1m in 1H26 and -€9m in 1H25, including the Navia turbine breakdown impact of -€10m.

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 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 1H26 and the comparison with the 1H25 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	6M26 Pulp	6M25 Pulp
Revenue from pulp sales	€ m	P&L	240,3	252,0
No. of tonnes sold	Unit		453.995	458.725
Average sales price per tonne (Revenue / # tons)	€/tonne		529,3	549,4
Cash cost (€)	€/tonne	APM	483,6	498,1
TOTAL OPERATING PROFIT PER TONNE OF PULP	**€/tonne**		**45,7**	**51,3**

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, 3.4 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 this APM and the amounts presented in the financial statements for the first half of 2026 and the comparison with the first half 2025 figure. The criteria used to determine this metric were the same in both periods:

			6M26				6M25			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Finance income	€ m	P&L	3,0	4,1	(1,2)	5,8	4,2	1,7	(1,4)	4,4
Finance costs	€ m	P&L	(12,8)	(9,0)	1,2	(20,6)	(15,3)	(10,3)	1,4	(24,1)
NET FINANCE COST	**€ m**		**(9,8)**	**(4,9)**	**0,0**	**(14,7)**	**(11,1)**	**(8,6)**	**-**	**(19,7)**
Impairment and Results from Joint Ventures and Associates	€ m	P&L	-	0,0	-	0,0	-	-	-	-
Results from Equity Interests	€ m	P&L	-	0,3	-	0,3	0,0	-	-	0,0
Change in fair value of financial instruments	€ m	P&L	-	-	-	-	-	-	-	-
Exchange differences	€ m	P&L	1,0	0,0	(0,0)	1,0	(3,8)	0,0	(0,0)	(3,7)
OTHER FINANCIAL ITEMS	**€ m**		**1,0**	**0,3**	**(0,0)**	**1,4**	**(3,8)**	**0,0**	**(0,0)**	**(3,7)**
NET FINANCE INCOME/(COST)	€ m	P&L	(8,8)	(4,6)	0,0	(13,4)	(14,8)	(8,6)	(0,0)	(23,4)

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, 2.5, 2.6, 3.5 and 3.6, 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 this APM and the amounts presented in the financial statements for the first half of 2026 and the comparison with the same period of the previous year. The criteria used to determine this metric were the same in both periods:

			6M26				6M25			
	Unit	Source Financial Statement	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Maintenance capex	€ m		(11,9)	(2,0)	-	(14,0)	(15,4)	(4,9)	-	(20,3)
Efficiency and growth capex	€ m		(5,1)	(0,7)	-	(5,8)	(9,7)	(1,1)	-	(10,8)
Sustainability capex	€ m		(50,3)	(12,0)	-	(62,2)	(13,4)	(5,7)	-	(19,2)
Financial investments	€ m	CF	(12,3)	0,4	11,9	(0,0)	15,6	(2,2)	(14,0)	(0,6)
TOTAL CAPITAL EXPENDITURE	**€ m**	CF	**(79,7)**	**(14,3)**	**11,9**	**(82,1)**	**(22,9)**	**(13,9)**	**(14,0)**	**(50,8)**

OPERATING CASH FLOW

The operating cash flow analysed in sections 1, 2.6 and 3.5 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 this APM and the amounts presented in the financial statements for the first half of 2026 and the comparison with the first half figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	6M26 Pulp	6M26 Renewable Energy	6M26 Adjustments & Eliminations	6M26 CONSOLIDATED TOTAL	6M25 Pulp	6M25 Renewable Energy	6M25 Adjustments & Eliminations	6M25 CONSOLIDATED TOTAL
EBITDA	€ m	APM	21,3	7,1	(0,0)	28,4	48,5	9,5	0,0	58,0
Other non-recurring items	€ m	APM	2,2	(1,0)	-	1,2	(1,1)	-	-	(1,1)
Adjustments to reconcile profit before tax to net cash flows:			-	-	-	-	-	-	-	-
Changes in provisions and other deferred expense (net)	€ m	CF	(5,8)	0,8	(0,1)	(5,2)	(0,1)	2,0	0,1	2,0
Adjustments for tariff shortfall/surplus (electricity market)	€ m	CF	(0,9)	(1,4)	-	(2,3)	(1,1)	(3,0)	0,0	(4,1)
Grants taken to profit and loss	€ m	CF	(0,3)	(0,0)	0,0	(0,4)	(0,3)	(0,1)	-	(0,3)
Exchange differences with an impact on cash	€ m		(0,1)	0,0	-	(0,0)	(1,5)	(0,0)	-	(1,4)
Change in working capital	€ m		(22,2)	(6,5)	0,1	(28,6)	(18,0)	0,3	(0,1)	(17,9)
Interest paid, net (including right-of-use assets)	€ m	CF	(10,0)	(7,3)	-	(17,3)	(10,3)	(8,0)	-	(18,3)
Dividends received	€ m	CF	-	-	-	-	-	-	-	-
Income tax paid	€ m	CF	(0,0)	0,1	-	0,0	(2,5)	0,3	(0,0)	(2,2)
Other collections/(payments)	€ m	CF	(0,3)	-	-	(0,3)	0,0	-	-	0,0
OPERATING CASH FLOW			**(16,2)**	**(8,3)**	**-**	**(24,4)**	**13,7**	**1,0**	**-**	**14,7**

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, 3.5 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 this APM and the amounts presented in the financial statements for the first half of 2026 and the comparison with the figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	6M26 Pulp	6M26 Renewable Energy	6M26 Adjustments & Eliminations	6M26 CONSOLIDATED TOTAL	6M25 Pulp	6M25 Renewable Energy	6M25 Adjustments & Eliminations	6M25 CONSOLIDATED TOTAL
Net cash flows from/(used in) operating activities	€ m	CF	(16,2)	(8,3)	(0,0)	(24,4)	13,7	1,0	0,0	14,7
Net cash flows from/(used in) investing activities	€ m	CF	(78,3)	(14,2)	11,8	(80,7)	(22,6)	(13,7)	(14,0)	(50,4)
FREE CASH FLOW	**€ m**		**(94,5)**	**(22,5)**	**11,8**	**(105,2)**	**(9,0)**	**(12,7)**	**(14,0)**	**(35,7)**

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, including lease liabilities (under 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 within non-current financial assets) and other financial investments (within current assets), as outlined in sections 2.7 and 3.6 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 this APM and the amounts presented in the financial statements for the first half of 2026 and the comparison with the 2025 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source	Jun-2026 Pulp	Jun-2026 Renewable	Jun-2026 Adjustments	Jun-2026 CONSOLIDATED	Dec-2025 Pulp	Dec-2025 Renewable	Dec-2025 Adjustments	Dec-2025 CONSOLIDATED
Non-current borrowings:										
Bonds and other maketable securities	€ m	BS	120,0	-	-	120,0	13,5	-	-	13,5
Bank borrowings	€ m	BS	189,4	148,4	-	337,8	235,1	159,4	-	394,5
Other financial liabilities	€ m	BS	72,2	3,4	-	75,7	73,3	4,2	-	77,5
Current borrowings:	€ m		-	-	-	-	-	-	-	-
Bonds and other maketable securities	€ m	BS	61,2	-	-	61,2	59,7	-	-	59,7
Bank borrowings	€ m	BS	47,6	11,1	-	58,7	74,1	11,2	-	85,3
Other financial liabilities	€ m	BS	16,1	1,8	-	18,0	13,2	1,8	-	15,0
			-	-	-	-	-	-	-	-
Cash and cash equivalents	€ m	BS	136,0	29,2	-	165,2	210,1	58,7	-	268,8
Current financial assets - Other financial investments	€ m		1,8	0,1	-	1,9	2,7	0,1	-	2,8
Cash reserve for debt service	€ m		-	11,5	-	11,5	-	11,5	-	11,5
NET DEBT/(CASH)	€ m		**368,7**	**123,9**	**-**	**492,7**	**256,0**	**106,5**	**-**	**362,5**

ROCE

ROCE stands for the return on capital employed and is used by management as a key profitability performance indicator. It is provided in sections 2.8 and 3.7 of this report. ROCE is widely used in the capital markets to measure and compare the earnings performance of different companies or projects.

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.

			6M26				6M25			
	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	(51,8)	(10,9)	1,4	(61,3)	36,5	(9,7)	1,6	28,4
Average capital employed, last 12 months			-	-	-	-	-	-	-	-
Average equity	€ m	BS	397,2	166,2	-	563,4	445,4	189,9	4,4	639,7
Average net debt	€ m	BS	307,7	117,2	-	424,9	233,5	86,8	-	314,4
ROCE	**%**		**(7,4%)**	**(3,8%)**	**-**	**(6,2%)**	**5,4%**	**(3,5%)**	**-**	**3,0%**

DISCLAIMER

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

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Earnings Report
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