



Earnings Report First quarter 2026

29 April 2026



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1. EXECUTIVE SUMMARY

Operating Metrics	1Q26	1Q25	Δ%	4Q25	Δ%
Pulp production (t)	185.981	214.252	(13,2%)	238.459	(22,0%)
Pulp sales (t)	206.820	216.016	(4,3%)	244.503	(15,4%)
Ence Advanced pulp sales (%)	34%	35%	(0,7 p.p.)	32%	1,9 p.p.
Average sales pulp price (€/t)	495,2	558,2	(11,3%)	471,4	5,1%
Cash cost (€/t)	522,2	510,3	2,3%	476,8	9,5%
Operating margin (w/o hedging) (€/t)	(27,0)	47,9	n.s.	(5,5)	n.s.
Renewable Energy sales volume (MWh)	262.965	277.435	(5,2%)	345.991	(24,0%)
Average sales price (€/MWh)	122,7	159,5	(23%)	136,1	(9,8%)
Remuneration for investment (€ m)	6,0	6,4	(6,2%)	6,4	(5,1%)
P&L € m	1Q26	1Q25	Δ%	4Q25	Δ%
Revenue from Pulp business	113,8	135,3	(15,9%)	130,5	(12,7%)
Revenue from Renewable Energy business	40,7	52,4	(22,4%)	57,1	(28,8%)
Consolidation adjustments	(0,7)	(0,8)	11,6%	(0,4)	(61,0%)
Total revenue	153,8	186,9	(17,7%)	187,2	(17,8%)
Pulp business EBITDA	(1,4)	28,5	n.s.	3,2	n.s.
Renewable Energy business EBITDA	2,6	6,0	(57,3%)	9,5	(73,1%)
EBITDA	1,2	34,5	(96,7%)	12,8	(91,0%)
Depreciation, amortisation and forestry depletion	(21,0)	(22,8)	8,1%	(21,5)	2,4%
Impairment of and gains/(losses) on fixed-assets	0,0	(0,1)	n.s.	0,9	(99,0%)
Other non-ordinary results of operations	2,2	-	n.s.	(28,1)	n.s.
EBIT	(17,6)	11,5	n.s.	(35,9)	50,9%
Net finance cost	(8,9)	(8,5)	(4,6%)	(11,3)	21,4%
Other finance income/(cost) results	0,9	(1,2)	n.s.	(1,2)	n.s.
Profit before tax	(25,7)	1,8	n.s.	(48,4)	47,0%
Income tax	4,1	(1,8)	n.s.	15,1	(72,9%)
Consolidated Net income	(21,6)	(0,0)	n.s.	(33,3)	35,2%
Non-controlling interests	4,0	2,4	65,9%	0,9	n.s.
Attributable Net Income	(17,6)	2,4	n.s.	(32,4)	45,9%
Earnings per share (Basic EPS)	(0,07)	0,01	n.s.	(0,13)	45,9%
Cash flow € m	1Q26	1Q25	Δ%	4Q25	Δ%
EBITDA	1,2	34,5	(96,7%)	12,8	(91,0%)
Change in working capital	(18,0)	(8,4)	(114,9%)	(3,7)	n.s.
Maintenance capex	(7,9)	(8,1)	2,8%	(6,8)	(16,6%)
Net interest Payment	(7,0)	(6,0)	(16,1%)	(10,9)	35,9%
Income tax received/(paid)	0,3	0,3	(2,6%)	5,8	(95,5%)
Normalised free cash flow	(31,5)	12,2	n.s.	(2,8)	n.s.
Other cash adjustments	(4,7)	(5,3)	10,8%	9,5	n.s.
Efficiency and expansion capex	(37,1)	(6,5)	n.s.	(13,3)	(179,1%)
Sustainability capex and other	(3,7)	(4,4)	17,4%	1,7	n.s.
Financial investments and in Group companies	-	(1,8)	100,0%	0,6	(100,0%)
Disposals	0,8	0,5	67,6%	1,0	(18,1%)
Free cash flow	(76,2)	(5,3)	n.s.	(3,3)	n.s.
Dividends from the parent	(0,0)	-	n.s.	-	n.s.
Dividend to minorities	-	-	n.s.	-	n.s.
Proceeds/(payments) of equity instruments	(0,1)	0,0	n.s.	(0,3)	69,8%
Other movements in borrowings	(7,6)	(5,0)	(52,7%)	(7,6)	(0,1%)
Net decrease / (increase) in net debt (€ m)	(83,9)	(10,3)	n.s.	(11,2)	n.s.
Net debt Pulp business	340,2	266,3	27,7%		
Net debt Renewable business	121,9	111,8	9,0%		
Group net debt	462,0	378,1	22,2%		

- ✓ In the pulp business, results for the first quarter of 2026 were affected by the strike action at the Navia biomill in response to the redundancy programme associated with the Efficiency and Competitiveness Plan. In renewables, the extreme rain and storms affecting Spain throughout January and February impacted the business and results significantly. By the end of the first quarter, the Group's operations had resumed normality and the events of the first quarter do not affect the cost-cutting targets announced for 2026 and 2027. Agreements reached with the union representatives permit the execution of the collective dismissal process with no further disruptions expected.
- ✓ European hardwood pulp prices ended March at \$1,286/t, up from \$1,100/t at the end of 2025. Currently, deals are negotiated at 1,380 \$/tn and an additional increase to \$1,430 \$/t has already been announced. Moreover, in Europe, potential complications in importing pulp and paper from Asia, Latam and Middle East as a result of disruption in logistics routes creates opportunities for European producers like Ence to increase prices.
- ✓ The Iranian conflict creates opportunities in the Pulp business, as a regional player capable of acting as local supplier, and in Renewables, specifically as it could accelerate the development of its biomass-centric renewable energy portfolio (renewable industrial heat and biomethane), which is emerging as a strategic local alternative to imported gas. In addition, the increase in electricity prices creates a business opportunity for the Pulp business, via the sale of surplus output to the grid, as well as in the traditional biomass-to-electricity division.

The impact of the conflict on Ence's operations should be limited thanks to strategic mitigating factors in both of its businesses related to the self-sufficiency of its pulp mills for energy, the predominance of locally sourced inputs (virtually all of the wood used comes from within a radius of 110km, while 100% of the biomass used in the renewable energy platform is sourced locally) and sales concentration in Europe.
- ✓ Ence continues to develop its special pulp products for replacing softwood pulp, which accounted for 34% of sales volumes in 1Q26, up from 30% in 2025. The Group sold its first fluff products during the quarter, against the backdrop of the ongoing certification process. The target is for these products to represent over 62% of the Group's sales volumes and generate an incremental margin premium of €36/t.
- ✓ The 1Q26 cash cost, excluding the impact of the strike, was €479/t, compared to €510/t in 1Q25 and €477/t in 4Q25. The impact of the extraordinary events was c.€7m (equivalent to €43/t in terms of the cash cost). Note that the sale of new energy certificates for €7m (not included in cash cost), for which €6m proceeds were already collected in 1Q26, partially mitigated those extraordinary costs.
- ✓ Ence remains committed to lowering its costs by executing its Efficiency and Competitiveness Plan, along with the cost-cutting and decarbonisation plan in Navia, which between them are expected to reduce the cash cost by €30/t between 2026 and 2027, with savings of €15/t materialising in each year. Savings with an annual impact equivalent to €6m already materialised or were under execution in 1Q26.
- ✓ As for the Renewables platform, the biomass-fuelled electricity generation business produced 263 GWh in 1Q26, compared to 277 GWh in 1Q25 and 346 GWh in 4Q25. Ence estimates that the storms impacted production by almost 40 GWh.
- ✓ The renewable industrial heat business is making progress on the rollout of an operation and maintenance contract and the construction of three projects for Mahou and Lactalis, which are slated to begin to operate mid-year. Indeed, the industrial heat division will end 2026 with five projects in operation, compared to just one at the end of 2025.
- ✓ In biomethane, the Group continues to develop its pipeline of 41 projects with total capacity of up to 4 TWh, compared to the strategic target of 1 TWh by 2030, for which the following milestones have already been attained: the technical and financial conditions for gas grid connection have been met, locations have been identified with availability of at least three times as much substrate as the plants need; and viability studies have been completed. Of the total, 25 projects are in the engineering and permitting phase. Elsewhere, the odour elimination process finalised in La Galera, making this the showcase plant for the rest of the pipeline.
- ✓ First-quarter 2026 consolidated EBITDA amounted to €1m, compared to €35m in 1Q25 and €13m in 4Q25, due to the above-mentioned extraordinary impacts. In the Pulp business, EBITDA was negative by €1m, offset by positive EBITDA of €3m in the Renewables business.
- ✓ Free cash flow was negative by €76m. The full-year capex guidance of €120m is maintained, it is mostly related to carry-over initiatives from 2025 and highly concentrated in 1H2026 (including €15m associated with the final payment for the capacity expansion work undertaken in Navia in 2019).
- ✓ Net debt ended March 2026 at €462m, while cash and cash equivalents stood at €209m. Net debt at year-end 2025 was €378m.
- ✓ In January 2026, the Company listed a €200m notes programme on Spain's alternative fixed income market, MARF. The first issue took place in February, when Ence issued €85m of 4-year notes with a coupon of 410 basis points. Those notes are repayable in a single bullet at maturity (2030).

2. PULP BUSINESS

Ence has two eucalyptus hardwood pulp (BHKP) biomills in northeast Spain: a 685,000-tonne-capacity facility located on a site owned by the Company in the town of Navia, Asturias, and a 515,000-tonne-capacity complex located on a site held under concession in Pontevedra, Galicia. Both use eucalyptus timber procured mostly locally from sources that can certify sustainable forest management. Its production strategy is articulated around special products which fetch higher margins than standard hardwood pulp. Those special pulp products already accounted for 34% of total sales in the first quarter of 2026 (vs. 30% in 2025) and are expected to top 62% of Group sales in 2028.

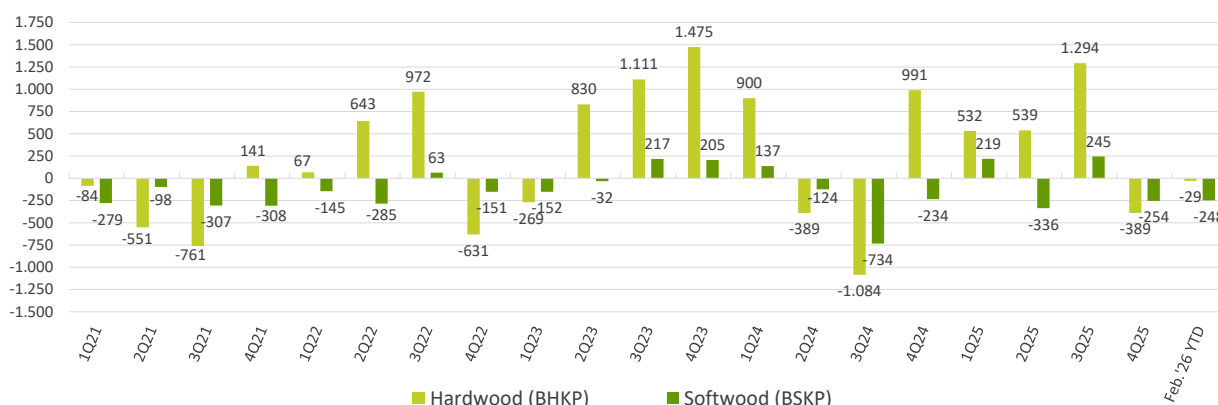
Ence's Pulp business encompasses all the activities related to the production of pulp for sale to third parties. It therefore includes not only the production and sale of pulp but also the generation and cogeneration of energy using renewable biomass at the plants involved in the productive process,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

2.1. Pulp market trends

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

In terms of hardwood pulp, final demand fundamentals are getting an additional boost from the so-called fibre-to-fibre substitution process, in reference to the rising mix of hardwood pulp in the fibre mix of end products. Over the last five years, global demand for pulp has increased by 4m tonnes, a figure that masks growth of 6m tonnes in demand for hardwood pulp, compared to a contraction of 2m tonnes in demand for softwood pulp.

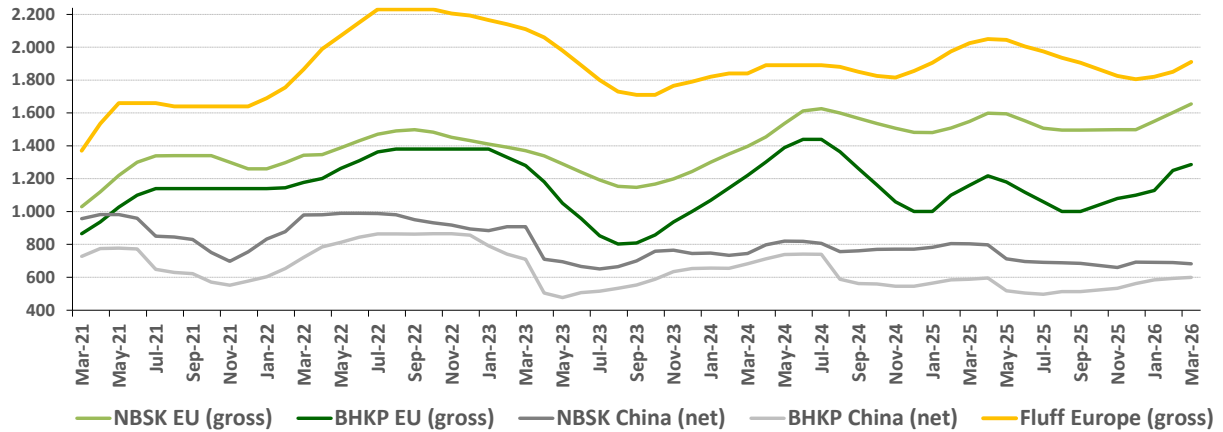
Year-on-year change in global demand for pulp, last five years (MT, 000)



Source: PPPC – G100 (Feb. 26 data)

As of February, global demand for eucalyptus pulp was up 1% year-to-date, whereas demand for softwood pulp was down by 6%. The fibre substitution process, plant closures and conversions to dissolving pulp are expected to continue to push prices higher. In addition, the disruption in international logistics routes caused by the conflict in Iran is good for European producers, which are better positioned to increase prices given the scarcity of imported products (including paper, board and pulp from Asia, Latin America and Middle East).

Net pulp prices in China and gross prices in Europe during the last five years (USD/t)



Source: FOEX

Gross hardwood pulp prices in Europe ended March at \$1,286/t, up from \$1,100/t at year-end. Currently, producers are closing deals at \$1,380/t and an additional increase up to 1,430 \$/tn has been announced in Europe. Rising production costs, and the disruption of international logistics flows in the wake of the conflict in Iran may favoured a strong pricing momentum in the coming weeks in Europe.

The Iranian conflict may offer opportunities to Ence, as Europe-based player focused on European clients. Lower imports of paper and pulp from China, LatAm and Middle East increases the demand from European clients and offers more opportunities for price increases.

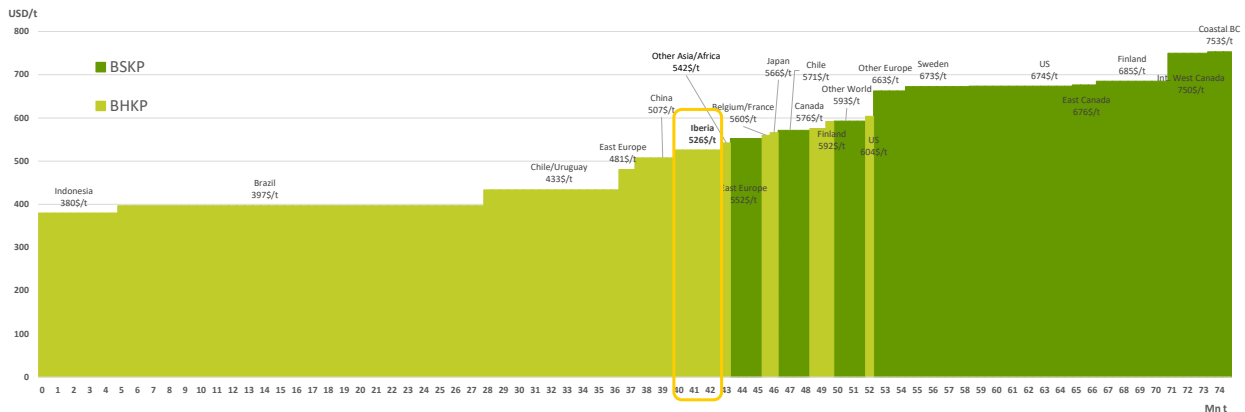
Moreover, Ence boasts important strategic mitigating factors vis-a-vis the potential risks generated by that conflict. In terms of rising energy costs, although the pulp production process makes intensive use of electricity, the Group's factories are self-sufficient and even generate surpluses which are sold to the grid. Ence has limited exposure to natural gas, which is consumed primarily in the lime kilns. Under the scope of the competitiveness and decarbonisation plan in Navia, the Group has invested in replacing natural gas in the lime kiln with pulverised biomass. That investment will be fully operational by mid-2026. As for the potential increase in wood costs on account of high fuel costs, one of Ence's strategic competitive advantages is the fact that it sources virtually all of the wood it consumes locally, namely within a radius of 110km. Its exposure to sales and other inputs is also regional: almost 100% of Ence's products are sold in Europe.

Market figures	1Q26	1Q25	Δ%	4Q25	Δ%
BHKP (USD/t) average price	1.193,6	1.065,3	12,0%	1.070,0	11,6%
Average exchange rate (USD/€)	1,17	1,05	11,9%	1,16	0,9%
BHKP (€/t) average price	1.016,9	1.015,4	0,1%	919,6	10,6%

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

The gross benchmark price for hardwood pulp (BHKP) in Europe averaged \$1,194/t in 1Q26, up 12% from 1Q25 and also 12% above the 4Q25 average. Those price increases will be reflected in our second-quarter sales.

Global market pulp cash cost curve



Source: Hawkins Wright, CIF Europe (December 2025)

Ence is repositioning itself on the global cost curve thanks to the growth in sales of its special softwood pulp substitute products, which already accounted for 34% of sales (versus 30% in 2025) and are expected to represent over 62% by 2028. Compared to softwood pulp producers (Ence’s competitors for over 62% of its sales mix by 2028), Ence ranks as the most competitive in cost terms.

2.2. Revenue from pulp sales

The Group sold 206,820 tonnes of pulp in 1Q26, down 4% from 1Q25 and 15% less than in 4Q25. The first quarter of 2026 was impacted by the strike in Navia, which reduced pulp production by approximately 46k tonnes. The Navia biomill was also idled for its annual maintenance stoppage, as was the case in 2025.

	1Q26	1Q25	Δ%	4Q25	Δ%
Pulp sales (t)	206.820	216.016	(4,3%)	244.503	(15,4%)
Average sales price (w/o hedging) (€/t)	495,2	558,2	(11,3%)	471,4	5,1%
Pulp sales revenue (€ m)	102,4	120,6	(15,1%)	115,3	(11,1%)

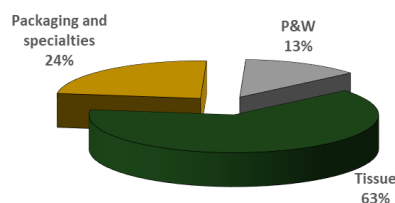
Elsewhere, the average sales price was €495/t (net), down 11% year-on-year but 5% above the 4Q25 figure. As a result, revenue from pulp sales amounted to €102m in 1Q26, down 15% year-on-year and 11% below 4Q25 revenue.

The special softwood substitute products continue to gain market share. In 2025, they accounted for 30% of total pulp sales, and in 1Q26, that figure rose to 34%.

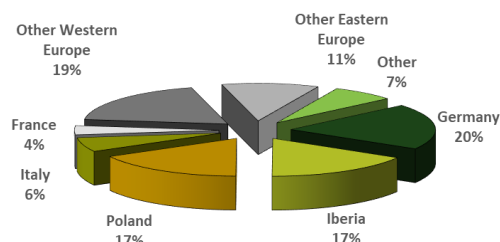
Sales of these products are expected to surpass 62% of total pulp sales in 2028, including 125,000 tonnes of fluff pulp for absorbent hygiene products, where sales began this quarter. Following the start-up of this line of activity, Ence is now the only European producer of fluff pulp made from eucalyptus fibre. The special pulp products are expected to generate an incremental margin of €36/t with respect to standard pulp.

The tissue paper segment remains the main end use given to the pulp sold by Ence, accounting for 63% of revenue from pulp sales in 1Q26, followed by the packaging and specialty paper segment, at 24%. The printing and writing paper segment accounted for the remaining 13%.

Breakdown of revenue by end product



Breakdown of revenue by geographic market



Geographically, virtually all of our sales go to Europe, where we boast significant competitive advantages in logistics and customer service and where our pulp is used primarily to make staple products such as hygiene products. In 1Q26, Germany accounted for 20% of sales revenue, followed by Iberia and Poland, at 17% apiece, then Italy at 6% and France, at 4%. The other Western European countries accounted for 19% of the total, with the rest of Eastern Europe representing 7%.

In the current climate of global trade tensions triggered by the conflict engulfing the Hormuz Strait, not only is Ence's sales exposure to Europe but its procurement strategy is also essentially local.

2.3. Pulp production and cash cost

The Group produced 185,981 tonnes of pulp in 1Q26, down 13% year-on-year and 22% less than in 4Q25. Production in Navia amounted to 89,294 tonnes, down 19% year-on-year and 42% below 4Q25 levels. In Pontevedra, Ence produced 96,687 tonnes, a year-on-year drop of 7% but 14% above 4Q25 output. The drop in production is attributable to the above-mentioned strike action in Navia, which impacted output by 46k tonnes.

	1Q26	1Q25	Δ%	4Q25	Δ%
Navia pulp production (t)	89.294	110.317	(19,1%)	153.307	(41,8%)
Pontevedra pulp production (t)	96.687	103.935	(7,0%)	85.152	13,5%
Pulp production (t)	185.981	214.252	(13,2%)	238.459	(22,0%)

Our biomills are fuelled essentially from local certified wood and the rest of our supplies are also sourced in Spain or Europe.

The cost-savings measures implemented already began to bear fruit in 2025 when the cash cost came to €483/t, its lowest level since 2022. The 1Q26 cash cost was €522/t, up 10% quarter-on-quarter, due mainly to the impact of the strike, and €12/t above the 1Q25 equivalent. Excluding the impact of the strike, the 1Q26 cash cost would have been €479/t, in line with the 4Q25 metric and 6% below the 1Q25 cash cost.

Figures in €/t	1Q26	1Q25	Δ%	4Q25	Δ%
Average sales price (w/o hedging) (€/t)	495,2	558,2	(11,3%)	471,4	5,1%
Total cash cost (€/t)	522,2	510,3	2,3%	476,8	9,5%
Operating margin (w/o hedging) (€/t)	(27,0)	47,9	<i>n.s.</i>	(5,5)	<i>n.s.</i>

Given the impact of the strike, despite the increase in the average sales price, the Group presented a unit operating loss of €27/t in 1Q26, compared to a profit of €48/t in 1Q25 and a loss of €6/t in 4Q25. Adjusting for the extraordinary costs associated with the strike, Ence would have presented unit operating profit of €16 €/t.

2.4. Other income

Ence's pulp production operations are self-sufficient electricity-wise. Ence uses the lignin and forest biomass derived from its manufacturing activities to generate renewable energy. Specifically, it operates a 35-MW lignin-fired CHP plant, integrated within the Pontevedra biomill, and a 40-MW CHP lignin-fired plant and a 37-MW biomass generation plant, both of which are integrated within the Navia biomill. Surplus energy production is sold to the grid.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Revenues from energy sales linked to pulp (€ m)	7,5	8,5	(12,0%)	11,0	(31,6%)
Forestry and other revenue (€ m)	3,9	6,2	(36,9%)	4,2	(7,4%)
Other income	11,4	14,7	(22,4%)	15,2	(24,9%)

In addition to the sale of pulp and energy, the Pulp business encompasses other activities, notable among which the sale of wood sourced from proprietary eucalyptus plantations located in southern Spain. In total, this other income amounted to €11m in 1Q26.

2.5. Statement of profit or loss

EBITDA in the Pulp business was negative by €1m in 1Q26, compared to positive EBITDA of €29m and €3m in 1Q25 and 4Q25, respectively.

In 1Q26, the Pulp business generated energy savings as a result of a series of energy efficiency initiatives which it sold to a third party in Spain to obtain energy efficiency certificates, also known as energy saving certificates (or CAEs for their acronym in Spanish), as provided for in Royal Decree 36/2023 (24 January 2023), establishing the energy savings certificate system, and the implementing Ministerial Order TED/815/2023 (18 July 2023). In the first quarter of 2026, those sales generated proceeds of €7m in the first quarter of 2026, out of which €6m were collected in the first quarter.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Pulp sales revenue	102,4	120,6	(15,1%)	115,3	(11,1%)
Other income	11,4	14,7	(22,4%)	15,2	(24,9%)
Total net revenue	113,8	135,3	(15,9%)	130,5	(12,7%)
EBITDA	(1,4)	28,5	<i>n.s.</i>	3,2	<i>n.s.</i>
Depreciation and amortisation	(12,4)	(12,0)	(3,4%)	(13,5)	8,4%
Depletion of forestry reserves	(0,8)	(2,7)	69,6%	(1,1)	25,2%
Impairment of and gains/(losses) on fixed-asset disp.	0,0	(0,1)	<i>n.s.</i>	0,1	(89,0%)
Other non-ordinary results from operations	2,2	-	<i>n.s.</i>	(23,2)	<i>n.s.</i>
EBIT	(12,5)	13,7	<i>n.s.</i>	(34,6)	63,9%
Net finance cost	(4,7)	(4,3)	(7,4%)	(8,0)	41,6%
Other financial results	0,5	(1,2)	<i>n.s.</i>	(0,1)	<i>n.s.</i>
Profit before tax	(16,6)	8,2	<i>n.s.</i>	(42,6)	61,0%
Income tax	4,0	(2,0)	<i>n.s.</i>	12,4	(67,5%)
Net Income	(12,6)	6,2	<i>n.s.</i>	(30,2)	58,4%

Ence has an ongoing hedging policy designed to mitigate the impact of exchange rate volatility on its earnings. These hedges implied a gain of approximately €300k in 1Q26 (not included in the cash cost). For the rest of 2026, Ence has arranged hedges over a notional amount of \$111m with a weighted average ceiling of \$/€1.20 and a weighted average floor of \$/€1.16.

Below the EBITDA line, depreciation charges amounted to €12m in 1Q26, which was flat year-on-year and 8% below the 4Q25 charge. Forest depletion charges totalled €1m in 1Q26, compared €3m in 1Q25 and €1m in 4Q25. Other non-recurring operating items contributed €2m in 1Q26, mainly related to the restatement of the carrying amount of inventories.

Elsewhere, the net finance cost in the Pulp business amounted to €5m in 1Q26, compared to €4m in 1Q25. “Other finance income/(cost)” mainly presents the effect of movements in exchange rates on working capital during the period: a net gain of €0.5m in 1Q26 compared to a net loss of €1.2m in 1Q25.

Lastly, the tax loss implied tax income of €4m in 1Q26. At 30 March 2026, the Pulp business had unused tax losses totalling €34m. Moreover, €16m have been reclassified to accounts receivable on the back of the Constitutional

Court ruling in 2024 annulling the limit on offsetting tax losses. Those €16m together with €4m of late-payment interest have been collected in the second quarter.

Overall, the Pulp business reported a net loss of €13m in 1Q26, compared to a profit of €6m in 1Q25 and a loss of €30m in 4Q25 (when the Group recognised a provision of €24m related to the redundancies under the Efficiency and Competitiveness Plan).

2.6. Cash flow analysis

The Pulp business used a net €25m of cash in operating activities in 1Q26, compared to net inflows of €13m in 1Q25 and of €16m in 4Q25.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
EBITDA	(1,4)	28,5	<i>n.s.</i>	3,2	<i>n.s.</i>
Other cash adjustments	(4,4)	(4,5)	3%	10,8	<i>n.s.</i>
Change in working capital	(13,3)	(6,1)	(118%)	1,3	<i>n.s.</i>
Income tax received / (paid)	0,1	-	<i>n.s.</i>	5,5	(97%)
Net interest received / (paid)	(5,8)	(4,7)	(25%)	(4,8)	(21%)
Net cash flow from operating activities	(24,8)	13,2	<i>n.s.</i>	16,2	<i>n.s.</i>

Working capital changes implied a net cash outflow of €13m in 1Q26, compared to a net outflow of €6m in 1Q25 and a net inflow of €1m in 4Q25, shaped mainly by an increase in trade and other receivables.

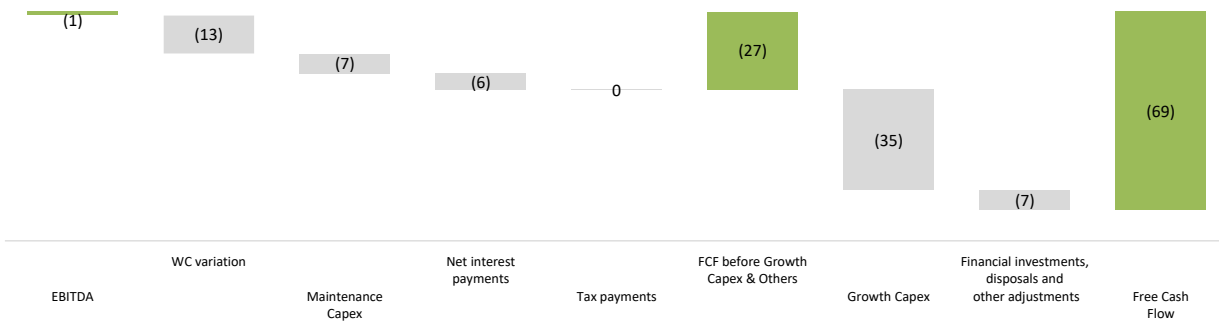
Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Inventories	(1,5)	(7,5)	80,5%	0,9	<i>n.s.</i>
Trade and other receivables	(15,0)	1,6	<i>n.s.</i>	9,1	<i>n.s.</i>
Financial and other current assets	-	-	<i>n.s.</i>	-	<i>n.s.</i>
Trade and other payables	3,2	(0,2)	<i>n.s.</i>	(8,7)	<i>n.s.</i>
Change in working capital	(13,3)	(6,1)	<i>(117,6%)</i>	1,3	<i>n.s.</i>

As of the March close, Ence had drawn down €81m of non-recourse receivables discounting facilities in the Pulp business, compared to €89m at year-end 2025. Ence has also arranged several reverse factoring facilities, which were drawn down by €57 at the March close, compared to €64m at the December 2025 close. The reverse factoring facilities do not entail the provision of guarantees, do not alter the average payment term agreed with the corresponding suppliers and do not accrue interest.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Maintenance capex	(6,8)	(6,2)	10,8%	(5,5)	25,2%
Sustainability capex and other	(3,4)	(4,0)	(15,3%)	0,9	<i>n.s.</i>
Efficiency and expansion capex	(31,7)	(4,3)	<i>n.s.</i>	(9,0)	<i>n.s.</i>
Financial investments and in Group companies	(3,3)	(0,8)	<i>n.s.</i>	(5,0)	(33,3%)
Investments	(45,3)	(15,4)	<i>194,3%</i>	(18,4)	<i>145,9%</i>
Disposals ¹	0,8	0,4	106,5%	1,0	(14,6%)
Net cash flow used in investing activities	(44,5)	(15,0)	<i>196,6%</i>	(17,5)	<i>154,8%</i>

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

Cash used in investing activities in the Pulp business totalled €45m in 1Q26, compared to €15m in 1Q25 and €18m in 4Q25. There has been a high concentration of capex in 1Q26 due to significant carry-overs from 2025. Among other, investments related to the cost optimisation and decarbonisation initiative in Navia (cash outflow of close to €12m in 1Q26, expected to be operational by mid-2026) and the final payment for the Navia 2019 capacity expansion project (cash outflow of €15m related derived from an arbitration ruling handed down in June 2025).



As a result, free cash flow in the Pulp business was negative by €69m in 1Q26.

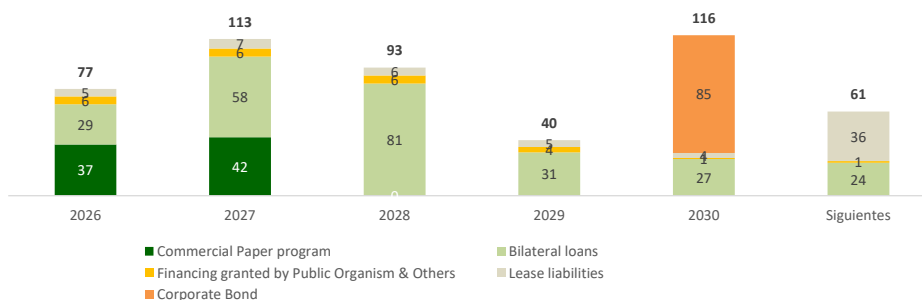
2.7. Change in net debt

The Pulp business ended March 2026 with net debt of €340m, growth of €74m from year-end 2025.

Due to the cyclical nature of the Pulp business, it is financed with covenant-free debt and keeps ample liquid assets. At the reporting date, the Pulp business had cash and cash equivalents of €158m.

Figures in €Mn	Mar-2026	Dec-2025	Δ%
Non-current financial debt	320,4	268,8	19,2%
Current financial debt	115,0	119,1	(3,4%)
Gross financial debt	435,4	387,9	12,2%
Non-current lease contracts	55,1	54,4	1,2%
Current lease contracts	7,5	6,9	9,3%
Liabilities related to lease contracts	62,6	61,3	2,1%
Cash and cash equivalents	155,9	180,6	(13,7%)
Short-term financial investments	2,0	2,4	(16,0%)
Net debt Pulp business	340,2	266,3	27,7%

Of the gross debt of €435m at March 2026, €250m related to the outstanding balance of bilateral loans, €85m to the notes issued on Spain's alternative fixed-income market, MARF, in January 2026 and €79m to the sustainable commercial paper programme. The CDTI and other public entities have extended the Group financing for investments with an outstanding balance of €23m as of the reporting date. Finance lease liabilities stood at €63m at the March close. Debt arrangement fees are deducted from gross borrowings on the statement of financial position.



On 12 January 2026, Ence registered a sustainable notes programme with MARF under which it can issue up to €200m. 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.

2.8. Diversification and efficiency projects

Ence's growth strategy in the Pulp business entails lifting its cost competitiveness and diversifying into the production of value-added products, leveraging its competitive advantages in the European market. The ultimate goal for this business is to multiply mid-cycle EBITDA by 1.5x vs. only standard BHKP products by 2028 by means of a number of different initiatives.

Firstly, 34% of 1Q26 pulp sales volumes already originated from the Ence Advanced special pulp products. Those products are well suited to replacing softwood pulp, which fetches higher prices, translating into higher margins (of approximately €30/t relative to standard pulp).

Secondly, sales of the maiden tonnes of our first fluff pulp began in 1Q26, when the product certification process remained ongoing. The first production line has annual production capacity of up to 125,000 tonnes. This pulp is targeted at the absorbent hygienic product industry in Europe and seeks to displace the use of imported fluff pulp and softwood pulp for these products. In this manner, in addition to selling a higher-margin product than standard pulp (+€60/t), Ence will offer its customers a 'made in Europe' alternative with a smaller carbon footprint. The Group has invested approximately €35m in this line and the project is expected to deliver a ROCE of over 15%, while making Ence the first producer in Europe to offer this product made from eucalyptus wood.

Our special softwood pulp substitute products are expected to account for more than 62% of sales in 2028, adding approximately €22m to EBITDA to the EBITDA that would be generated by a pure standard BHKP producer. These products are positioning Ence as a leading player in cost terms relative to softwood producers and a leader in terms of revenue per tonne compared to hardwood producers.

The Company is in the process of executing two major plans which are expected to unlock a reduction in the cash cost of up to €30/t; the Efficiency and Competitiveness Plan and the Navia cost savings and decarbonisation plan. These savings will materialise in equal parts (€15/t per year) between 2026 and 2027.

The Efficiency and Competitiveness Plan set in motion in 4Q25 for execution out to 2027 is expected to unlock potential savings of approximately €22/t in terms of the Group's cash cost and entail a cash outflow of approximately €26m, apportioned between the two essential pillars on which the Plan is predicated: (i) artificial intelligence solutions and process reengineering and automation; and (ii) operating process rationalisation. The savings the Efficiency and Competitiveness Plan is expected to unlock amount to approximately €200m (NPV) with a payback of a little over one year.

At the time of writing, initiatives implying annualised savings of €6m had already materialised or were under execution.

In parallel, work continues on the cost-savings and decarbonisation project at the Company's biomill in Navia, which involves retrofitting the woodyard and replacing natural gas with biomass in the lime furnaces, which has proven strategic in the current climate of rising gas prices and supply chain disruption. This project will reduce the biomill's Scope 1 emissions by 60% and its cash cost by €13 per tonne (€8/t at the Group level). The estimated investment is €35m between 2025 and 2026 and the expected return (ROCE) is at least 15%. That figure already discounts the €13m grant awarded by IDEA (acronym in Spanish for the energy savings and diversification institute), which will be collected when the project is complete. This project is scheduled for completion by the end of the first half of 2026.

Elsewhere, Ence has developed a moulded pulp-based renewable packaging range designed as a substitute for plastic packaging in the food sector, such as trays for fresh produce and prepared meals. Production is expected to commence in the second half of 2027. Investment in thermoforming machines is estimated at some over €12m. The expected return (ROCE) on this project is over 15%.

Also, the Company is putting the finishing touches on the engineering and permitting work for Pontevedra Avanza, the project designed to reduce the cash cost at this biomill by €50 per tonne (€20/t at the Group level), render it more flexible so that it can use different types of eucalyptus and increase the weight of special pulp production. The

budgeted investment in this project is approximately €120m and the expected return (ROCE) is at least 12%. This project will be executed gradually, during the annual maintenance stoppages scheduled between 2028 and 2030.

Lastly, Ence continues to make progress on the engineering and permitting work for an innovative project under development in the Coruña town of As Pontes for the production of 100,000 tonnes of recycled and bleached pulp from recovered fibres, without increasing its timber consumption. That project obtained its integrated environmental permit in 3Q25 and in 1Q26 it has obtained Next Generation EU funds for €25m.

3. RENEWABLES BUSINESS

Ence carries out this business through a diversified renewable energy platform in which locally-sourced biomass is the cornerstone. This business encompasses the generation of power within Spain’s renewable energy remuneration regime and the production of renewable industrial heat, biomethane and renewable fuels.

Ence Renovables (100%-owned by Ence Energía y Celulosa) is the parent of the renewable energy subgroup and owns 51% of Magnon Green Energy, 75.5% of Magnon Energy Services (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. With 8 facilities in operation, it has aggregate installed capacity of 225 MW, as well as two developments in the pipeline with combined capacity of 100 MW with which it is entitled to participate in the future capacity tenders.

Magnon Energy Services provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. In 2023, this company signed its first services provision agreement and has another three projects under construction implying estimated annual production of approximately 170 GWht, which are slated for commissioning in the second half of 2026. In addition, the Company has been awarded an operations and maintenance (O&M) contract for a facility that has already been built and will have annual production capacity of an estimated 33 GWht; that facility is already in the process of being ramped up and is expected to reach cruising speed in the second quarter of 2026. Lastly, it is negotiating another 11 projects at present, three of which are advanced.

Biofertilizantes CH4 is the Group subsidiary devoted to developing and operating biomethane and organic fertiliser plants, underpinned by a model based on sustainable and circular management of agricultural and cattle biomass. In December 2024, this company acquired its first biomethane facility in Tarragona, designed to produce up to 50 GWh per annum, also signing a 15-year agreement with an important gas supplier for the offtake of the biomethane produced at the plant. Building on the operational improvements cemented in 2025 (+27% uplift in annual production without any capex), in 1Q26, La Galera completed its odour elimination programme, creating the benchmark for the projects in the pipeline. As of the reporting date, Biofertilizantes CH4 had a pipeline of up to 4 TWh compared to a capacity target of 1 TWh. Within that pipeline, 25 developments are already at the administrative and engineering stage.

Ence is also the biggest generator of biogenic CO₂ in Spain, producing almost 4 million tonnes a year. Biogenic CO₂ is a key input for the manufacture of renewable fuels. The Company has embarked on the process of obtaining the permits needed to house biogenic CO₂ capture and recovery units within its main industrial complexes.

All of the biomass used in our renewable energy businesses is sourced locally and the energy produced is sold in Spain and Europe, helping to reinforce our energy autonomy. In the midst of the ongoing conflict in the Middle East, our renewable energy platform, articulated around locally-sourced biomass, has taken on strategic significance; in fact, the conflict constitutes an opportunity to accelerate development of our pipeline of projects which can unlock competitiveness gains and supply security relative to alternative fossil fuels.

3.1. Regulation of the generation of electricity using biomass

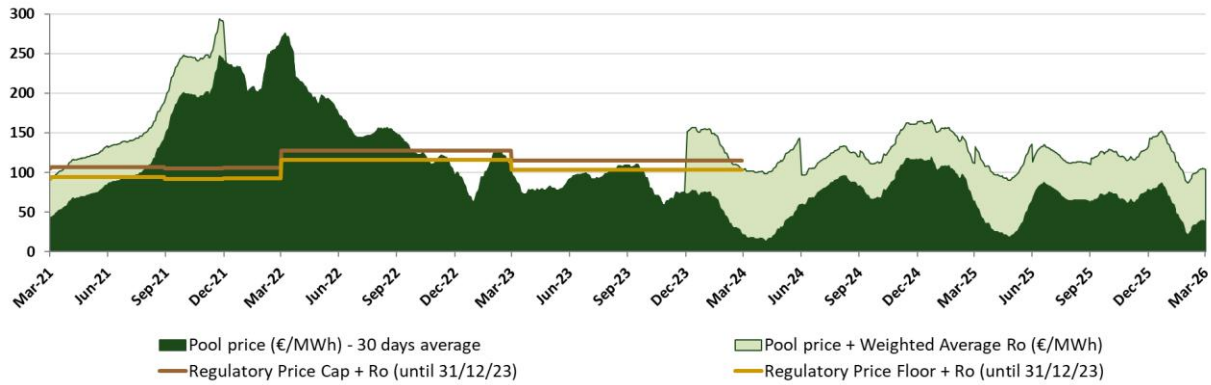
Electricity pool prices averaged €47/MWh in 1Q26, compared to €86/MWh in 1Q25 and €71/MWh in 4Q25.

Market figures	1Q26	1Q25	Δ%	4Q25	Δ%
Average pool price (€/MWh)	47,2	86,0	(45,1%)	70,8	(33,3%)

Source: OMIE

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

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



Under the new methodology approved in 2024 (Ministerial Order TED/526/2024), the remuneration for operation (Ro) parameter is updated quarterly, as a function of the difference between the standard cost of operating the plants and the pool price estimated the immediately previous quarter. As result, the system of adjustments for deviations between market and regulated prices (regulatory collar) in place until the end of 2023 has been eliminated. The ministerial order updating the standard facility remuneration parameters applicable to certain electricity producing facilities that use cogeneration, renewable energy sources or waste for the 2026-2028 regulatory stub period was published in February 2026 (Ministerial Order TED/53/2026). The updated parameters imply an increase of the standard costs of operations of approximately €6/MWh in the biomass-fuelled electricity generation plants (to c. 125 €/MWh) and, thus increasing the remuneration for operation (Ro) and of €19.5/MWh in standard costs for its cogeneration plant in Lucena.

All of Magnón's plants are also prepared to provide the electricity system operator with back-up services, so generating an additional source of income. Again, the increase in pool prices in the wake of the conflict in the Middle East constitutes an opportunity for this line of business.

Lastly, most of Magnón's biomass plants are entitled to remuneration for investment (Ri) at an annual rate of 7.4%, which boosted revenue by €6m in 1Q26.

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

3.2. Revenue from energy sales

The volume of energy sold in 1Q26 decreased by 5% year-on-year and by 24% from 4Q25 to 262,965 MWh. The storms and weather incidents throughout the month of February hurt production by close to 40 GWh.

Energy operating figures	1Q26	1Q25	Δ%	4Q25	Δ%
Huelva 41 MW - Biomass	-	24.907	(100,0%)	19.072	(100,0%)
Jaén 16 MW - Biomass	14.442	19.603	(26,3%)	19.797	(27,0%)
Ciudad Real 16 MW - Biomass	17.831	18.303	(2,6%)	18.744	(4,9%)
Córdoba 27 MW - Biomass	22.829	34.252	(33,3%)	46.479	(50,9%)
Huelva 50 MW - Biomass	69.620	63.439	9,7%	94.487	(26,3%)
Mérida 20 MW - Biomass	27.868	36.049	(22,7%)	32.355	(13,9%)
Huelva 46 MW - Biomass	53.043	24.536	116,2%	55.033	(3,6%)
Ciudad Real 50 MW - Biomass	57.331	56.346	1,7%	60.024	(4,5%)
Energy sales (MWh)	262.965	277.435	(5,2%)	345.991	(24,0%)
Average sales price - (€/MWh)	122,7	159,5	(23,0%)	136,1	(9,8%)
Remuneration for investment (€m)	6,0	6,4	(6,2%)	6,4	(5,1%)
Revenue from energy sales (€ m)	38,3	50,7	(24,4%)	53,5	(28,3%)

Elsewhere, the average sales price amounted to €123/MWh, down 23% year-on-year and 10% lower quarter-on-quarter. Market prices were affected by high wind and hydro power production.

As a result, revenue from energy sales amounted to €38m in 1Q26, a year-on-year decrease of 24% and down 28% from 4Q25.

3.3. Biomethane sales

In December 2024, Biofertilizantes CH4 acquired its first biomethane facility in Tarragona, designed to produce up to 50 GWh per annum, also signing a 15-year agreement with an important gas supplier for the offtake of the biomethane produced at the plant.

Datos operativos biometano	1T26	1T25	Δ%	4T25	Δ%
Ventas de biometano (MWh)	7.567	5.234	44,6%	8.128	(6,9%)
Precio medio de venta (€/MWh)	92	92,1	(0,1%)	92	(0,1%)
Ingresos por venta de biometano (Mn€)	0,7	0,5	44,4%	0,7	(7,0%)

In 1Q26, revenue from biomethane sales amounted to €0.7m, year-on-year growth of 44% but 7% below the 4Q25 figure.

Biofertilizantes CH4 is executing an investment plan at this facility to round out its productive process to add the ability to manufacture and sell organic fertilisers and implement Ence's stringent operating standards (odour control, safety, etc.). In 1Q26, it completed the odour reduction programme, creating the benchmark for the other projects in the pipeline.

3.4. Statement of profit or loss

EBITDA in the Renewables business amounted to €3m in 1Q26, compared to €6m in 1Q25 and €10m in 4Q25. Adverse weather events impacted this metric by close to €6m.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Revenue from energy sales	38,3	50,7	(24,4%)	53,5	(28,3%)
Revenues from biomethane sales	0,7	0,5	44,4%	0,7	(7,0%)
Other revenues	1,6	1,2	37,6%	2,9	(43,7%)
Total revenue	40,7	52,4	(22,4%)	57,1	(28,8%)
EBITDA from energy sales	3,3	7,3	(54,8%)	10,0	(66,9%)
EBITDA from other businesses	(0,7)	(1,3)	43,5%	(0,4)	(67,6%)
EBITDA	2,6	6,0	(57,3%)	9,5	(73,1%)
Depreciation and amortisation	(7,9)	(8,5)	7,3%	(7,5)	(5,6%)
Impairment of and gains/(losses) on fixed-asset disp.	-	(0,1)	100,0%	0,9	(100,0%)
Other non-ordinary results from operations	-	-	n.s.	(4,9)	100,0%
EBIT	(5,3)	(2,6)	(106,7%)	(2,0)	(168,9%)
Net finance cost	(4,2)	(4,2)	(1,6%)	(3,3)	(26,7%)
Other finance income/(cost)	0,3	-	n.s.	(1,1)	n.s.
Profit before tax	(9,2)	(6,7)	(37,0%)	(6,5)	(43,1%)
Income tax	0,1	0,2	(43,9%)	2,7	(96,6%)
Net Income	(9,2)	(6,6)	(39,1%)	(3,7)	(145,6%)
Non-controlling interests	4,0	2,4	65,9%	0,9	n.s.
Attributable Net Income	(5,1)	(4,1)	(23,3%)	(2,9)	(79,0%)

To mitigate the risk of deviations in electricity market prices relative to the price estimated by the regulator, Magnon has put in place a hedging policy designed to replicate the formula used by the ministry to estimate market prices. In 1Q26, hedges were arranged over 70% of biomass power generation. The deviation between the regulatory price and market price had a negative impact of €4m in 1Q26, offset by gains on the hedges arranged of €3m.

Below the EBITDA line, depreciation charges amounted to €8m. Finance costs totalled €4m.

This business reported tax income of €0.1m in 1Q26 due to the recognition of unused tax losses (4Q25: tax income of €3m). At the March close, the Renewables business had capitalised €25m of unused tax losses. Note that the Constitutional Court ruling in 2024 annulling the limit on offsetting tax losses will lead to the monetisation, in 2Q2026, of €1m of capitalised unused tax losses and 100 k€ of late-payment interest. In addition, a claim has been filed with the Tax Agency for €3m plus late payment interest of €1m, related to the aforementioned limitation on the offsetting of taxable bases.

As a result, the Renewables business posted an attributable net loss of €5m in 1Q26, compared to losses of €3m in 4Q25 and €4m in 1Q25.

3.5. Cash flow analysis

Net cash flows used in operating activities in the Renewables business amounted to €4m in 1Q26, including cash outflows of €5m derived from movements in working capital and of €1m due to net finance costs.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
EBITDA	2,6	6,0	<i>(57,3%)</i>	9,5	<i>(73,1%)</i>
Other cash adjustments	(0,3)	(0,8)	59,7%	(1,3)	75,0%
Change in working capital	(4,9)	(2,3)	<i>(116,4%)</i>	(5,4)	9,1%
Income tax received / (paid)	0,3	0,3	<i>(2,6%)</i>	0,3	<i>(9,1%)</i>
Net interest received / (paid)	(1,2)	(1,4)	13,3%	(6,2)	80,5%
Net cash flow from operating activities	(3,6)	1,8	<i>n.s.</i>	(3,0)	<i>(19,1%)</i>

In 1Q26, working capital movements implied a cash outflow of €5m, shaped by an increase in inventories (associated with the purchase of emissions allowances and inventories associated with the new industrial heating developments and the purchase of biomass and spare parts), which implied a cash outflow of €4m, and a €1m increase in trade and other accounts receivable.

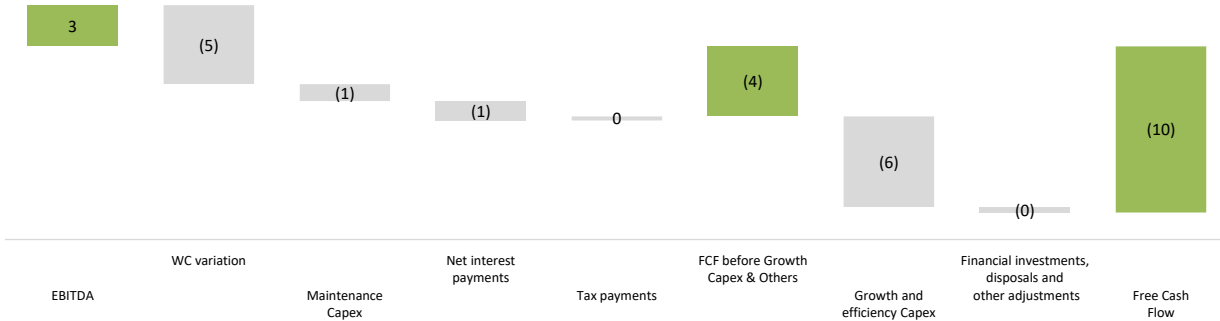
Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Inventories	(4,0)	(2,7)	<i>(49,3%)</i>	(1,0)	<i>n.s.</i>
Trade and other receivables	(1,1)	9,9	<i>n.s.</i>	1,3	<i>n.s.</i>
Current financial and other assets	-	-	<i>n.s.</i>	-	<i>n.s.</i>
Trade and other payables	0,2	(9,5)	<i>n.s.</i>	(5,7)	<i>n.s.</i>
Change in working capital	(4,9)	(2,3)	<i>(116,4%)</i>	(5,4)	<i>9,1%</i>

At 31 March 2026, the Renewables business had drawn down €21m under its non-recourse receivable discounting facilities that compares to €19m by the end of 4Q25. Magnon has arranged several non-recourse reverse factoring facilities, which were drawn down by €14m at the reporting date, in line with the year-end balance. The reverse factoring facilities do not entail the provision of guarantees, do not alter the average payment term agreed with the corresponding suppliers and do not accrue interest.

Figures in € m	1Q26	1Q25	Δ%	4Q25	Δ%
Maintenance capex	(1,1)	(2,0)	45,7%	(1,3)	19,1%
Sustainability capex and other	(0,2)	(0,4)	39,6%	0,7	<i>n.s.</i>
Efficiency and expansion capex	(5,4)	(2,1)	<i>(156,4%)</i>	(4,3)	<i>(24,4%)</i>
Financial investments and in Group companies	(0,1)	(1,8)	95,4%	0,6	<i>n.s.</i>
Investments	(6,8)	(6,3)	<i>(8,3%)</i>	(4,3)	<i>(56,8%)</i>
Disposals	0,0	0,1	<i>(33,8%)</i>	0,1	<i>(42,7%)</i>
Net cash flow from investing activities	(6,7)	(6,2)	<i>(8,8%)</i>	(4,2)	<i>(58,7%)</i>

Net cash flows used in investing activities in the Renewables business totalled €7m in 1Q26. Maintenance capex in this business totalled €1m. The investments in efficiency and growth amounted to €15m in 1Q26 and were mainly related to the development of the renewable thermal energy and biomethane projects. Investments in sustainability totalled €0.2m. Lastly, financial investments and investments in group companies amounted to €0.1m in 1Q26.

As a result, free cash flow in the Renewables business was negative by €10m in the first quarter.



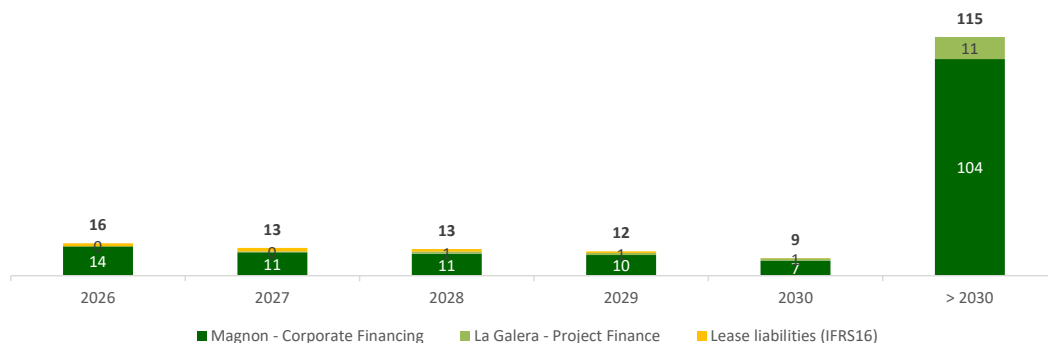
3.6. Change in net debt

The Renewables business ended March with net debt of €122m, compared to €112m at year-end 2025, an increase of €10m.

Gross debt at the end of the quarter stood at €168m, lease liabilities amounted to €5m and cash and cash equivalents stood at €51m.

Figures in € m	Mar-2026	Dec-2025	Δ%
Non-current financial debt	154,1	153,9	0,1%
Current financial debt	13,4	11,2	19,6%
Gross financial debt	167,5	165,1	1,5%
Non-current lease contracts	3,3	3,4	(3,9%)
Current lease contracts	1,9	1,7	11,8%
Liabilities related to lease contracts	5,2	5,1	1,3%
Cash reserve for debt service	11,5	11,5	-
Cash and cash equivalents	39,2	46,9	(16,5%)
Short-term financial investments	0,2	0,1	71,8%
Net debt Renewable business	121,9	111,8	9,0%

Repayment schedule (€m)



3.7. Growth and diversification projects

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

Firstly, through its subsidiary, Biofertilizantes CH4, the Group is in the process of developing biomethane and biofertiliser plants, underpinned by a model based on sustainable and circular management of agricultural and breeding biomass. This company aims to build production capacity of >1 TWh by 2030, at an estimated investment of €0.4m per GWh. This investment is targeting a return (ROCE) of at least 12% and EBITDA of over €60m by 2030.

In December 2024, Biofertilizantes CH4 acquired its first biomethane facility in Tarragona, designed to produce up to 45 GWh per annum, also signing a 15-year agreement with an important gas supplier for the offtake of the biomethane produced at the plant. As of the reporting date, Biofertilizantes CH4 had a portfolio of 41 projects with production capacity of up to 4 TWh, compared to the above-mentioned target of 1 TWh, 25 of which are already at the engineering and administrative stage.

Secondly, through its subsidiary, Magnon Energy Services, the Group provides end-to-end solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. This company aims to build renewable thermal energy production capacity of 2,000 GWh by 2030, at an estimated investment of between €0.1m and €0.2m per GWh. This investment is targeting a return (ROCE) of at least 11% and EBITDA of approximately €30m. The prior strategic target of generating €40m of EBITDA by 2030 has been modified to reflect a higher share of operation and maintenance projects in which Magnon Servicios Energéticos does not build the boiler; O&M projects present a lower EBITDA contribution but do not entail capital expenditure.

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

In 2025, Magnon also signed an agreement for the construction and operation of two new facilities with a customer from the dairy sector. Those facilities are currently under construction and are expected to be commissioned in the second half of 2026. Annual production at the facilities will be 37 GWht and 42 GWht, respectively, and entail an investment of €3m (excluding €3m of NGEU aid) per plant; the estimated return on this investment (ROCE) is at least 11%. An agreement was signed in 3Q25 for the operation and maintenance of a furnace for a food company in Extremadura, which is currently being ramped up and expected to reach full capacity in the second quarter of 2026.

In addition, Magnon Energy Services has 11 projects at different stages of negotiation; negotiations regarding three of them are very advanced.

Note, elsewhere, that agricultural, forestry and breeding biomass is the main source of biogenic CO₂, a raw material needed to produce green fuels. The Ence Group produces close to 4 million tonnes of biogenic CO₂ annually and is advancing on the engineering and permitting work needed for its potential capture and use in the future. It has embarked on the permitting process for the installation of capture units and potentially for permission to produce e-methanol at our main industrial complexes, which are strategically located close to ports and the facilities of leading players in the O&G industry. Agreements have been struck with important industry players for the joint development of projects.

Lastly, in the context of the prevailing conflict in the Middle East, energy autonomy in Europe has taken on new-found strategic importance and reinforces our commitment to manageable renewable energy articulated around the recovery of locally-sourced biomass.

4. CONSOLIDATED FINANCIAL STATEMENTS

4.1. Summarised statement of profit or loss

Figures in € m	3M26			
	Pulp	Renewables	Adjustments	Consolidated
Total revenue	113,8	40,7	(0,7)	153,8
Foreign exchange hedging operations results	0,3	3,0	0,0	3,3
Other income	11,0	1,3	(0,4)	11,8
Cost of sales and change in inventories of finished products	(79,1)	(11,4)	0,7	(89,8)
Personnel expenses	(19,8)	(7,9)	0,0	(27,7)
Other operating expenses	(27,6)	(23,0)	0,4	(50,2)
EBITDA	(1,4)	2,6	0,0	1,2
Depreciation and amortisation	(12,4)	(7,7)	0,2	(20,0)
Depletion of forestry reserves	(0,8)	(0,2)	-	(1,0)
Impairment of and gains/(losses) on fixed-asset disposals	0,0	-	-	0,0
Other non-ordinary operating gains/(losses)	2,2	-	-	2,2
EBIT	(12,5)	(5,3)	0,2	(17,6)
Net finance cost	(4,7)	(4,2)	-	(8,9)
Other finance income/(costs)	0,5	0,3	0,0	0,9
Profit before tax	(16,6)	(9,2)	0,2	(25,7)
Income tax	4,0	0,1	(0,0)	4,1
Net income	(12,6)	(9,2)	0,1	(21,6)
Non-controlling interests	-	4,0	-	4,0
Attributable Net Income	(12,6)	(5,1)	0,1	(17,6)
Earnings per Share (EPS)	(0,05)	(0,02)	0,00	(0,07)

Figures in € m	3M25			
	Pulp	Renewables	Adjustments	Consolidated
Total revenue	135,3	52,4	(0,8)	186,9
Foreign exchange hedging operations results	(1,3)	(1,5)	-	(2,8)
Other income	38,3	1,8	(0,3)	39,8
Cost of sales and change in inventories of finished products	(84,7)	(16,4)	0,8	(100,4)
Personnel expenses	(22,2)	(5,9)	(0,0)	(28,2)
Other operating expenses	(36,8)	(24,4)	0,3	(60,9)
EBITDA	28,5	6,0	-	34,5
Depreciation and amortisation	(12,0)	(8,5)	0,4	(20,1)
Depletion of forestry reserves	(2,7)	-	-	(2,7)
Impairment of and gains/(losses) on fixed-asset disposals	(0,1)	(0,1)	-	(0,1)
Other non-ordinary operating gains/(losses)	-	-	-	-
EBIT	13,7	(2,6)	0,4	11,5
Net finance cost	(4,3)	(4,2)	(0,0)	(8,5)
Other finance income/(costs)	(1,2)	-	-	(1,2)
Profit before tax	8,2	(6,7)	0,4	1,8
Income tax	(2,0)	0,2	(0,0)	(1,8)
Net income	6,2	(6,6)	0,4	(0,0)
Non-controlling interests	-	2,4	-	2,4
Attributable Net Income	6,2	(4,1)	0,4	2,4
Earnings per Share (EPS)	0,03	(0,02)	0,00	0,01

4.2. Summarised statement of financial position

Figures in € m	3M26			
	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	21,1	55,9	(10,8)	66,1
Property, plant and equipment	660,8	372,6	(5,1)	1.028,3
Biological assets	64,9	0,0	0,0	64,9
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1
Non-current borrowings to Group companies	62,7	(0,0)	(62,7)	(0,0)
Deferred tax assets	37,2	27,0	2,7	66,9
Non-current financial assets	9,8	1,9	-	11,7
Cash reserve for debt service	-	11,5	-	11,5
Total non-current assets	970,5	468,8	(189,9)	1.249,4
Inventories	79,3	20,1	(0,0)	99,4
Trade and other accounts receivable	48,1	23,5	(3,1)	68,5
Income tax	2,9	0,5	-	3,4
Other current assets	24,0	4,2	0,0	28,2
Hedging derivatives	0,0	0,1	-	0,1
Current financial investments in Group companies	0,0	1,0	(1,0)	0,0
Current financial investments	2,0	0,2	-	2,2
Cash and cash equivalents	155,9	39,2	-	195,0
Total current assets	312,1	88,7	(4,1)	396,7
TOTAL ASSETS	1.282,6	557,5	(194,0)	1.646,1
Equity attributable to the Parent	508,7	77,9	(127,2)	459,3
Minority interest	-	85,9	-	85,9
Total Equity	508,7	163,8	(127,2)	545,3
Non-current loans with Group companies and associates	-	94,6	(62,7)	31,9
Non-current borrowings	375,4	157,4	-	532,8
Non-current derivatives	(0,1)	(0,0)	-	(0,1)
Deferred tax liabilities	0,0	(0,0)	-	-
Non-current provisions	36,8	0,8	(0,0)	37,6
Other non-current liabilities	24,3	59,3	0,0	83,6
Total non-current liabilities	436,4	312,1	(62,7)	685,8
Current borrowings	122,6	15,3	-	137,9
Current derivatives	2,4	(0,5)	0,0	1,9
Trade and other account payable	163,2	62,4	(3,1)	222,4
Short-term debts with group companies	0,7	0,2	(1,0)	-
Income tax	0,0	0,0	(0,0)	0,1
Current provisions	48,6	4,3	-	52,9
Total current liabilities	337,5	81,6	(4,1)	415,1
TOTAL EQUITY AND LIABILITIES	1.282,6	557,5	(194,0)	1.646,1

Figures in € m	3M25			
	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	19,6	56,9	(11,4)	65,0
Property, plant and equipment	615,9	370,8	(6,2)	980,6
Biological assets	65,2	0,3	(0,0)	65,5
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1
Non-current borrowings to Group companies	66,4	1,0	(66,4)	1,0
Deferred tax assets	34,1	23,3	2,9	60,3
Non-current financial assets	19,6	20,6	-	40,2
Cash reserve for debt service	-	11,5	-	11,5
Total non-current assets	934,8	484,3	(195,1)	1.224,1
Inventories	89,4	15,1	-	104,5
Trade and other accounts receivable	32,2	23,5	(2,4)	53,3
Income tax	5,3	1,0	-	6,3
Other current assets	26,4	3,6	0,0	29,9
Hedging derivatives	0,9	-	-	0,9
Current financial investments in Group companies	0,2	0,8	(0,9)	0,0
Current financial investments	3,5	0,1	(0,0)	3,6
Cash and cash equivalents	212,6	88,8	-	301,4
Total current assets	370,3	132,9	(3,3)	499,9
TOTAL ASSETS	1.305,1	617,3	(198,4)	1.724,0
Equity attributable to the Parent	571,5	93,2	(128,7)	536,0
Minority interest	-	94,9	-	94,9
Total Equity	571,5	188,1	(128,7)	630,9
Non-current loans with Group companies and associates	-	95,4	(66,4)	29,0
Non-current borrowings	295,9	168,9	-	464,9
Non-current derivatives	1,8	1,1	-	2,9
Deferred tax liabilities	-	-	-	-
Non-current provisions	28,7	0,7	-	29,4
Other non-current liabilities	31,7	70,2	0,0	101,9
Total non-current liabilities	358,2	336,4	(66,4)	628,1
Current borrowings	167,4	15,6	-	183,0
Current derivatives	0,2	(0,8)	-	(0,5)
Trade and other account payable	170,5	72,9	(2,4)	241,1
Short-term debts with group companies	0,8	1,4	(0,9)	1,3
Income tax	2,9	0,1	0,0	3,0
Current provisions	33,6	3,6	-	37,2
Total current liabilities	375,4	92,8	(3,4)	464,9
TOTAL EQUITY AND LIABILITIES	1.305,1	617,3	(198,4)	1.724,0

Capital expenditure in the Pulp business includes the higher cost of the Navia 80 Project, completed in 2019, in the amount of €8m, as a result of an arbitration ruling issued on 17 June 2025, requiring the Group to pay €15m, of which €8m had already been recognised.

4.3 Statement of cash flows

Datos en M€	3M26				3M25			
	Celulosa	Renovables	Ajustes	Consolidado	Celulosa	Renovables	Ajustes	Consolidado
Consolidated profit/(loss) for the period before tax	(16,6)	(9,2)	0,2	(25,7)	8,2	(6,7)	0,4	1,8
Depreciation and amortisation	13,2	7,9	(0,2)	21,0	14,7	8,5	(0,4)	22,8
Changes in provisions and other deferred expense	(6,0)	0,3	0,0	(5,7)	(3,9)	0,8	-	(3,1)
Impairment of gains/(losses) on disposals intangible assets	(0,0)	(0,3)	-	(0,3)	0,4	0,0	0,0	0,5
Net finance result	4,2	4,2	-	8,4	5,2	4,2	-	9,4
Energy regulation adjustments	(0,4)	(0,6)	-	(1,1)	(0,6)	(1,5)	-	(2,0)
Government grants taken to income	(0,1)	(0,0)	-	(0,2)	(0,1)	(0,0)	-	(0,2)
Adjustments to profit	10,8	11,5	(0,2)	22,1	15,8	12,0	(0,4)	27,4
Inventories	(1,5)	(4,0)	-	(5,5)	(7,5)	(2,7)	-	(10,2)
Trade and other receivables	(14,9)	(1,1)	0,5	(15,5)	1,6	9,9	(4,4)	7,1
Current financial and other assets	-	-	-	-	-	-	-	-
Trade and other payables	3,2	0,2	(0,5)	3,0	(0,2)	(9,5)	4,4	(5,2)
Changes in working capital	(13,1)	(4,9)	0,0	(18,03)	(6,1)	(2,3)	-	(8,4)
Interest paid	(5,8)	(1,2)	-	(7,0)	(4,7)	(1,4)	-	(6,0)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	-	0,3	-	0,3	-	0,3	-	0,3
Other collections/(payments)	-	-	-	-	0,0	-	-	0,0
Other cash flows from operating activities	(5,8)	(0,9)	-	(6,8)	(4,6)	(1,1)	-	(5,8)
Net cash flow from operating activities	(24,8)	(3,6)	(0,0)	(28,4)	13,2	1,8	(0,0)	15,0
Property, plant and equipment	(41,1)	(6,5)	-	(47,6)	(13,5)	(4,2)	-	(17,7)
Intangible assets	(0,9)	(0,2)	(0,0)	(1,1)	(1,1)	(0,3)	-	(1,3)
Other financial assets and Group companies	(2,9)	(0,1)	3,0	-	(0,8)	(1,8)	0,8	(1,8)
Disposals ¹	0,4	0,0	0,3	0,8	0,4	0,1	0,0	0,5
Net cash flow used in investing activities	(44,5)	(6,7)	3,3	(47,9)	(15,0)	(6,2)	0,8	(20,4)
Free cash flow	(69,2)	(10,3)	3,3	(76,3)	(1,8)	(4,4)	0,8	(5,3)
Buyback/(disposal) of own equity instruments	(0,1)	-	-	(0,1)	0,0	-	0,0	0,0
Proceeds from and repayments of financial liabilities	44,6	2,6	(3,3)	43,9	19,7	13,8	(0,8)	32,8
Dividends payments	-	-	-	-	-	-	-	-
Net cash flow from/ (used in) financing activities	44,5	2,6	(3,3)	43,8	19,8	13,8	(0,8)	32,8
Net increase/(decrease) in cash and cash equivalents	(24,7)	(7,7)	(0,0)	(32,4)	18,0	9,5	(0,0)	27,5

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

5. KEY DEVELOPMENTS

Sale of energy saving certificates

During the first quarter of 2026, the Pulp business generated significant energy savings as a result of a series of energy efficiency initiatives which it sold to a duly certified Spanish energy company to obtain energy efficiency certificates, also known as white certificates (or CAEs for their acronym in Spanish), as provided for in Royal Decree 36/2023 (24 January 2023), establishing the energy savings certificate system, and the implementing Ministerial Order TED/815/2023 (18 July 2023).

Specifically, the Group certified 39 million white certificates (equivalent to 39 GWh of energy savings), which it sold for €7m (net of certificate origination costs). In the first quarter €6m of the proceeds from that sale had already been collected.

Notes issue

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 €200m.

At the date of this report, Ence had issued €85m 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.

Updated remuneration parameters

Lastly, in February 2026, the Ministry of Ecological Transition and Demographic Challenges (Order TED/53/2026) updated the remuneration parameters for biomass and cogeneration facilities (including the average annual market price for 2026-2028, kurtosis coefficients, standard operating hours and ceilings and floors for the purpose of calculating the tariff shortfall/surplus). Under this updated framework, the Ence Group's biomass plants, which include those embedded into its pulp-making business and those of its renewable energy subsidiary, Magnon, are set to benefit from an increase in their remuneration for operation (Ro) metric of around €6/MWh. And Magnon's cogeneration facility in Lucena will see an increase of €19.5/MWh in its Ro.

APPENDIX 1: SUSTAINABILITY MASTER PLAN

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

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

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

Ence's noteworthy performance along environmental, social and governance (ESG) dimensions is echoed in its assessments by prestigious ESG agencies and indices. For example, Ence received a rating of Excellent for its Solicited Sustainability Rating from Ethifinance, a credit rating agency specialised in ESG criteria. Ethifinance assessed Ence's performance around four pillars: Governance, Environment, Social - Own Workforce and Social - External Stakeholders. In addition, in 1Q26, Ence renewed its EcoVadis Platinum Medal (refer here for more [details](#)), which is the highest recognition awarded by this leading international provider of business sustainability ratings. This result puts the Company in the Top 1% of companies for the third year in a row and at the forefront of its sector. Ence has also been part of the FTSE4Good Index Series, designed to measure the performance of companies demonstrating solid ESG practices, 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 serve as an example in terms of its environmental performance by upholding the most ambitious international standards to ensure it earns the social licence to operate in its business communities.

On the **health and safety** front, 1Q26 was marked by strong accident metrics: year-to-date, the Group's injury frequency rate stands at 2.54, the best in the entire series.

In 1Q26, the Navia biomill was stopped for its annual maintenance work, a process that involved bringing in over 1,500 additional workers from auxiliary firms and carrying out all of the programmed interventions while maintaining the highest standards of protection and coordination.

Staying in the Pulp business, the work to implement Process Safety Management (PSM) methodology continued, constituting another key lever in the unwavering effort to prevent potentially serious accidents in the workplace and on the environmental front.

At Magnon, having analysed the incidents and accidents occurring in 2025, a new safety plan has been launched with a focus on improving leadership around safety, the Workplace Safety Observations, work permission and procedural compliance; specific actions are planned for the plants where the O&M staff have been brought in-house. In order to prevent collisions, a new technological solution was commissioned in January, which features anti-collision artificial intelligence, for the biomass treatment facility in Huelva.

In terms of the Group's **environmental performance**, it is worth noting the progress 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 4Q25, 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 1Q26.

Thanks to this circular economy effort, Ence presents high waste recovery and recycling rates. Indeed, all of the biomass power plants and the two pulp biomills boast AENOR Zero Waste management certification (a seal only given to facilities that recycle and reuse over 90% of their waste). In addition, Magnon also holds AENOR's Circular Strategy certificate.

On the environmental front, it is worth noting that the Navia biomill ended the first quarter without recording a single minute of odour emissions, extending the record attained last year, making it the Company benchmark in this respect and endorsing the robustness of the facility's Zero Odour initiatives. In addition to this milestone, the Navia biomill also recorded its best-ever unit water consumption metric in 1Q26, specifically an average of 23.8 m³/tAD in January and of under 25 m³/tAD in 1Q26 as a whole. This reduction in unit water consumption was unlocked by an ambitious operational improvement plan for reducing the use of water.

Turning to **environmental and safety management**, in addition to maintaining their ISO 14001, ISO 45001, ISO 50001 and EMAS certifications, biomills have held ISO 22000 food safety management certification since 2024, so ensuring their products can be used to safely replace plastic materials to package food products. As for the certification of its special pulp products, the Group has obtained an additional six certifications in early 2026. Sales of these products are expected to increase this year, along with the portfolio of customers that purchase both special pulp from the Ence Advanced portfolio and 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.

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 1Q26 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 included in the emissions trading system) 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. In 1Q26, it updated its annual carbon footprint calculation and embarked on the process of having it assessed by a third party. In general terms, the Group's carbon footprint shrank by 4.7% in 2025 by comparison with 2024, due mainly to lower indirect (Scope 3) emissions related to higher consumption of locally-sourced inputs, implying fewer kilometres of transportation services, as well as reduced consumption of raw materials.

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 CO₂, 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 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 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 1Q26 include the restoration of 21 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).

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.

Here it is worth flagging the Company's unbleached pulp, Naturcell, which is more environmentally-friendly to make and has a smaller CO₂ footprint than bleached pulp. One of the key thrusts of this line of initiative is to increase penetration of the products that carry the Ence Advanced label. Indeed, in 1Q26, sales of these value-added special products accounted for 34% of sales volumes.

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 TCF¹ and Naturcell)² and the bleached pulp made in Navia, (Encell ECF³) with its customers.

In August 2025, as originally scheduled, Ence initiated production of eucalyptus-based fluff pulp at its biomill in Navia. In terms of its certification by potential customers, in 1Q26, Ence submitted applications to the competent bodies at Nordic Swan and the EU Ecolabel for certification of its fluff pulp, seals which come on the heels of the other three certifications already obtained in 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 obligations under this new legislation.

¹ <https://www.environdec.com/library/epd6639>

² <https://www.environdec.com/library/epd6638>

³ <https://www.environdec.com/library/epd7965>

Besides the work done on its special products, over the course of 2025, Ence continued to advance on its **sustainable** moulded-pulp **packaging** line, designed to offer an alternative to the plastic products currently used in the food and retail sectors.

It also made progress on the engineering work and permitting process for the bioplant Ence is planning to build in Galicia (in the town of As Pontes) to produce **bleached 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 in 1Q26 it was granted €24.7m of Next Generation EU funds for its industrial decarbonisation component.

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. The Company 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. 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 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. The Company already has one plant up and running and expects to start operations at another three in 2026, as soon as their construction is complete. In addition, in 2025, Ence was awarded an operations and maintenance contract for a facility that has already been built, which is already in the process of being ramped up .

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 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 over 4,300 hectares of forest sinks in different voluntary schemes, including almost 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. At the March 2026 close, nearly 88% of its forest assets (out of total certifiable assets) were certified under one or other of those schemes and almost 84% 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. All of its facilities are SURE-certified. Also, Ence holds PEFC certification (with licence number PEFC/14-31-00410) for its biomass trading activity.

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 1Q26, 100% of the biomethane generated complied with those sustainability requirements.

As for **supply chain supervision**, over 600 entities were assessed through the online ESG risk assessment platform in 1Q26. 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 and is aligned with the target set down in the Sustainability Master Plan of analysing over 90% of its supply chain (in terms of purchase volumes) by 2028. 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, thanks to which female representation stood at 25.2% at the end of the first quarter. In addition to increasing female representation in general, Ence is placing the spotlight on increasing the number of women in executive positions. At the reporting date, female representation in management (executives and managers) stood at 30.2%.

On the **talent development** front, Ence is striving to ensure that it attracts, develops and motivates the professionals it needs to ensure that the organisation has the human capital required to execute its strategic objectives. In this respect, Ence is reinforcing internal promotions as the basis for the professional development of its employees, specifically publicising all internal vacancies. Framed by that goal, in 1Q26, 46% of vacancies were covered via internal promotions.

Ence is also committed to providing its employees with ongoing training with the overriding goal of encouraging personal and professional development at all levels with a view to improving employee integration in the Company and commitment to the organisation's strategic goals. The aim is to give employees the skills they need to do their jobs, while fostering a culture of development, value creation and continuous improvement and paving the way for the assumption of new responsibilities in the future. In 1Q26, around 4,500 of training hours were imparted across the Group. The training effort focused particularly on technical operations and maintenance matters, health and safety, compliance and leadership development.

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 2025, it launched the sixth edition of the Ence Pontevedra Community Plan, endowed with €3 million, in order to help fund community initiatives in the vicinity of the biomill, with a particular focus on the towns of Pontevedra, Marín and Poio. The Plan is articulated around five lines of initiative: social inclusion; recovery and care for surroundings; education and culture; support for entrepreneurship and innovation; and the promotion of grassroots and elite sports. A total of 240 projects benefitted. The promotion of sport, including projects in the grassroots and elite categories, received 72 assignments, making it the most popular category. It was followed by environmental care projects, at 56, and initiatives targeting education and culture, where 49 proposals were granted funding. Social inclusion was another important area, with 40 projects selected, while business development and innovation accounted for another 23 funded initiatives. Over the years, the Ence Pontevedra Community Plan has benefitted almost 1,700 initiatives.

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 rounds of the Talent Programme were called in 1Q26, specifically in Navia, Pontevedra, Magnon and corporate activities.

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 line of initiative is designed to reinforce ESG governance and bolster the ethics and compliance function. During the first quarter of 2026, the Ethics and Compliance Department undertook a series of activities designed to ensure due compliance with its body of internal rules and regulations and foster a culture of compliance across the organisation.

As part of the annual risk and control review, and to ensure the effectiveness of the Crime Prevention Protocol, the evidence presented by the owners of the 390+ controls applicable across the organisation was analysed in 1Q26. A review of the effectiveness of the existing controls and how to optimise them is currently underway.

On the communication front, Ence has published 14 internal memos on ethics and compliance so far this year, addressing issues such as discrimination, conflicts of interest, the use of artificial intelligence, reminding recipients about how to use the whistleblowing channel and providing information about how to avoid criminal risks. It also sent out the bi-monthly Ethics and Compliance Newsletter to the entire workforce, which it also posted on the biomills' and energy plants' noticeboards. It is worth highlighting the use of user-friendly formats with broad reach, such as messages on screens at the plants and comic strips, so that the message can be tailored for different audiences and operating environments. That Company also publishes the compliance news posted on the intranet in its employee newsletter (*Ence al Día*), which also goes out every two months (alternating it with the ethics newsletter). The employee newsletter is posted on the intranet and also published in hard copy format so that it is physically available at the Company's industrial facilities. The first-quarter communication effort reflects a sustained focus on the compliance culture, underpinned by a multi-channel strategy designed to maximise reach and message frequency.

In 1Q26, 37% of the workforce received compliance-related training either in person or online. The supervisory activities undertaken in the first quarter evidence an active compliance model, characterised by strong interaction with the business and a strategic focus on prevention and early risk detection. Those activities addressed the code of conduct with respect to customers and included the preparation of third-party due diligence reports. Elsewhere, the Compliance Model underwent its external assessment, with the results indicating an adequate level of implementation and the proper functioning of the control mechanisms; no non-conformities were identified and no observations were made.

The Company continues to work on the new project launched in 2025 to reinforce Ence's commitment to a culture of integrity, responsibility and respect at all levels of the organisation. Against this backdrop, Ence has introduced Ethics and Compliance Ambassadors at its biomills in Pontevedra and Navia and at the energy complex in Huelva whose mission is to spread the ethics culture by disseminating the Code of Conduct and our other internal rules and regulations.



Safe and Eco-efficient operations
For operational cost reduction
Protecting Health and Safety of employees and contractors

- ✓ The Group's cumulative LTIFR in Q1 stood at 2.54, the best result across the entire historical series.

Odour reduction

- ✓ At Navia, no odour minutes recorded, maintaining 2025 historic record.

Water consumption reduction

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

Advancing towards a circular economy

- ✓ Pioneering projects for the valorization of ash and limestone sludge in the mining and cement sectors
- ✓ 100% sites ZERO WASTE certified (Pulp and Energy Plants)

Committed to climate change action

- ✓ -10% reduction in direct emissions (Scope 1 – EU ETS) at Navia in 2025 compared to 2024, through the replacement of fossil fuels with pulverised biomass.



Bioproducts & ecosystem services
Potential for top line improvement
Higher margin special Pulp products with higher added value:

- ✓ 6 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 €24.7 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.
- ✓ >4,300 ha of forest sinks registered in different schemes for voluntary carbon markets.



Responsible supply chain
To become preferred supplier

Certified Supply chain

- ✓ ≈ 88% of managed land certified.
- ✓ ≈ 84% of Wood certified.
- ✓ 100% sites SURE System certified (Sustainable biomass).

Supply chain supervision

- ✓ ESG risk assessment of > 600 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 a competitive advantage

- ✓ 25.2% female employees.
- ✓ 30.2% female in managerial positions.
- ✓ 41% job openings filled with internal promotion.

Creating positive social impact in local communities

- ✓ Progress in the allocation of €3 million to 240 social and environmental projects under the 6th edition of Ence's Pontevedra Social Plan 2025.

Promoting professional development in rural communities

- ✓ Four Talent Programmes launched across Navia, Pontevedra, Magnon and Corporate functions.



✓ External Criminal Compliance audit completed with results indicating that the level of implementation and operation of the control mechanisms is adequate, with no non-conformities or observations identified.

APPENDIX 2: REMUNERATION PARAMETERS APPLICABLE TO THE POWER GENERATION PLANTS

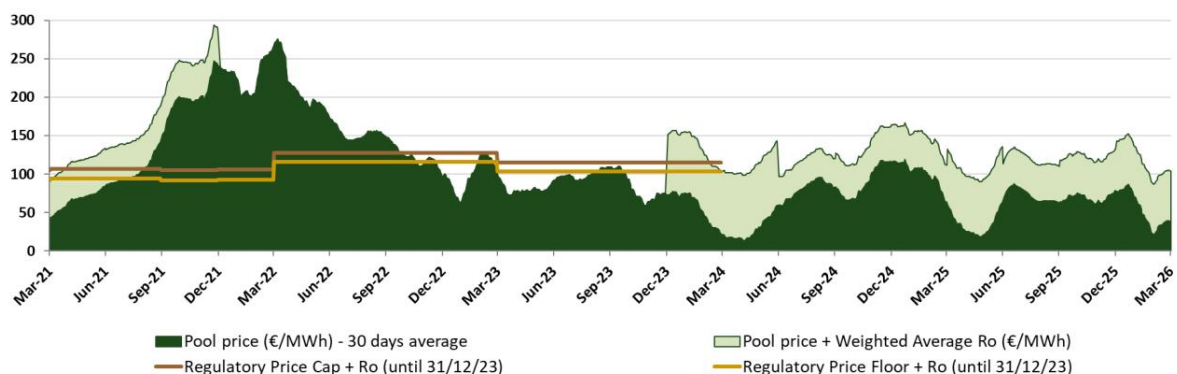
Facility	Type of facility	MW	FY25 Remuneration for investment in P&L (Ri; €/MW)	Type of fuel	Remuneration for operation FY2025 (Ro; €/MWh)	Sale hours limit under regulated price	Regulatory life (year of maturity)
Pontevedra	Biomass co-generation	34,6	11.635,1	Lignin	(0,5)	-	2032
	Biomass generation			Agroforestry biomass	-	-	
Navia	Biomass co-generation	40,3	52.007,3	Lignin	1,7	-	2034
	Biomass generation	36,2		Agroforestry biomass	69,2	7.500	
Huelva 41MW	Biomass generation	41,0	-	Agroforestry biomass	-	7.500	2025
Jaen 16MW	Biomass generation	16,0	125.322	Olive Pulp	52,2	7.500	2027
Ciudad Real 16MW	Biomass generation	16,0	125.322	Olive Pulp	53,1	7.500	2027
Cordoba 27MW	Biomass generation	14,3	182.813	Olive Pulp	59,1	7.500	2031
	Gas co-generation	12,8	2.303	Natural Gas	90,5	7.500	2030
Huelva 50MW	Biomass generation	50,0	242.655	Agroforestry biomass	70,5	7.500	2037
Mérida 20MW	Biomass generation	20,0	268.281	Agroforestry biomass	68,3	7.500	2039
Huelva 46 MW	Biomass generation	46,0	-	Agroforestry biomass	65,7	7.500	2044
Ciudad Real 50 MW	Biomass generation	50,0	-	Agroforestry biomass	65,7	7.500	2044

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

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

Under the new methodology approved in 2024, the remuneration for operation (Ro) parameter is updated quarterly, as a function of the difference between the standard cost of operating the plants (around €125/MWh in the case of Magnon Green Energy's biomass plants) and the pool price estimated the immediately previous quarter. As result, the system of adjustments for deviations between market and regulated prices (regulatory collar) in place until the end of 2023 has been eliminated.

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

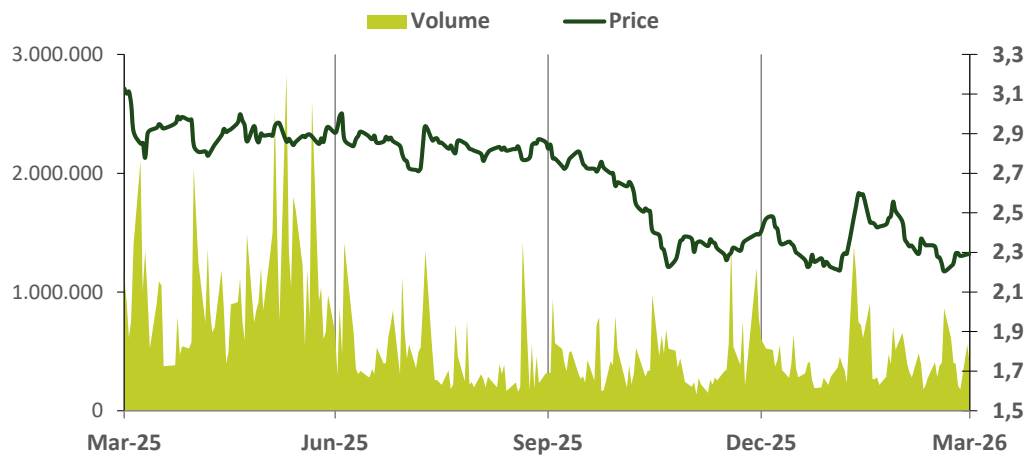


3. All of Magnon Green Energy's plants are also prepared to provide the electricity system operator with **back-up services**, so generating an additional source of income.
4. Both the remuneration for investment and the regulated sale price are subject to a **levy on the value of electric energy produced of 7%**.

APPENDIX 3: SHARE PRICE PERFORMANCE

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

Ence's share price closed at €2.29/share on 31 March 2026, down 5% from 31 December 2025, while its closest traded comparables reported a share price gain of 2.1% on average during that same period.



	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Share price at the end of the period	3,13	2,90	2,82	2,406	2,292
Market capitalization at the end of the period	770,3	715,2	695,5	592,5	564,5
Ence quarterly evolution	1,0%	(7,2%)	(2,8%)	(14,8%)	(4,7%)
Daily average volume (shares)	1.157.163	1.043.089	445.061	441.468	428.812
Peers quarterly evolution *	(1,9%)	(10,5%)	(0,2%)	(2,1%)	2,1%

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

Quarterly information, dated as of the end of the quarter.

Source: Bloomberg

APPENDIX 4: ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

EBITDA

EBITDA is a metric used in the statements of profit or loss presented in this report, in sections 1, 2.5, 2.6, 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 1Q26 and the comparison with the 1Q25 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
OPERATING PROFIT/(LOSS)	€ m	P&L	(12,5)	(5,3)	0,2	(17,6)	13,7	(2,6)	0,4	11,5
Depreciation and amortisation charges	€ m	P&L	12,4	7,7	(0,2)	20,0	12,0	8,5	(0,4)	20,1
Depletion of forest reserve	€ m	P&L	0,8	0,2	-	1,0	2,7	-	-	2,7
Impairment of and gains/(losses) on disposal of fixed assets	€ m	P&L	(0,0)	-	-	(0,0)	0,1	0,1	-	0,1
Other non-ordinary results from operations	€ m	APM	(2,2)	-	-	(2,2)	-	-	-	-
EBITDA	€ m		(1,4)	2,6	0,0	1,2	28,5	6,0	0,0	34,5

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 1Q26 and the comparison with the 1Q25 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	3M26	3M25
			Pulp	Pulp
Revenue from pulp sales	€ m	P&L	102,4	120,6
EBITDA	€ m	APM	(1,4)	28,5
Total costs (Revenue - EBITDA)	€ m		103,8	92,1
Gains/(losses) on hedging transactions	€ m	APM	0,3	(1,3)
Depletion of forest reserve	€ m	P&L	0,8	2,7
Change in inventories	€ m	P&L	(9,6)	(2,0)
Other income and expenses	€ m		3,6	18,0
ADJUSTED CASH COST	€ m		98,9	109,5
Pulp production costs	€ m		81,1	92,6
No. of tonnes produced	Unit		185.981	214.252
PRODUCTION-RELATED COSTS PER TONNE	€/tonne		435,8	432,1
Overhead, sales and logistics costs	€ m		17,9	16,9
No. of tonnes sold	Unit		206.820	216.016
Overheads, commercialization and logistics	€/tonne		86,4	78,2
CASH COST	€/tonne		522,2	510,3

“Other income and expenses” in 1Q26 includes €7m of proceeds from the sale of energy savings certificates (€30m in 1Q25), the loss on the sale of wood to third parties (-€0.3m in 1Q26 and -€0.4m in 1Q25), nursery costs (-€0.3m in 1Q26 and -€0.4m in 1Q25), long-term remuneration and termination benefits (+0,1 in 1Q26 and -€1m in 1Q25), impairment provisions for spare parts and other assets (-€2m in 1Q26 and -€1m in 1Q25) and bank charges (-€1m in 1Q26 and -€1m in 1Q25). The remaining items implied a net cost of €0.1m in 1Q26 and of €8m in 1Q25 (which included expenses of €7.5m related to the incident affecting the turbine in Navia).

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 1Q26 and the comparison with the 1Q25 figures. The criteria used were the same in both periods:

	Unit	Source Financial Statement	3M26	3M25
			Pulp	Pulp
Revenue from pulp sales	€ m	P&L	102,4	120,6
No. of tonnes sold	Unit		206.820	216.016
Average sales price per tonne (Revenue / # tons)	€/tonne		495,2	558,2
Cash cost (€)	€/tonne	APM	522,2	510,3
TOTAL OPERATING PROFIT PER TONNE OF PULP	€/tonne		(27,0)	47,9

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 quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
	€ m	P&L	1,7	0,3	(0,6)	1,4	2,2	0,9	(0,7)	2,4
	€ m	P&L	(6,4)	(4,5)	0,6	(10,3)	(6,5)	(5,1)	0,7	(10,9)
NET FINANCE COST	€ m		(4,7)	(4,2)	-	(8,9)	(4,3)	(4,2)	-	(8,5)
Impairment and Results from Joint Ventures and Associates	€ m	P&L	-	-	-	-	-	-	-	-
Results from Equity Interests	€ m	P&L	-	0,3	-	0,3	-	-	-	-
	€ m	P&L	-	-	-	-	-	-	-	-
	€ m	P&L	0,5	0,0	0,0	0,5	(1,2)	-	-	(1,2)
OTHER FINANCIAL ITEMS	€ m		0,5	0,3	0,0	0,9	(1,2)	-	-	(1,2)
NET FINANCE INCOME/(COST)	€ m	P&L	(4,1)	(3,9)	0,0	(8,1)	(5,5)	(4,2)	-	(9,7)

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 quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Maintenance capex	€ m		(6,8)	(1,1)	-	(7,9)	(6,2)	(2,0)	-	(8,1)
Efficiency and growth capex	€ m		(3,4)	(0,2)	-	(3,7)	(4,0)	(0,4)	-	(4,4)
Sustainability capex	€ m		(31,7)	(5,4)	-	(37,1)	(4,3)	(2,1)	-	(6,5)
Financial investments	€ m	CF	(3,3)	(0,1)	3,4	-	(0,8)	(1,8)	0,8	(1,8)
TOTAL CAPITAL EXPENDITURE	€ m	CF	(45,3)	(6,8)	3,4	(48,7)	(15,4)	(6,3)	0,8	(20,8)

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 quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
EBITDA	€ m	APM	(1,4)	2,6	0,0	1,2	28,5	6,0	0,0	34,5
Other non-recurring items	€ m	APM	2,2	-	-	2,2	-	-	-	-
Adjustments to reconcile profit before tax to net cash flows:										
Changes in provisions and other deferred expense (net)	€ m	CF	(6,0)	0,3	0,0	(5,7)	(3,9)	0,8	-	(3,1)
Adjustments for tariff shortfall/surplus (electricity market)	€ m	CF	(0,4)	(0,6)	-	(1,1)	(0,6)	(1,5)	-	(2,0)
Grants taken to profit and loss	€ m	CF	(0,1)	(0,0)	-	(0,2)	(0,1)	(0,0)	-	(0,2)
Exchange differences with an impact on cash	€ m		0,0	0,0	-	0,0	0,1	(0,0)	-	0,0
Change in working capital	€ m		(13,1)	(4,9)	0,0	(18,0)	(6,1)	(2,3)	-	(8,4)
Interest paid, net (including right-of-use assets)	€ m	CF	(5,8)	(1,2)	-	(7,0)	(4,7)	(1,4)	-	(6,0)
Dividends received	€ m	CF	-	-	-	-	-	-	-	-
Income tax paid	€ m	CF	-	0,3	-	0,3	-	0,3	-	0,3
Other collections/(payments)	€ m	CF	-	-	-	-	0,0	-	-	0,0
OPERATING CASH FLOW			(24,8)	(3,6)	-	(28,4)	13,2	1,8	-	15,0

FREE CASH FLOW

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities in sections 1, 2.6, 3.5 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 quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
Net cash flows from/(used in) operating activities	€ m	CF	(24,8)	(3,6)	(0,0)	(28,4)	13,2	1,8	(0,0)	15,0
Net cash flows from/(used in) investing activities	€ m	CF	(44,5)	(6,7)	3,3	(47,9)	(15,0)	(6,2)	0,8	(20,4)
FREE CASH FLOW	€ m		(69,2)	(10,3)	3,3	(76,3)	(1,8)	(4,4)	0,8	(5,3)

NORMALISED FREE CASH FLOW

Ence reports normalised free cash flow within the cash flow analysis provided for each of its two business units in sections 1, 2.6 and 3.5 of this report. Normalised FCF is the sum of EBITDA, working capital changes, maintenance capex, net interest payments and income tax payments.

Normalised free cash flow provides a proxy for the cash generated by the Group's operating activities before collection of proceeds from asset sales, the adjustments related with electricity sector regulations and other adjustments to profit. It represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

Below is a reconciliation between this APM and the amounts presented in the financial statements for the first quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
EBITDA	€ m	APM	(1,4)	2,6	0,0	1,2	28,5	6,0	0,0	34,5
Changes in working capital:										
Inventories	€ m	CF	(1,5)	(4,0)	-	(5,5)	(7,5)	(2,7)	-	(10,2)
Trade and other receivables	€ m	CF	(14,9)	(1,1)	0,5	(15,5)	1,6	9,9	(4,4)	7,1
Short-term investments	€ m	CF	-	-	-	-	-	-	-	-
Trade payables, other payables and other liabilities	€ m	CF	3,2	0,2	(0,5)	3,0	(0,2)	(9,5)	4,4	(5,2)
Maintenance capex	€ m	APM	(6,8)	(1,1)	-	(7,9)	(6,2)	(2,0)	-	(8,1)
Interest paid, net (including right-of-use assets)	€ m	CF	(5,8)	(1,2)	-	(7,0)	(4,7)	(1,4)	-	(6,0)
Income tax paid	€ m	CF	-	0,3	-	0,3	-	0,3	-	0,3
NORMALISED FREE CASH FLOW	€ m		(27,2)	(4,3)	0,0	(31,5)	11,5	0,7	-	12,2

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 quarter of 2026 and the comparison with the 1Q25 figure. The criteria used to determine this metric were the same in both periods:

	Unit	Source	Mar-2026				Dec-2025			
			Pulp	Renewable	Adjustments	CONSOLIDATED	Pulp	Renewable	Adjustments	CONSOLIDATED
Non-current borrowings:										
Bonds and other marketable securities	€ m	BS	103,9	-	-	103,9	14,6	-	-	14,6
Bank borrowings	€ m	BS	201,1	154,1	-	355,2	208,1	165,2	-	373,3
Other financial liabilities	€ m	BS	70,4	3,3	-	73,7	73,2	3,7	-	76,9
Current borrowings:	€ m									
Bonds and other marketable securities	€ m	BS	60,0	-	-	60,0	58,7	-	-	58,7
Bank borrowings	€ m	BS	47,2	13,4	-	60,6	94,7	13,6	-	108,3
Other financial liabilities	€ m	BS	15,4	1,9	-	17,3	13,9	2,0	-	15,9
Cash and cash equivalents	€ m	BS	155,9	39,2	-	195,0	212,6	88,8	-	301,4
Current financial assets - Other financial investments	€ m		2,0	0,2	-	2,2	3,5	0,1	-	3,6
Cash reserve for debt service	€ m		-	11,5	-	11,5	-	11,5	-	11,5
NET DEBT/(CASH)	€ m		340,2	121,9	-	462,0	247,3	84,2	-	331,4

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.

	Unit	Source Financial Statement	3M26				3M25			
			Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL	Pulp	Renewable Energy	Adjustments & Eliminations	CONSOLIDATED TOTAL
EBIT, last 12 months	€ m	P&L	(56,2)	(11,5)	1,6	(66,1)	75,9	(12,0)	1,6	65,5
Average capital employed, last 12 months										
Average equity	€ m	BS	412,1	172,0	-	584,1	441,2	204,7	-	645,8
Average net debt	€ m	BS	279,5	112,8	-	392,4	225,1	81,5	-	306,6
ROCE	%		(8,1%)	(4,0%)	-	(6,8%)	11,4%	(4,2%)	-	6,9%

DISCLAIMER

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

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

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