



2Q25 Results

23 July 2025



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Today's presenters



Ignacio de Colmenares

*Chairman & CEO
Ence Energía y Celulosa*



Alfredo Avello

*Chief Financial Officer
Ence Energía y Celulosa*

Results Summary

2025 Outlook

- Demand fundamentals remain strong, yet current BHKP prices are close to marginal costs, impacted by the tariffs' uncertainty. By year end, if the trade situation stabilizes, prices should return to growth
- In this trade context, nearly all our sales come from the Atlantic and Mediterranean European markets
- Our ongoing FX hedging policy provides an average cap of 1.09 USD/EUR for c.50% of 2025 expected pulp revenues
- Ongoing cash cost reduction with 22 €/t drop in 2Q25
- Our first 125 kt fluff pulp line will start-up in 4Q25, with over 60 €/t higher operating margin expected
- Higher energy production and lower biomass costs expected for 2H2025
- Additional CAEs expected for 4Q in excess of €4m

2Q25 Operating Highlights

- 22 €/t cash cost reduction vs. 1Q25, to 488 €/t
- Ence Advanced pulp accounted for 32% of total pulp sales volumes in 1H25, with a higher operating margin than our standard BHKP pulp (c. 30 €/t)
- Pulp sales of 243 kt, 12% higher vs 1Q25 after Navia's annual maintenance shutdown in 1Q25
- +9% growth in energy generation vs. 1Q25, up to 303 GWh, following the annual maintenance shutdown of 70% of our installed capacity in 1Q25 and subsequent start-up ramp-up
- La Galera plant has more than double (2.2x) its quarterly production since acquisition in 4Q24 by applying Ence's best industrial practices and without additional Capex

2Q25 Financial Results

- Pulp business EBITDA of €20m in 2Q25 vs €28m in 1Q25, with €10m revenue from energy efficiency certificates (€40m revenue YTD)
- Renewables EBITDA of €4m in 2Q25, vs €6m in 1Q25 due to lower revenues per MWh (-14% vs. 1Q25 | including pool price + hedges + Ro + back-up ancillary services + Ri)
- FCF before working capital change and growth capex amounted to -€3m 2Q25
- €10m WC outflow driven by higher wood inventories and net receivables in the pulp business
- €19m growth and sustainability capex in 2Q25
- Net Debt stood at €362m at the end of June 2025 with cash balance of €283m

Growth, Efficiency and Diversification Projects

- Our first 125 kt fluff pulp line will start-up in 4Q25, with over 60 €/t higher operating margin expected
- Our higher margin and special pulp sales are expected to exceed 62% of the total by 2028, including Ence Advanced and Fluff pulp sales
- Production of our renewable packaging solutions to start in 2025
- Navia decarbonization and cost reduction project launched in 1Q25
- Building a large biomethane platform in Spain aiming to produce 1 TWh by 2030 and contribute >€60m to EBITDA
- Our renewable industrial heating business aims to produce 2TWh by 2030 and contribute >€40m to EBITDA
- Progressing with the Pontevedra Avanza engineering and As Pontes permitting



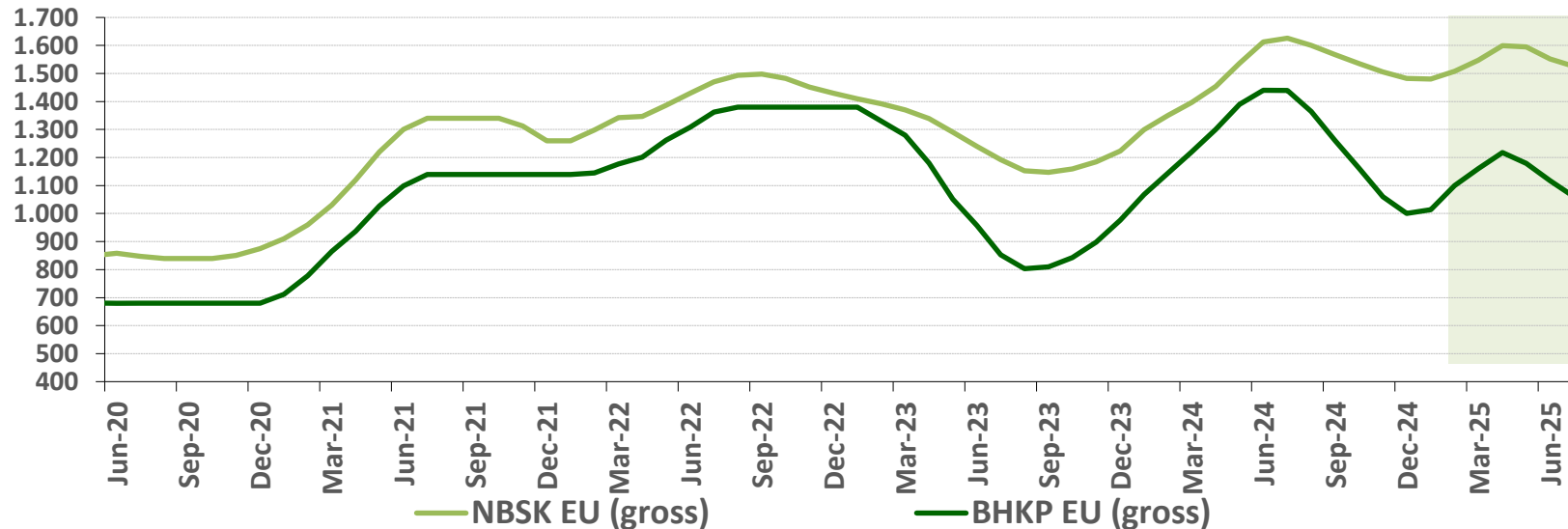
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2Q25 Highlights

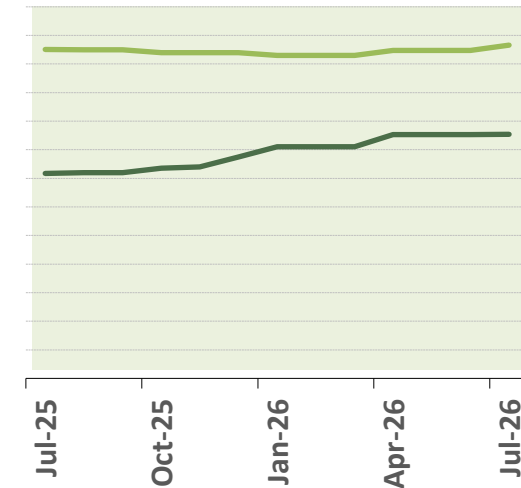
European BHKP price has been impacted by global trade uncertainties

Gross price of 1,060 USD/t in July, close to marginal costs

Gross Pulp Prices in Europe
(USD/t)



Future Pulp Prices in Europe
(USD/t)









- The tariffs uncertainty has slowed down global market pulp demand in 2Q25 (-0.2% y/y April-May vs +5.2% in 1Q25).
- In this context, prices have gone down from April high of 1,218 €/t. **Prices are now close to marginal costs** (BHKP gross price in Europe of 1,060 USD/t).
- The record price gap with softwood pulp (NBSK) supports demand for hardwood pulp (BHKP), which was up +4.6% y/y to May. Considering the solid demand of BHKP, once the tariffs' uncertainty it's been cleared up, prices should start to recover.

Virtually all our sales are generated in Atlantic and Mediterranean Europe

Providing greater resilience to rising trade tariffs in other countries



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

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

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

EUR / USD Exchange Rate



EUR / USD Hedges as of 30/06/25

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

Ence Advanced pulp accounted for 32% of our pulp sales in 1H25

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



- ✓ **High strength pulp aiming to substitute softwood pulp**
- ✓ **Minimizes the energy consumption during the refining process**

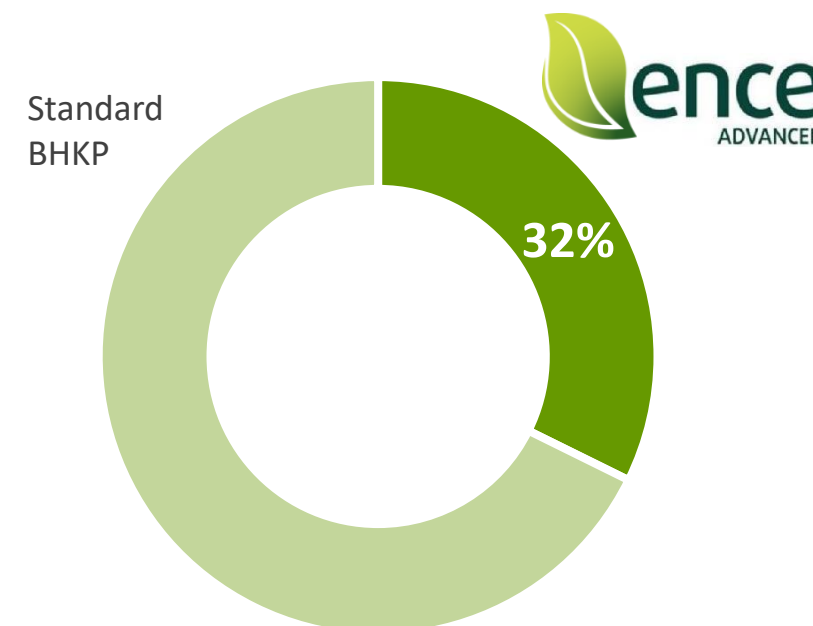
- ✓ First unbleached hardwood pulp in the market
- ✓ Certified CO² footprint during the product life cycle
- ✓ Increases tissue softness

- ✓ Low wet-expansion cellulose suitable for decor paper applications
- ✓ Narrow range of porosity

- ✓ Plastic alternative in packaging for food & beverage industry
- ✓ Low porosity material

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

% of total pulp sales volume in **1H25**



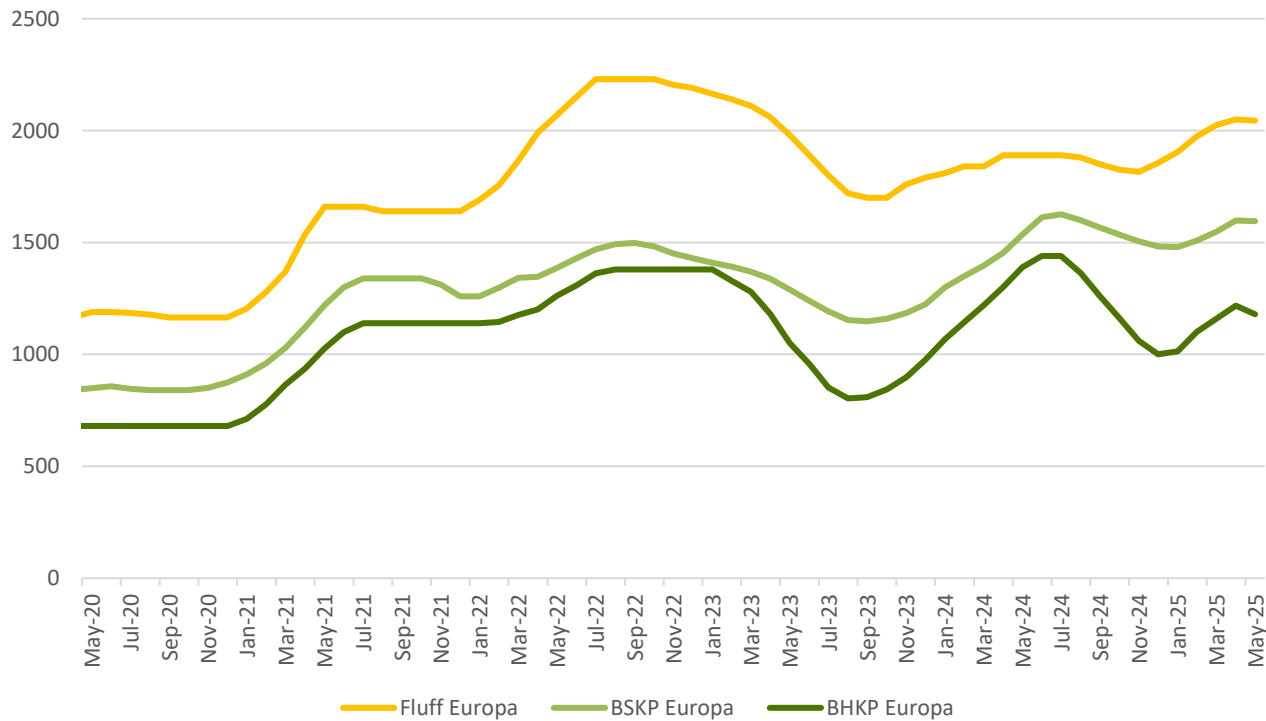
Ence Advanced products generate c. €30/t higher operating margin

Our first 125 kt fluff pulp line is on track for start-up in 4Q25

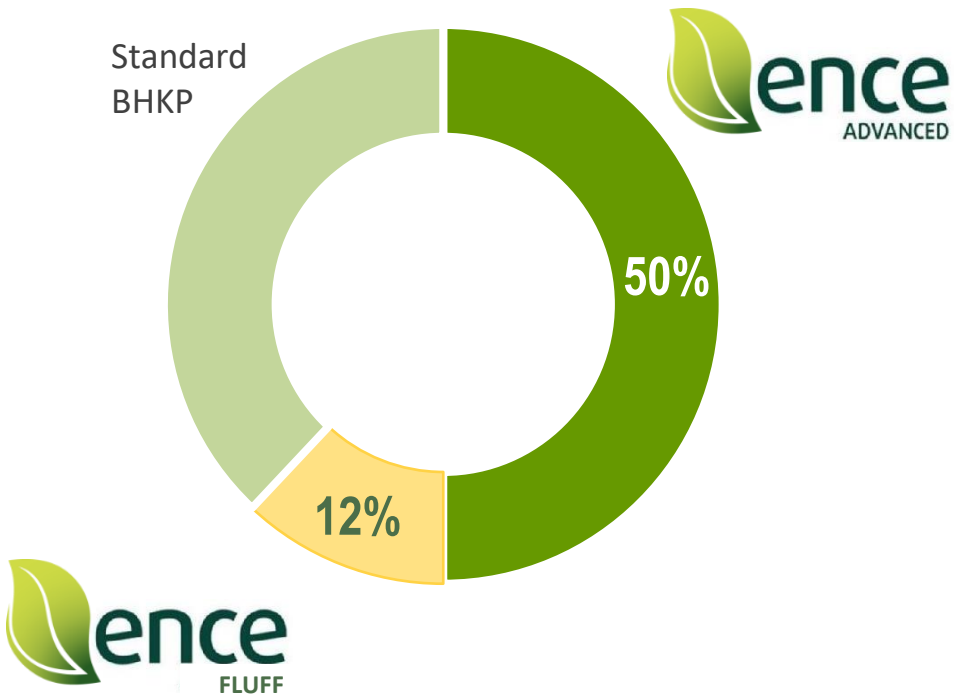
Fluff is expected to account for 12% sales in 2028



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



Expected % of total pulp sales volume in 2028



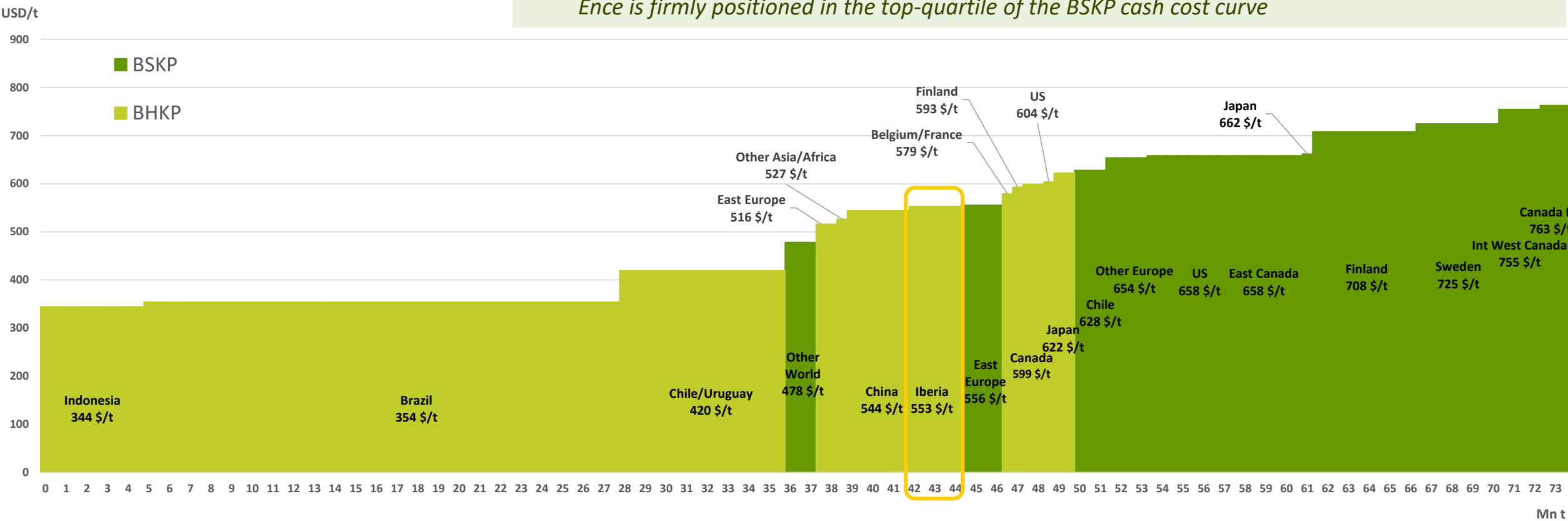
Fluff sales are expected to generate c.+60€/t margin vs. standard BHKP

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



Market pulp production costs by region

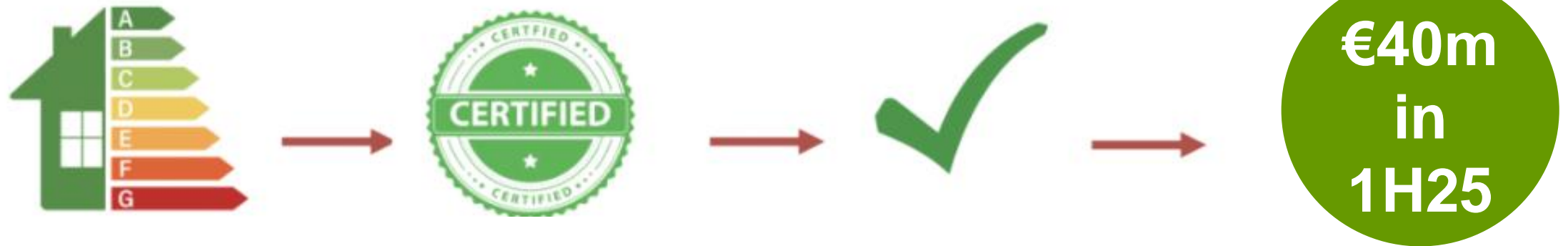
- ✓ Ence Advanced and upcoming fluff offering substitutes more expensive BSKP products. This special product range is expected to account for c.62% of the Ence’s sales by 2028
- ✓ At current 488€/t cash costs (c. 550 \$/t vs. an average cash costs of 659 \$/t of BSKP producers), Ence is firmly positioned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



Source: Hawkins Wright, CIF Europe (April 2025)

Sale of Energy Saving Certificates for €40m

Registered as operating revenues (€30m already cashed)



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

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

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

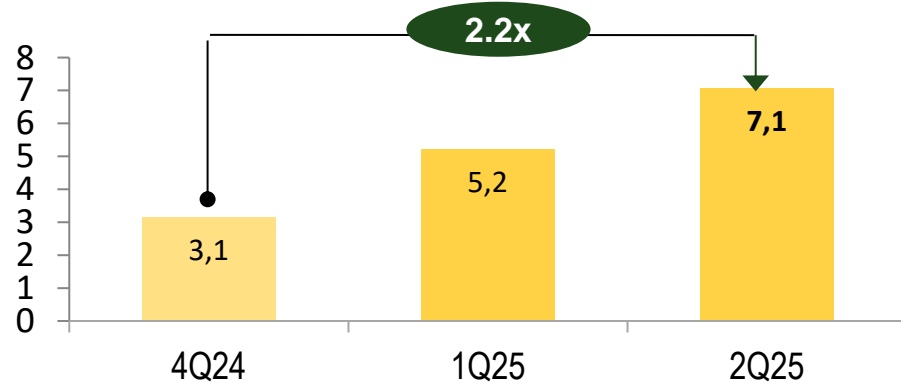
Ence sold Energy Saving Certificates (CAE) for €40m in 1H 2025, registered as other operating revenue (€30m in February and additional €10m in June).

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

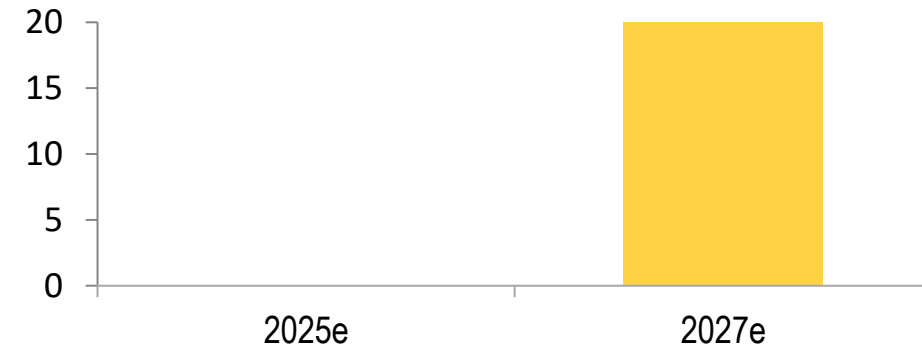
Ongoing upgrading of the plant to produce 50 GWh and 20 kt of organic fertilizer from 2027



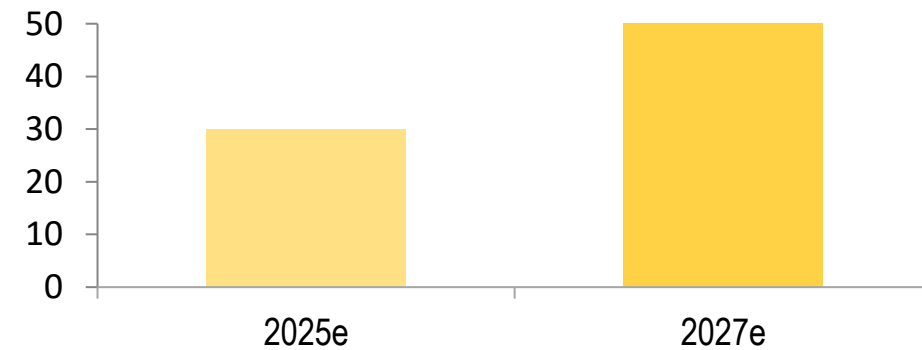
La Galera biomethane production
(GWh)



La Galera estimated biofertilizer production
(K tons)



La Galera estimated biomethane production
(GWh)



First step in the creation of biomethane platform in Spain

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

BIOMETHANE BUSINESS

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

Plant size: 50 – 100 GWh

Production Target: 1,000 GWh by 2030

Estimated Capex: €0.4m / GWh

ROCE¹ Target: > 12%



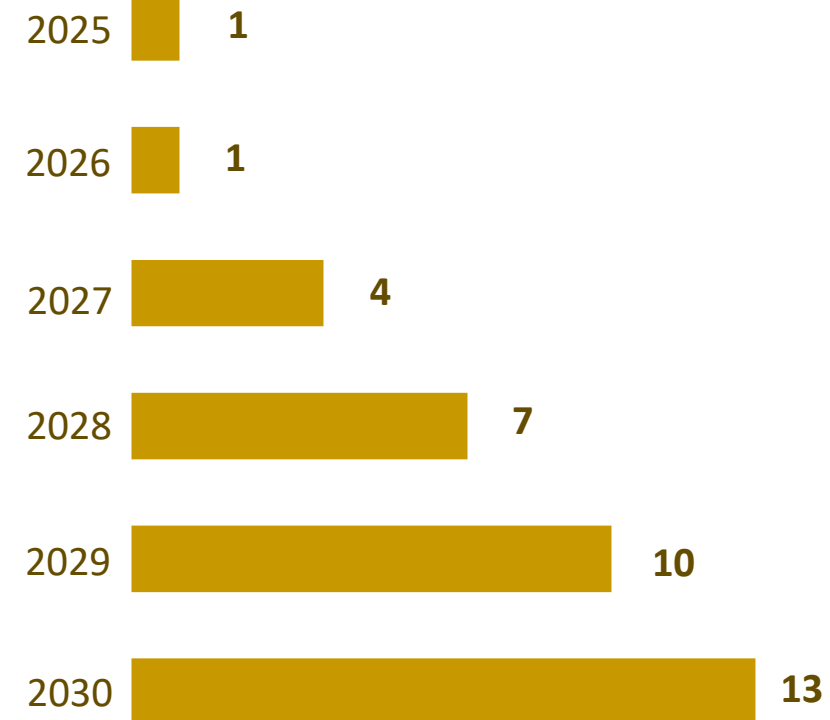
PROJECT PIPELINE

37 plants: locations secured and feasibility studies completed

17 plants already in their permitting phase

10 plants expected RTB in 2025-26

PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



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

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

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

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

MAHOU-SAN MIGUEL THERMAL ENERGY PROJECT

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

Installed capacity:	20 MW
Prod. Target:	85 GWh/yr
Exp commissioning:	2Q26
Estimated Capex:	€12m*
ROCE ¹ Target:	> 11%

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



Landmark credential with major food & beverage player

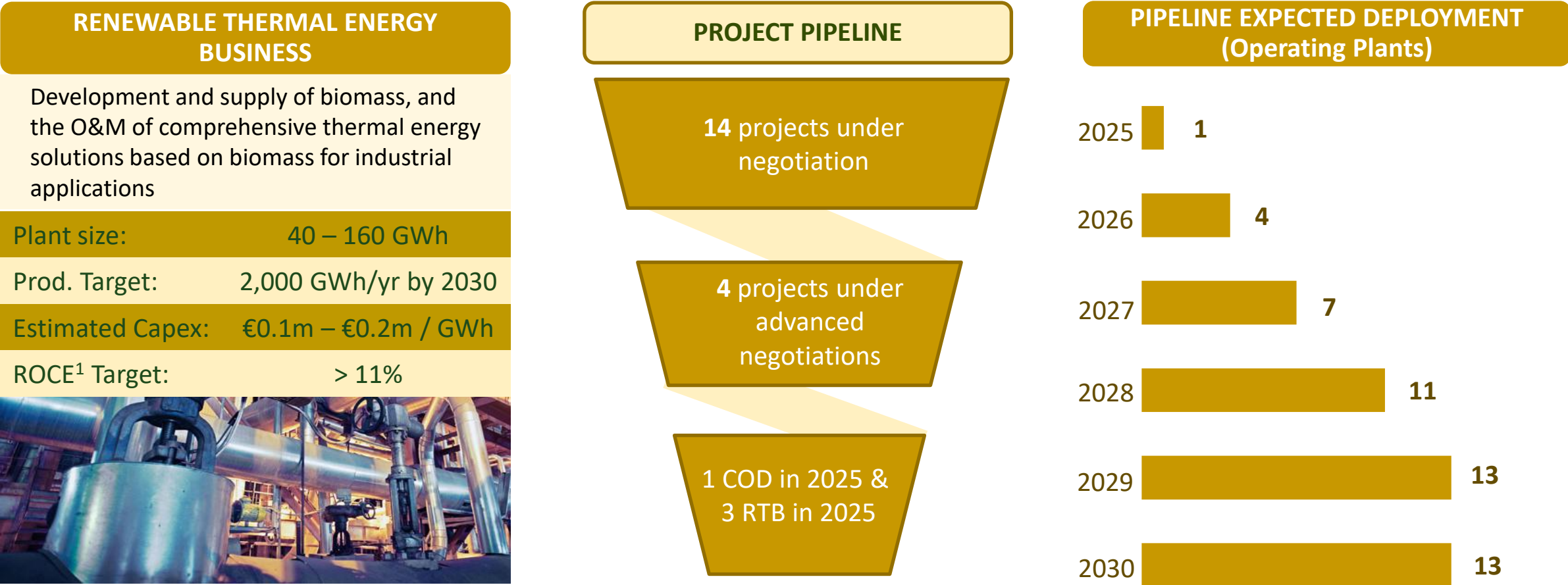
¹ ROCE = EBIT / Equity + Net Debt (including leases)

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

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



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ENERGÍA & CELULOSA



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



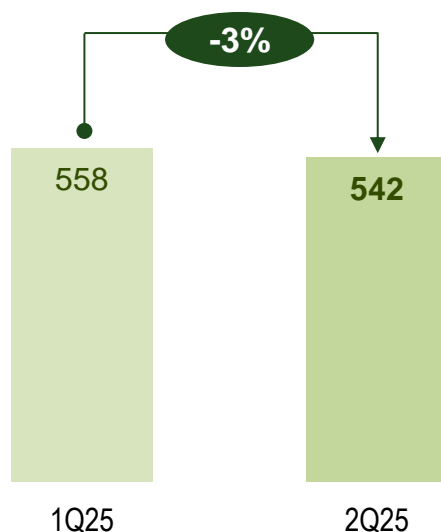
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2Q25 Financial Results

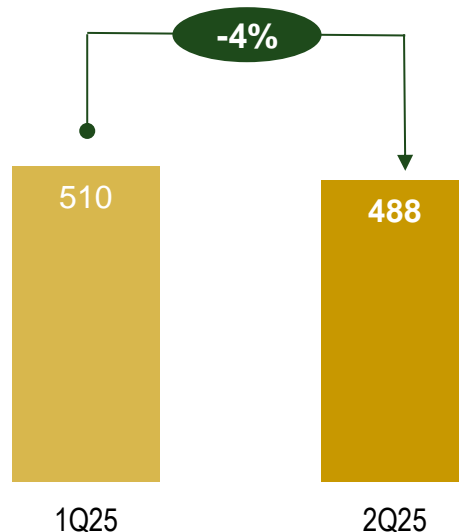
Pulp business EBITDA in 2Q25 at €20m

22 €/t cash cost reduction vs. 1Q25

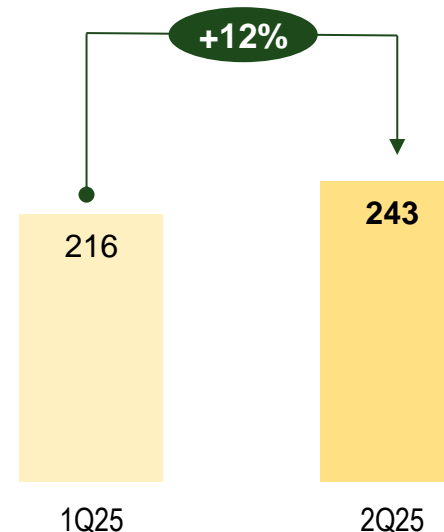
Avg. NET Sales price
(€/t)



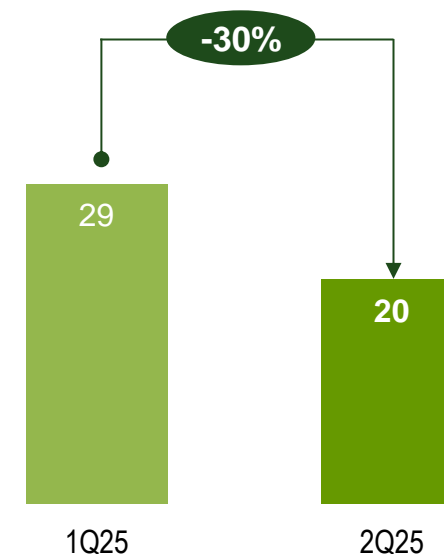
Cash Cost
(€/t)



Pulp sales volume
(,000 t)



Pulp EBITDA
(€m)



17€/t net pulp price decrease vs. 1Q25, to 542 €/t

186€/t decrease vs. 2Q24

Prices are close to marginal costs in July at 1,060 \$/tn (BHPK Europe) which should lead to the start of a recovery by year-end, if the trade situation stabilizes

22 €/t cash cost reduction vs. 1Q25
14€/t cash cost increase vs. 2Q24

Temporary factors affecting cash costs dissipate in 2Q25 (Navia turbine fully set up early in June). Cash cost evolution aligned with full-year guidance of 485€/t

27 kt higher pulp sales vs. 1Q25
13 kt lower pulp sales vs. 2Q24

- The uncertainty triggered by the trade war has slowed down market transactions
- Inventory build-up of 14k Tn

2Q25 EBITDA of €20m vs. 1Q25 EBITDA of €29m (and €61m in 2Q24)

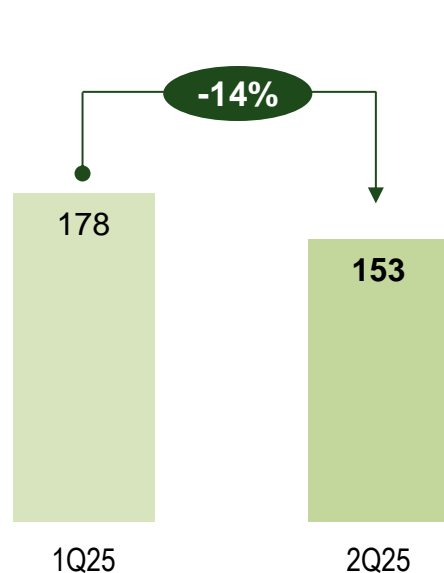
- Sale of Energy Saving Certificates for €10m in 2Q25 (€40m in 1H25)*
- €3m one-off cost in 2Q25 due to lower cogeneration at Navia (€10m in 1H25). The turbine was fully set-up early in June

*These transactions have been recognized as revenues for the period, based on the interpretation of current accounting regulation in the absence of a specific one.

Biomass to renewable electricity EBITDA at €5m

€4m Renewables EBITDA includes new business development costs

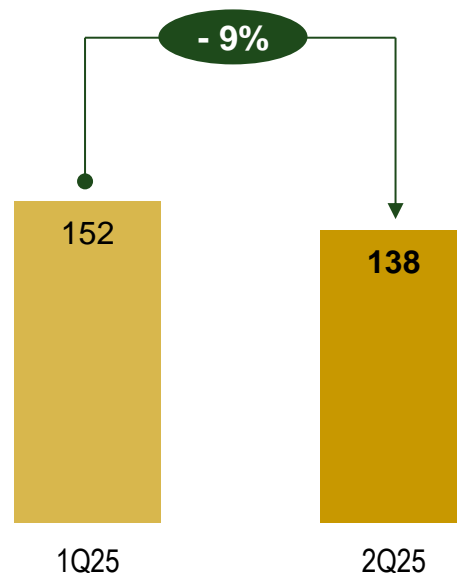
Biomass to renewable electricity
energy revenue per MWh (€/MWh)



**-25 €/MWh lower revenues vs. 1Q25
+ 33 €/MWh vs. 2Q24**

- Includes pool price + hedges + Ro + back-up ancillary services + Ri

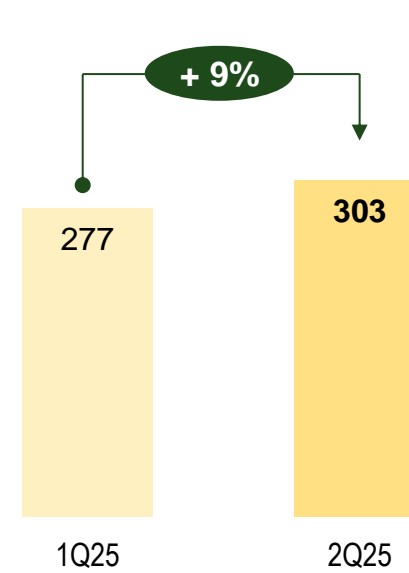
Biomass to renewable electricity
costs per MWh (€/MWh)



**Cost reduction of -14 €/MWh vs.
1Q25 (+10 €/MWh increase vs.
2Q24)**

- Lower biomass costs and higher production volumes (structure costs dilution) allow for better cost efficiency

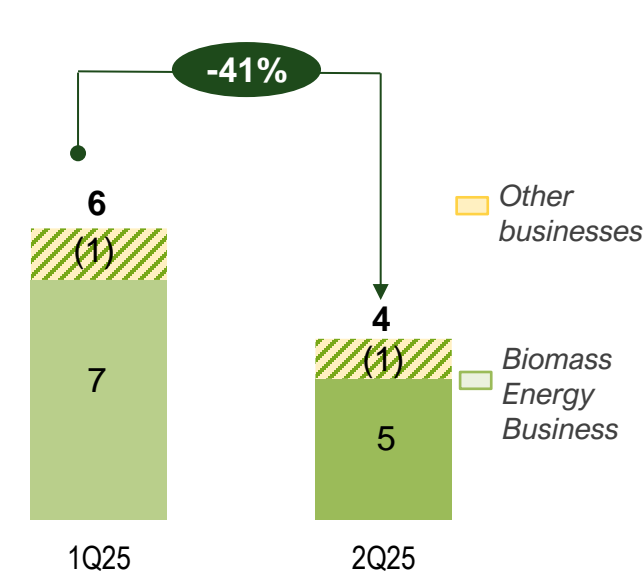
Biomass to renewable electricity
volumes sold (€/MWh)



**25 GWh output improvement vs. 1Q25
(9 GWh lower vs. 2Q24)**

- Production increase following the maintenance of 70% of the production capacity in 1Q25.
- Production levels below 2Q24 due to start-up ramp-up after maintenance

**Renewables EBITDA
(€m)**



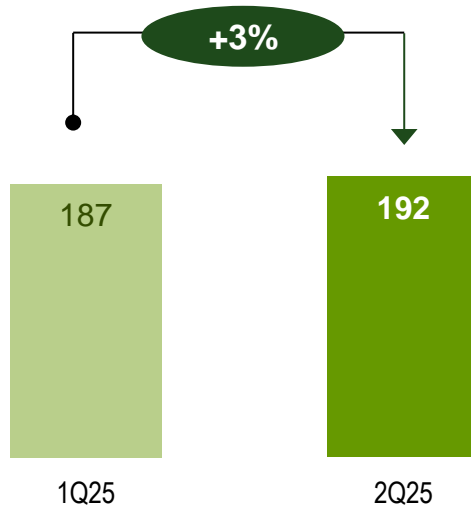
**€2m lower EBITDA vs. 1Q25
EBITDA and (€1m lower vs. 2Q24)**

- €1m negative EBITDA from new businesses per quarter.

€24m consolidated EBITDA in 2Q25

- €9m net income

Group Revenues (€m)



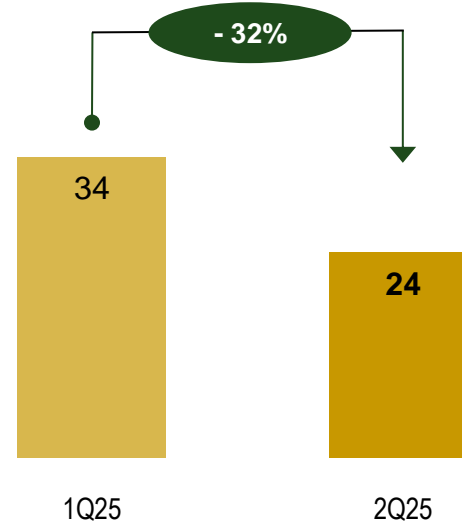
+€5m revenues growth vs. 1Q25

- + €11m in Pulp
- - €6m in Renewables

€53m lower consolidated revenues vs. 2Q24

- - €54m in Pulp
- + €1m in Renewables

Group EBITDA (€m)



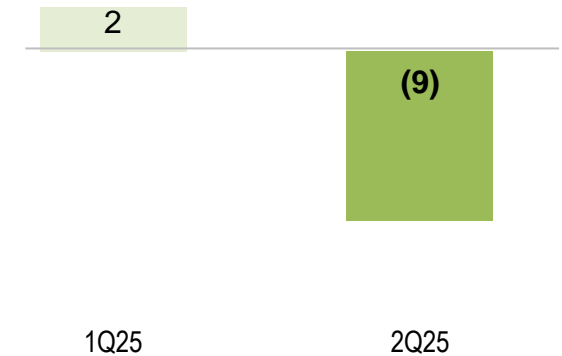
€10m lower consolidated EBITDA vs. 1Q25

- -€8m in Pulp
- - €2m in Renewables

€42m lower consolidated EBITDA vs. 2Q24

- -€41m in Pulp
- -€1m in Renewables

Attributable Net Income (€m)



€9m losses at Net Income level

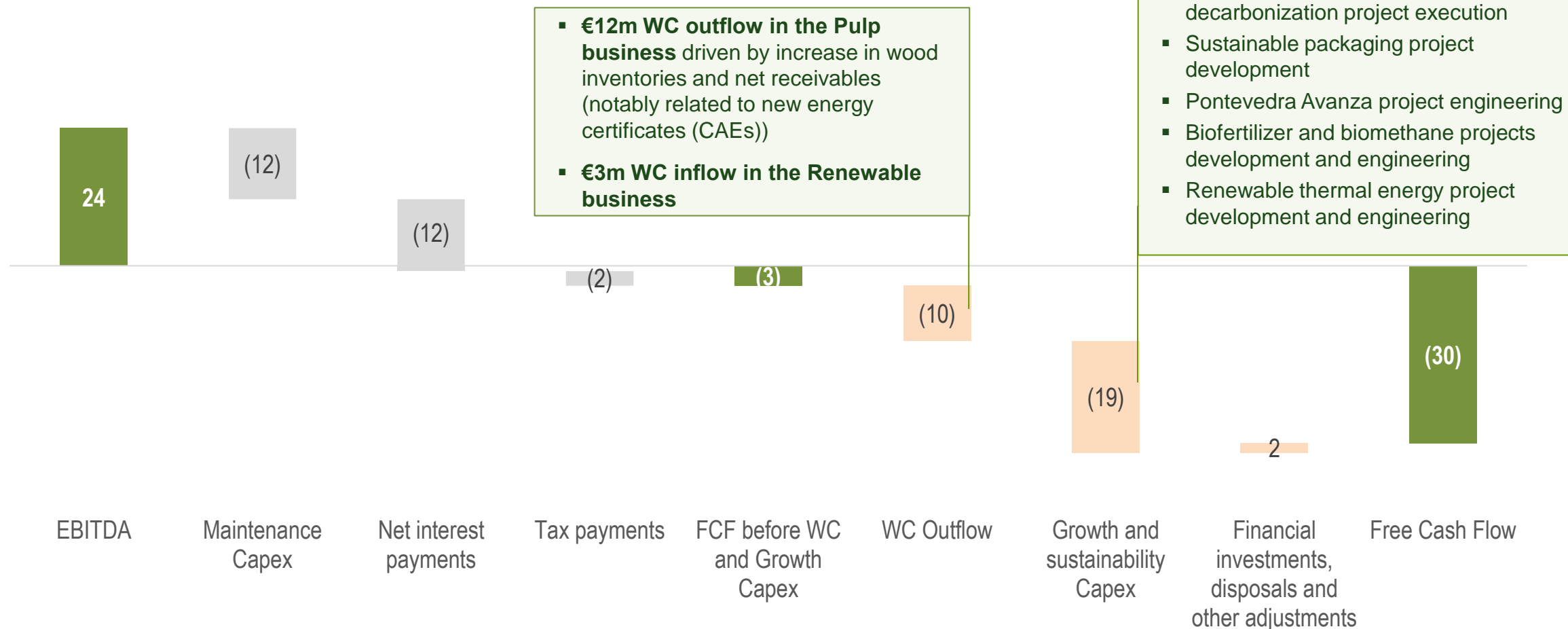
- €5m losses in Pulp
- €5m losses in Renewables

Vs. 1Q25 Net Income of €2m and 2Q24 Net Income of €23m

€-3m FCF before working capital change and growth capex in 2Q25

WC outflow driven by higher wood inventories and net receivables in the pulp business

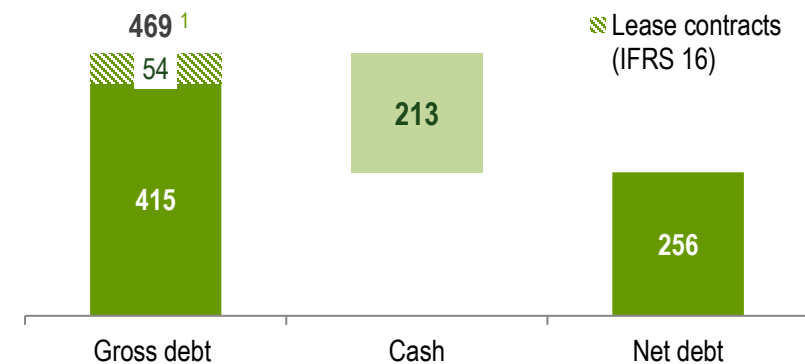
Cash Flow Statement 2Q25 (€m)



Strong liquidity, long term maturities and no covenants in Pulp

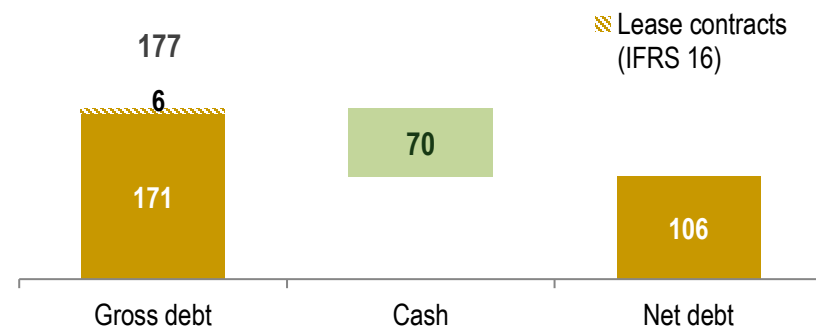
€362m consolidated net debt at the end of 2Q25

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

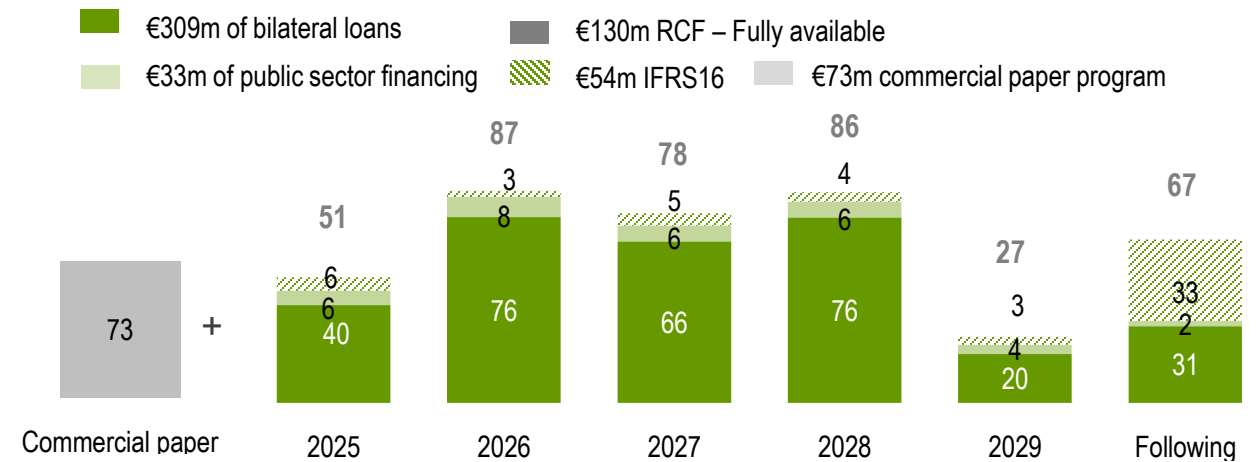


1) Pulp business financial debt is covenant free

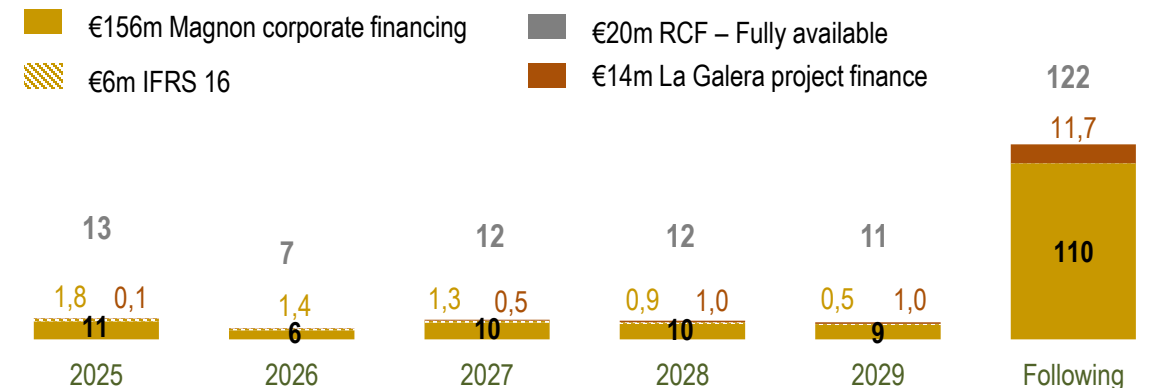
Renewables business net debt as of 30 Jun. 2025 (€ m)



Pulp business debt maturity schedule (€ m)



Magnon debt maturity schedule (€ m)



ENCE: industry leader in sustainability

Highlights 2Q25



Safe and Eco-efficient operations

For operational cost reduction

Protecting Health and Safety of employees and contractors

- ✓ Accident rates more than four times lower than the industry benchmark
- ✓ Navia technical shutdown completed without accidents

Odour reduction

- ✓ Navia's biofactory closes the first semester with **0 odour minutes**

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



Bioproducts & ecosystem services

Potential for topline improvement

Differentiated pulp products with higher added value

- ✓ **32% of total sales** of Products with higher and growing margins
- ✓ **2 new Sustainability certifications for fluff Pulp**
- ✓ **1st Carbon neutral product** (Naturcell Zero)

Forestry bioproducts and ecosystem services

- ✓ **Improved plant material, better adapted to climate change:** 1 new Eucalyptus clone in development to be ready for commercial phase in 2025
- ✓ **More than 2,100 ha of forest sinks** registered in the OECC voluntary market



Responsible supply chain

To become preferred supplier

Certified supply chain

- ✓ **>89%** of managed land certified
- ✓ **74%** of wood certified
- ✓ **100% sites SURE System** certified (Sustainable biomass)

Supply chain supervision

- ✓ **Deployment of the new Third-Party Due Diligence Procedure**, in order to minimize human rights violations and negative environmental impacts risks along the supply chain, with more than 1000 suppliers analyzed in the first semester
- ✓ Implementation of tools to comply with the **EUDR Regulation** against deforestation



Positive social impact

To grant business sustainability

Talent as a competitive advantage

- ✓ **27,3% female employees**
- ✓ **30,4% females in managerial positions**
- ✓ 37,9% job openings filled with **internal promotion**
- ✓ **Top Employer** certification

Creating positive social impact in local communities

- ✓ New edition of Ence's **Pontevedra Social Plan** (up to 3M€), launched in June for the sponsoring of social projects

Promoting professional development in rural communities

- ✓ **More than 500 technical advice sessions** with Forest owners
- ✓ New edition of the **Forestry machinery training program**



3.

2025 Outlook and Closing Remarks

Closing Remarks



- By the beginning of July, BHKP prices are close to marginal cost levels, impacted by the tariffs' uncertainty. If the trade situation stabilizes, price recovery should start by the end of 2025
- Our first 125 Kt Fluff pulp line in Navia will be commissioned in 4Q25 with an expected operating margin approximately 60 €/t higher than our standard pulp.
- Our special pulp products sales are expected to exceed 62% of the total by 2028, including our Ence Advanced and Fluff pulp sales. With its special value-added products, Ence is positioned as a top quartile producer cost wise vs. BSKP producers.
- We expect to start the production of our renewable packaging solutions in 2025
- Cash cost has been reduced by 22 €/t in the quarter. In parallel, Navia's cost reduction and decarbonization project has been launched and we are making good progress with the engineering of the Pontevedra Avanza and As Pontes projects
- We are building a large biofertilizer and biomethane platform in Spain which aims to produce over 1 TWh by 2030 and to contribute over €60m to EBITDA
- Our renewable industrial heating business is developing well. It aims to produce 2TWh by 2030 and to contribute over €40m to EBITDA
- **Reaching these goals should allow us to more than double the Renewable business EBITDA over the next 5 years, whilst the transformation of Ence into a producer of special pulp will significantly improve the business operating margin**
- **The execution of these projects will be adapted and aligned to our cash flow generation, to maintain a prudent leverage and an attractive remuneration for shareholders'**



Appendix

Group Financial Review

P&L

1H25

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

1H24

Pulp	Renewables	Adjustments	Consolidated
358,9	91,4	(1,8)	448,5
0,3	-	-	0,3
10,9	2,6	(0,6)	12,9
(176,2)	(34,4)	1,8	(208,8)
(45,8)	(11,4)	-	(57,2)
(58,4)	(36,9)	0,6	(94,7)
89,7	11,2	0,0	100,9
(28,7)	(16,4)	0,8	(44,3)
(6,3)	-	-	(6,3)
(0,7)	1,1	-	0,4
(1,3)	(4,5)	-	(5,7)
52,8	(8,6)	0,8	45,0
(9,5)	(6,5)	-	(16,1)
0,9	(0,0)	-	0,9
44,2	(15,1)	0,8	29,9
(10,1)	0,2	-	(10,0)
34,0	(14,9)	0,7	19,8
-	8,2	(1,6)	6,6
34,0	(6,7)	(0,8)	26,5
0,14	(0,03)	(0,00)	0,11

Group Financial Review

Cash Flow Statement

Figures in € m	1H25				1H24			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	1,8	(15,9)	0,8	(13,3)	44,2	(15,1)	0,8	29,9
Depreciation and amortisation	30,8	16,8	(0,8)	46,8	35,0	16,4	(0,8)	50,6
Changes in provisions and other deferred expense	(0,1)	2,0	0,1	2,0	7,1	1,2	-	8,3
Impairment of gains/(losses) on disposals intangible asset:	0,3	0,0	-	0,4	0,7	(1,1)	-	(0,4)
Net finance result	13,1	8,6	0,0	21,7	8,9	6,6	-	15,4
Energy regulation adjustments	(1,1)	(3,0)	0,0	(4,1)	0,2	1,8	-	2,0
Government grants taken to income	(0,3)	(0,1)	-	(0,3)	(0,5)	(0,1)	-	(0,6)
Adjustments to profit	42,7	24,4	(0,7)	66,4	51,3	24,8	(0,8)	75,3
Inventories	(13,7)	(7,5)	-	(21,2)	(1,7)	(0,6)	-	(2,3)
Trade and other receivables	(9,5)	14,2	(4,5)	0,3	(60,6)	(16,4)	6,0	(71,0)
Current financial and other assets	-	-	-	-	(1,5)	(0,0)	0,0	(1,6)
Trade and other payables	5,1	(6,4)	4,4	3,1	(4,8)	8,1	(6,0)	(2,7)
Changes in working capital	(18,0)	0,3	(0,1)	(17,9)	(68,5)	(9,0)	-	(77,5)
Interest paid	(10,3)	(8,0)	-	(18,3)	(10,6)	(6,7)	-	(17,3)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	(2,5)	0,3	-	(2,2)	(1,7)	(0,3)	-	(2,0)
Other collections/(payments)	0,0	-	-	0,0	-	-	-	-
Other cash flows from operating activities	(12,8)	(7,7)	-	(20,5)	(12,3)	(7,0)	-	(19,3)
Net cash flow from operating activities	13,7	1,0	-	14,7	14,7	(6,3)	-	8,4
Property, plant and equipment	(35,8)	(10,7)	-	(46,5)	(24,6)	(8,1)	-	(32,6)
Intangible assets	(2,7)	(1,0)	-	(3,7)	(2,4)	(0,9)	-	(3,2)
Other financial assets and Group companies	15,6	(2,2)	(14,0)	(0,6)	(21,9)	(0,7)	22,5	(0,2)
Disposals ¹	0,3	0,1	-	0,4	0,2	0,9	(0,0)	1,1
Net cash flow used in investing activities	(22,6)	(13,7)	(14,0)	(50,4)	(48,7)	(8,8)	22,5	(35,0)
Free cash flow	(9,0)	(12,7)	(14,0)	(35,7)	(34,0)	(15,1)	22,5	(26,6)
Buyback/(disposal) of own equity instruments	(0,7)	-	-	(0,7)	1,4	-	-	1,4
Proceeds from and repayments of financial liabilities	24,7	(8,0)	14,0	30,7	(58,0)	39,8	(22,5)	(40,6)
Dividends payments	(0,0)	-	0,0	-	-	-	-	-
Net cash flow from/ (used in) financing activities	24,0	(8,0)	14,0	30,0	(56,5)	39,8	(22,5)	(39,2)
Net increase/(decrease) in cash and cash equivalents	15,1	(20,7)	-	(5,6)	(90,6)	24,8	-	(65,8)

1 Disposals in 1Q25 exclude the maturity in January 2025 of current financial investments amounting to €10m, as they are considered as cash and cash equivalents

Group Financial Review

Balance Sheet

Figures in €Mn	Jun-25				Dec-24			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Inmovilizado inmaterial	20,5	56,9	(11,3)	66,1	19,2	57,2	(11,6)	64,9
Inmovilizado material	630,3	368,1	(5,9)	992,5	608,6	372,4	(6,4)	974,6
Activos biológicos	65,2	0,2	-	65,5	66,1	0,3	-	66,3
Participaciones a largo plazo en empresas del Grupo	114,0	0,0	(114,0)	0,1	114,0	0,6	(114,0)	0,7
Préstamos a largo plazo con empresas del Grupo	51,2	1,0	(51,2)	1,0	65,7	-	(65,7)	-
Activos por impuestos diferidos	32,4	24,2	2,8	59,4	35,2	23,9	2,9	62,0
Otros activos no corrientes	20,2	28,9	(11,5)	37,6	19,5	20,3	-	39,8
Efectivo para cobertura de deuda financiera	-	-	11,5	11,5	-	10,0	-	10,0
Activos no corrientes	933,9	479,3	(179,6)	1.233,7	928,3	484,7	(194,8)	1.218,3
Existencias	100,4	21,5	-	121,9	82,1	12,5	-	94,6
Deudores comerciales y otras cuentas a cobrar	44,0	23,2	(1,9)	65,3	39,5	36,0	(6,0)	69,4
Impuesto sobre beneficios	5,3	1,0	-	6,3	5,3	1,3	-	6,6
Otros activos corrientes	25,9	3,1	-	29,0	15,7	0,3	-	16,1
Derivados de cobertura	9,3	0,0	(0,0)	9,3	0,0	-	-	-
Inversiones financieras temporales EEGG	0,2	1,2	(1,3)	0,0	0,2	0,7	(0,8)	0,0
Inversiones financieras temporales	2,7	0,1	-	2,8	13,3	0,2	-	13,6
Efectivo y equivalentes	210,1	58,7	-	268,8	184,6	79,4	-	263,9
Activos corrientes	397,8	108,8	(3,2)	503,4	340,7	130,4	(6,9)	464,2
TOTAL ACTIVO	1.331,8	588,1	(182,8)	1.737,1	1.269,0	615,1	(201,6)	1.682,4
Patrimonio neto atribuible a la Sociedad Dominante	572,0	86,8	(128,3)	530,5	559,1	95,6	(129,0)	525,6
Intereses minoritarios	-	91,1	-	91,1	-	97,1	-	97,1
Total Patrimonio neto	572,0	177,9	(128,3)	621,6	559,1	192,6	(129,0)	622,6
Deudas a largo plazo con EEGG y asociadas	-	80,2	(51,2)	29,0	-	94,7	(65,7)	29,0
Deuda financiera a largo plazo	321,9	163,6	-	485,5	291,3	155,1	-	446,4
Derivados de cobertura	1,6	1,2	(0,0)	2,8	2,2	1,8	-	4,0
Pasivos por impuestos diferidos	-	-	-	-	-	-	-	-
Provisiones para riesgos y gastos	28,9	1,0	-	29,9	28,9	0,6	-	29,5
Otros pasivos no corrientes	35,6	68,0	-	103,7	33,8	71,9	-	105,7
Pasivos no corrientes	388,0	314,1	(51,3)	650,8	356,2	324,2	(65,7)	614,7
Deuda financiera a corto plazo	147,0	13,0	0,0	160,0	149,2	13,0	-	162,2
Derivados de cobertura	1,5	1,2	-	2,7	6,9	1,1	-	8,0
Acreedores comerciales y otras deudas	184,9	75,4	(1,9)	258,4	166,4	80,2	(6,0)	240,6
Deudas a corto plazo con EEGG	1,2	1,9	(1,4)	1,7	0,7	1,0	(0,8)	0,9
Impuesto sobre beneficios	1,2	0,0	-	1,3	0,0	0,0	-	0,0
Provisiones para riesgos y gastos	36,0	4,7	-	40,6	30,5	3,0	-	33,5
Pasivos corrientes	371,8	96,1	(3,2)	464,6	353,7	98,3	(6,9)	445,1
TOTAL PASIVO	1.331,8	588,1	(182,8)	1.737,1	1.269,0	615,1	(201,6)	1.682,4

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

Alternative Performance Measures (APMs)

Pg.1

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

EBITDA

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

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

OTHER NON-OPERATING ITEMS

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

CASH COST

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

The cash cost can be measured as the difference between revenue from the sale of pulp and EBITDA in the Pulp business, adjusted for the settlement of hedges, forest depletion charges and the change in inventories. To calculate the cash cost, the related production costs are divided by the volume of tonnes produced, while overhead and sales and logistics costs are divided by the volume of tonnes sold.

OPERATING PROFIT PER TONNE OF PULP

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

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

NET FINANCE COST AND OTHER FINANCIAL ITEMS

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

MAINTENANCE, EFFICIENCY, GROWTH AND SUSTAINABILITY CAPEX

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

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

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

OPERATING CASH FLOW

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

FREE CASH FLOW

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

NORMALISED FREE CASH FLOW

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

NET DEBT / (CASH)

The borrowings recognised on the balance sheet, include bonds and other marketable securities, bank borrowings and other financial liabilities, including leases (IFRS 16). They do not include, however, the measurement of derivatives or borrowings from Group companies and associates.

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

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

ROCE

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

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



Delivering value Delivering commitments