

# FIRST-HALF 2021 RESULTS.

30 June 2021

# BUSINESS PERFORMANCE

(Report at 30/06/2021)

Iberpapel performed well in the second quarter of 2021 in relation to the first quarter. Second-quarter revenue was 20% higher and EBITDA rose €8.5 million or 47% on the first three months of the year.

Second-quarter EBITDA amounted to 14% of revenue.

In the first half, the number of physical units sold rose by 27% against the same period of the previous year and by 4% in relation to the same period of 2018 and 2019.

The paper selling price recovered by around 6% compared with the first half, although it remains well below the price for the same period of 2020. A further recovery may be observed to date, which was not the case in the second half of the previous year.

First-half paper sales rose by 18% against the same period of the previous year. Revenue from electricity sales also increased by 23%.

A first-half net profit of €7.10 million was recognised, 67% above the cumulative profit of €4.24 million for 2020.

## 1. CONSOLIDATED HIGHLIGHTS AT 30 JUNE 2021

Revenue totalled €106,423 thousand, 21.61% up on the same period of the previous year (H1 2020: €87,509 thousand).

EBITDA amounted to €14,301 thousand (H1 2020: €12,749 thousand), up 12.17%. The gross operating margin was 13.43% (H1 2020: 14.57%).

Net profit for the first half of 2021 amounted to €7,103 thousand (H1 2020: €6,033 thousand), having risen 17.74%.

## 2. CONSOLIDATED INCOME STATEMENT

### a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	30/06/2021	30/06/2020	% change
Revenue	106,423	87,509	21.61%
Other income	1,603	1,799	-10.89%
<b>Revenue</b>	<b>108,026</b>	<b>89,308</b>	<b>20.96%</b>
Changes in inventories of finished goods and work in progress	-7,431	2,825	-
Raw materials and consumables	-37,871	-36,736	3.09%
Staff costs	-9,866	-10,129	-2.60%
Other expenses	-38,557	-32,519	18.57%
<b>EBITDA</b>	<b>14,301</b>	<b>12,749</b>	<b>12.17%</b>
Depreciation/amortisation	-6,578	-5,494	19.73%
Impairment and profit/(loss) on fixed asset disposals	27	1	-
<b>EBIT</b>	<b>7,750</b>	<b>7,256</b>	<b>6.81%</b>
Net financial income/(expense)	174	-348	-
<b>Profit before tax</b>	<b>7,924</b>	<b>6,908</b>	<b>14.71%</b>
Taxes	-821	-875	-6.17%
<b>NET PROFIT</b>	<b>7,103</b>	<b>6,033</b>	<b>17.74%</b>

### b) OPERATING INCOME

Cumulative revenue at 30 June 2021 totalled €106,423 thousand (H1 2020: €87,509 thousand), having increased by 21.61%. The most significant items are set out below:

Thousand euro	30/06/2021	30/06/2020	Change %
Paper sales	84,630	71,760	17.93%
Electricity sales	18,670	15,137	23.34%
Timber sales	3,123	612	410.29%

#### *i. Paper sales*

The increase in paper sales is explained by the growth in the number of physical units sold. Although the paper selling price recovered in relation to the final quarter of 2020, it was still well below the selling price for the same period of the previous year.

#### *ii. Electricity sales*

"Electricity sales" billings rose by 23% on the same period of the previous year due to the increase in power prices and production growth in relation to H1 2020.

#### *iii. Timber sales*

In the first half of 2021, the forestry companies sold timber in the amount of €3,123 thousand (H1 2020: €612 thousand).

### OPERATING EXPENSES

i. *Other expenses*

This income statement heading includes gas and power purchases. While power purchase prices rose by 56%, gas prices fell by 18%, both in comparison with the first half of 2020.

3. CONSOLIDATED BALANCE SHEET AT 30/06/2021 AND 31/12/2020

ASSETS		Date	Date
Thousand euro		30/06/2021	31/12/2020
I.	Property, plant and equipment	182,415	185,704
II.	Biological assets	16,452	16,320
III.	Other intangible assets	3,469	2,385
IV.	Deferred tax assets	2,451	2,539
V.	Non-current financial assets	5,481	8,059
A) NON-CURRENT ASSETS		210,268	215,007
II.	Inventories	18,471	29,419
II.	Trade and other receivables	33,678	27,194
IV.	Cash and cash equivalents	136,485	126,322
B) CURRENT ASSETS		188,634	182,935
TOTAL ASSETS (A+B)		398,902	397,942

LIABILITIES		Date	Date
Thousand euro		30/06/2021	31/12/2020
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	264,183	263,596
III.	Profit/(loss) for the year	7,103	4,240
IV.	<i>Less: Treasury shares</i>	-2,554	-2,574
V.	Exchange differences	-20,787	-22,451
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>		-2,183
A) EQUITY		268,202	260,885
I.	Bank borrowings	73,462	82,608
II.	Deferred tax liabilities	160	285
III.	Non-current provisions	126	162
IV.	Other non-current liabilities	4,162	3,661
B) NON-CURRENT LIABILITIES		77,910	86,716
I.	Bank borrowings	15,408	10,768
II.	Trade and other payables	33,955	36,059
III.	Provisions for other current liabilities	3,427	3,514
C) CURRENT LIABILITIES		52,790	50,341
TOTAL LIABILITIES AND EQUITY (A+B+C)		398,902	397,942

a) Biological assets

Biological assets are valued annually by the independent expert "Galtier Franco Ibérica, S.A."

The scope of this independent expert valuation spans all the biological assets owned by the Group's forestry companies in Spain, Argentina and Uruguay.

The valuation is performed by identifying and grouping the biological assets on the basis of physical characteristics and geographic coordinates. Each defined group of biological assets has been classified based on qualities and on quantitative aspects so as to determine fair value less estimated point-of-sale costs. The following criteria are addressed in the valuation process: product type, species and quality; annual growth; date of planting or new shoots; felling date; degree of maturity; planting cost; disposal cost; and prices of recent market transactions, market prices of similar assets and industry benchmarks.

The valuation criteria are as follows:

"Immature" (fair value hierarchy 3 as per IFRS 13): fair value is calculated using costs incurred, as the optimal state of maturity has not been reached. The most significant costs include the plant, preparation of the land, cultivation work, etc.

"Mature" (fair value hierarchy 2 as per IFRS 13): biological assets that are ready for harvesting or picking and have been measured by reference to the selling price of standing timber in each market in which the asset is located.

Government grants associated with a biological asset are recognised when and only when they are payable.

*b) Exchange differences.*

The Group has investments in Uruguay and Argentina through companies operating in currencies other than the euro, which is Iberpapel Gestión, S.A.'s functional and presentation currency. Consequently, the Group is exposed to foreign exchange risks in connection with the Argentine and Uruguayan pesos against the euro.

At 30 June 2021, the Group records cumulative currency translation losses totalling €(20,787) thousand (31/12/2020: €(22,451 thousand), caused by foreign exchange fluctuations affecting the Uruguayan peso in relation to the euro. The Uruguayan peso appreciated 0.5% from December 2020 to 30 June 2021, while the Argentine peso depreciated 11.17% in the same period.

In addition, as a result of the classification of Argentina as a hyperinflationary economy since July 2018, with retroactive effect to 1 January 2018, retained losses recognised due to hyperinflation at 30 June 2021 amounted to €89 thousand, as compared with a loss of €8 thousand at 30 June 2020.

*c) Bank borrowings*

At 30 June 2021, the Group records a net cash surplus of €47,615 thousand (31/12/2020: €32,946 thousand).

The following chart reflects the evolution of the Group's sound financial structure:

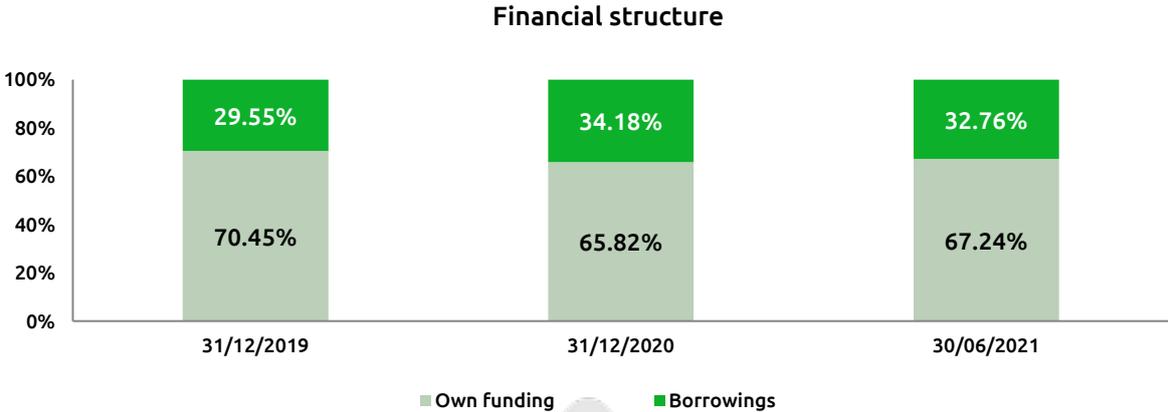


Chart I

**4. ACCOUNTING POLICIES**

This accounting information at 30 June 2021 has been prepared applying the International Financial Reporting Standards (IFRS) adopted for use in the European Union and approved by European Commission Regulations, IFRIC interpretations and company law applicable to companies reporting under EU-IFRS.

Alternative performance measures (APMs) are used internally by Iberpapel Gestión, S.A.'s management and Board of Directors to make decisions and we therefore consider them to be significant for users of the financial information when assessing the Group's results and financial situation. This report reflects the unregulated APMs defined below:

EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization") is an indicator measuring the company's operating results before deducting interest, taxes, impairment losses, depreciation and amortisation charges, and results from non-current assets. As it does not include financial figures, taxes, impairment, depreciation or amortisation, EBITDA is used by management to assess results and allows comparison with other industry companies, section 2.a).

Gross operating margin is calculated as the quotient of the above-mentioned EBITDA indicator and revenue reflected in the Iberpapel Group's consolidated income statement, section 1.

EBIT ("Earnings Before Interest and Taxes) is an indicator measuring the company's operating results before deducting interest and taxes. It is used by management to assess results over time and allows comparison with other industry companies. EBIT is calculated as EBITDA less depreciation, amortisation and results from non-current assets, section 2. a).

Net debt is the indicator employed to measure the Group's level of indebtedness. Net debt is calculated by aggregating the balance sheet items reflected under "Bank borrowings", including "Payables due to discounted bills". This amount is reduced by the cash reflected under "Cash and cash equivalents" in the Group's consolidated balance sheet.

## 5. FIXED ASSETS

Property, plant and equipment and intangible assets increased by €3,046 thousand in the first half of 2021 (H1 2020: €19,178 thousand).

## 6. SHARE PRICE TREND

The Ibex-35 closed the first half up 9.26% after falling 3.58% in June, the worst month of the year. In Europe, the best performance was achieved by the CAC-40, up 17.23% in the first half. Iberpapel's stock rose 4.07% during the same period. The economic recovery is expected to continue in the second half, but there are doubts surrounding the economic effects of the Delta variant of Covid-19 and fear of unbridled inflation is back, due to the increase in raw material prices, particularly Brent (45%), copper (20%), iron (38%) and timber (28%) in the second half.

Main stock data:

	H1 2021:	2020	2019	2018	2017
Shares admitted to trading (€M)	6.62	6.62	6.62	6.62	6.56
No. of shares (x1000)	11,040	11,040	11,040	11,040	10,930
Capitalisation (€M)	197.61	189.89	281.52	364.31	319.17
Volume traded (x 1000 shares)	733	1,235	1,354	1,060	2,961
Cash value traded (€M)	13.40	24.48	36.22	35.60	83.12
Closing price (€)	17.90	17.20	25.50	33.00	29.20
Maximum price (€)	20.60 (06-Apr)	26.30 (02 Feb)	33.60 (02 Jan)	39.30 (30 Jul)	31.88 (15 May)
Minimum price (€)	16.50 (20 Feb)	15.50 (05 Nov)	23.80 (18 Nov)	27.63 (2 Jan)	22.12 (3 Jan)

*Source: BME and Madrid Stock Exchange (Summary of equity trading)*

### Comparative stock performance in 2021 (Base 100 at 31/12/2020)

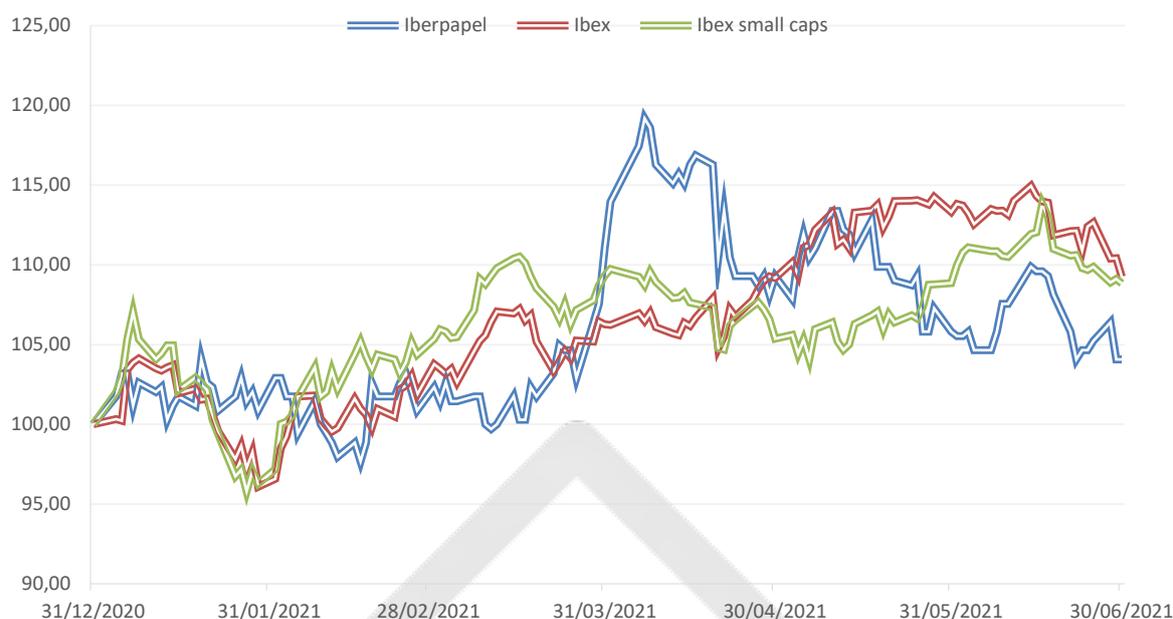


Chart II

The Iberpapel Group has a relationship with its shareholders and investors based on transparency and adequate information channels to assure a permanent flow of easily accessible information.

The website ([www.iberpapel.es](http://www.iberpapel.es)) is continuously updated to include all the information necessary on the Company and the Group, as well as quarterly and half-yearly results, relevant events and any other information of interest.

The Investor Relations Department is open to all queries through the website, over the telephone (91 564 07 20) or via e-mail: [atención.al.accionista@iberpapel.es](mailto:atención.al.accionista@iberpapel.es)

## 7. OTHER RELEVANT INFORMATION

26/02/2021.- Announcement of 2020 results.

14/05/2021.- Attached are the announcement of the Annual General Meeting and the Proposed Resolutions.

30/06/2021.- Attached are the resolutions adopted by the Annual General Meeting held yesterday.

01/07/2021.- The Annual General Meeting resolves to pay a supplementary, definitive gross dividend of €0.10 per share out of 2020 profits.