

FIRST HALF RESULTS 2022

30 June 2022



BUSINESS PERFORMANCE

(Report at 30/06/2022)

The first half of 2022 was marked by Russia's invasion of Ukraine and by global inflation.

Energy, logistics and commodity costs increased from already historically high levels at the start of the year, particularly gas and electricity.

In this unstable macroeconomic and geopolitical environment, Iberpapel succeeded in consolidating the selling price policy adapted to the unstable situation, which was launched in the third quarter of the previous year through a publicity campaign targeting customers so as to explain the gravity of the situation, allowing the sharp increase in costs to be offset.

The paper selling price rose by 55% in the first half of 2022 against the same period of 2021. Tonnes of paper sold fell by 8% in the same period due to the maintenance stoppage completed every 18 months in the paper company, which lasted for 12 days. This logically impacted the income statement for the period.

As regards the energy situation, the proposed order published on 12 May updating cogeneration plant remuneration policies considerably penalised operating remuneration (*Ro*) with retroactive effects to 1 January 2022, the impact of which is reflected in our half-yearly results.

The publication on 9 June of Order TED/517/2022 brought into force Royal Decree-Law 10/2022 of 13 May, eliminating the right to apply the gas price adjustment for combined cycle plants, meaning that most cogeneration plants, including our own, had to shut down, which has not been the case in other European countries.

In short, our efficient cogeneration plants are still not operating, pending the necessary measures by the Ministry to correct this incomprehensible situation, which should never have arisen, in our opinion.

1. CONSOLIDATED HIGHLIGHTS AT 30 JUNE 2022

Revenue totalled €163,929 thousand, 54.04% up on the same period of the previous year (30/06/2021: €106,423 thousand).

EBITDA amounted to €14,827 thousand (30/06/2021: €14,301 thousand), having increased by 3.68%. The gross operating margin was 9.04% (30/06/2021: 13.43%).

Net profit totalled €7,537 thousand (30/06/2021: €7,103 thousand).

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	30/06/2022	30/06/2021	% change
Net sales	163,929	106,423	54.04%
Other income	5,635	1,603	251.53%
Revenue	169,564	108,026	56.97%
Changes in inventories of finished goods and work in progress	-980	-7,431	
Raw materials and consumables	-49,900	-37,871	31.76%
Staff costs	-10,071	-9,866	2.08%
Other expenses	-93,786	-38,557	143.24%
EBITDA	14,827	14,301	3.68%
Depreciation/amortisation	-6,560	-6,578	-0.27%
Impairment and profit/(loss) on fixed asset disposals	-91	27	
EBIT	8,176	7,750	5.50%
Net financial income/(expense)	355	174	104.02%
Profit before tax	8,531	7,924	7.66%
Taxes	-994	-821	21.07%
NET PROFIT	7,537	7,103	6.11%

b) OPERATING INCOME

Cumulative revenue at 30 June 2022 totalled €163,929 thousand (30/06/2021: €106,423 thousand), having increased by 54.04%. The most significant items are set out below:

Thousand euro	30/06/2022	30/06/2021	Change %
Paper sales	123,144	84,630	45.51%
Electricity sales	40,037	18,670	114.45%
Timber sales	748	3,123	-76.05%

i. Paper sales

The paper selling price rose by 48% in the first half of 2022 against the average selling price in 2021.

In the second quarter we tested sales of white and brown cellulose fibre, having invoiced 120 tonnes.

ii. Electricity sales

“Electricity sales” billings rose by 114% on the same period of the previous year due to the increase of between 140% and 170% in power selling prices above the same period of 2021.

iii. Timber sales

The forestry companies sold timber in Spain and Argentina for the amount of €748 thousand (30/06/2021: €3,123 thousand).

c) OPERATING EXPENSES

i. Raw materials and consumables

The most significant item included in raw materials and consumables is timber, the price of which increased considerably in the last two quarters. The price of this raw material is at a historical high.

ii. Staff costs

The total headcount in the first half of 2022 was 292, including directors and senior management (31/12/2021: 297). The average number of persons with recognised disabilities employed by the Group at 30 June 2022 was 8, of whom 2 are technicians and administrative staff, and 6 are operators (31/03/2021: 9, of whom 2 was a skilled worker and 7 were operators).

iii. Other expenses

The rise of over 500% in the price of gas, as well as power purchases and CO2 allowances, are reflected by an increase of €93.78 million on this income statement line, as compared with €38,56 million in the previous year.

3. CONSOLIDATED BALANCE SHEET AT 30/06/2022 AND 31/12/2021

ASSETS		Date	Date
Thousand euro		30/06/2022	31/12/2021
I.	Property, plant and equipment	182,530	181,918
II.	Biological assets	22,971	19,098
III.	Other intangible assets	10,855	10,637
IV.	Deferred tax assets	4,004	3,904
V.	Non-current financial assets	1,127	1,382
A) NON-CURRENT ASSETS		221,487	216,939
II.	Inventories	21,831	20,479
II.	Trade and other receivables	51,731	43,186
IV.	Cash and cash equivalents	92,044	105,236
B) CURRENT ASSETS		165,606	168,901
TOTAL ASSETS (A+B)		387,093	385,840

LIABILITIES		Date	Date
Thousand euro		30/06/2022	31/12/2021
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	267,680	264,549
III.	Profit/(loss) for the year	7,537	9,290
IV.	<i>Less: Treasury shares</i>	-3,194	-3,084
V.	Exchange differences	-10,470	-18,637
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>		-2,722
A) EQUITY		281,810	269,653
I.	Bank borrowings	29,201	36,409
II.	Deferred tax liabilities	264	301
III.	Non-current provisions	100	113
IV.	Other non-current liabilities	4,875	3,043
B) NON-CURRENT LIABILITIES		34,440	39,866
I.	Bank borrowings	18,280	15,707
II.	Trade and other payables	46,246	52,150
III.	Provisions for other current liabilities	6,317	8,464
C) CURRENT LIABILITIES		70,843	76,321
TOTAL LIABILITIES AND EQUITY (A+B+C)		387,093	385,840

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 according to its qualities and sized based on quantitative characteristics 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 2022, the Group records cumulative currency translation losses totalling €10,470 thousand (31/12/2021: €18,637 thousand).

The Uruguayan peso appreciated 21.85% from December 2021 to 30 June 2022, while the Argentine peso depreciated 13.01% in the same period.

Argentina has been classed as a hyperinflationary economy since July 2018 with retrospective effect to 1 January 2018. A cumulative loss of €106 thousand was recognised in the Group's Argentinian companies due to hyperinflation at 30 June 2022, as compared with a loss of €90 thousand at 31 December 2021.

c) Bank borrowings

At 30 June 2022, the Group records a net cash surplus of €44,563 thousand (31/12/2021: €53,120 thousand).

Thousand euro	30/06/2022	31/12/2021
Long-term bank borrowings	29,201	36,409
Short-term bank borrowings	18,280	15,707
Total debt	47,481	52,116
(Less: Cash and cash equivalents)	(92,044)	(105,236)
Net debt	(44,563)	(53,120)
Equity	281,810	269,653
Leverage ratio	(15.81%)	(19.70%)

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

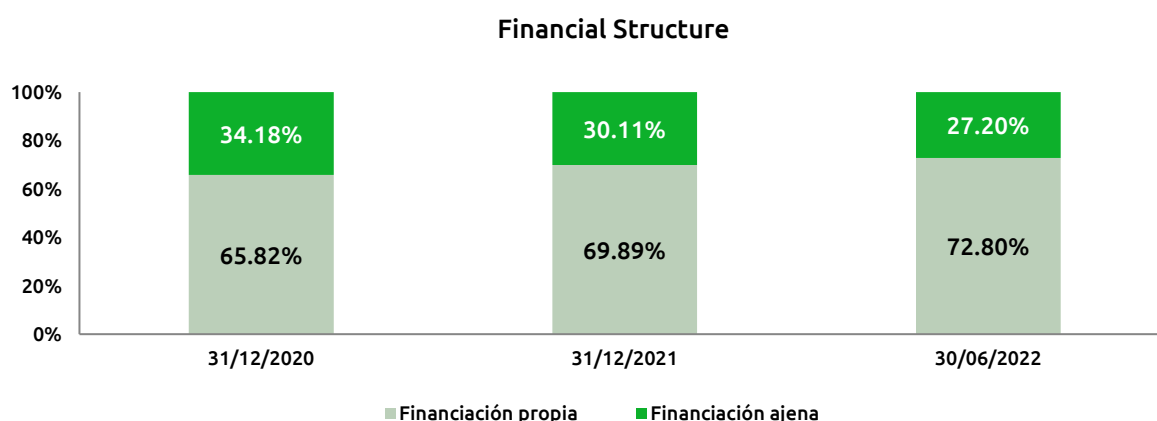


Chart I

4. ACCOUNTING POLICIES

This accounting information at 30 June 2022 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).

EBITDA = Operating profit-Depreciation/amortisation-Impairment losses.

Thousand euro	30/06/2022	30/06/2021
Operating profit	7,537	7,103
Net realisable value (NRV) provision	572	3,134
Depreciation and amortisation	6,560	6,578
Adjusted EBITDA	14.669	16,815

The 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 2.a).

Thousand euro	30/06/2022	30/06/2021
EBITDA	14,827	14,301
Revenue	163,929	106,423
Gross Operating Margin %	9.04%	13.44%

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 (section 3.c).

Leverage ratio (%). This figure is the quotient between net debt and the figure for total equity reflected in Iberpapel Gestión, S.A.'s consolidated balance sheet (section 3.c).

5. FIXED ASSETS

Property, plant and equipment and intangible assets increased by €2,454 thousand to June 2022 (31/12/2021: €8,577 thousand).

6. SHARE PRICE TREND

The Iberpapel Group's share price closed at €13.95 on 30 June 2022 after falling 22.50% below the previous year's closing price. The stock reached a high of €19.25 in January.

Main stock data:

	30/06/2022	2021	2020	2019	2018
Shares admitted to trading (€M)	6.62	6.62	6.62	6.62	6.62
No. of shares (x1000)	11,040	11,040	11,040	11,040	11,040
Capitalisation (€M)	155.66	198.72	189.89	281.52	364.31
Volume traded (x 1000 shares)	1,193	1,394	1,235	1,354	1,060
Cash value traded (€M)	19.45	25.70	24.48	36.22	35.60
Closing price (€)	14.10	18.00	17.20	25.50	33.00
Maximum price (€)	19.25 (12 Jan)	20.80 (07 Sep)	26.30 (02 Feb)	33.60 (02 Jan)	39.30 (30 Jul)
Minimum price (€)	13.95 (30 Jun)	16.50 (12 Feb)	15.50 (05 Nov)	23.80 (18 Nov)	27.63 (2 Jan)

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

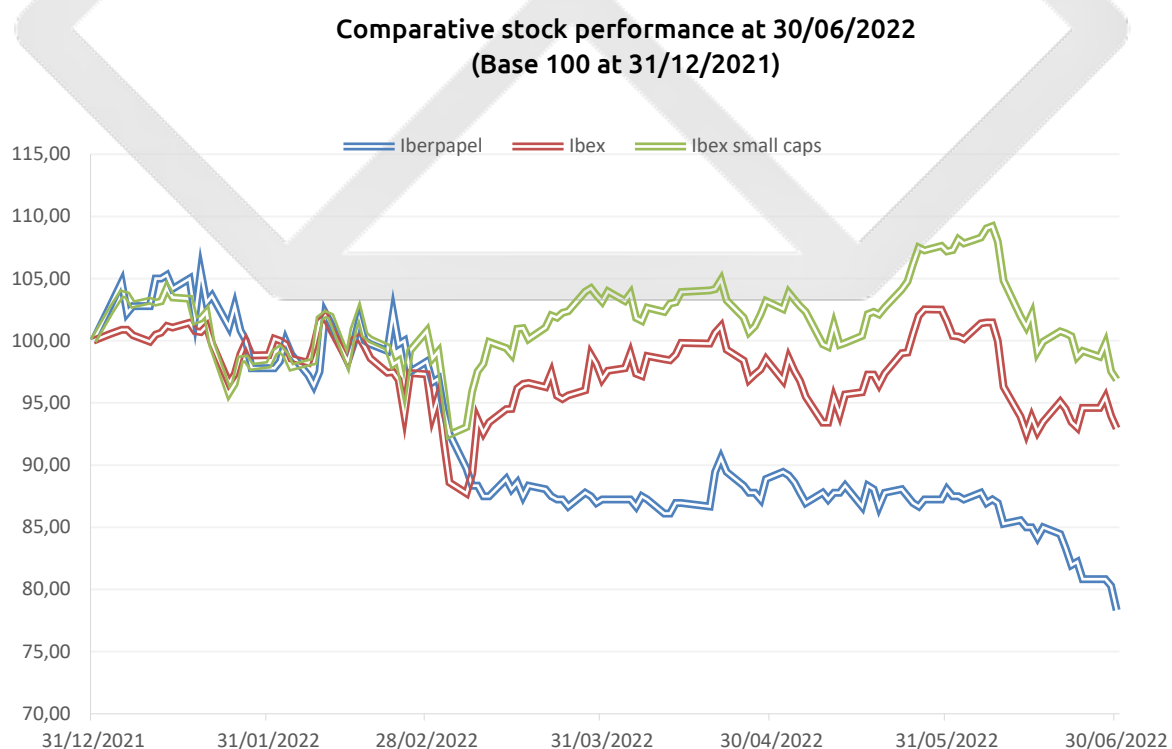


Chart II

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) 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

7. OTHER RELEVANT INFORMATION

24/02/2022.- The Company announces financial information for the second half of 2021.

09/03/2022.- The Annual General Meeting is called and the Proposed Resolutions are announced.

29/04/2022.- On 28 April 2022, the Annual General Meeting approves a gross cash payment of €0.25 per share as a supplementary, final dividend for 2021.

29/07/2022.- Attached are the resolutions adopted by the Annual General Meeting held yesterday.

