

FY 2023 RESULTS

30 June 2023



BUSINESS PERFORMANCE

(Report at 30/06/2023)

The first half of the year saw a slowdown in paper demand in Europe. This, combined with an increase in imports, essentially from Asian countries, put considerable pressure on the market.

The ratio (capacity/output) of the UWF paper industry in Europe declined considerably in the first half of 2023 down to 68%, as compared to 90% in the same period of 2022. Iberpapel also had to adjust production levels. For this reason, physical units sold were below the same period of 2022.

First-half paper sales totalled €113,471 thousand, having fallen 8% on the first six months of the previous year. In this complicated scenario, despite the downward correction to paper prices in relation to the second half of 2022, the Group managed to maintain high paper prices and thus partially offset the decline in volumes.

As regards electricity sales, our gas cogeneration plant was shut down, particularly in January but also on alternate days from February through June, in view of the zero profitability.

Variable costs, mainly energy (gas and power) and some raw materials, decreased in the first half, below the all-time highs reached in 2022, but they are still above pre-energy crisis and pre-inflation levels.

In this difficult context, Iberpapel reported EBITDA of €19.5 million, 31.64% more than at 30 June 2022.

1. CONSOLIDATED HIGHLIGHTS AT 30 JUNE 2023

Revenue totalled €134,657 thousand, 17.86% up on the same period of the previous year (30/06/2022: €163,929 thousand).

EBITDA amounted to €19,518 thousand (30/06/2022: €14,827 thousand), having increased by 31.64%. The gross operating margin was 14.49% (30/06/2022: 9.04%).

Net profit totalled €10,715 thousand (30/06/2022: €7,537 thousand), up 42.16%.

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	30/06/2023	30/06/2022	% change
Revenue	134,657	163,929	-17.86%
Other income	3,002	5,635	-46.74%
Revenue	137,659	169,564	-18.82%
Changes in inventories of finished goods and work in progress	-8,215	-980	738.12%
Raw materials and consumables	-48,424	-49,900	-2.96%
Staff costs	-11,451	-10,071	13.70%
Other expenses	-50,050	-93,786	-46.63%
EBITDA	19,518	14,827	31.64%
Depreciation/amortisation	-6,413	-6,559	-2.23%
Impairment and profit/(loss) on fixed asset disposals		-91	-100.00%
EBIT	13,105	8,176	60.29%
Net financial income/(expense)	-23	355	-106.41%
Profit before tax	13,082	8,531	53.35%
Taxes	-2,368	-994	138.18%
NET PROFIT	10,715	7,537	42.16%

b) OPERATING INCOME

Cumulative revenue at 30 June 2023 totalled €134,657 thousand (30/06/2022: €163,929 thousand), having fallen by 17.86%. The most significant items are set out below:

Thousand euro	30/06/2023	30/06/2022	Change %
Paper sales	113,471	123,144	-7.86%
Electricity sales	20,361	40,037	-49.14%
Timber sales	826	748	10.46%

i. Paper sales

The fall in paper sales is explained by the reduction in physical units sold in relation to the first half of 2022. The average selling price for the first half remained steady in relation to 2022.

ii. Electricity sales

Turnover from "electricity sales" was 49.14% down on the same period of the previous year. This significant fall is explained by the fact that the gas cogeneration plant was not operating at full capacity during the half year.

iii. Timber sales

The forestry companies sold timber in Spain and Argentina for the amount of €826 thousand (30/06/2022: €748 thousand).

c) OPERATING EXPENSES

i. Raw materials and consumables

The most significant supply item is timber. The price of this raw material is at a historical high. In the second quarter, the price began a de-escalation that we hope will continue.

ii. Staff costs

The average headcount in the first half of 2023 was 297, including directors and senior management (31/12/2022: 290). The average number of persons with recognised disabilities employed by the Group was 7, of whom 1 is in administration and 6 are operators (31/03/2022: 9, of whom 2 were skilled and administrative workers and 7 were operators).

iii. Other expenses

This item includes:

- a) Gas purchase prices are still well above pre-energy crisis levels. However, the price is significantly lower than the same period of the previous year. Consumption also declined, since the plant did not operate at full capacity.
- b) Electricity purchase prices fell by around 54.20% in relation to the same period of the previous year.
- c) Finally, the cost of CO2 allowances fell during the first half, since the cogeneration plant was not at full capacity.

3. CONSOLIDATED BALANCE SHEET AT 30/06/2023 AND 31/12/2022

ASSETS

	Thousand euro	30/06/2023	31/12/2022
I.	Property, plant and equipment	179,600	181,736
II.	Biological assets	27,013	28,008
III.	Other intangible assets	11,528	11,526
IV.	Deferred tax assets	4,710	4,168
V.	Non-current financial assets	1,022	1,247
	A) NON-CURRENT ASSETS	223,873	226,685
II.	Inventories	30,839	36,518
II.	Trade and other receivables	41,856	48,881
IV.	Cash and cash equivalents	76,004	77,014
	B) CURRENT ASSETS	148,699	162,413
	TOTAL ASSETS (A+B)	372,572	389,098

LIABILITIES

	Thousand euro	30/06/2023	31/12/2022
I,	Capital	6,624	6,624
II,	Retained earnings and other reserves	279,953	273,517
III,	Profit/(loss) for the year	10,715	10,715
IV,	<i>Less: Treasury shares</i>	-5,790	-5,209
V,	Exchange differences	-10,888	-11,925
VI,	Share premium account	13,633	13,633
IX,	<i>Less: Interim dividends</i>		
	A) EQUITY	294,247	287,355
I,	Bank borrowings	20,825	23,426
II,	Deferred tax liabilities	682	983
III,	Non-current provisions	39	59
IV,	Other non-current liabilities	4,493	2,533
	B) NON-CURRENT LIABILITIES	26,039	27,001
I,	Bank borrowings	9,479	14,357
II,	Trade and other payables	38,775	54,600
III,	Provisions for other current liabilities	4,032	5,785
	C) CURRENT LIABILITIES	52,286	74,742
	TOTAL LIABILITIES AND EQUITY (A+B+C)	372,572	389,098

a) Biological assets

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

The scope of this 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:

Fair value hierarchy 1 under IFRS 13: Management valued mature and immature biological assets by reference to current offers in an active market.

Fair value hierarchy 2 under IFRS 13: Management valued the assets that were ready for harvesting or picking, according to the report from the independent expert "Galtier Franco Ibérica, S.A." and by reference to the selling price of standing timber in each market in which the asset is located.

Fair value hierarchy 3 under IFRS 13: Management valued assets that have not reached optimum maturity based on costs incurred. The most significant costs include the plant, preparation of the land, cultivation work, etc.

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 2023, the Group records cumulative currency translation losses totalling €10,888 thousand (31/12/2022: €11,925 thousand).

The Argentine peso depreciated 32.65% against the euro from 31 December 2022 to 30 June 2023, while the Uruguayan peso appreciated 4.71% 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 €118 thousand was recognised in the Group's Argentinian companies due to hyperinflation at 30 June 2023, as compared with a gain of €106 thousand at 30 June 2022.

c) Bank borrowings

At 30 June 2023, the Group records a net cash surplus of €48,660 thousand (31/12/2022: €42,191 thousand).

Thousand euro	30/06/2023	31/12/2022
Long-term bank borrowings	20,825	23,426
Short-term bank borrowings	9,479	14,357
Total debt	30,304	37,783
(Less: Cash and cash equivalents)	-78,964	-79,974
Net debt	-48,660	-42,191
Equity	294,248	287,355
Leverage ratio	-16.54%	-14.68%

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

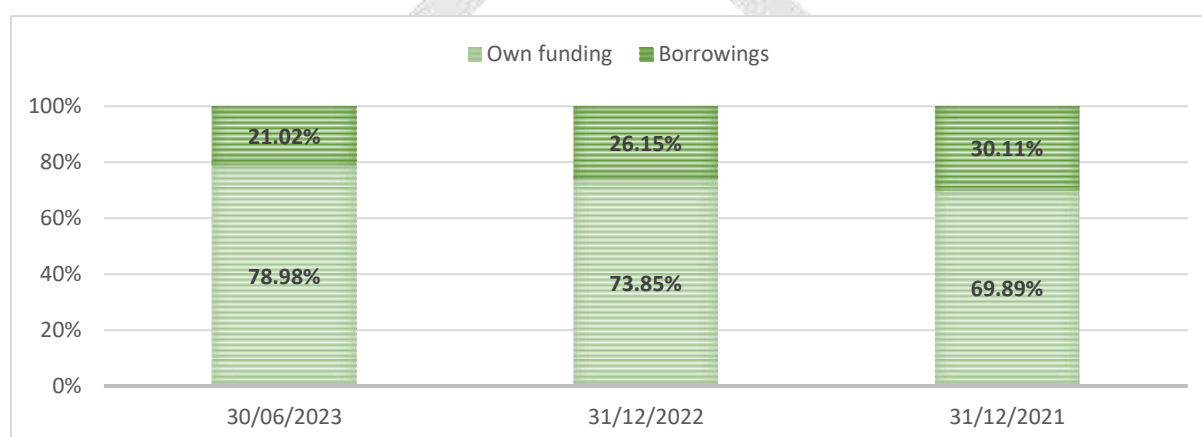


Chart I

4. ACCOUNTING POLICIES

This accounting information at 30 June 2023 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:

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 1).

Thousand euro	30/06/2023	30/06/2022
EBITDA	19,518	14,827
Revenue	134,657	163,929
Gross Operating Margin %	14.49%	9.04%

EBITDA (“Earnings Before Interest, Tax, Depreciation and Amortisation”) 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	30/06/2023	30/06/2022
Operating profit	13,105	8,176
Net realisable value (NRV) provision		-572
Depreciation and amortisation	6,413	6,559
Adjusted EBITDA	19,518	14,163

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.

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 “Cash and cash equivalents” and a term deposit maturing in more than three months.

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 €3,636 thousand to June 2023.

6. SHARE PRICE TREND

The Iberpapel Group’s share price was €15.15 at the 30 June 2023 close (31/12/2022: €13.05), entailing an increase of 16.09% on the previous year-end. The stock reached a high of €16.95 in March and a low of €13.30 in January.

Main stock data:

	30/06/2023	2022	2021
Shares admitted to trading (€M)	6.62	6.62	6.62
No. of shares (x1000)	11,010	11,010	11,040
Capitalisation (€M)	167.25	144.07	198.72
Volume traded (thousands of shares)	737	1,984	1,394
Cash value traded (€M)	11.57	29.93	25.7
Closing price (€)	15.15	13.05	18.00
Maximum price (€)	16.95 (1 Mar)	19.25 (12 Jan)	20.80 (07 Sep)
Minimum price (€)	13.30 (2 Jan)	11.65 (11 Nov)	16.50 (12 Feb)

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

Comparative stock performance at 30/06/2023
(Base 100 at 31/12/2022)

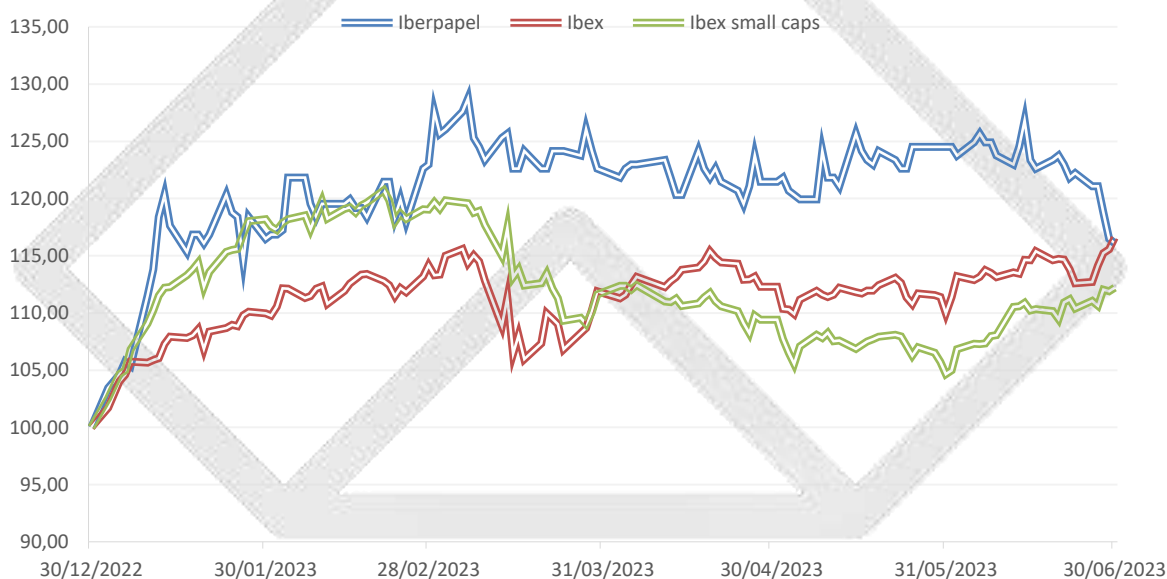


Chart II

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 or via e-mail atención.al.accionista@iberpapel.es

7. OTHER RELEVANT INFORMATION

11/01/2023.- The Company announces the approval of a temporary treasury share purchase programme so as to reduce share capital.

27/02/2023.- The Company announces financial information for FY 2022.

27/02/2023.- The Board of Directors resolves to pay a gross interim dividend of €0.25 per share out of 2022 profits.

31/03/2023.- Iberpapel Gestión, S.A. acquires a total of 38,195 treasury shares under the repurchase programme.

18/04/2023.- Attached are the announcement of the Annual General Meeting and the Proposed Resolutions.

27/04/2023.- Q1 2023 results are announced.

31/05/2023.- Attached are the resolutions adopted by the Annual General Meeting held yesterday.

31/05/2023.- The Annual General Meeting resolves to pay a supplementary, definitive gross dividend of €0.15 per share out of 2022 profits.

31/05/2023.- Information on the resolution to appoint the Board Secretary is attached.

02/06/2023.- The Company announces the resumption of the liquidity agreement on 5 June 2023.

8. PRIVILEGED INFORMATION

16/01/2023.- Iberpapel Gestión reports the extension of the term of the option to purchase the forestry assets in Uruguay.

26/04/2023.- Iberpapel Gestión reports that the earnest money agreement for the forest assets of the company Los Eucaliptus, S.A. was signed yesterday.