

FIRST QUARTER RESULTS 2021

31/03/2021

BUSINESS PERFORMANCE

(Report at 31/03/2021)

Despite the difficulties caused by the third wave of the Covid-19 health and economic crisis in both Spanish and European markets, Iberpapel's performance was positive. Although profits fell by 30% on the pre-Covid first quarter of 2020, the 2021 results trend improved considerably in relation to 2020 results.

The number of physical units rose compared with the same period of the previous year. Prices did not improve, although there are signs of a recovery.

Paper sales in the first quarter decreased by 4.27% on the same period of the previous year. Revenue from electricity sales also declined by 4.29%.

EBITDA for the first quarter of 2021 totalled €5.80 million, down 14% (Q1 2020: €6.73 million). Net profit amounted to €2.33 million, down 29.81% (Q1 2020: €3.32 million).

1. CONSOLIDATED HIGHLIGHTS AT 31 MARCH 2021

Revenue (€48,467 thousand) was 2.89% below the same period of the previous year (Q1 2020: €49,908 thousand).

EBITDA (€5,799 thousand) fell by 13.87% (Q1 2020: €6,733 thousand). The gross operating margin was 11.97% (Q1 2020: 13.49%).

Net profit for the first quarter of 2021 totalled €2,329 thousand, 29.81% down (Q1 2020: €3,318 thousand).

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	31/03/2021	31/03/2020	% change
Revenue	48,467	49,908	-2.89%
Other income	798	846	-5.67%
Income	49,265	50,754	-2.93%
Changes in inventories of finished goods and work in progress	-3,300	-326	912.27%
Raw materials and consumables	-17,486	-20,533	-14.84%
Staff costs	-4,924	-5,025	-2.01%
Other expenses	-17,756	-18,137	-2.10%
EBITDA	5,799	6,733	-13.87%
Depreciation/amortisation	-3,210	-2,838	13.11%
Impairment and profit/(loss) on fixed asset disposals			
EBIT	2,589	3,895	-33.53%
Net financial income/(expense)	90	-65	
Profit before tax	2,679	3,830	-30.05%
Taxes	-350	-512	-31.64%
NET PROFIT	2,329	3,318	-29.81%

b) OPERATING INCOME

Cumulative revenue at 31 March 2021 totalled €49,467 thousand (Q1 2020: €49,908 thousand), having fallen by 2.89%. The most significant items are set out below:

Thousand euro	31/03/2021	31/03/2020	Change %
Paper sales	39,482	41,243	-4.27%
Electricity sales	7,970	8,327	-4.29%
Timber sales	1,015	338	200.30%

i. Paper sales

The fall in paper sales is explained by the sharp reduction in the average selling price, although physical units sold rose significantly.

ii. Electricity sales

Power sales decreased by 4% due to lower production, since the selling price increased slightly in relation to the same period of the previous year.

iii. *Timber sales*

In the first quarter, the Group's forestry companies sold eucalyptus timber in local markets in the amount of €1,015 thousand (Q1 2020: €338 thousand).

c) OPERATING EXPENSES

i. *Staff costs*

The average headcount in the first quarter was 294, including senior management (31/12/2020: 298). The average number of employees with a recognised disability was 10 (31/12/2020: 9).

d) The Group's EBITDA amounted to €5,799 thousand (Q1 2020: €6,733 thousand), having fallen by 13.87%.

3. CONSOLIDATED BALANCE SHEET AT 31/03/2021 AND 31/12/2020

ASSETS		Date	Date
Thousand euro		31/03/2021	31/12/2020
I.	Property, plant and equipment	184,302	185,704
II.	Biological assets	16,460	16,320
III.	Other intangible assets	6,422	2,385
IV.	Deferred tax assets	2,533	2,539
V.	Non-current financial assets	8,174	8,059
A) NON-CURRENT ASSETS		217,891	215,007
II.	Inventories	25,301	29,419
II.	Trade and other receivables	30,827	27,194
IV.	Cash and cash equivalents	123,157	126,322
B) CURRENT ASSETS		179,285	182,935
TOTAL ASSETS (A+B)		397,176	397,942

LIABILITIES		Date	Date
Thousand euro		31/03/2021	31/12/2020
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	265,065	263,596
III.	Profit/(loss) for the year	2,329	4,240
IV.	<i>Less: Treasury shares</i>	(2,492)	(2,574)
V.	Exchange differences	(23,247)	(22,451)
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>	(2,183)	(2,183)
A) EQUITY		259,729	260,885
I.	Bank borrowings	80,103	82,608
II.	Deferred tax liabilities	224	285
III.	Non-current provisions	132	162
IV.	Other non-current liabilities	4,873	3,661
B) NON-CURRENT LIABILITIES		85,332	86,716
I.	Bank borrowings	11,643	10,768
II.	Trade and other payables	35,450	36,059
III.	Provisions for other current liabilities	5,022	3,514
C) CURRENT LIABILITIES		52,115	50,341
TOTAL LIABILITIES AND EQUITY (A+B+C)		397,176	397,942

a) **Biological assets**

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

On each balance sheet date, the Group initially recognises biological assets at fair value less estimated point-of-sale costs.

Gains or losses on the initial recognition of a biological asset at fair value less estimated point-of-sale costs and gains or losses resulting from all successive fair value changes less estimated point-of-sale costs are included in net profit or loss for the year.

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

i) *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 31 March 2021, the Group records cumulative currency translation losses totalling €(23,247) thousand (31/12/2020: (€22,451) thousand).

The Argentine peso depreciated 6.46% against the euro from 31 December 2020 to 31 March 2021, while the Uruguayan peso fell 0.10% in the same period.

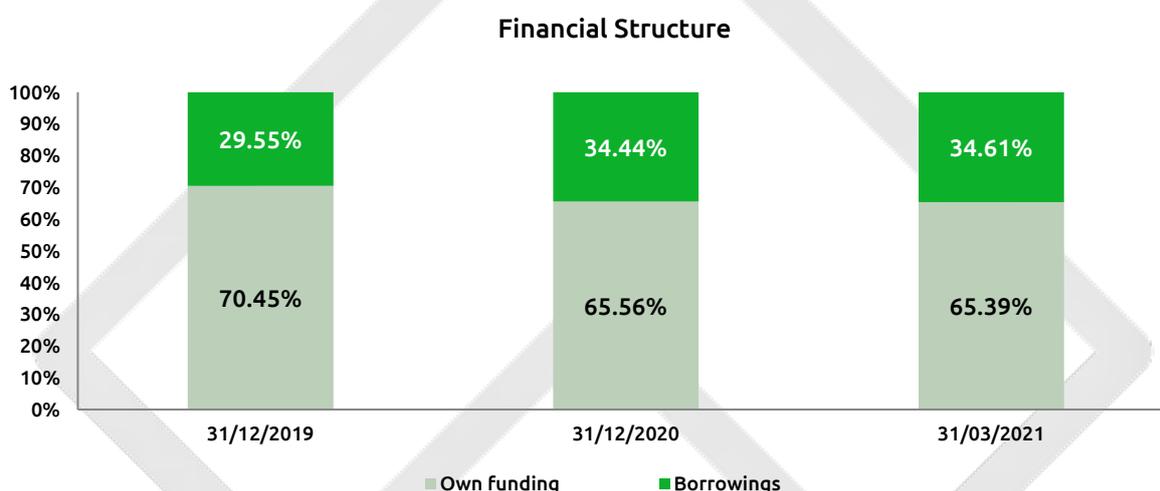
A cumulative gain of €38 thousand was recognised in the first quarter due to the effect of hyperinflation (Q1 2020: €8 thousand).

b) Bank borrowings

At 31 March 2021, the Group records a net cash surplus of €31,411 thousand (31/12/2020: €32,946 thousand).

Thousand euro	31/03/2021	31/12/2020
Short- and long-term bank borrowings	91,746	93,376
(Less: Cash and cash equivalents)	(123,157)	(126,322)
Net debt	(31,411)	(32,946)
Equity	259,729	260,885
Leverage ratio	(12.09%)	(12.63%)

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



4. ACCOUNTING POLICIES

This accounting information at 31 March 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.

5. FIXED ASSETS

Investment totalled €5,502 thousand in the first quarter of 2021 (Q1 2020: €16,360 thousand).

6. SHARE PRICE TREND

The Ibex closed the first quarter of the year 6.27% up. The German Dax performed particularly well, up 9.40%, while the Nasdaq only rose 3.15%. Iberpapel's stock increased in value by 11.05%. The start of the year was marked by portfolio rotation towards cyclical securities amid expectations that mass vaccination would lead to the lifting of restrictions and reactivation of the battered economy. The increase in investors' risk appetite caused gold to recoil 11% during the quarter after nine consecutive quarters of growth. Oil rose by nearly 23% during the quarter due to hopes of a recovery.

Main stock data

	31/03/2021	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)	210.86	189.89	281.52	364.31	319.17
Volume traded (x 1000 shares)	424	1,235	1,354	1,060	2,961
Cash value traded (€M)	7.48	24.48	36.22	35.60	83.12
Closing price (€)	19.10	17.20	25.50	33.00	29.20
Maximum price (€)	19.35 (31 Mar)	26.30 (02 Feb)	33.60 (02 Jan)	39.30 (30 Jul)	31.88 (15 May)
Minimum price (€)	16.50 (12 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)**

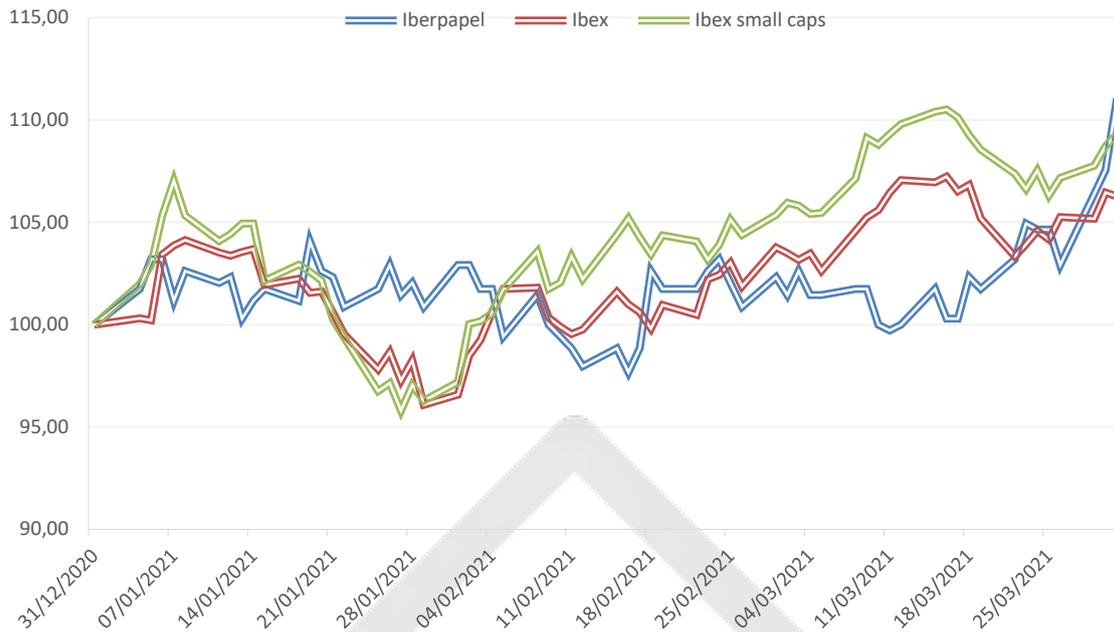


Chart II

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) 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 (atencion.al.accionista@iberpapel.es).

7. RELEVANT EVENTS

26/02/2021.- Changes to the offices of the Board of Directors.