

FIRST QUARTER RESULTS 2022

31/03/2022

BUSINESS PERFORMANCE

(Report at 31/03/2022)

In a context of recovery and a return to normality in healthcare, the first quarter of the year was impacted by the high price of gas, which had a drag-along effect on other energies (power and oil) and other raw materials in our production process, such as chlorate, starch and caustic soda.

In this inflationary market, the Company managed to pass on significant price increases in its products, largely offsetting the cost increases.

This scenario was aggravated by the outbreak of the war in Ukraine.

Against this backdrop, the maintenance work carried out at our paper mill every 18 months took place in March, interrupting production for 12 days. This affected the quarterly results.

Revenue for the first quarter climbed 72% against the previous year. Paper and electricity sales rose by 35% and 274%, respectively.

Physical paper units sold fell by 9% due to the maintenance stoppage.

Electricity sold also increased significantly compared to the same period of the previous year due to the rise in the selling price.

1. CONSOLIDATED HIGHLIGHTS AT 31 MARCH 2022

Revenue totalled €83,419 thousand, 72.12% up on the same period of the previous year (31/03/2021: €48,467 thousand).

EBITDA amounted to €6,248 thousand (31/03/2021: €5,799 thousand), having increased 7.74%. The gross operating margin was 7.49% (31/03/2021: 11.97%).

Net profit totalled €2,813 thousand (31/03/2021: €2,329 thousand).

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	31/03/2022	31/03/2021	% change
Net sales	83,419	48,467	72.12%
Other income	1,509	798	89.10%
Revenue	84,928	49,265	72.39%
Changes in inventories of finished goods and work in progress	(2,587)	(3,300)	(21.61)%
Raw materials and consumables	(22,870)	(17,486)	30.79%
Staff costs	(4,980)	(4,924)	1.14%
Other expenses	(48,243)	(17,756)	171.70%
EBITDA	6,248	5,799	7.74%
Depreciation/amortisation	(3,263)	(3,210)	1.65%
Impairment and profit/(loss) on fixed asset disposals	(9)		
EBIT	2,976	2,589	14.95%
Net financial income/(expense)	240	90	166.67%
Profit before tax	3,216	2,679	20.04%
Taxes	(403)	-350	15.14%
NET PROFIT	2,813	2,329	20.78%

b) OPERATING INCOME

Cumulative revenue at 31 March 2022 totalled €83,419 thousand (31/03/2021: €48,467 thousand), having increased by 72.12%. The most significant items are set out below:

Thousand euro	31/03/2022	31/03/2021	Change %
Paper sales	53,148	39,482	34.61%
Electricity sales	29,829	7,970	274.27%
Timber sales	442	1,015	(56.45)%

i. Paper sales

The increase in paper sales is due to the increase in the selling price up to a historical high.

ii. Electricity sales

“Electricity sales” billings rose by 274% on the same period of the previous year due to the increase in power selling prices triggered by rising gas prices.

iii. Timber sales

The forestry companies sold timber in Spain and South America for the amount of €442 thousand (31/03/2021: €1,015 thousand).

c) OPERATING EXPENSES

i. *Raw materials and consumables*

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

ii. *Staff costs*

The headcount at March 2022 was 293, including directors and senior management (31/03/2021: 297). The average number of persons with recognised disabilities employed by the Group at 31 March 2022 was 9, of whom 2 are technicians and administrative staff, and 7 are operators (31/03/2021: 9, of whom 2 was a skilled worker and 7 were operators).

iii. *Other expenses*

The rise in the price of gas, power and CO2 allowances is reflected by an increase of €30.5 million on this income statement line.

3. CONSOLIDATED BALANCE SHEET AT 31/03/2022 AND 31/12/2021

ASSETS		Date	Date
Thousand euro		31/03/2022	31/12/2021
I.	Property, plant and equipment	179,666	181,918
II.	Biological assets	20,279	19,098
III.	Other intangible assets	18,295	10,637
IV.	Deferred tax assets	3,999	3,904
V.	Non-current financial assets	1,163	1,382
A) NON-CURRENT ASSETS		223,402	216,939
II.	Inventories	18,513	20,479
II.	Trade and other receivables	51,622	43,186
IV.	Cash and cash equivalents	98,850	105,236
B) CURRENT ASSETS		168,988	168,901
TOTAL ASSETS (A+B)		392,390	385,840

LIABILITIES		Date	Date
Thousand euro		31/03/2022	31/12/2021
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	274,471	264,549
III.	Profit/(loss) for the year	2,813	9,290
IV.	<i>Less: Treasury shares</i>	(3,144)	(3,084)
V.	Exchange differences	(16,717)	(18,637)
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>	(2,722)	(2,722)
A) EQUITY		274,958	269,653
I.	Bank borrowings	33,780	36,409
II.	Deferred tax liabilities	323	301
III.	Non-current provisions	107	113
IV.	Other non-current liabilities	6,183	3,043
B) NON-CURRENT LIABILITIES		40,393	39,866
I.	Bank borrowings	15,723	15,707
II.	Trade and other payables	49,511	52,150
III.	Provisions for other current liabilities	11,805	8,464
C) CURRENT LIABILITIES		77,039	76,321
TOTAL LIABILITIES AND EQUITY (A+B+C)		392,390	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 31 March 2022, the Group records cumulative currency translation losses totalling €16,717 thousand (31/12/2021: €18,637 thousand).

Argentina has been classed as a hyperinflationary economy since July 2018 with retrospective effect to 1 January 2018. A cumulative gain of €92 thousand was recognised in the Group's Argentinian companies due to hyperinflation at 31 March 2022, as compared with a loss of €90 thousand at 31 December 2021.

c) Bank borrowings

At 31 March 2022, the Group records a net cash surplus of €49,347 thousand (31/12/2021: €53,120 thousand).

Thousand euro	31/03/2022	31/12/2021
Long-term bank borrowings	33,780	36,409
Short-term bank borrowings	15,723	15,707
Total debt	49,503	52,116
(Less: Cash and cash equivalents)	(98,850)	(105,236)
Net debt	(49,347)	(53,120)
Equity	274,958	269,653
Leverage ratio	(17.95%)	(19.70%)

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

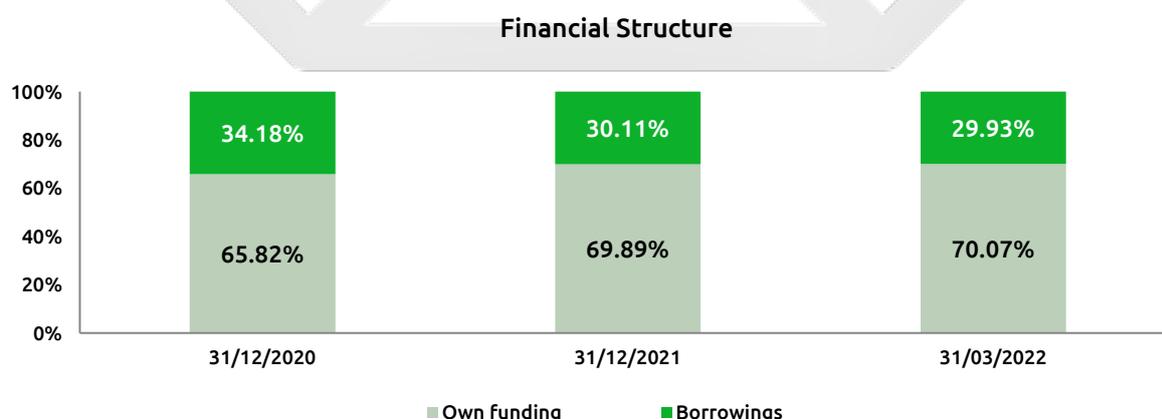


Chart I

4. ACCOUNTING POLICIES

This accounting information at 31 march 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.

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

Thousand euro	31/03/2022	31/03/2021
Operating profit	2,976	2,589
Net realisable value (NRV) provision	2,503	3,134
Depreciation and amortisation	3,263	3,210
Adjusted EBITDA	8,751	8,933

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	31/03/2022	31/03/2021
EBITDA	6,248	5,799
Revenue	83,419	48,467
Gross Operating Margin %	7.49	11.97%

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 €337 thousand to March 2022 (31/12/2021: €8,577 thousand).

6. SHARE PRICE TREND

The Iberpapel Group's share price closed at €15.70 on 31 March 2022 after falling 12.78% below the previous year's closing price. The stock reached a high of €19.25 in January.

On 28 September 2021, the Company's Board of Directors resolved to pay a gross interim dividend of €0.25 per share out of 2021 profits for a total of €2,722 thousand, which was paid on 21 October. The Board of Directors' proposals to the Annual General Meeting included the payment of a supplementary, final gross dividend of €0.25 per share, making a total gross dividend of €0.50 per share.

Main stock data:

	31/03/2022	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)	173.33	198.72	189.89	281.52	364.31
Volume traded (x 1000 shares)	696	1,394	1,235	1,354	1,060
Cash value traded (€M)	11.73	25.70	24.48	36.22	35.60
Closing price (€)	15.70	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 (€)	15.60 (25 Mar)	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)

Comparative stock performance at 31/03/2022
(Base 100 at 31/12/2021)

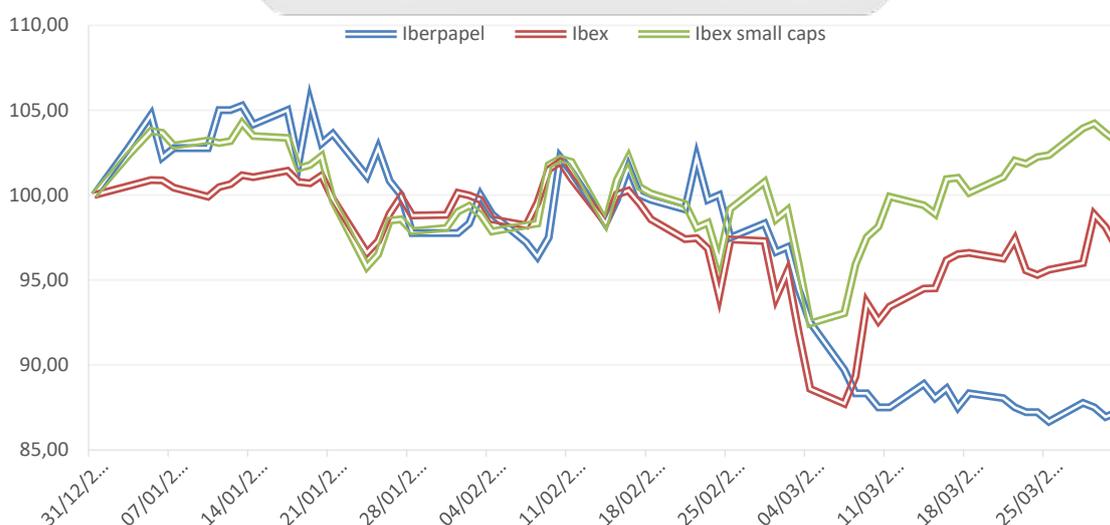


Chart II

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.

