

# THIRD-QUARTER 2021 RESULTS.

30 September 2021

# BUSINESS PERFORMANCE

(Report at 30/09/2021)

Revenue climbed 40% in the first nine months against the same period of the previous year. Paper, electricity and timber sales rose by 35%, 49% and 337%, respectively.

Paper volumes sold to September were above the same period of 2019 and 2018, but the selling price, though recovering, is still 5% below the same period of 2020 (Covid year) and two digits below 2019.

Electricity sold increased by 49% on the same period of the previous year, due essentially to the rise in the selling price.

Timber sales also climbed significantly, timber having been logged throughout the year in both South America and Spain.

We believe it to be important to point out the exceptional energy inflation affecting both gas and electricity, which is causing huge difficulties in various industries in Europe and globally. Unfortunately, our group will be affected by this crisis to a greater or lesser extent, depending on events in the coming months and on the correction measures we are able to apply.

This absurd inflation is also impacting many other raw materials received from our suppliers.

The correction measures implemented by the Group include an information campaign for customers explaining the gravity of the situation and informing them of considerable increases in our product prices that will allow us to overcome the extraordinary situation we find ourselves in.

## 1. CONSOLIDATED HIGHLIGHTS AT 30 September 2021

Revenue totalled €164,655 thousand, 40.04% up on the same period of the previous year (Q3 2020: €117,581 thousand).

EBITDA amounted to €19,861 thousand (Q3 2020: €10,247 thousand), up 93.82%. The gross operating margin was 12.06% (Q3 2020: 8.71%).

Net profit for the first nine months of 2021 amounted to €10,021 thousand (Q3 2020: €1,140 thousand).

## 2. CONSOLIDATED INCOME STATEMENT

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

	30/09/2021	30/09/2020	% change
Revenue	164,655	117,581	40.04%
Other income	2,369	4,331	-45.30%
<b>Revenue</b>	<b>167,024</b>	<b>121,912</b>	<b>37.00%</b>
Changes in inventories of finished goods and work in progress	-9,594	-4,445	115.84%
Raw materials and consumables	-59,669	-47,082	26.73%
Staff costs	-14,813	-15,168	-2.34%
Other expenses	-63,087	-44,970	40.29%
<b>EBITDA</b>	<b>19,861</b>	<b>10,247</b>	<b>93.82%</b>
Depreciation/amortisation	-9,974	-7,844	27.15%
Impairment and profit/(loss) on fixed asset disposals		2	-
<b>EBIT</b>	<b>9,887</b>	<b>2,405</b>	<b>311.10%</b>
Net financial income/(expense)	1,044	-746	-
<b>Profit before tax</b>	<b>10,931</b>	<b>1,659</b>	<b>558.89%</b>
Taxes	-910	-519	75.34%
<b>NET PROFIT</b>	<b>10,021</b>	<b>1,140</b>	<b>779.04%</b>

### b) OPERATING INCOME

Cumulative revenue at 30 September 2021 totalled €164,655 thousand (Q3 2020: €117,581 thousand), having increased by 40%. The most significant items are set out below:

Thousand euro	30/09/2021	30/09/2020	Change %
Paper sales	131,119	96,739	35.54%
Electricity sales	29,934	20,018	49.54%
Timber sales	3,602	824	337.14%

#### *i. Paper sales*

As indicated previously, the increase in paper sales is explained by the growth in the number of physical units sold, as well as by the price recovery trend.

#### *ii. Electricity sales*

“Electricity sales” billings rose by 49% on the same period of the previous year due essentially to the increase in the selling price.

#### *iii. Timber sales*

The forestry companies sold timber in Spain and South America for a total amount of €3,602 thousand (Q3 2020: €824 thousand).

## OPERATING EXPENSES

### *i. Other expenses*

This income statement heading includes gas and power purchases, power purchase prices having risen substantially in relation to 2020.

### 3. CONSOLIDATED BALANCE SHEET AT 30/09/2021 AND 31/12/2020

ASSETS		Date	Date
Thousand euro		30/09/2021	31/12/2020
I.	Property, plant and equipment	181,266	185,704
II.	Biological assets	17,018	16,320
III.	Other intangible assets	6,702	2,385
IV.	Deferred tax assets	2,414	2,539
V.	Non-current financial assets	2,959	8,059
A) NON-CURRENT ASSETS		210,359	215,007
II.	Inventories	17,572	29,419
II.	Trade and other receivables	30,666	27,194
IV.	Cash and cash equivalents	105,972	126,322
B) CURRENT ASSETS		154,210	182,935
TOTAL ASSETS (A+B)		364,569	397,942
LIABILITIES		Date	Date
Thousand euro		30/09/2021	31/12/2020
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	264,182	263,596
III.	Profit/(loss) for the year	10,021	4,240
IV.	<i>Less: Treasury shares</i>	-3,025	-2,574
V.	Exchange differences	-19,265	-22,451
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>		-2,183
A) EQUITY		272,170	260,885
I.	Bank borrowings	38,912	82,608
II.	Deferred tax liabilities	98	285
III.	Non-current provisions	113	162
IV.	Other non-current liabilities	3,473	3,661
B) NON-CURRENT LIABILITIES		42,596	86,716
I.	Bank borrowings	15,688	10,768
II.	Trade and other payables	29,040	36,059
III.	Provisions for other current liabilities	5,075	3,514
C) CURRENT LIABILITIES		49,803	50,341
TOTAL LIABILITIES AND EQUITY (A+B+C)		364,569	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 September 2021, the Group records cumulative currency translation losses totalling €(19,265) thousand (31/12/2020: €22,451 thousand).

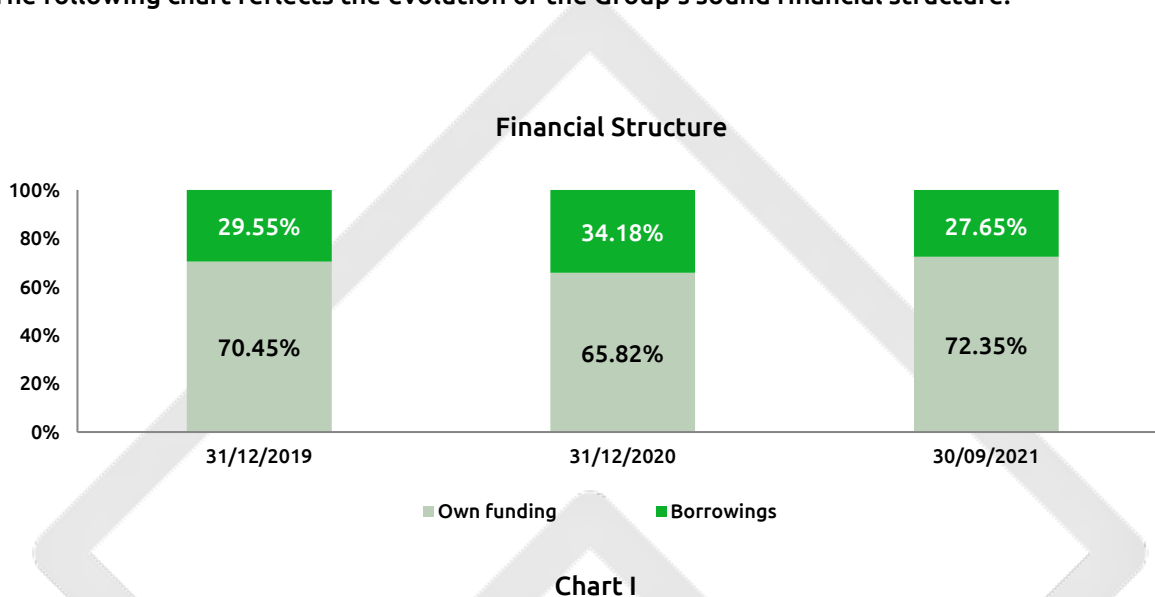
In addition, as a result of the classification of Argentina as a hyperinflationary economy since July 2018, with retroactive effect to 1 January 2018, retained losses recognised due to hyperinflation at 30 September 2021 amounted to €111 thousand, as compared with a loss of €38 thousand at 30 September 2020.

#### c) Bank borrowings

At 30 September 2021, the Group records a net cash surplus of €51,372 thousand (31/12/2020: €32,946 thousand).

Thousand euro	30/09/2021	31/12/2020
Long-term bank borrowings	38,912	82,608
Short-term bank borrowings	15,688	10,768
Total debt	54,600	93,376
(Less: Cash and cash equivalents)	(105,972)	(126,322)
Net debt	(51,372)	(32,946)
Equity	272,170	260,885
Leverage ratio	(18.87%)	(12.63%)

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



#### 4. ACCOUNTING POLICIES

This accounting information at 30 September 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 Group 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 1 and 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).

Thousand euro	30/09/2021	30/09/2020
EBITDA	19,861	10,247
Revenue	164,655	117,581
Gross operating margin %	12.06%	8.71%

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, (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 €4,369 thousand in the third quarter of 2021.

## 6. SHARE PRICE TREND

The Ibex-35 lost 0.28% from July to September, while Iberpapel closed the same period 4.47% up. The pandemic seems to be increasingly under control thanks to the vaccination of the population in the world's main economies. Inflation, due to the rising prices of the main raw materials, scarce supplies, particularly of semiconductors, and logistics issues, above all in maritime shipments from the main producers of manufactured products in China to the rest of the world, are slowing down the expected recovery towards the end of 2021, a situation that will probably remain at the start of 2022.

## Main stock data:

	Q3 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)	206.44	189.89	281.52	364.31	319.17
Volume traded (x 1000 shares)	991	1,235	1,354	1,060	2,961
Cash value traded (€M)	18.28	24.48	36.22	35.60	83.12
Closing price (€)	18.70	17.20	25.50	33.00	29.20
Maximum price (€)	20.80 (07 Sep)	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)

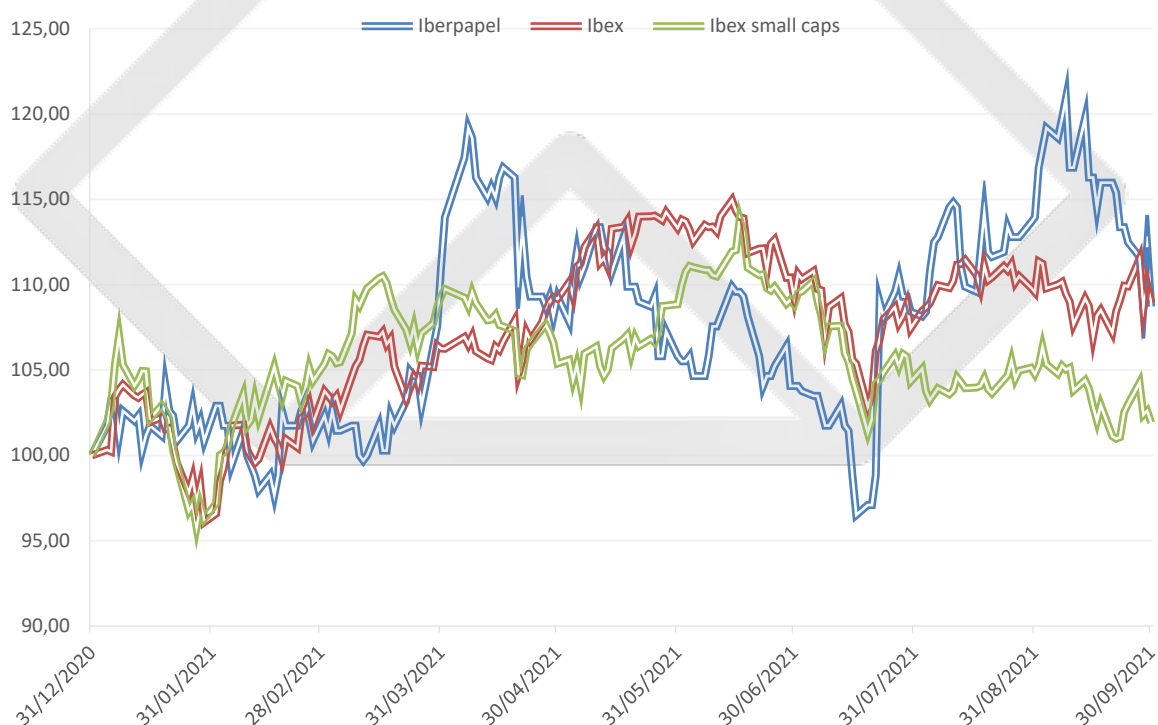


Chart II

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](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.

22/07/2021.- The Company reports the purchase of 28,449 treasury shares.

29/09/2021.- The Board of Directors resolves to pay a gross interim dividend of €0.25 per share out of 2021 profits.

29/09/2021.- The Company announces the reappointment of Jesús Alberdi Areizaga as a member of the Corporate Social Responsibility Committee.

