

THIRD QUARTER RESULTS 2022

30 September 2022



BUSINESS PERFORMANCE

(Report at 30/09/2022)

The publication of Royal Decree-Law 10/2022 of May 13, which excluded cogeneration plants from the right to receive the gas price adjustment, meant that the majority of cogeneration plants, including those of our company, had to shut down, giving rise to unforeseen costs in the last three months.

This was aggravated by the fact that companies had made gas purchase commitments in the previous year that did not foresee the need to shut down cogeneration for regulatory reasons, which resulted in considerable additional costs in the form of compensation for non-consumption in some cases.

In this context, despite the fact that the Group had implemented a pricing policy reflecting the unstable macroeconomic and geopolitical environment, such an extraordinary situation could never have been envisaged and a loss of €1.3 million was made during the quarter.

Fortunately, the Ministry reconsidered the situation by means of Royal Decree-Law 17/2022 of September 20 containing urgent energy-related measures. In addition, the gas contract that was so unfavourable was terminated on 30 September, so the company is already more optimistic in relation to October.

1. CONSOLIDATED HIGHLIGHTS AT 30 SEPTEMBER 2022

Revenue totalled €230,790 thousand, 40.17% up on the same period of the previous year (30/09/2021: €164,655 thousand).

EBITDA amounted to €16,473 thousand (30/09/2021: €19,861 thousand), down 17.06%. The gross operating margin was 7.14% (30/09/2021: 12.06%).

Net profit totalled €6,207 thousand (30/09/2021: €10,021 thousand).

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	30/09/2022	30/09/2021	% change
Revenue	230,790	164,655	40.17%
Other income	10,058	2,369	324.57%
Revenue	240,848	167,024	44.20%
Changes in inventories of finished goods and work in progress	9,371	-9,594	-197.68%
Raw materials and consumables	-78,155	-59,669	30.98%
Staff costs	-15,518	-14,813	4.76%
Other expenses	-140,073	-63,087	122.03%
EBITDA	16,473	19,861	-17.06%
Depreciation/amortisation	-9,728	-9,974	-2.47%
Impairment and profit/(loss) on fixed asset disposals	-91		
EBIT	6,654	9,887	-32.70%
Net financial income/(expense)	586	1,044	-43.87%
Profit before tax	7,240	10,931	-33.77%
Taxes	-1,033	-910	13.52%
NET PROFIT	6,207	10,021	-38.06%

b) OPERATING INCOME

Cumulative revenue at 30 September 2022 totalled €230,790 thousand (30/09/2021: €164,655 thousand), having increased by 40.17%. The most significant items are set out below:

Thousand euro	30/09/2022	30/09/2021	Change %
Paper sales	191,262	131,119	45.87%
Electricity sales	38,211	29,934	27.65%
Timber sales	1,317	3,602	-63.44%

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 28% against the same period of the previous year, while the cogeneration plants were shut down during the quarter.

iii. Timber sales

The forestry companies sold timber in Spain and Argentina for the amount of €1,317 thousand (30/09/2021: €3,602 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 recent quarters. The price of this raw material is at a historical high.

ii. *Staff costs*

The total headcount in the third quarter of 2022 was 289, including directors and senior management (31/12/2021: 297). The average number of persons with recognised disabilities employed by the Group at 30 September 2022 was 8, of whom 2 are technicians and administrative staff, and 6 are operators (31/03/2021: 9, of whom 2 were skilled and administrative workers and 7 were operators).

iii. *Other expenses*

The rise in the price of gas, power purchases and CO2 allowances are reflected on this income statement line. These three items increased by €77 million against the same period of the previous year.

3. CONSOLIDATED BALANCE SHEET AT 30/09/2022 AND 31/12/2021

ASSETS		Date	Date
Thousand euro		30/09/2022	31/12/2021
I.	Property, plant and equipment	183,154	181,918
II.	Biological assets	24,377	19,098
III.	Other intangible assets	11,820	10,637
IV.	Deferred tax assets	4,001	3,904
V.	Non-current financial assets	1,091	1,382
A) NON-CURRENT ASSETS		224,443	216,939
II.	Inventories	30,773	20,479
II.	Trade and other receivables	51,781	43,186
IV.	Cash and cash equivalents	77,230	105,236
B) CURRENT ASSETS		159,784	168,901
TOTAL ASSETS (A+B)		384,227	385,840

LIABILITIES		Date	Date
Thousand euro		30/09/2022	31/12/2021
I.	Capital	6,624	6,624
II.	Retained earnings and other reserves	267,678	264,549
III.	Profit/(loss) for the year	6,207	9,290
IV.	<i>Less: Treasury shares</i>	-3,156	-3,084
V.	Exchange differences	-8,161	-18,637
VI.	Share premium account	13,633	13,633
IX.	<i>Less: Interim dividends</i>		-2,722
A) EQUITY		282,825	269,653
I.	Bank borrowings	24,784	36,409
II.	Deferred tax liabilities	192	301
III.	Non-current provisions	84	113
IV.	Other non-current liabilities	3,567	3,043
B) NON-CURRENT LIABILITIES		28,627	39,866
I.	Bank borrowings	17,592	15,707
II.	Trade and other payables	48,768	52,150
III.	Provisions for other current liabilities	6,415	8,464
C) CURRENT LIABILITIES		72,775	76,321
TOTAL LIABILITIES AND EQUITY (A+B+C)		384,227	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 September 2022, the Group records cumulative currency translation losses totalling €8,161 thousand (31/12/2021: €18,637 thousand).

The Uruguayan peso appreciated 24.57% from December 2021 to 30 September 2022, while the Argentine peso depreciated 20.96% 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 September 2022, as compared with a loss of €90 thousand at 31 December 2021.

c) Bank borrowings

At 30 September 2022, the Group records a net cash surplus of €34,855 thousand (31/12/2021: €53,120 thousand).

Thousand euro	30/09/2022	31/12/2021
Long-term bank borrowings	24,784	36,409
Short-term bank borrowings	17,591	15,707
Total debt	42,375	52,116
(Less: Cash and cash equivalents)	(77,230)	(105,236)
Net debt	(34,855)	(53,120)
Equity	282,825	269,653
Leverage ratio	(12.32%)	(19.70%)

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

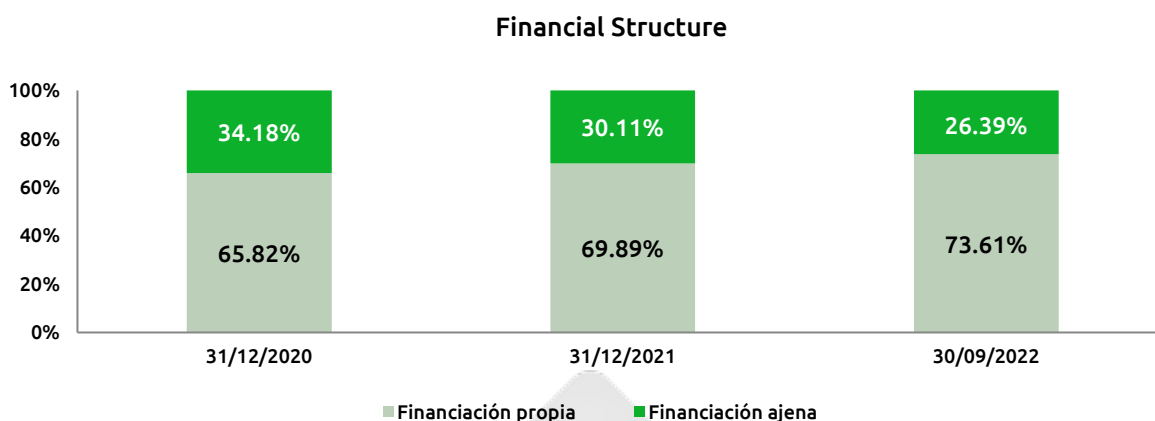


Chart I

4. ACCOUNTING POLICIES

This accounting information at 30 September 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	30/09/2022	30/09/2021
Operating profit	6,207	10,021
Net realisable value (NRV) provision	572	3,134
Depreciation and amortisation	9,729	9,974
Adjusted EBITDA	16,508	23,129

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	30/09/2022	30/09/2021
EBITDA	16,473	19,861
Revenue	230,790	164,655
Gross Operating Margin %	7.14%	12.06%

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 €5,448 thousand to September 2022 (31/12/2021: €8,577 thousand).

6. SHARE PRICE TREND

The Iberpapel Group's share price closed at €12.65 on 30 September 2022 after falling 29.72% below the previous year's closing price. The stock reached a high of €19.25 in January.

Main stock data:

	30/09/2022	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)	139.65	198.72	189.89	281.52	364.31
Volume traded (x 1000 shares)	1,410	1,394	1,235	1,354	1,060
Cash value traded (€M)	22.44	25.70	24.48	36.22	35.60
Closing price (€)	12.65	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 (€)	12.50 (30 Sep)	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 30/09/2022
(Base 100 at 31/12/2021)

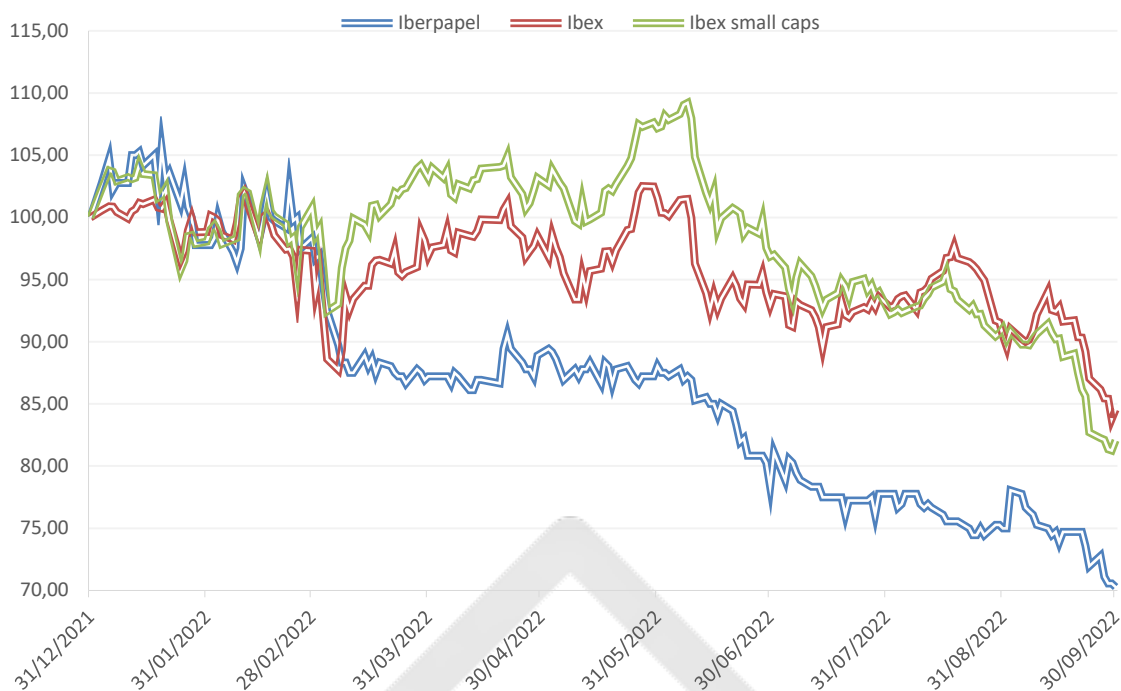


Chart II

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.

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.- The Company reports on appointments to the Corporate Social Responsibility Committee and the Board of Directors.

8. PRIVILEGED INFORMATION

19/10/2022.- Iberpapel Gestión granted a purchase option for the sale of its forest assets in Uruguay.

