

FY 2023 RESULTS

31/03/2023

BUSINESS PERFORMANCE

(Report at 31/03/2023)

The final months of 2022 and Q1 2023 were marked by a slowdown in demand in Europe. This, combined with an increase in imports, essentially from Asian countries, put considerable pressure on the market. For this reason, physical units sold were down in the first quarter of 2023.

The Company successfully defended paper prices, since production costs are still impacted by the energy crisis triggered by the war in Ukraine.

As regards electricity sales, our gas cogeneration plant was shut down in January but also on alternate days in February and March.

Our plant was forced to shut down gas cogeneration when the prices of gas and electricity prevented a sufficient return, since the methodology applied under the current remuneration framework is designed for stable markets and does not take account of the current extremely high volatility.

1. CONSOLIDATED HIGHLIGHTS AT 31 MARCH 2023

Revenue totalled €71,217 thousand, 14.63% up on the same period of the previous year (31/03/2022: €83,419 thousand).

EBITDA amounted to €8,256 thousand (31/03/2022: €6,248 thousand), having increased by 32.13%. The gross operating margin was 11.59% (31/12/2022: 7.49%).

Net profit totalled €3,908 thousand (31/03/2022: €2,813 thousand) up 38.92%.

2. CONSOLIDATED INCOME STATEMENT

a) COMPARATIVE INCOME STATEMENT (THOUSAND EURO)

	31/03/2023	31/03/2022	Variación %
Revenue	71,217	83,419	-14.63%
Other income	1,494	1,509	-0.99%
Revenue	72,711	84,928	-14.39%
Changes in inventories of finished goods and work in progress	-6,291	-2,587	143.18%
Raw materials and consumables	-26,010	-22,870	13.73%
Staff costs	-5,623	-4,980	12.92%
Other expenses	-26,531	-48,243	-45.01%
EBITDA	8,256	6,248	32.13%
Depreciation/amortisation	-3,211	-3,263	-1.59%
Impairment and profit/(loss) on fixed asset disposals		-9	-100.00%
EBIT	5,045	2,976	69.51%
Net financial income/(expense)	-144	240	-160.00%
Profit before tax	4,901	3,216	52.39%
Taxes	-993	-403	146.40%
NET PROFIT	3,908	2,813	38.92%

b) OPERATING INCOME

Cumulative revenue at 31 March 2023 totalled €71,217 thousand (31/03/2022: €83,419 thousand), having fallen by 14.63%. The most significant items are set out below:

Thousand euro	31/03/2023	31/03/2022	Var. %
Paper sales	62,546	53,148	17.68%
Electricity sales	8,487	29,829	-71.55%
Timber sales	184	442	-58.37%

i. Paper sales

The increase in paper sales is due to the rise in the selling price in relation to the first quarter of 2022.

ii. Electricity sales

Turnover from “electricity sales” was 71.55% 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 quarter and selling prices were also lower.

iii. Timber sales

The forestry companies sold timber in Spain and Argentina for the amount of €184 thousand (31/03/2022: €442 thousand).

c) OPERATING EXPENSES

i. Raw materials and consumables

The most significant supply item is timber. The price of this raw material is at an all-time high but was contained in Q1 2023.

ii. Staff costs

The average headcount in the first quarter of 2023 was 295, including directors and senior management (31/12/2022: 290). The average number of persons with recognised disabilities employed by the Group was 6, of whom 1 is in administration and 5 are operators (31//2022: 9, of whom 2 were skilled and administrative workers and 7 were operators).

iii. Other expenses

This item includes:

- a) Gas purchases. Gas 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. The purchase price fell by around 50% in relation to the same period of the previous year.
- c) Finally, the cost of CO₂ allowances fell during the quarter, since the cogeneration plant was not at full capacity.

3. CONSOLIDATED BALANCE SHEET AT 31/03/2023 AND 31/12/2022

ASSETS

Thousand euro	31/03/2023	31/12/2022
Property, plant and equipment	180,367	181,736
Biological assets	26,488	28,008
Other intangible assets	16,240	11,526
Deferred tax assets	4,377	4,168
Non-current financial assets	1,055	1,247
A) NON-CURRENT ASSETS	228,527	226,685
Inventories	32,375	36,518
Trade and other receivables	52,556	48,881
Cash and cash equivalents	69,238	77,014
B) CURRENT ASSETS	154,169	162,413
TOTAL ASSETS (A+B)	382,696	389,098

LIABILITIES

Thousand euro	31/03/2023	31/12/2022
I, Capital	6,624	6,624
II, Retained earnings and other reserves	277,424	280,324
III, Profit/(loss) for the year	3,908	3,908
IV, <i>Less: Treasury shares</i>	-5,777	-5,209
V, Exchange differences	-12,492	-11,925
VI, Share premium account	13,633	13,633
IX, <i>Less: Interim dividends</i>	-2,674	
A) EQUITY	280,646	287,355
I, Bank borrowings	22,189	23,426
II, Deferred tax liabilities	493	983
III, Non-current provisions	50	59
IV, Other non-current liabilities	5,786	2,533
B) NON-CURRENT LIABILITIES	28,518	27,001
I, Bank borrowings	12,393	14,357
II, Trade and other payables	53,665	54,600
III, Provisions for other current liabilities	7,474	5,785
C) CURRENT LIABILITIES	73,532	74,742
TOTAL LIABILITIES AND EQUITY (A+B+C)	382,696	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 31 March 2023, the Group records cumulative currency translation losses totalling €12,492 thousand (31/12/2022: €11,925 thousand).

The Argentine peso depreciated 16.78% against the euro from 31 December 2022 to 31 March 2023, while the Uruguayan peso appreciated 1.74% in the same period.

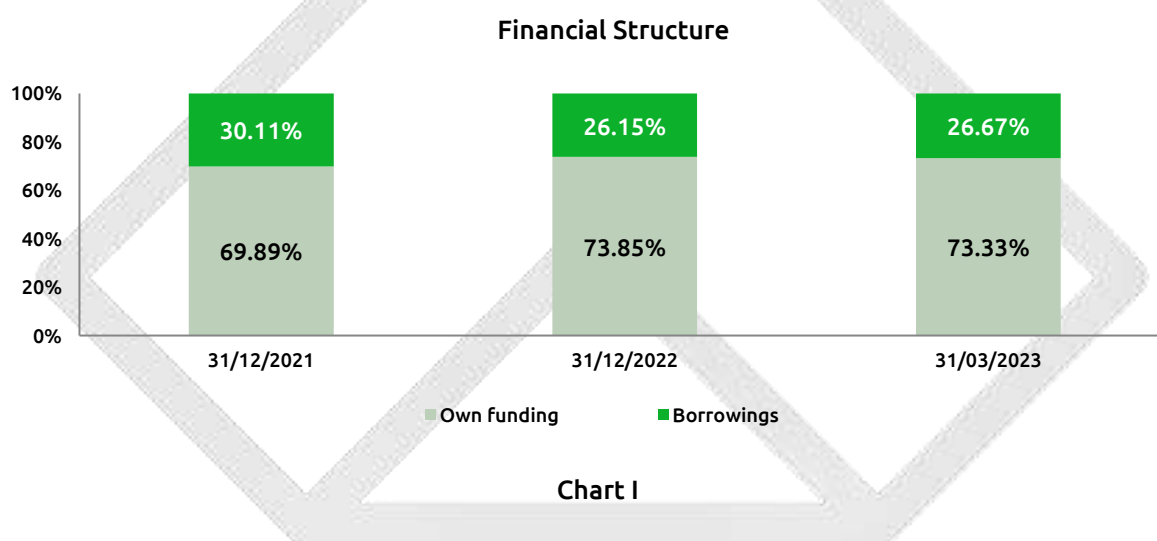
Argentina has been classed as a hyperinflationary economy since July 2018 with retrospective effect to 1 January 2018. A cumulative loss of €54 thousand was recognised in the Group's Argentinian companies due to hyperinflation at 31 March 2023, as compared with a gain of €92 thousand at 31 March 2022.

c) Bank borrowings

At 31 March 2023, the Group records a net cash surplus of €37,984 thousand (31/12/2022: €42,191 thousand).

Thousand euro	31/03/2023	31/12/2022
Long-term bank borrowings	22,189	23,426
Short-term bank borrowings	12,393	14,357
Total debt	34,582	37,783
(Less: Cash and cash equivalents)	-72,566	-79,974
Net debt	-37,984	-42,191
Equity	280,647	287,355
Leverage ratio	-13.53%	-14.68%

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



4. ACCOUNTING POLICIES

This accounting information at 31 March 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	31/03/2023	31/03/2022
EBITDA	8.256	6.248
Revenue	71.217	83.419
Gross Operating Margin %	11,59%	7,49%

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.

Miles de euros	31/03/2023	31/03/2022
Beneficio de Explotación (EBIT)	5.045	2.977
Provisión Valor Neto Realizable (VNR)		2.503
Amortización	3.211	3.263
EBITDA ajustado	8.256	8.743

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 “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 €1,655 thousand to March 2023.

6. SHARE PRICE TREND

The Iberpapel Group's share price was €16.00 at the 31 March 2023 close (31/12/2022: €13.05), entailing an increase of 22.60% 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:

	31/03/2023	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)	173.74	144.07	198.72
Volume traded (thousands of shares)	505	1,984	1,394
Cash value traded (€M)	7.85	29.93	25.7
Closing price (€)	16.00	13.05	18.00
Maximum price (€)	16.95 (1-Mar)	19.25 (12-Ene)	20.80 (07-Sep)
Minimum price (€)	13.30 (2-Ene)	11.65 (11-Nov)	16.50 (12-Feb)

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

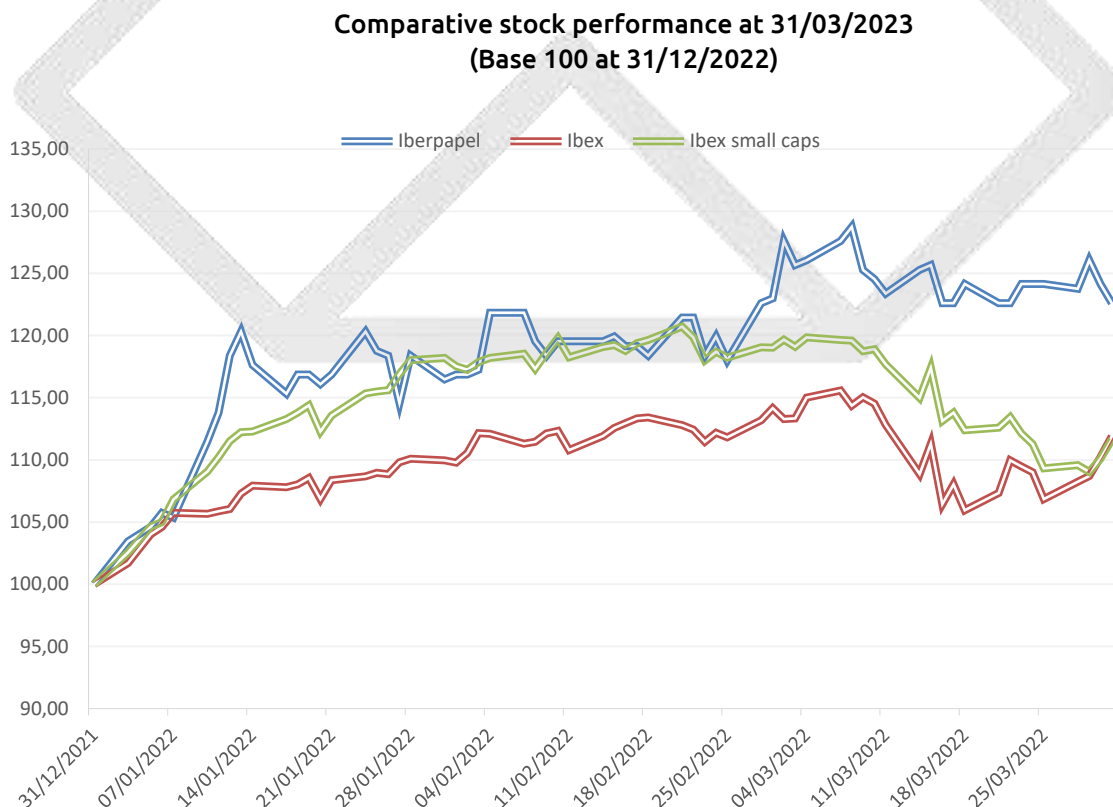


Chart II

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.- A total of 38,195 treasury shares have been acquired by Iberpapel Gestión, S.A. under the repurchase programme.

8. PRIVILEGED INFORMATION

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

9. EVENTS AFTER THE REPORTING PERIOD

On 25 April 2023, the earnest money agreement was entered into with Winterbotham Fiduciaria S.A. (in its capacity as trustee of the Eucalyptus del Sur financial trust) for the forest assets of the company LOS EUCALIPTUS, S.A. The assets included in the earnest money agreement have an area of 11,280.72 hectares and account for approximately 40% of the Iberpapel Group's forest assets. The price for the sale and transfer of ownership rights reserved for all the properties is fifty-five million United States dollars (USD 55,000,000).

The deed of sale must be executed within 90 business days as from the signing date of the earnest money agreement, provided that the "Future Buyer" has been able to obtain the corresponding registration details and the "Future Seller" has provided all the documents needed to execute the deed of sale. Otherwise, the 90-day period will be extended until the information and documents have been obtained.

A fine of USD 5,273,500 will be payable in the event of a breach of the earnest money agreement by either party.