miquel y costas & miquel, s.a.

INTERMEDIATE STATEMENT

3rd QUARTER OF 2021

QUARTERLY INFORMATION STATEMENT ON INFORMATION OF THE THIRD QUARTER OF 2021

The consolidated accumulative results the third quarter of 2020 are stated in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, subject to the new standards, modifications and interpretations in force since the beginning of this fiscal year and that have not had a significant impact. For their part, the results of individual companies are presented in accordance with the accounting principles and valuation standards contained in the General Accounting Plan, approved by Royal Decree 1514/2007, of November 16 and later amendments. In both cases the data are comparative with those of the same period of the previous year.

MAIN HIGHLIGHTS

We present below the main economic and financial data relating to the Group Miquel y Costas, all expressed in thousand euros.

Thousand Euros	3rd Q 2021	3rd Q 2020	Var. %
Net Sales	227,656	206,475	10.3%
Operating Profit[1]	65,052	56,512	15.1%
Profit before tax	52,169	43,744	19.3%
Profit after tax	39,690	33,621	18.1%
Cash-flow after tax[2]	53,012	46,339	14.4%

The consolidated net turnover in the first nine months of this year, amounted to EUR 227.7 million, exceeding EUR 21.2 million for the same period of 2020.

The sales of all lines have been affected to some extent by the volatile evolution of exchange rates and by transport difficulties, both due to their drastic increase in cost and their lack of availability, factors that have been partly seen mitigated thanks to the commercial policy carried out.

By business lines, the line of products for the Tobacco Industry increases its sales by 5.7% the same period of last year by EUR 4.2 million mainly for a better mix of products.

In the Industrial Products line, sales have grown by EUR 13.5 million, which represents an increase of 23.2% compared to those obtained in the third quarter of the previous year which represents a significant increase in their participation in total sales. It should be noted the good evolution of both the special papers of all ranges and the pulps.

1. Gross operating result, plus amortizations.
2. 2. Profit after taxes plus amortizations *RD 1159/2010, of September 17; RD 3029/2016, of December 2; RD1 / 2021 of January 12, in force from the beginning of the fiscal year.

In the “Others” line, turnover has been 14.1% higher compared to the previous, recovering part of the decrease in volume due to the impact of the COVID-19 pandemic in the publishing markets and coloured papers.

The Consolidate amount of net sales of the Parent Company in the first nine months was EUR 135.8 million, which is an increase of 6.1% compared to the same period of 2020.

The consolidated profit before tax in the first nine months of the year amounted to EUR 52.2 million, exceeding by 19.3% the accumulated result achieved at the end of the third quarter of the previous year. This growth is explained by the good performance of operations and the behaviour of sales, despite the increase in the prices of pulps, other raw materials and in particular energy, which since the second quarter of the year has shown a strong upward trend that is reflected in the results of the third quarter and that anticipates a greater incidence in the fourth quarter.

Within this framework, the Tobacco Industry line has improved its result by 8.6%; For its part, the Industrial Products line has done so at EUR 3.8 million, maintaining good commercial development and operations.

During the third quarter, thanks to the increase in sales of EUR 2.6 million compared to the same period of the previous year and based on the commercial policy and efficiency improvements carried out, the Group has maintained a quarterly profit after tax in levels similar to those of the previous year, despite the aforementioned strong cost increases.

The Parent Company has obtained a profit before tax of EUR 37.1 million, which represents an increase of 15.5% compared to the same period of 2020, and a profit after tax that has amounted to 30.1 million, which represents a growth of 4.4 million.

The effective tax rate has risen to 23.9%, as a consequence of the increase in the base and the termination of certain tax benefits.

BALANCE SHEET

Its most relevant magnitudes, all expressed in thousands euros as well as those of the end of last year, as follows:

Thousand Euros	30/09/21	31/12/20
Net fix assets[3]	175,069	174,696
Operating funds requirement[4]	82,801	77,163
Other net non-current assets/(Liabilities)	(2,450)	(1,561)
Capital employed	**255,420**	**250,299**
Equity	(323,372)	(293,627)
Net financial debt[5]	67,952	43,329

3 Intangible assets and net tangible assets.
4 Stock more commercial debtors and other accounts receivable and other current assets, less current provisions, commercial creditors and other accounts payable and other current liabilities.
5 Current and non-current financial assets, cash and other equivalent means less debt with current and non-current credit entities.

The limited increase in net fixed assets is mainly due to the delivery of CO_2 rights for the year 2020 for a value of EUR 2 million, without the new rights already assigned at the balance sheet date. Up to the third quarter, the Group has invested 16.2 million in tangible assets and, during the fourth quarter, the most relevant investments in progress are expected to come into operation.

The increase in NOF by EUR 5.6 million is mainly explained by the increase in debtors derived from the increase in sales, which is largely offset by the increase in credit balances and by the application of the provision for emission rights 2.5 million.

The capital stock of the parent Company includes the capital reduction due to the amortization of treasury shares, an operation that was registered in the Barcelona Mercantile Registry on August 23, 2021. As a result of the aforementioned operation, the share capital has been reduced by EUR 3,333,332 corresponding to 1,666,666 shares, so the new share capital has been set at EUR 58,666,668, represented by 29,333,334 shares with a par value of 2.00 euros each.

Likewise, on October 28, in the framework of the paid-up capital increase in the proportion of 4 new shares for every 11 old ones, the new shares were assigned once the negotiation period of the subscription rights had ended, being in procedure before the different agencies and agents its admission to trading on the stock exchanges.

The net financial position presents a net surplus balance of EUR 68.0 million, higher than that at the end of the 2020 financial year by 24.6 million.

FINANCIAL SITUATION

The financial situation of the consolidated Group, prepared in accordance with the adopted IFR Standards at the end of the third quarter, taking into account that it collects effects not contemplated as follows:

Thousand Euros	30/09/21	31/12/20
Long-term financial debt(*)	(57,767)	(49,145)
Short-term financial debt(*)	(4,538)	(18,582)
Cash and cash equivalents (short–term)	89,536	78,646
Long-term financial investment	40,721	32,410
Net financial debt[5]	**67,952**	**43,329**
Net equity	**323,372**	**293,627**
Leverage ratio	n/a	n/a

(*) It includes the contracted with credit entities

The consolidated operating cash flow after taxes has been increased to EUR 53.0 million, exceeding by EUR 15.2 million the one obtained in the same previous period and the Parent Company's cash flow was EUR 36.9 million also 14.5% exceeding by 14.5% the accumulated as of September 2020.

The main applications of generating funds during the exercise, have been investing in fixed assets, amounting to EUR 16.2 million, which, as projected, has been higher than in previous periods, dividend payments in an amount of EUR 7.1 million, the acquisition of own shares for owner stock for a value EUR 4.8 million; and the amortization of financial debt, amounting to EUR 5.4 million. The remaining funds have been earmarked for liquidity instruments and operational fund needs.

OUTLOOK

During the third quarter, the Group achieved results that are in line with those obtained in the previous year, all despite an inflationary environment. Based on this, it reaffirms its expectation of closing 2021 surpassing the results of the previous year.

However, the Group continues to register the increase in the prices of raw materials and, in particular, of energy, both electricity and gas, which will maintain a strongly upward trend, which, together with the high levels of transport costs, allow us to foresee particularly affected results in the fourth quarter of the year, and this despite the commercial policies that it may carry out, aimed at recognizing these exogenous factors.