MIQUEL Y COSTAS & MIQUEL, S.A.

ANNUAL ACCOUNTS AT 31 DECEMBER 2021
AND DIRECTORS' REPORT FOR 2021

(Free translation from the original in Spanish)

The annual accounts (consisting of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts) and the Management report (of which the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration form part in separate sections), of the Company, which are appended hereto, for the year ended 31 December 2021, have been issued in accordance with the agreement adopted by the Board of Directors of Miquel y Costas & Miquel, S.A. in their meeting of 28 March 2022 in accordance with article 253 of the Spanish Companies Act and following the electronic format established in Delegated Regulation EU 2018/815 of the European Commission, of 17 December 2018.

Barcelona, 28 March 2022

Chairman of the Board of Directors

Jorge Mercader Miró

Members of the Board:

Joanfra, S.A. represented by Bernardette Miquel Vacarisas	Álvaro de la Serna Corral	Javier Basañez Villaluenga
Eusebio Díaz-Morera Puig-Sureda	Joaquín Coello Brufau	Claudio Aranzadi Martínez
Joaquín Faura Batlle	Jorge Mercader Barata Vice Chair of the Board	Marta Lacambra Puig

Acknowledgement of Ms. Victoria Lacasa Estébanez, in her capacity as non-director Secretary of the Board of Directors of Miquel y Costas & Miquel, S.A., noting that the Director, Joaquín Faura Batlle, has not signed due to the material impossibility of attending the Board meeting for health reasons.

The non-director Secretary of the Board of Directors, Ms. Victoria Lacasa Estébanez, has signed all the pages of the Annual Accounts and the Directors' Report for the purposes of identification of documents.

Dª. Victoria Lacasa Estebanez

(Free translation from the original in Spanish)

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MIQUEL Y COSTAS & MIQUEL, S.A

BALANCE SHEET AT 31 DECEMBER 2021 AND 2020

(EXPRESSED IN THOUSAND EURO)

ASSETS	**Note**	**2021**	**2020**
NON-CURRENT ASSETS		**152,947**	**147,978**
Intangible assets	5	**959**	**765**
Property, plant and equipment	6	**84,525**	**82,482**
Long-term investments in group companies and associates		**44,640**	**40,469**
Equity instruments	7,8	29,033	26,111
Loans to group companies	7,9	15,607	14,358
Long-term financial assets		**21,925**	**22,955**
Equity instruments	7,8,11	5,150	12
Non-current financial investments	7,9	14,947	21,114
Other financial assets	7,9	1,828	1,829
Deferred tax assets	23	**898**	**1,307**
CURRENT ASSETS		**189,139**	**171,775**
Inventories	12	**43,684**	**37,664**
Trade and other receivables		**46,742**	**34,955**
Trade receivables for sales and services	7,9	35,867	26,277
Trade receivables for sales and services from group companies and associates	7,9	10,685	8,561
Other debtors	7,9	2	-
Loans to employees	7	-	-
Public Administrations – Other	13	188	117
Short-term investments in group companies and associates		**18,537**	**21,105**
Loans to group companies	7,9	18,537	21,105
Short -term investments	7,9	**74,296**	**70,908**
Prepayments and accrued income		**3**	**2**
Cash and cash equivalents	14	**5,877**	**7,141**
TOTAL ASSETS		**342,086**	**319,753**

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A
BALANCE SHEET AT 31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

EQUITY AND LIABILITIES	Note	2021	2020
EQUITY		**213,854**	**200,611**
Capital and reserves		**213,327**	**200,385**
Capital	15.1	80,000	62,000
Share premium reserve	15.2	-	40
Reserves	16	118,182	148,428
(Own shares)	15.3	(13,372)	(30,991)
Profit for the year	17.1	36,315	30,629
(Interim dividend)	17.2	(8,400)	(10,200)
Other equity instruments	16	602	479
Value adjustments	**11**	**138**	**-**
Grants, donations and bequests received	**18**	**389**	**226**
NON-CURRENT LIABILITIES		**29,545**	**33,177**
Long-term provisions	22	**450**	**1,612**
Long-term debts	7,19	**27,527**	**30,045**
Bank loans		27,527	30,045
Deferred tax liabilities	23	**1,305**	**1,420**
Long-term accrued income	20	**263**	**100**
CURRENT LIABILITIES		**98,687**	**85,965**
Short-term provisions	22	**1,030**	**1,179**
Short-term debts		**13,403**	**14,864**
Bank loans	7,19	10,848	13,385
Other financial liabilities	7,19	2,555	1,479
Short-term debts with group companies and associates	7,19	**42,774**	**40,246**
Trade and other payables		**41,480**	**29,676**
Trade payables	7,19	18,378	13,264
Trade payables, group companies and associates	7,19	5,123	3,959
Other creditors	7,19	1,187	1,028
Accrued wages and salaries	7	6,253	3,668
Current income tax liability	25	578	515
Payable to Public Administrations	24	7,173	6,795
Advance payments from customers	7	2,788	447
Short-term accrued income	20	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**342,086**	**319,753**

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
INCOME STATEMENT FOR THE YEARS
ENDED AT 31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

	Note	2021	2020
CONTINUING OPERATIONS			
Revenue	26.2	**187,284**	**168,645**
Sales		181,599	168,591
Services rendered		5,685	54
Changes in inventories of finished goods and work in progress	12	**3,568**	**(2,247)**
Own work capitalised	5,6	**583**	**636**
Raw materials and consumables	26.3	**(75,351)**	**(64,279)**
Other operating revenue	26.4	**946**	**4,805**
Accessory and other income		946	4,805
Staff costs	26.5	**(28,333)**	**(27,984)**
Other operating expenses	26.6	**(44,524)**	**(38,290)**
Fixed asset depreciation	5,6	**(8,694)**	**(8,822)**
Release of non-financial fixed asset grants and other	18	**455**	**406**
Excess of accruals		**-**	**-**
Impairment and results on fixed asset disposals		**1**	**-**
Profit / (loss) on disposals and other		1	-
OPERATING RESULTS		**35,935**	**32,870**
Financial income	27	**10,039**	**6,776**
Financial expenses	27	**(487)**	**(485)**
Exchange differences	27	**12**	**(301)**
Impairment and results on financial instruments disposals	27	**-**	**-**
FINANCIAL RESULTS		**9,564**	**5,990**
PROFIT (LOSS) BEFORE INCOME TAX		**45,499**	**38,860**
Corporate income tax	25	(9,184)	(8,231)
PROFIT (LOSS) FOR YEAR FROM CONTINUING OPERATIONS		**36,315**	**30,629**
DISCONTINUED OPERATIONS			
Profit / loss for year from discontinued operations net of taxes		**-**	**-**
PROFIT / LOSS FOR THE YEAR	17.1	**36,315**	**30,629**

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED
AT 31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	2021	2020
Profit and loss account result	**17.1**	**36,315**	**30,629**
Income and expenses recognised directly in equity		**654**	**259**
Grants, donations and legacies received	**18**	672	357
Changes in financial instruments at fair value through equity	**11**	138	-
Actuarial gains and losses and other adjustments	**21**	16	(12)
Tax effect	**18,21**	(172)	(86)
Transfers to the profit and loss account		**(341)**	**(305)**
Grants, donations and legacies received	**18**	(455)	(406)
Tax effect	**18**	114	101
Total recognized income and expenses		**36,628**	**30,583**

miquel y costas & miquel, s.a.

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED
AT 31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

B) TOTAL STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share premium	Reserves	Own shares	Profit/loss from previous years	Profit/loss for the year	(Interim dividend)	Value adjustments	Grants, donations and bequests received	TOTAL
BALANCE AT 2019 YEAR END	**62,000**	**40**	**132,172**	**(21,483)**	**-**	**30,321**	**(6,600)**	**-**	**263**	**196,713**
Adjustments due to policy changes 2019 and previous years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments due to errors 2019 and previous years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ADJUSTED BALANCE, BEGINNING 2020	**62,000**	**40**	**132,172**	**(21,483)**	**-**	**30,321**	**(6,600)**	**-**	**263**	**196,713**
Total recognised income and expenses	**-**	**-**	**(9)**	**-**	**-**	**30,629**	**-**	**-**	**(37)**	**30,583**
Operations with shareholders or owners:	**-**	**-**	**-**	**(9,508)**	**(3,800)**	**-**	**(13,500)**	**-**	**-**	**(26,808)**
- Capital increase	-	-	-	-	-	-	-	-	-	-
- Capital decrease	-	-	-	-	-	-	-	-	-	-
- Dividend payment	-	-	-	-	(3,800)	-	(13,500)	-	-	(17,300)
- Trading in own shares (net)	-	-	-	(9,508)	-	-	-	-	-	(9,508)
Other movements in equity	**-**	**-**	**16,744**	**-**	**3,800**	**(30,321)**	**9,900**	**-**	**-**	**123**
BALANCE AT 2020 YEAR END	**62,000**	**40**	**148,907**	**(30,991)**	**-**	**30,629**	**(10,200)**	**-**	**226**	**200,611**
Adjustments due to policy changes 2020 and previous years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments due to errors 2019 and previous years	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ADJUSTED BALANCE, BEGINNING 2021	**62,000**	**40**	**148,907**	**(30,991)**	**-**	**30,629**	**(10,200)**	**-**	**226**	**200,611**
Total recognised income and expenses	**-**	**-**	**12**	**-**	**-**	**36,315**	**-**	**138**	**163**	**36,628**
Operations with shareholders or owners:	**18,000**	**(40)**	**(43,515)**	**17,619**	**(4,000)**	**-**	**(11,500)**	**-**	**-**	**(23,436)**
- Capital increase	21,333	(40)	(21,293)	-	-	-	-	-	-	-
- Capital decrease	(3,333)	-	(22,222)	25,555	-	-	-	-	-	-
- Dividend payment	-	-	-	-	(4,000)	-	(11,500)	-	-	(15,500)
- Trading in own shares (net)	-	-	-	(7,936)	-	-	-	-	-	(7,936)
Other movements in equity	**-**	**-**	**13,380**	**-**	**4,000**	**(30,629)**	**13,300**	**-**	**-**	**51**
BALANCE AT 2021 YEAR END	**80,000**	**-**	**118,784**	**(13,372)**	**-**	**36,315**	**(8,400)**	**138**	**389**	**213,854**

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(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENTS FOR THE YEARS ENDED AT
31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

	Note	2021	2020
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit/loss for the year before taxes		**45,499**	**38,860**
2. Adjustments to profit/loss		**(1,970)**	**4,240**
Fixed asset depreciation (+)	**5,6**	8,694	8,822
Impairment losses (+/-)	**9,11,12**	415	505
Change in provision (+/-)		(1,153)	709
Release of grants (-)		(455)	(406)
Gains and losses on disposals of fixed assets (+/-)	**29.7**	(1)	-
Financial income (-)	**30**	(10,039)	(6,776)
Financial expense (+)	**30**	487	485
Exchange differences (+/-)		(132)	223
Other income/expenses (+/-)		214	678
3. Changes in working capital		**(5,819)**	**5,465**
Inventories (+/-)		(6,061)	2,307
Trade and other receivables (+/-)		(11,843)	2,335
Trade and other payables (+/-)		12,235	552
Other current liabilities		(149)	272
Other current assets		(1)	(1)
Other non-current assets and liabilities (+/-)		-	-
4. Other cash flows from operating activities		**360**	**(2,045)**
Interest payments (-)		(495)	(497)
Amounts received from interest (+)		8,136	4,964
Dividends collected (+)		1,903	1,812
Receipts (payments) for corporate income tax (+/-)		(9,184)	(8,324)
5. Cash flows from operating activities (1+2+3+4)		**38,070**	**46,520**
B) CASH FLOW FROM INVESTING ACTIVITIES			
6. Amounts paid on investments (-)		**(122,969)**	**(119,179)**
Group companies and associated (current and no current)		(5,581)	(2,023)
Intangible assets	**5**	(521)	(259)
Tangible assets		(10,627)	(10,907)
Other financial assets	**9,15**	(106,240)	(105,990)
7. Amounts collected from divestments (+)		**108,851**	**89,393**
Group companies and associates		3,978	7,347
Fixed assets		853	72
Other financial assets	**9,15**	104,020	81,974
8. Cash flows from investing activities (6+7)		**(14,118)**	**(29,786)**

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENTS FOR THE YEARS ENDED AT
31 DECEMBER 2021 AND 2020
(EXPRESSED IN THOUSAND EURO)

	Note	2021	2020
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Receipts and payments equity instruments		**(7,264)**	**(9,508)**
a) Issuing of equity instruments (+)	**17.3**	(7,936)	(9,508)
b) Redemption of equity instruments (-)		-	-
c) Acquisition of equity instruments (-)		672	-
10. Receipts and payments financial liability instruments		**(2,452)**	**11,175**
a) Issues			
Bank loans (+)	**21**	17,134	19,284
Amounts due to group companies and associates (+)		2,528	11,917
b) Return and redemption of			
Bank loans (-)	**21**	(22,180)	(20,026)
Amounts paid to group companies and associates (-)		-	-
Other liabilities		66	-
11. Payments for dividends and remuneration of other equity instruments		**(15,500)**	**(17,300)**
a) Dividends (-)	**19.2**	(15,500)	(17,300)
b) Remuneration of other equity instruments (-)			
12. Cash flow from financing activities (9+10+11)		**(25,216)**	**(15,633)**
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS (5+8+12)		**(1,264)**	**1,101**
Cash or cash equivalents at the beginning of the year	**16**	7,141	6,040
Cash or cash equivalents at the end of the year	**16**	5,877	7,141

1 General information

Miquel y Costas & Miquel, S.A. (hereinafter, the Company) was incorporated as a company in 1879 and as a limited liability company in 1929. Its registered activity is the manufacture of thin and special lightweight paper, mainly for the business segment of the tobacco industry.

The Company is inscribed in the Mercantile Register on sheet B-85067, folio 139, volume 8686, inscription 1 and bears Taxpayer ID nº A08020729 and the last statutory modification is inscription 340.

The Company carries out its paper activity within the field of thin and special lightweight paper, especially for the tobacco industry from its factories in Besós and Pla de la Barquera, both located in the province of Barcelona, and the factory of S.A. Payá Miralles, located in the province of Valencia (Mislata).

The Company is the parent company of Miquel y Costas Group, hereinafter the Group, which is composed of the Company and by the companies listed in Note 8 of this report, therefore it is obliged to present the corresponding consolidated financial statements, in accordance with current International Financial Reporting Standards (IFRS), which must be deposited in the Mercantile Register of Barcelona.

The Company and the Spanish subsidiary companies (S.A. Payá Miralles, Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Energía y Medio Ambiente S.A., Terranova Papers, S.A. and Miquel y Costas Logística S.A.) are integrated under the same management, especially regarding the planning of production and stock management, with technical and financial resources being allocated depending on the needs of each of the companies.

The Company has 3 subsidiaries abroad; a subsidiary in Argentina named Miquel y Costas Argentina, S.A., a second in Chile named Miquel y Costas Chile, S.R.L. (both owned through subsidiaries Desvi, S.A. and Papeles Anoia, S.A.), and a third Germany (Miquel y Costas Deutschland, GmbH) owned through subsidiaries Desvi, S.A. and MB Papeles Especiales, S.A., all of them act in an integrated way under a common direction.

Additionally, the Group has a stake, since the end of 2011, in Fourtube S.L. an associate company registered in Sevilla.

The main figures obtained from the Group's consolidated annual accounts prepared under IFRS-EU, which have been audited, are as follows:

	Thousand Euro	
	2021	**2020**
Total assets	453,677	416,919
Equity	322,897	293,627
Profit and loss attributable to the equity holders of the parent company	50,792	44,878
Net turnover	301,286	274,151

The mentioned Consolidated Financial Statements have been formulated by the Board of Directors of the Company held on 25 March, 2022, pending their approval by the shareholders, without any modification being envisaged.

2 Basis of presentation

2.1 Fair presentation

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with current commercial legislation and with the rules established in the General Accounting Plan approved by Royal Decree 1514/2007 and the amendments incorporated therein, the latest being those incorporated by Royal Decree 1/2021, of 12 January, in force for financial years beginning on or after 1 January 2021, in order to give a true and fair view of the Company's net worth, financial position and results, as well as the veracity of the cash flows includedin the cash flow statement.

The figures included in the annual accounts (balance sheet, income statement, statement of changes in equity, statement of cash flow and notes to the annual accounts) and directors' report, are stated in Thousand Euro, except when specified otherwise. The Company considers that the annual accounts fairly express the equity, financial position and results of the Company as well as the accuracy of the cash flows stated on the cash flow statement. The functional and presentation currency of the annual accounts is the Euro. The annual accounts have been formulated by the Board of Directors on 28 March 2022 and it is expected that they will be approved by the shareholders without modification.

2.2 Changes in accounting policies as a result of Royal Decree 1/2021

On 30 January 2021, Royal Decree 1/2021, of 12 January, was published in the Official State Gazette, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November; the General Accounting Plan for Small and Medium-sized Companies approved by Royal Decree 1515/2007, of 16 November; the Standards for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September; and the Standards for the

Adaptation of the General Accounting Plan for Non-Profit Entities approved by Royal Decree 1159/2010, of 17 September; the Rules for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of 17 September; and the Rules for the Adaptation of the General Accounting Plan to Non-Profit Entities approved by Royal Decree 1491/2011, of 24 October. Likewise, and as a consequence of RD 1/2021, on 13 February 2021, the resolution of the Spanish Accounting and Audit Institute (ICAC) was published in the Official State Gazette (Boletín Oficial del Estado), which lays down rules for the recording, valuation and preparation of annual accounts for the recognition of income from the delivery of goods and services (hereinafter "Income Resolution").

The content of the aforementioned Royal Decree and Resolution has been applied in the annual accounts for the financial year commencing on or after 1 January 2021..

The changes affect the Company mainly in the following items:

a) Financial instruments.
b) Revenues from sales and services rendered.

The main differences between the accounting and classification criteria used in 2020 and those applied in 2021 that have affected the Company are as follows:

a) Financial instruments

Financial instruments are now classified on the basis of our management or business model for managing financial assets and the contractual terms of the cash flows from them.

The classification of financial assets falls into the following main categories:

- **Fair value through profit or loss:** This category includes all financial assets except those that should be classified in another category. It groups together the previous heading "Other financial assets at fair value through profit or loss".

- **Amortised cost:** The previous headings "Loans and receivables" and "Held-to-maturity investments" have been included in this category to the extent that they are held for the purpose of receiving the cash flows arising from the performance of the contract, and the contractual terms of the financial asset give rise, at specific dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

  Also included in this category are trade receivables and non-trade receivables.

- **Fair value through equity:** This category includes loans where the business model applied to the loan is to receive contractual cash flows from the asset that are solely principal and interest payments or to arrange for their disposal in a manner similar to the above available-for-sale debt financial asset portfolio. Also included in this category, optionally by initial designation, are equity instruments (formerly the available-for-sale equity financial asset portfolio).

- **Cost:** This category comprises the following financial assets:
  - investments in group companies, jointly controlled entities and associates;
  - assets held in joint ventures; and
  - financial assets for which a reliable estimate of fair value cannot be obtained (equity instruments or hybrid financial assets or other assets that were initially classified in the fair value through equity portfolio).

The classification of financial liabilities falls into the following main categories:

- **Amortised cost:** This category includes all financial liabilities except those that must be measured at fair value through profit or loss. It therefore includes the previous headings of "Loans and payables", which include participating loans that have the characteristics of an ordinary or common loan, including those whose interest was set below market, and "Trade and non-trade payables and receivables".

- **Fair value through profit or loss:** This category includes the previous heading "Other financial liabilities at fair value through profit or loss".

On the date of initial application of Royal Decree 1/2021, 1 January 2021, the Company opted to apply Royal Decree 2 and include comparative information without restating the items for 2020, reclassifying them to show the balances for that year adjusted to the new presentation criteria. The Company has therefore applied the new financial instrument categories in accordance with RD 1/2021 for the year ended 31 December 2021, and has applied the new categories, for presentation purposes only, for the comparative year ended 31 December 2020.

The reconciliation performed between the different categories as at 31 December 2020 is presented below:

Categories in RD 1514/2007	Categories in RD 1/2021	FY 2020 (thousands of euros)
Equity investments in group companies, jointly controlled entities and associates	Financial assets at cost	26,123
Loans and receivables	Financial assets at amortised cost	70,301
Held-to-maturity investments (*)	Financial assets at amortised cost	91,763
Financial assets at fair value through profit or loss.	Financial Assets at Fair Value through Profit or Loss	259
Other financial assets (deposits and guarantees)	Financial assets at amortised cost	1,829

(*) The company had recorded Euros 259 thousand under short-term financial investments corresponding to financial derivatives to hedge the risks associated with exchange rate fluctuations in its future commercial transactions.

Categories in RD 1514/2007	**Categories in RD 1/2021**	**FY 2020 (thousands of euros)**
Amounts owed to credit institutions	Financial liabilities at amortised cost	43,430
Other financial liabilities (suppliers of fixed assets)	Financial liabilities at amortised cost	1,479
Payable to group and associated companies	Financial liabilities at amortised cost	40,246
Trade and other payables	Financial liabilities at amortised cost	22,366

b) Income from sales and services rendered

The application as of 1 January 2021 of the ICAC's Resolution on standards for recording, valuation and preparation of annual accounts for the recognition of revenue for the delivery of goods and services, and the latest amendment of the PGC and its complementary provisions through RD 1/2021, has led to changes in the NRV 14 "Revenue from sales and services", as well as in the information to be included in the notes to the financial statements on these transactions.

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled - thus the concept of control, as a fundamental principle, replaces the current concept of risks and rewards.

In order to apply the above fundamental principle, the following successive steps must be followed:

- identify the contracts with customers; - identify the obligations to be fulfilled
- identify the obligations to be fulfilled;
- determine the transaction price or consideration for the contract transaction;
- allocating the transaction price among the obligations to be performed; and
- recognising revenue when (or as) the entity satisfies each committed obligation.

The key changes to current practice are:

- Rules are established for identifying the contract and the different goods and services included in the contract, as well as guidelines for combining and modifying contracts.

- It sets out requirements for determining when revenue accrues, in particular whether revenue should be recognised at a single point in time or over time, depending on the percentage of completion of the activity.

- It starts with the definition of the transaction price and analyses certain specific aspects such as deliveries to customers of cash, goods free of charge or flagging costs; variable consideration for discounts, contingent amounts, etc.; the financial component of the contract; and assets transferred by customers.

- Particular issues and cases are analysed, such as: incremental costs of obtaining or fulfilling a contract, the right to return the product sold with reimbursement of the price charged, guarantees given to customers, indicators on own vs. third-party performance, customer options on additional goods and services, assignment of licences, etc.

Considering the Company's activity, the application of RD 1/2021 has had no impact on the accounting policies for revenue recognition (NRV 14), and therefore no adjustments have been required.

Likewise, as established in article 34 of RD 1/2021, the amount of other revenues not derived from contracts with customers that constitute the Company's ordinary activity or activities, understood as those carried out by the Company on a regular basis and for which it obtains recurring income, shall be considered as revenue.

On the date of initial application of RD 1/2021, 1 January 2021, the Company has opted for the application of the 5th TD of the new criteria considering 1 January 2021 as the transition date, and the figures corresponding to financial year 2020 which are included for comparative purposes in the Annual Accounts for financial year 2021, have not been adapted in accordance with the new criteria, without prejudice to the reclassification of the previous year's items of financial instruments to the new presentation in application of the 2nd TD.

2.3 Critical measurement issues and estimates of uncertainty

The annual accounts, in general, have been prepared using the historic cost method, except for the revaluation of derivative instruments and derivative financial assets at fair value through profit and loss.

The Company does not have discontinued operations.

In preparing the annual accounts estimates were occasionally made by the Directors to quantify some assets, liabilities, income, expenses and commitments recorded in the Company.

The estimates and assumptions are assessed constantly and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

The estimates and assumptions are basically referred to:

- Determine the existence of the impairment of assets as a result of the valuation of independent experts.
- The useful life of the PPE and intangible assets, determined on the basis of the valuation of independent experts.
- The assumptions used to calculate the fair value of the financial instruments that have been determined by the different financial institutions.
- The probability of occurrence and the amount of indeterminate or contingent liabilities.
- The valuation of the pension liabilities based on actuarial valuations of independent third parties.
- Litigation pending resolution.
- The assessment of the need for impairment of receivables and inventories.

2.4 Comparability and uniformity of the information

The figures in the balance sheet and profit and loss account for 2020 and 2021 are considered comparable except as discussed in note 2.2 "Changes in accounting policies as a result of Royal Decree 1/2021" section b) "Revenue from sales and services".

2.5 Groupings of items

For clarity, the items presented in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together and, where necessary, a breakdown is included in the relevant notes to the annual accounts.

3 Accounting policies

3.1 Intangible assets

Intangible assets are stated as the case may be at cost of acquisition or direct cost of production and are presented net of their respective accumulated amortisation and accumulated impairment, using the following criteria:

- Licences and trademarks acquired to third parties are carried at acquisition cost. Beginning in 2016, these assets are amortized, and their amortization is calculated using the straight-line method, with an estimated useful life of 20 years.

(IN THOUSAND EURO)

- Development costs incurred in R&D projects (related with the design and proving new products) are recognised as intangible assets when it is probable that the project will be a success considering its technological and commercial feasibility. Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a defined useful life that have been capitalised are amortised on a straight-line basis over the period of the project's expected benefit, not exceeding three years. If the circumstances favouring the project that permitted the capitalisation of the development costs change, the unamortized portion is expensed in the year of change.

Computer software is accounted for at acquisition or production cost. Amortisation is calculated using the straight-line method over a useful life of three years.

3.2 Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, revalued in 1996 (Law 7/1996 of 7 June) and then subsequently in 2012 (Law 16/2012, of 27 December) according to the extent permitted by the law, less accumulated depreciation and accumulated impairment losses.

These financial statements for 2021 contain the update approved by Law 16/2012 of 27 December on assets registered before the 31 December, 2012. In accordance with art. 9.2 of Law 16/2012, the Company has only proceeded to update the value of certain assets, as disclosed in Note 6.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives. Estimated useful lives are as follows:

	Useful lives (years)
Buildings and other constructions	33-50
Machinery and equipment	7-20
Other plant, tooling and furniture	6-20
Vehicles	6-14
Data-processing equipment	4-7

PPE repair and maintenance expenses that do not improve their use or prolong their useful life are charged to the income statement when incurred.

The costs of extension, modernisation or improvement of PPE are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 3.4).

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the sale revenue with the carrying amount and are recognised in the income statement.

Own work capitalised includes the costs incurred for fixed asset manufacturing and installation actually accrued and attributable to each project, within the maximum limit of market value or the expected returns from these assets.

3.3 Interest costs

Interest costs directly attributable to the acquisition or construction of fixed assets that require more than one year before they may be brought into use are included in the cost of the assets until they are ready for use.

3.4 Losses due to impairment of assets

On each balance sheet date the Company evaluates where there are any indications of asset impairment. If so, the Company estimates the recoverable amount of the asset.

Assets subject to amortisation are tested for impairment when events or change in circumstances indicates that carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Non-financial assets, other than goodwill, which are impaired are reviewed at the balance sheet date for reversal of the loss.

3.5 Cash generating units

The calculations of asset impairment are made asset by asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company will determine the recoverable amount of the cash generating unit to which each asset belongs.

The Company has identified the various production centres listed below as cash generating units (CGU):

CGU	Activity
Production centre in the province of Barcelona – Besós	Manufacturing of paper for the tobacco industry
Production centre in the province of Barcelona – Besós	Transformation of paper for the tobacco industry

Industrial plant in the province of Valencia – Mislata	Manufacturing of printing and writing paper
Industrial plant in the province of Barcelona – Pla de la Barquera	Paper handling

3.6 Financial assets

a) Financial assets at fair value with changes in profit and loss

This category includes equity instruments which are held for trading and which are not to be measured at cost, and those equity instruments for which no irrevocable election has been made at initial recognition to present subsequent changes in fair value directly in equity.

In addition, financial assets that are irrevocably designated at initial recognition as measured at fair value through profit or loss, and that would otherwise have been included in another category, are included to eliminate or significantly reduce a valuation inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities on different bases.

Initial measurement

Financial assets included in this category are initially measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given. Transaction costs that are directly attributable to them are recognised in the profit and loss account for the year.

Subsequent measurement

After initial recognition, the company shall measure financial assets in this category at fair value through profit or loss.

b) Financial assets at amortised cost

This category includes financial assets, including those admitted to trading on an organised market, in which the Company holds the investment with the objective of receiving cash flows from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of a regular or ordinary loan, regardless of whether the transaction is arranged at a zero or below-market interest rate.

Included in this category are trade receivables and non-trade receivables:

(a) trade receivables: financial assets arising from the sale of goods and the rendering of services in the ordinary course of business for which payment is deferred; and

(b) non-trade receivables: financial assets which, not being equity instruments or derivatives, do not arise from trade transactions and whose collections are of a fixed or determinable amount and which arise from loans or credit operations granted by the company.

Initial measurement

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

However, trade receivables maturing within one year that do not have an explicit contractual interest rate, as well as receivables from employees, dividends receivable and payments due on equity instruments, the amount of which is expected to be received in the short term, are measured at nominal value to the extent that the effect of not discounting the cash flows is deemed not to be material.

Subsequent measurement

Financial assets included in this category are measured at amortised cost. Accrued interest shall be recognised in the profit and loss account using the effective interest method.

However, loans and receivables maturing in less than one year which, in accordance with the provisions of the previous paragraph, are initially measured at nominal value, continue to be measured at nominal value, unless they are impaired.

When the contractual cash flows of a financial asset change because of the issuer's financial difficulties, the company assesses whether an impairment loss should be recognised.

Impairment

Impairment losses are recognised at least at the balance sheet date and whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the insolvency of the debtor.

In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the enforcement of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate at the reporting date is used in accordance with the contractual terms.

Impairment losses, and their reversal when the amount of the impairment loss decreases due to a subsequent event, are recognised as an expense or income, respectively, in the profit and loss account. The reversal of impairment is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

c) Financial assets at fair value with changes in equity

This category includes financial assets whose contractual terms give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and are not held for trading and are not classified in the category "Financial assets at amortised cost". Also included in this category are investments in equity instruments for which the irrevocable option for classification as 'Financial assets at fair value through profit or loss' has been exercised.

Initial measurement

Financial assets included in this category are initially measured at fair value, which is generally the transaction price, i.e. the fair value of the consideration given, plus any directly attributable transaction costs, including the amount of any pre-emptive subscription rights and similar rights acquired.

Subsequent measurement

The financial assets included in this category are measured at fair value, without deducting any transaction costs that might be incurred on disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement.

However, impairment losses and gains and losses arising from exchange differences on monetary financial assets denominated in foreign currencies are recognised in the profit and loss account.

Interest calculated using the effective interest rate method and accrued dividends are also recorded in the profit and loss account.

Where these assets are to be valued due to derecognition or otherwise, the weighted average value method is applied.

In the exceptional event that the fair value of an equity instrument becomes unreliable, prior adjustments recognised directly in equity are treated in the same way as for impairment of financial assets at cost.

In the case of the sale of pre-emptive subscription rights and similar rights or the segregation of such rights for exercise, the amount of the rights decreases the carrying amount of the respective assets. This amount corresponds to the fair value or cost of the rights, consistent with the valuation of the associated financial assets.

Impairment

At least at year-end, the necessary impairment adjustments are made whenever there is objective evidence that the value of a financial asset, or group of financial assets included in this category with similar risk characteristics measured collectively, has become impaired as a result of one or more events that occurred after initial recognition and that give rise to an impairment loss:

a) In the case of purchased debt instruments, a reduction or delay in the estimated future cash flows that are caused by the insolvency of the debtor; or

b) In the case of investments in equity instruments, a lack of recoverability of the carrying amount of the asset, as evidenced by a prolonged or significant decline in its fair value. In general, the instrument is considered to be impaired if its market price has fallen by one and a half years or forty percent without recovery of its value, although it may be necessary to recognise an impairment loss before this period has elapsed or the market price has fallen by the aforementioned percentage.

The impairment loss on these financial assets is the difference between their cost or amortised cost less any impairment loss previously recognised in the income statement and the fair value at the time of measurement.

Cumulative losses recognised in equity for decreases in fair value, provided that there is objective evidence of impairment in the value of the asset, are recognised in the profit and loss account.

Increases in fair value in subsequent years are credited to the income statement for the year to reverse the impairment loss recognised in prior years. With the exception of increases in fair value corresponding to an equity instrument which is recognised directly in equity.

c) Financial assets at cost

In any case, the following are included in this valuation category:

a) Investments in the equity of group companies, jointly controlled entities and associates.

b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives that have these investments as their underlying.

c) Hybrid financial assets whose fair value cannot be reliably estimated, unless they qualify for recognition at amortised cost.

d) contributions made as a result of a joint venture and similar agreements.

e) participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business.

f) any other financial asset that is initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Initial measurement

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, the latter not being included in the cost of investments in group companies.

However, in cases where there is an investment prior to its classification as a group, multi-group or associate company, the cost of this investment is considered to be the book value that the investment should have had immediately prior to the company's classification as a group, multi-group or associate company.

The initial valuation includes the amount of any preferential subscription rights and similar rights that may have been acquired.

Subsequent measurement

Equity instruments included in this category are measured at cost less any accumulated impairment losses.

When these assets are to be valued due to derecognition or otherwise, the weighted average cost method is applied for homogeneous groups, i.e. securities with equal rights.

In the case of the sale of pre-emptive subscription rights and similar rights or the segregation of such rights for exercise, the amount of the cost of the rights reduces the carrying amount of the respective assets.

Contributions made as a result of a joint venture and similar contracts are valued at cost, increased or decreased by the profit or loss, respectively, accruing to the company as non-managing venturer, less, where applicable, any accumulated impairment losses.

The same applies to participating loans whose interest is contingent either because a fixed or variable rate of interest is agreed upon conditional upon the achievement of a milestone in the borrower company (e.g. profit) or because it is calculated solely by reference to the performance of the borrower company's business. If irrevocable fixed interest is agreed in addition to contingent interest, the latter is accounted for as finance income on an accruals basis. Transaction costs are taken to the profit and loss account on a straight-line basis over the life of the participating loan.

Impairment

At least at year-end, the necessary value adjustments are made whenever there is objective evidence that the carrying amount of an investment will not be recoverable. The amount of the impairment loss is the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs to sell and the present value of future cash flows arising from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another investee, the equity included in the consolidated financial statements prepared in accordance with the criteria of the Commercial Code and its implementing regulations is taken into account.

The recognition of impairment losses and, where applicable, their reversal, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

However, if an investment in the company had been made prior to its classification as a group company, jointly controlled entity or associate and, prior to that classification, valuation adjustments had been made and recognised directly in equity in respect of that investment, those adjustments are retained after classification until the investment is disposed of or derecognised, at which time they are recognised in the income statement, or until the following circumstances occur:

a) In the case of previous valuation adjustments for increases in value, impairment allowances shall be recorded against the equity item reflecting the previously made valuation adjustments up to the amount of the adjustments, and the excess, if any, is recorded in the profit and loss account. Impairment losses recognised directly in equity are not reversed.

b) In the case of previous impairment adjustments, when the recoverable amount subsequently exceeds the carrying amount of the investments, the latter is increased, up to the limit of the aforementioned impairment, against the item that has recorded the previous impairment adjustments and from that moment onwards the new amount arising is considered to be the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, accumulated losses are recognised directly in equity in the profit and loss account.

Assets that are designated as hedged items are subject to the valuation requirements of hedge accounting.

3.7 Financial derivatives and hedging

Los Financial derivatives are initially and subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and, if so, the type of hedge. The Company designates certain derivatives as:

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When the hedged item is an unrecognised firm commitment or a component thereof, the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability, and the corresponding gain or loss is reflected in the profit and loss account.

Changes in the carrying amount of hedged items that are measured at amortised cost result in an adjustment, either at the time of the change or subsequently when hedge accounting ceases, to the effective interest rate of the instrument.

3.8 Inventories

Inventories are stated at acquisition or production cost, determined as follows:

- Raw materials and other supplies: at acquisition cost using the FIFO method.
- Finished goods and work in progress: at standard cost, which approximates the FIFO method according to the real cost of raw materials and other consumables, including the applicable part of direct and indirect costs of labour and general manufacturing overheads.
- Trade inventories: at acquisition cost, using the average cost method.

When the net realisable value of inventories is below cost, the necessary value adjustments are made and an expense is recorded in the income statement. If the circumstances that caused the value adjustment cease to exist, the adjustment is reversed and recognised as an income in the income statement.

The net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses and, in the case of raw materials and work in progress, the estimated production costs to complete the production process.

Emission allowances for greenhouse gases are valued at the acquisition price. In the case of allowances acquired free of charge, the acquisition price is considered the fair value at the time of acquisition.

The emission allowances are not subject to amortization and are charged to income for the year in the measure that the emissions of gases that are destined to cover are realized. They are derecognised from the balance sheet as a contra entry to the provision for the costs generated by the issues made, at the time of delivery to the Administration to cancel the obligations incurred.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with financial entities.

3.10 Share capital

Share capital consists of ordinary shares of a single class.

The costs of issuing new shares or options are recognised directly in equity as a reduction in reserves.

In the event of acquisition of own shares by the Company, the amount paid, including any directly attributable incremental cost, is deducted from equity until cancellation, new issue or disposal. When these shares are cancelled, the nominal amount is recognised by decreasing share capital and the difference between the nominal and the cost in voluntary reserves. In the event that the own shares are sold, any amount received, net of any directly attributable incremental cost, and the respective tax effect on the capital gains, is included in equity attributable to the equity holders of the Company.

3.11 Grants received

Repayable grants are recognised under liabilities until the conditions are fulfilled for the grants to be treated as non-repayable. Non-repayable grants are recognised directly in equity and are transferred to income on a systematic and rational basis in line with grant costs. Non-repayable grants received from shareholders are recognised directly in equity.

A grant is deemed to be non-repayable when it is awarded under a specific agreement, all stipulated grant conditions have been fulfilled and there are no reasonable doubts that it will be collected.

Monetary grants are carried at the fair value of the amount granted and non-monetary grants are carried at the fair value of the asset received, at the recognition date in both cases.

Non-repayable grants related to the acquisition of intangible assets, property, plant and equipment, and investment property are recognised as an income for the period in proportion to the amortisation or depreciation charged on the relevant assets or, if applicable, upon their sale, value adjustment or write-off. Non-repayable grants related to specific costs are recognised in the income statement in the period in which the relevant costs are accrued, and non-repayable grants awarded to offset an operating deficit are recognised in the year they are awarded, unless they are used to offset an operating deficit in future years, in which case they are recognised in those years.

3.12 Financial liabilities: Debts and other payables

Financial liabilities are measured in one of the following categories:

a) Financial liabilities at amortised cost

In general, trade and non-trade payables are included in this category:

Trade payables: financial liabilities arising from the purchase of goods and services in the ordinary course of business for which payment is deferred.

Non-trade payables: financial liabilities which, not being derivative instruments, do not have a trade origin, but arise from loan or credit transactions received by the company.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

Initial valuation

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing in less than one year and which do not have a contractual interest rate, as well as disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, are measured at their nominal value, when the effect of not discounting cash flows is not significant.

Subsequent measurement

Financial liabilities included in this category are measured at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest method.

However, debts maturing within one year that are initially measured at nominal value continue to be measured at nominal value.

b) Financial liabilities at fair value through profit or loss

This category includes financial liabilities that meet one of the following conditions:

Liabilities held for trading

Those that are irrevocably designated from initial recognition to be carried at fair value through profit or loss because:

An inconsistency or "accounting mismatch" with other instruments at fair value through profit or loss is eliminated or significantly reduced; or

A group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the group is also provided on a fair value basis to key management personnel.

Non-segregated hybrid financial liabilities optionally and irrevocably included.

Initial and subsequent measurement

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the income statement for the year.
After initial recognition, financial liabilities in this category are measured at fair value through profit or loss.

In the case of convertible bonds, the fair value of the liability component is determined by applying the interest rate for similar non-convertible bonds. This amount is accounted for as a liability on an amortised cost basis until settlement upon conversion or maturity. The remaining proceeds are allocated to the conversion option which is recognised in equity.

In the case of renegotiation of existing debt, no material modification of the financial liability is deemed to exist when the lender of the new loan is the same as the initial lender and the present value of the cash flows, including net fees, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated under the same method.

3.13 Current and deferred taxes

Income tax expense (income) is the amount of income tax accrued during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of items recorded directly in equity is recognised in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be recoverable from or payable to the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

However, if the deferred tax arises from the initial recognition of a liability or an asset on a transaction other than a business combination that at the date of the transaction has no effect on reported or taxable results, they are not recognised. The deferred tax is determined applying tax regulations and rates approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences may be utilised.

The Company pays tax under a consolidated tax return with subsidiaries S.A. Payá Miralles, MB Papeles Especiales, S.A., Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., Miquel y Costas Energía y Medio Ambiente S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Logística S.A., and Terranova Papers, S.A., and, in this respect, these companies made in their case, the corresponding provision of funds to the Company that is responsible to the Administration of the presentation and settlement of income tax.

Upon a change in tax rates, the estimation of the amounts of deferred tax assets and liabilities are adjusted. These amounts are charged or credited against income or equity, depending on the account that was charged or paid the original amount (Note 25).

3.14 Employee Benefits

a) Pension commitments

The Company operates with different pension plans depending on the work centre.

- Defined contribution pension plans:

  Under a fixed contribution plan, the Company makes fixed contributions to a separate entity and has no legal, contractual or implicit obligation to make additional contributions if this entity does not have sufficient assets to meet the commitments assumed.

  For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they accrue. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company recognises a liability in respect of the contributions to be made when at the year-end there are accrued contributions not paid.

The two defined contribution plans are the result of agreements with the workers' representatives for their retirement at the age of 65. The Company's commitment is only to make annual contributions of a predetermined amount. Since 2002 the Company has taken out collective insurance policies through which the insurance company guarantees the employees a specific return on the contributions made by the Company.

Additionally, the Group's employees have had the voluntary option to take advantage of the current Employee Social Security Plan, which accrues in three years (subject to compliance with the conditions established in said Plan). The company commitment is only to take three year contributions of a predetermined amount.

In addition, there is a defined contribution plan for executive Directors and Senior Management for which the contributions made are recognised as an employee benefit expense in the income statement.

- Defined benefit pension plans:

The Company's other commitments are defined benefit plans that are insured by a collective insurance policy.

The commitments with the passive personnel are annuities for a closed group of pensioners.

Commitments to the active staff (workers) are capitals upon retirement at age 63 under the state collective agreement in the paper, pulp and paper sector.

The liability recognized on the balance sheet is the net of the accrued liability for past services and any unrecognized past service cost, less the value of the insurance policy arranged, determined by the value of the secured obligations.

The accrued benefit obligation is calculated annually by an independent actuary according to the actuarial method called "projected credit unit". The present value of the obligation is determined using actuarial calculation methods and financial and actuarial assumptions which are unbiased and mutually compatible.

The accounting policy for recognition of actuarial gains and losses arising from the adjustment due to the experience and changes in actuarial assumptions are charged or credited to equity in the statement of recognised income and expenses in the same period in which they arise.

Past service costs are recognised immediately in the income statement unless they involve non-vested rights, in which case they are taken to the income statement on a straight-line basis in the period remaining to the date on which they vest. Nonetheless, if an asset arises, non-vested rights are taken to the income statement immediately unless there is a decrease in the present value of the benefits that may flow back to the Company in the form of direct reimbursements or a decrease in future contributions, in which case the excess of that decrease is taken immediately to the income statement.

b) Severance indemnities

Except on justified causes, the Company must indemnify its employees when they are dismissed. Given the lack of any foreseeable need for unusual termination of employment and given that employees who retire or resign voluntarily do not receive indemnities, severance indemnities, when they arise, are charged to the income statement when the dismissal decision is announced.

c) Share based compensation

The Company has a compensation plan with management consisting of stock options, payable solely in shares of Miquel y Costas & Miquel, S.A. The plan is valued at fair value on initial recognition using a generally accepted financial calculation method.

The obligation is recognized in the consolidated income statement as a personnel expense based on the years that make up the vesting period of the option, against equity reserves. Each closing date, the Group reviews the original estimates of the number of options that are expected to become exercisable and records, if applicable, the impact of this review in the income statement with the corresponding adjustment to equity.

3.15 Provisions and contingent liabilities

In general, the provision for liabilities relates, when necessary, to the estimated amount required to meet probable or certain liabilities arising from current litigation and outstanding indemnities or liabilities that can be estimated. The provision is made at the inception of the liability based on the best estimate using the information available.

Provisions are carried at the present value payments that are expected to be required to settle the obligation, using a rate before taxes that reflects the current market assessment of the time value of money and the specific risks of the obligation. Adjustments made to update the provision are recognised in finance costs as they accrue.

Provisions maturing in one year or less the financial effect of which is not significant are not discounted.

The Company, whose production emits CO2, must hand over the emission allowances equivalent to the emissions made during the year within the first few months of the following year. The liability for handing over the emission allowances for the CO2 emissions made during the year is recorded as a provision under “Other current liabilities” on the balance sheet, and the respective cost is recorded in “Other operating expenses” in the income statement (see Note 26.6).

A contingent liability is a potential obligation arising from past events, the materialisation of which is dependent on the occurrence or non-occurrence of one or more future events beyond the Company’s control. Such contingent liabilities are not reflected for accounting purposes and a breakdown is presented in the notes to the annual accounts.

3.16 Revenue recognition

Revenue is recognised when control of the goods or services is transferred to customers. At that time, revenue is recognised at the amount of the consideration to which it is expected to be entitled in exchange for the transfer of the committed goods and services arising from contracts with customers, as well as other revenue not arising from contracts with customers that constitute the Company's ordinary course of business. The amount recognised is determined by deducting from the amount of consideration for the transfer of the committed goods or services to customers or other revenue from the Company's ordinary activities, the amount of discounts, rebates, price reductions, incentives or rights given to customers, as well as value added tax and other directly related taxes to be passed on.

Where the price set in contracts with customers includes an amount of variable consideration, the best estimate of the variable consideration is included in the price to be recognised to the extent that it is highly probable that there will not be a significant reversal of the amount of revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved. The Company bases its estimates on historical information, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

a) Sales of goods

Sales are recognised when control of the goods has been transferred, i.e. when the goods are delivered to the customer. Delivery occurs when the goods have been made available to the customer and the customer has accepted the goods in accordance with the sales contract, and collectability of the related receivables is reasonably assured.

Revenue is recognised at the fair value of the consideration receivable, less returns, rebates, discounts and value added tax, and represents the amounts receivable by the Company.

b) Provision of services

Revenue from contracts for the provision of services is generally recognised in the period in which the services are rendered on a straight-line basis over the term of the contract and there are no unrealised amounts of service transactions at year end.

c) Interest income

Interest income on financial assets measured at amortised cost is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the instrument's original effective interest rate and continues to carry the discount as a reduction of interest income. Interest income on impaired loans is recognised using the effective interest method.

d) Dividend income

Dividend income is recognised as income in the profit and loss account when the right to receive payment is established, provided that, since the date of acquisition, the investee or any group company in which the investee has an interest has generated profits in excess of the equity to be distributed. Notwithstanding the foregoing, if the dividends distributed unequivocally arise from profits generated prior to the acquisition date because amounts in excess of the profits generated by the investee since acquisition have been distributed, they are not recognised as income and reduce the carrying amount of the investment.

3.17 Leases

- When the Company is the lessee – Finance lease

  Finance lease is recognised at the beginning of the lease and at the present value of the minimum lease payments. For each lease payment there is an allocation between the liability and finance charges so that a constant interest rate can be obtained for the outstanding debt. The payment obligation resulting from the lease, net of the financial charge, is recognised in accounts payable. The interest portion of the finance charge is taken to the income statement. Items of property, plant and equipment acquired under finance lease are depreciated over the asset's useful life, with a firm purchase commitment.

- When the Company is the lessee – Operating lease

  Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement in the period of accrual on a straight-line basis over the period of the lease.

3.18 Environment

Costs arising from business activity related to the protection and improvement of the environment are expensed for the year in which they are incurred. Capitalisation as tangible or intangible fixed assets is subject to the same criteria used for the other fixed assets.

3.19 Foreign currency transactions

a) Functional and presentation currency

The figures included in the Company's annual accounts are stated using the currency of the main economic market in which the Company operates (functional currency). The annual accounts are presented in Euro, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in fair value of monetary instruments denominated in foreign currency classified as available for sale are analysed for translation differences resulting from changes in the amortised cost of the instrument and other changes in its carrying value. Translation differences are recognised in results for the year while other changes in fair value are recognised in equity.

Translation differences on non-monetary items such as equity instruments held at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

The outstanding balances at the year-end in non-Euro currency are stated in Euro at the year- end exchange rate, and net loss or profit on exchange is recognised as income or expense.

The balances in non-Euro currency relating to the treasury accounts at the year-end are stated in Euro at the year-end exchange rates, and loss or profit is recognised in the income statement.

3.20 Related-party transactions

In general, transactions between group companies are initially recognised at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognised based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.

4 Financial risk management

4.1 Financial risk factors

The Company’s activities are exposed to a variety of financial risks that are managed through identification, evaluation and hedging systems. The Company’s overall risk management programme seeks to minimise the potential adverse effects on the Company’s financial performance.

Financial risk management in the Company is controlled by the Audit Committee, the Managing Commission and the Corporate Finance Department in accordance with the internal management rules in force. This department identifies and evaluates financial risks in cooperation with the Group's operating units. The rules and internal management practices provide written policies for global risk management, as well as specific areas such as foreign exchange rate risk, commercial credit risk, liquidity risk and interest rate risk.

4.1.1 Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk from currency exposures, particularly, in relation to the US dollar, which represents a large proportion of the foreign transactions. The exchange rate risk results from business transactions recognised as assets and liabilities denominated in a functional currency other than the Company's functional currency and that will give rise to monetary flows.

In order to manage the risk, the Company mainly uses exchange rate risk hedging arrangements such as exchange insurance, options and currency structures.

4.1.2 Commercial credit risk

The Company's accounts receivable relate to customers located in highly diverse geographies and it is its understanding of these and the monitoring of their activities that enables possible risk situations to be anticipated and, if appropriate, mitigated.

In view of the above, it is essential for the Company to properly control the credit risk and it has therefore implemented a strict credit policy that apart from the prior analysis of customers, includes obtaining external assurance for the main risks.

4.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, available committed credit facilities and the ability to close out market positions.

In order to deliver on this objective, the Company has, in addition to the surpluses invested in sufficiently liquid assets, committed credit facilities for a sufficient amount to finance changes in working capital.

The Treasury Department invests cash surpluses in financial instruments with appropriate maturities or sufficient liquidity to provide sufficient capacity framed within its financial investment policy, where low risk prevails over yields, with the verification of the credit rating or the recognised solvency of the issuers.

4.1.4 Interest rate risk

The Company's interest rate risk arises from long-term borrowings. The low level of leverage and existing internal controls to identify and evaluate risk means that it is not necessary to arrange complementary interest rate hedge instruments.

At borrowing levels with credit institutions for 2021, the effect of a 50 basis point variation in the interest rate would have entailed an increase or decrease in the Company's financial expense for the year of appropriately Euro 159 thousand (Euro 178 thousand in 2020).

(IN THOUSAND EURO)

4.1.5 Market risk

The main cost component due to Company's activity is the acquisition of paper pulp. The paper pulp suppliers are able to satisfy the present market demand and prices are principally related to offer and demand in the market.

At the year-end, there are no investments with impairment risk, which are not properly booked at year end, no operations with derivatives that are not reasonably hedged, and the assets related to the pension plans are adequately insured.

4.1.6 Capital risk

The Company's objectives in terms of capital management are to safeguard its capacity to continue as a going concern in order to ensure shareholders return and profit for other equity holders and to maintain an optimal capital structure.

The Company monitors its capital in accordance with the leverage index. This index is calculated as the net debt divided by total equity. Net debt is calculated as the total of borrowed funds (including current and non-current borrowed funds, as shown in the balance sheet) less cash and cash equivalents, as well as short-term investments.

The leverage ratio at both 31 December 2021 as at 31 December 2020 is not applicable because the Company has available and realisable resources in excess of bank borrowings:

	31-12-2021	31-12-2020
Total equity	**213,854**	**200,611**
Net financial borrowings:		
Long-term borrowings	27,527	30,045
Short-term borrowings	10,848	13,385
Cash and current financial investments	(80,173)	(78,049)
Long term financial investments	(20,097)	(21,126)
Total net borrowings	**(61,895)**	**(55,745)**
Leverage index	Not applicable	Not applicable

4.2 Fair value estimation

It is assumed that the carrying value of trade credits and debits approximates their fair value, since they fall due in less than one year.

The fair value of financial instruments traded on active markets (such as publicly traded instruments and available for sale securities) is based on market prices at the balance sheet date. The listed market price used for financial assets is the current purchase price.

(IN THOUSAND EURO)

The fair value of financial instruments that are not traded in an active market is determined by using measurement techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair value of financial liabilities is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

5 Intangible assets

Movements in "Intangible assets" for 2021 and 2020 are as follows:

Description	Industrial property	Research and development expenses	Software	Intangible assets under construction	Total
Balance at 31-12-2019	**70**	**-**	**365**	**324**	**759**
Cost	88	961	7,182	324	8,555
Accumulated amortisation	(18)	(961)	(6,817)	-	(7,796)
Net book value	**70**	**-**	**365**	**324**	**759**
Additions	-	-	-	259	259
Other transfers	-	-	350	(348)	2
Disposals	-	-	-	-	-
Amortisation charge	(4)	-	(251)	-	(255)
Amortisation disposals	-	-	-	-	-
Other transfers Amortisation	-	-	-	-	-
Balance at 31-12-2020	**66**	**-**	**464**	**235**	**765**
Cost	88	961	7,532	235	8,816
Accumulated amortisation	(22)	(961)	(7,068)	-	(8,051)
Net book value	**66**	**-**	**464**	**235**	**765**
Additions	-	-	-	521	521
Other transfers	48	-	419	(467)	-
Disposals	-	-	-	-	-
Amortisation charge	(4)	(8)	(315)	-	(327)
Amortisation disposals	-	-	-	-	-
Other transfers Amortisation	(8)	8	-	-	-
Balance at 31-12-2021	**102**	**0**	**568**	**289**	**959**
Cost	136	961	7,951	289	9,337
Accumulated amortisation	(34)	(961)	(7,383)	-	(8,378)
Net book value	**102**	**-**	**568**	**289**	**959**

a) Research and development expenses

At 31 December 2021 and 2020 there are no research and development costs pending amortization.

Research and development expenses recognised in the income statement totals Euro 49 thousand in 2021 (Euro 157 thousand in 2020).

b) Fully-amortised intangible assets

The carrying value of intangible assets that are fully amortised and still in use totals Euro 7,881 thousand at 31 December 2021 (Euro 7,638 thousand at 31 December 2020).

c) Capitalised financial expenses

No financial expenses have been capitalised in 2021 and 2020, as part of intangible assets.

d) Intangible assets acquired from group companies and associates

During 2021 and 2020 there were no sales of intangible assets to Group and associated companies.

e) Intangible assets not used in operations

At 31 December 2021 and 2020 there are no non-operating intangible assets.

f) Assets subject to guarantees and ownership restrictions

At 31 December 2021 and 2020 there are no intangible assets subject to restrictions on ownership or pledged to guarantee liabilities.

g) Purchase commitments

The Company does not have commitments to acquire intangible assets at the year end.

h) Own work capitalised

Additions in 2021 include Euro 76 thousand (Euro 62 thousand in 2020) relating to own work capitalised.

(IN THOUSAND EURO)

6 Property, plant and equipment

Movements in Property, plant and equipment for 2021 and 2020 are as follows:

	Land & Buildings	Plant and other	PPE under construction and advance payments	Total
Balance at 31-12-2019	**16,933**	**55,332**	**6,996**	**79,261**
Cost	23,851	190,359	6,996	221,206
Accumulated depreciation	(6,918)	(135,027)		(141,945)
Net book value	**16,933**	**55,332**	**6,996**	**79,261**
Additions	-	1,577	10,285	11,862
Other transfers	4,027	8,722	(12,751)	(2)
Disposals	-	(1,379)	-	(1,379)
Depreciation charge	(732)	(7,835)	-	(8,567)
Depreciation disposals	-	1,307	-	1,307
Balance at 31-12-2020	**20,228**	**57,724**	**4,530**	**82,482**
Cost	27,878	199,279	4,530	231,687
Accumulated depreciation	(7,650)	(141,555)	-	(149,205)
Net book value	**20,228**	**57,724**	**4,530**	**82,482**
Additions	-	279	11,357	11,636
Other transfers	818	7,121	(7,939)	-
Disposals	(116)	(3,223)	-	(3,339)
Depreciation charge	(757)	(7,610)	-	(8,367)
Depreciation disposals	79	2,034	-	2,113
Balance at 31-12-2021	**20,252**	**56,325**	**7,948**	**84,525**
Cost	28,580	203,456	7,948	239,984
Accumulated depreciation	(8,328)	(147,131)	-	(155,459)
Net book value	**20,252**	**56,325**	**7,948**	**84,525**

All fixed assets under construction are classified as such until they are brought into use, when, based on their nature, they are reclassified to the corresponding PPE or intangible asset.

The additions in 2021 amounted to Euro 11,636 thousand (Euro 11,862 thousand in 2020) and correspond mainly to additions of construction in progress arising from the continued investment undertaken by the Company. These additions included gross additions of Euro 1,577 thousand in 2020 as a result of the reclassification from inventories of certain spare parts older than one year and with a finite life.

a) Land value

At 31 December 2021 land and buildings includes land totalling Euro 1,198 thousand (Euro 1,198 thousand at 31 December 2020).

b) Impairment losses

During 2021 and 2020 no significant impairment adjustments to individual property, plant and equipment were recognised or reversed.

The Company has established appropriate control processes to identify indications of potential impairment losses.

(IN THOUSAND EURO)

c) Revaluations under RD-Law 7/1996 (7 June)

In 1996, the Company revaluated its tangible fixed assets in accordance with Royal Decree-Law 7/1996, of 7 June, increasing the cost value of its tangible assets by Euro 5,785 thousand based on the revaluation rates established in Royal Decree 2607 of 20 December. The net book value for the year of revaluated assets at 31 December 2021 amounts to Euro 519 thousand (Euro 532 thousand in 2020), with Euro 13 thousand of depreciation charge at 31 December 2021 (Euro 14 thousand in 2020) in the income statement. During 2021 fully-depreciated fixed assets covered by Royal Decree Law 7/1996 with a gross value of Euro 18 thousand (Euro 4 thousand in 2020) were derecognised.

The breakdown is as follows:

		31-12-2021		
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net book value**
Land	203	-	-	203
Building	720	(405)	-	315
Machinery	2,646	(2,645)	-	1
Other PPE	6	(6)	-	-
Total	**3,575**	**(3,056)**	**-**	**519**

		31-12-2020		
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net book value**
Land	203	-	-	203
Building	720	(392)	-	328
Machinery	2,664	(2,663)	-	1
Other PPE	6	(6)	-	-
Total	**3,593**	**(3,061)**	**-**	**532**

As reported in previous years, having met the requirements set out in Royal Decree-Law 7/1996 of June 7, the Company proceeded to the transfer of the revaluation reserve to voluntary reserves.

(IN THOUSAND EURO)

d) Revaluations under Law 16/2012 (27 December)

The Company revaluated certain fixed assets included in the balance sheet at 31 December 2012, in accordance with Law 16/2012, of 27 December. The net effect of this revaluation on tangible fixed assets at January 1, 2013 was Euro 7,177 thousand. The depreciation and amortization for the year 2021 amounts to Euro 96 thousand as a result of this revaluation (Euro 149 thousand in 2020).

During 2021 there have been disposals covered by the law RDL 16/2012 of gross value of Euro 138 thousand relating to plant and machinery, which were already fully depreciated (Euro 62 thousand in 2020).

The breakdown is as follows:

	31-12-2021			
Property, plant and equipment	**Cost**	**Accumulated depreciation**	**Impairment loss**	**Net book value**
Land and buildings	769	(250)	-	519
Plant and machinery	5,409	(5,346)	-	63
Other tangible fixed assets	19	(19)	-	-
Total	**6,197**	**(5,615)**	**-**	**582**

	31-12-2020			
Property, plant and equipment	**Cost**	**Accumulated depreciation**	**Impairment loss**	**Net book value**
Land and buildings	769	(225)	-	544
Plant and machinery	5,547	(5,413)	-	134
Other tangible fixed assets	19	(19)	-	-
Total	**6,335**	**(5,657)**	**-**	**678**

e) Assets acquired from Group companies and associates

Investments in tangible fixed assets acquired from group companies and associates in 2021 amounted to Euro 218 thousand (Euro 296 thousand in 2020).

During 2021 tangible fixed assets were sold to Group companies and associates amounting to Euro 472 thousand (Euro 76 thousand in 2020).

f) Capitalised finance costs

During 2021 and 2020 the Company has not capitalized financial expenses.

g) Property, plant and equipment not used in operations

There are no non-operating assets.

h) Fully depreciated assets

The carrying amount of tangible assets which are fully depreciated and still in use amounted to Euro 101,209 thousand at 31 December 2021 (Euro 97,520 thousand at 31 December 2020).

i) Own work capitalised

The additions for 2021 include Euro 507 thousand for own work capitalised (Euro 574 thousand in 2020) corresponding to own work capitalised.

j) Assets under finance lease

At 31 December 2021 and 2020 there are no assets acquired under finance leases.

k) Assets under operating lease

The Company directly operates under operating lease the S.A. Payá Miralles plant and the Papeles Anoia, S.A. plant located in Pla de la Barquera.

l) Insurance

The Company has taken out insurance policies to cover its PPE. The coverage is considered sufficient.

m) Property, plant and equipment subject to guarantees

At 31 December 2021 and 2020 there are no significant PPE subject to restrictions on ownership or pledged to guarantee liabilities.

n) Purchase commitments

The Company has no PPE acquisition commitments at the year-end (Euro 655 thousand in 2020)

o) Property, plant and equipment located abroad

At 31 December 2021 and 2020 the Company has no PPE located abroad.

(IN THOUSAND EURO)

7 Analysis of financial instruments

The carrying value of each category of financial instruments set out in the standard on accounting and measurement of financial instruments at 31 December 2021 and 2020 is as follows:

	31-12-2021			
Long-term financial assets	**Loans to Group companies**	**Deposits and guarantee deposits**	**Long term investments in group companies and associates**	**Debt securities**
- Assets at fair value through profit or loss (**Note 10**)	-	-	-	-
- Financial assets at amortised cost (**Note 9**)	15,607	1,828	-	14,947
- Financial assets at cost (**Note 8**)	-	-	29,033	12
- Assets at fair value through equity (**Note 11**)	-	-	-	5,138
Total	**15,607**	**1,828**	**29,033**	**20,097**

	31-12-2021			
Current financial assets	**Loans and balances to Group companies**	**Trade receivables for sales and services**	**Other debtors**	**Debt securities**
- Assets at fair value through profit or loss (**Note 10**)	-	-	-	-
- Financial assets at amortised cost (**Note 9**)	29,222	35,867	2	74,296
- Financial assets at cost (**Note 8**)	-	-	-	-
- Assets at fair value through equity (**Note 11**)	-	-	-	-
Total	**29,222**	**35,867**	**2**	**74,296**

	31-12-2021				
Long-term financial liabilities	**Bank loans**	**Debts and balances to group companies**	**Trade payables**	**Other payables**	**Other non-current liabilities**
Liabilities at fair value with changes in profit and loss (**Note 10**)	-	-	-	-	-
Financial liabilities at amortised cost (**Note 19**)	27,527	-	-	-	-
Total	**27,527**	**-**	**-**	**-**	**-**

(IN THOUSAND EURO)

		31-12-2021			
Current financial liabilities	**Bank loans**	**Debts and balances to group companies**	**Trade payables**	**Other payables**	**Other current liabilities**
Liabilities at fair value with changes in profit and loss (**Note 10**)	-	-	-	-	68
Financial liabilities at amortised cost (**Note 19**)	10,848	47,897	18,378	1,187	11,528
Total	**10,848**	**47,897**	**18,378**	**1,187**	**11,596**

The book value of each category of financial instrument at 31 December 2020 is as follows:

		31-12-2020		
Long-term financial assets	**Loans to Group companies**	**Deposits and guarantee deposits**	**Long term investments in group companies and associates**	**Debt securities**
- Assets at fair value through profit or loss (**Note 10**)	-	-	-	-
- Financial assets at amortised cost (**Note 9**)	14,358	1,829	-	21,114
- Financial assets at cost (**Note 8**)	-	-	26,111	12
- Assets at fair value through equity (**Note 11**)	-	-	-	-
Total	**14,358**	**1,829**	**26,111**	**21,126**

		31-12-2020		
Current financial assets	**Loans and balances to Group companies**	**Trade receivables for sales and services**	**Other debtors**	**Debt securities**
- Assets at fair value through profit or loss (**Note 10**)	-	-	-	-
- Financial assets at amortised cost (**Note 9**)	29,666	26,277	-	70,908
- Financial assets at cost (**Note 8**)	-	-	-	-
- Assets at fair value through equity (**Note 11**)	-	-	-	-
Total	**29,666**	**-**	**26,277**	**70,908**

(*) The company had recorded under short-term financial investments Euro 259 thousand for financial derivatives to hedge the risks associated with exchange rate fluctuations of its future commercial transactions (details in note 10).

(IN THOUSAND EURO)

		31-12-2020			
Long-term financial liabilities	**Bank loans**	**Debts and balances to group companies**	**Trade payables**	**Other payables**	**Other non-current liabilities**
Liabilities at fair value with changes in profit and loss (**Note 10**)					
Financial liabilities at amortised cost (**Note 19**)	30,045	-	-	-	-
Total	**30,045**	**-**	**-**	**-**	**-**

			31-12-2020		
Current financial liabilities	**Bank loans**	**Debts and balances to group companies**	**Trade payables**	**Other payables**	**Other current liabilities**
Liabilities at fair value with changes in profit and loss (**Note 10**)					
Financial liabilities at amortised cost (**Note 19**)	13,385	44,205	13,264	1,028	5,594
Total	**13,385**	**44,205**	**13,264**	**1,028**	**5,594**

8 Financial assets at amortised cost

The breakdown and movement in the accounts under financial assets at amortised cost during 2021 and 2020 are as follows:

Description	**Investments in Group companies**	**Equity Instruments**	**Total**
Balance at 31-12-2019	**24,088**	**12**	**24,100**
Cost	24,088	12	24,100
Net book value	**24,088**	**12**	**24,100**
Additions	2,023	-	2,023
Disposals	-	-	-
Transfer to short term	-	-	-
Balance at 31-12-2020	**26,111**	**12**	**26,123**
Cost	26,111	12	26.123
Net value in books	**26,111**	**12**	**26.123**
Additions	2,922	-	2,922
Disposals	-	-	-
Transfer to short term	-	-	-
Balance at 31-12-2021	**29,033**	**12**	**29,045**

The movement in the heading "Investments in Group companies" in the current financial year is mainly due to the cash contribution of Euro 2,900 thoousand to the equity of its subsidiary Desvi, S.A. made on 15 June 2021 in order to strengthen its net worth.

(IN THOUSAND EURO)

The movement in this heading in 2020 was mainly due to the capital increase of the Group company Desvi S.A. for Euro 2,000 thousand, which was approved by the Extraordinary General Meeting of this company on 17 September 2020. In this capital increase, Miquel y Costas & Miquel S.A. subscribed 1,000,000 new shares, each with a par value of Euro 2.00, making the corresponding payment of Euro 2,000 thousand. Following the aforementioned increase, it now holds a 96.67% stake.

The breakdown of shareholdings in group companies at 31 December 2021 is as follows:

31-12-2021	Shareholding %		Voting rights	
Company	Direct %	Indirect %	Direct %	Indirect %
S.A. Payá Miralles	99.89	0.11	99.89	0.11
Celulosa de Levante, S.A.	97.41	2.59	97.41	2.59
Papeles Anoia, S.A.	99.00	1.00	99.00	1.00
Desvi, S.A.	96.67	3.33	96.67	3.33
Sociedad Española Zig-Zag, S.A.	93.47	6.53	93.47	6.53
M.B. Papeles Especiales, S.A.	99.9958	0.0042	99.9958	0.0042
Miquel y Costas Tecnologías, S.A.	45.00	55.00	45.00	55.00
Terranova Papers, S.A.	41.17	58.83	41.17	58.83
Miquel y Costas Logística, S.A.	50.00	50.00	50.00	50.00
Clariana, S.A.	60.00	40.00	60.00	40.00

The breakdown of shareholdings in group companies at 31 December 2020 is as follows:

31-12-2020	Shareholding %		Voting rights	
Company	Direct %	Indirect %	Direct %	Indirect %
S.A. Payá Miralles	99.89	0.11	99.89	0.11
Celulosa de Levante, S.A.	97.41	2.59	97.41	2.59
Papeles Anoia, S.A.	99.00	1.00	99.00	1.00
Desvi, S.A.	96.67	3.33	96.67	3.33
Sociedad Española Zig-Zag, S.A.	93.47	6.53	93.47	6.53
M.B. Papeles Especiales, S.A.	99.9958	0.0042	99.9958	0.0042
Miquel y Costas Tecnologías, S.A.	45.00	55.00	45.00	55.00
Terranova Papers, S.A.	41.17	58.83	41.17	58.83
Miquel y Costas Logística, S.A.	50.00	50.00	50.00	50.00
Clariana, S.A.	60.00	40.00	60.00	40.00

The registered office and activity of the Group companies are as follows:

- S.A. Paya Miralles, established at San Antonio, No. 18, 46920 Mislata, Valencia, its corporate purpose, among others, is activities related to industrial and commercial exploitation of business papermaking and production of all kinds of manipulated cigarette paper, and the purchase, sale and rental of all types of movable property and buildings for business. It has leased its industrial facilities to Miquel y Costas & Miquel, S.A.

- Celulosa de Levante, S.A., established at the C-42, Km 8.5, 43500 Tortosa, Tarragona; its corporate purpose is manufacturing and marketing of pulp and its derivatives in various forms and qualities. Under this purpose, the company manufactures pastas from hemp, flax, sisal, hemp, jute, cotton and other annuals.

- Papeles Anoia, S.A., established in Carrer Tuset No. 8, 08006 Barcelona; Its corporate purpose is mainly processing, finishing, handling, processing, marketing, exporting and importing papers of all kinds and all kinds of snuff related products, and simple and complex compounds of cellulose, paper, plastic, aluminium paraffins and other materials of different origin. Additionally, its corporate purpose contemplated business activities related to fixed assets for industry.

- Desvi, S.A., established in Carrer Tuset, No. 10, 08006 Barcelona; Its corporate purpose ranges from the commercial distribution of all kinds of products and technologies from third parties linked to the role of all types, creation, promotion, protection, exploitation and trading of distinctive signs, patents and other assets owned industry and investment in promotion and development of industrial or commercial enterprises.

- Sociedad Española Zig Zag, S.A., established in Carrer Tuset No. 10, 08006 Barcelona; its corporate purpose is the sale of all kinds of paper, especially smoking paper, in addition to articles related to the paper and tobacco industries.

- M.B. Papeles Especiales, S.A., established in Carrer Tuset No. 10, 08006 Barcelona; its corporate purpose is the manufacturing, marketing, promotion, distribution, import and export of paper of all kinds of papers, including special papers and processing and handling of papers.

- Miquel y Costas Tecnologías S.A., established in Carrer Tuset, No. 8-10 08006 Barcelona; its corporate purpose includes, among others, the activities of design and installation of products, solutions, applications and systems, industrial technology, performing all sorts of projects and consultancy organization, industrial, R & D, quality and environment.
- Terranova Papers, S.A., established in Carrer Tuset, No. 10 08006 Barcelona; its corporate purpose includes the manufacturing, marketing, promotion, distribution, import and export of special papers industry sectors such as food and filtration, amongst others.

- Miquel y Costas Logística S.A., constituted in December 9, 2014, at Carrer Tuset number 10 08006 Barcelona; Its corporate purpose of greatest relevance is the rendering of logistics services for storage, transport and distribution of goods, raw materials, products and machinery, in addition to advice and technical assistance in the provision of these services.

- Clariana, S.A. with registered office at avenida Alemania 48 Vila-Real (Castellón). Its corporate purpose consists of the production and marketing of paper and in general of goods for the stationery industry: the promotion , management and development of all kinds of real estate and urban operations, the disposal and exploitation, even under lease, of properties, buildings, housing and premises and constructions in general, irrespective of their use, resulting from that activity.

  None of the Group entities in which the parent Company is the heading entity are publicly traded. Similarly, all entities have the same year end date.

(IN THOUSAND EURO)

Set out below are the figures for capital, reserves and results for the year including other relevant information as per the companies' individual annual accounts at 31 December 2021.

Company	Capital	Reserves (*)	Operating results	Results for the year	Carrying value in parent	Dividends received (Note 29)
S.A. Payá Miralles (2)	1,878	7,765	1,190	1,030	4,855	799
Celulosa de Levante, S.A. (1)	1,503	46,683	9,389	7,501	1,865	4,871
Papeles Anoia, S.A. (1)	2,054	9,455	3,475	2,671	2,321	2,376
Desvi, S.A. - consolidated (2)	3,000	11,415	3,251	1,723	5,817	-
Sociedad Española Zig-Zag, S.A. (2)	60	312	7	7	183	-
M.B. Papeles Especiales, S.A. (1)	722	30,193	5,479	4,332	4,834	-
Miquel y Costas Tecnologías, S.A. (2)	500	1,557	(10)	199	252	90
Terranova Papers, S.A. (1)	12,000	(123)	4,000	3,049	8,303	-
Miquel y Costas Logistica, S.A. (2)	100	2,320	1,594	1,211	50	-
Clariana S.A. (1)	157	1,352	175	(164)	552	-
Total	**21,974**	**110,929**	**28,550**	**21,559**	**29,032**	**8,136**

(1) Companies audited by the audit firm PricewaterhouseCoopers Auditores, S.L.
(2) Companies not audited.

(*) Includes reserves, share premium, value adjustments, prior-year profit/(loss) and other shareholder contributions.

Set out below are the figures for capital, reserves and results for the year including other relevant information as per the companies' individual annual accounts at 31 December 2020.

Company	Capital	Reserves (*)	Operating results	Results for the year	Carrying value in parent	Dividends received (Note 32)
S.A. Payá Miralles (2)	1,878	7,541	1,275	1,024	4,861	799
Celulosa de Levante, S.A. (1)	1,503	44,048	9,834	7,622	1,861	2,581
Papeles Anoia, S.A. (1)	2,054	9,380	3,220	2,471	2,315	1,584
Desvi, S.A. - consolidated (2)	3,000	5,870	2,250	1,188	2,920	-
Sociedad Española Zig-Zag, S.A. (2)	60	315	(6)	(2)	183	-
M.B. Papeles Especiales, S.A. (1)	722	26,918	3,812	3,264	4,826	-
Miquel y Costas Tecnologías, S.A. (2)	500	1,536	119	220	250	-
Terranova Papers, S.A. (1)	12,000	(2,405)	3,105	2,277	8,293	-
Miquel y Costas Logistica, S.A. (2)	100	1,357	1,269	963	50	-
Clariana S.A. (1)	157	1,783	(164)	(459)	552	-
Total	**21,974**	**96,343**	**24,714**	**18,568**	**26,111**	**4,964**

(1) Companies audited by the audit firm PricewaterhouseCoopers Auditores, S.L.
(2) Companies not audited.

(*) Includes reserves, share premium, value adjustments, prior-year profit/(loss) and other shareholder contributions.

(IN THOUSAND EURO)

9 Financial assets at amortised cost

The detail of the items included in financial assets at amortised cost in 2021 and 2020 is as follows:

	31-12-2021	31-12-2020
Non-current	**32,382**	**37,301**
Deposits and guarantees provided	1,828	1,829
Loans to group and associated companies (Note 29)	15,607	14,358
Debt securities	14,947	21,114
Current	**139,387**	**126,851**
Short-term financial investments	74,296	70,908 (*)
Loans to Group and associated companies (Note 29)	18,537	21,105
Trade receivables from Group companies and associates (Note 29)	10,685	8,561
Trade receivables for sales and services	35,867	26,277
Other receivables	2	-
Total financial assets at amortised cost	**171,769**	**164,152**

(*) The company had recorded under short-term financial investments EUR 259,000 for financial derivatives to hedge the risks associated with exchange rate fluctuations of its future commercial transactions (details in note 10).

The movement in the accounts under long-term investments as financial assets at amortised is as follows:

	Deposits & guarantee deposits	Loans to group companies and associates	Debt securities	Total
Balance at 31-12-2019	**1,829**	**19,174**	**30,389**	**51,392**
Cost	1,829	19,174	30,389	51,392
Impairment loss	-	-	-	-
Book value	**1,829**	**19,174**	**30,389**	**51,392**
Additions	-	-	4,545	4,545
Transfers	-	(1,342)	(10,533)	(11,875)
Provision for impairment losses	-	-	-	-
Disposals	-	(3,474)	(3,287)	(6,761)
Balance at 31-12-2020	**1,829**	**14,358**	**21,114**	**37,301**
Cost	1,829	14,358	21,114	37,301
Impairment loss	-	-	-	-
Book value	**1,829**	**14,358**	**21,114**	**37,301**
Additions	-	2,727	2,015	4,742
Transfers	-	(1,410)	(8,013)	(9,423)
Disposals	(1)	(68)	(169)	(238)
Balance at 31-12-2021	**1,828**	**15,607**	**14,947**	**32,382**
Cost	1,828	15,607	14,947	32,382
Impairment loss	-	-	-	-
Book value	**1,828**	**15,607**	**14,947**	**32,382**

“Deposits and guarantees" includes the refund of a deposit of EUR 1 thousand relating to a building permit from the Capellades Town Council. The amount classified under this heading corresponds mainly to the capitalisation made in 2019 in relation to the payment of the settlement agreement for the tax inspection completed in that year (Note 25).

The movement in receivables from group companies compared to the previous year is due to:

- Loan to Fourtube S.L.: There has been the repayment during 2021 of a total of Euro 68 thousand (Euro 69 thousand in 2020) corresponding to the remaining balance of the total loan that was granted in 2017 to the investee company Fourtube S.L., amounting to Euro 275 thousand with maturity 2022 and interest rate of 3.5%. The balance at 31 December 2021 amounts to Euro 0 thousand.

- Policy to Desvi S.A.: There has been an increase in the balance drawn down of Euro 2,727 thousand from Euro 7,409 thousand at the end of 2020 to Euro 10,136 thousand at the end of 2021. This loan was granted for an amount of Euro 10,500 thousand, with a term until 31 December 2022 and a market interest rate. On 10 April 2017, the company and Desvi S.A. agreed to extend the limit of the aforementioned policy to Euro 10,900 thousand without modifying the other conditions.

- With respect to the loans granted in 2019 to the company Clariana, S.A. for an amount of Euro 9,000 thousand and Euro 520 thousand with repayment periods of 7 and 4 years respectively and an average interest rate of 5%, the aggregate outstanding balance at 31 December 2021 of these loans is Euro 6,711 thousand (Euro 8,052 thousand in 2020). At year-end an amount of Euro 1,410 thousand has been reclassified to short-term (Note 29.1).

The movement in 2020 with respect to the previous year in receivables from group companies was due to:

- Loan to Fourtube S.L.: A total of Euro 69 thousand (Euro 55 thousand in 2019) of a portion of the loan granted in 2017 to the investee Fourtube S.L., amounting to Euro 275 thousand maturing in 2022 and bearing interest at a rate of 3.5%, was repaid during 2020. The balance at 31 December 2020 amounts to Euro 69 thousand.

- Loan to Desvi S.A.: There has been a decrease in the balance drawn down of Euro 3,405 thousand from Euro 10,814 thousand in 2019 to Euto 7,409 thousand at the end of 2020. This loan was granted for an amount of EUR 10,500,000, with a term until 31 December 2021 and a market interest rate. On 10 April 2017, the company and Desvi S.A. agreed to extend the limit of the aforementioned policy to Euro 10,900 thousand without modifying the other conditions.

- With respect to the loans granted in 2019 to the company Clariana, S.A. in the amount of Euro 9,000 thousand and Euro 520 thousand with repayment periods of 7 and 4 years respectively and an average interest rate of 5%, the aggregate outstanding balance at 31 December 2020 of these loans is Euro 8,052 thousand. At year-end an amount of Euro 1,342 thousand was reclassified to short-term (Note 29.1).

The "Debt securities" caption in 2021 includes long-term financial investments maturing after 2022, remunerated at a nominal interest rate that varies between 0.75% and 4.75% (1.86% and 4.75% in 2020). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return obtained by the Company as they are purchased in the secondary debt market.

The movement in current financial assets at amortised cost for 2021 and 2020 is as follows:

Balance at 31-12-2019	**37,358**
Additions	101,704
Transfers	10,533
Removals	(78,687)
Balance at 31-12-2020	**70,908**
Additions	99,225
Transfers	8,013
Removals	(103,850)
Balance at 31-12-2021	**74,296**

Short-term financial investments existing at the end of 2021 amount to Euro 73,987 thousand (Euro 70,399 thousand in 2020), as well as accrued financial interest amounting to Euro 309 thousand in 2021 (Euro 250 thousand in 2020), maturing in less than twelve months and with a nominal rate varying between 0.30% and 3.50% in 2021 (0.21% and 2.90% in 2020). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return obtained by the Company as they were acquired in the secondary debt market. In addition, derivative financial instruments amounting to Euro 259 thousand were recorded under this heading in 2020 (this year the amount is zero as they are liability derivatives and are included in other financial liabilities) (note 19).

The detail of the items included in trade receivables for sales and services at 31 December 2021 and 2020 is as follows:

	31-12-2021	**31-12-2020**
Customers	35,867	26,277
Doubtful customer receivables	251	152
Impairment losses	(251)	(152)
Total	**35,867**	**26,277**

The countervalue of trade receivables in thousands of euros is denominated in the following source currencies:

	31-12-2021	**31-12-2020**
Euros	31,014	21,726
USD	4,671	4,303
GBP	2	9
Other currencies	180	239
Total	**35,867**	**26,277**

(IN THOUSAND EURO)

As at 31 December 2021, trade receivables of Euro 6,393 thousand (Euro 4,214 thousand in 2020) were past due. An impairment provision of Euro 251 thousand has been made in 2021 (Euro 152 thousand in 2020), as the remaining accounts relate to a number of independent customers for which there is no history of delinquency. The ageing analysis of these accounts is as follows:

	31-12-2021	31-12-2020
Up to 3 months	4,952	2,923
3-6 months	1,039	746
More than 6 months	396	545
Total	**6,393**	**4,214**

The Company has implemented a credit policy whereby it externally insures certain risks. The Company has a certain concentration of credit on certain receivables. To minimise risk, the Company has policies in place to ensure that credit is allocated to customers with an adequate credit history.

The movement in the provision for impairment losses on trade receivables during 2021 and 2020 is as follows:

Closing balance at 31-12-19	**152**
Provision for impairment of customer receivables	-
Reversal of provision for amounts collected	-
Closing balance at 31-12-20	**152**
Provision for impairment of customer receivables	103
Reversal of provision for amounts collected	(4)
Closing balance at 31-12-21	**251**

The recognition and reversal of impairment losses on trade receivables have been included under "Impairment losses, impairment and changes in trade provisions" in the income statement (Note 26.6). Amounts charged to the impairment account are normally derecognised when there is no expectation of further cash recovery. No direct loss on bad debts (Euro 4,000 thousand in 2020) has been recognised in the current year (note 26.6).

(IN THOUSAND EURO)

10 Assets and Liabilities at Fair value through profit or loss

The Company uses the financial instruments that are described below to cover the risks related to exchange rate fluctuations in its future trading transactions and recognised assets and liabilities, denominated in a functional currency that is not the Company's functional currency.

The breakdown of the exchange hedge positions held at 31 December 2021 is as follows:

Currency	Maturity	Nominal in forex*	Profit (loss) in euros*
USD	2022	2,606	(65)
JPY	2022	-	-
AUD	2022	227	(4)
NOK	2022	353	1
Total (Loss) /Profit			**(68)**

* Expressed thousands.

The breakdown of the exchange hedge positions held at 31 December 2020 is as follows:

Currency	Maturity	Nominal in forex*	Profit (loss) in euros*
USD	2021	12.766	268
JPY	2021	(10,200)	-
AUD	2021	436	(8)
NOK	2021	334	(1)
Total (Loss) / Profit			**259**

* Expressed thousands.

** At year-end 2021 the Company had recorded Euros 259 thousand under short-term financial investments corresponding to financial derivatives to hedge the risks associated with exchange rate fluctuations in its future commercial transactions. (Note 9).

The profit or loss in fair value of the financial instruments is recorded under financial income and expense in the income statement.

The fair value expresses the amount for which an asset could be exchanged or a liability settled between a buyer and a seller in an arm's length basis. The valuations provided are derived from own models of different banks with which have contracted these instruments, based on widely recognized financial principles and reasonable estimates about future market conditions.

All financial instruments contracted by the Company relate to current assets and liabilities.

(IN THOUSAND EURO)

Determination of the fair value of the financial instruments

In relation to financial instruments, the valuation process has been conducted using generally accepted techniques considering variables obtained from observable market data.

The valuation methods used in the financial instruments are as follows:

- Forwards: Interpolation forward prices at maturity.
- Simple options: Black & Scholes and Merton.
- Structure with options (Accumulator): Monte Carlo model.

The fair value of financial instruments at 31 December 2021 amounts to EUR 68 thousand of losses (Euro 259 thousand of benefit in 2020).

11 Assets and Liabilities at Fair value through profit or loss

Financial assets at fair value with changes in equity include publicly listed securities in the euro zone.

Balance at 31-12-2020	**-**
Cost	-
Net profit (loss) transferred to equity	-
Book value	**-**
Additions	5,000
Net profit (loss) transferred to equity	138
Removals	-
Balance at 31-12-2021	**5,138**
Cost	5,000
Value adjustments	138
Book value	**5,138**

“Equity instruments" in 2021 include securities acquired from a SPAC (Special Purpose Acquisition Company) in the amount of Euro 5,000 thousand with a value of Euro 5,138 thousand at 31 December 2021.

(IN THOUSAND EURO)

12 Inventories

The breakdown of inventories at 31 December 2021 and 2020 is as follows:

	Prepayments to suppliers	Raw materials and other supplies	Finished goods and goods in progress	Total
Balance at 31-12-2020	**82**	**9,575**	**28,007**	**37,664**
Cost	82	9,575	29,077	38,734
Impairment loss	-	-	(1,070)	(1,070)
Net value in books	82	9,575	28,007	37,664
Balance at 31-12-2021	**44**	**12,065**	**31,575**	**43,684**
Cost	44	12,065	33,058	45,067
Impairment loss	-	-	(1,483)	(1,483)
Net value in books	44	12,065	31,575	43,684

* The heading Raw materials and other supplies includes Euro 1,147 thousand in 2021 relating to the emission allowance balance (Euro 488 thousand in 2020).

The variation in inventories of finished goods and work in progress totals Euro 3,568 thousand in 2021 (Euro (2,247) thousand in 2020). The variation is the difference between opening inventories of Euro 28,007 thousand in 2021 (Euro 30,254 thousand in 2020) and closing inventories of Euro 31,575 thousand in 2021 (Euro 28,007 thousand in 2020).

a) Purchase commitments

At the end of 2021 and 2020 there are no purchase commitments with suppliers.

b) Insurance

The Company has taken out insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered sufficient.

c) Impairment losses

The movement in impairment losses on inventories in 2021 and 2020 is as follows:

Balance at 31-12-2019	**569**
Appropriations	779
Utilisations	(278)
Balance at 31-12-2020	**1,070**
Appropriations	818
Utilisations	(405)
Balance at 31-12-2021	**1,483**

(IN THOUSAND EURO)

13 Other taxes receivable

The detail at 31 December 2021 and 2020 is as follows:

	31-12-2021	31-12-2020
Other taxes receivable	188	117
Total	**188**	**117**

At year-end 2021 and 2020, other receivables from public authorities include the amount of VAT to be refunded by the tax authorities.

14 Cash and cash equivalents

The breakdown of cash and cash equivalents at 31 December 2021 and 2020 is as follows:

	31-12-2021	31-12-2020
Cash	5,877	7,141
Total	**5,877**	**7,141**

15 Capital and share premium

15.1 Capital

At 31 December 2021 share capital was represented by 40,000,000 shares (31,000,000 shares in 2020) fully subscribed and paid accounting entry shares with a par value of Euro 2.00 each one.

The Company's shares are traded on the Barcelona Stock Exchange and since 1996 are integrated in the interconnected Stock Exchange system for continued contraction (SIBE-Smart system) on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

All shares have the same economic and voting rights, and there are no legal or statutory restrictions on the acquisition or transfer of shares.

The Board of Directors, by virtue of the resolution adopted by the Ordinary and Extraordinary General Meeting of 22 June 2016, was authorised to issue fixed-income securities both simple and convertible and/or exchangeable for shares of the Company, in a maximum amount of Euro 100 thousand on one or more occasions within a period of five years. The resolution adopted by the Ordinary and Extraordinary General Meeting of 22 June 2021 authorised the Board of Directors, for a period of five years, to issue securities convertible into shares of the Company, with the power to exclude shareholders' pre-emptive subscription rights and to increase the share capital by the amount necessary for the conversion. During the financial years 2020 and 2021 the Board of Directors has not made use of the aforementioned authorisations.

(IN THOUSAND EURO)

On 22 June 2021, the Ordinary and Extraordinary General Meeting of Shareholders of Miquel y Costas & Miquel, S.A. resolved to reduce the share capital of the Company by Euro 3,333 thousand through the redemption of 1,666,666 shares of EUR 2.00 par value each, leaving the share capital at Euro 58,667 thousand. It should be noted that the purpose of the capital reduction was to redeem treasury shares previously acquired by the Company. On 23 August 2021, this reduction was registered in the Barcelona Mercantile Register.

The aforementioned Ordinary and Extraordinary General Meeting also resolved to increase the share capital, with a charge to unrestricted reserves, in particular, with a charge to the accounts:

Voluntary reserves:	Euro 7,413 thousand
Voluntary reserves affected by Royal Decree-Law 7/1996:	Euro 5,785 thousand
Capitalisation reserve:	Euro 1,277 thousand
Reserve Law 16/2012:	Euro 6,818 thousand
Share premium:	Euro 40 thousand

To Euro 80,000 thousand by issuing and placing into circulation 10,666,666 new shares with the same par value, the same series and the same rights as those currently in circulation, represented by book entries, which were assigned free of charge to the Company's shareholders. On 19 November 2021, this capital increase was registered with the Barcelona Commercial Registry.

At the dates of December 31, 2021 and 2020, in accordance with the notifications received by Company submitted by natural and legal persons holding rights of direct and indirect vote by a percentage equal to or greater than 10% Company are as follows:

	Shareholding (%)	
	2021	**2020**
D. Jorge Mercader Miró	17.05	15.61
Dª. Mª del Carmen Escasany Miquel	12.42	11.74
Indumenta Pueri S.L.	14.65	11.40
Dª. Bernardette Miquel Vacarisas	12.53	11.75

15.2 Share premium

The breakdown and movement of the share premium for the years 2021 and 2020 is as follows:

Balance at 31-12-19	**40**
Return of contributions to shareholders	-
Balance at 31-12-20	**40**
Return of contributions to shareholders	(40)
Balance at 31-12-21	**-**

The share premium was used for the capital increase mentioned above.

15.3 Own shares in equity

The Annual General Meetings held on 20 June 2018 and 22 June 2021 authorised the Company to purchase treasury shares for a period of five years, in accordance with the statutory terms. Pursuant to the resolutions adopted at the aforementioned General Meetings, the Board of Directors, at meetings held on the same dates, resolved to approve the treasury stock policy within the authorised limits and in compliance with the provisions of the Internal Code of Conduct.

The breakdown and movement of own shares in equity for the years 2021 and 2020, is as follows:

Description	Number of shares	Value of the operation (Thousand Euro)	Average price (Euro)	Nominal value (Thousand Euro)
Balance at 31-12-2019	**1,297,010**	**21,843**	**16.56**	**2,594**
Acquisition of own shares	725,001	9,508	13.11	1,450
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Adjudication by exercise of options	-	-	-	-
Balance at 31-12-2020	**2,022,011**	**30,991**	**15.33**	**4,044**
Acquisition of own shares	547,135	7,936	14.50	1,094
Subscription and acquisition on capital increase	243,424	-	-	487
Capital decrease	(1,666,666)	(25,555)	15.33	(3,333)
Adjudication by exercise of options	-	-	-	-
Balance at 31-12-2021	**1,145,904**	**13,372**	**11.67**	**2,292**

(IN THOUSAND EURO)

During 2021, the Company acting within the framework approved, has acquired 547,135 shares (725,001 shares in 2020) worth Euro 7,936 thousand (Euro 9,508 thousand in 2020).

The number of treasury shares held at 31 December 2021, after the operations carried out during the year, amount to 1,145,904 (2,022,011 shares in 2020).

16 Reserves and Other equity instruments

The breakdown in the accounts related to Reserves and Other equity instruments, at 31 December 2021 and 2020, is as follows:

	31-12-2021	31-12-2020
Legal reserve	12,400	12,400
Reserve Law 16/2012	-	6,818
Voluntary reserves	104,189	127,063
Reserves for actuarial gains and losses	195	182
Capitalization reserves	1,398	1,965
Other equity instruments	602	479
Total	**118,784**	**148,907**

a) Legal reserve

The legal reserve has been provided in accordance with Article 274 of the Spanish Capital Companies Act, which provides that the Company is required to allocate at least 10% of the profit for the year to the establishment of a reserve fund until it reaches at least 20% of the share capital.

The amount provided up to 20% of the share capital, cannot be distributed, and if used to offset losses, if there are no other available reserves for that purpose, must be replenished with future benefits.

b) Revaluation reserves Law 16/2012, of 27 December

According to Law 16 /2012, of 27 December, amending various taxation measures aimed at consolidating public finances and boosting economic activity, the Company has revaluated certain elements of its property. The amount of the revaluation amounted to Euro 6,818 thousand (Note 6), net of tax of 5%. This amount has been charged to the account "Revaluation reserve of Law 16 /2012 of December 27" crediting Tax payables amounting to Euro 359 thousand. This debt was settled in July 2013.

In accordance with Law 16 /2012, the deadline for verification by the administration is three years from the date of filing of the declaration for assessment. Once three years elapse after verification and approval, the balance of the revaluation reserve of Law 16/2012 may be used to offset losses or to increase share capital of the Company. After ten years, the balance may be allocated to unrestricted reserves.

The balance of the account cannot be distributed, directly or indirectly, until the revalued assets are fully amortized, have been transferred or derecognised in the balance.

This reserve has been used in its entirety for the capital increase of the current year. See further explanation in Note 15.1.

c) Voluntary reserves

The Company's voluntary reserves are freely distributable, except for the carrying amount of assets covered by the restatements performed in accordance with Royal Decree – Law 71996. (Note 6.c)

This reserve has been used in full for the current year's capital increase. See further explanation in Note 15.1.

d) Reserve for actuarial gains and losses

This reserve is the result of the recognition of actuarial gains and losses, as per accounting valuation standards.

e) Capitalization reserve

This reserve has been used partially for the current year's capital increase. See further explanation in Note 15.1.

According to Article 25 Law 27/2014, dated November 27, on Corporate Income Tax, the Company is entitled to a 10% reduction in the taxable amount of the increase in its own funds, provided that the following requirements are met:

a) The amount of the increase in the entity's own funds is maintained for a period of 5 years from the end of the tax period to which this reduction corresponds, except for the existence of accounting losses in the entity.

b) Set up a reserve for the amount of the reduction, which must be included in the balance sheet with absolute separation and appropriate title and will be unavailable during the period provided in the previous letter.

In no case, the right to this reduction could exceed the amount of 10% of the taxable amount of the tax period prior to this reduction, to the integration referred to in Article 12 paragraph 11 of the Corporate Income Tax Law and the offsetting of negative tax bases.

It should also be noted that this tax incentive has been applied in 2021, as it was also applied in 2020 (Note 25).

(IN THOUSAND EURO)

f) Other equity instruments

This relates to the amount recognised as a balancing item for staff costs accrued under the stock option plan arranged in 2017. Both plans total Euro 602 thousand in 2021 (Euro 479 thousand in 2020).

- On 22 June 2016, the General Shareholders' Meeting approved the "2016 stock option plan" of Miquel y Costas & Miquel, S.A., applicable to the Company's executive directors and managers designated by the Board of Directors. The plan was developed, defined and drawn up by the Board of Directors in its meeting on 30 January 2017, drawing on the powers granted by the General Meeting. The plan states that each option carries one share and allocates 525,000 options, of which 491,500 were in effect at the year end, increasing to 786,400 following the capital increase carried out in November 2018 and 1,072,364 following this year's capital increase.

The options are subject to certain conditions and the Company is not under any legal or constructive obligation to buy back or settle the options in cash, since they will be settled using the Company's treasury shares.

Based on the aforementioned agreements, the option exercise price was established at Euro 22.21 per share, Euro 13.88, determined by the average share exchange rate for the preceding quarter less 5%, equivalent price of Euro 13.88 following the adjustment relating to that capital increase and a price of 10.18 following this year's capital increase.

The plan includes the following phases:

- Vesting phase: It begins on 7 February 2017 and lasts for five years.
- Exercise phase: It begins on the day following the end of the vesting phase and lasts for three years. This phase marks the start of the period in which the beneficiaries may exercise the options.

The weighted average fair value of the stock options at the award date, determined using the Black-Scholes/Merton method, is as follows:

Maturities	Option value
27/01/2025	1.25

(IN THOUSAND EURO)

The main model inputs were the share price, the above-mentioned strike price, the standard deviation from the expected yield, a dividend yield, the option's expected life and an annual risk-free interest rate. Estimated volatility in the standard deviation from the expected share price performance is based on statistical analyses of daily share prices.

The value is taken to the income statement as a staff cost for the year, on an accrual basis, with a balancing item in equity. The amount of Euro 100 thousand was charged to the income statement at 31 December 2021 (100 thousand in 2020).

g) Value adjustments

At 31 December 2021, the amount was 138,000 euros of positive adjustments (0 euros in 2020) (see note 11).

17 Results for the year

17.1 Proposal for the distribution of results for the year

The proposal to be presented to the General Shareholders' Meeting regarding the distribution of results at 31 December 2021 is as follows:

	2021
Basis of distribution	
Profit for the year (Profit)	36,315
Total	36,315
Application	
Dividends	16,800
Legal reserves	3,600
Voluntary reserves	15,395
Capitalisation reserves	520
Total	**36,315**

17.2 Interim dividend

The dividend distribution policy carried out by the company, consists of four payments, of which three are on account and one is complementary.

In accordance with the resolutions of the Board of Directors, approved the distribution of interim dividends in 2021 which are listed below:

- By charge to 2020 profits:

  - Resolution of 25 March 2021: resolved to distribute a third interim dividend out of 2020 profits for a total amount of Euro 3,100 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.10748960 per share. As this distribution was paid after the end of the financial year 2020, it complied with the regulatory profit and liquidity requirements

  - Resolution of 30 November: resolved to distribute a new extraordinary interim dividend out of 2020 profits, which brought forward the usual dividend for the following April, for a total amount of Eurp 6,800 thousand which, in gross unitary terms, with the attribution of the proportional part of the economic rights of the treasury shares, was €0.23415972 per share.

- By charge to 2021 profits:

  - Resolution of 27 September 2021: resolved to distribute a first interim dividend out of 2021 profits for a total amount of Euro 3,700 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.12908216 per share.

  - Resolution of 29 November 2021: resolved to distribute a second interim dividend out of the 2021 profits for a total amount of Euro 4,700 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.12087033 per share

All of them have been realized in 2021.

(IN THOUSAND EURO)

In financial year 2020, in accordance with the resolutions of the Board of Directors, it was resolved to distribute the interim dividends listed below:

- Against 2019 profits:

  - Resolution of 30 March 2020: resolved to distribute a third interim dividend out of 2019 profits for the total amount of Euro 3,300 thousand,000 which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.11161354 per share. As this distribution was paid after the end of the financial year 2019, it complied with the regulatory profit and liquidity requirements.

- Against 2020 profits:

  - Resolution of 28 September: resolved to distribute a first interim dividend out of 2020 profits for a total amount of Euro 3,400 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.11628998 per share.

  - Resolution of 30 November: resolved to distribute a new extraordinary interim dividend out of 2020 profits, which brought forward the usual dividend for the following April, for a total amount of Euro 6,800 thousand which, in gross unitary terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.23415972 per share.

All of them have been realized in 2020.

The amounts distributed as the sum of interim dividends and supplementary dividends as detailed in the following paragraph, did not exceed the results obtained since the end of last year, less estimated corporate income tax payable on these results, in line with the provisions of Article 277 of the Spanish Capital Companies Act.

	2021	2020
Dividends paid during the year	15,500	17,300
Tax effect	(1,434)	(1,722)
Total	**14,066**	**15,578**

(IN THOUSAND EURO)

The provisional accounting statement prepared in accordance with legal requirements and which revealed the existence of sufficient liquidity for the distribution of such dividends, are set out below:

- Provisional statement for the resolution dated 27 September 2022 to distribute a first interim dividend out of the profit for the financial year 2021 for a total amount of Euro 3,100 thousand.

	2021
Profit distribution forecast	
Expected net results after tax at 27 September 2021	29,364
Maximum amount to be distributed as interim dividend	29,364
Interim dividend distributed	3,100
Treasury forecast for 1 year from the date of the interim dividend agreement:	
Available liquidity at date of interim dividend agreement **	130,264
Forecast receipts	163,000
Forecast payments (including interim dividend)	(159,085)
Forecast treasury balances at 27 September 2022	**134,179**

** Includes unused credit facilities with financial institutions.

(IN THOUSAND EURO)

- Provisional statement for the resolution dated 29 November 2021 to distribute a second interim dividend out of 2021 profits for a total amount of Euro 4,700 thousand:

	2021
Profit distribution forecast:	
Profit for the period 1 January to 31 December 2020	30,629
Forecast profit for the period 1 January to 30 November 2021	33,717
Legal reserves	3,600
Maximum amount to be distributed as interim dividend	60,746
Interim dividends paid by charge to 2020	17,300
Interim dividends paid by charge to 2021	3,700
Proposed dividends by charge to 2021	4,700
Treasury forecast for one year from the date of agreement for interim distribution	
Available liquidity at the date of agreement for distribution of interim dividend**	123,870
Forecast receipts	165,000
Projected payments (including dividends)	(169,386)
Projected cash and bank balances at 29 November 2022	**119,484**

**Includes unused credit facilities with financial institutions

17.3 Complementary Dividend

The General Meeting of Shareholders held on 22 June 2021 approved the distribution of the dividend for the year, ratifying the resolutions of the Board of Directors regarding interim payments and adopting a resolution to pay a final dividend out of the profit for the year 2020 in the total amount of Euro 4,000 thousand.

Under the resolution adopted by the General Shareholders Meeting dated on 30 June 2020, approved the distribution of dividends for the year, together with the ratification of payments and the agreement of payment of a complementary dividend for the results of 2019 amounting to Euro 3,800 thousand.

17.4 Restrictions on the distribution of dividends

The reserves designated in the previous note as available for distribution, in addition to the current year's profit, are subjected, however, to the following restrictions:

- Once the provisions of legislation in force or the Articles of Association have been met, only dividends charged to profit for the year or distributable reserves can be paid out if the value of equity is not zero, as a result of the pay-out, or is not lower than share capital. Thus, the profit charged directly against equity cannot be distributed directly or indirectly.

- No dividends can be paid unless the available reserves are at least equal to the amount of the research and development expenses that are carried in the balance sheet. The amount pending to be amortised at 31 December 2021 totals Euro 0 thousand (Euro 0 thousand in 2020).

(IN THOUSAND EURO)

18 Capital grants received

Set out below is a breakdown of the non-refundable capital grants included in the balance sheet line “Grants, donations and bequests received”:

Description	Government grants	Interest rate subsidies	Gas emission allowances	Total
Balance at 31-12-2019	**230**	**27**	**6**	**263**
Additions	-	40	333	373
Tax effect	-	(10)	(83)	(93)
Disposals	-	(36)	-	(36)
Tax effect	-	9	-	9
Other increases / decreases	-	-	20	20
Tax effect	-		(5)	(5)
Transfer to profit and loss	(45)	-	(361)	(406)
Tax effect	11	-	90	101
Balance at 31-12-2020	**196**	**30**	**-**	**226**
Additions	279	36	397	712
Tax effect	(70)	(9)	(99)	(178)
Disposals	-	(40)	-	(40)
Tax effect	-	10	-	10
Other increases / decreases	-	-	-	-
Tax effect	-		-	-
Transfer to profit and loss	(58)	-	(397)	(455)
Tax effect	15	-	99	114
Balance at 31-12-2021	**362**	**27**	**-**	**389**

The breakdown of non-refundable capital grants is as follows:

Granting entity	31-12-2021	31-12-2020	Purpose	Date granted
Generalitat de Catalunya	3	5	Fixed asset financing	2008 and 2009
CDTI	36	40	Interest free loans	2019 and 2020
Ministerio Medio Ambiente	-	-	Emission allowances	2019 and 2020
Agencia Valenciana de la Energía	8	10	Improving energy efficiency	2011
Agencia Residuos de Catalunya	2	3	Waste minimization	2011
Generalitat de Catalunya	29	37	Fixed asset financing	2012
Agencia Valenciana de la Energía	46	56	Improving energy efficiency	2012/13/15
Miner	2	2	Fixed asset financing	2013
Instituto Valenciano de competitividad empresarial	61	68	Fixed asset financing	2016, 2017 and 2019
Instituto Divers. y ahorro Energía	73	80	Fixed asset financing	2020
Instituto Divers. y ahorro Energía	259	-	Fixed asset financing	2021
Tax effect of grants	(130)	(75)		
Total	**389**	**226**		

(IN THOUSAND EURO)

Grants received by the Company are non-refundable since they have met all the necessary requirements to be classified as such.

The revenues relating to grants transferred to the income statement are carried on the following headings in the income statement:

	2021	2020
Release of non-financial fixed asset grants and others	455	406
Total	**455**	**406**

19 Financial liabilities at amortised cost

The breakdown of current and non-current debts at 31 December 2021 and 2020 is as follows:

	2021	2020
Long-term debts	**27,527**	**30,045**
Bank loans	27,527	30,045
Total long-term debts	**89,838**	**30,045**
Credit policies with credit institutions	-	-
Loans with credit institutions	10,803	13,331
Accrued and unpaid interest from credit institutions	45	54
Suppliers to group and associated companies (Note 29)	5,123	3,959
Payable to group and associated companies (Note 29)	42,774	40,206
Suppliers	18,378	13,264
Other creditors	1,187	1,028
Other current liabilities (Suppliers of fixed assets)	2,487	1,479
Other current liabilities (Other)	9,041	4,115
Total financial liabilities at amortised cost	**117,365**	**107,481**

The movement in long-term and short-term loans during the financial years 2021 and 2020 is as follows:

	Long-term loans	Short-term loans
Closing balance at 31-12-19	**34,009**	**9,835**
Obtaining funding	19,284	-
Amortisation	(9,917)	(9,835)
Long-term to short-term transfers	(13,331)	13,331
Closing balance at 31-12-20	**30,045**	**13,331**
Obtaining funding	17,134	-
Amortisation	(8,849)	(13,331)
Long-term to short-term transfers	(10,803)	10,803
Closing balance at 31-12-21	**27,527**	**10,803**

(IN THOUSAND EURO)

Total bank borrowings include the effect of implicit interest arising from subsidised loans held at the end of 2021 by the Company amounting to Euro 36 thousand (31 December 2020, Euro 40 thousand).

a) Subsidised loans

During the year 2021, the Centre for the Development of Industrial Technology (C.D.T.I.) granted a loan in the amount of Euro 170 thousand, with repayment terms of 9 years and a 2-year grace period.

During the year 2020, the Centre for the Development of Industrial Technology (C.D.T.I.) granted two loans amounting to Euro 125 thousand and Euro 159 thousand, with repayment periods of 10 years and a 3 year grace period.

The Company has at 31 December 2021 zero interest rate loans with a fair value of Euro 1,146 thousand (31 December 2020, Euro 1,074 thousand) and a redemption value of Euro 1,182 thousand (31 December 2020, Euro 1,114 thousand).

b) Loans with credit institutions

In 2021, Sabadell granted a loan for a total amount of Euro 17,000 thousand, with a repayment period of four years and a one-year grace period. In turn, the Company repaid in advance a loan for a total of Euro 14,200 thousand, included in the repayment line in the table above.

In 2020, Sabadell granted a loan for a total amount of Euro 16,000 thousand, with a repayment period of three years and a one-year grace period. In turn, the Company repaid in advance a loan for a total of Euro 10,000, thousand included in the repayment line in the above table.

In 2020, Caixabank granted a loan for a total amount of Euro 3,000 thousand, with a repayment period of five years and a one-year grace period. In turn, the Company repaid in advance a loan for a total of Euro 3,000 thousand, included in the repayment line in the table above.

The Company has not provided any guarantees related to these loans from financial institutions.

In addition, the Company has the following credit lines:

	31-12-2021		**31-12-2020**	
	Limit Maximum	**Quantity willing**	**Limit maximum**	**Quantity willing**
Variable type:				
- with a maximum maturity of one year	17,002	-	20,815	-
- with a maturity of more than one year	-	-	-	-
Fixed rate:				
- with a maturity of less than one year	-	-	-	-
	17,002	**-**	**20,815**	**-**

(IN THOUSAND EURO)

Credit facilities maturing in less than one year are subject to various reviews during the year. The credit lines have been renewed in order to enable current cash management as well as to contribute to the financing of the planned expansion of the Company's activities in both 2021 and 2020.

In the line "Other short-term financial liabilities" totalling Euro 2,487 thousand at 31 December 2021 (Euro 1,479 thousand in 2020) include amounts due to suppliers of fixed assets.

The carrying amounts of the Company's long and short-term payables to financial entities are denominated in Euro at 31 December 2021 and 2020.

Bank loans maturities break down as follows:

Description	31-12-2021	31-12-2020
Up to 1 year	13,335	14,864
Between 1 and 3 years	24,537	22,016
Between 3 and 5 years	2,350	7,229
More than 5 years	640	800
Total	**40,862**	**44,909**

Of total loans at 31 December 2021, EUR 0 relates to loans secured through a bank guarantee (EUR 0 thousand at 31 December 2020).

Bank borrowings and other financial liabilities are denominated in euro.

The breakdown of Suppliers and sundry creditors for the year ended 31 December 2021 and 2020 is as follows:

Item	31-12-2021	31-12-2020
Suppliers		
Suppliers	16,259	11,325
Suppliers in foreign currency	2,119	1,939
Suppliers to group companies (Note 29.1)	4,875	3,838
Suppliers to group companies in foreign currencies (Note 29.1)	248	121
Sundry creditors		
Creditors	1,118	992
Foreign currency creditors	69	36
Total	**24,688**	**18,251**

The carrying amounts of payables to suppliers and creditors are denominated in the following currencies:

	2021	**2020**
Euros	22.252	16.154
US Dollar	2.431	2.095
Pound sterling	-	
Other	5	-
Total borrowings	**24,688**	**18,251**

In accordance with the Resolution of 29 January 2016, of the Spanish Accounting and Audit Institute, on the information to be included in the notes to the Annual Accounts in relation to the average payment period, it is reported that at 31 December 2021 and 2020 it is as follows:

	31/12/2021	**31/12/2020**
	Days	**Days**
Average supplier payment period	42	40
Paid Operations Ratio	44	42
Ratio of transactions outstanding	20	20
	Thousands of euros	**Thousands of euros**
Total payments made	99,355	87,907
Total outstanding payments	9,832	7,584

-

The breakdown of other current liabilities for the year ended 31 December 2021 and 2020 is as follows:

	31-12-2021	**31-12-2020**
Personnel	6,253	3,668
Advances to customers	2,788	447
Total	**9,041**	**4,135**

The personnel caption includes provisions for multi-year variable remuneration in 2021, amounting to Euro 4,282 thousand, as the entire balance is reclassified to short term (Euro 1,864 thousand in 2020). The portion maturing in the long term is explained in Note 22.

(IN THOUSAND EURO)

20 Long and short term accrued income

The movement in "Accrued income” for the years 2021 and 2020, were as follows:

	Long-Term accrued income	Short-Term accrued income	Total
Balance at 31-12-19	**96**	**-**	**96**
Additions	4	-	4
Transfers to results (Note 29.4)	-	-	-
Other transfers	-	-	-
Balance at 31-12-20	**100**	**-**	**100**
Additions	163	-	163
Transfers to results (Note 29.4)	-	-	-
Other transfers	-	-	-
Balance at 31-12-21	**263**	**-**	**263**

21 Long-term employee benefits

- Defined-contribution commitments:

The Company has two defined contribution plans as a result of agreements with the employee representatives for retirement at 65 years of age. The Company has only committed to making annual contributions of a predetermined amount. The Company took out group insurance policies in 2002 whereby the insurer guarantees the employees a return on the contributions made by the Company.

The Group companies have also promoted a PPSE that has been nourished by company contributions, as the conditions established in the previous three years have been met, for those employees who have voluntarily chosen to take advantage of the PPSE.

There is also an insurance policy and a defined contribution plan in which the Company is the policy holder and the executive directors and senior managers will be the beneficiaries, provided certain conditions are fulfilled (see Note 28).

- Defined-benefit commitments:

The Company's also records defined-benefit commitments covered by group insurance policies.

Liabilities with retired personnel: the Company has a life-time pension liability with a closed group of pensioners that increases annually on the basis of the increase in remuneration agreed in the Spanish Collective Agreement for the Pulp and Paper Industry. This liability was transferred out in 2000 and insured under a collective insurance policy.

(IN THOUSAND EURO)

Liabilities with current personnel: in accordance with the Spanish Collective Agreement for the Pulp and Paper Industry, the Company has an obligation with its current employees who can take early retirement to pay them retirement bonuses as established in the aforementioned agreement. These commitments were externalized and secured through group insurance contracts. In addition, the company, at the time of entry into force on 1 January 2013 of the Law 27/2011, of August 1, on the updating, adaptation and modernization of the Social Security becomes bound, according to the same agreement, with part of their current employees benefits for their early retirement at age 63. This is not a new pension commitment, but a collective increase of eligible employees entitled to a retirement bonus. The insurance contracts entered into in 2013 were as so to meet the outsourcing of pension commitments, and they have been extended in 2016.

A breakdown of the amounts recognised in the balance sheet in respect of long-term employee benefits and the corresponding charges to the income statement for the different types of defined benefit commitments that the Company has arranged with its employees is as follows:

	31-12-2021	**31-12-2020**
Charges in the income statement in respect of:		
- Financial restatement (Financial expenses)	**-**	-
- Current service costs	**5**	6
- Expected return on plan-related assets	**-**	-
Total	**5**	**6**

	31-12-2021	**31-12-2020**
Debits/(credits) in Equity:		
- Actuarial gains and losses	16	(12)
- Tax effect	(4)	3
Total	**12**	**(9)**

The amounts recognised in the balance sheet are as follows:

Description	**31-12-2021**	**31-12-2020**
Present value of the liabilities	(217)	(240)
Fair value of the plan-related assets	98	91
Liability recorded on the balance sheet (Note 22)	**(119)**	**(149)**

(IN THOUSAND EURO)

The movement in the defined benefit liability for retirement is as follows:

Description	31-12-2021	31-12-2020
Opening balance	**240**	**235**
Current service cost	5	6
Interest costs	-	-
Actuarial (gains) / losses	(21)	-
Benefits paid	(7)	(1)
Closing balance	**217**	**240**

The movement in the fair value of the plan-related assets is as follows:

Description	31-12-2021	31-12-2020
Opening balance	**91**	**133**
Expected return on plan-related assets	-	-
Actuarial gains / (losses)	(5)	(12)
Return of contributions (returned premiums)	12	(30)
Closing balance	**98**	**91**

Company management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2021 and 2020 of each defined benefit liability mentioned above.

The main assumptions applied have been:

Interest rate for valuing liabilities with current personnel at 31/12/2020	0.000%
Interest rate for valuing liabilities with current personnel at 31/12/2021	0.000%
Expected return on assets with current personnel	0.000%
Annual growth in pensions at the beginning of 2021	0.25%
Annual growth in pensions at the 2021 year end	0.25%
Mortality tables	PERMF-2020
Hypothesis of permanence	ORDEN EHA/3433/20 06 COD21
Retirement age	63 years

The interest rates used have been determined at market rates, on the balance sheet date, for the issue of high grade corporate bonds or debentures. Both the currency and the maturity of the bonds relates to the current and terms of payment estimated for the liabilities borne by the Company. It has also been taken into account the existing labour laws regarding retirement age of employees.

(IN THOUSAND EURO)

The valuation method used has been the “projected credit unit.” This system consists in proportionally accrediting the present value of the future forecast benefits on the basis of past service at any time.
With respect to the retirement bonus liabilities, since the benefits and their maturities are matched to the Company’s liabilities, the value of the insurance policy is the same as the liabilities accrued, resulting in a zero net value. This means that in relation to the retirement bonuses commitments, with their maturities and benefits being matched with the obligations of the Group, the value of the insurance policy is equal to the value of the accrued obligations, resulting in a zero net value for all defined benefit obligations without assumption of permanence. Concerning the remaining commitments, the insurer has provided the realization value of the related asset.

22 Long and short-term provisions

Movements in the “Short term provisions” included in the balance sheet are as follows:

Closing balance at 31-12-2019	**557**
Additions	1,179
Applications	(557)
Reclassification	-
Closing balance at 31-12-2020	**1,179**
Additions	1,030
Applications	(1,179)
Reclassification	-
Closing balance at 31-12-2021	**1,030**

The balance at 31 December 2021 amounting to Euro 1,030 thousand relates to the balance of the provision for emission allowances (Euro 829 thousand in 2020). (Note 31).

Movements in the “Long term provisions” included in the balance sheet are as follows:

Closing balance at 31-12-19	**970**
Additions	612
Payments	30
Transfers	-
Applications	-
Closing balance at 31-12-20	**1,612**
Additions	-
Payments	(19)
Transfers	(1,132)
Applications	(11)
Closing balance at 31-12-21	**450**

(IN THOUSAND EURO)

The balance at December 31, 2021, amounting to Euro 450 thousand (Euro 1,612 thousand in 2020), consists of the following items:

- Provision corresponding to the application of Law 27/2011 of 1 August, updating, adaptation and modernization of the Social Security system which entered into force on 1 January 2013, amounting to Euro 119 thousand in 2021 (Euro 149 thousand in 2020). There have been applications for an amount of Euro 11 thousand (Euro 17 thousand in 2020), no payment has been made (Euro 0 thousand in 2020) and a payment of Euro 19 thousand (Euro 30 thousand in 2020) was made in respect of the insurance premium to the external insurance company in order to regularise pension commitments.

- A provision of Euro 259 thousand was posted to cover possible third-party liability as a lucrative participant in the current procedure against directors of Mutua Universal Mugenat and against it as a secondarily liable party, which is maintained in 2020 and 2021.

- This heading also includes provisions for variable remuneration, associated with objectives and established and agreed with the affected personnel, which have a long-term maturity. In the current year the amount is zero (Euro 1,132 thousand in 2020) as the entire amount has been transferred to the short term.

- Finally, in 2018 a provision was established for the amount pending disbursement on the acquisition of Clariana, S.A. amounting to Euro 72 thousand which is maintained in 2020 and 2021.

23 Deferred taxes

The movement in deferred taxes in 2021 and 2020 is as follows:

	2021		2020	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Opening balance	**1,307**	**1,420**	**1,218**	**1,600**
- Charged in the income statement	(220)	(173)	89	(165)
- Charged directly to equity	-	58	-	(15)
- Other movements	(189)	-	-	-
Closing balance	**898**	**1,305**	**1,307**	**1,420**

(IN THOUSAND EURO)

The movement and detail during 2021 and 2020 in deferred tax assets and liabilities is as follows:

	2021			
Deferred tax assets	**Non-deductible depreciation**	**Accruals**	**Equity adjustments**	**Total**
Opening balance	**290**	**1,017**	**-**	**1,307**
- Charged in the income statement	(76)	(144)	-	(220)
-Other movements	-	(189)	-	(189)
Closing balance	**214**	**684**	**-**	**898**

	2020			
Deferred tax assets	**Non-deductible depreciation**	**Accruals**	**Equity adjustments**	**Total**
Opening balance	**387**	**831**	**-**	**1,218**
- Charged in the income statement	(97)	186	-	89
Closing balance	**290**	**1,017**	**-**	**1,307**

	2021			
Deferred tax liabilities	**Other adjustments**	**Accelerated tax depreciation**	**Equity adjustments**	**Total**
Opening balance	**182**	**1,097**	**141**	**1,420**
- Charged in the income statement	16	(189)	-	(173)
- Charged directly to equity	-	-	58	58
Closing balance	**198**	**908**	**199**	**1,305**

	2020			
Deferred tax liabilities	**Other adjustments**	**Accelerated tax depreciation**	**Equity adjustments**	**Total**
Opening balance	**161**	**1,283**	**156**	**1,600**
- Charged in the income statement	21	(186)	-	(165)
- Charged directly to equity	-	-	(15)	(15)
Closing balance	**182**	**1,097**	**141**	**1,420**

(IN THOUSAND EURO)

The Euro 214 thousand related to deferred tax assets in 2021 (Euro 290 thousand in 2020) corresponds to two effects:

- The effect of limiting to 30 percent the tax deductibility of depreciation during the periods 2013 and 2014. This effect begins to reverse in 2015. The balance at 31 December 2021 totalled Euro 196 thousand (Euro 267 thousand in 2020).

- The effect of the limitation of the amortization relating to the balance sheet revaluation also begins to reverse in 2015. The balance at 31 December 2021 amounted to Euro 18 thousand (Euro 23 thousand in 2020).

Deferred tax assets of Euro 684 thousand in 2021 (Euro 1,017 thousand in 2020) relate mainly to non-tax-deductible provisions for personnel.

Deferred taxes charged directly to equity in 2021 and 2020 are as follows:

Description	31-12-2021	31-12-202
Capital grants	120	65
Pensions	70	66
Interest free loans	9	10
Other	-	-
Total	**199**	**141**

24 Other payable to Public Administrations

The breakdown of other current liabilities for the years ended at 31 December 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Other payable to Public Administrations	7,173	6,795
Total	**7,173**	**6,795**

The amount included in other payables with the Public Administrations, includes, among other items, amounts payable in respect of personal income tax withholdings and Social Security contributions for December 2021 and 2020, that were paid in January 2021 and 2020, respectively.

25 Income tax and tax situation

Due to meeting the requirements of the corporate income tax scheme for groups of companies provided by Title VII, Chapter VI of Law 27/2014 on Corporate Income Tax, the Company applies the tax consolidation scheme as the parent company, together with its Spanish subsidiaries, Payá Miralles, S.A., Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig Zag, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Energía y Medio Ambiente, S.A., Miquel y Costas Logística S.A., Terranova Papers, S.A., and Clariana, S.A.

(IN THOUSAND EURO)

Due to the treatment that the tax law provides for certain operations, accounting profit differs from taxable income. The reconciliation between net income and expenses for the year and taxable income tax for the year 2021 is the following:

	Income Statement			Income and expenses charged directly to equity		
Profit for the year			**36,315**			**313**
	Increases	**Decreases**	**Total**	**Increases**	**Decreases**	**Total**
Corporate income tax	9,184	-	9,184	58	-	58
Permanent differences	514	(7,729)	(7,215)	-	(138)	(138)
Temporary differences				-	-	-
- arising during the year	49	(776)	(727)	-	-	-
- arising in prior years	851	(352)	499	455	(688)	(233)
Taxable income *	**10,598**	**(8,857)**	**38,056**	**513**	**(826)**	**-**

* During the year the company has applied a reduction to the tax base of corporate income tax as a capitalization reserve amounting to Euro 520 (amounting to Euro 710 in 2020). Since the company is taxed through a consolidated tax regime and in accordance with Article 62 of Law 27/2014 of income tax, the calculation of the reserve was made at the Group tax level and its provision has been made for each company depending on the increase in equity each company contributed to the group. The tax base after the reduction amounted to Euro 37,536 thousand in 2021.

The permanent differences relate mainly to internal dividends and other minor items.

Expense for corporate income tax is composed by:

	31-12-2021	**31-12-2020**
Current tax	9,133	8,422
Deferred tax	47	(256)
Tax paid abroad	1	2
Adjustment to corporate income tax from previous years and others	3	63
Total	**9,184**	**8,231**

On 27 November 2014 the Law 27/2014 was approved establishing a decrease in the overall rate of corporation tax to 25% for the year 2016. However, such a reduction of the tax rate does not apply to the reversal of the limitation of 30% nor to the reversal of the balance sheet revaluation (both measures stated under Law 16/2012 of December 27).

Current corporate income tax results from applying a tax rate of 25% to taxable income and applying 2021 deductions which amounted to Euro 251 thousand (Euro 221 thousand in 2020). Withholdings and payments on account of the year amounted to Euro 8,555 thousand (Euro 7,907 thousand in 2020), resulting an amount payable to Public Administration by Euro 578 thousand in 2021 (Euro 515 thousand in 2020).

(IN THOUSAND EURO)

The Company has not incurred tax losses in the past, and there are no deductions available to be offset at 2021 year-end.

The breakdown of credits and debits between group companies as a result of the tax consolidation regime is as follows:

	31-12-2021		**31-12-2020**	
Receivable / payable balances from tax consolidation	**Receivable balances**	**Payable balances**	**Receivable balances**	**Payable balances**
- S.A. Payá Miralles	29	-	56	-
- Celulosa de Levante, S.A.	288	-	-	230
- Papeles Anoia, S.A.	77	-	133	-
- Desvi, S.A	-	92	-	86
- Sociedad Española Zig-Zag, S.A.	-	-	-	-
- M.B. Papeles Especiales, S.A.	490	-	334	-
- Miquel y Costas Energía y Medio Ambiente S.A.	34	-	34	-
- Miquel y Costas Tecnologías, S.A.	-	25	-	41
- Terranova Papers, S.A.	-	399	-	523
- Miquel y Costas Logística S.A.	23	-	29	-
- Clariana S.A.	32	-	315	-
	973	**516**	**901**	**880**

On 24 July 2017, the Company received notification of the start of tax inspections on the following taxes and periods:

- Corporate income tax: 2012 to 2015
- Value added tax: 07/2013 to 12/2015
- Withholdings/payments on account of earned income/professional fees: 07/2013 to 12/2015

On 20 March 2019 the assessments documenting the results of the tax inspection were signed, the Company disagreeing with certain aspects.

In September 2019 the Company was notified of the tax assessment resulting from the tax inspection, with an amount payable to the tax administration of Euro 1,851 thousand which was placed on deposit by the Company on 5 November 2019. In accordance with the opinion of their advisors, the Directors have solid arguments to consider that following the submission of the relevant appeals, that amount will not give rise to a liability for the Group and they have therefore recognised an asset of Euro 1,710 thousand in the parent company at 31 December 2021 (Euro 1,710 thousand in 2020).

At the date of issue of these annual accounts, the Company’s returns are open to inspection by the tax authorities for corporate income tax since 2017 and the other principal taxes to which it is subject since 2018, inclusive. The directors do not consider that, in the event of an inspection, additional liabilities will arise for significant amounts.

(IN THOUSAND EURO)

26 Income and expenses

26.1 Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

Description	31-12-2021	31-12-2020
Purchases	17,342	14,114
Sales	25,037	22,724

26.2 Net turnover

Revenues from the Company's ordinary activities may be analysed geographically as follows:

Market	(%) 2021	(%) 2020
Domestic market	17.63	14.04
European Union	30.81	31.77
OECD countries	31.34	32.21
Other countries	20.22	21.98
	100.00	**100.00**

Most services are rendered in the domestic market.

Similarly, revenue may be analysed by product line as follows:

Line	(%) 2021	(%) 2020
Tobacco industry	85.81	90.26
Industrial Products	3.08	2.12
Graphic Industry and other	11.11	7.62
	100.00	**100.00**

26.3 Consumption of goods for resale, raw materials and other consumable materials

	2021	2020
Consumption of goods for resale, raw materials and other consumable materials:		
Purchases	77,183	62,339
Difference between opening and closing inventories	(1,831)	1,940
Total	**75,351**	**64,279**

(IN THOUSAND EURO)

26.4 Other operating income

The distribution of other operating income is as follows:

Description	**2021**	**2020**
Operating grants transferred to income statement	744	172
Revenues from services rendered between group companies (Note 29)	52	4,508
Electricity sales	-	22
Other	150	103
	946	**4,805**

As a result of the application of Article 34 of Royal Decree 1/2021, the Company has considered as higher turnover the amount of other income not derived from ordinary activities, but which is of a recurring nature. See note 2.2 b.

26.5 Staff costs

Breakdown of staff costs is as follows:

	2021	**2020**
Wages, salaries and similar remuneration	22,071	21,797
Staff welfare expenses	6,110	6,033
- Pension contributions and transfers	616	457
- Other staff welfare expenses	5,494	5,576
Other staff costs	100	100
Provisions	52	54
	28,333	**27,984**

Wages, salaries and similar remuneration include severance expenses totalling Euro 181 thousand in 2021 (Euro 141 thousand in 2020).

The distribution by category of the Company's personnel average in 2021 and 2020 is as follows:

	2021	**2020**
Members of the Board of Directors (executives)	3	3
Senior Management	8	5
Executives	7	10
Managers and Middle Management	64	60
Administrative and Technical personnel	97	107
Production staff	339	345
	518	**530**

(IN THOUSAND EURO)

The distribution by gender and category of the Company's personnel at year-end is as follows:

	31-12-2021		31-12-2020	
	Male	**Female**	**Male**	**Female**
Members of the Board of Directors (executives)	3	-	3	-
Senior Management	5	3	4	1
Executives	7	-	8	2
Managers and Middle Management	59	5	56	5
Administrative and Technical personnel	45	52	48	60
Production staff	228	109	233	116
	347	**169**	**352**	**184**

The average number of persons employed in the year with a disability greater than or equal to 33% by category is as follows:

	2021	2020
Senior clerks and foremen	-	-
Production staff	3	2
	3	**2**

26.6 Other operating expenses

The breakdown of Other operating expenses is as follows:

	2021	2020
External services	42,528	36,622
Local taxes	592	916
Loss, impairment and variation in trade provisions (Note 9)	99	4
Gas emission allowances expenses (Note 24)	1,159	703
Other current operating expenses	146	45
	44,524	**38,290**

The breakdown of external services is as follows:

	2021	2020
Leases and royalties	2,194	2,200
Independent professional services	3,153	2,838
Transport	5,561	4,728
Insurance premiums	721	658
Repairs and maintenance	2,531	2,880
Travel, publicity and advertising	3,180	3,077
Supplies	11,171	7,082
Subcontracted work	11,213	10,553
Other operating expenses	2,804	2,606
	42,528	**36,622**

(IN THOUSAND EURO)

27 Finance results

The breakdown of the finance results is as follows:

	2021	2020
Finance income:		
Shares in equity instruments		
- Group companies (Note 29.4)	8,136	4,964
	-	-
- Third parties		
Marketable securities and other financial instruments:		
- Group companies and associates (Note 29.4)	620	719
- Third parties	1,283	1,093
	10,039	6,776
Finance expenses:		
Debts with group companies and associates (Note 29.4)	(255)	(207)
Debts with third parties	(232)	(278)
Restatement of provisions	-	-
	(487)	(485)
Exchange differences:		
Positive exchange differences	862	862
Negative exchange differences	(850)	(1,163)
	12	(301)
Impairment and result from disposal of financial instruments		
Provision for impairment losses	-	-
Net financial result	**9,564**	**5,990**

a) Finance income and expenses

	2021	2020
Finance income:		
- Dividends from shares in group companies (Note 29 and Note 8)	8,136	4,964
- Dividends from shares in other companies	-	-
- Interest on debts	1,081	1,080
- Interest on loans	622	724
- Forecast return on assets related to commitments	-	-
- Other finance income	200	8
	10,039	6,776
Finance expenses:		
- Interest on loans	(487)	(485)
- Restatement of provisions	-	-
	(487)	(485)
	9,552	**6,291**

28 Remuneration of the Board of Directors and Senior Management

a) Board members' compensation

The members of the Board of Directors receive remuneration for the financial year 2021 in accordance with the authorisation granted by the Annual General Meeting:

I. The directors who are executives of the parent company received Euro 1,087 thousand (Euro 1,089 thousand in 2020) for their executive functions during the 2021 financial year, as fixed salary remuneration and other items, and Euro 1,783 thousand (Euro 1,047 thousand in 2020) in bonuses. In 2021, the bonus includes the amount accrued under the 2019-2021 Three-Year Plan, which totals Euro 297 thousand (Euro 0 thousand in 2020). Contributions were also made in the current financial year to the long-term savings systems that make up the 2019-2021 Social Welfare Plan (as this is the plan with which the three-year period ends) in the amount of Euro 325 thousand (Euro 0 thousand in 2020). In addition, in 2017, at the end of the previous plan, the "2016 Stock Option Plan" was introduced, which at the end of 2021 is in the "vesting phase". This phase lasts for five years (it started on 7 February 2017), after which the "exercise phase" will commence, which will last for three years. This phase will mark the beginning of the period in which the beneficiaries will be able to exercise the options.

II. All members of the Board of Directors, a total maximum remuneration equivalent to 5% of the net profits of Miquel y Costas & Miquel, S.A. once the requirements set forth in the Law and the Articles of Association have been met. The amount accrued for this item in 2021 and 2020 was Euro 1,816 thousand (5% of EAT) and Euro 1,531 thousand (5% of EAT), respectively, which is reflected under "Other operating expenses" in the income statement and is mostly settled in the following year, once the requirements established in articles 217 and 218 of the Capital Companies Act and in the Articles of Association have been met.

The Company has established a guarantee for liability coverage for its directors amounting to Euro 15,000 thousand for which a premium of Euro 31 thousand has been paid in the current year (Euro 28 thousand in 2020).

Except for the abovementioned concepts there is no receivable or payable balance to the members of the Board of Directors a 31 December 2021 and 2020.

Except for the executive Directors, who have a contract with guarantee clause for cases of dismissal and the President and the Vice-President-General Manager, in case of change of control, the Company has not established any compensation agreement with other Directors in the event of resignation or termination for any reason.

During 2021 and 2020 no advances or loans have been granted to the Directors.

(IN THOUSAND EURO)

b) Compensation and loans to Senior Management personnel

Non-Board member Senior Management is as follows:

Name	Charge
Javier Ardiaca Colomer	Director, Mislata factory
Olga Encuentra Catalán	Director Management Control
Javier García Blasco	Sales Director, Libritos Division
Marina Jurado Salvado	Sales Director, Fumar Division
Victoria Lacasa Estébanez	Group Legal Director
Ignasi Nieto Magaldi	Deputy Managing Director
José Maria Masifern Valón	Director, Besós factory
Jordi Prat Canadell	Chief Financial Officer and Corporate Development Group

In the current financial year, the number of members of senior management has increased from 5 to 8.

The total fixed and variable remuneration and other remuneration items for senior executives who are not executive directors (8 members) during the financial year 2021 amounted to Euro 2,555 thousand (Euro 1,264 thousand in 2020 for 5 members). This remuneration includes the amounts corresponding to the Three-Year Plan and the Benefits Plan.

During 2017 the Company handed over to senior management personnel treasury shares on the execution of the 2011 Stock Option Plan, that ended that year. This same year, the “2016 Stock Option Plan” was formalised that at year-end 2019 is in the “Vesting Phase”. This phase will last for five years and will subsequently give rise to the start of the “Exercise Phase,” which will last for three years. This phase will mark the start of the period in which beneficiaries may exercise the options.

The Company has no agreements with members of senior management other than those set out in the Statute of Workers or Senior Management Decree 1382/1985 that have compensation if they resign or are terminated without cause or if the employment relationship comes to an end during a takeover bid.

c) Conflict of interest situations of the Board of Directors

In the duty to avoid conflict with the interests of the Company during the financial year the individuals who have occupied roles on the Board of Directors have complied with the obligations under Article 228 of the revised text of the Corporations Act. Also, they and those related to them, have refrained from engaging in the alleged conflict of interest under section 229 of the Act.

(IN THOUSAND EURO)

d) Control of the Board of Directors in the share capital of the Company

The members of the Board of Directors who hold shares in the Company at 31 December 2021 are as follows:

Name or registered name of the Director	Office	Number of direct shares	Number of indirect shares	% of share capital
D. Jorge Mercader Miró	Chairman	585,000	6,234,986	17.050%
D. Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
D. Álvaro de la Serna Corral	Director	42,000	1,024	0.108%
D. Javier Basañez Villaluenga	Director	112,632	-	0.282%
Joanfra, S.A	Director	3,409,088	-	8.523%
D. Joaquin Faura	Director	11,640	-	0.029%
D. Jorge Mercader Barata	Vice Chairman	197,727	-	0.494%
Total		**4,458,728**	**6,250,944**	**26.780%**

The members of the Board of Directors who hold shares in the Company at 31 December 2020 are as follows:

Name or registered name of the Director	Office	Number of direct shares	Number of indirect shares	% of share capital
D. Jorge Mercader Miró	Chairman	370,000	4,470,000	15.613%
D. Eusebio Díaz-Morera Puig-Sureda	Director	73,805	10,954	0.273%
D. Álvaro de la Serna Corral	Director	30,800	752	0.102%
D. Javier Basañez Villaluenga	Director	82,600	-	0.266%
Joanfra, S.A	Director	2,480,000	-	8.000%
D. Joaquin Faura	Director	8,536	-	0.028%
D. Jorge Mercader Barata	Vice Chairman	145,000	-	0.468%
Total		**3,190,741**	**4,481,706**	**24.750%**

(IN THOUSAND EURO)

29 Related-party transactions

This section includes all the information relating to the transactions carried out with group companies and associates that are indicated in Note 8.

29.1 Receivable and payable balances with group companies

At 31 December 2021 and 2020 the breakdown of the receivable and payable balances with group companies is as follows:

Receivable balances 31-12-2021	Services rendered	Sales	Financial accounts	Short-term loans	Long-terms loans	Total
- S.A. Payá Miralles	184	-	-	-	-	184
- Celulosa de Levante, S.A.	1,657	-	-	-	-	1,657
- Papeles Anoia, S.A.	598	1,850		-	-	2,448
- Desvi, S.A	500	30	43	-	10,137	10,710
- Sociedad Española Zig-Zag, S.A.	6	-	-	-	-	6
- Miquel y Costas Tecnologías, S.A.	110	1	-	-	-	111
- M.B. Papeles Especiales, S.A.	964	173	-	-	-	1,137
- Miquel y Costas Energía y Medio Ambiente S.A.	137	-	-	-	-	137
- Miquel y Costas Argentina, S.A.	-	201	-	-	170	371
- Miquel y Costas Deutschland GmbH	206	180	-	200	-	586
- Terranova Papers, S.A.	1,060	1,549	12,515	-	-	15,124
- Miquel y Costas Chile SA	-	36	-	-	-	36
- Miquel y Costas Logística SA	223	453	-	-	-	676
- Fourtube S.L	-	-	-	-	-	-
- Clariana, SA	463	104	4,369	1,410	5,300	11,646
Total	**6,108**	**4,577**	**16,927**	**1,610**	**15,607**	**44,829**

Receivable balances 31-12-2020	Services rendered	Sales	Financial accounts	Short-term loans	Long-terms loans	Total
- S.A. Payá Miralles	191	-	-	-	-	191
- Celulosa de Levante, S.A.	1,278	-	-	-	-	1,278
- Papeles Anoia, S.A.	527	1,231	-	-	-	1,758
- Desvi, S.A	362	24	-	-	7,409	7,795
- Sociedad Española Zig-Zag, S.A.	8	-	-	-	-	8
- Miquel y Costas Tecnologías, S.A.	83	2	-	-	-	85
- M.B. Papeles Especiales, S.A.	902	81	-	-	-	983
- Miquel y Costas Energía y Medio Ambiente S.A.	96	2	-	-	-	98
- Miquel y Costas Argentina, S.A.	-	553	-	-	170	723
- Miquel y Costas Deutschland GmbH	187	127	-	200	-	514
- Terranova Papers, S.A.	866	750	18,006	-	-	19,622
- Miquel y Costas Chile SA	-	-	-	-	-	-
- Miquel y Costas Logística SA	171	419	-	-	-	590
- Fourtube S.L	-	-	-	-	69	69
- Clariana, SA	407	294	1,557	1,342	6,710	10,310
Total	**5,078**	**3,483**	**19,563**	**1,542**	**14,358**	**44,024**

(IN THOUSAND EURO)

The Group has centralised liquidity, whereby the Company has current accounts with Group companies. Loans to Group companies correspond to the amounts owed by them as a result of credit drawn down by them. These receivables have a fixed maturity and bear interest at a market-determined annual rate.

At 31 December 2021 the Company has two loans amounting to Euro 6,710 thousand with Clariana, S.A. (Euro 8,052 thousand in 2020) and Euro 170 thousand in respect of a loan with Miquel y Costas Argentina S.A. (Euro 170 thousand in 2020)

The Company has granted, in 2015, a credit line to Miquel y Costas Deutschland GmbH for a limit of Euro 200 thousand with interest set at market rates which remains in 2021 and 2020.

It has in turn granted loans amounting to Euro 10,136 thousand and Euro 0 thousand to Desvi S.A. and Fourtube S.L., respectively, bearing interest at market rates (Euro 7,409 thousand and Euro 69 thousand, respectively in 2020) .

The financial accounts generate interest indexed to the Euribor. The balance is recorded under "Loans to group companies".

The receivables with group companies arise from:

- Sales of goods falling due two months after the invoice date. The receivable accounts are not insured and do not accrued interest.

- Transactions involving services rendered falling due two months after the invoice date. The receivable accounts are not insured and do not accrue interest.

Payable balances 31-12-2021	**Purchases**	**Services received**	**Financial accounts**	**Total**
- S.A. Payá Miralles	-	954	1,230	2,184
- Celulosa de Levante, S.A.	1,473	34	22,726	24,233
- Papeles Anoia, S.A.	290	63	9,321	9,674
- Desvi, S.A	-	486	-	486
- Sociedad Española Zig-Zag, S.A.	-	1	347	348
- M.B. Papeles Especiales, S.A.	523	-	7,082	7,605
- Miquel y Costas Energía y Medio Ambiente S.A.	-	95	1,325	1,420
- Miquel y Costas Tecnologías, S.A.	-	83	481	564
- Terranova Papers, S.A.	73	-	-	73
- Miquel y Costas Argentina	248	-	-	248
- Miquel y Costas Deutschland GmbH	106	-	-	106
- Miquel y Costas Logística, SA	669	3	262	934
- Clariana, SA	22	-	-	22
Total	**3,404**	**1,719**	**42,774**	**47,897**

miquel y costas & miquel, s.a.

(IN THOUSAND EURO)

Payable balances 31-12-2020	Purchases	Services received	Financial accounts	Total
- S.A. Payá Miralles	-	276	1,084	1,360
- Celulosa de Levante, S.A.	783	58	18,866	19,707
- Papeles Anoia, S.A.	421	69	10,293	10,783
- Desvi, S.A	-	335	-	335
- Sociedad Española Zig-Zag, S.A.	-	1	336	337
- M.B. Papeles Especiales, S.A.	759	-	6,408	7,167
- Miquel y Costas Energía y Medio Ambiente S.A.	-	78	1,375	1,453
- Miquel y Costas Tecnologías, S.A.	-	63	409	472
- Terranova Papers, S.A.	42	-	-	42
- Miquel y Costas Argentina	135	-	-	135
- Miquel y Costas Deutschland GmbH	72	-	-	72
- Miquel y Costas Logística, SA	692	-	1,475	2,167
- Clariana, SA	175	-	-	175
Total	**3,079**	**880**	**40,246**	**44,205**

The financial debts generate interest indexed to the Euribor. The balance is recorded under “Short-term loans with group companies and associates.”

The payables with group companies arise from:

- Purchases of goods falling due two months after the invoice date. The payable accounts do not accrued interest.

- Services received from group companies falling due two months after the invoice date. The payable accounts do not accrue interest.

29.2 Sales of goods and services rendered

The breakdown of sales of goods to group companies in 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Sale of goods		
- Papeles Anoia, S.A.	9,961	8,395
- Sociedad Española Zig-Zag, S.A.	32	17
- M.B. Papeles Especiales, S.A.	819	629
- Miquel y Costas Argentina, S.A.	2,148	1,786
- Miquel y Costas Deutschland GmbH	3,266	3,289
- Terranova Papers, S.A.	4,438	3,271
- Miquel y Costas Logistica,S.A.	940	735
- Miquel y Costas Chile. S.A	51	18
- Clariana, S.A.	207	1,202
Total	**21,862**	**19,342**

(IN THOUSAND EURO)

Finished goods are sold to other Group companies based on lists of prices applicable to non-related third parties.

The semi-finished goods are transferred for further elaboration to other Group companies on the basis of the industrial manufacturing cost price.

The breakdown of services rendered to group companies during 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Services rendered		
- S.A. Payá Miralles	153	157
- Celulosa de Levante, S.A.	1,389	1,100
- Papeles Anoia, S.A.	515	451
- Desvi, S.A	422	297
- Sociedad Española Zig-Zag, S.A.	5	6
- M.B. Papeles Especiales, S.A.	832	764
- Miquel y Costas Tecnologías, S.A.	109	89
- Miquel y Costas Argentina, S.A.	-	-
- Terranova Papers, S.A.	892	712
- Miquel y Costas Deutschland GmbH	170	158
- Miquel y Costas Energía y Medio Ambiente S.A	128	95
- Miquel y Costas Logistica S.A	376	332
- Clariana, S.A.	509	347
Total	**5,500**	**4,508**

Office rental income is generated at arm's length values.

The corporate services are assigned to the Group companies based on a cost sharing agreement using reasonable criteria taking into account the nature of the service, the circumstances of each case and the profit obtained.

29.3 Purchase of goods and services received

The breakdown of the purchases from group companies in 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Purchases of goods		
- Celulosa de Levante, S.A.	10,664	8,991
- Papeles Anoia, S.A.	4,774	3,529
- M.B. Papeles Especiales, S.A.	2,462	3,877
- Miquel y Costas Argentina, S.A.	2,274	1,635
- Terranova Papers SA	485	554
- Miquel y Costas Logística, S.A.	5,459	4,401
- Miquel y Costas C, S.A.	-	16
- Clariana, S.A.	2,142	1,416
Total	**28,260**	**24,419**

(IN THOUSAND EURO)

Finished goods are purchased from other group companies on the basis of the lists of prices applicable to non-related third parties.

Finished goods that had been sold previously for further elaboration are repurchased from related parties on a margin plus cost basis.

Raw materials purchases are made on the basis of lists of prices applicable to non-related third parties.

The breakdown of services received by group companies in 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Services received		
- S.A. Payá Miralles	3,395	2,971
- Celulosa de Levante, S.A.	-	30
- Papeles Anoia, S.A.	411	399
- Desvi, S.A.	1,183	808
- M.B, Papeles Especiales, S.A.	260	658
- Miquel y Costas Energía y Medio Ambiente S.A.	379	339
- Miquel y Costas Tecnologías, S.A.	196	169
- Terranova Papers, S.A.	8	10
- Miquel y Costas Deutscheland GmbH	425	423
- Miquel y Costas Logistica, S.A.	368	341
- Miquel y Costas Argentina, S.A.	10	-
Total	**6,635**	**6,148**

The services received relate to rental of industrial plant facilities and their costs are calculated at arm's length values. In some cases, they include the reinvoicing of energy costs.

29.4 Financial income and expenses

The breakdown of financial income and expenses in 2021 and 2020 is as follows:

Description	31-12-2021	31-12-2020
Financial income (Note 27)		
- Desvi, S.A.	122	121
- Terranova Papers, S.A.	98	144
- Miquel y Costas Tecnologías, S.A.	-	-
- S.A. Payá Miralles	-	-
- Miquel y Costas Deuschland GmbH	8	9
- Miquel y Costas Logística,SA	-	-
- Miquel y Costas Argentina	6	6
- Clariana, S.A.	386	439
Total	**620**	**719**

(IN THOUSAND EURO)

Description	31-12-2021	31-12-2020
Financial expenses (Note 27)		
- Celulosa de Levante, S.A.	132	88
- Papeles Anoia, S.A.	59	66
- Sociedad Española Zig-Zag, S.A.	2	2
- S.A. Payá Miralles	7	3
- MB Papeles Especiales, S.A.	43	26
- Miquel y Costas Energía y Medio Ambiente S.A	8	9
- Miquel y Costas Logistica, S.A.	2	5
- Desvi, S.A.	-	7
- Miquel y Costas Tecnologías, S.A,	2	1
Total	**255**	**207**

The financial income and expenses are generated as a result of the calculation of the interest on trade receivable and payable balances fallen due and other financial transactions between Group companies (distribution of dividends and tax payments). The interest calculated is indexed to the Euribor with a margin based on market conditions.

The dividends received from group companies in 2021 and 2020 are as follows:

Description	31-12-2021	31-12-2020
Dividends (Note 27)		
- Celulosa de Levante, S.A.	4,871	2,581
- Papeles Anoia, S.A.	2,376	1,584
- Miquel y Costas Tecnologías, S.A.	90	-
- MB Papeles Especiales, S.A.	-	-
- S.A. Payá Miralles	799	799
- Sociedad Española Zig-Zag, S.A.	-	-
Total	**8,136**	**4,964**

The dividend payout policy between Group companies is set permanently on the basis of a percentage of profit after tax and in compliance with the legal obligations for reserves appropriation.

29.5 Loans granted to group companies

Loans are granted based on the specific financing needs of the Group companies in relation to tangible asset investment projects.

In 2020 and 2021 no new loans were granted to Group companies.

30 Environment

The Company allocates major investment resources to the environmental improvement of its plants through an ongoing policy of action plans in its factories that include the reduction of water consumption and energy, as well as the selective waste collection, and manages evaluation, treatment and elimination of the same through authorized companies.

Total net investments after deducting grants received and tax deductions applied have totalled Euro 5,099 thousand in 2021 (Euro 3,187 thousand in 2020).

The main investments have been aimed at optimising the use of steam (reducing the consumption of natural resources for the production of steam and thus contributing to the reduction of greenhouse gas emissions), improving sludge dehydration (reducing the generation of this waste, enhancing water recirculation and improving the quality of the discharge) and the new photovoltaic installation for the production of renewable energy.

Total expenses allocated to the protection and improvement of the environment are charged directly to the income statement in 2021, including the local taxes for the use of water in the regions and after deducting the income obtained on the sale of sub-products and income and expenses generated by the CO2 emission allowances, which have totalled Euro 1,837 thousand (Euro 1,489 thousand in 2020), and relate basically to the local water tax and consumption of raw materials in environmental protection equipment.

There are no contingencies related to environmental protection and improvement that the Company is aware as of this date. Likewise, there have been no transfers of risk to other companies. Additionally, the Company is the policyholder of an insurance policy for the Miquel y Costas Group covering environmental contingencies.

31 Emission allowances

Directive (EU) 2018/410, which regulates the EU ETS for phase IV, has been transposed mainly by Law 9/2020 of 16 December, which amends Law 1/2005 of 9 March, which regulates the greenhouse gas emission allowance trading scheme, in order to intensify emission reductions in a cost-effective manner. Article 19 of the aforementioned Law 1/2005, as amended by Law 9/2020, regulates the procedure for the individual allocation of emission allowances. In accordance with this procedure, individual emission allowances were allocated to installations subject to the emissions trading scheme.

On 15 November 2013, the Council of Ministers adopted, at the proposal of the Ministries of Economy and Competitiveness, Industry, Energy and Tourism, and Agriculture, Food and Environment, the final free allocation of greenhouse gas emission allowances to installations subject to the emissions trading scheme for the period 2013-2020.

On 13 July 2021, the Council of Ministers adopted, at the proposal of the Ministries of Economic Affairs and Digital Transformation, Industry, Trade and Tourism, and Ecological Transition and the Demographic Challenge, the final free allocation for the period 2021-2025.

(IN THOUSAND EURO)

However, the final allocations may undergo adjustments or modifications throughout the allocation period, in accordance with Royal Decree 1089/2020 of 9 December, which develops aspects relating to the adjustment of the free allocation of greenhouse gas emission allowances in the period 2021-2030.

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The assignment of allowances to the Company for 2021 is as follows:

	Allowances assigned (Tm.)
2021	11,845

The breakdown of the movement in 2021 and 2020 of this intangible asset (Note 12) is as follows:

Description	Thousand Euro
Closing balance at 31-12-2019	**567**
Additions	488
Disposals	(567)
Closing balance at 31-12-2020	**488**
Additions	1,608
Disposals	(950)
Closing balance at 31-12-2021	**1,147**

The outstanding balance at 31 December of Euro 1,147 thousand corresponds to 26,845 allowances (Euro 488 thousand corresponded to 14,995 allowances in 2020).

The year-end issuance of Euro 1,030 thousand corresponds to 24,501 allowances (25,464 allowances in 2020).

The allowances consumed in the year's emissions will be refunded in 2022, for which reason the Company has a provision of Euro 1,030 thousand (Note 22), (Euro 829 thousand in 2020). After the refunding, the Company will have a surplus of 2,344 allowances amounting to Euro 117 thousand.

During the financial year 2021, 25,469 rights have been purchased outside the Group, of which 10,469 have been used to cover the deficit for the financial year 2020 and the rest will be used to cover consumption in the financial year 2021 and subsequent years (1,282 in 2020 for the Group).

The Company's management does not estimate any type of penalty or contingency arising from compliance with the requirements of Law 1/2005, as amended by Law 9/2020.

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32 Contingencies

a) Contingent liabilities

The Group engages in litigation and disputes in the normal course of business. In 2021, the most relevant events during the year were as follows.

With regard to the legal proceedings against the former distributor in Italy, Tobacco's Import-Export SPA, the appeal filed by the that distributor with the Supreme Court against the ruling of the Barcelona Provincial Court, which confirmed that the parent company was entitled to terminate the distribution contract and ordered the distributor to pay the corresponding compensation for damages in the amount of EUR 1,999,000, is still pending admission. Pursuant to this ruling, an application for injunctive relief has been filed to guarantee payment in the event of a favourable ruling..

In relation to the appeal against the Tax Agency's corporate tax assessment, the parent company has lodged an appeal with the National High Court against the judgement of the Central Economic-Administrative Court which rejected its contentious-administrative appeal. The Board of Directors, in agreement with its advisors, maintains that, in accordance with current accounting regulations, the Group should not record any relevant provision in its consolidated financial statements.

Finally, two economic-administrative claims have been filed with the Central Economic-Administrative Court against the Settlement Agreements of the Tax Agency in relation to the partial exemption from electricity tax for 2016 and 2017 on the one hand, and for 2018 on the other. The Parent Company has proceeded to the precautionary provision of the assessments included in the aforementioned Settlement Agreements.

The Company has contingent liabilities for bank guarantees and other guarantees related to the normal course of business which provides that no significant liability will arise. The Company has provided guarantees to third parties amounting to Euro 259 thousand at 2021 year-end (Euro 259 thousand in 2020), mainly responding to submissions for public contests, grants, proceedings in courts and tax authorities. Additionally, the Company acts as guarantor for bank loans granted to other Group companies amounting to Euro 15,769 thousand (Euro 19,268 thousand in 2020).

b) Contingent assets

The Company's Directors estimate that there are no contingent assets at 31 December 2021 and 2020 except for the matter mentioned in the preceding paragraph a).

33 Commitments

a) Purchase commitments

The Company has no significant sales-purchase commitments signed at 2021 year. See existing commitments for 2020 in Note 6.

b) Operating lease commitments:

The Company does not have uncancellable operating leases agreements with non-group entities.

34 Auditors' Fees

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for audit services relating to the individual annual accounts amounted to Euro 60 thousand in 2021 (Euro 57 thousand in 2020) and relating to other assurance and consolidation services amounted to Euro 30 thousand in 2021 (Euro 14 thousand in 2020). The other verification services include the issuance of an agreed-upon procedures report on Ecoembes and an agreed-upon procedures report on Gross Value Added for the purposes of certification of electro-intensive consumer status.

Furthermore, there have been no fees accrued during the years 2021 and 2020 for other companies in the PwC network as a result of services rendered to the Company.

35 Impacts of Covid-19

The Parent Company and its subsidiaries have analysed the possible accounting implications as a result of the pandemic, and to date no effects have been detected that should be significantly highlighted in the accompanying financial information.

In view of the business development in the financial year 2021 compared to the same period of the previous year, the going concern principle is not considered to be at risk, nor is the Group's ability to meet its obligations. No changes have been made to existing rental contracts and there are no plans to restructure the workforce for this reason. The Parent Company has maintained its dividend distribution policy throughout 2021. The Parent Company does not propose any adjustments to the stock option plan in force beyond those established by regulations.

With regard to the valuation of assets and liabilities on the balance sheet, the impact of items such as the collectability of customers, the net realisable value of inventories, investments in Group companies and associates and the recoverability of tax assets has been assessed and, if necessary, the corresponding valuation adjustment has been made, and no cases with a significant impact have been detected.

At the present date, it is not known whether there will be any future economic impacts arising from the prevalence of the public health crisis, which is why the Group continues to pay special attention to business continuity plans, in addition to operational resilience, with ongoing monitoring.

36 Subsequent Events

In February saw the start of an armed conflict between Ukraine and Russia. This conflict has led to a more uncertain scenario, which includes the imposition of international sanctions on Russia, the disruption of international trade in the area and the uncertain implications it could have on the evolution of gas prices in Europe.

No other significant subsequent events for the reporting period are known at the date of preparation of these individual annual accounts

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
DIRECTORS' REPORT FOR 2021
(IN THOUSAND EURO)

1. NET INCOME

Net income for 2021 is presented compared to the same period of last year in accordance with the accounting policies set down under the Chart of Accounts adopted by Royal Decree 1514/2007/16 November.

Euro thousand	2021	2020	Var.
Net turnover	187,284	168,645	11.0%
Operating profit	35,935	32,870	9.3%
Net profit before taxes (BAI)	45,499	38,860	17.1%
Net profit after tax (BDI)	36,315	30,629	18.6%
Cash-flow after tax (CFDI)	45,009	39,451	14.1%

The Company's sales this year amounted to 187.3 million euros, which represents an increase of 18.6 million euros compared to the previous year. It should be noted that 5.5 million euros of this increase corresponds to the application of Royal Decree 1/2021 on the PGC, recording under this heading recurring income (provision of services, sale of electricity, etc.) previously recorded as other operating income. The rest of the increase basically corresponds to a more favourable product mix (price/volume).

Profit after tax for the year amounted to 45.5 million euros, 6.6 million euros more than in the same period of the previous year. It is worth highlighting the increase in dividends received from other group companies in 2021 amounting to 3.1 million euros.

2. FINANCIAL POSITION

The financial position of the Company at the year-end is as follows:

	31-12-2021	31-12-2020
Total equity	**213,854**	**200,611**
Net borrowings:		
Long-term borrowings	27,527	30,045
Short-term borrowings	10,848	13,385
Cash and current asset investments	(80,173)	(78,049)
Long-term financial investments	(20,097)	(21,126)
Total net borrowings	**(61,895)**	**(55,745)**
Leverage index	Not applicable	Not applicable

(IN THOUSAND EURO)

The company's net financial position with financial entities at the end of 2021, which includes the implicit interest, has a credit balance of Euro 61.9 million, representing an increasing of Euro 6.2 million.

The average payment period for the Company to 31 December 2021 amounted to 42 days (40 days last year). See more detail in Note 19.

3. STOCK EXCHANGE INFORMATION

The parent company's stock market activity during 2021 according to values reported by BME:

Trading days	256 days
Number of securities traded	4,928,456
Cash contracted	72,380,690.54 euros
Maximum price	17.90 euros/share
Minimum price	11.86 euros/share
Average price	14.68 euros/ share
Closing price	13.10 euros/share

The parent company's stock market activity during 2021 is shown in the following figures, adjusted for the bonus issue completed in November 2021:

Trading days	256
No. of securities contracted (*)	6,192,711
Cash contracted	72,380,690.54 euros
Maximum price (*)	14,20 euros/share
Minimum price (*)	9.97 euros/share
Average price (*)	11.72 euros/ share
Closing Price	13.10 euros/share

(*) Values adjusted for the capital increase paid in with a charge to reserves in November 2021

4. RELATED PARTIES TRANSACTIONS

Except for dividends paid, the Company and the Group entities have not made, with other significant shareholders or related parties, transactions in 2021 that must be reported under the OEHA 3050/2004, 15 September.

Nor has the Company carried out transactions during the period with its or the Group's directors and executives, other than those relating to the distribution of dividends and the payment of remuneration for their positions as such and if appropriate, the remuneration linked to the Company's financial assets.

In the first half of the year, a shareholder contribution of 2.9 million euros was made to the company DESVI, S.A. With the exception of the aforementioned contribution and the dividends paid, there have been no transactions that could give rise to a conflict of interest between the Group companies, other than those concluded in the ordinary course of business and concluded on an arm's length basis.

5. ENVIRONMENT

The Company is maintaining its commitment to the environment and has continued to develop actions planned for its preservation through allocating an amount of resources towards net investments in environmental protection assets, which after deducting the associated subsidies amounts to Euro 5.1 million.

6. R&D&i ACTIVITIES

In 2021 the Company's R&D&i mainly focused on the development of new techniques and production processes in order to continue to enhance the quality and consistency of its products, as well as obtaining new papers with industry specific properties. Resources for these activities amounted to Euro 1.1.

7. PERSONNEL

The Company's top priority in the health crisis has been and continues to be to implement all measures available to it to protect the health and safety of its employees and, in turn, to meet its commitments to customers and suppliers.

The management of the situation is channelled through the governing bodies, which monitor the evolution of the pandemic in real time and take the necessary measures, with special attention to the Company's employees. They also coordinate management actions to safeguard the interests of customers and suppliers and anticipate actions to ensure supplies and minimise the impact of the situation. To date, the measures adopted have proven to be effective, controlling the spread of the virus in the work centres and enabling the continuity of operations.

The average number of people in the Company's workforce in financial year 2021 was 518, compared to 530 in the previous year. Within the constraints, training activities have been continued, but have been significantly reduced compared to previous years due to the health situation resulting from the pandemic.

8. RISKS AND OPPORTUNITIES IDENTIFIED

The Company's business activities are conducted in a wide range of markets worldwide, which exposes it to commercial credit risks. In order to minimise these risks, in addition to observing a strict internal credit policy, the Company protects its debts with credit insurance.

As a consumer of energy, mainly electricity and gas, the Company is also affected by the volatility of the prices of these products. To reduce the effect of this risk, it invests a significant part of its resources in technologies aimed at improving production yields and reducing energy consumption.

The Company has a solid balance sheet structure that provides it with the strength and financing capacity for future operations. When it considers that there is objective evidence that the value of a financial asset should be written down, it makes a valuation adjustment based on estimates and judgements based on information prepared by independent third parties. In accordance with this criterion, the Company maintains the amounts provisioned in previous years at 2020.

In a global and competitive market, it is a key factor to have the latest generation of self-developed or acquired technology, which is why the Company is permanently dedicated to research, development and innovation.

The results of this scientific activity include maintaining and increasing productivity and the production of a range of products that meet new needs with the highest standards of quality and consistency.

The Company is involved in litigation and disputes in the normal course of business. See details in note 32 to the consolidated financial statements.

9. SUBSEQUENT EVENTS

In February 2022, an armed conflict broke out between Ukraine and Russia. This conflict means that we are facing a more uncertain scenario, which includes the imposition of international sanctions on Russia, the disruption of international trade in the area and the uncertain implications it could have on the evolution of gas prices in Europe.

Apart from the above, no further significant events are known to have occurred during the period reported as of the issue date of these consolidated financial statements.

10. OUTLOOK

The Company expects that the first quarter results will be severely affected by the extraordinary price increases, particularly energy prices, which will be particularly evident when compared to the same period of 2021. In addition, the 2021 period included, as we indicated at the time, non-recurring results.

The Company expected, prior to the Russia-Ukraine war, improvements in the evolution of supply prices from April-May onwards, and considering that the effectiveness of the sales price policy implemented had reached maturity in the April-September period, it could be expected that the aforementioned imbalances in the first quarter would moderate. The present situation is generating greater uncertainty and its causes are being monitored and analysed with a view to mitigating them.

In any case, the Company is confident that the last quarter of 2022 will be indicative of its future trajectory, which will fully incorporate the results of the latest and upcoming investments.

The development of the year and its results should enable a new cycle of growth to begin, to which the Company remains committed.

11. PURCHASE OF TREASURY SHARES

During the financial year 2021, the Company, using the authorisations for the derivative purchase of its own shares granted by the General Shareholders' Meeting of 20 June 2018 and the new authorisation for a term of 5 years granted by the General Shareholders' Meeting of 22 June 2021, which cancelled the previous authorisation, within the framework of the Share Buyback Programme reported to the CNMV on 27 November 2020, acquired on the stock exchange 373.271 shares (equivalent to 509,006 new shares) prior to the capital increase, which took place in November 2021, and 173,864 shares after the capital increase, of which 93,346 correspond to the share buyback programme reported on 30 November 2021, making 1,145,904 the total number of treasury shares at year-end (representing 2.86% of the share capital).

12. ANNUAL CORPORATE GOVERNANCE REPORT

The "Annual Corporate Governance Report", attached as Appendix I, is an integral part of this Directors' Report.

13. ANNUAL DIRECTORS' REMUNERATION REPORT

The "Annual Report on Directors' Compensation", attached as Appendix II, is an integral part of this Directors' Report.

14. NON-FINANCIAL INFORMATION

The Company avails itself of the exemption from the obligation to present the individual Non-Financial Information Statement, established in Law 11/2019 of 28 December 2019 on Non-Financial Information and Diversity passed on 13 December 2019, as the information of this Company is included in the Consolidated Non-Financial Information Statement, which forms part of and can be consulted within the Directors' Report of the Consolidated Annual Accounts for the financial year 2021.

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION

ENDING DATE OF REFERENCE FINANCIAL YEAR:	31/12/2021
TAX IDENTIFICATION CODE	A-08020729

REGISTERED NAME:

MIQUEL Y COSTAS & MIQUEL, S.A.

REGISTERED ADRESS:

TUSET, 10, BARCELONA

(Free translation from the original in Spanish)

A. OWNERSHIP STRUCTURE

A.1. Including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the financial year:

Indicate whether the company's articles of association contain provision for double loyalty voting:

[ ] Yes
[✓] No

Date of last change	Share Capital (€)	Number of shares	Nº of voting rights
19/11/2021	80,000,000	40,000,000	40,000,000

Please indicate whether or not there are different types of shares with different rights associated:

[ ] Yes
[✓] No

A.2. List the direct and indirect holders of significant ownership interests in your company at year-end, including directors having a significant shareholding:

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MR JORGE MERCADER MIRÓ	1.46	15.59	0.00	0.00	17.05
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.39	0.00	0.00	4.39
MS. BERNADETTE MIQUEL VACARISAS	0.35	12.18	0.00	0.00	12.53
MS. MARIA DEL CARMEN ESCASANY MIQUEL	3.55	8.86	0,00	0.00	12.41
INDUMENTA PUERI, S.L.	0.00	14.65	0.00	0.00	14.65
ALANTRA ASSET MANAGEMENT SCIIC SA	0.00	3.9	0.00	0.00	3.19

Detail of the indirect holding:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights
INSINGER DE BEAUFORT ASSET MANGEMENT N.V.	INSTITUCIONES DE INVERSION COLECTIVA	4.39	0.00	4.39
MS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	8.52	0.00	8.52
MS. BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	3.65	0.00	3.65
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	8.86	0.00	8.86
INDUMENTARIA PUERI S.L.	GLOBAL PORTFOLIO INVESTMENTS SL	14.65	0.00	14.65
ALANTRA ASSET MANAGEMENT SCIIC SA	QMC III IBERIAN CAPITAL FOUND FIL	3.19	0.00	3.19
SR. JORGE MERCADER MIRÓ	HACIA, S.A.	15.59	0.00	15.59

Indicate the most significant movements in the shareholding structure that occurred during the year

Significant movements

INDUMENTARIA PUERI S.L., announced on 09/27/2021 that its indirect shareholding exceeded 15%.

INDUMENTARIA PUERI S.L., announced on 06/10/2021, that its indirect shareholding fell by 15%.

EDM GESTION, S.A. GGIIC., announced on 05/01/2021, that its indirect shareholding fell by 3%.

A.3. Give details of the shareholdings, by whatever percentage, at year-end of the members of the board of directors who hold voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above.:

Name or company name of director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	Of the total % of voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to loyalty voting shares.	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JAVIER BASAÑEZ VILLALUENGA	0.28	0.00	0.00	0.00	0.28	0.00	0.00
MR. JOAQUÍN FAURA BATLLE	0.03	0.00	0.00	0.00	0.03	0.00	0.00
MR. JORGE MERCADER BARATA	0.49	0.00	0.00	0.00	0.49	0.00	0.00
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	0.25	0,04	0,00	0,00	0.25	0.00	0.00
MR. ÁLVARO DE LA SERNA CORRAL	0.10	0.00	0.00	0.00	0.10	0.00	0.00

% total voting rights held by the Board of Directors	11.15

Detail of the indirect holding:

Name or company name of director	Name or company name of the direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	MS. MARTA VENTÓS OMEDES	0.04	0.00	0.04	0.00

Give details of the total percentage of voting rights represented on the board

total % of voting rights represented on the board of directors	32.05

A.4. Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the company, unless they are irrelevant or arise from normal trading activities, excluding those enquired about in section A.6:

Name or company name of related parties	Relationship type	Brief outline
No data		

A.5. Indicate, where applicable, the commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:

Name or company name of related parties	Relationship type	Brief outline
No data		

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how significant shareholders are represented. Specifically, give details of those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of said significant shareholders.

Name or company name of related director or representative	Name or company name of significant related shareholder	Company name of the significant shareholder group	Description of the relationship/position
MR. JORGE MERCADER BARATA	MR. JORGE MERCADER MIRÓ	HACIA, S.A.	MR. JORGE MERCADER BARATA is a Director and Secretary of HACIA S.A.
MR. ÁLVARO DE LA SERNA CORRAL	MRS. MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L	MR. ÁLVARO DE LA SERNA CORRAL is a Managing Director and Secretary of ENKIDU INVERSIONES, S.L.
JOANFRA, S.A.	MRS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOANFRA S.A. is a society controlled by MRs. BERNADETTE MIQUEL VACARISAS, where is Director and Secretary.

A.7. Indicate whether the Company has been notified of shareholders agreements that affect it as per Article 530 and 531 of the Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

[ ] Yes
[✓] No

Indicate whether or not the Company is aware of the existence of concerted actions between its shareholders. If so, briefly describe them:

[ ] Yes
[✓] No

If any modification or cancellation of said agreements or concerted actions has taken place during the year, indicate accordingly:

The Company is not aware of the existence of pacts, agreements or concerted actions among its shareholders.

A.8. Indicate whether any individual or legal entity currently exercise control or could exercise control over the company in accordance with article 5 of the Securities Market Act. If so, identify

[ ] Yes
[✓] No

A.9. Fill in the following tables regarding the company's treasury stock:

At the year-end:

Number of direct shares	Number of indirect shares (*)	% of total capital
1,145,904		2.86

(*) Through to:

Name or company name of the direct shoulder of the participation	Number of direct shares
No data	

Explain the significant changes over the year:

Details of significant changes
Due to the company's capital reduction operation carried out by redemption of shares, the volume of the Company's treasury shares decreased. Specifically, 1,666,666 treasury shares were redeemed, representing 5.38% of the capital prior to the capital reduction.

A.10. Give details of the terms and conditions corresponding to the General Meeting of Shareholder's current mandate to the Board of Directors buy back and transfer treasury stock:

The acquisitions of the Company's own shares are underpinned by the General Meeting of Shareholders held on 22 June 2021 as follows:

The Board of Directors, Miquel y Costas & Miquel, S.A. and its majority owned subsidiaries, are authorized to acquire by purchase, exchange or other, and sell, with the intervention of authorized mediators, shares of the Company, to a maximum of 10% of the share capital, in accordance with the provisions of Article 146 of the Capital Companies Act. The minimum price will not be lower than the share nominal value, no higher, by 20%, to the market value of the prior day to the acquisition without prejudice to compliance with those other limitations resulting from the application of the regulations or regulations applicable at any time.

This authorization is granted for a period of five (5) years from the date thereof, observing in any event the provisions of Article 148 of the Companies Capital Act.

Leave the authorization granted to the Board of Directors by the Ordinary and Extraordinary General Meeting of June 22, 2018 without effect.

The Board of Directors are authorized to allocate, totally or partially, the shares acquired as part of the implementation of compensation programs aimed at or involving the delivery of shares or share options, or based in any way on the evolution of the share price, as set out in Article 146.1 a) of the Capital Companies Act.

The Board of Directors, in its meeting held on 20 June 2011, the according to execute the authorization of the General Meeting.

A.11. Estimated floating capital:

	%
Estimated floating capital	49.50

A.12. Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restrictions on the voting rights. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those authorisation or prior notification systems that apply to acquisitions or transfers of financial instruments of the company through sectorial regulations, will be reported.

[ ] Yes
[✓] No

A.13. Indicate whether or not the General Meeting of Shareholders has agreed to adopt measures to neutralise a takeover bid by virtue of the provisions laid down in Act 6/2007:

[ ] Yes
[✓] No

Where applicable, explain the measures that have been adopted and the terms under which the inefficiency of the restrictions:

A.14. Indicate whether the company has issued securities not traded in a regulated market of the European Union.

[ ] Yes
[✓] No

If appropriate, indicate the different types of shares and, for each type of share, the rights and obligations conferred

B. GENERAL MEETING

B.1. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) with respect to the quorum and constitution of the General Meeting.

[ ] Yes
[✓] No

B.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

[ ] Yes
[✓] No

B.3. Indicate the rules applicable to amendments of the company bylaws. In particular, report the majorities established to amend the bylaws, and the rules, if any, to safeguard shareholder's rights when amending the bylaws.

The rules applicable to amendments of the company bylaws correspond to those contained in the Company's Capital Act.

B.4. Indicate the data on attendance at general meetings held during the year to which this report refers and the previous year:

	Attendance data				
Date of General Meeting	% physical represented	% represented	% remote voting		Total
			Electronic vote	Others	
20/06/2018	43.62	36.45	0.00	0.00	80.07
Of the floating capital	1.90	31.88	0.00	0.00	33.78
20/06/2019	43.51	23.89	0.00	4.19	71.59
Of the floating capital	3.51	18.63	0.00	4.19	26.33
30/06/2020	48.99	23.77	0.00	0.00	72.76
Of the floating capital	7.99	19.21	0.00	0.00	27.20
22/06/2021	50.30	18.59	0.00	0.00	68.89
Of the floating capital	5.86	10.33	0.00	0.00	16.19

B.5. Indicate the number of shares, if any, that are required to be able to attend the General Meeting and whether there are any restrictions on such attendance in the bylaws:

[ ] Yes
[✓] No

B.6. Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting.

[✓] Yes
[ ] No

Number of shares necessary to attend the General Meeting	100
Number of shares required to vote remotely	

B.7. Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, the contribution to another company of essential assets or other similar corporate operations must be submitted to approval of the general meeting of shareholders.

[ ] Yes
[✓] No

B.8. Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders over the company's website.

The corporate website of the Company, "www.miquelycostas.com". Its content responds to all information which they are considered of interest to shareholders and investors and incorporates all the content required by the regulations.

The "Corporate Information" section contains information on Corporate Governance and General Meetings, which can be accessed from the home page via the following route: Corporate Information / Corporate Governance.

C. CORPORATE GOVERNANCE STRUCTURE

C.1. Board of Directors

C.1.1 State the maximum and minimum number of directors laid down in the articles of association:

Maximum number of directors	15
Minimum number of directors	4
Number of directors set by the General Meeting	10

C.1.2 Complete the following details on the members of the Board:

Name of director	Representative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election of procedure	Date of birth
MR. JOAQUÍN COELLO BRUFAU		Other External	DIRECTOR	26/06/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ		Independent	DIRECTOR	20/06/2019	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JAVIER BASAÑEZ VILLALUENGA		Executive	DIRECTOR	28/07/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MRS. MARTA LACAMBRA PUIG		Independent	DIRECTOR	20/06/2019	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JOAQUÍN FAURA BATLLE		Independent	COORDINATING INDEPENDENT DIRECTOR	29/10/2013	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	
MR. JORGE MERCADER MIRÓ		Executive	CHAIRMAN	05/11/1991	20/06/2019	SHAREHOLDERS MEETING AGREEMENT	

Name of director	Represent-tative	Type of directorship	Office on the board	Date of first appointm.	Date of last appointm.	Election procedure
MR. JORGE MERCADER BARATA		Executive	VICECHAIRMAN	27/06/2012	20/06/2018	SHAREHOLDERS MEETING AGREEMENT
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Other External	DIRECTOR	18/04/1997	20/06/2018	SHAREHOLDERS MEETING AGREEMENT
MR. ÁLVARO DE LA SERNA CORRAL		External Proprietary Directors	DIRECTOR	28/07/2008	20/06/2019	SHAREHOLDERS MEETING AGREEMENT
JOANFRA,S.A.	MRS. BERNADETTE MIQUEL VACARISAS	External Proprietary Directors	DIRECTOR	25/10/1999	20/06/2019	SHAREHOLDERS MEETING AGREEMENT

Total number of directors	10

Indicate the removals from office due to resignation, dismissal or for any other reason that have occurred on the Board of Directors during the reporting period:

Name or company name of director	Category	Date of last appointment	Date of vacancy	Specialist committees of which he or she was a member	Indicate whether the removal from office occurred before the end of the mandate
No data					

C.1.3 Provide the following details of the Members of the Board and their status:

EXECUTIVE DIRECTORS		
Name or company name of director	Position in the company's management structure	Profile
MR. JAVIER BASAÑEZ VILLALUENGA	GENERAL SECRETARY	Graduate in Political, Economic and Commercial Sciences from the Central University of Barcelona; Registered, non-practicing auditor of the Accounting Institute and Account Auditors; Certified for transportation services management. He is currently Secretary General of the Miquel y Costas Group and President of Bacesa de Inversiones, SICAV, S.A. as well as Director of Miquel y Costas & Miquel S.A.

Name or company name of director	Position in the company's management structure	Profile
MR. JORGE MERCADER MIRÓ	CHAIRMAN	Doctor in Industrial Engineering from the Technical School of Industrial Engineers of Barcelona and Master of Economics and Business from IESE (Institute for Higher Business Studies). He is currently President of Miquel y Costas & Miquel S.A. and from Hacia S.A. Additionally, he is a member of the Honorary Council of the Círculo de Economía Foundation, Trustee of the Fundación Princesa de Girona and of the Pasqual Maragall Foundation, Vice President of the Cerdà Institute and President of the Gala-Dalí Foundation.
MR. JORGE MERCADER BARATA	VICEPRESIDENT & GENERAL MANAGER	Industrial Engineer, specialty Chemistry; MBA from IESE (Institute of Higher Studies of the Company); CEIBS Exchange Program. Shanghai (China). Currently he is Vice President-General Director of Miquel y Costas & Miquel S.A. Additionally, Director of Hacia, S.A., Trustee of the Princesa de Girona Foundation, Member of the Advisory Council of UEA (Unió Empresarial Anoia) and Member of the Executive Committee of the IESE Alumni Association.

Total number of executive directors	3
% of the entire board	30.00

EXTERNAL PROPIERTARY DIRECTORS		
Name or company name of director	Name or title of significant shareholder represented by the director or that has proposed the director's appointment	Profile
MR. ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	Graduate in Economics and Business Administration from the Autonomous University of Madrid and Master in Economics and Business from IESE (Institute of Higher Business Studies). He is currently a director of Credit Suisse AG, Sole Administrator of Enkidu Inversiones S.L., and Director of Viña Castellar Invest SICAV S.A. Sasekilia S.L. and Miquel y Costas & Miquel S.A.
JOANFRA, S.A.	JOANFRA, S.A.	The representative natural person of Joanfra S.A., is licensed in Administration and Business Management (ADE) by the Universidad de Barcelona; Postgraduate in eBusiness Management by the Universidad Pompeu Fabra. He is currently Manager of Celler Cal Costas, S.L.U, Agrícola del Sudeste Almeriense S.A., and Joanfra S.A. and individual representative of Joanfra S.A. in the Board of Directors of Celler Cal Costas, S.L.U and Miquel y Costas & Miquel S.A.

Total number of external proprietary directors	2
% of the entire board	20.00

INDEPENDENT EXTERNAL DIRECTOR	
Name or company name of director	Profile
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ	Industrial Engineer from the Higher School of Industrial Engineers of Bilbao and Bachelor of Economic Sciences from the University of Paris 1. He is currently Coordinator of the publication of the Ministry of Defence "Energy and Geostrategy", Member of the Advisory Committee of the GED company and Director of Miquel y Costas & Miquel S.A.
MRS. MARTA LACAMBRA I PUIG	Degree in Economic Sciences and Master in Economic Theory and Quantitative Methods from the Autonomous University of Barcelona; II Training program for managers by EAPC / IESE; Master in Economics and Management of the Autonomous and local Treasury from the Faculty of Economic Sciences of the University of Barcelona; Senior Management Program (PADE) by IESE. She is currently the General Director of the Fundación Cataluña - La Pedrera, CEO of Món St. Benet S.L., Member of the Board of the Círculo de Cultura; Member of the Academic Council of the Chair of Leadership and Democratic Governance of ESADE and Director of Miquel y Costas & Miquel S.A.
MR. JOAQUÍN FAURA BATLLE	Law degree from the University of Barcelona and Master in Economics and Business Management from IESE (Institute of Higher Business Studies). He is currently Strategic Advisor of Telefónica de España, Chairman of the bilateral Hispano-Korean Committee and Director of Miquel y Costas & Miquel, S.A.

Total number of Independent external directors	3
% of the entire board	30,00

The Independent Directors have only received from the Company, in addition to their remuneration as Directors, the dividends corresponding to their shareholding, the amount of which is reflected in section D.3 of this report.

Indicate whether any director considered and independent director is receiving from the company or from its group any amount or benefit under item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year, a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the board with the reasons why it deems that this director can perform his / her duties as an independent director.

Name or Company of director	Description of relationship	Reasons
MR. JOAQUÍN FAURA BATLLE	Mr. Joaquín Faura Batlle performs functions of Strategic Advisor of Telefónica de España company that presents accessory services in	The Council considers in no incompatibility in the performance of its function as Independent Director because

Name or Company of director	Description of relationship	Reasons
	communications to Miquel y Costas Group.	that list is a traffic related or line of business of the Company and its Group.

Independent Directors have only received from the Company, in addition to their remuneration as directors, the dividends corresponding to their shareholding, the amount of which is reflected in section D.3 of this report.

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders.			
Name or Company of director	Reasons		Profile
MR. EUSEBIO DÍAZ-MORERA PUIG-SURERDA	Counsellor initially independent that, with reason having reached the limit legally established in the continued exercise of your position, in accordance with section 4.i) of Article 529 duodecíes of the Law of Capital Companies in the moment of his reelection for the General Shareholders' Meeting held on June 20, 2018, happened to belong to this typology.	OTHER SHAREHOLDERS OF THE COMPANY	Bachelor of Science Economics and MBA from IESE (Institute of Higher Studies of the Company). Currently he is President of EDM Holding S.A. and Director of EDM Holding, S.A.; Cementos Molins, S.A. EDM Gestión SAU SGIIC and Others IIC and Miquel companies and Costas & Miquel S.A.
MR. JOAQUIN COELLO BRUFAU	Initially independent director who, due to exceeding the legally established limit in the continued exercise of his position, in accordance with section 4.i) of article 529 duodecíes of the Capital Companies Act, on June 20, 2020, became a member of this typology.	NONE	Naval Engineer from the Technical School of Naval Engineers of Madrid in both career specialties: Shipbuilding and Exploitation and Maritime Transport and MBA from IESE (Institute of Higher Studies of the Company). At present he is President of Asoport (State Association of Port Operating Companies). Full member of the Royal Academy of Engineering. Advisor to Meta Engineering (formerly Audi intraesa), Noatum Maritime, Petrono rand Advisor to Comexi Group and Miquel y Costas & Miquel S.A

Total number of Other external directors	2
% of the entire board	20.00

Indicate any changes in the status of each director during the period in the type of directorship of each director:

Name or company name of director	Date of charge	Former category	Current category
No data			

C.1.4 Fill in the following table with information regarding the number of female directors over the last 4 years, and the nature of their directorships:

	Number of female directors				% of total female directors of each type			
	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2018	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2018
Executives					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	10.00	10.00	10.00	10.00
Independent	1	1	1		10.00	10.00	1.00	0.00
Others External					0.00	0.00	0.00	0.00
Total:	2	2	2	1	20.00	20.00	20.00	10.00

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Accounts Auditing Law, will at least have to report the policy they have established in relation to gender diversity

[✓] Yes
[ ] No
[ ] Partial policies

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The policy for the selection of Directors followed by the Company favours the diversity of knowledge, experience and gender. Gender diversity is one of the aspects that the Council considers in the selection processes, when they take place.

C.1.6 Explain the measures which, where appropriate, have been agreed by the Appointments Committee so that the selection procedures are unaffected by any implicit bias that hampers the selection of female directors, and which shows that the company purposefully seeks and includes women that satisfy the professional profile sought among the potential candidates and to achieve a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of senior managers:

Explanation of measures

The Regulations of the Board, includes among other functions of the Human Resources Committee, Nomination and Remuneration Committee shall report to the Board on matters of kind diversity.

The regulation provides that the election or appointment of Directors must be preceded by a proposal of the Committee on Human Resources, Nominations and Remuneration Committee, when it comes of independent directors, and a report in the case of the other Directors.

The Company's labour and Human Resources development policy has always been governed by the principle of non-discrimination, with respect for the rights and dignity of people (without distinction of gender) being one of its pillars. In keeping with this principle and following the spirit of current legislation to achieve effective equality between men and women, the company has an equality plan with the aim of contributing to the elimination of discriminatory behaviour's in the workplace on the basis of gender and includes, among others, the implementation of measures that favour the incorporation, permanence and development of people in order to achieve a balanced participation between women and men at all levels of the organization.

When, despite the measures, if any, have been taken are few or no female directors, explain the reasons justifying:

Explanation of reasons

When in particular there are vacancies to fill and in all other cases, the selection of Board members is done in an objective manner, taking into consideration both sexes who fulfil the necessary conditions and capacities, depending on their prestige, knowledge and professional experience of the duties of the position.

C.1.7. Explain the Appointments Committee's on the verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors

Explanation of reasons

The Company, and particularly its Board and the Human Resources, Appointments and Remuneration Committee, considers it essential in the selection of Board members to evaluate the candidate's competence, knowledge, experience and aptitudes to actively collaborate with the Company, ensuring that During the aforementioned selection process, there is no discrimination on the basis of gender.

C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of shareholder	Justification
Non data	

Indicate whether formal petitions have been ignored for presence on the board from shareholders whose holding is equal to or higher than others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored:

[ ] Yes
[✓] No

C.1.9. Indicate, where they exist, the powers and powers delegated by the board of directors, including those relating to the possibility of issuing or repurchasing shares in directors or on-board committees:

Name or company name of the Director or committee	Brief outline
MR. JORGE MERCADER MIRÓ	He has extensive powers in accordance with his functions as President of the Company.
MR. JORGE MERCADER BARATA	It has been granted the standard powers established by the Company as "Management".
MR. JAVIER BASAÑEZ VILLALUENGA	In his capacity as General Secretary, he is assigned the execution of the purchases or sales of the Company's own shares. The Board has granted it powers for specific actions, in execution of the resolutions adopted at the General Meeting of Shareholders.

C.1.10. Identify, where applicable, the Board members holding positions of Administrators or Executives in other Companies forming part of the Group of the listed Company:

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JAVIER BASAÑEZ VILLALUENGA	S.A. PAYÁ MIRALLES	SECRETARY	NO
MR. JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	CHAIRMAN	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MB PAPELES ESPECIALES, S.A.	SECRETARY (PERSONAL REPRESENTATIVE)	NO
MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER MIRÓ	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS DEUTSCHLAND, GMBH	SOLE DIRECTOR	YES
MR. JORGE MERCADER BARATA	PAPELES ANOIA, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	CELULOSA DE LEVANTE, S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	S.A. PAYA MIRALLES	DIRECTOR	NO
MR. JORGE MERCADER BARATA	CLARIANA, S.A.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
MR. JORGE MERCADER BARATA	SOCIEDAD ESPAÑOLA ZIG ZAG S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	DESVI S.A.	DIRECTOR	NO
MR. JORGE MERCADER BARATA	MB PAPELES ESPECIALES, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS ENERGIA Y MEDIO AMBIENTE, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS TECNOLOGIAS, S.A.	CHAIRMAN	NO
MR. JORGE MERCADER BARATA	TERRANOVA PAPERS, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS LOGÍSTICA, S.A.	CHAIRMAN (PERSONAL REPRESENTATIVE)	NO
MR. JORGE MERCADER BARATA	FOURTUBE, S.L.	DIRECTOR (PERSONAL REPRESENTATIVE)	NO

C.1.11. List any directorships, directorships or directorships held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name or Company name of director	Company name of the Group entity	Position
MR. JOAQUÍN COELLO BRUFAU	PORTEL LOGÍSTIC TECHNOLOGIES SA	DIRECTOR
MR. JORGE MERCADER MIRÓ	HACIA S.A.	CHAIRMAN
MR JORGE MERCADER BARATA	HACIA S.A.	DIRECTOR
MR JAVIER BASAÑEZ VILLALUENGA	BACESA DE INVERSIONES SICAV, S.A.	CHAIRMAN
MS MARTA LACAMBRA I PUIG	MÓN ST. BENET S.L.	CHIEF EXECUTIVE OFFICER
MR JOAQUÍN COELLO BRUFAU	COMEXI GROUP S.	DIRECTOR
MR ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES S.L.	SOLE ADMINISTRATOR
MR ÁLVARO DE LA SERNA CORRAL	VIÑA CASTELLAR INVERST SICAV S.A.	DIRECTOR
MR ÁLVARO DE LA SERNA CORRAL	SASEKILIA S.L.	DIRECTOR
MR EUSEBIO DÍAZ-MORERA PUIGSUREDA	EDM GESTION SAU SGIIC	CHAIRMAN
MS BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE S.A.	DIRECTOR
JOANFRA, S.A.	CELLER CAL COSTAS S.L.U.	DIRECTOR

Name or Company name of director	Company name of the Group entity	Position
MS BERNADETTE MIQUEL VACARISAS	JOANFRA S.A.	DIRECTOR

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature representatives of directors, whatever their nature, other than those indicated in the table above

Identification of the director or representative	Other gainful activities
Non data	

C.1.12. Indicate and, where appropriate, explain whether the company has established rules about the maximum number of company Boards on which its directors may sit, identifying how this is regulated where appropriate:

[✓] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated

The Regulations of the Board of Directors establish that in order for the Director to be able to dedicate the time and effort necessary to perform his function effectively, he may not be part of a number of boards of more than four.

A los efectos del cómputo del número de Consejos a los que se refiere el párrafo anterior, se tendrán en cuenta las siguientes reglas:

a) No se computarán aquellos Consejos de los que forme parte como Consejero dominical propuesto por Miquel y Costas y Miquel S.A. o por cualquier sociedad del Grupo de ésta.

b) Se computará como un solo Consejo todos los Consejos de Sociedades que formen parte de un mismo grupo, así como aquellos de los que forme parte en calidad de Consejero dominical de alguna Sociedad del grupo, aunque la participación en el capital de la sociedad o su grado de control no permita considerarla como integrante del grupo.

c) No se computarán aquellos Consejos de sociedades patrimoniales o que constituyan vehículos o complementos para el ejercicio profesional del propio consejero, de su cónyuge o persona análoga relación de afectividad, o de sus familiares cercanos.

d) No se considerarán para su cómputo aquellos Consejos de sociedades que, aunque tengan carácter mercantil, su finalidad sea complementaria o accesoria a otra actividad que para el Consejero suponga una actividad de ocio, asistencia o ayuda a terceros o cualquier otra que no suponga para el Consejero una propia y verdadera dedicación a un negocio mercantil."

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Overall remuneration earned by the Board of Directors during the year (thousands of euros)	4,360
Amount of funds accumulated by current directors for long-term savings schemes with vested economic rights (thousands of euros)	
Amount of funds accumulated by current directors for long-term savings schemes with non-consolidated economic rights (thousands of euros)	974
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros	

Said remuneration includes variable remunerations in favour of the Executive Directors derived from compliance with the 2019-2021 Triannual Plan and the 2019-2021 Social Security Plan, whose accrual and consolidation occur in 2018, as this is the end of the triennium.

C.1.14 Identify members of the senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position (s)
MR. JAVIER GARCÍA BLASCO	COMMERCIAL MANAGER OF THE ROLLING PAPERS DIVISION
MRS. MARINA JURADO SALVADO	COMMERCIAL MANAGER OF THE SMOKING DIVISION.
MR. IGNASI NIETO MAGALDI	DEPUTY GENERAL MANAGER
MR. JOSE MARIA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY.
MR. JOSEP PAYOLA BASETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
MR. JAVIER ARDIACA COLOMER	MANAGER OF THE MISLATA FACTORY.
MS. OLGA ENCUENTRSA CATALÁN	MANAGER OF CONTROL DE GESTION
MS. VICTORIA LACASA ESTEBANEZ	MANAGER OF LEGAL GROUP
MR. JORDI PRAT CANADELL	FINANCIAL MANAGER

number of women in senior management	3
Percentage of the total members of senior management	33.33
Total senior management remuneration (€k)	3,002

C.1.15 Indicate whether or not there has been any modification to the regulations of the board during the year:

[ ] Yes
[✓] No

Description of modifications

At its meeting on April 26, 2021, the Board of Directors unanimously agreed, following a favourable report from the Audit Committee, to amend Articles 13º and 14º of the Regulations of the Board of Directors with the aim of to regulate the form of convocation and the telematic meetings of the Council, respectively.

C.1.16 Indicate the procedures for the appointment, re-election, assessment and removal of directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

The Regulations of the Board of Directors, regarding the appointment of Directors, establish:

- Los Consejeros serán elegidos por la Junta General o designados por el Consejo de Administración en el supuesto de cooptación, de conformidad con las previsiones contenidas en la Ley de Sociedades de Capital y en los Estatutos Sociales. La elección o designación de los Consejeros deberá estar precedida de la correspondiente propuesta de la Comisión de Recursos Humanos, Nombramientos y Retribuciones cuando se trate de Consejeros independientes y de un informe en el caso de los restantes Consejeros.

- Los Consejeros designados deberán cumplir los requisitos exigidos estatutariamente para el ejercicio del cargo y no podrán estar incursos en las causas de inhabilitación establecidas legalmente.

- Los Consejeros ejercerán su cargo durante el plazo previsto en los Estatutos sociales, pudiendo ser reelegidos.

Los Estatutos Sociales establecen, en relación a los Consejeros, que no será necesario que ostenten la condición de accionistas y serán siempre elegidos y renovados por la Junta General y ejercerán el cargo por el plazo de cuatro años.

The Regulations of the Board of Directors on the removal of Directors also establishes that:

1. Los Consejeros cesarán en el cargo cuando haya transcurrido el período para el que fueron nombrados y cuando lo decida la Junta General en uso de las atribuciones que le atorga la Ley.

2. El Consejo propondrá a la Junta General el cese de los Consejeros, entre otros, en los siguientes supuestos:

a. Cuando se vean incursos en incompatibilidad o prohibición legal.

b. Cuando su permanencia en el Consejo pueda poner en riesgo los intereses de la Sociedad o cuando desaparezcan las razones por las que fueran nombrados. Se entenderá que se produce esta última circunstancia respecto de un Consejero dominical cuando se lleve a cabo la enajenación de la total participación accionarial de la que sea titular o a cuyos intereses represente y también cuando dicha participación disminuya hasta un nivel que exija la reducción del número de sus Consejeros dominicales.

3. Cuando un Consejero termine su mandato o por cualquier otra causa cese en el desempeño de su cargo no podrá prestar servicios en otra entidad que tenga relaciones con competidores de empresas del Grupo Miquel y Costas en el plazo de dos años.

4. Si el cese se produjera antes del término de su mandato, explicará las razones en una carta que se remitirá a todos los miembros del Consejo. El cese se comunicará a la CNMV como hecho relevante y se dará cuenta del mismo en el I. A. G. C.

C.1.17 Explain to what degree the self-assessment has led to significant changes in its internal organization and the procedures applicable to its activities:

Description of changes

On the basis of the conclusions reached from the evaluation of the Council's activities and the discussions on them, this Body has considered that it is not necessary to adopt measures involving changes in its internal organization concerning the procedures applicable to its activities. , stating that, in relation to the Committee on Human Resources, Appointments and Remuneration, it has been verified that it has regained its positive assessment by its members, and therefore it is unnecessary to take any action in this regard.

Describe the evaluation process and the areas evaluated by the Board of Directors, assisted by an outsourced consultant, regarding the operation and composition of its committees, and any other area or aspect that has been subject to evaluation

Description of the evaluation process and areas evaluated

In order to comply with the provisions of the Capital Companies Law, in the Regulations of the Company's Board of Directors and based on the recommendations established by the Code of Good Governance regarding the annual evaluation of the operation of the governing bodies. administration during the fiscal year, in February 2021, the Directors, assisted by an independent external consultant, have evaluated the performance of the functions of the Board of Directors, its Committees, those of the President and those of the Vice-President-General Director .

It is concluded from the annual evaluation that the overall result of the self-evaluation has been positive and that the Directors consider satisfactory (i) the quality and efficiency of the operation of the Board of Directors, (ii) the operation and composition of its committees, (iii) the diversity in the composition and powers of the Board; (iv) the development of the Chairman of the Board and his functions and (v) the development of the Chief Executive Officer of the Company.

C.1.18 Explain, for any of the years in which the evaluation has been assisted by an external advisor, the business relationship the adviser or any group company maintains with the company or any group company.

In accordance with the recommendation of the frequency contained in the Code of Good Governance in the exercise of the Board, it has not been assisted by an independent external consultant.

C.1.19 Indicate the circumstances under which directors are obliged to resign.

The Regulations of the Board of Directors establish that the Board will propose to the General Meeting the dismissal of the Directors in the cases in which they are involved in incompatibility or legal prohibition, when their permanence on the Board may put at risk the interests of the Company or when the reasons for which they were appointed disappear, understanding that the latter circumstance occurs with respect to a proprietary Director when the sale of the total shareholding of which he is the owner or whose interests he represents and also when said participation takes place decrease to a level that requires the reduction of the number of your proprietary Directors.

The aforementioned Regulations also provide that, in relation to the Director's Information Duties, the latter must inform the Company of those personal circumstances that affect or may affect the Company's credit or reputation, especially the criminal cases in which it appears, as accused and its relevant procedural vicissitudes. The Board may require the Director, after examining the situation that the latter presents, to resign and this decision must be accepted by the Director.

Additionally, the Board may require the Director to resign due to non-observance of his general obligations established in said Regulations.

C.1.20 Are reinforced majorities other than those applicable by law required for any type of decision?

[ ] Yes
[✓] No

Where applicable, describe the differences

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed chairman of the board.

[ ] Yes
[✓] No

C.1.22 Indicate whether the Articles of Association or the Board Regulations establish any age limit for directors:

[ ] Yes
[✓] No

C.1.23 Indicate whether the Articles of Association or the Board regulations set a limited term, or other requirements stricter than those legally determined, of office for independent directors different to the one established in the regulations.

[ ] Yes
[✓] No

C.1.24 Indicate whether the bylaws or the board regulations establish specific standards for proxy voting in the board of directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such standards.

The Bylaws establish that, in the event of inability to attend a Board meeting, each of its components may delegate their representation and vote to a Director in writing and with special character for each session.

For its part, the Regulations of the Board of Directors establish that the representation in another Director will be conferred with instructions about the determinations to be adopted in the treatment of the different items on the Agenda of the meeting.

There is no maximum number of delegations established or limitation regarding the categories in which it is possible to delegate beyond the limitations imposed by legislation.

C.1.25 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present. In calculating this number, proxies, given with specific instructions will be counted as attendance.

Number of meetings of the Board	13
Number of Board meetings without the Chairman attending	0

If the Chairman is an executive Director, indicate the number of meetings held without an executive director present or represented and chaired by the Lead Director

Number of meetings	0

Indicate the number of meetings held by the different Board Committees over the year:

Number of meeting held by the HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	3
Number of meeting held by the AUDIT COMMITTEE	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year attended by all its members. In calculating this number, proxies given with specific instructions will be counted as attendances:

Number of meetings attended in person by at least 80% of the directors	13
% of attendance over the total number of votes during the year	99.23
Number of meetings with attendance in person, or representations made with specific instructions of all the directors	13
% votes cast with attendance in person and representations made with specific instructions, on total votes during the year	100.00

C.1.27 Indicate if the individual and consolidated Annual Accounts submitted for approval to the Board are previously certified:

[✓] Yes
[ ] No

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated Annual Accounts in order to be formulated by the Board:

Name	Position
MRS. MARTA LACAMBRA I PUIG	MEMBER OF AUDIT COMMITTEE
MR. JOAQUÍN FAURA BATLLE	CHAIRMAN OF AUDIT COMMITTEE
MR. ÁLVARO DE LA SERNA CORRAL	MEMBER OF AUDIT COMMITTEE

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated annual accounts it prepares from being laid before the General Meeting of Shareholders with a qualified audit report

The Company and the Companies of the Miquel y Costas Group prepare their annual accounts following the legal precepts and faithfully applying the generally accepted principles of accounting under the supervision of the financial-economic department and the monitoring of the Audit Committee.

Each year those in charge of the economic-financial department together with the auditors will carry out an inspection and monitoring of the recommendations which arise from the work carried out in the auditing of accounts.

In the fulfilment of its powers, the Audit Committee meets with the external auditors in order to be informed about all those matters related to the process of conduct of the auditing of accounts and to deal with those matters which might give rise to possible reservations so as to make available the necessary steps to prevent them.

Finally, the Audit Committee takes the annual accounts to the Board of Directors for their formulation.

C.1.29 Is the Secretary of the Board a director?

[ ] Yes
[✓] No

Complete if the Secretary is not also a Director:

Name or corporate name of the secretary	Representant
MRS. VICTORIA LACASA ESTEBANEZ	NONE

C.1.30 Indicate the specific mechanisms introduced by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice

In accordance with the Regulations of the Directors Board of the Company, the Audit Committee issues annually, both prior to the issuance of the financial audit report, a report in which it expresses its opinion on the independence of the auditors. This Regulation includes, among the basic responsibilities of the Audit Committee, that of maintaining adequate relations with the external auditors for information on those questions that may pose a risk to the independence of these, by examination by the Committee, and any other relations as well as the development process of the financial audit and, when it is missing, the authorization of the different services of the prohibits in accordance with the applicable regulations, also with those other communications foreseen in the accounts audit legislation and in the technical norms audit. In all cases, the Audit Committee will provide the auditors with annual written confirmation of the current independence of the Company or entities linked to it directly or indirectly, as well as detailed and individualized information on the additional services of any class of providers and The corresponding honoraries are received by these entities for the auditing entities, or by the persons or entities linked to these entities, according to the provisions of the legislation on auditing of the financials.

In relation to financial analysts, investment banks and rating agencies, the Company preserves its independence by making available to the market, in public disclosure, all the Company information that is provided to say agents without giving any preferential treatment to none of them.The aforementioned Regulation establishes that the Council will inform the public immediately about the following matters:

a) Relevant information capable of sensitively influencing the formation of stock prices.;

b) Changes to the ownership structure of the Company, such as variations in significant holdings, syndication agreements, and other forms of coalition, of which it has knowledge;

c) Significant changes to the rules of governance of the Company;

d) The own shares policies which intends to adopt for the Company subject to powers obtained at the General Meeting.

Likewise, the Internal Code of Conduct contemplates and determines the causes and conditions of information release to the different financial agents.

C.1.31 Indicate whether or not the external auditor has been changed during the year. Where applicable, identify the incoming and outgoing auditors.

[ ] Yes
[✓] No

In the case of disagreements with the outgoing auditor, explain the content of said disagreements:

[ ] Yes
[✓] No

C.1.32 Indicate if the audit Company performs other tasks for the Company and/or its Group other than auditing activities, and if so, state the amount of the fees received for said activities and their percentage of the fees billed to the Company and/or its Group.

[✓] Yes
[ ] No

	Company	Group	Total
Amount of tasks other than audit services (thousands of euros)	3	7	10
Amount of tasks other than audit services / total amount invoiced by the Audit Company (in %)	3.77	10.95	6.94

C.1.33 Indicate if the auditor's report on the annual accounts corresponding to the previous year involves reservations or exceptions. Where applicable, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of the said reservations or exceptions

[ ] Yes
[✓] No

C.1.34 Indicate how many years the current audit Company has been auditing, without interruption, the Annual Accounts of the Company and/or its Group. Also indicate the percentage of the number of years audited by the current Audit Company over the total number of years that the Annual Accounts have been audited:

	Individual	Consolidated
Number of years without interruption	20	20

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	60.61	60.61

C.1.35. Indicate and, where applicable, provide details of whether there is a procedure whereby directors can have external assessment:

[✓] Yes
[ ] No

Details of the procedure

The Regulations of the Board of Directors establishes in relation to the meetings of this Board that:

"La convocatoria incluirá siempre el Orden del Día de la sesión que deberá contemplar, entre otros puntos, los relativos a las informaciones de las sociedades filiales y de las Comisiones del Consejo, así como las propuestas y sugerencias que formulen el Presidente y los demás miembros del Consejo que serán cursadas con una antelación no menor a cinco días hábiles a la fecha del propio Consejo, de acuerdo con lo establecido en los Estatutos Sociales."

Each Director has a dossier for each Board meeting that is explained and, where appropriate, discussed, which contains detailed information on all the topics that are dealt with in the session. Those points of greater complexity, such as the annual budget, investment plan, strategic plan, and others of special significance, receive this treatment in a reinforced way. The Directors, in the period between councils, can consult and request as much necessary information as they require.

C.1.36 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the directors to report and, in cases that damage the Company's credit and reputation, resign:

[✓] Yes
[ ] No

Explain the rules

The Regulations of the Board of Directors, in relation to the information duties of the Director, establish that:

"El Consejero deberá informar a la Sociedad de aquellas circunstancias personales que afecten o puedan afectar al crédito o reputación de la Sociedad, en especial, de las causas penales en que aparezca como imputado y de sus vicisitudes procesales relevantes, de todo lo cual se dará cuenta en el I.A.G.C.. El Consejo podrá exigir al Consejero después de examinar la situación que éste presente, su dimisión y esta decisión deberá ser acatada por el Consejero".

C.1.37 Unless there are special circumstances that have been recorded in the minutes, indicate whether the Board has been informed of or has otherwise become aware of any situation that affects a director, whether or not it is related to his or her actions in the company, that could damage the company's credit and reputation:

[ ] Yes
[✓] No

C.1.38 Detail the major agreements, entered into by the company based on the takeover, and the effects of these agreements.

There are no significant agreements entered into by the Company that come into force, are modified or terminate in the event of a change of control as a result of a takeover bid.

C.1.39 Identify, individually, when referring to Directors and in aggregate form in all other cases, and provide detailed information on agreements between the Company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of operations.

Number of beneficiaries:	3
Type of beneficiary	Description of agreement:
Executive Directors	The contractual conditions determine that in the event of involuntary cessation of executive functions, except for serious breach, they will be entitled to compensation equivalent to a gross annuity. On the other hand, two beneficiaries will receive the same treatment in the event of a change of control. Both indemnities, that is, the one foreseen for the case of involuntary termination and the one foreseen for the case of change of control, are mutually exclusive and involve the recognition of one year of salary. Additionally, if once the termination has occurred, the Company restricts the Director's ability to attend, the Director will be entitled to compensation equivalent to 50% of the gross monthly salary for a period of two years.

Indicate whether, beyond the cases stipulated by the regulations, these contracts have to be reported and/or approved by the bodies of the company or its group. If so, specify the procedures, assumptions foreseen and the nature of the bodies responsible for their approval or communication:

	Board of directors	General Meeting
Body authorising the clauses	✓	

	Yes	No
The general meeting of the clauses is reported?		✓

There is nothing established beyond the assumptions foreseen in the regulations.

C.2. Committees of the Board of Directors

C.2.1 Detail all the board committees, their members and the proportion of proprietary directors and independent directors sitting on them:

HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE		
Name	**Position**	**Type**
MR. JOAQUÍN COELLO BRUFAU	BOARD MEMBER	Other External
MR. JOSÉ CLAUDIO ARANZADI MARTÍNEZ	CHAIRMAN	Independent
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	BOARD MEMBER	Other External
JOANFRA, S.A.	SECRETARY	Proprietary Director
MRS. MARTA LACAMBRA I PUIG	BOARD MEMBER	Independent

% executive directors	0.00
% proprietary directors	20.00
% independent directors	40.00
% other external	40.00

Explain the committee's duties, other than those already described in section C.1.9, and describe the procedures and rules for the organisation and operation of the organisation. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you, whether by law, by the Articles of Association or by other corporate agreements.

The regulation of the Human Resources, Nominations and Remuneration Committee, are in of the Articles of Association and of the Regulations of the Board of the Company.

As of December 31, 2020, it is composed of five Directors, two of whom are independent and is chaired by a Director of this last Category.

The Regulation of the Board of Directors establishes that the Committee will meet at least once a year and will adopt its decisions by majority and report the content of its meetings to the Board of Directors.

The aforementioned Regulation states that "the Human Resources, Appointments and Remuneration Committee, in matters not foreseen in the present standards, will be governed by the operating guidelines of the Board of Directors ".

The basic duties attributed of the Human Resources, Nominations and Remuneration Committee is:

a) Propose to the Board of Directors the naming of independent Directors for appointment by co-optation or for submission to the decision of the Shareholders General Meeting and the re-election or removal of said Directors by the Shareholders General Meeting; the remuneration of Directors and the salary policy of top management personnel; the individual remuneration of executive Directors and other terms of their contracts; the basic conditions of contracts for senior executives; the general policy on Human Resources of the Group Companies.

b) Inform the Board of Directors of the naming of proprietary Directors and executives for appointment by co-optation or for submission to the decision of the Shareholders General Meeting, and their re-election or removal by the Shareholders General Meeting; the appointment of the Chairman of the Board of Directors; the appointments and removals of top management and the basic terms of their contracts; issues of gender diversity; appointments and removals of the top executives which the chief executive proposes to the Board; the appointment and removal of the Secretary of the Board of Directors.

c) Evaluate the profile of the most suitable candidates to form part of the various Committees, according to their knowledge, skills and experience; the competence, knowledge and skills of candidates for Directors; the succession of the Chairman and chief executive and, if necessary, make proposals to the Board of Directors so that this succession occurs in an orderly and planned fashion; compliance with internal codes of conduct and corporate governance rules.

During 2021, the Human Resources, Appointments and Remuneration Committee met three times to discuss, among other things, the following issues: structure and evolution of the workforce, examination of the remuneration of Directors, submission to the consideration of the Board the appointment of an independent external consultant to assist this Body in carrying out its own evaluation in which its Committees, Chairman and in that of the Vice-Chairman - Director General, after verifying its independence; to examine the proposal for the appointment of the Non-Executive Secretary of the Board of Directors, to propose to the Board the remuneration policy of the Directors for the years 2022, 2023 and 2024 as well as the preparation of the specific Report in this regard.

AUDIT COMMITTEE		
Name	Position	Type
MRS. MARTA LACAMBRA I PUIG	BOARD MEMBER	Independent
MR. JOAQUÍN FAURA BATLLE	CHAIRMAN	Independent
MR. ÁLVARO DE LA SERNA CORRAL	BOARD MEMBER	External Proprietary Director

% executives directors	0.00
% proprietary directors	33.33
% independent directors	66.67
% other external	0.00

Explain the functions, including, if applicable, those additional to those legally envisaged, which have been attributed to this committee, describe the procedures and rules for the organization and functioning of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolution.

The procedure of the Audit Committee, are regulated in of the Articles of Association and provisions of the Regulations of the Board of the Company.

As of December 31, 2021, it is composed of three Directors, two independent and presided over by one Director of this category.

The basic duties attributed of the Audit Committee are:

a) To inform the General Assembly of Shareholders on matters raised there by the shareholders on matters within its jurisdiction and in particular on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Audit Committee has played in this process.

b) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.

c) Supervise the effectiveness of the Company's internal control and risk management systems including control systems over financial reporting and discuss with auditors or external audit firms the significant weaknesses of the internal control system detected in the Company. Development of the audit, without breaking their independence.

d) Know and supervise the process of preparation and presentation of regulated financial information. Prior to the adoption of the corresponding resolution by the Board, the Audit Committee shall inform the Board about the periodic financial information as well as other information that the Company must disclose to the markets and its supervisory bodies, presenting, where appropriate, recommendations or Proposals aimed at safeguarding the integrity of such information

e) Maintain adequate relationships with external auditors or audit companies to receive information on those matters that may jeopardize their independence, for consideration by the Committee, and any other related to the process of developing the audit of accounts, and, where appropriate, the authorization of services other than those prohibited under applicable regulations, as well as those other communications provided for in the auditing legislation and in the technical auditing standards.

In any case, the Audit Committee must receive annually from the auditors or external audit companies, the written confirmation of their independence from the Company or entities directly or indirectly related to it, as well as detailed and individualized information on the additional services of any kind provided and the corresponding fees received from these entities by the aforementioned external auditors or audit companies, or by the persons or entities related to them in accordance with the provisions of the legislation on audit of accounts.

f) The Committee must issue an annual report, prior to the release of the audit report, expressing an opinion about the auditors' or auditing firms' independence. This report must in any case pronounce on the provision of the additional services referred to in the previous section e).

g) Establish and supervise a procedure that allows employees to communicate, in a confidential manner, and if deemed anonymous anonymity, irregularities of special importance, particularly financial and accounting that they notice wider Society.

During financial year 2021, the Audit Committee met eight times in order to discuss, among others, the following issues: supervision of the Financial Statements and management information of the Company and the consolidated Group; review and information to the Council on the Periodic Public Information consisting of the semi-annual and intermediate reports; analysis and study of financial policy reporting it to the Board of Directors; examine the communications received through the Communications Channel, examine the Internal control for the prevention of criminal risks; Issue the Report on the Operation and Activities of the Committee in fiscal year 2019; Issue the Report on the Independence of the Auditors; Proposal for the reelection of the Auditors of Accounts of the Company and its Group to know the Corporate Social Responsibility Report for the financial year 2020, to report favourably to the Board of Directors on the proposal to amend Articles 13 and 14 of the Board Regulations.

Identify the directors who are members of the Audit Committee who have been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both, and state the date that said director was appointed Chairman

Name of directors with experience	MRS. MARTA LACAMBRA PUIG / MR. JOAQUÍN FAURA BATLLE / MR. ÁLVARO DE LA SERNA CORRAL
Date of appointment as Chairman	04/09/2019

C.2.2 Fill in the following table with information on the number of female directors sitting on board committees over the last four years.

	Number of female directors							
	Exercise 2021		Exercise 2020		Exercise 2019		Exercise 2018	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	2	40.00	2	40.00	1	25.00	1	16.70
AUDIT COMMITTEE	1	33.33	1	33.30	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of Committee regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each Committee's activities has been voluntarily drafted.

The powers and operating rules of the Human Resources, Appointments and Remuneration Committee and those of the Audit Committee are regulated in the Company Bylaws and in the Regulations of the Company's Board of Directors, the texts of which are available on the corporate website. During the year, no changes were made to its regulations.

The Audit Committee prepares an Annual Activity Report.

During the year, the following specialized commissions of the Council were set up: Energy and Environment Committee; R + D + i and Commercial Commission; and Inorganic Growth Commission. Due to its recent constitution, its regulation has not been developed.

D. RELATED-LINKED TRANSACTIONS AND INTRA-GROUP

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions, indicating the general internal criteria and rules of the company governing the abstention obligations of the directors or shareholders affected and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Transactions with related parties, if they take place and their significance so requires, must be submitted and approved by the Board of Directors, unless the value of the linked options is equal to or less than 10%. of the assets, which in accordance with the provisions of the Capital Companies Act, the approval of which will correspond to the Board.

The Company, in order to comply with the provisions of the regulations in force in relation to the inclusion of information on related parties in the Half-Yearly Financial Report to be sent to the National Securities Market Commission , sends in January and July of each year a form in which the Director must list all those transactions that the Director himself and his parties have been able to carry out with the Company or with any other company of the Group during the period inform. Statements made by Directors are reviewed by the Audit Committee.

Otherwise, the Internal Regulations of the Company establish that Affected Persons for the material, who have carried out per own account any operation of subscription, purchase or sale of Affected Values, have to formulate, after the fifteen days following each fi calendar month, a detailed communication addressed to the secretary of the Board of Director's comprehensive of the operations required, stating that this communication must be anticipated in accordance with the applicable regulations, being equivalent to the operations for own account, both obliged to be declared , the realities for the linked people.

On the other hand, the Regulations of the Board of Director's foresee in chapter IX the "Rules of Director" in matters related to confidentiality, non-competition, regarding the non-public information of the Company or the business opportunities, established I know that these obligations are also required, that the circumstances that are foreseen in each case refer to companies in which the Minister has a significant participation than to any person linked to the Council in terms that affect their independence or criteria.

D.2. Detail on an individual basis significant transactions for the amount or relevant to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the company, indicating which has been the competent body for its approval and whether any shareholder or director affected has abstained. In the event that the board has been competent, indicate whether the proposed resolution has been approved by the Board without a vote against by a majority of the independents.

	Name or denomination shareholder or any other company of their subsidiaries	% participation	Name or denomination social of society a dependent entity	Amount (thousands of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(1)	MS. MARÍA DEL CARMEN ESCASANY MIQUEL	12.42	MIQUEL Y COSTAS & MIQUEL, S.A.	1,969	Board of Directors with the approval of the Board		YES
(2)	MS..BERNADETTE MIQUEL VACARISAS	12.53	MIQUEL Y COSTAS & MIQUEL, S.A.	1,985	Board of Directors with the approval of the Board		YES

	Name or denomination shareholder or any other company of their subsidiaries	% particip ation	Name or denomination social of society a dependent entity	Amount (thousa nds of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(3)	INDUMENTA PUERI, S.L	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,135	Board of Directors with the approval of the Board		YES
(4)	MR. JORGE MERCADER MI´RO	17.05	MIQUEL Y COSTAS & MIQUEL, S.A.	2,689	Board of Directors with the approval of the Board		YES

	Name or denomination shareholder or any other company of their subsidiaries	Nature of the relationship	Type of operation and other information needed to evaluate it
(1)	MS. MARÍA DEL CARMEN ESCASANY MIQUEL	CORPORATE	Dividends and other distributed profit
(2)	MS. BERNADETTE MIQUEL VACARFIAS	CORPORATE	Dividends and other distributed profit
(3)	INDUMENTARIA PUERI, S.L	CORPORATE	Dividends and other distributed profit
(4)	MR. JORGE MERCADER MIRÓ	CORPORATE	Dividends and other distributed profit

D.3. List individually the transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against

	Name(s) or company name(s) of the director(s) or executive(s) or their entity(ies) entities controlled or under joint control	Name or corporate name of the company or body corporate or subsidiary	Link	Amount (thousands of euros)	Aproving body	Identification of the shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without the majority of independent voting against.
(1)	MR. ÁLVARO DE LA SERNA CORRAL	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	17	Board of Directors with the approval of the Board		YES
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	46	Board of Directors with the approval of the Board		YES
(3)	MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS & MIQUEL, S.A.	Dividends and other distributed profits	78	Board of Directors with the approval of the Board		YES
(4)	SRA. MARINA JURADO SALVADÓ	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	23	Board of Directors with the approval of the Board		YES
(5)	MR. JAVIER ARDIACA COLOMER	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	13	Board of Directors with the approval of the Board		YES
(6)	MR. JOSEP PAYOLA BASETS	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	18	Board of Directors with the approval of the Board		YES
(7)	MR. JAVIER GARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	18	Board of Directors with the approval of the Board		YES

	Name(s) or company name(s) of the director(s) or executive(s) or their entity(ies) entities controlled or under joint control	Name or corporate name of the company or body corporate or subsidiary	Link	Amount (thousands of euros)	Aproving body	Identification of the shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without the majority of independent voting against.
(8)	MS OLGA ENCUENTRA CATALÁN	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	8	Board of Directors with the approval of the Board		YES
(9)	MR. JOSÉ MARÍA MASIFERN VALÓN	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	14	Board of Directors with the approval of the Board		YES
(10)	MR. IGNASI NIETO MAGALDI	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	4	Board of Directors with the approval of the Board		YES
(11)	MR. JORDI PRAT CANADELL	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	2	Board of Directors with the approval of the Board		YES
(12)	MR. JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS & MIQUEL, S.A	DIRECTOR	45	Board of Directors with the approval of the Board		YES

	Name or corporate name of the directors or managers or their controlled or jointly controlled entities	Nature of the operation and other information necessary to evaluate it
(1)	MR. JORGE MERCADER MIRÓ	Director
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Director

	Name or corporate name of the directors or managers or their controlled or jointly controlled entities	Nature of the operation and other information necessary to evaluate it
(3)	MR. JORGE MERCADER BARATA	Director
(4)	MS. MARINA JURADO SALVADÓ	Dividends and other distributed profits
(5)	MR. JAVIER ARDIACA COLOMER	Dividends and other distributed profits
(6)	MR. JOSEP PAYOLA BASETS	Dividends and other distributed profits
(7)	MR. JAVIER GARCÍA BLASCO	Dividends and other distributed profits
(8)	MS. OLGA ENCUENTRA CATALÁN	Dividends and other distributed profits
(9)	MR. JOSÉ MARÍA MASIFERN VALÓN	Dividends and other distributed profits
(10)	MR. IGNASI NIETO MAGALDI	Dividends and other distributed profits
(11)	MR. JORDI PRAT CANADELL	Dividends and other distributed profits
(12)	MR. JAVIER BASAÑEZ VILLALUENGA	Dividends and other distributed profits

D.4. Report on an individual basis on significant intra-group transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.

Under all circumstances, report any intra-group transaction performed with entities established in countries or territories considered to be a tax haven:

Company Name of the Entity of the Group	Brief description of operation and other necessary information for its assessment:	Amount (Thousand Euros)
No Dates		

D.5 List individually any transactions that are significant in amount or material in terms of their subject matter carried out by the company or its subsidiaries with other related parties in accordance with International Accounting Standards as adopted by the EU, which have not been reported under the preceding headings.

Company Name of the Entity of the Group	Brief description of the operation and other necessary information for its assessment:	Amount (Thousand Euros)
No Dates		N.A.

Observations

D.6. List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders or other related parties.

In accordance with the Internal Rules of Conduct, people subject to it are obliged to inform the Secretary of the Board of Directors about the possible conflicts of interest to which they are subject as a result of their family relations, their personal property or for any other reason. Any doubt about the possibility of a conflict of interest, must be brought to the Secretary of the Board before adopting any decision which might be affected by the said conflict of interest.

On the other hand, the Regulations of the Administration Council established that the Minister, in order to accept what he did, went directly to another company or entity that could represent a conflict of interest, must consult the Human Resources Commission, Appointments and Remuneration .

In addition to all exposed, annually all the members of the Board of Directors with independence that is not informed at the moment in which you make a request, an express declaration regarding the situation of the conflicts of interest, both referred to the ministers related to title staff with the serves linked parts, ratifying it later in a session of the Administration Council, of which the Secretary records in writing the free register of conflicts of interest of the Company.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

[ ] Yes
[✓] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the Company's Financial and Non-Financial Risk Control and Management System, including those of a fiscal nature.

The Audit Committee complying tasks set out in the Bylaws and the Regulations of the Board of Directors business risk controls, supervises and directs the actions of the Internal Control Service relative risks the business in general and in particular those relating to information and observation of legality in its commercial, penal and tax issues.

E.2. Identifies the bodies of the company responsible for the elaboration and execution of the Control and Management System for Financial and Non-Financial Risks, including the public prosecutor.

1. - Human Resources, Nominations and Remunerations Committee:
Under its supervision and control are all aspects of the personnel providing the services: prevention and security, retention, replacement, etc.

2. - Audit Committee:
Understand and supervise the financial reporting and Internal Control Systems of the Company as well as the internal control report for the risk prevention of the Company.

3. - Managing Committee:
Belongs to the managerial level and control the industrial operational areas, both productive and logistics general, including environmental and trade.

4. - Risk and Control Committee:
Belongs to the managerial level and have assigned the functions of control economic, financial, and legal and credit risk control and risk of accidents in their prevention and insurance.

5. - Investments and Environment Committee
Belongs to the management level monitoring of risks associated with investments in fixed assets in all its considerations: management, environment, etc.

6. - Area Committees:
Monitoring the operational and commercial aspects of each of the business areas of the Group.

7.- Compliance Officer
Control, measures, evidence and, where appropriate, mitigating actions.

E.3. Indicate the main risks, financial and no financial, including fiscal, to the extent that those derived from corruption are significant (the latter being understood to be within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

The principal risks identified and managed in the Miquel y Costas Group are summarised below:

Macro-economic risks:
Raw Materials and Energy
Economic and financial environment
Legal and regulatory in civil, commercial, and tax matters among others.

Operations and Markets:
Sector concentration
Quality and quality assurance
Research and development of new products

Facilitation:
Integrity of assets
IT systems
Human resources

E.4. Identify whether the entity has a risk tolerance level including tax-related risks.

The Company considers that it has sufficient capacity and that it is adequately prepared to withstand and manage the risks it has identified.

The Board Regulations establish that it is the function of the Audit Committee to supervise the effectiveness of the internal control and risk management systems of the Company, particularly the internal control systems over financial information, and to discuss with the auditors of accounts or companies. external auditors, the significant weaknesses of the internal control system detected in the course of the audit, without violating its independence.

The Regulations of the Board also provide that the Audit Committee, in the development of the powers attributed to it, will identify the different types of risk that the Company faces, the level of risk that the Company considers acceptable, the measures provided to mitigate its impacts and the systems to control and manage the aforementioned risks, the application of which it will propose to the Board of Directors.

Likewise, the Audit Committee submits them to the audit examination and with it compares the established risk assessment processes, the description of those identified with an indication of the tolerance and the assessment that each one of them presents.

E.5 Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

Risk materialized in the exercise: Legal. In the ongoing litigation that the Company maintains with a former distributor in Italy, as of the date of this report, a judgment issued by the Provincial Court has already been obtained establishing that the contractual resolution requested by the Company was justified. This ruling has been appealed by the distributor before the Supreme Court.

Risk materialized an exercise: Prosecutor. Filing of administrative contentious appeals before the National Court, against the resolution issued by the Central Economic and Administrative Court that dismisses the administrative economic claim filed against the liquidation agreement of the tax inspectorate in relation to the tax of companies from 2012 to 2015.

Risk materialized an exercised: Filing of two economic-administrative claims from the Central Economic-Administrative Tribunal against the Liquidation Agreements of the Tax Agency in relation to the tax on the electricity of the 2016 and 2017 years for a band, and of the exercise 2018. The Company has not proceeded provisionally to the payment of the settlements collected by the cited settlement agreements

E.6. Explain the response and supervision plans for the principal risks faced by the company including tax-related risks.

The Company monitors all legislation that affects you through its Committees, its Executive Committee, of its internal and external collaboration of its advisory services. As soon as he is known, the channels through areas responsibility should be aware of it for proper compliance.

Additionally, the Board of Directors and, where appropriate, its Delegate Committees, carry out selective monitoring of the application, adaptation and observance of the aforementioned regulations.

Also, in the field of taxation, it maintains a constant update of the tax regulations through its advisers, analyses the economic facts to treat them with the greatest guarantees in the responsible Committees and activates the action procedures in cases where the Administration Tax so I asked.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1. The entity's control environment

Give information, describing the key features of at least:

F.1.1 which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision

Audit Committee, of the Regulations of the Board of Directors, which lists basic responsibilities entrusted with the monitoring of the effectiveness of internal control system of the Company, as well as knowledge and monitoring the process of preparing and presenting the Financial Information Regulated. Under his direction operates the internal audit service.

F.1.2 whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity

The goal of the Human Resources, Nomination and Remuneration Committee is the review and definition of the organizational structure and reporting and submission to the Board of Directors. Council acting by delegation, the General Management is responsible for implementing the resolutions of the Board in relation to the Group's organizational structure.

The Company has documented internal procedures to ensure the correct development of the assigned functions

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The Company has an internal Code of Conduct approved by the Board of Directors which defines the principles and standards of practice in Stock Markets. Company's staffs are familiar with and understand such regulations, and a copy of the Code of Conduct is available in the corporate website and the CNMV website.

That regulation, since its original version, has been adapted how many legislative changes or other has been required, having adopted its current wording in the meeting of the Board of Directors in July 27, 2020.

Additionally, it has procedures that establish the action guidelines and give the treatment to sensitive information.

- Whistleblowing channel, which enables communication to be sent to the Audit and Control Committee concerning any irregularities of a financial and accounting nature, along with any possible breaches of the Code of Conduct and irregular activity within the organisation, and state whether said channel is confidential whether it allows for anonymous communications while respecting the rights of the complainant and the accused.

The Audit Committee has an ethical channel in place through which the Organization's staff can transmit their suggestions or make recommendations on any matter whose content is related to the Group, as well as report on compliance irregularities or process complaints about illegal activities or suspect.

The communications and complaints that, for this channel and for these purposes, the staff transmits may be anonymous or have their identification at the option of their author, and will receive in all circumstances the qualification and treatment of confidentials.

It is also established that foreign staff linked to the organization can file serious complaints.

- Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.

The staff involved in the preparation and review of Financial Information and who are responsible for the evaluation of Internal Control Systems participate in training programs and are regularly updated in relation to accounting standards, internal control and risk management.

These training programs are mainly promoted by the directives of areas, with the Human Resources Department responsible for the supervision and mentoring.

F.2. Financial reporting risk assessment

Give information on at least:

F.2.1 the key features of the risk identification process, including error and fraud risks, with respect to:

- If the process exists and is documented.

For corporate risk management, the Company has designed a comprehensive risk map of the most important processes involved in determining Financial Information. This document is based on the model proposed by the COSO report and is updated on an on-going basis within the Internal Audit Plan.

This document establishes that corporate risk management is a process undertaken by the Board of Directors and the Committees, together with Management and other staff of the Company, and that its basic function is the identification and evaluation of potential occurrences that could jeopardize the attainment of the Company´s objectives.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether the information is updated and with what frequency.

The framework for corporate risk management is aimed primarily at achieving the objectives of the Company from the perspective of financial reporting and as part of the on-going process of risk evaluation includes verification of compliance with the following principles:

- Integrity.
- Appropriate registry.
- Proper valuation.
- Adequate cut-off on operations.
- Adequate presentation and classification.

- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

Financial Management carries out an on-going identification process of the scope of consolidation of the MCM Group, continuously for which has multidepartment information sources.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they impact the financial statements.

Internal Control System is focused on assessing the risk of achieving the objectives related to the category Financial Information; however, the evaluation process includes objectives related to operational and regulatory compliance. An evaluation of risks related to the environment, quality, knowledge, development, intellectual and industrial property and reputation is included within these operational objectives and their performance.

- Which of the entity's governance bodies supervises the process.

Ultimately, the Board of Directors, through the Audit Committee, which has delegated the responsibility to periodically monitor the Internal Control System and the Risk Management of the Company.

F.3. Control activities

Give information on the main features, if at least the following exist:

F.3.1 Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity and controls flows (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgements, estimates, valuations and projections.

The Interim Half Year Financial Reporting is analysed by the Audit Committee, in accordance with the authority delegated by the Board of Directors.

The Board of Directors is the body that decides, based on the Audit Committee's report, the terms of the Financial-Economic Information that the Company must make public.

The Accounting and Consolidation Department together with the Management Control Department prepare monthly Financial Information of all Group companies, manage and monitor the transactions supporting documentation and processes in response to risk prevention. This Financial Information is reviewed and analysed, together with estimates and valuations, within the Management Committee and the Committee of Control and Risk Management.

General Management presents to the Board of Directors at least monthly, the information of the period.

F.3.2 Internal control policies and procedures on information systems (inter alia, on access security, control of changes, operation thereof, operating continuity and separation of functions) which support the relevant processes of the company in drawing up and publishing financial information.

The Company has updated and disseminated internal policies and procedures on the operation of Information Systems and access security, the segregation of duties, as well as the development or maintenance of computer applications.

The management of access to Information Systems is assigned to the Information Systems Department, which has adequate human and technical resources for its correct performance, following the established organizational guidelines.

Regarding the control mechanisms for data recovery and ensuring the continuity of operations, the Group has a Contingency Plan that is permanently reviewed and updated.

The annual review of Internal Control carried out by the Group's external Auditors includes the verification of the Information Systems controls.

F.3.3 Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the valuation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The processes of valuation, judgments or calculations to be carried out for the preparation and publication of the Financial Statements are carried out by the Internal Services as well as those other processes that may be relevant for the purposes of preparing said Financial Information.

Verification, auditing, evaluation services, etc. that affect different activities are, according to their idiosyncrasy, carried out with the periodicity established by external services, such as the Non-Financial Information Statement and the Evaluation of the Board of Directors, among others, and on industrial activity on specific topics.

F.4. Information and communication

Give information on the main features, if at least the following exist:

F.4.1 A specific function to define and keep the accounting policies updated (accounting policy department or area) and deal with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organisation, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The Accounting and Management Control Department is responsible for defining and keeping up to date the accounting policies of Group MCM, as well as keeping those responsible for the applicable areas informed of any changes or updates to such policies, and resolving conflicts related to their interpretation.

The accounting policies applied by the Company are based on the framework established in the Code of Commerce, the General Accounting Plan in force and other corporate legislation, as well as the International Financial Reporting Standards and European Directives and Regulations in this regard taken by the European Union.

F.4.2 Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

The Group's information systems are mainly supported by an integrated corporate application (ERP) allowing a centralised and automated management of the different areas such as production, orders, sales, purchases, logistics, stock and control of warehousing, accounting, payroll, etc., and that provides reliability in the processes and a certain degree of security regarding the integrity, reliability and uniformity of the financial information obtained.

Affiliated companies that form part of the Consolidated Group in Spain, follow a single chart of accounts and homogeneous. The information is processed by the integrated management system which enables automatic capture of Financial Information and its preparation by the Corporate Accounting Department. The companies not integrated in this associated computer system and some of the foreign companies follow the criterion of maximum homogeneity and additionally the Group has implemented control measures that guarantee that the financial data collected by these companies are complete, accurate and timely in a timely manner.

F.5. Supervision of the system's operation

Give information, describing the key features of at least:

F.5.1 The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

The Audit Committee: Its functions are focused on evaluating the proper design, implementation and effective functioning of all processes of the Company, as well as risk management systems and internal control, including SCIIF.

The Audit Committee approves the annual work Plan and performs periodic monitoring. At its meetings, the Audit Committee discusses the evaluations and recommendations that the control service has issued and proposes appropriate corrective measures and evaluates the effects of implementation.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform the senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information of whether there is an action plan to try to correct or mitigate the weaknesses observed.

The Audit Committee keeps in regular contact with the External Auditor and the Internal Supervision Services. The Committee is the body that keeps the Board of Directors informed about the matters dealt with and the actions taken.

During the Committee's meetings with the External Auditor it is discussed the work programme and conclusions thereof regarding the internal control carried out during the audit process of the annual accounts.

The Committee monitors the activity carried out and the compliance with the agreed action plans to reduce any weaknesses in the sector.

Financial management keeps in regular contact with the External Auditor to corroborate actions taken to prevent or redirect any weaknesses identified.

F.6. Other relevant information

F.7. External auditor report

Report of:

F.7.1 Whether the ICFR information disclosed to the markets has been submitted to review by the external auditor, in which case the entity must attach the corresponding report as an annex. Otherwise, explain the reasons why it was not.

The Company considers that the implanted systems offer a sufficient guarantee of the quality of the other Financial Information and also informs in all the communications that it is appropriate.

G. DEGREE OF COMPLIANCE OF THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations given in the Unified Code of Good Governance.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

   Complies ☑ Explain

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

   a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms established to resolve any conflicts of interest that may arise.

   Complies Complies partially Explain Not applicable ☑

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

   a) Changes taking place since the previous annual general meeting.

   b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

   Complies ☑ Complies partially Explain

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies   Complies partially ☑   Explain

The Company has established rules of action in relation to communication policy, which respect the legislation in force and the treatment appropriate to each recipient of information. These standards are included in various regulatory texts that are published on the corporate website.

The dissemination of information through the media is articulated through an external agency. Prior to dissemination through this channel, the information that will be made available to the market, investors and other stakeholders is rigorously reviewed internally by the Company in order to ensure that it is clear and truthful.

Additionally, the Company holds meetings with the agents who request it in order to clarify and explain the information disclosed through the different channels, counting on this with a single centralized internal "spokesperson" that manages communications with financial analysts, investors and others. interest groups.

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies ☑   Complies partially   Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the ordinary general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reports on the operation of the Audit and Control Committee and the Appointments and Remuneration Committee.

c) Audit Committee report on related party transactions.

Complies   Complies partially   Explain ☑

The Company prepares annually most of the reports included in this Recommendation.

Due to not being mandatory and considering that its main application is internal examination and analysis, it does not consider its publication on the corporate website necessary.

7. That the company transmit live, through its website, the holding of general shareholders' meetings.

And that the company has mechanisms that allow the delegation and the exercise of the vote by telematic means and even, in the case of companies with high capitalization and to the extent that it is proportionate, the attendance and active participation in the General Meeting.

Complies Complies partially ☑ Explain

Due to the health emergency caused by the COVID-19 pandemic, the Company held the Ordinary General Shareholders' Meeting for the 2020 financial year exclusively telemetrically, with said General Meeting being broadcast live through the telematic assistance platform made available to provision on the corporate website (www.miquelycostas.com) for all registered shareholders, being able to delegate or exercise the vote electronically through the link provided for this purpose on said platform.

The Regulations of the General Meeting stipulate that when it is agreed to attend the General Meeting electronically in accordance with the provisions of the law, the Board:

1. It will arbitrate the appropriate procedures, so that the Company and the attendees of the meeting can make use of all those electronic means that facilitate communication and effective participation (by exercising their rights both previously in the Board and in real time in the same and to follow the interventions of the other attendees), these means must guarantee the identity and legitimacy of the shareholders and their representatives.

2. It shall provide, as appropriate, information on the systems that facilitate remote monitoring or assistance to the General Meeting through the established telematic means, and any other information that is considered convenient and useful for the shareholder for this purpose.

3. It shall determine all the necessary extremes to allow the orderly development of the meeting, within the framework of the provisions of the Law.

8. The Audit and Control Committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chairman of the Audit and Control Committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Complies ☑ Complies partially Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies ☑ Complies partially Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies Complies partially Explain Not applicable ☑

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies Complies partially Explain Not applicable ☑

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies ☑ Complies partially Explain

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies ☑ Explain

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.

c) Favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The Appointments Committee should run an annual check on compliance with this Policy and set out its findings in annual corporate governance report.

Complies Complies partially ☑ Explain

The director selection policy followed by the Company complies with the requirements indicated in letters a) b) and c).

The selection process is aimed at ensuring that the members of the Board of Directors are endowed with the experience and knowledge necessary to fulfil their functions and responsibilities and to provide adequate specialization to cover the different committees set up by the Board.

Said selection process must at all times comply with the pillars of the Company and therefore, avoiding that during the same produces any type of discrimination based on age or gender; compliance with this is verified and endorsed by the Human Resources, Appointment and Remuneration Committee.

15. Proprietary and independent directors should constitute an ample majority on the Board of Directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests, they control.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies Complies partially ☑ Explain

The Company partially complies with the first part of the recommendation, the number of executive directors being three out of ten. The proprietary and independent directors, number two and three, respectively, constitute half of the members of the Board, it being important to note that the two directors who respond to the type of "other external", initially joined the Board as independent, being modified its original condition by reason of the term of its permanence in the same, in accordance with the provisions of the Capital Companies Law.

The Board of Directors has 20% female Directors. Although gender diversity is one of the aspects that the Board considers in the selection processes, it considers the suitability, knowledge and experience of the candidate to be more relevant. It should be noted that one of the latest additions during the exercise 2019 has been that of an independent director.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies ☑ Explain ☐

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies ☑ Explain

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Complies ☑ Complies partially Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies ☐ Complies partially Explain Not applicable ☑

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's' number should be reduced accordingly.

Complies ☑ Complies partially Explain Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies ☑ Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies ☑ Complies partially Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies ☑ Complies partially Explain Not applicable ☐

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies ☑ Complies partially Explain Not applicable ☐

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of director's regulations should lay down the maximum number of company boards on which directors can serve.

Complies ☑ Complies partially Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies ☑ Complies partially Explain

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies ☑ Complies partially Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies ☑ Complies partially Explain Not Applicable ☐

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary, to external assistance at the company's expense.

Complies ☑ Complies partially Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☑ Explain Not Applicable ☐

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies ☑ Complies partially Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies ☑ Complies partially Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies ☑ Complies partially Explain

34. When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies Complies partially ☑ Explain Not Applicable ☐

The powers granted to the Coordinating Director of the Company are those provided for in current legislation.

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies ☑ Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the board's operation.

b) The performance and membership of its committees.

c) The diversity of board membership and competences.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies ☑ Complies partially ☐ Explain

37. When there is an executive committee, there should be at least two nonexecutive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies Complies partially Explain Not Applicable ☑

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies Complies partially Explain Not Applicable ☑

39. All members of the Audit and Control Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Complies ☑ Complies partially ☐ Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies Complies partially ☑ Explain

The organic structure of the Company offers guarantees of supervision of the Information Systems and Internal Control and is complemented by the SCIIF control and criminal risk prevention service, which supervises the aforementioned Information Systems and Internal Control and reports directly to the Audit Committee.

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit and Control Committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies Complies partially ☑ Explain Not Applicable ☐

SCIIF control service and Criminal Risk Prevention defined according to the organizational dimension of the Company, it is included in recommendation 40 and, in its control function, submits to the Audit Committee for approval, its annual work plan, informs it of its execution, including incidents and limitations in its development, results and monitoring of your recommendations; Every six months it submits an activity report for your consideration.

42. The Audit and Control Committee have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice

2. With regard to the External Auditor:

a) In the event of resignation of the External Auditor, the Committee should investigate the issues giving rise to the resignation.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the External Auditor has a yearly meeting with the Board in plenary session to inform them of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies ☑ Complies partially Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies ☑ Complies partially Explain

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies ☑ Complies partially Explain Not Applicable ☐

45. The risk control and management policies should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide, or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

e) The internal control and reporting systems to be sued to control and manage the above risks, including the contingent liabilities and off-balance sheet risks.

Complies ☑ Complies partially Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies ☑ Complies partially Explain

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies ☐ Complies partially ☑ Explain

This recommendation is observed by the Company, insofar as the members of the Human Resources, Appointments and Remuneration Committee have the knowledge, skills and experience appropriate to the functions they have to perform within it. In accordance with the provisions of the Capital Companies Act, the Committee is made up entirely of non-executive Directors and is chaired by an independent Director.

The option marked responds to the fact that the number of independent members is 40%, although it should be mentioned that two of the five members of the Committee respond to the typology of "Other External", whose previous condition was that of independent, modified in accordance with applicable regulations.

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies Explain Not Applicable ☑

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

Complies ☑ Complies partially Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies ☑ Complies partially Explain

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies ☑ Complies partially Explain

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies Complies partially Explain Not Applicable ☑

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the Audit and Control Committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies Complies partially ☑ Explain

The Company fully complies with the first part of the recommendation as the aforementioned powers are redistributed between its two committees, both made up of non-executive directors. However, the members that make up the Human Resources, Appointments and Remuneration Committee are not mostly independent.

It is worth noting that the Board of directors of the Company has approved the 2021 exercise the constitution of a working group, which is recognized in the preparation of the contingents and the working plan for the executive councillors. This Commission is composed entirely by independent ministers, and has celebrated its first meeting in the month of January 2022.

54. The minimum functions referred to in the previous recommendation are as follows:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.

e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies ☑ Complies partially Explain ☐

55. Environmental and social sustainability policies should identify and include at least.

a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.

d) Channels for stakeholder communication, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies ☑ Complies partially Explain ☐

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not as high as to compromise the independent judgement of non-executive directors.

Complies ☑ Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies ☑ Complies partially ☐ Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards on going achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☑ Complies partially Explain Not Applicable ☐

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies ☑ Complies partially Explain Not Applicable ☐

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduces their amount.

Complies ☑ Complies partially Explain Not Applicable ☐

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☑ Complies partially Explain ☐ Not Applicable ☐

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation

Complies Complies partially☑ Explain Not Applicable ☐

The Company has only granted share option powers. These stock options are personal and non-transferable and cannot be disposed of. The assigned options must be held until the end of the 5-year vesting period. Only once the shares are acquired are, they freely available and disposed of.

The Company is considering the adaptation of the regulation itself of the instrument that is decided at any time, where the requirements set forth in the second part of the recommendation are incorporated.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Complies ☑ Complies partially Explain Not Applicable ☐

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual noncompete agreements

Complies ☑ Complies partially Explain Not Applicable ☐

H. OTHER INFORMATION OF INTEREST

1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well-grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.

2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

   Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. In particular, mention will be made as to whether it has adhered to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias) of 20 July 2010.

A.2

The figures presented correspond to those communicated by the holder to the CNMV and to the Company and, where appropriate, once adjusted for the corporate operations that have taken place. For these reasons, the values reported may not exactly match the reality of the participation.

It is also stated that the information that has been provided by an indirect owner to the Company, if it includes that of the direct titles, this is the one that is reported.

According to the Instructions for completing this report, only the direct holders who exceed 3% of the total voting rights are identified (1% if they are resident in a tax haven), so there may be discrepancies between the total of the indirect participation and the sum of the corresponding direct participations that are reported

A.3

Donate the change in the format of the Corporate Governance Annual Report in the summation boxes of the department A.3 including all the voting rights of the members of the Consell d'Administració and the representative voting rights.

C.1.4

Includes the natural person representative of the proprietary director Joanfra S.A

C.1.25

During 2021, the Board of Directors held 11 face-to-face meetings and on 2 occasions adopted resolutions through the procedure for adopting agreements in writing and without a face-to-face meeting provided for in article 248.2 of the Capital Companies Act. and in article 100 of the Regulations of the Mercantile Registry.

H.

The content mentioned in this report referred to the Spanish local legislation as well as the other information published by Miquel y Costas & Miquel, S.A. in Spain are available in the Company's corporate website (www.miquelycostas.com) and in the Comisión Nacional del Mercado de Valores (C.N.M.V.) website (www.cnmv.es).

The Company has not adhered to the Code of Good Tax Practices of July 20, 2010.

This annual report on corporate governance has been approved by the Company's Board of Directors on

28/03/2022

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

[ ] Yes
[✓] No

ANNEX II

ANNUAL REPORT ON DIRECTOR'S REMUNERATION

ISSUER IDENTIFICATION

ENDING DATE OF REFERENCE FINANCIAL YEAR: 31/12/2021

TAX IDENTIFICATION CODE A-08020729

REGISTERED NAME:

MIQUEL Y COSTAS & MIQUEL, S.A.

REGISTERED ADRESS:

TUSET, 10, BARCELONA

A. Company's remuneration policy for the current financial year

A.1.1 Describe the current Directors Remuneration Policy applicable to the current year. To the extent relevant, include disclosures relating to the remuneration policy approved by the General Meeting of Shareholders, provided that these references are clear, specific and concrete. Describe the specific decisions taken by the Board that apply to this financial year, relating to both directors' remuneration for their functions as such and for executive functions, as provided in the contracts signed with the executive directors, and to the general remuneration policy approved by the General Meeting of Shareholders. In any event, the following aspects must be disclosed:

a) Description of the company's procedures and the bodies involved in determining and approving the remuneration policy and its terms and conditions.
b) Indicate, where applicable, whether the company's remuneration policy was benchmarked against other companies and give details.
c) Information as to whether any external advisors were involved in this process and, if so, their institution.
d) Procedures set out in the current remuneration policy for directors to apply temporary exceptions to the policy, conditions under which these exceptions can be used and components that may be subject to exception according to the policy.

The general bases of the Company's Directors' Remuneration Policy for 2022, 2023 and 2024, approved at the General Meeting held on 22 June 2021, aim to compensate directors for their dedication and are in line with the Company's performance during the year. The basic principles governing this Policy are as follows:

a) Proportionality: directors' remuneration must be commensurate with their dedication, qualifications and responsibility for the purpose of attracting and retaining directors with the desired profile, without compromising the independence of judgement of non-executive directors.

b) Reasonableness: when setting remuneration proposals, the Company's financial position must be taken into account, based on a balance between the fulfilment of short-, medium- and long-term targets, which allow remuneration for performance over a sufficient period of time.

c) Achieve the corporate interests and long-term sustainability: the Remuneration Policy must be in line with corporate interests and with non-financial criteria, so as to promote the Company's medium- and long-term earnings and sustainability.

d) Risk mitigation: the Remuneration Policy must reward the achievement of results based on prudent and responsible risk-taking, incorporating the necessary mechanisms to avoid excessive risk-taking and rewarding unfavourable results.

e) Comply with good governance practices: directors' remuneration must comply, where applicable, with the principles and recommendations of the Good Governance Code for Listed Companies regarding remuneration.

f) Attracting and retaining the best professionals: directors' remuneration must enable the Company to access the best talent available at any given time and include sufficient motivational elements to retain them, without this being a distorting factor for non-executive directors. The Human Resources, Appointments and Remuneration Committee is in charge of drawing up this Remuneration Policy and is the body with the responsibilities detailed in Article 12.2 of the Board Regulations. It is responsible for submitting proposals to the Board regarding:

(i) the remuneration of directors and the salary policy for senior management,
(ii) the individual remuneration and other contractual terms and conditions of executive directors, and
(iii) the standard contract terms for senior executives.

In exercising its functions and in accordance with section 529 novodecies.2 Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), this Committee designs and prepares the content of the Remuneration Policy, which is subsequently submitted to the Board together with the required specific report. Based on the Committee's report, the Board submits then the corresponding reasoned proposal for approval at the General Meeting. The General Meeting is responsible for approving the Remuneration Policy, which, after the Articles of Association, is the Company's highest standard for directors' remuneration.

Within the statutory remuneration system, in accordance with the law and the current Remuneration Policy, the Board is responsible for setting the amount to be paid to each director and for determining the conditions for obtaining it, taking into account their duties, responsibility and dedication to the management of the Company.

A distinction should be made between directors' remuneration in their capacity as such, which established in the Articles of Association, and the remuneration received by executive directors for their management functions, the remuneration system of which is also established in the Articles of Association and detailed in their contracts.

The shareholders at the General Meeting are responsible for approving remuneration that consists of the delivery of Company shares or stock options or rights tied to the value of the Company's shares.

The Annual Directors' Remuneration Report is reviewed on an annual basis by the shareholders at the General Meeting and, if necessary, approved by an advisory vote.

In addition to the knowledge and information available to the members of the Human Resources, Appointments and Remuneration Committee, the remuneration policies of other companies in the sector have been considered to establish the Company's Remuneration Policy.

No external advisors were involved in determining the directors' remuneration for 2022. Reports from recognised consulting firms are available, but the decision is taken internally.

No temporary exceptions are provided for in the current Remuneration Policy.

A.1.2 Relative importance of variable remuneration and fixed remuneration items (remuneration mix) and the criteria and objectives used to determine and ensure an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, including references to any measures to guarantee that the company's long-term results are taken into account in the remuneration policy, the measures taken in relation to those categories of staff whose work has a material impact on the company's risk profile and any measures to avoid conflicts of interest.

Also disclose if the company has established a period for the accrual or vesting of certain variable remuneration items, whether in cash, shares or other financial instruments, any period of deferral of the payment of amounts or the delivery of accrued or vested financial instruments, any clause that reduces the invested deferred remuneration or that obliges the director to refund remuneration already received, where such remuneration was based on figures that have subsequently been clearly shown to be inaccurate.

The criteria derived from the current Remuneration Policy are in accordance with the provisions of article 23 of the Company Bylaws and in the Article 18 of the Regulations of the Board of Directors, which establish that the Directors, in their capacity as such, will be remunerated with charged to the profits of each financial year for a total joint amount of 5% of the Company's profits. Said percentage may only be deducted from net profits once the requirements set forth in article 218 of the Capital Companies Act have been met.

The Articles of Association also provide that the corresponding amount be distributed by the Board itself among all its members, distributing the amount to be received by each one of them according to the functions, responsibility and, in general, the dedication to the administration. of the society. The Board of Directors, at the proposal of the Human Resources, Appointments and Remuneration Committee, At the end of 2019, it approved that the lack of attendance be one of the criteria when setting the distribution of remuneration among the Directors, in order to prioritize the importance of their participation, involvement and dedication reflected in said objective criterion.

Per diems received constitute remuneration on account of total remuneration. Therefore, the remuneration of the Directors, in their capacity as such, can be considered as variable, since it is directly proportional to the profit after taxes obtained by the Company and subject to the allocation criteria established.

The remuneration of the Directors, for their executive functions, is also established in the statutory framework and in the Remuneration Policy and is focused on achieving a balance between fixed and variable remuneration and, within the latter, between short and long-term which, as well as being consistent with the progress of the Company, provide an element of motivation and encouragement of the Company's long-term sustainability

The objectives determined for obtaining variable remuneration contemplate individual achievements, linked to the responsibility and functional scope of each person's action and their influence on the risk map and on the Company's processes, and achievements of a collective nature, only achieved with adequate collegiate management. The aforementioned achievements also include both financial and non-financial objectives, with sustainability being a key element involved in the continuous evaluation of the activity processes.

In relation to long-term variable remuneration, multi-year plans are designed and in force subject to the achievement of certain objectives, mainly linked to results, in which the Executive Directors participate together with the Managers, with an impact on the Strategic Plan. medium and long term

The existence of a clawback clause signed with (i) employees of the Miquel y Costas Group, with an employment relationship and with variable remuneration, (ii) Executive Directors in their capacity as Directors and (iii) all members of the Board of Directors in their capacity as Directors. This clause establishes that it can be fully or partially recovered, regardless of the accrual period variable remuneration paid, whether annual or multi-year, provided that within the period of three years following the end of the corresponding accrual period of the variable remuneration in question ("Reference Period") certain assumptions take place.The recovery must meet the requirements established therein, corresponding to the Human Resources, Appointments and Remuneration Committee to propose to the Board of Directors the degree of recovery based on the concurrent circumstances and the liability of the recipient in the event that occurred.

Additionally, the Company has the 2016 Stock Option Plan in force, of which the beneficiaries, among others, are the Directors Executives, with the exception of the President. Said Plan was approved by the Company's General Shareholders' Meeting at its meeting held on June 22, 2016 and developed by the Board of Directors on January 30, 2017. The consolidation period established is five years, followed by the exercise period of three additional years.

A.1.3 Amount and nature of the fixed components that are expected to be accrued during the year by the directors in accordance with their condition.

No fixed remuneration is established for the members of the Board of Directors in their capacity

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The Executive Directors, for the exercise of their executive functions, have established a fixed remuneration, recognized in the articles of association and contractually and approved by the Board, which is previously reviewed by the Human Resources, Appointments and Remuneration Committee in each year. which will be updated with the prior agreement of the parties or, failing that, by applying the CPI.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

Applying only to CEOs, a health insurance premium and contributions to a social security plan are established.

The Company has also taken out a D&O insurance policy for all the company's advisors and directors.

In addition, the formal consideration of compensation is given to the difference between the price paid for travel to the service of the company in a vehicle other than the same and the price given to the consideration of tax deductible for this concept.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these

parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Article 23 of the Articles of Association and Article 18 of the Board Regulations stipulate that Board members must be paid out of the profits for each year in the amount set by the Board itself, pursuant to the Articles of Association and in accordance with the indications of the Human Resources, Appointments and Remuneration Committee, for a total amount of 5% of the Company's profits. This percentage may only be deducted from net profit once the requirements of section 218 Corporate Enterprises Act have been met.

The Articles of Association also indicate that the corresponding amount is distributed by the Board itself among all its members, with the amount to be received by each of them being adjusted based on their position, responsibility and dedication to service of the Company. This remuneration is a variable amount that accrues during the year and is settled at the end of the period. The amount will depend on the degree of achievement of the group target, and will be calculated individually for each director based on their functions and dedication, including attendance at Board meetings. The attendance fees received by directors therefore constitute remuneration that is part of their total compensation. Therefore, if a director does not attend a Board meeting, in addition to not receiving the corresponding attendance fee, that director will not receive the proportional part of the remuneration payment for that meeting.

Executive directors receive the following for the performance of their executive functions:

(i) Fixed remuneration or a salary, agreed by means of a contract approved by the Board.
(ii) Annual variable remuneration, the receipt of which is partly conditional on targets tied to the performance figures of the Company and/or the Group and on other specific functional targets, both financial and non-financial, which are annually defined in relation to their functions and area of activity, taking into account the Company's Strategic Plan and short- and medium-term targets. This remuneration is taken to be a maximum percentage of the fixed remuneration and is reviewed annually once the percentage of achievement of the targets established has been confirmed.
(iii) Variable remuneration over a three-year period, from which the Chairman is excluded, consisting of a percentage of the total amount to which they are entitled together with other senior management personnel, to be settled and paid at the end of the three-year period, provided the conditions established for its accrual are met, which are approved in advance in quantitative terms.

Additionally, the Company has the 2016 Stock Option Plan in force, of which the Executive Directors, among others, are beneficiaries, with the exception of the Chairman. Said Plan was approved by the General Shareholders' Meeting of the Company at its meeting held on June 22, 2016 and developed by the Board of Directors on January 30, 2017. The consolidation period established is five years, followed by the period of exercise of three additional years.

A.1.7 Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's shorter long-term performance

The social security systems for Directors that only cover Executive Directors are intended to cover the contingencies of retirement, disability and death.

These systems consist of an annual contribution for a three-year period, provided that the conditions established for its achievement are met in each of the three years that the Plan lasts, conditions that are approved by the Human Resources, Appointments and Remuneration Committee for the period and are calculated using criteria of proportionality to remuneration and seniority up to a limit determined. Your contribution, after verifying compliance with the established conditions, is made only at the end of the three-year period by outsourcing it in the form of insurance, so it can be assimilated to a defined contribution plan.

Additionally, until the consolidated rights are obtained, which will take place when any of the contingencies foreseen in the insurance contract occurs, with the conditions and requirements established therein, the requirements of Good Governance must have been observed Corporate established by the Company.

A.1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, on the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

No compensation is established in the event of termination or early termination of the directors except as set out in the following section regarding the contractual conditions with the executive directors.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or Golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post contractual non-competition, unless these have been explained in the previous section

In accordance with section 249 Corporate Enterprises Act, the Company has entered into contracts with its executive directors, which have the following basic terms and conditions:

a) They are indefinite contracts.
b) Termination benefits are subject to the following:

(i) in the event of involuntary termination of their executive functions, except in the event of a serious breach, executive directors are entitled to receive termination benefits equal one year's gross remuneration;
(ii) the contracts of two of the executive directors provide for the right to termination benefits equal one year's gross remuneration in the event of a change of control;
(iii) if the Company chooses to require the executive director to fulfil a non-compete obligation after the termination of the contractual relationship, a consideration is established, for a maximum period of two years, equal to 50% of their gross monthly salary, which may be in addition to any of the two previous termination benefits and will be paid on a monthly basis until the end of the two-year period.

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position

The Directors do not deserve any additional remuneration for services rendered other than those inherent in their position.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

The Directors of the Company do not deserve any remuneration for these items.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

No other remuneration other than those included in the previous sections is deserved.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or an amendment to a policy already approved by the General Meeting.
b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

This report, which the Board intends to submit to the General Meeting for an advisory vote, is part of the Directors' Remuneration Policy for 2022, 2023 and 2024, which was approved at the General Meeting held on 22 June 2021.

In relation to the aforementioned Policy, there are no significant changes in the specific provisions established by the Board for the current year with regard to those applied in the previous year.

At the date of approval of this report, there were no proposals that the Board had agreed to submit at the General Meeting, when this annual report will be submitted, which is applicable to the current year. However, the Board is expected to resubmit the Remuneration Policy for 2022, 2023 and 2024 at the General Meeting once the necessary changes have been made to bring it into line with the new requirements Corporate Enterprises Act.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://miquelycostas.com/wp-content/uploads/2021/09/2022-2024politicaderemuneraciones.pdf

A.4. Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis

The Twelfth Item of the Agenda of the Ordinary and Extraordinary General Meeting of Shareholders, held on June 22, 2021, relating to the advisory vote on the Annual Report on Directors' Remuneration for the 2020 financial year , obtained the support of 87.44% of the votes, which shows a majority support from the shareholders of the Company.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended

As indicated in subsection A.1, the Human Resources, Appointments and Remuneration Committee is assigned the basic responsibilities established in the Board Regulations in relation to the Company's Remuneration Policy, which consist of proposing to the Board:

(i) the remuneration of directors and the salary policy for senior management;
(ii) the individual remuneration and other contractual terms and conditions of executive directors;
(iii) the standard contract terms for senior executives.

Based on the proposals of the Human Resources, Appointments and Remuneration Committee, the Board prepares the Annual Directors' Remuneration Report and submits it to an advisory vote at the General Meeting as a separate item on the agenda.

At its meeting held in March 2021, this Committee unanimously agreed to approve the remuneration envisaged for executive directors for 2021, and to submit the draft of the Directors' Remuneration Report for 2020 to the Board for review and, where appropriate, approval and subsequent publication in accordance with the applicable legal provisions.

The Board of Directors, at its meeting held in March 2021, with the executive directors being required to abstain both from the deliberations and the voting, resolved to approve the remuneration of the executive directors for 2021 with the favourable vote of the rest of the directors. The Board also unanimously agreed to approve the Annual Directors' Remuneration Report for 2020.

The directors' remuneration for 2021 was determined by the corporate bodies without the involvement of external parties.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year

During 2021, there was no deviation in relation to the procedure established for the application of the Remuneration Policy.

B.1.3. Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

During the 2021 financial year, no temporary exception was applied to the Remuneration Policy

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

In relation to the remuneration system, the measures taken by the Company in 2021 to help reduce exposure to excessive risks and bring it into line with the targets were as follows:

(i) Apply what is set out in the Articles of Association in relation to the annual remuneration of the directors, in their capacity as such, directly proportional to the positive performance of the Company, the distribution of which is established based on the responsibility and dedication of each director.

(ii) Approve the remuneration for executive directors according to their management functions, the variable portion of which was made up of annual remuneration, that is, conditioned on targets linked to the profits of the Company and/or the Group and on other individual and functional targets, as well as remuneration generated on a three-yearly basis —from which the Chairman is excluded—, which consists of a share in a fund together with senior management personnel, to be settled at the end of the three-year period if the performance objectives established are achieved, within the framework of the Directors' Remuneration Policy for 2019, 2020 and 2021 approved at the General Meeting. The salaries of executive directors were evenly distributed between fixed and variable components.

(iii) Maintain the current 2016 Stock Option Plan, which includes the executive directors as beneficiaries but not the Chairman, and has a vesting period of 5 years, after which the options may be exercised in a period of 3 years.

This Plan aims to effectively increase the productivity of the beneficiaries and of the Company itself and, therefore, obtain better results for the Group, resulting in a direct benefit for its shareholders.

(iv) Maintain a clawback clause, signed by all directors and senior management, which allows the Company to recover all or part of the remuneration paid, depending on the circumstances and the liability of the recipient.

With regard to conflicts of interest, all Company directors have submitted express written statements that, as at 2021 year-end, they were in compliance with section 229 Corporate Enterprises Act and Ministry of Economy and Finance Order EHA 3050/2004, of 15 September. In addition, the commitments detailed in the Internal Code of Conduct, which include the duty to report in advance and to avoid conflicts of interest, as currently defined by law, have been accepted by those employees that are required to do so given their position and duties.

In relation to risks, those responsible for the various risk groups identified and prioritised have been appointed and must submit regular reports on compliance with the controls established to the body designated by the Audit Committee.

B.3. Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

Directors' remuneration in 2021 was fully in line with the Company's current Remuneration Policy and the requirements and limits established in the statutory framework. This remuneration was distributed as follows: 44.40% to the Chairman of the Board and 55.60% among the other Board members based on their dedication and attendance at meetings. The attendance fees received by the directors during the year were paid as part of the total variable remuneration.

Furthermore, the remuneration of the executive directors for their executive functions had a fixed component in the form of salary and remuneration in kind, the latter of which is for a very small amount, and a variable component split into annual remuneration, which is conditional on targets tied to the profit of the Company and/or the Group and/or on other specific financial and non-financial targets, and remuneration accruing during the 2019-2021 three-year period, where they are entitled to receive this compensation at the end of this period, i.e. at the end of 2021, based on the achievement of the established performance objectives. The Chairman is not included in the latter.

B.4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	19,091,601	61.59

	Number	% of total
Votes against	2,398,144	12.56
Votes a favour	16,693,457	87.44
Blank ballots		0.00
Abstentions		0.00

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year

The members of the Board of Directors, in their capacity as such, do not have any fixed remuneration component established.

B.6. Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

The Articles of Association establish that executive directors will be entitled to receive other remuneration (salaries, incentives, pensions, bonuses, termination benefits and insurance), which will be subject to the applicable legal regime, for the performance of their executive functions at the Company arising from a contractual relationship other than that of holding the position of director. This remuneration is set out in the relevant contracts and has been expressly and unanimously approved by the Board.

In 2021, executive directors received a fixed remuneration of EUR 1,083 thousand EUR (if compared to 1,086 thousand received in 2020) for the performance of their senior management functions, in accordance with what has been detailed in section C of this report.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended. In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.

c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).

d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of remuneration systems

i) The remuneration of the Board members, in their capacity as such, which is established in the Articles of Association. The actual fulfilment of the condition has been quantitatively verified and the remuneration was paid once verification was obtained.

Formulas are provided to adjust the remuneration of each director based on their attendance at Board meetings. The percentage of distribution is established in accordance with their responsibility and dedication.

(ii) The annual remuneration of the executive directors for their management functions, which has a fixed and a variable component, and is tied to the achievement of financial and non-financial targets, both at an individual level, linked to the responsibility of each director and the influence of their actions on the Company's risk map and processes, and at a group level, which can only be achieved through appropriate joint management

Explain the long-term variable components of remuneration systems

Only the executive directors, with the exception of the Chairman, are assigned the following long-term variable remuneration for their additional senior management functions at the Company:

(i) Three-year remuneration, which is subject to the achievement of certain targets linked both to general financial results and to performance and dedication criteria in relation to their functions and those of their area of activity within the organisation. This remuneration was approved by the Board at its meeting held on 25 March 2019, at the proposal of the Human Resources, Appointments and Remuneration Committee, within the framework of the Directors' Remuneration Policy for 2019, 2020 and 2021, and was accrued in 2021 at the end of this three-year period.
(ii) The Executives' Benefit Plan, consisting of an annual contribution for a three-year period, as long as the three-year earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met, which is calculated based on criteria of proportionality to remuneration and length of service up to a certain limit. This remuneration was accrued in 2021 at the end of the 2019-2021 three-year period.
(iii) The Miquel y Costas & Miquel S.A.'s 2016 Stock Option Plan, which was approved by the shareholders at the Extraordinary Annual General Meeting held on 22 June 2016, the characteristics of which are described in its regulations, published as a significant event on remuneration systems, which is available on the corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es). This Plan came into effect on 31 January 2017 and has a term of 8 years, with the first 5 years corresponding to the vesting period and the last 3 years for exercising the options. This phase will end on 10 February 2025.

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

During the year 2021, no refund was requested for any amount corresponding to remuneration paid or deferred payment.

B.9. Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

The Executives' Benefit Plan offers the executives appointed by the Board corporate employee benefits in addition to the social security scheme to cover retirement, disability and death. This Plan, which covers executive directors, was established by the Company for the first time in the 2007-2009 Three-Year Plan and consists of a contribution at the end of the three-year period of the amounts accrued annually during this period, as long as the earnings targets approved by the Human Resources, Appointments and Remuneration Committee for the period are met. The distribution of the amount among the beneficiaries is calculated on the basis of proportionality to fixed remuneration and length of service up to the limit established.

The contribution, through its externalisation in the form of insurance, is made in the year following the end of the three-year period, once the period has ended and fulfilment of the conditions for receiving benefits has been verified, so that it can be included in a defined contribution plan. However, the economic right and its corresponding allocation for tax purposes will not be vested until one of the contingencies envisaged in the insurance contract takes place, in accordance with the requirements established in the contract, provided the beneficiary has fulfilled the required good governance conditions up until that time.

The current Plan was launched in 2019 and is in force for the 2019-2021 period. At the end of 2021, once the period ended, the sum of the annual amounts was accrued based on the fulfilment of the conditions established for obtaining these amounts. In 2022, the Company will therefore complete the contribution, however, as explained in the previous paragraph, the vested rights will not be received until one of the envisaged contingencies occurs.

B.10. Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

During the year 2021, there was no compensation, neither accrued nor received

B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

There were no changes to the contracts of the Directors who hold senior management positions as Executive Directors, nor were any new contracts signed with the Executive Directors during the 2021 financial year.

B.12. Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

During the 2021 financial year, no additional remuneration was accrued in favour of directors for services rendered other than those inherent in the position.

B.13. Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

In fiscal year 2021, the Company did not grant the members of the Board of Directors any advances, loans or assume any obligation on their behalf, including guarantees.

The Company did not present any balance in favour of the Directors, in their capacity as such, or of the Executive Directors, which did not originate from the established remuneration

B.14. Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

During the 2021 financial year, the remuneration in kind for the Executive Directors consisted of individual health insurance, the amount of which per Director was 1 thousand euros, according to the detail included in section C of this Report.

Compensation for expenses incurred in travel has not been considered a remuneration chapter, in accordance with the provisions of section A.1. of this Report.

B.15. Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company

During 2021, the Company did not make any payments to third parties as remuneration for the services provided by the Directors to it.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

In the 2021 financial year, there were no remuneration concepts that met these characteristics.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTORRS

Name	Type	Period of accrual in year 2022
MR. JORGE MERCADER MIRÓ	EXECUTIVE PRESIDENT	FROM 01/01/2021 TO 12/31/2021
JOANFRA, S.A.	PROPRIETARY DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JOAQUIN FAURA BATLLE	INDEPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	OTHER EXTERNAL DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. ÁLVARO DE LA SERNA CORRAL	PROPRIETARY DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JAVIER BASAÑEZ VILLALUENGA	EXECUTIVE DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JOAQUIN COELLO BRUFAU	OTHER EXTERNAL DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. JORGE MERCADER BARATA	EXECUTIVE VICE-PRESIDENT	FROM 01/01/2021 TO 12/31/2021
MRS. MARTA LACAMBRA PUIG	INDPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021
MR. CLAUDIO ARANZADI MARTÍNEZ	INDEPENDENT DIRECTOR	FROM 01/01/2021 TO 12/31/2021

C.1. Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. JORGE MERCADER MIRÓ		18		471	1,296			1	1,786	1,602

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
JOANFRA, S.A.		18			95				113	98
MR. JOAQUIN FAURA BATLLE		18			95				113	98
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA		17			87				104	98
MR. ÁLVARO DE LA SERNA CORRAL		18			95				113	98
MR. JAVIER BASAÑEZ VILLALUENGA		18		267	235	130		1	651	505
MR. JOAQUIN COELLO BRUFAU		18			95				113	98
MR. JORGE MERCADER BARATA		18		346	609	167		1	1,141	905
MRS. MARTA LACAMBRA PUIG		18			95				113	98
MR. CLAUDIO ARANZADI MARTÍNEZ		18			95				113	69

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instrument	No. of instrument	No. of equivalent shares
MR. JORGE MERCADER MIRÓ	---							0.00				
JOANFRA, S.A.	---							0.00				

<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Name of Plan</th><th colspan="2">Financial instruments at start of year 2021</th><th colspan="2">Financial instruments granted during year 2021</th><th colspan="4">Financial instruments vested during the year</th><th>Instruments matured but not exercised</th><th colspan="2">Financial instruments at end of year 2021</th></tr>
<tr><th>No. of instruments</th><th>No. of equivalent shares</th><th>No. of instruments</th><th>No. of equivalent shares</th><th>No. of instruments</th><th>No. of equivalent shares</th><th>Price of vested shares</th><th>EBITDA from vested shares or financial instruments (thousands of euros)</th><th>No. of instrument</th><th>No. of instrument</th><th>No. of equivalent shares</th></tr>
<tr><td>MR. JOAQUIN FAURA BATLLE</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
<tr><td>MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
<tr><td>MR. ÁLVARO DE LA SERNA CORRAL</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
<tr><td>MR. JAVIER BASAÑEZ VILLALUENGA</td><td>2016 Stock Options plan</td><td>111,273</td><td>111,273</td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td>111,273</td><td>111,273</td></tr>
<tr><td>MR. JOAQUIN COELLO BRUFAU</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
<tr><td>MR. JORGE MERCADER BARATA</td><td>2016 Stock Options plan</td><td>135,273</td><td>135,273</td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td>135,273</td><td>135,273</td></tr>
<tr><td>MRS. MARTA LACAMBRA PUIG</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
<tr><td>MR. CLAUDIO ARANZADI MARTÍNEZ</td><td>---</td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.00</td><td></td><td></td><td></td><td></td></tr>
</table>

Observations
The number of stock options has been adjusted due to the increase in paid-up capital carried out in 2021.

iii) Long-term savings schemes

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	183
JOANFRA, S.A.	
MR. JOAQUIN FAURA BATLLE	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JAVIER BASAÑEZ VILLALUENGA	79
MR. JOAQUIN COELLO BRUFAU	
MR. JORGE MERCADER BARATA	63
MRS. MARTA LACAMBRA PUIG	
MR. CLAUDIO ARANZADI MARTÍNEZ	

Name	Contribution of the year by the Company (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER MIRÓ			183				616	433
JOANFRA, S.A.								
MR. JOAQUIN FAURA BATLLE								
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA								

Name	Contribution of the year by the Company (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. ÁLVARO DE LA SERNA CORRAL								
MR. JAVIER BASAÑEZ VILLALUENGA		79					207	128
MR. JOAQUIN COELLO BRUFAU								
MR. JORGE MERCADER BARATA		63					151	88
MRS. MARTA LACAMBRA PUIG								
MR. CLAUDIO ARANZADI MARTÍNEZ								

Observations
The

iv) Details of other items

Name	Attendance	Fixed remuneration
MR. JORGE MERCADER MIRÓ	Payment kind	1
JOANFRA, S.A.	Concept	

Name	Attendance	Fixed remuneration
MR. JOAQUIN FAURA BATLLE	Concept	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	Concept	
MR. ÁLVARO DE LA SERNA CORRAL	Concept	
MR. JAVIER BASAÑEZ VILLALUENGA	Payment kind	1
MR. JOAQUIN COELLO BRUFAU	Concept	
MR. JORGE MERCADER BARATA	Payment kind	1
MRS. MARTA LACAMBRA PUIG	Concept	
MR. CLAUDIO ARANZADI MARTÍNEZ	Concept	

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance	Remuneration for membership of board committees	Salary	Short terms variable remuneration	Long Term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. JORGE MERCADER MIRÓ										
JOANFRA, S.A.										
MR. JOAQUIN FAURA BATLLE										
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA										

Name	Fixed remuneration	Attendance	Remuneration for membership of board committees	Salary	Short terms variable remuneration	Long Term variable remuneration	Indemnification	Other items	Total in year 2021	Total in year 2020
MR. ÁLVARO DE LA SERNA CORRAL										
MR. JAVIER BASAÑEZ VILLALUENGA										
MR. JOAQUIN COELLO BRUFAU										
MR. JORGE MERCADER BARATA										
MRS. MARTA LACAMBRA PUIG										
MR. CLAUDIO ARANZADI MARTÍNEZ										

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of Vested shares	EBITDA from vested shares or financial instruments (thousands of euros	No. of instruments	No. of instruments	No. of equivalent shares
MR. JORGE MERCADER MIRÓ							0.00					
JOANFRA, S.A.							0.00					
MR. JOAQUIN FAURA BATLLE							0.00					
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA							0.00					
MR. ÁLVARO DE LA SERNA CORRAL							0.00					
MR. JAVIER BASAÑEZ VILLALUENGA							0.00					
MR. JOAQUIN COELLO BRUFAU							0.00					
MR. JORGE MERCADER BARATA							0.00					

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted during year 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	Price of Vested shares	EBITDA from vested shares or financial instruments (thousands of euros	No. of instruments	No. of instruments	No. of equivalent shares
MRS. MARTA LACAMBRA PUIG							0.00					
MR. CLAUDIO ARANZADI MARTÍNEZ							0.00					

iii) Long-term savings schemes

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	
JOANFRA, S.A.	
MR. JOAQUIN FAURA BATLLE	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	

Name	Remuneration for consolidation of rights to savings systems
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JAVIER BASAÑEZ VILLALUENGA	
MR. JOAQUIN COELLO BRUFAU	
MR. JORGE MERCADER BARATA	
MRS. MARTA LACAMBRA PUIG	
MR. CLAUDIO ARANZADI MARTÍNEZ	

Name	Contribution of the exercise by the company (thousands €) i				Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER MIRÓ								
JOANFRA, S.A.								
MR. JOAQUIN FAURA BATLLE								
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA								
MR. ÁLVARO DE LA SERNA CORRAL								
MR. JAVIER BASAÑEZ VILLALUENGA								
MR. JOAQUIN COELLO BRUFAU								

Name	Contribution of the exercise by the company (thousands €) i				Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
MR. JORGE MERCADER BARATA								
MRS. MARTA LACAMBRA PUIG								
MR. CLAUDIO ARANZADI MARTÍNEZ								

Observations

iv) Detail of other items

Name	Concept	Remuneration amount
MR. JORGE MERCADER MIRÓ	---	
JOANFRA, S.A.	---	
MR. JOAQUIN FAURA BATLLE	---	
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	---	
MR. ÁLVARO DE LA SERNA CORRAL	---	
MR. JAVIER BASAÑEZ VILLALUENGA	---	
MR. JOAQUIN COELLO BRUFAU	---	

Name	Concept	Remuneration amount
MR. JORGE MERCADER BARATA	---	
MRS. MARTA LACAMBRA PUIG	---	
MR. CLAUDIO ARANZADI MARTÍNEZ	---	

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2021 company	Remuneration accruing in group companies	Gross benefit of vested shares or financial instruments	Remuneration by way of Savings systems	Other items of remuneration	Total in year 2021 group	Total in year 2021 company + group
MR. JORGE MERCADER MIRÓ	1,786		183		1,969						1,969
JOANFRA, S.A.	113				113						113
MR. JOAQUIN FAURA BATLLE	113				113						113
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	104				104						104

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total in year 2021 company	Remuneration accruing in group companies	Gross benefit of vested shares or financial instruments	Remuneration by way of Savings systems	Other items of remuneration	Total in year 2021 group	Total in year 2021 company + group
MR. ÁLVARO DE LA SERNA CORRAL	113				113						113
MR. JAVIER BASAÑEZ VILLALUENGA	651			79	730						730
MR. JOAQUIN COELLO BRUFAU	113				113						113
MR. JORGE MERCADER BARATA	1,141			63	1,204						1,204
MRS. MARTA LACAMBRA PUIG	113				113						113
MR. CLAUDIO ARANZADI MARTÍNEZ	113				113						113
TOTAL	4,360			325	4,685						4,685

Observations

C.2. Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company

	Total amounts accrued and % annual variation								
	Year 2021	% Change 2021/2020	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018	% Change 2018/2017	Year 2017
Executive Directors									
MR. JORGE MERCADER MIRÓ	1,969	22.91	1,602	436	1,535	1.32	1,515	-11.51	1,712
MR. JAVIER BASAÑEZ VILLALUENGA	730	44.55	505	10.02	459	-9.47	507	-15.92	603
MR. JORGE MERCADER BARATA	1,204	33.04	905	6.82	847	-5.78	899	-10.46	1,004
External Directors									
MR. ÁLVARO DE LA SERNA CORRAL	113	15.31	98	3.16	95	0.00	95	-3.06	98
MR. JOAQUIN COELLO BRUFATU	113	15.31	98	5.38	93	-2.11	95	0.00	95
JOANFRA, S.A.	113	15.31	98	3.16	95	0.00	94	-3.06	98
MR. EUSEBIO DIAZ-MORERA PUIG-SUREDA	104	6.12	98	8.89	90	-2.17	92	-2.13	94
MR. JOAQUIN FAURA BATLLE	113	15.31	98	8.89	90	-5.26	95	-2.06	97
MR. CLAUDIO ARANZADI MARTÍNEZ	113	63.77	69	46.81	47	-	0	-	0
MRS. MARTA LACAMBRA PUIG	113	15.31	98	108.51	47	-	0	-	0
Consolidated results of the company									

	Total amounts accrued and % annual variation								
	Year 2021	% Change 2021/2020	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018	% Change 2018/2017	Year 2017
	67,058	15.10	58,262	14.09	51,066	2.86	49,648	3.46	47,986
Average employee remuneration									
	36	-2.70	37	-2.63	38	11.76	34	-2.86	35

Observations
The Directors Mr. Claudio Aranzadi and Mrs. Marta Lacambra joined the Board of Directors on June 20, 2019

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This Annual Report on Remuneration has been approved by the company's Board of Directors at its meeting on:

28/03/2022

Indicate whether there have been any directors who have voted against or abstained in connection with the approval of this Report.

[ ] Yes
[√] No