

Miquel y Costas & Miquel, S.A.

Auditor's report
Annual accounts at 31 December 2022
Directors' report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Independent auditor's report on the annual accounts

To the shareholders of Miquel y Costas & Miquel, S.A.:

Report on the annual accounts

Opinion

We have audited the annual accounts of Miquel y Costas & Miquel, S.A. (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2022, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2.1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters	How our audit addressed the key audit matters
<p data-bbox="276 517 592 544">Sales revenue recognition</p> <p data-bbox="276 577 845 757">As detailed in note 1 to the accompanying annual accounts, the Company carries out its paper activity in the field of thin and special low-grammage papers, mainly for the tobacco industry, and operates in the national and international markets.</p> <p data-bbox="276 790 845 1037">Although the recognition and evaluation of sales revenues is not especially complex, we focused our analysis on the recognition of revenue mainly due to the significance of this component within the accompanying annual accounts taken as a whole and, therefore, on the increased concentration therein of the inherent risk of material misstatement.</p>	<p data-bbox="884 577 1453 728">We gained an understanding of the accounting policies for recognising business revenues. In this respect, we assessed the design of the key internal controls related to revenue recognition and tested their operational efficiency.</p> <p data-bbox="884 761 1453 851">We carried out tests of detail on a sample of sales recorded and verified the evidence of the existence and recognition of the transaction.</p> <p data-bbox="884 884 1453 974">For a sample of sales transactions, we verified the appropriate cut-off of operations at the year-end in order to corroborate the correct accrual.</p> <p data-bbox="884 1008 1453 1097">We have also verified whether the information disclosed in the accompanying annual accounts on the revenue recognition is reasonable.</p> <p data-bbox="884 1131 1453 1187">As a result of our audit procedures, no essential observations have been identified.</p>

Other information: Directors' report

Other information comprises only the directors' report for the 2022 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility regarding the directors' report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the directors' report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the directors' report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.



Miquel y Costas & Miquel, S.A.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the directors' report is consistent with that contained in the annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Miquel y Costas & Miquel, S.A. for the 2022 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of Miquel y Costas & Miquel, S.A. are responsible for presenting the annual financial report for 2022 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).



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Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Company dated 19 April 2023.

Appointment period

The General Ordinary Shareholders' Meeting held on 21 June 2022 appointed us as auditors for a period of two years, as from the year ended 31 December 2022.

Previously, we were appointed by resolution of the General Extraordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2002.

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 34 to the annual accounts.

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 19 April 2023 on the consolidated annual accounts of Miquel y Costas & Miquel, S.A. and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

[PRICEWATERHOUSECOOPERS AUDITORES, S.L.](#)

Original in Spanish signed by
Juan Buigues López (22170)

19 April 2023



miquel y costas & miquel, s.a.

MIQUEL Y COSTAS & MIQUEL, S.A.

**ANNUAL ACCOUNTS AT 31 DECEMBER 2022
AND DIRECTORS' REPORT FOR 2022**

(Free translation from the original in Spanish)



miquel y costas & miquel, s.a.

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 2022, 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 27 March 2023 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.

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

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.

D^a. Victoria Lacasa Estebanez

(Free translation from the original in Spanish)

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(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A
BALANCE SHEET AT 31 DECEMBER 2022
(EXPRESSED IN THOUSAND EURO)

ASSETS	Note	2022	2021
NON-CURRENT ASSETS		146,545	152,947
Intangible assets	5	863	959
Property, plant and equipment	6	82,354	84,525
Long-term investments in group companies and associates		42,710	44,640
Equity instruments	7,8	28,714	29,033
Loans to group companies	7,9	13,996	15,607
Long-term financial assets		19,767	21,925
Equity instruments	7,8,11	5,117	5,150
Non-current financial investments	7,9	12,823	14,947
Other financial assets	7,9	1,827	1,828
Deferred tax assets	23	851	898
CURRENT ASSETS		190,421	189,139
Inventories	12	60,709	43,684
Trade and other receivables		53,110	46,742
Trade receivables for sales and services	7,9	41,974	35,867
Trade receivables for sales and services from group companies and associates	7,9	11,047	10,685
Other debtors	7,9	-	2
Loans to employees	7	-	-
Public Administrations – Other	13	89	188
Short-term investments in group companies and associates		34,459	18,537
Loans to group companies	7,9	34,459	18,537
Short-term investments	7,9	37,034	74,296
Prepayments and accrued income		3	3
Cash and cash equivalents	14	5,106	5,877
TOTAL ASSETS		336.966	342,086

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A
BALANCE SHEET AT 31 DECEMBER 2022
(EXPRESSED IN THOUSAND EURO)

EQUITY AND LIABILITIES	Note	2022	2020
EQUITY		221,327	213,854
Capital and reserves		220,555	213,327
Capital	15.1	80,000	80,000
Share premium reserve	15.2	-	-
Reserves	16	137,638	118,182
(Own shares)	15.3	(17,771)	(13,372)
Profit for the year	17.1	27,807	36,315
(Interim dividend)	17.2	(7,700)	(8,400)
Other equity instruments	16	581	602
Value adjustments	11	105	138
Grants, donations and bequests received	18	667	389
NON-CURRENT LIABILITIES		29,456	29,545
Long-term provisions	22	516	450
Long-term debts	7,19	27,468	27,527
Bank loans		27,468	27,527
Deferred tax liabilities	23	1,229	1,305
Long-term accrued income	20	243	263
CURRENT LIABILITIES		86,183	98,687
Short-term provisions	22	1,139	1,030
Short-term debts		16,179	13,403
Bank loans	7,19	15,106	10,848
Other financial liabilities	7,19	1,073	2,555
Short-term debts with group companies and associates	7,19	33,514	42,774
Trade and other payables		35,351	41,480
Trade payables	7,19	17,906	18,378
Trade payables, group companies and associates	7,19	8,220	5,123
Other creditors	7,19	756	1,187
Accrued wages and salaries	7,19	2,831	6,253
Current income tax liability	25	553	578
Payable to Public Administrations	24	1,647	7,173
Advance payments from customers	7,19	3,438	2,788
Short-term accrued income	20	-	-
TOTAL EQUITY AND LIABILITIES		336,966	342,086

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
INCOME STATEMENT FOR THE YEAR ENDED
AT 31 DECEMBER 2022
(EXPRESSED IN THOUSAND EURO)

	Note	2022	2021
<u>CONTINUING OPERATIONS</u>			
Revenue	26.2	207,844	187,284
Sales		202,911	181,599
Services rendered		4,933	5,685
Changes in inventories of finished goods and work in progress	12	12,757	3,568
Own work capitalised	5,6	416	583
Raw materials and consumables	26.3	(92,512)	(75,351)
Other operating revenue	26.4	1,758	946
Accessory and other income		1,758	946
Staff costs	26.5	(27,501)	(28,333)
Other operating expenses	26.6	(69,162)	(44,524)
Fixed asset depreciation	5,6	(9,221)	(8,694)
Release of non-financial fixed asset grants and other	18	1,065	455
Excess of accruals		-	-
Impairment and results on fixed asset disposals	6	74	1
Profit / (loss) on disposals and other		74	1
OPERATING RESULTS		25,518	35,935
Financial income	27	9,331	10,039
Financial expenses	27	(463)	(487)
Exchange differences	27	(94)	12
Impairment and results on financial instruments disposals	8,27	(322)	-
FINANCIAL RESULTS		8,452	9,564
PROFIT (LOSS) BEFORE INCOME TAX		33,970	45,499
Corporate income tax	25	(6,163)	(9,184)
PROFIT (LOSS) FOR YEAR FROM CONTINUING OPERATIONS		27,807	36,315
<u>DISCONTINUED OPERATIONS</u>			
Profit / loss for year from discontinued operations net of taxes		-	-
PROFIT / LOSS FOR THE YEAR	17.1	27,807	36,315

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
AT 31 DECEMBER 2022
(EXPRESSED IN THOUSAND EURO)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	2022	2021
Profit and loss account result	17.1	27,807	36,315
Income and expenses recognised directly in equity			
Grants, donations and legacies received	18	990	654
Changes in financial instruments at fair value through equity		1,436	672
Actuarial gains and losses and other adjustments	11	(33)	138
Tax effect	21	(72)	16
	18,21	(341)	(172)
Transfers to the profit and loss account			
Grants, donations and legacies received	18	(799)	(341)
Tax effect	18	(1,065)	(455)
		266	114
Total recognized income and expenses		27,998	36,628

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
AT 31 DECEMBER 2022
(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 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 2020 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	-	(40)	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
Adjustments due to policy changes 2021 and previous years	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors 2021 and previous years	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE, BEGINNING 2022	80,000	-	118,784	(13,372)	-	36,315	(8,400)	138	389	213,854
Total recognised income and expenses	-	-	(54)	-	(4,400)	27,807	-	(33)	278	27,998
Operations with shareholders or owners:	-	-	-	(4,399)	(4,400)	-	(11,700)	-	-	(20,499)
- Capital increase	-	-	-	-	-	-	-	-	-	-
- Capital decrease	-	-	-	-	(4,400)	-	(11,700)	-	-	(16,100)
- Dividend payment	-	-	-	-	-	-	-	-	-	(4,399)
- Trading in own shares (net)	-	-	-	(4,399)	-	-	-	-	-	(26)
Other movements in equity	-	-	19,489	-	4,400	(36,315)	12,400	-	-	667
BALANCE AT 2022 YEAR END	80,000	-	138,219	(17,771)	-	27,807	(7,700)	105	667	221,327

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENTS FOR THE YEARS ENDED
AT 31 DECEMBER 2022
(EXPRESSED IN THOUSAND EURO)

	Note	2022	2021
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit/loss for the year before taxes		33,970	45,499
2. Adjustments to profit/loss		(465)	(1,970)
Fixed asset depreciation (+)	5,6	9,221	8,694
Impairment losses (+/-)	8,9,11,12	519	415
Change in provision (+/-)	22	175	(1,153)
Release of grants (-)	18,22	(1,065)	(455)
Gains and losses on disposals of fixed assets (+/-)	6	(74)	(1)
Financial income (-)	27	(9,331)	(10,039)
Financial expense (+)	27	463	487
Exchange differences (+/-)		-	(132)
Change in fair value of financial instruments (+/-)		(104)	-
Other income/expenses (+/-)		(269)	214
3. Changes in working capital		(29,221)	(5,819)
Inventories (+/-)	12	(16,681)	(6,061)
Trade and other receivables (+/-)		(6,416)	(11,843)
Trade and other payables (+/-)		(6,104)	12,235
Other current liabilities		-	(149)
Other current assets		-	(1)
Other non-current assets and liabilities (+/-)		(20)	-
4. Other cash flows from operating activities		2,507	360
Interest payments (-)		(469)	(495)
Amounts received from interest (+)		1,387	8,136
Dividends collected (+)	29.4	7,899	1,903
Receipts (payments) for corporate income tax (+/-)	25	(6,310)	(9,184)
5. Cash flows from operating activities (1+2+3+4)		6,791	38,070
B) CASH FLOW FROM INVESTING ACTIVITIES			
6. Amounts paid on investments (-)		(110,504)	(122,969)
Group companies and associated (current and no current)		(16,367)	(5,581)
Intangible assets	5	(303)	(521)
Tangible assets	6	(8,293)	(10,627)
Other financial assets	9	(85,541)	(106,240)
7. Amounts collected from divestments (+)		127,060	108,851
Group companies and associates		2,202	3,978
Fixed assets		-	853
Other financial assets	9	124,857	104,020
Other assets	9	1	-
8. Cash flows from investing activities (6+7)		16,556	(14,118)

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENTS FOR THE YEARS ENDED
AT 31 DECEMBER 2022
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	Note	2022	2021
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Receipts and payments equity instruments		(2,963)	(7,264)
a) Issuing of equity instruments (+)	15.3	(4,420)	(7,936)
b) Redemption of equity instruments (-)	15.3	21	-
c) Acquisition of equity instruments (-)	18	1,436	672
10. Receipts and payments financial liability instruments		(5,055)	(2,452)
a) Issues			
Bank loans (+)	19	15,008	17,134
Amounts due to group companies and associates (+)		-	2,528
b) Return and redemption of			
Bank loans (-)	19	(10,803)	(22,180)
Amounts paid to group companies and associates (-)		(9,260)	-
Other liabilities		-	66
11. Payments for dividends and remuneration of other equity instruments		(16,100)	(15,500)
a) Dividends (-)	17.2,17.3	(16,100)	(15,500)
b) Remuneration of other equity instruments (-)			
12. Cash flow from financing activities (9+10+11)		(24,118)	(25,216)
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS (5+8+12)		(771)	(1,264)
Cash or cash equivalents at the beginning of the year	14	5,877	7,141
Cash or cash equivalents at the end of the year	14	5,106	5,877

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
NOTES TO THE ANNUAL ACCOUNTS FOR 2022
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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.

(Free translation from the original in Spanish)

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

	Thousand Euro	
	2022	2021
Total assets	450,808	453,677
Equity	330,291	322,897
Profit and loss attributable to the equity holders of the parent company	31,634	50,792
Net turnover	337,177	301,286

The mentioned Consolidated Financial Statements have been formulated by the Board of Directors of the Company held on 27 March 2023, 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 included in 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 27 March 2023 and it is expected that they will be approved by the shareholders without modification.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
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2.2 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.

2.3 Comparability and uniformity of the information

The figures in the balance sheet and profit and loss account for 2021 and 2022 are considered comparables.

2.4 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.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
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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.
- 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 annual accounts for 2022 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.

(Free translation from the original in Spanish)

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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:

	<u>Useful lives (years)</u>
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 closing 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.

(Free translation from the original in Spanish)

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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):

<u>CGU</u>	<u>Activity</u>
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.

(Free translation from the original in Spanish)

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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.

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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.

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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

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- 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.

d) 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.

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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 accrual's basis. Transaction costs are taken to the profit and loss account on a straight-line basis over the life of the participating loan.

(Free translation from the original in Spanish)

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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.

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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.

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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.

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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

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.

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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.

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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 tax identification number 0017/80 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., Terranova Papers, S.A. and Clariana 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).

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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. 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:

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.

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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.

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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 (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.

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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) Rendering of services

Revenue from contracts for the rendering 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.

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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.

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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.

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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 2022, 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 approximately Euro 170 thousand (Euro 159 thousand in 2021).

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.

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The leverage ratio at both 31 December 2022 as at 31 December 2021 is not applicable because the Company has available and realisable resources in excess of bank borrowings:

	31-12-2022	31-12-2021
Total equity	221,327	213,854
Net financial borrowings:		
Long-term borrowings	27,468	27,527
Short-term borrowings	15,106	10,848
Cash and current financial investments	(42,140)	(80,173)
Long term financial investments	(17,940)	(20,097)
Total net borrowings	(17,506)	(61,895)
Leverage index	No aplicable	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.

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.

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5 Intangible assets

Movements in “Intangible assets” for 2022 and 2021 are as follows:

Description	Industrial property	Research and development expenses	Software	Intangible assets under construction	Total
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	-	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
Additions	-	-	-	303	303
Other transfers	-	-	476	(476)	-
Disposals	-	-	-	-	-
Amortisation charge	(20)	-	(379)	-	(399)
Amortisation disposals	-	-	-	-	-
Other transfers Amortisation	-	-	-	-	-
Balance at 31-12-2022	82	-	665	116	863
Cost	136	961	8,427	116	9,640
Accumulated amortisation	(54)	(961)	(7,762)	-	(8,777)
Net book value	82	-	665	116	863

- Research and development expenses

At 31 December 2022 and 2021 there are no research and development costs pending amortization.

Research and development expenses recognised in the income statement totals Euro 146 thousand in 2022 (Euro 49 thousand in 2021).

- Fully-amortised intangible assets

The carrying value of intangible assets that are fully amortised and still in use totals Euro 8,143 thousand at 31 December 2022 (Euro 7,881 thousand at 31 December 2021).

- Capitalised financial expenses

No financial expenses have been capitalised in 2022 and 2021, as part of intangible assets.

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- Intangible assets acquired from group companies and associates
During 2022 and 2021 there were no sales of intangible assets to Group and associated companies.
- Intangible assets not used in operations
At 31 December 2022 and 2021 there are no non-operating intangible assets.
- Assets subject to guarantees and ownership restrictions
At 31 December 2022 and 2021 there are no intangible assets subject to restrictions on ownership or pledged to guarantee liabilities.
- Purchase commitments
The Company does not have commitments to acquire intangible assets at the year end.
- Own work capitalised
Additions in 2022 include Euro 49 thousand (Euro 76 thousand in 2021) relating to own work capitalised.

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6 Property, plant and equipment

Movements in Property, plant and equipment for 2022 and 2021 are as follows:

	Land & Buildings	Plant and other	PPE under construction and advance payments	Total
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
Additions	-	493	6,387	6,880
Other transfers	1,940	9,297	(11,237)	-
Disposals	(312)	(2,339)	-	(2,651)
Depreciation charge	(858)	(7,964)	-	(8,822)
Depreciation disposals	312	2,110	-	2,422
Balance at 31-12-2022	21,334	57,922	3,098	82,354
Cost	30,208	210,907	3,098	244,213
Accumulated depreciation	(8,874)	(152,985)	-	(161,859)
Net book value	21,334	57,922	3,098	82,354

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 2022 amounted to Euro 6,880 thousand (Euro 11,636 thousand in 2021) and correspond mainly to additions of construction in progress arising from the continued investment undertaken by the Company.

a) Land value

At 31 December 2022 land and buildings includes land totalling Euro 1,198 thousand (Euro 1,198 thousand at 31 December 2021).

b) Impairment losses

During 2022 and 2021 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.

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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 2022 amounts to Euro 505 thousand (Euro 519 thousand in 2021), with Euro 14 thousand of depreciation charge at 31 December 2022 (Euro 14 thousand in 2021) in the income statement. During 2022 fully-depreciated fixed assets covered by Royal Decree Law 7/1996 with a gross value of Euro 91 thousand (Euro 18 thousand in 2021) were derecognised.

The breakdown is as follows:

31-12-2022				
Fixed Assets	Cost	Accumulated depreciation	Impairment losses	Net book value
Land	203	-	-	203
Building	720	(418)	-	302
Machinery	2,555	(2,555)	-	-
Other PPE	6	(6)	-	-
Total	3,484	(2,979)	-	505

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

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.

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 2022 amounts to Euro 60 thousand as a result of this revaluation (Euro 96 thousand in 2021).

During 2022 there have been disposals covered by the law RDL 16/2012 of gross value of Euro 60 thousand relating to plant and machinery, which were already fully depreciated (Euro 138 thousand in 2021, which were already fully depreciated).

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The breakdown is as follows:

Property, plant and equipment	31-12-2022			Net book value
	Cost	Accumulated depreciation	Impairment loss	
Land and buildings	766	(273)	-	493
Plant and machinery	5,352	(5,323)	-	29
Other tangible fixed assets	19	(19)	-	-
Total	6,137	(5,615)	-	522

Property, plant and equipment	31-12-2021			Net book value
	Cost	Accumulated depreciation	Impairment loss	
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

e) Assets acquired from Group companies and associates

Investments in fixed assets acquired from group companies and associates in 2022 mounted to Euro 0 thousand (Euro 218 thousand in 2021).

During 2022 fixed assets were sold to Group companies and associates amounting to Euro 105 thousand generating a profit of Euro 74 thousand (Euro 472 thousand in 2021).

f) Capitalised finance costs

During 2022 and 2021 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 105,338 thousand at 31 December 2022 (Euro 101,209 thousand at 31 December 2021).

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i) Own work capitalised

The additions for 2022 include Euro 367 thousand for own work capitalised (Euro 507 thousand in 2021) corresponding to own work capitalised.

j) Assets under finance lease

At 31 December 2022 and 2021 there are no fixed 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 fixed assets. The coverage is considered sufficient.

m) Property, plant and equipment subject to guarantees

At 31 December 2022 and 2021 there are no significant fixed assets subject to restrictions on ownership or pledged to guarantee liabilities.

n) Purchase commitments

The Company has no fixed assets acquisition commitments at the year-end or in 2021.

o) Property, plant and equipment located abroad

At 31 December 2022 and 2021 the Company has no fixed assets located abroad.

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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 2022 and 2021 is as follows:

	31-12-2022			
	Loans to Group companies	Deposits and guarantee deposits	Long term investments in group companies and associates	Debt securities
Long-term financial assets				
- Assets at fair value through profit or loss (Note 10)	-	-	-	-
- Financial assets at amortised cost (Note 9)	13,996	1,827	-	12,823
- Financial assets at cost (Note 8)	-	-	28,714	12
- Assets at fair value through equity (Note 11)	-	-	-	5,105
Total	13,996	1,827	28,714	17,940

	31-12-2022			
	Loans and balances to Group companies	Trade receivables for sales and services	Other debtors	Debt securities
Current financial assets				
- Assets at fair value through profit or loss (Note 10)	-	-	-	36
- Financial assets at amortised cost (Note 9)	45,506	41,974	36,998	-
- Financial assets at cost (Note 8)	-	-	-	-
- Assets at fair value through equity (Note 11)	-	-	-	-
Total	45,506	41,974	36,998	36

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31-12-2022					
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)	27,468	-	-	-	-
Total	27,468	-	-	-	-

31-12-2022					
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)	15,106	41,734	17,906	756	7,342
Total	15,106	41,734	17,906	756	7,342

The book value of each category of financial instrument at 31 December 2021 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	20,097

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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	-	-	-	-

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

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8 Financial assets at amortised cost

The breakdown and movement in the accounts under financial assets at amortised cost during 2022 and 2021 are as follows:

Description	Investments in		Total
	Group companies	Equity Instruments	
Balance at 31-12-2020	26,111	12	26,123
Cost	26,111	12	26,123
Net book value	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
Cost	29,033	12	29,045
Net value in books	29,033	12	29,045
Additions	3	-	3
Disposals	-	-	-
Impairment of investments	(322)	-	(322)
Transfer to short term	-	-	-
Balance at 31-12-2022	28,714	12	28,726

The movement in 2022 corresponds mainly to the provision for depreciation of its investee Clariana, S:A. for an amount of Euro 322 thousand.

The movement in 2021 corresponded mainly to the monetary contribution to the equity of its subsidiary Desvi, S.A. for an amount of Euro 2,900 thousand carried out on June 15, 2021 in order to strengthen its Net Equity.

The breakdown of shareholdings in group companies at 31 December 2022 is as follows:

31-12-2022 Company	Shareholding %		Voting rights	
	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

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

31-12-2021	Shareholding %		Voting rights	
	Direct %	Indirect %	Direct %	Indirect %
Company				
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.

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- 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 Tecnològias 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.

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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 2022.

Company	Capital	Reserves (*)	Operating results	Results for the year	Carrying value in parent	Dividends received (Note 29)
S.A. Payá Miralles (2)	1,878	7,995	1,320	903	4,855	799
Celulosa de Levante, S.A. (1)	1,503	49,718	5,269	4,461	1,865	4,383
Papeles Anoia, S.A. (1)	2,054	9,727	3,650	2,864	2,321	2,376
Desvi, S.A. - consolidated (2)	3,000	9,140	3,522	965	5,821	-
Sociedad Española Zig-Zag, S.A. (2)	60	320	2	3	183	-
M.B. Papeles Especiales, S.A. (1)	722	34,533	(1,432)	(619)	4,834	-
Miquel y Costas Tecnologías, S.A. (2)	500	1,556	170	395	252	86
Terranova Papers, S.A. (1)	12,000	2,927	1,871	1,596	8,303	-
Miquel y Costas Logística, S.A. (1)	100	3,021	1,643	1,244	50	255
Clariana S.A. (1)	157	1,202	(913)	(940)	230	-
Total	21,974	120,139	15,102	10,872	28,714	7,899

(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 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	10,449	3,251	1,723	5,818	-
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 Logística, S.A. (2)	100	2,320	1,594	1,211	50	-
Clariana S.A. (1)	157	1,352	175	(164)	552	-
Total	21,974	109,963	28,550	21,559	29,033	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.

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9 Financial assets at amortised cost

The detail of the items included in financial assets at amortised cost in 2022 and 2021 is as follows:

	31-12-2022	31-12-2021
Non-current	28,646	32,382
Deposits and guarantees provided	1,827	1,828
Loans to group and associated companies (Note 29)	13,996	15,607
Debt securities	12,823	14,947
Current	124,478	139,387
Short-term financial investments	36,998	74,296
Loans to Group and associated companies (Note 29)	34,459	18,537
Trade receivables from Group companies and associates (Note 29)	11,047	10,685
Trade receivables for sales and services	41,974	35,867
Other receivables	-	2
Total financial assets at amortised cost	153,124	171,769

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 31-12-2020	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
Additions	-	369	6,002	6,371
Transfers	-	(1,958)	(8,020)	(9,978)
Disposals	(1)	(22)	(106)	(129)
Balance at 31-12-2022	1,827	13,996	12,823	28,646
Cost	1,827	13,996	12,823	28,646
Impairment loss	-	-	-	-
Book value	1,827	13,996	12,823	28,646

The heading "Deposits and guarantees" includes the refund of a deposit of EUR 1 thousand relating to a building permit from the Capellades Town Council in 2022 (1 thousand euros in 2021). 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).

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

- Policy to Desvi S.A.: There has been an increase in the balance drawn down of Euro 200 thousand from Euro 10,136 thousand at the end of 2021 to Euro 9,936 thousand at the end of 2022. This loan was granted for an amount of Euro 10,500 thousand, with a term until 31 December 2023 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 2022 of these loans is Euro 5,300 thousand (Euro 6,711 thousand in 2021). At year-end an amount of Euro 1,388 thousand has been reclassified to short-term (Euro 1,410 thousand in 2021) (Note 29.1). As well as the loan granted in 2019 to the company Miquel y Costas Argentina S.A. for an amount of Euro 170 thousand (euro 170 thousand in 2021) (Note 29.1).

The movement in 2021 with respect to the previous year in receivables from group companies was due to:

- Loan to Fourtube S.L.: A total of Euro 68 thousand (Euro 69 thousand in 2020) 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%. The balance at 31 December 2021 amounts to Euro 0.
- Loan to Desvi S.A.: There has been an increase in the balance of Euro 2,727 thousand from Euro 7,409 thousand in 2020 to Euro 10,136 thousand at the end of 2021. This loan was granted for an amount of EUR 10,500,000, 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. 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 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 was reclassified to short-term (Note 29.1).

The "Debt securities" caption in 2022 includes long-term financial investments maturing after 2023, remunerated at a nominal interest rate that varies between 1.73% and 4.55% (0.75% and 4.75% in 2021). 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.

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The movement in current financial assets at amortised cost for 2022 and 2021 is as follows:

Balance at 31-12-2020	70,908
Additions	99,225
Transfers	8,013
Removals	(103,850)
Balance at 31-12-2021	74,296
Additions	79,539
Transfers	8,020
Removals	(124,857)
Balance at 31-12-2022	36,998

Short-term financial investments existing at the end of 2022 amount to Euro 36,603 thousand (Euro 73,987 thousand in 2021), as well as accrued financial interest amounting to Euro 395 thousand in 2022 (Euro 309 thousand in 2021), maturing in less than twelve months and with a nominal rate varying between 0.50% and 5.130% in 2022 (0.30% and 3.50% in 2021). 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.

The detail of the items included in trade receivables for sales and services at 31 December 2022 and 2021 is as follows:

	31-12-2022	31-12-2021
Customers	41,974	35,867
Doubtful customer receivables	299	251
Impairment losses	(299)	(251)
Total	41,974	35,867

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

	31-12-2022	31-12-2021
Euros	34,541	31,014
USD	6,814	4,671
GBP	3	2
Other currencies	616	180
Total	41,974	35,867

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At 31 December 2022, trade receivables of Euro 7,206 thousand (Euro 6,393 thousand in 2021) were past due. An impairment provision of Euro 299 thousand has been made in 2022 (Euro 251 thousand in 2021), 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:

	31-12-2022	31-12-2021
Up to 3 months	5,917	4,958
3-6 months	298	1,039
More than 6 months	991	396
Total	7,206	6,393

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 2022 and 2021 is as follows:

Closing balance at 31-12-19	152
Provision for impairment of customer receivables	103
Reversal of provision for amounts collected	(4)
Closing balance at 31-12-20	251
Provision for impairment of customer receivables	48
Reversal of provision for amounts collected	-
Closing balance at 31-12-21	299

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 have been recognised either in 2022 or in 2021 (Note 26.6).

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.

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The breakdown of the exchange hedge positions held at 31 December 2022 is as follows:

Currency	Maturity	Nominal in forex*	Profit (loss) in euros*
USD	2023	4,700	14
JPY	2023	-	-
AUD	2023	888	22
NOK	2023	390	-
Total (Loss) / Profit			36

* Expressed thousands.

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 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.

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.

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The fair value of financial instruments at 31 December 2022 amounts to EUR 36 thousand of losses (Euro 68 thousand of benefit in 2021).

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 31-12-2021	5,138
Cost	5,000
Net profit (loss) transferred to equity	138
Book value	5,138
Additions	-
Net profit (loss) transferred to equity	(33)
Removals	-
Balance at 31-12-2022	5,105
Cost	5,000
Value adjustments	105
Book value	5,105

The heading "Equity instruments" in 2022 includes securities acquired from a SPAC (Special Purpose Acquisition Company) in previous year for amount of Euro 5,000 thousand with a value of Euro 5,105 thousand at 31 December 2022 (Euro 5,138 thousand in 2021).

12 Inventories

The breakdown of inventories at 31 December 2022 and 2021 is as follows:

	Prepayments to suppliers	Raw materials and other supplies	Finished goods and goods in progress	Total
Balance at 31-12-2021	44	12,065	31,575	43,684
Cost	44	12,065	33,058	45,167
Impairment loss	-	-	(1,483)	(1,483)
Net value in books	44	12,065	31,575	43,684
Balance at 31-12-2022	17	16,360	44,332	60,709
Cost	17	16,360	45,964	62,341
Impairment loss	-	-	(1,632)	(1,632)
Net value in books	17	16,360	44,332	60,709

* The heading Raw materials and other supplies includes Euro 1,363 thousand in 2022 relating to the emission allowance balance (Euro 1,147 thousand in 2021).

The variation in inventories of finished goods and work in progress totals Euro 12,757 thousand in 2022 (Euro 3,568 thousand in 2021). The variation is the difference between opening inventories of Euro 31,575 thousand in 2022 (Euro 28,007 thousand in 2021) and closing inventories of Euro 44,332 thousand in 2022 (Euro 31,575 thousand in 2021).

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a) Purchase commitments

At the end of 2022 and 2021 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 2022 and 2021 is as follows:

Balance at 31-12-2020	1,070
Appropriations	818
Utilisations	(405)
Balance at 31-12-2021	1,483
Appropriations	1,164
Utilisations	(1,015)
Balance at 31-12-2022	1,632

13 Other taxes receivable

The detail at 31 December 2022 and 2021 is as follows:

	31-12-2022	31-12-2021
Other taxes receivable	89	188
Total	89	188

At year-end 2022 and 2021, 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 2022 and 2021 is as follows:

	31-12-2022	31-12-2021
Cash	5,106	5,877
Total	5,106	5,877

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15 Capital and share premium

15.1 Capital

At 31 December 2022 share capital was represented by 40,000,000 shares (40,000,000 shares in 2021) 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 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 2021 and 2022 the Board of Directors has not made use of the aforementioned authorisations.

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.

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At the dates of December 31, 2022 and 2021, 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 (%)	
	2022	2021
D. Jorge Mercader Miró	17.26	17.05
D ^a . M ^a del Carmen Escasany Miquel	12.47	12.42
Indumenta Pueri S.L.	14.65	14.65
D ^a . Bernardette Miquel Vacarisas	12.57	12.53

15.2 Share premium

The breakdown and movement of the share premium for the years 2022 and 2021 is as follows:

Balance at 31-12-20	40
Return of contributions to shareholders	(40)
Balance at 31-12-21	-
Return of contributions to shareholders	-
Balance at 31-12-22	-

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.

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The breakdown and movement of own shares in equity for the years 2022 and 2021, is as follows:

Description	Number of shares	Value of the operation (Thousand Euro)	Average price (Euro)	Nominal value (Thousand Euro)
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
Acquisition of own shares	363,410	4,420	12.16	727
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Adjudication by exercise of options	(1,825)	(21)	11.79	(4)
Balance at 31-12-2022	1,507,489	17,771	11.79	3,015

During 2022, the Company acting within the framework approved, has acquired 363,410 shares (547,135 shares in 2021) worth Euro 4,420 thousand (Euro 7,936 thousand in 2021).

The number of treasury shares held at 31 December 2022, after the operations carried out during the year, amount to 1,507,489 shares (1,145,904 shares in 2021).

16 Reserves and Other equity instruments

The breakdown in the accounts related to Reserves and Other equity instruments, at 31 December 2022 and 2021, is as follows:

	31-12-2022	31-12-2021
Legal reserve	16,000	12,400
Reserve Law 16/2012	-	-
Voluntary reserves	119,580	104,189
Reserves for actuarial gains and losses	140	195
Capitalization reserves	1,918	1,398
Other equity instruments	581	602
Total	138,219	118,784

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.

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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.

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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 2022, as it was also applied in 2021 (Note 25).

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. The plan total Euro 581 thousand in 2022 (Euro 602 thousand in 2021).

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:

- o Vesting phase: It begins on 7 February 2017 and lasts for five years.

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- o 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 stock option plan is currently in the exercise phase from February 7, 2022.

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

<u>Maturities</u>	<u>Option value</u>
27/01/2025	1.25

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 10 thousand was charged to the income statement at 31 December 2022 (100 thousand in 2021).

g) Value adjustments

At 31 December 2022, the amount was 105 thousand euros of positive adjustments (138 thousand euros in 2021) (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 2022 is as follows:

	<u>2022</u>
Basis of distribution	
Profit for the year (Profit)	27,807
Total	27,807
Application	
Dividends	16,800
Voluntary reserves	9,868
Capitalisation reserves	1,139
Total	27,807

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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 2022 which are listed below:

- By charge to 2021 profits:
 - Resolution of 28 March 2022: resolved to distribute a third interim dividend out of 2021 profits for a total amount of Euro 4,000 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.1334508 per share. As this distribution was paid after the end of the financial year 2021 it complied with the regulatory profit and liquidity requirements

- By charge to 2022 profits:
 - Resolution of 27 September 2022: resolved to distribute a first interim dividend out of 2021 profits for a total amount of Euro 4,000 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.10334508 per share.
 - Resolution of 29 November 2022: resolved to distribute a second interim dividend out of the 2022 profits for a total amount of Euro 4,000 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of the treasury shares, was Euro 0.10385856 per share.

All of them have been realized in 2022.

In financial year 2021, in accordance with the resolutions of the Board of Directors, it was resolved to distribute the interim dividends listed below:

- Against 2020 profits:
 - Resolution of 25 March 2021: resolved to distribute a third interim dividend out of 2020 profits for the 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.

- Against 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 euros 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.

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- Resolution of 29 November 2021: resolved to distribute a new extraordinary interim dividend out of 2021 profits for a total amount of Euro 4,700 thousand which, in gross unitary 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.

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, 2nd July 2010, of the Spanish Capital Companies Act.

	2022	2021
Dividends paid during the year	16,100	15,500
Tax effect	(1,345)	(1,434)
Total	14,755	14,066

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 2022 for a total amount of Euro 3,700 thousand.

	2022
--	------

Profit distribution forecast

Expected net results after tax at 27 September 2022	19,545
Maximum amount to be distributed as interim dividend	19,545
Interim dividend distributed	3,700

Treasury forecast for 1 year from the date of the interim dividend agreement:

Available liquidity at date of interim dividend agreement **	105,835
Forecast receipts	202,600
Forecast payments (including interim dividend)	(230,987)
Forecast treasury balances at 27 September 2023	77,448

** Includes unused credit facilities with financial institutions.

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- Provisional statement for the resolution dated 28 November 2022 to distribute a second interim dividend out of 2022 profits for a total amount of Euro 4,000 thousand:

	2022
--	-------------

Profit distribution forecast:

Profit for the period 1 January to 31 December 2021	36.315
Forecast profit for the period 1 January to 30 November 2022	25.260
Legal reserves	-
Maximum amount to be distributed as interim dividend	61.575
Interim dividends paid by charge to 2021	16.800
Interim dividends paid by charge to 2022	3.700
Proposed dividends by charge to 2022	4.000
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**	83.948
Forecast receipts	211.600
Projected payments (including dividends)	(229.759)
Projected cash and bank balances at 28 November 2023	65.789

**Includes unused credit facilities with financial institutions

17.3 Complementary Dividend

The General Meeting of Shareholders held on 21 June 2022 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 2021 in the total amount of Euro 4,400 thousand.

Under the resolution adopted by the General Shareholders Meeting dated on 22 June 2021, 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 2020 amounting to Euro 4,000 thousand.

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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 2022 and 2021 is Euro 0 thousand.

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 31-12-2020	196	30	-	263
Additions	279	36	397	373
Tax effect	(70)	(9)	(99)	(93)
Disposals	-	(40)	-	(36)
Tax effect	-	10	-	9
Transfer to profit and loss	(58)	-	(397)	(406)
Tax effect	15	-	99	101
Balance at 31-12-2021	196	27	-	226
Additions	454	29	989	1.472
Tax effect	(114)	(7)	(247)	(368)
Disposals	-	(36)	-	(36)
Tax effect	-	9	-	9
Transfer to profit and loss	(90)	-	(975)	(1.065)
Tax effect	22	-	244	266
Balance at 31-12-2022	634	22	11	667

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

Granting entity	31-12-22	31-12-21	Purpose	Date granted
Generalitat de Catalunya	-	3	Fixed asset financing	2008 and 2009
CDTI	29	36	Interest free loans	2021 and 2022
Ministerio Medio Ambiente	15	-	Emission allowances	2021 and 2022
Agencia Valenciana de la Energía	5	8	Improving energy efficiency	2011
Agencia Residuos de Catalunya	2	2	Waste minimization	2011
Generalitat de Catalunya	22	29	Fixed asset financing	2012
Agencia Valenciana de la Energía	36	46	Improving energy efficiency	2012/13/15
Miner	1	2	Fixed asset financing	2013
Instituto Valenciano de competitividad empresarial	53	61	Fixed asset financing	2016, 2017 and 2018
Instituto Divers. y ahorro Energía	66	73	Fixed asset financing	2019
Instituto Divers. y ahorro Energía	239	259	Fixed asset financing	2021
Instituto Divers. y ahorro Energía	395	-	Fixed asset financing	2022
Agencia Residuos de Catalunya	26	-	Fixed asset financing	2022
Tax effect of grants	(222)	(130)		
Total	667	389		

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:

	2022	2021
Release of non-financial fixed asset grants and others	1,065	455
Total	1,065	455

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19 Financial liabilities at amortised cost

The breakdown of current and non-current debts at 31 December 2022 and 2021 is as follows:

	2022	2021
Long-term debts	27,468	27,527
Loans with credit institutions	27,468	27,527
Total long-term debts	82,844	89,838
Loans with credit institutions	15,067	10,803
Accrued and unpaid interest from credit institutions	39	45
Suppliers to group and associated companies (Note 29)	8,220	5,123
Payable to group and associated companies (Note 29)	33,514	42,774
Suppliers	17,906	18,378
Other creditors	756	1,187
Other current liabilities (Suppliers of fixed assets)	1,073	2,487
Other current liabilities (Other)	6,269	9,041
Total financial liabilities at amortised cost	100,312	117,365

The movement in long-term and short-term loans during the financial years 2022 and 2021 is as follows:

	Long-term loans	Short-term loans
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
Obtaining funding	15,008	-
Amortisation	-	(10,803)
Long-term to short-term transfers	(15,067)	15,067
Closing balance at 31-12-22	27,468	15,067

Total bank borrowings include the effect of implicit interest arising from subsidised loans held at the end of 2022 by the Company amounting to Euro 2 thousand (Euro 36 thousand at 31 December 2021).

a) Subsidised loans

During the year 2022, there have not been any subsidised loans.

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

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The Company has at 31 December 2021 zero interest rate loans with a fair value of Euro 1,093 thousand (31 December 2021, Euro 1,146 thousand) and a redemption value of Euro 1,122 thousand (31 December 2021, Euro 1,182 thousand).

b) Loans with credit institutions

In 2022, the Company granted a loan for a total amount of Euro 15,000 thousand, with a repayment period of five years and a one-year grace period.

In 2021, the Company 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. At the same time, the Company repaid in advance a loan for a total of Euro 14,200, thousand included in the repayment line in the above table.

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

In addition, the Company has the following credit lines:

	31-12-2022		31-12-2021	
	Limit Maximum	Quantity willing	Limit maximum	Quantity willing
Variable type:				
- with a maximum maturity of one year	17,002	-	17,002	-
- with a maturity of more than one year	-	-	-	-
Fixed rate:				
- with a maturity of less than one year	-	-	-	-
	17,002	-	17,002	-

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 2022 and 2021.

The heading "Other short-term financial liabilities" totalling Euro 1,073 thousand at 31 December 2022 (Euro 2,487 thousand in 2021) 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 2022 and 2021.

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Bank loans maturities break down as follows:

Description	31-12-2022	31-12-2021
Up to 1 year	16,179	13,335
Between 1 and 3 years	21,847	24,537
Between 3 and 5 years	5,097	2,350
More than 5 years	524	640
Total	43,647	40,862

Of total loans at 31 December 2022, Euro 0 thousand relates to loans secured through a bank guarantee (Euro 0 thousand at 31 December 2021).

Bank borrowings and other financial liabilities are denominated in euro.

The breakdown of Suppliers and sundry creditors for the year ended 31 December 2022 and 2021 is as follows:

Item	31-12-2022	31-12-2021
Suppliers		
Suppliers	15,152	16,259
Suppliers in foreign currency	2,754	2,119
Suppliers to group companies (Note 29.1)	6,252	4,875
Suppliers to group companies in foreign currencies (Note 29.1)	1,968	248
Sundry creditors		
Creditors	708	1,118
Foreign currency creditors	48	69
Total	26,882	24,688

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

	2022	2021
Euros	22,112	22,252
US Dollar	4,758	2,431
Pound sterling	6	-
Other	6	5
Total	26,882	24,688

The average payment period has been drawn up in accordance with Law 15/2010, which establishes measures to combat late payment in commercial operations, as well as the modifications established in Law 18/2022, of September 28, creation and growth of companies.

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According to the Resolution mentioned before, information to be included in the notes to the financial statements in relation to the average payment period, it is reported that as 31 December 2022 and 2021 it is as follows:

	31/12/2022	31/12/2021
	Days	Days
Average supplier payment period (1)	35	42
Paid Operations Ratio (2)	37	44
Ratio of transactions outstanding (3)	17	20
	Thousand euros	Thousand euros
Total payments made	138,482	99,355
Total outstanding payments	11,932	9,832
Total payments within the period established in the delinquency regulations (millions of euros) (4)	125,506	-
% of the amount paid within the period established in the delinquency regulations with respect to the total amount paid(4)	91%	-
Number of invoices paid within the period established in the delinquency regulations (4)	12,721	-
% of invoices paid within the period established in the delinquency regulations with respect to the total invoices paid(4)	84%	-

(1) Calculated considering the amounts paid and those pending payment.
(2) Average payment period in operations paid during the year.
(3) Average age of supplier balance pending payment.
(4) Information requirement established by Law 18/22.

- The breakdown of other current liabilities for the year ended 31 December 2022 and 2021 is as follows:

	31-12-2022	31-12-2021
Personnel	2,831	6,253
Advances to customers	3,438	2,788
Total	6,269	9,041

In 2021 the heading "Personnel" included provisions for variable remuneration with a multi-year vesting period and which have been paid in 2022. This year there are long-term provisions for the same concept (Note 22).

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20 Long and short term accruals

The movement in long-term and short-term accruals during the financial years 2022 and 2021 is as follows:

	Periodificaciones a largo plazo	Periodificaciones a corto plazo	Total
Closing balance 31-12-20	100	-	100
Additions	163	-	163
Transfer to profit and loss (Note 29.4)	-	-	-
Transfers	-	-	-
Closing balance 31-12-21	263	-	263
Additions	-	-	-
Transfer to profit and loss (Note 29.4)	-	-	-
Disposals	(20)	-	(20)
Transfers	-	-	-
Closing balance 31-12-22	243	-	243

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. In 2021, 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.

- Defined-benefit commitments:

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

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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.

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:

	31-12-2022	31-12-2021
Charges in the income statement in respect of:		
- Financial restatement (Financial expenses)	-	-
- Current service costs	7	5
- Expected return on plan-related assets	-	-
Total	7	5
	31-12-2022	31-12-2021
Debits/(credits) in Equity:		
- Actuarial gains and losses	(72)	16
- Tax effect	18	(4)
Total	(54)	12

The amounts recognised in the balance sheet are as follows:

Description	31-12-2022	31-12-2021
Present value of the liabilities	(271)	(217)
Fair value of the plan-related assets	109	98
Liability recorded on the balance sheet (Note 22)	(162)	(119)

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

Description	31-12-2022	31-12-2021
Opening balance	217	240
Current service cost	7	5
Interest costs	-	-
Actuarial (gains) / losses	50	(21)
Benefits paid	(3)	(7)
Closing balance	271	217

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

Description	31-12-2022	31-12-2021
Opening balance	98	91
Expected return on plan-related assets	-	-
Actuarial gains / (losses)	(22)	(5)
Return of contributions (returned premiums)	33	12
Closing balance	109	98

Company management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2022 and 2021 of each defined benefit liability mentioned above.

The main assumptions applied have been:

Interest rate for valuing liabilities with current personnel at 31/12/2021	0.000%
Interest rate for valuing liabilities with current personnel at 31/12/2022	3.600%
Expected return on assets with current personnel	0.000%

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.

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.

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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 31-12-2020	1,179
Additions	1,030
Applications	(1,179)
Reclassification	-
Closing balance at 31-12-2021	1,030
Additions	1,139
Applications	(983)
Reclassification	(47)
Closing balance at 31-12-2022	1,139

The balance at 31 December 2022 amounting to Euro 1,139 thousand relates to the balance of the provision for emission allowances (Euro 1,030 thousand in 2021). (Note 31).

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

Closing balance at 31-12-20	1,612
Additions	-
Payments	(19)
Transfers	(1,132)
Applications	(11)
Closing balance at 31-12-21	450
Additions	174
Payments	(36)
Transfers	-
Applications	(72)
Closing balance at 31-12-22	516

The balance at December 31, 2022, amounting to Euro 516 thousand (Euro 450 thousand in 2021), 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 162 thousand in 2022 (Euro 119 thousand in 2021). There have been endowments for an amount of Euro 79 thousand (Euro 11 thousand in 2021), there has been made a payment of Euro 3 thousand (Euro 0 thousand in 2021) and a payment of Euro 33 thousand (Euro 19 thousand in 2021) was made in respect of the insurance premium to the external insurance company in order to regularise pension commitments.

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- 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 2022 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 Euro 95 thousand (Euro 0 in 2021 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 in 2021 which has been applied during 2022.

23 Deferred taxes

The movement in deferred taxes in 2022 and 2021 is as follows:

	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	898	1,305	1,307	1,420
- Charged in the income statement	(47)	(151)	(220)	(173)
- Charged directly to equity	-	75	-	58
- Other movements	-	-	(189)	-
Closing balance	851	1,229	898	1,305

The movement and detail during 2022 and 2021 in deferred tax assets and liabilities is as follows:

	2022			
Deferred tax assets	Non-deductible depreciation	Accruals	Equity adjustments	Total
Opening balance	214	684	-	898
- Charged in the income statement	(82)	35	-	(47)
-Other movements	-	-	-	-
Closing balance	132	719	-	851

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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

2022				
Deferred tax liabilities	Other adjustments	Accelerated tax depreciation	Equity adjustments	Total
Opening balance	198	908	199	1,305
- Charged in the income statement	35	(186)	-	(151)
- Charged directly to equity	-	-	75	75
Closing balance	233	722	274	1,229

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

The balance Euro 132 thousand related to deferred tax assets in 2022 (Euro 214 thousand in 2021) 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 2022 amounted to Euro 117 thousand (Euro 196 thousand in 2021).
- 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 2022 amounted to Euro 15 thousand (Euro 18 thousand in 2021).

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Deferred tax assets of Euro 719 thousand in 2022 (Euro 684 thousand in 2021) relate mainly to non-tax-deductible provisions for personnel.

Deferred taxes charged directly to equity in 2022 and 2021 are as follows:

Description	31-12-2022	31-12-2021
Capital grants	211	120
Pensions	52	70
Interest free loans	7	9
Other	4	-
Total	274	199

24 Other payable to Public Administrations

The breakdown of other current liabilities for the years ended at 31 December 2022 and 2021 is as follows:

Description	31-12-2022	31-12-2021
Other payable to Public Administrations	1,647	7,173
Total	1,647	7,173

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 2022 and 2021, that were paid in January 2023 and 2022, 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.

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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 2022 is the following:

Profit for the year	Income Statement			Income and expenses charged directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
			27,807			191
Corporate income tax	6,163	-	6,163	75	-	75
Permanent differences	452	(7,525)	(7,073)	33	-	33
Temporary differences						
- arising during the year	138	-	138	-	-	-
- arising in prior years	743	(327)	416	1,137	(1,436)	(299)
Taxable income *	7,496	(7,852)	27,451	1,245	(1,436)	-

* During the year the company has applied a reduction to the tax base of corporate income tax as a capitalization reserve amounting to Euro 1,397 (amounting to Euro 529 in 2021). 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 26,054 thousand in 2022.

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

Expense for corporate income tax is composed by:

	31-12-2022	31-12-2021
Current tax	6,277	9,133
Deferred tax	(123)	47
Tax paid abroad	1	1
Adjustment to corporate income tax from previous years and others	8	3
Total	6,163	9,184

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 2022 deductions which amounted to Euro 237 thousand (Euro 251 thousand in 2021). Withholdings and payments on account of the year amounted to Euro 5,724 thousand (Euro 8,555 thousand in 2021), resulting an amount payable to Public Administration by Euro 553 thousand in 2022 (Euro 578 thousand in 2021).

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The Company has not incurred tax losses in the past, and there are no deductions available to be offset at 2022 year-end.

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

Receivable / payable balances from tax consolidation	31-12-2022		31-12-2021	
	Receivable balances	Payable balances	Receivable balances	Payable balances
- S.A. Payá Miralles	47	-	29	-
- Celulosa de Levante, S.A.	179	-	288	-
- Papeles Anoia, S.A.	113	-	77	-
- Desvi, S.A.	-	98	-	92
- Sociedad Española Zig-Zag, S.A.	-	-	-	-
- M.B. Papeles Especiales, S.A.	-	165	490	-
- Miquel y Costas Energía y Medio Ambiente S.A.	27	-	34	-
- Miquel y Costas Tecnologías, S.A.	-	18	-	25
- Terranova Papers, S.A.	3	-	-	399
- Miquel y Costas Logística S.A.	47	-	23	-
- Clariana S.A.	-	15	32	-
	416	296	973	516

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 2022 (Euro 1,710 thousand in 2021).

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 2018 and the other principal taxes to which it is subject since 2019, inclusive. The directors do not consider that, in the event of an inspection, additional liabilities will arise for significant amounts.

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26 Income and expenses

26.1 Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

Description	31-12-2022	31-12-2021
Purchases	26,339	17,342
Sales	26,724	25,037

26.2 Net turnover

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

Market	(%) 2022	(%) 2021
Domestic market	17.80	17.63
European Union	31.34	30.81
OECD countries	31.95	31.34
Other countries	18.91	20.22
	100.00	100.00

Most services are rendered in the domestic market.

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

Line	(%) 2022	(%) 2021
Tobacco industry	82.54	85.81
Industrial Products	4.89	3.08
Graphic Industry and other	12.57	11.11
	100.00	100.00

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

	2022	2021
Consumption of goods for resale, raw materials and other consumable materials:		
Purchases	96,591	77,182
Difference between opening and closing inventories	(4,079)	(1,831)
Total	92,512	75,351

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26.4 Other operating income

The distribution of other operating income is as follows:

Description	2022	2021
Operating grants transferred to income statement	835	744
Revenues from services rendered between group companies (Note 29)	615	52
Electricity sales	-	-
Other	308	150
	1,758	946

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:

	2022	2021
Wages, salaries and similar remuneration	21,094	22,071
Staff welfare expenses	5,985	6,110
- Pension contributions and transfers	10	616
- Other staff welfare expenses	5,975	5,494
Other staff costs	363	100
Provisions	59	52
	27,501	28,333

The heading "Wages, salaries and similar remuneration" includes severance expenses totalling Euro 362 thousand in 2022 (Euro 181 thousand in 2021).

The executive directors (excluding the Chairman) receive a remuneration that is generated triennially, consisting of participation in a fund in which they participate together with the senior management personnel, to be settled at the end of the three-year period if certain established results targets are achieved. The amount accrued for this concept during the financial year 2022 has risen to Euro 95 thousand (Note 14). In 2021, an accrual was made for this concept of Euro 745 thousand linked to the previous three-year period.

Additionally, in 2022 the conditions for the provision of funds corresponding to the 2022-2024 Social Welfare Plan for Directors who are managers and Senior Management have not been met. In 2021, a provision was made for this concept Euro 195 thousand linked to the previous three-year period.

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The distribution by category of the Company's personnel average in 2022 and 2021 is as follows:

	2022	2021
Members of the Board of Directors (executives)	2	3
Senior Management	8	8
Executives	7	7
Managers and Middle Management	61	64
Administrative and Technical personnel	99	97
Production staff	336	339
	513	518

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

	31-12-2022		31-12-2021	
	Male	Female	Male	Female
Members of the Board of Directors (executives)	2	-	3	-
Senior Management	5	3	5	3
Executives	7	-	7	-
Managers and Middle Management	56	5	59	5
Administrative and Technical personnel	50	49	45	52
Production staff	233	104	228	109
	353	161	347	169

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

	2022	2021
Senior clerks and foremen	-	-
Production staff	3	3
	3	3

26.6 Other operating expenses

The breakdown of Other operating expenses is as follows:

	2022	2021
External services	67,274	42,528
Local taxes	639	592
Loss, impairment and variation in trade provisions (Note 9)	48	99
Gas emission allowances expenses (Note 24)	1,139	1,159
Other current operating expenses	62	146
	69,162	44,524

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The breakdown of external services is as follows:

	2022	2021
Leases and royalties	2,341	2,194
Independent professional services	3,385	3,153
Transport	5,586	5,561
Insurance premiums	1,185	721
Repairs and maintenance	2,706	2,531
Travel, publicity and advertising	4,020	3,180
Supplies	34,187	11,171
Other auxiliar services	11,270	11,213
Other operating expenses	2,594	2,804
	67,274	42,528

27 Finance results

The breakdown of the finance results is as follows:

	2022	2021
Finance income:		
Shares in equity instruments		
- Group companies (Note 29.4)	7,899	8,136
- Third parties	-	-
Marketable securities and other financial instruments:	556	620
- Group companies and associates (Note 29.4)	876	1,283
- Third parties	9,331	10,039
Finance expenses:	(222)	(255)
Debts with group companies and associates (Note 29.4)	(241)	(232)
Debts with third parties	-	-
Restatement of provisions	(463)	(487)
Exchange differences:	2,655	862
Positive exchange differences	(2,749)	(850)
Negative exchange differences	(94)	12
Impairment and result from disposal of financial instruments		
Provision for impairment losses	(322)	-
Net financial result	8,452	9,564

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a) Finance income and expenses

	<u>2022</u>	<u>2021</u>
Finance income:		
- Dividends from shares in group companies (Note 29 and Note 8)	7,899	8,136
- Dividends from shares in other companies	-	-
- Interest on debts	853	1,081
- Interest on loans	577	622
- Forecast return on assets related to commitments	-	-
- Other finance income	2	200
	<u>9,331</u>	<u>10,039</u>
Finance expenses:		
- Interest on loans	(463)	(487)
- Restatement of provisions	(322)	-
	<u>(785)</u>	<u>(487)</u>
	<u>8,546</u>	<u>9,552</u>

28 Directors' and Senior Management remuneration

a) Remuneration paid to the members of the Board of Directors

The members of the Company's Board of Directors accrued remuneration in respect of the following items, following authorisation granted by the General Shareholders' Meeting:

I. The directors who are executives of the parent company thanks to their executive functions, received fixed salaries amounting to Euro 988 thousand (Euro 1,083 thousand in 2021) and variable remuneration amounting to Euro 655 thousand (Euro 1,783 thousand in 2021). The amount of variable remuneration is determined based on the level of attainment of the previously established results-related objectives, the medium and long-term generation of value and the performance of the functions undertaken. Based on the foregoing, remuneration for 2021 includes the vested balance under the three-year Plan 2019 -2021 and the Staff Welfare Plan 2019 amounting to Euro 621 thousand. See additional information in Note 26.5.

On the other hand, the executive directors' remuneration system is complemented through the payment of an individual health insurance premium. The amount accrued for this item in 2022 and 2021 totalled Euro 3 thousand and Euro 4 thousand, respectively.

Finally, the "2016 Stock Option Plan" which was formalised in 2017 is in the "Exercise Phase" at year end 2022. This phase lasts for three years and marks the start of the period during which the beneficiaries may exercise options. During 2022 none of the directors exercised their options.

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II. In accordance with the bylaws, the members of the Board of Directors are entitled to a maximum total remuneration equivalent to 5% of the net profits of the company Miquel y Costas & Miquel, S.A., following compliance with applicable legal and bylaw requirements. The amount accrued in this respect in 2022 and 2021 was Euro 1,386 thousand (5% of profit after tax) and Euro 1,816 thousand (5% of profit after tax), respectively, which is recognised under Other operating expenses in the income statement and is mostly paid in the following years, once the requirements of articles 217 and 218 of the Spanish Companies Act and Bylaws have been met.

The Company has established a guarantee in respect of civil liability insurance cover amounting to Euro 15,000 thousand for which a premium of Euro 28 thousand was paid in the present year (Euro 31 thousand in 2021).

At 31 December 2022 and 2021 there is no committed balance receivable or payable with the members of the Board of Directors except as mentioned above.

During 2022 and 2021 no advances or loans have been granted to the Directors.

b) Senior Management remuneration and loans.

Total fixed and variable remuneration and remuneration for other items paid to members of Senior Management who are not in turn executive directors (8 members) in 2022 amounted to Euro 1,568 thousand (Euro 2,555 thousand in 2021). Variable remuneration envisaged in 2021 includes the vesting in that year of the long-term incentives indicated in Note 19.

The “2016 Stock Option Plan” which was formalised in 2017 is in the “Exercise Phase” at year end 2022. This phase lasts for three years and marks the start of the period during which the beneficiaries may exercise options. During 2022 no members of Senior Management exercised their options.

The Company has no agreements in place with the members of Senior Management who are not executive directors, other than those established in the Workers’ Statute, for indemnities due to resignation or wrongful dismissal or if the employment relationship ends as a result of a takeover bid.

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The members of Senior Management who are not executive directors are:

Name	Position
Mr Javier Ardiaca Colomer	Director of the Mislata factory
Ms. Olga Encuentra Catalán	Director of Group's management control
Mr Javier García Blasco	Commercial director of Booklet Division
Ms. Marina Jurado Salvado	Commercial director of Smoking Division
Ms. Victoria Lacasa Estébanez	Group's Legal Counsel
Mr Ignasi Nieto Magaldi	General Manager
Mr José Maria Masifern Valón	Director of the Besós factory
Mr Jordi Prat Canadell	Group's finance and corporate development director

During the previous year, the members of senior management increased from 5 to 8 and there continue to be 8 in the present year.

c) Situation of conflicts of interest of the directors

As part of the duty to avoid conflicts with the Company's interests, during the year the directors which have held positions in the Board of Directors have fulfilled the obligations set forth in Article 228 of the Spanish Companies Act. Additionally, the directors and persons related to them have not come under the provisions of conflicts of interest envisaged in article 229 of this law.

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d) Control of the Board of Directors over the Company's share capital.

The members of the Board of Directors who have shares in the Company at 31 December 2022 are as follows:

Director name or company name	Position	No. of direct shares	No. of indirect shares	% interest capital
Mr Jorge Mercader Miró	Chair	608,900	6,295,461	17.261%
Mr Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr Álvaro de la Serna Corral	Director	42,000	1,024	0.108%
Mr Javier Basañez Villaluenga	Director	112,632	-	0.282%
Joanfra, S.A.	Director	2,809,088	-	7.023%
Mr Joaquin Faura	Director	11,640	-	0.029%
Mr Jorge Mercader Barata	Deputy Chair	197,727	-	0.494%
Total		3,882,628	6,311,419	25.485%

The members of the Board of Directors who owned Company shares in 2021 are as follows:

Director name or company name	Position	No. of direct shares	No. of indirect shares	% interest capital
Mr Jorge Mercader Miró	Chair	585,000	6,234,986	17.050%
Mr Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr Álvaro de la Serna Corral	Director	42,000	1,024	0.108%
Mr Javier Basañez Villaluenga	Director	112,632	-	0.282%
Joanfra, S.A.	Director	3,409,088	-	8.523%
Mr Joaquin Faura	Director	11,640	-	0.029%
Mr Jorge Mercader Barata	Deputy Chair	197,727	-	0.494%
Total		4,458,728	6,250,944	26.780%

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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 2022 and 2021 the breakdown of the receivable and payable balances with group companies is as follows:

Receivable balances 31-12-2022	Services rendered	Sales	Financial accounts	Short- term loans	Long- terms loans	Total
- S.A. Payá Miralles	222	-	-	-	-	222
- Celulosa de Levante, S.A.	1,181	-	-	-	-	1,181
- Papeles Anoia, S.A.	647	2,497	-	-	-	3,144
- Desvi, S.A.	539	32	20	-	9,935	10,526
- Sociedad Española Zig-Zag, S.A.	6	-	-	-	-	6
- Miquel y Costas Tecnologías, S.A.	112	-	-	-	-	112
- M.B. Papeles Especiales, S.A.	983	208	14,798	-	-	15,989
- Miquel y Costas Energía y Medio Ambiente S.A.	156	2	-	-	-	158
- Miquel y Costas Argentina, S.A.	-	948	-	-	148	1,096
- Miquel y Costas Deutschland GmbH	220	211	-	150	-	581
- Terranova Papers, S.A.	826	942	7,048	-	-	8,816
- Miquel y Costas Chile SA	-	98	-	-	-	98
- Miquel y Costas Logística SA	271	425	890	-	-	1,586
- Fourtube S.L	-	-	-	-	-	-
- Clariana, SA	422	99	10,166	1,387	3,913	15,987
Total	5,585	5,462	32,922	1,537	13,996	59,502

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

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The Group has centralised liquidity, whereby the Company has current accounts with Group companies. The 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 2022 the Company has two loans amounting to Euro 5,300 thousand with Clariana, S.A. (Euro 6,710 thousand in 2021) and Euro 148 thousand in respect of a loan with Miquel y Costas Argentina S.A. (Euro 170 thousand in 2021)

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 2022 and 2021. The balance available as of 31 December 2022 amounts to Euro 150 thousand.

It has in turn granted loans amounting to Euro 9,935 thousand to Desvi S.A. bearing interest at market rates (Euro 10,137 thousand in 2021).

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 31-12-2022	Purchases	Services received	Financial accounts	Total
- S.A. Payá Miralles	-	1,992	1,515	3,507
- Celulosa de Levante, S.A.	1,401	32	19,529	20,962
- Papeles Anoia, S.A.	290	51	10,348	10,689
- Desvi, S.A	-	824	-	824
- Sociedad Española Zig-Zag, S.A.	-	1	338	339
- M.B. Papeles Especiales, S.A.	456	-	-	456
- Miquel y Costas Energía y Medio Ambiente S.A.	-	115	1,127	1,242
- Miquel y Costas Tecnologías, S.A.	-	54	657	711
- Terranova Papers, S.A.	161	-	-	161
- Miquel y Costas Argentina	1,833	-	-	1,833
- Miquel y Costas Deutschland GmbH	83	-	-	83
- Miquel y CostasChile	25	-	-	25
- Miquel y Costas Logística, SA	887	-	-	887
- Clariana, SA	15	-	-	15
Total	5,151	3,069	33,514	41,734

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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

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 2022 and 2021 is as follows:

Description	31-12-2022	31-12-2021
Sale of goods		
- Papeles Anoia, S.A.	9,361	9,961
- Sociedad Española Zig-Zag, S.A.	39	32
- M.B. Papeles Especiales, S.A.	833	819
- Miquel y Costas Argentina, S.A.	2,686	2,148
- Miquel y Costas Deutschland GmbH	2,814	3,266
- Terranova Papers, S.A.	6,241	4,438
- Miquel y Costas Logística, S.A.	1,147	940
- Miquel y Costas Chile. S.A	61	51
- Clariana, S.A.	30	207
Total	23,212	21,862

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

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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 2022 and 2021 is as follows:

Description	31-12-2022	31-12-2021
Services rendered		
- S.A. Payá Miralles	181	153
- Celulosa de Levante, S.A.	989	1,389
- Papeles Anoia, S.A.	555	515
- Desvi, S.A	439	422
- Sociedad Española Zig-Zag, S.A.	5	5
- M.B. Papeles Especiales, S.A.	792	832
- Miquel y Costas Tecnologías, S.A.	113	109
- Miquel y Costas Argentina, S.A.	-	-
- Terranova Papers, S.A.	662	892
- Miquel y Costas Deutschland GmbH	182	170
- Miquel y Costas Energía y Medio Ambiente S.A	148	128
- Miquel y Costas Logística S.A	420	376
- Clariana, S.A.	527	509
Total	5,013	5,500

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 2022 and 2021 is as follows:

Description	31-12-2021	31-12-2020
Purchases of goods		
- Celulosa de Levante, S.A.	12,667	10,664
- Papeles Anoia, S.A.	4,105	4,774
- M.B. Papeles Especiales, S.A.	3,971	2,462
- Miquel y Costas Argentina, S.A.	3,419	2,274
- Terranova Papers SA	760	485
- Miquel y Costas Logística, S.A.	6,665	5,459
- Miquel y Costas C, S.A.	20	-
- Clariana, S.A.	3,970	2,142
Total	35,577	28,260

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

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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 2022 and 2021 is as follows:

Description	31-12-2022	31-12-2021
Services received		
- S,A, Payá Miralles	9,877	3,395
- Celulosa de Levante, S,A,	-	-
- Papeles Ancoia, S,A,	423	411
- Desvi, S,A,	1,551	1,183
- M,B, Papeles Especiales, S,A,	597	260
- Miquel y Costas Energía y Medio Ambiente, S,A,	537	379
- Miquel y Costas Tecnologías, S,A,	211	196
- Terranova Papers, S,A,	-	8
- Miquel y Costas Deuschland GmbH	445	425
- Miquel y Costas Logística, S,A,	345	368
- Miquel y Costas Argentina, S,A,	20	10
- Miquel y Costas Chile S,A,	6	-
Total	14,012	6,635

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 re invoicing of energy costs.

29.4 Financial income and expenses

The breakdown of financial income and expenses in 2022 and 2021 is as follows:

Description	31-12-2022	31-12-2021
Financial income (Note 27)		
- Desvi, S.A.	128	122
-Terranova Papers, S.A.	56	98
- M.B. Papeles Especiales, S.A.	15	-
- Miquel y Costas Tecnologías, S. A	-	-
- S.A. Payá Miralles	-	-
- Miquel y Costas Deuschland GmbH	6	8
- Miquel y Costas Logística, S.A.	3	-
- Miquel y Costas Argentina	6	6
- Clariana, S.A.	342	386
Total	556	620

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Description	31-12-2022	31-12-2021
Financial expenses (Note 27)		
- Celulosa de Levante, S.A.	129	132
- Papeles Anoia, S.A.	57	59
- Sociedad Española Zig-Zag, S.A.	2	2
- S.A. Payá Miralles	9	7
- MB Papeles Especiales, S.A.	14	43
- Miquel y Costas Energía y Medio Ambiente S.A	8	8
- Miquel y Costas Logística, S.A.	-	2
- Desvi, S.A.	-	-
- Miquel y Costas Tecnologías, S.A.	3	2
Total	222	255

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 2022 and 2021 are as follows:

Description	31-12-2022	31-12-2021
Dividends (Note 27)		
- Celulosa de Levante, S.A.	4,383	4,871
- Papeles Anoia, S.A.	2,376	2,376
- Miquel y Costas Tecnologías, S.A.	86	90
- MB Papeles Especiales, S.A.	-	-
- S.A. Payá Miralles	799	799
- Sociedad Española Zig-Zag, S.A.	255	-
Total	7,899	8,136

The dividend pay-out 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 2022 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.

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Total net investments after deducting grants received and tax deductions applied have totalled Euro 2,895 thousand in 2022 (Euro 5,099 thousand in 2021).

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), driving the use of non-hazardous and environmentally friendly materials 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 2022, 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 1,294 thousand (Euro 1,837 thousand in 2021), 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.

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 2022 and 2021 is as follows:

	Allowances assigned (Tm.)
2021	11,845

The breakdown of the movement in 2022 and 2021 of this inventories (Note 12) is as follows:

Description	Thousand Euro
Closing balance at 31-12-2019	489
Additions	1,608
Disposals	(950)
Closing balance at 31-12-2020	1,147
Additions	1,199
Disposals	(983)
Closing balance at 31-12-2021	1,363

The outstanding balance at 31 December of Euro 1,363 thousand corresponds to 18,127 allowances (Euro 1,147 thousand corresponded to 26,845 allowances in 2021).

The year-end issuance of Euro 1,139 thousand corresponds to 14,953 allowances (25,501 allowances in 2021).

The allowances consumed in the year's emissions will be refunded in 2023, for which reason the Company has a provision of Euro 1,139 thousand (Note 22), (Euro 1,030 thousand in 2021). After the refunding, the Company will have a surplus of 3,174 allowances amounting to Euro 224 thousand.

During the financial year 2022, 3,000 rights have been purchased outside the Group, of which are fully pending use at the end of the 2022 financial year (Euro 25,469 in 2021, of which Euro 10,469 were used to cover the 2020 financial deficit and the rest will be used to cover consumption for the year 2021 and following).

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 2022, 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.

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.

Finally, noteworthy are the administrative appeals filed against the decisions of the Regional Treasury and Tax Court of Catalunya, within the framework of the procedure for requesting the refund of inappropriately paid amounts in Fossil Fuel Tax for the periods 2014 to 2018, paid by the company amounting to Euro 438 thousand.

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 2022 year-end (Euro 259 thousand in 2021), 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 11,179 thousand (Euro 15,769 thousand in 2021).

b) Contingent assets

The Company's Directors estimate that there are no contingent assets at 31 December 2022 and 2021 except for the matter mentioned in the preceding paragraph a).

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33 Commitments

a) Purchase commitments

The Company has no significant sales-purchase commitments signed at 2021 and 2022 year.

b) Operating lease commitments:

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

34 Auditors' remuneration

The detail of the fees during 2022 is as follows:

	Services provided by PWC Auditores S. L.	Services provided by PWC network	Total services provided by the main auditor and his network	Services provided by other audit firms
Audit services	94	-	94	-
Other services required by the regulation	10	-	10	-
Other verification services	5	-	5	-
Total	109	-	109	-

The other services provided by the auditor include the issuance of a report on the agreed procedures related to Ecoembes, four reports on the review of the account justifying the subsidy and two reports on the agreed procedures on the "Gross Value Added" for the purposes of certifying the condition of electrointensive consumer.

The detail of the fees during 2021 is as follows:

	Services provided by PWC Auditores S. L.	Services provided by PWC network	Total services provided by the main auditor and his network	Services provided by other audit firms
Audit services	86	-	86	-
Other services required by the regulation	1	-	1	-
Other verification services	3	-	3	-
Total	90	-	90	-

The other services provided by the auditor include the issuance of a report on agreed procedures related to Ecoembes and a report on agreed procedures on the "Gross Value Added" for the purposes of certifying the condition of electrointensive consumer.

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35 Ukraine - Russia conflict

The year 2022 was shaped by a challenging and difficult to anticipate macroeconomic and geopolitical environment. The start of the armed conflict between Russia and Ukraine resulted in the imposition of international sanctions on Russia, disruption of international trade in the region and growing uncertainty concerning the evolution of gas supply and prices in Europe.

The global economy was affected by a general increase in commodity and energy prices (which has had a major impact on the company's results) and in turn fuelled inflation leading central banks to raise interest rates in order to control it.

In order to mitigate the impact of these increases in costs, the Company carried out the active management of the commercial policy and brought in price increases and negotiated rate update mechanisms, as well as a proactive management of product policies.

The Company's sales to the countries affected by the conflict did not vary significantly in 2022.

Interest rate rises by the European Central Bank have not had a relevant impact for the Company in 2022 and given its low level of borrowings and the cancellation and subsequent arrangement of a new fixed rate loan (Note 19), the impact of rate increases will not result in a significant risk in 2023.

The Company does not have material assets in these countries and has not recognised impairment on its receivables from customers in the region. Nor is there any significant foreign currency exposure at 31 December 2022 with respect to these countries.

36 Events after the reporting period

After the year end and prior to the issue of these annual accounts, notification was received from the Civil Division of the Supreme Court, rejecting the appeals concerning the breach of procedural requirements and cassation appeals filed by the procedural representative of Tobacco's Imex SPA. As a result of the foregoing, the judgement issued by the Court of Second Instance in favour of the Group is firm and definitive and for such purposes the Group has already started the formalities in order to enforce it.

Other than as outlined above, there are no other significant events for the reporting period which are known at the date of issue of these annual accounts.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
DIRECTORS' REPORT FOR 2022
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1. NET INCOME

Net income for 2022 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	2022	2021	Var.
Net turnover	207,844	187,284	11.0 %
Operating profit	25,518	35,935	(29.0) %
Net profit before taxes (BAI)	33,970	45,499	(25.3) %
Net profit after tax (BDI)	27,807	36,315	(23.4) %
Cash-flow after tax (CFDI)	37,028	45,009	(17.7) %

The Company's sales this year amounted to 207.9 million euros, which represents an increase of 11.0% compared to the previous year, mainly due to the increase in prices applied in the business lines in the ones that operate.

Despite the increase in sales, the result for the year 2022 has been marked by the impact of different exogenous elements, highlighting the continuous escalation of prices both in energy and in pasta and other raw materials, which have coexisted with the geopolitical tensions that hinder international trade (Russia-Ukraine armed conflict, Spain-Algeria trade relationship).

As a result of the foregoing, and despite the commercial measures adopted and the operational improvements achieved, profit after tax in 2022 has reached Euro 27.8 million, which represents a reduction of Euro 8.5 million. Compared to that obtained in the previous exercise.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
DIRECTORS' REPORT FOR 2022
(IN THOUSAND EURO)

2. FINANCIAL POSITION

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

	31-12-2022	31-12-2021
Total equity	221,327	213,854
Net borrowings:		
Long-term borrowings	27,468	27,527
Short-term borrowings	15,106	10,848
Cash and current asset investments	(42,140)	(80,173)
Long-term financial investments	(17,940)	(20,097)
Total net borrowings	(17,506)	(61,895)
Leverage index	Not applicable	Not applicable

The company's net financial position with financial entities at the end of 2022, which includes the implicit interest, has a credit balance of Euro 12.4 million, representing a decrease of Euro 49.5 million.

The average payment period for the Company to 31 December 2022 amounted to 35 days (42 days last year). See more detail in Note 19.

3. STOCK EXCHANGE INFORMATION

The parent company's stock market activity during 2022 according to values reported by BME:

Trading days	256 days
Number of securities traded	4,133,865
Cash contracted	49,720,607.39 euros
Maximum price	13.78 euros/share
Minimum price	10.42 euros/share
Average price	12.03 euros/ share
Closing price	11.70 euros/share

(Free translation from the original in Spanish)

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4. RELATED PARTIES TRANSACTIONS

During 2022 the Company have not made, with other significant shareholders or related parties, transactions in 2022 that must be reported under the OEHA 3050/2004, 15 September.

Likewise, in the aforementioned period there is no record that relevant operations of the Company have been carried out with its administrators or managers or with the parties related to them, endorsed by the express statement of the same, which must be informed in accordance with the provisions of the section 1.a) article 229 of the Capital Companies Act, with the exception if dividends paid, remuneration received by reason of their positions as directors and/or managers and, where appropriate, remuneration linked to instruments on financial assets of the Company.

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 2.9 Million.

6. R&D&i ACTIVITIES

In 2022 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 1.0 Million.

7. PERSONNEL

The average number of people in the Company's workforce in financial year 2022 was 513, compared to 518 in the previous year.

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.

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Also, the Company, for being a demander of energy sources, mainly electricity and gas, is affected by the volatility, of the prices of these products. The Company with the objective of mitigating and reducing the impact of volatile on prices, continuously monitors its evolution and on certain occasions negotiates closes contracts with trading companies that guarantee greater stability and security for the busines. Additionally, a significant part of its investments are aimed at technologies that allow improving production yields and thereby reducing consumption and facilities that reduce external energy dependence (such as those that occurred this year in the investment photovoltaic panels), advance in the decarbonization plan and in addition to ensuring effective management of the supply of said resources.

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 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.

9. SUBSEQUENT EVENTS

After the end of the financial year and prior to the formulation of these annual accounts, notification was received from the Civil Chamber of the Supreme Court in which it inadmissible the appeals for procedural infringement and appeals filed by the procedural representation of Tobacco's Imex SPA. As a result of the foregoing, the judgment issued by the Court of Second Instance in favour of the Group becomes final, and for this purpose, the Group has already initiated the procedures to proceed with this execution.

In addition to what is indicated in the previous paragraph, there is no knowledge of other significant subsequent events corresponding to the period reported to the date of preparation of these annual accounts.

10. OUTLOOK

The Company expects a significant improvement in results for the first quarter of 2023 compared to the previous year (year in which results have been significantly low) and plans to maintain said recovery in the second quarter as long as the volatility of demand and energy costs do not significantly exceed current levels.

(Free translation from the original in Spanish)

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Despite the high volatility in demand due to the recessive context that is anticipated, the possible impacts derived from the reduction of stock in the supply chains and the existing uncertainty regarding the evolution of energy costs and raw materials, the Company expects in the year 2023 return to historical levels of profitability.

Additionally, for the year 2023, the Company maintains its basic financial policy regarding the investment program for the period 2021-2023, as well as the maintenance of the dividend policy.

11. PURCHASE OF TREASURY SHARES

The Company, using the authorisations for the derivative purchase of its own shares granted by the General Shareholders' Meeting of 22 June 2021 and within the framework of the Repurchase and Stabilization Program dated 30 November 30 2021 and informed to CNMV, acquired 342,004 shares on the stock market and within the framework of the Share Buyback Programme reported to the CNMV on 30 November 2022, it acquired on the stock exchange 21,406 shares. Which placed the total number of treasury shares at 1,507,489 at the end of the year (representing 3.77% 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 2022.

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED LIMITED COMPANIES

ISSUER'S IDENTIFYING DATA

Ending date of reference financial year: 31/12/2022

TAX IDENTIFICATION CODE A-08020729

Registered name:

MIQUEL Y COSTAS & MIQUEL, S.A.

Registered address:

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 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	1.52	15.74	0.00	0.00	17.26
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.39	0.00	0.00	4.39
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	3.57	8.90	0,00	0.00	12.47
INDUMENTA PUERI, S.L.	0.00	14.65	0.00	0.00	14.65
MRS. BERNADETTE MIQUEL VACARISAS	0.35	12.22	0.00	0.00	12.57

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
MR. JORGE MERCADER MIRÓ	HACIA, S.A	15.74	0.00	15.74
INSINGER DE BEAUFORT ASSET MANGEMENT N.V.	INSTITUCIONES DE INVERSION COLECTIVA	4.39	0.00	4.39
MRS. MARIA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	8.90	0.00	8.90
INDUMENTARIA PUERI S.L.	GLOBAL PORTFOLIO INVESTMENTS SL	14.65	0.00	14.65
MRS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A	7.02	0.00	7.02
MRS. BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE S.A	5.19	0.00	5.19

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

Significant movements

ALANTRA ASSET MANAGEMENT, SCIIC, S.A., announced on date 5th of January 2022 that its indirect shareholding decreases from 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 (including loyalty voting shares)		% voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares. Indicate, if applicable, the % of the additional votes attributed 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	0.29	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	9.69
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Detail of the indirect holding:

Name or company name of director	Direct's owner name or company name	% voting rights attributed to shares (including loyalty votes)	% voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares. Indicate, if applicable, the % of the additional votes attributed
No data					

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

Total % of voting rights represented on the Board of Directors.	35.73
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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, to 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 Joint Director of ENKIDU INVERSIONES, S.L.

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
JOANFRA, S.A.	MRS. BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOANFRA S.A. is a society controlled by MRS. BERNADETTE MIQUEL VACARISAS, where she is the 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
1,507,489		3.77

(*) 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

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:

Authorize the Board of Directors so that both Miquel and Costas & Miquel, S.A. as its majority-owned subsidiaries, may acquire by purchase, exchange or any other means for consideration admitted by law and dispose of, with the intervention of authorized mediators, shares of the Company up to the maximum amount permitted by law at any time and with in accordance with the provisions of the Internal Code of Conduct of the Company, the Share Repurchase Program in force at any time and other applicable regulations. The equivalent value for which they may be acquired must be established within the limits always established by the regulations or regulations applicable.

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 20, 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 22nd June 2021 adopted the agreement to execute the authorization of the General Meeting.

A.11. Estimated floating capital:

	%
Estimated floating capital	44.81

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 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:

Date of General Meeting	Attendance data				
	% 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
21/06/2022	44.76	17.41	0.00	21.14	83.31
Of the floating capital	0.92	11.05	0.00	19.39	31.36

- B.5.** Indicate whether there was any item on the agenda at the general meetings held during the year that, for any reason, was not approved by the shareholders:

Yes
 No

- B.6.** Indicate whether 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. COMPANY'S ADMINISTRATION STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the bylaws and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
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
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		Other External	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 or Company's name	Representative	Director's Category	Board Position	First appointment date	Last appointment date	Election procedure
MR. JORGE MERCADER BARATA		Executive	VICECHAIRMAN	27/06/2012	21/06/2022	SHAREHOLDERS MEETING AGREEMENT
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Other External	DIRECTOR	18/04/1997	21/06/2022	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.	MR. JOSÉ MIQUEL VACARISAS	External Proprietary Directors	DIRECTOR	25/10/1999	20/06/2019	SHAREHOLDERS MEETING AGREEMENT

Total number of directors	10
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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's name	Director's category during cessation time	Last appointment date	Date of vacancy	Specialized commissions where was member	Indicate if the termination 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's name	Position in the organization chart of the company	Profile
MR. JORGE MERCADER BARATA	EXECUTIVE VICEPRESIDENT	Industrial Engineer, specialty Chemistry; MBA from IESE (Institute of Higher Studies of the Company); CEIBS Exchange Program. Shanghai (China). Currently he is Executive Vice-President at 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.

EXECUTIVE DIRECTORS		
Name or Company's name	Position in the organization chart of the company	Profile
MR. JORGE MERCADER BARATA	EXECUTIVE VICEPRESIDENT	Industrial Engineer, specialty Chemistry; MBA from IESE (Institute of Higher Studies of the Company); CEIBS Exchange Program. Shanghai (China). Currently he is Executive Vice-President at 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	2
% of the entire board	20.00

EXTERNAL PROPIETARY DIRECTORS		
Name of Director or Company Name	Name or company name of the significant shareholder whom it represents or who has proposed his 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 & Business from IESE (Institute of Higher Business Studies). He is currently a Director of Credit Suisse AG.; Advisor at Sasekilia S.L. and Miquel y Costas & Miquel S.A.; Joint Director and Deputy of Enkidu Inversiones S.L., and unique Administrator of Gilgamesh Inmoinversión SLU. and Cynamon 2005 S.L.
JOANFRA, S.A.	JOANFRA, S.A.	The representative natural person of Joanfra S.A., is licensed in Industrial Engineer at the Universidad Politécnica of Catalonia; Postgraduate in eBusiness Management by the Universidad Pompeu Fabra. International Business Economics Master at the Westminster Business School of London; a PDG from IESE, and Corporate Compliance from ESADE. He is currently Internal Audit & Compliance Director at Grupo Eugin; Advisor and individual representative at Joanfra S.A; Advisor member at the Board of Directors at Miquel y Costas & Miquel S.A.

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

INDEPENDENT EXTERNAL DIRECTOR	
Name of Director or Company Name	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 Advisor member of the Board of Directors at 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 Culture Circle; Member of the Academic Council of the Chair of Leadership and Democratic Governance of ESADE and Advisor member of the Board of Directors at 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 Advisor member of the Board of Directors at Miquel y Costas & 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 of Director or Company Name	Description of relationship	Reasons
MR. JOAQUÍN FAURA BATLLE	Mr. Joaquín Faura Batlle functions as a Strategic Advisor for Telefónica España, a company that provides ancillary communications services to the Miquel y Costas Group.	The Council considers no incompatibility in the performance of its function as Independent Director because the mentioned relationship constitutes an activity linked to the ordinary commercial business or traffic of the Company and its Group and as a Strategic Advisor cannot make binding decisions.

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 of Director or Company Name	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 duodecies 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 Vice President & Advisor of EDM Gestion SAU SGILC.; Advisor member of the Board of Directors at Miquel y Costas & Miquel S.A., and Others IIC Societies.
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 duodecies 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 member of the Board of Directors at Meta Engineering (formerly Audingintraesa) and Petronor, and Advisor member of the Board of Directors at Openchip and Miquel y Costas & Miquel S.A

Name of Director or Company Name	Reasons		Profile
MR. JAVIER BASAÑEZ VILLANUENGA	Initially Executive advisor member of the Board of Directors who changed to the "Other External" typology after the term agreed with the Company for the exercise of the executive functions assigned to the General Secretariat had elapsed. The Board of Directors following a favorable report from the Human Resources Appointments and Remuneration Committee favorably reported his continuity as Director of the Company with the category of "Other External" until the end of the period of his appointment, taking into account the value contributed by Mr. Javier Basañez to the administrative body and the great knowledge he has of the Company and your sector of activity.	NONE	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., and President at Desvi S.A.

Total number of Other external directors	3
% of the entire board	30.00

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

Name of Director or Company Name	Date of change	Previous category	Current category
MR. JAVIER BASAÑEZ VILLANUENGA	21/06/2022	Executive	Other External

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 the total number of directors in each category			
	Exercise 2022	Exercise 2021	Exercise 2020	Exercise 2019	Exercise 2022	Exercise 2021	Exercise 2020	Exercise 2019
Executives					0.00	0.00	0.00	0.00
Proprietary		1	1	1	0.00	10.00	10.00	10.00
Independent	1	1	1	1	10.00	10.00	1.00	0.00
Others External					0.00	0.00	0.00	0.00
Total:	1	2	2	2	10.00	20.00	20.00	20.00

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regards 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 Board's Diversity policy is based on the principles of: adequate composition of the Board; Promotion of Diversity in its composition; non-discrimination and equal treatment; and compliance with current legislation.

To this end, in order to guarantee that different opinions concur within the Board of Directors, the responsible bodies must bear in mind at all times the principle of diversity, in particular, gender as well as, among others, training, knowledge and professional experience, aptitudes or age, as well as the principle of non-discrimination and equal treatment, ensuring that with respect to the candidates proposed for appointment or re-election as members of the Board of Directors, the selection of candidates of the sex is facilitated least represented and avoid any kind of discrimination in this regard.

To this end, in order to promote diversity, the Company will establish measures aimed at promoting the adequate number of members, so as to achieve a composition of the same. appropriate, diverse, and balanced as a whole, and that enrich taking process decision and contributes plural points of view to the debate on matters within its competence.

For this, the Human Resources, Appointments and Remuneration Committee must ensure that the selection procedures, when they take place, do not suffer from implicit biases that may imply any discrimination, among others, for reasons of gender, ethnic origin, age, or disability. In particular, among the potential candidates for Director, at least one woman who meets the professional profile sought will be included, without prejudice to the essential criteria of merit and capacity that must govern these processes, with the objective that the percentage of female Directors be comply with the provisions of the Law.

Candidates for Director of the Company must meet the qualification and professional and personal honor requirements. They must be prestigious, suitable people with recognized professional solvency, competence, experience, qualifications, training, availability. and commitment to their role, with a personal and professional record of respect for the laws and good commercial practices and they must necessarily comply with the precepts always established by law, in order to be part of an administrative body.

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 of Directors of the Company include, among the basic responsibilities of the Human Resources, Appointments and Remuneration Committee, that of informing the Board on issues of gender diversity, and that of proposing a representation objective for the Board of Directors. sex less represented on the Board of Directors and develop guidelines on how to achieve this objective.

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 labor and Human Resources development policy applicable to all personnel, including Senior Management, has always been governed by the principle of non-discrimination, with respect for the rights and dignity of people being one of its pillars (regardless of gender). 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 objective of contributing to the elimination of discriminatory behaviors in the workplace based on gender and includes, among others, the implementation of measures that favor the incorporation, permanence, and development of people with the purpose of achieving balanced participation among 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 measures

In financial year 2022, there has been a process of changing the natural person representing the legal entity of a Proprietary Director, becoming a man, the natural person representative of the Director.

When in particular there are vacancies to fill and in all other cases, the selection of Board members and female directors 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

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 according to his functions as President of the Company.
MR. JORGE MERCADER BARATA	He has extensive powers according to his functions as the Executive Vice President of the Company.

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	DESVI, S.A.	CHAIRMAN	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
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

Name or Company name of director	Company name of Group entity	Position	Does the director hold executive Functions?
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 TECHNOLOGIES S.A.	MEMBER OF THE BOARD
MR. JORGE MERCADER MIRÓ	HACIA S.A.	CHAIRMAN
MR JORGE MERCADER BARATA	HACIA S.A.	MEMBER OF THE BOARD
MS MARTA LACAMBRA I PUIG	MÓN ST. BENET S.L.	CHIEF EXECUTIVE OFFICER
MR JOAQUÍN COELLO BRUFAU	OPENCHIP & TECHNOLOGIES S.L	CEO
MR ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES S.L.	JOINT DIRECTOR
MR ÁLVARO DE LA SERNA CORRAL	SASEKILIA S.L.	MEMBER OF THE BOARD
MR EUSEBIO DÍAZ-MORERA PUIGSUREDA	EDM GESTION SAU SGIIC	CHAIRMAN
JOANFRA, S.A.	CELLER CAL COSTAS S.L.U.	MEMBER OF THE BOARD
MR. JOSÉ MIQUEL VACARISAS	JOANFRA S.A.	MEMBER OF THE BOARD
MR. JAVIER BASAÑEZ VILLALUENGA	DESVI S.A	CHAIRMAN

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
No 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 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.

For the purposes of calculating the number of Councils referred to in the preceding paragraph, the following rules shall be considered:

- a) Those Boards of which he forms part as a proprietary Director proposed by Miquel y Costas y Miquel S.A. will not be counted. or by any company of its Group.
- b) All the Boards of Companies that are part of the same group will be computed as a single Board, as well as those of which he is a part as a proprietary Director of any Company of the group, even if the participation in the capital of the company or its degree control does not allow it to be considered as a member of the group.
- c) Those Boards of holding companies or those that constitute vehicles or complements for the professional practice of the director himself, his spouse or a similar emotional relationship, or his close relatives will not be counted.
- d) Those Boards of companies that, although of a commercial nature, their purpose is complementary or accessory to another activity that for the Director supposes a leisure activity, assistance or help to third parties or any other that does not imply for the Director, will not be considered for their computation. a proper and true dedication to a mercantile business.

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)	3,042
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)	

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)
MRS. OLGA ENCUESTRA CATALÁN	GROUP CONTROLLING DIRECTOR
MR. JAVIER GARCÍA BLASCO	COMMERCIAL MANAGER OF THE ROLLING PAPERS DIVISION
MRS. MARINA JURADO SALVADO	COMMERCIAL MANAGER OF THE SMOKING DIVISION.
MR. JORDI PRAT CANADELL	GROUP FINANCE DIRECTOR
MR. IGNASI NIETO MAGALDI	DEPUTY GENERAL MANAGER
MR. JOSE MARIA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY.
MRS. VICTORIA LACASA ESTÉBANEZ	GROUP LEGAL DIRECTOR
MR. JOSEP PAYOLA BASETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
MR. JAVIER ARDIACA COLOMER	MANAGER OF THE MISLATA FACTORY.

number of women in senior management	3
Percentage of the total members of senior management	33.33
Total senior management remuneration (thousand of €)	1,892

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 25, 2022, the Board of Directors unanimously agreed, following a favorable report from the Audit Committee, to amend the various articles of the Regulations of the Board of Directors with the aim of regulating the form of the Company, in order to (i) adapt its content to the Capital Companies Law (ii) to accommodate its wording to the modification of the Corporate Bylaws and eliminate duplication between both documents and (iii) make some technical improvements in its wording.

Specifically, the modified articles have been the following:

- Article 4 of Chapter II ("MISSION OF THE BOARD"), regarding the General Supervisory Function, amended in order to try to adjust the list of matters reserved to the Board to the content of the Capital Companies Law, adding certain powers and decisions.

- Articles 11 and 12 of Chapter IV ("STRUCTURE OF THE BOARD OF DIRECTORS"), relating to the Audit Committee and the Human Resources, Appointments and Remuneration Committee, respectively.

In relation to the Audit Committee, its functions are expanded.

In relation to the Human Resources, Appointments and Remuneration Committee, section 2 of Article 12 adds among others, the responsibility of establishing a representation objective for the least represented sex on the Board of Directors and preparing guidelines on how to achieve said objective.

- Article 13 of Chapter V ("OPERATION OF THE BOARD"), regarding the Meetings of the Board of Directors, amended in order to broaden the powers of the Lead Director.

- Article 18 of Chapter VIII ("BOARD REMUNERATION"), relating to Director Remuneration, eliminating the different types of remuneration included in the Bylaws and the Remuneration Policy approved by the General Meeting, to which it is referred.

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:

- Directors will be elected by the General Meeting or appointed by the Board of Directors in the event of co-optation, in accordance with the provisions contained in the Law on Capital Companies and the Bylaws. The election or appointment of Directors must be preceded by the corresponding proposal from the Human Resources, Appointments and Remuneration Committee in the case of independent Directors and by a report in the case of the remaining Directors.

- The Directors appointed must meet the requirements set forth in the bylaws for the exercise of the position and may not be involved in the legally established causes of disqualification.

- Directors will hold office for the term provided in the Bylaws and may be re-elected.

The Bylaws are stable, in relation to the Ministers, that they will not need to hold the status of shareholder and will always be elected and renewed by the General Meeting and will exercise the writ for four-year terms.

The Regulations of the Board of Directors on the removal of Directors also establishes that:

1. Directors will cease to hold office when the period for which they have been appointed has elapsed and when the General Meeting decides in use of the powers granted by Law.
2. The Board will propose to the General Meeting the dismissal of Directors, among others, in the following cases:
 - a. When they are involved in incompatibility or legal prohibition.
 - b. When their permanence on the Board could jeopardize the interests of the Company or when the reasons for which they were appointed disappear. It will be understood that this last circumstance occurs with respect to a proprietary Director when the disposal of the total shareholding of which he is the owner or whose interests he represents is carried out and when said participation decreases to a level that requires the reduction of the number of its proprietary Directors.
3. When a Director ends his term or for any other reason ceases to perform his position, he may not provide services in another entity that has relations with competitors of companies of the Miquel y Costas Group within a period of two years.
4. If the dismissal occurs before the end of his mandate, he will explain the reasons in a letter that will be sent to all members of the Council. The cessation will be communicated to the CNMV as a relevant fact, and it will be reported in the 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 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 a specific plan that corrects the statements made.

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 January 2023, the Directors, have evaluated the performance of the functions of the Board of Directors, its Committees, those of the President and those of the Executive Vice President.

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 Executive Vice President 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 contained in the Code of Good Cooperative Governance in the exercise of the Board, it has not been assisted by an 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 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 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	12
Number of Board meetings without the Chairman attending	0

Indicate the number of meetings held by the lead director with the other directors, without the assistance or representation of any executive director:

Number of meetings	0
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Indicate the number of meetings held by the different Board Committees over the year:

Number of meetings held by the AUDIT COMMITTEE	7
Number of meetings held by the HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS	4

C.1.26 Indicate the number of meetings held by the Board of Directors during the year attended by all its members:

Number of meetings attended in person by at least 80% of the directors	12
% of attendance over the total number of votes during the year	97.50
Number of meetings with attendance in person, or representations made with specific instructions of all the directors	11
% votes cast with attendance in person and representations made with specific instructions, on total votes during the year	98.30

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	PRESIDENT OF AUDIT COMMITTEE
MR. JOAQUÍN FAURA BATLLE	MEMBER 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 Group Companies of Miquel y Costas 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 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
Number of tasks other than audit services (thousands of euros).	14	16	30
Number of tasks other than audit services / total amount invoiced by the Audit Company (in %)	15.68	19.49	35.17

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 the number of years that the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also, indicate the percentage that the number of years audited by the current audit firm represents over the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without interruption	21	21

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	61.76	61.76

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 appropriate, detail whether the company has established rules that oblige directors to inform and, where appropriate, to resign when situations affect them, related or not to their performance in the company itself. that may harm its credit and reputation:

- 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 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 significant agreements that the company has entered into and that enter into force, are modified or conclude in the event of a change of control of the company as a result of a takeover bid, and its effects.

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 Detail the significant agreements that the company has entered into and that enter into force, are modified or conclude in the event of a change of control of the company as a result of a takeover bid, and its effects.

Number of beneficiaries:	5
Type of beneficiary	Description of agreement:
Executive Directors and Other Senior Executive	Two 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. An equivalent indemnity is provided for in the event of a change of control for an executive Director. 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 occurs, 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. Three Senior Managers: It is planned that if the Company restricts the Manager's ability to compete, he 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 must 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?		
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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 functions, including, where appropriate, additional ones to those provided by law, that this commission is assigned to, and describe the procedures and rules for its organization and operation. For each of these functions, indicate your most important actions during the year and how you have exercised each of the functions assigned to you in practice, whether by law or in the bylaws or in 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 31st 2022, 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 sessions to the Board of Directors.

The 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 appointment of independent Directors for their appointment by co-optation or for their submission to the decision of the General Meeting, as well as the re-election or removal of said Directors by the General Meeting; the remuneration of Directors and the salary policy for senior management personnel; the individual remuneration of the executive Directors and the other conditions of their contracts; the basic conditions of senior management contracts; the general policy regarding Human Resources of the Group Companies; propose to the Board of Directors a representation objective for the least represented sex in that body and prepare guidelines on how to achieve said objective.

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 people to form part of the different Commissions, in accordance with their knowledge, skills and experience, defining for this purpose the necessary functions and skills of the candidates who must cover each vacancy and evaluating the time and dedication necessary for them to be able to carry out their mission effectively; the competence, knowledge and aptitudes of the candidates for Directors; the succession of the Chairman and the chief executive and, where appropriate, formulate proposals to the Board of Directors so that said succession occurs in an orderly and planned manner; compliance with internal codes of conduct and corporate governance rules.

During 2022, the Human Resources, Appointments and Remuneration Committee has met four times to discuss, among others, the following topics: structure and evolution of the workforce, examination of directors' remuneration; inform of the proposed re-election of the Councilors to whom he has explained his mandate; to propose to the Council the modification of the directors' remuneration policy for the years 2022, 2023 and 2024 as well as the preparation of the specific Report in this regard; inform the Board of Directors of the proposed appointment of the new natural person representative of Joanfra S.A.; to approve the General Social Provision Plan 2022-2024.

AUDIT COMMITTEE		
Name	Position	Type
MRS. MARTA LACAMBRA I PUIG	PRESIDENT	Independent
MR. JOAQUÍN FAURA BATLLE	MEMBER	Independent
MR. ÁLVARO DE LA SERNA CORRAL	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.

Procedures of Audit Committee, are regulated in of the Articles of Association and provisions of the Regulations of the Board of the Company.

As December 31st of 2022, 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 Internal Audit's Company; 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. 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.
- d) 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.

h) Inform on related-party transactions that must be approved by the General Meeting or the Board of Directors and supervise the internal procedure that, if applicable, the Company has established for those whose approval has been delegated.

During financial year 2022, the Audit Committee have meet seven 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 throughout the Ethical 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 2021; 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 year 2021; report favorably to the Board of Directors on the proposal to modify various articles of the Regulations of the Board; authorize the contracting of services other than the audit of accounts; appoint its president; examine and inform the Board of Directors of the proposal to update the Code of Ethics.

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	25/07/2022

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 2022		Exercise 2021		Exercise 2020		Exercise 2019	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES, NOMINATIONS AND REMUNERATIONS COMMITTEE	1	20.00	2	40.00	1	25.00	1	16.70
AUDIT COMMITTEE	1	33.33	1	33.30	0	0.00	0	0.00

The number of female directors that make up the Human Resources, Appointments and Remuneration Committee in 2022 has been reduced because of the change in the natural person representative of the proprietary director Joanfra S.A., communicated to the Company in September and reported favorably by the Human Resources, Appointments and Remuneration Committee.

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. Various modifications have been made during the year on its regulations with regards to the Human Resources, Appointments and Remuneration Committee, article 12 of the Administration Regulations and the article 23 of the Bylaws. Regarding the Audit Committee: article 11 of the Regulations of the Board of Directors and article 23 of the Bylaws have been amended.

The Audit Committee prepares an Annual Activity Report.

During the year, the working groups within the Board of Directors have met on various occasions: "Energy and Environment Committee", "R+D+i and Commercial Committee" and "Inorganic Growth Committee".

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.

In accordance with the provisions of the Regulations of the Board of Directors, the Audit Committee has, among its basic responsibilities, that it must approve the General Meeting or the Board of Directors and supervise the internal procedure that, if applicable, the Company has established for those whose approval will correspond to the Board has been delegated.

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 Advisor of the Board of directors in terms that affect their independence or criteria.

- D.2.** Detail on an individual basis significant transaction 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. If the board has been competent, indicate whether the proposed resolution has been approved by the Board without a vote against by most 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)	MRS. MARÍA DEL CARMEN ESCASANY MIQUEL	12.47	MIQUEL Y COSTAS & MIQUEL, S.A.	2,075	Board of Directors with the approval of the Board		YES
(2)	MRS..BERNADETTE MIQUEL VACARISAS	12.57	MIQUEL Y COSTAS & MIQUEL, S.A.	2,095	Board of Directors with the approval of the Board		YES

	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
(3)	INDUMENTA PUERI, S.L	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,444	Board of Directors with the approval of the Board		YES
(4)	MR. JORGE MERCADER MIRO	17.26	MIQUEL Y COSTAS & MIQUEL, S.A.	2,861	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)	MRS. MARÍA DEL CARMEN ESCASANY MIQUEL	CORPORATE	Dividends and other distributed profit
(2)	MRS. BERNADETTE MIQUEL VACARISAS	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	Linkage	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.	MEMBER OF THE BOARD	18	Board of Directors with the approval of the Board		YES
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER OF THE BOARD	48	Board of Directors with the approval of the Board		YES
(3)	MR. JORGE MERCADER BARATA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER OF THE BOARD	82	Board of Directors with the approval of the Board		YES
(4)	MRS. MARINA JURADO SALVADÓ	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	24	Board of Directors with the approval of the Board		YES
(5)	MR. JAVIER ARDIACA COLOMER	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	14	Board of Directors with the approval of the Board		YES
(6)	MR. JOSEP PAYOLA BASETS	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	19	Board of Directors with the approval of the Board		YES
(7)	MR. JAVIER GARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	DIRECTOR	19	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	Linkage	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)	MRS 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.	MEMBER OF THE BOARD	47	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. ÁLVARO DE LA SERNA CORRAL	Dividends and other distributed profit
(2)	MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Dividends and other distributed profit

	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	Dividends and other distributed profit
(4)	MRS. 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)	MRS. 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 profit

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		

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 must inform the Secretary of the Board of Directors about the possible conflicts of interest to which they are subject, or whoever with a linkage that it is 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:

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

Taxation

Penalty Risks

Environment and sustainability

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 audit 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, Tobacco's Import – Export SPA, the Supreme Court has rejected the appeal filed by the aforementioned distributor against the judgment of the Provincial Court of Barcelona confirming the origin of the termination of the distribution contract by the Parent Company and condemning the distributor to pay the corresponding compensation for damages by paying 1,999 thousand euros. Said sentence is in process of execution in Italy in case of favorable resolution to guarantee its payment.

Materialized risk within the 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.

Materialized risk within the exercise: Filing of two economic-administrative claims from the Central Economic-Administrative Tribunal against the Liquidation Agreements of the Tax Agency in relation to the partial exemption in the tax on the electricity of the 2016 and 2017 years for a band, and of the exercise 2018. The Company has proceeded provisionally to the payment of the settlements collected by the cited settlement agreements.

Materialized risk within the year: Filing of a contentious-administrative appeal against the resolution of the Regional Economic Administrative Court of Catalonia, within the framework of the procedure for requesting the refund of undue income for the Hydrocarbons Tax quotas for the periods between September 2014 and September 2018, both inclusive.

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 collaborators 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, with regards to what is stated within the Regulations of the Board of Directors of the Company, which lists basic responsibilities entrusted with the monitoring of the effectiveness of internal audit control 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 20th of June 2022, and communicated in CNMV.

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 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, in addition to what is carried out by the Audit Committee, which has been delegated, among others, the powers of periodically supervising the internal audit, internal control systems and risk management systems 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 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 of 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.

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

At the moment, the Company does not consider it necessary to broadcast live, through its website, the holding of general meetings due to the complexity and use of media required to do so.

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.

In any case, it is the Company's preference to hold the General Meeting in person, as it understands that it is the best method of participation for the attendees.

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 include 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. That, if the company plans to pay attendance bonuses at the general shareholders' meeting, it establishes, in advance, a general policy on such bonuses and that said policy is stable.

Complies Complies partially Explain Not applicable

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according to the same treatment to all shareholders in the same position. It should be always guided 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 diversity policy of the Board followed by the company meets 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 always 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 Executive Directors constitute the minimum number of Directors. It is highlighted that in the 2022 financial year, the number of directors in this category has been reduced, going from three to two. The proprietary and independent Directors, two and three respectively, together constitute half of the members of the Council, it being important to highlight that two of the directors who respond to the typology of "other externals", were initially incorporated Independent Councils, and obliged to to modify its original condition due to the term of its permanence in the heart of the same in accordance with the description of the Law of Companies.

The Board of Directors currently has a female Director who represents 10% of the members of the Board. The established objective is that the number of female directors represents, at least, 40% of the total members of the Board legally aligned within the term; To achieve this objective, the Human Resources, Appointments and Remuneration Committee must ensure that the selection procedures do not suffer from implicit biases that may imply any discrimination, among others, for reasons of gender, so that when there are vacancies to be filled, It must include among the potential candidates for Director at least one woman who meets the professional profile sought, without prejudice to the essential criteria of merit and capacity that must govern these processes.

- 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. 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 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 regarding 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 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 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 regards 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 used 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. Most 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 most 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 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 should be noted that the Company's Board of Directors has a working group, which was established in the 2021 financial year, which is supported by the preparation of the contents and the work plan in the executive directors. Group is made up entirely of independent directors; during the financial year 2022 it has met twice.

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.

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 if 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 are 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.

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

27/03/2023

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 OF LISTED LIMITED COMPANIES

ISSUER'S IDENTIFYING DATA

Ending date of reference financial year: 31/12/2022

Tax identification code: A-08020729

Registered name:

MIQUEL Y COSTAS & MIQUEL, S.A.

Registered address:

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 22nd of June 2021 and amended by the General Meeting on June 21st of 2022 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 considered, based on a balance between the fulfilment of short-, medium- and long-term targets, which allow remuneration for performance over a sufficient period.
- 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 unfavorable 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 oversees 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) To individual remuneration of the Executive Directors and the other conditions established in their contracts and;

(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 novodecías.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, considering their duties, responsibility and dedication to the management of the Company, as well as determining the distribution of the remuneration approved by the General Meeting among the different Directors.

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.

Also, 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 2023. Reports from recognized 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.

Article 18 of the Regulations of the Board of Directors establishes that the Board of Directors shall be entitled to receive the remuneration provided for in the Bylaws and in the Remuneration Policy approved by the General Meeting.

For its part, article 23 of the Bylaws and states that Directors, in their capacity as such, will receive a remuneration consisting of a participation of up to a maximum of 5% of the annual net profits of the Company, being the General Meeting who will set the applicable percentage that corresponds to each fiscal year within the mentioned maximum, which can only be deducted from net profits once the requirements set forth in article 218 of the Capital Companies Law have been met. Likewise, the mentioned article establishes that the distribution.

The remuneration approved by the Meeting for the different Directors, as well as the fixing of the exact amount to be paid to each Director together with the conditions for obtaining it, will correspond to the Board of Directors, at the proposal of a previous report from the Human Resources, Appointments and Remuneration Committee, taking into account for this purpose the functions, responsibility and dedication of the Directors, the administration of the Company.

With regards to allowances, the Bylaws establish that Directors, in their capacity as such, will be remunerated for their attendance at Board meetings, with the General Meeting being the one who will determine the corresponding amount for this concept, which will be distributed by the Council among its members taking into consideration their actual attendance at Council meetings. Said amount will be deducted from the total remuneration approved by the General Meeting for the year.

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 established allocation criteria, as well as to the attendance of the Directors to Council sessions.

Likewise, the aforementioned article 23 of the Bylaws establishes that executive Directors, additionally, will have the right to receive other remuneration for the performance of their executive functions in accordance with the contract signed with the Company in accordance with the provisions of current legislation, which will take into account the functions, responsibilities and, in general, the dedication of the executive Directors and may include fixed allowances, variable remuneration in any of its modalities, contributions to savings or pension systems and/or payment of insurance premiums, said remuneration being compatible with and independent of that received for their status as Directors.

These remunerations provided for executive Directors are focused on achieving a balance between fixed and variable remunerations and, within the latter, between short- and long-term remunerations which, while being consistent with the Company's performance, provide a element of motivation and promotion of the sustainability of the Company in the long term.

The objectives determined to obtain the mentioned variable remuneration contemplate individual achievements, linked to the responsibility and functional scope of action of each person 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 mentioned achievements also include objectives of both a financial and non-financial nature, with sustainability being a key element that intervenes in the continuous evaluation of the activity's 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 in the medium and long term.

Variable remuneration is received in two accruals. In the first phase, an objective assessment of the degree of achievement is made and a maximum of 30% of it is settled. The second accrual takes place when the evaluation processes are finished and once the information on which they are based acquires the category of definitive. If any discrepancy or application error occurs, it will be corrected, depending on the case, by immediate return or in a subsequent settlement.

The existence of a claw back clause signed with (i) employees of the Miquel y Costas Group, with an employment relationship and with variable remuneration linked to objectives, (ii) Executive Directors in their capacity as Directors and (iii) is stated. all members of the Board of Directors in their capacity as Directors. This clause establishes that the variable remuneration paid, whether annual or multi-annual, can be fully or partially recovered, regardless of the corresponding accrual period, provided that within three years following the end of the corresponding accrual period of the variable remuneration in question ("Reference Period") certain correction events take place.

The recovery must meet the requirements established there in the corresponding Human Resources, Appointments and Remuneration Committee to propose to the Board of Directors the degree of recovery based on the concurrent circumstances and the responsibility of the recipient if occurred.

Additionally, the Company has the 2016 Stock Option Plan in force, of which the Executive Directors, among others, are beneficiary, except for the Chairman. Said Plan was approved by the General Shareholders' Meeting of the Company at its meeting held on 22nd of June 2016 and developed by the Board of Directors on 30th of January 2017. The consolidation period established is five years, followed by exercise period of three additional years, for which reason it is currently in the execution phase.

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 performance of their executive duties, have established a fixed remuneration, recognized by law and contractually and approved by the Board, which is previously reviewed by the Human Resources, Appointments and Remuneration Committee each year and updated. It will be carried out, either by agreement of the parties, or by application of the Agreement or the CPI, as the case may be.

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.

Only applicable to Executive Directors, a health insurance premium and contributions to a social welfare plan are established subject to compliance with a series of conditions, among which the achievement of a minimum number of results stands out.

Likewise, taking advantage of the provision included in article 23 of the Bylaws, the Company has contracted a D&O civil liability insurance policy for the Directors.

Additionally, the formal consideration of remuneration in kind is given to the difference between the price paid for trips to the company's service in a vehicle not owned by it and the price that is considered tax deductible for this concept.

Amount and nature of the variable components, differentiating between those established in the short and long term.

A.1.6 Amount Climate change, selected to determine the variable remuneration in the current year, explanation of the extent to which such parameters are related to the performance, both of the director and of the entity and with its risk profile, and the methodology, necessary term and techniques provided to be able to determine, at the end of the year, the effective degree of compliance with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in terms of the time required and methods to verify that they have been complied with properly. performance conditions or of any other type to which the accrual and consolidation of each component of the variable remuneration was linked.

Indicate the range in monetary terms of the different variable components based on the degree of compliance with the established objectives and parameters, and if there is any maximum monetary amount in absolute terms.

Article 23 of the Bylaws establishes that Directors, in their capacity as such, will be remunerated for their attendance at Board meetings and that, for this purpose, the General Meeting will determine the corresponding amount for this concept, which will be distributed by the Board among its members, taking into account their actual attendance at Board meetings, an amount that will remain in force until its modification is approved. This remuneration is of a fixed nature.

Additionally, said article 23 establishes that Directors, in their capacity as such, will receive a remuneration consisting of a participation of up to a maximum of 5% of the annual net profits of the Company, deducting in any case from said percentage the amount to be received for Directors as remuneration for attending Board meetings. It also indicates that the applicable percentage that corresponds to each year within the mentioned maximum will be established by the General Meeting and may only be deducted from net profits once the requirements set forth in article 218 of the Capital Companies Act have been met, remaining in force. said specific percentage approved by the General Meeting until its modification is approved.

The aforementioned article 23 establishes that the fixing of the amount to each one in his or her capacity as a Director based on the position or status as such, the conditions for obtaining it and its distribution among the different Directors will be the responsibility of the Board of Directors who, after prior report of the Human Resources, Appointments and Remuneration Committee, will attend to this purpose, the functions, responsibility and, in general, the dedication of the Directors to the administration of the Company.

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, considering 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 beneficiary, except for the Chairman. Said Plan was approved by the General Meeting of Shareholders of the Company, at its meeting held on 22nd of June 2016, and developed by the Board of Directors on 30th of January 30, 2017. The consolidation period established is five years, followed by the exercise period of three additional years, for which reason it is currently in the exercise phase.

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 contracts with its executive directors, which have the following basic terms and conditions:

(a) They are indefinite contracts.

b) A minimum notice period of three months is established in the event of unilateral rejection of the contract by any of the parties.

c) Regarding compensation, they regulate the following cases:

(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 and modified by the General Meeting 21st of June 2021, 2022 to adapt it to the new requirements of the Capital Companies Act.

The new Policy reflects the statutory changes introduced in article 23, relative to the establishment of the remuneration of the Board of Directors as such in two different remuneration concepts:

(i) it introduces as a new subject the fixed remuneration for each Director per session and attendance.

(i) maintains participation in the liquid profits of the Company, although from now on the determination of the specific percentage of participation over the statutory maximum will correspond to the General Shareholders' Meeting, with a maximum of 5%, from which in any case, the maximum amount corresponding to the diet assistance remuneration.

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.

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, considering the data provided in section B.4, how the vote of the shareholders at the general meeting to which the annual remuneration report for the previous year was submitted to a vote was considered.

Eighth dot on the Agenda of the Ordinary and Extraordinary General Shareholders' Meeting, held on June 21, 2022, regarding the advisory vote on the Annual Report on Directors' Remuneration corresponding to the year 2021, obtained the support of 71.97% of the votes, calculated on the capital at the Meeting with the right to vote without taking into account the treasury stock, which shows majority support from the shareholders of the Company who participated in the aforementioned General Meeting.

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 the 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.

The mentioned Committee, in its meeting held in March 2022, was able to unanimously approve the remuneration provided for the Board of Directors.

Executives for the financial year 2022, as well as submitting to the Board the draft of the Report on Directors' Remuneration corresponding to the financial year 2021 to submit it for review and, where appropriate, approval and subsequent publication in accordance with the provisions of the applicable legal provisions.

The Board of Directors, at a meeting held in March 2022, with the mandatory abstention of the Executive Directors both in the deliberations and in the voting, agreed to approve, with the favorable vote of the rest of the Directors, the remuneration of the Executive Directors for the year 2022. Likewise, the Board unanimously agreed to approve the Annual Report on Directors' Remuneration corresponding to the year 2021.

The determination of the remuneration of the Directors for the year 2022 was carried out by the corporate bodies without external participation.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

During 2022, 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 2022 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 2022 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, as well as their attendance at Council sessions.

(ii) Approval of a remuneration for Executive Directors, for their managerial functions, which in its variable part was made up of an annual remuneration conditioned to objectives linked to the benefits of the Company and/or the Group and other individual and functional Executive Directors had a salary equitably 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 claw back 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 regards to conflicts of interest, all Company directors have submitted express written statements that, as at 2022 year-end, they followed 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, there are designated persons responsible for the different identified and prioritized risk groups, who must periodically report 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, highlighting 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 2022 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: 55% to the Chairman of the Board and 45% 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.

On the other hand, the remuneration of the Executive Directors, for their executive functions, had a fixed component in terms of salary and remuneration in kind, the latter of a very small amount, and a variable component conditioned to objectives linked to the benefit of the Company. and/or the Group and/or other specific objectives of both a financial and non-financial nature.

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 the total
Votes cast	31,986,815	79.97

	Number	% of the issued
Downvotes	8,485,602	26.53
Upvotes	23,020,067	71.97
Blank votes	481,146	1.50
No votes		0.00

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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 regards 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 2022, executive directors received a fixed remuneration of 988 thousand EUR (if compared to 1,083 thousand received in 2021) in accordance with the detail established in section C of this report. In this regard, it should be noted that, due to his retirement, Mr. Javier Basañez Villaluenga ceased to carry out his duties as an executive of the Company as of 1st of July 2022 remaining as a member of the Board of Directors with the qualification of "Other External".

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, except for 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 organization.

(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.

The Stock Option Plan of Miquel y Costas & Miquel S.A. 2016, which was approved by the Ordinary and Extraordinary General Shareholders' Meeting on June 22, 2016, whose characteristics are described in its regulations, published as Relevant Fact on systems.

(iii) Remuneration that can be consulted on the corporate website (www.miquelcostas.com) and on that of the National Market Commission in the Stock Market (www.cnmv.es). Said Plan began to take effect on January 31, 2017 and has a duration of 8 years, of which the first 5 are for consolidation and the last 3 for execution. This phase will end on February 10, 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 2022, 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 based on proportionality to fixed remuneration and length of service up to the limit established.

The contribution, through its externalization 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.

In 2022, the current Plan began, which runs for the period 2022-2024. At the end of 2024, once the period has ended, the sum of the annual amounts will accrue, depending on compliance with the conditions established for obtaining them.

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 2022, 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.

Except for the retirement of one of the executive Directors, in 2022 there were no modifications to the contracts of the rest of the Directors who exercise senior management functions as Executive Directors, nor were any new contracts signed with the Executive Directors during the financial year 2021.

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 2022 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 2022, 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 Executive 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 2022 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 2022, 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 2022 financial year, there were no remuneration concepts that met these characteristics.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2022
MR. JORGE MERCADER MIRÓ	EXECUTIVE PRESIDENT	FROM 01/01/2022 TO 31/12/2022
JOANFRA, S.A.	PROPRIETARY DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR. JOAQUÍN FAURA BATLLE	COORDINATOR DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR. JORGE MERCADER BARATA	EXECUTIVE VICEPRESIDENT	FROM 01/01/2022 TO 31/12/2022
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	OTHER EXTERNAL DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR.ÁLVARO DE LA SERNA CORRAL	PROPRIETARY DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR. JOAQUÍN COELLO BRUFAU	OTHER EXTERNAL DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR. CLAUDIO ARANZADI MARTÍNEZ	INDEPENDENT DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MR. JAVIER BASAÑEZ VILLALUENGA	OTHER EXTERNAL DIRECTOR	FROM 01/01/2022 TO 31/12/2022
MRS. MARTA LACAMBRA I PUIG	INDEPENDENT DIRECTOR	FROM 01/01/2022 TO 31/12/2022

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 2022	Total in year 2021
MR. JORGE MERCADER MIRÓ		17		488	916			1	1,422	1,786

Name	Fixed remuneration	Diet attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in year 2022	Total in year 2021
JOANFRA, S.A.		17			71				88	113
MR. JOAQUÍN FAURA BATLLE		14			58				72	113
MR. JORGE MERCADER BARATA		17		346	350			1	714	1,141
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA		16			64				80	104
MR.ÁLVARO DE LA SERNA CORRAL		17			71				88	113
MR. JOAQUÍN COELLO BRUFAU		17			71				88	113
MR. CLAUDIO ARANZADI MARTÍNEZ		17			71				88	113
MR. JAVIER BASAÑEZ VILLALUENGA		17		155	141			1	314	651
MRS. MARTA LACAMBRA I PUIG		17			71				88	113

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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 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised		Financial instruments at end of year 2022	
		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 equivalent shares	No. of instrument	No. of equivalent shares
MR. JORGE MERCADER MIRÓ	---							0.00					
JOANFRA, S.A.	---							0.00					

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year					Financial instruments at end of year 2022	
		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. JOAQUÍN FAURA BATLLE	---							0.00				
MR. JORGE MERCADER BARATA	2016 Stock Options Plan	135,273	135,273					0.00		135,273		135,273
MR. EUSEBIO DÍAZ- MORERA PUIG- SUREDA	---							0.00				
MR. ÁLVARO DE LA SERNA CORRAL	---							0.00				
MR. JOAQUÍN COELLO BRUFAU	---							0.00				
MR. CLAUDIO ARANZADI MARTÍNEZ	---							0.00				
MR. JAVIER BASAÑEZ VILLALUENGA	2016 Stock Options Plan	111,273	111,273					0.00		111,273		111,273
MRS. MARTA LACAMBRA I PUIG	---							0.00				

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iii) Long-term savings schemes.

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	
JOANFRA, S.A.	
MR. JOAQUÍN FAURA BATLLE	
MR. JORGE MERCADER BARATA	
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JOAQUÍN COELLO BRUFAU	
MR. CLAUDIO ARANZADI MARTÍNEZ	
MR. JAVIER BASAÑEZ VILLALUENGA	
MRS. MARTA LACAMBRA I PUIG	

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 economic rights		Savings systems with unconsolidated economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
MR. JORGE MERCADER MIRÓ				183			616	616
JOANFRA, S.A.								
MR. JOAQUÍN FAURA BATLLE								
MR. JORGE MERCADER BARATA				63			151	151

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 2022	Year 2021		Year 2022	Year 2021	
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA						
MR. ÁLVARO DE LA SERNA CORRAL						
MR. JOAQUÍN COELLO BRUFAU						
MR. CLAUDIO ARANZADI MARTÍNEZ						
MR. JAVIER BASAÑEZ VILLALUENGA			79			207
MRS. MARTA LACAMBRA I PUIG						

Observations

iv) Details of other items

Name	Attendance	Fixed remuneration
MR. JORGE MERCADER MIRÓ	Payment kind	1
JOANFRA, S.A.	---	

Name	Attendance	Fixed remuneration
MR. JOAQUÍN FAURA BATLLE	---	
MR. JORGE MERCADER BARATA	Payment kind	1
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
MR. ÁLVARO DE LA SERNA CORRAL	---	
MR. JOAQUÍN COELLO BRUFAU	---	
MR. CLAUDIO ARANZADI MARTÍNEZ	---	
MR. JAVIER BASAÑEZ VILLALUENGA	Payment kind	1
MRS. MARTA LACAMBRA I PUIG	---	

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 2022	Total in year 2021
MR. JORGE MERCADER MIRÓ										
JOANFRA, S.A.										
MR. JOAQUÍN FAURA BATLLE										
MR. JORGE MERCADER BARATA										

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 2022	Total in year 2021
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA										
MR. ÁLVARO DE LA SERNA CORRAL										
MR. JOAQUÍN COELLO BRUFAU										
MR. CLAUDIO ARANZADI MARTÍNEZ										
MR. JAVIER BASAÑEZ VILLALUENGA	25								25	
MRS. MARTA LACAMBRA I PUIG										

Observations

The Ordinary and Universal General Meeting of Shareholders of the company Grupo Desvi S.A. dated 15th of June 2022, approved remuneration to its Board of Directors in the amount of 50,000 euros per year, an amount that will remain in force until its approval. modification, agreeing that, because the remuneration had been approved in the middle of the year, the amount for it would be the proportional part corresponding to the period between 1st of July 2022 and 31st of December 2022.

The Board of Directors of Desvi S.A., at its meeting on 16th of June 2022, agreed that the proportional part of the mentioned sum approved by the General Shareholders' Meeting as remuneration of the Board of Directors for the year 2022, be assigned, with exclusive character, in favour of Mr. Javier Basañez Villaluenga, considering his responsibility and his dedication to the Board of said company.

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 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		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 equivalent shares
MR. JORGE MERCADER MIRÓ	---							0.00				
JOANFRA, S.A.	---							0.00				
MR. JOAQUÍN FAURA BATLLE	---							0.00				
MR. JORGE MERCADER BARATA	---							0.00				
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---							0.00				
MR. ÁLVARO DE LA SERNA CORRAL	---							0.00				
MR. JOAQUÍN COELLO BRUFAU	---							0.00				
MR. CLAUDIO ARANZADI MARTÍNEZ	---							0.00				

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during year 2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year 2022	
		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 equivalent shares
MR. JAVIER BASAÑEZ VILLALUENGA	---							0.00				
MRS. MARTA LACAMBRA I PUIG	---							0.00				

Observations

iii) Long-term savings schemes

Name	Remuneration for consolidation of rights to savings systems
MR. JORGE MERCADER MIRÓ	
JOANFRA, S.A.	
MR. JOAQUÍN FAURA BATLLE	
MR. JORGE MERCADER BARATA	

Name	Remuneration for consolidation of rights to savings systems
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
MR. ÁLVARO DE LA SERNA CORRAL	
MR. JOAQUÍN COELLO BRUFAU	
MR. CLAUDIO ARANZADI MARTÍNEZ	
MR. JAVIER BASAÑEZ VILLALUENGA	
MRS. MARTA LACAMBRA I PUIG	

Name	Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2021	Year 2022	Year 2021	Year 2022
MR. JORGE MERCADER MIRÓ				
JOANFRA, S.A.				
MR. JOAQUÍN FAURA BATLLE				
MR. JORGE MERCADER BARATA				
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA				
MR. ÁLVARO DE LA SERNA CORRAL				
MR. JOAQUÍN 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		Year 2021	Savings systems with consolidated economic rights		Year 2021
	Year 2022	Year 2022		Year 2022	Year 2022	
MR. CLAUDIO ARANZADI MARTÍNEZ						
MR. JAVIER BASAÑEZ VILLALUENGA						
MRS. MARTA LACAMBRA I PUIG						
Observations						

iv) Detail of other items

Name	Concept	Remuneration amount
MR. JORGE MERCADER MIRÓ	---	
JOANFRA, S.A.	---	
MR. JOAQUIN FAURA BATLLE	---	
MR. JORGE MERCADER BARATA	---	
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
MR. ÁLVARO DE LA SERNA CORRAL	---	
MR. JOAQUÍN COELLO BRUFAU	---	

Name	Concept	Remuneration amount
MR. CLAUDIO ARANZADI MARTÍNEZ	---	
MR. JAVIER BASAÑEZ VILLALUENGA	---	
MRS. MARTA LACAMBRA I PUIG	---	

Observations

- 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 2022 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 2022 company + group
MR. JORGE MERCADER MIRÓ	1,422				1,422					1,422
JOANFRA, S.A.	88				88					88
MR. JOAQUÍN FAURA BATLLE	72				72					72
MR. JORGE MERCADER BARATA	714				714					714

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 2022 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 2022 group	Total in year 2022 company + group
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	80				80						80
MR. ÁLVARO DE LA SERNA CORRAL	88				88						88
MR. JOAQUÍN COELLO BRUFAU	88				88						88
MR. CLAUDIO ARANZADI MARTÍNEZ	88				88						88
MR. JAVIER BASAÑEZ VILLALUENGA	314				314	25				25	339
MRS. MARTA LACAMBRA I PUIG	88				88						88
TOTAL	3,042				3,042	25				25	3,067

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 2022	% Change 2022/2021	Year 2021	% Change 2021/2020	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018		
Executive Directors											
MR. JORGE MERCADER MIRÓ	1,422	-27.78	1,969	22.91	1,602	4.36	1,535	1.32	1,515		
MR. JORGE MERCADER BARATA	714	-40.70	1,204	33.04	905	6.85	847	-5.78	899		
External Directors											
MR. ÁLVARO DE LA SERNA CORRAL	88	-22.12	113	15.31	98	3.16	95	0.00	95		
MR. JOAQUÍN COELLO BRUFATU	88	-22.12	113	15.31	98	5.38	93	-2.11	95		
JOANFRA, S.A.	88	-22.12	113	15.31	98	3.16	95	0.00	95		
MR. EUSEBIO DÍAZ-MORERA PUIG-SUREDA	80	-23.08	104	6.12	98	8.89	90	-2.17	92		
MR. JOAQUÍN FAURA BATLLE	72	-36.28	113	15.31	98	8.89	90	-5.26	95		
MR. CLAUDIO ARANZADI MARTÍNEZ	88	-22.12	113	63.77	69	46.81	47	-	0		
MRS. MARTA LACAMBRA I PUIG	88	-22.12	113	15.31	98	108.51	47	-	0		
MR. JAVIER BASAÑEZ VILLALUENGA	339	-53.56	730	44.55	505	10.02	459	-9.47	507		

Total amounts accrued and % annual variation									
	Year 2022	% Change 2022/2021	Year 2021	% Change 2021/20120	Year 2020	% Change 2020/2019	Year 2019	% Change 2019/2018	Year 2018
Consolidated results of the company									
	41.058	-38.77	67.058	15.10	58.262	14.09	51.066	2.86	49.648
Average employee remuneration									
	38	5.56	36	-2.70	37	-2.63	38	11.76	34

Observations
<p>Mr. Claudio Aranzadi and Mrs Marta Lacambra joined the Board of Directors on June 20, 2019.</p> <p>Due to his retirement, Mr. Javier Basañez Villaluenga ceased to carry out his functions as Executive Director as of 1st of July 2022, becoming his qualification as Other External Director.</p>

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.

It should be noted that, in terms of remuneration of Directors, during 2022 there have been no significant variations with respect to the previous year.

This Annual Report on Remuneration has been approved by the company's Board of Directors at its meeting on:

27/03/2023

Indicate whether there have been any directors who have voted against or abstained in connection with the approval of this Report.

Yes

No