Miquel y Costas & Miquel, S.A. and subsidiaries

Auditor's report
Consolidated annual accounts at 31 December 2022
Consolidated 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 consolidated annual accounts

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

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Miquel y Costas & Miquel, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, and the profit or loss account, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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 consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated 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 consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª.
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Key audit matters	How our audit addressed the key audit matters
Sales revenue recognition	
As detailed in note 1 to the accompanying consolidated annual accounts, the Group is engaged in the manufacture of fine and special low-grammage papers, mainly for the segment of the tobacco industry, and operates in the national and international markets. 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.	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. We carried out tests of detail on a sample of sales recorded and verified the evidence of the existence and recognition of the transaction. 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. We have also verified whether the information disclosed in the accompanying consolidated annual accounts on the revenue recognition is reasonable. As a result of our audit procedures, no essential observations have been identified.

Other information: Consolidated directors' report

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

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

a) Verify only that the consolidated 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 consolidated directors' report and the consolidated annual accounts as a result of our knowledge of the Group 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 consolidated 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.

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 consolidated directors' report is consistent with that contained in the consolidated 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 consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group'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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company'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 Parent company'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 Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated 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 files of the European single electronic format (ESEF) of Miquel y Costas & Miquel, S.A. and its subsidiaries for the 2022 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, 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 and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent 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 consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

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

Appointment period

The General Ordinary Shareholders' Meeting held on 21 June 2022 appointed us as auditors of the Group 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 Group for services other than the audit of the accounts are disclosed in note 27 to the consolidated annual accounts.

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.
AND SUBSIDIARY COMPANIES

CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT FOR 2022

(Free translation from Spanish)

miquel y costas & miquel,s.a.
y sociedades dependientes

The consolidated annual accounts (consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts) and the consolidated director's report (of which the Annual Corporate Governance Report, the Annual Report on Directors' Remuneration and the Non-Financial Information form part in separate sections), of the consolidated Group, 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-voting Secretary to the Board of Directors initials all pages of the Annual Accounts and Management Report for the purposes of the identification of the documents.

Dª. Victoria Lacasa Estebanez

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
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(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet
at 31 December 2022
(In thousand Euro)

		In thousand Euro	
ASSETS	**Note**	**2022**	**2021**
Non-current assets			
Property, plant and equipment	4	189,091	176,398
Intangible assets	5	6,624	3,132
Non-current financial assets	6,21	31,559	38,226
- At fair value through other comprehensive income		18,325	22,865
- At amortised cost		13,234	15,361
Deferred income tax assets	17.3	2,196	2,350
Current tax assets	17.4	1,710	1,710
Total non-current assets		**231,180**	**221,816**
Current assets			
Inventories	7	109,729	89,174
Trade receivables	8,21	61,258	56,270
Sundry receivables	9, 21	97	240
Current financial assets		37,619	74,809
- At amortised cost	9, 21	37,390	74,809
- At fair value	9, 21	229	-
Other current financial assets	9	5,420	4,935
Current tax assets		-	-
Cash and cash equivalents	10	5,505	6,433
Total current assets		**219,628**	**231,861**
TOTAL ASSETS		**450,808**	**453,677**

Notes from pages 11 to 96 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet
at 31 December 2022
(In thousand Euro)

EQUITY AND LIABILITIES	Note	In thousand Euro 2022	2021
Total Equity		**330,291**	**322,897**
Share capital	11.1	80,000	80,000
Own shares	11.3	(17,771)	(13,372)
Share premium	11.1	-	-
Retained earnings for the period	11.2	31,634	50,792
Other reserves	11.2	245,865	211,196
Shareholders' funds		**339,728**	**328,616**
Items not reclassified to results for the period:			
Equity instruments through other comprehensive income	11.2	(5,776)	(884)
Items that may not be reclassified subsequently to results for the year			
Conversion difference	11.2	(3,661)	(4,835)
Accumulated other comprehensive income		**(9,437)**	**(5,719)**
Non-current liabilities			
Borrowings	12,21	36,805	41,564
Deferred income tax liabilities	17.3	2,627	2,756
Other non-current liabilities	14	3,458	2,812
Total non-current liabilities		**42,890**	**47,132**
Current liabilities			
Borrowings	12,21	20,938	16,467
Trade creditors and other accounts payable	15,21	41,848	42,219
Current tax liabilities	17.2	673	1,036
Current provisions	16	1,932	2,256
Other current liabilities	16	12,236	21,670
Total current liabilities		**77,627**	**83,648**
TOTAL EQUITY AND LIABILITIES		**450,808**	**453,677**

Notes from pages 11 to 96 are an integral part of the consolidated annual accounts

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

Consolidated Profit or loss account for the year ended
at 31 December 2022
(In thousand Euro)

In thousand Euro	**Note**	**2022**	**2021**
Net turnover	18	337,177	301,286
Variation in inventories	7	17,373	1,271
Own work capitalised	4,5	1,418	1,189
Supplies	7	(124,307)	(99,816)
Other operating income	18	5,947	6,113
Staff costs	19	(45,891)	(46,814)
Other operating expenses	20	(133,166)	(80,518)
Amortisation and depreciation	4,5	(18,638)	(17,658)
Charge to non-financial fixed asset grants	14,25	1,905	1,343
Provision excess		214	24
Impairment and profit/ loss on fixed asset disposals		1	26
Operating profit / (loss)		**42,033**	**66,446**
Financial income	21.4	1,294	1,674
Financial expenses	21.4	(414)	(393)
Exchange differences	21.4	(1,858)	(678)
Net financial results	21.4	**(978)**	**603**
Share of results of associates	6	3	9
Profit / (loss) before tax on activities		**41,058**	**67,058**
Corporate income tax	17.2	(9,424)	(16,266)
Profit / (loss) for the year on activities		**31,634**	**50,792**
Profit / (loss) attributable to holders of equity instruments of the parent Company		**31,634**	**50,792**
Earnings per share basic (Euro)	22	**0.82**	**1.30**
Earnings per share diluted (Euro)	22	**0.82**	**1.29**

Notes from pages 11 to 96 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES

Consolidated statement of comprehensive income
at 31 December 2022
(In thousand Euro)

	Note	2022	2021
Consolidated profit for the year		**31,634**	**50,792**
Attributed to equity holders of the parent Company		31,634	50,792
Other comprehensive income- items that are not reclassified to results for the period		**(4,888)**	**620**
From actuarial gains and losses and other adjustment	13	5	69
Changes in fair value of investments at fair value through other comprehensive income	6	(4,892)	568
Tax effect	13, 17	(1)	(17)
Transfer to the consolidated income statement		**1,174**	**1,244**
From Exchange rate differences	11.2	1,174	1,244
TOTAL RECOGNISED INCOME AND EXPENSES		**27,920**	**52,656**
Attributed to equity holders of the parent Company		27,920	52,656

Notes from pages 11 to 96 are an integral part of the consolidated annual accounts.

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated statement of changes in equity for the year ended at 31 December 2022
(In thousand Euro)

Thousand Euro	Share capital and own shares (Note 11.1 and 11.3)	Share premium (Note 11.1)	Other reserves, value adjustments and conversion difference (Note 11.2)	Retained earnings for the period (Note 11.2)	Other equity instruments (Note 11.2)	Total net equity
Balance at 31 December 2020	**31,008**	**40**	**217,222**	**44,878**	**479**	**293,627**
Profit / (loss) recognized for the year	-	-	1,864	50,792	-	52,656
Capital Increases	43,555	-	-	-	-	43,555
Capital reductions	-	(40)	(43,515)	-	-	(43,555)
Acquisition/amortization of own shares	(7,936)	-	-	-	-	(7,936)
Dividends distribution	-	-	(15,000)	-	-	(15,500)
Other equity movements	-	-	44,804	(44,878)	124	50
Balance at 31 December 2021	**66,627**	**-**	**204,875**	**50,792**	**603**	**322,897**
Profit / (loss) recognized for the year	-	-	(3,714)	31,634	-	27,920
Capital Increases	-	-	-	-	-	-
Capital Reductions	-	-	-	-	-	-
Acquisition/amortization of own shares	(4,399)	-	-	-	-	(4,399)
Dividends distribution	-	-	(16,100)	-	-	(16,100)
Other equity movements	-	-	50,786	(50,792)	(21)	(27)
Balance at 31 December 2022	**62,228**	**-**	**235,847**	**31,634**	**582**	**330,291**

Notes from pages 11 to 96 are an integral part of the consolidated annual account

(Free translation from Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARY COMPANIES
Consolidated cash flow statement for the year ended
at 31 December 2022
(In thousand Euro)

	Note	2022	2021
A) CASH FLOWS FROM OPERATIONS		**12,651**	**64,142**
1. Cash flow generated from operations		**41,058**	**67,058**
Adjustments to the result		**15,648**	**16,861**
- Amortization of tangible and intangible assets	4,5	18,638	17,658
- (Profit)/loss on the sale of fixed assets		-	-
- Valuation corrections for impairment	7,8	519	658
- Variation of provisions	16	(320)	25
- Allocation of subsidies		(225)	(189)
- Financial income	21.4	(1,294)	(1,281)
- Financial expenses	21.4	414	-
- Exchange differences		-	(10)
- Change in fair value of financial instruments		(460)	-
- Other income and expenses		(1,624)	-
Changes in current capital		**(35,226)**	**(6,526)**
- Inventories	7	(20,381)	(7,164)
- Commercial debts and other bills to receive	8	(5,225)	(16,107)
- Other current assets		173	(64)
- Creditors and other accounts payable	15	(10,444)	16,809
- Other non-current assets and liabilities		651	-
2. Other cash flows from operations,		**(8,829)**	**(13,251)**
- Interest payments (-),		(428)	(408)
- Receipts of interest and dividends (+),		1,361	1,299
- Receipts of dividends (+),		-	326
- Payments (receipts) for income tax (-/+),	17.2	(9,762)	(14,515)
- Other receipts/(payments) from operations (-/+)		-	47
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**7,194**	**(32,705)**
1. Amounts paid on investments (-)		**(121,205)**	**(136,712)**
(-) Group companies and associates		-	(9)
(-) Intangible assets	4	(298)	(1,910)
(-) Property, plant and equipment	5	(31,435)	(21,699)
(-) Other financial assets	6,9	(89,452)	(113,094)
(-) Other assets		(20)	-
2. Amounts collected from divestments (+)		**128,399**	**104,007**
(+) Group companies and associates		-	68
(+) Property, plant and equipment and intangible assets		-	-
(+) Other financial assets	6,9	128,398	103,939
(+) Other assets	6	1	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(20,773)**	**(32,739)**
1. Collections and payments for equity instruments		**(4,399)**	**(7,552)**
(-) Acquisition of own shares	11.3	(4,420)	(7,936)
(+) Grants, donations and bequests received	14	-	384
(+) Disposal of own equity instruments	11.3	21	-
2. Collections and payments for financial liability instruments		**(274)**	**(9,687)**
(+) Receipts from loans	12	16,188	25,086
(-) Redemption and amortisation of loans	12	(16,462)	(34,773)
3. Dividend payments	11	**(16,100)**	**(15,500)**
D) NET INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS		**(928)**	**(1,302)**
E) Cash or cash equivalents at beginning of the year	10	**6,433**	**7,735**
F) Cash or cash equivalents at end of the year	10	**5,505**	**6,433**

Notes from pages 11 to 96 are an integral part of the consolidated annual accounts.

1 GROUP ACTIVITIES AND CONSOLIDATION SCOPE

1.1 Companies forming part of the Group and consolidation scope

Miquel y Costas & Miquel, S.A. (hereon "the parent Company") is an industrial company with registered office in calle Tusset, nº 8-10, 7th floor, 08006 Barcelona, which at the 2022 year-end is the parent Company of a group (hereon, the Group) comprising: Miquel y Costas & Miquel, S.A., parent Company, and its subsidiary companies (see shareholding details and other information in Appendix I).

The parent Company, which bears Taxpayer ID nº A08020729, was incorporated in 1879 and became a public limited company in 1929. It is mainly engaged in the manufacture and trading of all types of paper. It is recorded in the Mercantile Registry of Barcelona on sheet B-85067, folio 139, volume 8686, inscription 1st and the last statutory modification is recorded as inscription 365.

The parent Company carries out its paper activity within the field of thin and special lightweight paper, especially for the tobacco industry.

The following subsidiary companies make up the consolidated Group:

- 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 plants.

- 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 real estate 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.

- Miquel y Costas Argentina, S.A., established in Argentina; its principal activity is the manufacturing, transformation, handling and commercialization of smoking paper booklets and many other types of paper, cardboard and related products, for example machinery and equipment for manufacturing such products.

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

- M.B. Papeles Especiales, S.A., established in 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 Energía y Medio Ambiente, S.A., established in Carrer Tuset 8-10, 08006 Barcelona; its corporate purpose consists of the management and supervision of industrial, energy and environmental facilities and the construction, management, operation and leasing of power generation plants. Currently the company has leased a cogeneration plant to MB Papeles Especiales, S.A.

- Miquel y Costas Tecnologías, S.A., established in Carrer Tuset, No. 8-10 08006 Barcelona; its corporate purpose includes, among others, the activities of design and installation of products, solutions, applications and systems, industrial technology, performing all sorts of projects and consultancy organization, industrial, R & D, quality and environment.

- Terranova Papers, S.A., established in calle 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 Chile, S.R.L., established in Santiago de Chile (Chile); its corporate purpose consists of domestic and foreign trade, brokerage and representation of all related paper and tobacco industry and food products.

- Miquel y Costas Deutschland, GmbH, established in Cologne, Kaiser-Wilhelm Ring 3-5 (Germany); its corporate purpose consists of domestic and foreign trade, brokerage and representation of all related paper and tobacco industry and food products.

- Miquel y Costas Logística S.A., established in Carrer Tuset number 10 08006 Barcelona; its corporate purpose includes 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. On 27 August 2019 the public document relating to the merger of Boncompte-Sierra S.L.U (absorbed company) into Clariana S.A (acquiring company) was registered in the Mercantile Register of Castellón.

- Fourtube, S.L., associate company established in Seville, in which the Group has a shareholding of 40% since the end of the year 2011; its main corporate purpose is the manufacturing and marketing of paper and cardboard.

All the Group companies have closed their accounting year at 31 December 2022.

The parent Company has subsidiary entities over which it exercises control, except for the associated company Fourtube, S.L., over which has significant influence, either directly or indirectly, which is why there is a group for the purposes of the preparation of these consolidated annual accounts in accordance with International Financial Reporting Standards and to its deposit in the Mercantile Register of Barcelona. The accounting principles applied to the preparation of the Group's consolidated annual accounts are set out in Note 2.3.

1.2 Variations in the consolidation scope

No change in the scope of consolidation in 2021 or 2022.

2 MAIN ACCOUNTING POLICIES SUMMARY

The main accounting policies adopted for the preparation of these consolidated annual accounts are set out below. They have been applied on a consistent basis with previous years.

2.1 Basis of presentation

2.1.1 General Information

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards (hereon, IFRS) adopted for use in the European Union and approved by the Regulations of the European Commission in force at 31 December 2022.

As per IFRS-EU, these consolidated annual accounts for 2022 include, for comparative purposes, the figures for the prior year.

As explained below, during 2022 new accounting standards (IAS/IFRS) and interpretations (IFRIC) came into force. Additionally, at the issuance date of these consolidated annual accounts, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published and are due to come into effect for the accounting periods commencing on or after 1 January 2022.

Standards, amendments and interpretations mandatory for all years beginning in January 1, 2022

- FRS 16 (Amendment) "Tangible fixed assets: amounts received before the intended use".
- IFRS 37 (Amendment) "Contracts of an onerous nature: costs of fulfilling a contract".
- IFRS 3 (Amendment) "Reference to the Conceptual Framework".
- Annual Improvements to IFRS. Cycle 2018-2020: The following modifications affect IFRS 1, IFRS 9:

    - IFRS 1 "First-time adoption of IFRS". IFRS 1 allows an exemption if a subisdiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure accumulated translation differences using the amounts accounted for by the parent, based on the transition date of the latter to IFRS.

    - IFRS 9 "Financial Instruments". The amendment addresses which costs must be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to third parties or to the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

These standards have been taken into account effective 1 January 2022 and their impact which was not significant has been recognised in these consolidated annual accounts.

Standards, amendments and interpretations which have not yet come into effect but which may be adopted early:

- IAS 1 (Amendment) "Breakdown of accounting policies".
- IAS 8 (Amendment) "Definition of accounting estimates".
- IAS 12 (Amendment) "Deferred tax related to assets and liabilities derived from a single transaction".

These modifications will be effective for the annual exercises beginning on or after January 1, 2023.

The amendments have not been early adopted by the Group. No significant impact is expected in their application.

Standards, amendments and interpretations applied to existing standards that cannot be adopted in advance or have not been adopted by the European Union

As of the date of signature of these consolidated annual accounts, the IASB and IFRIC had published the standards, amendments and interpretations described below, which have not yet been endorsed by the European Union:

- IFRS 10 (Amended) and IAS 28 (Amended) "Sale or contribution of assets between an investor and its associates or joint ventures".

- IFRS 16 (Amended) "Lease liability in a sale with leaseback".
- IAS 1 (Amended) "Non-current liabilities with conditions ("covenants")".

The Group has not considered applying the above Standards and interpretations early and is in any event analysing the impact that these new standards/amendments / interpretations can have on its consolidated accounts if they are adopted by the European Union.

The preparation of consolidated annual accounts under IFRS requires the use of certain critical accounting estimates. The application of IFRS also requires management to exercise judgement in the process of applying the Group's accounting policies. Note 2.5 discloses the areas that require a higher level of judgement or entail greater complexity, and the areas where the assumptions and estimates are significant for the consolidated annual accounts.

The consolidated annual accounts comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity and the consolidated cash flow statement and notes to the consolidated accounts, and the consolidated directors' report are presented in thousand euro (exceptions will be indicated as appropriate). The Group's functional and presentation currency in these consolidated annual accounts is the euro. The consolidated annual accounts were drawn up by the parent company's Board of Directors on 27 March 2023 and are expected to be approved by the General Shareholders' Meeting without changes.

2.1.2 Accounting policies

The accounting policies described in the following paragraphs have been applied uniformly in the periods presented in these consolidated financial statements.

The consolidated financial statements were prepared, in general, under the historical cost method, except when relating to the revaluation of derivative instruments and derivative financial assets at fair value generating a profit or loss, and the valuation of equity instruments recognised at fair value through other comprehensive income (note 2.3).

The profit and loss account is structured according to the nature of the costs.

Variations in trade provisions (Note 20), income from grants (Note 18), own work capitalised (Note 4 and 5) and the transfer to results for the year of capital grants (Note 25) are included in the consolidated income statement under "Other operating expenses", "Other operating income", "Own work capitalised" and "Imputation of Grants".

There are no discontinued operations in the companies of the group.

2.1.3 Comparability

The figures in the consolidated balance sheet and the consolidated income statement for the 2022 and 2021 financial years are considered comparable.

2.2 Consolidation criteria

Subsidiaries are all entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, which generally means a shareholding of more than half of the voting rights. When assessing if the Group controls another entity, the following conditions should be met:

(1) It should exercise power over the investee
(2) It should have exposure or rights to variable returns from involvement with the investee and
(3) It should have the ability to use its power over the investee to affect the amount of the investor's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date that control ceases.

Associates are all entities over which the Group has significant influence but not control, generally accompanying an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's stake in the results obtained by the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but remains significant influence, only the proportionate share of the amounts recognized in other comprehensive income are reclassified to results when appropriate.

The Group's participation of gains or losses after acquisition of their associates is recognized in the income statement, and participation in post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognize further losses, unless it had incurred legal or constructive obligations or made payments on behalf of the associate.

At each reporting date of financial information, the Group determines whether there is any objective evidence of impairment in the associate valuation. In this case, the Group estimates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognizes the amount as "the share of profit / (loss) of an associate" in the income statement.

Gains and losses from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent corresponding to the shares of other investors in the non-associated investors. Unrealised losses are eliminated unless the transaction provides evidence of an impaired asset transferred. The accounting policies of associates have been changed when has been necessary to ensure consistency with the policies adopted by the Group.

Gains and losses arising on dilution of investments in associates are recognized in the income statement.

All subsidiaries in which Miquel y Costas & Miquel, S.A. holds, directly or indirectly, the majority of the voting rights and, therefore, has appointed most members of the Board of Directors, have been consolidated in these years by the global integration method.

Appendix I to these notes breaks down all subsidiaries and associated entities included in the consolidation scope. Subsidiaries consolidated by global integration method and associated company Fourtube S.L. is consolidated under the equity method.

There are no minority interests, since the parent Company holds, directly or indirectly 100% of the shares of all entities fully consolidated.

Group Companies close their accounts at 31 December, and the accounts at this date are those used in the consolidation.

In order to present the different items in the accompanying consolidated annual accounts homogeneously, all the companies in the consolidation scope have applied the accounting policies of the parent Company.

All subsidiary companies in the Group have adopted IFRS for consolidation purposes on the same date as the parent Company.

2.3 Accounting policies

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost, revaluated in 1996 as permitted by legislation, less accumulated depreciation and accumulated impairment losses, except in case of land, which is presented net of impairment losses.

The historic cost includes expenses directly attributable to the acquisition of the assets.

(In thousand Euro)

As a result of the first consolidation process, certain lands belonging to the subsidiary company S.A. Payá Miralles are stated at market value at the time of acquisition of the respective shareholding in said company, as determined by an independent expert. The revaluated amount resulting from the consolidation for the reasons indicated above totals Euro 848 thousand at 31 December 2022 and 2021.

In 2002, when the remaining 50% interest in MB Papeles Especiales, S.A. was purchased, certain assets (property, plant and equipment) were stated at their market value. The revaluated amount of these assets in the consolidation process at 31 December 2022 and 2021 amounts to 842 thousand Euro.

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

Land and buildings mainly relate to those used in the business activity.

Capitalised costs on the improvement of fixed assets include the costs of manufacturing and installing fixed asset elements incurred by the Group, effectively accrued and charged to each of the projects, up to a maximum limit of the market value or the revenue expected from these assets.

Losses and gains on the sale of PPE are calculated by comparing the revenue obtained to their carrying value, and they are included in the income statement.

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

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis using updated cost values and their estimated useful lives are as follows:

	Years of useful life
Buildings and other constructions	33-50
Plant and machinery	7-20
Other plant, tooling and furniture	6-20
Vehicles	6-14
Computer equipment	4-7

Repairs and maintenance expenses which do not improve or extend the useful lives of the related assets are expensed when incurred and charged to the income statement when they are generated.

INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition or direct cost of production, as appropriate, net of corresponding accumulated amortisation and impairment losses in accordance with 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 except for the case of the subsidiary Miquel y Costas Argentina, SA, in which the acquired trademarks have a defined useful life of 10 years and were already amortized in previous years. The patent box is also amortized within 10 years.

- Computer applications are accounted for at their acquisition price or at their production cost. Amortization is calculated using the straight-line method, with an estimated useful life of three years.

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- Greenhouse gas emission rights are stated at the price of acquisition. When rights are acquired free of charge, acquisition price is considered to be their market value at the time of acquisition with a balancing entry under grants. Emission allowances are not amortised and are taken to results for the year as the gas emissions they cover are emitted. They are derecognised as a balancing entry for the provision for the costs generated by the emissions when they are handed over to the Administration in order to settle the obligations assumed.

- The costs incurred in development projects (related to the design and testing of new or improved products) are recorded as intangible assets when it is probable that the project will be a success, taking into account its technical and commercial feasibility and when its costs can be reliably estimated. Other development costs are recognised as expenses when incurred. Development costs previously recognised as expense are not subsequently capitalised. Capitalised development costs with a defined useful life are amortised from the beginning of the commercial production of the product on a straight-line basis over a period no longer than three years in which is expected that they will generate profits.

- Engineering costs linked to technological developments (if it is satisfactory) are capitalized at their acquisition cost. These costs are amortized from the moment the asset is ready for use and with the same useful life as the main asset to which they belong.

ASSET IMPAIRMENT LOSSES

The Group evaluates at each year end whether there are any indications of asset impairment. If so, it estimates the recoverable amount of the asset.

Assets being depreciated and those non-depreciable are tested for impairment provided that an internal, external event or change in circumstances indicates that the book value cannot be recovered (in the case of non-depreciable assets are tested for impairment annually). An impairment loss is recognised in the part of book value that exceeds the recoverable amount. The recoverable amount is the higher of the fair value of the asset minus the costs of sale, or the use value in use obtained from the discounting of future cash flows. In order to evaluate impairment losses, assets are grouped at the lowest level for which there are identifiable separate cash flows (cash generating units).

NON-CURRENT INTEREST COSTS

The interest expense incurred in the financing of the construction of any qualifying asset is capitalised during the period of time necessary to complete or prepare the asset for its intended use. Other interest costs are expensed.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

In order to prepare the consolidated annual accounts, investments in group companies and associates are consolidated in accordance with criteria set out in Note 2.2.

The Group has set up the appropriate control processes to identify events of potential impairment.

The Group classifies its financial assets in the following measurement categories:

- those assets which are subsequently measured at fair value (through profit or loss or other comprehensive income) and
- those that are measured at amortised cost.

The classification depends on the entity's business model to manage financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recognised in the consolidated income statement or consolidated statement of other comprehensive income. For investments in equity instruments that are not held for trading, it will depend on whether the Group irrevocably elected at the time of initial recognition to recognise equity investments at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing these assets changes.

- Financial assets at amortised cost:

The Group classifies its financial assets at amortised cost only if the following two criteria are met:

- the assets are managed within a business model whose objective is to collect contractual cash flows and
- the contractual terms give rise to cash flows that are only payments of principal and interest.

- Investments in debt instruments:

Investments in debt instruments held to collect contractual cash flows when these cash flows are solely payments of principal and interest on the principal are measured at amortised cost. Interest income on these financial assets is included in financial income based on the effective interest method. Any gain or loss arising on derecognition is recognised directly in the income statement for the year and is presented in other gains /(losses). Impairment losses are presented separately in the income statement.

These financial assets are included in non-current assets, except for those maturing in less than 12 months of the balance sheet date that are classified as current assets

In accordance with IFRS 9, the Group has applied the expected loss model when estimating possible impairment of financial assets, measured at amortised cost. The expected credit loss calculated is not significant (approx. 0.06% of trade receivables balances) and has therefore not recognised any impact on the consolidated annual accounts.

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) during which the entity is exposed to credit risk.

- Loans and accounts receivable:

Loans and accounts receivable are non-derivative financial assets with fixed payments or payments that can be determined and are not listed on an official stock exchange. They arise when the Group provides money, goods or services directly to a debtor without the intention of negotiating with the debtor. These accounts are included in current assets unless they mature in more than 12 months as from the date of the balance sheet, in which case they are classified as non-current assets. Loans and accounts receivable are included in Trade receivables and other receivables of the balance sheet. They are measured at amortised cost.

In accordance with IFRS 9, the Group has used the simplified approach to assess expected credit losses over the term of the contract. The application of that model has resulted in an immaterial future expected loss on financial assets (approximately 0.03% of total financial assets) and therefore no impact has been recognised in the consolidated annual accounts.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are investments over which the Group does not have significant influence or control. They are measured at fair value, the gain or loss being recognised in recognised income and expense in the consolidated statement of comprehensive income.

Impairment losses (and reversals) on equity investments measured at fair value through other comprehensive income are not presented separately from other changes in fair value. Dividends from all investments continue to be recognised in the income statement for the year as financial income when the Company's right to receive payment is established.

Regular purchases and sales of financial assets are recognised on the trade-date, i.e. the date on which the Group undertakes to purchase or sell the asset. Investments are recognised initially at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at their fair value and the transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive the attendant cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards inherent to their ownership. In the event of the disposal of these assets, the profit or loss on the sale is recognised in Other comprehensive income, as established under new legislation.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value at the date on which the derivative contract is arranged and subsequently are remeasured at their fair value. The method for recognising the gains and losses obtained depends on whether the derivative is designated as a hedging instrument, and, in this case, on the nature of the asset that it hedges.

Group uses financial instruments to hedge risks related to fluctuations in exchange rates on future commercial transactions, and assets and liabilities recognised, denominated in a functional currency that is not the Group's functional currency. These derivatives do not usually qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated income statement.

INVENTORIES

Inventories are stated at cost of acquisition or production as follows:

- Raw materials and other materials supplied are stated at cost of acquisition, on a first-in, first-out basis (FIFO).

- Finished goods and work in progress are stated at standard cost of raw and other materials consumed on a FIFO basis, including the applicable portion of direct and indirect labour costs and other manufacturing overheads.

- Commercial inventories: at acquisition cost, determined in accordance with the average price method.

The Group calculates a provision for the depreciation of inventories when cost exceeds net realizable value. The net realization value is the estimated sale price in the normal course of business, less the variable costs of sales applicable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits with credit institutions.

SHARE CAPITAL

Ordinary shares are classified as equity. The incremental costs directly attributable to the issue of new shares are stated under equity as a net deduction, net of any tax effect.

OWN SHARES

The valuation of own shares acquired by the parent Company is made up of the amount paid, including the directly attributable incremental costs, and are stated decreasing equity attributable to the shareholders of the parent Company until they are cancelled, reissued, or sold. When these own 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 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 parent Company.

DISTRIBUTION OF DIVIDENDS

The distribution of dividends to the equity shareholders of the parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year in which the dividends are approved by the Company's shareholders.

GOVERNMENT GRANTS

Non-refundable capital grants, when there is reasonable assurance that the grant will be collected, and that Group will meet all conditions established, are recorded as liabilities in the balance sheet at the original amount granted (at fair value). Income from capital grants is recorded in the income statement on a straight-line basis over the useful lives of the fixed assets for which grants have been received.

Operating grants related to specific expenses are recognized in the income statement in the same year in which the related expenses are accrued. Grants granted to offset operating deficits are recognized in the year in which they are granted, except when they are intended to offset operating deficits of future years, in which case they are recognized in those years.

BORROWINGS

Borrowed funds are initially recognised at their fair value, which is equal to the fair value of the amount received adjusted by directly attributable transaction costs. Interest accrued is subsequently recorded at amortised cost in the income statement using the effective interest rate method.

Subsidized or zero interest borrowings are initially recognised at fair value, which is equal to the present value at market interest. The difference between loan's nominal value and its present value is considered an official subsidy.

The Group derecognises a financial liability (or part of one) when, and only when, it has been extinguished, i.e. when the obligation specified in the related contract has been discharged or cancelled, or it has expired.

An exchange of debt instruments between a lender and the related borrower, provided that the instruments have substantially different conditions, is recognised as a cancellation of the original financial liability and the subsequent recognition of a new financial liability. Similarly, a substantial amendment to the conditions of a financial liability or part of one (regardless of whether it is attributable to the debtor's financial difficulties), is recognised as a cancellation of the original financial liability and the subsequent recognition of a new financial liability.

The difference between the carrying amount of the financial liability (or part of one), cancelled or transferred to a third party and the consideration paid, which will include any non-cash asset transferred or liabilities assumed, is recognised in results for the year.

Borrowings are classified as non-current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. If not, they are classified as current liabilities.

Fees paid on the arrangement of loans are recognised as loan transaction costs provided that it is probable that part or all the facility will be used. In these cases, fees are deferred until the facility is used. If there is no evidence that all or part of the credit facility will be used in full or part, the fees are capitalised as an advance payment for liquidity services and amortised over the period during which the credit facility is available.

TRADE PAYABLES

Trade payables are initially recognised at their fair value and subsequently stated at their amortised cost using the effective interest rate method.

CORPORATE INCOME TAX AND DEFERRED TAXES

Consolidated corporate income tax includes all domestic and foreign taxes on taxable profit. Corporate income tax also includes other taxes, such as tax on the repatriation of profit, as well as any other tax that is based on the calculation of accounting profit.

Corporate income tax expense accrued and carried in the consolidated annual accounts is calculated by aggregating the expenses recorded by each company in the consolidation scope, adjusted, as the case may be, by the tax effect of the adjustments to accounting consolidation, and the temporary differences arising from the tax bases of assets and liabilities and their carrying values in the consolidated annual accounts.

Corporate income tax expense for the year includes the deferred and current income tax. Corporate income tax expense is recognised in the income statement, except in those cases in which it is related to items that are recorded directly in equity, in which case the tax effect is also recorded in equity.

The difference between the corporate income tax expense recorded at the previous year end and the corporate income tax expense resulting from the definitive tax returns filed constitutes a change in accounting estimates and is recorded as an expense/income in the current year.

By meeting all requirements laid down under the Group Companies Tax Regime as per Chapter VI of title VII of Law 27/2014 of 27 November, of Corporate Income Tax, Miquel y Costas & Miquel, S.A. as Parent company, is subject to the Consolidated Tax Declaration Regime, with tax identification number 0017/80, and the 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. and Terranova Papers, S.A., Miquel y Costas Logística S.A. and y Clariana S.A.

When there is a change in tax rates, the amounts of deferred tax assets and liabilities are re-estimated. These amounts are charged or credited against income or in equity, depending on the account that was charged or paid the original amount.

Deferred tax is determined using the liability method. According to this method, deferred income tax assets and liabilities are recorded based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, applying the tax rates estimated for when the assets and liabilities are to be realised, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The deferred income tax assets and liabilities arising from movements in equity are charged or credited directly to equity. Deferred tax assets and tax credits are recognised when the probability of their future realisation is reasonably assured, and they are subsequently adjusted if it is not probable that tax profits will not be obtained in the future.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets (liabilities) on the balance sheet. The deferred tax recorded is reviewed at each accounting closing period.

EMPLOYEE BENEFITS

a) Pension obligations

The Group has different pension commitments based on its work centres and companies:

- Defined contribution commitments:

  The Group has two defined contribution schemes as result of agreements with the workers' representatives for their retirement. The commitment of the Company is only to make annual contributions of a predetermined amount. Since 2002 there are collective insurance policies through which the insurer guarantees that the employees will receive a certain return on the contributions made by the Group.

  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.

  There is also insurance made up of defined contributions in favour of the executive directors, subject to certain conditions, and the Group's senior management personnel.

- Defined benefit commitments:

  The other commitments of the Group as defined benefit are insured through collective insurance policies.

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

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

  The liability recognised in the balance sheet is net of the difference between the obligation accrued for past services and any costs for past services not recognised, minus the value of the insurance policy, determined by the value of the insured obligations.

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

The accounting policy for the recognition of actuarial gains and losses arising from historical experience adjustments and changes in actuarial estimates are included in the statement of recognized income and expenses included in equity in the corresponding period.

The past service costs are recognized immediately in the income statement, except in the case of revocable rights, in which case, they are recognized in the income statement linearly over the period remaining until the rights of past service are irrevocable. However, if an asset arises, revocable rights recognized in the income statement immediately, unless the emergence of a reduction in the present value of benefits that can be returned to the Group in the form of direct refunds or lower contributions future, in which case, what is imputed immediately in the profit and loss is the excess of such a reduction.

b) Severance indemnities

Except in the case of justifiable cause, Group companies are liable for the payment of indemnities to employees whose services are terminated. In the absence of any foreseeable need for abnormal termination of employees' services and because indemnities are not payable to those employees who retire or voluntarily leave their services, indemnity payments, if they arise, are expensed when the decision to terminate employment is taken.

SHARE BASED COMPENSATION

The Group 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 consolidated income statement with the corresponding adjustment to equity.

PROVISIONS FOR EMISSION RIGHTS

As from 2005 Spanish group companies emitting CO_2 as a result of their production must hand over emission rights equal to the emissions produced in the first few months of the following year. The current effective period runs from 2021-2030.

The installations of the companies MB Papeles Especiales S.A., Terranova Papers S.A., Clariana S.A., and S.A. Payá Miralles are considered low emitters and are therefore excluded from the emissions trading scheme for the 2021-2025 period. Therefore, no emission rights were surrendered because they remain excluded.

The obligation to hand over emission rights for the CO2 emissions produced during the year are recorded as provisions under "Other current liabilities" in the consolidated balance sheet, having recorded the respective cost under "Other operating expenses" in the consolidated income statement (Note 20).

OTHER PROVISIONS

Provisions for environmental restoration, restructuring costs and litigation are recognized when: the Group has a present obligation, either legal or implicit as a result of past events, it is probable that will involve an outflow of resources required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where a number of similar obligations exist, the probability that an outflow is needed to settle the obligation is determined by considering the class of obligations as a whole. A provision is recognized even though the probability of an outflow with respect to any item included in the same class of obligations may be not significant.

Provisions are measured at the present value of expected outflow to be required to settle the obligation using a pre-tax rate that reflects current market valuation of money temporary value and the specific risks to the obligation. The increase in provision due to the terms and conditions is recognized as interest expense.

REVENUE RECOGNITION

Ordinary income includes the fair value of the sale of goods and services, net of value added tax, returns and discounts, after eliminating intra-Group and are recognised when control of a good or service is transferred to the customer (thus the concept of control replaces the previous concept of risks and rewards).

The Group recognises revenue when the performance obligation is satisfied through the transfer of the goods or services committed with customers and an amount is recognised that reflects the consideration to which the Group expects to be entitled.

In this regard, the Group recognises revenue from contracts with customers based on the five step model established in IFRS 15 (Identify the contract with a customer, Identify the separate performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract. Recognise revenue when (or as) the Group satisfies a performance obligation).

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the right to receive the dividend is established.

LEASES

Following application of IFRS 16, starting on 1 January 2019 leases are recognised as a right-of-use asset along with the corresponding liability on the date on which the leased asset is made available for use by the Group.

Lease assets and liabilities are initially measured based on present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable lease payments that depend on an index or rate, initially valued in accordance with the index or rate at inception.
- amounts that are expected to be payable by the Group under a residual value guarantee
- the exercise price of a purchase option if the Group is reasonably certain that that option will be exercised, and
- payments of penalties due to the termination of the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Lease payments to be made when it is reasonably certain that the extension option will be exercised are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease if this rate may be easily determined. Otherwise, the lessee's incremental borrowing rate is used. Given the difficulty in determining it, the Group uses the incremental rate that it would have to pay in order to borrow the necessary funds to obtain an asset with a similar value to the right -of -use asset in a similar economic environment under similar terms, guarantees and conditions. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is re-assessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and financial expense. The financial cost is charged to the income statement over the term of the lease such that a constant periodic interest rate on the remaining balance of the liability is produced for each period.

Right-of-use assets are measured at cost that comprises the following:

- amount of lease liability at initial recognition
- any lease payment made on or before commencement of the lease, less any lease incentive received
- any initial direct cost and
- restoration costs.

Right-of - use assets are amortised on a straight-line basis over the lower of the useful life of the asset and the lease term. The amortization period of current assets is between 2 and 5 years.

(In thousand Euro)

Short-term lease payments and all leases for low value assets are recognised on straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Notes 14 and 16 show a more detailed breakdown of balances with long and short-term suppliers linked to the aforementioned rights of use.

The details of these balances at year-end are as follows.

	31-12-2022	31-12-2021
Computer equipment	-	-
Offices	97	97
Vehicles	195	295
Other operational elements	1,488	1,660
Total rights of use	**1,780**	**2,052**

Additionally, the movement of these assets in 2022 and 2021 is detailed in Note 4.

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.

HYPERINFLATION IN ARGENTINA

The Argentine economy has been considered hyperinflationary since 2018 and the Group has applied inflation adjustments to the company whose functional currency is the Argentine peso for the financial information for the periods ended 1 July 2018, applying IAS 29 "Financial reporting in hyperinflationary economies".

The main impacts of the application of adjustments for hyperinflation in Argentina on the Group's consolidated annual accounts for 2022 and 2021 are summarised below:

Impact of the application of hyperinflation adjustments		
	Thousand euros 2022	**Thousand euros 2021**
Sales and services rendered	2,394	1,248
Profit before taxes	(1,702)	(307)
Profit after taxes	(2,231)	(846)
Equity	2,210	1,773

TRANSACTIONS IN NON-EURO CURRENCIES

a) Functional and presentation currency

The figures included in the annual accounts of each Group entity are denominated in the currency of the major economic market in which the entity operates (functional currency). The consolidated annual accounts are stated in Euro, which is the Group's presentation currency, although, for presentation purposes, they are stated in Thousand Euro (except when otherwise indicated).

b) Transactions and balances

Transactions in non-Euro currencies are recorded at their equivalent value in Euro, at the exchange rate in force during the periods in which they are realized. The profit or loss on exchange differences arising from the cancellation of balances from foreign currency transactions are taken to the consolidated income statement when occur.

The balances in non-Euro currencies relating to treasury, accounts receivable and accounts payable at the year-end are stated in Euro at the exchange rates at the year end, and any gains or losses are taken to the income statement.

c) Group entities

The group companies with a functional currency which differs from the presentation currency are:

- Miquel y Costas Chile, S.R.L. The results and financial position of are translated into the presentation currency as follows:

  - The assets and liabilities on the balance sheet are translated at the exchange rate on the balance sheet date.
  - Income and expenses of each income statement are translated at the average exchange rates for the year.
  - Equity (excluding results) is translated at the historical exchange rate.

The resulting exchange differences are recognised as a separate component in equity under "Cumulative translation differences" line.

- Miquel y Costas Argentina, S.A. Due to the consideration of Argentina as a hyper-inflationary country since July 2018, and with retroactive effect at 1 January that year, the presentation currency of all financial statements is translated at the year-end exchange rate.

DISTRIBUTION OF RESULTS

The results for 2022 for Miquel y Costas & Miquel, S.A. will be distributed as agreed by their respective General Meeting of Shareholders.

The parent Company plans to submit the following proposal for distribution of profit to its General Meeting of Shareholders, based on the Spanish Chart of Accounts currently in effect:

Thousand Euro	2022
Basis of distribution	
Profit for the year (Profit)	27,807
Total	**27,807**
Application	
Dividends	16,800
Voluntary reserves	9,868
Capitalisation reserve	1,139
Total	**27,807**

The distribution of dividends to the shareholders of the parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year in which the dividends are approved by the shareholders of the parent Company.

2.4 Financial segment reporting

An operating segment is a part of the Group:

a) that carries out business activities that can generate income and incur expenses.
b) whose operating income and expenses are examined at regular intervals by the highest decision-making bodies of the Group (Board of Directors) in order to decide on the resources that must be assigned and to evaluate their return, and
c) in relation to which there is differentiated financial information.

Reporting basis and methodology for the information:

The primary segment of the Group is determined by the different business lines that group different assets and operations.

The segment denominated "Tobacco Industry" obtains its results from the sale of paper pulp and paper related to the tobacco industry. The segment denominated "Industrial Products" obtains its results from those products with an industrial application.

(In thousand Euro)

In the "Others" line is included the information related to other business activities and the segments for which information disclosure is not required separately. This segment obtains its results from the services rendered and others.

- Income by segment, and sales to third parties of each segment made during 2022 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	240,835	128,796	37,764	**407,395**
Sales to other segments	(46,743)	(13,816)	(9,659)	**(70,218)**
Consolidated Sales	**194,092**	**114,980**	**28,105**	**337,177**

Inter-segment sales relate mainly to the sale of products included in the Group value chain and are made at market prices.

- Results by segment, for the year ended at 31 December 2022 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	39,940	2,206	(129)	16	**42,033**
Net finance results and participation of income of associates (non-distributable profit)					**(975)**
Profit before tax					**41,058**
Income tax					**(9,424)**
Profit for the year					**31,634**

The segment result is determined by the difference between the ordinary income and the production and operating expenses, including the depreciation cost. Financial income and expenses are not included.

(In thousand Euro)

- Assets by segment, at 31 December 2022, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	211,344	131,656	23,989	(287)	**366,702**
Non-distributable assets					**84,106**
Total assets					**450,808**
Investments*	**8,670**	**23,704**	**1,644**	**-**	**34,018**

* Investments: Additions in tangible and intangible assets for the year (CO2 gas emission rights not included).

Non-distributable assets correspond to non-current financial assets, other current assets and balances with the public administrations.

- Liabilities by segment, at 31 December 2022, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	34,272	18,641	5,789	(21,676)	**37,026**
Non-distributable liabilities					**83,491**
Equity					**330,291**
Total liabilities and equity					**450,808**

Non-distributable liabilities mainly relate to current and non-current and provisions mainly with the public administrations.

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2022, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	9,191	7,758	1,372	317	**18,638**

(In thousand Euro)

- Information about geographical areas for the year ended at 31 December 2022:

	External turnover
Domestic market	38.784
Other countries	298.393
TOTAL	**337.177**

	Total Assets
Spain	440,015
Other countries	10,793
TOTAL	**450,808**

Assets located in other countries correspond mainly to Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L., and Miquel y Costas Deutschland, GmbH.

- Information about the main customers for the year ended at 31 December 2022:

The percentage, over the consolidated turnover, for the main customers is as follows:

	Percentage	Ordinary income	Segment
1	11.96%	40,326	Tobacco industry

(In thousand Euro)

Sales by country in 2022 and 2021 are as follows:

	31/12/2022		31/12/2022	
COUNTRY	**Amount> 2% revenue**	**%**	**Amount> 2% revenue**	**%**
Spain	38,784	11.50%	35,271	11.71%
Switzerland	37,770	11.20%	34,049	11.30%
USA	23,542	6.98%	19,365	6.43%
Italia	18,221	5.40%	15,988	5.31%
Poland	18,140	5.38%	19,358	6.43%
Japan	16,816	4.99%	12,579	4.18%
Germany	15,917	4.72%	16,239	5.39%
Russian Federation	14,761	4.38%	16,283	5.40%
Turkey	14,588	4.33%	5,361	1.78%
China	13,222	3.92%	13,534	4.49%
Indonesia	8,464	2.51%	9,555	3.17%
Argentina	8,091	2.40%	6,687	2.22%
Greece	7,665	2.27%	4,576	1.52%
Rest of EU	39,756	11.80%	31,028	10.30%
Rest of Southeast Asia	19,856	5.89%	14,401	4.78%
Rest of Central and South America	14,128	4.19%	14,477	4.81%
Rest of Africa	14,125	4.19%	15,808	5.25%
Other	13,331	3.95%	16,727	5.53%
Total	**337,177**	**100.00%**	**301,286**	**100.00%**

Despite the Russian-Ukraine conflict, the sales of the Group in these countries in 2022 do not present a significant variation.

- Income by segment, and sales to third parties of each segment made during 2021 are as follows:

	Tobacco industry	Industrial products	Others	**Consolidated Group**
Segment turnover	227,898	104,650	30,168	**362,716**
Sales to other segments	(42,465)	(11,318)	(7,647)	**(61,430)**
Consolidated Sales	**185,433**	**93,332**	**22,521**	**301,286**

(In thousand Euro)

- Results by segment, for the year ended at 31 December 2021 are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Operating results by segment	51,069	13,034	998	1,345	**66,446**
Net finance results and participation of income of associates (non-distributable profit)					**612**
Profit before tax					**67,058**
Income tax					**(16,266)**
Profit for the year					**50,792**

The segment result is determined by the difference between the ordinary income and the production and operating expenses, including the depreciation cost. Financial income and expenses are not included.

- Assets by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable assets by segments	190,326	114,117	20,538	(22)	**324,959**
Non-distributable assets					**128,718**
Total assets					**453,677**
Investments*	**15,435**	**5,548**	**1,044**	**-**	**22,027**

* Investments: Additions in tangible and intangible assets for the year (CO2 gas emission rights not included).

Non-distributable assets correspond to non-current financial assets, other current assets and balances with the public administrations.

(In thousand Euro)

- Liabilities by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	32,749	19,597	4,695	(18,440)	**38,601**
Non-distributable liabilities					**92,179**
Equity					**322,897**
Total liabilities and equity					**453,677**

Non-distributable liabilities mainly relate to current and non-current and provisions mainly with the public administrations.

- Amortization and depreciation of tangible and intangible assets by segment, at 31 December 2021, are as follows:

	Tobacco industry	Industrial products	Others	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	8,664	6,453	2,273	268	**17,658**

- Information about geographical areas for the year ended at 31 December 2021:

	External turnover
Domestic market	35,271
Other countries	266,015
TOTAL	**301,286**

	Total Assets
Spain	443,506
Other countries	10,171
TOTAL	**453,677**

Assets located in other countries correspond mainly to Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L., and Miquel y Costas Deutschland, GmbH.

- Information about the main customers for the year ended at 31 December 2021:

  The percentage, over the consolidated turnover, for the main customers is as follows:

	Percentage	Ordinary income	Segment
1	9.7%	29,280	Tobacco industry
2	7.2%	21,651	Tobacco industry

2.5 Accounting estimates and judgements

In the preparation of the consolidated annual accounts estimates made by the Directors of the Group companies have been used to quantify some assets, liabilities, income, expenses and commitments carried therein.

The estimates and judgements are evaluated continuously on the basis of historical experience and other factors, including the expectation of future events considered reasonable.

These estimates are basically used in:

- The valuation of assets to determine impairment as a result of the valuation of third-party experts.
- The useful life of plant, property and equipment 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 entities.
- The classification, measurement and impairment of financial assets.
- The probability of occurrence and the amount of indeterminate or contingent liabilities.
- The valuation of the pension obligations made on the basis of actuarial valuations prepared by independent third parties.
- Outstanding litigations have been evaluated by independent experts.
- The assessment of the need for impairment of receivables and inventories.

2.6 Cash Generating Units

The "Cash Generating Units" identified meet with the profitability requirements necessary to determine that they have not been impaired, and, therefore, there has been no need to record an impairment loss. Likewise, no individual assets have been identified as having been impaired.

The Group has identified the following Cash Generating Units for the different production centres:

CGU	Activity
Production centre in the province of Barcelona	Manufacture of paper for the tobacco industry
Production centre in the province of Barcelona	Transformation of paper for the tobacco industry
Industrial plant in the province of Tarragona	Manufacture of special paper pulp
Industrial plant in the province of Valencia	Manufacture of paper for the tobacco industry and writing paper
Industrial plant in the province of Barcelona	Paper handling
Industrial plant in the province of Barcelona	Manufacture of special papers
Industrial plant in the province of Barcelona	Manufacture of special papers of high technology
Industrial plant in Argentina	Transformation of paper for the tobacco industry
Industrial plant in Villlareal	Manufacture of paper and in general of goods for the stationery sector

3 FINANCIAL RISK MANAGEMENT

The activities of the Group are exposed to different financial risks that are managed through the application of identification, evaluation and hedging systems. The Group's overall risk management programme focuses on minimizing the potential adverse effects on the Group's financial performance.

Risk management in Miquel y Costas Group is managed by the Audit Committee, Managing Commission and Corporate Finance Department in accordance with the internal risk management standards in force. These departments identify and evaluate the financial risks in collaboration with the Group's operating units. The internal management standards and practices provide written policies on overall risk management, as well as on specific areas, such as exchange rate risk, credit risk, liquidity risk and interest rate risk.

3.1 Exchange rate risk

The Group operates internationally, and, therefore, is exposed to exchange rate risks for operations in foreign currency; especially the US Dollar, which represents approximately 91% of the foreign exchange transactions. The exchange rate risk arises from future commercial transactions, recognised assets and liabilities denominated in a functional currency other than the Group's functional currency.

(In thousand Euro)

The effects of currency fluctuations are partly offset by the currency flows generated by imports and exports. The resulting net positions are generally hedged by hedging instruments. Assuming an export position, with a similar volume of foreign currency transactions as in 2022, a depreciation in the USD/EUR exchange rate at the end of the next financial year of 10% would have a negative impact on the consolidated profit and loss account (assuming no hedging instruments were taken out) of approximately EUR 937 thousand (EUR 1,972 thousand in 2021).

Moreover, the Group has various investments in foreign operations, whose net assets are exposed to the risk of foreign currency translation. The exchange rate risk on net assets of the foreign operations of the Group is managed primarily through borrowings denominated in the relevant foreign currencies.

3.2 Liquidity risk

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

The forecast cash flow takes place from the parent Company of the Group. The Corporate Finance Department follows and monitors the forecasts of the Group's liquidity needs, to ensure it has sufficient cash to meet operational needs. These predictions take into account the financing plans for the Group. In this respect, the estimation of cashflow payments for loans and accounts payable is as follows:

At 31 December 2022	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years.**
Loans	3,059	18,071	29,722	5,808	1,558
Trade payables and other payables	50,721	4,021	-	-	-
At 31 December 2021					
Loans	1,226	15,449	35,924	4,928	1,062
Trade payables and other payables	59,301	5,395	-	-	-

The Corporate Treasury department invests surplus cash in financial instruments with adequate maturities or sufficient liquidity to provide the sufficient slack given by the above predictions framed in the financial investments policy, in low risk prevails over profitability and for which the credit rating or recognized creditworthiness of the issuers is verified, as described in Note 3.2.

With this objective, the Group has committed credit facilities to finance its variation in working capital. At the end of 2022 the use of these credit lines was 0% (0% in 2021) (Note 12).

3.3 Interest rate risk

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

Taking into account the level of bank borrowings for 2022, the effect of a 50 bp variation in the interest rate would have entailed an increase or decrease of approximately Euro 216 thousand in the Company's financial expenses for the coming year (Euro 231 thousand in 2021).

3.4 Commercial credit risk

The Group's trade receivables relate to debtors located in different geographic areas and although there is a significant concentration of sales, there is a deep knowledge of these that enables the Group to anticipate to a great extent possible risk situations.

However, the key for the Group is proper control of commercial credit risk and, accordingly, the Group has implemented internally a credit policy that includes, in addition to a preliminary analysis of the debtor, external insurance in certain situations of the main risks.

Other financial assets at amortised cost mainly relate to promissory notes and bonds of companies with a sound credit rating. Before any acquisition, the Group performs a detailed analysis (review of the issuer, issue rating etc) in order to discard those not meeting its low-risk criteria. The issuer's credit quality is reviewed on a regular basis over the financial asset's life.

3.5 Price risk

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

Considering that a variation of paper pulp prices occurred by 10%, without considering the existence hedges, the impact in the consolidated income statement would amount Euro 5,813 thousand approximately (Euro 4,094 thousand in 2021).

At the year end, no operations with derivatives that are not reasonably hedged, and the assets related to the pension plans are adequately insured.

3.6 Capital management

The Group's objectives in terms of capital management are to safeguard its capacity to continue as a going concern in order to ensure shareholder's return and to maintain an optimal capital structure.

The Group 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 debts to financial entities (including current and non-current borrowed funds, as shown in the consolidated balance sheet) less cash and cash equivalents and short-term investments.

The reduced leverage rate of the Group and high level of financial solvency draw the Group to be not much exposed to the impacts of the international financial crisis impacts.

The leverage ratio for both December 31, 2022 and December 31, 2021 is not applicable because the Group has a volume of available and realizable resources greater than the debt with credit institutions:

In Thousand Euro	**December 2022**	**December 2021**
Total equity	330,291	322,897
Net borrowings:		
Long-term borrowings	36,805	41,564
Short-term borrowings	20,938	16,467
Cash at banks and in hand and short-term investments	(43,124)	(81,242)
Long-term financial investments	(31,559)	(38,226)
Total net borrowings	(16,940)	(61,437)
Leverage index	No applicable	No applicable

(In thousand Euro)

4 PLANT, PROPERTY AND EQUIPMENT

The balances and variations for the years ended at 31 December 2022 and 2021 of the accounts included under "Property, plant and equipment" are as follows:

	Land, Buildings and other constructions	Plant and machinery and other fixed assets	Prepayments and assets under construction	Total
Net book value at 31 December 2020	**52,622**	**104,059**	**11,265**	**167,946**
Cost or valuation	73,510	364,415	11,265	449,190
Accumulated depreciation and impairment loss	(20,888)	(260,356)	-	(281,244)
Net book value	**52,622**	**104,059**	**11,265**	**167,946**
Net book value	**57,694**	**105,804**	**8,168**	**171,666**
Exchange differences	(184)	(201)	(2)	(387)
Additions	-	708	20,626	21,334
Additions IFRS 16	-	537	-	537
Consolidation adjustments and other cost adjustments	-	121	-	121
Hyperinflation – cost	755	912	-	1,667
Disposals	(150)	(3,674)	-	(3,824)
Disposals IFRS16	(21)	-	-	(21)
Transfers	1,516	12,299	(14,106)	(291)
Depreciation charge	(2,022)	(15,176)	-	(17,198)
Additions for depreciation IFRS 16	-	-	-	-
Consolidation adjustments and other depreciation adjustments	105	204	-	309
Transfer depreciation	(399)	698	-	299
Hyperinflation depreciation	(123)	(650)	-	(773)
Write off of depreciation due to disposals	80	2,670	-	2,750
Depreciation exchange differences	2	207	-	209
Closing net book value at 31 December 2021	**57,253**	**104,459**	**14,686**	**176,398**
Cost or valuation	82,491	390,511	14,686	487,688
Accumulated depreciation and impairment loss	(25,238)	(286,052)	-	(311,290)
Net book value	**57,253**	**104,459**	**14,686**	**176,398**
Net book value	**57,253**	**104,459**	**14,686**	**176,398**
Exchange differences	(866)	(1,054)	(13)	(1,933)
Additions	5	848	32,818	33,671
Additions IFRS 16	1	-	-	1
Consolidation adjustments and other cost adjustments	2	(100)	-	(98)
Hyperinflation – cost	1,401	1,638	-	3,039
Disposals	(314)	(3,592)	-	(3,906)
Disposals IFRS16	-	(237)	-	(237)
Transfers	1,943	13,588	(18,742)	(3,211)
Depreciation charge	(2,125)	(16,027)	-	(18,152)
Consolidation adjustments and other depreciation adjustments	(441)	873	-	432
Transfer depreciation	-	-	-	-
Hyperinflation depreciation	(223)	(947)	-	(1,170)
Write off of depreciation due to disposals	314	3,159	-	3,473
Depreciation exchange differences	352	432	-	784
Closing net book value at 31 December 2022	**57,302**	**103,040**	**28,749**	**189,091**
Cost or valuation	84,663	401,602	28,749	515,014
Accumulated depreciation and impairment loss	(27,361)	(298,562)	-	(325,923)
Net book value	**57,302**	**103,040**	**28,749**	**189,091**

The additions in 2022 amounted to Euro 33,671 thousand (Euro 21,334 thousand in 2021) and relate mainly to constructions in progress resulting from continued investment in the Group's various production plants.

The additions for 2022 include Euro 1,369 thousand (Euro 1,113 thousand in 20201 relating to own work capitalised by the Group.

The consolidated income statement includes lease expenses relating to the rent of machinery and buildings amounting to Euro 32 thousand (Euro 28 thousand in 2021).

The Group has established proper controls to identify indications of possible impairment losses. In 2022 and 2021 no PPE items have been impaired.

In 1996 Miquel y Costas & Miquel, S.A. and the subsidiary companies S.A. Payá Miralles and Celulosa de Levante, S.A., which contributed 97% of the total property, plant and equipment to the consolidated Group, restated their balance sheets as per Royal Decree Law 7/1996, of 7 June, increasing the cost value of their property, plant and equipment by Euro 11,413 thousand using the updating rate tables published in Royal Decree 2607/1996, of 20 December. The net book value of the revaluated assets at 31 December 2022 totals Euro 295 thousand (Euro 545 thousand in 2021), and the depreciation charge for the year 2022 totals Euro 16 thousand (Euro 16 thousand in 2021).

The Group has taken out several insurance policies to cover the risks relating to its property, plant and equipment. The coverage of these policies is considered sufficient.

The Group's property, plant and equipment are not subject to guarantees.

There are irrevocable commitments to acquire property, plant and equipment amounting to Euro 6,439 thousand at year end (Euro 12,480 thousand in 2021).

The Group has property, plant, and equipment outside of Spain totalling a net book value of Euro 3,871 thousand in 2022 (Euro 2,980 thousand in 2021).

There have been no capitalised interests on the Group assets during 2022 and 2021.

There are no significant non-operating assets.

Any tangible asset under construction is classified according its nature, in the corresponding PPE or intangible asset account.

At 31 December 2022 the value of fully-depreciated assets amounts to Euro 205,464 thousand (Euro 196,753 thousand in 2021).

(In thousand Euro)

5 INTANGIBLE ASSETS

Balances and movements for the years ended 31 December 2022 and 2021 of the items included under "Intangible assets" are as follows:

	Software	Industrial property	Development expenses	Gas emission rights	Intangible assets under	Total
At 31 December 2020	**463**	**116**	**101**	**1,987**	**363**	**3,030**
Cost	8,501	143	2,086	1,987	363	13,080
Accumulated amortisation and impairment	(8,038)	(27)	(1,985)	-	-	(10,050)
Net book value	**463**	**116**	**101**	**1,987**	**363**	**3,030**
At 31 December 2021						
Opening net book value	**463**	**116**	**101**	**1,987**	**363**	**3,030**
Exchange differences	(17)	(119)	-	-	-	(136)
Hyperinflation - cost	81	24	-	-	-	105
Additions	-	108	-	2,586	585	3,279
Disposals	-	-	-	(2,631)	-	(2,631)
Transfers	643	48	-	-	(647)	44
Amortisation charge	(354)	(5)	(101)	-	-	(460)
Amortisation disposals	3	-	-	-	-	3
Amortisation exchange differences	24	-	-	-	-	24
Hyperinflation - amortisation	(118)	(8)	-	-	-	(126)
At 31 December 2021	**725**	**164**	**-**	**1,942**	**301**	**3,132**
Cost	9,208	204	2,086	1,942	301	13,741
Accumulated amortisation and impairment	(8,483)	(40)	(2,086)	-	-	(10,609)
Net book value	**725**	**164**	-	**1,942**	**301**	**3,132**
At 31 December 2021						
Opening net book value	**725**	**164**	**-**	**1,942**	**301**	**3,132**
Exchange differences	(93)	(27)	-	-	-	(120)
Hyperinflation - cost	139	41	-	-	-	180
Additions	-	-	-	2,215	347	2,562
Disposals	-	-	(336)	(1,796)	-	(2,132)
Transfers	496	-	-		2,715	3,211
Amortisation charge	(465)	(21)	-	-	-	(486)
Amortisation disposals	-	-	336	-	-	336
Amortisation exchange differences	105	8	-	-	-	113
Hyperinflation - amortisation	(172)	-	-	-	-	(172)
At 31 December 2022	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Cost	9,750	218	1,750	2,361	3,363	17,442
Accumulated amortisation and impairment	(9,015)	(53)	(1,750)	-	-	(10,818)
Net book value	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**

See comments on emission rights in Note 24.2 to these notes to the consolidated annual accounts.

(In thousand Euro)

The Group has intangible assets outside of Spain totalling a net book value of Euro 24 thousand at 31 December 2022 (Euro 24 thousand at 31 December 2021).

Additions for 2022 include Euro 49 thousand (Euro 76 thousand in 2021) relating to own work capitalised. Additionally, the Group invested Euro 6,056 thousand in R&D-I in 2022 (Euro 3,040 thousand in 2021).

The value of fully amortised assets at 31 December 2022 is EUR 10,047 thousand (Euro 9,889 thousand in 2021).

The Group's intangible assets are not pledged as guarantees and there are no acquisition commitments at the current or the prior year end.

6 NON-CURRENT FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

The balances and movement for the years ended at 31 December 2022 and 2021 of the line "Non-current financial assets" are as follows:

	Investments in associates	Other financial investments	Deposits and guarantees	Provisions for impairment	Total
Balance at 31 December 2020	**345**	**31,940**	**125**	**-**	**32,410**
Additions	-	13,407	-	-	**13,407**
Disposals	(68)	(78)	(9)	-	**(155)**
Fair value adjustments (Note 11.2)	-	568	-	-	**568**
Transfers (Note 9)	-	(8,013)	-	-	**(8,013)**
Share in profit/losses	9	-	-	-	**9**
Balance at 31 December 2021	**286**	**37,824**	**116**	**-**	**38,226**
Additions	-	6,373	-	-	**6,373**
Disposals	-	(203)	(1)	-	**(125)**
Fair value adjustments (Note 11.2)	-	(4,892) (4,815)	-	-	**(4,892)**
Transfers (Note 9)	-	(8,020)	-	-	**(8,020)**
Share in profit/losses	(3)	-	-	-	**(3)**
Balance at 31 December 2022	**283**	**31,161**	**115**	**-**	**31,559**

The heading "Investments in associates" includes the investment in the associated company, Fortube, S.L. for an amount of Euro 283 thousand (Euro 286 thousand in 2021). In the current financial year, the company has distributed a dividend of Euro 7 thousand (Euro 0 thousand in 2021) and has had a profit of Euro 3 thousand (Euro 9 thousand in 2021). Additionally, in previous years a credit was included that the parent company granted in 2017 to the associated company Fortube, S. L. for an amount of Euro 275 thousand.

(In thousand Euro)

During financial year 2021 a total of 68 thousand euros was returned, leaving a balance at 31 December 2021 of 0 thousand euros and consequently amortized.

"Other financial investments" in financial year 2022 includes long-term financial investments with maturities after 2023, remunerated at a nominal interest rate varying 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 earned by the Group as these are purchased on the secondary debt market.

It also contains equity investments in respect of which securities of a SPAC (Special Purpose Acquisition Company), which was acquired in 2021 for the amount of Euro 5,000 thousand and whose value at 31 December 2022 totalled Euro 5,105 thousand (Euro 5,138 thousand in 2021). Also are included financial investments in shares of Iberpapel Gestión, S.A. representing an 9.06% interest at 2022 year-end (8.84% at the 2021 year-end), with a cost value of Euro 17,927 thousand, whose fair value at 31 December 2022 was Euro 13,050 thousand (Euro 17,558 thousand at the 2021 year-end). Fair value adjustments are recognised in the consolidated statement of recognised income and expense.

The breakdown of the items carried under investments in associates and provisions for impairment of these investments is as follows:

	Shareholding	2022	2021
Fourtube, S.L.	40%	283	286
Total cost		**283**	**286**
Net book value		**283**	**286**

The Group's participation in results of the associated company (Fourtube, S.L.) and its main figures are as follows at 31 December 2022 and 2021:

2022

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	713	568	144	9	40%
		713	**568**	**144**	**9**	

2021

Name	Registered office	Assets	Equity	Liabilities	Profit/(Loss)	Shareholding (%)
Fourtube, S.L.	Sevilla	696	574	122	24	40%
		696	**574**	**122**	**24**	

7 INVENTORIES

The breakdown of inventories at 31 December 2022 and 2021, in thousand Euro, is as follows:

	2022	2021
Commercial products	3,716	3,780
Raw materials and other supplies	33,216	28,705
Finished goods and work in progress	72,130	56,349
Prepayments to suppliers	667	340
TOTAL	**109,729**	**89,174**

The cost of trade inventories finished goods and work in progress recognised as an expense and included in cost of goods sold amounts to Euro 124,307 thousand in 2022 (of which Euro 127,162 thousand are purchases and Euro 2,899 thousand are negative inventory changes) and Euro 99,816 thousand in 2021 (of which Euro 106,653 thousand are purchases and Euro 6,837 thousand negative inventory changes).

The breakdown of purchases by currency (Euro) is as follows:

	2022	2021
Euro	81,524	69,221
USD	42,870	36,073
Other currencies	2,768	1,359
Total	**127,162**	**106,653**

There are no purchase commitments with suppliers at 31 December 2022 and 2021.

The Group has taken out several insurance policies to cover the risks to which inventories are exposed. The coverage of these policies is considered sufficient.

The Group has recorded impairment losses on the inventory, whose amount for impairment registered in the income statements for the year 2022 totals Euro 2,440 thousand (Euro 2,024 thousand in 2021).

8 TRADE AND OTHER RECEIVABLES

The fair value of Trade receivables does not differ from their accounting value.

The balances for the years ended at 31 December 2022 and 2021 of trade receivables for sales and services are as follows:

	2022	2021
Trade receivables	61,258	56,270
Doubtful debtors	692	589
Less: Provision for impairment of accounts receivable	(692)	(589)
Balance at 31 December	**61,258**	**56,270**

The carrying values (in Euro thousand) of trade receivables are denominated in the following currencies:

	2022	2021
Euro	48,593	44,076
US Dollar	11,002	11,586
GBP	5	2
Other currencies	1,658	606
Total	**61,258**	**56,270**

At 31 December 2022, accounts receivable that are not due total Euro 48,199 thousand (Euro 44,318 thousand in 2021).

The Group considers that accounts receivable, except for the impaired amount by Euro 692 thousand in 2022 (Euro 589 thousand in 2021), included in this note, have not suffered any impairment.

The breakdown by ageing of these due accounts is as follows:

	2022	2021
Less than 3 months	11,312	9,791
Between 3 and 6 months	502	1,305
More than 6 months	1,245	856
Total	**13,059**	**11,952**

(In thousand Euro)

The movement in the accounts receivable under bad debt provisions for the years 2022 and 2021 has been as follows:

	2022	2021
Balance at 1 January	**589**	**462**
Charge for the year (Note 20)	114	184
Recoveries of balances provided for (Note 20)	(2)	(7)
Write off of balances provided for	(9)	(50)
Balance at 31 December	**692**	**589**

The recognition and reversal of the provisions for impairment of accounts receivable have been included in the income statement. Amounts charged to the impairment provision are eliminated when there is no expectation that more cash will be collected.

The Group has a significant concentration of credit in certain accounts receivable from customers. To minimize risk, the Group has implemented policies that guarantee the assignment of credit to clients with an adequate history and covers positions by contracting credit insurance.

9 OTHER CURRENT FINANCIAL ASSETS

The accounting values of "Other current financial assets" do not differ from their fair value.

The balances for the years ended at 31 December 2022 and 2021 of other current financial assets are as follows:

	2022	2021
Sundry receivables	97	240
Public Administrations	5,362	4,704
Derivatives (21.2)	229	-
Current financial asset investments	37,390	74,809
Accruals	58	231
	43,136	**79,984**

(In thousand Euro)

The breakdown of accounts with Public Administrations for the years 2022 and 2021 is as follows:

	2022	**2021**
Public Treasury (VAT receivable)	4,873	3,963
Other taxes refundable	489	741
	5,362	**4,704**

The movement in current financial asset investments for 2022 and 2021 has been as follows:

	2022	**2021**
Balance at 1 January	**74,809**	**70,652**
Additions	83,078	99,737
Transfers (Note 6)	8,020	8,013
Exchange rate differences	(198)	-
Disposals	(128,319)	(103,593)
Balance at 31 December	**37,390**	**74,809**

The short-term financial investments registered at the year-end of 2022 are Euro 36,995 thousand (Euro 74,500 thousand in 2021), as well as the accrued financial interests in 2022 of Euro 395 thousand (Euro 309 thousand in 2021), maturing within twelve months and paying an effective interest rate that varies within a range of 0.50% to 5.13% for the year 2022 (0.30% to 3.50% in 2021). The nominal interest rate is not necessarily equivalent to the internal rate of return obtained by the Group as these are acquired on the secondary debt market.

10 CASH AND OTHER CASH EQUIVALENTS

The balances for the years ended at 31 December 2022 and 2021 of cash and other cash equivalents are as follows:

	2022	**2021**
Cash at banks and in hand	5,505	6,433
	5,505	**6,433**

There are no restrictions with respect to cash and / or cash equivalents. The average remuneration obtained on those balances has been immaterial.

11 EQUITY

11.1 Share capital, own shares and share premium

SHARE CAPITAL

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

	Number of shares (thousand)	Nominal Value of Ordinary shares (thousand Euro)
Balance at 31 December 2021	40,000	80,000
Balance at 31 December 2022	40,000	80,000

The reconciliation between the number of shares (in thousand) in circulation at the beginning and end of the year is as follows:

	2022	2021
Balance at 1 January	**38,854**	**28,978**
Capital increase and reduction, acquisition and allocation due to exercise of options on treasury shares	(203)	9,876
Balance at 31 December	**38,651**	**38,854**

At 31 December 2022, the share capital is represented by 40,000,000 ordinary shares (40,000,000 shares in 2021), supported by entries of Euro 2.00 each one, fully subscribed and paid.

The shares of the parent Company are listed on the Barcelona, Madrid, Bilbao and Valencia stock exchanges and integrated in the inter-connected trading board (SIBE-Smart).

All shares have the same economic and voting rights, and there are no legal restrictions nor statutory for the shares acquisition or transmission in the share capital.

The resolution adopted at 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. In 2021 and 2022, the Board of Directors did not make use of the aforementioned authorisations.

(In thousand Euro)

On 22 June 2021, the Ordinary and Extraordinary General Meeting of Shareholders of Miquel y Costas & Miquel, S.A. resolved to reduce the Company's share capital by Euro 3,333 through the redemption of 1,666,666 shares with a par value of Eur 2.00 each, leaving Euro 58,667 thousand in share capital. 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 with the Barcelona Commercial Register.

At the same Ordinary and Extraordinary General Meeting it was also agreed to increase the share capital, with a charge to unrestricted reserves, in particular with a charge to the following accounts:

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

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

At the dates of December 31, 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:

	% interest	
	2022	**2021**
Jorge Mercader Miró	17.26	17.05
Mª del Carmen Escasany Miquel	12.47	12.42
Indumenta Pueri S.L	14.65	14.65
Bernadette Miquel Vacarisas	12.57	12.53

SHARE PREMIUM

The balance and variations for the years ended at 31 December 2022 and 2021 are as follows:

Balance at 31 December 2020	**40**
Refund of the share premium to the shareholders	(40)
Balance at 31 December 2021	**-**
Refund of the share premium to the shareholders	-
Balance at 31 December 2022	**-**

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

(In thousand Euro)

11.2 Retained earnings and other reserves

The balances for the years ended 31 December 2022 and 2021 in the items forming "Retained earnings, other reserves and other equity instruments" are set out below:

	Legal reserves of the parent company	Other reserves of the parent company	Reserves in fully consolidated companies	Cumulative conversion differences	Interim dividend	Results for the year	Other equity instruments	Value adjustment (Note 6)	Total
Balance at 31 December 2020	12,400	138,801	83,751	(6,079)	(10,200)	44,878	479	(1,452)	262,579
Balance at 31 December 2021	12,400	112,087	94,507	(4,835)	(8,400)	50,792	602	(884)	256,269
Balance at 31 December 2022	16,000	127,405	109,579	(3,661)	(7,700)	31,634	581	(5,776)	268,062

LEGAL RESERVE

The parent Company is obliged to transfer a minimum of 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. Under certain conditions it may be used to increase share capital by applying the part exceeding 10% of the share capital already increased. The amount is Euro 16,000 thousand in 2022 and Euro 12,400 thousand in 2021.

Accordingly, the legal reserve was set up pursuant to Article 274 of the Spanish Companies Act, which stipulates that the Company is required to transfer at least 10% of profits for the year to a reserve until the reserve balance reaches at least 20% of share capital.

The balance in the reserve, up to 20% of share capital, is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

OTHER RESERVES OF THE PARENT COMPANY

This line includes the voluntary reserves of the parent Company, which are freely available for distribution. However, under current mercantile law, the distribution of profit is not permitted until the research and development expenses recorded under assets in the individual annual accounts as per the GAAP of the parent Company are fully amortised, unless the amount of the available reserves is at least equal to the amount of non-amortised expenses. These expenses were fully amortized as of December 31, 2015.

RESERVES IN FULLY CONSOLIDATED COMPANIES

These reserves relate to the difference between the carrying value of the shareholding in consolidated companies and the attributable portion of net book value. This line includes Euro 2,910 thousand relating to the legal reserve (Euro 2,479 thousand in 2021), which are subject to the same restrictions as those mentioned in the section “Legal reserves” above.

According to the provisions laid down by mercantile law, some of the Group companies restated the values of certain PPE at 31 December 1996, which generated a revaluation reserve totalling at December 31, 2022 and 2021 Euro 5,411 thousand. The balance of this account can be used, free of tax, to:

- Offset losses.
- Increase share capital.
- Distributable reserves, as from 31 December 2006.

As reported in previous years, the requirements set out in Royal Decree-Law 7/1996 of June 7 have been met, so that the Company can proceed with the transfer of the reserve revaluation to voluntary reserves.

However, the balance of the Revaluation Reserve Royal Decree-Law 7/1996 cannot be distributed, directly or indirectly, until the assets have been written off for accounting purposes or have been disposed of or derecognised.

ACCUMULATED EARNINGS

They correspond to the results obtained in each year by the Companies that make up the consolidation perimeter as of 31 December 2022 and 2021.

INTERIM DIVIDEND

The dividend distribution policy consists of four payments, of which three are on account and one which is complementary.

In 2022, in accordance with the resolutions of the Board of Directors, the following interim dividends were paid:

- Against 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 0.10334508 per share. As this distribution was paid after the end of the financial year 2021, it complied with the regulatory profit and liquidity requirements.

- Against 2022 profits:

  - Resolution of 27 September 2022: resolved to distribute a first interim dividend out of 2022 profits for a total amount of Euro 3,700 thousand which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was Euro 0.09592881 per share.
  - Resolution of 28 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.

  - 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 of the Spanish Capital Companies Act 1/2010 of 2 July 2010.

(In thousand Euro)

	2022	2021
Dividends	16,100	15,500
Tax effect	(1,345)	(1,434)
Total	**14,755**	**14,066**

Of the gross amount of dividends paid, all shares which represent more than 5% of total shares and with a length equal to or exceeding one year, have enjoyed the right not to withhold tax pursuant to art. 21.1 a) of Law 27/2014 of 27 November related to Corporate Income Tax, in accordance with the exoneration of withholding tax rule provided by Article 128.4.d) of that Law.

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 resolution of 27 September 2022 to distribute a first interim dividend of the profits from 2022 of a total amounts 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.

(In thousand Euro)

- Provisional resolution of 28 November 2022 to distribute a second interim dividend of the profits from 2022 of 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	4,700
Treasury forecast for one year from the date of agreement for interim distribution	
Available liquidity at the date of agreement for distribution of interim dividend**	83,948
Forecast receipts	211,600
Projected payments (including dividends)	(229,759)
Projected cash and bank balances at 29 November 2023	**65,789**

**Includes unused credit facilities with financial institutions

SUPPLEMENTARY DIVIDEND

Under the resolution adopted by the General Shareholders Meeting dated in June 21, 2022, 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 2021 amounting to Euro 4,400 thousand.

Under the resolution adopted by the General Shareholders Meeting dated in June 22, 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.

(In thousand Euro)

CUMULATIVE TRANSLATION DIFFERENCES

The cumulative translation differences in 2022 and 2021 are as follows:

	Cumulative translation differences
Balance at 31 December 2020	**(6,079)**
Movement for the year 2021	1,244
Balance at 31 December 2021	**(4,835)**
Balance at 1 January 2022	**(4,835)**
Movement for the year 2022	1,174
Balance at 31 December 2022	**(3,661)**

The cumulative translation differences at the 2022 and 2021 year-end refer to Miquel y Costas Chile, S.R.L. and Miquel y Costas Argentina, S.A.

RETAINED EARNINGS

The amount of Euro 5,776 thousand (Euro 884 thousand in 2021) corresponds to the change in fair value of equity instruments not held for trading purposes. (Note 6)

OTHER EQUITY INSTRUMENTS

Relates to the amount recorded as a balancing item for staff costs arising from the "Stock Option Plan" formalized 2017. At 31 December 2022 this amounts to 581 thousand Euro (Euro 602 thousand in 2021).

- "2016 Stock option plan" - The General Shareholders' Meeting of the Parent Company held in June 22, 2016 approved a new stock option plan, applicable to those executive directors and executives of the Parent Company and Group companies that the Board of Directors appointed. 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.

  The options are subject to certain conditions and the parent 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 parent's treasury shares.

(In thousand Euro)

Based on the aforementioned agreements, the exercise price of the option was set at Euro 22.21 per share, determined by the average share price in the previous quarter minus 5%, equivalent to Euro 13.88 after adjustment for the aforementioned capital increase in 2018 and Euro 10.18 after the capital increase in the current financial year.

The plan includes the following phases:

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

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

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

Due Date	Option value at grant date
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 13 thousand was charged to the income statement at 31 December 2022 (124 thousand at 31 December 2021).

11.3 Own shares

OWN SHARES

The General Shareholders' Meeting held in June 20, 2018 and June 22, 2021 authorized the Company to acquire treasury shares for a term of five years under the terms of the law. The General Shareholders' Meeting held on 20 June 2018 again authorised the Company to acquire treasury shares under the same terms. By virtue of the resolutions adopted at such General Meetings, the Board of Directors, at meetings held on the same dates, agreed to approve the treasury share policy within the authorized limits and subject to the Internal Rules of Conduct.

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)
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	-	-	-	-
	(1,825)	(21)	(11.79)	(4)
Balance at 31-12-2022	**1,507,489**	**17,771**	**11.79**	**3,015**

During 2022 the parent company made use of the authorisation for the derivative acquisition of treasury shares and within the framework of the Programme for the repurchase of shares reported to the CNMV on 30 November 2022 and 1 December 2021 and the special operations which have been communicated on a timely basis, acquired 363,410 shares (547,135 shares in 2021) amounting to Euro 4,420 thousand (Euro 7,936 thousand in 2021).

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).

(In thousand Euro)

12 BORROWINGS

The breakdown of the current and non-current financial debt for the years ended at 31 December 2022 and 2021 is as follows:

	2022	2021
Non-current		
Bank loans	36,805	41,564
	36,805	**41,564**
Current		
Bank loans	20,890	16,405
Credit facilities	-	-
Interest accrued	48	62
	20,938	**16,467**
Total borrowings	**57,743**	**58,031**

The movement of short and long-term loans during 2022 and 2021 is the following:

	Long-term Borrowings	Short-term Borrowings
Balance at 31-12-20	**49,145**	**18,511**
Obtaining financing and value update	25,086	-
Amortization	(16,262)	(18,511)
Transfers from long to short term	(16,405)	16,405
Balance at 31-12-21	**41,564**	**16,405**
Obtaining financing and value update	16,188	-
Amortization	(57)	(16,405)
Transfers from long to short term	(20,890)	20,890
Balance at 31-12-22	**36,805**	**20,890**

(In thousand Euro)

The maturities of non-current borrowings are as follows:

	2022	2021
Up to 1 year	20,938	16,467
Between 1 and 3 years	29,526	35,636
Between 3 and 5 years	5,768	4,899
More than 5 years	1,511	1,029
	57,743	**58,031**

During 2022 the Group has received 4 loans from credit institutions, 2 of them granted by the Centre for the Development of Industrial Technology (CDTI), 1 of them granted by the Ministry of Industry, Commerce and Tourism and 1 by financial institutions, for a total of Euro 16,188 thousand, with repayment terms of 5 to 10 years including grace periods ranging from 1 year to 3 years.

During 2021 the Group has received 3 loans from credit institutions, 1 of them granted by the Centre for the Development of Industrial Technology (CDTI) and 2 by financial institutions, for a total of Euro 25,170 thousand, with repayment terms of 4 to 9 years including grace periods ranging from 1 year to 3 years.

The Group at 31 December 2022 has loans at a zero interest rate with an outstanding capital of- Euro 4,407 thousand (Euro 4,147 thousand at 31 December 2021).

The rate of non-subsidized loans is fixed.

Of total loans at 31 December 2022, Euro 1,309 thousand relates to loans secured through a bank guarantee (Euro 1,454 thousand at 31 December 2021).

The Group has contracted lines of short-term financing (credit facilities) to interest rate market with various financial institutions for a limited amount of 16,939 thousand Euro (16,885 thousand Euro in 2021) of which there is no balance drawn down at the end of 2022 and 2021. Credit lines with a maturity of less than one year are subject to upcoming renovations in the year 2023.

(In thousand Euro)

The carrying value (in Euro) of the Group's bank loans is denominated in the following currencies:

	2022	2021
Euro	57,743	58,031
AUD	-	-
JPY	-	-
GBP	-	-
USD	-	-
Total borrowings	**57,743**	**58,031**

13 PENSION COMMITMENT LIABILITIES

The Group has different pension commitments based on its work centres and companies (see Note 2.3).

13.1 Defined contribution commitments

The Group has two defined contribution plans as a result of the agreements with representatives of the workers at the Besos and Mislata work centres. The amount recorded during the year as staff costs in the income statement relates to the contributions made in the year 2022 which totals Euro 53 thousand (Euro 47 thousand in 2021) (Note 19).

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

There are also three other defined contribution plans for the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., and Celulosa de Levante, S.A., for the executive Directors and Senior Management (Notes 24.3 and 24.4).

13.2 Defined benefit commitments

In accordance with the Spanish Collective Bargaining Agreement for the paper, pulp and cardboard sector, the Group is obligated to pay the active employees who are eligible and decide to take early retirement the retirement bonuses stipulated in the Agreement. This commitment is externalised and insured under a group insurance policy. In addition, with the entry into force on 1 January 2013 of Law 27/2011, of 1 August, on the which aims to update, adapt and modernise the Social Security system, the Group is now obligated, under the same collective agreement, to allow some of its current employees to take voluntary early retirement at 63 years of age. This is not a new pension commitment, but an increase in the number of employees entitled to the retirement bonus. The insurance policies were taken out in 2013 to comply with the externalisation of pension commitments, and the number of people in the group was expanded in 2016.

(In thousand Euro)

The breakdown of the amounts recognised in the balance sheet for long-term employee benefit obligations and the related charges in the income statement for the different types of defined benefit liabilities that the Group has with its employees is as follows:

	2022	2021
Charges in the consolidated income statement:		
- Financial restatement (Financial expenses) (Note 21.4)	-	-
- Current services costs (Note 19)	9	11
- Expected return on plant-related assets (Note 21.4)	-	-
	9	**11**
Charges/(credits) in Equity:		
- Actuarial gains and losses	5	(69)
- Tax effect	(1)	(17)
	4	**52**

The amounts recognised in the balance sheet are determined as follows:

	2022	2021
Current value of committed liabilities	(397)	(441)
Fair value of plan-related assets	211	224
Liabilities on the balance sheet (Note 14)	**(186)**	**(217)**

The movement in the fair value of the plan related assets has been as follows:

	2022	2021
Opening balance	**224**	**198**
Expected return on plan-related assets	-	-
Actuarial gains / (losses)	(31)	(16)
Contributions paid net of returned premiums	18	42
Closing balance	**211**	**224**

The movement in the fair value of the committed liabilities:

	2022	2021
Opening balance	**441**	**527**
Interest costs	-	-
Current services costs	11	11
Past service cost	-	-
Actuarial (gains) / losses	(36)	(86)
Contributions paid	(19)	(11)
Closing balance	**397**	**441**

(In thousand Euro)

- Valuation of defined benefit commitments:

  Group management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2022 and 2021 of each pension plan mentioned above, in accordance with the criteria and methodology generally accepted for IFRS purposes.

  The main actuarial assumptions applied have been as follows:

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	ORDER EHA/3433/2006 COD21
Retirement age	63 years

The interest rates used have been determined at market rates, on the balance sheet date, for the issues 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 Group. In addition, the current labour regulation relating to retirement age has been considered.

The valuation method used has been the "projected credit unit." This system consists in proportionally accrediting the present value of the future expected benefits on the basis of past service at any time.

To determine the value of the net liability recognized in the commitments, the insurance policies arranged as affected asset have been considered, with their valuation determined by the amount of the secured obligations. This means that the commitments for retirement bonuses, being matched to the Group benefits and obligations, the value of the insurance policy is equal to the accrued obligations, resulting in a zero net value for all defined benefit obligations without assumption of permanence. For other commitments, the insurer has provided the valuation of the affected asset.

(In thousand Euro)

14 OTHER NON-CURRENT LIABILITIES

The breakdown of this account at the years ended 2022 and 2021 is as follows:

	2022	2021
Grants	1,898	1,271
Long-term staff liabilities (Note 13.2)	186	217
Deposits and guarantees	2	22
Other	1,372	1,302
	3,458	**2,812**

a) Grants

The details and movement of grants are as follows:

	Government grants	Subsidised interest rate	Emission rights (Note 25.2)	Total
Balance at 31-12-2020	**926**	**116**	**-**	**1,042**
Increases	414	85	1,189	1,688
Transferred to income statement	(189)	-	(1,154)	(1,343)
Decreases	-	(116)	-	(116)
Balance at 31-12-2021	**1,151**	**85**	**35**	**1,271**
Increases	569	97	1,986	2,652
Transferred to income statement	(225)	-	(1,680)	(1,905)
Decreases	-	(85)	(35)	(120)
Balance at 31-12-2022	**1,495**	**97**	**306**	**1,898**

Income relating to grant released to results for the year are carried under "Charge to non-financial fixed assets grants" in the consolidated income statement.

Grants awarded to the Company are non-repayable since all the necessary conditions attached to the grants for them to be considered non-repayable have been met.

Government grants at 31 December 2022 and 2021 include the capital grants from the Government of Catalonia, Energy Agency of Valencia, the C.D.T.I. and the ICAEN, mainly for the Group investments in environmental investigation for improving energy efficiency.

(In thousand Euro)

b) Long-term staff liabilities

The movement of long-term staff liabilities during 2022 and 2021 is as follows:

Balance 31-12-20	**329**
Provisions (Note 13)	11
Payments/collections	(54)
Actuarial gains and losses	(69)
Balance 31-12-21	**217**
Provisions (Note 13)	9
Payments/collections	(35)
Actuarial gains and losses	(5)
Balance 31-12-22	**186**

The Group has recorded at 2012 year end a provision amounting to Euro 400 thousand, as a result of the implementation of Law 27/2011, of August 1 on updating, improvement and modernization of the Social Security system and came into force 1 January 2013, resulting in an increase in employees entitled to early retirement during 2016 This provision totals Euro 186 thousand as of 31 December 2022 (Euro 217 thousand in 2021).

c) Others

In this heading 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 2021 and 2022.

Also, this heading includes a provision relating to provisions for accrued variable remuneration Euro 126 thousand in 2022 (Euro 0 thousand in 2021, all in short-term (Note 16).

Additionally, this heading includes Euro 742 thousand relating to lease liabilities as a result of the application of IFRS 16 (Euro 680 thousand in 2021) and Euro 371 thousand (Euro 363 thousand in 2021), for other concepts.

15 TRADE CREDITORS AND OTHER ACCOUNTS PAYABLE

This section only reflects the balance at 31 December 2022 and 2021 of trade creditors and payables. Of Euro 41,848 thousand in this balance at 31 December 2022, 4,020 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro (In 2021, of Euro 42,219 thousand in this balance at 31 December 2021, 4,470 thousand relate to trade creditors in foreign currency, basically US Dollars, translated into Euro).

The book value recognised does not differ from the fair value of balances under trade creditor and other accounts payable.

Additionally, the balance of Euro 41,848 thousand includes short-term fixed asset creditor balances amounting to Euro 4,821 thousand in 2022 (Euro 3,619 thousand in 2021).

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

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 of December 31 2022 and 2021 it is as follows:

	31/12/2022	**31/12/2021**
	Days	**Days**
Average payment period to creditors (1)	26	35
Ratio of operations paid (2)	27	37
Ratio of operations pending payment (3)	9	16
	Thousand Euro	**Thousand Euro**
Total payments made	194,845	124,906
Total outstanding payments	14,329	12,552
Total payments within the period established in the delinquency regulations (millions of euros) (4)	186,391	-
% of the amount paid within the period established in the delinquency regulations with respect to the total amount paid (4)	96%	-
Number of invoices paid within the period established in the delinquency regulations (4)	21,864	-
% 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.

(In thousand Euro)

16 SHORT TERM PROVISIONS AND OTHER CURRENT LIABILITIES

The fair value of short-term provisions and other current liabilities does not differ from their accounting value. This heading breaks down as follows:

	2022	2021
Non-trade creditors	3,385	8,578
Accrued salaries	4,375	8,661
Provision for gas emission rights (note 25.2)	1,857	1,861
Other current provisions	75	395
Derivatives	-	228
Advance payments from customers	3,971	3,367
Other liabilities	505	836
	14,168	**23,926**

Provisions for variable compensation and associated objectives established and agreed with the staff concerned are included under the heading of accrued salaries in 2022. There are some variable compensations classified in the long term because they have a maturity of more than 1 year. (Note 14).

The Group has not received guarantees associated with these liabilities. Of the total of "Short-term provisions" and "current liabilities" of the Group at 31 December 2022, an amount of 596 thousand Euro are in non-euro currency (467 thousand Euro in 2021).

"Other liabilities" relate to the short-term amount as a result of the application of IFRS 16 see note 2.3 "Leases").

The information related to gas emission rights is disclosed in Note 25.2 of these consolidated financial statements.

a) Non-trade creditors

	2022	2021
Taxes payable to Public Administrations	1,983	7,426
Social Security	1,009	885
Other taxes payable	393	267
	3,385	**8,578**

The balance of creditor Treasury at year-end 2022 and 2021 includes essentially the amounts provided in respect of Income Tax of Physical Persons Tax and Value Added.

b) Other current provisions.

The Group records short-term provisions amounting to Euro 75 thousand (Euro 395 thousand in 2021). These provisions are related to the normal course of business.

17 TAX SITUATION

17.1 Consolidated tax regime

The parent Company, since it is the parent Company of a Group, is taxed in Spain for corporate income tax under the Consolidated Tax Regime. The consolidated tax group includes Miquel y Costas & Miquel, S.A., as the parent Company, while those Spanish companies that meet the requirements set down in tax legislation on the taxation of the consolidated profit of groups of companies, are classified as the subsidiary companies.

<u>In 2022 they are as follows:</u>

Miquel y Costas & Miquel, S.A. (Parent Company)
Celulosa de Levante, S.A.
S.A. Payá Miralles
MB Papeles Especiales, S.A.
Miquel y Costas Energía y Medio Ambiente S.A.
Papeles Anoia, S.A.
Sociedad Española Zig-zag, S.A.
Miquel y Costas Tecnologías, S.A.
Desvi, S.A.
Terranova Papers, S.A.
Miquel y Costas Logística S.A.
Clariana S.A

The subsidiary companies Miquel y Costas Argentina, S.A., Miquel y Costas Chile, S.R.L. and Miquel y Costas Deutschland, GmbH file individual tax returns under the tax legislation of Argentina, Chile and Germany, respectively.

(In thousand Euro)

17.2 Corporate income tax

Corporate income tax on Group profit before taxes differs from the amount that would have been obtained using the weighted average tax rate applicable to the profit of the consolidated companies as follows:

	2022	2021
Profit before tax	41,058	67,058
Elimination of results of foreign companies for non-tax group consolidation*	(737)	(1,997)
Adjustments to taxable income	(2,594)	(2,937)
Taxable income	37,727	62,124
Result of tax rate on taxable income	9,432	15,531
Deductions and credits	(928)	(594)
Tax consolidation group	8,504	14,937
Corporate income tax expense for the year – non tax group *	701	970
Shortfall / excess corporate income tax expense for the previous year and other adjustments	15	(30)
IAS / IFRS adjustments and others	204	389
Tax expense	9,424	16,266

*Included effect of hyperinflation in subsidiary Miquel y Costas Argentina, S.A. See Note 2.1.

During the current year the Group applied the reduction to the corporate income tax base amounting to Euro 2,332 thousand (Euro 1,463 thousand in 2021) as a capitalization reserve. 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 average tax rate for 2022 is 22.95% against 24.26% in the prior year.

Adjustments to the tax base mainly relate to the capitalisation reserve and other permanent differences.

The IFRS adjustments are mainly generated by the revaluation in accordance with Law 16/2012, of 27 December, which the parent Company and certain subsidiaries of the Group (Papeles Anoia, S.A., Celulosa de Levante, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., S.A. Payá Miralles and Clariana, S.A.) have performed.

The Group has applied in the calculation of income tax for 2022 tax incentives amounting to Euro 928 thousand (Euro 594 thousand in 2021) mainly relating to deductions for the environment, research and development and technological innovation.

(In thousand Euro)

The Group has not applied tax loss carryforwards from Clariana, S.A. in the current year. (Euro 0 thousand in 2021).

The Group's tax loss carryforwards at 31 December 2022 and 2021 amount to Euros 488 thousand, all of which were generated in 2018 by Clariana S.A (before its entry into the consolidated tax group).

The Group has no unused tax credits in 2022 and 2021.

The net tax payable (receivable) over corporate income tax is charged to each of the Group companies on the date of payment of the tax.

	2022	**2021**
Net tax payable		
From Miquel y Costas & Miquel, S.A.	553	578
From subsidiaries consolidated for tax purposes		
Sociedad Española Zig-Zag, S.A.	-	-
S.A. Payá Miralles	47	29
Papeles Anoia, S.A.	113	77
MB Papeles Especiales, S.A.	(165)	490
Miquel y Costas Tecnologías, S.A.	(18)	(25)
Celulosa de Levante, S.A.	179	288
Desvi, S.A.	(98)	(91)
Miquel y Costas Logística S.A.	47	23
Miquel y Costas Energía y Medio Ambiente , S.A.	27	34
Terranova Papers, S.A.	3	(399)
Clariana, S.A.	(15)	32
Total	**673**	**1,036**

17.3 Deferred income tax assets and liabilities

The deferred income tax assets and liabilities are stated in the consolidated balance sheet without being offset.

The overall effect of the recognition of the deferred tax for 2022 and 2021 is as follows:

	2022	**2021**
Deferred income tax assets:		
- Deferred income tax assets to be recovered in more than 12 months	1,996	2,153
- Deferred income tax assets to be recovered in 12 months	200	197
	2,196	**2,350**

(In thousand Euro)

Deferred income tax liabilities:

- Deferred income tax liabilities to be paid in more than 12 months	2,305	2,233
- Deferred income tax liabilities to be paid in 12 months	322	523
	2,627	**2,756**

The breakdown of deferred income tax assets and liabilities for 2022 and 2021 is as follows:

	2022	2021
Deferred income tax assets:		
Pension premiums	27	27
Limitation on the deduction of depreciation	486	652
Revaluations RD 16/2012	589	645
Accruals	749	725
Other	345	301
	2,196	**2,350**

	2022	2021
Deferred income tax liabilities:		
Profit generated by business combinations	212	212
Accelerated tax depreciation	1,068	1,339
Business combination	170	200
Hyperinflation	1,089	914
Other	88	91
	2,627	**2,756**

The movements in deferred income tax assets and liabilities for 2022 and 2021 are as follows:

	2022	2021
Opening balance	**(406)**	**601**
Business combination	-	-
Charged in the income statement	(25)	(990)
Charged directly to equity	(1)	(17)
Closing balance	**(432)**	**(406)**

On November 27, 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).

17.4 Years open to inspection

On 24 July 2017, the parent company and one of its subsidiaries 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

Subsequently, on 30 November 2017, an inspection of another of the parent's subsidiaries commenced on the same taxes and periods.

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

In September 2019, the Tax Inspectorate notified the tax authorities of a settlement agreement, which resulted in an assessment of Euro 1,851 thousand payable to the tax authorities, which was deposited by the Company on 5 November 2019. The directors, based on the opinion of their advisors, have good reason to believe that once the assessment is appealed this amount will not become a liability for the Group, which recognised a long-term current tax asset of Euro 1,710 thousand for this payment at 31 December 2022 (Euro 1,710 thousand at 31 December 2021).

At the date of preparation of these consolidated annual accounts, the Group's returns for corporate income tax is open to inspection since 2018 and the other main taxes to which it is subject are open to inspection since 2019 inclusive. The Directors do not expect any additional significant liabilities to arise in the event of a tax inspection of these years.

18 NET TURNOVER AND OTHER OPERATING INCOME

Net turnover of the Group in 2022 and 2021 has totalled Euro 337,177 thousand and Euro 301,286 thousand, respectively, and relate to the sales of paper for cigarettes, paper for industrial use and printing and special pulp.

Furthermore, net turnover in 2022 includes Euro 58,306 thousand relating to sales in foreign currency (Euro 54,132 thousand in 2021).

(In thousand Euro)

Net turnover and other operating income by product lines in 2022 and 2021 have been as follows:

	2022	2021
Sales	337,177	301,286
Operating grants	2,256	1,728
Other sales and other ordinary income	3,691	4,385
Total	**343,124**	**307,399**

Net turnover by geographic area in 2022 and 2021 is as follows:

	2022	2021
Domestic market	38,784	35,271
Exports		
European Union	99,696	90,901
OECD countries	104,362	82,138
Other countries	94,335	92,976
Total	**337,177**	**301,286**

19 STAFF COSTS

Staff costs of the Group in 2021 and 2020 have been as follows:

	2022	2021
Wages and salaries	34,802	35,609
Social Security	10,301	10,380
Contribution to pension fund (Note 13.1 and 13.2)	62	58
Long-term benefits to staff equity instruments (Note 11.3)	13	124
Severances	713	643
TOTAL	**45,891**	**46,814**

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 126 thousand (Note 14). In 2021, an accrual was made for this concept of Euro 1,014 thousand linked to the previous three-year period.

(In thousand Euro)

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 223 thousand linked to the previous three-year period.

The average number of employees in 2022 and 2021 has been as follows:

Professional category	2022	2021
Members of the Boards of Directors (executives)	2	3
Senior Management	9	9
Executives	21	22
Managers and Middle Management	102	104
Administrative and Technical personnel	169	169
Production staff	576	597
TOTAL	**879**	**904**

The breakdown by gender and category at the 2022 and 2021 year end, is as follows:

	2022		2021	
Professional category	**Men**	**Women**	**Men**	**Women**
Members of the Boards of Directors (executives)	2	-	3	-
Senior Management	6	3	6	3
Executives	21	-	22	-
Managers and Middle Management	90	10	96	9
Administrative and Technical personnel	85	87	79	91
Production staff	453	135	429	136
TOTAL	**657**	**235**	**635**	**239**

The average number of employees during the year of the companies included in the consolidation scope, with disabilities equal to or greater than 33%, by gender and category, is as follows:

	2022		2021	
Professional category	**Men**	**Women**	**Men**	**Women**
Managers	1	-	1	-
Middle Management	-	-	-	-
Administrative and Technical personnel	-	1	1	-
Production staff	3	1	3	1
TOTAL	**4**	**2**	**5**	**1**

(In thousand Euro)

20 OTHER OPERATING EXPENSES

Other operating expenses at 31 December 2022 and 2021 break down as follows:

	2022	2021
Leases and royalties	35	54
Independent professional services	4,821	4,418
Transport	13,550	12,179
Insurance premiums	2,248	1,428
Repairs and maintenance	5,724	5,578
Travel, publicity and advertising	4,453	3,528
Supplies	77,175	27,315
Other auxiliary services	18,222	18,360
Other operating expenses	4,969	5,445
Variation in trade provisions (Note 8)	112	177
Provision for gas emission allowances	1,857	2,036
Total other operating expenses	**133,166**	**80,518**

"Other operating expenses" include an amount by Euro 4,130 thousand relating to transactions in non-Euro currencies. The currencies of the mentioned transactions are mainly the dollar and relate to the subsidiaries located in Argentina and Chile (Euro 3,916 thousand in 2021).

(In thousand Euro)

21 FINANCIAL INSTRUMENTS AND NET FINANCIAL RESULTS

21.1 Financial instruments by categories

The net book value of each category for the financial instruments at 31 December 2022 and 2021, are as follows:

Financial Assets at 31 December 2022	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	115	-	283	-	12,836
Financial assets available for sale	-	-		-	18,325
Total Non- Current Financial Assets	**115**	**-**	**283**	**-**	**31,161**
Investments at amortised cost	-	-	-	-	37,390
Loans and receivables		61,258	-	97	229
Total Current Financial Assets	**-**	**61,258**	**-**	**97**	**37,619**

Financial Assets at 31 December 2021	Deposit and guarantees (Note 6)	Trade accounts receivable (Note 8)	Shareholdings and loans associates (Note 6)	Other debtors (Note 9)	Other financial investments (Notes 6 and 9)
Investments at amortised cost	116	-	286	-	14,959
Financial assets available for sale	-	-		-	22,865
Total Non- Current Financial Assets	**116**	**-**	**286**	**-**	**37,824**
Investments at amortised cost	-	-	-	-	74,809
Loans and receivables	-	56,270	-	240	-
Total Current Financial Assets	**-**	**56,270**	**-**	**240**	**74,809**

(In thousand Euro)

Financial Liabilities at 31 December 2022	**Banks Loans (Note 12)**	**Trade payables (Note 15)**	**Other payables (Note 14 and 16)**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	36,805	-	742
Total Non – Current Financial Liabilities	**36,805**	**-**	**742**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	20,938	41,848	8,851
Total Current Financial Liabilities	**20,938**	**41,848**	**8,851**

Financial Liabilities at 31 December 2021	**Banks Loans (Note 12)**	**Trade payables (Note 15)**	**Other payables (Note 14 and 16)**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	-	-	-
Other Financial Liabilities at amortized cost	41,564	-	680
Total Non – Current Financial Liabilities	**41,564**	**-**	**680**
Liabilities at fair value with changes in results	-	-	-
Hedging derivatives	228	-	-
Other Financial Liabilities at amortized cost	16,467	42,219	12,864
Total Current Financial Liabilities	**16,695**	**42,219**	**12,864**

Income and expenses arising from financial instrument category for 2022 and 2021 are as follows:

	2022	**2021**
Investment at amortised cost (Note 21.4)	854	1.101
Other financial liabilities at amortized cost (Note 21.4)	(414)	(393)
Total net	**440**	**708**

Income from held-to-maturity investments is included under the heading of financial income while the costs of other financial liabilities at amortized cost are included under the heading of financial expenses (see Note 21.4).

In order to evaluate the credit quality of the cash in bank accounts and short and long-term deposits, the Financial Department uses the credit qualification ("rating") given by external entities.

Regarding the evaluation of the credit quality for customers, the Group Credits-Clients department, together with Group senior management, asks for the credit qualification to an external insurance company and the coverage limit for each customer is individually settled.

21.2 Financial derivatives

The Group uses the financial instruments described below to hedge exchange rate fluctuation risk on its future commercial transactions, and recognised assets and liabilities, denominated in a functional currency that is not the functional currency of the Group.

The breakdown of the hedged exchange rate positions at 31 December 2022 is as follows:

Currency	Maturity	Nominal in forex *	Profit/ (loss) in euros*
USD	2023	7,700	202
JTY	2023	(39,300)	5
AUD	2023	888	22
NOK	2023	390	-
Total (Loss) / Profit			**229**

The breakdown of the hedged exchange rate positions at 31 December 2021 is as follows:

Currency	Maturity	Nominal in forex*	Profit/ (loss) in euros*
USD	2022	6.431	(227)
JTY	2022	(17,100)	2
AUD	2022	227	(4)
NOK	2022	353	1
Total (Loss) / Profit			**(228)**

*Expressed in Thousand Euros

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

Fair value is the amount for which an asset could be exchanged for or a liability settled for between a buyer and a seller adequately informed and, in a situation, where both are independent. The valuations arise from financial entities own models based on financial principles and reasonable estimations related to future market conditions.

The derivatives held for trade are classified as current assets or liabilities. The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. All financial instruments contracted by the Group relate to current assets and liabilities.

(In thousand Euro)

21.3 Fair value estimation

The table below provides an analysis of financial instruments that are measured at fair value classified by valuation method. The different levels are defined as follows in accordance with IFRS 13:

- Level 1: Trading prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Trading prices other than those included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) should reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about the risk.

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	18,325	229	-	18,554
Liabilities				
Financial liabilities	-	-	-	-

The following table presents the Group's assets and liabilities measured at fair value at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	22,865	-	-	22,865
Liabilities				
Financial liabilities	-	(228)	-	(228)

For financial liabilities tied to variable interest rate, the Group has estimated that its carrying amount does not differ materially from its fair value due to the initial conditions of the Group's credit risk and counterparty having not been modified.

The fair value of financial instruments traded in active markets is based on market trading prices at the balance sheet date. A market is considered active if trading prices are readily and regularly available from an exchange, financial intermediaries, a sector institution, pricing service or regulatory agency, and those prices represent actual market transactions that regularly occur between parties that operate at arm's length. The market trading price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(In thousand Euro)

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on conditions existing at each balance sheet date. The valuation techniques maximize the use of observable market data available and rely as little as possible on entity specific estimates. If all significant data required to calculate the fair value of an instrument is observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific techniques for measuring financial instruments include:

- Market trading prices or prices set by financial intermediaries for similar instruments.
- Other techniques, such as analysis of discounted cash flows, are used to analyse the fair value of other financial instruments.

21.4 Net financial results

The summary of the financial results at 31 December 2022 and 2021 is as follows:

	2022	2021
Financial income:		
- Other interest and income from cash and other cash equivalents	440	573
- Investments held to maturity	854	1,101
- Expected return from pension-related assets	-	-
Total Financial Income	1,294	1,674
Financial expenses:		
- Other financial liabilities at amortized cost- Bank Interest	(414)	(393)
- Other Bank Interest	-	-
- From restatement of provisions for employee benefits	-	-
Total financial expenses	(414)	(393)
Exchange differences:		
- Exchange losses	(6,064)	(2,309)
- Exchange gains	4,206	1,631
Total exchange differences	(1,858)	(678)
Impairment and result from disposal of financial instruments		
- Investments in capital	-	-
Total impairment and result from disposal of financial instruments	-	-
Net financial results	**(978)**	**603**

22 EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit attributable to the shareholders of the parent Company by the average weighted number of ordinary shares in circulation during the year, excluding the parent Company's own shares.

	2022	2021
Profit attributable to the Group's shareholders (in Euro thousands)	31,634	50,792
Weighted average number of ordinary shares in circulation (thousands)	38,651	39,206
Basic earnings per share (Euro)	0.82	1.30
Diluted earnings per share (Euro)	0.82	1.29

Diluted earnings per share do not differ significantly from basic earnings, only one type of shares has been issued and there are no potentially dilutive shares or instruments that support it with a relevant impact.

23 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

23.1 Information on related parties

All transactions and balances of the parent Company with other group companies are eliminated in the process of preparing the consolidated annual accounts.

Based on the communications received from related parties, during 2022 and 2021 no transactions were performed and there are no outstanding balances between related parties and the parent company (save the investments detailed in note 6 above and the dividends paid). In accordance with Order EHA/3050/2004, of 15 September, the members of the Board of Directors, the Management Committee and Management Commission, managers of other Group companies and the parent company's general representatives have been identified as related parties along with the parties related to the previous groups, as defined in this rule.

Conflict of interest situations of the Board of Directors

I As part of the duty to avoid conflicts with the Company's interests, during the year the directors which held positions in the Board of Directors 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.

(In thousand Euro)

23.2 Control of the Board of Directors on the share capital of the parent Company

The members of the Board of Directors holding shares in the Company in 2022 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share 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 holding shares in the Company in 2021 are as follows:

Name of registered name of the board members	Office	Direct number of shares	Indirect number of shares	% share 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%**

23.3 Remuneration paid to the members of the Board of Directors

The members of the Group's parent company's Board of Directors accrued remuneration in respect of the following items in 2022, following authorisation granted by the General Shareholders' Meeting:

a. The directors who are executives of the parent company thanks to their executive functions, received fixed salaries amounting to €988 thousand (Euro 1,083 thousand in 2021) and variable remuneration amounting to €665 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 of the parent company and the Group, 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 balanced under the three-year Plan 2019-2021 and the Staff Welfare Plan 2019 amounting to Euro 621 thousand. See additional information in Note 19.

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.

a. 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 were granted to the Directors.

23.4 Remuneration paid to the members of Senior Management

Total fixed and variable remuneration and remuneration for other items paid to members of Senior Management who are not in turn executive directors (9 members) in 2022 amounted to Euro 1,892 thousand (Euro 3,002 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 Group 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.

The members of Senior Management, as defined by the Group who are not executive directors are:

Name	Position
Mr Javier Ardiaca Colomer	Director of the Mislata factory
Ms. Olga Encuentra Catalán	Director of Group 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 Josep Payola Basets	Manager of MB/Terranova
Mr Jordi Prat Canadell	Group's finance and corporate development director

In 2021 the members of the Group's senior management increased from 6 to 9.

24 ENVIRONMENTAL POLICY

24.1 Environmental assets and expenses

The Group 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 and energy consumption and selective waste collection, and manages evaluation, treatment and elimination through authorized entities.

Total net investment after deducting grants received and tax deductions applied has totalled Euro 6,060 thousand in 2022 (Euro 6,971 thousand in 2021).

The Group's main environmental investments in 2022 in the production process focused on reducing energy consumption, thus contributing to the prevention of climate change, and to promote the reduction in the consumption of raw materials, thus favouring the minimization of waste generated and the circular economy.

With respect to investment not directly related to the production process, resources were primarily invested in projects enhancing and improving the drying of sewage sludge and the installation of new photovoltaic panels, guaranteeing a more sustainable environmental alternative compared with conventional energy consumption thanks to the use of renewable sources such as solar energy.

(In thousand Euro)

Total expenses allocated to the protection and improvement of the environment, deducting the income obtained on the sale of by-products, and the expenses generated by CO2 emission rights have risen to Euro 4,986 thousand in 2022 (Euro 4,854 thousand in 2021), of which there are not any unusual items, and relate basically to the local taxes for the use of water in the Regions, consumption of raw materials and energy in environmental protection equipment and other waste treatment.

There are no contingencies related to the protection and improvement of the environment of which the Group is aware at this date, in addition, no risks have been transferred to other entities. Additionally, the Group is the policyholder of insurance covering potential contingencies deriving from its actions in environmental policy.

24.2 Greenhouse gas emissions allowances

Under IAS 20 the gas emission allowances received free of charge have been recorded as intangible assets at their fair value.

On July 13, 2021, the Council of Ministers adopted, at the proposal of the Ministries of Economic Affairs and Digital Transformation, of Industry, Commerce and Tourism, and for the Ecological Transition and the Demographic Challenge, the final free allocation for the period 2021-2025 for the companies Miquel y Costas & Miquel, SA, Celulosa de Levante, SA, MB Papeles Especiales, SA, Terranova Papers, SA, Clariana, SA and SA Paya Miralles. However, these allocations could undergo adjustments or modifications throughout the allocation period, in accordance with Royal Decree 1089/2020, of December 9, which develops aspects related to the adjustment of the free allocation of emission rights. greenhouse gases in the period 2021-2030.

Given that the facilities of the companies MB Papeles Especiales, SA, Terranova Papers, SA, Clariana, SA and SA Paya Miralles can be considered low emission, they have requested their exclusion from the emission rights trading regime for the period 2021- 2025. This request has been approved by the competent Autonomous Administration during the current year, establishing the commitment to apply the mitigation measures described in Royal Decree 317/2019, for this reason, the allocation has not been made effective.

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2022 were as follows:

	Maximum annual emissions (Tm.)	**Emissions at year-end (Tm.)**
MB Papeles Especiales, S.A.	16,364	11,401
Terranova Papers, S.A.	10,506	10,664
S.A. Payá Miralles	16,591	11,249
Clariana, S.A.	18,777	5,477
Total	**62,238**	**38,791**

(In thousand Euro)

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2021 were as follows:

	Maximum annual emissions (Tm.)	Emissions at year-end (Tm.)
MB Papeles Especiales, S.A.	16,846	17,357
Terranova Papers, S.A.	10,672	10,532
S.A. Payá Miralles	13,991	10,991
Clariana, S.A.	12,059	4,996
Total	**53,568**	**43,876**

According to article 3 of Royal Decree 317/2019, if the volume of emissions is lower than the maximum emission permitted, the resulting difference would be carried forward to the following year.

If the allowances exceed the established maximum, they will have to be surrendered in the year 2023. Since Terranova, S.A. has exceeded the limit of 158, a provision of Euro 12.7 thousand been recorded (Euro 74 thousand for MB Papeles Especiales, S.A. in 2021).

The breakdown of the movement during 2022 and 2021 of this intangible assets is as follows:

	2022	2021
Opening balance	1,861	2,459
Increase due to new emissions	1,857	1,861
Return of emission rights from last year	(1,861)	(2,459)
Closing balance	**1,857**	**1,861**

The amount of the provision as of 31 December 2022 corresponds to the units that remain to be delivered for the emissions current year of the non-excluded companies and for the excess emissions of the excluded ones and the provision for the excess consumption of the company Terranova, S.A.

(In thousand Euro)

The movement in 2022 and 2021 under emissions allowances (Note 14) is as follows:

	2022		2021	
Thousand Euro	**Tn CO2**	**Value**	**Tn CO2**	**Value**
Opening balance	**723**	**38**	-	-
Rights granted	23,505	1,963	22,596	1,192
Previous year adjustment	(19)	(15)	-	-
Consumption for the year	(20,542)	(1,680)	(21,873)	(1,154)
Closing balance	**3,667**	**306**	**723**	**38**

In 2022, 3,000 rights were purchased outside the Group at Euro 69.9 (15,000 rights in 2021 at Euro 50). No rights were sold outside the Group in 2022 or 2021.

24.3 Greenhouse gas emissions allowances

A specific risk identified by the Group's management is climate change and the steps taken to mitigate it, due to the fact that it may have implications that hinder the achievement of long-term objectives and the creation of value for stakeholders.

In a preliminary analysis, the most significant risks have been identified as follows:

- Policy and regulatory risks associated with climate change: Europe has created the emission allowances market as an instrument that creates an economic incentive or disincentive which pursues an environmental benefit: that a set of industrial plants collectively reduces emissions of polluting gases into the atmosphere. The increase in the price of greenhouse gas emission rights has a direct impact on the Group's operating costs.

- Physical risk associated with climate change: Paper manufacturing requires water on a continuous basis in its production process. Although current processes reuse this resource by recirculating a large quantity of water, due to the increase in average global temperatures, the risk of water stress may increase. However, it is clear that historically none of the factories have had significant water supply problems.

- Reputational risk: The long-term consequences associated with climate change are among the main concerns of different stakeholders, and the need for all parties to undertake adaptation and mitigation initiatives. Failure to undertake such initiatives, or in the event that the Group's activity may generate more greenhouse gases or require more water, may change the preferences of customers, shareholders, employees and other stakeholders and therefore hinder the company's value creation objectives.

(In thousand Euro)

25 INVESTMENT GRANTS OF NON-FINANCIAL ASSETS

The income transferred to the consolidated income statement has been as follows:

	2022	2021
Capital grants transferred to the income statement (Note 14)	225	189
Greenhouse gas emission allowances (Note 14)	1,680	1,154
Total	**1,905**	**1,343**

26 CONTINGENCIES AND COMMITMENTS

Contingencies

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 thousand, is still pending admission. Pursuant to this ruling, an application for injunctive relief has been filed to guarantee payment in the event of a favourable ruling.

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

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

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 parent company and MB Papeles Especiales, S.A. amounting to Euro 438 thousand and Euro 409 thousand, respectively.

(In thousand Euro)

The Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business from which no significant liabilities are expected to arise. The Group has provided domestic guarantees to third parties in the amount of Euro 1,588 thousand (Euro 1,935 thousand in 2021, mainly in connection with grants and procedures with public authorities.

Commitments

The Group has no significant sales-purchase commitments signed at year end 2022 except for those mentioned in Note 4. There were no commitments in 2021.

27 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	180	-	**180**	16
Other services required by the regulation	17		**17**	
Other verification services	15		**15**	14
Total	**212**	**-**	**212**	**30**

The other services provided by the auditor include the issuance of a report on agreed procedures related to Ecoembes, seven reports on the review of subsidy justifying account and six reports on agreed procedures on the Gross Value Added for the purposes of certifying the condition of electrointenisve 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	155	-	**155**	10
Other services required by the regulation	11		**11**	12
Other verification services	-	-	**-**	-
Total	**166**	**-**	**166**	**22**

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

28 UKRAINE - RUSSIA CONFLICT AND OTHER

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 Group'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 Group 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 Group's sales to the countries affected by the conflict did not vary significantly in 2022 (Note 2.4).

Interest rate rises by the European Central Bank have not had a relevant impact on the Group in 2022 and given its low level of borrowings and the cancellation and subsequent arrangement of a new fixed rate loan (Note 12), the impact of rate increases will not result in a significant risk in 2023.

The Group 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.

29 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, in this respect, 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 consolidated annual accounts.

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2022

Registered name	Registered office	Activity	Share capital (Thousand Euro)	Shareholding of the parent Company: Direct Shareholding	Shareholding of the parent Company: Indirect shareholding	Note
Celulosa de Levante, S.A.	Tarragona	Manufacture of paper pulp	1,503	97.41%	2.59%	1
Desvi, S.A.	Barcelona	Promotion and development of companies	3,000	96.67%	3.33%	4
Miquel y Costas Argentina, S.A.	Argentina	Manufacture and sale of paper	1,565	0.00%	100.00%	2
MB Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Other technical services	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Trading of all types of paper	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermal electric plant	766	0.00%	100.00%	4
Payá Miralles, S.A.	Valencia	Industrial assets lease	1,878	99.89%	0.11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Sale of paper	60	93.47%	6.53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of processed and handled paper	12,000	41.17%	58.83%	1
Miquel y Costas Deutschland, GMBH	Germany	Trading of all types of paper	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Trading of all types of paper	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics, storage, transport and distribution services	100	50.00%	50.00%	1
Fourtube, S.L.	Sevilla	Manufacture of paper	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

All companies in the Group are fully consolidated, except for the company Fourtube, S.L. which is consolidated under the participation method.

Note 1: The companies marked with a reference (1) are audited by PricewaterhouseCoopers Auditores, S.L.
Note 2: The companies marked with a reference (2) are audited by P&A Consultores, S.A.
Note 3: The companies marked with a reference (3) are audited by Mazars Auditores S.L.P.
Note 4: The companies marked with a reference (4) are not audited

APPENDIX I

SUBSIDIARY COMPANIES IN THE CONSOLIDATION SCOPE 2021

Registered name	Registered office	Activity	Share capital (Thousand Euro)	Shareholding of the parent Company: Direct Shareholding	Shareholding of the parent Company: Indirect shareholding	Note
Celulosa de Levante, S.A.	Tarragona	Manufacture of paper pulp	1,503	97.41%	2.59%	1
Desvi, S.A.	Barcelona	Promotion and development of companies	3,000	96.67%	3.33%	4
Miquel y Costas Argentina, S.A.	Argentina	Manufacture and sale of paper	1,565	0.00%	100.00%	2
MB Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Other technical services	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Trading of all types of paper	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermal electric plant	766	0.00%	100.00%	4
Payá Miralles, S.A.	Valencia	Industrial assets lease	1,878	99.89%	0.11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Sale of paper	60	93.47%	6.53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of processed and handled paper	12,000	41.17%	58.83%	1
Miquel y Costas Deutschland, GMBH	Germany	Trading of all types of paper	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Trading of all types of paper	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics, storage, transport and distribution services	100	50.00%	50.00%	4
Fourtube, S.L.	Sevilla	Manufacture of paper	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

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Note 4: The companies marked with a reference (4) are not audited

CONSOLIDATED RESULTS

The 2022 financial year has taken place under a complex and difficult to predict macroeconomic and geopolitical environment, the main consequence of which has been increased pressure on the price of energy resources and raw materials, which were already at historically high levels at closing from the previous exercise.

In order to mitigate the impact of these cost increases, the Group has carried out active management of the commercial policy, applying price increases and negotiating tariff update mechanisms based on the evolution of the energy market, as well as proactive in product policies.

In this context, the main economic-financial data of the Miquel y Costas Group for the year 2022 and its comparisons for 2021, all expressed in thousands of euros, are shown below:

Thousand Euro	2022	2021	Variation
Net turnover	337,177	301,286	11.9%
Gross operating profit (EBITDA)[1]	60,671	84,104	(27.9%)
Operating profit	42,033	66,446	(36.7%)
Profit before tax (PBT)	41,058	67,058	(38.8%)
Profit after tax (PAT)	31,634	50,792	(37.7%)
Cash-flow after tax (CFAT)[2]	50,272	68,450	(26.6%)

The consolidated net turnover for the year 2022 has reached Euro 337.2 million, which represents an increase of 35.9 million euros compared to that obtained in the same period of the previous year, mainly supported by the update of prices derived from the previously mentioned renegotiations, higher volume in certain product lines and a favourable evolution of the euro-dollar exchange rate for a good part of the year.

By lines of business, the Tobacco's Industry line has increased its sales by Euro 8.7 million, exceeding by 4.7% those of the same period last year, mainly as a result of the price adjustments made. In The Industrial Products line, sales have grown by Euro 21.5 million, which represents an increase of 23.1% compared to those obtained in the same period of the previous year. The good evolution of special paper from Terranova, throughout the year, the new industrial products marketed by the Parent Company, as well as the special pulps marketed by Celesa, stand out, which have benefited from the price increase applied in combination with the beneficial evolution of the Us dollar for export operations in a large part of the year. Finally, in the "Other" line, turnover has increased by Euro 5.7 million compared to the previous year, mainly due to the recovery of volume in the publishing and coloured paper markets (markets affected by COVID in the previous year) and by the price increases applied.

1 Operating plus depreciation
2 Profit after tax plus amortization

The sales of the Parent Company in the financial year 2022 has amounted to Euro 207.9 million, which represents an increase of 11.0% compared to that of the financial year 2021 derived from the increase in sales in the business lines in which that operates.

Despite the increase in sales, the result for the year 2022 has been marked by the impact of different exogenous elements that have affected the results of the Group, highlighting the continuous escalation of prices both in energy (expense in electricity and gas has increased by Euro 49.8 million compared to the previous year) as well as pasta and other raw materials, which have coexisted with 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, the consolidated profit after tax in the financial year 2022 has reached Euro 31.6 million, which represents a reduction of Euro 19.2 million compared to that obtained in the previous year.

The effective tax rate for the year was 22.95%, slightly lower than that of the previous year, mainly due to the decrease in the base, a fact that has offset the reduction in applicable tax deductions due to the regulatory changes already anticipated in previous communications.

By lines of business, energy prices and those of raw materials have has an impact on all lines of business, although partly mitigated by the increases in sales prices applied, resulting in a reduction of Euro 11.1 million at the end of the year in the operating result of the Tobacco Industry line and Euro 10.8 million in the Industrial Products line. In the "Other" line, the reduction in the operating result has been lower, falling by Euro 1.1 million.

The net profit of the parent company in 2022 has been slightly higher than 34.0 million euros, which represents a decrease of 25.3% compared to the year 2021, mainly as a consequence of the reduction of the result in the Tobacco Industry described above.

CONSOLIDATED BALANCE SHEET

The balance sheet of the consolidated Group has been prepared under IFRS in force.

The main variations (in thousand Euro) in comparison with the same period of prior year are summarized as follows:

In thousand Euro	December 2022	December 2021
Net Fixed Assets[3]	195,715	179,530
NOF[4]	119,815	83,853
Other assets/Other liabilities Non-Current[6]	(2,179)	(1,923)
Capital used	**313,351**	**261,460**
Equity	(330,291)	(322,897)
Net Financial Debt[5]	16,940	61,437

As announced, the Group has maintained the investment plan defined at the beginning of the year, which has meant spending more than Euro 34 million in 2022 for this purpose, as a result, fixed assets have increased by Euro 16.2 million while amortization has reached Euro 18.6 million.

The NOF increased in the period by Euro 36 million, mainly due to an increase in inventories for a value of Euro 20.6 million, an increase in balances of current debtors of Euro 4.8 million, mainly due to the higher volume of invoicing, and the decrease of credit balances, among which those of the public administration stand out with a reduction of Euro 6.2 million.

3 Property, plant and equipment and intangible assets-net
4 Inventories trade receivables, and non-current assets, less current liabilities, trade and other sundries and other non-current liabilities
5 Current and non-current financial asset, cash and cash equivalents less current and non-current bank borrowings

(In thousand Euro)

FINANCIAL POSITION

The consolidated Group's financial position, based on the information prepared in accordance with the international standards adopted, was as follows at year end and compared with the previous year:

Thousand Euro	December 2022	December 2021
Long-term borrowings	(36,805)	(41,564)
Short-term borrowings	(20,938)	(16,467)
Treasury and Current financial investments	43,124	81,242
Long-term financial investments	31,559	38,226
Total net financial position[5]	**16,940**	**61,437**
Equity	**330,291**	**322,897**
Leverage index	**n/a**	**n/a**

The net financial position (net cash) at the end of the year after the detailed applications continues to show a debit balance of Euro 16.9 million.

At the beginning of the year, with aim of continuing to provide the Group with the necessary flexibility and liquidity in the face of uncertainty in the geopolitical and macroecnomic environments, the Group reinforced its financial structure by negotiating a part of its debt with credit institutions, increasing its average life and obtaingin more favourable conditions, anticipating the rise in rates that occurred later.

The net operating cash flow generated in fiscal year 2022 has risen to Euro 50.3 million, decreasing by 26.6% in relation to that obtained in fiscal year 2021. The main applications of the funds have been investment in tangible assets for an amount of Euro 34.2 million, payment of dividends for Euro 16.1 million, the acquisition of own shares for treasury stock, for a value of Euro 4.4 million and the operational needs of funds.

STOCK EXCHANGE INFORMATION

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

Trading days	257 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

TREASURY SHARES

In 2022, the Parent Company, making use of the authorisations for the derivative purchase of treasury shares granted the General Shareholders' Meeting of 22 June 2021 and within the framework of the Repurchase and Stabilization Program dated June 30, November 2021 and reported to the CNMV, it acquired 342,004 shares on the stock market and within the framework of the Repurchase Program reported to the CNMV on November 20, 2022 , it acquired 21,406 shares on the stock market, which placed the total number of shares at 1,507,489 in treasury stock at year-end (representing 3.77% of share capital).

It should be noted that the current share option plan is in the exercise phase as of February 7, 2022. The beneficiaries have exercised options equivalent to 1,825 shares during 2022.

RELATED PARTIES OPERATIONS

During 2022, neither the parent Company nor the Group entities have made transactions, with other significant shareholders or related parties that must be reported under the OEHA 3050/2004, September 15.

Similarly, during this period there is no record of any significant operations being carried out by the parent company and other Group companies with the directors or executives or parties related to them, as is attested to by the express representations made by them, which must be reported, as established in section 1a) of article 229 of the Spanish Companies Act, except for the dividends paid, the remuneration received as directors and / or executives and if appropriate, the remuneration linked to the parent company's financial instruments.

There have been no significant operations between the Group companies that have not been eliminated in the process of preparing the consolidated financial statements other than those that: i) are part of the normal traffic of the companies or entities in terms of their purpose and conditions, ii) belonging to the ordinary line of business or traffic of the Company, have been carried out under normal market conditions and have been of little relevance, understanding as such those whose information is not necessary to express the true image of he assets, financial situation and Group results.

ENVIRONMENT

During 2022 the Group continued to carry out various actions aimed at preserving the environment and continuing to ensure the responsible use of natural resources, focusing investments in this area on energy saving and optimising energy consumption and reducing waste, favouring the development of the circular economy in its production activities.

In addition to the management effort, for its financing it has applied economic resources for an amount of Euro 11.0 million, aimed at reducing energy and water consumption, the construction of photovoltaic installations and the reduction of waste generated, as well as its management. As a result of the commitment to sustainability and the circular economy, in 2022 the Group has obtained an A rating in CDP Water Security and an A-rating in CDP Forest, both corresponding yo the "leadership" range, improving the score obtained in the previous exercise. This qualification is higher than the European average, the average of the paper and forestry sector, and the global average whose scores are within the range of "Management" and "Awareness" (scores B and C). Additionally, the Group has obtained a B rating in CDPClimate Change, which is within the "Management" range. For comparative purposes, it is within the regional average for Europe, it is higher than the average for the paper and forestry sector, and the global average, whose scores are within the range of "Management" and "Awareness" (scores B and C).

It should be noted that, in 2022, the Miquel y Costas Group received the Silver medal rating in the ESG evaluation carried out by EcoVadis, a note corresponding to its first participation in the 2021 financial year. This evaluation means being in the Top 25% of companies with the best performance in social responsibility and sustainability. Within this qualification, a wide range of non-financial management systems are evaluated, including environmental impacts, labour practices and human rights, ethics and sustainable purchasing.

PERIODO MEDIO DE PAGO A PROVEEDORES

The average supplier payment period is detailed in Note 15 of the report.

R&D&i ACTIVITY

In the 2022 financial year, the Group has significantly increased activities and investments in R+D+i, allocating resources amounting to Euro 6.1 million (Euro 3.2 million in 2021). During this period, activities have continued to be focused mainly on research, to a large extent oriented towards obtaining new products and applications, as well as technological innovation in production processes, the one carried out in the reform of one if the MB company paper machines in this exercise.

PERSONNEL

The Group's average headcount in 2022 is 879 people, twenty-five less than the average headcount in 2021. The resources allocated in the period to occupational health, safety and risk prevention totalled EUR 1.7 million and those allocated to the various training programs have risen to Euro 171 thousand, remaining in line with previous years.

MAIN RISKS AND OPPORTUNITIES

Given the international nature of the operations of the Company and most Group companies, they are exposed to exchange rate risk, their functional currency differing from the currencies used in operations on different markets. The effects of foreign currency fluctuations on sales are partly offset by cash flows in the opposite direction generated by imports. Additionally, given that in aggregate, the Group is a net exporter, the additional risk of fluctuation is mitigated through the arrangement of hedging.

At the same time, the Group operates in very different markets and with very different customers that expose it to insolvency risks linked to commercial loans. In order to control and if appropriate, minimise the risk, the Group has established and follows a strict internal credit rating policy and additionally, covers exposure through credit insurance.

Because the Group uses energy sources, mainly electricity and gas, it is affected by the price volatility of these products. In order to reduce the impact, the Group assigns a significant part of its investments to technologies aimed at improving production performance and so, reducing consumption and reliance on external energy sources, coupled with the effective management of supplies of such resources,

The parent company and most of its subsidiaries present a solid balance sheet structure that provides strength and operational and structural financing capacity. When it is considered that there is objective evidence concerning the advisability of adjusting the value of a financial asset, a value adjustment is made based on judgements and estimates that are obtained from the information prepared by independent third parties.

The constant effort in research, development and innovation, essential in a global and competitive market, enables the Group to apply its know-how to obtaining and using new products based on new and often exclusive cutting- edge technology, in order to maintain and increase productivity and output of its product range and consistently satisfy demand for top quality, setting the stage for increasing needs going forward.

The parent company and the Group have disputes and litigation in the normal course of business. In the first half of 2022, no relevant changes have taken place in the ongoing litigation and disputes, and consequently no significant amounts have been recorded in the Group's financial statements in this period.

Since the first quarter of 2022, the armed conflict between Ukraine and Russia has been developing. This conflict means that we are faced with an uncertain scenario, the duration of which is currently indeterminate, and which includes the imposition of international sanctions on Russia, the alteration of international trade In the area and the increase in uncertainty in the evolution of supply and Gas price in Europe.

Additionally, this year, there has been an increase in geopolitical tension between the two countries, with the trade of Spanish products with that country being blocked for the time being.

SUBSEQUENT EVENTS

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, in this respect, 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 consolidated annual accounts.

OUTLOOK

The results of the Group in the second semester, as well as those accumulated in the financial year 2022, are in line with previously communicated perspectives, and have continued to be significantly impacted by inflationary pressures on the price of energy and raw materials.

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 Group expects return to historical levels of profitability in 2023, supported, among other things, by the start-up of ongoing investments, such as the technological investment made in the MB paper machine, which reaffirms the commitment and growth expectations of the Group in the industrial paper segment.

The Group expects a significant improvement in results for the first quarter of 2023 compared to the previous year (year in which results were significantly low) and plans to maintain this recovery in the second quarter if the volatility of demand and prices energy costs do not significantly exceed current levels.

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

ANNUAL CORPORATE GOVERNANCE REPORT

Attached as Appendix I is the "Corporate Governance Report" as an integral part of this Directors' Report.

ANNUAL REPORT ON DIRECTOR COMPENSATION

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

NON FINANCIAL-INFORMATION

In accordance with the provisions of Law 11/2019, of 28 December, on non-financial information and diversity, the Miquel y Costas Group has prepared the document titled "Non-financial information" for the 2022 financial year, which is part of this report and which is enclosed herewith (Annex III), pursuant to the provisions of article 44 of the Commercial Code.

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 adress:

TUSET, 10, BARCELONA

(Free translation from the original in Spanish)

A. OWNERSHIP STRUCTURE

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

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

[ ] Yes
[✓] No

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

Please indicate whether 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

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

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:

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

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 PROPIERTARY 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 Coorporate 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 duodecíes of the Law of Capital Companies in the moment of his reelection for the General Shareholders' Meeting held on June 20, 2018, happened to belong to this typology.	OTHER SHAREHOLDERS OF THE COMPANY	Bachelor of Science Economics and MBA from IESE (Institute of Higher Studies of the Company). Currently he is Vice President & Advisor of EDM Gestion SAU SGIIC.; 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 duodecíes of the Capital Companies Act, on June 20, 2020, became a member of this typology.	NONE	Naval Engineer from the Technical School of Naval Engineers of Madrid in both career specialties: Shipbuilding and Exploitation and Maritime Transport and MBA from IESE (Institute of Higher Studies of the Company). At present he is President of Asoport (State Association of Port Operating Companies). Full member of the Royal Academy of Engineering. Advisor 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 VILLALUENGA	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, wether 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 ENCUENTRA 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 Coorporative 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

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?		

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	% particip ation	Name or denomination social of society a dependent entity	Amount (thousa nds of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(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	% particip ation	Name or denomination social of society a dependent entity	Amount (thousa nds of euros)	Body that has it approved	Identification of the shareholder significant o counsellor that would have abstained	The proposal to the board, if any, has been approved by the Council without a vote against the majority of independents
(3)	INDUMENTA PUERI, S.L	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,444	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 sustanibility

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 Suprem 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 parcial 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 statet 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 20^{th} of June 2022, and comunicated 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 sued to control and manage the above risks, including the contingent liabilities and off-balance sheet risks.

Complies ☑ Complies partially Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies ☑ Complies partially Explain

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills, and experience for the functions they are called on to discharge. 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 adress:

TUSET, 10, BARCELONA

A. Company's remuneration policy for the current financial year

A.1.1 Describe the current Directors Remuneration Policy applicable to the current year. To the extent relevant, include disclosures relating to the remuneration policy approved by the General Meeting of Shareholders, provided that these references are clear, specific, and concrete. Describe the specific decisions taken by the Board that apply to this financial year, relating to both directors' remuneration for their functions as such and for executive functions, as provided in the contracts signed with the executive directors, and to the general remuneration policy approved by the General Meeting of Shareholders. In any event, the following aspects must be disclosed:

a) Description of the company's procedures and the bodies involved in determining and approving the remuneration policy and its terms and conditions.

b) Indicate, where applicable, whether the company's remuneration policy was benchmarked against other companies and give details.

c) Information as to whether any external advisors were involved in this process and, if so, their institution.

d) Procedures set out in the current remuneration policy for directors to apply temporary exceptions to the policy, conditions under which these exceptions can be used and components that may be subject to exception according to the policy.

The general bases of the Company's Directors' Remuneration Policy for 2022, 2023 and 2024, approved at the General Meeting held on 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 novodecíes.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&Ocivil 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

Observations

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.miquelycostas.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 MERCARDER 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 MERCARDER 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

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 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 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				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 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				

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	
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 consolidated 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	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	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 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 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				Contribution of the exercise by the company (thousands €) i			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021
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		Savings systems with unconsolidated economic rights		Savings systems with consolidated 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. 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 group	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 2021/20120	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
Mr. Claudio Aranzadi and Mrs Marta Lacambra joined the Board of Directors on June 20, 2019. 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.

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

Annex III NON-FINANCIAL INFORMATION

The present Non-Financial Information Statement (NFIS) has been elaborated to comply with Law 11/2018 of 28 December on non-financial information and diversity, which entails the transposition to the Spanish legal system of the European Directive 2014/95 and is elaborated in accordance with some selected internationally recognized standards of the Global Reporting Initiative (GRI) and those contained in the Law.

The reporting perimeter of the present NFIS coincides with that of the Consolidated Financial Statements and all exceptions to the defined scope have been appropriately identified in each case.

The report shows a brief description of the Group's business model, a summary of due diligence policies and procedures applied in the identification, assessment, prevention and mitigation of risks and significant impacts, together with the results from policies applied.

To provide comparability in the information reported, for most of the indicators, data for the previous year (2021) is included.

Materiality:

Miquel y Costas & Miquel, S.A. and Subsidiaries (hereinafter the Group), with a view to complying with the principle of materiality, have internally analysed and assessed the legal requirements established by Law 11/2018, of 28th December, on non-financial information and diversity, and have determined that all matters mentioned are relevant for the Group, except for the action to fight food waste, given that the activity carried out by the organisation is not linked to the generation of this type of waste.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES
NON-FINANCIAL INFORMATION STATEMENT FY2022

1. The Group's business model

Miquel y Costas & Miquel, S.A. is the parent company of the Miquel y Costas Group, an industrial group with its registered offices at Calle Tuset, 8 and 10, 7th floor, 08006-Barcelona. The Group's current parent company was incorporated as a public limited liability company ("sociedad anónima") in 1929 and the Miquel y Costas Group is now made up of 16 companies devoted to the production of specialty papers, the provision of services associated to this activity and their commercialisation and a representative office.

The companies that make up the Group, as well as related companies and representative offices are the following:

Production	Provision of services	Distribution
Miquel y Costas & Miquel Miquel y Costas Argentina MB Papeles Especiales Terranova Papers Clariana Fourtube (related entity) Celulosa de Levante	Payá Miralles Miquel y Costas Tecnologías Desvi Miquel y Costas Energía y Medio Ambiente Miquel y Costas Logística Office of Representation in the Philippines	Miquel y Costas Deutschland Papeles Anoia Sociedad Española Zigzag Miquel y Costas Chile

The main corporate purpose since the outset has been the manufacture of low-grammage fine and specialty papers, the main specialty being high-tech paper for cigarettes, as well as printing paper, specialty paper, coloured paper and card and cellulose pulp, among others.

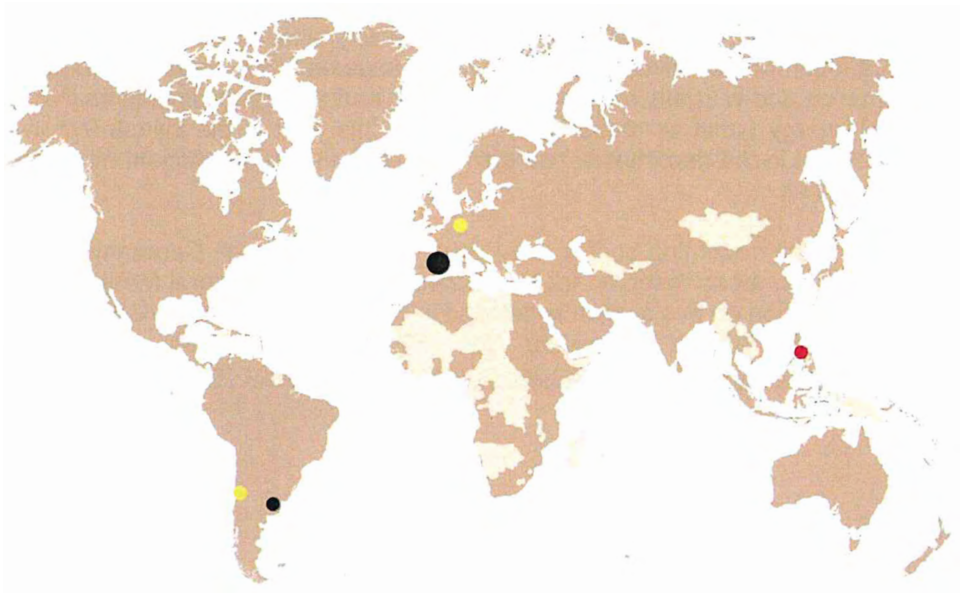
The Group currently has three main lines of business: the so-called "Tobacco Industry", that covers the sale of pulp and paper connected with the tobacco industry, "Industrial Products", connected with paper for use in industrial products and "Others" which covers commercialization, and other services or activities.

The Group's in-depth knowledge of the manufacture of specialty papers, perfected by means of systematic research and acquired technological experience, has allowed it to extend its portfolio to include other products based on similar technical fundamentals.

This effort and experience are reflected in the quality of the cigarette paper, specialty paper for industry, printing paper and specialty pulps manufactured, placing the Miquel y Costas Group in a leading position in Spain's paper industry among manufacturers of low-grammage papers, as well as in a pre-eminent position worldwide.

The industrial activity is highly integrated, so that synergies are generated in the areas of research and technology both to develop new products and in relation to process control and management, where the Group makes significant progress.

The Group has industrial plants in Besós (Barcelona), Capellades (Barcelona) and Mislata (Valencia) engaged in the production of fine and specialty lightweight and converted papers, particularly for the cigarette industry; in Tortosa (Tarragona), where it produces textile pulps using flax and hemp for the cigarette industry and other fibres for other industrial sectors; in La Pobla de Claramunt (Barcelona), where it has a plant producing speciality papers for industrial uses and another making highly porous specialty papers; in Villarreal (Castellón), where coloured papers and card are manufactured, and in Avellaneda (Buenos Aires, Argentina), making cigarette rolling paper packs and other converted papers. The Group also has an associate, Fourtube (Seville), engaged in the manufacture of converted paper. Additionally, the Group has a company that manages two logistics centres to carry out product storage, transportation, and distribution services, located in the provinces of Castellón and Barcelona, the latter also handling a small part of the production of manipulated products. In turn, the Group also has offices in most of the abovementioned locations.



Centros de producción | Centros de distribucion | Oficina de representación | Paises donde vende

The high level of technology, derived from its own developments, has enabled the Group to be present in most of the world's markets. In addition to meeting domestic demand, a highly significant portion of the Group's sales are exports, which are deeply rooted in the Group, as shown by the fact that nearly one hundred and twenty-five years ago the Company already had its own sales agencies and a large number of customers in Havana, Federal District of Mexico, Valparaíso, New York, etc. Export sales accounted for 88% in 2022, the main market being OECD countries at 31%, the European Union at a little over 29%, while the rest of the world accounted for 28%.

2022 was marked by geopolitical tensions (armed conflict between Russia and Ukraine and the deterioration of business relations between Spain and Algeria), the main reason for the unleashing of an inflationary macroeconomic environment globally which has continued to have a significant impact on the price of energy resources and raw materials.

The international stage in which the parent company and most of the Group companies operate exposes them to foreign currency exchange rate risk. Currency fluctuations are partially offset by monetary flows of a different kind from imports and exports. In aggregate terms, the Group is a net exporter and the resulting net positions are generally insured through hedging instruments.

At the same time, as the commercial activity is developed in a wide variety of markets, the Group is also exposed to trade credit risks, which are managed by means of internal credit policies and external credit risk insurance policies.

In a fiercely competitive global market, the Group invests continuously in research, development, and innovation, giving rise to new products that meet the highest standards of quality and consistency, and satisfying emerging needs, while the very latest technology, much of which is exclusive, assures an increase in productivity and maintains the level of quality in their range of products.

As the Group demand energy sources, mainly electricity and gas, they are affected by the price volatility of these products. The Group, in order to mitigate and reduce the impact of the volatile prices, continually monitor their evolution and on determined occasions negotiates/closes contracts with trading companies that guarantee greater stability and security for the business. In addition, a significant part of their investments are geared towards technologies that permit improved production performance and with this reduce consumption, and towards installations that lower dependence on external energy (such as those that took place this year in the investment in photovoltaic panels), advancement in the decarbonisation plan and also ensure an efficient management of the supply of said resources.

Concerning the governing bodies, the Board of Directors is the Company's ultimate decision-making body, except in areas reserved for the competence of the General Meeting on current regulations in force. Information on this section is detailed in the Annual Corporate Governance Report which forms part of the Annual Accounts for FY2022, and also on the corporate website https://miquelycostas.com/informacion-corporativa/#gobiernocorporativo.

2. Environmental Matters

- The effect of business activity on the environment

The Miquel y Costas Group, within the value chain of the paper sector, centres its activity to a large extent on the manufacturing and commercialisation of papers for the tobacco industry, industrial products, and printing papers. Its high technological and specialisation level allow the Group to be present in most worldwide markets, with the highest quality standards, focusing on the client and their needs as a reference for their activity.

In this sense, the environmental policy of the Miquel y Costas Group has basically two defined, established and conveyed objectives: 1) to ensure that products supplied to clients comply with set requirements, that this compliance is permanent and that the necessary operating and human conditions for ongoing and profitable improvement in product quality are established; and 2) to develop activities with the highest respect for the environment, minimising impacts that may derive from the core operations and from auxiliary operations in all production centres.

In accordance with the above, and as established in the Group's Corporate Social Responsibility Policy, in addition to working to ensure strict compliance with legal obligations in force, the Group has voluntarily included, among others, environmental concerns in governance, management and the business strategy such as mitigating climate change, promoting responsible forest management, the protection of biodiversity and the sustainable use of water, thus demonstrating a high degree of commitment to protecting the environment.

Activities developed by the Miquel y Costas Group follow demanding and clear objectives to contribute to the preservation of the environment, causing direct and indirect effects on sustainability: participation in appropriate forest management, an efficient and responsible production process, contribution to improving the quality of life and generation of wealth in the area, and leadership in recovery and recycling.

The wood used to produce cellulose is exclusively obtained from forest plantations of fast-growing species, indirectly resulting in environmental (specifically in forests), social and economic benefits. Concerning the environmental benefits, the Group collaborates in increasing forested areas and conserving natural forests, which in turn act as efficient CO_2 sinks and provide effective erosion control.

Regarding social and economic benefits, we highlight our indirect contribution to rural development as boosting the creation of employment and wealth, and to the dynamization of sustainable growth of the forest sector.

Additionally, the production of cellulose and paper is intensive in energy consumption and water extraction. In order to counteract the above, the Miquel y Costas Group works on the development and application of new technologies that are increasingly environment-friendly, and in the design and use of production processes aimed at minimising the consumption of energy, water and other natural resources, as well as the number of emissions, effluents and waste generated. Moreover, historically the Group has strongly committed to cogeneration and to clean and renewable fuels.

As detailed below, significant achievements are being made in the saving of natural resources and the reduction of emissions and waste generated in the different processes.

- Environmental assessment or certification procedures

In order to achieve the objectives of quality, environment, energy and safety of the product, the Miquel y Costas Group has established a Quality, Environment, Energy, Custody Chain, Product Security and Safety Management System.

This Integrated Management System (hereinafter IMS) complies with the current version of:

- Standard UNE-EN ISO 9001 and UNE-EN ISO 14001, for all production centres located in Spain, in addition to the headquarters.

  This certification UNE-EN ISO 14001, for environmental management systems, was achieved on 10-10-2006. Its scope covers the design, manufacture and sales of cigarette, plug wrap and tipping papers for the tobacco industry, rolling papers, thin papers for publishers, the graphics and packaging industry, special filter and absorbent papers. It also includes the design, manufacturing and sale of special cellulose pulps made from non-wood fibres.

- Standard IATF 16949, for MB Papeles Especiales and Terranova Papers, which defines the basic requirements of the automobile industry's quality management system for automotive and spare parts companies.

- Standard UNE-EN ISO 50001, for Miquel y Costas & Miquel, S.A. in Mislata, MB Papeles Especiales, S.A., Terranova Papers, S.A., Celulosa de Levante, S.A and Clariana, S.A.

  This certification UNE-EN ISO 50001, on energy management systems, was obtained on 09-11-2022. Its scope covers the design, production and sale of cigarette, plug wrap and tipping papers for the tobacco industry, paper for publishers, the graphic, food and packaging industries, special filter papers and absorbent paper. It also includes the design, manufacturing and sale of special cellulose pulps made from non-wood fibres. This certification shows that energy aspects derived from industrial activities are managed optimally through control tools and continued improvement with the objective of minimizing energy consumption and maximising energy efficiency.

- Standard BRCGS Packaging Materials, for Terranova Papers, which is an international standard that defines hygiene-sanitary requirements to be met by packaging and wrapping to ensure food safety, legality, and quality to the consumer.

- Standard ISO 22000, for Miquel y Costas & Miquel in the manufacturing centre located in Mislata (Valencia). This certification establishes the requirements that a management system must fulfil to ensure food safety throughout all the supply chain, which also includes those packaging and wrapping materials which come into contact with food.

- Custody chain standards FSC-STD-40-003, FSC-STD-40-004, FSC-STD-50-001, PEFC-ST-2002:2013 and PEFC-ST-2001:2008, have been certified since 16-10-2009. Said standards cover all production centres, (except for Celulosa de Levante, for which it is not applicable), and they include the necessary requirements to ensure that raw materials of a forest origin come from responsibly managed forests and to guarantee their traceability throughout the supply chain.

Within the IMS, the Miquel y Costas Group has defined and implemented the following policies:

- The Product Quality, Environment, Energy, Security and Safety Policy (POLCAM) at the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A., Celulosa de Levante, S.A. (Celesa) and Clariana, S.A.

- The Custody Chain Policy (POLCDC) at the companies Miquel y Costas & Miquel, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A. and Clariana, S.A.

As a result of the IMS and the application of its policies, four procedures are applied to identify, assess, prevent and mitigate significant risks and impacts, as well as for verification and control purposes:

- The general supplier assessment procedure (PRCOM02) states that all reception of raw material into the custody chain (wood pulp) must go through the stipulated due diligence system, which is also necessary to comply with Regulation (EU) No. 995/2010 (EUTR) in the case of non-EU suppliers.

  As a consequence of the POLCDC and the PRCOM02, only FSC or PEFC certified or FSC controlled wood material is purchased, thus eliminating the risk of using cellulose from timber that is not responsibly managed.

- The general risk and opportunity analysis procedure (PRRYO01) states that annually each work centre that is ISO 9001 and ISO 14001, ISO 22000 and ISO 50001 certified must identify risks and opportunities of all the processes that make up the IMS of each organisation, also considering the context and needs and expectations of the stakeholders of each production centre. Likewise, the environmental risks and opportunities, including those associated with climate change are identified at corporate level on a half-yearly basis. The procedure is based on a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and a FMEA (Failure Mode and Effect Analysis). As a result, preventive action and improvement plans/objectives are established and developed to address these risks and opportunities and the result forms part of, among others, the annual investment plan.

  The main risks in the IMS environmental control process identified by means of the PRRYO01 have been the following:

  - Possible breach of the thresholds laid down in the Integrated Environmental Authorisations (IEAs) for each environmental aspect (emissions, waste, discharges, noise, light and soil).
  - Possible incorrect functioning of the environmental and energy-related Best Available Techniques (BATs) in place in the plants.
  - Lack of knowledge of amendments to environmental legislation.
  - Failure to meet deadlines for environmental legal formalities.

- The procedure for identifying and assessing environmental and energy impacts (PRSAM01) establishes the methodology for identifying and assessing the environmental and energy impacts related to the activities, products and services of companies that have implemented the IMS, from a life-cycle perspective, the main ones being:

  - Consumption of natural resources: decrease, abiotic depletion, global warming, and indirect impacts associated with the manufacture of the good consumed.
  - Emissions and odours: air pollution, abiotic depletion, and global warming.
  - Waste: impacts associated with waste management (decrease in natural resources, air pollution, water pollution and landfill clogging).
  - Discharges or sewage: reduction in water quality, aquatic ecotoxicity and indirect impacts associated with water purification.

- Noise and light: disturbance and possible harm to health.
- Soil: pollution of water and soil, abiotic depletion and aquatic ecotoxicity.

- Energy management system procedure (PRSGE01), applied to all activities, products and services that use energy from the processes defined in the Integrated Management System.

  To mitigate the risks that could affect the energy performance and / or efficiency, through this procedure the energetic review is implemented, as well as the energetic performance indicators and the energy baseline, the planning for the energy data collection and operational control are detailed and the guidelines to be followed for the design and acquisition of installations, equipment, systems and processes are described.

In order to monitor the application of these established environmental and energy-related policies, procedures and objectives, the Group has a general Internal Audit Procedure (PRAUD01), which formalises the annual performance of internal audits in all production centres under standards and rules applicable in each centre. And, on a half-year basis, the Group verifies the correct functioning of the defined operating control, as well as compliance with the environmental and energetic policy, objectives and legal requirements established in each centre, as described in the PRAUD01 and in the Operating control procedure (PRSAM04).

Additionally, annual external audits are performed by companies certified under the abovementioned standards.

Moreover, and in order to reduce the impact on climate change, the Miquel y Costas Group considers that it is necessary to involve its supply chain, thus guaranteeing its commitment, as detailed in the POLCAM. In this sense, annual assessments are performed on product and service suppliers with a specific section on the environment and on energy, assessing environmental and energy certificates and performance. The rating obtained, together with other elements such as the performance of second party audits, is used to make purchasing decisions. For more information, consult section 6 (Society) of this report.

- Resources dedicated to environmental and energy risk prevention

The Miquel y Costas Group permanently dedicates resources to the prevention of environmental risks and to the reduction of climate impact. In 2022, total net environmental investments in national companies, deducting grants received, have amounted to €6,060 thousand (€6,971 thousand in 2021).

Within the production process, resources have mainly focused on the reduction of energy consumption, thus contributing to climate change prevention, and to encourage the reduction of the consumption of raw material and water, in this way favouring the minimisation of waste generated and circular economy.

Concerning investments not directly related to the production process, resources have mainly been dedicated to projects for the removal of roofing containing asbestos and its replacement (in this way boosting the use of materials that are safe and more respectful of the environment) and to the execution and start-up of new photovoltaic installations to substitute conventional electricity for own generation with renewable energy sources.

- Environmental protection and responsibility

Total environmental protection costs incurred by the Group in Spain in 2022, after deducting revenue from the sale of by-products and excluding expenses arising from CO_2 emission rights have amounted to € 4,986 thousand (€4,854 thousand in 2021). They included no extraordinary items and related mainly to the social contribution through charges paid for the use of water to the corresponding Regional Governments, consumption of raw materials and energy in environmental protection activities and waste collection and treatment. There are no contingencies related to environmental protection and improvement of which the Group is currently aware.

In addition, the Miquel y Costas Group has an environmental liability policy which includes all national production centres.

Production centres of the Miquel y Costas Group that are involved in the reporting of the environmental data presented, are listed below:

Centre	Location	Company
Besós Production centre	Barcelona	Miquel y Costas & Miquel, S.A.
Mislata Production centre	Valencia	Miquel y Costas & Miquel, S.A. S.A. Payá Miralles
MB Production centre	La Pobla de Claramunt (Barcelona)	MB Papeles Especiales, S.A.
TP Production centre	La Pobla de Claramunt (Barcelona)	Terranova Papers, S.A.
Celesa Production centre	Tortosa (Tarragona)	Celulosa de Levante, S.A.
Clariana Production centre	Villarreal (Castellón)	Clariana, S.A.

This report does not include data related to the production centre of Miquel y Costas & Miquel, S.A., located in Capellades (Barcelona), the production and logistics centres of Miquel y Costas Logística, S.A. located in Betxí (Castellón) and Pas de l'Aigua (Barcelona) and the work centre located in Tuset (Barcelona), due to the low relevance that their environmental and energetic aspects have. Additionally, for the same reason, this report does not include data on foreign subsidiaries.

Data reported hereafter is based on tonnes produced:

t prod	2021	2022	Variation 2021-2022
Product	93,806	97,698	+4.1%

Pollution and Climate Change

The Miquel y Costas Group has launched sustained efforts to reduce their greenhouse gas emissions (hereinafter, GHG) and to improve the sustainability of their products and services. Likewise, they have a Climate Transition Plan (CTP) which seeks to achieve ambitious goals for the reduction of absolute GHG emissions (produced directly or indirectly by their operations) by 51% by 2030 (base year 2018) and achieve *Net Zero* throughout the whole value chain by 2050. Likewise, they are seeking to increase the implementation of practices and technologies which respect the environment, such as the optimisation of equipment, the substitution of contaminating fuel, the installation of photovoltaic panels for own consumption and energy efficient action in all production centres, all the above aligned with the Paris Agreement's objective of limiting the increase in global temperature to 1.5ºC. The CTP has been included in the Group strategy and establishes specific objectives and action to reach the global objective of reducing emissions by defining plans, projects and initiatives that must be implemented to comply with the commitments acquired in the area of climate change.

The Board of Directors (hereinafter BD) and the Management are the Group's ultimate decision-making and supervisory bodies with regard to the commitments acquired for the fight against climate change. These represent a priority in the management of the organisation and a basic principle of their Corporate Governance. Among their functions are included orientation, control, supervision and annual monitoring of matters related to climate change. Management reports regularly to the BD on the strategies, policies, main risks and opportunities associated to climate, which are assessed in each centre and reviewed by the CEO, who aligns the whole organization to reach the goals in the different operating aspects: CAPEX, purchasing policies, monetary incentives, operating efficiency, performance objectives, etc.

The procedure followed to define the Group's environmental objectives is the following: the CEO defines the objectives for the organization, which are presented for approval to the BD. The BD periodically reviews the objectives approved as well as the operating and financial results (revenue, direct and indirect costs and investments related to climate change). In addition, the budgets are validated annually and the Strategic Business Plans every three years, which are designed and presented directly by the directors of the divisions. It should be pointed out that the Group has an Audit Committee (a body dependent on the BD) and one of their functions is the review of the efficiency in the management of risks and opportunities, including those related to climate change. The Energy and Environmental Committee has also been established, made up of members of the BD and of the management team which, twice a year, reviews the most relevant aspects related to the environment and energy.

It should be highlighted that the Miquel y Costas Group is proactive in analysing and managing the risks and opportunities related to the environment, including those associated with climate change, which may affect their direct commercial operations. Specifically, every six months the person in charge of the Integrated Management System, together with the CEO, carries out the evaluation, review and reporting at corporate level of the risks and opportunities associated to climate change.

The main greenhouse gases emitted by the Miquel y Costas Group relate to combustion equipment that generates the steam used in pulp and paper manufacturing processes. Also, a small percentage of emissions linked to the fuel consumption for the periodic launch of auxiliary emergency equipment is taken into account.

For the new 2021-2025 period, the MB, Terranova, Mislata and Clariana production centres, have been considered low emission plants and have been excluded from the European Union's Emissions Trading Scheme. In applying the corresponding legislation, a maximum annual emission has been established for each of them which, in the case it were surpassed and as an equivalent mitigation measure, would entail delivering the surplus volume of emission rights to the State.

In 2022 all production centres have been below the limit of annual maximum emissions established with the exception of Terranova Papers, which has surpassed it by just 0.94%.

Furthermore, the Besós and Celesa production centres have remained within the European Union's Emissions Trading Scheme and have been regulated by the corresponding legislation for the purposes of delivering the equivalent amount of allowances and in this way compensating the corresponding emissions.

In this context, emissions related to the electricity generated by cogeneration plants, which do not perceive allowances in this allocation scheme, remain relevant. In 2022, a significant reduction in emissions related to electricity generated by the cogeneration plants was achieved due to their lower operating time caused by the significant increase in the price of natural gas, in the European market, compared with 2021.

Emissions linked to the abovementioned facilities are annually verified by an authorised external entity and are reported to the authorities.

The GHG protocol standard lays down a classification of emissions of said gasses in terms of "scopes". Scope 1 refers to direct emissions from own or controlled sources, while scope 2 includes indirect emissions due to the generation of purchased energy; and scope 3 comprises indirect emissions produced in the company's value chain.

Highlighted data is as follows for the Group as a whole:

		2021	2022	Variation 2021-2022
Scope 1	**t CO_2**	77,486	62,277	-19.6%
	t CO_2/t product	0.83	0.64	-22.8%
Scope 2	**t CO_2**	1,963	0	-100.0%
	t CO_2/t product	0.02	0.00	-100.0%

* Scope 2 emissions valued according to the market-based method (based on the market) and which depend on the type of electricity purchased by the Group.

It should be highlighted that in 2022, the Group has taken a further step in their decarbonisation and sustainability strategy ensuring that 100% of electricity acquired is produced from renewable sources (93% in 2021), eliminating in this way all scope 2 CO_2 emissions.

In addition, the Group informs annually on their emission data and on management regarding their carbon footprint, through the CDP Climate Change questionnaire.

CDP is a non-profit organisation that measures the transparency, commitment, strategy and management of companies and cities, at worldwide level, to promote an evolution towards a sustainable economy.

The CDP valuation report enables the understanding of our current position and those aspects that require attention, allowing the company to continuously progress in environmental management and to improve climate governance. This assessment positions the company in one of the four consecutive levels through which it will pass as it advances towards optimal environmental management (D Outreach, C Awareness, B Management, A Leadership,) allowing the results obtained to be compared according to the sector, region, and global average. There are 4 types of questionnaires:

- CDP Climate Change promotes the efficient management of the carbon and climate change risk.
- CDP Forest provides an action framework to restore forests and ecosystems.
- CDP Water Security boosts the reduction of the hydric footprint, which is an environmental indicator that defines the total volume of water used in the manufacturing of goods and services.
- CDP Supplier Engagement Rating (SER) / Climate Change, assesses the level of the organisation's commitment with their suppliers with regard to climate change, boosting global action on carbon emissions in the supply chain.

As a consequence of the continued efforts made in the implementation of the best current practices, for the promotion of the environmental management and investments carried out in each production centre, the Miquel y Costas Group has managed to obtain a B rating in the CDP Climate Change Questionnaire presented in 2022, which is within the range of "Management". For comparative purposes, it is within the regional average in Europe, is higher than the paper and forest sector's average, and the global average, the ratings of which are within the range of "Management" and "Awareness" (ratings B and C).

Rating	2021	2022
CDP Climate Change	A-	B

In 2022, the need for improvement in the questionnaire CDP Climate Change compared with 2021 was detected, specifically in the section for scope 3 GHG emissions, which includes indirect emissions generated throughout the company's supply chain. In order to reach common goals to reduce emissions and to mitigate climate change with their suppliers, the Group seeks to address this need through the implementation of measures to encourage involvement and increase the commitment of all stakeholders throughout the value chain. Some of the measures implemented include the inclusion of criteria associated to climate change in the process of their selection and also campaigns to gather data on suppliers' GHG emissions. Specifically, the organisation has worked on the creation of a questionnaire which became effective in 2022, aimed at the main suppliers in order to analyse their environmental performance annually.

Thanks to the commitment from their suppliers and the increase in collaboration in the exchange of information, the Group has achieved greater precision in estimating the carbon footprint of their main products commercialized, through the use of primary data sources, for example using data on emissions provided directly by the product and service suppliers. The Group's objective is that those that have a greater impact on GHG (scope 3), such as suppliers of wood pulp, commit to defining objectives to reduce emissions aligned with the objective of the Paris Agreement to limit the increase of the global temperature to 1.5ºC and approved by the SBTi (Science Based Target initiative), a global organisation that offers methods and tools for companies to effectively address the risks associated to climate change.

As a consequence of the above, the level of the organisation's involvement with their suppliers regarding climate change has been reflected in achieving the rating A- in the CDP Supplier Engagement Rating (SER) obtained by the Group during 2022, which is within the range "Leadership". For comparative purposes, it is higher than the European average, than the average for the paper and forestry sector, and than the global average, the ratings of which are within the range of "Awareness" (rating C).

Rating	2021	2022
CDP Supplier Engagement Rating (SER)	D	A-

Obtaining the rating B in the module CDP Climate Change and rating A- in the module CDP SER, is synonymous with excellence in the management of environmental impacts and the taking of coordinated action in the face of climate change. Reaffirming the Group's commitment to sustainability, their commitment to boosting de-carbonisation in all production processes and the organisation's commitment to transparency in communication.

In order to encourage this commitment internally, the Group includes environmental performance in the compensation of their Steering Committee including, in their objectives, incentives linked to sustainability and, additionally, encouraging General Management to obtain a rating of Leadership (A/ A-) in the annual valuation carried out by CDP with the objective of reinforcing the company's leadership in terms of sustainability, adaptation and mitigation of climate change.

It should be pointed out that, in 2022, the Miquel y Costas Group received the "Silver medal" qualification in the ESG evaluation carried out by EcoVadis, a grade which corresponds to their first participation in FY2021. This evaluation means falling within the top 25% of companies with the best performance in social responsibility and sustainability. Within this qualification, a wide range of non-financial management systems are evaluated which include the impact on the environment, labour practices and human rights, ethics and sustainable purchases.

EcoVadis recognises those companies that comply with the strictest international CSR standards. Their methodology consists of measuring the quality of the sustainability management system of a company through their policies, action and results, based on the Corporate Social Responsibility regulations which include the Global Reporting Initiative, the United Nations Global Compact and ISO 26000.

What is more, the Group also consolidates their commitment with other external interested parties. They actively participate and support different industrial associations such as ASPAPEL (Spanish Association of Pulp and Paper Manufacturers) a national professional organisation which groups together companies in the pulp and paper sector, which represents more than 90% of the total production of the sector through the 50 associated companies. The association's mission is to support competitive and sustainable development of its members and promote the image of the sector, its companies and products, and they also act as an industry representative before the Government and other players, developing strategies and providing a forum for partner companies. The Group's CEO is member of the Managing Board, which guarantees a perfect alignment of objectives for both organisations.

Likewise, the Group is also part of ACOGEN (The Spanish Cogeneration Association) a national organisation which represents companies involved in cogeneration. With 115 associated companies which represent more than 11% of the electricity produced in Spain, their objective is to encourage and support the development of cogeneration in Spain. The association seeks to establish a favourable environment for the existing plants and for new constructions, valuing the essential characteristics of technology: high energy efficiency, primary energy savings, distributed electricity generation and emission reduction. The Group participates in different work committees and groups to define and agree the sectorial position on climate change legislation, which also allows learning from other companies, collaborating and sharing experiences on common challenges related to climate change.

Also, the Group supports global environmental initiatives through the NGO, Trees for the Future, a non-profit organisation which operates in 9 different countries and helps communities from around the world to plant trees and to fight deforestation. It empowers and assists farmers to revitalise their own land and plant trees in different African countries, such as Cameroon, Senegal, Uganda, Tanzania and Kenya, contributing in this way to the improvement of local economies, biodiversity and carbon sequestration. This initiative started in 2017 with the objective of planting 165,000 trees. In 2022 this objective was reached thanks to the Group and the collaboration of their consumers through social networks succeeding in the planting of 167,200 trees in the period 2017-2022. Since 1989, the organistaion has planted more than 225 million trees. The more trees they plant, the higher the visibility of the association and its capacity to interact with national, regional and local authorities to influence the policies, laws and regulations that commit to the non-conversion of natural ecosystems, the fight against deforestation and restauration and compensation of forests and the mitigation of climate change.

Likewise, the Group, in their search to promote the adoption of corporate commitment related to sustainable development, has initiated the process of identification of Sustainable Development Objectives (SDOs) that are currently more relevant for their business activity. The SDOs were established by the United Nations to contribute to compliance of the Agenda 2030. The Group will make said commitment official in 2023.

The transition towards a world without carbon emissions is complex. In this context, the Group considers that proactive interaction and commitment with stakeholders is essential for influencing society and achieving the objectives of reducing emissions established within the framework of the Paris Agreement. Therefore, listening and responding to the worries and opinions of the interested parties is one of the bases to understanding the economic, social and environmental risks and opportunities, and specifically, those associated to climate change which they face worldwide. The participation in different industrial associations and the sustainability indices mentioned above demonstrate the continued efforts for monitoring and the understanding of stakeholders, as well as their ability to adapt to market needs.

Lastly, the Group focuses on the effective management of relations with the Authorities that design the environmental policies for the places where they operate, through the Executive President and the CEO. The CEO is a member of the Board of Directors of the national sectorial association to which the Group belongs, working hand in hand with national and regional government agencies which establish climate change legislation. For example, contributing to the Generalitat de Cataluña's reflection on a new autonomous tax related to GHG emissions.

Both in the aforementioned CDP Climate Change questionnaire as well as the Climate Transition Plan, the risks identified are the following:

- Risks due to changes to legislation and legal risks (EU ETS, energy, climate change, increase in green taxes, etc.)
- Risks due to new technologies (adaptation to best techniques available)
- Risks due to changes in physical climate parameters (natural catastrophes and changes to climate conditions)
- Risks due to other changes related to the market (reputation, corporate image, and purchase of raw materials)

In the analysis of the opportunities associated to climate change, the Group has identified various positive aspects for their business model:

- The implementation of renewable energy in their direct operations can reduce energy costs significantly and diminish the Group's dependence on traditional energy sources.
- Clients' growing environmental awareness and the change towards a low carbon economy offers the opportunity to develop and industrialise new sustainable products to satisfy this demand.
- Improvement of the positioning in the capital markets through the improvement of the participation in sustainable indices, such as CDP and EcoVadis, may generate greater trust and attract investors in sustainable companies.

In addition, for the evaluation of risks and opportunities associated to climate change, a short-term and long-term analysis has been carried out both from the point of view of transition risks as well as physical risks. Specifically, this evaluation has been carried out for some raw materials or the areas from which they originate, identified as relevant aspects for the Group's business model. The two future qualitative scenarios considered were: the "very strict" Representative Concentration Path (RCP 2.6) and the Representative Concentration Path "business as usual" (RCP 8.5). Both scenarios are defined by the Intergovernmental Panel on Climate Change (IPCC) and are commonly used to analyse the risks and opportunities associated with climate change.

The path RCP 2.6 is a very strict scenario of GHG emissions in which a drastic reduction of emissions is assumed in order to limit the global temperature increase to less than 2ºC. In this context, in the period of transition to 2030, the Group has set up mitigation strategies for these risks short term, guided by elements that are in line with the objectives established, which seek to reduce scope 1+2 GHG emissions by 51%, guarantee 100% of responsible sourcing of raw material of forestry origin and reduce water extraction by 12%.

Furthermore, the RCP 8.5 path is a scenario of GHG emissions known as "business as usual", in which a continuation of current trends of emissions is predicted without significant changes in policies and technology. In this context, identifying the physical risks that may arise long-term due to changes in the physical parameters of the climate is essential in order to assess the resilience of the organisation in the face of associated challenges, specifically with regard to key suppliers of raw material located in areas of risk. Also, the Group works to identify alternative sources of supplies of the same raw materials and/or alternative products which are not located in areas of risk, as well as adopting measures to mitigate the impact. As part of this effort, the Group has established the objective to certify all their wood pulp suppliers under the standards FSC and PEFC to guarantee the sustainable management of forests, which is key to mitigate the risks associated to the acquisition of forestry products.

It should be pointed out that climate-related risks and opportunities have been included in the business strategy, therefore, their analysis is included in their financial planning process, mainly revenue, direct and indirect costs and investments. Revenue projections take into account the development and industrialisation of new products to address the growing environmental awareness of the clients and the change to a low-carbon economy. A clear example is the expected introduction into the market of cellulose-based cigarette filters which are totally bio-degradable, to substitute synthetic materials. The indirect and direct costs such as the expenses associated to the certification of new suppliers and/or types of raw materials that are less exposed to the consequences of climate change, are also a key part of the financial planning.

In addition, to ensure compliance of its objectives to reduce GHG emissions for 2030, the Group has planned important investments to achieve the objectives of the PTC. They include the improvement of their scope 1 emissions, thanks to a programme of initiatives for the 2021-2026 period which amounts to 54,000 thousand euros for, on the one side, the implementation of new systems for the generation of biomass thermal energy and, on the other side, for energy efficient projects which allow consumption to be reduced in all the productive centres. The aforementioned PTC also includes another robust programme for the implementation of new photovoltaic generation facilities which allow for the increase of the Group's self-sufficiency and the consolidation of the reduction of scope 2 emissions, with a total estimated investment of 12,650 thousand euros in the period 2020-2024.

In more detail, the Miquel y Costas Group effectively already has important action underway to reduce emissions and to optimise their energetic consumption:

- Acceleration of their clean energy generation development plan: continuity of the biomass boiler studies and the installation of photovoltaic panels for own consumption. Specifically, in 2022 the Group finalised its third photovoltaic installation, located in Mislata, the functioning of which started at the beginning of 2022. Also, the first phase of a new photovoltaic installation has been set in motion in the Besós factory, the second phase of which will terminate in 2023. Likewise, the project for the photovoltaic installation in Clariana which was set in motion at the start of 2023 has been developed and executed successfully.

Below is included a table where the Group's Photovoltaic Plan is presented with the startup of the new installations in the 2020-2024 period:

	Output Installed and Started Up (kWp)						Total investment (thousands €)
Scope	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**	
Productive Centres	193	562	1,302	1,831	2,566	**6,454**	**12,650**

- Execution of an intensive programme for energy efficiency action in all the production centres, as well as the optimisation of thermal consumption in several paper machines, the results of which have contributed to the minimization of the Group's carbon footprint.

- Continuation of the actions for energy improvement and efficiency identified in the energy audits presented to the competent authority in the first quarter of 2021 based on the data for the period 2017-2020. For example, the new photovoltaic installations mentioned previously.

- Implementation of regulation ISO 50001 on energy management systems. In 2022, the Group obtained certification of regulation ISO 50001 for energy management systems in the Miquel y Costas & Miquel centres (Mislata plant), Celesa, MB Papeles Especiales, Terranova Papers and Clariana, and have initiated the implementation in the Miquel y Costas & Miquel centre (Besós plant) the certification of which will terminate in 2023, which shows an adequate management of the energetic aspects derived from industrial activities through the startup of control tools and continued improvement, minimizing energy consumption and, in this way, maximizing the energy efficiency of the Group with regard to 2021.

- Collaboration with Lufthansa Group Airlines for the reduction of GHG emissions associated with aviation (scope 3), specifically, to business flights carried out by Group employees. Thanks to this collaboration, in 2022 a reduction of CO_2 emissions associated to plane trips was achieved, equivalent to a tonne. Also, as part of their commitment to sustainability and the environment, the Group promotes the elimination of flights for work motives which are totally unnecessary and encourages the substitution of meetings or appointments in person, for videocalls or other methods that today's technology offers, in order to reduce emissions associated with this activity.

- Collaboration with the NGO, Trees for the Future® as mentioned above, the aim of which is to reforest areas of Sub-Saharan Africa and favour the growth of the region's economy through sustainability. This organisation empowers and helps farmers to revitalise their own land and plant trees in different African countries, such as Cameroon, Senegal, Uganda, Tanzania and Kenya. Thanks to this initiative and participation through the Smoking®'s campaign #RollWithGreen, favouring the absorption of GHG and increasing the economic contribution to local communities has been achieved through the planting of 167,200 trees in the period 2017-2022 (164,979 trees in the 2017-2021 period), which has allowed poverty and hunger to be combatted in these regions.

Presented in the table below is the achievement of the objectives established by the Group, as part of the Group's commitment to fighting against deforestation and their collaboration with the NGO Trees for the Future®:

Results Trees for the Future	2021	2022	Variation 2021-2022
Trees planted	164,979	167,200	+1.3%
Hectares reforested	16.69	16.92	+1.4%
Persons removed from poverty	330	334	+1.2%
t CO_2 sequestered in 20 years	6,025	6,106	+1.3%

As a result of the measures adopted within the framework of the transition towards a decarbonised economy, in 2022 a big reduction in scope 1 and 2 GHG emissions has been achieved, in this way surpassing all absolute and specific objectives established for the 2005-2025 period as well as several of those established for the 2005-2030 period.

Presented in the tables below is the achievement of the objectives established by the Group with regard to scope 1 and 2 emissions:

		2005	2021	2022	Variation 2021-2022	Variation 2005-2022	Objective 2005- 2025	Objective 2005- 2030
Scope 1	t CO_2	118,184	77,486	62,277	-19.6%	-47.3%	-32.0%	-43.0%
	t CO_2/t product	1.35	0.83	0.64	-22.8%	-52.8%		
	t CO_2/km^2 product	53.10	27.89	22.03	-21.0%	-58,5%		
Scope 1+2	t CO_2	153,817	79,449	62,277	-21.6%	-59.5%		
	t CO_2/t product	1.76	0.85	0.64	-24.7%	-63.7%		
	t CO_2/km^2 product	69.11	28.60	22.03	-23.0%	-68.1%		

Having achieved all of the objectives to reduce GHG emissions, marked, with the base 2005, in advance, the Group has established new objectives to reduce GHG emissions which are more ambitious, based on the current scientific recommendations and aligned with that established in the Paris Agreement on limiting the increase in the average global temperature to no more than 1.5ºC over the preindustrial levels.

The new objectives based on science include commitments to obtaining the reduction of 51% of GHG emissions in their direct operations (scope 1+2) no later than 2030 (base year 2018), and of reaching climate neutrality (*Net Zero*) no later than 2050. What is more, the new objectives are in the process of being submitted for approval by the SBTi (Science Based Target initiative).

		2018	2021	2022	Variation 2021-2022	Variation 2018-2022	Objective 2018- 2030	Net Zero Objective 2018- 2050
Scope 1+2	t CO_2	123,565	79,449	62,277	-21.6%	-49.6%	-51.0%	
	t CO_2/t product	1.29	0.85	0.64	-24.7%	-50.4%		
	t CO_2/km² product	42.32	28.60	22.03	-23.0%	-47.9%		
Scope 1+2+3	t CO_2	265,728	214,594	202,741	-5.5%	-23.7%		-90%

Also included for information purposes are the scope 3 emissions (t CO_2):

Scope 3*	2021	2022	Variation 2021-2022
Upstream	129,573	134,362	+3.7%
Downstream	5,866	6,102	+4.0%

* Scope 3 emissions estimated from analysis of the lifecycle carried out in 2015 of two of the main products commercialized extrapolated to the entire production for the year.

Also, periodically the emissions of NO_x and SO_x in the combustion boilers are measured, as the corresponding IEA indicates:

Kg/ t prod	2021	2022	Variation 2021-2022
NOx	0.92	0.89	-3.7%
SOx	0.01	0.02	+330.6%

The Miquel y Costas Group has established not exceeding certain thresholds of NO_x emissions as an objective, in each of the production centres, in accordance with the applicable IEA:

Installation	Objective 2025 NO_x (mg/Nm³)	O_2% reference
Cogeneration plants	150	15
	190	15
Conventional boilers	200	3

The main sources of energy consumed by the Miquel y Costas Group are natural gas and electricity:

Consumption – natural gas and electricity	2021	2022	Variation 2021-2022
Natural Gas (thousands Nm³/t prod)	0.39	0.30	-22.7%
Electricity consumed by Company (MWh/t prod)	1.33	1.49	+12.1%

In 2022, the growing inclusion of renewable sources to the energy mix of the Group can be highlighted, as part of their decarbonization strategy:

KWh energy from renewable sources/ KWh total energy	2021	2022	Variation 2021-2022
Renewable sources	28%	35%	+24.8%
Non-renewable sources	72%	65%	-9,8%

Therefore, the consumption of energy from renewable sources in comparison with the previous year has increased by 24.8%. This has been achieved through serious effort and investment in solutions in situ where possible, such as the installation of photovoltaic panels, the use of biomass and prioritizing the purchase of electric energy from a renewable source to supply their production centres.

Circular economy and waste prevention and management

- Circular economy

Concerning the consumption of the paper factories' main raw material, virgin wood pulp, 100% of the pulp acquired in 2021 and 2022 has been provided by suppliers that are certified both in FSC® (FSC-C041521) and in PEFC, as explained above. These certifications are the ones that apply the most demanding standards concerning the environment and sustainability.

Moreover, in most manufacturing processes the paper that is generated as waste within the production process, is recovered.

The Group considers that it is necessary to collaborate with suppliers to tackle the raw materials' impact on the environment. Accordingly, the Group assess that 100% of suppliers are certified through the implemented custody chain, ensuring that the pulp produced or purchased originates from sustainable sources. Moreover, all entries of wood pulp, before becoming part of the custody chain, are subjected to the due diligence system established in the PRCOM02, thus ensuring the traceability of the wood or pulp back to its place of origin.

The main raw materials are wood pulp and non-wood fibres. The figures below do not include other fibres employed in the production process, such as synthetic fibres, nor those purchased from Group companies.

t fibre	2021	2022	Variation 2021-2022
Wood pulp and non-wood fibres	81,938	82,127	+0.2%

In 2022, the Miquel y Costas Group has answered for the second time to the CDP Forest questionnaire, reporting data on the management of raw materials with a forest origin used in their production centres. To demonstrate the Group's continued commitment to the decrease of deforestation, an A- rating has been obtained, which is within the "Leadership" range. For comparative purposes it is greater than the European average, the average for the paper and forestry sector and the Global average, the rating of which are within the range of 'Management' and 'Awareness' (ratings B and C).

Rating	2021	2022
CDP Forest	B	A-

This evaluation reflects the Group's excellence in forestry management and the strong commitment acquired in this area. The Miquel y Costas Group companies dedicated to the manufacture and commercialization of special papers depends greatly on raw materials of forest origin. As the Group recognises the global importance of forests and other natural ecosystems and considers the impact that business activity can have on them, they establish as priority the following high-level commitments in the adequate development of forestry management for the protection of the environment, in accordance with the requirements of the standards of the Custody Chain implemented which are more rigorous than legal compliance:

- Commitment to eliminating deforestation
- Commitment to eliminating the conversion of natural ecosystems
- Commitment to not clearing land by burning or clear felling
- Commitment to the awareness and stakeholder participation

The Group requests to the suppliers of cellulose fibre destined for products with a forestry certification, for documents guaranteeing that the supplies adapt to the criteria established by the Custody Chain system. In addition, in the case that the use of wood originating from unreliable or conflictive sources is detected, for example, that have caused damage in the past or they do not protect the rights and means of subsistence of local communities, there is a commitment to take appropriate action, including the suspension of purchases of material from the supplier that is not respecting the points covered by the custody chain policy (POLCDC), which is a public document and may be consulted on the company's website.

The needs and expectations of the stakeholders have been analysed, as well as the risks derived from the purchase and management of timber products, the most important of which is that related to a possible change in climate conditions that could derive in problems in the supply chain.

Likewise, new opportunities and objectives have been established to continue advancing in the Group's commitment in all that referring to forestry management throughout the supply chain such as, for example, maintaining 100% of the pulp suppliers certified under the standards FSC and PEFC and increase their level of participation and the monitoring of the objectives established.

The Group has worked on the creation of a questionnaire which took effect in 2022, directed towards the main suppliers in order to annually analyse their commitment to the environment. The data requested includes information on GHG emissions, water management regarding the products supplied, as well as action taken or planned to lower their environmental impact and inform on their participation in the CDP questionnaires. Supplier involvement through the Group's questionnaire will be further strengthened given that the results obtained will increasingly be taken into account in the purchasing decisions.

• Waste prevention and management

Waste is managed through authorised companies, always observing the hierarchy of Prevention, Reuse, Recycling, Appraisal and, lastly, Elimination.

kg waste/t prod	2021	2022	Variation 2021-2022
Hazardous waste	*2.98	2.43	-18.4%
Non-Hazardous waste	95.59	95.87	+0.3%
Total	**98.57**	**98.30**	**-0.3%**

*Data on hazardous waste corrected for the year 2021.

The destination of waste generated by the Miquel y Costas Group has been the following:

kg waste/kg total waste	2021	2022	Variation 2021-2022
Recovered waste	95%	97%	+2.0%
Waste disposed of	5%	3%	-38.1%

According to the POLCAM and the PRSAM01, all centres analyse their annual waste generation and, if it is significant, establish waste reduction objectives, both for hazardous and non-hazardous waste.

Among others, measures established to reduce the amount of non-hazardous waste include the following:

- Reduction of paper residue in order to take greater advantage of the cutback generated in the factories themselves, boosting the circular economy.
- Optimisation of the system for the dehydration of sludge in order to generate a lower amount of moist sludges and to increase their possible appraisal.

The Group seeks to minimise hazardous waste and as a result of the efforts carried out, in 2022 an 18.4% reduction of this was achieved compared with 2021.

In turn, production centres that generate more than 10 tonnes of hazardous waste per year are required to present a hazardous waste minimisation study every four years, as established by Royal Decree 952/1997. Minimisation is understood as any action that aims to reduce hazardous waste by amount or by dangerousness, and covers aspects related to changes in processes, internal recycling or through the adoption of best practices. As a consequence of the above, the affected Group factories periodically assess such aspects and implement measures, considering technological, environmental and economic feasibility criteria, to reduce the main hazardous waste generated (such as polluted containers, used oils, fluorescent bulbs, chemical product waste, absorbers, etc.).

The following are some of the main measures established to decrease the amount of hazardous waste generated:

- Optimisation of purchases of hazardous products.
- Control of product stock.
- Appropriate segregation of packaging.
- Use of larger packages
- Efficient management of maintenance plans and cleaning procedures for equipment and facilities.
- Change of the light installation for LED lighting, implying the reduction of fluorescent waste.
- Periodic review of the state of receptacles and containers of raw material, products, and waste.
- Workers' training and awareness.

As a result of this effort, production centres to which the above is applicable have complied with 83% of objectives established in the hazardous waste minimisation study of the previous period.

For the following four years, new objectives have been established for the minimisation of hazardous waste, highlighting the reduction of contaminated packaging by between 10% and 35%, absorbent material by 33%, hydraulic oil by 21%, among others. In the case that it is not possible to establish the minimisation of a specific hazardous waste, maintaining its stable generation is established as an objective.

- Sustainable use of water

The paper industry employs water in its production processes, mainly as a means of transport to generate the physical and chemical reactions that are necessary to make pulp and paper. It should be noted that paper plants use water from different sources, but only a small percentage is consumed, since most of the water used is reintroduced to the receiving medium. The paper industry cannot therefore be strictly classed as a large "consumer" of water, but as a user (source: Voluntary agreement between the Ministry of the Environment and Aspaper, dated 2009).

Extracted water used in the production process is mainly obtained from natural sources owned by the Miquel y Costas Group (wells and upwellings). Each production facility has water treatment and fibre recovery plants (the latter are reintroduced into the production process).

For the whole of the Group's production plants, the origin of the extracted water is the following:

m^3/t prod	2021	2022	Variation 2021-2022
Underground water	23.06	20.72	-10.2%
Municipal water	0.100	0.097	-3.2%
Total	**23.16**	**20.81**	**-10.1%**

Water is finally discharged primarily through the municipal sewers and natural effluents:

m^3/t prod	2021	2022	Variation 2021-2022
Discharge	20.85	19.04	-8.7%

The Miquel y Costas Group is fully aware of the current problem related to the shortage of water. For this reason, Water Security is central to the Group's strategy, and internally and at all levels, the Group promotes the sustainable management of this resource and the inclusion in the business model of a policy to save water and guarantee its quality.

As a consequence, both the Person Responsible for the Water Cycle, the Factory and Production Directors and the CEO have, as part of their annual objectives, the increase in water resilience and the optimisation of the management of this resource. In addition, economic incentives are set annually for the CEO, the Person Responsible for the Water Cycle and the Factory and Production Directors in order to encourage the objectives set to be met.

The Group has a Water Reduction Plan which establishes the objectives, investments and measures to be implemented to achieve efficient management of the water in their production centres. This plan is reviewed annually by the Water Committee, led by the Group's Executive President and CEO.

The Water Committee was created in 2015, to analyse and manage in further detail the short- and long-term targets related to this area. The main objective is to minimise the risks related to hydric stress and any other negative impact on the ecosystems.

Also, the Water Committee holds periodic meetings to review the strategy related to the sustainable management of water and set objectives.

Additionally, the Group annually reports on its water cycle consumption, extraction, and management data through the CDP Water Security questionnaire, which measures the Group's transparency, commitment, strategy and management in relation to its hydric footprint, demonstrating the Group's commitment to the conservation of resources.

As a consequence of the application of the strategic plan, identification of risks and opportunities, good practices in all production centres and new implemented technologies, the Miquel y Costas Group has achieved an A rating in 2022, which places them at the top of the "Leadership" range. For comparative purposes, the score obtained is higher than the European average, the average in the paper and forestry sector and the global average, the scores of which are within the range of "Management" (rating B).

Rating	2021	2022
CDP Water Security	A-	A

It should be pointed out that achieving this A rating is synonymous with excellence. It reaffirms the Group's commitment to sustainability, the commitment to boosting the circular economy in all their processes and transparency in communication. Additionally, it positions the Miquel y Costas Group within the 105 companies worldwide which have this valuation in the CDP Water Security questionnaire presented in 2022, from a total of 4,000 companies that responded to this questionnaire.

Objectives established in the Water Reduction Plan for the conservation of hydric resources are the following:

- Short term, in the period 2014-2025, the main objective focuses on the reduction of water extraction by 12%, while reducing the hydric stress both at absolute and intensive level according to production, with the intensive objective already being surpassed in 2022.
- The objective of reducing the generation of sludge in 2025 by 20% with regard to 2014's data has also been established for this same period, an objective that was already surpassed in 2021. In this way, the Group commits to helping the circular economy and the reduction of the carbon footprint due to transport and management of this sludge.
- Likewise, during the mentioned period, maintaining a path without any environmental incidents has been posed as an objective in all production centres, an objective that has been satisfactorily achieved in 2021 and 2022 thanks to the Group's good practices.

Moreover, and in order to reach such a strict objective, the Miquel y Costas Group is carrying out actions and implementing new technologies, such as, for instance, advanced filtration technologies to maximise the reutilisation of water.

It should be noted that the set objectives are not solely absolute (m3/per year), but also include specific values that allow the Group's development in the reduction of its hydric footprint per tonne of product and surface of product to be measured.

To achieve these objectives, the company monitors different variables, such as for example, the amount of extracted water, quality parameters both in the entry and exit, the discharged volume or the amount of water recycled in the production process.

The following table presents the achievement of objectives set by the Group:

	2014	2021	2022	Variation 2021-2022	Variation 2014-2022	Objective 2014- 2025
Water extracted (thousands m^3)	2,271	2,172	2,034	-6.4%	-10.5%	-12.0%
Water extracted (thousands m^3) / t product	0.025	0.023	0.021	-10.1%	-16.9%	
Water extracted (thousands m^3) / km^2 product	0.888	0.782	0.719	-8.0%	-19.0%	
Envirnmental incidents	0	0	0	NA	NA	0
t sludge	5,485	4,179	4,156	-0.5%	-24.2%	-20.0%
t sludge/t product	0.061	0.045	0.043	-4.5%	-29.7%	

In addition, as part of its commitment to minimising the environmental impact in all their operations, the Group has set an objective for the 2014-2025 period in all production centres: improving the sewage water quality beyond the compliance requirements, being maintained at least 10 % below the limits established for the COD (Chemical oxygen demand), SS (suspended solids) and pH parameters.

In 2022, this objective was met 100% in all centres, maintaining the same level of compliance as in 2021.

In its efforts to decrease the hydric footprint, the Miquel y Costas Group involves its supply chain. Accordingly, in addition to the assessment of suppliers from an environmental standpoint, the company identifies (among the most important suppliers) those most aware in this field (such as, for example, through the involvement in the CDP Water Security). As of 2022, the company is seeking to promote sustainable water management among its suppliers as explained previously in the section on circular economy.

In 2022, the Group achieved in advance most of their absolute and specific objectives marked in 2014, in this way consolidating their commitment to reducing the water footprint.

Biodiversity

The Miquel y Costas Group's Production plants are located in areas that are not protected or regarded as high value in biodiversity terms. Even so, certain measures are carried out for their preservation.

The Group recognises the importance of preserving natural ecosystems and avoiding the loss of biodiversity. In this context, it is seeking to generate a positive impact in the natural environment of the areas where their operations are carried out. The commitments acquired by the Group in the area of biodiversity are as follows:

- Commitment to not exploring and/or not developing activities in natural areas legally designated as protected.
- Commitment to respecting natural areas legally designated as protected.
- Commitment to preventing negative impacts on threatened or protected species in danger of extinction.
- Commitment to not converting natural spaces of high conservation value.
- Commitment to not trading in species included in the appendices of the International CITES treaty (Convention on International Trade in Endangered Species of Wild Flora and Fauna).

In this sense, in some factories' controls are carried out through the calculation of biodiversity indicators, such as the biological index IBMWP, which evaluates the state of the quality and ecologic potential of river water. The Group analyses this index annually in their installations in La Pobla de Claramunt and Tortosa in accordance with the corresponding IEA due to the fact that they discharge into public waterways.

The results obtained in the analysis carried out both in 2021 and 2022 determine that, based on the index obtained, there are no differences with regard to the level of biological quality, therefore the discharge from factories does not influence the wealth of invertebrates of the rivers and does not affect the biodiversity of the area.

However, Miquel y Costas Group's greatest impact in the area of biodiversity is that found associated to the supply chain. For this reason, as mentioned earlier in the section on circular economy, the Group has acquired high level commitments for the adequate development of forestry management, such as the elimination of deforestation, elimination of the conversion of natural ecosystems, not clearing land through burning or clear felling, and awareness and participation of the stakeholders.

Even when the Group does not own forests, it contributes to sustainable forestry through the responsible sourcing of raw material of forest origin, such as wood pulp and non-wood fibres. It should be pointed out that guaranteeing that the fibre used in production centres originates from responsible sources and achieving the reduction of GHG from non-deforestation are actions of great importance for the preservation of ecosystems and natural habitats, and to mitigate climate change.

In addition, as detailed earlier in the sections on climate change and sustainable use of water, the Group historically makes efforts to reduce its water footprint and carbon footprint associated to its operations, which reflects a sustainable management of resources for the protection of ecosystems and mitigation of climate change, which also influences biodiversity in a direct way.

Taxonomy – sustainable finances

On 18th June 2020 the European Parliament approved the (EU) Regulation 2020/852 related to the establishment of a framework to facilitate sustainable investment (a framework also called Sustainable Finance Taxonomy), as an instrument to achieve the objective of reaching a European Union that is climate-neutral in 2050. This taxonomy, which entered into force in 2021, establishes a series of economic activities (eligible activities). However, for an eligible activity to be considered environmentally sustainable because it conforms to the taxonomy ('aligned'), it has to substantially contribute to at least one of the environmental objectives defined to date by the EU (mitigation and adaptation to climate change), not cause significant harm to the remaining environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, prevention and contamination control and protection and recovery of biodiversity and the ecosystems) and comply as well with a minimum of social safeguards.

Miquel y Costas Group has defined a work process that involves the different Group companies and businesses and have allowed them to carry out the classification of their activities as 'eligible' and/or 'aligned' in accordance with the criteria that the European taxonomy mentioned earlier establishes.

a) Eligibility analysis

The Group's main activity is the manufacture of low-grammage fine and specialty papers. Following an analysis of the activities stated in Annexes I and II of the Delegated Regulation 2021/2139 and the Delegated Regulation 2022/1214 of 9th March 2022, it is observed that they focus on sectors, the exercise of which supposes direct mitigation/adaptation of climate change. As a consequence, said regulations do not include the Group's core activity as eligible.

However, the Group develops the following activities, related to the area of energy production, which can be considered as eligible:

- 4.1 Electricity generation using solar photovoltaic technology.
- 4.24 Production of heat/cool from bioenergy.
- 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels.

It should be pointed out that the eligibility analysis carried out in 2022 has been performed taking into account the new updates, legislative changes and FAQs. As a consequence of the above, in 2022 high-efficiency co-generation of heat/cool and power from fossil gaseous fuels has been included for the first time as an eligible activity and which had been excluded the previous year.

b) Alignment analysis

The process to determine the alignment of activities identified as 'eligible' by Sustainable Finance Taxonomy starts with the verification of compliance of the criteria of substantial contribution to the mitigation of climate change (see table on the following page). Once the activities that comply with the requisites are identified, compliance of the criteria of not causing significant harm (DNSH) with regard to the different environmental objectives (adaptation to climate change, water resources, pollution, circular economy and biodiversity) is validated. Finally, the opportune verifications are carried out to determine that Miquel y Costas complies with the so-called minimum social safeguards (OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights).

1) <u>Technical screening criteria for substantial contribution:</u> Taxonomy establishes different types of substantial contribution screening criteria. In this way, the activities identified by the Miquel y Costas Group are classified according to the following criterion: Nature of the activity, GHG emissions savings threshold and GHG emissions generation threshold.

   The following table summarises the level of compliance of substantial contribution criterion for the mitigation of climate change in each of the activities identified:

Code	Economic activity	Nature of the activity	GHG Emissions savings threshold	GHG Emissions generation threshold
4.1	Electricity generation using solar photovoltaic technology			
4.24	Production of heat/cool from bioenergy			
4.30	High-efficiency co-generation of heat/cool and power from fossil gaseous fuels			

Activity 4.24 Production of heat/cool from bioenergy does not reach the substantial contribution screening criteria as certification, that the savings in GHG emissions reach the 80% established by taxonomy, has not been possible.

Activity 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels does not comply with the threshold for the generation of GHG emissions, which is currently established at 100 g CO2 per 1 kWh of energy produced by cogeneration.

Both activities, despite not complying with the screening criteria for substantial contribution determined by taxonomy, do comply with all the legal and environmental requisites established in the legislation in force.

2) Criteria for not causing significant harm: The Miquel y Costas Group has developed an analysis for each of the activities which comply with the technical criteria for substantial contribution to determine that said activities are not causing significant harm to any of the other environmental objectives. Based on the above, in compliance with Annex I and II of the Delegated Regulation 2021/2139 of 4th June 2021, compliance of the specific requirements requested has been reviewed for each activity.

3) Minimum safeguards: The Miquel y Costas Group is strongly committed to complying with the minimum safeguards in the terms developed in the Taxonomy Regulation (2020/852) as well as in the documents published by the European Commission, which are grouped under four large, themed blocks: Human Rights, Corruption, Taxes and Fair Competition. In this spirit the Group is carrying out the necessary and pertinent action to ensure their compliance.

In any case, taking into account that the eligible activities are limited (consequence of the Group's type of business model, and of the current limitation of the list of activities of Taxonomy to those with potential for substantial contribution in the area of mitigation of climate change and adaptation to climate change), it has been concluded to report that the level of alignment for 2022 is 0% as the Group is in the process of finalizing assurance of compliance with the requirements to be fulfilled.

c) Calculation of the main indicators

A) Calculation of the % of turnover

The key indicator referring to turnover is calculated as the proportion of revenue derived from eligible activities (numerator) out of the total revenue of the company (denominator). Said revenue corresponds to that recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82, letter a), as adopted by the Commission's Regulation (EC) No. 1126/2008. The denominator of this key indicator appears in note 18 "Net turnover and other operating revenue" of the consolidated notes for FY2022.

Eligible activities of electricity generation using solar photovoltaic technology and production of heat/cool from bioenergy have not been generators of revenue in 2021 and 2022, as they are destined to their own consumption of energy and heat/cold generated in the Group's production processes.

The activity of high-efficiency co-generation of heat/cool and power from fossil gaseous fuels is made up of two cogenerating units, one belonging to the company Miquel y Costas & Miquel S.A (operating in an own-consumption model and therefore not generating any revenue) and others to MB Papeles Especiales, S.A.

The revenue generated by the cogeneration plant operated by MB Papeles Especiales S.A in 2022 thanks to the sale of energy, has represented 2.7 million euros, equivalent to **0.8%** of the Group's sales (2.7 million euros in 2021 equivalent to 0.7% of Group sales).

B) CAPEX

This indicator is obtained as the proportion of fixed assets invested in eligible economic activities (numerator) with regard to the total assets that have been acquired in FY2022 (denominator). Said denominator (CapEx total) is obtained as the additions to tangible and intangible assets prior to depreciations, amortizations, revaluations and value impairments arising excluding the changes in reasonable value.

Likewise, it includes those additions resulting from business combinations. Therefore, the total CapEx will cover the costs registered in accordance with:

a) IAS 16 Tangible fixed assets, paragraph 73, letter e), subsections i) and iii);
b) IAS 38 Intangible Assets, paragraph 118, letter e), subsection i);
c) IAS 40 Real estate investments, paragraph 76, letters a) and b), (for the reasonable value model);
d) IAS 40 Real estate investments, paragraph 79, letter d), subsections i) and ii), (for the cost model);
e) IAS 41 Agriculture, paragraph 50, letters b) and e);
f) IFRS 16 Leases, paragraph 53, letter h).

In accordance with the consolidated financial statements, the total CapEx appears in notes 4 and 5 of 2022's consolidated notes and correspond to the year's registers.

The Miquel y Costas Group commits to sustainability implementing measures to generate renewable energy in their installations and the production of cold/heat from black liquors (bioenergy). Therefore, the numerator has been calculated as the monetary sum of the Group's investments in said measures for each of the eligible activities.

C) OPEX

This indicator is defined as the proportion of eligible taxonomic OpEx (numerator) among the total taxonomic OpEx (denominator). Said denominator reduces total operating expenses to the direct non-capitalized costs related to research and development, measures to renovate buildings, short-term leases, maintenance and repairs, as well as other direct expenses related to daily maintenance of tangible fixed assets by the company or a third party to who activities are subcontracted and which are necessary to guarantee the continued and effective functioning of said assets. Conversely, the numerator of this indicator would cover the operating expenses included in the denominator that were destined for eligible activities.

The only expenses associated to the activities identified as eligible are those for maintenance of the photovoltaic panels and the cogenerating plants, which are not significant in the year ended at 31st December 2022. In addition, the direct non-capitalised costs covered by European taxonomy, that is, those included in the denominator, represent less than 5% of the total operating expenses of the Group. Therefore, their value is not considered material and, in accordance with that stated in section 1.1.3.2 of annex I of Delegated Regulation 2021/2178 of 6th July 2021, the numerator of the indicator is reported as 0.

D) SUMMARY OF THE MAIN INDICATORS

Economic Activity	Code	Revenue (M€)	Propotion of revenue (%)	Substantial Contribution Screening Criteria: Mitigation of Climate Change (%)	Adaptation to climate change (%)	Water and marine resources (%)	Circurar Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Do Not Significant Harm Criteria: Mitigation of climate change (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular Economy (S/N)	Pollution (S/N)	Biodiversity and ecosystems (S/N)	Minimum Guarantees	Proportion of revenue subject to taxonomy 2022	Proportion of revenue subject to taxonomy 2021	Category (F: facilitating activity)	Category (T: transition activity)
A. Elegible activities according to Taxonomy																				
A.1. Environmentally sustainable activities (that adjust to taxonomy)																				
Electricity generation using solar photovoltaic technology	4.1	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
Production of heat/cool from bioenergy	4.24	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
Total A1																	0,0%	n.a		
A2.Elegible activities according to Taxonomy but not environmentally sustainable (activities that do not adjust to taxonomy)																				
Electricity generation using solar photovoltaic technology	4.1	0,0	0,0%														n.a	n.a		
Production of heat/cool from bioenergy	4.24	0,0	0,0%														n.a	n.a		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	2,7	0,8%														n.a	n.a		
Total A2		2,7	0,8%														-	-		
Total A1 + A2		2,7	0,8%														0,0%	n.a		
B. Activities not eligible according to Taxonomy																				
Revenue from non-eligible activities		334,5	99,2%																	
TOTAL A+B		337,2	100%																	

Economic Activity	Code	CAPEX (M€)	CAPEX (%)	Substantial Contribution Screening Criteria: Mitigation of climate change (%)	Adaptation to climate change (%)	Water and marine resources (%)	Circurar Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Do Not Significant Harm Criteria: Mitigation of climate change (S/N)	Adaptation to climate change (S/N)	Water and marine resources (S/N)	Circular Economy (S/N)	Pollution (S/N)	Biodiversity and ecosystems (S/N)	Minimum Guarantees	Proportion of revenue subject to taxonomy 2022	Proportion of revenue subject to taxonomy 2021	Category (F: facilitating activity)	Category (T: transition activity)
A. Elegible activities according to Taxonomy																				
A.1. Environmentally sustainable activities (that adjust to taxonomy)																				
Electricity generation using solar photovoltaic technology	4.1	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
Production of heat/cool from bioenergy	4.24	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	-	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a		
Total A1																	0,0%	n.a		
A2.Elegible activities according to Taxonomy but not environmentally sustainable (activities that do not adjust to taxonomy)																				
Electricity generation using solar photovoltaic technology	4.1	1,3	3,8%														n.a	n.a		
Production of heat/cool from bioenergy	4.24	0,8	2,4%														n.a	n.a		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	0	0,0%														n.a	n.a		
Total A2		2,1	6,2%														-	-		
Total A1 + A2		2,1	6,2%														0,0%	n.a		
B. Activities not eligible according to Taxonomy																				
Capex of non-eligible activities		31,9	93,8%																	
TOTAL A+B		34,0	100%																	

3. Social and personnel-related matters

The average number of employees in this year has been 879 (average number of employees in 2021 was 904) and the total number of workers of the Miquel y Costas Group at 2022's close was 895 (874 workers at the close of 2021).

It should be pointed out that in 2022, in the work centre of the Mislata Factory a Temporary lay-off was processed for productive reasons, the negotiation of which has resulted in "in agreement", for a total of 83 days of suspension and affecting 62 workers, covering the period from 26/10/2022 to 31/12/2023, and applied according to the production load of the factory.

For reporting purposes, and given the stability of the workforce, the number of workers at the end of 2021 and 2022 is used and classified by gender and professional category, as follows:

Classification per gender and professional category	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Board members	3	0	3	2	0	2
Senior Management	6	3	9	6	3	9
Directors	22	0	22	21	0	21
Supervisors and middle managers	96	9	105	90	10	100
Adm. Personnel	79	91	170	85	87	172
Prod. personnel	429	136	565	453	135	588
Total	635	239	874	**657**	**235**	**892**

The classification by age and gender at the close of 2021 and 2022 is as follows:

Clasification by age and gender	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
<= 20	0	0	0	1	0	1
from 21 to 30	43	12	55	58	12	70
from 31 to 40	102	40	142	107	38	145
from 41 to 50	238	96	334	231	94	325
from 51 to 60	192	76	268	210	81	291
>= 61	60	15	75	50	10	60
Total	**635**	**239**	**874**	**657**	**235**	**892**

The distribution per country at the close of 2021 and 2022 is as follows:

Distribution per country	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Spain	613	216	829	635	209	844
Argentina	17	23	40	17	25	42
Chile	2	0	2	2	1	3
Germany	2	0	2	2	0	2
Philippines	1	0	1	1	0	1
Total	**635**	**239**	**874**	**657**	**235**	**892**

With regard to the company Miquel y Costas & Miquel, S.A., the number of workers at the close of 2021 and 2022 is as follows:

Classification per gender and professional category	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Board members	3	0	3	2	0	2
Senior Management	5	3	8	5	3	8
Directors	7	0	7	7	0	7
Supervisors and middle managers	59	5	64	56	5	61
Adm. Personnel	45	52	97	50	49	99
Prod. personnel	228	109	337	233	104	337
Total	**347**	**169**	**516**	**353**	**161**	**514**

The prevalent feature of the Group's labour and human resources development policy has always been the principle for non-discrimination. This is based on respect for people's rights and dignity (irrespective of gender), adherence to the guiding principles of integrity, honesty and responsible conduct, and rejection of all forms of discrimination.

Likewise, also having information available on the state of work environmment of the Companies that make up the Group is a matter of considerable importance, to be able to carry out a better and more adequate management with criteria which incorporates those aspects compiled that could be critical or are considered relevant to maintain good performance and continue with the criteria of continued improvement. For this reason, there are several tools which provide the intended information through different channels. They are:

1- Planning of Surveys to carry out periodically, which includes the distribution of two surveys annually, with all the Group Companies being surveyed every four years.

2- At the same time, and compatible with the surveys, there is a complaints mailbox that can also be used to present suggestions. In terms of suggestions that may be received from the workers, in the surveys sent out there is a section for writing "suggestions" so that they can be submitted by those who want to.

3- Annually, from Senior Management, and the Functional Directorates hold meetings with Management for Objectives, or monitoring meetings of the Incentives reached, based on some objectives or incentives that are defined previously, through which, objectives or incentives, articulate and guide the main objectives, with there also being secondary ones, to be worked on throughout the year which are defined. Said aspects to be worked on are transferred by each functional manager in the respective meetings to be held with their collaborators.

4- And lastly, the Company. As the Company is listed, the information is public and can be accessed freely, so that any worker, if they wish, may gain access to it.

In line with its guiding principles and under Law 3/2007 for effective equality between men and women, the parent company has an Equality Plan which aims to contribute to the elimination of any discriminatory behaviour based on gender in the workplace, including the implementation of measures to favour inclusion, continuance, and development of persons in order to:

- Achieve a balance of women and men at all levels of the business organisation.
- Promote measures that favour a work-life balance.
- Tackle, with full guarantees, any incidents that may arise in connection with moral or gender-based harassment.

In the latter case, the Company has implemented an internal procedure to prevent moral or gender-based harassment in the workplace, the purpose being to prevent and discourage, and if necessary, severely punish any act of harassment that takes place within the company.

The distribution of employment contracts in the Group as a whole for 2021 and 2022 is set out below:

Classification per contract	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Indefinite-term contract	72%	28%	91%	74%	26%	95%
Temporary contract	76%	24%	9%	76%	24%	5%
Total	**73%**	**27%**	**100%**	**74%**	**26%**	

At the year-end's closing, there are no employees with a part-time contract, and only those who have requested a reduction in working hours or partial retirement are working less than full-time.

In the case of the individual company Miquel y Costas & Miquel, S.A., the distribution of contracts in 2021 and 2022 has been the following:

Classification per contract	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Indefinite-term contract	67%	33%	91%	69%	31%	95%
Temporary contract	73%	27%	9%	72%	28%	5%
Total	**67%**	**33%**	**100%**	**69%**	**31%**	

With regards to the annual distribution by age range, the indefinite-term and temporary contracts in Group companies has been the following:

Contract classification per age	Indefinite 2021	Temporary 2021	Total 2021	Indefinite 2022	Temporary 2022	Total 2022
<= 20	0	0	0	1	0	1
from 21 to 30	20	35	55	56	14	70
from 31 to 40	26	116	142	132	13	145
from 41 to 50	24	310	334	311	14	325
from 51 to 60	9	259	268	286	5	291
>= 61	0	75	75	60	0	60
Total	**79**	**795**	**874**	**846**	**46**	**892**

And the distribution by category and gender in 2022 is the following:

Classification per gender and professional category	Men		Women		Total
	Temporary	Indefinite	Temporary	Indefinite	
Board members	0	2	0	0	2
Senior Management	0	6	0	3	9
Directors	0	21	0	0	21
Supervisors and middle managers	3	87	0	10	100
Administrative and technical personnel	7	78	10	77	172
Production personnel	25	428	1	134	588
Total	**35**	**622**	**11**	**224**	**892**

95.32% of the Group's female employees have a permanent contract, while this ratio rises to 94.70% in the case of male employees.

During 2021, the distribution by category and gender was as follows:

Classification per gender and professional category	Men		Women		Total
	Temporary	Indefinite	Temporary	Indefinite	
Board members	0	3	0	0	3
Senior Management	0	6	0	3	9
Directors	0	21	0	0	21
Supervisors and middle managers	5	91	0	9	105
Administrative and technical personnel	8	71	14	77	170
Production personnel	47	383	5	131	566
Total	**60**	**575**	**19**	**220**	**874**

92.05% of the Group employees have an indefinite-term contract, whilst said ratio amounts to 90.55% in the case of the employees.

In 2021 and 2022 the number of dismissals per age, gender and professional classification for the national companies is detailed in the following tables:

Dismissals per gender and age	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
<=20	0	0	0	0	0	0
From 21 to 30	1	0	1	2	0	2
From 31 to 40	3	1	4	3	1	4
From 41 to 50	3	1	4	4	1	5
From 51 to 60	8	1	9	6	1	7
>=61	6	1	7	0	0	0
Total	**21**	**4**	**25**	**15**	**3**	**18**

* Data on foreign subsidiaries has not been included.

Dismissals per professional classification and gender	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Board members	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0
Directors	0	0	0	0	0	0
Supervisors and middle managers	0	0	0	3	0	3
Administrative Personnel	4	1	5	1	2	3
Production personnel	17	3	20	11	1	12
Total	**21**	**4**	**25**	**15**	**3**	**18**

* Data on foreign subsidiaries has not been included.

Remunerations to all Group employees comply with all statutory obligations established in the collective bargaining agreements in force. Additionally, specific Group employees have available (subject to certain conditions) the contribution to a social welfare plan, variable remuneration and incentives linked to the achievement of certain objectives, access to a stock option plan in the company (the current one being exercised in the period) and life insurance.

Gross average remunerations, by gender, age, and professional classification, for national companies have been the following:

2022

	MEN		WOMEN		
	Age	Average salary	Age	Average salary	Difference
Board of Directors	<=30		<=30		
	31-49		31-49		
	>=50		>=50		
		381.333,33		0,00	
Senior Management + Directors	<=30		<=30		
	31-49	97.563,42	31-49		26%
	>=50	123.254,34	>=50	161.383,94	
		117.053,08		146 939,65	
Supervisors and middle managers	<=30	35.779,20	<=30		
	31-49	44.646,42	31-49	43.729,35	-16%
	>=50	53.440,05	>=50	38.860,06	
		50.598,14		42.512,02	
Administrative and technical personnel	<=30	25.725,83	<=30	22.021,50	
	31-49	35.496,44	31-49	28.709,89	-13%
	>=50	42.942,63	>=50	37.587,05	
		36.387,52		31.550,47	
Production personnel	<=30	28.169,56	<=30	31.011,79	
	31-49	32.550,87	31-49	29.397,36	-14%
	>=50	36.307,90	>=50		
		33.580,35		28.987,70	
Non-continuous Production Personnel	<=30	19.582,91	<=30		
	31-49	23.996,08	31-49	23.034,46	-1%
	>=50	24.687,89	>=50	24.277,00	
		23.923,07		23.734,80	

(*) Dark shaded boxes relate to information on a single person.

(1) Difference between men and women in the "Senior management and Directors" group is due to the fact that in the group of women it is made up of a greater proportion of members of Senior Management, different to the men, who make up a greater proportion of Directors.

(2) Difference between men and women in the "Supervisor and middle managers", the group of men has more seniority than the women's group for the age bracket of over 50. Also, the two collectives are not quantitatively comparable.

(3) Difference between men and women in the "Administrative and technical personnel", the group of men is made up of sales persons and engineers whilst the women are administrative personnel and assistants to the sales persons.

(4) Difference between men and women in the "Production personnel" group, 31 to 49 age group, the women are mainly labourers whilst the men's group is made up of all categories of operators. Also, the two collectives are not quantitatively comparable.

The average remuneration broken down by gender, age and professional classification for the national companies in the previous year is as follows:

	MEN		WOMEN		
	Age	Average Salary	Age	Average Salary	Difference
Board members	<=30		<=30		
	31-49		31-49		
	>=50		>=50		
		360.806,02		0,00	
Senior Management + Directors	<=30		<=30		13%
	31-49	94.187,73	31-49		
	>=50	119.886,54	>=50	137.830,79	
		113.461,84		128.573,73	
Supervisors and middle management	<=30	34.271,06	<=30		-14%
	31-49	49.424,78	31-49	46.990,87	
	>=50	54.632,59	>=50	41.516,19	
		52.748,33		45.622,20	
Technical and Admin	<=30	24.684,97	<=30	22.486,36	-20%
	31-49	34.839,30	31-49	27.498,44	
	>=50	48.994,38	>=50	38.284,59	
		38.535,99		30.999,55	
Production personnel	<=30	26.986,62	<=30		-14%
	31-49	31.565,24	31-49	28.033,74	
	>=50	34.438,86	>=50	26.101,78	
		32.293,83		27.777,22	
Production personnel (non-continuous)	<=30	21.459,59	<=30		-6%
	31-49	26.228,31	31-49	22.535,17	
	>=50	22.293,28	>=50	24.346,12	
		24.949,60		23.521,49	

(*) Dark shaded boxes relate to information on a single person.

(1) Difference between men and women in the "Supervisor and middle managers" group is the group of men has more seniority than the women's group for the age bracket of over 50. Also, the two collectives are not quantitatively comparable.

(2) Difference between men and women in the "Administrative and technical personnel", the group of men is made up of sales persons and engineers whilst the women are administrative personnel and assistants to the sales persons.

(3) Difference between men and women in the "Production personnel" group", 31 to 49 age group, the women are mainly labourers whilst the men's group is made up of all categories of operators. Also, the two collectives are not quantitatively comparable.

(4) Difference between men and women in the "Non-continuous Production personnel" group, most of the men in the group men are maintenance and the group of women are paper handlers.

Information relating to the remuneration of Board members and Directors may be consulted in the Corporate Governance Annual Report which is part of FY2022 Annual Accounts, and also in the Board Members' Remuneration Report, both available on the following corporate website: http://www.miquelycostas.com/

With regard to the average remuneration of Directors including all concepts established by Law, the details are the following:

Senior Management + Directors 2022	Men	Women
	184,060.58	224,891.11

Senior Management + Directors 2021	Men	Women
	148,209.23	161,518.54

With regard to employment of people with a disability, the data relating to gender and type of contract in the national companies for the years 2021 and 2022 were the following:

People with a disability per category and gender	Men 2021	Women 2021	Total 2021	Men 2022	Women 2022	Total 2022
Executive board members	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0
Directors	1	0	1	1	0	1
Supervisors and middle managers	0	0	0	0	0	0
Adm Personnel	1	0	1	0	1	1
Production personnel	3	1	4	3	1	4
Total	**5**	**1**	**6**	**4**	**2**	**6**

** Data on foreign subsidiaries is not included.*

The Miquel y Costas Group complies (except for Terranova Papers, which is under review) with all requirements of legal and comprehensive provisions in force concerning disabled people's rights. In this case, and for the purpose of complying with the General Law of disabled people's rights and their social inclusion, given the special nature and complexity, from the perspective of safety at work, of job positions in the paper industry, the parent company and one of its subsidiaries have opted for requesting the certificate of exceptionality, while the remaining companies comply with their own personnel. This option and legal alternative allows for compliance with legal provisions in force by contracting certain production work with Special Employment Centres, an option which involves assistance and collaboration in job creation through said Centres. The Group has not adapted any workplaces for disabled people.

Data related to absenteeism for 2021 and 2022 include the hours lost through illness, occupational accident and maternity or paternity:

Hours of absenteeism	Hours 2021	Hours 2022
Hours of absenteeism for Temporary Disability	78,823.84	68,163.28
Hours of absenteeism for health contingencies derived from Covid-19	10,243.64	4,647.45
Hours of absenteeism for Occupational accident	5,799.32	5,301.27
Hours of absenteeism for maternity/paternity	11,718.77	6,231.16

** Data on foreign subsidiaries is not included.*

The current work schedules apply to all the employees and are in line with legislation in each country. The measures put in place to promote a work-life balance and the co-responsible use of this right by both parents are all those laid down in prevailing labour legislation, such as the reduction in working hours for childcare, parental leave, etc. The office personnel have a flexible working day, while production work is organised in rotating morning, afternoon, and night shifts, as well as a non-stop system (depending on the production centre).

The regulation and organisation of work is carried out in accordance with the collective agreements, with the State Collective Agreement for the Pulp, paper and card sectors, the State Collective Agreement for the graphic art, paper handling, card handling, publishers and auxiliary industries and the Province of Castellón's Collective Agreement for Merchandise Transportation Work by Road and its Annexes being applicable according to the kind of activity of the different centres. Likewise, respect for the union relations is guaranteed by the existence of freedom of association for the workers facilitating the existence of union platforms. The Group has not implemented a disconnection policy because the situations in question have not been identified and priority has not been afforded to developing and regulating such a policy.

As regards social dialogue, the Group is covered by the above-mentioned collective bargaining agreements and holds periodic meetings with the employees' legal representatives, using the communication mechanisms that are common practice in the business world. Meetings are regularly held with the employees' representatives (works committees and personnel delegates) to discuss various matters affecting labour relations in the work centres and meetings with the health and safety committees.

The employees' representatives are informed quarterly of trends in the economic sector to which the company belongs, the economic situation of the company and its evolution, forecast of new contracts and absenteeism statistics. Also the Group has a permanent channel for communicating with the maximum managing body through an inbox managed by the Audit committee, body delegated by the Board of Directors.

The Miquel y Costas Group management understands that occupational risk prevention associated with their activity is a key aspect of business management to which all those involved must pay the utmost attention and effort to continue ensuring a safe and healthy work environment for all those who provide services in the Group's facilities, both hired and external staff.

With the aim of guiding all those members with management responsibilities in the Company, whether senior or middle management, the Miquel y Costas Group adopts the present Prevention Policy, expressed through the following principles:

- The Health and Safety of the workers (H&S) must be managed in agreement with the international standard ISO 45001:2018, with the same professional rigor as any other of the Company's key areas and all managers must specifically consider these aspects in any activities they carry out or order to be carried out, and in all decisions taken, as an integral part therein.

- Working safely must be inherent to the activity developed and, in order to enable this, the necessary resources will be provided to reach set objectives with the commitment to eliminate eventual dangers.

- Through express delegation from the General Management, ongoing implementation, and improvement of the H&S management system, will be sustained in the leadership of the Factory Management of each work centre, the commitment and involvement at all levels and functions within the organisation. In order to achieve this, the authority and responsibility of the Management of each area and chain of command will be essential to guarantee compliance with procedures, correct condition of equipment and installations, as well as the appropriate use of protective equipment, both collective and individual.

- Systems will be maintained and reinforced to enable the ongoing identification of dangers and assessment of labour risks as a basis for the establishment of appropriate measures and control programmes, moving towards continuous improvement.

- Although all employees are trained in risk prevention for the safe performance of their work, actions will be reinforced to broaden their knowledge beyond what is legally established so that personnel can anticipate the occurrence of accidents in the workplace.

- Mechanisms will be boosted for the participation and consultation of workers' representatives to enable fluent communication in the area of prevention and to promote their involvement in risk assessment processes and in the design and application of preventive programmes.

- Management will keep operative and will monitor the necessary prevention plans and programmes to enable the achievement of objectives set in the path towards continuous improvement, in addition to compliance with legal requirements and others subscribed by the company.

The collective bargaining agreements in the Miquel y Costas Group's national work centres, encourage compliance with the provisions of current occupational health and safety legislation, particularly those specified under Law 31/1995 of 8 November on Occupational Risk Prevention and related enabling regulations.

In addition, the National Collective Agreement for the pulp, paper and cardboard industry requests the fullest cooperation from all industry companies, with the Group participating very actively through the manufacturers' association Aspapel's ORP Technical Forum, which focuses on ensuring that preventive measures effectively reduce risks and potential accidents during the production process.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES
NON-FINANCIAL INFORMATION STATEMENT FY2022

Work centres' accident data in 2022 compared with 2021 are as follows:

	In the workplace										
Centre [1]	No. acc. (men) 2021	No. acc. (men) 2022	No. accidents (women) 2021	No. accidents (women) 2022	Objective accidents 2021-2022	IF (2) 2021	IF (2) 2022	Objective IF 2021-2022	IG (3) 2021	IG (3) 2022	Objective IG 2021-2022
MCM. TUSET	0	0	0	0	(4)	0	0	(4)	0	0	(4)
P. ANOIA	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCT	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCEMA	0	0	0	0	(4)	0	0	(4)	0	0	(4)
DESVI	0	0	0	0	(4)	0	0	(4)	0	0	(4)
MCM BESOS	5	3	0	0	(7)	14.8	9.2	(8)	0.8	0.3	(5)
MCL	1	1	0	0	(4)	59.7	35.5	(4)	0.9	0.4	(4)
CELESA	6	3	0	0	(7)	41.7	21.3	(6)	0.5	0.2	(5)
MCM MISLATA	5	1	0	0	(7)	40.7	7.4	(6)	1.4	0.5	(6)
MCM CAPELLADES	0	2	1	0	(4)	4.2	8.7	(4)	0.1	0.2	(4)
MB	5	3	0	0	(7)	35.0	20.7	(6)	1.6	0.2	(6)
TP	3	1	0	1	(7)	29.8	20.3	(6)	0.6	0.5	(5)
CLARIANA	2	3	0	0	(7)	20.2	37.7	(5)	0.4	0.9	(8)

	En route to work			
Centre [1]	No. accidents (men)		No. accidents (women)	
	2021	2022	2021	2022
Miquel y Costas & Miquel, Tuset work centre	0	0	1	0
Miquel y Costas & Miquel, Besós production centre	1	1	0	0
Papeles Anoia	0	0	0	0
Miquel y Costas Tecnologías	0	0	0	0
MCEMA	0	0	0	0
Desvi	0	0	0	0
Miquel y Costas Logística	0	0	0	0
Celesa production centre	0	0	0	0
Miquel y Costas & Miquel, Mislata production centre	1	1	0	0
Miquel y Costas & Miquel, Capellades production centre	0	0	0	0
MB production centre	1	0	0	0
Terranova production centre	0	1	0	0
Clariana production centre	0	0	0	0

(1) Foreign subsidiaries are not included
(2) Frequency rate: number of accidents per million of worked hours
(3) Severity rate: number of days lost per thousand of worked hours
(4) Maintain 0 objective
(5) Not to surpass 80% of index per economic activity
(6) Equal the index per economic activity
(7) Reduction of the number of accidents by 20%
(8) Not to surpass 70% of the index per economic activity

	INDEX 2021 PER ECONOMIC ACTIVITY
FREQUENCY INDEX	26.4
SEVERITY INDEX	0.84

Information obtained from the web mites.gob.es/ Statistics tables of work-related accidents 2021

The Miquel y Costas Group has as a reference framework a system for managing health and safety in the workplace based on regulation ISO 45001:2018, the objective, and the results forecast from the management system, of which is to prevent injuries and the deterioration of health related to work and to provide healthy and secure work environments. The implementation of the management system in accordance with this regulation was a strategic decision made by the organization in 2020. The Miquel y Costas Group holds its certification in accordance with regulation ISO 45001:2018, obtained by prestigious accredited entities and is internationally recognized.

As in 2021, in 2022, no professional illness has been identified or declared.

The management system's approach, based on the concept PDVA (Planning-Doing-Verifying-Acting), allows for a continued move forwards in continued improvement, for complying with fulfilment of the legal requirements and other requisites, as well as achieving the objectives established annually.

From the definition of the different work positions exisiting and in light of the training needs and/or training arising as a consequence of the objectives foreseen (defined by the Department/Area Head, Factory Management, Management and/or Division Management, for new products, processes or installations, for regulations applicable to the product or the process, for requisites of the Management System for Quality, Environment and Occupational Safety or changes in the Integrated Management System), a Training Plan is established annually. This guarantees training for personnel that could influence product quality, customer service, environmental aspects and all matters related to the positions they hold, which could improve their performance.

On an annual basis, the Group establishes the training plan for all Group employees, providing them (according to category and position) with the necessary training for the development of their daily activity. The objective of such training sessions could be the acquisition of new knowledge linked to their daily functions, the improvement of skills or the obtaining of certificates.

In addition, in certain cases, according to the career plans forecast, the company has provided certain directors access to specialised technical courses.

The number of training hours per professional category in 2021 and 2022 for national companies has been the following:

No. Hours of training per professional category	Hours 2021	Hours 2022
Directors	276	95
Managers and intermediate managers	1,811	716
Adm personnel	1,997	2,661
Prod personnel	1,683	2,340
Total	**5,767**	**5,812**

4. Respect for Human Rights

The management of Miquel y Costas & Miquel, S.A. and its Group companies declares a firm commitment to assuring the respect for human rights in all areas and at all levels of the organisation. The prevalent feature of the Group's labour and human resources development policy has always been the principle of non-discrimination. Its guiding precepts being:

- Respect for personal rights and dignity, regardless of gender.
- Compliance of the guiding precepts of a conduct of integrity, honesty, and responsibility.
- Rejection of any form of discrimination.

Business policies have been defined in strict compliance with the fundamental principles and values promoted by the main international human rights organisations, such as the United Nations Organisation or the International Labour Organisation. Also, and on a continuous basis, the Miquel y Costas Group works for the improvement of individual and collective labour rights for all its workers, beyond those required by international bodies.

Labour policies approved by the Group are always established under the prevailing employment regulations or legislation, developing the corresponding due diligence procedures to assure compliance of said regulations or legislation.

Compliance with legislation on contracting and working conditions excludes the possibility of work situations that are abusive, forced or regarded as unlawful, such as child labour or human trafficking.

The different applicable collective bargaining agreements that govern labour relationships in the Miquel y Costas Group are independent of enterprises, with negotiations always remaining outside the company's core. Likewise, in the development of labour relations, negotiations take place in the heart of the company, which usually terminate with agreements that adapt, if not improve, the rights defined at state level in the different collective agreements.

Union and meeting rights are guaranteed for all workers, as legally established, as well as rights and guarantees set in the labour regulations for members of the existing workers' legal representation in all centres.

The Miquel y Costas Group makes the necessary resources, with regard to material and space, available to the different workers' legal representations and different union representations, for the successful development of their functions, in the interest of their organisations and represented parties, thus facilitating the holding of meetings and/or assemblies.

The union percentage is known and relatively low, as a consequence of having healthy and collaborative labour relationships, not exempt from occasional differences, but also not exempt from the search for ways to solve possible discrepancies.

On 28th November 2022, the Audit Committee and the Board of Directors examined, and approved respectively, the update of the Code of Ethics reinforcing even further the previous commitments with stakeholders and establishing new and solid commitments on political ethics. This shows the Group's willingness to protect Human Rights.

The Code of Ethics guarantees the commitment that the group has with regard to the development of its activities in accordance with some sound ethical values and compliance with that established in the legislation in force. It is the responsibility of the Board of Directors and Management to set an example and though the Compliance Officer, disseminate and orientate all their collaborators in compliance with the principles and standards established in it.

All persons making up the Miquel y Costas Group have the obligation to respect the principles of the Universal Declaration of Human Rights and to develop their activities in a way that is aligned with the United Nations' 2030 Agenda. Commitments to which third parties who collaborate with any of the Group companies must also be bound.

In addition to compliance with legal obligations, and in accordance with our firm commitment to the Sustainable Development Goals (SDG) and with the Corporate Social Responsibility Policy implemented, social, labour, environmental concerns and respect for Human Rights arising from the relationship with the groups of interest are voluntarily integrated in the governance, management, and business strategies.

In response to the guiding principles, the parent company has implemented an "Equality Plan" which has already been outlined in section "3. Social and personnel-related matters", and are also in the phase of "Analysis of the diagnosis of the Equality Plan" for the work centres MB Papeles Especiales, S.A., Terrranova Papers, S.A., Celulosa de Levante, S.A, and Clariana, S.A. Termination and implemention of all of them is forecast for 2023.

For years, a "Protocol for the prevention of moral and sexual harrassment" has been implemented and fully in force, but in their commitment to non-discrimination a new protocol has been developed for the for prevention of sexual harrassment with the aim of detecting, preventing, acting, informing and raising awareness among all the personnel.

As mentioned in last year's report, in agreement with the "People management procedure (PRGESRH)", the Miquel y Costas Group, twice a year, carries out employee satisfaction surveys in the centres of MB and Terranova Papers, measuring and analysing the results and, based on the values obtained in the different items, improvement actions are implemented.

In 2022, the following surveys were carried out: "Labour satisfaction survey", which analyses seven aspects of the labour environment; and "Direct Manager's evaluation survey", which evaluates ten points regarding the way the Immediately superior Manager works. Both surveys have been carried out in the Mislata and Clariana work centres. The results obtained are in the analysis phase.

The different surveys are carried out in accordance with the following objectives: biennial satisfaction surveys in the MB and Terranova centres; four-yearly evaluation surveys on HR by all the work centres; and annual evaluation surveys on the direct manager and on job satisfaction in 2 work centres which will change on a rotational basis each year in accordance with an established agenda.

Likewise and during the work carried out by the Negotiating Committee of the Equality Plan, an equaility survey has been completed in the Capellades, Besós, Mislata, Corporativos Besós and Tuset centres with the objective of having a greater and better information available to be able to elaborate the most appropriate plan of action to be carried out during the four years that the Equality Plan is in force.

Given that ethical values drive the activity and build trust with both the personnel as well as the environment, it is essential to ensure respect for human rights and business policies, reporting any non-compliance with these principles. For such purposes, the Group has implemented a Whistleblowing Channel which, in agreement with the "European Directive related to the protection of people who report illegal activities and the abuse of Rights", all reports received will be diligently processed, with absolute confidentiality and ensuring the rights of the parties involved: the figure of the whistle-blower will be protected by the Audit Committee (body delegated by the Board of Directors) against any type of direct or indirect retaliation; additionally, the rights of any person who could be unjustly accused, or in bad faith, will be protected.

In 2022, the same figure as the previous year has been maintained and no complaints related to discrimination, harassment or lack of respect for Human Rights have been received. Regarding other issues, 3 communications were received and processed the previous year and this year only one has been received, which has been evaluated and resolved by the Audit Committee and the conclusions reported to the sender.

Moreover, and in order to guarantee compliance with the guiding principles of the labour policy, the Group carries out training plans on ethics standards for all staff. Training is provided not only to key employees exposed to high risks but to all the workforce.

These training programmes are destined to disclose and guarantee compliance with the principles of the Code of Ethics and their commitment to the community and Human Rights, which include the complaints channel procedure and the sanctioning system.

Additionally, all newly recruited employees receive, on their arrival, a Welcoming Manual which includes, among others, information related to policies and procedures concerning business ethics and their compulsory compliance.

As explained in the following section, in 2022, ethical awareness tests have been carried out to ensure the understanding and adhesion of all personnel to the Group's guiding principles.

5 Fight against corruption and bribery

The Audit Committee, as delegated responsible body, agreed, on November 27, 2017, and ultimately the Board of Directors ratified, on December 18, 2017, the Anticorruption and Antibribery Policy, in addition to the Code of Ethics and the Corporate Social Responsibility Policy.

On 28th November 2022, the same bodies have examined and approved the update of the Code of Ethics reinforcing even further the previous commitments with stakeholders and establishing new and solid commitments on ethical policies. In this way the Group's willingness is shown to fight for the prevention of corruption and fraud, money laundering, situations of conflict of interest or the risks involved in sensitive transactions (gifts, facilitation payments, cash payments, political contributions, donations); as well as, for the protection of Human Rights, own industrial and intellectual property and third party property, or of security of information and personal data.

The Code of Ethics, Corporate Social Responsibility Policy and Anticorruption and Antibribery Policy are applicable in all the companies of the Miquel y Costas Group and to all personnel providing services within.

In turn, they are also extendable, and their knowledge and adhesion are compulsory for all third parties who, in one way or another, collaborate with the Miquel y Costas Group, through representations and guarantees of anticorruption conduct (ethics clauses in contracts, due diligences).

The Anticorruption and Antibribery Policy reinforces the commitment held by the Miquel y Costas Group to develop its activities in agreement with the legislation in force, substantiated in the values of the Code of Ethics (integrity, transparency, equality, commitment, and excellence). And at the same time, it provides the principles for action and the necessary mechanisms to avoid any possible corruption or bribery.

Likewise, the Corporate Social Responsibility Policy has, in addition to strict compliance with legal obligations in force, been established for the voluntary integration in the government, management and business strategies, of the social, labour, environmental concerns and respect for Human Rights arising from the relations with stakeholders who make up this area and constitute the sustainable value of the Miquel y Costas Group.

In order to comply with the Code of Ethics, the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy, the control model implemented to prevent criminal risks, is applied.

Since 2016, the Miquel y Costas Group has had their "Internal Control Model to Prevent Criminal Risks" implemented. This management and organisation model has been designed under the conviction and willingness to cover all areas of activity and includes the necessary measures of surveillance and control to prevent and detect crimes being committed (and with greater attention being paid to criminal breaches that could affect the legal entity), guaranteeing the company goodwill before third parties.

Through the Compliance Officer, legal regulations in force are complied with through the review, analysis and periodic supervision of control activities applied in the different processes exposed to the risk, in order to identify criminally punishable conduct and procedures, both internally and by third parties, and which occur within the Group or its activities, and to adopt appropriate measures in each case.

Based on the implementation of the management system to control criminal risks, those criminal acts that could have a greater incidence are detected and prioritised, while identifying areas and processes that are most strongly exposed to the risk and mitigating control mechanisms. The management model is kept updated and, for such purposes, the following actions are performed:

- Periodic supervision of the effectiveness of existing controls;
- Action plans to establish new control mechanisms or improve existing ones;
- Internal audit plan of controls that are considered critical; and
- External audit to assess the management model.

Quarterly, the Group performs an internal follow-up on compliance with the control mechanisms implemented in the most exposed processes, extracting conclusions on the suitability of their design, assessing their operating effectiveness in the prevention or detection of offences that are particularly criminal, and actions follow.

Every three years, a diagnosis report is carried out through an external audit, assessing the compliance-management system to verify the degree of maturity and effectiveness, benchmarking the best practices, which includes its alignment with technical aspects and needs defined in the UNE 19601. The external audit carried out in 2022 has assessed, among others, the adequacy of the functions of the supervisory body and the monitoring arrangement of the system, concluding that there is a system of compliance management formally implemented in accordance with the requisites established in the Criminal Code.

The Audit Committee (body delegated by the Board of Directors) is in charge of supervising and approving the action carried out and the results obtained.

The Code of Ethics, as well as the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy in force in all Miquel y Costas Group companies is public, consultable, and accessible (both internally and externally) on the following website: www.miquelycostas-gob.com

Management of compliance with this set of policies and procedures related to business ethics, and the resolution of consultations deriving from them, are centralised in the Audit Committee through the Compliance Officer, as well as the thorough examination of possible claims or suspicions regarding illegal acts being committed that could be processed through channels available in the Group.

In order to make it easier for personnel and third parties to report acts of non-compliance or illegal acts or suspicions thereof, it is considered mandatory to have internal reporting channels and procedures. The Miquel y Costas Group has implemented the Ethical Channel for this purpose.

Through a contact mailbox on its corporate governance site (mainly, for external use), and physical mailboxes available at each work centre (for internal use), all communications are collected and registered by the Compliance Officer, before being conveyed to the Audit Committee, who studies them, assesses them and adopts measures, with due diligence, as deemed convenient within the framework of the Miquel y Costas Group's internal control.

In agreement with the "European Directive related to the protection of people who report illegal activities and abuse of Rights", all reports received will be diligently processed, with absolute confidentiality and ensuring the rights of the parties involved: the figure of the whistle-blower will be protected by the Audit Committee against any type of retaliation, direct or indirect; additionally, the rights of any person who could be unjustly accused or accused in bad faith will be protected.

In the period subject to the present report, there are no confirmed cases of corruption, bribery, fraud, money laundering or any type of offence contemplated under criminal risks, including those related to the security of information and data protection. As a consequence, derived from this:

- There has not been any warning or dismissal of any employee.
- There has not been any termination or lack of renewal of contracts with any business partner.
- The Group has not received lawsuits for this reason, neither against the organisation nor any of its employees.

The totality of centres located in national territory and the most significant risks related to corruption have been assessed.

Centres distributed per typology are detailed below:

- Industrial: Miquel y Costas y Miquel S.A. (Besós centre, Mislata centre, Capellades centre), MB Papeles Especiales S.A., Terranova Papers S.A., Celulosa de Levante S.A., Miquel y Costas Logística S.A. (Pas de l'Aigua centre, Betxí centre), Clariana S.A.
- Commercial: Papeles Anoia S.A., Sociedad Española Zig-Zag S.A.
- Services: Miquel y Costas & Miquel (Tuset centre), Miquel y Costas Tecnología S.A., Miquel y Costas Energía y Medioambiente S.A.

The most relevant risks related to corruption and linked to the group's activities are detailed below, due to their probability of occurrence or impact:

- Fraud and scams.
- Thwarting enforcement.
- Criminal insolvency.
- Money laundering.
- Bribery.
- Influence peddling.

In addition, and due to the seriousness that an occurrence could suppose and the relevance that, currently, aspects related to cybersecurity are having, we are adding the following to the previous list, and they are also among the most relevant risks:

- Security of information

The principle of "zero tolerance" to corruption and fraud is more important than making a profit based on action contrary to the Code of Ethics. With this objective of strengthening the position with regard to zero tolerance of acts of corruption or any crime contemplated within the criminal risks, the Group carries out training plans on ethics standards, for all staff. The training is not only given to key employees exposed to high risks, but to all personnel.

These training programmes are destined to ensure the application of the risk prevention procedure and to identify possible warning signs, as well as disclosing and guaranteeing compliance with the Code of Ethics principles, the Corporate Social Responsibility Policy and the Anticorruption and Antibribery Policy which include the whistleblowing channel and sanctioning regime.

In addition, in 2022 evaluation tests have been carried out to ensure awareness of and adhesion of all personnel to the Group's ethical principles. The rating obtained guarantees to us the understanding of their content and the consequences of non-compliance of them.

At 2022's close:

- All members of the governing body have received information on the policies related to corporate ethics and training on the organization's anti-corruption procedures, within the reporting protocol and periodic and continued orientation which has been followed in previous years.
- 100% of those newly hired this year, have been informed of policies and procedures that govern the group's activities and of the ethics principles which define their conduct, including the Anticorruption and Antibribery Policy, as established in internal regulations and has been complied with in the last few years.
- 97% of personnel have received training on ethical standards of the organisation, corresponding to the percentage pending for those recently hired or with temporary disabilities, a range that is within the levels of tolerance for the evolution of the activity and in line with the previous year.
- 80% of the personnel have completed the ethical awareness tests, with positive results being obtained. The percentage pending is due to organisational issues and will be carried out in 2023. This training is included within the Training Plan to ensure the update and reminder of all personnel's knowledge on the subject.

6. Society

The Group stays permanently in contact with its local communities, including education authorities, businesses, municipal entities, and sectorial groupings linked to the activity that the group carries out. The purpose of this relationship is to maintain a source of information and communication on potential collaborations and establish close contacts among industry companies and associations to improve management, share knowledge of different situations, as well as the potential economic promotion of population or area in which the Group companies are located.

Through the Miquel y Costas Foundation, promoted within the Group, most collaborations with the different stakeholders are materialised, such as, for illustrative purposes, collaboration in educational programmes in our stakeholders' communities.

Concerning the relationship with business associations, the Group (through its companies or through the Miquel y Costas Foundation) is a sponsoring member of Museu Molí Paperer de Capellades (Barcelona) and is member of the business association of the Anoia UEA region (Unió Empresarial de l'Anoia).

Donations made by the Group in the year have amounted to 100 thousand euros (85 thousand euros the previous year), almost all of which have been channelled through the Miquel y Costas Foundation, which in turn has reverted it to society.

A) Purchases

Principles that govern the Commitment with Suppliers

One of the key pillars in the development of the Group's activity is based on the provision of assets and services prioritising quality, competitive prices, deadlines, respect for the environment, product safety and professional services. One of the key mechanisms for achieving this objective is the construction of a reliable and sustainable value chain which allows a shared value to be generated at the same time as facilitating the obtaining of greater economic value.

In order to create and maintain this value chain, the Group is governed by the principles of legality, ethics and respect, guided by screening criteria based on objectivity and transparency and establishing minimum standards of compliance to which all our suppliers must commit. All the decisions adopted in this area must be accredited, in the sense that they must be justifiable, ascertainable, and verifiable in the case that there is an inspection by the Group's supervisory bodies or even by third parties.

To guarantee these principles, the suppliers must adhere to the Group's Code of Ethics or accredit the compliance and commitment of one that meets the same standards and particularly, commit to respecting human and labour rights of their personnel. The Group does not tolerate the violation of any of the principles detailed in the Code.

Management of Suppliers

The Group maintains a close and regular dialogue with suppliers, mainly through the Corporate Purchasing Department. From the Risk analysis an identification of strategic suppliers, per volume, and incidents in the activity and impact on the environment and society is established, highlighting the energy and raw material suppliers, particularly those suppliers of cellulose, pulp and chemical products.

The majority of these suppliers, except for energy suppliers are managed in a centralised way by the Corporate Purchasing Department, made up of an interdisciplinary team which periodically manages the raw material orders from the many suppliers situated in diverse locations all over the world, analysing the stock available and future needs. With regard to the rest of the production materials, the department takes care of the negotiation of prices and delivery conditions with each one of the suppliers, and each centre takes responsibility for quantifying the needs of the materials (product, quantity and delivery date).

The energy suppliers are managed in a centralised way by an area specialist in this field, led by the Group's Senior Management with the objective of adapting the supplies to the most immediate needs of the Group, but always looking for a balance with strategy mid-term designed to try to ensure stability and greater efficiency in the activity and commitments to society and the environment.

The suppliers of big investments destined for renovation, or the refurbishment of equipment, machinery and installations are managed in a centralised way by a team that is specialized in the development, execution and management of products, solutions, applications and industrial technology systems related to areas of the Group's activity.

In all cases, the criteria, both in selection as well as evaluation of the existing suppliers, are clearly defined in the Group's procedures in force and are based on the balance between economic criteria and high standards of quality, always taking into consideration the commitment and compliance with practices destined to the protection and safety of the environment. The labour and society regulations and compliance of governance play a decisive role and in the last few years they have become requirements that are more and more key for the Group, which actively encourages their suppliers to improve sustainability to be able reach our high requirements in these aspects.

The management of Suppliers during this financial year

In 2022, despite the impacts of the pandemic, the Group has known how to maintain the supply capacity of all the raw materials necessary for the normal functioning of the activity, monitoring at all times the stock of our plants and the supply capacities of the strategic suppliers.

The most relevant events in the period have been, on the one hand, the disproportionate increase of the cost of the maritime fleets which has affected all our transoceanic purchases and sales as well as the strong industrial inflation which was emphasised mainly in the first half of the year. On the other hand, the start of the conflict in Ukraine which caused tension with regard to the price and the availability of some products originating from this area, but due to an early reaction, availability was guaranteed at all times.

The Group's panel of suppliers is very stable, and it has not been necessary to include any new ones during the year. At the end of FY2022, the Group established the continued monitorisation of their supply chain with regard to sustainability aspects and CSR as an objective. For this, it has been introduced an indicator within the assessment criteria of suppliers which puts special emphasis on the subject of governance. The Group has established as an objective for 2023 assessment of 100% of the strategic suppliers.

Supply Chain

The Purchasing department is in charge of supplying the necessary materials to ensure the needs of all the production plants are met. The production material is divided into the following families: pulp, chemical products, rings, packaging, material for books for rolling papers and vestments.

The information on suppliers involved in each of the families is outlined in the following table:

FAMILY	Nº SUPPLIERS	PURCHASING AMOUNT (M€)	% SPAIN (in €)	%Rest of EU (in €)	%EXTRA-EU (in €)
Pulp	16	79.4	32.7%	43.8%	23.5%
Chemical Prod	71	23.9	79.9%	20.1%	0%
Rings	3	1.6	100%	0%	0%
Packaging	70	6.0	100%	0%	0%
Mat. Books	3	5.2	100%	0%	0%
Vestments	6	1.1	14%	86%	0%

As global leaders in quality of our products we may only use that pulp which offers the best technical characteristics, that which can only be found in a radius that moves away from the influence of the European Union. However, to maintain and guarantee the effective compliance of the Group's minimum requisites and commitments, 100% of the cellulose suppliers selected have the two most internationally recognized custody chain forestry certificates, FSC and PEFC. Both certificates certify that the cellulose manufacturers comply with the highest standards of quality and commitment to the principles that govern both "zero deforestation", and in the conservation of indigenous species and indigenous tribes within the regions where logging takes place. In addition, both certificates ensure the protection of the workers' rights, in accordance with the International Labour Organisation's (ILO) International Work Regulations. These requisites include the effective abolition of child labour, the elimination of all forms of forced or compulsory labour, the elimination of discrimination in the area of employment and occupation, respect for union freedom and effective recognition of the right to collective negotiation, having to guarantee the protection of the workers through specific support from their rights and maintaining or increasing their social and economic wellbeing.

As a consequence of this supply policy, 41% of the cellulose purchased was FSC certified, and the remaining 59% was FSC controlled, of which 62% was PEFC certified. These figures give a positive response to the requirement for the pulp to be certified in both custody chains.

With regard to the chemical products, the Group promotes collaboration with suppliers operating at national level, reaching 80% of the total of suppliers of this group of products, with the objective of contributing to the minimization of the carbon footprint and fostering growth and sustainability in our community. The remainder of the purchases concern highly technical products which cannot be found locally however are within the area of the European Union.

As for the groups of rings, packaging and material for the manufacture of books of rolling papers, 100% of local suppliers has been reached. What is more they are all within a distance radius of less than 60 km from our production centres, contributing in this way to minimizing the impact of the carbon footprint of these products.

Lastly, with regard to the group of vestments, these are very technical products which few manufacturers can supply, therefore we have been obliged to extend to intra-community level given that the manufacturing capacities in Spanish territory are very limited, but always staying within Europe.

Certification and evaluation of suppliers

The Group has a general supplier evaluation procedure which establishes and regulates the system of selecting, evaluating and monitoring them in their centres, determining their aptitude to comply with the requirements related to the quality of each product and services, and which includes environmental and custody chain criteria for the raw material of forestry origin. In addition, the Group, on contracting all the suppliers, informs of the policies of the Code of Ethics, Corporate Social Responsibility and Anticorruption Policy and verifies the Supplier's social dimension, checking its approach in the prevention and mitigation of a negative social impact in the supply chain.

With regard to the panel of strategic suppliers, the Purchasing Department carries out an assessment of the suppliers that supply material for the industrial y business activity taking into account aspects related to:

- **Quality**: The previous year's non-conformities are reviewed, and the number of deliveries and the non-conformities reported in the review period are recorded.
- **Economic**: The suppliers of a product are classified according to the prices offered.
- **Delivery deadlines**: Suppliers that do not comply with our planned delivery dates are penalized.
- **Environment**: Suppliers that have EMAS certification, ISO 14001 certification or simply have an environmental policy are evaluated in a different way.
- **Service and Assistance**: Together with the R&D Department the level of cooperation and support in both technical and commercial matters are evaluated.
- **CSR**: This year our suppliers have begun to be assessed according to CSR criteria. Our suppliers have to provide clear evidence that they have a sustainability report, clear CSR policies or, at least, that they can show their commitment to human rights, compliance with the legislation in force in matters concerning tax, labour, health and safety, management of incidents or deviations from their CSR or Code of Ethics.

In 2022 a more thorough and continuous monitoring of this last requirement was introduced, with the aim of being able to review it in 100% of the strategic suppliers in 2023. Of 100% of the suppliers reviewed, 64% are within the compliance ranges.
100% of the strategic suppliers (173) have been assessed under all these parameters, obtaining an average rating of **87.2 out of 100**.

As well as these annual evaluations, the Purchasing Department, together with R&D carries out supplier audits periodically, during which they review all the parameters and the relevance of commitment to complying with economic, social and environmental standards is emphasised.

Additionally, all those suppliers that carry out work in the installations of Miquel y Costas & Miquel, S.A. and their Group, must guarantee compliance with the policies and procedures of the Group in social and environmental matters.

B) Tax Information

The Group receives certain aid to promote public policies aligned with those of the Group. Details of this aid can be consulted in Note 14 section a) of the consolidated annual accounts of FY2022.

The Group has established a control mechanism to ensure regulatory compliance in tax matters in the countries where they operate. In addition, the Group has hired assessors in the different countries where it has a corporate presence, which assess them in terms of "tax compliance" and regulatory changes. In 2022, none of the Group companies has been subject to material penalties of a fiscal nature (nor in 2021).

Net profits obtained by country, as well as payments linked to corporation tax carried out in 2022, are as follows:

COUNTRY	PROFIT BEFORE TAX	PAYMENTS FOR CORPORATION TAX **
SPAIN	**40,321**	**9,473**
REST OF COUNTRIES (Subsidiaries)*	**737**	**289**
TOTAL	**41,058**	**9,762**

Data in thousands of euros.

* Rest of countries (Subsidiaries) includes mainly Argentina with 85% of the operations under this heading.
** Payments carried out for corporation tax corresponding to fiscal years 2022 and 2021.

Net profits obtained country by country, as well as the payments linked to the corporation tax carried out in 2021, are as follows:

COUNTRY	PROFIT BEFORE TAX	PAYMENTS FOR CORPORATION TAX **
SPAIN	**65,062**	**15,040**
REST OF COUNTRIES (Subsidiaries)*	**1,996**	**700**
TOTAL	**67,058**	**15,740**

Data in thousands of euros.

* Rest of countries (Subsidiaries) includes mainly Argentina with 85% of the operations under this heading.
** Payments carried out for corporation tax corresponding to fiscal years 2021 and 2020.

C) Consumers

The Group complies with legislation in force in the countries where its products are sold. Most are industrial products that are included in other companies' production processes. Products used in the food industry fulfil all requirements to guarantee the health and safety of consumers and, in the case of Terranova Papers, meet the BRC-IOP standard and in the case of Mislata the Standard ISO 22000. Product technical specifications are defined by clients, with no client claims having been received in relation to consumer health. Derived from the quality management system certified under standard ISO 9001, procedures have been established for the communication, reception, management, and resolution of any incident or claim that could take place, presented by our clients.

This report is available on the website www.miquelycostas.com

Appendix I. Traceability table under the requirements of Law 11/2018 and of the European regulation on taxonomy

SCOPE	Content	Report framework	Section in this report
Business model	Brief description of the group's business model, including: 1.) business context 2.) organization and structure 3.) markets in which it operates 4.) objectives and strategies 5.) main factors and trends that may affect its future performance.	GRI 2-1 GRI 2-2 GRI 2-6 GRI 3-3	1. Business model
Policies	A description of the policies applied by the group in relation to environmental matters, social issues, respect for human rights, respect for combating corruption and bribery, and those related to personnel, including any measures that, where applicable, may have been adopted to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of the disabled and universal accessibility.	GRI 3-3	These are described throughout the chapters of the NFIS
S/T, M/T and L/T risks	The main risks related to these matters linked to the group activities including, where relevant and proportionate, its commercial relationships, products or services that could have adverse effects on those areas; and * how the group manages those risks, * explaining the procedures employed to detect and assess them in accordance with the national, European or international reference frameworks for each area. * Information must be included on any impacts detected, providing a breakdown, particularly of the main short-, medium- and long-term risks	GRI 3-3	These are described throughout the chapters of the NFIS
Environmental matters	**Overall Environment**		
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety, environmental assessment or certification procedures; 2.) Resources devoted to preventing environmental risks; 3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. under environmental responsibility legislation).	GRI 3-3	2. Environmental matters
	Pollution		
	1.) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment. 2.) Taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution.	GRI 305-7 GRI 303-4	2. Environmental matters
	Circular economy and waste prevention and management		
	Circular economy; Waste: Measures for the prevention, recycling, reuse, other forms of recovery and disposal of waste;	GRI 306-3 GRI 306-4 GRI 306-5	2. Environmental matters
	Actions to combat food waste.	NA	Not reported, non-material
	Sustainable use of resources		
	Consumption of water and water supply in accordance with local limits; Consumption of raw materials and measures adopted to use them more efficiently; Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.	GRI 303-3 GRI 303-5 GRI 3-3 GRI 301-1 GRI 302-1	2. Environmental matters

SCOPE	Content	Report framework	Section in this report
	Climate change		
	Significant aspects of the greenhouse gas emissions generated by the company's activities, including the use of the goods and services produced;	GRI 3-3 GRI 305-1 GRI 305-2 GRI 305-5	2. Environmental matters
	Measures to adapt to the consequences of climate change;		
	Medium- and long-term reduction targets set voluntarily to reduce greenhouse gas emissions and the means implemented to this end.		
	Protection of biodiversity		
	Measures taken to preserve or restore biodiversity;	GRI 3-3 GRI 304-1 GRI 304-2	2. Environmental matters
	Impact of activities or operations on protected areas.		
	Taxonomy of Sustainable Finance		
	Proportion of activities aligned and not aligned according to taxonomy in: the business volume (turnover), investments in fixed assets (CapEx) and operating expenses (OpEx).	(EU) Regulation 2020/852, (EU) Delegated Regulation 2021/2139, (EU) Delegated Regulation 2021/2178 y (EU) Delegated Regulation 2022/1214	2. Environmental matters
Social matters and those related to personnel	**Employment**		
	Total number and distribution of employees by gender, age, country and professional category;	GRI 2-7 GRI 405-1	3. Social and personnel-related matters
	Total number and distribution of employment contract types;		
	Annual average of indefinite contracts, temporary contracts and part-time contracts by gender, age and professional category;		
	Number of lay-offs by gender, age and professional category;	GRI 3-3	3. Social and personnel-related matters
	Average remunerations and their evolution broken down by gender, age and professional category or equivalent value;	GRI 3-3	3. Social and personnel-related matters
	Wage gap, remuneration for the same positions or the company's average remuneration;	GRI 405-2	3. Social and personnel-related matters
	Average remuneration of the Board of directors and senior management, including variable remuneration, subsistence, indemnities, payments to long-term savings schemes and any other remuneration broken down by gender;	GRI 3-3	3. Social and personnel-related matters
	Implementation of 'right to disconnect' policies;	GRI 3-3	3. Social and personnel-related matters
	Disabled employees.	GRI 405-1	3. Social and personnel-related matters
	Work organization		
	Organization of working hours	GRI 3-3	. Social and personnel-related matters
	Number of hours of absenteeism	GRI 3-3	. Social and personnel-related matters
	Measures to facilitate a work-life balance and encourage the co-responsibility from both parents.	GRI 3-3	3. Social and personnel-related matters
	Health and safety		
	Conditions of health and safety in the workplace;	GRI 403-1 GRI 403-4b	3. Social and personnel-related matters
	Occupational accidents, particularly frequency and severity, professional diseases, broken down by gender.	GRI 403-9 GRI 403-10	3. Social and personnel-related matters

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES
NON-FINANCIAL INFORMATION STATEMENT FY2022

SCOPE	Content	Report framework	Section in this report
	Labour Relations		
	Organization of social dialogue, including procedures to inform and consult personnel and negotiate with them;	GRI 3-3	3. Social and personnel-related matters
	Percentage of employees covered by collective bargaining agreements by country;	GRI 2-30	3. Social and personnel-related matters
	Assessment of the collective agreements, particularly in the area of occupational health and safety.	GRI 403-4	3. Social and personnel-related matters
	Mechanisms and procedures to promote the workers' implication in the company's management, in terms of information, consultation and participation.	GRI 3-3	3. Social and personnel-related matters
	Training		
	Implemented training policies;	GRI 404-2a	3. Social and personnel-related matters
	Total training hours per professional category.	GRI 404-1	3. Social and personnel-related matters
	Accessibility		
	Universal accessibility for the disabled	GRI 405-1	3. Social and personnel-related matters
	Equality		
	Measures adopted to promote equal treatment and opportunities between women and men;	GRI 3-3	3. Social and personnel-related matters
	Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures taken to promote employment, sexual and gender harassment protocols, integration and universal accessibility for the disabled;		
	The policy against all kinds of discrimination and, if applicable, on diversity management.		
Human rights	**Human rights**		
	Application of due diligence procedures in relation to human rights; Prevention of risks of infringement of human rights and, if applicable, measures to mitigate, manage and repair any abuse committed;	GRI 3-3 GRI 2-23	4. Respect for human rights
	Reports filed for cases of infringement of human rights;	GRI 2-26 GRI 406-1	4. Respect for human rights
	Promotion and fulfilment of the provisions of the fundamental conventions of the International Labour Organization relating to freedom of association and the right to collective negotiation;	GRI 3-3	4. Respect for human rights
	Elimination of discrimination in the field of employment and occupation;		
	Elimination of forced or compulsory labour;		
	Effective abolition of child labour.		
Corruption and Bribery	**Corruption and bribery**		
	Measures taken to prevent corruption and bribery;	GRI 3-3 GRI 2-23 GRI 205-1	5. Fight against corruption and bribery
	Measures to combat money laundering.	GRI 3-3 GRI 2-23	5. Fight against corruption and bribery
	Contributions to foundations and non-profit entities.	GRI 3-3	5. Fight against corruption and bribery
Society	**Company's commitments to sustainable development**		
	The impact of the company's activity on employment and local development;	GRI 3-3	6. Society

SCOPE	Content	Report framework	Section in this report
	The impact of the company's activity on local populations and the territory;	GRI 3-3	6. Society
	Relations and modes of dialogue held with members of local communities;	GRI 2-29	6. Society
	Association or sponsorship actions.	GRI 2-28	6. Society
	Subcontracting and suppliers		
	The inclusion in the purchasing policy of social, gender equality and environmental matters; Consideration of social and environmental responsibility in relations with suppliers and subcontractors;	GRI 3-3 GRI 2-6 GRI 308-1 GRI 414-1	6. Society
	Supervisory and audit systems and related findings.	GRI 3-3	6. Society
	Consumers		
	Consumer health and safety measures;	GRI 3-3 GRI 416-2	6. Society
	Claim systems, complaints received and solutions.	GRI 3-3	6. Society
	Tax information		
	Profits obtained country by country	GRI 207-4	6. Society
	Profit tax paid	GRI 207-4	6. Society
	State grants received	GRI 201-4	6. Society

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MIQUEL Y COSTAS & MIQUEL, S.A. and Subsidiaries

Independent Verification Report

Consolidated Non-Financial Information Statement for the financial year ended 31st December 2022 mazars

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Independent Verification Report on the Consolidated Non-Financial Information Statement

To the Shareholders of
MIQUEL Y COSTAS & MIQUEL, S.A.

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31st December 2022 of **MIQUEL y COSTAS & MIQUEL, S.A.** (hereinafter the Parent Company) **and its Subsidiaries** (hereinafter the Group) that forms part of the Group's Consolidated Management Report.

The content of the NFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in Appendix I "Traceability table under Law 11/2018 and under the European taxonomy regulation" included in the accompanying NFIS.

Responsibility of the Directors

The preparation of the NFIS included in the Group's Consolidated Management Report, and the content thereof, is the responsibility of the Directors of **MIQUEL Y COSTAS & MIQUEL, S.A**. The NFIS has been drawn up in accordance with the provisions of current commercial legislation and following the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative ("GRI standards"), in line with the details provided for each matter in Appendix I "Traceability table under Law 11/2018 and under the European taxonomy regulation" in the aforementioned NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure the NFIS is free from material misstatement, due to fraud or error.

The Directors of **MIQUEL Y COSTAS & MIQUEL, S.A.** are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies the current international standards on quality and therefore has in place a quality control system which includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on Non-Financial Information Statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas en España").

In a limited assurance engagement, the procedures performed vary in terms of nature and timing of execution and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several of the Group's units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with personnel from the Group to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS for 2022 based on the materiality analysis carried out by the Group, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for 2022.
- Review of the information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2022.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2022 and its adequate compilation using data supplied by the information sources.
- Obtainment of a representation letter from the Directors and Management.

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Conclusions

Based on the procedures performed in our verification and on the evidence we have obtained, no matters have come to our attention which may lead us to believe that the NFIS of **MIQUEL Y COSTAS & MIQUEL, S.A. and Subsidiaries** for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the provisions of current commercial legislation and following the criteria of the selected GRI standards in accordance with the details provided for each matter in Appendix I "Traceability table under Law 11/2018 and under the European taxonomy regulation" of the aforementioned NFIS.

Emphasis of matter

The European Parliament and Council's (EU) Regulation 2020/852 of 18th June 2020 related to establishing a framework to facilitate sustainable investments establishes, for the first time for financial year 2022, the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are aligned with climate change mitigation objectives and adaptation to climate change, in addition to the information on eligible activities required in 2021. Consequently, in the attached NFIS comparative information on alignment has not been included. What is more, to the extent that information referring to eligible activities in 2021 was not required with the same level of detail as in 2022, in the accompanying NFIS the information broken down in the area of eligibility is not strictly comparable either. Additionally, it should be pointed out that **MIQUEL Y COSTAS & MIQUEL, S.A.**'s Directors have included information on the criteria that, in their opinion, better enable compliance with the aforementioned obligations and which are defined in Note 2, section "Taxonomy - sustainable finances" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

Barcelona, 19th April 2023

Mazars Auditores, S.L.P.

(signed in the original in Spanish)

Juan Luque