

Miquel y Costas & Miquel, S.A.

Auditor's report
Annual accounts at 31 December 2023
Directors' report



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

Independent auditor's report on the annual accounts

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

Report on the annual accounts

Opinion

We have audited the annual accounts of Miquel y Costas & Miquel, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2.1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<p data-bbox="279 443 630 474">Recognition of sales revenue</p> <p data-bbox="279 504 821 683">As detailed in note 1 to the accompanying annual accounts, the Company carries out its paper activity in the field of thin and special low-grammage papers, mainly for the tobacco industry, and operates in the national and international markets.</p> <p data-bbox="279 716 821 963">Although the recognition and evaluation of sales revenues is not especially complex, we focused our analysis on the recognition of revenue mainly due to the significance of this component within the accompanying annual accounts taken as a whole and, therefore, on the increased concentration therein of the inherent risk of material misstatement.</p>	<p data-bbox="845 504 1460 660">We gained an understanding of the accounting policies for recognising business revenues. In this respect, we assessed the design of the key internal controls related to revenue recognition and tested their operational efficiency.</p> <p data-bbox="845 683 1460 772">We carried out tests of detail on a sample of sales recorded and verified the evidence of the existence and recognition of the transaction.</p> <p data-bbox="845 806 1460 896">For a sample of sales transactions, we verified the appropriate cut-off of operations at the year-end in order to corroborate the correct accrual.</p> <p data-bbox="845 929 1460 1019">We have also verified whether the information disclosed in the accompanying annual accounts on the recognition of revenue is reasonable.</p> <p data-bbox="845 1052 1460 1108">As a result of our audit procedures, no essential observations have been identified.</p>

Other information: Management report

Other information comprises only the management report for the 2023 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

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

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



Miquel y Costas & Miquel, S.A.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

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

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

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

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

Auditor's responsibilities for the audit of the annual accounts

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

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

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

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



Miquel y Costas & Miquel, S.A.

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Miquel y Costas & Miquel, S.A. for the 2023 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of Miquel y Costas & Miquel, S.A. are responsible for presenting the annual financial report for the 2023 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).



Miquel y Costas & Miquel, S.A.

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

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

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Company dated 18 April 2024.

Appointment period

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

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

Services provided

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

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 18 April 2024 on the consolidated annual accounts of Miquel y Costas & Miquel, S.A. and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Juan Buigues López (22170)

18 April 2024



miquel y costas & miquel, s.a.

MIQUEL Y COSTAS & MIQUEL, S.A.

**ANNUAL ACCOUNTS AT 31 DECEMBER 2023
AND DIRECTORS' REPORT FOR 2023**

(Free translation from the original in Spanish)



miquel y costas & miquel, s. a.

The annual accounts (consisting of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts) and the Management report (of which the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration form part in separate sections), of the Company, which are appended hereto, for the year ended 31 December 2023, 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 25 March 2024 in accordance with article 253 of the Spanish Companies Act and following the electronic format established in Delegated Regulation EU 2018/815 of the European Commission, of 17 December 2018.

Barcelona, 25 March 2024

Chairman of the Board of Directors

Jorge Mercader Barata

Members of the Board:

Jorge Mercader Miró

Álvaro de la Serna Corral

Javier Basañez Villaluenga

Eusebio Díaz-Morera
Puig-Sureda

Maria Teresa Busto del Castillo

Claudio Aranzadi Martínez

Narcís Serra Serra

José Miquel Vacarisas

Marta Lacambra Puig

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

Ms. Victoria Lacasa Estebanez

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(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A
BALANCE SHEET AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

ASSETS	Note	2023	2022
NON-CURRENT ASSETS		147,313	146,545
Intangible assets	5	822	863
Property, plant and equipment	6	79,000	82,354
Long-term investments in group companies and associates		41,352	42,710
Equity instruments	7,8	28,773	28,714
Loans to group companies	7,9	12,579	13,996
Long-term financial assets		25,350	19,767
Equity instruments	7,8,11	67	5,117
Non-current financial investments	7,9	23,412	12,823
Other financial assets	7,9	1,871	1,827
Deferred tax assets	23	789	851
CURRENT ASSETS		205,876	190,421
Inventories	12	54,787	60,709
Trade and other receivables		51,993	53,110
Trade receivables for sales and services	7,9	40,604	41,974
Trade receivables for sales and services from group companies and associates	7,9	10,696	11,047
Other debtors	7,9	501	-
Public Administrations – Other	13	192	89
Short-term investments in group companies and associates		36,794	34,459
Loans to group companies	7,9	36,794	34,459
Short-term investments	7,9	43,814	37,034
Prepayments and accrued income		3	3
Cash and cash equivalents	14	18,485	5,106
TOTAL ASSETS		353,189	336,966

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A
BALANCE SHEET AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

EQUITY AND LIABILITIES	Note	2023	2022
EQUITY		235,188	221,327
Capital and reserves		233,846	220,555
Capital	15.1	80,000	80,000
Reserves	16	148,699	137,638
(Own shares)	15.2	(21,401)	(17,771)
Profit for the year	17.1	34,067	27,807
(Interim dividend)	17.2	(8,100)	(7,700)
Other equity instruments	16	581	581
Value adjustments	11	55	105
Grants, donations and bequests received	18	1,287	667
NON-CURRENT LIABILITIES		28,552	29,456
Long-term provisions	22	564	516
Long-term debts	7,19	26,541	27,468
Bank loans		26,541	27,468
Deferred tax liabilities	23	1,204	1,229
Long-term accrued income	20	243	243
CURRENT LIABILITIES		89,449	86,183
Short-term provisions	22	1,075	1,139
Short-term debts		18,458	16,179
Bank loans	7,19	17,138	15,106
Other financial liabilities	7,19	1,320	1,073
Short-term debts with group companies and associates	7,19	36,889	33,514
Trade and other payables		33,027	35,351
Trade payables	7,19	12,257	17,906
Trade payables, group companies and associates	7,19	7,174	8,220
Other creditors	7,19	788	756
Accrued wages and salaries	7,19	2,964	2,831
Current income tax liability	25	83	553
Payable to Public Administrations	24	9,347	1,647
Advance payments from customers	7,19	414	3,438
Short-term accrued income	20	-	-
TOTAL EQUITY AND LIABILITIES		353,189	336,966

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
INCOME STATEMENT FOR THE YEAR ENDED
AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

	Note	2023	2022
<u>CONTINUING OPERATIONS</u>			
Revenue	26.2	200,404	207,844
Sales		195,240	202,911
Services rendered		5,164	4,933
Changes in inventories of finished goods and work in progress	12	(3,012)	12,757
Own work capitalised	5,6	469	416
Raw materials and consumables	26.3	(86,553)	(92,512)
Other operating revenue	26.4	2,473	1,758
Accessory and other income		2,473	1,758
Staff costs	26.5	(28,202)	(27,501)
Other operating expenses	26.6	(46,041)	(69,162)
Fixed asset depreciation	5,6	(8,900)	(9,221)
Release of non-financial fixed asset grants and other	18	1,008	1,065
Excess of accruals		-	-
Impairment and results on fixed asset disposals	6	907	74
Profit / (loss) on disposals and other		907	74
Other results	26.7	500	-
OPERATING RESULTS		33,053	25,518
Financial income	27	10,231	9,331
Financial expenses	27	(660)	(463)
Exchange differences	27	64	(94)
Impairment and results on financial instruments disposals	8,27	59	(322)
FINANCIAL RESULTS		9,694	8,452
PROFIT (LOSS) BEFORE INCOME TAX		42,747	33,970
Corporate income tax	25	(8,680)	(6,163)
PROFIT (LOSS) FOR YEAR FROM CONTINUING OPERATIONS		34,067	27,807
<u>DISCONTINUED OPERATIONS</u>			
Profit / loss for year from discontinued operations net of taxes		-	-
PROFIT / LOSS FOR THE YEAR	17.1	34,067	27,807

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	2023	2022
Profit and loss account result	17.1	34,067	27,807
Income and expenses recognised directly in equity		1,380	990
Grants, donations and legacies received	18	1,835	1,436
Changes in financial instruments at fair value through equity	11	(50)	(33)
Actuarial gains and losses and other adjustments	21	72	(72)
Tax effect	18,21	(477)	(341)
Transfers to the profit and loss account		(756)	(799)
Grants, donations and legacies received	18	(1,008)	(1,065)
Tax effect	18	252	266
Total recognized income and expenses		34,691	27,998

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

B) TOTAL STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reserves	Own shares	Profit/loss from previous years	Profit/loss for the year	(Interim dividend)	Value adjustments	Grants, donations and bequests received	TOTAL
BALANCE AT 2021 YEAR END	80,000	118,784	(13,372)	-	36,315	(8,400)	138	389	213,854
Adjustments due to policy changes 2021 and previous years	-	-	-	-	-	-	-	-	-
Adjustments due to errors 2021 and previous years	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE, BEGINNING 2022	80,000	118,784	(13,372)	-	36,315	(8,400)	138	389	213,854
Total recognised income and expenses	-	(54)	-	-	27,807	-	(33)	278	27,998
Operations with shareholders or owners:			(4,399)	(4,400)	-	(11,700)	-	-	(20,499)
- Capital increase	-	-	-	-	-	-	-	-	-
- Capital decrease	-	-	-	-	-	-	-	-	-
- Dividend payment	-	-	-	(4,400)	-	(11,700)	-	-	(16,100)
- Trading in own shares (net)	-	-	(4,399)	-	-	-	-	-	(4,399)
Other movements in equity	-	19,489	-	4,400	(36,315)	12,400	-	-	(26)
BALANCE AT 2022 YEAR END	80,000	138,219	(17,771)	-	27,807	(7,700)	105	667	221,327
Adjustments due to policy changes 2021 and previous years	-	-	-	-	-	-	-	-	-
Adjustments due to errors 2021 and previous years	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE, BEGINNING 2023	80,000	138,219	(17,771)	-	27,807	(7,700)	105	667	221,327
Total recognised income and expenses	-	54	-	-	34,067	-	(50)	620	34,691
Operations with shareholders or owners:			(3,630)	(4,300)	-	(12,900)	-	-	(20,830)
- Capital increase	-	-	-	-	-	-	-	-	-
- Capital decrease	-	-	-	-	-	-	-	-	-
- Dividend payment	-	-	-	(4,300)	-	(12,900)	-	-	(17,200)
- Trading in own shares (net)	-	-	(3,630)	-	-	-	-	-	(3,630)
Other movements in equity	-	11,007	-	4,300	(27,807)	12,500	-	-	-
BALANCE AT 2023 YEAR END	80,000	149,280	(21,401)	-	34,067	(8,100)	55	1,287	235,188

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENT FOR THE YEARS ENDED
AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

	Note	2023	2022
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit/loss for the year before taxes		42,747	33,970
2. Adjustments to profit/loss		(2,415)	(465)
Fixed asset depreciation (+)	5,6	8,900	9,221
Impairment losses (+/-)	8,9,12	(295)	519
Change in provision (+/-)	22	(16)	175
Release of grants (-)	18,22	(107)	(1,065)
Gains and losses on disposals of fixed assets (+/-)	6	(907)	(74)
Financial income (-)	27	(10,231)	(9,331)
Financial expense (+)	27	660	463
Change in fair value of financial instruments (+/-)		(4)	(104)
Other income/expenses (+/-)		(415)	(269)
3. Changes in working capital		(5,665)	(29,221)
Inventories (+/-)	12	6,277	(16,681)
Trade and other receivables (+/-)		1,095	(6,416)
Trade and other payables (+/-)		(1,707)	(6,104)
Other non-current assets and liabilities (+/-)		-	(20)
4. Other cash flows from operating activities		(117)	2,507
Interest payments (-)		(586)	(469)
Amounts received from interest (+)		2,374	1,387
Dividends collected (+)	29.4	7,355	7,899
Receipts (payments) for corporate income tax (+/-)	25	(9,260)	(6,310)
5. Cash flows from operating activities (1+2+3+4)		45,880	6,791
B) CASH FLOW FROM INVESTING ACTIVITIES			
6. Amounts paid on investments (-)		(103,149)	(110,504)
Group companies and associated (current and no current)		(1,960)	(16,367)
Intangible assets	5	(317)	(303)
Tangible assets	6	(5,389)	(8,293)
Other financial assets	9	(95,483)	(85,541)
7. Amounts collected from divestments (+)		86,441	127,060
Group companies and associates		1,538	2,202
Fixed assets	6	1,814	-
Other financial assets	9	78,089	124,857
Other assets	9	5,000	1
8. Cash flows from investing activities (6+7)		(16,708)	16,556

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENT FOR THE YEARS ENDED
AT 31 DECEMBER 2023
(EXPRESSED IN THOUSAND EURO)

	Note	2023	2022
C) CASH FLOW FROM FINANCING ACTIVITIES			
9. Receipts and payments equity instruments		(2,999)	(2,963)
a) Issuing of equity instruments (+)	15.3	(3,630)	(4,420)
b) Redemption of equity instruments (-)	15.3	-	21
c) Acquisition of equity instruments (-)	18	631	1,436
10. Receipts and payments financial liability instruments		4,406	(5,055)
a) Issues			
Bank loans (+)	19	16,000	15,008
Amounts due to group companies and associates (+)		3,375	-
b) Return and redemption of		106	-
Bank loans (-)	19	(15,075)	(10,803)
Amounts paid to group companies and associates (-)	19	-	(9,260)
11. Payments for dividends and remuneration of other equity instruments		(17,200)	(16,100)
a) Dividends (-)	17.2,17.3	(17,200)	(16,100)
b) Remuneration of other equity instruments (-)			
12. Cash flow from financing activities (9+10+11)		(15,793)	(24,118)
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS (5+8+12)		13,379	(771)
Cash or cash equivalents at the beginning of the year	14	5,106	5,877
Cash or cash equivalents at the end of the year	14	18,485	5,106

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
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1 General information

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

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

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

The shares of the Parent Company are admitted to trading on the Barcelona, Madrid, Bilbao and Valencia Stock Exchanges and are integrated into the stock market interconnection system for continuous trading (SIBE-Smart).

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

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

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

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

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

	Thousand Euro	
	2023	2022
Total assets	464,702	450,808
Equity	354,781	330,291
Profit and loss attributable to the equity holders of the parent company	42,714	31,634
Net turnover	309,319	337,177

The mentioned Consolidated Financial Statements have been formulated by the Board of Directors of the Company held on 25 March 2024, pending their approval by the shareholders, without any modification being envisaged.

2 Basis of presentation

2.1 Fair presentation

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

The figures included in the annual accounts (balance sheet, income statement, statement of changes in equity, statement of cash flow and notes to the annual accounts) and directors' report, are stated in Thousand Euro, except when specified otherwise. The Company considers that the annual accounts fairly express the equity, financial position and results of the Company as well as the accuracy of the cash flows stated on the cash flow statement. The functional and presentation currency of the annual accounts is the Euro.

The annual accounts have been formulated by the Board of Directors on 25 March 2024 and it is expected that they will be approved by the shareholders without modification.

(Free translation from the original in Spanish)

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2.2 Critical measurement issues and estimates of uncertainty

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

The Company does not have discontinued operations.

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

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

The estimates and assumptions are basically referred to:

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

2.3 Comparability and uniformity of the information

The figures in the balance sheet and profit and loss account for 2022 and 2023 are considered comparable.

2.4 Groupings of items

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

(Free translation from the original in Spanish)

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3 Accounting policies

3.1 Intangible assets

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

- Licences and trademarks acquired to third parties are carried at acquisition cost. Beginning in 2016, these assets are amortized, and their amortization is calculated using the straight-line method, with an estimated useful life of 20 years.
- Development costs incurred in R&D projects (related with the design and proving new products) are recognised as intangible assets when it is probable that the project will be a success considering its technological and commercial feasibility. Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a defined useful life that have been capitalised are amortised on a straight-line basis over the period of the project's expected benefit, not exceeding three years. If the circumstances favouring the project that permitted the capitalisation of the development costs change, the unamortized portion is expensed in the year of change.
- Computer software is accounted for at acquisition or production cost. Amortisation is calculated using the straight-line method over a useful life of three years.

3.2 Property, plant and equipment

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

These annual accounts for 2023 contain the update approved by Law 16/2012 of 27 December on assets registered before the 31 December 2012. In accordance with art. 9.2 of Law 16/2012, the Company has only proceeded to update the value of certain assets, as disclosed in Note 6.

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

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

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

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

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

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

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

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

3.3 Interest costs

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

3.4 Losses due to impairment of assets

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

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

3.5 Cash generating units

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

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

<u>CGU</u>	<u>Activity</u>
Production centre in the province of Barcelona – Besós	Manufacturing of paper for the tobacco industry
Production centre in the province of Barcelona – Besós	Transformation of paper for the tobacco industry
Industrial plant in the province of Valencia – Mislata	Manufacturing of printing and writing paper
Industrial plant in the province of Barcelona – Pla de la Barquera	Paper handling

3.6 Financial assets

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

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

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

Initial measurement

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

Subsequent measurement

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

b) Financial assets at amortised cost

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

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

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

- a) trade receivables: financial assets arising from the sale of goods and the rendering of services in the ordinary course of business for which payment is deferred; and
- b) non-trade receivables: financial assets which, not being equity instruments or derivatives, do not arise from trade transactions and whose collections are of a fixed or determinable amount and which arise from loans or credit operations granted by the company.

Initial measurement

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

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

Subsequent measurement

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

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

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

Impairment

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

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

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

c) Financial assets at fair value with changes in equity

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

Initial measurement

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

Subsequent measurement

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

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

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

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

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

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

Impairment

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

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

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

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

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

d) Financial assets at cost

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

- a) Investments in the equity of group companies, jointly controlled entities and associates.
- b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives that have these investments as their underlying.

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- c) Hybrid financial assets whose fair value cannot be reliably estimated unless they qualify for recognition at amortised cost.
- d) Contributions made as a result of a joint venture and similar agreements.
- e) Participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g., the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business.
- f) Any other financial asset that is initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Initial measurement

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

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

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

Subsequent measurement

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

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

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

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

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

Impairment

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

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

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

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

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

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

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

3.7 Financial derivatives and hedging

Los Financial derivatives are initially and subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the type of hedge. The Company designates certain derivatives as:

a) Fair value hedges

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

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

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

3.8 Inventories

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

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

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

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

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

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

3.9 Cash and cash equivalents

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

3.10 Share capital

Share capital consists of ordinary shares of a single class.

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

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

3.11 Grants received

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

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

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

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

3.12 Financial liabilities

Financial liabilities are measured in one of the following categories:

a) Financial liabilities at amortised cost

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

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

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

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

Initial valuation

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

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

Subsequent measurement

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

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

b) Financial liabilities at fair value through profit or loss

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

Liabilities held for trading

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

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

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

Non-segregated hybrid financial liabilities optionally and irrevocably included.

Initial and subsequent measurement

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

After initial recognition, financial liabilities in this category are measured at fair value through profit or loss.

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

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

3.13 Current and deferred taxes

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

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

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

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

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

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

The Company pays tax under a consolidated tax return with tax identification number 0017/80 with subsidiaries S.A. Payá Miralles, MB Papeles Especiales, S.A., Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., Miquel y Costas Energía y Medio Ambiente S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Logística S.A., Terranova Papers, S.A. and Clariana S.A., and, in this respect, these companies made in their case, the corresponding provision of funds to the Company that is responsible to the Administration of the presentation and settlement of income tax.

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

3.14 Employee Benefits

a) Pension commitments

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

- Defined contribution pension plans:

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

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

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

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

Additionally, the Company's employees have had the voluntary option to take advantage of the ongoing Employee Social Security Plan (PPSE), which accrues over three years (subject to compliance with the conditions established in said Plan). The company's commitment is to make three-year contributions of a predetermined amount as long as certain pre-established conditions are met.

There are also defined contribution insurance contracts in favour of executive Directors, which are subject to compliance with certain conditions and Senior Management personnel.

- Defined benefit pension plans:

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

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

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

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

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

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b) Severance indemnities

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

c) Share based compensation

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

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

3.15 Provisions and contingent liabilities

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

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

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

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

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

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3.16 Revenue recognition

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

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

a) Sales of goods

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

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

b) Rendering of services

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

c) Interest income

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

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d) Dividend income

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

3.17 Leases

- When the Company is the lessee – Finance lease

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

- When the Company is the lessee – Operating lease

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

3.18 Environment

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

3.19 Foreign currency transactions

- a) Functional and presentation currency

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

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b) Transactions and balances

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

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

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

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

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

3.20 Related-party transactions

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

4 Financial risk management

4.1 Financial risk factors

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

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

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4.1.1 Foreign exchange rate risk

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

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

4.1.2 Commercial credit risk

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

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

4.1.3 Liquidity risk

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

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

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

4.1.4 Interest rate risk

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

At borrowing levels with credit institutions for 2023, the effect of a 50 basis point variation in the interest rate would have entailed an increase or decrease in the Company's financial expense for the year of approximately Euro 170 thousand (Euro 170 thousand in 2022).

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4.1.5 Market risk

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

The productive activity of the Society needs water resources for its productive process. Although current processes largely reuse this resource, due to the increase in average temperatures on the planet and drought, the risk of water stress may increase. Although it is clear that the Company has been investing in technologies that reduce water consumption and historically has not had supply problems.

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

4.1.6 Capital risk

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

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

The leverage ratio at both 31 December 2023 as of 31 December 2022 is not applicable because the Company has available and realisable resources in excess of bank borrowings:

	31-12-2023	31-12-2022
Total equity	235,188	221,327
Net financial borrowings:		
Long-term borrowings	26,541	27,468
Short-term borrowings	17,138	15,106
Cash and current financial investments	(62,299)	(42,140)
Long term financial investments	(23,479)	(17,940)
Total net borrowings	(42,099)	(17,506)
Leverage index	Not applicable	Not applicable

4.2 Fair value estimation

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

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

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

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

5 Intangible assets

Movements in Intangible assets for 2023 and 2022 are as follows:

Description	Industrial property	Research and development expenses	Software	Intangible assets under construction	Total
Balance at 31-12-2021	102	-	568	289	959
Cost	136	961	7,951	289	9,337
Accumulated amortisation	(34)	(961)	(7,383)	-	(8,378)
Net book value	102	-	568	289	959
Additions	-	-	-	303	303
Other transfers	-	-	476	(476)	-
Disposals	-	-	-	-	-
Amortisation charge	(20)	-	(379)	-	(399)
Amortisation disposals	-	-	-	-	-
Other transfers Amortisation	-	-	-	-	-
Balance at 31-12-2022	82	-	665	116	863
Cost	136	961	8,427	116	9,640
Accumulated amortisation	(54)	(961)	(7,762)	-	(8,777)
Net book value	82	-	665	116	863
Additions	-	-	-	381	381
Other transfers	-	-	286	(284)	2
Disposals	-	(2)	-	-	(2)
Amortisation charge	(20)	-	(404)	-	(424)
Amortisation disposals	-	2	-	-	2
Balance at 31-12-2023	62	-	547	213	822
Cost	136	959	8,713	213	10,021
Accumulated amortisation	(74)	(959)	(8,166)	-	(9,199)
Net book value	62	-	547	213	822

- Research and development expenses

At 31 December 2023 and 2022 there are no research and development costs pending amortization.

Research and development expenses recognised in the income statement totals Euro 104 thousand in 2023 (Euro 146 thousand in 2022).

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- Fully-amortised intangible assets

The carrying value of intangible assets that are fully amortised and still in use totals Euro 8,491 thousand at 31 December 2023 (Euro 8,143 thousand at 31 December 2022).

- Capitalised financial expenses

No financial expenses have been capitalised in 2023 and 2022, as part of intangible assets.

- Intangible assets acquired from group companies and associates

During 2023 and 2022 there were no sales of intangible assets to Group and associated companies.

- Intangible assets not used in operations

At 31 December 2023 and 2022 there are no non-operating intangible assets.

- Assets subject to guarantees and ownership restrictions

At 31 December 2023 and 2022 there are no intangible assets subject to restrictions on ownership or pledged to guarantee liabilities.

- Purchase commitments

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

- Own work capitalised

Additions in 2023 include Euro 64 thousand (Euro 49 thousand in 2022) relating to own work capitalised.

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6 Property, plant and equipment

Movements in Property, plant and equipment for 2023 and 2022 are as follows:

	Land & Buildings	Plant and other	PPE under construction and advance payments	Total
Balance at 31-12-2021	20,252	56,325	7,948	84,525
Cost	28,580	203,456	7,948	239,984
Accumulated depreciation	(8,328)	(147,131)	-	(155,459)
Net book value	20,252	56,325	7,948	84,525
Additions	-	493	6,387	6,880
Other transfers	1,940	9,297	(11,237)	-
Disposals	(312)	(2,339)	-	(2,651)
Depreciation charge	(858)	(7,964)	-	(8,822)
Depreciation disposals	312	2,110	-	2,422
Balance at 31-12-2022	21,334	57,922	3,098	82,354
Cost	30,208	210,907	3,098	244,213
Accumulated depreciation	(8,874)	(152,985)	-	(161,859)
Net book value	21,334	57,922	3,098	82,354
Additions	7	430	5,594	6,031
Other transfers	378	2,986	(3,366)	(2)
Disposals	(8)	(2,358)	-	(2,366)
Depreciation charge	(823)	(7,653)	-	(8,476)
Depreciation disposals	8	1,451	-	1,459
Balance at 31-12-2022	20,896	52,778	5,326	79,000
Cost	30,585	211,965	5,326	247,876
Accumulated depreciation	(9,689)	(159,187)	-	(168,876)
Net book value	20,896	52,778	5,326	79,000

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

The additions in 2023 amounted to Euro 6,031 thousand (Euro 6,880 thousand in 2022) and correspond mainly to additions of construction in progress arising from the continued investment undertaken by the Company.

a) Land value

At 31 December 2023 land and buildings includes land totalling Euro 1,198 thousand (Euro 1,198 thousand at 31 December 2022).

b) Impairment losses

During 2023 and 2022 no significant impairment adjustments to individual property, plant and equipment were recognised or reversed.

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

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

In 1996, the Company revaluated its tangible fixed assets in accordance with Royal Decree-Law 7/1996, of 7 June, increasing the cost value of its tangible assets by Euro 5,785 thousand based on the revaluation rates established in Royal Decree 2607 of 20 December. The net book value for the year of revaluated assets at 31 December 2023 amounts to Euro 493 thousand (Euro 505 thousand in 2022), with Euro 12 thousand of depreciation charge at 31 December 2023 (Euro 14 thousand in 2022) in the income statement. During 2023 fully depreciated fixed assets covered by Royal Decree Law 7/1996 with a gross value of Euro 0 thousand (Euro 91 thousand in 2022) were derecognised.

The breakdown is as follows:

31-12-2023				
Fixed Assets	Cost	Accumulated depreciation	Impairment losses	Net book value
Land	203	-	-	203
Building	720	(430)	-	290
Machinery	2,555	(2,555)	-	-
Other PPE	6	(6)	-	-
Total	3,484	(2,991)	-	493

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

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

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

The Company revaluated certain fixed assets included in the balance sheet at 31 December 2012, in accordance with Law 16/2012, of 27 December. The net effect of this revaluation on tangible fixed assets at January 1, 2013 was Euro 7,177 thousand. The depreciation and amortization for the year 2023 amounts to Euro 41 thousand as a result of this revaluation (Euro 60 thousand in 2022).

During 2023 there have been disposals covered by the law RDL 16/2012 of gross value of Euro 85 thousand relating to plant and machinery, which were already fully depreciated (Euro 60 thousand in 2022, which were already fully depreciated).

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The breakdown is as follows:

Property, plant and equipment	31-12-2023			Net book value
	Cost	Accumulated depreciation	Impairment loss	
Land and buildings	766	(298)	-	468
Plant and machinery	5,267	(5,254)	-	13
Other tangible fixed assets	19	(19)	-	-
Total	6,052	(5,571)	-	481

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

e) Assets acquired from Group companies and associates

Investments in fixed assets acquired from group companies and associates in 2023 mounted to Euro 0 thousand (Euro 0 thousand in 2022).

During 2023 fixed assets were sold to Group companies and associates amounting to Euro 1,657 thousand generating a profit of Euro 1,214 thousand (Euro 105 thousand generating a profit of Euro 74 thousand in 2022).

f) Capitalised finance costs

During 2023 and 2022 the Company has not capitalized financial expenses.

g) Property, plant and equipment not used in operations

There are no non-operating assets.

h) Fully depreciated assets

The carrying amount of tangible assets which are fully depreciated and still in use amounted to Euro 111,662 thousand at 31 December 2023 (Euro 105,338 thousand at 31 December 2022).

i) Own work capitalised

The additions for 2023 include Euro 405 thousand for own work capitalised (Euro 367 thousand in 2022) corresponding to own work capitalised.

j) Assets under finance lease

At 31 December 2023 and 2022 there are no fixed assets acquired under finance leases.

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k) Assets under operating lease

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

l) Insurance

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

m) Property, plant and equipment subject to guarantees

At 31 December 2023 and 2022 there are no significant fixed assets subject to restrictions on ownership or pledged to guarantee liabilities.

n) Purchase commitments

The Company has commitments to acquire property, plant and equipment for an amount of 1,820 thousand euros at the end of the 2023 financial year, mainly due to the rehabilitation of roofs and installation of photovoltaic panels and the adaptation of the fire protection facilities (it did not have any significant ones at the end of the year 2022).

o) Property, plant and equipment located abroad

At 31 December 2023 and 2022 the Company has no fixed assets located abroad.

7 Analysis of financial instruments

The carrying value of each category of financial instruments set out in the standard on accounting and measurement of financial instruments at 31 December 2023 and 2022 is as follows:

	31-12-2023			
	Loans to Group companies	Deposits and guarantee deposits	Long term investments in group companies and associates	Debt securities
Long-term financial assets				
- Assets at fair value through profit or loss (Note 10)	-	-	-	-
- Financial assets at amortised cost (Note 9)	12,579	1,871	-	23,412
- Financial assets at cost (Note 8)	-	-	28,773	12
- Assets at fair value through equity (Note 11)	-	-	-	55
Total	12,579	1,871	28,773	23,479

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31-12-2023				
Current financial assets	Loans and balances to Group companies	Trade receivables for sales and services	Other debtors	Debt securities
- Assets at fair value through profit or loss (Note 10)	-	-	-	-
- Financial assets at amortised cost (Note 9)	47,490	40,604	43,814	501
- Financial assets at cost (Note 8)	-	-	-	-
- Assets at fair value through equity (Note 11)	-	-	-	-
Total	47,490	40,604	43,814	501

31-12-2023					
Long-term financial liabilities	Bank loans	Debts and balances to group companies	Trade payables	Other payables	Other non- current liabilities
Liabilities at fair value with changes in profit and loss (Note 10)	-	-	-	-	-
Financial liabilities at amortised cost (Note 19)	26,541	-	-	-	-
Total	26,541	-	-	-	-

31-12-2023					
Current financial liabilities	Bank loans	Debts and balances to group companies	Trade payables	Other payables	Other current liabilities
Liabilities at fair value with changes in profit and loss (Note 10)	-	-	-	-	10
Financial liabilities at amortised cost (Note 19)	17,138	44,063	12,257	788	4,688
Total	17,138	44,063	12,257	788	4,698

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The book value of each category of financial instrument at 31 December 2022 is as follows:

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

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

31-12-2022					
Long-term financial liabilities	Bank loans	Debts and balances to group companies	Trade payables	Other payables	Other non- current liabilities
Liabilities at fair value with changes in profit and loss (Note 10)	-	-	-	-	-
Financial liabilities at amortised cost (Note 19)	27,468	-	-	-	-
Total	27,468	-	-	-	-

31-12-2022					
Current financial liabilities	Bank loans	Debts and balances to group companies	Trade payables	Other payables	Other current liabilities
Liabilities at fair value with changes in profit and loss (Note 10)	-	-	-	-	-
Financial liabilities at amortised cost (Note 19)	15,106	41,734	17,906	756	7,342
Total	15,106	41,734	17,906	756	7,342

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8 Financial assets at amortised cost

The breakdown and movement in the accounts under financial assets at amortised cost during 2023 and 2022 are as follows:

Description	Investments in Group companies	Equity Instruments	Total
Balance at 31-12-2021	29,033	12	29,045
Cost	29,033	12	29,045
Net value in books	29,033	12	29,045
Additions	3	-	3
Disposals	-	-	-
Impairment of investments	(322)	-	(322)
Transfer to short term	-	-	-
Balance at 31-12-2022	28,714	12	28,726
Cost	29,036	12	29,045
Accumulated depreciation	(322)	-	(322)
Net value in books	28,714	12	28,726
Additions	-	-	-
Disposals	-	-	-
Impairment of investments	59	-	59
Transfer to short term	-	-	-
Balance at 31-12-2023	28,773	12	28,785

The movement in 2023 corresponds mainly to the partial reversal of the provision for depreciation of its investee Clariana, S.A., for importation of 59 thousand Euros (Note 27).

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

The breakdown of shareholdings in group companies at 31 December 2023 is as follows:

31-12-2023 Company	Shareholding %		Voting rights	
	Direct %	Indirect %	Direct %	Indirect %
S.A. Payá Miralles	99,89	0,11	99,89	0,11
Celulosa de Levante, S.A.	97,41	2,59	97,41	2,59
Papeles Anoia, S.A.	99,00	1,00	99,00	1,00
Desvi, S.A.	96,67	3,33	96,67	3,33
Sociedad Española Zig-Zag, S.A.	93,47	6,53	93,47	6,53
M.B. Papeles Especiales, S.A.	99,9958	0,0042	99,9958	0,0042
Miquel y Costas Tecnologías, S.A.	45,00	55,00	45,00	55,00
Terranova Papers, S.A.	41,17	58,83	41,17	58,83
Miquel y Costas Logística, S.A.	50,00	50,00	50,00	50,00
Clariana, S.A.	60,00	40,00	60,00	40,00

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

31-12-2022	Shareholding %		Voting rights	
	Direct %	Indirect %	Direct %	Indirect %
Company				
S.A. Payá Miralles	99.89	0.11	99.89	0.11
Celulosa de Levante, S.A.	97.41	2.59	97.41	2.59
Papeles Anoia, S.A.	99.00	1.00	99.00	1.00
Desvi, S.A.	96.67	3.33	96.67	3.33
Sociedad Española Zig-Zag, S.A.	93.47	6.53	93.47	6.53
M.B. Papeles Especiales, S.A.	99.9958	0.0042	99.9958	0.0042
Miquel y Costas Tecnologías, S.A.	45.00	55.00	45.00	55.00
Terranova Papers, S.A.	41.17	58.83	41.17	58.83
Miquel y Costas Logística, S.A.	50.00	50.00	50.00	50.00
Clariana, S.A.	60.00	40.00	60.00	40.00

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

- S.A. Paya Miralles, established at San Antonio, No. 18, 46920 Mislata, Valencia, its corporate purpose, among others, is activities related to industrial and commercial exploitation of business papermaking and production of all kinds of manipulated cigarette paper, and the purchase, sale and rental of all types of movable property and buildings for business. It has leased its industrial facilities to Miquel y Costas & Miquel, S.A.
- Celulosa de Levante, S.A., established at the C-42, Km 8.5, 43500 Tortosa, Tarragona; its corporate purpose is manufacturing and marketing of pulp and its derivatives in various forms and qualities. Under this purpose, the company manufactures pastas from hemp, flax, sisal, hemp, jute, cotton and other annuals.
- Papeles Anoia, S.A., established in Carrer Tuset No. 8, 08006 Barcelona; Its corporate purpose is mainly processing, finishing, handling, processing, marketing, exporting and importing papers of all kinds and all kinds of snuff related products, and simple and complex compounds of cellulose, paper, plastic, aluminium paraffins and other materials of different origin. Additionally, its corporate purpose contemplated business activities related to fixed assets for industry.
- Desvi, S.A., established in Carrer Tuset, No. 10, 08006 Barcelona; Its corporate purpose ranges from the commercial distribution of all kinds of products and technologies from third parties linked to the role of all types, creation, promotion, protection, exploitation and trading of distinctive signs, patents and other assets owned industry and investment in promotion and development of industrial or commercial enterprises.
- Sociedad Española Zig Zag, S.A., established in Carrer Tuset No. 10, 08006 Barcelona; its corporate purpose is the sale of all kinds of paper, especially smoking paper, in addition to articles related to the paper and tobacco industries.
- M.B. Papeles Especiales, S.A., established in Carrer Tuset No. 10, 08006 Barcelona; its corporate purpose is the manufacturing, marketing, promotion, distribution, import and export of paper of all kinds of papers, including special papers and processing and handling of papers.

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- Miquel y Costas Tecnològias S.A., established in Carrer Tuset, No. 8-10 08006 Barcelona; its corporate purpose includes, among others, the activities of design and installation of products, solutions, applications and systems, industrial technology, performing all sorts of projects and consultancy organization, industrial, R & D, quality and environment.
- Terranova Papers, S.A., established in Carrer Tuset, No. 10 08006 Barcelona; its corporate purpose includes the manufacturing, marketing, promotion, distribution, import and export of special papers industry sectors such as food and filtration, amongst others.
- Miquel y Costas Logística S.A., constituted in December 9, 2014, at Carrer Tuset number 10 08006 Barcelona; Its corporate purpose of greatest relevance is the rendering of logistics services for storage, transport and distribution of goods, raw materials, products and machinery, in addition to advice and technical assistance in the provision of these services.
- Clariana, S.A. with registered office at avenida Alemania 48 Vila-Real (Castellón). Its corporate purpose consists of the production and marketing of paper and in general of goods for the stationery industry: the promotion, management and development of all kinds of real estate and urban operations, the disposal and exploitation, even under lease, of properties, buildings, housing and premises and constructions in general, irrespective of their use, resulting from that activity.

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

Set out below are the figures for capital, reserves and results for the year including other relevant information as per the companies' individual annual accounts at 31 December 2023.

Company	Capital	Reserves (*)	Operating results	Results for the year	Carrying value in parent	Dividends received (Note 29)
S.A. Payá Miralles (2)	1,878	8,098	1,412	1,166	4,855	799
Celulosa de Levante, S.A. (1)	1,503	50,662	8,871	7,081	1,865	3,409
Papeles Anoia, S.A. (1)	2,054	10,090	3,765	2,931	2,321	2,475
Desvi, S.A. - consolidated (2)	3,000	14,562	3,763	2,047	5,821	-
Sociedad Española Zig-Zag, S.A. (2)	60	323	-	2	183	-
M.B. Papeles Especiales, S.A. (1)	722	33,907	(6,718)	(4,756)	4,834	-
Miquel y Costas Tecnològias, S.A. (2)	500	1,571	99	427	252	176
Terranova Papers, S.A. (1)	12,000	4,520	10,761	7,908	8,303	-
Miquel y Costas Logística, S.A. (1)	100	3,965	1,954	1,471	50	150
Clariana S.A. (1)	157	254	395	94	289	-
Total	21,974	127,952	24,302	18,370	28,773	7,009

(1) Companies audited by the audit firm PricewaterhouseCoopers Auditores, S.L.

(2) Companies not audited.

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

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Set out below are the figures for capital, reserves and results for the year including other relevant information as per the companies' individual annual accounts at 31 December 2022.

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

(1) Companies audited by the audit firm PricewaterhouseCoopers Auditores, S.L.

(2) Companies not audited.

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

9 Financial assets at amortised cost

The detail of the items included in financial assets at amortised cost in 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Non-current	37,862	28,646
Deposits and guarantees provided	1,871	1,827
Loans to group and associated companies (Note 29)	12,579	13,996
Debt securities	23,412	12,823
Current	132,409	124,478
Short-term financial investments	43,814	36,998
Loans to Group and associated companies (Note 29)	36,794	34,459
Trade receivables from Group companies and associates (Note 29)	10,696	11,047
Trade receivables for sales and services	40,604	41,974
Other receivables	501	-
Total financial assets at amortised cost	170,271	153,124

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

	Deposits & guarantee deposits	Loans to group companies and associates	Debt securities	Total
Balance at 31-12-2021	1,828	15,607	14,947	32,382
Cost	1,828	15,607	14,947	32,382
Impairment loss	-	-	-	-
Book value	1,828	15,607	14,947	32,382
Additions	-	369	6,002	6,371
Transfers	-	(1,958)	(8,020)	(9,978)
Disposals	(1)	(22)	(106)	(129)
Balance at 31-12-2022	1,827	13,996	12,823	28,646
Cost	1,827	13,996	12,823	28,646
Impairment loss	-	-	-	-
Book value	1,827	13,996	12,823	28,646
Additions	45	-	25,059	25,104
Transfers	-	(1,362)	(11,505)	(12,867)
Disposals	(1)	(55)	(2,965)	(3,021)
Balance at 31-12-2023	1,871	12,579	23,412	37,862
Cost	1,871	12,579	23,412	37,862
Impairment loss	-	-	-	-
Book value	1,871	12,579	23,412	37,862

Under the heading "Deposits and guarantees", during the 2023 financial year, a deposit in the amount of 1 thousand euros has been returned in relation to a construction license from the Capellades City Council and additions of 45 thousand euros (1 thousand euros of cancellation in 2022 for the same concept). The balance in this heading corresponds mainly to the activation carried out in fiscal year 2019 in reference to the payment of the settlement agreement for the tax inspection completed in said fiscal year for an amount of 1,710 thousand euros (Note 25).

The movement in the 2023 financial year of loans in group companies is given by:

- Policy to Desvi S.A.: In the current year there has been a decrease in the drawn balance of 55 thousand euros, going from 9,936 thousand euros at the end of 2022 to 9,880 thousand at the end of 2023. Said loan was granted for an amount of 10,500 thousand euros, valid until December 31, 2024, tacitly extendable annually and with a market interest rate. On April 10, 2017, the company and Desvi S.A agreed to extend the limit of the aforementioned policy to 10,900 thousand euros without modifying the other conditions.

- Regarding the loans granted in 2019 to the company Clariana, S.A. for an amount of 9,000 thousand euros and 520 thousand euros with repayment terms of 7 and 4 years respectively and an average interest rate of 5%, the aggregate outstanding balance as of December 31, 2023 of said loans is 3,913 thousand euros (5,300 thousand euros in 2022). At the end of the year, an amount of 1,362 thousand euros was reclassified as short-term (1,388 thousand euros in 2022) (Note 29.1). As well as a loan granted to Miquel y Costas Argentina S.A for an amount of 170 thousand euros in 2019. The balance at the end of 2023 amounts to 148 thousand euros (148 thousand euros in 2022) (Note 29.1).

The movement in 2022 of loans in group companies was given by:

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- Policy to Desvi S.A.: In the current year there has been a decrease in the drawn balance of 200 thousand euros, going from 10,136 thousand euros at the end of 2021 to 9,936 thousand at the end of 2022. Said loan was granted for an amount of 10,500 thousand euros, valid until December 31, 2023, tacitly extendable annually and with a market interest rate. On April 10, 2017, the company and Desvi S.A agreed to extend the limit of the aforementioned policy to 10,900 thousand euros without modifying the other conditions.

- Regarding the loans granted in 2019 to the company Clariana, S.A. for an amount of 9,000 thousand euros and 520 thousand euros with repayment terms of 7 and 4 years respectively and an average interest rate of 5%, the aggregate outstanding balance as of December 31, 2022 of said loans is 5,300 thousand euros (6,711 thousand euros in 2021). At the end of the year, an amount of 1,388 thousand euros (1,410 thousand euros in 2021) has been reclassified as short-term (Note 29.1). As well as a loan granted to Miquel y Costas Argentina S.A for an amount of 170 thousand euros in 2019. The balance at the end of 2022 amounts to 148 thousand euros (170 thousand euros in 2021) (Note 29.1).

The heading "Debt securities" for fiscal year 2023 includes long-term financial investments with maturities after 2024, remunerated at a nominal interest rate that varies between 1.20% and 6.70% (1.73% and 4.55% in 2022). The nominal interest rate does not have to be equivalent to the internal rate of profitability obtained by the Company because these are acquired in the secondary debt market (Note 25).

The movement in current financial assets at amortised cost for 2023 and 2022 is as follows:

Balance at 31-12-2021	74,296
Additions	79,539
Transfers	8,020
Removals	(124,857)
Balance at 31-12-2022	36,998
Additions	70,379
Transfers	11,505
Removals	(75,068)
Balance at 31-12-2023	43,814

Short-term financial investments existing at the end of 2023 amount to Euro 43,324 thousand (Euro 36,603 thousand in 2022), as well as accrued financial interest amounting to Euro 490 thousand in 2023 (Euro 395 thousand in 2022), maturing in less than twelve months and with a nominal rate varying between 1.73% and 5.21% in 2023 (0.50% and 5.130% in 2022). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return obtained by the Company as they were acquired in the secondary debt market.

The detail of the items included in trade receivables for sales and services at 31 December 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Customers	40,604	41,974
Doubtful customer receivables	322	299
Impairment losses	(322)	(299)
Total	40,604	41,974

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

	31-12-2023	31-12-2022
Euros	36,561	34,541
USD	3,925	6,814
GBP	4	3
Other currencies	114	616
Total	40,604	41,974

At 31 December 2023, trade receivables of Euro 14,282 thousand (Euro 7,206 thousand in 2022) were past due. An impairment provision of Euro 322 thousand has been made in 2023 (Euro 299 thousand in 2022), as the remaining accounts relate to a number of independent customers for which there is no history of delinquency. The ageing analysis of these accounts is as follows:

	31-12-2023	31-12-2022
Up to 3 months	8,950	5,917
3-6 months	4,483	298
More than 6 months	849	991
Total	14,282	7,206

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

The movement in the provision for impairment losses on trade receivables during 2023 and 2022 is as follows:

Closing balance at 31-12-21	251
Provision for impairment of customer receivables	48
Reversal of provision for amounts collected	-
Closing balance at 31-12-22	299
Provision for impairment of customer receivables	23
Reversal of provision for amounts collected	-
Closing balance at 31-12-23	322

The recognition and reversal of impairment losses on trade receivables have been included under "Impairment losses, impairment and changes in trade provisions" in the income statement (Note 26.6). Amounts charged to the impairment account are normally derecognised when there is no expectation of further cash recovery. No direct loss on bad debts have been recognised either in 2023 or in 2022 (Note 26.6).

10 Assets and Liabilities at Fair value through profit or loss

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

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The breakdown of the exchange hedge positions held at 31 December 2023 is as follows:

Currency	Maturity	Nominal in forex*	Profit (loss) in euros*
USD	2024	3,500	(8)
JPY	2024	-	-
AUD	2024	177	(2)
NOK	2024	-	-
Total (Loss) /Profit			(10)

* Expressed thousands.

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

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

* Expressed thousands.

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

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

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

Determination of the fair value of the financial instruments

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

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

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

The fair value of financial instruments at 31 December 2023 amounts to EUR 10 thousand of losses (Euro 36 thousand of benefit in 2022).

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11 Assets and Liabilities at Fair value through profit or loss

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

Balance at 31-12-2022	5,105
Cost	5,000
Value adjustments	105
Book value	5,105
Additions	-
Net profit (loss) transferred to equity	(50)
Removals	(5,000)
Balance at 31-12-2023	55
Cost	-
Value adjustments	55
Book value	55

In fiscal year 2023, the Company has executed the “exit option” it had on a SPAC (Special Purpose Acquisition Company) acquired during fiscal year 2021, recovering the entire initial amount disbursed. This operation has generated financial income amounting to 346 thousand euros (Note 27). As of December 31, 2023, the amount recorded in this heading corresponds to the changes in the accumulated value of the SPAC warrants that the Company still holds for an amount of 55 thousand euros. (55 thousand euros at the end of the 2022 financial year).

12 Inventories

The breakdown of inventories at 31 December 2023 and 2022 is as follows:

	Prepayments to suppliers	Raw materials and other supplies	Finished goods and goods in progress	Total
Balance at 31-12-2022	17	16,360	44,332	60,709
Cost	17	16,360	45,964	62,341
Impairment loss	-	-	(1,632)	(1,632)
Net value in books	17	16,360	44,332	60,709
Balance at 31-12-2023	19	13,448	41,320	54,787
Cost	19	13,448	42,693	56,160
Impairment loss	-	-	(1,373)	(1,373)
Net value in books	19	13,448	41,320	54,787

* The heading Raw materials and other supplies includes Euro 1,217 thousand in 2023 relating to the emission allowance balance (Euro 1,363 thousand in 2022), (Note 31).

The variation in inventories of finished goods and work in progress totals Euro 3,012 thousand in 2023 (Euro 12,757 thousand in 2022). The variation is the difference between opening inventories of Euro 44,332 thousand in 2023 (Euro 31,575 thousand in 2022) and closing inventories of Euro 41,320 thousand in 2023 (Euro 44,332 thousand in 2022).

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a) Purchase commitments

At the end of 2023 and 2022 there are no purchase commitments with suppliers.

b) Insurance

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

c) Impairment losses

The movement in impairment losses on inventories in 2023 and 2022 is as follows:

Balance at 31-12-2021	1,483
Appropriations	1,164
Utilisations	(1,015)
Balance at 31-12-2022	1,632
Appropriations	1,004
Utilisations	(1,263)
Balance at 31-12-2023	1,373

13 Other taxes receivable

The detail at 31 December 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Other taxes receivable	192	89
Total	192	89

At year-end 2023 and 2022, other receivables from public authorities include the amount of VAT to be refunded by the tax authorities.

14 Cash and cash equivalents

The breakdown of cash and cash equivalents at 31 December 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Cash	18,485	5,106
Total	18,485	5,106

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15 Capital

15.1 Capital

At 31 December 2023 share capital was represented by 40,000,000 shares (40,000,000 shares in 2022) fully subscribed and paid accounting entry shares with a par value of Euro 2.00 each one.

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

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

The resolution adopted by the Ordinary and Extraordinary General Meeting of 22 June 2021 authorised the Board of Directors, for a period of five years, to issue securities convertible into shares of the Company, with the power to exclude shareholders' pre-emptive subscription rights and to increase the share capital by the amount necessary for the conversion. During the financial years 2023 and 2022 the Board of Directors has not made use of the aforementioned authorisations.

At the dates of December 31, 2023 and 2022, in accordance with the notifications received by Company submitted by natural and legal persons holding rights of direct and indirect vote by a percentage equal to or greater than 10% Company are as follows:

	Shareholding (%)	
	2023	2022
D. Jorge Mercader Miró	17.71	17.26
D ^a . M ^a del Carmen Escasany Miquel	12.63	12.47
Indumenta Pueri S.L.	14.65	14.65
D ^a . Bernardette Miquel Vacarisas	12.65	12.57

15.2 Own shares in equity

The General Shareholders' Meeting held on June 22, 2021 authorized the Parent Company to purchase its own shares for a period of five years, in the legal terms provided.

By virtue of the agreements adopted at the aforementioned General Meeting, the Board of Directors, at the meeting held on November 27, 2023, approved a new Share Repurchase Program (the fifth) under the authorization granted by the aforementioned General Meeting.

The breakdown and movement of own shares in equity for the years 2023 and 2022, is as follows:

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Description	Number of shares	Value of the operation (Thousand Euro)	Average price (Euro)	Nominal value (Thousand Euro)
Balance at 31-12-2021	1,145,904	13,372	11.67	2,292
Acquisition of own shares	363,410	4,420	12.16	727
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Adjudication by exercise of options	(1,825)	(21)	11.79	(4)
Balance at 31-12-2022	1,507,489	17,771	11.79	3,015
Acquisition of own shares	311,354	3,630	11.66	623
Subscription and acquisition on capital increase	-	-	-	-
Capital decrease	-	-	-	-
Adjudication by exercise of options	-	-	-	-
Balance at 31-12-2023	1,818,843	21,401	11.77	3,638

During 2023, the Company acting within the framework approved, has acquired 311,354 shares (363,410 shares in 2022) worth Euro 3,630 thousand (Euro 4,420 thousand in 2022).

The number of treasury shares held at 31 December 2023, after the operations carried out during the year, amount to 1,818,843 shares (1,507,489 shares in 2022).

16 Reserves and Other equity instruments

The breakdown in the accounts related to Reserves and Other equity instruments, at 31 December 2023 and 2022, is as follows:

	31-12-2023	31-12-2022
Legal reserve	16,000	16,000
Reserve Law 16/2012	-	-
Voluntary reserves	129,448	119,580
Reserves for actuarial gains and losses	195	140
Capitalization reserves	3,056	1,918
Other equity instruments	581	581
Total	149,280	138,219

a) Legal reserve

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

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

b) Voluntary reserves

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

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c) Reserve for actuarial gains and losses

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

d) Capitalization reserve

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

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

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

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

It should also be noted that this tax incentive has been applied in 2023, as it was also applied in 2022 (Note 25).

e) Other equity instruments

It corresponds to the amount recorded as a counterpart to the accrued personnel expense arising from the share option plan formalized in 2017. The amount amounts to 581 thousand euros in 2023 (581 thousand euros in 2022).

On June 22, 2016, the General Shareholders' Meeting of the Parent Company approved a new share option plan for said company, applicable to those executive directors and directors of the Parent Company and Group companies that the Board of Directors of the same designate. Said plan was developed, defined and formalized by the Board of Directors, at its meeting on January 30, 2017, based on the powers granted by the aforementioned General Meeting of Shareholders, in which it was established that each option one share would correspond, the number of options assigned being 525,000 and of those remaining in force at the end of the year 491,500, which have become an equivalent total of 786,400 after the capital increase in November 2018 and 1,072,364 after of the capital increase for fiscal year 2021.

The options are subject to certain conditions, and the Company has no legal or implied obligation to repurchase or settle the options with cash, as these will be settled with the Company's own shares.

Based on the agreements mentioned above, the exercise price of the option was set at 22.21 euros per share determined by the average change of the share of the previous quarter minus 5%, 13.88 euros equivalent price after the adjustment of the first capital increase and 10.18 euros in price after the second capital increase.

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

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

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

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

The value is taken to the income statement as a staff cost for the year, on an accrual basis, with a balancing item in equity. During fiscal year 2023, no amount has been recorded with a charge to the profit and loss account (10 thousand in 2022).

f) Value adjustments

At 31 December 2023, the amount was 55 thousand euros of positive adjustments (105 thousand euros in 2022) (see note 11).

17 Results for the year

17.1 Proposal for the distribution of results for the year

The proposal to be presented to the General Shareholders' Meeting regarding the distribution of results at 31 December 2023 is as follows:

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	2023
Basis of distribution	
Profit for the year (Profit)	34,067
Total	34,067
Application	
Dividends	17,400
Voluntary reserves	16,020
Capitalisation reserves	647
Total	34,067

17.2 Interim dividend

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

In fiscal year 2023, in accordance with the resolutions of the Board of Directors, the distribution of interim dividends listed below was agreed:

- By charge to 2022 profits:
 - Resolution dated March 28, 2023: agreed to distribute a third interim dividend from the profits for fiscal year 2023 for a total amount of 4,300 thousand euros, which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was 0.11192298 euros per share. Since this distribution was satisfied after the end of fiscal year 2022, it met the results and liquidity requirements required at the regulatory level.
- By charge to 2023 profits:
 - Resolution dated September 27, 2023 agreed to distribute a first interim dividend from the profits for fiscal year 2023 for a total amount of 4,000 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was 0.104459337 euros per share.
 - Resolution dated November 28, 2023: agreed to distribute a second interim dividend against the profits for fiscal year 2023, for a total amount of 4,100 thousand euros, which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was 0.10734834 euros per share.

All of them have been realized in 2023.

In financial year 2022, in accordance with the resolutions of the Board of Directors, it was resolved to distribute the interim dividends listed below:

- Against 2021 profits:

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- Resolution dated March 28, 2022: agreed to distribute a third interim dividend from the profits for fiscal year 2021 for a total amount of 4,000 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was 0.10334508 euros per share. Since this distribution was satisfied after the end of fiscal year 2021, it complied with the results and liquidity requirements required at the regulatory level.
- Against 2022 profits:
 - Resolution dated September 27, 2022: agreed to distribute a first interim dividend from the profits for fiscal year 2022 for a total amount of 3,700 thousand euros, which, in gross unit terms, with the attribution of the proportional part of the economic rights of treasury shares, was 0.09592881 euros per share.
 - Resolution dated November 28, 2022: agreed to distribute a new extraordinary interim dividend out of the profits for fiscal year 2022 for a total amount of 4,000 thousand euros which, in gross unit terms, with the attribution of the proportional part of the economic rights of the treasury shares, was 0.10385856 euros per share.

All of them have been realized in 2022.

The amounts distributed as the sum of interim dividends and supplementary dividends as detailed in the following paragraph, did not exceed the results obtained since the end of last year, less estimated corporate income tax payable on these results, in line with the provisions of Article 277, 2nd July 2010, of the Spanish Capital Companies Act.

	2023	2022
Dividends paid during the year	17,200	16,100
Tax effect	(1,430)	(1,345)
Total	15,770	14,755

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

- Provisional statement for the resolution dated 27 September 2023 to distribute a first interim dividend out of the profit for the financial year 2022 for a total amount of Euro 4,000 thousand:

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	2023
Profit distribution forecast	
Expected net results after tax at 27 September 2023	30,531
Maximum amount to be distributed as interim dividend	30,531
Interim dividend distributed	4,000
Treasury forecast for 1 year from the date of the interim dividend agreement:	
Available liquidity at date of interim dividend agreement **	102,360
Forecast receipts	198,909
Forecast payments (including interim dividend)	<u>(203,685)</u>
Forecast treasury balances at 27 September 2024	<u>97,584</u>

** Includes unused credit facilities with financial institutions.

- Provisional statement for the resolution dated 28 November 2023 to distribute a second interim dividend out of 2023 profits for a total amount of Euro 4,100 thousand:

	2023
Profit distribution forecast:	
Profit for the period 1 January to 31 December 2022	27,807
Forecast profit for the period 1 January to 30 November 2023	33,571
Legal reserves	-
Maximum amount to be distributed as interim dividend	61,378
Interim dividends paid by charge to 2022	16,800
Interim dividends paid by charge to 2023	4,000
Proposed dividends by charge to 2023	4,100
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**	108,495
Forecast receipts	200,009
Projected payments (including dividends)	(203,608)
Projected cash and bank balances at 28 November 2024	104,896

**Includes unused credit facilities with financial institutions

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17.3 Complementary Dividend

The General Meeting of Shareholders held on 22 June 2023 approved the distribution of the dividend for the year, ratifying the resolutions of the Board of Directors regarding interim payments and adopting a resolution to pay a final dividend out of the profit for the year 2022 in the total amount of Euro 4,800 thousand.

The General Meeting of Shareholders held on 21 June 2022 approved the distribution of the dividend for the year, ratifying the resolutions of the Board of Directors regarding interim payments and adopting a resolution to pay a final dividend out of the profit for the year 2021 in the total amount of Euro 4,400 thousand.

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

- Once the provisions of legislation in force or the Articles of Association have been met, only dividends charged to profit for the year or distributable reserves can be paid out if the value of equity is not zero, as a result of the pay-out, or is not lower than share capital. Thus, the profit charged directly against equity cannot be distributed directly or indirectly.
- No dividends can be paid unless the available reserves are at least equal to the amount of the research and development expenses that are carried in the balance sheet. No amount pending to be amortised at 31 December 2023 and 2022.

18 Capital grants received

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

Description	Government grants	Interest rate subsidies	Gas emission allowances	Total
Balance at 31-12-2021	196	27	-	226
Additions	454	29	989	1,472
Tax effect	(114)	(7)	(247)	(368)
Disposals	-	(36)	-	(36)
Tax effect	-	9	-	9
Transfer to profit and loss	(90)	-	(975)	(1,065)
Tax effect	22	-	244	266
Balance at 31-12-2022	634	22	11	667
Additions	781	90	993	1,864
Tax effect	(195)	(23)	(248)	(466)
Disposals	-	(29)	-	(29)
Tax effect	-	7	-	7
Transfer to profit and loss	(143)	-	(865)	(1,008)
Tax effect	36	-	216	252
Balance at 31-12-2023	1,113	67	107	1,287

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

Granting entity	31-12-23	31-12-22	Purpose	Date granted
Generalitat de Catalunya	-	-	Fixed asset financing	2008 and 2009
CDTI	90	29	Interest free loans	2022 and 2023
Ministerio Medio Ambiente	142	15	Emission allowances	2022 and 2023
Agencia Valenciana de la Energía	3	5	Improving energy efficiency	2011
Agencia Residuos de Catalunya	-	2	Waste minimization	2011
Generalitat de Catalunya	15	22	Fixed asset financing	2012
Agencia Valenciana de la Energía	26	36	Improving energy efficiency	2012/13/15
Miner	1	1	Fixed asset financing	2013
Instituto Valenciano de competitividad empresarial	73	53	Fixed asset financing	2016, 2017, 2018 and 2023
Instituto Divers. y ahorro Energía	60	66	Fixed asset financing	2019
Instituto Divers. y ahorro Energía	219	239	Fixed asset financing	2021
Instituto Divers. y ahorro Energía	365	395	Fixed asset financing	2022
Agencia Residuos de Catalunya	24	26	Fixed asset financing	2022
ICAEN	234	-	Fixed asset financing	2023
Acció	464	-	Fixed asset financing	2023
Tax effect of grants	(429)	(222)		
Total	1,287	667		

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

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

	2023	2022
Release of non-financial fixed asset grants and others	1,008	1,065
Total	1,008	1,065

19 Financial liabilities at amortised cost

The breakdown of current and non-current debts at 31 December 2023 and 2022 is as follows:

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	2023	2022
Long-term debts	26,541	27,468
Loans with credit institutions	26,541	27,468
Total long-term debts	78,934	82,844
Loans with credit institutions	17,025	15,067
Accrued and unpaid interest from credit institutions	113	39
Suppliers to group and associated companies (Note 29)	7,174	8,220
Payable to group and associated companies (Note 29)	36,889	33,514
Suppliers	12,257	17,906
Other creditors	788	756
Other current liabilities (Suppliers of fixed assets)	1,310	1,073
Other current liabilities (Other)	3,378	6,269
Total financial liabilities at amortised cost	105,475	100,312

The movement in long-term and short-term loans during the financial years 2023 and 2022 is as follows:

	Long-term loans	Short-term loans
Closing balance at 31-12-21	27,527	10,803
Obtaining funding	15,008	-
Amortisation	-	(10,803)
Long-term to short-term transfers	(15,067)	15,067
Closing balance at 31-12-22	27,468	15,067
Obtaining funding	16,106	-
Amortisation	-	(15,075)
Long-term to short-term transfers	(17,033)	17,033
Closing balance at 31-12-23	26,541	17,025

Total bank borrowings include the effect of implicit interest arising from subsidised loans held at the end of 2023 by the Company amounting to Euro 90 thousand (Euro 29 thousand at 31 December 2022).

a) Subsidised loans

During the year 2023, the Centre for the Development of Industrial Technology (C.D.T.I.) granted a loan amounting to Euro 167 thousand, with repayment periods of 7 years and a 1-year grace period.

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

The Company has at 31 December 2023 zero interest rate loans with a fair value of Euro 1,099 thousand (31 December 2022, Euro 1,093 thousand) and a redemption value of Euro 1,189 thousand (31 December 2022, Euro 1,122 thousand).

b) Loans with credit institutions

In 2023, Caixabank has granted a loan for a total amount of 10,000 thousand euros, with a repayment period of 5 years and a grace period of 1 year, and Sabadell has granted a loan for a total amount of 6,000 thousand euros, with a amortization of 5 years and 1 year grace period.

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In 2022, Sabadell granted a loan for a total amount of 15,000 thousand euros, with a repayment period of 5 years and a 1-year grace period.

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

In addition, the Company has the following credit lines:

	31-12-2023		31-12-2022	
	Limit Maximum	Quantity willing	Limit maximum	Quantity willing
Variable type:				
- with a maximum maturity of one year	20,907	-	17,002	-
- with a maturity of more than one year	-	-	-	-
Fixed rate:				
- with a maturity of less than one year	-	-	-	-
	20,907	-	17,002	-

Credit facilities maturing in less than one year are subject to various reviews during the year. The credit lines have been renewed in order to enable current cash management as well as to contribute to the financing of the planned expansion of the Company's activities in both 2023 and 2022.

The heading "Other short-term financial liabilities" totalling Euro 1,310 thousand at 31 December 2023 (Euro 1,073 thousand in 2022) include amounts due to suppliers of fixed assets.

The carrying amounts of the Company's long and short-term payables to financial entities are denominated in Euro at 31 December 2023 and 2022.

Bank loans maturities break down as follows:

Description	31-12-2023	31-12-2022
Up to 1 year	18,448	16,179
Between 1 and 3 years	17,765	21,847
Between 3 and 5 years	8,340	5,097
More than 5 years	436	524
Total	44,989	43,647

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The total amount of loans as of December 31 does not include any loans guaranteed with a bank guarantee in either 2023 or 2022.

Bank borrowings and other financial liabilities are denominated in euro.

The breakdown of Suppliers and sundry creditors for the year ended 31 December 2023 and 2022 is as follows:

Item	31-12-2023	31-12-2022
Suppliers		
Suppliers	11,000	15,152
Suppliers in foreign currency	1,257	2,754
Suppliers to group companies (Note 29.1)	5,505	6,252
Suppliers to group companies in foreign currencies (Note 29.1)	1,669	1,968
Sundry creditors		
Creditors	746	708
Foreign currency creditors	42	48
Total	20,219	26,882

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

	2023	2022
Euros	17,226	22,112
US Dollar	2,988	4,758
Pound sterling	-	6
Other	5	6
Total	20,219	26,882

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 31 December 2023 and 2022 it is as follows:

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	31/12/2023	31/12/2022
	Days	Days
Average supplier payment period (1)	33	35
Paid Operations Ratio (2)	33	37
Ratio of transactions outstanding (3)	30	17
	Thousand euros	Thousand euros
Total payments made	112,378	138,482
Total outstanding payments	11,463	11,932
Total payments within the period established in the delinquency regulations (millions of euros) (4)	108,893	125,506
% of the amount paid within the period established in the delinquency regulations with respect to the total amount paid(4)	97%	91%
Number of invoices paid within the period established in the delinquency regulations (4)	14,140	12,721
% of invoices paid within the period established in the delinquency regulations with respect to the total invoices paid(4)	91%	84%

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

- The breakdown of other current liabilities for the year ended 31 December 2023 and 2022 is as follows:

	31-12-2023	31-12-2022
Personnel	2,964	2,831
Advances to customers	414	3,438
Total	3,378	6,269

The personnel heading includes provisions for variable remuneration with an annual vesting period. The amount of provisions for variable remuneration for the same long-term concept is explained in Note 22.

20 Long and short term accruals

The movement in long-term and short-term accruals during the financial years 2023 and 2022 is as follows:

	Periodificaciones a largo plazo	Periodificaciones a corto plazo	Total
Closing balance 31-12-21	263	-	263
Additions	-	-	-
Transfer to profit and loss (Note 29.4)	-	-	-
Disposals	(20)	-	(20)
Transfers	-	-	-
Closing balance 31-12-22	243	-	243
Transfer to profit and loss (Note 29.4)	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Closing balance 31-12-23	243	-	243

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21 Long-term employee benefits

- Defined-contribution commitments:

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

There are also two externalized defined contribution plans of which the Company is the beneficiary, of which the executive Directors are beneficiaries if certain conditions are met and the personnel classified in the Group as Senior Management of the Company (see details of remuneration in Note 28).

- Defined-benefit commitments:

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

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

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

	31-12-2023	31-12-2022
Charges in the income statement in respect of:		
- Financial restatement (Financial expenses)	10	-
- Current service costs	8	7
- Expected return on plan-related assets	(4)	-
Total	14	7
	31-12-2023	31-12-2022
Debits/(credits) in Equity:		
- Actuarial gains and losses	72	(72)
- Tax effect	(18)	18
Total	54	(54)

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The amounts recognised in the balance sheet are as follows:

Description	31-12-2023	31-12-2022
Present value of the liabilities	(211)	(271)
Fair value of the plan-related assets	92	109
Liability recorded on the balance sheet (Note 22)	(119)	(162)

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

Description	31-12-2023	31-12-2022
Opening balance	271	217
Current service cost	8	7
Interest costs	10	-
Actuarial (gains) / losses	(74)	50
Benefits paid	(4)	(3)
Closing balance	211	271

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

Description	31-12-2023	31-12-2022
Opening balance	109	98
Expected return on plan-related assets	4	-
Actuarial gains / (losses)	2	(22)
Return of contributions (returned premiums)	(23)	33
Closing balance	92	109

Company management has engaged an independent actuary to prepare an actuarial valuation at 31 December 2023 and 2022 of each defined benefit liability mentioned above.

The main assumptions applied have been:

Interest rate for valuing liabilities with current personnel at 31/12/2022	3.60%
Interest rate for valuing liabilities with current personnel at 31/12/2023	2.99%
Expected return on assets with current personnel	3.60%

Mortality tables	PERMF-2020
Hypothesis of permanence	ORDEN EHA/3433/20 06 COD21

Retirement age	63 years
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The interest rates used have been determined at market rates, on the balance sheet date, for the issue of high-grade corporate bonds or debentures. Both the currency and the maturity of the bonds relates to the current and terms of payment estimated for the liabilities borne by the Company. It has also been taken into account the existing labour laws regarding retirement age of employees.

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

With respect to the retirement bonus liabilities, since the benefits and their maturities are matched to the Company’s liabilities, the value of the insurance policy is the same as the liabilities accrued, resulting in a zero net value. This means that in relation to the retirement bonuses commitments, with their maturities and benefits being matched with the obligations of the Group, the value of the insurance policy is equal to the value of the accrued obligations, resulting in a zero net value for all defined benefit obligations without assumption of permanence. Concerning the remaining commitments, the insurer has provided the realization value of the related asset.

22 Long and short-term provisions

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

Closing balance at 31-12-2021	1,030
Additions	1,139
Applications	(983)
Reclassification	(47)
Closing balance at 31-12-2022	1,139
Additions	1,075
Applications	(1,132)
Reclassification	(7)
Closing balance at 31-12-2023	1,075

The balance at 31 December 2023 amounting to Euro 1,075 thousand relates to the balance of the provision for emission allowances (Euro 1,139 thousand in 2022). (Note 31).

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

Closing balance at 31-12-21	450
Additions	174
Payments	(36)
Transfers	-
Applications	(72)
Closing balance at 31-12-22	516
Additions	186
Payments	16
Transfers	-
Applications	(154)
Closing balance at 31-12-23	564

The balance at December 31, 2023, amounting to Euro 564 thousand (Euro 516 thousand in 2022), consists of the following items:

- Provision corresponding to the application of Law 27/2011 of 1 August, updating, adaptation and modernization of the Social Security system which entered into force on 1 January 2013, amounting to Euro 119 thousand in 2023 (Euro 162 thousand in 2022). There have been endowments for an amount of Euro 59 thousand (Euro 79 thousand in 2022), there has not been made a payment (Euro 3 thousand in 2022) and a payment of Euro 16 thousand (Euro 33 thousand in 2022) was made in respect of the insurance premium to the external insurance company in order to regularise pension commitments.

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- A provision of Euro 259 thousand was posted to cover possible third-party liability as a lucrative participant in the current procedure against directors of Mutua Universal Mugenat and against it as a secondarily liable party, which is maintained in 2023 and 2022.
- Also included in this heading are provisions for long-term variable remuneration amounting to 186 thousand euros in 2023 (95 thousand euros in 2022). The short-term part (if any) is detailed in Note 19.

23 Deferred taxes

The movement in deferred taxes in 2023 and 2022 is as follows:

	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	851	1,229	898	1,305
- Charged in the income statement	(62)	(250)	(47)	(151)
- Charged directly to equity	-	225	-	75
- Other movements	-	-	-	-
Closing balance	789	1,204	851	1,229

The movement and detail during 2023 and 2022 in deferred tax assets and liabilities is as follows:

	2023			
Deferred tax assets	Non-deductible depreciation	Accruals	Equity adjustments	Total
Opening balance	132	719	-	851
	(74)	12	-	(62)
- Charged in the income statement				
-Other movements				
Closing balance	58	731	-	789

	2022			
Deferred tax assets	Non-deductible depreciation	Accruals	Equity adjustments	Total
Opening balance	214	684	-	898
- Charged in the income statement (Note 25)	(82)	35	-	(47)
Closing balance	132	719	-	851

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2023				
Deferred tax liabilities	Other adjustments	Accelerated tax depreciation	Equity adjustments	Total
Opening balance	233	722	274	1,229
- Charged in the income statement	(67)	(183)	-	(250)
- Charged directly to equity	-	-	225	225
Closing balance	166	539	499	1,204
2022				
Deferred tax liabilities	Other adjustments	Accelerated tax depreciation	Equity adjustments	Total
Opening balance	198	908	199	1,305
- Charged in the income statement	35	(186)	-	(151)
- Charged directly to equity	-	-	75	75
Closing balance	233	722	274	1,229

The balance Euro 58 thousand related to deferred tax assets in 2022 (Euro 132 thousand in 2022) corresponds to two effects:

- The effect of limiting to 30 percent the tax deductibility of depreciation during the periods 2013 and 2014. This effect begins to reverse in 2015. The balance at 31 December 2023 amounted to Euro 45 thousand (Euro 117 thousand in 2022).
- The effect of the limitation of the amortization relating to the balance sheet revaluation also begins to reverse in 2015. The balance at 31 December 2023 amounted to Euro 13 thousand (Euro 15 thousand in 2022).

Deferred tax assets of Euro 731 thousand in 2023 (Euro 719 thousand in 2022) relate mainly to non-tax-deductible provisions for personnel.

Deferred taxes charged directly to equity in 2023 and 2022 are as follows:

Description	31-12-2023	31-12-2022
Capital grants	371	211
Pensions	70	52
Interest free loans	22	7
Other	36	4
Total	499	274

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24 Other payable to Public Administrations

The breakdown of other current liabilities for the years ended at 31 December 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Other payable to Public Administrations	9,347	1,647
Total	9,347	1,647

The amount collected in other debts with Public Administrations includes, among other items, debts for the fourth quarter of the tax current account.

25 Income tax and tax situation

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

Due to the treatment that the tax law provides for certain operations, accounting profit differs from taxable income. The reconciliation between net income and expenses for the year and taxable income tax for the year 2023 is the following:

Profit for the year	Income Statement			Income and expenses charged directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
			34,067			624
Corporate income tax	8,680	-	8,680	225	-	225
Permanent differences	197	(6,718)	(6,521)	50	-	50
Temporary differences						
- arising during the year	186	-	186	-	-	-
- arising in prior years	1,069	(383)	686	1,008	(1,907)	(299)
Taxable income *	10,132	(7,101)	37,098	1,283	(1,907)	-

- * During the year the company has applied a reduction to the tax base of corporate income tax as a capitalization reserve amounting to Euro 647 (amounting to Euro 1,397 in 2022). Since the company is taxed through a consolidated tax regime and in accordance with Article 62 of Law 27/2014 of income tax, the calculation of the reserve was made at the Group tax level and its provision has been made for each company depending on the increase in equity each company contributed to the group. The tax base after the reduction amounted to Euro 36,451 thousand in 2023.

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

Expense for corporate income tax is composed by:

	31-12-2023	31-12-2022
Current tax	8,790	6,277
Deferred tax	(188)	(123)
Tax paid abroad	52	1
Adjustment to corporate income tax from previous years and others	26	8
Total	8,680	6,163

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

Current corporate income tax results from applying a tax rate of 25% to taxable income and applying 2023 deductions which amounted to Euro 323 thousand (Euro 237 thousand in 2022). Withholdings and payments on account of the year amounted to Euro 8,707 thousand (Euro 5,724 thousand in 2022), resulting an amount payable to Public Administration by Euro 83 thousand in 2023 (Euro 553 thousand in 2022).

The Company has not incurred tax losses in the past, and there are no deductions available to be offset at 2023 year-end.

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

Receivable / payable balances from tax consolidation	31-12-2023		31-12-2022	
	Receivable balances	Payable balances	Receivable balances	Payable balances
- S.A. Payá Miralles	49	-	47	-
- Celulosa de Levante, S.A.	-	474	179	-
- Papeles Anoia, S.A.	124	-	113	-
- Desví, S.A.	-	68	-	98
- Sociedad Española Zig-Zag, S.A.	-	-	-	-
- M.B. Papeles Especiales, S.A.	-	349	-	165
- Miquel y Costas Energía y Medio Ambiente S.A.	16	-	27	-
- Miquel y Costas Tecnologías, S.A.	11	-	-	18
- Terranova Papers, S.A.	143	-	3	-
- Miquel y Costas Logística S.A.	38	-	47	-
- Clariana S.A.	-	51	-	15
	381	942	416	296

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

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

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

In September 2019 the Company was notified of the tax assessment resulting from the tax inspection, with an amount payable to the tax administration of Euro 1,851 thousand which was placed on deposit by the Company on 5 November 2019. In accordance with the opinion of their advisors, the Directors have solid arguments to consider that following the submission of the relevant appeals, that amount will not give rise to a liability for the Group and they have therefore recognised an asset of Euro 1,710 thousand in the parent company at 31 December 2023 (Euro 1,710 thousand in 2022). Additionally, the latest rulings of the Supreme Court of November 2, 2023 and of the High Court in its ruling of June 27, 2023 in relation to the deductibility in Corporate Tax of the remuneration paid for the functions of a senior manager, derived of a senior management contract, who also had the status of administrator, reaffirm our arguments contributed to the inspection.

At the date of issue of these annual accounts, the Company's returns are open to inspection by the tax authorities for corporate income tax since 2019 and the other principal taxes to which it is subject since 2020, inclusive. The Directors do not consider that, in the event of an inspection, additional liabilities will arise for significant amounts.

26 Income and expenses

26.1 Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

Description	31-12-2023	31-12-2022
Purchases	21,260	26,339
Sales	24,861	26,724

26.2 Net turnover

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

Market	(%) 2023	(%) 2022
Domestic market	17.24	17.80
European Union	29.38	31.34
OECD countries	34.53	31.95
Other countries	18.85	18.91
	100.00	100.00

Most services are rendered in the domestic market.

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

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Line	2023	2022
Tobacco industry	85.61	82.54
Industrial Products	3.44	4.89
Graphic Industry and other	10.95	12.57
Total	100.00	100.00

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

	2023	2022
Consumption of goods for resale, raw materials and other consumable materials:		
Purchases	83,787	96,591
Difference between opening and closing inventories (Note 12)	2,766	(4,079)
Total	86,553	92,512

26.4 Other operating income

The distribution of other operating income is as follows:

Description	2023	2022
Operating grants transferred to income statement	1,840	835
Revenues from services rendered between group companies (Note 29)	287	275
Other	346	645
Total	2,473	1,758

26.5 Staff costs

Breakdown of staff costs is as follows:

	2023	2022
Wages, salaries and similar remuneration	21,534	21,094
Staff welfare expenses	6,514	5,985
- Pension contributions and transfers	-	10
- Other staff welfare expenses	6,514	5,975
Other staff costs	94	363
Provisions	60	59
Total	28,202	27,501

The heading "Wages, salaries and similar remuneration" includes severance expenses totalling Euro 94 thousand in 2023 (Euro 362 thousand in 2022).

In 2023, 95 thousand euros have been reverted, provisioned in fiscal year 2022, in reference to the multi-annual remuneration plan. See greater detail in Note 22.

Additionally, in 2023, 186 thousand euros have been allocated to provide funds corresponding to the Social Security Plan of certain employees. In 2022, no provision was made for this concept. (Note 22).

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The distribution by category of the Company's personnel average in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Members of the Board of Directors (executives)	1	2
Senior Management	9	8
Executives	10	7
Managers and Middle Management	52	61
Administrative and Technical personnel	99	99
Production staff	335	336
	<u>506</u>	<u>513</u>

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

	<u>31-12-2023</u>		<u>31-12-2022</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Members of the Board of Directors (executives)	1	-	2	-
Senior Management	6	3	5	3
Executives	9	1	7	-
Managers and Middle Management	47	5	56	5
Administrative and Technical personnel	49	50	50	49
Production staff	228	102	233	104
	<u>340</u>	<u>161</u>	<u>353</u>	<u>161</u>

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

	<u>2023</u>	<u>2022</u>
Senior clerks and foremen	-	-
Production staff	3	3
	<u>3</u>	<u>3</u>

26.6 Other operating expenses

The breakdown of Other operating expenses is as follows:

	<u>2023</u>	<u>2022</u>
External services	44,262	67,274
Local taxes	603	639
Loss, impairment and variation in trade provisions (Note 9)	23	48
Gas emission allowances expenses (Note 24)	1,075	1,139
Other current operating expenses	78	62
	<u>46,041</u>	<u>69,162</u>

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The breakdown of external services is as follows:

	<u>2023</u>	<u>2022</u>
Leases and royalties	2,384	2,341
Independent professional services	3,578	3,385
Transport	4,445	5,586
Insurance premiums	1,173	1,185
Repairs and maintenance	2,374	2,706
Travel, publicity and advertising	4,460	4,020
Supplies	12,678	34,187
Other auxiliar services	10,079	11,270
Other operating expenses	3,091	2,594
	<u>44,262</u>	<u>67,274</u>

26.7 Other results

	<u>2023</u>	<u>2022</u>
Extraordinary income	500	-
	<u>500</u>	<u>-</u>

The extraordinary income for fiscal year 2023 corresponds to the agreement signed in the current fiscal year with the former Italian distributor (Note 32).

27 Finance results

The breakdown of the finance results is as follows:

	<u>2023</u>	<u>2022</u>
Finance income:		
Shares in equity instruments		
- Group companies (Note 29.4)	7,009	7,899
- Third parties	346	-
Marketable securities and other financial instruments:	552	556
- Group companies and associates (Note 29.4)	2,324	876
- Third parties	10,231	9,331
Finance expenses:	(173)	(222)
Debts with group companies and associates (Note 29.4)	(487)	(241)
Debts with third parties	-	-
Restatement of provisions	(660)	(463)
Exchange differences:	902	2,655
Positive exchange differences	(838)	(2,749)
Negative exchange differences	64	(94)
Impairment and result from disposal of financial instruments		
Provision for impairment losses	59	(322)
Net financial result	<u>9,694</u>	<u>8,452</u>

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a) Finance income and expenses

	2023	2022
Finance income:		
- Dividends from shares in group companies (Note 29 and Note 8)	7,009	7,899
- Dividends from shares in other companies	346	-
- Interest on debts	1,958	853
- Interest on loans	917	577
- Forecast return on assets related to commitments	-	-
- Other finance income	1	2
	10,231	9,331
Finance expenses:		
- Interest on loans	(660)	(463)
- Restatement of provisions	59	(322)
	(601)	(785)
	9,630	8,546

28 Directors' and Senior Management remuneration

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

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

I. The directors who are executives of the parent company thanks to their executive functions, received fixed salaries amounting to Euro 733 thousand (Euro 988 thousand in 2022) and variable remuneration amounting to Euro 656 thousand (Euro 665 thousand in 2022). The amount of variable remuneration is determined based on the level of attainment of the previously established results-related objectives, the medium and long-term generation of value and the performance of the functions undertaken.

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 2023 and 2022 totalled Euro 3 thousand and Euro 3 thousand, respectively.

Finally, the "2016 Stock Option Plan" which was formalised in 2017 is in the "Exercise Phase" at year end 2023. This phase lasts for three years and marks the start of the period during which the beneficiaries may exercise options. During 2023 and 2022 none of the directors exercised their options.

II. In accordance with the bylaws, the members of the Board of Directors are entitled to a maximum total remuneration equivalent to 5% of the net profits of the company Miquel y Costas & Miquel, S.A., following compliance with applicable legal and bylaw requirements. The amount accrued in this respect in 2023 and 2022 was Euro 1,695 thousand (5% of profit after tax) and Euro 1,286 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.

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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 25 thousand was paid in the present year (Euro 28 thousand in 2022).

At 31 December 2023 and 2022 there is no committed balance receivable or payable with the members of the Board of Directors except as mentioned above.

During 2023 and 2022 no advances or loans have been granted to the Directors.

b) Senior Management remuneration and loans.

Total fixed and variable remuneration and remuneration for other items paid to members of Senior Management who are not in turn executive directors in 2023 amounted to Euro 2,155 thousand (Euro 1,568 thousand in 2022).

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 2023 and 2022 no members of Senior Management exercised their options.

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

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

Name	Position
D. Antoni Albareda Soteras	Director of the Capellades factory
Dña. Olga Encuentra Catalán	Group Management Control Director
D. Javier García Blasco	Commercial Director of the Books Division
D ^a . Marina Jurado Salvado	Commercial Director of the Smoking Division
Dña. Victoria Lacasa Estébanez	Group Legal Director
D. Ignasi Nieto Magaldi	Managing Director
D. José Maria Masifern Valón	Director of the Besós factory
D. Alfonso Perez Llorente	Director of the Mislata factory
D. Jordi Prat Canadell	Financial Director and Corporate Development Group

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c) Situation of conflicts of interest of the directors

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

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

The members of the Board of Directors who have shares in the Company at 31 December 2023 are as follows:

Director name or company name	Position	No. of direct shares	No. of indirect shares	% interest capital
Mr Jorge Mercader Barata	Deputy Chair	197,727	-	0.494%
Mr Jorge Mercader Miró	Chair	630,000	6,453,788	17.709%
Mr Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr Álvaro de la Serna Corral	Director	42,000	5,051,024	12.733%
Mr Javier Basañez Villaluenga	Director	112,632	-	0.282%
Mr Josep Miquel Vacarissas	Director	147,000	4,920,743	12.669%
Total		1,230,000	17,063,752	45.734%

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

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

29 Related-party transactions

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

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29.1 Receivable and payable balances with group companies

At 31 December 2023 and 2022 the breakdown of the receivable and payable balances with group companies is as follows:

Receivable balances 31-12-2022	Services rendered	Sales	Financial accounts	Short- term loans	Long- terms loans	Total
- S.A. Payá Miralles	213	-	-	-	-	213
- Celulosa de Levante, S.A.	1,266	-	-	-	-	1,266
- Papeles Anoia, S.A.	608	1,268	-	-	-	1,876
- Desvi, S.A	572	33	-	-	9,880	10,485
- Sociedad Española Zig-Zag, S.A.	6	-	-	-	-	6
- Miquel y Costas Tecnologías, S.A.	98	2	-	-	-	100
- M.B. Papeles Especiales, S.A.	927	144	20,918	-	-	21,989
- Miquel y Costas Energía y Medio Ambiente S.A.	132	2	-	-	-	134
- Miquel y Costas Argentina, S.A.	-	2,183	-	-	148	2,331
- Miquel y Costas Deutschland GmbH	-	123	-	-	-	123
- Terranova Papers, S.A.	1,217	845	335	-	-	2,397
- Miquel y Costas Chile SA	-	118	-	-	-	118
- Miquel y Costas Logística SA	269	183	1,626	-	-	2,078
- Fourtube S.L	-	-	-	-	-	-
- Clariana, SA	410	77	12,554	1,361	2,551	16,953
Total	5,718	4,978	35,433	1,361	12,579	60,069

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

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

At 31 December 2023 the Company has two loans amounting to Euro 2,551 thousand with Clariana, S.A. (Euro 3,913 thousand in 2022) and Euro 148 thousand in respect of a loan with Miquel y Costas Argentina S.A. (Euro 148 thousand in 2022).

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The Company has granted, in 2015, a credit line to Miquel y Costas Deutschland GmbH for a limit of Euro 200 thousand with interest set at market rates which remains in 2023 and 2022. There is no balance drawn down as of December 31, 2023 (150 thousand euros in 2022).

It has in turn granted loans amounting to Euro 9,880 thousand to Desvi S.A. bearing interest at market rates (Euro 9,935 thousand in 2022).

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

The receivables with group companies arise from:

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

Payable balances 31-12-2023	Purchases	Services received	Financial accounts	Total
- S.A. Payá Miralles	-	854	2,051	2,905
- Celulosa de Levante, S.A.	1,177	32	23,613	24,822
- Papeles Anoia, S.A.	329	52	9,901	10,282
- Desvi, S.A	-	1,044	-	1,044
- Sociedad Española Zig-Zag, S.A.	-	-	351	351
- M.B. Papeles Especiales, S.A.	471	-	-	471
- Miquel y Costas Energía y Medio Ambiente S.A.	-	120	337	457
- Miquel y Costas Tecnologías, S.A.	-	111	636	747
- Terranova Papers, S.A.	17	-	-	17
- Miquel y Costas Argentina	1,655	-	-	1,655
- Miquel y Costas Deutschland GmbH	-	-	-	-
- Miquel y CostasChile	-	-	-	-
- Miquel y Costas Logística, SA	1,218	-	-	1,218
- Clariana, SA	94	-	-	94
Total	4,961	2,213	36,889	44,063

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

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

The payables with group companies arise from:

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

29.2 Sales of goods and services rendered

The breakdown of sales of goods to group companies in 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Sale of goods		
- Papeles Anoia, S.A.	9,204	9,361
- Sociedad Española Zig-Zag, S.A.	23	39
- M.B. Papeles Especiales, S.A.	624	833
- Miquel y Costas Argentina, S.A.	2,508	2,686
- Miquel y Costas Deutschland GmbH	3,000	2,814
- Terranova Papers, S.A.	5,852	6,241
- Miquel y Costas Logística,S.A.	1,632	1,147
- Miquel y Costas Chile. S.A	24	61
- Clariana, S.A.	31	30
Total	22,898	23,212

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

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

The breakdown of services rendered to group companies during 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Services rendered		
- S.A. Payá Miralles	172	181
- Celulosa de Levante, S.A.	1,088	989
- Papeles Anoia, S.A.	527	555
- Desvi, S.A	456	439
- Sociedad Española Zig-Zag, S.A.	5	5
- M.B. Papeles Especiales, S.A.	824	792
- Miquel y Costas Tecnologías, S.A.	106	113
- Miquel y Costas Argentina, S.A.	2	-
- Terranova Papers, S.A.	998	662
- Miquel y Costas Deutschland GmbH	148	182
- Miquel y Costas Energía y Medio Ambiente S.A	122	148
- Miquel y Costas Logística S.A	447	420
- Clariana, S.A.	504	527
Total	5,399	5,013

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

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

29.3 Purchase of goods and services received

The breakdown of the purchases from group companies in 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Purchases of goods		
- Celulosa de Levante, S.A.	11,717	12,667
- Papeles Anoia, S.A.	3,523	4,105
- M.B. Papeles Especiales, S.A.	3,687	3,971
- Miquel y Costas Argentina, S.A.	3,102	3,419
- Terranova Papers SA	551	760
- Miquel y Costas Logística, S.A.	8,190	6,665
- Miquel y Costas C, S.A.	-	20
- Clariana, S.A.	2,664	3,970
Total	33,434	35,577

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

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

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

The breakdown of services received by group companies in 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Services received		
- S,A, Payá Miralles	4,659	9,877
- Celulosa de Levante, S,A,	4	-
- Papeles Anoaia, S,A,	421	423
- Desvi, S,A,	1,644	1,551
- M,B, Papeles Especiales, S,A,	45	597
- Miquel y Costas Energía y Medio Ambiente, S,A,	411	537
- Miquel y Costas Tecnologías, S,A,	269	211
- Terranova Papers, S,A,	-	-
- Miquel y Costas Deuschland GmbH	258	445
- Miquel y Costas Logistica, S,A,	432	345
- Miquel y Costas Argentina, S,A,	-	20
- Miquel y Costas Chile S,A,	-	6
Total	8,143	14,012

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

29.4 Financial income and expenses

The breakdown of financial income and expenses in 2023 and 2022 is as follows:

Description	31-12-2023	31-12-2022
Financial income (Note 27)		
- Desvi, S.A.	131	128
- Terranova Papers, S.A.	14	56
- M.B. Papeles Especiales, S.A.	99	15
- Miquel y Costas Tecnologías, S. A	-	-
- S.A. Payá Miralles	-	-
- Miquel y Costas Deuschland GmbH	3	6
- Miquel y Costas Logistica, S.A.	9	3
- Miquel y Costas Argentina	6	6
- Clariana, S.A.	290	342
Total	552	556

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Description	31-12-2023	31-12-2022
Financial expenses (Note 27)		
- Celulosa de Levante, S.A.	105	129
- Papeles Anoia, S.A.	49	57
- Sociedad Española Zig-Zag, S.A.	2	2
- S.A. Payá Miralles	10	9
- MB Papeles Especiales, S.A.	-	14
- Miquel y Costas Energía y Medio Ambiente S.A	4	8
- Miquel y Costas Logística, S.A.	-	-
- Desvi, S.A.	-	-
- Miquel y Costas Tecnologías, S.A.	3	3
Total	173	222

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

The dividends received from group companies in 2023 and 2022 are as follows:

Description	31-12-2023	31-12-2022
Dividends (Note 27)		
- Celulosa de Levante, S.A.	3,409	4,383
- Papeles Anoia, S.A.	2,475	2,376
- Miquel y Costas Tecnologías, S.A.	176	86
- MB Papeles Especiales, S.A.	-	-
- S.A. Payá Miralles	799	799
- Sociedad Española Zig-Zag, S.A.	150	255
Total	7,009	7,899

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

29.5 Loans granted to group companies

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

In 2023 and 2022 no new loans were granted to Group companies.

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30 Environment

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

Total net investments after deducting grants received and tax deductions applied have totalled Euro 1,559 thousand in 2023 (Euro 2,895 thousand in 2022).

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

Total expenses allocated to the protection and improvement of the environment are charged directly to the income statement in 2023, including the local taxes for the use of water in the regions and after deducting the income obtained on the sale of sub-products and income and expenses generated by the CO2 emission allowances, which have totalled Euro 1,349 thousand (Euro 1,294 thousand in 2022), and relate basically to the local water tax and consumption of raw materials in environmental protection equipment.

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

31 Emission allowances

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

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

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

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

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The assignment of allowances to the Company for 2023 and 2022 is as follows:

	Allowances assigned (Tm.)
2023 and 2022	11,845

The breakdown of the movement in 2023 and 2022 of this inventories (Note 12) is as follows:

Description	Thousand Euro
Closing balance at 31-12-2021	1,147
Additions	1,199
Disposals	(983)
Closing balance at 31-12-2022	1,363
Additions	985
Disposals	(1,131)
Closing balance at 31-12-2023	1,217

The outstanding balance at 31 December of Euro 1,217 thousand corresponds to 15,108 allowances (Euro 1,363 thousand corresponded to 18,127 allowances in 2022).

The year-end issuance of Euro 1,075 thousand corresponds to 13,396 allowances (14,953 allowances in 2022).

The allowances consumed in the year's emissions will be refunded in 2024, for which reason the Company has a provision of Euro 1,075 thousand (Note 22), (Euro 1,139 thousand in 2022). After the refunding, the Company will have a surplus of 1,712 allowances amounting to Euro 142 thousand.

No purchases have been made outside the Group during fiscal year 2024 (3,000 rights in 2022, which were fully pending use at the end of fiscal year 2023).

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

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32 Contingencies

The Group engages in litigation and disputes in the normal course of business. In 2023, the most relevant events during the year were as follows.

Regarding the judicial process followed against the former distributor in Italy Tobacco's Import-Export SPA, once the appeal filed before the Supreme Court was inadmissible and the procedure for the execution of the sentence that condemned the distributor to pay compensation to the Company had begun in Italy for damages, in the month of December both parties reached a transactional agreement, by virtue of which Tobacco's Import-Export SPA at the beginning of 2024 has proceeded to pay the Company the amount of 500,000 euros, an agreement with which end of the procedure (Note 26.7).

Regarding the appeal filed before the National Court against the ruling of the Central Economic Administrative Court in relation to the settlement agreement of the Tax Inspection relating to Corporate Tax, during the 2023 financial year there has been no development and the Company, in accordance with its advisors and with the latest jurisprudence of the Supreme Court on this matter, it considers that, in accordance with current accounting regulations, it should not record any relevant amount in its Annual Accounts.

During the 2023 financial year, there has been no development in relation to the two economic-administrative claims have been filed with the Central Economic-Administrative Court against the Settlement Agreements of the Tax Agency in relation to the partial exemption from electricity tax for 2016 and 2017 on the one hand, and for 2018 on the other. The Parent Company has proceeded to the precautionary provision of the assessments included in the aforementioned Settlement Agreements.

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

The Company has contingent liabilities for bank guarantees and other guarantees related to the normal course of business which provides that no significant liability will arise. The Company has provided guarantees to third parties amounting to Euro 259 thousand at 2023 year-end (Euro 259 thousand in 2022), mainly responding to submissions for public contests, grants, proceedings in courts and tax authorities. Additionally, the Company acts as guarantor for bank loans granted to other Group companies amounting to Euro 6,133 thousand (Euro 11,179 thousand in 2022).

The Company's Directors estimate that there are no contingent assets as of December 31, 2023, as well as on December 31, 2022, except for what is mentioned in the previous paragraph.

33 Commitments

a) Purchase commitments

The Company does not have significant purchase and sale commitments signed at the end of fiscal year 2023 and 2022 in addition to those indicated in Note 6.

b) Operating lease commitments

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

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34 Auditors' remuneration

The detail of the fees during 2023 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	92	-	92	-
Other services required by the regulation	7	-	7	-
Other verification services	8	-	8	-
Total	107	-	107	-

The other services provided by the auditor include the issuance of an agreed procedures report relating to Ecoembes, two subsidy supporting account review reports, a verification report of compliance with the average payment period to suppliers as of a reference date, a report of agreed procedures in relation to the verification of the calculations of the "Verification of the calculations of the "Average price of natural gas", "Gross value added" and "EBITDA" for the purposes of the certification established in the Order by which calls for the granting of the aid provided for in order ICT/744/2023, of July 7" and two reports of agreed procedures on the Gross Added Value for the purposes of certifying the status of electro-intensive consumer.

The detail of the fees during 2022 is as follows:

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

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

35 International conflicts

In fiscal year 2023, the armed conflict between Ukraine and Russia has remained latent. This conflict means that we are faced with an uncertain scenario, the duration of which remains indeterminate, and which includes the imposition of international sanctions on Russia, the alteration of international trade in the area and the maintenance of uncertainty about the potential evolution of supply and price of gas in Europe. Additionally, the geopolitical tension between Spain and Algeria has remained, which has not allowed an improvement in commercial relations between both countries, with trade of Spanish products with said country remaining blocked.

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In the second half of fiscal year 2023, a new armed conflict began between Israel and Palestine in the Gaza Strip, thus increasing geopolitical and socioeconomic tensions in the region.

The Company's sales to countries affected by conflicts have not had a significant impact in fiscal year 2023.

The Company does not have material assets in these countries and has not recorded impairments in accounts receivable from clients in the conflict zone. There is also no significant exposure as of December 31, 2023 in the foreign currency of these countries (not in 2022 either).

36 Events after the reporting period

No other events have occurred after the year-end that could significantly influence the information reflected in the Annual Accounts prepared by the Directors on this same date, or that should be highlighted as having significant significance for the Company.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
DIRECTORS' REPORT FOR 2023
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1. NET INCOME

The results for fiscal year 2023 are presented comparatively with those of the same period of the previous year in accordance with the provisions of the standards contained in the General Accounting Plan approved by Royal Decree 1514/2007 of November 16.

Euro thousand	2023	2022	Var.
Net turnover	200,404	207,844	(3.6) %
Operating profit	33,053	25,518	29.8 %
Net profit before taxes (BAI)	42,747	33,970	25.7 %
Net profit after tax (BDI)	34,067	27,807	22.5 %
Cash-flow after tax (CFDI)	42,967	37,028	16.0 %

The Company's net turnover has amounted to 200.4 million euros, which represents a decrease of 3.6% compared to 2022, affected especially by the weakness in demand in the publishing and publishing markets. industrial uses in which it operates.

The operating result has improved by 7.5 million euros compared to the same period in 2022, which is equivalent to an improvement of 29.8%. This year, the Company has begun to recover historical margins, thanks to lower inflationary pressures in the price of supplies, the investments launched and the commercial policy.

As a result of the above, the profit after taxes in fiscal year 2023 has reached 34.1 million euros, which represents an improvement of 6.2 million euros compared to that obtained in the previous year.

2. FINANCIAL POSITION

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

	31-12-2023	31-12-2022
Total equity	235,188	221,327
Net borrowings:		
Long-term borrowings	26,541	27,468
Short-term borrowings	17,138	15,106
Cash and current asset investments	(62,299)	(42,140)
Long-term financial investments	(23,479)	(17,940)
Total net borrowings	(42,099)	(17,506)
Leverage index	Not applicable	Not applicable

The net financial position at the end of 2023, which includes implicit interests, presents a favorable balance of 42.1 million euros, an increase of 29.7 million euros compared to the previous year.

The average payment period for the Company to 31 December 2023 amounted to 33 days (35 days last year). See more detail in Note 19.

(Free translation from the original in Spanish)

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3. STOCK EXCHANGE INFORMATION

The parent company's stock market activity during 2023 according to values reported by BME:

Trading days	256 days
Number of securities traded	2,696,687
Cash contracted	30,536,024.70 euros
Maximum price	12.64 euros/share
Minimum price	10.10 euros/share
Average price	11.33 euros/ share
Closing price	11.78 euros/share

4. RELATED PARTIES TRANSACTIONS

During fiscal year 2023, the Company is not aware of having carried out transactions with its significant shareholders or with the parties related to them, which must be reported in accordance with the provisions of OEHA 3050/2004, of September 15.

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

5. ENVIRONMENT

The Company is maintaining its commitment to the environment and has continued to develop actions planned for its preservation through allocating an amount of resources towards net investments in environmental protection assets, which after deducting the associated subsidies amounts to Euro 2.9 Million.

6. R&D&i ACTIVITIES

In 2023 the Company's R&D&i mainly focused on the development of new techniques and production processes in order to continue to enhance the quality and consistency of its products, as well as obtaining new papers with industry specific properties. Resources for these activities amounted to Euro 1.0 Million.

7. PERSONNEL

The average number of people in the Company's workforce in financial year 2023 was 513, compared to 506 in the previous year.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
DIRECTORS' REPORT FOR 2023
(IN THOUSAND EURO)

8. RISKS AND OPPORTUNITIES IDENTIFIED

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

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

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

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

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

9. SUBSEQUENT EVENTS

No other events have occurred after the year-end that could significantly influence the information reflected in the Annual Accounts prepared by the Directors on this same date, or that should be highlighted as having significant significance for the Company.

10. OUTLOOK

The Company expects, with the policies and measures adopted, to continue with the recovery path that began in 2023 after the period of historical price inflation suffered in 2022. All of this despite the high volatility of demand derived from the macroeconomic context. uncertainty and the impacts, among others on supply chains, as a consequence of the various existing geopolitical conflicts.

Thus, for this first quarter of fiscal year 2024, the Company anticipates an improvement in its results compared to those of the previous year.

As long as macroeconomic conditions are maintained and demand volatility does not increase, this improvement is expected to also occur throughout the year.

(Free translation from the original in Spanish)

MIQUEL Y COSTAS & MIQUEL, S.A.
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11. PURCHASE OF TREASURY SHARES

The Company, making use of the authorization for the derivative purchase of its own shares, granted by the General Shareholders' Meeting of June 22, 2021 and within the framework of the Buyback and Stabilization Program dated November 30, 2022 and informed CNMV acquired 270,286 shares on the stock market, and within the framework of the Buyback Program informed to CNMV on November 30, 2023, it acquired 41,068 shares on the stock market, which brought the total number of shares in treasury stock to 1,818,843 at the close of year (which represented 4.55% of the share capital).

12. ANNUAL CORPORATE GOVERNANCE REPORT

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

13. ANNUAL DIRECTORS' REMUNERATION REPORT

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

14. NON-FINANCIAL INFORMATION

The Company avails itself of the exemption from the obligation to present the individual Non-Financial Information Statement, established in Law 11/2019 of 28 December 2019 on Non-Financial Information and Diversity passed on 13 December 2019, as the information of this Company is included in the Consolidated Non-Financial Information Statement, which forms part of and can be consulted within the Directors' Report of the Consolidated Annual Accounts for the financial year 2023.

ISSUER'S PARTICULARS

Reporting date:

[31/12/2023]

Tax ID No.:

[A 08020729]

Company name:

[**MIQUEL Y COSTAS & MIQUEL, S.A.**]

Registered office:

[TUSET, 10 BARCELONA]

A. OWNERSHIP STRUCTURE

- A.1. Complete the following table on the share capital and voting rights attributed, including, where applicable, those corresponding to loyalty shares, at the reporting date:

Indicate whether the company's articles of association contain a provision attributing double voting rights to loyalty shares:

Yes

No

Last modified on	Share capital (€)	Number of shares	Number of voting rights
19/11/2021	80,000,000.00	40,000,000	40,000,000

Indicate whether there are different classes of shares carrying different rights:

Yes

No

- A.2. List the direct and indirect holders of significant ownership interests at the reporting date, including Board Members with a significant ownership interest:

Name or company name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JORGE MERCADER MIRÓ	1.57	16.13	0.00	0.00	17.70
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	0.00	4.39	0.00	0.00	4.39
MARÍA DEL CARMEN ESCASANY MIQUEL	3.62	9.00	0.00	0.00	12.62
BERNADETTE MIQUEL VACARISAS	0.35	12.30	0.00	0.00	12.65
INDUMENTA PUERI, S.L.	0.00	14.65	0.00	0.00	14.65

Details of indirect ownership interest:

Name or company name of indirect holder	Name or company name of direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total voting rights
INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.	COLLECTIVE INVESTMENT UNDERTAKINGS	4.39	0.00	4.39
MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	9.00	0.00	9.00
INDUMENTA PUERI, S.L.	GLOBAL PORTFOLIO INVESTMENTS, S.L.	14.65	0.00	14.65
BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	7.03	0.00	7.03
BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	5.27	0.00	5.27
JORGE MERCADER MIRÓ	HACIA, S.A.	16.13	0.00	16.13

Indicate the most significant changes in the shareholder structure during the year:

Most significant changes

There were no significant changes in the shareholder structure during the fiscal year

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

Name or company name of Board Member	% of voting rights attributed to shares (including loyalty shares)		% of voting rights through financial instruments		% of total voting rights	Of the % of total voting rights attributed to shares, indicate, where appropriate, the % of additional votes attributed corresponding to loyalty shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JAVIER BASAÑEZ VILLALUENGA	0.28	0.00	0.00	0.00	0.28	0.00	0.00
JORGE MERCADER BARATA	0.49	0.00	0.00	0.00	0.49	0.00	0.00
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	0.25	0.04	0.00	0.00	0.29	0.00	0.00
ÁLVARO DE LA SERNA CORRAL	0.10	12.63	0.00	0.00	12.73	0.00	0.00
JOSÉ MIQUEL VACARISAS	0.37	12.30	0.00	0.00	12.67	0.00	0.00
% of total voting rights held by board members						3.07	

Details of indirect ownership interest:

Name or company name of Board Member	Name or company name of direct holder	% of voting rights attributed to shares (including loyalty shares)	% of voting rights through financial instruments	% of total voting rights	Of the % of total voting rights attributed to shares, indicate, where appropriate, the % of additional votes attributed corresponding to loyalty shares
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	9.00	0.00	9.00	0.00
ÁLVARO DE LA SERNA CORRAL	MARÍA DEL CARMEN ESCASANY MIQUEL	3.62	0.00	3.62	0.00
JOSÉ MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	5.27	0.00	5.27	0.00
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	7.03	0.00	7.03	0.00

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

% of total voting rights represented on the board of Board Members	41.10
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- A.4.** Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, except those reported in section A.6:

Name or company name of related party	Type of relationship	Brief description
No data		

- A.5. Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

Name or company name of related party	Type of relationship	Brief description
No data		

- A.6. Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the board and board members, or their representatives in the case of legal entities.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate those Board Members appointed to represent significant shareholders, and those whose appointment was proposed by significant shareholders, or related to significant shareholders and/or companies in its group, specifying the nature of the relationships. In particular, state the identity and position of any Board Members or representatives of directors of the listed company who are themselves Board Members or representatives of Board Members of companies that have significant holdings in the listed company or in companies belonging to the same group as a significant shareholder:

Name or company name of related director or representative	Name or company name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/position
JORGE MERCADER BARATA	JORGE MERCADER MIRÓ	HACIA, S.A.	JORGE MERCADER BARATA is a Board Member of HACIA, S.A.
ÁLVARO DE LA SERNA CORRAL	MARÍA DEL CARMEN ESCASANY MIQUEL	ENKIDU INVERSIONES, S.L.	ÁLVARO DE LA SERNA CORRAL is joint Board Member of ENKIDU INVERSIONES, S.L.
JOSÉ MIQUEL VACARISAS	BERNADETTE MIQUEL VACARISAS	JOANFRA, S.A.	JOSE MIQUEL VACARISAS is a Board Member of JOANFRA, S.A.
JOSÉ MIQUEL VACARISAS	BERNADETTE MIQUEL VACARISAS	AGRÍCOLA DEL SUDESTE ALMERIENSE, S.A.	JOSÉ MIQUEL VACARISAS has full powers to act in AGRÍCOLA DEL SUDESTE ALMERIENSE S.A., and takes decisions in exercising these powers.

A.7. Indicate whether the company has been notified of any shareholders' agreements pursuant to sections 530 and 531 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). If so, provide a brief description and list the shareholders that are party to the agreement:

Yes
 No

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes
 No

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

The Company is not aware of any agreements or concerted actions among its shareholders.

A.8. Indicate whether any individuals or legal entities currently exercise control or could exercise control over the company in accordance with section 5 of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, identify them:

Yes
 No

A.9. Complete the following tables on the company's treasury shares.

At year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
1,818,843		4.55

(*) Through:

Name or company name of direct holder of the ownership interest	Number of direct shares
No data	

A.10. Give details of the conditions and term of the current resolution passed by shareholders authorising the board of Members to issue, buy back or transfer treasury shares:

The acquisition of treasury shares is based on the resolution passed by the shareholders at the General Meeting held on 22 June 2021, which states:

"To authorise the Board to allow both Miquel y Costas & Miquel, S.A., and its majority-owned subsidiaries, to acquire through a purchase, exchange or any other means for valuable consideration permitted by law and to dispose of, with the intervention of authorised mediators, shares of the Company up to the maximum amount permitted by law at any given time and in accordance with that set out in the Company's Internal Code of Conduct, the Share Buyback Programme in force at any given time and other applicable regulations. The equivalent value for which they may be acquired must be set within the limits established by the rules or regulations applicable at any given time.

This authorisation is granted for a period of five (5) years as from this date, observing in all cases the provisions of section 148 of the Corporate Enterprises Act.

To render void the unused part of the authorisation granted to the Board by the shareholders at the Extraordinary and Annual General Meeting of 20 June 2018.

To authorise the Board to allocate, in full or in part, the treasury shares acquired, among other purposes, to remuneration programmes whose purpose is or implies the award of shares or share options, or that are based in any way on the performance of the share price on the stock market, in accordance with that set out in section 146.1.a) of the Spanish Corporate Enterprises Act".

The Board, at its meeting held on 22 June 2021, passed the resolution to execute the authorisation granted by the shareholders at that General Meeting.

A.11. Estimated free float:

	%
Estimated free float	44.21

A.12. Indicate whether there are any restrictions (statutory, legislative or otherwise) placed on the transfer of securities and/or any restrictions on voting rights. In particular, indicate whether there is any type of restriction that could present obstacles to the takeover of the company by means of share purchases on the market, and any authorisation or notification requirements applicable to acquisitions or transfers of the company's financial instruments under industry regulations.

Yes

No

A.13. Indicate whether the shareholders at the general meeting have resolved to take measures to neutralise a takeover bid pursuant to Spanish Law 6/2007.

Yes

No

If so, explain the measures approved and the situations in which the restrictions would be inoperative:

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

Yes

No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

B. GENERAL MEETING

B.1. Indicate whether quorums for convening the general meeting differ from the system of minimum quorums established in the Corporate Enterprises Act. If so, give details.

Yes

No

B.2. Indicate and, as applicable, describe any differences between the company's system of passing corporate resolutions and the framework established in the Corporate Enterprises Act:

Yes

No

B.3. Indicate the rules governing amendments to the company's articles of association. In particular, indicate the majorities required to amend the articles of association and, if applicable, the rules for protecting shareholders' rights when amending the articles of association.

The rules applicable to amendments to the Company's Articles of Association are those set out in the Corporate Enterprises Act.

B.4. Indicate the data on attendance at the general meetings held in the year to which this report refers and those of the two previous years:

Date of general meeting	Attendance data				Total
	% attending in person	% attending by proxy	% voting remotely		
			Electronic voting	Other	
22/06/2021	50.30	18.59	0.00	0.00	68.89
Of which, free float	5.86	10.33	0.00	0.00	16.19
21/06/2022	44.76	17.41	0.00	21.14	83.31
Of which, free float	0.92	11.05	0.00	19.39	31.36
22/06/2023	45.50	19.63	0.00	4.63	69.76
Of which, free float	0.23	13.49	0.00	3.17	16.89

B.5. Indicate whether any item on the agenda of the general meetings held during the year was not approved by the shareholders for any reason:

Yes

No

B.6. Indicate whether the articles of association contain any restrictions with regard to a minimum number of shares required to attend general meetings or to vote remotely:

Yes

No

Number of shares required to attend general meetings	100
Number of shares required to vote remotely	

B.7. Indicate whether certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of core assets or other similar corporate transactions must be subject to approval by the shareholders at the general meeting:

Yes

No

B.8. Indicate the address and method of accessing corporate governance information on the company's website and other information on general meetings that must be made available to shareholders on the website:

The address of the Company's corporate website is www.miquelycostas.com. The content of the website includes information considered to be of interest to shareholders and investors, and information required by current 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. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Members

C.1.1 Maximum and minimum number of Board Members established in the articles of association and the number set by the general meeting:

Maximum number of Board Members	15
Minimum number of Board Members	5
Number of Board Members set by the general meeting	10

C.1.2 Complete the following table with board members' details:

Name or company name of Board Member	Representative	Category of Board Member	Position on the board	Date of first appointment	Date of last appointment	Procedure for election
JOSE CLAUDIO ARANZADI MARTINEZ		Independent	MEMBER	20/06/2019	22/06/2023	GENERAL MEETING RESOLUTION
JAVIER BASAÑEZ VILLALUENGA		Other non-executive	MEMBER	28/07/2008	22/06/2023	GENERAL MEETING RESOLUTION
MARTA LACAMBRA I PUIG		Independent	MEMBER	20/06/2019	22/06/2023	GENERAL MEETING RESOLUTION
JORGE MERCADER MIRÓ		Proprietary	MEMBER	05/11/1991	22/06/2023	GENERAL MEETING RESOLUTION
JORGE MERCADER BARATA		Executive	CHAIRMAN	27/06/2012	21/06/2022	GENERAL MEETING RESOLUTION
EUSEBIO DÍAZ-MORERA PUIG-SUREDA		Other non-executive	MEMBER	18/04/1997	21/06/2022	GENERAL MEETING RESOLUTION
ÁLVARO DE LA SERNA CORRAL		Proprietary	MEMBER	28/07/2008	22/06/2023	GENERAL MEETING RESOLUTION
JOSÉ MIQUEL VACARISAS		Proprietary	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION
NARCÍS SERRA SERRA		Independent	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION
MARÍA TERESA BUSTO DEL CASTILLO		Independent	MEMBER	22/06/2023	22/06/2023	GENERAL MEETING RESOLUTION

Total number of Board Members	10
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Indicate if any Board member, whether through resignation or by resolution of the general meeting, have left the board of directors during this reporting period:

Name or company name of Board Member	Category of Board Member when they cease to hold their position	Date of last appointment	Date of departure	Specialised committees of which they were a member	Indicate whether the Board Member left before the end of the term
No data					

C.1.3 Complete the following tables on Board Members and their respective categories.

EXECUTIVE BOARD MEMBERS		
Name or company name of Board members	Position held in the company	Profile
JORGE MERCADER BARATA	CHAIRMAN	Industrial engineer, specialising in chemistry; MBA from the IESE Business School; CEIBS Exchange Programme. Shanghai (China) He is currently the Chairman of Miquel y Costas & Miquel, S.A.; Director of Hacia, S.A., Trustee of Fundación Princesa de Girona, Member of the Advisory Board of UEA (Unió Empresarial Anoia), and Member of the Executive Committee of the IESE Alumni Association.

Total number of executive Board member	1
% of the board	10.00

PROPRIETARY NON-EXECUTIVE BOARD MEMBERS		
Name or company name of Board Members	Name or company name of significant shareholder represented or proposing appointment	Profile
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	He holds a degree in Economics and Business from Universidad Autónoma de Madrid and a Master's degree in Economics and Business from the IESE Business School. He is currently an Executive at Credit Suisse AG Sucursal en España, Director of Sasekilia, S.L., joint Director and Deputy of Enkidu Inversiones, S.L. and representative of Enkidu Inversiones, S.L. (sole director) at Gilgamesh Inmoinversión, S.L.U. and Cynamon 2005, S.L., and member of the Board of Trustees, Treasurer of Fundación Hospitalaria de la Orden de Malta in Spain and Board Member of Miquel y Costas & Miquel,
JORGE MERCADER MIRÓ	HACIA, S.A.	He holds a PhD in Industrial Engineering from the Barcelona School of Industrial Engineering and a Master's degree in Economics and Business from the IESE Business School. He is currently a member of the Honorary Board of Fundación del Círculo de Economía, Trustee of Fundación Princesa de Girona and of Fundación Pasqual Maragall, Vice President of the Instituto Cerdà, President of Fundación Gala-

		Dalí and of Hacia, S.A. and Honorary Chairman of Miquel y Costas & Miquel, S.A.
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	He has a degree in Industrial Engineering from the Polytechnic University of Catalonia, a postgraduate degree in Financial Management from the Pompeu Fabra Polytechnic University, a Master's degree in International Business Economics from the Westminster Business School in London, General Management Programme (PDG) from the IESE Business School, Corporate Compliance from ESADE. He is currently the Head of Internal Audit & Compliance at the Eugin Group, and Board Member of Joanfra, S.A. and of Miquel y Costas & Miquel, S.A.

Total number of proprietary Board Members	3
% of the Board	30.00

INDEPENDENT NON-EXECUTIVE BOARD MEMBERS	
Name or company name of Board Members	Profile
JOSE CLAUDIO ARANZADI MARTINEZ	Industrial Engineer from the Bilbao School of Industrial Engineering and has a degree in Economics from Paris University. He is currently Coordinator of the Ministry of Defence publication "Energy and Geostrategy", Member of the Advisory Committee of GED, and Board Member of Miquel y Costas & Miquel, S.A.
MARTA LACAMBRA I PUIG	She has a degree in Economics and a Master's degree in Economic Theory and Quantitative Methods from Universitat Autònoma de Barcelona; II Executive Training Programme from the EAPC/IESE; a Master's degree in Economics and Management of the Regional and Local Treasury from the Faculty of Economics of the University of Barcelona; Senior Business Management Programme (PADE) from the IESE Business School. She is currently the General Manager of Fundación Catalunya-La Pedrera, Managing Director of Món St. Benet, S.L., Member of the Board of Círculo de Cultura and Member of the Academic Board of the Chair of Leadership and Democratic Governance at ESADE, Member of the Board of Trustees of Fundación Món Clínic, and Member of the Board of Trustees of the International Information and Documentation Centre (CIDOB) Foundation in Barcelona, and Board Member of Miquel y Costas & Miquel, S.A.
NARCÍS SERRA SERRA	He has a PhD in Economics from Universitat Autònoma de Barcelona (UAB), and is Research Fellow at the LSE in the field of Monetary Economics, and Associate Professor of Economic Theory at the UAB. He is currently Honorary President of IBEI (Institut Barcelona d'Estudis Internacionals) and Board Member of Miquel y Costas & Miquel, S.A.
MARÍA TERESA BUSTO DEL CASTILLO	Industrial Engineer from the Polytechnic University of Madrid, Executive Master of Business Administration from IE Business School. She is currently the Chair of ENTALENTA, S.L., Board Member of MTorres Diseños Industriales, S.A.U., Board Member of Miquel y Costas & Miquel, S.A., Member of the Scientific Advisory Committee of CSIC, Professor for the Master's degree programme in Aeronautical Engineering at the European University of Madrid.

Total number of independent Board Members	4
% of the Board	40.00

Indicate whether any independent Board Member receives from the company or its group any amount or benefit other than Board Members' remuneration or maintains, or has maintained over the last financial year, a business relationship with the company or any group company, either in their own name or as a significant shareholder, Board Member or senior executive of a company that maintains or has maintained such a relationship.

If applicable, include a statement from the board detailing the reasons why the director in question may carry on their duties as an independent director.

Name or company name of Board Member	Description of the relationship	Reasons	
No data			
OTHER NON-EXECUTIVE BOARD MEMBERS			
Identify all other non-executive Board Members, explain why they cannot be considered proprietary or independent Board Members and give details of their relationships with the company, its executives or its shareholders:			
Name or company name of Board Member	Reasons	Company, executive or shareholder with which the relationship is maintained	Profile
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	He was initially an independent Board Member who, as a result of having reached the legally established limit for holding his position on a continuous basis, in accordance with paragraph 4.i) of section 529 duodecies of the Corporate Enterprises Act at the time of his re-election by the shareholders at the General Meeting held on 20 June 2018, then became a non-executive Board Member	OTHER COMPANY SHAREHOLDERS	He holds a degree in Economics and MBA from the IESE Business School. He is currently Deputy Chairman and Director of EDM Gestión, S.A.U. SGIIC and Board Member of Miquel y Costas & Miquel, S.A. and other collective investment undertakings.
JAVIER BASAÑEZ VILLALUENGA	He was initially an executive Board Member who then became classified as an other non-executive Board Member in view of his skills, experience and merits demonstrated throughout his professional career and, in particular, during his term as a director of the Company.	NONE	He holds a degree in Political, Economic and Commercial Sciences from the Central University of Barcelona, is a registered non-practising auditor with the Spanish Accounting and Audit Institute, and has a degree in transport services management. He is currently a Board Member of Miquel y Costas & Miquel, S.A. and Desvi, S.A.

Total number of other non-executive Board Members	2
% of the Board	20.00

Indicate any changes in the category of each director during the period:

Name or company name of Board Members	Date of change	Previous category	Current category
JORGE MERCADER MIRÓ	01/07/2023	Executive	Proprietary

C.1.4 Complete the following table with information on the number of female Board Members at the end of the last four years and the category to which they were assigned:

	Number of female Board Members				% of total directors of each category			
	2023	2022	2021	2020	2023	2022	2021	2020
Executive					0.00	0.00	0.00	0.00
Proprietary			1	1	0.00	0.00	10.00	10.00
Independent	2	1	1	1	20.00	10.00	10.00	10.00
Other non-executive					0.00	0.00	0.00	0.00
Total	2	1	2	2	20.00	10.00	20.00	20.00

C.1.5 Indicate whether the company has diversity policies in relation to its board of members on matters such as age, gender, disability, or training and professional experience. Small and medium-sized enterprises, as defined in the Spanish Audit Act (*Ley de Auditoría de Cuentas*), must at least report the policy they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

If so, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results during the year. Also indicate the specific measures adopted by the board of members and the appointments and remuneration committee to achieve a balanced and diverse presence of Board members.

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

Description of the policies, objectives, measures, how they have been applied, and the results obtained

The Board's diversity policy is based on the principles of appropriate composition of the Board; promotion of diversity in its composition; non-discrimination and equal treatment; and compliance with current law.

Therefore, to ensure that there are a variety of opinions within the Board, the responsible bodies will keep in mind the principle of diversity at all times, in particular this includes diversity of gender, training, knowledge and professional experience, skills or age, and the principle of non-discrimination and equal treatment, ensuring that the process of appointing or re-electing Board Members includes candidates of the under-represented gender and avoids that any kind of discrimination in this regard.

To promote diversity, the Company will therefore establish measures aimed at encouraging an appropriate number of members, so as to achieve an appropriate, diverse and balanced composition of the Board as a whole, which enriches decision-making and brings a variety of viewpoints to the discussion of matters within its competence.

The Human Resources, Appointments and Remuneration Committee must therefore ensure that selection processes do not entail any implicit biases that could imply any type of discrimination based on gender, ethnic origin, age or disability, among other reasons. In particular, at least one woman with the professional profile sought will be included among the potential candidates for Board Members, without prejudice to the essential criteria of merit and ability that must govern these processes, with the aim of ensuring that the percentage of female Board Members reaches at least the percentage that is required by law at any given time.

Board membership candidates must meet the Company's requirements regarding professional and personal qualification and integrity. They must be reputable, suitable people of recognised professional solvency, competence, experience, qualification, training, availability and commitment to their position, with a personal and professional record of respect for the law and good business practices, and they must comply with that established by law at all times, to form part of a managing body.

It should be noted that this year the Human Resources, Appointments and Remuneration Committee, as a result of being responsible for

proposing the appointment of new Board Members, carried out an extensive selection process with the participation of an external consultant of recognised prestige in which several candidates were assessed. In particular, at the beginning of this process the Human Resources, Appointments and Remuneration Committee established the profile of the ideal Board Members for the position, taking into account the skills matrix of the Board and, in particular, the experience and knowledge considered necessary for the position, the commitment to gender diversity assumed by the Board in the selection of Board Members, and the search for diversity of experience and profiles in the composition of the Board.

The Human Resources, Appointments and Remuneration Committee determined that the profiles identified required outstanding skills, among others, in the field of economics, international relations, and innovation and development (R&D), with at least one of the two profiles being covered by a female Board Member so as to promote gender diversity in the composition of the Board and to gradually adapt to current regulations and good governance recommendations in this area.

As a result of this selection process, the Committee agreed to propose to the shareholders at the General Meeting the appointment of Narcís Serra and M^a Teresa Busto del Castillo as independent Board Members of the Company.

C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes have no implicit bias that would make it difficult to select female Board Members, and that the company makes a conscious effort to search for female candidates who have the required profile to guarantee an even balance between men and women. Indicate as well whether these measures include the promotion of a significant number of female executives:

Explanation of the measures

The Company's Board Regulations stipulate that the basic responsibilities of the Human Resources, Appointments and Remuneration Committee include reporting to the Board on gender diversity issues and proposing to the Board a target for representation of the under-represented gender on the Board and developing guidance on how to achieve this target.

The election or appointment of Board Members must be preceded by a proposal from the Human Resources, Appointments and Remuneration Committee in the case of independent Board Members and a report in the case of other Board Members; the proposal will be based on a prior assessment of the skills, knowledge and experience required on the Board, while ensuring the commitment to promote an appropriate and diverse composition.

As indicated in section C.1.5 of this Report, the Human Resources, Appointments and Remuneration Committee carried out an extensive selection process during the year in which several candidates were evaluated to fill the vacancies on the Board as a result of the term of office of three members having ended. The Board Member profile for the position was established at the beginning of this process, taking into account the skills matrix of the Board and, in particular, the experience and knowledge considered necessary for the position, the commitment to gender diversity assumed by the Board in the selection of Board Members, and the search for diversity of experience and profiles in the composition of the Board. Specifically, it was determined that the profiles identified required outstanding skills in the field of economics, international relations, and innovation and development (R&D), among others, with at least one of the two profiles being covered by a female Board Member so as to promote gender diversity in the composition of the Board and to gradually adapt to current regulations and good governance recommendations in this area.

The Company's labour and human resources development policy, which is applicable to all personnel including senior executives, has always been governed by the principle of non-discrimination, with one of its pillars being respect for the rights and dignity of individuals (regardless of gender). In accordance with this principle and in the spirit of the current law to achieve effective equality between men and women, the Company has an equality plan that aims to contribute to eliminating discriminatory behaviour in the workplace based on gender and includes, among others, implementing measures that favour the inclusion, long-term service and development of people with the aim of achieving balanced participation between women and men at all levels of the organisation.

When, despite the measures taken, there are few or no female Board Members or female executives, explain the reasons.

Explanation of the reasons

As indicated in section C.1.5 of this Report, M^a Teresa Busto del Castillo joined the Board as an independent Member in 2023.

It should be noted that, in particular when there are vacancies to be filled on the Board, as was the case during the year, and in all other cases, Board Members and senior executives are selected in an objective manner, taking into consideration individuals of both genders who meet the requirements and have the necessary skills, and taking into account the candidate's reputation, knowledge and professional experience to hold the position.

If there are two candidates with the same qualifications, the one representing the under-represented gender will be selected.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the selection policy aimed at promoting an appropriate composition of the board of Board Members.

The Company, and in particular its Board and the Human Resources, Appointments and Remuneration Committee, considers that assessing the competence, knowledge, experience and skills of the candidate to actively collaborate with the Company is essential when selecting Board

Members, ensuring that there is no discrimination based on gender during the selection process.

C.1.8 Explain the reasons for the appointment of any proprietary Board Members at the request of shareholders controlling less than 3% of the share capital.

Name or company name of shareholder	Reason
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose ownership interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If applicable, explain why these requests were rejected:

Yes
 No

C.1.9 Indicate whether any powers or authorities have been delegated by the board of Board Members, including those related to the possibility of issuing or buying back shares, to Board Members or board committees:

Name or company name of the Board Members or committee	Brief description
JORGE MERCADER BARATA	He has broad powers commensurate with his duties as Chairman of the Company, which do not include the ability to issue or repurchase shares.

C.1.10 Identify, as appropriate, the board members who hold office as member, representatives of members or executives at other companies forming part of the listed company's group:

Name or company name of Board Members	Name of the group company	Position	Do they have executive functions?
JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	MEMBER	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS DEUTSCHLAND GMBH	SOLE DIRECTOR	YES
JORGE MERCADER BARATA	PAPELES ANOIA, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	CELULOSA DE LEVANTE, S.A.	MEMBER	NO
JORGE MERCADER BARATA	S.A. PAYA MIRALLES	MEMBER	NO
JORGE MERCADER BARATA	CLARIANA, S.A.	MEMBER (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	SOCIEDAD ESPAÑOLA ZIG ZAG, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	DESVI, S.A.	MEMBER	NO
JORGE MERCADER BARATA	MB PAPELES ESPECIALES, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS ENERGÍA Y MEDIO AMBIENTE, S.A.	CHAIRMAN	NO

JORGE MERCADER BARATA	MIQUEL Y COSTAS TECNOLOGÍAS, S.A.	CHAIRMAN	NO
JORGE MERCADER BARATA	TERRANOVA PAPERS, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	MIQUEL Y COSTAS LOGISTICA, S.A.	CHAIRMAN (REPRESENTED BY A NATURAL PERSON)	NO
JORGE MERCADER BARATA	FOURTUBE, S.L.	MEMBER (REPRESENTED BY A NATURAL PERSON)	NO

C.1.11 Give details of any board members, directors or executives, or their representatives, who are members of the company's board of directors in other entities, whether or not they are listed companies:

Name of Board Members or representative	Name of listed or unlisted company	Position
JORGE MERCADER BARATA	HACIA, S.A.	MEMBER
JORGE MERCADER MIRÓ	HACIA, S.A.	CHAIRMAN
MARTA LACAMBRA I PUIG	MÓN ST. BENET, S.L.	CHIEF EXECUTIVE OFFICER
ÁLVARO DE LA SERNA CORRAL	ENKIDU INVERSIONES, S.L.	JOINT AND SEVERAL DIRECTOR
ÁLVARO DE LA SERNA CORRAL	SASEKILIA, S.L.	MEMBER
JAVIER BASAÑEZ VILLALUENGA	DESVI, S.A.	MEMBER
JOSÉ MIQUEL VACARISAS	JOANFRA, S.A.	MEMBER
MARÍA TERESA BUSTO DEL CASTILLO	MTorres Diseños Industriales, S.A.U.	MEMBER
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	EDM GESTIÓN, S.A.U. SGIIC	DEPUTY CHAIRMAN

Indicate, where applicable, any other paid activities carried out by the directors or their representatives, whatever their nature, other than those indicated in the above table.

Name of Board Member or representative	Other paid activities
NARCÍS SERRA SERRA	He is an advisor to various Latin American governments in the framework of the Inter-American Development Bank (IDB) programmes and the programme on security sector reform in Serbia and Montenegro. He is a member of the Study Group on Europe's Security Capabilities, co-author of the reports "A Human Security Doctrine for Europe" and "A European Way of Security"; Co-director of the "From the Washington Consensus towards a New Global Governance" seminar together with Nobel Prize winner Joseph Stiglitz. The seminar established "The Barcelona Development Agenda". He promotes the annual "Ibero-American Development Agenda" seminar, in collaboration with the Ibero-American General Secretariat and the Economic Commission for Latin America and the Caribbean (CEPAL).
ÁLVARO DE LA SERNA CORRAL	He is an executive at Credit Suisse AG Branch Office in Spain.

JOSÉ MIQUEL VACARISAS	He is the Head of Internal Audit & Compliance at the Eugin Group.
MARÍA TERESA BUSTO DEL CASTILLO	She is the Chair of ENTALENTA, S.L.; Member of the Scientific Advisory Committee of CSIC, and Professor for the Master's degree programme in Aeronautical Engineering at the European University of Madrid.

C.1.12 Indicate and, where appropriate, explain whether the company has any rules on the maximum number of boards on which its Board members may sit, identifying, if applicable, where this is regulated:

- Yes
 No

Explanation of the rules and where are they stated

The Company's Board Regulations specify that in order for Board Members to be able to devote the time and effort necessary to performing their duties effectively, they may not serve on more than four boards.

For the purpose of calculating the number of boards referred to in the paragraph above, the following rules will be taken into account:

- The boards on which the Board Members sits as a Proprietary Board Member proposed by Miquel y Costas & Miquel, S.A. or by any of its Group companies will not be counted.
- All the Boards of Companies that form part of the same group, and those on which the Board Member sits as a Proprietary Board Member of a Group company, will be counted as a single Board, even if the Company's ownership interest in the share capital or its degree of control does not allow it to be considered to form part of the Group.
- The Boards of asset-holding companies or companies that are vehicles or ancillary to exercising the professional services of the Board Member, their spouse or domestic partner, or their close family members, will not be counted.
- The Boards of Companies where, although of a commercial nature, their purpose is supplementary or ancillary to another activity that for the Board Member is considered a leisure activity, assistance or aid to third parties, or any other activity that does not entail true dedication by the director to a commercial business, will not be counted.

C.1.13 Indicate the amount of total remuneration received by the board of members:

Remuneration earned during the year by the board of members (thousands of euros)	3,086
Amount of funds accumulated by current board members through long-term savings schemes with vested dividend rights (thousands of euros)	
Amount of funds accumulated by current board members through long-term savings schemes without vested dividend rights (thousands of euros)	767
Amount of funds accumulated by former board members through long-term savings schemes (thousands of euros)	

C.1.14 Identify the senior executives who are not executive board members and indicate the total remuneration paid to them during the year:

Name or company name	Position(s)
OLGA ENCUESTRA CATALÁN	HEAD OF MANAGEMENT CONTROL OF THE GROUP
JAVIER GARCÍA BLASCO	SALES MANAGER OF THE LIBRITOS DIVISION
MARINA JURADO SALVADO	SALES MANAGER OF THE FUMAR DIVISION
JORDI PRAT CANADELL	CHIEF FINANCIAL OFFICER OF THE GROUP
IGNASI NIETO MAGALDI	ASSISTANT GENERAL MANAGER
JOSÉ MARÍA MASIFERN VALÓN	MANAGER OF THE BESÓS FACTORY
VICTORIA LACASA ESTEBANEZ	HEAD OF THE GROUP'S LEGAL AFFAIRS

Name or company name	Position(s)
JOSEP PAYOLA BASETS	MANAGER OF MB PAPELES ESPECIALES, S.A.
ALFONSO PÉREZ LLORENTE	MANAGER OF THE MISLATA FACTORY
ANTONI ALBAREDA SOTERAS	MANAGER OF THE CAPELLADES FACTORY

Number of women in senior executive positions	3
Percentage of the total number of senior executives	30.00

Total remuneration of senior executives (thousands of euros)	2,561
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C.1.15 Indicate whether any amendments were made to the board regulations during the year:

- Yes
 No

Description of amendments

Following a favourable report from the Audit Committee, at its meeting held on 27 September 2023 the Board unanimously resolved to make the following amendments to the Company's Board Regulations:

- (i) the inclusion of a new "Article 8 bis" under the title "Honorary Chairman" so as to regulate this figure, as a result of the appointment of Mr. Jorge Mercader Miró as Honorary Chairman of the Company.
- (ii) the inclusion of a new section 6 in "Article 11" (relating to the Audit Committee) with the aim of including the provision that, for all matters not expressly included in the Board Regulations, the Audit Committee will be governed by the same rules of operation as the Board, thus according it treatment similar to that given to the Human Resources, Appointments and Remuneration Committee in section 6 of Article 12 of these Regulations.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of board members. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

The Board Regulations establish the following regarding the appointment of Board members:

- Board Members will be elected by the shareholders at the General Meeting or appointed by the Board, in the event of appointment by co-optation, in accordance with that set out in the Corporate Enterprises Act and the Articles of Association. The election or appointment of Board Members must be preceded by a proposal from the Human Resources, Appointments and Remuneration Committee in the case of independent Board Members and a report in the case of other Board Members.
- The Board Members appointed must meet the requirements set out in the Articles of Association to hold the position and may not be subject to any of the grounds for disqualification established by law.
- Board Members will serve for the term indicated in the Articles of Association and may be re-elected.

The Articles of Association stipulate that Board Members do not have to be shareholders and will always be appointed and re-elected by the shareholders at the General Meeting and will serve for a term of four years.

The Board Regulations also establish the following regarding the removal of Board Members:

- 1.- Board Members will cease to hold office when the term for which they were appointed elapses, or when so decided at the General Meeting pursuant to the powers conferred upon it by law.
- 2.- The Board will propose the removal of Board Members at the General Meeting in the following cases, among others:
 - a. When they become subject to any incompatibility or prohibition provided for by law.
 - b. When their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist. The latter will be considered to occur with respect to a Proprietary Board Member when the entire shareholding they own or whose interests they represent is disposed of and when this shareholding is reduced to a level that also requires the number of their Proprietary Board Members to be reduced.
- 3.- When a Board Member's term of office has ended or when they cease to discharge their position for any other reason, they may not render services at any other company that has relations with competitors of Miquel y Costas Group Companies for a period of two years.
- 4.- If they cease to discharge their position before the end of their term of office, they must explain the reasons for doing so in a letter to be sent to all Board Members. The termination will be reported to the Spanish National Securities Market Commission (CNMV) as a significant event and it will be included in the Annual Corporate Governance Report (AGC)

C.1.17 Explain to what extent the annual assessment of the board has resulted in significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

Based on the conclusions drawn from the assessment of and the discussions on the Board's activity, this Board did not consider it necessary to adopt a specific plan to correct the statements made.

Describe the assessment process and the areas evaluated by the board of board members with the assistance, if any, of an external consultant, with regard to the functioning and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the assessment process and areas evaluated

For the purpose of complying with the Corporate Enterprises Act and the Company's Board Regulations, and based on the recommendations established in the Code of Good Governance regarding the annual assessment of the functioning of the managing bodies, in January 2024 the Board Members, assisted by an independent external consultant, evaluated the performance of the functions of the Board, its Committees and those of the Chairman, applying the form methodology and conducting personalised interviews with several Board Members, with subsequent discussions and analysis at an in-person meeting.

The annual assessment concluded that the overall result of the self-assessment was positive and that the Board Members consider the following to be satisfactory: (i) the quality and efficiency of the functioning of the Board, and its composition and operation, (ii) the functioning and composition of its committees, (iii) the diversity in the composition and competencies of the Board; (iv) the performance of the Chairman of the Board in his duties.

C.1.18 Explain, for those years in which an external consultant participated in the assessment, the business relationships that the consultant or any company in their group has with the company or any company in its group.

In accordance with Recommendation 36 of the Code of Good Governance for Listed Companies, in 2023 the Board was assisted in its assessment and that of its committees by an independent external consultant.

This consultant provides recurring legal advisory services on contractual and securities market matters to the Company.

C.1.19 Indicate the cases in which board members must resign.

The Company's Board Regulations establish that the Board will propose the removal of Board Members to the shareholders at the General Meeting in cases where they are subject to any incompatibility or prohibition provided for by law, when their continued presence on the Board may jeopardise the Company's interests or when the reasons for which they were appointed no longer exist, which is considered to occur with respect to a Proprietary Board Member when the entire shareholding they own or whose interests they represent is disposed of and when this shareholding is reduced to a level that also requires the number of their Proprietary Board Members to be reduced.

These Regulations also provide that, in relation to the Board Member's duties of disclosure, the Board Member must inform the Company of any personal circumstances that affect or may affect the repute or reputation of the Company, in particular, any criminal proceedings in which they are involved as a defendant and the progress of the relevant proceedings. The Board may, after examining the situation presented by the Board Member require the Board Member to resign and the Board Member must abide by this decision.

In addition, the Board may require the Board Member to resign as a result of failing to comply with their general obligations set out in these Regulations.

C.1.20 Are qualified majorities, other than those prescribed by law, required for any type of decisions?

Yes

No

If so, describe the differences.

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the board members, to be appointed chair of the board:

Yes

No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for board members:

- Yes
 No

C.1.23 Indicate whether the articles of association or the board regulations set a limit on the term of office or other more stringent requirements in addition to those provided by law for independent board members:

- Yes
 No

C.1.24 Indicate whether the articles of association or board regulations establish specific rules on appointing a proxy to the board in favour of other board members, the procedures for doing so and, in particular, the maximum number of proxy appointments a board member may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, briefly describe these rules.

Articles of Association indicate that if any members are unable to attend a Board meeting, they may appoint a proxy and delegate their vote to a Board Member in writing and specifically for each meeting.

Accordingly, the Board Regulations establish that the proxy delegated to another Board Member will be conferred with instructions regarding the decisions to be taken as regard the various items on the agenda of the meeting.

There is no maximum number of proxy appointments or any restrictions on the categories that may be appointed as a proxy other than the limits imposed by regulations.

C.1.25 Indicate the number of board meetings held during the year. Where applicable, indicate how many times the board has met without the chair in attendance. The calculation of attendance will include proxies granted with specific instructions.

Number of board meetings	14
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Number of board meetings held without the chair's attendance	0
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Indicate the number of meetings held by the lead board member with the other board members, without the attendance or representation of any executive board member:

Number of meetings	0
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Indicate the number of meetings the various board committees have held during the year:

Number of meetings of the AUDIT COMMITTEE	9
Number of meetings of the HUMAN RESOURCES, APPOINTMENTS AND REMUNERATION COMMITTEE	4

C.1.26 Indicate the number of board meetings held during the year and the attendance of its members:

Number of meetings with attendance in person of at least 80% of members	14
Attendance in person as a % of the total votes cast during the year	95.71

Number of meetings with attendance in person, or by proxy with specific instructions, of all members	14
Attendance in person and by proxy with specific instructions as a % of the total votes cast during the year	100.00

C.1.27 Indicate whether the separate and consolidated financial statements submitted for approval by the board are certified beforehand:

- Yes
 No

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorisation for issue by the board.

Name	Position
MARTA LACAMBRA I PUIG	CHAIR OF THE AUDIT COMMITTEE
ÁLVARO DE LA SERNA CORRAL	AUDIT COMMITTEE MEMBER
MARÍA TERESA BUSTO DEL CASTILLO	AUDIT COMMITTEE MEMBER

C.1.28 Give details of any mechanisms the board of members has established to ensure that the financial statements submitted by the board of members at the annual general meeting are prepared in accordance with accounting regulations.

The Company and the Miquel y Costas Group Companies prepare their financial statements in accordance with the law and applying generally accepted accounting principles under the supervision of the economic and financial department and the oversight of the Audit Committee.

Each year the heads of the economic and financial department together with the auditors examine and monitor the degree of compliance with the recommendations arising from the work performed in the audit of the financial statements.

In carrying out its duties, the Audit Committee meets with the external auditors at least twice a year to stay informed of any matters related to the process of auditing the financial statements and to deal with any issues that could give rise to possible qualifications in order to take the necessary measures to ensure that this does not occur.

Finally, the Audit Committee submits the financial statements to the Board for authorisation for issue.

C.1.29 Is the secretary to the board also a member?

- Yes
 No

If the secretary is not a member, complete the following table:

Name or company name of the secretary	Representative
VICTORIA LACASA ESTEBANEZ	NONE

C.1.30 Indicate whether there are any specific mechanisms established by the company to preserve the independence of its external auditors, and any mechanisms to preserve the independence of the financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

In accordance with that set out in the Company's Board Regulations, the Audit Committee issues a report on an annual basis, before the auditor's report is issued, expressing its opinion on the independence of the auditors. The Audit Committee's basic responsibilities, as indicated in these Regulations, include maintaining appropriate relationships with the external auditors to receive information on any matters that may jeopardise their independence, which will be studied by the Committee, and any other matters related to the process of auditing the financial statements and, where appropriate, the authorisation of services other than those prohibited in accordance with applicable regulations, and any other communications stipulated in the regulations governing financial audits and in technical auditing rules. In any case, the Audit Committee must receive written confirmation, on an annual basis, from the auditor of their independence with respect to the Company or any directly or indirectly related companies, and detailed, individualised information on any type of additional services provided and the related fees received from these companies by the auditors or by persons or entities related to the auditor pursuant to that set out in the regulations governing financial audits.

In relation to financial analysts, investment banks and rating agencies, the Company preserves its independence by publicly disclosing to the market all Company information provided to such agents without giving them any preferential treatment.

The Regulations stipulate that the Board will immediately disclose information on the following matters:

- a) relevant information capable of significantly influencing the formation of stock prices.
 - b) changes in the Company's ownership structure that it becomes aware of, such as changes in significant shareholdings, syndication arrangements and other forms of coalition.
 - c) substantial changes to the Company's governance rules.
 - d) the treasury share policies that the Company intends to implement under the authorisations obtained at the General Meeting.
- The Internal Code of Conduct also includes and establishes the causes and terms for the dissemination of information to the different financial agents.

C.1.31 Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditor:

- Yes
 No

In the event of any disagreement with the outgoing auditors, explain the reasons for the disagreement:

- Yes
 No

C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for this work and the percentage that this amount represents of the fees billed for audit work to the company and/or its group:

- Yes
 No

	Company	Group companies	Total
Fees for other non-audit work (thousands of euros)	15	34	49
Fees for other non-audit work / Fees for audit work (%)	16.17	39.79	27.53

C.1.33 Indicate whether the auditor's report for the previous year included any qualifications. If so, indicate the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of those qualifications.

- Yes
 No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the company's separate and/or consolidated financial statements. Likewise, indicate how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Separate	Consolidated
Number of consecutive years	22	22

Separate	Consolidated
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Number of years audited by current audit firm/Number of years the company or its group has been audited (as a %)	62.86	62.86
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C.1.35 Indicate whether there is a procedure for the board members to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

Yes

No

Details of the procedure

In relation to Board meetings, the Board Regulations establish the following:

"The call notice will always include the meeting agenda, which will comprise, among other items, that related to information from subsidiaries and Board Committees, and proposals and suggestions made by the Chairman and other Board Members, which will be submitted no less than five business days before the date set for the Board meeting, in accordance with that set out in the Articles of Association."

Each Board Member is provided with a dossier for each Board meeting, which is explained and, if necessary, discussed, and contains detailed information on all the matters to be discussed at the meeting. Those items that are more complex, such as the annual budget, investment plan, strategic plan and other items of special significance, receive this special treatment. Board Members may consult and request any information they require in the period between Board meetings.

C.1.36 Indicate whether the company has established rules requiring board members to report and, if applicable, resign when situations affecting them arise, whether or not related to their performance in the company itself, which may damage its credibility and reputation, and if so, give details:

Yes

No

Explanation of the rules

In relation to the Board Member's duties of disclosure, the Board Regulations establish the following:

"The Board Member must inform the Company of any personal circumstances that affect or may affect the repute or reputation of the Company, in particular, any criminal proceedings in which they are involved as a defendant and the progress of the relevant proceedings, all of which will be reported in the Annual Corporate Governance Report. The Board may, after examining the situation presented by the Board Member, require the Board Member to resign and the Board Member must abide by this decision."

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a board member, whether or not related to their performance in the company itself, which could damage its credibility and reputation:

Yes

No

C.1.38 Give details of the significant agreements entered into by the company that may come into force, be amended or be terminated in the event of a change in control of the company resulting from a takeover bid, and their effects.

No significant agreements were entered into by the Company that may come into force, be amended or be terminated in the event of a change in control resulting from a takeover bid.

C.1.39 Identify individually for board members, and in aggregate terms in all other cases, and provide detailed information on agreements between the company and its officers, executives and employees that provide termination benefits, or guarantee or golden parachute causes, in the event

of resignation, unfair dismissal or termination as a result of a takeover bid or other kinds of transactions.

Number of beneficiaries	5
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Type of beneficiary	Description of the agreement
Executive Board Member and other Senior Executives.	<p>Executive Board Member: The terms of his contract stipulate that in the event of involuntary termination of his executive functions, except for a serious breach of contract, he will be entitled to termination benefits equal one year's gross salary and equivalent termination benefits in the event of a change of control. Both termination benefits, i.e. the benefits for involuntary termination and the benefits in the event of a change of control, are mutually exclusive and involve the recognition of one year's salary.</p> <p>In addition, if the Company imposes a non-complete clause on the Executive Board Member upon their termination, the Board Member will be entitled to compensation equivalent to 50% of their gross monthly salary for a period of two years. The Senior Executives: If the Company imposes a non-complete clause on the executive, they will be entitled to compensation equivalent to 50% of their gross monthly salary for a period of two years.</p>

Indicate whether, apart from the cases envisaged in regulations, these agreements have to be disclosed to and/or approved by the bodies of the company or of its group: If so, specify the procedures, circumstances and nature of the bodies responsible for their approval or disclosure:

	Board of members	General meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?		√

There is nothing established beyond the cases provided for by law.

C.2. Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other non-executive board members.

HUMAN RESOURCES, APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
JOSE CLAUDIO ARANZADI MARTINEZ	CHAIRMAN	Independent
MARTA LACAMBRA I PUIG	MEMBER	Independent
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MEMBER	Other non-executive
JOSÉ MIQUEL VACARISAS	SECRETARY	Proprietary
NARCÍS SERRA SERRA	MEMBER	Independent

% of Executive Board Members	0.00
% of Proprietary Board Members	20.00

% of Independent Board Members	60.00
% of other non-Executive Board Members	20.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the articles of association or other corporate resolutions.

The regulations of the Human resources, Appointments and Remuneration Committee are included in the Articles of Association and in the Company's Board Regulations.

As at 31 December 2023, this Committee is composed of five Board Members, three of whom are Independent, and is chaired by an Independent Board Member.

The Board Regulations stipulate that the Committee will meet at least once a year, adopt its decisions by majority vote and report the content of its meetings to the Board.

These Regulations state that "the Human Resources, Appointments and Remuneration Committee will be governed by the Board's rules of operation in all matters not provided for in these regulations."

The basic responsibilities assigned to the Human Resources, Appointments and Remuneration Committee are as follows:

- a. Propose to the Board the appointment of Independent Board Members to be appointed by co-option or to be submitted for approval at the General Meeting, and their re-election or removal by the shareholders at the General Meeting; the remuneration of Board Members and the salary policy for senior management; the individual remuneration of Executive Board Members and the other terms set out in their contracts; the standard contractual terms and conditions for Senior Executives; the general human resources policy for the Group companies; proposing a target for representation of the under-represented gender on the Board, and developing guidance on how to achieve this target.
- b. Inform the Board of the appointment of Proprietary Board Members and Executive Members to be appointed by co-option or to be submitted for approval at the General Meeting, and their re-election or removal by the shareholders at the General Meeting; the appointment of the Chairman of the Board; the appointment and removal of Senior Executives, and the standard terms of their contracts; gender diversity issues; the appointment and removal of Senior Executives proposed to the Board by the chief executive; the appointment and removal of the Secretary to the Board.
- c. Evaluate the profile of those individuals that are most suited to form part of the different committees, in accordance with their knowledge, skills and experience, defining for these purposes the functions and skills that the candidates should have to fill each vacancy and assessing the time and dedication necessary for them to carry out their duties effectively; the competence, knowledge and skills of the Board Membership candidates; the succession of the Chairman and chief executive and, if appropriate, submitting proposals to the Board so that this succession takes place in an orderly and planned manner; compliance with the internal codes of conduct and corporate governance rules.

In 2023, the Human Resources, Appointments and Remuneration Committee met on four occasions to address the following matters, among others: the structure of and changes in the workforce; review of Board Member's remuneration; evaluate the appointment of the members of the Human Resources, Appointments and Remuneration Committee and the Audit Committee; appoint its Chairman; acknowledge the resignation of the Chairman of the Board and his executive functions; report on the appointment of the new Chairman of the Board, his remuneration and his contract; report on the re-election of the non-Independent Board Members whose term of office has ended; report on the appointment of non-Independent Board Members; propose the re-election of Independent Board Member whose term of office has ended; propose the appointment of Independent Board members; propose the appointment of the Honorary Chairman.

AUDIT COMMITTEE		
Name	Position	Category
MARTA LACAMBRA I PUIG	CHAIRMAN	Independent
ÁLVARO DE LA SERNA CORRAL	MEMBER	Proprietary
MARÍA TERESA BUSTO DEL CASTILLO	MEMBER	Independent

% of Executive Board Members	0.00
% of Proprietary Board Members	33.33
% of Independent Board Members	66.67
% of other non-Executive Board Members	0.00

Explain the functions attributed to this committee and any additional responsibilities provided for by law, and describe the rules and procedures it follows for its organisation and functioning. For each of these functions, briefly describe the most important actions taken during the year and how, in practice, the committee has performed each of the functions attributed to it by law, in the articles of association or other corporate resolutions.

- a. The regulations of the Audit Committee are included in the Articles of Association and in the Company's Board Regulations.
- b. As at 31 December 2023, this Committee is composed of three Board Members, two of whom are independent, and is chaired by an independent Board Member
- c. These Regulations state that "the Audit Committee will be governed by the Board's rules of operation in all matters not provided for in these regulations."
- d. The basic responsibilities assigned to the Audit Committee are as follows:
 - e. Report to the General Meeting on any matters raised by the shareholders regarding its competence and, in particular, on the results of the audit, explaining how it contributed to the integrity of the financial information and the function discharged by the Audit Committee in this process.
 - f. Propose to the Board, for submission to the shareholders at the General Meeting, the appointment, the terms for hiring, scope of the mandate, re-election and, where applicable, the removal or non-renewal of the external auditors or audit firms, taking responsibility for the selection process in accordance with the applicable regulations.
 - g. Oversee the effectiveness of the internal audit, the Company's internal control and risk management systems, including the internal control over financial reporting systems, and discuss with the external auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit, without compromising their independence.
 - h. Understand and oversee the process of preparing and presenting the regulated financial information. Before the corresponding resolution is passed by the Board, the Audit Committee will report to the Board on the periodic financial information and on other information that the Company must disclose to the markets and its supervisory bodies, submitting recommendations or proposals, where applicable, aimed at safeguarding the integrity of this information.
 - i. Maintain appropriate relationships with the external auditors or audit firms to receive information on any matters that may jeopardise their independence, which will be studied by the Committee, and any other matters related to the process of auditing the financial statements and, where appropriate, the authorisation of services other than those prohibited in accordance with applicable regulations, and any other communications stipulated in the regulations governing financial audits and in technical auditing rules.
 - j. In any case, the Audit Committee must receive written confirmation, on an annual basis, from the external auditors or audit firms of their independence with respect to the Company or any directly or indirectly related companies, and detailed, individualised information on any type of additional services provided and the related fees received from these companies by the external auditors or audit firms or by persons or entities related to them pursuant to that set out in the regulations governing financial audits.
 - k. Issue an annual report, before the auditor's report is issued, expressing an opinion on the independence of the auditors or audit firms. This report must, in all cases, contain the evaluation of the provision of the additional services mentioned in paragraph e) above, considered individually and as a whole, and must contain a reasons assessment of the services rendered in relation to the rules governing independence.
 - l. Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any especially significant irregularities within the Company, particularly of a financial and accounting nature.
 - m. Report on related party transactions that must be approved by the shareholders at the General Meeting or the Board, and oversee the internal procedure, if any, established by the Company for those transactions whose approval has been delegated.
 - n. In 2023, the Audit Committee met on nine occasions to address the following matters, among others: monitor the financial statements and management information of the Company and the consolidated Group; review and report to the Board on the periodic public information consisting of the half-yearly and interim reports; analyse and study the financial policy, reporting on it to the Board; examine the communications received through the Whistleblower Channel; examine the internal control for the prevention of criminal risks; issue the report on the functioning and activities of the Committee for 2022; issue the report on the independence of the auditors; examine the Corporate Social Responsibility Report for 2022; report favourably to the Board on the proposal to amend various articles of the Board Regulations; appoint its Chairman; authorise the contracting of services other than financial audit services; approve the update of the Group's Anti-corruption and Anti-bribery Policy; approve the policy and procedure relating to the new internal information and whistleblower protection system; consider the proposal to appoint the new auditor of the Company and its Group for the years ended 31 December 2024, 2025 and 2026 since the term of the current auditing firm is coming to an end.

Identify the board members who are members of the audit committee that have been appointed based on their knowledge of and experience in accounting, auditing or both, and indicate the date on which the chair of this committee was appointed.

Names of Board Members with experience	MARTA LACAMBRA I PUIG / ÁLVARO DE LA SERNA CORRAL / MARÍA TERESA BUSTO DEL CASTILLO
Date of appointment as chair	31/07/2023

C.2.2 Complete the following table with information on the number of female board members on the various board committees over the past four years.

	Number of female Board Members							
	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
HUMAN RESOURCES,	1	20.00	2	40.00	1	25.00	1	16.70

APPOINTMENTS AND REMUNERATION COMMITTEE									
AUDIT COMMITTEE	2	66.66	1	33.30	0	0.00	0	0.00	

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

The competencies and rules of operation of the Human Resources, Appointments and Remuneration Committee and those of the Audit Committee are governed in the Articles of Association and in the Company's Board Regulations, which are available on the corporate website. During the year, Article 11 on the Audit Committee was amended to include a new section with the aim of including the provision that, for all matters not expressly included in the Board Regulations, the Committee will be governed by the same rules of operation as the Board, thus according it treatment similar to that given to the Human Resources, Appointments and Remuneration Committee in section 6 of Article 12 of these Regulations.

The Audit Committee prepares an Annual Activities Report.

During the year, the working groups set up within the Board met on several occasions: the Energy and Environment Committee, the R&D and Commercial Committee, and the Inorganic Growth Committee.

D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

- D.1.** Explain, if applicable, the procedure and competent bodies for approving related party and intra-group transactions, indicating the company's general internal criteria and rules governing the obligation of board members or shareholders affected to refrain from performing the transactions, and detailing the internal reporting and regular control procedures established by the company in relation to those related party transactions where approval has been delegated by the board of members.

In accordance with that set out in the Company's Board Regulations, the Audit Committee's basic responsibilities include reporting on related party transactions that must be approved by the shareholders at the General Meeting or the Board, and overseeing the internal procedure, if any, established by the Company for those transactions whose approval has been delegated.

To comply with current regulations, in relation to the inclusion of information on related parties in the half-yearly financial report to be sent to the Spanish National Securities Market Commission, the Company asks its Board Members and executives to submit a statement listing all transactions that they and their related parties may have performed with the Company or with any Group company during the reporting period. In addition, the Company performs a second level control to be able to compare these statements and, where appropriate, identify possible discrepancies.

Furthermore, the Company's Internal Code of Conduct establishes that when Persons Subject to the Code have performed on their own account any transaction for the subscription, purchase or sale of Securities Subject to the Code, they must send a notice to the Secretary to the Board detailing these transactions within fifteen days following the end of each calendar month, unless this notice must be sent in advance in accordance with the applicable regulations, with transactions carried out by Related Persons being treated in the same way as transactions performed on their own account, which must be declared.

Accordingly, Chapter IX of the Board Regulations includes the "Duties of Board Members" in matters relating to confidentiality, non-competition, the Company's information not in the public domain or business opportunities, and indicates that these duties will also be considered to be enforceable when the circumstances in each case refer to companies in which the Board Member has a significant ownership interest or to any person related to the Board Member in such a way that it affects their independence or judgement.

- D.2.** Individually list those transactions that are significant due to their amount or importance carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of members, indicating which body was responsible for approving them and whether any shareholder or board member affected had to refrain from performing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent board members voting against it:

	Name or company name of the shareholder or any of its subsidiaries	% of ownership	Name of the company or subsidiary	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(1)	JORGE MERCADER MIRÓ	17.70	MIQUEL Y COSTAS & MIQUEL, S.A.	3,157	Board with the ratification at the General Meeting		YES
(2)	INDUMENTA PUERI, S.L.	14.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,611	Board with the ratification at the General Meeting		YES
(3)	BERNADETTE MIQUEL VACARISAS	12.65	MIQUEL Y COSTAS & MIQUEL, S.A.	2,267	Board with the ratification at the General Meeting		YES
(4)	MARÍA DEL CARMEN ESCASANY MIQUEL	12.62	MIQUEL Y COSTAS & MIQUEL, S.A.	2,261	Board with the ratification at the General Meeting		YES

	Name or company name of the shareholder or any of its subsidiaries	Type of relationship	Type of transaction and other information necessary for its assessment
(1)	JORGE MERCADER MIRÓ	Corporate	Dividends paid
(2)	INDUMENTA PUERI, S.L.	Corporate	Dividends paid
(3)	BERNADETTE MIQUEL VACARISAS	Corporate	Dividends paid
(4)	MARÍA DEL CARMEN ESCASANY MIQUEL	Corporate	Dividends paid

D.3. Individually list the transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with the company's directors or executives, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was responsible for approving them and whether any shareholder or board member affected had to refrain from performing the transaction. In the event that competence fell to the shareholders at the general meeting, indicate whether the proposed resolution was approved by the board without the majority of independent members voting against it:

	Name of the directors or executives or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(1)	ÁLVARO DE LA SERNA CORRAL	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	19	Board with the ratification at the General Meeting		YES
(2)	EUSEBIO DÍAZ-MORERA PUIG-SUREDA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	52	Board with the ratification at the General Meeting		YES
(3)	JORGE MERCADER BARATA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	89	Board with the ratification at the General Meeting		YES
(4)	JAVIER BASAÑEZ VILLALUENGA	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	51	Board with the ratification at the General Meeting		YES
(5)	JOSÉ MIQUEL VACARISAS	MIQUEL Y COSTAS & MIQUEL, S.A.	MEMBER	65	Board with the ratification at the General Meeting		YES
(6)	IGNASI NIETO MAGALDI	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	4	Board with the ratification at the General Meeting		YES
(7)	ALFONSO PÉREZ LLORENTE	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	4	Board with the ratification at the General Meeting		YES
(8)	JAVIER GARCÍA BLASCO	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	21	Board with the ratification at the General Meeting		YES
(9)	MARINA JURADO SALVADO	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	25	Board with the ratification at the General Meeting		YES
(10)	JOSÉ MARÍA MASIFERN VALÓN	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	15	Board with the ratification at the General Meeting		YES
(11)	ANTONI ALBAREDA SOTERAS	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	7	Board with the ratification at the General Meeting		YES

	Name of the directors or executives or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Name of the significant shareholder or board member that abstained from voting	The proposal to the board, if any, was approved by the board without the majority of independent members voting against it
(12)	JOSEP PAYOLA BASETS	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	20	Board with the ratification at the General Meeting		YES
(13)	OLGA ENCUESTRA CATALÁN	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	9	Board with the ratification at the General Meeting		YES
(14)	JORDI PRAT CANADELL	MIQUEL Y COSTAS & MIQUEL, S.A.	EXECUTIVE	3	Board with the ratification at the General Meeting		YES

	Name of the directors or executives or their controlled or jointly controlled entities	Type of transaction and other information necessary for its assessment
(1)	ÁLVARO DE LA SERNA CORRAL	Dividends paid
(2)	EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Dividends paid
(3)	JORGE MERCADER BARATA	Dividends paid
(4)	JAVIER BASAÑEZ VILLALUENGA	Dividends paid
(5)	JOSÉ MIQUEL VACARISAS	Dividends paid
(6)	IGNASI NIETO MAGALDI	Dividends paid
(7)	ALFONSO PÉREZ LLORENTE	Dividends paid
(8)	JAVIER GARCÍA BLASCO	Dividends paid
(9)	MARINA JURADO SALVADO	Dividends paid
(10)	JOSÉ MARÍA MASIFERN VALÓN	Dividends paid
(11)	ANTONI ALBAREDA SOTERAS	Dividends paid
(12)	JOSEP PAYOLA BASETS	Dividends paid
(13)	OLGA ENCUNTRA CATALÁN	Dividends paid
(14)	JORDI PRAT CANADELL	Dividends paid

D.4. Individually list the intra-group transactions that are significant due to their amount or importance carried out by the company with its parent company or with other companies belonging to the parent's group, including the subsidiaries of the listed company, unless no other related party of the listed company has an interest in such subsidiaries or the subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, list any intra-group transactions carried out with entities in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

D.5. Individually list any transactions that are significant due to their amount or importance carried out by the company or its subsidiaries with other related parties that are considered significant in accordance with International Accounting Standards as adopted by the EU and that have not been reported under the previous headings.

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

D.6. List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its board members, executives, significant shareholders or other related parties.

In accordance with the Internal Code of Conduct, the persons to whom it applies are required to inform the Secretary to the Board of any possible conflicts of interest to which they or persons related to them are subject as a result of their family relationships, their personal assets, or for any other reason. If there is any doubt as to where there is a conflict of interest, it must be discussed with the Secretary to the Board before taking any decision that may be affected by this conflict of interest.

Furthermore, the Board Regulations establish that Board Members must consult the Human Resources, Appointments and Remuneration Committee before accepting any executive position in another company or entity that may represent a conflict of interest.

In addition to the above, each year all Board Members, regardless of whether they had already reported the conflict when it arose, issue an express statement regarding the conflicts of interest that relate both to the Board Members themselves personally and to their related parties, whereby this statement is subsequently ratified at a Board meeting, placed on record by the Secretary to the Board in the Company's register of conflicts of interest.

D.7. Indicate whether the company is controlled, as defined in section 42 of the Spanish Commercial Code (*Código de Comercio*), by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies.

Yes

No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

- E.1. Explain the scope of the company's risk control and management system for financial and non-financial risks, including tax-related risks.**

The Audit Committee, in performing the functions established in the Articles of Association and the Board Regulations, controls business risks, oversees and manages the actions of the Internal Control Service for risks relating to the business in general and, in particular, those relating to information and compliance with the law as regards commercial, criminal and tax matters.

- E.2. Identify the corporate bodies responsible for developing and implementing the risk control and management system for financial and non-financial risks, including tax risks.**

1.- Human Resources, Appointments and Remuneration Committee:

This Committee oversees and controls all matters related to the personnel providing services to the Group: prevention and safety, loyalty, replacement, etc.

2.- Audit Committee:

This Committee examines and oversees the Company's financial reporting process, the internal control systems and the internal control model for criminal risks prevention.

3.- Management Committee:

This Committee oversees the business areas, both production and logistics in general, including the environmental and commercial areas.

4.- Risk Management and Control Committee:

This Committee is responsible for the risk control functions regarding economic-financial, tax, legal and commercial risks, and the risk of claims in terms of prevention and insurance.

5.- Investment and Environment Committee:

This Committee is responsible for monitoring all aspects of investments in tangible assets and the Technical Committee analyses, discusses, proposes and monitors risks and opportunities related to the environment.

6.- Area Committees:

These committees are responsible for enforcing guidelines regarding those matters that are most closely related to the operational and commercial risks of each of the Group's areas.

7.- Compliance Officer:

They are responsible for monitoring, proposing measures, reporting and presenting evidence and, where appropriate, analysing any mitigating actions.

- E.3. List the main financial and non-financial risks, including tax risks and, to the extent that they are significant, those arising from corruption (understood within the scope of Royal Decree Law 18/2017), which may impact the achievement of the business objectives.**

The main risks identified and managed by the Miquel y Costas Group are summarised below:

Macroeconomic:

Commodities and energy

Economic and financial backdrop

Legal and regulatory risks regarding civil, commercial, tax and other matters.

Operations and markets:

Sector concentration

Quality and quality assurance

Research and new products

Facilitation:

Integrity of assets

IT systems

Human resources

Taxation

Criminal risks

Environment and sustainability

- E.4. Identify whether the company has risk tolerance levels, including tax risks.**

The Company considers that it has sufficient capacity and is adequately prepared to withstand and manage the risks identified.

The Board Regulations establish that the Audit Committee is responsible for overseeing the effectiveness of the internal audit, the Company's internal control and risk management systems, in particular the internal control over financial reporting systems, and discussing with the external auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit, without compromising their independence.

The Board Regulations also stipulate that the Audit Committee, in carrying out the functions attributed to it, will identify the different types of risk faced by the Company, the level of risk that the Company considers acceptable, the measures envisaged to mitigate their impact and the

systems to control and manage these risks, which will be submitted to the Board for approval.

The Audit Committee also submits them to an audit and compares them with the established risk assessment processes, the description of the risks identified with an indication of the tolerance and the assessment of each risk.

E.5. Indicate any financial and non-financial risks, including tax risks, that have arisen during the year.

Risks arising during the year Legal. In the second half of 2023, an agreement was reached with the former distributor for the Italian market, Tobacco's Import-Export SPA, to put an end to the lawsuit between the Parent and this distributor, the rulings on which had been favourable to the Group, representing an extraordinary income for the Group during this year.

Risks arising during the year Tax. An appeal for judicial review was filed with the National Appellate Court against the ruling handed down by the Central Economic-Administrative Tribunal dismissing the economic-administrative claim filed against the settlement agreement resulting from the tax audit in relation to corporation tax for 2012 to 2015.

Risks arising during the year: two administrative appeals were filed with the Central Economic-Administrative Tribunal against the settlement agreements of the Spanish Tax Agency in relation to the partial exemption from the electricity tax, with one appeal for 2016 and 2017, and the other for 2018; the Company has made a provisional payment for the assessments included in the above settlement agreements.

Risks arising during the year An appeal for judicial review was filed against the ruling of the Regional Economic-Administrative Tribunal of Catalonia, within the framework of the procedure for requesting a refund for amounts incorrectly paid in relation to the hydrocarbon tax payments for the periods from September 2014 to September 2018, both inclusive.

E.6. Explain the plans for responding to and monitoring the company's main risks, including tax risks, and the procedures followed by the company to ensure that the board of members responds to any new challenges that may arise.

The Company monitors all regulations affecting it through its committees, its Management Committee, its internal services and the collaboration of its external advisors. All new regulations that impact the Company's activities are channelled through the areas of responsibility that must be aware of these regulations so as to ensure proper compliance.

In addition, the Board and, where appropriate, its delegate committees, selectively monitor the application of, adaptation to and compliance with these regulations.

As regards taxation, it also stays up to date on any tax regulations through its advisors, analyses economic events so that they are handled by the committees responsible for such events with the greatest guarantees possible, and activates the procedures for taking action when required by the tax authorities.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk control and management systems in relation to the company's internal control over financial reporting (ICFR).

F.1. The company's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its oversight.

In accordance with that set out in the Company's Board Regulations, the Audit Committee is responsible for overseeing the effectiveness of the internal audit, and the Company's internal control systems and, in particular, for understanding and overseeing the process of preparing and presenting the regulated financial information. The Committee also carries out internal monitoring activities.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the company:

The Human Resources, Appointments and Remuneration Committee is responsible for determining and reviewing the organisational structure and for submitting and reporting on it to the Board. General Management is responsible, by delegation from the Board, for implementing the resolutions passed by the Board in relation to the Group's organisational structure, definition of responsibilities and assignment of functions.

The Company has documented internal procedures to ensure that the assigned functions are performed correctly.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Company has an Internal Code of Conduct approved by the Board, the purpose of which is to set out the principles and rules of conduct in the securities markets. Personnel subject to this Code are familiar with and understand it and a copy is available on the corporate website and on the CNMV's website.

Since it was initially drafted, this Code has been adapted to any legislative or other amendments required, and its current wording was approved at the Board meeting held on 20 June 2022 and communicated to the CNMV.

In addition, the Company has procedures that establish the guidelines for using and handling sensitive information.

- Whistleblower channel, for reporting to the audit committee any financial or accounting irregularities, and any potential breaches of the code of conduct and irregular activities in the organisation, stating whether reports made through this channel are confidential and whether communications can be sent anonymously, thus respecting the rights of the whistleblower and the reported party.

The Audit Committee has implemented a whistleblower channel through which the Company's personnel can make suggestions or recommendations on any matter relating to the Group, and report compliance irregularities or submit reports of illegal activities or suspected illegal activities. Several actions were carried out in 2023 to bring the Group's whistleblower channel and internal regulations into line with the requirements of current regulations, creating an internal whistleblower information and protection system accessible not only to staff but also to third parties such as suppliers, former employees, family members, investors or customers.

Communications and reports submitted through this channel and for these purposes by staff may, at their choice, be sent either anonymously or with the whistleblower's identification, and will in all circumstances be treated as strictly confidential.

In addition, those persons that are not part of the Company but that have ties to the organisation can also file complaints.

- Training programmes and periodic refresher courses for personnel involved in preparing and reviewing financial information and evaluating the ICFR system, which at least cover accounting standards, auditing, internal control and risk management.

Both the personnel involved in preparing and reviewing the financial information and those responsible for the assessment of internal control systems participate in regular training and refresher programmes on accounting standards, internal control and risk management.

These training plans are mainly carried out by management of the various areas, with the Human Resources Department in charge of supervision and mentoring.

F.2. Risk assessment in financial reporting

Report at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, with respect to:

- Whether the process exists and is documented:

For corporate risk management, the Company has designed a risk map of the most relevant processes in financial reporting. The document is based on the model proposed by the COSO Report and is updated on an ongoing basis as part of the Internal Oversight Plan.

This document establishes, among other aspects, that corporate risk management is a process carried out by the Board and its specialised committees, Management and the rest of the Company's personnel, and that its basic function is to identify and assess potential events that could jeopardise the achievement of the objectives set.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

The corporate risk management framework is basically aimed at achieving the Company's objectives from a financial reporting perspective and the ongoing process of assessing these risks includes verifying compliance with the following principles:

- Completeness
- Adequate registration
- Correct assessment
- Appropriate transaction cut-off
- Adequate presentation and classification

- Whether a specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

The Economic and Financial Department identifies and modifies, if necessary, the Group's scope of consolidation on an ongoing basis, using multi-departmental sources of information.

- Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements.

To a large extent, the internal control system focuses on assessing the risk of achieving the objectives related to financial reporting. However, the assessment process includes all manner of objectives and regulatory compliance objectives. These operational and regulatory compliance objectives include the assessment of environmental, quality, knowledge, development, industrial/intellectual property and reputational risks.

- Which of the company's governing bodies is responsible for overseeing the process.

The Board is ultimately responsible for overseeing the process, in addition to that carried out by the Audit Committee, which has been delegated, among other functions, the task of periodically monitoring the Company's internal audit, the internal control systems and risk management.

F.3. Control activities

Specify at least the following components with a description of their main characteristics:

F.3.1 Procedures for reviewing and authorising financial information and the description of the ICFR system to be disclosed to the securities markets, indicating those responsible, and documentation describing the flows of activities and controls (including those related to the risk of fraud) for the various types of transactions that may have a material effect on the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, evaluations and projections.

The Audit Committee analyses the interim and half-yearly financial information in accordance with the authority delegated to it by the Board.

Following a report from the Audit Committee, the Board is the body that decides on the terms of the financial information to be disclosed by the Company.

The Accounting and Consolidation Department, together with the Management Control Department, prepares the economic and financial information of all Group companies and manages and oversees the supporting documentation and transactions in accordance with risk prevention processes. This economic and financial information is reviewed and analysed, together with the estimates and valuations made, by the Management Committee and the Risk Management and Control Committee.

General Management submits the economic and financial information for the period to the Board at least on a monthly basis.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Company has updated internal policies and procedures that it has disseminated on the operation of the IT systems, secure access, segregation of duties, and on the development or maintenance of computer software.

Access to the IT systems is managed by the IT Systems Department, which has the appropriate human and technical resources to properly manage such access, in accordance with the organisational guidelines established.

As regards the control mechanisms for data recovery and assuring business continuity, the Group has a contingency plan that is reviewed and updated on a regular basis.

Internal control is reviewed on an annual basis by the Group's external auditors, which includes verifying the IT system controls.

F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The valuation processes, judgements or calculations to be made for the preparation and publication of the financial statements are carried out by internal services, along with any other processes that may be relevant to prepare this financial information.

Verification, audit and assessment services, among others, affecting the various activities are carried out, depending on their particular characteristics, with the frequency established by external services, such as the Statement of Non-Financial Information and the assessment of the Board, among others, and on industrial activity on specific topics.

F.4. Information and communication

Specify at least the following components with a description of their main characteristics:

F.4.1 A specific function in charge of defining and updating accounting policies (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations; and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Accounting Department and the Management Control Department are responsible for establishing and keeping up to date the accounting policies applicable to the Group, and for keeping the heads of the different areas involved informed and resolving any questions or differences as to their interpretation.

The accounting policies applied are based on the regulatory framework established in the Commercial Code, the General Accounting Plan in force and other commercial law, International Financial Reporting Standards, EU Directives transposed into Spanish law, and the various types of related regulations adopted by the European Union.

F.4.2 Mechanisms for gathering and preparing financial information in standard format that are applicable to and to be used by all units of the company or the group, and that support the main financial statements and accompanying notes, and the disclosures concerning ICFR.

The Group's IT systems are mostly supported by an integrated corporate application (ERP) that allows the various areas to be managed in a centralised and coordinated manner, such as production, sales, purchasing, logistics, inventories and warehouse control, accounting, payroll, etc., and that makes the processes more reliable and provides a suitable degree of security regarding the integrity, reliability and uniformity of the financial information obtained.

The subsidiaries that form part of the Group's scope of consolidation in Spain follow a single, unified chart of accounts. The information is processed by the integrated management system, which allows the financial information to be automatically gathered and prepared by the Corporate Accounting Department. The companies not included in this computer system and certain foreign companies ensure maximum uniformity and the Group has also implemented control measures to ensure that the financial data collected by these companies are complete, accurate and provided in a timely manner.

F.5. Monitoring

Specify at least the following components with a description of their main characteristics:

- F.5.1 The ICFR monitoring activities undertaken by the audit committee and whether the company has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The Audit Committee's functions include carrying out an assessment to ensure that the Company's processes and risk management and internal control systems, including the ICFR system, are correctly designed, implemented and functioning effectively.

The Committee also approves and regularly monitors the annual work plan. At its meetings, it analyses the assessments and recommendations issued by the control service and, where applicable, proposes corrective measures and evaluates the effects of those implemented.

- F.5.2 A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior executives and its audit committee or board of members. State also whether the company has an action plan to correct or mitigate the weaknesses identified.

The Audit Committee communicates regularly with the statutory auditor and the internal oversight services. The Committee is the body that keeps the Board informed of the matters handled and the actions taken.

At the Committee's meetings with the auditor, the latter informs the Committee of the work programme and their findings in relation to the internal control performed during the review of the financial statements.

The Committee monitors the activity carried out and compliance with agreed action plans to mitigate any control weaknesses.

The Economic and Financial Department communicates regularly with the auditor to discuss the actions taken to avoid or correct any weaknesses observed.

F.6. Other relevant information

F.7. External auditor's report

Report on:

- F.7.1 Whether the ICFR information supplied to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Company considers that the systems in place provide sufficient guarantees as to the quality of its financial information and reports this in all communications where appropriate.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the code of good governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The articles of association 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.

Compliant [X] Explain []

2. When the listed company is controlled, as defined in section 42 of the Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with this company or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of these companies, it should publicly disclose the following in a precise manner:

- a) The type of activity they engage in and any business dealings between the listed company and its subsidiaries and also by the parent company and its subsidiaries.
- b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

3. During the annual general meeting, the chair 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 taken place since the previous annual general meeting.
- b) The specific reasons why the company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

Compliant [X] Partially compliant [] Explain []

4. The company should draw up and implement a policy of communication and contact with shareholders and institutional investors in the context of their involvement in the company, and with proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant contacts or those charged with its implementation.

Without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the Company should also have a general policy regarding the communication of financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [] Partially compliant [] Explain []

The Company has established rules of conduct in relation to the communication policy that respect the current law and treat those receiving the information appropriately. These rules are set out in various regulatory texts that are published on the corporate website.

Information is disseminated through the means of communication using an external agency. Before being disseminated through this channel, the information to be made available to the market, investors and other stakeholders is carefully reviewed internally by the Company to ensure that it is clear and truthful.

In addition, the Company holds meetings with agents who request them for the purpose of clarifying and explaining the information disclosed through the different channels, and has a single centralised internal spokesperson who manages communications with financial analysts, investors and other stakeholders.

5. The board of members should not put forward a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emption rights for an amount exceeding 20% of the share capital at the time of the delegation.

And when a board approves the issuance of shares or convertible securities without pre-emption rights, the company should immediately post a report on its website explaining the exclusion as envisaged in commercial law.

Compliant [] Partially compliant [] 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 annual general meeting, even if their distribution is not obligatory:

- a) Report on the auditor's independence.
- b) Reports on the functioning of the audit committee and the appointments and remuneration committee.
- c) Audit committee report on related party transactions.

Compliant [] Partially compliant [] Explain []

The Company draws up most of the reports listed in this Recommendation on an annual basis.

7. The company should broadcast its general meetings live on the corporate website.

And the company should have mechanisms in place that allow proxies to be appointed and votes to be cast by remote means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the general meeting.

Compliant [] Partially compliant [X] Explain []

The Company does not currently consider it necessary to broadcast the general meetings live on its website due to the complexity and the resources necessary to do so.

The Company's General Meeting Regulations establish that when it is decided that the General Meetings may be attended by remote means in accordance with the law, the Board will:

1. Mediate the appropriate procedures so that the Company and those attending the meeting may make use of all electronic means available that facilitate their communication and effective participation (to exercise their rights both before the meeting and in real time and to follow along when other attendees take the floor), whereby these means must in all cases guarantee the identity and accreditation of the shareholders and their representatives.
2. Provide, where applicable, information on the systems that allow the General Meeting to be followed or attended remotely through the electronic means established, and any other information considered appropriate and useful for shareholders for these purposes.
3. Identify all the necessary details to allow for the orderly conduct of the meeting, within the framework provided for by law.

In any case, the Company's prefers to hold General Meetings in person, as it considers this to be the best method of participation for those attending.

8. The audit committee should ensure that the financial statements submitted by the board of members at the annual general meeting are prepared in accordance with accounting regulations. And in those cases where the auditor has included a qualification in their auditor's report, the chair of the audit committee should clearly explain the audit committee's opinion on its content and scope at the general meeting, making a summary of this opinion, along with any other proposals and reports of the board, available to shareholders when the call notice for the meeting is published.

Compliant [X] Partially compliant [] Explain []

9. The company should disclose its requirements 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.

These requirements and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [X] Partially compliant [] 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) Publish the attendance card template or proxy appointment or remote voting form with the necessary changes so that they can vote on the new items on the agenda and alternative resolutions proposed under the same terms as those proposed by the board of members.
- c) Put all these items or alternative proposals to a vote applying the same voting rules as for those submitted by the board of members, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on these supplementary items or alternative proposals.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

11. If the company plans to pay per diems for attendance at the general meeting, it should first establish a general, long-term policy regarding such per diems.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

12. The board of members should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, and with the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially compliant [] Explain []

13. The board of members should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant [X] Explain []

14. The board of members should approve a selection policy aimed at promoting an appropriate composition of the board and that:
- Is specific and verifiable.
 - Ensures that appointment or re-election proposals are based on prior analysis of the board's required competencies.
 - Favours diversity of knowledge, experience, age and gender. For this purpose, measures that encourage the company to have a significant number of female senior executives are considered to favour gender diversity.

The results of the prior analysis of the board's required competencies should be written up in the appointments committee's explanatory report that is published when the general meeting is convened that will ratify the appointment and re-election of each board member.

The appointments committee should annually verify compliance with this policy and set out its findings in the annual corporate governance report.

Compliant [] Partially compliant [] Explain []

The Board's diversity policy implemented by the Company complies with the requirements set out in a) b) and c) above.

The selection process is aimed at ensuring that Board members have the necessary experience and knowledge to fulfil their duties and responsibilities and that they bring the appropriate expertise to cover the various committees set up by the Board.

This selection process must comply with the Company's pillars at all times and, therefore, avoid any type of discrimination based on age or gender during the process; compliance with this is verified and ratified by the Human Resources, Appointments and Remuneration Committee.

15. Proprietary and independent board members should constitute an ample majority on the board of members, while the number of executive members should be the minimum necessary, bearing in mind the complexity of the corporate group and the ownership interests they control.

And the number of female members should account for at least 40% of the board members by the end of 2022 and subsequent years, and not be less than 30% prior to that date.

Compliant [] Partially compliant [] Explain []

The Company complies with the first part of the recommendation since the number of executive Board Members, currently one, constitutes the minimum number of Members. It should be noted that the number of Members in this category has been reduced from two to one.

There are three Proprietary Board Members and four Independent Board Members, which therefore constitute a large majority on the Board.

The Board currently has two female members, representing 20% of the Board members. It should be noted that one of the members who joined the Board in 2023 was a woman, in accordance with the target set by the Company for the number of female members to represent at least 40% of the total number of Members in line with current law. To achieve this objective, the Human Resources, Appointments and Remuneration Committee must ensure that the selection processes do not entail any implicit biases that could imply any type of discrimination based on gender, among other reasons, so that when there are vacancies to be filled, at least one woman with the professional profile sought will be included among the potential candidates for Board Members, without prejudice to the essential criteria of merit and ability that must govern these processes.

16. The percentage of proprietary board members out of all non-executive board members should be no greater than the proportion of the capital represented on the board by these members to the remainder of the company's capital.

This criterion may be relaxed:

- In large cap companies where few shareholdings attain the legal threshold to be considered significant.
- In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant Explain

17. The number of independent board members should represent 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 a shareholder or multiple shareholders acting in concert controlling over 30% of the share capital, independent board members should represent at least one third of the total number of members.

Compliant Explain

18. Companies should post the following board member particulars on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Memberships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) An indication of the member category to which they belong, in the case of proprietary member indicating the shareholder they represent or with which the board member has ties.
- d) The date of their first appointments as a company member, and subsequent re-elections.
- e) Shares held in the company and any options on these shares.

Compliant Partially compliant Explain

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary board members at the request of shareholders controlling less than 3% of share capital and explain any rejection of a formal request for a place on the board from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary membership.

Compliant Partially compliant Explain Not applicable

20. Proprietary board members should resign when the shareholders they represent dispose of their ownership interest in its entirety. If the shareholders reduce their ownership interest, and therefore lose some of their entitlement to proprietary members, the number of proprietary members should be reduced accordingly.

Compliant Partially compliant Explain Not applicable

21. The board of members should not propose the removal of independent board members before the end of their term as indicated in the articles of association, unless the board considers there is just cause to do so, subject to a report by the appointments committee. Just cause will be presumed when members take up new posts or responsibilities that prevent them from allocating sufficient time to discharge the duties of members or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent, in accordance with that established in applicable law.

The removal of independent board members 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.

Compliant Explain

22. Companies should establish rules obliging board members to inform the board and, where appropriate, resign when situations affecting them arise, whether or not related to their performance in the company itself, which could damage the credibility and reputation of the company. In particular, they should be obliged to inform the board of members of any criminal charges brought against them and the progress of any proceedings.

And, having been informed or having otherwise become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the member or proposing their removal. And this should be disclosed in the annual corporate governance report, unless there are special circumstances that justify it, which should be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, when the corresponding measures are adopted.

Compliant Partially compliant Explain

23. All board members should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other members unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a member has expressed serious reservations, then they must draw the pertinent conclusions. Board members 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 to the board, even if they are not a member.

Compliant Partially compliant Explain Not applicable

24. When, either by resignation or by resolution of the general meeting, a board member leaves office before the end of their term, they should give sufficient explanation of the reasons for their resignation or, in the case of non-executive members, their opinion on the reasons for the removal by the shareholders at the meeting, in a letter to be sent to all board members.

And, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant to investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the member.

Compliant Partially compliant Explain Not applicable

25. The appointments committee should ensure that non-executive board members have sufficient time available to discharge their responsibilities effectively.

And the board regulations should establish the maximum number of company boards on which members may serve.

Compliant Partially compliant Explain

26. The board should meet with the frequency necessary to properly perform its functions, at least eight times a year, in accordance with a schedule of dates and agendas set at the beginning of the year, to which each member may propose the addition of initially unscheduled items to the agenda.

Compliant Partially compliant Explain

27. Board member absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, members should delegate their powers of representation with the appropriate instructions.

Compliant Partially compliant Explain

28. When board members or the secretary express concerns about some proposal or, in the case of members, 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.

Compliant Partially compliant Explain Not applicable

29. The company should provide suitable channels for board members to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant Partially compliant Explain

30. Regardless of the knowledge board members must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant Partially compliant Explain

31. The agendas of board meetings should clearly indicate the items on which the board of members must adopt a decision or pass a resolution, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chair may wish to submit 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 of the majority of members present, which will be duly recorded in the minutes.

Compliant Partially compliant Explain

32. Board members should be regularly informed of changes in the shareholder structure and the views of significant shareholders, investors and credit rating agencies on the company and its group.

Compliant Partially compliant Explain

33. The chair, as the person responsible for the efficient functioning of the board of members, in addition to exercising the functions assigned by law and the company's articles of association, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular assessments of the board and, where appropriate, the company's chief executive; 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 member, when circumstances so advise.

Compliant Partially compliant Explain

34. When a lead board member has been appointed, the articles of association or board regulations should grant them the following powers in addition to those conferred by law: chair the board of members in the absence of the chair or deputy chair, if any; give voice to the concerns of non-executive members; maintain contacts with investors and shareholders to hear their views and develop an understanding of their concerns, especially those in relation to the company's corporate governance; and coordinate the succession plan for the chair.

Compliant Partially compliant Explain Not applicable

The powers granted to the Company's lead Board Member are those provided for in current law.

35. The board secretary should strive to ensure specifically that the board's actions and decisions are informed by the governance recommendations of the code of good governance as may be applicable to the company.

Compliant Explain

36. The board in plenary session should conduct an annual assessment, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the functioning of the board.
- b) The functioning and composition of its committees.
- c) The diversity of board membership and competences.

- d) The performance of the chair of the board of members and the company's chief executive.
- e) The performance and contribution of each member, with particular attention to the chairs of the various board committees.

The evaluation of the various board committees should start from the reports they send the board of members, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of members should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company of its group has with the company or any company of its 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.

Compliant Partially compliant Explain

37. When there is an executive committee, at least two non-executive members should sit on this committee, at least one of whom should be independent; and its secretary should be the secretary to the board.

Compliant Partially compliant Explain Not applicable

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee, and all board members should receive a copy of the executive committee's minutes.

Compliant Partially compliant Explain Not applicable

39. The members of the audit committee as a whole, and particularly its chair, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management, for financial and non-financial risks.

Compliant Partially compliant 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 chair or the chair of the audit committee.

Compliant [] Partially compliant [X] Explain []

The Company's organic structure offers guarantees to ensure the oversight of the IT systems and internal control and is supplemented by the ICFR and Criminal Risk Prevention Control Service, which monitors these IT systems and internal control and reports directly to the Audit Committee.

41. The head of the unit in charge of the internal audit function should present the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its execution, including any incidents and limitations in terms of its scope that may arise during its implementation, the results and follow-up of its recommendations, and submit an activities report at the end of each year.

Compliant [] Partially compliant [X] Explain [] Not applicable []

The ICFR and Criminal Risk Prevention Control Service, established in accordance with the organisational size of the Company, is included in recommendation 40 and, its control function submits its annual work plan to the Audit Committee for approval, reports on the execution of the plan, including incidents and limitations in carrying out the plan, the results and the follow-up of its recommendations; it submits an activities report for its consideration on a half-yearly basis.

42. In addition to those provided for by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:
 - a) Oversee and assess the process of drafting and the integrity of financial and non-financial information, and the systems for controlling and managing financial and non-financial risks related to the company and, if applicable, to the group — including operational, technological, legal, social, environmental, political, reputational and corruption-related risks — reviewing compliance with regulatory requirements, the appropriate demarcation of the scope of consolidation and the correct application of accounting policies.
 - b) Ensure the independence of the unit that assumes 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 propose the approval to board of the guidelines and annual work plan of the internal audit service, ensuring that it focuses primarily on the main risks (including reputational risk); receive regular information on its activities; and verify that senior executives are taking into account the conclusions and recommendations of its reports.
 - c) Establish and oversee a mechanism that allows employees and other persons related to the company, such as board members, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting issues, or any other type of irregularities, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any event, provide for cases in which communications can be made anonymously, thus respecting the rights of the whistleblower and the reported party.
 - d) Ensure in general that the policies and systems established as regards internal control are effectively applied in practice.
2. In relation to the external auditor:
 - a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
 - b) Ensure that the remuneration of the external auditor does not compromise their quality or independence.
 - c) Ensure that the company reports any change in the external auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons behind them.
 - d) Ensure that the external auditor has a yearly meeting with the board in plenary session to inform it 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.

Compliant [X] Partially compliant [] Explain []

43. The audit committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another senior executive.

Compliant [X] Partially compliant [] Explain []

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so that the committee can analyse the transaction and report to the board

beforehand on its economic terms and accounting impact and, when applicable, the exchange ratio proposed.

Compliant Partially compliant Explain Not applicable

45. The risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk (including operational, technological, financial, legal, social, environmental, political and reputational and corruption-related risks) to which the company is exposed, 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, including a specialised risk committee when the sector regulations so provide, or when the company considers it appropriate.
- c) The level of risk that the company considers acceptable.
- d) The measures in place to mitigate the impact of the identified risks, should they occur.
- e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant Partially compliant Explain

46. Companies should establish an internal risk control and management function, performed by one of the company's internal units or departments, and under the direct supervision of the audit committee or, where applicable, 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 to which the company is exposed 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 within the framework of the policy defined by the board of members.

Compliant Partially compliant Explain

47. Appointees of the appointments and remuneration committee — or of the appointments committee and the remuneration committee, if they are separate — should have the right balance of knowledge, skills and experience for the functions they are called on to discharge and the majority of their members should be independent members.

Compliant Partially compliant Explain

48. Large cap companies should have a separate appointments committee and remuneration committee.

Compliant Explain Not applicable

49. The appointments committee should consult with the company's chair and chief executive, especially on matters relating to executive members.

When there are vacancies on the board, any member may approach the appointments committee to propose candidates that they might consider suitable.

Compliant Partially compliant 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 executive contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for board members and senior executives, including share-based remuneration schemes and their application, and ensure that their individual compensation is proportionate to the amounts paid to other members and senior executives 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 the remuneration of the board members and senior executives contained in the various corporate documents, including the annual directors' remuneration report.

Compliant Partially compliant Explain

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive board members and senior executives.

Compliant Partially compliant Explain

52. The rules governing the composition and functioning of supervision and control committees should be set out in the board regulations and should be consistent with those governing legally mandatory board committees as specified in the previous recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive board members, with a majority of independent members.
- b) Committees should be chaired by an independent member.
- c) The board should appoint the members of such committees having regard to the knowledge, skills and experience of its members and remit of each committee and discuss their proposals and reports; and the committees should report the business transacted and account for the work performed at the first plenary session of the board following each committee meeting.
- d) Committees may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and a copy made available to all board members.

Compliant Partially compliant Explain Not applicable

53. The task of overseeing compliance with the company's environmental, social and corporate governance policies and rules, and its internal codes of conduct, should be assigned to one or more board committees, which may be the audit committee, the appointments committee, a committee specialising in

sustainability or corporate social responsibility or any other specialised committee that the board of members has decided to create in exercising its powers of self-organisation. And this committee should be composed solely of non-executive members, the majority of whom should be independent and specifically assigned the minimum functions indicated in the following recommendation.

Compliant [X] Partially compliant [] Explain []

54. The minimum functions referred to in the above recommendation are as follows:

- a) Monitor compliance with corporate governance rules and the company's internal codes of conduct, ensuring that the corporate culture is in line with its purpose and values.
- b) Supervise the application of the general policy relating to the communication of economic-financial, non-financial and corporate information, and communication with shareholders and investors, proxy advisors and other stakeholders. It will also oversee the way in which the company communicates and relates to small- and medium-sized shareholders.
- c) Regularly evaluate and review the company's corporate governance system and its policy on environmental and social matters to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of other stakeholders.
- d) Ensure that the company's environmental and social practices are in line with the strategy and policy established.
- e) Monitor and evaluate the company's interaction with its stakeholders.

Compliant [X] Partially compliant [] Explain []

55. The sustainability policies regarding environmental and social matters should identify and include at least:

- a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other unlawful conduct.
- b) The methods or systems for monitoring compliance with the policies, the associated risks and their management.
- c) The mechanisms for monitoring non-financial risk, including those matters related to ethics and business conduct.
- d) The channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour.

Compliant [X] Partially compliant [] Explain []

56. Board members remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive members.

Compliant [X] Explain []

57. Variable remuneration linked to the company's profit and the board member's performance, the award of shares, options or any other right to acquire shares or to be remunerated based on share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive members.

The company may consider the share-based remuneration of non-executive members provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the member must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure such remuneration reflects the professional performance of the beneficiaries and not simply the general performance of the markets or the company's sector or other similar circumstances.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor in 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 ongoing achievement, maintained over sufficient time to appreciate their contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant Partially compliant Explain Not applicable

59. The payment of the variable components of remuneration should be subject to sufficient verification that the performance or other conditions previously established have been effectively fulfilled. Companies must include in the annual board members' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, companies should consider establishing a malus clause based on the deferral for a sufficient period of time of the payment of a portion of the variable components, entailing their total or partial loss in the event that some event occurs prior to the time of payment that makes it advisable to do so.

Compliant Partially compliant Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant Partially compliant Explain Not applicable

61. A major part of executive board members' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant Partially compliant Explain Not applicable

62. Once the shares, options or financial instruments corresponding to the remuneration schemes have been assigned, executive board members should not be able to transfer their ownership or exercise these options until a period of at least three years has elapsed.

An exception is made in the case where the member has, at the time of the transfer or exercise, a net economic exposure to the change in the share price for a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

This will not apply to shares that the board member needs to dispose of to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, to handle extraordinary situations when necessary.

Compliant Partially compliant Explain Not applicable

The Company has only assigned stock options. These stock options are personal and non-transferable and may not be disposed of. The options assigned must be held until the end of the 5-year vesting period. The shares can only be disposed of freely once they have been acquired.

The Company is considering making adaptations in the regulations of the instrument that are decided at any given time, where the requirements set out in the second part of the recommendation are included.

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment is not in accordance with the director's actual performance or based on data subsequently found to be inaccurate.

Compliant Partially compliant Explain Not applicable

64. Payments due to termination of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the board member has complied with the criteria or conditions established to receive payment.

Regarding this recommendation, payments due to contractual termination will include any payments that are accrued or where the payment obligation arises as a result of, or in connection with, the termination of the contractual relationship between the board member and the company, including amounts not previously vested from long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [X]

Partially compliant []

Explain []

Not applicable []

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect of corporate governance at the company or the group companies that has not been dealt with in the other sections of this report, and that it is necessary to include to provide the most complete and reasoned information on corporate governance structure and practices at the company or its group, provide a brief description.
2. This section may also include any other information, clarification or qualification relating to the previous sections of the report, provided this additional information is relevant and not repetitive.

In particular, indicate whether the company is subject to any laws other than Spanish law on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

3. Also state whether the company voluntarily adheres to other international, industry-specific or other ethical principles or good practices. If applicable, identify the code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010:

A.2

The figures that are presented relate to those reported by the holder to the CNMV and to the Company and, where applicable, after adjusted for any corporate transactions performed. Therefore, the reported values may not accurately reflect the reality of the shareholding.

It should also be noted that the information that has been provided to the Company by an indirect holder is reported if it includes information of direct holders.

In accordance with the instructions for completing this report, only direct holders exceeding 3% of the total voting rights (1% if they are a resident in a tax haven) are identified, so there may be discrepancies between the total indirect shareholdings and the sum of the corresponding direct shareholdings reported.

A.3

It is placed on record that, although the holder of the significant ownership interest is M^º del Carmen Escasany Miquel, in 2023 the Board Member, Mr. Álvaro de la Serna Corral exercised decision-making power over ENKIDU INVERSIONES, S.L., and over the transactions involving the shares of María del Carmen Escasany Miquel.

It is also placed on record that, although the holder of the significant ownership interest is Bernadette Miquel Vacarisas, the Board Member, Mr. José Miquel Vacarisas is also a Board Member of JOANFRA, S.A., and has been granted full powers to act in AGRICOLA DEL SUDESTE ALMERIENSE, S.A.

H

The full texts mentioned in this Report referring to the Company's regulations and the rest of the information published by Miquel y Costas & Miquel, S.A. in Spain are available on the Company's corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es).

The Company adheres to the Code of Best Tax Practices of 20 July 2010.

This annual corporate governance report was approved by the company's board of members at its meeting held on:

25/03/2024

Indicate whether any board members voted against or abstained in relation to the approval of this report.

Yes

No

ISSUER'S PARTICULARS

Reporting date:

[31/12/2023]

Tax ID No.:

[A 08020729]

Company name:

[**MIQUEL Y COSTAS & MIQUEL, S.A.**]

Registered office:

[TUSET, 10 BARCELONA]

A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A.1.1 Explain the current board members' remuneration policy applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved at the general shareholders meeting, provided that the information included is clear, specific and concrete.

A description must be given of how remuneration was specifically determined for the current year, both remuneration of board members acting as such and for the performance of executive functions, which would have been carried out by the board in accordance with that set out in the contracts signed with the executive members and with the remuneration policy approved at the general meeting.

In any case, at least the following information must be reported:

- a) Description of the company's procedures and bodies involved in determining, approving and implementing the remuneration policy and its terms.
- b) Indicate and, if necessary, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- c) Information on whether any external advisors have been involved and, if so, their identity.
- d) Procedures included in the current board members' remuneration policy that allow for temporary exceptions to the policy, the terms under which such exceptions may be applied and the components of remuneration that may be subject to exception under the policy.

The general bases of the Company's Board Members' Remuneration Policy for 2022, 2023 and 2024, approved at the General Meeting held on 22 June 2021 and amended at the General Meeting of 21 June 2022, aim to compensate Members 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:** Board Members' remuneration must be commensurate with their dedication, qualifications and responsibility for the purpose of attracting and retaining Members with the desired profile, without compromising the independence of judgement of non-Executive Members.
- b) **Reasonableness:** when setting remuneration proposals, the Company's financial position must be taken into account, based on a balance between the fulfilment of short-, medium- and long-term targets, which allow remuneration for performance over a sufficient period of time.
- c) **Achievement of corporate interests and long-term sustainability:** the Remuneration Policy must be in line with corporate interests and with non-financial criteria, so as to promote the Company's medium- and long-term earnings and sustainability.
- d) **Risk mitigation:** the Remuneration Policy must reward the achievement of results based on prudent and responsible risk-taking, incorporating the necessary mechanisms to avoid excessive risk-taking and rewarding unfavourable results.
- e) **Compliance with good governance practices:** Board Members' 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:** Board members' 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 members.

The Human Resources, Appointments and Remuneration Committee is in charge of drawing up this Remuneration Policy and is the body with the responsibilities detailed in Article 12.2 of the Board Regulations.

Its role is to submit proposals to the Board regarding: (i) the remuneration of Board Members and the salary policy for senior management, (ii) the individual remuneration of Executive Board Members and the other terms set out in their contracts, and (iii) the standard contractual terms and conditions for Senior Executives.

In exercising its functions and in accordance with section 529 novodecías.2 of the 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. The Board then submits the corresponding reasoned proposal for approval at the General Shareholders Meeting based on the Committee's report. The General Meeting is responsible for approving the Remuneration Policy, which, after the Articles of Association, is the Company's highest standard for Board Members' remuneration.

Within the statutory remuneration scheme, in accordance with that set out by law and the current Remuneration Policy, the Board is responsible for setting the amount to be paid to each Board Member, for determining the conditions to obtain this remuneration, taking into account their duties, responsibility and dedication to the management of the Company, and for deciding how the remuneration approved at the General Meeting will be distributed among the Board Members.

A distinction should be made between Board Members' remuneration in their capacity as such, which established in the Articles of Association, and the remuneration received by Executive Members for their management functions, the remuneration scheme of which is also established in the Articles of Association and detailed in their contracts.

The shareholders at the General Meeting are also 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 Board Members' 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 Board Members' remuneration for 2024. Reports from recognised consulting firms are available, but the decision is taken internally.

No temporary exceptions are provided for in the current Remuneration Policy.

A.1.2 Relative weight of variable to fixed remuneration items (remuneration mix) and the criteria and objectives taken into account in determining this weight to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration scheme to reduce exposure to excessive risk and to bring it into line with the company's long-term objectives, values and interests, including, where applicable, reference to measures envisaged to ensure that the remuneration policy takes into account the company's long-term performance, measures taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile, and measures envisaged to avoid conflicts of interest.

In addition, indicate whether the company has established an accrual or vesting period for certain variable remuneration items, in cash, shares or other financial instruments, a period for deferring payment of amounts or delivery of financial instruments already accrued and vested, or whether a clause has been agreed for the reduction of deferred remuneration not yet vested or that requires the board member to return the remuneration received, when such remuneration has been based on data that have subsequently proven to be manifestly misstated.

Article 18 of the Board Regulations states that the Board will be entitled to receive the remuneration set out in the Articles of Association and in the Remuneration Policy approved by the shareholders at the General Meeting.

Article 23 of the Articles of Association indicates that Board Members, in their capacity as such, will receive remuneration consisting of a share of up to a maximum of 5% of the Company's annual net profits, and that the shareholders at the General Meeting will set the percentage applicable for each year within this limit, which may only be taken from net profits once the requirements of section 218 of the Corporate Enterprises Act have been met. The above article indicates that, following a report from the Human Resources, Appointments and Remuneration Committee, and taking into account the functions, responsibility and dedication of the Board Members to the management of the Company, the Board will be responsible for distributing the remuneration approved by the shareholders at the General Meeting among the various Members and for setting the exact amount to be paid to each Member together with the conditions to obtain this remuneration.

As regards attendance fees, the Articles of Association indicate that Board Members, in their capacity as such, will receive remuneration for attending Board meetings, and the shareholders at the General Meeting will determine the corresponding amount to be paid, which will be distributed by the Board among its members taking into account their actual attendance at Board meetings. In the event that variable remuneration consisting of a share in the Company's profits is to be distributed, the amount received as attendance fees would be deducted from this amount.

The remuneration of the Board Members, in their capacity as such, is therefore considered to be variable, as it is directly proportional to the profit after tax obtained by the Company and subject to the allocation criteria established and to the attendance of the Members at Board meetings.

In addition, the above Article 23 of the Articles of Association indicates that Executive Board Members will also be entitled to receive other remuneration for the performance of their executive functions in accordance with the contract entered into with the Company and pursuant to that set out in the current law. This remuneration will take into consideration the duties, responsibilities and, in general, dedication of the Executive Members and may include fixed emoluments, any form of variable remuneration, contributions to savings and employee benefit schemes and/or insurance premium payments, whereby such remuneration is compatible with and independent of that received in their capacity as Board Members.

The remuneration envisaged for Executive Board Members is aimed at achieving a balance between fixed and variable remuneration and, within the latter, a balance between short- and long-term remuneration, which, while being consistent with the Company's performance, provides an element of motivation, loyalty and promotes the long-term sustainability of the Company.

The targets set for obtaining the above variable remuneration include individual achievements, which are linked to the responsibility and functional scope of action of each person and their influence on the Company's risk map and processes, and group achievements, which are only achieved through appropriate joint management. These achievements also include both financial and non-financial targets, with sustainability being a key element in the ongoing assessment of business processes.

In relation to long-term variable remuneration, the current multi-year plans designed are subject to the achievement of certain targets, mainly linked to results, in which the executive chairman, currently the Company's only Executive Board Member, participates together with the executives, with an impact on the medium- and long-term strategic plan.

Variable remuneration is received in two payments. In the first phase, the degree of achievement is objectively assessed and a maximum of 30% of this amount is paid. The second payment is made when the assessment processes are completed and the information on which they are based becomes final. In the event of any discrepancy or error in application, this will be rectified, depending on the case, either by immediately returning the amount or in a subsequent payment.

Clawback clauses have been signed with: (i) employees of the Miquel y Costas Group with an employment relationship and with variable remuneration linked to targets, (ii) Executive Board Member in their capacity as executives, and (iii) all Board members in their capacity as members. This clause indicates that the variable remuneration paid, whether annual or multi-year remuneration, may be recovered in full or in part, regardless of the corresponding vesting period, if certain events that require a correction to be made take place within three years following the end of the corresponding vesting period of the variable remuneration in question ("Reference Period"). The recovery must meet the requirements established in the clause, and the Human Resources, Appointments and Remuneration Committee will be responsible for proposing to the Board the degree to which the remuneration is recoverable based on the circumstances and the responsibility of the beneficiary in the event.

In addition, the Company has the 2016 Stock Option Plan, the beneficiaries of which include the executive chairman. This Plan was approved at the Company's General Shareholders Meeting held on 22 June 2016 and was implemented by the Board on 30 January 2017. The vesting period established is five years, followed by an exercise period of three additional years and, therefore, it is currently in the implementation phase. The Board Member, Mr. Javier Basañez Villaluenga is also a beneficiary of this Plan due to his status as an executive when the Plan was approved.

A.1.3 Amount and nature of the fixed components that board members acting as such are expected to earn during the year.

There is no fixed remuneration for Board Members acting in their capacity as such.

A.1.4 Amount and nature of the fixed components that will be earned by executive board members for exercising senior management functions.

The Executive Chairman, who is the Company's only Executive Board Member, receives fixed remuneration for the performance of his executive functions, as established in the Articles of Association and by contract and approved by the Board; this remuneration is first reviewed by the Human Resources, Appointments and Remuneration Committee each year and is updated either by agreement of the parties, by application of the Collective Agreement or in accordance with the CPI, as the case may be.

A.1.5 Amount and nature of any component of remuneration in kind to be earned during the year including, but not limited to, insurance premiums paid on behalf of board members.

In the case of Executive Board Members, a health insurance premium and contributions to a social benefit plan are established subject to the fulfilment of a series of conditions, including the achievement of at least a certain figure for profit.

Likewise, in accordance with Article 23 of the Articles of Association, the Company has taken out a third-party liability insurance policy for the Board Members.

In addition, the difference between the amount paid for travel on company business in a vehicle not belonging to the Company and the amount that is considered to be tax-deductible in this connection is formally considered to be remuneration in kind.

A.1.6 Amount and nature of the variable components, differentiating between short- and long-term components. Financial and non-financial parameters, which include social, environmental and climate change parameters, selected to determine variable remuneration in the current year, an explanation of the extent to which these parameters are related to the performance of both the board member and the company and its risk profile, and the methodology, period necessary and techniques envisaged to be able to determine, at the end of the year, the effective degree of compliance with the parameters used in determining variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.

Indicate the range in monetary terms of the different variable components in accordance with the degree of compliance with the established targets and parameters, and whether there is a maximum monetary amount in absolute terms.

Article 23 of the Articles of Association indicates that Board Members, in their capacity as such, will receive remuneration for attending Board meetings and that, for this purpose, the shareholders at the General Meeting will determine the corresponding amount to be paid, 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 an amendment is approved. This remuneration is considered fixed remuneration.

In addition, Article 23 stipulates that Board Members, in their capacity as such, will receive remuneration consisting of a share of up to a maximum of 5% of the Company's annual net profits, with the amount to be received by the Board Members as remuneration for attendance at Board meetings being deducted from this share in profits. It also indicates that the percentage applicable to each year within the above maximum will be established by the shareholders at the General Meeting and may only be taken from net profit once the requirements set out in section 218 of the Corporate Enterprises Act have been met, whereby the specific percentage approved at the General Meeting will remain in force until an amendment is approved.

The above Article 23 establishes that the exact amount to be paid to each Board Member in their capacity as such, the conditions for obtaining this remuneration and its distribution among the various Members will be determined by the Board, which, following a report from the Human Resources, Appointments and Remuneration Committee, will take into account the duties, responsibilities and, in general, the dedication of the Members to the management of the Company.

The Executive Chairman, who is currently the Company's only Executive board Member, receives a salary for the performance of his executive functions:

(i) Fixed remuneration or a salary, agreed by means of a contract approved by the Board. In accordance with that set out in section 5.1 of the 2022-2024 Remuneration Policy, Executive Board Member will receive fixed remuneration for the performance of their Senior Management functions, which will take into account the level of responsibility and the duties performed, will constitute a significant part of their total compensation, and must be approved by the Board and reflected in the corresponding contractual agreement. This remuneration will be updated on an annual basis by agreement of the Board or, failing that, in accordance with any changes in the CPI.

(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 defined annually in relation to their functions and area of activity, taking into account the Company's Strategic Plan and short- and medium-term targets. This remuneration is designed 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, 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.

In addition, the Company has the 2016 Stock Option Plan, the beneficiaries of which include the executive chairman. This Plan was approved at the Company's General Shareholders Meeting held on 22 June 2016 and was implemented by the Board on 30 January 2017. The vesting period established is five years, followed by an exercise period of three additional years and, therefore, it is currently in the implementation phase. The Board Member, Mr. Javier Basañez Villaluenga is also a beneficiary of this Plan due to his status as an executive when it was approved.

A.1.7 Main characteristics of the long-term savings schemes. Among other information, a description must be provided of the contingencies covered by the scheme, whether it is a defined contribution or benefit plan, the annual contribution to be made to the defined contribution schemes, the benefit to which the beneficiaries are entitled in the case of defined benefit schemes, the terms for vesting the dividend rights in favour of the board members and their compatibility with any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the company and the board member

Indications should be provided as to whether the accrual or vesting of any long-term savings plans is linked to achieving certain targets or parameters related to the short- and long-term performance of the board member.

The social benefit schemes for executives, which are only available for Executive Board Members, are intended to cover retirement, disability and death.

These schemes consist of an annual contribution for a three-year period, provided that the conditions established to obtain this contribution in each of the three years of the Plan are met; these conditions are approved by the Human Resources, Appointments and Remuneration Committee for the period and are established based on criteria of proportionality between remuneration and length of service up to a certain limit. After verifying that the established conditions have been met, the contribution is only made at the end of the three-year period through externalisation in the form of insurance, so that it can be included in a defined contribution plan.

In addition, until the consolidated right are obtained, which will occur when any of the contingencies envisaged in the insurance policy take place, with the conditions and requirements established in the policy, they must have met the good corporate governance requirements established by the Company.

A.1.8 Any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the company and the board member, regardless of whether it is the company or the board member that decides to end the relationship, and any type of agreements, such as exclusivity, post-contractual non-competition and long-term service or loyalty agreements, which entitle the board member to any type of payment.

There is no compensation in the event of early termination of Board Members, except as set out in the following section regarding the contractual conditions of Executive Members.

A.1.9 Indicate the conditions to apply to the contracts of executive board members exercising senior management functions. Among other information, indicate the term, limits on termination benefits, long-term service clauses, notice periods, and payment as a substitute for the above notice period, and any other clauses relating to hiring bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the company and the executive member. Include, among others, non-competition, exclusivity, long-term service or loyalty and post-contractual non-competition covenants or agreements, unless explained in the previous section.

In accordance with section 529 octodecies of the Corporate Enterprises Act, the Company has a contract entered into with its Executive Chairman with the following basic terms and conditions:

- A) It has an indefinite term and will remain in force for as long as the Executive Chairman holds his position.
- B) It includes a duty of confidentiality in relation to information to which he has access while performing his duties.
- C) It covers cases of early termination, both by the Executive Chairman and by the Company.
- D) As regards termination benefits, it establishes the right to receive an amount equivalent to his gross annual remuneration in the following cases:
 - (i) in the event of involuntary termination of his executive functions, except in the case of a serious breach of obligations;
 - (ii) in the event of a change of control;
 - (iii) when there is a substantial change to his functions.
- E) A non-competition agreement is established. If the Company chooses to require the executive chairman to fulfil a non-competition obligation after the contractual relationship is terminated, a consideration is established, for a maximum period of two years, equal to 50% of his 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 additional remuneration that will be earned by board members in the current year as consideration for services rendered other than those inherent to their position.

The Company's Board Members do not earn any additional remuneration for services rendered other than those inherent to their position.

A.1.11 Other remuneration items such as advances, loans and guarantees and other remuneration granted by the company to the Board Member.

The Company's Board Members do not earn any remuneration for these items.

A.1.12 The nature and estimated amount of any other additional remuneration envisaged not included in the previous sections, whether paid by the company or another group company, which will be earned by the board members in the current year.

No additional remuneration other than that included in the previous sections was earned.

A.2. Explain any relevant changes in the remuneration policy applicable in the current year as a result of:

- a) A new policy or an amendment to a policy already approved at the general meeting.
- b) Relevant changes in how remuneration is specifically determined established by the board for the current year of the remuneration policy in force with respect to that applied in the previous year.
- c) Proposals that the board of members has agreed to present at the general shareholders meeting at which this annual report will be submitted and that are intended to apply to the current year.

Board Members' remuneration is set out in the Board Members' Remuneration Policy for 2022, 2023 and 2024, which was approved at the General Meeting held on 22 June 2021 and amended at the General Meeting of 21 June 2022 to bring it into line with the new requirements of the Corporate Enterprises Act.

This Policy reflects the changes introduced by Article 23 of the Articles of Association in relation to the remuneration of Board Members in their capacity as such being divided into two separate remuneration items:

- (i) it establishes the remuneration to each Board Member for meetings and attendance;
- (ii) it maintains the share in the Company's net profits, although from now on the specific percentage of the maximum share stipulated in the Articles of Association will be determined by the shareholders at the General Meeting, up to a maximum of 5%, from which the total amount corresponding to remuneration for attendance fees will be deducted.

A new Board Members' Remuneration Policy for 2024, 2025 and 2026 is expected to be submitted for approval at the next General Shareholders Meeting so as to bring its content into line with the terms and conditions of the contract for the new executive chairman that the Company entered into on 1 July 2023.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which should be available on the company's website.

<https://miquelycostas.com/informacion-corporativa/#gobiernocorporativo>

A.4. Explain, taking into account the data provided in section B.4, how the shareholders' vote at the general meeting at which the annual remuneration report for the previous year was submitted to an advisory vote was taken into account.

Item Four on the Agenda of the Extraordinary and Annual General Meeting held on 22 June 2023, regarding the advisory vote on the Annual Board Members' Remuneration Report for 2022, obtained the support of 90.17% of the votes, calculated based on the share capital attending the General Meeting with voting rights, without taking into account treasury shares, which shows support from the majority of the Company's shareholders attending the General Meeting.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS IMPLEMENTED DURING THE YEAR

B.1.1 Explain the process followed to implement the remuneration policy and determine the individual remuneration reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of members and, where applicable, the identity and role of external advisors whose services were used in the process of implementing the remuneration policy in the year 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 Board Members and the salary policy for Senior Managers;
- (ii) the individual remuneration and other contractual terms of Executive Board Members.
- (iii) the standard contractual terms for Senior Executives.

Based on the proposals of the Human Resources, Appointments and Remuneration Committee, the Board prepares the Annual Board Members' Remuneration Report and submits it to an advisory vote at the General Shareholders Meeting as a separate item on the agenda.

At its meeting held on 27 March 2023, this Committee unanimously agreed to approve the remuneration envisaged for the Executive Board Members for 2023, and to submit the draft of the Board Members' Remuneration Report for 2022 to the Board for review and, where appropriate, approval and subsequent publication in accordance with the applicable legal provisions. The Board, at its meeting held on this same date, and with the Executive Board Member being required to abstain both from the deliberations and the voting, resolved to approve the remuneration of the Executive Board Member for 2023 with the favourable vote of the rest of the members. The Board also unanimously agreed to approve the Annual Board Members' Remuneration Report for 2022.

As a result of the voluntary resignation of Mr. Jorge Mercader Miró as Chairman of the Board, and as a result of no longer performing his executive functions, the Human Resources, Appointments and Remuneration Committee, at its meeting held on 22 June 2023, reported favourably to the Board on the appointment of Mr. Jorge Mercader Barata as the new executive chairman, with effect from 1 July 2023, together with the new commercial contract entered into to govern the terms of his professional services, and the corresponding remuneration, in accordance with the Company's Articles of Association and the Remuneration Policy in force. As part of the remuneration provided for in the Articles of Association in his capacity as Board Member, he is entitled to 1.0% of annual profit after tax of the Parent for 2023 and, therefore, 0.5% applied in the second half of the calendar year. The Board, at its meeting held on this same date, and following a report from the Committee, resolved to appoint Mr. Jorge Mercader Barata as the new executive chairman of the Board, with effect from 1 July 2023, and to approve his new service contract with the Company.

The Board Members' remuneration for 2023 was determined by the corporate bodies without the involvement of external parties.

B.1.2 Explain any deviations from the procedure established for implementing the remuneration policy that took place during the year.

In 2023, there were no deviations from the procedure established for implementing the Remuneration Policy.

B.1.3 Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that such exceptions were necessary for the long-term interests and sustainability of the company as a whole or to ensure its viability. Also, quantify the impact that the application of these exceptions has had on the remuneration of each board member during the year.

In 2023, no temporary exceptions to the Remuneration Policy were applied.

B.2. Explain the various actions taken by the company in relation to the remuneration scheme and how they have contributed to reducing exposure to excessive risk and bringing it into line with the company's long-term objectives, values and interests, including reference to measures that have been taken to ensure that the remuneration earned has taken into account the company's long-term performance and achieved an appropriate balance between fixed and variable components of remuneration, what measures have been taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile, and what measures have been taken to avoid conflicts of interest, if any.

In relation to the remuneration scheme, the measures taken by the Company in 2023 to help reduce exposure to excessive risks and bring it into line with the targets were as follows:

- (i) Implement that set out in the Articles of Association in relation to the annual remuneration of Board Members, in their capacity as such, directly linked to the profit obtained by the Company in the year. The remuneration was therefore considered to be variable as it is generated directly in proportion to the Company's positive performance and is distributed based on the responsibility and dedication of each of the Board Members and their attendance at Board meetings.
- (ii) Approve the remuneration for Executive Board Members for their management functions, the variable portion of which consisted of annual remuneration conditional on targets tied to the profit obtained by the Company and/or the Group and other individual and functional targets. The salaries of Executive Board Members were evenly distributed between fixed and variable components.
- (iii) Maintain the current 2016 Stock Option Plan, the beneficiaries of which include Mr. Jorge Mercader Barata, the Executive Chairman, and Mr. Javier Basañez Villaluenga, an Executive Member, at the date of approval of the Plan. This Plan has a vesting period of 5 years, after which the options may be exercised within 3 years. This Plan aims to effectively increase the productivity of the beneficiaries and of the Company itself and, therefore, obtain better results for the Group, resulting in a direct benefit for its shareholders.
- (iv) Maintain a clawback clause, signed by all Executive Board Members 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.

In relation to conflicts of interest, all Company Board Members have submitted express written statements that as at 2023 year-end they were in compliance with section 229 of the Corporate Enterprises Act and Ministry of Economy and Finance Order EHA 3050/2004, of 15 September. In addition, the commitments detailed in the Internal Code of Conduct, which include the duty to report in advance and to avoid conflicts of interest, as currently defined by law, have been accepted by those employees that are required to do so given their position and duties.

In relation to risks, those responsible for the various risk groups identified and prioritised in the first line of defence have been appointed, and they must submit regular reports on compliance with the controls established to the body designated by the Audit Committee as the second line of defence. In addition, the Company is subject to an annual audit.

B.3. Explain how the remuneration earned and vested in the year complies with that set out in the current remuneration policy and, in particular, how it contributes to the long-term, sustainable performance of the company.

Likewise, report on the relationship between the remuneration obtained by the board members and the company's results or other performance measures, both short and long term, explaining, where applicable, how changes in the company's performance may have influenced a change in board members' remuneration, including any remuneration earned but where payment was deferred, and how this contributes to the company's short- and long-term results.

Board Members' remuneration in 2023 was fully in line with the Company's current Remuneration Policy and the requirements and limits established in the framework of the Articles of Association and, therefore, the final remuneration received was proportional to the Company's performance during the year.

The attendance fees received by the Board Members during the year were deducted from total variable remuneration.

Furthermore, the remuneration of the Executive Board Members for their executive functions included a fixed component, in the form of salary and remuneration in kind, the latter of which is for a very small amount, and a variable component that is conditional on targets tied to the profit of the Company and/or the Group and/or on other specific financial and non-financial targets.

B.4. Report on the result of the advisory vote at the general meeting on the annual remuneration report of the previous year, indicating the number of abstentions and the votes cast against and in favour of the report.

	Number	% of total
Votes cast	26,306,720	65.77

	Number	% of votes cast
Votes against	2,582,915	9.82
Votes in favour	23,719,652	90.17
Protest votes		0.00
Abstentions	4,153	0.02

Remarks

B.5. Explain how the fixed components earned and vested during the year by the board members acting as such were determined, their relative proportion for each member and how they varied compared to the previous year.

The Board members, in their capacity as such, do not have any fixed component of remuneration.

B.6. Explain how the salaries earned and vested during the year by each of the executive board members for performing management functions were determined and how they varied compared to the previous year.

The Articles of Association establish that Executive Board Members 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 approved unanimously by the Board.

In 2023, Executive Board Members received fixed remuneration of EUR 733 thousand (EUR 988 thousand in 2022) for the performance of their senior management functions, in accordance with that detailed in section C of this report.

It should be noted that Mr. Jorge Mercader Miró voluntarily resigned from his duties as the Company's executive chairman as from 1 July 2023, but continued to hold the position of Board Member as a Proprietary Member. With effect from this same date, Mr. Jorge Mercader Barata was appointed as the new Executive Chairman, with the subsequent changes to his functions and remuneration from executive to Chairman.

B.7. Explain the nature and main characteristics of the variable components of the remuneration schemes earned and vested during the year ended.

In particular:

- a) Identify each of the remuneration plans that have given rise to the different variable remuneration earned by each of the board members during the year ended, including information on their scope, approval date, implementation date, vesting conditions, accrual periods and validity, criteria used to evaluate performance and how this has an impact on setting the variable amount earned, and the measurement criteria used and the period required to be able to adequately measure all the terms and criteria stipulated, explaining in detail the criteria and factors applied regarding the time required and methods for verifying whether the performance or other conditions to which the accrual and vesting of each component of variable remuneration are tied have been effectively met.
- b) In the case of share option plans or other financial instruments, the general characteristics of each plan must include information on the terms both for acquiring unconditional ownership (vesting) and for being able to exercise these options or financial instruments, including the price and exercise period.
- c) Each of the board members, and their category (executive members, proprietary non-executive members, independent non-executive members or other non-executive members), who are beneficiaries of remuneration schemes or plans that include variable remuneration.
- d) Where applicable, information will be provided on any accrual payment deferral periods that may have been applied and/or periods for retaining or not disposing of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes:

Short-term variable remuneration for Board Members comprises the following:

- (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 Board Member based on their attendance at Board meetings. The distribution percentage is established in accordance with their responsibility and dedication.

(ii) The annual remuneration of the Executive Board Member for their management functions, which consists of 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 Member 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 the remuneration schemes:

The Executive Chairman is assigned the following long-term variable remuneration for his additional senior management functions at the Company:

(i) Three-year remuneration, which is subject to the achievement of certain targets linked to general long-term financial results and to his dedication in relation to his functions and those of his area of activity within the organisation.

(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 between remuneration and length of service up to a certain limit.

(iii) The Miquel y Costas & Miquel, S.A. 2016 Stock Option Plan, which was approved by the shareholders at the Extraordinary and Annual General Meeting held on 22 June 2016, the characteristics of which are described in its regulations, published as a significant event on remuneration schemes, which is available on the corporate website (www.miquelycostas.com) and on the website of the Spanish National Securities Market Commission (www.cnmv.es). This Plan came into effect on 31 January 2017 and has a term of 8 years, with the first 5 years corresponding to the vesting period and the last 3 years for exercising the options. This phase will end on 10 February 2025. The beneficiaries of this Plan are Mt. Jorge Mercader Barata, the Chairman and only executive director at the end of 2023, and the Board Member Mr. Javier Basañez Villaluenga, in his capacity as an executive when this Plan was approved.

B.8. Indicate whether certain variable components earned had to be reduced or returned when payment had been deferred in the first case, or vested and paid in the second case, based on data that have subsequently proven to be manifestly misstated. Describe the amounts reduced or returned as a result of malus or clawback clauses being applicable, why they were enforced and the years to which they correspond.

In 2023 no refund of any amount was requested for remuneration paid or deferred payment.

B.9. Explain the main characteristics of the long-term savings schemes, the amount or equivalent annual cost of which is shown in the tables in Section C, including retirement and any other survivor's benefits, which are financed in part or in full by the company, whether they are provided internally or externally, indicating the type of plan, whether it is a defined contribution or benefit plan, the contingencies covered, the terms for vesting dividend rights in favour of the board members and their compatibility with any type of compensation for early termination of the contractual relationship between the company and the board member.

The Executives Benefit Plan offers the executives designated by the Board corporate employee benefits in addition to the social security scheme to cover retirement, disability and death. This Plan, which covers Executive Board Member 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 criteria of proportionality between fixed remuneration and length of service up to the limit established.

The contribution, through its externalisation in the form of insurance, is made in the year following the end of the three-year period, once the period has ended and fulfilment of the conditions for receiving benefits has been verified, so that it can be included in a defined contribution plan. However, the dividend rights and the corresponding allocation for tax purposes will not be vested until one of the contingencies envisaged in the insurance policy takes place, in accordance with the requirements established in the policy, provided the beneficiary has fulfilled the required good governance conditions up until that time.

The current Plan was launched in 2022 and is in force for the 2022-2024 period. At the end of 2024, once the period has ended, the sum of the annual amounts will be accrued based on the fulfilment of the conditions established for obtaining these amounts.

B.10. Explain, if applicable, any termination benefits or other type of payment arising from early termination, regardless of whether it is the company or the board member that decides to end the

relationship, or the termination of the contract, under the contractual terms, earned and/or received by the board members during the year.

No termination benefits were paid, accrued or received in 2023.

B.11. Indicate whether any significant changes have been made to the contracts of executive board members that exercise senior management functions and, if so, explain these changes. Likewise, explain the main terms of the new contracts signed with executive board members during the year, unless they have already been explained in section A.1.

Given that Mr. Jorge Mercader Miró resigned as executive Chairman of the Board and thus no longer performed his executive functions, the Company's Human Resources, Appointments and Remuneration Committee, at its meeting held on 22 June 2023, resolved to report favourably on the termination, with effect from 1 July 2023, of his service contract entered into with the Company on 22 December 1997 and partially amended the contract on 30 March 2015, without prejudice to the fact that certain remuneration items provided for in the contract would continue to be earned until the end of 2023.

In view of the new position held by Mr. Jorge Mercader Barata as Chairman of the Board, the Committee also resolved to report favourably on the following:

- (i) To terminate and render void, as from 1 July 2023, the service contract of Mr. Jorge Mercader Barata entered into with the Company on 30 March 2015, without prejudice to the fact that certain remuneration items provided for in the contract would continue to be earned.
- (ii) To enter into a new commercial agreement regulating the terms for providing his professional services in his new capacity as Executive Chairman, and the corresponding remuneration in accordance with the Company's Articles of Association and the Remuneration Policy in force.

The Board resolved on the following at its meeting of 22 June 2023:

- (i) To render void, as from 1 July 2023, the employment and service contract entered into with Mr. Jorge Mercader Miró on 22 December 1997, partially amending the contract by virtue of an addendum of 30 March 2015.
- (ii) To terminate and render void, as from 1 July 2023, the service contract entered into between Mr. Jorge Mercader Barata and the Company on 30 March 2015.
- (iii) To approve a new service contract between Mr. Jorge Mercader Barata and the Company in accordance with that set out in sections 249.3, 249.4 and 529 octodecés of the Corporate Enterprises Act, including the terms and conditions established by the Human Resources, Appointments and Remuneration Committee.

B.12. Explain any additional remuneration earned by board members as consideration for services rendered other than those inherent to their position.

In 2023 no additional remuneration was earned by Board Members for services rendered other than those inherent to their position.

B.13. Explain any remuneration in the form of advances, loans and guarantees granted, indicating the interest rate, their essential characteristics, any amounts repaid and the obligations assumed on their behalf by way of guarantee.

In 2023, the Company did not grant the Board Members any advances or loans and did not assume any obligations on their behalf, including guarantee obligations.

The Company also did not have any balance in favour of the Board Members, in their capacity as such, or in favour of the Executive Members that did not originate from the established remuneration.

B.14. Give details of the remuneration in kind earned by board members during the year, briefly explaining the nature of the different salary components.

In 2023, remuneration in kind for Executive Board Members consisted of individual health insurance, the amount of which per Member was EUR 1.3 thousand, as detailed in section C of this report.

Compensation for travel expenses was not considered to be a remuneration item, as described in section A.1. of this report.

- B.15.** Explain the remuneration earned by the board member through payments made by the listed company to another entity at which the director provides services, when the purpose of these payments is to compensate their services at the company.

In 2023, the Company did not make any payments to third parties as remuneration for the services rendered by the Company's Board Members

- B.16.** Explain and list the amounts earned during the year in relation to any other remuneration item other than those listed above, regardless of the type of remuneration and the group company making payment, including all manner of benefits, such as when it is considered a related party transaction or, in particular, when it significantly affects the fair representation of the total remuneration earned by the board member, explaining the amount granted or payable, the nature of the consideration received and, where appropriate, the reasons why it would have been considered not to constitute remuneration for the board member in his capacity as such or in consideration for the performance of his executive functions, and whether or not it has been considered appropriate to include it in the amounts earned under "Other items" in section C of this report.

There were no remuneration items with these characteristics in 2023.

C. DETAIL OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE BOARD MEMBERS

Name	Type	Accrual period 2023
JORGE MERCADER MIRÓ	Proprietary Member	From 01/01/2023 to 31/12/2023
JORGE MERCADER BARATA	Executive Chairman	From 01/01/2023 to 31/12/2023
JAVIER BASAÑEZ VILLALUENGA	Other Non-Executive Member	From 01/01/2023 to 31/12/2023
ÁLVARO DE LA SERNA CORRAL	Proprietary Member	From 01/01/2023 to 31/12/2023
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	Other Non-Executive Member	From 01/01/2023 to 31/12/2023
JOSÉ MIQUEL VACARISAS	Proprietary Member	From 22/06/2023 to 31/12/2023
MARTA LACAMBRA I PUIG	Independent Member	From 01/01/2023 to 31/12/2023
CLAUDIO ARANZADI MARTÍNEZ	Lead Member	From 01/01/2023 to 31/12/2023
MARÍA TERESA BUSTO DEL CASTILLO	Independent Member	From 22/06/2023 to 31/12/2023
NARCÍS SERRA SERRA	Independent Member	From 22/06/2023 to 31/12/2023
JOAQUÍN FAURA BATLLE	Lead Member	From 01/01/2023 to 22/06/2023
JOAQUÍN COELLO BRUFAU	Other Non-Executive Member	From 01/01/2023 to 22/06/2023
JOANFRA, S.A.	Proprietary Member	From 01/01/2023 to 22/06/2023

C.1. Complete the following tables regarding the individual remuneration of each of the board members (including remuneration for exercising executive functions) earned during the year.

a) Remuneration of the reporting company:

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
JORGE MERCADER MIRÓ		21		294	649			1	965	1,422
JORGE MERCADER BARATA		21		439	646			1	1,107	714
JAVIER BASAÑEZ VILLALUENGA		21			112				133	314
ÁLVARO DE LA SERNA CORRAL		21			112				133	88
EUSEBIO DÍAZ-MORERA PUIG-SUREDA		14			77				91	80
JOSÉ MIQUEL VACARISAS		10			68				78	
MARTA LACAMBRA I PUIG		21			112				133	88
CLAUDIO ARANZADI MARTÍNEZ		21			112				133	88
MARÍA TERESA BUSTO DEL CASTILLO		10			68				78	
NARCÍS SERRA SERRA		10			68				78	
JOAQUÍN FAURA BATLLE		10			37				47	72
JOAQUÍN COELLO BRUFAU		11			44				55	88
JOANFRA, S.A.		11			44				55	88

Remarks

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

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JORGE MERCADER MIRÓ	---							0.00				
JORGE MERCADER BARATA	2016 stock option plan	135,273	135,273					0.00			135,273	135,273
JAVIER BASAÑEZ VILLALUENGA	2016 stock option plan	111,273	111,273					0.00			111,273	111,273
ÁLVARO DE LA SERNA CORRAL	---							0.00				
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---							0.00				
JOSÉ MIQUEL VACARISAS	---							0.00				
MARTA LACAMBRA I PUIG	---							0.00				
CLAUDIO ARANZADI MARTÍNEZ	---							0.00				
MARÍA TERESA BUSTO DEL CASTILLO	---							0.00				
NARCÍS SERRA SERRA	---							0.00				
JOAQUÍN FAURA BATLLE	---							0.00				

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JOAQUÍN COELLO BRUFAU	---							0.00				
JOANFRA, S.A.	---							0.00				

Remarks

iii) Long-term savings schemes.

Name	Remuneration for vesting rights under savings schemes
JORGE MERCADER MIRÓ	
JORGE MERCADER BARATA	
JAVIER BASAÑEZ VILLALUENGA	
ÁLVARO DE LA SERNA CORRAL	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
JOSÉ MIQUEL VACARISAS	
MARTA LACAMBRA I PUIG	
CLAUDIO ARANZADI MARTÍNEZ	

Name	Remuneration for vesting rights under savings schemes
MARÍA TERESA BUSTO DEL CASTILLO	
NARCÍS SERRA SERRA	
JOAQUÍN FAURA BATLLE	
JOAQUÍN COELLO BRUFAU	
JOANFRA, S.A.	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JORGE MERCADER MIRÓ							616	616
JORGE MERCADER BARATA							151	151
JAVIER BASAÑEZ VILLALUENGA							207	207
ÁLVARO DE LA SERNA CORRAL								
EUSEBIO DÍAZ-MORERA PUIG-SUREDA								
JOSÉ MIQUEL VACARISAS								
MARTA LACAMBRA I PUIG								

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
CLAUDIO ARANZADI MARTÍNEZ								
MARÍA TERESA BUSTO DEL CASTILLO								
NARCÍS SERRA SERRA								
JOAQUÍN FAURA BATLLE								
JOAQUÍN COELLO BRUFAU								
JOANFRA, S.A.								

iv) Details of other items

Name	Description	Amount of remuneration
JORGE MERCADER MIRÓ	Compensation in kind	1
JORGE MERCADER BARATA	Compensation in kind	1
JAVIER BASAÑEZ VILLALUENGA	---	
ÁLVARO DE LA SERNA CORRAL	---	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
JOSÉ MIQUEL VACARISAS	---	
MARTA LACAMBRA I PUIG	---	

Name	Description	Amount of remuneration
CLAUDIO ARANZADI MARTÍNEZ	---	
MARÍA TERESA BUSTO DEL CASTILLO	---	
NARCÍS SERRA SERRA	---	
JOAQUÍN FAURA BATLLE	---	
JOAQUÍN COELLO BRUFAU	---	
JOANFRA, S.A.	---	

Remarks

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b) Remuneration paid to board members of the listed company as members of the managing bodies of its subsidiaries:

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
JORGE MERCADER MIRÓ										
JORGE MERCADER BARATA										
JAVIER BASAÑEZ VILLALUENGA		50							50	25
ÁLVARO DE LA SERNA CORRAL										
EUSEBIO DÍAZ-MORERA PUIG-SUREDA										
JOSÉ MIQUEL VACARISAS										

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
MARTA LACAMBRA I PUIG										
CLAUDIO ARANZADI MARTÍNEZ										
MARÍA TERESA BUSTO DEL CASTILLO										
NARCÍS SERRA SERRA										
JOAQUÍN FAURA BATLLE										
JOAQUÍN COELLO BRUFAU										
JOANFRA, S.A.										

Remarks

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

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JORGE MERCADER MIRÓ	---							0.00				
JORGE MERCADER BARATA	---							0.00				
JAVIER BASAÑEZ VILLALUENGA	---							0.00				
ÁLVARO DE LA SERNA CORRAL	---							0.00				
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---							0.00				
JOSÉ MIQUEL VACARISAS	---							0.00				
MARTA LACAMBRA I PUIG	---							0.00				

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Expired instruments not exercised	Financial instruments at the end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
CLAUDIO ARANZADI MARTÍNEZ	---							0.00				
MARÍA TERESA BUSTO DEL CASTILLO	---							0.00				
NARCÍS SERRA SERRA	---							0.00				
JOAQUÍN FAURA BATLLE	---							0.00				
JOAQUÍN COELLO BRUFAU	---							0.00				
JOANFRA, S.A.	---							0.00				

Remarks

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iii) Long-term savings schemes.

Name	Remuneration for vesting rights under savings schemes
JORGE MERCADER MIRÓ	
JORGE MERCADER BARATA	
JAVIER BASAÑEZ VILLALUENGA	
ÁLVARO DE LA SERNA CORRAL	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	
JOSÉ MIQUEL VACARISAS	
MARTA LACAMBRA I PUIG	
CLAUDIO ARANZADI MARTÍNEZ	
MARÍA TERESA BUSTO DEL CASTILLO	
NARCÍS SERRA SERRA	
JOAQUÍN FAURA BATLLE	
JOAQUÍN COELLO BRUFAU	
JOANFRA, S.A.	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JORGE MERCADER MIRÓ								
JORGE MERCADER BARATA								

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights		Savings schemes with vested dividend rights		Savings schemes with non-vested dividend rights	
	2023	2022	2023	2022	2023	2022	2023	2022
JAVIER BASAÑEZ VILLALUENGA								
ÁLVARO DE LA SERNA CORRAL								
EUSEBIO DÍAZ-MORERA PUIG-SUREDA								
JOSÉ MIQUEL VACARISAS								
MARTA LACAMBRA I PUIG								
CLAUDIO ARANZADI MARTÍNEZ								
MARÍA TERESA BUSTO DEL CASTILLO								
NARCÍS SERRA SERRA								
JOAQUÍN FAURA BATLLE								
JOAQUÍN COELLO BRUFAU								
JOANFRA, S.A.								

Remarks

iv) Details of other items

Name	Description	Amount of remuneration
JORGE MERCADER MIRÓ	---	
JORGE MERCADER BARATA	---	
JAVIER BASAÑEZ VILLALUENGA	---	
ÁLVARO DE LA SERNA CORRAL	---	
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	---	
JOSÉ MIQUEL VACARISAS	---	
MARTA LACAMBRA I PUIG	---	
CLAUDIO ARANZADI MARTÍNEZ	---	
MARÍA TERESA BUSTO DEL CASTILLO	---	
NARCÍS SERRA SERRA	---	
JOAQUÍN FAURA BATLLE	---	
JOAQUÍN COELLO BRUFAU	---	
JOANFRA, S.A.	---	

Remarks

c) Summary of remuneration (thousands of euros)

The summary should include amounts for all remuneration items referred to in this report earned by the board member in thousands of euros.

Name	Remuneration earned at the Company					Remuneration earned at group companies					Company and Group total for 2023
	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Company total for 2023	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Group total for 2023	
JORGE MERCADER MIRÓ	965				965						965
JORGE MERCADER BARATA	1,107				1,107						1,107
JAVIER BASAÑEZ VILLALUENGA	133				133	50				50	183
ÁLVARO DE LA SERNA CORRAL	133				133						133
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	91				91						91
JOSÉ MIQUEL VACARISAS	78				78						78

Name	Remuneration earned at the Company					Remuneration earned at group companies					Company and Group total for 2023
	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Company total for 2023	Total remuneration in cash	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration from other items	Group total for 2023	
MARTA LACAMBRA I PUIG	133				133						133
CLAUDIO ARANZADI MARTÍNEZ	133				133						133
MARÍA TERESA BUSTO DEL CASTILLO	78				78						78
NARCÍS SERRA SERRA	78				78						78
JOAQUÍN FAURA BATLLE	47				47						47
JOAQUÍN COELLO BRUFAU	55				55						55
JOANFRA, S.A.	55				55						55
TOTAL	3,086				3,086	50				50	3,136

Remarks

- C.2. Indicate the changes over the last five years in the amount and the percentage variation of the remuneration earned by each of the board members of the listed company who have held this position during the year, the company's consolidated profit or loss, and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not members of the listed company.

	Total amounts earned and annual change (%)								
	2023	% change 2023/2022	2022	% change 2022/2021	2021	% change 2021/2020	2020	% change 2020/2019	2019
Executive Board Members									
JORGE MERCADER BARATA	1.107	55.04	714	-40,70	1.204	33,04	905	6,85	847
Non-Executive Board Members									
JORGE MERCADER MIRÓ	965	-32,14	1.422	-27,78	1.969	22,91	1.602	4.36	1,535
JOAQUÍN COELLO BRUFAU	55	-37.50	88	-22.12	113	15.31	98	5.38	93
ÁLVARO DE LA SERNA CORRAL	133	51.14	88	-22.12	113	15.31	98	3.16	95
JOANFRA, S.A.	55	-37.50	88	-22.12	113	15.31	98	3.16	95
EUSEBIO DÍAZ-MORERA PUIG-SUREDA	91	13.75	80	-23.08	104	6.12	98	8.89	90
JOAQUÍN FAURA BATLLE	47	-34.72	72	-36.28	113	15.31	98	8.89	90
CLAUDIO ARANZADI MARTÍNEZ	133	51.14	88	-22.12	113	63.77	69	46.81	47
MARTA LACAMBRA I PUIG	133	51.14	88	-22.12	113	15.31	98	108.51	47
JAVIER BASAÑEZ VILLALUENGA	183	-46.02	339	-53.56	730	44.55	505	10.02	459
JOSÉ MIQUEL VACARISAS	78	-	0	-	0	-	0	-	0

	Total amounts earned and annual change (%)								
	2023	% change 2023/2022	2022	% change 2022/2021	2021	% change 2021/2020	2020	% change 2020/2019	2019
MARÍA TERESA BUSTO DEL CASTILLO	78	-	0	-	0	-	0	-	0
NARCÍS SERRA SERRA	78	-	0	-	0	-	0	-	0
Consolidated profit/(loss) of the Company									
	56,553	37.74	41,058	-38.77	67,058	15.10	58,262	14.09	51,066
Average remuneration of employees									
	39	2.63	38	5.56	36	-2.70	37	-2.63	38

Remarks

Mrs. Maria Teresa Busto, Mr. Narcís Serra and Mr. José Miquel were appointed to the Board on 22 June 2023. On this same date, Mr. Joaquín Faura, Mr. Joaquín Coello and Joanfra S.A. stepped down from their position on the Board.

Upon retirement, Mr. Jorge Mercader Miró ceased to perform his duties as Executive Chairman as from 1 July 2023 and became Proprietary Board Member, leading to a resolution passed by the Board to redistribute the remuneration approved at the General Meeting among the Members.

D. OTHER INFORMATION OF INTEREST

If there is any salient feature of board members' remuneration that has not been addressed in the other sections of this report, and that is necessary to provide a more comprehensive view of the company's remuneration structure and practices in relation to its members, provide a brief description.

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This annual remuneration report was approved by the company's board at its meeting held on:

[25/03/2024]

Indicate whether any boards members voted against or abstained in relation to the approval of this report.

[] Yes

[] No