Miquel y Costas & Miquel, S.A.

Financial Statements for the year ended 31 December 2024 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Miquel y Costas & Miquel, S.A. (the Company), which comprise the balance sheet as at 31 December 2024, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2024, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition at the reporting date	
Description	**Procedures applied in the audit**
The Company performs sales transactions on dates close to year-end, the terms and conditions of which in relation to the transfer of control of the goods sold and the risks inherent to the aforementioned transactions, by virtue of the agreements reached with customers, are highly diverse and complex, and the transactions are accounted for in accordance with the accounting policies described in Note 3.16 to the accompanying financial statements and require significant judgements to be made by management. The evaluation of the interpretations made by management was one of the key matters in our audit for determining the appropriate cutoff for the year ended 31 December 2024.	Our audit procedures included mainly the review of the process performed by the Company to record sales in the appropriate period, the performance of substantive procedures, on a selective basis, on the last sales recognised in 2024 in order to analyse whether the revenue had been properly recognised in the appropriate period, taking into account the ownership and risk transfer clauses (or "incoterms" established in the terms of sale) agreed upon with the customers and the date on which control of the goods sold is transferred. We also performed tests of details on a sample of the trade receivables not yet collected at year-end through a combination of substantive tests relating to third-party confirmations and an analysis of subsequent collections and payments in order to check that they had been recognised correctly. Lastly, we evaluated whether the disclosures included in Notes 3.16 and 26.2 to the accompanying financial statements contained the necessary disclosures and information required by the applicable regulatory financial reporting framework in relation to the Company's revenue.

Other Matter

The financial statements of Miquel y Costas & Miquel, S.A. for the year ended 31 December 2023 were audited by another auditor who expressed an unqualified opinion on those statements on 18 April 2024.

Other Information: Directors' Report

The other information comprises only the directors' report for 2024, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2024 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the audit regulations in force 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is on pages 7 and 8 of this document, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Miquel y Costas & Miquel, S.A. for 2024, which comprise the XHTML file including the financial statements for 2024, 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 2024 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether the format of those financial statements is, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 24 April 2025.

Engagement Period

The Annual and Extraordinary General Meeting held on 20 June 2024 appointed us as auditors for a period of three years from the year ended 31 December 2024.

DELOITTE AUDITORES, S.L.
Registered in ROAC under no. S0692

Sergi Segura Rius
Registered in ROAC under no. 22961

24 April 2025

Appendix to our auditor's report

Further to the information contained in our auditor’s report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.

- 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 use by the directors 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 financial statements 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 financial statements, including the disclosures, and whether the financial statements 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 regarding independence, and we have communicated with it all matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards applied to eliminate or reduce the corresponding threat.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements 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.

MIQUEL Y COSTAS & MIQUEL, S.A.

ANNUAL ACCOUNTS AT 31 DECEMBER 2024 AND DIRECTORS' REPORT FOR 2024

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 director's 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 2024, 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 31 March 2025, pursuant to article 253 of Spain's Corporate Enterprises Act and following the electronic format established in Commission Delegated Regulation (EU) 2018/815, of 17 December 2018.

Barcelona, 31 March 2025

Chairman of the Board of Directors

Mr Jorge Mercader Barata

Directors:

Mr Jorge Mercader Miró	Mr Álvaro de la Serna Corral	Mr Javier Basañez Villaluenga
Mr Eusebio Díaz-Morera Puig-Sureda	Ms Mª Teresa Busto del Castillo	Mr Claudio Aranzadi Martínez
Mr Narcís Serra Serra	Mr José Miquel Vacarisas	Ms Marta Lacambra Puig

The Secretary (non-director) of the Board of Directors, Ms Victoria Lacasa Estébanez, has initialled every page of the Annual Accounts and the Directors' Report for the purposes of identification of documents.

Ms Victoria Lacasa Estébanez

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miquel y costas & miquel, s.a.

TABLE OF CONTENTS OF THE ANNUAL ACCOUNTS OF MIQUEL Y COSTAS & MIQUEL, S.A.

MIQUEL Y COSTAS & MIQUEL, S.A.
BALANCE SHEET AT 31 DECEMBER 2024
(IN THOUSAND EURO)

ASSETS	**Note**	**2024**	**2023**
NON-CURRENT ASSETS		**179,371**	**147,313**
Intangible assets	5	**683**	**822**
Property, plant and equipment	6	**80,935**	**79,000**
Non-current investments in group companies and associates		**38,470**	**41,352**
Equity instruments	7.8	29,036	28,773
Receivables from group companies and associates	7,9, 29.1	9,434	12,579
Non-current financial investments		**58,506**	**25,350**
Equity instruments	7,8, 11	67	67
Debt securities	7.9	56,567	23,412
Other financial assets	7.9	1,872	1,871
Deferred tax assets	23	**777**	**789**
CURRENT ASSETS		**208,273**	**205,876**
Inventories	12	**61,160**	**54,787**
Trade and other receivables		**51,349**	**51,993**
Trade receivables for sales and services	7.9	38,527	40,604
Trade receivables for sales and services from group companies and associates	7,9, 29.1	12,323	10,696
Sundry receivables	7.9	-	501
Other receivables from Public Administrations	13	499	192
Current investments in group companies and associates		**44,938**	**36,794**
Loans to group companies	7,9, 29.1	44,938	36,794
Current financial investments	7.9	**38,380**	**43,814**
Current accruals		**-**	**3**
Cash and cash equivalents	14	**12,446**	**18,485**
TOTAL ASSETS		**387,644**	**353,189**

MIQUEL Y COSTAS & MIQUEL, S.A.
BALANCE SHEET AT 31 DECEMBER 2024
(IN THOUSAND EURO)

EQUITY AND LIABILITIES	Note	2024	2023
EQUITY		**248,672**	**235,188**
Shareholders' equity		**247,446**	**233,846**
Capital	15.1	80,000	80,000
Reserves	16	163,819	148,699
(Own shares)	15.2	(24,223)	(21,401)
Profit/loss for the year	17.1	36,290	34,067
(Interim dividend)	17.2	(8,501)	(8,100)
Other equity instruments	16	61	581
Valuation adjustments	11	**55**	**55**
Grants, donations and bequests received	18	**1,171**	**1,287**
NON-CURRENT LIABILITIES		**41,298**	**28,552**
Non-current provisions	22	**333**	**564**
Non-current payables	7.19	**39,688**	**26,541**
Bank borrowings		39,688	26,541
Deferred tax liabilities	23	**1,033**	**1,204**
Non-current accruals	20	**244**	**243**
CURRENT LIABILITIES		**97,674**	**89,449**
Current provisions	22	**898**	**1,075**
Current payables		**12,783**	**18,458**
Bank borrowings	7.19	11,554	17,138
Other financial liabilities	7.19	1,229	1,320
Current payables to group companies and associates	7,19, 29.1	**36,587**	**36,889**
Trade and other payables		**47,406**	**33,027**
Trade payables	7.19	15,487	12,257
Suppliers, group companies and associates	7,19, 29.1	7,204	7,174
Other creditors	7.19	662	788
Accrued wages and salaries	7.19	3,476	2,964
Current tax liabilities	25	60	83
Other payables to Public Administrations	24	7,629	9,347
Customer advances	7.19	12,888	414
Current accruals	20	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**387,644**	**353,189**

MIQUEL Y COSTAS & MIQUEL, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSAND EURO)

	Note	2024	2023
CONTINUING OPERATIONS			
Net revenues	26.2	**199,202**	**200,404**
Sales		193,504	195,240
Services rendered		5,698	5,164
Changes in inventories of finished goods and work in progress	12	**4,175**	**(3,012)**
Own work capitalised	5.6	**646**	**469**
Supplies	26.3	**(89,379)**	**(86,553)**
Other operating income	26.4	**1,389**	**2,473**
Incidental income and other current income		1,389	2,473
Personnel expenses	26.5	**(29,419)**	**(28,202)**
Other operating expenses	26.6	**(45,417)**	**(46,041)**
Amortisation and depreciation	5.6	**(8,896)**	**(8,900)**
Allocation of non-financial fixed asset grants and other	18	**1,042**	**1,008**
Surplus provisions		**-**	**-**
Impairment and profit/loss on disposal of assets	6	**-**	**907**
Gains/losses on disposals and other		-	907
Other income/expenses	26.7	**5**	**500**
OPERATING PROFIT/LOSS		**33,348**	**33,053**
Finance income	27	**13,064**	**10,231**
Finance expenses	27	**(1,838)**	**(660)**
Exchange differences	27	**(74)**	**64**
Impairment and gains/losses on disposal of financial instruments	8.27	**263**	**59**
NET FINANCE INCOME/EXPENSE		**11,415**	**9,694**
PROFIT/LOSS BEFORE TAXES		**44,763**	**42,747**
Corporate income tax	25	(8,473)	(8,680)
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**36,290**	**34,067**
DISCONTINUED OPERATIONS			
Profit/loss for the year from discontinued operations net of taxes		-	-
PROFIT/LOSS FOR THE YEAR	17.1	**36,290**	**34,067**

MIQUEL Y COSTAS & MIQUEL, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSAND EURO)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2024	2023
Profit and loss	**17.1**	**36,290**	**34,067**
Income and expenses recognised directly in equity		**693**	**1,380**
Grants, donations and bequests received	**18**	888	1,835
Changes in financial instruments at fair value through equity	**11**	-	(50)
On actuarial gains and losses and other adjustments	**21**	36	72
Tax effect	**18.21**	(231)	(477)
Transfers to the income statement		**(782)**	**(756)**
Grants, donations and bequests received	**18**	(1,042)	(1,008)
Tax effect	**18**	260	252
TOTAL RECOGNISED INCOME AND EXPENSE		**36,201**	**34,691**

MIQUEL Y COSTAS & MIQUEL, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024
(IN THOUSAND EURO)

B) STATEMENT OF CHANGES IN EQUITY

	Capital	Reserves and other equity instruments	(Own shares)	Prior years' profit or loss	Profit or loss in the year	(Interim dividend)	Valuation adjustments	Grants, donations and bequests received	TOTAL
BALANCE AT 2022 YEAR END	**80,000**	**138,219**	**(17,771)**	**-**	**27,807**	**(7,700)**	**105**	**667**	**221,327**
Adjustments due to policy changes 2022 and previous years	-	-	-	-	-	-		-	-
Adjustments due to errors 2022 and previous years	-	-	-	-	-	-		-	-
ADJUSTED BALANCE, START OF 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**
Transactions with shareholders or owners:	**-**	**-**	**(3,630)**	**(4,300)**	**-**	**(12,900)**	**-**	**-**	**(20,830)**
- Capital increases	-	-	-	-	-	-	-	-	-
- Capital reductions	-	-	-	-	-	-	-	-	-
- Dividend payment	-	-	-	(4,300)	-	(12,900)	-	-	(17,200)
- Transactions with own shares or holdings (net)	-	-	(3,630)	-	-	-	-	-	(3,630)
Other changes 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**
Adjustments due to policy changes 2023 and previous years	-	-	-	-	-	-		-	-
Adjustments due to errors 2023 and previous years	-	-	-	-	-	-		-	-
ADJUSTED BALANCE, START OF 2024	**80,000**	**149,280**	**(21,401)**	**-**	**34,067**	**(8,100)**	**55**	**1,287**	**235,188**
Total recognised income and expenses	**-**	**27**	**-**	**-**	**36,290**	**-**	**-**	**(116)**	**36,201**
Transactions with shareholders or owners:	**-**	**(2,094)**	**(2,822)**	**(9,300)**	**-**	**(8,501)**	**-**	**-**	**(22,717)**
- Capital increases	-	-	-	-	-	-	-	-	-
- Capital reductions	-	-	-	-	-	-	-	-	-
- Dividend payment	-	-	-	(9,300)	-	(8,501)	-	-	(17,801)
- Transactions with own shares or holdings (net)	-	(2,094)	(2,822)	-	-	-	-	-	(4,916)
Other changes in equity	**-**	**16,667**	**-**	**9,300**	**(34,067)**	**8,100**	**-**	**-**	**-**
BALANCE AT 2024 YEAR END	**80,000**	**163,880**	**(24,223)**	**-**	**36,290**	**(8,501)**	**55**	**1,171**	**248,672**

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2024
(IN THOUSAND EURO)

	Note	2024	2023
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit/loss for the year before taxes		**44,763**	**42,747**
2. Adjustments to profit/loss		**(2,372)**	**(2,415)**
Amortisation and depreciation (+)	**5.6**	8,896	8,900
Impairment adjustments (+/-)	**8,9, 12**	(437)	(295)
Change in provisions (+/-)		-	(16)
Allocation of grants (-)	**18**	(144)	(107)
Gains and losses on disposals of fixed assets (+/-)	**6**	-	(907)
Finance income (-)	**27**	(13,064)	(10,231)
Finance expenses (+)	**27**	2,440	660
Changes in the fair value of financial instruments (+/-)		-	(4)
Other income and expenses (+/-)		(63)	(415)
3. Changes in working capital		**8,711**	**5,665**
Inventories (+/-)		(6,199)	6,277
Trade and other receivables (+/-)		628	1,095
Trade and other payables (+/-)		14,219	(1,707)
Other non-current assets and liabilities (+/-)		63	-
4. Other cash flows from operating activities		**1,504**	**(117)**
Interest payments (-)		(1,865)	(586)
Interest received (+)		4,130	2,374
Dividends received (+)	**29.4**	7,798	7,355
Receipts/(payments) for corporate income tax (+/-)	**25**	(8,559)	(9,260)
5. Cash flows from operating activities (1+2+3+4)		**52,606**	**45,880**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Amount paid on investments (-)		**(132,938)**	**(103,149)**
Group companies and associates (current and non-current)		(6,713)	(1,960)
Intangible assets	**5**	(269)	(317)
Property, plant and equipment	**6**	(11,023)	(5,389)
Other financial assets	**9**	(114,933)	(95,483)
7. Proceeds from divestments (+)		**89,715**	**86,441**
Group companies and associates		1,714	1,538
Property, plant and equipment	**6**	256	1,814
Other financial assets	**9**	87,745	78,089
Other assets	**9**	-	5,000
8. Cash flows from investing activities (6+7)		**(43,223)**	**(16,708)**

MIQUEL Y COSTAS & MIQUEL, S.A.
CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2024
(IN THOUSAND EURO)

	Note	2024	2023
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Increases and decreases in equity instruments		**(2,815)**	**(2,999)**
a) Acquisition of own equity instruments (-)	**15.3**	(5,543)	(3,630)
b) Disposal of own equity instruments (+)	**15.3**	2,721	-
c) Grants, donations and bequests received (+) (-)		7	631
10. Increases and decreases in financial liability instruments.		**7,288**	**4,406**
a) Issuance			
Bank borrowings (+)	**19**	34,000	16,000
Payables to group companies and associates (+)		-	3,375
Other payables (+)		-	106
b) Repayment and redemption of			
Bank borrowings (-)	**19**	(26,410)	(15,075)
Payables to group companies and associates	**19**	(302)	-
11. Payments for dividends and remuneration of other equity instruments		**(19,895)**	**(17,200)**
a) Dividends (-)	**17,2, 17.3**	(17,801)	(17,200)
b) Remuneration of other equity instruments (-)		(2,094)	-
12. Cash flows from financing activities (9+10+11)		**(15,422)**	**(15,793)**
D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (5+8+12)		**(6,039)**	**13,379**
Cash and cash equivalents at start of the year	**14**	18,485	5,106
Cash and cash equivalents at end of the year	**14**	12,446	18,485

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 (*sociedad anónima*) in 1929. Its corporate purpose is the manufacture of thin and special lightweight paper, mainly for the business segment of the tobacco industry.

The Company, with taxpayer ID A08020729, is entered in the Mercantile Register of Barcelona on sheet B-85067, folio 139, volume 8686, entry 1, and the latest amendment to the Articles of Association is in entry 387.

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). This activity may be carried out by the Company, directly or indirectly, including through the ownership of shares or holdings in companies with an identical, similar or analogous purpose.

The shares in the Company are admitted to trading on the Barcelona, Madrid, Bilbao and Valencia stock exchanges and are integrated into the SIBE-Smart trading platform.

The Company is the Parent Company of Miquel y Costas Group, hereinafter the Group, which is composed of the Company along with the companies listed in the following paragraphs. It is therefore obliged to present consolidated annual accounts, in accordance with current International Financial Reporting Standards (IFRS), which must be deposited in the Mercantile Register of Barcelona.

The Company and its Spanish subsidiaries (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.) act in an integrated way under common management, especially in respect of production planning and inventory management, whereby technical and financial resources are allocated on the basis of each company's needs.

The Company has three subsidiaries abroad: a subsidiary in Argentina named Miquel y Costas Argentina, S.A., a second in Chile named Miquel y Costas Chile, S.A. both of them owned through subsidiaries Desvi, S.A. and Papeles Anoia, S.A., and a third in Germany, named Miquel y Costas Deutschland, GmbH, owned through subsidiaries Desvi, S.A. and MB Papeles Especiales, S.A. that act in an integrated manner under a common management.

Additionally, since the end of 2011, the Group has owned a shareholding in Fourtube, S.L., an associated company with registered office in Seville.

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

	Thousands of euros	
	2024	**2023**
Total assets	513,990	464,702
Equity	385,118	354,781
Profit and loss attributable to the equity holders of the Parent Company	48,699	42,714
Net revenues	309,170	309,319

The aforementioned annual accounts were drawn up by the Company's Board of Directors on 31 March 2025 and are expected to be approved by the General Shareholders' Meeting without changes.

2 Basis of presentation of the annual accounts

2.1 True and fair view and applicable financial reporting framework

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with the financial reporting framework applicable to the Company, which is that provided in 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 assets and liabilities, financial position and profit or loss, as well as the veracity of the cash flows recorded in the statement of cash flows.

The figures included in the annual accounts (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the annual accounts), as well as the director's report, are stated in thousand euro, unless otherwise specified. The Company considers that the annual accounts fairly express its equity, financial position and profit or loss as well as the accuracy of the cash flows recorded in the statement of cash flows. The functional and presentation currency of the annual accounts is the Euro.

The annual accounts were drawn up by the Company's Board of Directors on 31 March 2025 and are expected to be approved by the General Shareholders' Meeting without changes.

2.2 Critical measurements and estimates of uncertainty

The annual accounts, in general, have generally been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss or changes in equity.

The Company does not have discontinued operations.

In the preparation of the accompanying annual accounts, the Company's directors have occasionally used estimates in order to quantify certain assets, liabilities, income, expenses and commitments recognised therein.

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

These estimates basically refer to:

- Determining 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 intermediaries.
- The probability of occurrence and the impact on indeterminate or contingent assets and liabilities.
- The valuation of the pension liabilities based on actuarial valuations carried out by independent third parties.
- Litigation pending resolution.
- Assessing the need for impairment of receivables and inventories.

2.3 Comparability and uniformity of the information

The figures in the balance sheet and income statement for 2024 and 2023 are considered comparable.

2.4 Grouping of items

In order to facilitate the understanding of the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the annual accounts, these statements are grouped together for presentation, with the required analyses included in the related notes.

(EXPRESSED IN EURO THOUSAND)

3 Accounting policies

3.1 Intangible assets

Intangible assets are measured at acquisition cost or direct cost of production, as applicable, and are presented net of their respective accumulated amortisation and accumulated impairment, in accordance with the following criteria:

- Industrial property licences and trademarks acquired from third parties are recognised at acquisition cost. These assets have been amortised since 2016, and their amortisation is calculated using the straight-line method, with an estimated useful life of 20 years.
- Costs incurred in R&D projects (related with the design and testing of new or improved products) are recognised as intangible assets when the project is considered likely to be a success based on its technological and commercial feasibility, and when the costs can be reasonably estimated. 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 year. Development costs with a finite useful life that have been capitalised are amortised on a straight-line basis over the period in which the project is expected to generate earnings, not exceeding three years. Should there be a change in the project's favourable circumstances allowing the capitalisation of the development costs, the unamortised portion is taken to profit or loss in the year in which said change takes place.
- Computer software is accounted for at acquisition or production cost. Amortisation is calculated using the straight-line method over an estimated useful life of three to six years.

3.2 Property, plant and equipment

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

These annual accounts for 2024 include the update approved by Law 16/2012, of 27 December, on the assets incorporated until 31 December 2012. In accordance with art. 9.2 of Law 16/2012, the Company only updated 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 using the straight-line method over the assets' estimated useful lives, as follows:

	Years of useful life
Buildings and other constructions	14-50
Plant and machinery	5-33
Other plant, tooling and furniture	6-20
Vehicles	6-14
Data-processing equipment	4-7

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

The costs of extending, modernising or improving PPE are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and provided it is possible to know or estimate the carrying amount of the assets that are derecognised from inventories due to having been 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 proceeds from the sale with the carrying amount and are recognised in the income statement.

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

3.3 Non-current interest expenses

Finance expenses 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 Asset impairment losses

On each balance sheet date, the Company evaluates where there are any indications of asset impairment. Should such an indication exist, the Company would estimate the recoverable amount of the asset.

Assets subject to amortisation or depreciation are reviewed for impairment whenever any internal or external event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the portion of the asset's carrying amount that exceeds its recoverable amount. The recoverable amount is the fair value of the asset less costs to sell or the value in use obtained by discounting future cash flows, whichever is greater. For the purpose of measuring impairment losses, assets are classified into the smallest identifiable group of assets that generates cash inflows (cash-generating unit). Non-financial assets, other than goodwill, that have suffered an impairment loss are subject to reviews at each balance sheet date in case reversals of the loss have occurred.

3.5 Cash generating units

Impairment calculations are carried out on an item by item basis. If it is not possible to estimate the recoverable amount of each individual asset, the Company will determine the recoverable amount of the cash generating unit to which each asset belongs.

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

CGU	**Activity**
Production centre in the province of Barcelona – Besós	Manufacturing of paper for the tobacco industry
Production centre in the province of Barcelona – Besós	Transformation of paper for the tobacco industry
Industrial plant in the province of Valencia – Mislata	Manufacturing of support, printing and writing paper
Industrial plant in the province of Barcelona – Pla de la Barquera	Manufacturing of paper products

3.6 Financial assets

a) Financial assets at fair value through profit or loss

This category includes equity instruments that are held for trading, and that 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 recognition

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration given. Transaction costs that are directly attributable to them are recognised in the income statement for the year.

Subsequent recognition

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

b) Financial assets at amortised cost

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

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is 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: these are financial assets rooted in the sale of goods and the provision of services in connection with the Company's business transactions for which payment is deferred, and

b) Non-trade receivables: these are financial assets other than equity or derivative instruments, which are non-commercial in nature and have fixed or determinable payments, deriving from loans or credit extended by the Company.

Initial recognition

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

However, trade receivables that have a maturity of one year or less and without explicit contractual interest, as well as staff loans, dividends receivable and disbursements required on equity instruments, expected to be received in the short term, are recognised at their nominal value inasmuch as the effect of not updating the cash flows is not deemed to be material.

Subsequent recognition

Financial assets included in this category are measured at amortised cost. The interest accrued will be recognised in the income statement using the effective interest method.

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

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

Impairment

Impairment losses are recognised at least at the balance sheet date and whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be caused by the insolvency of the debtor.
In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the enforcement of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate at the reporting date is used in accordance with the contractual terms.

Impairment losses, and their reversal when the amount of the impairment loss decreases due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. Impairment reversal 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 through 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 recognition

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 recognition

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 adjustments arising from exchange differences on monetary financial assets denominated in foreign currencies are recognised in the income statement.

Interest calculated using the effective interest rate method and accrued dividends are also recorded in the income statement.

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

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

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

Impairment

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

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 for one and a half years or by 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 adjustment 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 income statement.

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 are recognised directly in equity.

d) <u>Financial assets at cost</u>

In any case, this measurement category includes:

a) Equity investments in 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 the derivatives underlying these investments.

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 joint account agreements and similar arrangements.

e) Participation 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 fair value through profit or loss when it is not possible to obtain a reliable estimate of its fair value.

Initial recognition

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 carrying amount that it should have had immediately prior to the company's classification as such.

The initial recognition includes the amount of any pre-emptive subscription rights and any similar rights that may have been acquired.

Subsequent recognition

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

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

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

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

The same principle is applied to participation loans that accrue contingent interest, either because they are agreed at a fixed or floating interest rate conditional on the fulfilment of a milestone at the borrower (e.g. obtaining profit) or because they are calculated by reference exclusively to the evolution of the borrower's activity. If, in addition to a contingent interest, an irrevocable fixed interest is agreed on, the irrevocable fixed interest is recorded as finance income on an accruals basis. Transaction costs are recorded in the income statement on a straight-line basis over the life of the participation loan.

Impairment

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

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the investee's equity and the unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided the investee in turn holds investments in another company, the calculation of this value takes into account the equity included in the consolidated financial statements prepared in accordance with the criteria established in the Commercial Code and in the implementing regulations.

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 was made prior to its classification as a group company, jointly controlled entity or associate and, prior to that classification, valuation adjustments were 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 prior valuation adjustments as a result of increases in value, impairment losses will be recognised against the equity item that includes the valuation adjustments previously made up to the amount of these adjustments and any excess is recognised in the income statement. The impairment loss recognised directly in equity is not reversed.

b) In the case of prior valuation adjustments as a result of reductions in value, when the recoverable amount is subsequently greater than the carrying amount of the investments, the latter is increased up to the limit of the indicated reduction in value, in the line item that included the prior valuation adjustments, and the new amount obtained is then considered the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the accumulated losses are recognised directly in equity in the income statement.

Assets designated as hedged items are subject to the measurement requirements for hedge accounting.

3.7 Financial derivatives and hedge accounting

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

a) Fair value hedges

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

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

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

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

Emission allowances for greenhouse gases are measured at the acquisition price. When Greenhouse gas-emission rights are acquired freely their fair value on the acquisition date will be deemed to be the acquisition price.

Emission rights are not amortised and are recognised in the income statement for the year to the extent that the gas emissions they are intended to cover are actually made. They are removed from the balance sheet as a balancing entry to the provision for the costs generated by the actual emissions, at the time of their delivery to the Administration to cancel the obligations contracted.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits at financial entities.

3.10 Capital

Share capital is represented by 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 that the Company acquires its own shares, the consideration paid, including any directly attributable incremental cost, is deducted from equity until their cancellation, re-issuance or disposal. When these shares are cancelled, the nominal amount is recognised as a reduction of the share capital and the difference between nominal value and cost in voluntary reserves. If the shares are sold, any consideration 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

Refundable grants are recognised as liabilities until they meet the criteria to be treated as non-refundable. Non-refundable grants are recognised directly in equity and are taken to income on a systematic and rational basis in line with grant costs. Non-refundable grants received from shareholders are recognised directly in equity.

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

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

Non-refundable grants related to the acquisition of intangible assets, property, plant and equipment, and investment property are recognised as income for the period in proportion to the amortisation or depreciation charged on the relevant assets or, if applicable, upon their sale, impairment adjustment or derecognition. Non-refundable grants related to specific costs are recognised in the income statement in the period in which the relevant costs accrue, and non-refundable 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

For measurement purposes, financial liabilities are included 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 are financial liabilities arising from the purchase of goods and services in the ordinary course of the company's business with deferred payment; and

Non-trade payables are financial liabilities that are not derivative instruments, did not arise from trade transactions, and arose from loans or credit received by the company.

Participation loans that have the characteristics of an ordinary or common loan are also included in this category, notwithstanding the agreed interest rate (zero or below market).

Initial recognition

Financial liabilities included in this category are initially measured at fair value, i.e. 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 material.

Subsequent recognition

Financial liabilities included in this category are measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest method.
However, payables 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 event of renegotiating 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 which is accrued for this purpose in the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) are 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 income 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 taxes arise 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 by 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 can be utilised.

The Company files 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 regard, these companies pay, as applicable, the respective amount on account to the Company, which is responsible to the Tax Authorities for filing the corporate income tax return and settling the tax.

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

3.14 Employee benefits

a) Pension commitments

The Company has different pension commitments depending on the work centre.

- Defined contribution commitments:

  Under a defined 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 managed 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 expenses when they accrue. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

The Company has two defined contribution plans that are the result of agreements with the workers' representatives for their retirement. The Company has only committed to making annual contributions of a predetermined amount. Since 2002 there have been collective insurance policies through which the insurer guarantees that the employees will receive a specified return on the contributions made by Company.

Additionally, the Company's employees have had the voluntary option to take advantage of the ongoing Employee Benefits Plan, 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 for the executive directors, subject to compliance with certain conditions, and the Group's senior management personnel.

- Defined benefit commitments:

Defined benefit commitments are capital amounts upon retirement (at age 63 under the state collective bargaining agreement in the pulp and paper sector) and they are insured through collective insurance contracts.

The liability recognised on the balance sheet is the net of the accrued liability for past services and any unrecognised 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 known as the "projected credit unit" method. The present value of the obligation is determined through actuarial calculation methods and unbiased and mutually compatible financial and actuarial methods.

The accounting policy for the recognition of actuarial gains and losses arising from adjustments based on experience and changes in actuarial estimates are charged or credited to equity in the consolidated statement of recognised income and expense in the 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. Nevertheless, if an asset arises, non-vested rights are taken to the income statement immediately unless there is a decrease in the present value of the benefits that may flow back to the Company in the form of direct reimbursements or a decrease in future contributions, in which case the excess of that decrease is taken immediately to the income statement.

b) Termination benefits

Except on justified grounds, the Company must compensate its employees when their employment is terminated. Given the lack of any foreseeable need for unusual termination of employment and given that employees who retire or resign voluntarily do not receive compensation, termination benefits, 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 for Directors, consisting of the award of stock options, payable solely in shares of Miquel y Costas & Miquel, SA. The plan is valued at fair value on the date it is granted and calculated by a generally accepted financial calculation method.

The obligation is recognised in the income statement as a personnel expense based on the years that make up the vesting period of the option, with a balancing entry in equity. At year end, the Company reviews its original estimates of the number of options that are expected to become exercisable and recognises, where applicable, the impact of this review in the income statement with a 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 available information.

Provisions are recognised at the present value of 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. If material, 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 immaterial, are not discounted.

The Company, whose production emits CO_2, must deliver the emission rights equivalent to the emissions made during the year within the first few months of the following year. The obligation to deliver the emission rights for the CO_2 emissions made during the year is recorded as a provision under “Other current liabilities” in the balance sheet, and the respective cost is recorded under “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. Said contingent liabilities are not recorded for accounting purposes.

3.16 Revenue recognition

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

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

a) Sale 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 sale contract, and collectability of the related receivables is reasonably assured.

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

b) Provision of services

Revenue from contracts for the 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 from financial assets measured at amortised cost is recognised using the effective interest rate method. When an account receivable suffers an impairment loss, the Company reduces the carrying amount to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and continues to carry the discount as less interest income. Interest income from loans that have suffered impairment losses is recognised using the effective interest method.

d) Dividend income

Dividend income is recognised as income in the profit and loss account when the right to receive payment is established, provided that, since the date of acquisition, the investee or any group company in which the investee has an interest has generated profits in excess of the equity to be distributed. Notwithstanding the foregoing, if the dividends distributed unequivocally come from earnings generated before the acquisition date because amounts greater than the profits generated by the investee company 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 leases are recognised at the inception of the contract and at the present value of the minimum lease payments. Each lease payment is distributed between reducing the debt and the finance charges, so that a constant interest rate is obtained on the outstanding balance. The payment obligation arising from the lease, net of finance charges, is recognised in accounts payable. The portion of finance charges corresponding to interest is recognised in the income statement. Property, plant and equipment acquired under finance leases 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. Operating lease payments are charged to the income statement on a straight-line basis during the lease period.

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. To be considered as intangible assets or property, plant and equipment, they are subject to the same criteria used for the other fixed assets.

3.19 Foreign currency transactions

a) Functional and presentation currency

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

b) Transactions and balances

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

Changes in the fair value of monetary assets denominated in foreign currencies classified as available-for-sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit or loss and other changes in the carrying amount 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 gain or loss in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

Outstanding year-end balances in currencies other than the Euro are stated in euros at the year-end exchange rate, and the net exchange gain or loss is recognised as income or expense.

Balances in currencies other than the Euro relating to the treasury accounts at the year end are stated in Euro at the year-end exchange rates, and gains or losses are 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.

3.21 Current and non-current assets and liabilities

Current assets are deemed to be assets related to the normal operating cycle, which is generally considered to be one year, as well as other assets expected to mature, be disposed of or realised in the short term as from the reporting date, financial assets held for trading, with the exception of financial derivatives whose settlement period exceeds one year, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current.
Likewise, current liabilities are those linked to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement period exceeds one year, and in general all obligations maturing or being extinguished in the short term. Liabilities not meeting these criteria are classified as non-current.

4 Financial risk management

4.1 Financial risk factors

The Company's activities are exposed to various financial risks that are managed by implementing risk identification, assessment and coverage systems. The Company's overall risk management programme focuses on minimising the potential adverse effects on the Company's financial performance.

Risk management at the Company is overseen by the Audit Committee, Management Committee and Corporate Finance Department in accordance with the internal risk management standards in force. These bodies identify and assess financial risks with the support of the Group's operating units. Internal management standards and practices provide strict policies for managing overall risk, as well as specific areas such as foreign exchange risk, credit risk, liquidity risk and interest rate risk.

4.1.1 Foreign exchange risk

The Company operates internationally and, therefore, is exposed to foreign exchange risk for operations in foreign currency; especially the US Dollar, which represents the largest portion of the foreign exchange transactions. Foreign exchange risk arises from commercial 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 foreign exchange 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, where necessary, mitigated.

Nevertheless, it is essential for the Company to properly control commercial 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 management of liquidity risk involves maintaining sufficient cash, having committed credit facilities and having the ability to liquidate 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, for which purpose it verifies the credit rating or the recognised solvency of the issuers.

4.1.4 Interest rate risk

The Company's interest rate risk arises from non-current borrowings. The low leverage coupled with the internal controls in place to identify and assess risk mean that it is not necessary to arrange supplementary interest rate hedge instruments.

Based on the level of bank borrowings for 2024, the effect of a 50 basis point variation in the interest rate would have entailed an increase or decrease in the Company's finance expense (considering scheduled repayments) for the year of appropriately 223 thousand euros (170 thousand euros in 2023).

4.1.5 Market risk

The main cost component in Company's activity is the acquisition price of paper pulp. The suppliers of this raw material have sufficient capacity to meet market demand and prices are mainly influenced by the laws of supply and demand.

The Company's production processes require water. Although current processes largely reuse water, due to the increase in average temperatures and drought, the risk of water stress may increase. However, it is clear (Note 30) that the Company has been investing in technologies that allow it to reduce water consumption and historically it has not had supply difficulties.

At the year end, there are no investments with impairment risk that are not properly provisioned, derivatives transactions that are not reasonably hedged, and the assets related to the pension plans are adequately insured.

4.1.6 Capital risk

The Company's capital management goals are to safeguard its capacity to continue as a going concern, to ensure returns for shareholders and to maintain an optimal capital structure.

The Company monitors its capital in accordance with the leverage ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as the total of borrowed funds (including current and non-current borrowings) less cash and temporary investments.

The leverage ratio at both 31 December 2024 and 31 December 2023 is not applicable because the Company has available and realisable resources in excess of bank borrowings:

(EXPRESSED IN EURO THOUSAND)

	31-12-2024	31-12-2023
Total net equity	**248,672**	**235,188**
Net financial debt:		
Non-current bank borrowings	39,688	26,541
Current bank borrowings	11,554	17,138
Current cash and temporary financial investments	(50,826)	(62,299)
Non-current financial investments	(56,634)	(23,479)
Total financial debt	**(56,218)**	**(42,099)**
Leverage ratio	Not applicable	Not applicable

4.2 Fair value estimate

The carrying amount of trade payables and receivables is assumed to be near their fair value, since they mature in less than one year.

The fair value of financial instruments traded on active markets (such as securities held for trading and available for sale) 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.

(EXPRESSED IN EURO THOUSAND)

5 Intangible assets

The detail and the movements of the accounts included in the intangible assets for the years 2024 and 2023 is as follows:

Item	Industrial property	RDI expenses	Software	Intangible assets under development	Total
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 carrying amount	**82**	**-**	**665**	**116**	**863**
Additions	-	-	-	381	381
Other transfers	-	-	286	(284)	2
Disposals	-	(2)	-	-	(2)
Amortisation charge	(20)	-	(404)	-	(424)
Amortisation write-downs	-	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 carrying amount	**62**	**-**	**547**	**213**	**822**
Additions	-	-	-	269	269
Other transfers	-	-	432	(432)	-
Disposals	-	-	-	-	-
Amortisation charge	(12)	-	(396)	-	(408)
Amortisation write-downs	-	-	-	-	-
Balance at 31-12-2024	**50**	**-**	**583**	**50**	**683**
Cost	136	959	9,145	50	10,290
Accumulated amortisation	(86)	(959)	(8,562)	-	(9,607)
Net carrying amount	**50**	**-**	**583**	**50**	**683**

a) Research and development expenses

At 31 December 2024 and 2023 there are no research and development expenses pending amortisation.

Uncapitalised research and development expenses recognised in the income statement amount to 66 thousand euros in 2024 (104 thousand euros in 2023).

b) Fully amortised intangible assets

The carrying amount of intangible assets that are fully amortised and that are still in conditions of use at 31 December 2024 is 8,958 thousand euros (8,491 thousand euros at 31 December 2023).

c) Capitalised finance expenses

No finance expenses have been capitalised in either 2024 or 2023, as part of intangible assets.

d) Intangible assets sold to group companies and associates

In 2024 and 2023 there were no sales of intangible assets to group companies and associates.

(EXPRESSED IN EURO THOUSAND)

e) Intangible assets not used in operations

There are no non-operating intangible assets at 31 December 2024 or 2023.

f) Assets subject to guarantees and ownership restrictions

There are no intangible assets subject to restrictions on ownership or pledged to secure liabilities at 31 December 2024 or 2023.

g) Purchase commitments

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

h) Own work capitalised

The additions in 2024 include 56 thousand euros (64 thousand euros in 2023) in relation to own work capitalised.

6 Property, plant and equipment

Movements in Property, plant and equipment for 2024 and 2023 are as follows:

Item	Land and buildings	Technical plant and other PPE	Work in progress and advances	Total
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)
Carrying amount	**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 write-downs	8	1,451	-	1,459
Balance at 31-12-2023	**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)
Carrying amount	**20,896**	**52,778**	**5,326**	**79,000**
Additions	-	157	10,266	10,423
Other transfers	1,613	6,779	(8,392)	-
Disposals	(63)	(589)	-	(652)
Depreciation charge	(898)	(7,590)	-	(8,488)
Depreciation write-downs	63	589	-	652
Balance at 31-12-2024	**21,611**	**52,124**	**7,200**	**80,935**
Cost	32,135	218,312	7,200	257,647
Accumulated depreciation	(10,524)	(166,188)	-	(176,712)
Carrying amount	**21,611**	**52,124**	**7,200**	**80,935**

Fixed assets under construction are classified by nature, as property, plant and equipment or intangible assets.

(EXPRESSED IN EURO THOUSAND)

Additions in 2024 amounted to 10,423 thousand euros (6,031 thousand euros in 2023) and correspond mainly to additions of work in progress arising from the continued investment undertaken by the Company.

a) Land value

At 31 December 2024 land and buildings include land totalling 1,198 thousand euros (1,198 thousand euros at 31 December 2023).

b) Impairment losses

In 2024 and 2023 no significant impairment adjustments to property, plant and equipment were recognised or reversed.

The Company has established proper control processes to identify indications of possible impairment losses.

c) Updates under Royal Decree-Law 7/1996 (7 June)

In 1996, Miquel y Costas & Miquel, S.A. updated its property, plant and equipment in accordance with Royal Decree-Law 7/1996, of 7 June, increasing the cost value of its PPE by 5,785 thousand euros based on the revaluation rates established in Royal Decree 2607/1996, of 20 December. The carrying amount of updated assets at 31 December 2024 is 480 thousand euros (493 thousand euros in 2023), with 13 thousand euros of depreciation charge at 31 December 2024 (12 thousand in 2023). In 2024, no fixed assets covered by Royal Decree-Law 7/1996 were derecognised (none were derecognised in 2023 either).

The breakdown is as follows:

	31-12-2024			
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net carrying amount**
Land	203	-	-	203
Buildings	720	(443)	-	277
Plant and machinery	2,555	(2,555)	-	-
Other PPE	6	(6)	-	-
Total	**3,484**	**(3,004)**	**-**	**480**

	31-12-2023			
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net carrying amount**
Land	203	-	-	203
Buildings	720	(430)	-	290
Plant and machinery	2,555	(2,555)	-	-
Other PPE	6	(6)	-	-
Total	**3,484**	**(2,991)**	**-**	**493**

As reported in previous years, the requirements of Royal Decree-Law 7/1996 of 7 June have been met, so the Company has transferred the revaluation reserve to voluntary reserves.

(EXPRESSED IN EURO THOUSAND)

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

	31-12-2024			
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net carrying amount**
Land and buildings	758	(315)	-	443
Plant and machinery	5,255	(5,249)	-	6
Other PPE	19	(19)	-	-
Total	**6,032**	**(5,583)**	**-**	**449**

	31-12-2023			
Fixed Assets	**Cost**	**Accumulated depreciation**	**Impairment losses**	**Net carrying amount**
Land and buildings	766	(298)	-	468
Plant and machinery	5,267	(5,254)	-	13
Other PPE	19	(19)	-	-
Total	**6,052**	**(5,571)**	**-**	**481**

The Company has 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 property, plant and equipment at 1 January 2013 was Euro 7,177 thousand. The depreciation charge for the year 2024 amounted to 32 thousand euros (41 thousand euros in 2023).

In 2024 there were disposals covered by RDL 16/2012 with a gross value of 20 thousand euros, which were already fully depreciated (85 thousand euros in 2023, already fully depreciated).

The breakdown is as follows:

e) Goods acquired or sold assets to Group companies and associates

There were no acquisitions of property, plant and equipment from group companies and associates in either 2024 or 2023.

There were no sales of property, plant and equipment to group companies and associates in 2024 (1,657 thousand euros in 2023).

f) Capitalised finance expenses

No finance expenses were capitalised in 2024 and 2023.

g) Property, plant and equipment not used in operations

There are no non-operating items of property, plant and equipment.

h) Fully depreciated assets

The carrying amount of property, plant and equipment that is fully depreciated and still in use is 114,979 thousand euros at 31 December 2024 (111,662 thousand euros at 31 December 2023).

(EXPRESSED IN EURO THOUSAND)

i) Own work capitalised

The additions in 2024 include 590 thousand euros (405 thousand euros in 2023) in relation to own work capitalised.

j) Assets under financial lease

The Company has no assets under financial lease in 2024 or 2023.

k) Assets under operating lease

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

l) Insurance

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

m) Assets subject to guarantees and ownership restrictions

At 31 December 2024 and 2023 there was no significant PPE subject to restrictions on ownership or pledged to secure liabilities.

n) Purchase commitments

The Company has commitments to acquire property, plant and equipment amounting to 11,620 thousand euros at close of 2024, due mainly to the optimisation of one of the machines' pre-drying along with investments in new logistics facilities (1,820 thousand euros in 2023).

o) Property, plant and equipment located abroad

The Company has no PPE located abroad at 31 December 2024 or 2023.

7 Analysis of financial instruments

The carrying amount of each category of financial instruments at 31 December 2024 is as follows:

	31-12-2024			
Non-current financial assets	**Receivables from group companies and associates**	**Deposits and guarantees**	**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**)	9,434	1,872	-	56,567
- Financial assets at cost (**Note 8**)	-	-	29,036	12
- Assets at fair value through equity (**Note 11**)	-	-	-	55
Total	**9,434**	**1,872**	**29,036**	**56,634**

(EXPRESSED IN EURO THOUSAND)

	31-12-2024			
Current financial assets	**Loans and balances to group companies**	**Trade receivables for sales and services**	**Debt securities**	**Other Receivables**
- Assets at fair value through profit or loss (**Note 10**)	-	-	-	-
- Financial assets at amortised cost (**Note 9**)	57,261	38,527	38,380	-
- Financial assets at cost (**Note 8**)	-	-	-	-
- Assets at fair value through equity (**Note 11**)	-	-	-	-
Total	**57,261**	**38,527**	**38,380**	**-**

			31-12-2024		
Non-current financial liabilities	**Bank borrowings**	**Payables and balances to group companies**	**Trade payables**	**Sundry creditors**	**Other non-current liabilities**
Liabilities at fair value through profit or loss (**Note 10**)	-	-	-	-	-
Financial liabilities at amortised cost (**Note 19**)	39,688	-	-	-	-
Total	**39,688**	**-**	**-**	**-**	**-**

			31-12-2024		
Current financial liabilities	**Bank borrowings**	**Payables and balances to group companies**	**Trade payables**	**Sundry creditors**	**Other current liabilities**
Liabilities at fair value through profit or loss (**Note 10**)	-	-	-	-	264
Financial liabilities at amortised cost (**Note 19**)	11,554	43,791	15,487	662	17,329
Total	**11,554**	**43,791**	**15,487**	**662**	**17,593**

(EXPRESSED IN EURO THOUSAND)

The carrying amount of each category of financial instruments at 31 December 2023 is as follows:

	31-12-2023			
Non-current financial assets	**Receivables from group companies and associates**	**Deposits and guarantees**	**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**)	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**

	31-12-2023			
Current financial assets	**Loans and balances to group companies**	**Trade receivables for sales and services**	**Debt securities**	**Other Receivables**
- 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		
Non-current financial liabilities	**Bank borrowings**	**Payables and balances to group companies**	**Trade payables**	**Sundry creditors**	**Other non-current liabilities**
Liabilities at fair value through profit or loss (**Note 10**)	-	-	-	-	-
Financial liabilities at amortised cost (**Note 19**)	26,541	-	-	-	-
Total	**26,541**	**-**	**-**	**-**	**-**

(EXPRESSED IN EURO THOUSAND)

	31-12-2023				
Current financial liabilities	**Bank borrowings**	**Payables and balances to group companies**	**Trade payables**	**Sundry creditors**	**Other current liabilities**
Liabilities at fair value through profit or 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**

8. Financial assets at cost

The breakdown and movement in items under the heading financial assets at cost for 2024 and 2023 are as follows:

Item	**Investments in group companies**	**Equity instruments**	**Total**
Balance at 31-12-2022	**28,714**	**12**	**28,726**
Cost	29,036	12	29,045
Cumulative impairment	(322)	-	(322)
Carrying amount	**28,714**	**12**	**28,726**
Additions	-	-	-
Disposals	-	-	-
Investment impairment reversal	59	-	59
Current transfers	-	-	-
Balance at 31-12-2023	**28,773**	**12**	**28,785**
Cost	29,036	12	29,045
Cumulative impairment	(263)	-	(263)
Carrying amount	**28,773**	**12**	**28,785**
Additions	-	-	-
Disposals	-	-	-
Investment impairment reversal	263	-	263
Current transfers	-	-	-
Balance at 31-12-2024	**29,036**	**12**	**29,048**

The movement in 2024 corresponds mainly to the impairment provision for its investee Clariana, S.A., amounting to 263 thousand euros (reversal of 59 thousand euros in 2023). The impact on the income statement in 2024 amounted to 263 thousand euros (59 thousand euros in 2023) (Note 27).

(EXPRESSED IN EURO THOUSAND)

The breakdown of shareholdings in group companies at 31 December 2024 is as follows:

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

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

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

The registered offices and activity of the group companies are as follows:

- S.A. Payá Miralles, with registered offices at San Antonio, No. 18, 46920 Mislata, Valencia, whose corporate purpose, among others, is focused on the industrial and commercial operation of papermaking businesses and production of all kinds of products made from cigarette paper, and the purchase, sale and lease of all types of property and buildings for business. It has leased its industrial facilities from Miquel y Costas & Miquel, S.A.

- Celulosa de Levante, S.A., with registered offices at C-42, Km 8.5, 43500 Tortosa, Tarragona, whose corporate purpose is the manufacturing and marketing of cellulose pulp and its by-products in various forms and qualities. Pursuant to this purpose, the company manufactures pulps from hemp, flax, sisal, abaca, jute, cotton and other annual plants.

- Papeles Anoia, S.A., with registered offices in calle Tuset No. 8, 08006 - Barcelona, whose corporate purpose is mainly transforming, finishing, handling, processing, marketing, exporting and importing paper of all kinds and all kinds of tobacco-related products, as well as simple and complex compounds of cellulose, paper, plastic, aluminium, paraffins and other materials of different origin. Additionally, its corporate purpose covers business activities related to real estate for industry.

- Desvi, S.A., with registered offices in Carrer Tuset No. 10, 08006 Barcelona, whose corporate purpose ranges from the commercial distribution of all kinds of third-party products and technologies linked to all types of paper, the creation, promotion, protection, use and trading of distinctive signs, patents and industrial property, and investment in the promotion and development of industrial and commercial premises.

- Sociedad Española Zig Zag, S.A., with registered offices in Carrer Tuset No. 10, 08006 Barcelona, whose corporate purpose is the sale of all kinds of paper, especially cigarette paper, in addition to articles related to the paper and tobacco industry.

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

- Miquel y Costas Tecnologías S.A., with registered offices in calle Tuset, No. 8-10 08006 Barcelona, whose corporate purpose includes, among others, the design and installation of industrial technology products, solutions, applications and systems, performing all kinds of projects, as well as organisational, industrial, RDI, quality and environmental consultancy.

- Terranova Papers, S.A., with registered offices at calle Tuset 10, 08006, Barcelona, whose corporate purpose includes the manufacturing, commercialisation, promotion, distribution, import and export of special paper for food products and filtering industries, among others.

- Miquel y Costas Logística, S.A., with registered offices at calle Tuset 10, 08006, Barcelona, whose corporate purpose is the transformation, finishing, handling, processing, marketing, export and import of all kinds of paper and related products. It also includes the provision of logistics services including storage, shipping and distribution of goods, raw materials, products and machinery, as well as advice technical assistance in providing such services.

- Clariana, S.A. with registered office in Avenida Alemania 48, Vila-Real (Castellón), whose 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, including under lease, of properties, buildings, housing and premises and constructions in general, irrespective of their use, resulting from that activity.

None of the group companies in which the Company has shareholdings are listed on a stock exchange. Furthermore, all the companies have the same year-end reporting date.

(EXPRESSED IN EURO THOUSAND)

Set out below are the figures for capital, reserves and profit or loss for the year, together with other relevant information as per the companies' individual annual accounts at 31 December 2024:

Company	Capital	Reserves (*)	Operating profit/loss	Profit/loss for year	Carrying amount in parent	Dividends received (Note 29.4)
S.A. Payá Miralles (2)	1,878	8,264	1,510	1,455	4,855	999
Celulosa de Levante, S.A. (1)	1,503	53,244	9,326	7,692	1,865	4,383
Papeles Anoia, S.A. (1)	2,054	11,020	4,327	3,477	2,321	1,980
Desvi, S.A. (2)	3,000	10,470	991	1,793	5,821	-
Sociedad Española Zig-Zag, S.A. (2)	60	324	16	17	183	-
M.B. Papeles Especiales, S.A. (1)	722	29,156	(4,669)	(3,468)	4,834	-
Miquel y Costas Tecnologías, S.A. (2)	500	1,600	46	145	252	180
Terranova Papers, S.A. (1)	12,000	11,930	8,540	6,643	8,303	206
Miquel y Costas Logística, S.A. (1)	100	5,336	1,821	1,388	50	50
Clariana, S.A. (1)	157	354	1,477	943	552	-
Total					29,036	7,798

(1) Companies audited by the audit firm Deloitte Auditores, S.L.
(2) Non-audited companies.

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

Set out below are the figures for capital, reserves and profit or loss for the year, together with other relevant information as per the companies' individual annual accounts at 31 December 2023:

Company	Capital	Reserves (*)	Operating profit/loss	Profit/loss for year	Carrying amount in parent	Dividends received (Note 29.4)
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 Tecnologías, 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					**28,773**	**7,009**

(1) Companies audited by the audit firm PricewaterhouseCoopers Auditores, S.L.
(2) Non-audited companies.

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

(EXPRESSED IN EURO THOUSAND)

9. Financial assets at amortised cost

The detail of the items included in financial assets at amortised cost in 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Non-current	**67,873**	**37,862**
Deposits and guarantees	1,872	1,871
Loans to group companies and associates (Note 29)	9,434	12,579
Debt securities	56,567	23,412
Current	**134,168**	**132,409**
Current financial investments	38,380	43,814
Loans to group companies and associates (Note 29)	44,938	36,794
Trade receivables from group companies and associates (Note 29)	12,323	10,696
Deposits and guarantees	38,527	40,604
Other receivables	-	501
Total financial assets at amortised cost	**202,041**	**170,171**

Movements under **non-current financial assets** at amortised cost are as follows:

Item	Deposits and guarantees	Receivables from group companies and associates	Debt securities	Total
Balance at 31-12-2022	**1,827**	**13,996**	**12,823**	**28,646**
Cost	1,827	13,996	12,823	28,646
Impairment losses	-	-	-	-
Carrying amount	**1,827**	**13,996**	**12,823**	**28. 646**
Additions	45	-	25,059	25,104
Current 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 losses	-	-	-	-
Carrying amount	**1,871**	**12,579**	**23,412**	**37,862**
Additions	13	-	49,545	49,558
Current transfers	-	(1,431)	(13,527)	(14,958)
Disposals	(12)	(1,714)	(2,863)	(4,589)
Balance at 31-12-2024	**1,872**	**9,434**	**56,567**	**67,873**
Cost	1,872	9,434	56,567	67,873
Impairment losses	-	-	-	-
Carrying amount	**1,872**	**9,434**	**56,567**	**67,873**

The balance of “Deposits and guarantees provided” corresponds mainly to the capitalisation in 2019 in reference to the payment of the settlement agreement for the tax inspection completed in said year for an amount of 1,710 thousand euros (Note 25).

The movement in 2024 of loans to group companies is given by:

- Policy granted to Desvi, S.A.: In the current year there has been a decrease in the drawn balance of 1,686 thousand euros, going from 9,880 thousand euros at the end of 2023 to 8,194 thousand euros at the end of 2024. Said loan was granted for an amount of 10,500 thousand euros, maturing on 31 December 2024, tacitly extendable annually and accruing interest at a market rate. On 10 April 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 of said loans is 2,552 thousand euros at 31 December 2024 (3,912 thousand euros in 2023). At the end of the year an amount of 1,431 thousand euros was reclassified to current (1,361 thousand euros in 2023) (Note 29.1). Along with a loan granted to Miquel y Costas Argentina, S.A. for 170 thousand euros in 2019. The balance at the end of 2024 was 119 thousand euros (148 thousand euros in 2023) (Note 29.1).

The movement in 2023 of loans to group companies was given by:

- Policy granted 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 euros at the end of 2023. Said loan was granted for an amount of 10,500 thousand euros, maturing on 31 December 2024, tacitly extendable annually and accruing interest at a market rate. On 10 April 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 of said loans is 3,913 thousand euros at 31 December 2023 (5,300 thousand euros in 2022). At the end of the year an amount of 1,362 thousand euros was reclassified to current (1,388 thousand euros in 2022) (Note 29.1). Along with a loan granted to Miquel y Costas Argentina, S.A. for 170 thousand euros in 2019. The balance at the end of 2023 was 148 thousand euros (148 thousand euros in 2022) (Note 29.1).

The heading “Debt securities” in 2024 includes non-current financial investments maturing after 2025, remunerated at a nominal interest rate that varies between 1.25% and 8.13% (1.20% and 6.70% in 2023). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return earned by the Company, as these are acquired on the secondary debt market.

With regard to **current financial assets** at amortised cost for 2024 and 2023, we highlight:

-The movement in financial investments at amortised cost for 2024 and 2023 is as follows:

Balance at 31-12-2022	**36,998**
Additions	70,379
Transfers from non-current	11,505
Disposals	(75,068)
Balance at 31-12-2023	**43,814**
Additions	65,909
Transfers from non-current	13,527
Disposals	(84,870)
Balance at 31-12-2024	**38,380**

Current financial investments at close of 2024 amount to 37,356 thousand euros (43,324 thousand euros in 2023), and accrued interest amounts to 1,024 thousand euros in 2024 (490 thousand euros in 2023), maturing within twelve months and at a nominal interest rate of between 1.20% and 5.61% in 2024 (between 1.73% and 5.21% in 2023). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return earned by the Company, as these are acquired on the secondary debt market.

- The detail of the items included in trade receivables for sales and services at 31 December 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Customers	38,527	40,604
Doubtful accounts receivable	246	322
Impairment losses	(246)	(322)
Total	**38,527**	**40,604**

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

	31-12-2024	31-12-2023
Euros	34,954	36,561
USD	3,410	3,925
GBP	3	4
Other currencies	160	114
Total	**38,527**	**40,604**

At 31 December 2024, 9,915 thousand euros in trade receivables were past due (14,282 thousand euros in 2023). An impairment provision of 246 thousand euros was allocated in 2024 (322 thousand euros in 2023), given that the rest of the accounts relate to a number of independent customers which have no history of default. The ageing analysis of these accounts is as follows:

	31-12-2024	31-12-2023
Up to 3 months	7,988	8,950
3-6 months	1,051	4,483
More than 6 months	876	849
Total	**9,915**	**14,282**

The Company has a credit policy giving it external insurance coverage against certain risks. The Company has some concentration of credit in certain accounts receivable. In order to minimise this risk, the Company has policies in place to guarantee the assignment of credit to customers with the appropriate credit history.

The movement in the impairment provision on trade receivables in 2024 and 2023 is as follows:

Balance at 31-12-22	**299**
Provision for impairment of trade receivables	23
Reversal of provision for amounts collected	-
Closing balance at 31-12-23	**322**
Provision for impairment of trade receivables	8
Reversal of provision for accounts receivable written off as uncollectable	(84)
Closing balance at 31-12-24	**246**

The recognition and reversal of impairment losses on trade receivables are included under "Loss, impairment and changes in provisions for trade receivables" in the income statement (Note 26.6). Amounts charged to impairment are usually derecognised where there is no expectation of collecting more cash.

10. Financial assets and liabilities at fair value through profit or loss

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

The breakdown by currency of origin of the hedges held at 31 December 2024 is as follows:

Currency	**Maturity**	**Nominal in currency ***	**Profit/(Loss) in euros ***
USD	2025	6,264	(262)
GBP	2025	11	-
AUD	2025	248	(2)
NOK	2025	-	-
Total (Loss) / Profit			**(264)**

* Expressed in thousands

The breakdown by currency of origin of the hedges held at 31 December 2023 was as follows:

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

* Expressed in thousands

(EXPRESSED IN EURO THOUSAND)

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

Fair value expresses the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing buyers and sellers on an arm's length basis. The valuations provided are derived from own models from different banks with which these instruments have been contracted, based on widely recognised 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 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 of forward prices at maturity.
- Simple options: Black & Scholes and Merton.
- Structure with options (Accumulator): Monte Carlo model.

The fair value of derivative financial instruments at 31 December 2024 is a loss of 264 thousand euros (10 thousand euros of profit in 2023).

11. Financial assets at fair value through equity

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

Balance at 31-12-2023	**55**
Cost	-
Valuation adjustments	55
Carrying amount	**55**
Additions	-
Net gains or losses transferred to equity	-
Disposals	-
Balance at 31-12-2024	**55**
Cost	-
Valuation adjustments	55
Carrying amount	**55**

At 31 December 2024, the amount recognised under this heading corresponds to changes in the cumulative value of the SPAC warrants still held by Company amounting to 55 thousand euros (55 thousand euros at close of 2023).

In 2023, the Company executed its “exit option” on an SPAC (Special Purpose Acquisition Company) acquired in 2021, recovering the entire initial amount disbursed. This operation generated finance income amounting to 346 thousand euros in 2023 (Note 27).

(EXPRESSED IN EURO THOUSAND)

12. Inventories

The breakdown of inventories at 31 December 2024 and 2023 is as follows:

	Prepayments to suppliers	Raw materials and other supplies	Finished goods and work in progress	Total
Balance at 31-12-2023	**19**	**13,448**	**41,320**	**54,787**
Cost	19	13,448	42,693	56,160
Impairment losses	-	-	(1,373)	(1,373)
Carrying amount	19	13,448	41,320	54,787
Balance at 31-12-2024	**34**	**15,631**	**45,495**	**61,160**
Cost	34	15,631	46,694	62,359
Impairment losses	-	-	(1,199)	(1,199)
Carrying amount	34	15,631	45,495	61,160

* Raw materials and other supplies includes an amount of 1,018 thousand euros in 2024 corresponding to the balance of emission allowances (1,217 thousand euros in 2023) (Note 31).

The changes in inventories of finished goods and work in progress and the impairment reversal amount to an income of 4,175 thousand euros in 2024 (an expense of 3,012 thousand euros in 2023). This change is the difference between opening inventories of 41,320 thousand euros in 2024 (44,332 thousand euros in 2023) and closing inventories of 45,495 thousand euros in 2024 (41,320 thousand euros in 2023).

a) Purchase commitments

There are no procurement commitments to suppliers at close of either 2024 or 2023.

b) Insurance

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

c) Impairment losses

The movement of losses due to impairment of inventories in the years 2024 and 2023 has been as follows:

Balance at 31-12-2022	**1,632**
Additions	1,004
Applications	(1,263)
Balance at 31-12-2023	**1,373**
Additions	146
Applications	(320)
Balance at 31-12-2024	**1,199**

(EXPRESSED IN EURO THOUSAND)

13. Other receivables from Public Administrations

The breakdown at 31 December 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Other receivables from Public Administrations	499	192
Total	**499**	**192**

At close of 2024 and 2023, other receivables from public administrations 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 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Treasury	12,446	18,485
Total	**12,446**	**18,485**

15. Share capital

15.1 Capital

At 31 December 2024 the share capital was represented by 40,000,000 book entry shares fully subscribed and paid, with a par value of 2.00 euros each (40,000,000 shares in 2023).

The Company's shares are admitted to trading on the Barcelona Stock Exchange and since 1996 have been integrated in the 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 shares' acquisition or transmission.

The resolution adopted at the Ordinary and Extraordinary General Meeting of 22 June 2021 authorised the Board of Directors, for a period of five years, to issue securities convertible into shares of the Company, with the power to exclude shareholders' pre-emptive subscription rights and to increase the share capital by the amount necessary for the conversion. The Board of Directors has not made use of the aforementioned authorisations in either 2024 or 2023.

At 31 December 2024 and 2023, pursuant to the notifications received by the Company, the following shareholders hold a direct or indirect shareholding of 10% or higher:

	Shareholding (%)	
	2024	2023
Mr Jorge Mercader Miró	18.09	17.71
Ms Mª del Carmen Escasany Miquel	n/a	12.63
Indumenta Pueri, S.L.	14.65	14.65
Ms Bernardette Miquel Vacarisas	n/a	12.65

15.2 Own shares held

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

In accordance with the agreements adopted in said General Shareholders' Meeting, the Board of Directors, meeting on 25 November 2024, approved a new Share Buyback Programme (the sixth) pursuant to the authorisation granted by the aforementioned General Shareholders' Meeting.

The breakdown and movement of own shares in equity for the years 2024 and 2023, is as follows:

Item	Number of shares	Transaction amount Thousands of euros	Gross average price euros	Nominal value Thousands of euros
Final 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 reduction	-	-	-	-
Granting by exercise of options	-	-	-	-
Final balance at 31-12-2023	**1,818,843**	**21,401**	**11.77**	**3,638**
Acquisition of own shares	440,390	5,543	12.59	881
Subscription and acquisition on capital increase	-	-	-	-
Capital reduction	-	-	-	-
Granting by exercise of options	(229,327)	(2,721)	11.87	(459)
Final balance at 31-12-2024	**2,029,906**	**24,223**	**11.93**	**4,060**

In 2024 the Company, in accordance with the approved framework, acquired 440,390 shares (311,354 shares in 2023) amounting to 5,543 thousand euros (3,630 thousand euros in 2023).

Additionally, pursuant to the share option plan arranged in 2017, in the current year 229,327 shares were delivered valued at 2,721 thousand euros (zero thousand euros in 2023). See the explanation of this plan in Note 16.e.

The number of own shares held at 31 December 2024, following the transactions in the year, was 2,029,906 (1,818,843 shares in 2023).

16. Reserves and other equity instruments

(EXPRESSED IN EURO THOUSAND)

The breakdown items included in reserves and other equity instruments, at 31 December 2024 and 2023, is as follows:

	31-12-2024	31-12-2023
Legal reserve	16,000	16,000
Voluntary reserve	143,895	129,448
Reserves for actuarial gains and losses	221	195
Capitalisation reserves	3,703	3,056
Other equity instruments	61	581
Total	**163,880**	**149,280**

a) Legal reserve

The legal reserve is allocated in accordance with Article 274 of the Spanish Corporate Enterprises Act, which provides that the Company is required to allocate at least 10% of the profits for the year to establishing a reserve fund until it reaches at least 20% of the share capital.

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

b) Voluntary reserve

The Company's voluntary reserves are freely distributable, except for the carrying amount of assets updated in accordance with Royal Decree-Law 7/1996 (Note 6.c).

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) Capitalisation reserve

According to article 25 of income tax Law 27/2014, of 27 November, the Company is entitled to require a reduction in the taxable income of 10% of the amount of the increase in its equity, provided the following requirements are met:

a) The amount of the increase in the Company's shareholders' equity is maintained for a period of 5 years from the end of the tax period to which this reduction corresponds, unless there are accounting losses at the Company.

b) A reserve is allocated in the amount of the reduction, which must be included in the balance sheet under an entirely separate and appropriate heading, and must be unavailable during the period provided in the previous paragraph.

In no case may the right to this reduction exceed 10% of the positive taxable income of the taxable period prior to this reduction, the integration referred to in section 12 of the article 11 of the income tax law (LIS) and the offsetting of tax loss carryforwards.

(EXPRESSED IN EURO THOUSAND)

It should also be noted that this tax incentive was applied in 2024, as well as in 2023 (Note 25).

e) Other equity instruments

This heading corresponds to the amount recorded as an offsetting entry to the accrued personnel expense arising from the share option plan implemented in 2017. The amount is 61 thousand euros at 31 December 2024 (581 thousand euros at 31 December 2023).

On 22 June 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 Parent Company's Board of Directors designates. The plan was developed, defined and drawn up by the Board of Directors at its meeting on 30 January 2017, pursuant to the powers granted by the General Meeting. The plan states that each option corresponds to one share and allocates 525,000 options of which 491,500 were in effect at the year end, increasing to 786,400 following the capital increase carried out in November 2018 and to 1,072,364 after the capital increase in 2021.

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

Based on the aforementioned agreements, the exercise price of the option was set at 22.21 euros per share, determined by the average share price in the previous quarter less 5%, a price equivalent to 13.88 euros after adjustment for the first capital increase and 10.18 euros after the capital increase.

The plan includes the following phases once granted:

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

The share option plan had been in its exercise phase since 7 February 2022. Note that the aforementioned plan ended in February 2025.

The weighted average fair value of the stock options, which corresponds to that determined at the grant date, is established using the Black-Scholes/Merton method as follows:

Maturities	Option value

27/01/2025	1.25

The main model inputs were the share price, the aforementioned exercise price, the standard deviation from the expected share price performance, 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.

Its value is allocated to the income statement as personnel expense for the year on an accrual basis with an offsetting entry in equity. No amounts were recorded with a charge to consolidated income in 2024 or 2023.

f) Valuation adjustments

The amount at 31 December 2024 was 55 thousand euros (55 thousand euros in 2023) (Note 11).

17. Profit/loss for the year

17.1. Proposed appropriation of profit for the year

The proposed appropriation of profit for the year ended 31 December 2024, to be presented to the General Meeting of Shareholders, is as follows:

	2024
Basis of appropriation	
Profit and loss for the year (profit)	36,290
Total	**36,290**
Appropriation	
Dividends	18,250
Voluntary reserve	16,362
Capitalisation reserve	1,678
Total	**36,290**

17.2. Interim dividend

The Company's dividend distribution policy consists of four payments, of which three are interim and one is final.

In 2024, the Board of Directors resolved to distribute the following interim dividends:

- Against 2023 profit:

- Resolution dated 25 March 2024 agreed to distribute a third interim dividend against 2023 profit for a total of 4,400 thousand euros which, in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.11536064 euros per share. Since this was paid after the close of 2023, it complied with the regulatory profit and liquidity requirements.

- Against 2024 profit:

  - Resolution dated 30 September 2024 agreed to distribute a first interim dividend against 2024 profit for a total of 4,200 thousand euros which, in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.11040824 euros per share.

  - Resolution dated 25 November 2024 agreed to distribute a second interim dividend against 2024 profit for a total of 4,301 thousand euros which,in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.11294488 euros per share.

  All of them were effectively distributed in 2024.

In 2023, the Board of Directors resolved to distribute the following interim dividends:

- Against 2022 profit:

  - Resolution dated 28 March 2023 agreed to distribute a third interim dividend against 2022 profit for a total of 4,300 thousand euros which, in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.11192298 euros per share. Since this was paid after the close of 2022, it complied with the regulatory profit and liquidity requirements.

- Against 2023 profit:

  - Resolution dated 27 September 2023 agreed to distribute a first interim dividend against 2023 profit for a total of 4,000 thousand euros which, in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.104459337 euros per share.

  - Resolution dated 28 November 2023 agreed to distribute a second interim dividend against 2023 profit for a total of 4,100 thousand euros which, in gross unit terms, with the attribution of the proportionate part of the economic rights of treasury shares, was of 0.10734834 euros per share.

All of them were effectively distributed in 2023.

The amounts distributed as the sum of interim and final dividends as detailed in the following paragraph, did not exceed the profit obtained since the end of previous year, less estimated corporate income tax payable on that profit, in line with the provisions of Article 277 Royal Decree-Law 1/2010, of 2 July 2010, approving the consolidated text of Spain's Corporate Enterprises Act.

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	2024	2023
Gross amount of dividends paid	17,801	17,200
Tax withheld	(1,493)	(1,430)
Net amount of dividends paid	**16,308**	**15,770**

The projected accounting statement drawn up in accordance with legal requirements and evidencing the existence of sufficient liquidity to distribute the aforementioned dividends is shown below:

- Projected statement for the resolution of 30 September 2024 to distribute a first interim dividend against 2024 profit for a total of 4,200 thousand euros:

	2024
Projected distributable profit:	
Projected earnings after tax at 30 September 2024	27,819
Maximum amount to be distributed as interim dividend	27,819
Interim dividend proposed	4,200
Cash forecast for 1 year from the date of the interim dividend agreement:	
Available liquidity at the date of the agreement for distribution of the interim dividend*	113,459
Projected receipts	190,798
Projected payments (including dividends)	(189,814)
Projected cash at hand and in banks at 30 September 2025	**114,443**

* Includes undrawn bank credit facilities.

- Projected statement for resolution of 25 November 2024 to distribute a second interim dividend against profit in 2024 for a total of 4,301 thousand euros:

	2024

Projected distributable profit:	
Profit for the period 1 January to 31 December 2023	34,067
Projected profit for 1 January to 30 November 2024	33,102
Legal reserves	-
Maximum amount to be distributed as interim dividend	**67,169**
Interim dividends charged to 2023	17,400
Interim dividends charged to 2024	4,200
Proposed dividends charged to 2024	4,301

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

Available liquidity at the date of the agreement for distribution of the interim dividend*	124,329
Projected receipts	190,798
Projected payments (including dividends)	(196,656)
Projected cash at hand and in banks at 25 November 2025	**118,471**

* Includes undrawn bank credit facilities.

17.3. Final Dividend

The General Meeting of Shareholders of 20 June 2024 approved the dividend distribution for the year, ratifying the Board of Directors' resolutions in connection with interim payments and approving the payment of a final dividend against 2023 profit for a total of 4,900 thousand euros.

The General Meeting of Shareholders of 22 June 2023 approved the dividend distribution for the year, ratifying the Board of Directors' resolutions in connection with interim payments and approving the payment of a final dividend against 2022 profit for a total of 4,800 thousand euros.

Both the reserves designated in the previous note as unrestricted and the current year's profit are subject to the following restrictions:

- Once the provisions of legislation in force or the Articles of Association have been met, dividends charged to profit for the year or unrestricted reserves can only 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. For these purposes, profit recognised directly in equity may not be distributed, either 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 pending amortisation recognised in the balance sheet. No amount was pending amortisation at 31 December 2024 or 2023.

18. Capital grants received

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The breakdown of non-refundable capital grants that appear in the balance sheet under the heading "Grants, donations and bequests received" is as follows:

Item	Government grants	Interest rate subsidies	Gas emission allowance subsidies	Total
Balance at 31-12-2022	**634**	**22**	**11**	**667**
Additions	781	90	993	1,864
Tax effect	(195)	(23)	(248)	(466)
Decreases	-	(29)	-	(29)
Tax effect	-	7	-	7
Recognition in profit or loss	(143)	-	(865)	(1,008)
Tax effect	36	-	216	252
Balance at 31-12-2023	**1,113**	**67**	**107**	**1,287**
Additions	7	95	876	978
Tax effect	(2)	(24)	(219)	(245)
Decreases	-	(90)	-	(90)
Tax effect	-	23	-	23
Recognition in profit or loss	(144)	-	(898)	(1,042)
Tax effect	36	-	224	260
Balance at 31-12-2024	**1,010**	**71**	**90**	**1,171**

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

Granting entity	31/12/2024	31/12/2023	Purpose	Date granted
CDTI	95	90	Implicit interest on zero-interest loans	2023 and 2024
Environment Ministry	120	142	Gas emission allowances	2023 and 2024
Agencia Valenciana de la Energía	-	3	Improving energy efficiency	2011
Generalitat de Catalunya	7	15	Financing of fixed assets	2012
Agencia Valenciana de la Energía	16	26	Improving energy efficiency	2012/13/15
Miner	1	1	Financing of fixed assets	2013
Instituto Valenciano de competitividad empresarial	69	73	Financing of fixed assets	2016/17/18 2023 and 2024
Instituto Divers. y ahorro Energía	53	60	Financing of fixed assets	2019
Instituto Divers. y ahorro Energía	199	219	Financing of fixed assets	2021
Instituto Divers. y ahorro Energía	334	365	Financing of fixed assets	2022
Agencia Residuos de Catalunya	22	24	Financing of fixed assets	2022
ICAEN	216	234	Financing of fixed assets	2023
Acció	429	464	Financing of fixed assets	2023
Tax effect of grants	(390)	(429)		
Total	**1,171**	**1,287**		

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

Revenues relating to grants transferred to income are recognised under the following heading in the income statement:

	2024	2023
Allocation of non-financial fixed asset grants and other	1,042	1,008
Total	**1,042**	**1,008**

19. Financial liabilities at amortised cost

The breakdown of current and non-current financial liabilities at amortised cost in 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Non-current	**39,688**	**26,541**
Bank loans	39,688	26,541
Current	**88,824**	**78,934**
Bank loans	11,468	17,025
Accrued and unpaid interest from credit institutions	86	113
Suppliers, group companies and associates (Note 29)	7,204	7,174
Payables to group companies (Note 29)	36,587	36,889
Trade payables	15,487	12,257
Sundry creditors	662	788
Other current liabilities (Suppliers of fixed assets)	966	1,310
Other current liabilities (Other)	16,364	3,378
Total financial liabilities at amortised cost	**128,512**	**105,475**

Movements in current and non-current loans in 2024 and 2023 are as follows:

	Non-current loans	Current loans
Balance at 31-12-22	**27,468**	**15,067**
Obtaining funding	16,106	-
Amortisation and depreciation	-	(15,075)
Transfers from non-current to current	(17,033)	17,033
Closing balance at 31-12-23	**26,541**	**17,025**
Obtaining funding	34,000	-
Amortisation and depreciation	(9,381)	(17,029)
Transfers from non-current to current	(11,472)	11,472
Closing balance at 31-12-24	**39,688**	**11,468**

Total borrowings include the effect of implicit interest arising from subsidised loans held by the

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Company, amounting to 95 thousand euros at 31 December 2024 (90 thousand euros at 31 December 2023).

a) Subsidised loans

In 2024 no loans were receive from the Centre for the Development of Industrial Technology (CDTI).

In 2023, the Centre for the Development of Industrial Technology (CDTI) granted a loan amounting to 167 thousand euros, with a repayment period of 7 years and a 1-year grace period.

At 31 December 2024 the Company has zero-interest loans with a fair value of 956 thousand euros (1,099 thousand euros at 31 December 2023) and a repayment value of 1,051 thousand euros (1,189 thousand euros at 31 December 2023).

b) Bank loans

In 2024, the Company obtained three loans totalling 34,000 thousand euros from banks, with repayment periods of 5 years and a 1-year grace period. A portion of those loans was used to cancel pre-existing loans bearing higher interest.

In 2023, CaixaBank granted a loan for a total of 10,000 thousand euros, with a repayment period of 5 years and a 1-year grace period, and Sabadell granted a loan for a total of 6,000 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:

	31-12-2024		**31-12-2023**	
	Maximum amount	**Amount drawn down**	**Maximum amount**	**Amount drawn down**
Floating interest rate:				
- with a maximum maturity of one year	19,962	-	20,907	-
- with a maturity of more than one year	-	-	-	-
Fixed interest rate:				
- with a maturity of less than one year	-	-	-	-
	19,962	**-**	**20,907**	**-**

Credit facilities maturing in less than one year are subject to various reviews during the year. The credit facilities have been renewed to facilitate ordinary cash management as well as to contribute to the financing of the planned expansion of the Company's activities in both 2024 and 2023.

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The heading "Other current financial liabilities", which shows an amount of 966 thousand euros at 31 December 2024 (1,310 thousand euros in 2023), includes payables to fixed asset suppliers.

The carrying amounts of the Company's non-current and current bank borrowings are denominated in euros at 31 December 2024 and 2023.

Non-current and current financial debt recognised at amortised cost is distributed in the following maturities:

Item	31-12-2024	31-12-2023
Up to 1 year	12,520	18,448
Between 1 and 3 years	24,307	17,765
Between 3 and 5 years	15,103	8,340
More than 5 years	278	436
Total	**52,208**	**44,989**

The total amount of loans at December 31 does not include any loans secured with a bank guarantee in either 2024 or 2023.

Bank borrowings and other financial liabilities are denominated in euros.

The breakdown of Suppliers and sundry creditors for the years ended 31 December 2024 and 2023 is as follows:

Item	31-12-2024	31-12-2023
Trade payables		
Trade payables	13,675	11,000
Suppliers in foreign currency	1,812	1,257
Suppliers to group companies (Note 29.1)	6,883	5,505
Suppliers, group companies in foreign currencies (Note 29.1)	321	1,669
Other creditors		
Creditors	606	746
Foreign currency creditors	56	42
Total	**23,353**	**20,219**

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

Item	31-12-2024	31-12-2023
Euros	21,164	17,226
USD	2,174	2,988
GBP	12	-
Other	3	5
Total	**23,353**	**20,219**

The average supplier payment period has been calculated 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, on the creation and growth of companies, and the provisions of Handbook 55 of Spain's Audit Institute (ICJCE).

In accordance with the aforementioned regulations, the information to be included in the Notes to the Annual Accounts in relation to the average supplier payment period in commercial operations is the following:

	31/12/2024	31/12/2023
	Days	**Days**
Average supplier payment period (1)	37	33
Ratio of transactions paid (2)	37	33
Ratio of transactions pending payment (3)	20	30
	Thousands of euros	**Thousands of euros**
Total payments made	110,882	112,378
Total outstanding payments	15,093	11,463
Total payments within the period established in the delinquency regulations (thousands of euros) (4)	106,360	108,893
% paid within the period established in the delinquency regulations with respect to the total amount paid (4)	96%	97%
Number of invoices paid within the period established in the delinquency regulations (4)	13,659	14,140
% of invoices paid within the period established in the delinquency regulations with respect to the total invoices paid (4)	90%	91%

(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, and the Handbook 55 (ICJCE)

- The breakdown of <u>other current liabilities</u> for the year ended 31 December 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Personnel	3,476	2,964
Customer advances	12,888	414
Total	**16,364**	**3,378**

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The personnel heading includes provisions for variable remuneration with an annual or multi-annual vesting period with payment the following year. The amount of provisions for variable remuneration for the same item in the long term is explained in Note 22.

Customer advances includes prepayments from a customer in respect of future orders not delivered at year end.

20. Non-current and current accruals

The movement in non-current and current accruals in 2024 and 2023 is as follows:

	Non-current accruals	Current accruals	Total
Balance at 31-12-22	**243**	**-**	**243**
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Closing balance at 31-12-23	**243**	**-**	**243**
Additions	1	-	-
Disposals	-	-	-
Transfers	-	-	-
Closing balance at 31-12-24	**244**	**-**	**244**

21. Long-term employee benefits

- <u>Defined contribution commitments:</u>

The Company has two defined contribution plans that are the result of agreements with the workers' representatives for their retirement at age 65. The Company has only committed to making annual contributions of a predetermined amount. Since 2002 there have been collective insurance policies through which the insurer guarantees that the employees will receive a specified return on the contributions made by Company.

There are also two outsourced defined contribution plans of which the Company is the policyholder, and of which the Executive Directors are beneficiaries provided certain conditions are met, along with the personnel classified in the Group as Senior Management of the Company (see Note 28 for details of remuneration).

- <u>Defined benefit commitments:</u>

The Company's defined benefit commitments are covered by collective insurance policies.

In accordance with the Spanish Collective Bargaining Agreement for the Pulp and Paper Industry, the Group has an obligation to its current employees who can and decide to take early retirement to pay them retirement bonuses as established in said agreement. These commitments were externalised and secured through group insurance contracts. In addition, since entry into force on 1 January 2013 of Law 27/2011, dated 1 August, concerning the updating, adaptation and modernisation of the Social Security system, the Group is now bound, according to said agreement, with respect to some of its current employees, for their early voluntary 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 policies were arranged in 2013 to cover the outsourcing of pension commitments and the number of employees covered increased in 2016.

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The breakdown of the amounts recognised in the income statement and in equity for the different types of defined benefit liabilities that the Company has with its employees is as follows:

	31-12-2024	31-12-2023
Charges in the income statement:		
- Financial restatement (Finance expenses)	6	10
- Current service costs	6	8
- Expected return on plan-related assets	(3)	(4)
Total	**9**	**14**

	31-12-2024	31-12-2023
Charges/(credits) in equity:		
- Actuarial gains and losses	36	72
- Tax effect	(9)	(18)
Total	**27**	**54**

The amounts recognised in the balance sheet have been calculated as follows:

Item	31-12-2024	31-12-2023
Present value of the commitments	(181)	(211)
Fair value of the related assets	107	92
Liability recorded on the balance sheet (Note 22)	**(74)**	**(119)**

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

Item	2024	2023
Opening balance	**211**	**271**
Current service cost	6	8
Interest costs	6	10
Actuarial losses/profits	(42)	(74)
Benefits paid	-	(4)
Closing balance	**181**	**211**

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

Item	2024	2023
Opening balance	**92**	**109**
Expected return on plan-related assets	2	4
Actuarial gains/(losses)	(6)	2
Refund of contributions (returned premiums)	19	(23)
Closing balance	**107**	**92**

The Company's Management has commissioned an independent actuary to carry out the actuarial valuation of each of the aforementioned defined benefit commitments as of 31 December 2024 and 2023.

The main assumptions applied were:

Interest rate for measuring the liabilities with current personnel at 31/12/2023	3.60%
Interest rate for measuring the liabilities with current personnel at 31/12/2024	2.99%
Expected return on assets with current personnel	3.60%
Mortality tables	PERMF-2020
Permanence assumptions	ORDER EHA/3433/2006 COD21
Retirement age	63 years

The interest rates used have been determined with reference to the market, on the balance sheet date, corresponding to issues of high-quality corporate bonds or obligations. Both the currency and the term of the bonds correspond to the currency and the estimated payment term of the obligations assumed by the Company. Likewise, current labour regulations regarding the retirement age of employees have been taken into account.

The valuation method used was the so-called "projected credit unit". The methodology of this accrual system consists of proportionally crediting the current value of projected future benefits based on past service at each given time.

To determine the value of the net liability to be recognised in the commitments, the insurance policies taken out were considered as the affected asset, and were valued at the amount of the obligations insured. This means that in relation to the retirement bonus 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 realisation value of the related asset.

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22. Non-current and current provisions

The movement in "Current provisions" in the balance sheet is as follows:

Balance at 31-12-22	**1,139**
Additions	1,075
Applications	(1,132)
Surplus provision	(7)
Balance at 31-12-23	**1,075**
Additions	898
Applications	(1,066)
Surplus provision	(9)
Balance at 31-12-24	**898**

The balance at 31 December 2024, amounting to 898 thousand euros, corresponds to the provision for emission allowances (1,075 thousand euros in 2023) (Note 31).

The movement in non-current provisions is as follows:

Balance at 31-12-22	**516**
Additions	186
Payments/Returns	16
Transfers	-
Applications	(154)
Balance at 31-12-23	**564**
Additions	-
Payments/Returns	(19)
Transfers	(186)
Applications	(26)
Balance at 31-12-24	**333**

The balance at close of December 2024, amounting to 333 thousand euros (564 thousand euros in 2023), consists of the following items:

- On the one hand, the provision relating to the application of Law 27/2011, of 1 August, concerning the updating, upgrading and modernisation of the Social Security System, which entered into force on 1 January 2013, amounting to 74 thousand euros in 2024 (Note 21) (119 thousand euros in 2023). An amount of 26 thousand euros was applied in the current year (59 thousand euros in 2023); there were no payments (either in 2023); and an insurance premium payment of 19 thousand euros (16 thousand euros in 2023) was made to the external insurance provider in order to regularise pension commitments.

- In addition, a provision of 259 thousand euros was allocated to cover possible third-party liability as a lucrative participant in the current procedure against directors of Mutua Universal Mugenat and against that company as subsidiary civil liability, which is maintained in 2023 and 2024.

- The heading also includes provisions for non-current variable remuneration in the amount of zero in 2024 as the entire current balance was transferred in the year (186 thousand euros in 2023). The current portion (if any) is detailed in Note 19.

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23. Deferred taxes

The movement of deferred taxes at 31 December 2024 and 2023 is as follows:

	2024		2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Opening balance	**789**	**1,204**	**851**	**1,229**
- Charged in the income statement	(12)	(141)	(62)	(250)
- Tax charged directly to equity	-	(30)	-	225
- Other movements	-	-	-	-
Closing balance	**777**	**1,033**	**789**	**1,204**

The movement and breakdown of deferred tax assets and liabilities in 2024 and 2023 are as follows:

	2024			
Deferred tax assets	**Non-tax-deductible amortisation/depreciation**	**Provisions and other**	**Equity adjustments**	**Total**
Opening balance	**58**	**731**	**-**	**789**
- Charged in the income statement (Note 25)	(35)	23	-	(12)
Closing balance	**23**	**754**	**-**	**777**

	2023			
Deferred tax assets	**Non-tax-deductible amortisation/depreciation**	**Provisions and other**	**Equity adjustments**	**Total**
Opening balance	**132**	**719**	**-**	**851**
- Charged in the income statement (Note 25)	(74)	12	-	(62)
Closing balance	**58**	**731**	**-**	**789**

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	2024			
Deferred tax liabilities	**Other adjustments**	**Freedom of tax amortisation**	**Equity adjustments**	**Total**
Opening balance	**166**	**539**	**499**	**1,204**
- Charged in the income statement (Note 25)	44	(185)	-	(141)
- Tax charged directly to equity	-	-	(30)	(30)
Closing balance	**210**	**354**	**469**	**1,033**

	2023			
Deferred tax liabilities	**Other adjustments**	**Freedom of tax amortisation**	**Equity adjustments**	**Total**
Opening balance	**233**	**722**	**274**	**1,229**
- Charged in the income statement (Note 25)	(67)	(183)	-	(250)
- Tax charged directly to equity	-	-	225	225
Closing balance	**166**	**539**	**499**	**1,204**

Deferred tax assets amounting to 23 thousand euros in 2024 (58 thousand euros in 2023) related to two effects:

- - The effect of limiting to 30 percent the tax deductibility of amortisation/depreciation in the periods 2013 and 2014. This effect began to reverse in 2015. The balance at 31 December 2024 was 11 thousand euros (45 thousand euros in 2023).

- The effect of the limitation of the amortisation/depreciation relating to the updating of balances, which also began to reverse in 2015. The balance at 31 December 2024 was 12 thousand euros (13 thousand euros in 2023).

Deferred tax assets amounting to 754 thousand euros in 2024 (731 thousand euros in 2023) correspond mainly to non-tax-deductible personnel provisions in the year.

Details of deferred tax liabilities, adjusted against equity, were as follows at 31 December 2024 and 2023:

Item	**31-12-2024**	**31-12-2023**
Capital grants	336	371

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Pensions	79	70
Interest free loans	24	22
Other	30	36
Total	**469**	**499**

24. Other payables to Public Administrations

The breakdown of other payable to Public Administrations for the years ended 31 December 2024 and 2023 is as follows:

	31-12-2024	**31-12-2023**
Other payables to Public Administrations	7,629	9,347
Total	**7,629**	**9,347**

The amount recognised in other payables to Public Administrations includes, among other items, current tax account payables for the fourth quarter.

25. Income tax and tax position

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 Consolidated Tax Declaration Framework as the Parent Company, together with its Spanish subsidiaries, 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., Miquel y Costas Logística, S.A., Terranova Papers, S.A., and Clariana, S.A.

Due to the different treatment permitted by fiscal legislation for certain transactions, accounting profit differs from taxable income. A reconciliation of net revenues and expenses in the year with taxable income for 2024 is as follows:

	Income Statement			**Income and expenses recognised directly in equity**		
Profit or loss after tax			**36,290**			**(89)**
	Increase	**Decreases**	**Total**	**Increase**	**Decreases**	**Total**
Corporate income tax	8,473	-	8,473	-	(29)	(29)
Permanent differences	168	(8,192)	(8,024)	-	-	-
Temporary differences				-	-	-
- arising in the year	139	-	139	-	-	-
- arising in prior years	736	(266)	470	1,042	(924)	118
Taxable income *	**9,516**	**(8,458)**	**37,348**	**1,042**	**(953)**	**-**

* In the current year, the Company has applied a reduction to the taxable income (corporate income tax) as a capitalisation reserve in the amount of 1,678 thousand euros (647 thousand euros in 2023). Given that the Company is taxed under the consolidated tax framework and in accordance with article 62 of Corporate Income Tax Law 27/2014, the reserve is calculated at

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tax group level and funded by each company based on future increases in equity contributed to the Group. Taxable income following the aforementioned reduction amounts to 35,670 thousand euros in 2024.

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

The corporate income tax expense is comprised of:

	2024	**2023**
Current tax	8,619	8,790
Deferred tax (Note 23)	(129)	(188)
Tax paid abroad	-	52
Adjustment to corporate income tax expenses from previous years and other adjustments	(17)	26
Total	**8,473**	**8,680**

On 27 November 2014 Corporation Income Tax Law 27/2014 was approved establishing a gradual decrease in the overall tax rate to 25% in 2016. However, no reduced tax rate is applied to either the reversal of the 30% cap on amortisation/depreciation or the reversal of the balance sheet updates (both measures pursuant to Law 16/2012 of 27 December).

Current corporate income tax is the result of applying a tax rate of 25% on the taxable income after reducing the capitalisation reserve and subtracting the deductions from the quota applied in 2024, which amounted to 298 thousand euros (323 thousand euros in 2023). Withholdings and payments on account amounted to 8,559 thousand euros (8,707 thousand euros in 2023), giving an amount payable to the Tax Administration of 60 thousand euros at close of 2024 (83 thousand euros payable in 2023).

The Company has no tax loss carryforwards or deductions pending application at close of 2024.

The breakdown of credits and debits between group companies as a result of the consolidated tax declaration framework is as follows:

	31-12-2024		**31-12-2023**	
Receivable / payable amounts from tax consolidation	**Receivable amounts**	**Payable amounts**	**Receivable amounts**	**Payable amounts**
- S.A. Payá Miralles	-	53	49	-
- Celulosa de Levante, S.A.	-	30	-	474
- Papeles Anoia, S.A.	-	123	124	-
- Desvi, S.A.	121	-	-	68
- Sociedad Española Zig-Zag, S.A.	-	-	-	-
- M.B. Papeles Especiales, S.A.	-	376	-	349
- Miquel y Costas Energía y Medio Ambiente, S.A.	-	18	16	-
- Miquel y Costas Tecnologías, S.A.	19	-	11	-
- Terranova Papers, S.A.	120	-	143	-
- Miquel y Costas Logística, S.A.	-	38	38	-
- Clariana, S.A.	-	37	-	51
	260	**675**	**381**	**942**

On 24 July 2017, the Company received notification that the following taxes and periods were to be inspected:

- 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—an amount payable to the tax administration of 1,851 thousand euros—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 a long-term current tax asset of 1,710 thousand euros has been recognised for this payment, maintained in 2023 and 2024. Additionally, the latest judgements by the Supreme Court, of 2 November 2023, 13 June 2024 and 15 July 2024, and by the High Court in its ruling of 27 June 2023 in relation to the deductibility in corporate income tax of the remuneration paid for the functions of a senior executive, derived from senior management contract, who was also a director, underpin the arguments the Company presented in the inspection.

At the date of issue of these annual accounts, the Company's corporate income tax is subject to inspection by the tax authorities from the year 2020, and the rest of the main taxes from the year 2021, inclusive. The directors do not expect that, in the event of an inspection, additional liabilities will arise for material amounts.

26. Income and expenses

26.1. Foreign currency transactions

Transactions carried out in foreign currency are as follows (in thousand euros):

Item	2024	2023
Purchases	22,293	21,260
Sales	19,108	24,861

26.2. Net revenues

The geographical market breakdown of revenues from the Company's ordinary activities is as follows:

Market	% 2024	% 2023
National	18.86	17.24
European Union	31.82	29.38
Other OECD countries	30.13	34.53
Other countries	19.19	18.85
	100.00	**100.00**

Most services are rendered in the domestic market.

Similarly, product sales are broken down by business segment as follows:

Line	% 2024	% 2023

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Tobacco industry	85.34	85.61
Industrial products	2.91	3.44
Other	11.75	10.95
	100.00	**100.00**

26.3. Consumption of goods for resale, raw materials and other consumables

	2024	**2023**
Consumption of raw materials and other consumables:		
Purchases	91,761	83,787
Changes in inventories (Note 12)	(2,382)	2,766
Total	**89,379**	**86,553**

The breakdown by source of the Company's consumption in 2024 is as follows:

	%
Market	**2024**
National	61.40
European Union	18.48
Other OECD countries	19.71
Other countries	0.41
	100.00

26.4. Other operating income

The breakdown of other operating income is as follows:

Item	**2024**	**2023**
Operating grants recognised in profit or loss	939	1,840
Revenues from services between group companies (Note 29)	93	287
Other	357	346
Total	**1,389**	**2,473**

26.5. Personnel expenses

The breakdown of personnel expenses is as follows:

	2024	**2023**

Wages, salaries and similar expenses	22,640	21,534
Employee benefit costs	6,296	6,514
- Other pension contributions and allocations	62	-
- Other employee benefit costs (Social Security)	6,234	6,514
Other personnel expenses	344	94
Provisions	139	60
	29,419	**28,202**

"Wages, salaries and similar expenses" includes termination benefits amounting to 224 thousand euros in 2024 (94 thousand euros in 2023).

In 2023 an amount of 95 thousand euros, provisioned in 2022 in connection with the multi-annual remuneration plan, was reversed. There were no movements in the current year. See Note 22 for greater details.

Additionally, in 2024, an amount of 139 thousand euros was allocated to provide funds corresponding to the Employee Benefits Plan for certain employees (186 thousand euros for this item in 2023). This year, the associated liability is recognised entirely as current (Notes 22 and 19).

The breakdown by category of the Company's average workforce in 2024 and 2023 is as follows:

	2024	2023
Executive Directors	1	1
Senior management	10	9
Executives	11	10
Middle managers	52	52
Administrative and technical staff	101	99
Production staff	328	335
	503	**506**

The breakdown by gender and category of the Company's year-end workforce is as follows:

	31-12-2024		31-12-2023	
	Men	**Women**	**Men**	**Women**
Executive Directors	1	-	1	-
Senior management	7	3	6	3
Executives	9	2	9	1
Middle managers	47	5	47	5
Administrative and technical staff	48	53	49	50
Production staff	223	107	228	102
	335	**170**	**340**	**161**

The average number by category of employees with a disability equal to or greater than 33% is the following:

	2024	2023

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Administrative and technical staff	-	-
Production staff	3	3
	3	**3**

26.6. Other operating expenses

The breakdown of other operating expenses is as follows:

	2024	2023
Outside services	43,890	44,262
Taxes	599	603
Losses on, impairment of and changes in provisions for trade receivables (Note 9)	8	23
Emission allowances used (Note 22)	898	1,075
Other current operating expenses	22	78
	45,417	**46,041**

The breakdown of outside services is as follows:

	2024	2023
Rentals and licence fees	2,575	2,384
Independent professional services	3,477	3,578
Transport	4,529	4,445
Insurance premiums	1,535	1,173
Repairs and maintenance	2,511	2,374
Advertising and publicity	4,114	4,460
Utilities	10,923	12,678
Other ancillary services	11,480	10,079
Other operating expenses	2,746	3,091
	43,890	**44,262**

26.7. Other income/expenses

	2024	2023
Extraordinary revenues	5	500
	5	**500**

Extraordinary revenues in 2023 correspond to the amount attributable to the favourable settlement of the dispute between the Company and its former distributor for the Italian market.

27. Net finance income/expense

The breakdown of finance income/expense is as follows:

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	2024	2023
Finance income:		
From holdings in equity instruments		
- Group companies (Note 29.4)	7,798	7,009
- Third parties	-	346
From marketable securities and other financial instruments		
- Group companies and associates (Note 29.4)	1,031	552
- Third parties	4,235	2,324
	13,064	10,231
Finance expenses:		
Payables to group companies (Note 29.4)	(674)	(173)
Payables to third parties	(1,164)	(487)
Updating of provisions	-	-
	(1,838)	(660)
Exchange differences		
Exchange gains	477	902
Exchange losses	(551)	(838)
	(74)	64
Impairment and gains/losses on disposal of financial instruments		
Impairment and gains/losses (Note 8)	263	59
Net finance income/expense	**11,415**	**9,694**

a) Finance income and expenses

	2024	2023
Finance income:		
- Dividends from shareholdings in group companies (Notes 29 and 8)	7,798	7,009
- Dividends from shareholdings in other companies (Note 11)	-	346
- Interest on debt securities	3,632	1,958
- Interest on loans	1,633	917
- Other finance income	1	1
	13,064	**10,231**
Finance expenses:		
- Interest on loans	(1,838)	(660)
	(11,226)	**(9,571)**

28. Remuneration to Members of the Board of Directors and Senior Management

a) Director’s Compensation

The members of the Company’s Board of Directors accrued remuneration in respect of the following items in 2024, following authorisation granted by the General Shareholders’ Meeting:

The director who is an executive of the Company, for his executive duties, 528 thousand euros as fixed remuneration (733 thousand euros in 2023) and 522 thousand euros as variable remuneration (656 miles euros in 2023).

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 duties undertaken.

In the year, contributions of 110 thousand euros (0 thousand euros in 2023) were made to the long-term savings systems that make up the 2022-2024 Employee Benefits Plan (as this is the year in which the three-year period ends).

In 2017, the "2016 Stock Options Plan" was established. This plan entered into force in February 2022 and ended in February 2025. In 2024, directors with options exercised 246,546 options equivalent to the delivery of 149,171 shares (in 2023 no directors exercised their options), implying a remuneration equivalent to 539 thousand euros (0 thousand euros in 2023).

Furthermore, the executive director's remuneration system is complemented by the payment of an individual health insurance premium. The amounts accrued for this item in 2024 and 2023 totalled 1 thousand euros and 3 thousand euros, respectively.

Likewise, in accordance with the Articles of Association, members of the Board of Directors are entitled to receive maximum total remuneration equivalent to 4% of the net profit of Miquel y Costas & Miquel, S.A (5% in 2023), once the requirements of the Law and the Articles of Association have been met. The amounts accrued in this respect in 2024 and 2023 were 1,445 thousand euros and 1,695 thousand euros, respectively, which are recognised under Other operating expenses in the income statement and are mostly paid in the following year, once the requirements of articles 217 and 218 of Spain's Corporate Enterprises Act and of the Articles of Association have been met.

The Company has arranged civil liability insurance for its directors amounting to 15,000 thousand euros, for which it paid a premium of 25 thousand euros in the current year (25 thousand euros in 2023).

With the exception of the executive director, who has a contract with a guarantee clause in the event of dismissal or change of control, the Company has not established any severance agreement with other directors in the event of resignation or removal for any reason.

At 31 December 2024 and 2023 there are no committed amounts receivable or payable in respect of the members of the Board of Directors other than as mentioned above.

No advances or loans were granted to Directors in 2024 or 2023.

b) Compensation and loans to Senior Management personnel

Total fixed and variable remuneration and other items paid to members of Senior Management who are not also executive directors in 2024 amounted to 3,390 thousand euros (2,155 thousand euros in 2023). Said remuneration, in 2024, includes the amounts associated with the three-year 2022-2024 Employee Benefits Plan, and those associated with execution of the "2016 Stock Options Plan" detailed below.

In 2017, the "2016 Stock Options Plan" was established. This plan entered into force in February 2022 and ended in February 2025. 273,056 options equivalent to 31,919 shares were exercised in 2024 (no member of senior management exercised their options in 2023).

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 severance 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 in 2024 are:

Name	Position
Mr Antoni Albareda Soteras	Director of the Capellades factory
Ms Olga Encuentra Catalán	Group Management Control Director
Mr Javier García Blasco	Commercial Director of the Books Division
Mr Oscar Gamo Herranz	Commercial Director of the Smoking Division
Ms Victoria Lacasa Estébanez	Group Legal Director
Mr Ignasi Nieto Magaldi	Group Managing Director
Ms Gemma Noguera Pérez	Director of the Group’s People Department
Mr José Maria Masifern Valón	Director of the Besós factory
Mr Alfonso Pérez Llorente	Director of the Mislata factory
Mr Jordi Prat Canadell	Group Financial Director and Head of Corporate Development

The members of Senior Management who are not executive directors in 2023 are:

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

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c) Directors conflict of interests

As part of their duty to avoid conflicts of interest with the Company, during the year the directors serving on the Board fulfilled the obligations provided in article 228 of the consolidated text of Spain's Corporate Enterprises Act. Likewise, both the directors and persons related to them have refrained from incurring in conflicts of interest envisaged in article 229 of said law.

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

The members of the Board of Directors holding shares in the Company at 31 December 2024 are as follows:

Director name or company name	Position	No. of direct shares	No. of indirect shares	% of share capital
Mr Jorge Mercader Barata	Chairman	332,997	-	0.832%
Mr Jorge Mercader Miró	Honorary Chairman	640,000	6,595,000	18.087%
Mr Eusebio Díaz-Morera Puig-Sureda	Director	100,641	14,934	0.289%
Mr Álvaro de la Serna Corral	Director	42,000	3,601,024	9.108%
Mr Javier Basañez Villaluenga	Director	126,530	-	0.316%
MR Josep Miquel Vacarisas	Director	149,000	2,840	0.380%
Total		**1,391,168**	**10,213,798**	**29.012%**

The members of the Board of Directors holding shares in the Company in 2023 are as follows:

Director name or company name	Position	No. of direct shares	No. of indirect shares	% of share capital
Mr Jorge Mercader Barata	Chairman	197,724	-	0.494%
Mr Jorge Mercader Miró	Honorary Chairman	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 Vacarisas	Director	147,000	4,920,743	12.669%
Total		**1,229,997**	**16,440,489**	**44.176%**

29. Related-party transactions

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

Supplies include the year's transactions with the associated company Fourtube, S.L. (see note 1), amounting to 578 thousand euros in 2024 (769 thousand euros in 2023). There are no outstanding balances at close of 2024 (1 thousand euros at close of 2023).

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29.1. Receivables from and payables to group companies

At 31 December 2024 and 2023 the breakdown of receivable from and payables to group companies is as follows:

Receivable amounts 31-12-2024	Provision of services	Sales	Financial accounts	Current loans	Non-current loans	Total
- S.A. Payá Miralles	209	-	-	-	-	209
- Celulosa de Levante, S.A.	1,528	-	-	-	-	1,528
- Papeles Anoia, S.A.	630	2,116	-	-	-	2,746
- Desvi, S.A.	677	28	-	-	8,194	8,899
- Sociedad Española Zig-Zag, S.A.	6	-	-	-	-	6
- Miquel y Costas Tecnologías, S.A.	96	2	-	-	-	98
- M.B. Papeles Especiales, S.A.	692	156	27,332	-	-	28,180
- Miquel y Costas Energía y Medio Ambiente, S.A.	110	2	-	-	-	112
- Miquel y Costas Argentina, S.A.	-	2,991	-	-	119	3,110
- Terranova Papers, S.A.	1,355	562	133	-	-	2,050
- Miquel y Costas Chile, SpA.	-	173	-	-	-	173
- Miquel y Costas Logística, S.A.	244	164	342	-	-	750
- Clariana, S.A.	436	146	15,700	1,431	1,121	18,834
Total	**5,983**	**6,340**	**43,507**	**1,431**	**9,434**	**66,695**

Receivable amounts 31-12-2023	Provision of services	Sales	Financial accounts	Current loans	Non-current 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, SpA.	-	118	-	-	-	118
- Miquel y Costas Logística, S.A.	269	183	1,626	-	-	2,078
- Clariana, S.A.	410	77	12,554	1,361	2,551	16,953
Total	**5,718**	**4,978**	**35,433**	**1,361**	**12,579**	**60,069**

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

At 31 December 2024 the Company has two outstanding loans, one with Clariana, S.A. amounting to 2,551 thousand euros (3,913 thousand euros in 2023) and one with Miquel y Costas Argentina, S.A. amounting to 119 thousand euros (148 thousand euros in 2023).

In 2015, the Company granted a credit facility to Miquel y Costas Deutschland GmbH for up to 200 thousand euros, accruing interest at market rates, which remains in place in 2024 and 2023. No amount was drawn down as of 31 December 2024 (or in 2023).

It also granted Desvi, S.A. a loan of 8,194 thousand euros at a market interest rate (9,880 thousand euros in 2023).

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

The receivables from group companies arise from:

- Transactions for the sale of material goods with a maturity of two months from the invoice date. Receivables are not guaranteed and do not accrue interest.

- Transactions involving services rendered with a maturity of two months from the invoice date. Receivables are not guaranteed and do not accrue interest.

Payable amounts 31-12-2024	**Purchases**	**Services received**	**Financial accounts**	**Total**
- S.A. Payá Miralles	-	909	2,887	1,516
- Celulosa de Levante, S.A.	1,821	105	22,580	2,031
- Papeles Anoia, S.A.	587	90	10,213	767
- Desvi, S.A.	-	1,197	-	1,521
- Sociedad Española Zig-Zag, S.A.	-	2	396	911
- M.B. Papeles Especiales, S.A.	607	-	-	607
- Miquel y Costas Energía y Medio Ambiente, S.A.	-	109	122	186
- Miquel y Costas Tecnologías, S.A.	-	77	389	167
- Miquel y Costas Argentina	325	-	-	325
- Miquel y Costas Deutschland GmbH	220	-	-	220
- Miquel y Costas Chile SpA.	-	-	-	-
- Miquel y Costas Logística, S.A.	1,065	-	-	1,065
- Clariana, S.A.	90	-	-	90
Total	**4,715**	**2,489**	**36,587**	**43,791**

Payable amounts 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 Logística, S.A.	1,218	-	-	1,218
- Clariana, S.A.	94	-	-	94
Total	**4,961**	**2,213**	**36,889**	**44,063**

The financial accounts generate interest indexed to the Euribor. The balance is recorded under “Payables to group companies and associates”.

Payables to group companies arise from:

- Purchase of material goods with an average maturity of two months from the invoice date. Accounts payable do not accrue any interest.

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- Services received from group companies with an average maturity of two months from the invoice date. Accounts payable do not accrue any interest.

29.2. Sale of goods and provision of services

The breakdown of sales of goods to group companies in 2024 and 2023 is as follows:

Item	2024	2023
Sale of goods		
- Papeles Anoia, S.A.	11,151	9,204
- Sociedad Española Zig-Zag, S.A.	43	23
- M.B. Papeles Especiales, S.A.	294	624
- Miquel y Costas Argentina, S.A.	3,174	2,508
- Miquel y Costas Deutschland GmbH	2,959	3,000
- Terranova Papers, S.A.	5,207	5,852
- Miquel y Costas Logística, S.A.	1,523	1,632
- Miquel y Costas Chile. SpA.	45	24
- Clariana, S.A.	159	31
Total	**24,555**	**22,898**

Finished products are sold to other group companies based on lists of prices in force applicable to non-related third parties.

Semi-finished goods are transferred for further elaboration to other group companies on the basis of the industrial manufacturing cost price plus a margin.

The breakdown of services rendered to group companies in 2024 and 2023 is as follows:

Item	2024	2023
Provision of services		
- S.A. Payá Miralles	174	172
- Celulosa de Levante, S.A.	1,318	1,088
- Papeles Anoia, S.A.	553	527
- Desvi, S.A.	564	456
- Sociedad Española Zig-Zag, S.A.	5	5
- M.B. Papeles Especiales, S.A.	634	824
- Miquel y Costas Tecnologías, S.A.	106	106
- Miquel y Costas Argentina, S.A.	-	2
- Terranova Papers, S.A.	1,150	998
- Miquel y Costas Deuschland GmbH	173	148
- Miquel y Costas Energía y Medio Ambiente, S.A.	115	122
- Miquel y Costas Logistica, S.A.	427	447
- Clariana, S.A.	532	504
Total	**5,751**	**5,399**

Office rental income is set at arm’s length prices.

Corporate services are assigned to 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.

(EXPRESSED IN EURO THOUSAND)

29.3. Procurement of goods and receipt of services

The breakdown of procurements from group companies in 2024 and 2023 is as follows:

Item	2024	2023
Procurement of goods		
- Celulosa de Levante, S.A.	12,698	11,717
- Papeles Anoia, S.A.	3,954	3,523
- M.B. Papeles Especiales, S.A.	4,152	3,687
- Miquel y Costas Argentina, S.A.	2,801	3,102
- Terranova Papers, S.A.	419	551
- Miquel y Costas Logística, S.A.	9,006	8,190
- Miquel y Costas Deuschland GmbH	13	-
- Clariana, S.A.	1,209	2,664
Total	**34,252**	**33,434**

Finished products are purchased from other group companies based on lists of prices in force applicable to non-related third parties.

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

Raw materials are purchased based on lists of prices in force applicable to non-related third parties.

The breakdown of services received by group companies in 2024 and 2023 is as follows:

Item	2024	2023
Services received		
- S.A. Payá Miralles	4,094	4,659
- Celulosa de Levante, S.A.	-	4
- Papeles Anoia, S.A.	457	421
- Desvi, S.A.	1,695	1,644
- M.B. Papeles Especiales, S.A.	316	45
- Miquel y Costas Energía y Medio Ambiente, S.A.	357	411
- Miquel y Costas Tecnologías, S.A.	266	269
- Terranova Papers, S.A.	-	-
- Miquel y Costas Deuschland GmbH	207	258
- Miquel y Costas Logistica, S.A.	396	432
- Miquel y Costas Argentina, S.A.	34	-
- Miquel y Costas Chile, SpA.	-	-
Total	**7,822**	**8,143**

Services received relate to the lease of industrial plant facilities and their costs are calculated on an arm’s length basis. In some cases, they include the reinvoicing of energy costs.

(EXPRESSED IN EURO THOUSAND)

29.4. Finance income and expenses

The breakdown of finance income and expenses accrued with group companies in 2024 and 2023 is as follows:

Item	2024	2023
Finance income (Note 27)		
- Desvi, S.A.	123	131
- Terranova Papers, S.A.	15	14
- M.B. Papeles Especiales, S.A.	450	99
- Miquel y Costas Tecnologías, S. A	-	-
- S.A. Payá Miralles	-	-
- Miquel y Costas Deuschland GmbH	-	3
- Miquel y Costas Logistica, S.A.	29	9
- Miquel y Costas Argentina	5	6
- Clariana, S.A.	409	290
Total	**1,031**	**552**

Item	2024	2023
Finance expenses (Note 27)		
- Celulosa de Levante, S.A.	430	105
- Papeles Anoia, S.A.	190	49
- Sociedad Española Zig-Zag, S.A.	7	2
- S.A. Payá Miralles	36	10
- MB Papeles Especiales, S.A.	-	-
- Miquel y Costas Energía y Medio Ambiente, S.A.	2	4
- Miquel y Costas Logistica, S.A.	-	-
- Desvi, S.A.	-	-
- Miquel y Costas Tecnologías, S.A,	9	3
Total	**674**	**173**

Finance income and expenses are generated as a result of the calculation of the interest on trade receivables and payables past due and other financial transactions between group companies (distribution of dividends and tax payments). The interest calculated is indexed to the Euribor plus a margin based on market conditions.

The dividends received from group companies in 2024 and 2023 are as follows:

Item	2024	2023
Dividends (Note 27)		
- Celulosa de Levante, S.A.	4,383	3,409
- Papeles Anoia, S.A.	1,980	2,475
- Miquel y Costas Tecnologías, S.A.	180	176
- Terranova Papers, S.A.	206	-
- S.A. Payá Miralles	999	799
- Miquel y Costas Logística, S.A.	50	150
Total	**7,798**	**7,009**

The dividend distribution policy between group companies is determined annually on the basis of a percentage of the net profit after complying with legal obligations of allocating reserves and statutory obligations.

29.5. Loans granted to group companies

Loans are granted based on the specific financing needs of the group companies in relation to property, plant and equipment investment projects.

No new loans were granted to group companies in 2024 or 2023.

30. Information on the environment

The Company allocates sizeable investment resources to the environmental improvement of its facilities through an ongoing policy of factory action plans that include reducing water and energy consumption, selective waste collection, managing waste recovery, treatment and elimination through authorised companies.

Total net investment less subsidies received and before applying tax deductions amounted to 5,167 thousand euros in 2024 (1,559 thousand euros in 2023).

The main investments were aimed at optimising energy consumption by boosting energy efficiency in ancillary and production equipment, optimising the solvents plan to cut atmospheric emissions, building a new facility for sludge dehydration and removing and replacing uralite roofs driving the use of non-hazardous and environmentally friendly materials.

Total expenses allocated to the protection and improvement of the environment are charged directly to the income statement in 2024, including the local taxes for the use of water and after deducting the income obtained on the sale of by-products and the income and expenses generated by the CO_2 emission allowances, and totalled 1,417 thousand euros (1,349 thousand euros in 2023), and relate basically to the local water tax and consumption of raw materials in environmental protection equipment.

There are no material contingencies related to environmental protection and improvements that the Company is aware of at close of 2024. Similarly, 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. Greenhouse gas emission allowances

Directive (EU) 2018/410, regulating 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, regulating 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 facilities subject to the emissions trading scheme.

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

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

However, the final allocations may undergo adjustments or modifications over the course of 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 2021-2030 period.

The allowances assigned to the Company in 2024 and 2023 are as follows:

	Allowances allocated (MT)
2024 and 2023	11,845

The movement in this asset in 2024 and 2023 (Note 12) is as follows:

Item	**Thousands of euros**
Final balance at 31-12-2022	**1,363**
Additions	985
Disposals	(1,131)
Final balance at 31-12-2023	**1,217**
Additions	867
Disposals	(1,066)
Final balance at 31-12-2024	**1,018**

The outstanding balance of 1,018 thousand euros at 31 December corresponds to 13,664 allowances (1,217 thousand euros corresponding to 15,108 allowances in 2023).

2024 year-end emissions amount to 898 thousand euros (1,075 thousand euros in 2023) and correspond to 12,023 allowances (13,396 allowances in 2023).

The emission allowances consumed in the year will be surrendered in 2025, to the Company has set aside a provision in this respect amounting to 898 thousand euros (Note 22) (1,075 thousand euros in 2023). Once the allowances are surrendered, the Company will have a surplus of 1,641 allowances worth 120 thousand euros.

No allowances were purchased from group companies or from outside the group in either 2024 or 2023.

Company's management has not estimated any amount for fines or contingencies arising from compliance with the requirements laid down under Law 1/2005, modified by the Law 9/2020.

32. Contingencies

The Group engages in litigation and legal disputes in the normal course of business. The main events in 2024 were as follows.

With regard to the appeal filed before the National Court against the ruling of the Central Economic Administrative Court in relation to the Tax Inspection settlement agreement relating to corporate income tax, there have been no new developments and the Company, in accordance with its advisors and with the latest Supreme Court case law on this matter, considers that, pursuant to current accounting regulations, it need not record any material amount in its annual accounts.

With regard to the two economic-administrative claims filed with the Central Economic-Administrative Court against the Tax Agency Settlement Agreements in relation to the partial exemption from electricity tax for 2016 and 2017, as well as for 2018, the Company has already allocated a provision in the amount of the assessments included in the aforementioned Settlement Agreements, as a precaution. In 2024, the Central Economic-Administrative Court ruled to dismiss those claims. The Company subsequently filed a contentious-administrative appeal before the National Court.

With regard to the contentious-administrative appeals against the decisions of the Regional Economic-Administrative Court of Catalonia, in the context of the procedure for requesting a refund of undue hydrocarbon tax payments for the periods between 2014 and 2018, paid by the Company in the amount of 438 thousand euros, in 2024 the High Court of Catalonia declared the proceedings closed, pending the setting of a date for voting and ruling.

The Company has contingent liabilities for bank guarantees and other guarantees related to the normal course of business from it does not expect any material liability will arise. The Company has provided guarantees to third parties amounting to 339 thousand euros at close of 2024 (259 thousand euros in 2023), mainly in connection with subsidies and proceedings before the Courts and the Tax Authority. In addition, the Company acts as guarantor for bank loans granted to group companies amounting to 1,549 thousand euros (6,133 thousand euros in 2023).

The Company's Directors estimate that there are no contingent assets at either 31 December 2024 or 31 December 2023, other than those mentioned in the previous paragraph.

33. Commitments

a) Sale-purchase commitments

The Company does not have any signed significant sale-purchase commitments at the close of 2024 or 2023 other than those stated in Note 6.

b) Operating leases commitments

The Company has no significant irrevocable operating leases.

(EXPRESSED IN EURO THOUSAND)

34. Auditor's fees

The breakdown of fees in 2024 is as follows:

	Services from Deloitte Auditores, S.L.	Services from the Deloitte network	**Total services rendered from the principal auditor and its network**	Services provided by other audit firms
Audit services	102	-	**102**	-
Other services required by regulations	-	-	**-**	18
Other verification services	6	-	**6**	62
Total	108	-	**108**	80

Other services provided by the auditor include the verification of the Sustainability Report (pursuant to the CSRD) whose work was eventually cancelled as this Directive has not been transposed into Spanish law. Services provided by other audit firms include, among others, a report of agreed procedures regarding Ecoembes, several subsidy supporting account review reports, a report on the verification of compliance with the average supplier payment period, and two reports of agreed procedures on Gross Value Added for the purposes of the certification of the status of electricity-intensive consumers.

The breakdown of fees for services provided by the previous auditor in 2023 is as follows:

	Services from PWC Auditores S. L.	Services from the PWC network	**Total services rendered from the principal auditor and its network**	Services provided by other audit firms
Audit services	92	-	**92**	-
Other services required by regulations	7	-	**7**	16
Other verification services	8	-	**8**	-
Total	107	-	**107**	16

Other services provided by the previous audit firm include the issue of a report of agreed procedures regarding Ecoembes, four subsidy supporting account review reports, and two reports of agreed procedures on Gross Value Added for the purposes of the certification of the status of electricity-intensive consumers.

35. International conflicts

In 2024, the armed conflict between Ukraine and Russia has continued. This conflict means that we continue to face with an uncertain scenario, the duration of which remains unknown, and which includes the imposition of international sanctions on Russia, the disruption of international trade in the region and ongoing uncertainty about the potential evolution of gas supply and prices in Europe.

At the same time, the armed conflict between Israel and Palestine in Gaza has continued, while geopolitical and socio-economic tensions have persisted in the region, affecting shipping routes between Europe and Asia.

Lastly, in November the geopolitical tension between Spain and Algeria was eased, which should allow an improvement in commercial relations between the two countries in 2025, unblocking the trade of Spanish products with Algeria.

The Company's sales to countries affected by conflicts have not had a significant impact in 2024.

The Group does not have material assets in these countries and has not recorded impairments in accounts receivable from clients in the conflict zone. Neither does it have significant exposure in the foreign currencies of these countries at 31 December 2024 (or in 2023).

36. Subsequent events

Subsequent to the end of the financial year, no other events have occurred that could materially influence the information shown in the Annual Accounts prepared by the Directors on that date, or that warrant note as having material importance for the Company.

MIQUEL Y COSTAS & MIQUEL, S.A.
DIRECTORS' REPORT FOR 2024
(EXPRESSED IN EURO THOUSAND)

1. PROFIT OR LOSS

Profit or loss in 2024 is presented comparatively with that of the same period in the previous year in accordance with the provisions of Spain's General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November.

In thousands of euros	2024	2023	Var.
Net revenues	199,202	200,404	(0.6)%
Profit/loss from operating activities	33,348	33,053	0.9%
Earnings before taxes (EBT)	44,763	42,747	4.7%
Earnings after taxes (EAT)	36,290	34,067	6.5%
Cash flow after tax (CFAT)	45,186	42,967	5.2%

The Company's revenue amounted to a 199.202 million euros, a decrease of 0.6% with respect to 2023 due to softer sale prices on the back of lower inflationary pressures and the difficulties in international trade arising from the geopolitical situation.

Operating profit improved by 2.0 million euros compared to the same period in 2023, which is equivalent to an improvement of 4.7%. This improvement was grounded on the Group's managing to claw back historical margins (thanks mainly to the commercial policies applied, the implementation of investments and more moderate inflation), despite the volatility in energy prices and the increase in the price of cellulose pulp.

Accordingly, earnings after tax in 2024 amounted to 36.3 million euros, an improvement of 2.2 million euros compared with the previous year.

2. FINANCIAL POSITION

The Company's year-end financial position is as follows:

	31-12-2024	31-12-2023
Total net equity	**248,672**	**235,188**
Net financial debt:		
Non-current bank borrowings	39,688	26,541
Current bank borrowings	11,554	17,138
Current cash and temporary financial investments	(50,826)	(62,299)
Non-current financial investments	(56,634)	(23,479)
Total financial debt	**(56,218)**	**(42,099)**
Leverage ratio	Not applicable	Not applicable

(EXPRESSED IN EURO THOUSAND)

The net financial position at the end of 2024, which includes implicit interest, shows a favourable balance of 56.2 million euros, an increase of 14.1 million euros compared to the previous year.

The Company's average payment period at 31 December 2024 was 37 days (33 days last year). For more details, see Note 19 to the annual accounts.

3. STOCK MARKET INFORMATION

The Company's stock market activity in 2024, according to values reported by BME, is as follows:

Trading days	256 days
No. of securities traded	2,322,125
Cash contracted	28,706,739.95 euros
Maximum price	13.70 euros/share
Minimum price	10.98 euros/share
Average price	12.34 euros/share
Closing price	12.80 euros/share

4. RELATED-PARTY TRANSACTIONS

In 2024, the Company is not aware of having carried out transactions with its significant shareholders or with parties related to them, which must be reported in accordance with the provisions of OEHA 3050/2004, of 15 September.

Likewise, in the aforementioned period there is no record of operations by the Company with its directors or executives or with the parties related thereto, as expressly asserted by them, which must be reported in accordance with the provisions of section 1.a), article 229 of Spain's Corporate Enterprises Act, with the exception of dividends paid, remuneration received in their capacity as directors and/or executives and, where applicable, remuneration linked to instruments on financial assets of the Company.

5. ENVIRONMENT

In keeping with its commitment to the environment, Company has continued to develop planned actions for environmental preservation by allocating resources to net investments in environmental protection assets, which, after deducting the related subsidies, amount to 6.4 Million euros.

6. RDI ACTIVITIES

In 2024 the Company's RDI focused mainly 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. The funds allocated to these activities totalled 1.0 million euros.

7. PERSONNEL INFORMATION

The Company's average number of employees in 2024 was 503, compared with 506 in 2023.

8. MAIN RISK AND OPPORTUNITIES

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

As a consumer of energy, mainly electricity and gas, the Company is also affected by the volatility of the prices of these products. With the goal of mitigating and reducing the impact of price volatility, the Company continuously monitors their evolution, and sometimes negotiates/closes contracts with trading companies that guarantee greater stability and security to the business. Additionally, a significant part of its investments are aimed at technologies that improve production performance and thereby reduce consumption, and at facilities that reduce external energy dependence (such as the investment in photovoltaic panels in the current year), advancing the decarbonisation plan, and seeking effective management of the supply of these resources .

The Company has a solid balance sheet structure that affords it 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 grounded on estimates and judgements on the basis of information prepared by independent third parties.

In a global and competitive market, it is crucial to have cutting-edge self-developed or acquired technology, which is why the Company is continually engaged in research, development and innovation.

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

9. SUBSEQUENT EVENTS

Subsequent to the end of the financial year, no other events have occurred that could materially influence the information shown in the Annual Accounts prepared by the Directors on that date, or that warrant note as having material importance for the Company.

10. OUTLOOK

Despite the current economic and geopolitical environment, which in these first few months of 2025 have especially affected demand volatility and inflationary pressures on energy costs, the Company remains committed to pursuing a path of growth this year, underpinned by its investment plan, commercial policies and efforts in innovation and development.

11. TRANSACTIONS WITH OWN SHARES

The Company—making use of the authorisations for the derivative purchase of own shares granted by the General Shareholders' Meeting of 22 June 2021 and within the framework of the Share Buyback Programme reported to the CNMV on 30 November 2023 and among the extraordinary transactions duly disclosed—acquired 257,899 shares on the stock market, and—within the framework of the Share Buyback Programme reported to the CNMV on 2 December 2024—acquired 182,491 shares on the stock market, bringing the total number of own shares to 2,029,906 at year end (representing 5.07% of share capital).

12. ANNUAL CORPORATE GOVERNANCE REPORT

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

13. ANNUAL DIRECTORS' REMUNERATION REPORT

The "Annual Directors' Remuneration Report" is attached hereto as Appendix II and is an integral part of this Directors' Report.

14. NON-FINANCIAL INFORMATION

The Company is exempt from the obligation to present an individual Non-Financial Information Statement, pursuant to Law 11/2019 of 28 December 2019 on Non-Financial Information and Diversity, passed on 13 December 2019, as this Company's information is included in the Consolidated Non-Financial Information Statement, which forms part of and can be consulted in the Directors' Report in the Consolidated Annual Accounts for 2024.