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

Consolidated Financial Statements for the year ended 31 December 2024 and Consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2024, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

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 Consolidated Financial Statements* section of our report.

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

Description	Procedures applied in the audit
The Group 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 2.3 to the accompanying consolidated 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 Group 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 2.3, 2.4 and 18 to the accompanying consolidated financial statements contained the necessary disclosures and information required by the applicable regulatory financial reporting framework in relation to the Group’s revenue.

Other Matter

The Group's consolidated financial statements 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: Consolidated Directors' Report

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

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

a) Solely checking that the consolidated 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 consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated 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 consolidated directors' report was consistent with that contained in the consolidated financial statements for 2024 and its content and presentation were in conformity with the applicable regulations.

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

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

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

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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 files in European Single Electronic Format (ESEF) of Miquel y Costas & Miquel, S.A. and subsidiaries for 2024, which comprise the XHTML file including the consolidated financial statements for 2024 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Miquel y Costas & Miquel, S.A. are responsible for presenting the annual financial report for 2024 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent'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 consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

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

Engagement Period

The Annual and Extraordinary General Meeting held on 20 June 2024 appointed us as auditors of the Group 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Group's internal control.

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

- Conclude on the appropriateness of the use by the Parent's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent'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 Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated 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.
y sociedades dependientes

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

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

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

The consolidated annual accounts (consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts) and the consolidated director's report (of which the annual corporate governance report, the annual report on directors' remuneration and the statement of non-financial information form part in separate sections), of the consolidated Group, 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.

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 has initialled every page of the Annual Accounts and the Directors' Report for the purposes of identification of documents.

Ms Victoria Lacasa Estébanez

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

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for 2024

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MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES
Consolidated balance sheet
at 31 December 2024
(In thousand Euro)

ASSETS	Note	Thousands of euros 2024	2023
Non-current assets			
Property, plant and equipment	4	196,658	187,113
Intangible assets	5	5,993	6,441
Non-current financial assets	6.21	78,093	43,576
- At fair value through other comprehensive income		19,970	19,721
- At amortised cost		58,123	23,855
Deferred tax assets	17.3	3,590	3,019
Current tax assets	17.4	1,710	1,710
Total non-current assets		**286,044**	**241,859**
Current assets			
Inventories	7	114,742	98,376
Trade receivables	8.21	56,023	56,717
Sundry receivables	9, 21	55	737
Current financial assets		39,406	44,208
- At amortised cost	9, 21	39,406	44,152
- At fair value	9, 21	-	56
Other current assets	9	4,379	3,520
Current tax assets	17.2	-	478
Cash and other cash equivalents	10	13,341	18,807
Total current assets		**227,946**	**222,843**
TOTAL ASSETS		**513,990**	**464,702**

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

Consolidated balance sheet
at 31 December 2024
(In thousand Euro)

	Note	Thousands of euros	
		2024	2023
Total net equity		**385,118**	**354,781**
Share capital	11.1	80,000	80,000
Own shares	11.3	(24,223)	(21,401)
Share premium		-	-
Retained earnings for the period	11.2	48,699	42,714
Other reserves	11.2	283,168	260,309
Shareholders' funds		**387,644**	**361,622**
Items not reclassified to results for the period:			
Equity instruments through other comprehensive income	11.2	(476)	(713)
Items that may not be reclassified subsequently to results for the year			
Conversion difference	11.2	(2,050)	(6,128)
Accumulated other comprehensive income		**(2,526)**	**(6,841)**
Non-current liabilities			
Bank borrowings	12.21	41,490	30,453
Deferred tax liabilities	17.3	3,003	2,255
Other non-current liabilities	14	5,078	5,115
Total non-current liabilities		**49,571**	**37,823**
Current liabilities			
Bank borrowings	12.21	13,937	22,462
Trade and other payables	15.21	34,898	31,091
Current tax liabilities	17.2	475	-
Current provisions	16	1,714	1,824
Other current liabilities	16	28,277	16,721
Total current liabilities		**79,301**	**72,098**
TOTAL EQUITY AND LIABILITIES		**513,990**	**464,702**

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

Consolidated Income Statement
for the year ended 31 December 2024
(In thousand Euro)

Thousands of euros	Note	2024	2023
Net revenues	18	309,170	309,319
Changes in inventories of finished goods and work in progress	7	12,984	(7,244)
Own work capitalised	4.5	1,411	2,242
Supplies	7	(120,796)	(110,841)
Other operating income	18	3,188	5,475
Personnel expenses	19	(49,994)	(46,951)
Other operating expenses	20	(77,885)	(78,497)
Amortisation charge	4.5	(19,772)	(19,985)
Recognition of non-financial fixed asset grants and others	14.25	1,861	1,858
Surplus provisions		2	5
Impairment and profit/loss on fixed asset disposals	4	15	(461)
Profit/loss from operating activities		**60,184**	**54,920**
Finance income	21.4	5,493	3,735
Finance expenses	21.4	(1,303)	(602)
Exchange differences	21.4	(822)	(1,487)
Net financial income/expense	21.4	**3,368**	**1,646**
Share in profit/loss of associates	6	(24)	(13)
Profit/loss before tax		**63,528**	**56,553**
Corporate income tax expense	17.2	(14,829)	(13,839)
Profit/loss for the year	11.2	**48,699**	**42,714**
Profit/loss attributable to holders of equity instruments of the parent Company	11.2	**48,699**	**42,714**
Basic earnings per share (Euro)	22	**1.28**	**1.11**
Diluted earnings per share (Euro)	22	**1.28**	**1.11**

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

Consolidated statement of comprehensive income for 2024

(In thousand Euro)

	Note	2024	2023
Consolidated profit/loss for the year		**48,699**	**42,714**
Attributed to holders of equity instruments of the parent Company	11.2	48,699	42,714
Other comprehensive income - items that are not reclassified to profit/loss for the period		**283**	**5,079**
On actuarial gains and losses and other adjustments	13	62	21
Changes in the fair value of investments at fair value through other comprehensive income	6	237	5,063
Tax effect	13 and 17.3	(16)	(5)
Other comprehensive income - items that might subsequently be reclassified to profit/loss for the year	11.2	**4,078**	**(2,467)**
From exchange differences		4,078	(2,467)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**53,060**	**45,326**
Attributed to holders of equity instruments of the Parent Company		53,060	45,326

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

Consolidated statement of changes in equity for 2024
(In thousand Euro)

Thousands of euros	Share capital and own shares (Notes 11.1 and 11.3)	Other reserves, valuation adjustments and exchange differences (Note 11.2)	Retained earnings for the period (Note 11.2)	Other equity instruments (Note 11.2)	Total net equity
Balance at 31 December 2022	**62,228**	**235,847**	**31,634**	**582**	**330,291**
Total recognised income/(expense)	-	2,612	42,714	-	45,326
Acquisition/amortisation of own shares	(3,630)	-	-	-	(3,630)
Distribution of dividends	-	(17,200)	-	-	(17,200)
Other changes in equity	1	31,628	(31,634)	(1)	(6)
Balance at 31 December 2023	**58,599**	**252,887**	**42,714**	**581**	**354,781**
Total recognised income/(expense)	-	4,361	48,699	-	53,060
Acquisition/amortisation of own shares	(2,822)	(1,574)	-	(520)	(4,916)
Distribution of dividends	-	(17,801)	-	-	(17,801)
Other changes in equity	-	42,708	(42,714)	-	(6)
Balance at 31 December 2024	**55,777**	**280,581**	**48,699**	**61**	**385,118**

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

MIQUEL Y COSTAS & MIQUEL, S.A. AND SUBSIDIARIES

Consolidated statement of cash flows presented by the indirect method for the year ended 31 December 2024

(In thousand Euro)

	Note	2024	2023
A) CASH FLOWS FROM OPERATING ACTIVITIES		**67,936**	**70,276**
1. Profit/loss for the year before taxes		**63,528**	**56,553**
Adjustments to profit/loss:		**15,393**	**15,348**
Amortisation and depreciation of intangible assets and property, plant and equipment	4.5	19,772	19,985
(Profit)/loss on the sale of fixed assets	4	-	461
Impairment adjustments	7.8	468	179
Change in provisions	16	(351)	(51)
Allocation of grants		(306)	(313)
Finance income	21.4	(5,493)	(3,735)
Finance expenses	21.4	1,303	602
Changes in the fair value of financial instruments		-	183
Other income and expenses		-	(1,963)
Changes in working capital:		**432**	**10,286**
Inventories	7	(15,666)	9,972
Trade and other receivables	8	1,330	3,013
Other current assets		4	1,900
Trade and other payables	15	14,139	(6,224)
Other current liabilities		441	(104)
Other non-current assets and liabilities		184	1,729
2. Other cash flows from operating activities		**(11,417)**	**(11,911)**
Interest payments (-)		(1,331)	(533)
Interest received (+)		3,835	2,339
Dividends received (+)		1,125	1,317
(Payments)/receipts for income tax (-/+)	17.2	(15,046)	(15,034)
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(53,225)**	**(31,247)**
1. Amount paid on investments (-)		**(141,520)**	**(115,890)**
(-) Intangible assets	5	(423)	(334)
(-) Property, plant and equipment	4	(24,322)	(16,885)
(-) Other financial assets	6.9	(116,775)	(98,623)
(-) Other assets		-	(48)
2. Proceeds from divestments (+)		**88,295**	**84,643**
(+) Other financial assets	6.9	87,862	79,640
(+) Other assets	6	433	5,003
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(20,177)**	**(25,727)**
1. Proceeds from (and payments for) equity instruments		**(4,916)**	**(3,630)**
(-) Acquisition of own shares	11.3	(5,543)	(3,630)
(+) Disposal of own equity instruments	11.3	627	-
2. Proceeds from (and payments for) financial liabilities		**2,540**	**(4,897)**
(+) Receipts from loans	12	34,265	16,000
(-) Repayment and redemption of loans	12	(31,725)	(20,897)
3. Dividend payments	**11**	**(17,801)**	**(17,200)**
D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5,466)**	**13,302**
E) CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	**10**	**18,807**	**5,505**
F) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**10**	**13,341**	**18,807**

Notes from pages 11 to 86 are an integral part of the consolidated annual accounts.

1 GROUP ACTIVITIES AND CONSOLIDATION SCOPE

1.1 Companies forming part of the Group and consolidation scope

Miquel y Costas & Miquel, S.A., hereinafter the Parent Company, is an industrial company, with registered offices in calle Tuset 8 & 10, 7ª planta, 08006-Barcelona (Spain) which at the 2024 year-end has a group, hereinafter the Group, comprising the Parent Company and its subsidiaries (see Appendix I for details of shareholdings and other information).

The parent Company, with Taxpayer ID A08020729, was incorporated in 1879 and became a public limited company (sociedad anónima)in 1929. It is mainly engaged in the manufacture and marketing of all kinds of special paper. It 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 Parent Company carries out its paper activity in the field of thin and special lightweight paper, in particular for the tobacco industry.

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

The following subsidiaries make up the consolidated Group:

- 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 calle 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 or commercial enterprises.

- Miquel y Costas Argentina, S.A., with registered offices in Argentina, whose core business is the manufacturing, transformation, handling and commercialisation of cigarette paper booklets and other types of paper, cardboard and related products, as well as the machinery and equipment for manufacturing such products.

- Sociedad Española Zig Zag, S.A., with registered offices in calle 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 Energía y Medio Ambiente, S.A., with registered offices in calle Tuset 8-10, 08006 Barcelona, whose corporate purpose is the management and supervision of industrial, energy and environmental facilities and the construction, administration, operation and leasing of power generation plants. The company currently leases a cogeneration plant from MB Papeles Especiales, S.A.

- 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 Chile, SpA. with registered offices in Santiago de Chile (Chile), whose corporate purpose consists of domestic and foreign trade, brokerage and representation of all paper, tobacco and food industry-related products.

- Miquel y Costas Deutschland GmbH, with registered offices in Cologne, Kaiser-Wihelm Ring 3-5 (Germany), whose corporate purpose consists of domestic and foreign trade, brokerage and representation of all paper, tobacco and food industry-related products.

- Miquel y Costas Logística, S.A., with registered offices in 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 and technical assistance in providing such services.

- Clariana, S.A. with registered offices at Avenida Alemania 48, 12540-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.

- Fourtube, S.L., an associate company with registered offices in Seville, in which the Group has held a 40% shareholding since the end of 2011, whose main corporate purpose is the manufacturing and marketing of paper and cardboard products.

All the group companies closed their accounting year at 31 December 2024.

The parent Company exercises control over the aforementioned subsidiaries, except for the associate Fourtube, S.L., over which has significant influence, either directly or indirectly, which is why it is obliged to present consolidated annual accounts in accordance with International Financial Reporting Standards (IFRS-EU) in force, and to file them in the Mercantile Register of Barcelona. The accounting principles applied to the preparation of the Group's consolidated annual accounts are set out in Note 2.3.

1.2 Changes in the consolidation scope

There were no changes in the consolidation scope in 2023 or 2024.

2 SUMMARY OF THE MAIN ACCOUNTING POLICIES

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

2.1 Basis of presentation

2.1.1 General Information

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards (hereinafter, IFRS) adopted for use in the European Union and approved by the European Commission Regulations in force at 31 December 2024.

As per IFRS-EU, these consolidated annual accounts for 2024 include, for comparative purposes, the figures for the previous year.

As explained below, new accounting standards (IAS/IFRS) and interpretations (IFRIC) came into force in 2024. Additionally, at the date of issuance of these consolidated annual accounts, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published and are due to come into effect for the accounting periods commencing on or after 1 January 2024.

Mandatory standards, amendments and interpretations effective for reporting periods beginning 1 January 2024:

- IFRS 16 (Amendment) "Lease Liability in a Sale and Leaseback".
- IAS 1 (Amendment) "Classification of Liabilities as Current or Non-Current".
- IAS 1 (Amendment) "Non-Current Liabilities with Covenants".
- IAS 7 and IFRS 7 (Amendment) "Supplier Finance Arrangements".

These standards have been taken into account effective from 1 January 2024 and their impact, which was not material, has been recognised in these consolidated annual accounts.

Standards, amendments and interpretations not yet in force that allow for early adoption:

- IFRS 7 and IFRS 9 (Amendment) “Classification and Measurement of Financial Instruments”.
- IAS 21 (Amendment) “Lack of Exchangeability”.

These amendments will be effective for the years beginning on or after 1 January 2025.

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

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

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

- IFRS 18 (Amendment) "Presentation and Disclosure in Financial Statements"
- IFRS 19 (Amendment) “Subsidiaries without Public Accountability: Disclosures”
- Annual Improvements (Vol. 11)

The Group is analysing the impact that these new standards/amendments/interpretations might have on its consolidated accounts if they are adopted by the European Union.

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

The consolidated annual accounts, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated statement of changes in equity and the consolidated cash flow statement and notes to the consolidated accounts, and the consolidated directors’ report, are presented in thousand euro (unless otherwise indicated). The functional and presentation currency in the Group’s consolidated annual accounts is the euro.

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

2.1.2 Accounting policies

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

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

The income statement is structured according to the nature of the costs.

Changes in operating provisions (Note 20), income from grants (Note 18), own work capitalised (Notes 4 and 5) and the transfer of capital grants to profit or loss for the year (Note 25) are included in the consolidated income statement under “Other operating expenses”, “Other operating income”, “Own work capitalised” and “Recognition of subsidies for non-financial assets”, respectively.

There are no discontinued operations at group companies.

2.1.3 Comparability

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

2.2 Consolidation criteria

Subsidiaries are all entities (including special purpose vehicles) over which the Group has control, which generally means a shareholding of more than half of the voting rights. When assessing whether the Group controls another entity, the following conditions must be met:

(1) It should exercise power over the investee;
(2) It should be exposed or entitled to receive variable returns from involvement with the investee; and
(3) It should have the ability to use its power over the investee to affect the amount of its own returns.

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

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

If the ownership interest in an associate is reduced but significant influence persists, only the proportionate share of the amounts recognised in other comprehensive income are reclassified to profit or loss as appropriate.

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

At each financial reporting date, the Group determines whether there is any objective evidence of impairment in the valuation of the associate. If so, the Group estimates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount as “the share of profit/loss of an associate” in the income statement.

Gains and losses from upstream and downstream transactions between the Group and its associates are recognised in the Group's annual accounts only to the extent that they correspond to the interests of other investors in associates unrelated to the investor. Unrealised losses are eliminated unless the transaction provides evidence of impaired in the transferred asset. The accounting policies of associates have been changed as necessary to ensure consistency with the policies adopted by the Group.

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

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

Appendix I to these Notes breaks down all subsidiaries and associates included in the consolidation scope. Subsidiaries are fully consolidated and the associate Fourtube, S.L. is consolidated using the equity method.

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

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

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

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

(In thousand Euro)

2.3 Accounting policies

PROPERTY, PLANT AND EQUIPMENT

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

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

As a result of the first consolidation process, certain land belonging to the subsidiary S.A. Payá Miralles are stated at market value at the time of acquisition of the respective shareholding in said company, as determined by an independent expert. The updated amount resulting from the consolidation for the reasons indicated above totals 848 thousand euros at 31 December 2024 and 2023.

In 2002, when the remaining 50% interest in MB Papeles Especiales, S.A. was acquired, certain assets (land, buildings and plant) were stated at their market value on that date. The net value of these assets updated in the consolidation process at 31 December 2024 and 2023 amounts to 842 thousand euros.

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

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

Own work capitalised includes the costs of manufacturing and installing fixed asset items incurred by the Group, effectively accrued and charged to each of the projects, up to a maximum limit of the market value or the return expected from these assets.

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the income obtained to their carrying amount, and they are included in the income statement.

The residual value and useful life of the assets are reviewed and, where necessary, adjusted, at each balance sheet date.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on updated cost values using the straight-line method over their estimated useful lives:

	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 repairs and maintenance expenses which do not improve or extend the useful lives of the related assets are charged to the consolidated income statement when incurred.

INTANGIBLE ASSETS

Intangible assets are measured at acquisition cost or direct cost of production, as appropriate, net of corresponding accumulated amortisation and impairment losses in accordance with the following criteria:

- Industrial property licences and trademarks acquired from third parties are recognised at acquisition cost. These assets are amortised using the straight-line method, with an estimated useful life of 20 years except for the case of the subsidiary Miquel y Costas Argentina, S.A., in which the acquired trademarks have a defined useful life of 10 years.

- 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.

- Emission allowances for greenhouse gases are measured at the acquisition price. When allowances are acquired free of charge, the acquisition price is considered to be their fair value at the time of acquisition with a balancing entry under grants. Emission allowances are not amortised and are taken to income for the year as the gas emissions they cover are emitted. They are derecognised as a balancing entry for the provision for the costs generated by the emissions when they are surrendered to the Administration in order to settle the obligations assumed.

- The costs incurred in development projects (related to the design and testing of new or improved products) are recorded as intangible assets when it is probable that the project will be a success, taking into account its technical and commercial feasibility and provided its costs can be reliably 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 period. 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.

- Engineering costs linked to technological developments (provided that this is satisfactory) are capitalised at their acquisition cost. These costs are amortised as soon as the asset is ready for its intended use and with the same useful life as the main asset to which they belong.

IMPAIRMENT OF ASSETS

On each balance sheet date, the Group evaluates whether there are any indications of impairment in any assets. If so, it estimates the recoverable amount of the asset.

Depreciable and non-depreciable assets are tested for impairment provided that an internal or external event or change in circumstances indicates that their carrying amount may not be recoverable (non-depreciable assets are tested for impairment annually). 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-CURRENT BORROWING COSTS

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

CURRENT AND NON-CURRENT FINANCIAL ASSETS

In preparing the consolidated annual accounts, investments in group companies and associates are consolidated in using the methods set out in Note 2.2.

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

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

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

The classification is based on the entity’s business model to manage financial assets and on the contractual terms of the cash flows.

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

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

- Financial assets at amortised cost

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

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

Investments in debt instruments

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

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

In accordance with IFRS 9, the Group has applied the expected loss model when estimating possible impairment of financial assets, measured at amortised cost. The expected credit loss calculated is not material (approximately 0.10% of total financial assets) and no impact has therefore been recognised in the consolidated annual accounts.

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

Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed payments or payments that can be determined and are not listed in an active market. They arise when the Group provides money, goods or services directly to a debtor without the intention of negotiating with account receivable. These accounts are included in current assets, except for those maturing in more than 12 months from the balance sheet date, which are classified as non-current assets. Loans and accounts receivable are included in trade receivables on the assets side of the consolidated balance sheet. They are measured at amortised cost.

In accordance with IFRS 9, the Group has used the simplified impairment approach to assess expected credit losses over the term of the contract. Said expected credit loss is immaterial (approximately 0.02% of accounts receivable) and no impact has therefore been recognised in the consolidated annual accounts.

- Financial assets at fair value through other comprehensive income:

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

INVENTORIES

Inventories are stated at 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 does not significantly differ from 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.

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

CASH AND CASH EQUIVALENTS

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

CAPITAL

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

OWN SHARES

Own (treasury) shares acquired by the Parent Company are measured at the consideration paid, including the directly attributable incremental costs, and are recognised by deducting them is presented by deducting them from the equity attributable to the shareholders of the Parent Company until their cancellation, reissue or disposal. When these own 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. In the event that the shares are sold, any amount received, net of any directly attributable incremental cost, and the respective tax effect on the capital gains, is included in equity attributable to the equity holders of the Parent Company.

DISTRIBUTION OF DIVIDENDS

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

GOVERNMENT GRANTS

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

Operating grants related to specific expenses are recognised in the income statement in the same year in which the relevant expenses accrue. Grants awarded to offset an operating deficit are recognised in the year they are granted, unless they are earmarked to offset future operating deficits, in which case they are recognised in those years.

BANK BORROWINGS

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

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

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

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

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

Borrowings are classified as non-current liabilities provided the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Otherwise, they are classified as current liabilities.

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

TRADE PAYABLES

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

CORPORATE INCOME TAX AND DEFERRED TAXES

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

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

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

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

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, of 27 November, on Corporate Income Tax, Miquel y Costas & Miquel, S.A., as the Parent company, applies the Consolidated Tax Declaration Framework, with tax identification number 0017/80, and the subsidiary companies S.A. Payá Miralles, Celulosa de Levante, S.A., Papeles Anoia, S.A., Desvi, S.A., Sociedad Española Zig-Zag, S.A., MB Papeles Especiales, S.A., Miquel y Costas Tecnologías, S.A., Miquel y Costas Energía y Medio Ambiente, S.A. and Terranova Papers, S.A., Miquel y Costas Logística, S.A. and Clariana, S.A.

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.

Deferred tax is determined using the liability method. According to this method, deferred tax assets and liabilities are recorded based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, applying the tax rates estimated for when the assets and liabilities are to be realised, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The deferred tax assets and liabilities arising from movements in consolidated equity are charged or credited directly to consolidated equity. Deferred tax assets and tax credits are recognised when the probability of their future realisation is reasonably assured, against which to charge said unused tax losses or unused tax credits.

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

EMPLOYEE BENEFITS

a) Pension commitments

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

- Defined-contribution commitments:

The Group has two defined contribution schemes as result of agreements with the workers' representatives for their retirement. The 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 the Group.

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

- Defined-benefit commitments:

  The Group's other commitments are for defined benefits and are insured through collective insurance policies.

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

  The liability recognised in the balance sheet is net of the difference between the obligation accrued for past services less minus the value of the insurance arranged, determined by the value of the insured 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 year in which they arise.

  Past service costs are recognised immediately in the income statement, except in the case of revocable rights, which are recognised in the income statement on a straight-line basis over the period remaining until the rights of past service are irrevocable. However, if an asset arises, revocable rights are recognised in the consolidated income statement immediately, unless there is a reduction in the present value of benefits that may return to the Group in the form of direct refunds or lower future contributions, in which case what is immediately recognised in the consolidated income statement is the excess over such a reduction.

b) Termination benefits

Except for justifiable cause, Group companies are liable for the payment of compensation to employees whose services are 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.

SHARE-BASED COMPENSATION

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

The obligation is recognised in the consolidated income statement as a personnel expense based on the years that make up the vesting period of the option, with a balancing entry in consolidated equity. At each closing date, the Group reviews the original estimates of the number of options that are expected to be vested and records, if applicable, the impact of this review in the consolidated income statement with the corresponding adjustment to consolidated equity.

PROVISIONS FOR EMISSION ALLOWANCES

Since 2005, Spanish group companies emitting CO_2 as a result of their production must, in the first few months of the following year, deliver emission allowances equal to the emissions actually generated in the year. The current effective period runs from 2021-2030.

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

The obligation to surrender emission allowances for the CO_2 emissions generated in the year are recorded as provisions under “Current provisions” in the consolidated balance sheet, having recorded the respective cost under “Other operating expenses” in the consolidated income statement (Note 20).

OTHER PROVISIONS

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

Where a number of similar obligations exist, the probability that an outflow is needed to settle the obligation is determined by considering the class of obligations as a whole. A provision is recognised even though the probability of an outflow with respect to any item included in the same class of obligations may be small.

Provisions are measured at the present value of the disbursements expected to be required to settle the obligation using a pre-tax rate that reflects the current market time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

REVENUE RECOGNITION

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

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

In this regard, the Group recognises revenue from contracts with customers based on the five-step model established in IFRS 15 (Identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to each performance obligation in the contract; and recognise revenue when—or as—the Group satisfies a performance obligation).

Dividend income is recognised when the right to receive the payment is established.
Interest income is recognised using the effective interest rate method.

LEASES

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

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

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

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

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

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

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

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

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

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

Notes 14 and 16 show a more detailed breakdown of current and non-current balances with suppliers linked to the aforementioned rights of use. Note 17.3 details the deferred tax assets and liabilities derived from the modification of IAS 12 concerning deferred tax related to assets and liabilities derived from a single transaction.

The breakdown of these balances at year end 2024 and 2023 is as follows:

	31-12-2024	31-12-2023
Computer equipment	-	-
Offices	30	75
Vehicles	236	234
Other operational elements	1,940	1,339
Total rights of use	**2,206**	**1,648**

Additionally, the movement of these assets in 2024 and 2023 is detailed in Note 4.

ENVIRONMENT

Costs arising from business activity related to the protection and improvement of the environment are expensed for the year in which they are incurred. Their consideration as additions to property, plant and equipment or intangible fixed assets is subject to the same criteria used for the other fixed assets.

HYPERINFLATION IN ARGENTINA

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

The main impacts of the application of adjustments for hyperinflation in Argentina on the Group's consolidated annual accounts for 2024 and 2023 are summarised below:

Impact of the application of hyperinflation adjustments		
	Thousands of euros 2024	**Thousands of euros 2023**
Sales and services rendered	1,969	2,246
Earnings before tax	(542)	(842)
Earnings after tax	(1,703)	(1,599)
Equity	3,117	2,008

TRANSACTIONS IN CURRENCIES OTHER THAN THE EURO

a) Functional and presentation currency:

The items included in the annual accounts of each Group company are denominated in the currency of the major economic market in which the company operates (functional currency). The consolidated annual accounts are expressed in Euro, which is the Group's presentation currency, although, for presentation purposes, they are shown in thousand Euro (unless otherwise indicated).

b) Transactions and balances:

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction dates. The profit or loss on exchange differences arising from the cancellation of balances from foreign currency transactions are taken to the consolidated income statement when they occur.

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

c) Group companies:

The group companies whose functional currency differs from the presentation currency are:

- Miquel y Costas Chile, SpA. The company translates into the presentation currency as follows:

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

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

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

APPROPRIATION OF PROFIT

The 2024 profit of Miquel y Costas & Miquel, S.A. will be appropriated as agreed by the respective General Meeting of Shareholders.

The Parent Company plans to submit the following proposed appropriation of profit to its General Meeting of Shareholders, based on the Spanish Chart of Accounts currently in effect:

	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**

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

2.4 Segment reporting

An operating segment is a part of the Group:

a) that carries out business activities that can generate income and incur expenses

b) whose operating income and expenses are examined at regular intervals by the highest decision-making bodies of the Group (Board of Directors) in order to decide on the resources that must be allocated to the segment and to evaluate its performance, and

c) in relation to which there is separate financial information.

Reporting basis and methodology:

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

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

The "Other" segment includes the information related to other business activities and the segments for which information disclosure is not required separately, due to their volume. This segment obtains its income from services rendered and other.

(In thousand Euro)

- Income by segment, and sales to third parties of each segment made in 2024 are as follows:

	Tobacco industry	Industrial products	Other	**Consolidated Group**
Segment revenue	248,859	96,962	32,223	**378,044**
Inter-segment sales	(52,893)	(7,230)	(8,751)	**(68,874)**
Consolidated sales (Revenue)	**195,966**	**89,732**	**23,472**	**309,170**

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

- Income by segment for the year ended 31 December 2024 is as follows:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Operating income by segment	49,699	9,159	1,139	186	**60,183**
Net finance income/expense and share of income of associates (non-distributable profit)					**3,345**
Profit/loss before taxes					**63,528**
Income tax					**(14,829)**
Profit/loss for the year					**48,699**

Segment income is determined by the difference between the ordinary income and the production and operating expenses, including depreciation costs. Finance income and expenses are not included.

- Assets by segment, at 31 December 2024:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Distributable assets	216,953	131,353	27,283	(2,172)	**373,417**
Non-distributable assets					**140,573**
Total assets					**513,990**
Investments*	**15,496**	**8,699**	**984**	**-**	**25,179**

* Investments: Additions to property, plant and equipment and intangible assets (excluding CO_2 emission allowances and IFRS 16 additions) in the year.

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

(In thousand Euro)

- Liabilities by segment at 31 December 2024:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	34,648	14,456	4,424	(20,942)	**32,586**
Non-distributable liabilities					**96,286**
Equity					**385,118**
Total liabilities and equity					**513,990**

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

- Amortisation and depreciation of property, plant and equipment and intangible assets by segment, at 31 December 2024:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	9,215	9,187	1,114	256	**19,772**

- Information about geographical areas for the year ended 31 December 2024:

	Revenue External
National	41,552
Other countries	267,618
TOTAL	**309,170**

	Total Assets
Spain	496,384
Other countries	17,606
TOTAL	**513,990**

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

(In thousand Euro)

- Information about the main customers for the year ended 31 December 2024:

The percentage of the consolidated revenue for the main customers is as follows:

Customer	Percentage	Ordinary income	Segment
1	13.06%	40,368	Tobacco industry

Sales by country in 2024 and 2023 are as follows:

	31/12/2024		31/12/2023	
COUNTRY	**Amount> 2% revenue**	**%**	**Revenue**	**%**
Spain	41,552	13.44%	38,125	12.33%
Switzerland	33,495	10.83%	40,388	13.06%
USA	23,155	7.49%	21,039	6.80%
Italy	18,337	5.93%	14,602	4.72%
Poland	13,561	4.39%	13,499	4.36%
Germany	11,397	3.69%	11,997	3.88%
Japan	9,579	3.10%	10,909	3.53%
China	9,526	3.08%	7,748	2.50%
Turkey	9,351	3.02%	12,722	4.11%
Argentina	9,036	2.92%	6,441	2.08%
Indonesia	9,030	2.92%	8,466	2.74%
France	8,198	2.65%	8,287	2.68%
REST OF EU	44,608	14.43%	44,979	14.54%
REST OF ASIA	20,680	6.69%	23,877	7.72%
REST OF AMERICA	19,531	6.32%	17,419	5.63%
REST OF AFRICA	16,092	5.20%	16,139	5.22%
OTHER	12,042	3.90%	12,682	4.10%
Total	**309,170**	**100.00%**	**309,319**	**100.00%**

- Income by segment, and sales to third parties of each segment made in 2023:

	Tobacco industry	Industrial products	Other	**Consolidated Group**
Segment revenue	241,432	100,391	33,300	**375,124**
Inter-segment sales	(45,809)	(10,982)	(9,014)	**(65,805)**
Consolidated sales (Revenue)	**195,624**	**89,409**	**24,286**	**309,319**

(In thousand Euro)

- Income by segment for the year ended 31 December 2023:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Operating income by segment	45,324	8,679	831	86	**54,920**
Net finance income/expense and share of income of associates (non-distributable profit)					**1,633**
Profit/loss before taxes					**56,553**
Income tax					**(13,839)**
Profit/loss for the year					**42,714**

Segment income is determined by the difference between the ordinary income and the production and operating expenses, including depreciation costs. Finance income and expenses are not included.

- Assets by segment, at 31 December 2023:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Distributable assets	202,994	124,362	24,354	(3,062)	**348,648**
Non-distributable assets					**116,054**
Total assets					**464,702**
Investments*	**7,126**	**10,027**	**1,217**	**-**	**18,370**

* Investments: Additions to property, plant and equipment and intangible assets (CO_2 gas emission rights not included) for the year.

Non-distributable assets correspond to non-current financial assets, other current assets and other receivables.

- Liabilities by segment at 31 December 2023:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Distributable liabilities	29,245	13,974	4,126	(19,987)	**27,358**
Non-distributable liabilities					**82,563**
Equity					**354,781**
Total liabilities and equity					**464,702**

Non-distributable liabilities mainly relate to current and non-current loans and provisions.

- Amortisation and depreciation of property, plant and equipment and intangible assets by segment, at 31 December 2023:

	Tobacco industry	Industrial products	Other	Consolidation adjustments	**Consolidated Group**
Amortisation and depreciation	8,944	9,621	1,158	262	**19,985**

(In thousand Euro)

Information about geographical areas for the year ended 31 December 2023:

	Revenue External
National	38,125
Other countries	271,194
TOTAL	**309,319**

	Total Assets
Spain	457,346
Other countries	7,356
TOTAL	**464,702**

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

- Information about the main customers for the year ended 31 December 2023:

The percentage of the consolidated revenue for the main customers is as follows:

Customer	Percentage	Ordinary income	Segment
1	12.53%	38,750	Tobacco industry

2.5 Accounting estimates and judgements

In preparing the consolidated annual accounts, the Directors of the Group companies made estimates to quantify some 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 classification, measurement and impairment of financial investments.
- 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.

- Outstanding litigation has been evaluated by independent experts.
- Assessing the need for impairment of receivables and inventories.

2.6 Cash generating units

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

For both years, the Group has identified the following Cash Generating Units for the different production centres:

CGU	Activity
Production centre in the province of Barcelona	Manufacturing of paper for the tobacco industry
Production centre in the province of Barcelona	Transformation of paper for the tobacco industry
Industrial plant in the province of Tarragona	Manufacture of special paper pulp
Industrial plant in the province of Valencia	Manufacture of paper for the tobacco industry and graphic industry
Industrial plant in the province of Barcelona	Paper handling
Industrial plant in the province of Barcelona	Manufacture of special paper
Industrial plant in the province of Barcelona	Manufacture of high-tech special paper
Industrial plant in Argentina	Transformation of paper for the tobacco industry
Industrial plant in Villareal	Manufacture of paper for packaging, printing and stationery.

3 FINANCIAL RISK MANAGEMENT

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

Risk management at the Miquel y Costas Group is managed 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.

(In thousand Euro)

3.1 Foreign exchange risk

The Group operates internationally, and, therefore, is exposed to foreign exchange risk for operations in foreign currency; especially the US Dollar, which represents approximately 91% of the foreign exchange transactions. The exchange rate risk arises from future commercial transactions, recognised assets and liabilities denominated in a functional currency that is not the functional currency of the Group.

The effects of currency fluctuations are partly offset by opposite currency flows generated by imports and exports. The resulting net positions are generally covered by hedging instruments. In the event of an export position, with a similar volume of foreign currency transactions as in 2024, a 10% depreciation in the USD/EUR exchange rate at the end of the next financial year would have a negative impact on the consolidated income statement (assuming no hedging instruments were arranged) of approximately 639 thousand euros (1,737 thousand euros in 2023).

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

3.2 Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient cash, having committed credit facilities and having the ability to liquidate market positions.

The Group's Parent Company forecasts the cash flows. The Corporate Finance Department follows and monitors the Group's forecast liquidity needs to ensure it has sufficient cash to meet operational requirements. These forecasts take into account the Group's financing plans. In this respect, estimated cash flows (principal payments plus interest) for loans and accounts payable are as follows:

At 31 December 2024	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Bank borrowings (Note 12)	4,218	9,719	24,931	15,623	936
Trade and other payables	47,671	15,532	-	-	-
At 31 December 2023					
Bank borrowings (Note 12)	4,052	18,410	20,470	8,909	1,074
Trade and other payables	44,273	3,526	-	-	-

The Corporate Treasury department invests surplus cash in financial instruments with adequate maturities or sufficient liquidity to provide a sufficient buffer as determined by the aforementioned forecasts framed in the financial investments policy, wherein low risk prevails over profitability, as described in Note 3.2.

With this aim, the Group has obtained committed credit facilities to finance changes in its working capital. At the end of 2024, 0% of these credit facilities has been drawn down (0% in 2023) (Note 12).

3.3 Interest rate risk

The Group'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 continually arrange supplementary interest rate hedge instruments.

Based on the level of bank borrowings for 2024, the effect of a 50bp variation in the interest rate would have entailed an increase or decrease of approximately 223 thousand euros in the Company's finance expenses for the coming year (190 thousand euros in 2023).

3.4 Credit risk

The Group's trade receivables correspond to customers located in different geographic areas and although there is a significant concentration of sales, it is a deep understanding of them that enables the Group to largely anticipate possible risk situations.

However, it is crucial for the Group to properly control commercial credit risk and, accordingly, it has implemented a comprehensive credit policy that ensures credit allocation to customers with an adequate credit history and delinquency coverage through customer credit insurance policies.

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

3.5 Price risk

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

In the event of a 10% change in paper pulp prices, in the absence of hedges, the impact in the consolidated income statement would amount approximately 4,870 thousand euros (4,146 thousand euros in 2023).

At year end, there are no non-hedging derivative transactions and the assets allocated to pension plans are duly hedged.

3.6 Capital management

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

The Group 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 payables to financial institutions (including current and non-current borrowings, as shown in the consolidated balance sheet) less cash and financial investments.

The Group's negligible leverage ratio and robust financial solvency mean that it is less exposed to the impacts of an international financial crisis.

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

In thousands of euros	**December 2024**	**December 2023**
Total net equity	385,118	354,781
Net financial debt:		
Non-current borrowings	41,490	30,453
Current borrowings	13,937	22,462
Current cash and temporary financial investments	(52,747)	(63,015)
Non-current financial investments	(78,093)	(43,576)
Total net financial position	(75,413)	(53,675)
Leverage ratio	Not applicable	Not applicable

(In thousand Euro)

4 PROPERTY, PLANT AND EQUIPMENT

The balances and changes for the years ended at 31 December 2024 and 2023 of the accounts included under "Property, plant and equipment" are as follows:

	Land, buildings and other constructions	Plant, machinery and other fixed assets	Advances and assets under construction	Total
Net carrying amount at 31 December 2022	**57,302**	**103,040**	**28,749**	**189,091**
Cost or valuation	84,663	401,602	28,749	515,014
Accumulated depreciation and impairment loss	(27,361)	(298,562)	-	(325,923)
Net carrying amount	**57,302**	**103,040**	**28,749**	**189,091**
Year ended 31 December 2023				
Opening net carrying amount	**57,302**	**103,040**	**28,749**	**189,091**
Exchange differences in cost	(2,178)	(2,683)	(297)	(5,158)
Additions	77	542	17,353	17,972
IFRS 16 additions	-	118	-	118
Consolidation adjustments and other cost adjustments	-	318	-	318
Hyperinflation – cost	1,515	2,146	-	3,661
Disposals	(105)	(9,676)	-	(9,781)
IFRS 16 disposals	(23)	(228)	-	(251)
Transfers	4,002	34,459	(38,496)	(35)
Depreciation charge including hyperinflation	(2,191)	(16,574)	-	(18,765)
IFRS 16 depreciation charge	(25)	(502)	-	(527)
Consolidation adjustments and other depreciation adjustments	197	(12)	-	185
Hyperinflation – cumulative depreciation	(198)	(904)	-	(1,102)
Depreciation write-downs	104	9,163	-	9,267
Exchange differences in depreciation	318	1,802	-	2,120
Net carrying amount at 31 December 2023	**58,795**	**121,009**	**7,309**	**187,113**
Cost or valuation	87,951	426,598	7,309	521,858
Accumulated depreciation and impairment loss	(29,156)	(305,589)	-	(334,745)
Net carrying amount	**58,795**	**121,009**	**7,309**	**187,113**
Opening net carrying amount	**58,795**	**121,009**	**7,309**	**187,113**
Exchange differences in cost	(375)	(588)	(1)	(964)
Additions	283	434	24,039	24,75
IFRS 16 additions	1	767	-	768
Consolidation adjustments and other cost adjustments	11	(17)	-	(6)
Hyperinflation – cost	2,015	3,267	-	5,282
Disposals	(78)	(1,099)	-	(1,177
IFRS 16 disposals	(45)	(165)	-	(210)
Transfers	2,153	10,694	(12,847)	-
Depreciation charge including hyperinflation	(2,214)	(16,251)	-	(18,46
IFRS 16 depreciation charge	(26)	(559)	-	(585)
Consolidation adjustments and other depreciation adjustments	177	312	-	489
Hyperinflation – cumulative depreciation	(377)	(1,380)	-	(1,757
Depreciation write-downs	78	1,013	-	1,091
Exchange differences in depreciation	55	268	-	323
Net carrying amount at 31 December 2024	**60,453**	**117,705**	**18,500**	**196,6**
Cost or valuation	91,916	439,891	18,500	550,3
Accumulated depreciation and impairment loss	(31,463)	(322,186)	-	(353,6 49)
Net carrying amount	**60,453**	**117,705**	**18,500**	**196,6 58**

Additions for 2024 amount to 24,756 thousand euros (17,972 thousand euros in 2023) and relate mainly to fixed asset additions resulting from the on-going investment in the Group's various production plants.

The additions in 2024 include 1,355 thousand euros (2,178 thousand euros in 2023) relating to own work capitalised.

The consolidated income statement includes lease expenses relating to the rental of machinery and buildings amounting to 38 thousand euros (33 thousand euros in 2023).

The Company has established proper control processes to identify indications of possible impairment. In 2024 and 2023 no PPE items were impaired.

In 1996 Miquel y Costas & Miquel, S.A. and the subsidiaries S.A. Payá Miralles and Celulosa de Levante, S.A., which contributed 97% of the total property, plant and equipment to the consolidated Group, updated their balance sheets as per Royal Decree-Law 7/1996, of 7 June, increasing the cost value of their property, plant and equipment by 11,413 thousand euros using the updating coefficients table published in Royal Decree 2607/1996, of 20 December. The carrying amount of updated items at 31 December 2024 is 499 thousand euros (514 thousand euros in 2023), with a depreciation charge of 15 thousand euros in 2024 (15 thousand euros in 2023).

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

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

There are irrevocable commitments to acquire property, plant and equipment amounting to 22,601 thousand euros at close of the current year (5,471 thousand euros in 2023).

The Group has property, plant, and equipment outside of Spain for a carrying amount of 6,214 thousand euros in 2024 (3,839 thousand euros in 2023).

There was no interest capitalised on Group PPE in either 2024 or 2023.

There are no material non-operating assets.

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

The value of fully amortised/depreciated assets at 31 December 2024 amounts to 222,234 thousand euros (212,683 thousand euros in 2023).

5 INTANGIBLE ASSETS

The balances and changes for the years ended at 31 December 2024 and 2023 of the accounts included under “Intangible assets” are as follows:

(In thousand Euro)

	Software	Industrial property	Development expenses	Gas emission allowances	Intangible assets under development	Total
At 31 December 2022	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Cost	9,750	218	1,750	2,361	3,363	17,442
Accumulated amortisation and impairment	(9,015)	(53)	(1,750)	-	-	(10,818)
Net carrying amount	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Year ended 31 December 2023						
Opening net carrying amount	**735**	**165**	**-**	**2,361**	**3,363**	**6,624**
Exchange differences in cost	(206)	(66)	-	-	-	(272)
Hyperinflation - cost	137	40	-	-	-	177
Additions	-	-	-	1,928	398	2,326
Disposals	-	-	(2)	(1,862)	-	(1,864)
Transfers	371	-	3,207		(3,543)	35
Amortisation charge	(504)	(21)	(168)	-	-	(693)
Amortisation disposals/transfers	-	-	2	-	-	2
Exchange differences in depreciation	274	2	-	-	-	276
Hyperinflation - amortisation	(135)	(35)	-	-	-	(170)
At 31 December 2023	**672**	**85**	**3,039**	**2,427**	**218**	**6,441**
Cost	10,052	192	4,955	2,427	218	17,844
Accumulated amortisation and impairment	(9,380)	(107)	(1,916)	-	-	(11,403)
Net carrying amount	**672**	**85**	**3,039**	**2,427**	**218**	**6,441**
Year ended 31 December 2024						
Opening net carrying amount	**672**	**85**	**3,039**	**2,427**	**218**	**6,441**
Exchange differences in cost	(34)	(10)	-	-	-	(44)
Hyperinflation - cost	182	53	-	-	-	235
Additions	-	-	-	1,605	423	2,028
Disposals	-	-	-	(1,756)	-	(1,756)
Transfers	437	-	-		(437)	-
Amortisation charge	(485)	(13)	(224)	-	-	(722)
Amortisation disposals/transfers	-	-	-	-	-	-
Exchange differences in depreciation	42	-	-	-	-	42
Hyperinflation - amortisation	(141)	(90)	-	-	-	(231)
At 31 December 2024	**673**	**25**	**2,815**	**2,276**	**204**	**5,993**
Cost	10,637	235	4,955	2,276	204	18,307
Accumulated amortisation and impairment	(9,964)	(210)	(2,140)	-	-	(12,314)
Net carrying amount	**673**	**25**	**2,815**	**2,276**	**204**	**5,993**

See comments on emission allowances in Note 24.2 to the consolidated annual accounts.

The Group has intangible assets outside of Spain for a carrying amount of 35 thousand euros in 2024 (12 thousand euros in 2023).

(In thousand Euro)

The additions in 2024 include 56 thousand euros (64 thousand euros in 2023) relating to own work capitalised. Additionally, the Group allocated RDI resources amounting to 2,680 thousand euros in 2024 (3,284 thousand euros in 2023).

The value of fully amortised/depreciated assets at 31 December 2024 amounts to 12,486 thousand euros (10,312 thousand euros in 2023).

The Group's intangible assets are not pledged as guarantees and there are no acquisition commitments at the end of either this year or the previous year.

6 NON-CURRENT FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

The balances and changes for the years ended at 31 December 2024 and 2023 under the heading "Non-current financial assets and investments in associates" are as follows:

	Shareholdings and loan investments in associates	Other financial investments	Deposits and guarantees	Impairment provisions	Total
Balance at 31 December 2022	**283**	**31,161**	**115**	**-**	**31,559**
Additions	-	26,392	48	-	**26,440**
Disposals	-	(7,965)	(3)	-	**(7,968)**
Fair value adjustments (Note 11.2)	-	5,063	-	-	**5,063**
Transfers (Note 9)	-	(11,505)	-	-	**(11,505)**
Share in profit/loss	(13)	-	-	-	**(13)**
Balance at 31 December 2023	**270**	**43,146**	**160**	**-**	**43,576**
Additions	-	50,678	29	-	**50,707**
Disposals	-	(2,863)	(13)	-	**(2,876)**
Fair value adjustments (Note 11.2)	-	237	-	-	**237**
Transfers (Note 9)	-	(13,527)	-	-	**(13,527)**
Share in profit/loss	(24)	-	-	-	**(24)**
Balance at 31 December 2024	**246**	**77,671**	**176**	**-**	**78,093**

The heading "Shareholdings and loan investments in associates" includes the shareholding in the associate Fourtube, S.L. amounting to 246 thousand euros (270 thousand euros in 2023). The company did not pay dividends this year (0 thousand euros in 2023) and it recorded a loss of 24 thousand euros (a loss of 13 thousand euros in 2023).

"Other financial investments" in 2024 include non-current financial investments maturing after 2025, remunerated at a nominal interest rate of 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 Group, as these are acquired on the secondary debt market.

This heading also includes financial investments in shares of Iberpapel Gestión, S.A. representing a 10.07% ownership interest at the end of 2024 (10.07% at the end of 2023), with a cost value of 20,145 thousand euros, whose fair value at 31 December 2024 amounts to 19,663 thousand euros (19,494 thousand euros at close of 2023). Fair value adjustments are recognised in the consolidated statement of recognised income and expense. In 2024 income of 1,100 thousand euros was received (Note 21.4).

(In thousand Euro)

Additionally, last year the Group 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 (Note 21.4). At 31 December 2024, the remainder under this heading corresponds to changes in the cumulative value of the SPAC warrants still held by the Group amounting to 55 thousand euros (55 thousand euros at close of 2023).

The breakdown of investments in associates is as follows:

	percentage	2024	2023
Fourtube, S.L.	40%	246	270
Carrying amount		**246**	**270**
Carrying amount		**246**	**270**

The Group's participation in results of the associated company (Fourtube, S.L.) and its main figures are as follows at 31 December 2024 and 2023:

2024

Name	Registered office	Assets	Equity	Liabilities	Profit/loss	percentage (%)
Fourtube, S.L.	Seville	641	477	164	(59)	40%
		641	**477**	**164**	**(59)**	

2023

Name	Registered office	Assets	Equity	Liabilities	Profit/loss	percentage (%)
Fourtube, S.L.	Seville	623	536	87	(32)	40%
		623	**536**	**87**	**(32)**	

7 INVENTORIES

The breakdown of inventories at 31 December 2024 and 2023, in thousands of euros, is as follows:

	2024	2023
Commercial products	3,730	3,240
Raw materials and other supplies	32,928	30,200
Finished goods and work in progress	77,870	64,886
Prepayments to suppliers	214	50
Total	**114,742**	**98,376**

The cost of trade inventories, raw materials and other amounts to 120,796 thousand euros in 2024 (of which, 124,014 thousand euros correspond to procurements and 3,218 thousand euros to inventory reductions) and 110,841 thousand euros in 2023 (of which, 107,349 thousand euros correspond to procurements and 3,492 thousand euros to inventory increases).

The breakdown of procurements by currency of origin is as follows:

	2024	2023
Euros	88,579	73,275
USD	33,126	30,665
Other currencies	2,309	3,409
Total	**124,014**	**107,349**

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

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

The Group recognised inventory depreciation provisions totalling 2,340 thousand euros in 2024 (2,656 thousand euros in 2023), whose application for impairment is recorded in the consolidated income statement, in the amount of 316 thousand euros in 2024 (216 thousand euros charged in the income statement in 2023).

8 TRADE RECEIVABLES

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

The balances of trade receivables for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Customers	56,023	56,717
Doubtful accounts receivable	494	646
Provision for impairment of accounts receivable	(494)	(646)
Balance at 31 December	**56,023**	**56,717**

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

	2024	2023
Euros	47,113	48,278
USD	7,886	7,939
GBP	5	2
Other currencies	1,019	498
Total	**56,023**	**56,717**

At 31 December 2024, not-yet-due trade accounts receivable amounted to 40,494 thousand euros (36,914 thousand euros in 2023).

Trade accounts receivable—other than the provisioned amount of 494 thousand euros in 2024 (646 thousand euros in 2023), as reflected in the first table of this Note—have not been impaired.

The breakdown by age of past-due accounts receivable is as follows:

	2024	2023
Less than 3 months	12,847	13,799
3-6 months	1,713	4,847
More than 6 months	969	1,157
Total	**15,529**	**19,803**

Changes in impairment provisions for accounts receivable in 2024 and 2023 are as follows:

	2024	2023
Balance at 1 January	**646**	**692**
Provision for the year (Note 20)	176	41
Recoveries of provisioned balances (Note 20)	-	(78)
Write-off of provisioned balances	(328)	(9)
Balance at 31 December	**494**	**646**

The recognition and reversal of impairment provisions for accounts receivable are included in the income statement. Amounts charged to impairment are usually derecognised where there is no expectation of collecting more cash.

The Group has a significant concentration of credit in certain trade accounts receivable. To minimise risk, the Group has implemented policies that guarantee the assignment of credit to customers with the appropriate credit history and covers positions by arranging credit insurance.

(In thousand Euro)

9 OTHER CURRENT FINANCIAL ASSETS

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

The balances for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Sundry receivables	55	737
Public Administrations	4,374	3,989
Derivatives (21.2)	-	56
Short-term financial investments	39,406	44,152
Accruals	5	9
	43,840	**48,943**

The breakdown of receivables from Public Administrations for 2024 and 2023 is as follows:

	2024	2023
Tax Authority (VAT receivable)	3,051	2,319
Other Public Administrations	1,323	1,192
Current tax assets	-	478
	4,374	**3,989**

The movement in short-term financial investments in 2024 and 2023 was as follows:

	2024	2023
Balance at 1 January	**44,152**	**37,390**
Additions	66,602	72,231
Transfers (Note 6)	13,527	11,505
Exchange differences	55	(296)
Disposals	(84,930)	(76,678)
Balance at 31 December	**39,406**	**44,152**

Short-term financial investments at close of 2024 amount to 38,382 thousand euros (43,662 thousand euros in 2023), and interest accrued in 2024 amounted to 1,024 thousand euros (490 thousand euros in 2023). The nominal rate of interest on these financial investments ranges from 1.20% to 5.61% in 2024 (from 1.73% to 5.21% in 2023). The nominal interest rate does not necessarily have to be equivalent to the internal rate of return earned by the Group, as these are acquired on the secondary debt market.

10 CASH AND OTHER CASH EQUIVALENTS

The balances of cash and cash equivalents for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Cash at banks and in hand	13,341	18,807
	13,341	**18,807**

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

11 EQUITY

11.1 Share capital

SHARE CAPITAL

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

	Number of shares (thousand)	Nominal value of ordinary shares (thousand euros)
Balance at 31 December 2023	40,000	80,000
Balance at 31 December 2024	40,000	80,000

The reconciliation between the average number (in thousands) of shares in circulation at the start and end of the year is as follows:

	2024	2023
Balance at 1 January	**38,354**	**38,651**
Capital increase and reduction, acquisition and allocation due to exercise of options on treasury shares	(260)	(297)
Balance at 31 December	**38,094**	**38,354**

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

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.

(In thousand Euro)

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	17.70
Ms Mª del Carmen Escasany Miquel	n/a	12.62
Indumenta Pueri, S.L.	14.65	14.65
Ms Bernardette Miquel Vacarisas	n/a	12.65

11.2 Retained earnings, Other reserves, Valuation adjustments.

The balances for the years ended 31 December 2024 and 2023 under the headings "Retained earnings, other reserves and other equity instruments" are as follows:

	Legal reserve of the Parent Company	Other reserves of the Parent Company	Reserves in fully consolidated companies	Cumulative translation differences	Interim dividends	Retained earnings	Other equity instruments	Valuation adjustments (Note 6)	Total
Balance at 31 December 2022	16,000	127,405	109,579	(3,661)	(7,700)	31,634	582	(5,776)	268,063
Balance at 31 December 2023	16,000	137,823	114,005	(6,128)	(8,100)	42,714	581	(713)	296,182
Balance at 31 December 2024	16,000	154,075	121,533	(2,050)	(8,501)	48,699	61	(476)	329,341

LEGAL RESERVE

The Parent Company is obliged to allocate at least 10% of the profit for each year to a legal reserve until said reserve reaches an amount equal to at least 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses in the consolidated income statement if no other reserves are available. Under certain conditions it may also be used to increase share capital by applying the portion of this reserve exceeding 10% of the share capital already increased. The amount is 16,000 thousand euros in 2024 and 2023, so it meets this percentage.

The legal reserve is allocated in accordance with article 274 of Spain Corporate Enterprises Act.

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 replaced with future profits.

OTHER RESERVES OF THE PARENT COMPANY

This heading includes the Parent Company’s unrestricted voluntary reserve, amounting to 143,895 thousand euros in 2024 (129,448 thousand euros in 2023). However, under current mercantile law, the distribution of profit is not permitted until the research and development expenses recorded under assets in the individual annual accounts of the Parent Company as per Spanish General Accounting Plan are fully amortised, unless the amount of the available reserves is at least equal to the amount of non-amortised expenses. These expenses were fully amortised on 31 December 2015.

Additionally, the Parent Company’s capitalisation reserve is included, amounting to 3,703 thousand euros in 2024 (3,056 thousand euros in 2023). 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.

This tax incentive was applied in 2024 and 2023.

RESERVES IN FULLY CONSOLIDATED COMPANIES

These reserves relate to the difference between the carrying amount of the shareholding in consolidated companies and the attributable portion of the underlying book value. They include a legal reserve of 4,183 thousand euros corresponding to those companies (3,044 thousand euros in 2023), which have the same restrictions as stated in the section “legal reserves” herein.

In accordance with mercantile law, some of the Group companies updated the values of certain items of property, plant and equipment at 31 December 1996, which generated a revaluation reserve totalling 5,411 thousand euros at 31 December 2024 and 2023. The balance of this account can be used, free of tax, to:

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

As reported in previous years, the requirements of Royal Decree-Law 7/1996, dated 7 June, have been met, so that the subsidiaries may proceed with the transfer of the revaluation reserves to unrestricted reserves.

However, pursuant to Royal Decree-Law 7/1996, the balance of the revaluation reserve cannot be distributed, either directly or indirectly, until the updated items have been depreciated for accounting purposes or disposed of or removed from the accounting books. See Note 4 for greater details.

RETAINED EARNINGS

Retained earnings correspond to the income obtained each year by the Companies that make up the consolidation scope at 31 December 2024 and 2023.

INTERIM DIVIDEND

The Parent 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.

(In thousand Euro)

- 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 first 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 of Spain's Corporate Enterprises Act 1/2010, of 2 July 2010.

	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**

With respect to the dividends paid, corresponding to shares representing more than 5% of the share capital and meeting the rest of requirements pursuant to article 21.1 a) of Income Tax Law 27/2014, dated 27 November, they have had no tax withheld as per the tax withholding exoneration rule provided in article 128.4.d) of said Law.

The projected accounting statement drawn up by the Parent Company 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 agreement for distribution of 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 unused credit facilities with financial institutions.*

(In thousand Euro)

- 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 agreement for distribution of 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 unused credit facilities with financial institutions

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.

(In thousand Euro)

CUMULATIVE TRANSLATION DIFFERENCES

The cumulative translation differences in 2024 and 2023 are as follows:

	Cumulative translation differences
Balance at 31 December 2022	**(3,661)**
Movement in 2023	(2,467)
Balance at 31 December 2023	**(6,128)**
Balance at 1 January 2024	**(6,128)**
Movement in 2024	4,078
Balance at 31 December 2024	**(2,050)**

The cumulative translation differences at the 2023 and 2024 year-end refer to Miquel y Costas Chile, SpA. And Miquel y Costas Argentina, S.A.

VALUATION ADJUSTMENTS

The amount of 476 thousand euros (713 thousand euros in 2023) correspond to the change in the fair value of equity instruments not held for sale (Note 11.2).

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 cumulative amount of the plan is 61 thousand euros in 2024 (581 thousand euros in 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.

(In thousand Euro)

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

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%, equivalent to 13.88 euros after adjustment for the aforementioned capital increase in 2018 and 10.18 euros after the capital increase in 2021.

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 phase 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 has been in its exercise phase since 7 February 2022. Note that the aforementioned plan ended in February 2025.

Beneficiaries of the plan exercised 902,785 options, equivalent to the delivery of 229,327 shares in 2024 (no options exercised in 2023).

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 at grant date
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 consolidated 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 profit or loss in 2024 or 2023.

11.3 Own shares

OWN SHARES

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:

		Transaction amount	Gross average price	Nominal value
Item	Number of shares	Thousands of euros	euros	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 Parent 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).

Another 229,327 own shares amounting to 2,721 thousand euros were also delivered under the share options plan in place (none were delivered in 2023).

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).

(In thousand Euro)

12 BANK BORROWINGS

The breakdown of current and non-current bank borrowings for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Non-current		
Bank loans	41,490	30,453
	41,490	**30,453**
Current		
Bank loans	13,848	22,345
Credit facilities	-	-
Accrued and unpaid interest from credit institutions	89	117
	13,937	**22,462**
Total bank borrowings	**55,427**	**52,915**

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

	Non-current loans	Current loans
Balance at 31-12-22	**36,805**	**20,890**
Obtaining financing and discounting	16,000	-
Amortisation and depreciation	-	(20,897)
Transfers from non-current to current	(22,352)	22,352
Closing balance at 31-12-23	**30,453**	**22,345**
Obtaining financing and discounting	34,265	-
Amortisation and depreciation	(9,375)	(22,350)
Transfers from non-current to current	(13,853)	13,853
Closing balance at 31-12-24	**41,490**	**13,848**

Current and non-current bank borrowing maturities break down as follows:

	2024	2023
Up to 1 year	13,937	22,462
Between 1 and 3 years	24,931	20,470
Between 3 and 5 years	15,623	8,909
More than 5 years	936	1,074
	55,427	**52,915**

In 2024 the Group obtained four new loans from credit institutions. One of them was granted by the Centre for the Development of Industrial Technology (CDTI) and three from banks, all for a total of 34,321 thousand euros and repayment periods of between 5 and 10 years including grace periods of between 1 and 4 years.

In 2023 the Group received three new loans from credit institutions, one of them granted by the CDTI and two from banks, all for a total of 16,167 thousand euros and repayment periods of between 5 and 7 years including grace periods of 1 year.

At 31 December 2024 the Group had zero-interest loans for outstanding capital amounting to 3,522 thousand euros (5,221 thousand euros at 31 December 2023).

Of total loans at 31 December 2024, 977 thousand euros correspond to subsidised loans that are secured through a bank guarantee (1,076 thousand euros at 31 December 2023).

The Group has arranged short-term credit facilities, mainly for current cash management purposes, at market interest rates with various financial institutions for a maximum of 19,943 thousand euros (20,907 thousand euros in 2023), of which no balance had been drawn down at the end of 2024 or 2023. Credit lines maturing in less than one year are subject to upcoming renewals in 2025.

The Group's bank borrowings and other financial liabilities in 2024 and 2023 amount to 55,427 thousand euros and 52,915 thousand euros, respectively, denominated entirely in euros.

13 PENSION COMMITMENT LIABILITIES

The Group has different pension commitments depending on the work centre and company (see Note 2.3).

13.1 Defined contribution commitments

The Group has two defined contribution plans as a result of the agreements with representatives of the workers at the Besós and Mislata work centres. The amount recorded during the year as personnel expenses in the income statement relates to the contributions made in 2024, totalling 56 thousand euros (52 thousand euros in 2023) (Note 19).

In addition, there are another three defined contribution plans for Miquel y Costas & Miquel, S.A., and MB Papeles Especiales, S.A. for the executive Directors and Senior Management (Notes 23.3 and 23.4).

(In thousand Euro)

13.2 Defined benefit pension plans

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, at the time of 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 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.

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

	2024	2023
Charges in the consolidated income statement:		
- Financial update (Finance expenses) (Note 21.4)	12	14
- Current services costs (Note 19)	12	15
- Expected return on plan-related assets	(6)	(8)
	18	**21**
Charges/(credits) in Equity:		
- Actuarial gains and losses	62	21
- Tax effect	(16)	(5)
	46	**16**

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

	2024	2023
Present value of the commitments	(337)	(389)
Fair value of the related assets	215	194
Liabilities on the balance sheet (Note 14)	**(122)**	**(195)**

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

	2024	2023
Opening balance	**194**	**211**
Expected return on plan-related assets	6	7
Actuarial (gains)/losses	(13)	(1)
Contributions paid net of returned premiums	28	(23)
Closing balance	**215**	**194**

(In thousand Euro)

The movement in the current value of the committed liabilities:

	2024	2023
Opening balance	**389**	**397**
Interest costs	12	14
Current services costs	12	15
Past service cost	-	-
Actuarial (gains)/losses	(76)	(22)
Contributions paid	-	(15)
Closing balance	**337**	**389**

- Valuation of defined benefit commitments:

  Group management has commissioned an independent actuary to prepare an actuarial valuation of each pension plan mentioned above at 31 December 2024 and 2023, in accordance with the criteria and methodology generally accepted for IFRS purposes.

  The main assumptions applied were:

Interest rate for measuring the liabilities with current personnel at 31/12/2023	2.99%
Interest rate for measuring the liabilities with current personnel at 31/12/2024	3.06%
Expected return on assets with current personnel	2.99%
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 Group. 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.

(In thousand Euro)

14 OTHER NON-CURRENT LIABILITIES

The breakdown under this heading at close of 2024 and 2023 is as follows:

	2024	2023
Grants	3,346	3,479
Non-current staff liabilities (Note 13.2)	122	195
Deposits and guarantees	2	2
Other	1,608	1,439
	5,078	**5,115**

a) Grants

The details and movement of grants are as follows:

	Government grants	Interest rate subsidies	Emission allowance subsidies (Note 25)	Total
Balance at 31-12-2022	**1,495**	**97**	**306**	**1,898**
Additions	1,360	266	1,928	3,554
Recognition in profit or loss	(313)	-	(1,545)	(1,858)
Decreases	-	(97)	(18)	(115)
Balance at 31-12-2023	**2,542**	**266**	**671**	**3,479**
Additions	68	322	1,617	2,007
Recognition in profit or loss	(306)	-	(1,555)	(1,861)
Decreases	-	(266)	(13)	(279)
Balance at 31-12-2024	**2,304**	**322**	**720**	**3,346**

Revenues relating to grants transferred to income for the year are shown under “Allocation of grants for non-financial fixed assets”.

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

At 31 December 2024 and 2023, capital grants include mainly those awarded by Generalitat de Catalunya, Agencia Valenciana de la Energía, CDTI and Instituto Catalán de Energía (ICAEN), mainly for investments made by the Group in environmental research projects to boost energy efficiency.

b) Non-current staff liabilities

The movement of non-current staff liabilities in 2024 and 2023 is as follows:

Balance at 31-12-22	**186**
Provisions (Note 13)	21
Payments/collections	9
Actuarial gains and losses	(21)
Balance at 31-12-23	**195**
Provisions (Note 13)	18
Payments/collections	(29)
Actuarial gains and losses	(62)
Balance at 31-12-24	**122**

At the end of 2012 the Parent Company recorded a provision classified as non-current for 400 thousand euros, as a consequence of the application of Law 27/2011, dated 1 August, concerning the updating, adaptation and modernisation of the Social Security system, effective from 1 January 2013, resulting in an increase in the number of employees entitled to early retirement in 2016. This provision amounts to 122 thousand euros at 31 December 2024 (195 thousand euros in 2023).

c) Other

This heading includes a provision of 259 thousand was euros in 2016 to cover possible third-party liability 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 thousand euros in 2024 as the entire current balance was transferred in the year (216 thousand euros in 2023). The current portion (if any) is detailed in Note 16.

Additionally, this heading includes 1,106 thousand euros relating to lease liabilities as a result of the application of IFRS 16 (721 thousand euros in 2023) and 243 thousand euros (243 thousand euros in 2023), for other items.

15 TRADE AND OTHER PAYABLES

This section only shows the balance of trade payables at 31 December 2024 and 2023. Of the total amount of 34,898 thousand euros under this heading at 31 December 2024, 7,395 thousand euros relate to trade payables in foreign currency, mainly US Dollars, translated into euros (of the 31,091 thousand euros under this heading in 2023, 5,985 thousand euros relate to trade payables in foreign currency, mainly US Dollars).

The carrying amount recognised does not differ from the fair value of trade and other accounts payable.

Additionally, the balance of 34,898 thousand euros includes current fixed asset suppliers amounting to 2,313 thousand euros in 2024 (3,730 thousand euros in 2023).

Accounts payable to suppliers do not accrue interest and generally have a payment term of 30 to 60 days, including those subject to the Group's supplier financing arrangements (“confirming”). Under such arrangements, the Group settles all invoices subject to the programme to the external financing provider in their original term and form, regardless of whether the supplier opted to be paid in advance.

In no case are original payment conditions renegotiated with suppliers in connection with the arrangements. There have been no changes implying material cash flows in the carrying amount of trade payables included in the Group's supplier financing arrangement. In this regard, at the start of the period the assigned amounts of accounts payable to suppliers totalled 635 thousand euros. At 31 December 2024, the assigned amounts of accounts payable to suppliers totalled 755 thousand euros, of which suppliers received 173 thousand euros in advance. Likewise, at 31 December 2024 the Group has a cap of 8,500 thousand euros in connection with these arrangements.

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 consolidated 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)	35	34
Ratio of transactions paid (2)	31	35
Ratio of transactions pending payment (3)	21	28
	Thousands of euros	**Thousands of euros**
Total payments made	129,388	146,871
Total outstanding payments	19,925	19,113
Total payments within the period established in the delinquency regulations (thousands of euros) (4)	122,241	131,864
% paid within the period established in the delinquency regulations with respect to the total amount paid (4)	94%	90%
Number of invoices paid within the period established in the delinquency regulations (4)	23,693	23,577
% of invoices paid within the period established in the delinquency regulations with respect to the total invoices paid (4)	90%	87%

(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)

16 CURRENT PROVISIONS AND OTHER CURRENT LIABILITIES

The fair value of "Current provisions" and "Other current liabilities" does not differ from their carrying amount. This heading breaks down as follows:

	2024	2023
Non-trade payables	8,957	11,177
Accrued payroll	4,983	4,340
Provision for gas emission allowances (Note 24.2)	1,578	1,774
Other current provisions	136	50
Derivatives (21.2)	447	10
Customer advances	13,375	793
Other liabilities	515	401
	29,991	**18,545**

(In thousand Euro)

There are no current provisions for variable remuneration with a multi-year vesting period either this year or last year. See details regarding non-current provisions in Note 14.

The Group has not received guarantees associated with these liabilities. Of the Group's total "Current provisions" and "Other current liabilities" at 31 December 2024, an amount of 290 thousand euros are denominated in a currency other than the euro (457 thousand euros in 2023).

“Other liabilities” relate to the current amount as a result of the application of IFRS 16 (Note 2.3 Leases).

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

a) Non-trade payables

	2024	**2023**
Taxes payable to Public Administrations	7,692	9,849
Social Security	1,233	1,026
Other taxes payable	32	302
	8,957	**11,177**

The balance Taxes payable to Public Administrations at close of 2024 and 2023 basically includes the amounts provisioned in respect of Personal Income Tax and Value Added Tax.

b) Other current provisions

The Group has recorded current provisions amounting to 136 thousand euros (50 thousand euros in 2023), relating to the normal course of business.

c) Customer advances

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

17 TAX POSITION

17.1 Consolidated tax group

As it heads a Group, the Parent Company pays corporate income tax in Spain under the Consolidated Tax Regime. The consolidated tax group includes Miquel y Costas & Miquel, S.A., as the Parent Company, while those Spanish companies that meet the requirements provided in tax legislation on the taxation of the consolidated profit of groups of companies, are classified as subsidiaries.

In 2024 and 2023 they are the following companies:

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

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

In December 2022, the European Council adopted Directive 2022/2523, to include OECD Model Standards relating to Pillar Two in the European legal framework. The Directive established a minimum effective tax rate of 15% for the large groups affected and set the deadline for its transposition by the Member States as 31 December 2023, with an effective date of 1 January 2024.

Under this new legislation, affected groups will be required to pay additional tax to cover the difference between the effective tax rate per jurisdiction, calculated in accordance with the provisions of the Directive, and the minimum tax rate of 15%.

At the end of 2023, the Management of the Miquel y Costas & Miquel, S.A. Group carried out a preliminary assessment of its exposure to Pillar Two legislation once in force. The aforementioned analysis was carried out on the basis of a simplified calculation and considering only certain adjustments provided in the legislation, and concluded that the legislation did not apply.

At 31 December 2024, the transposition having been approved in Spain, the Group considers that there is no impact on the financial statements as a result of the additional tax under Pillar Two given that the Group’s revenue does not exceed 750 million euros. Furthermore, the effective tax rate in most jurisdictions in which the Group operates exceeds 15%.

17.2 Corporate income tax

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

(In thousand Euro)

	2024	2023
Earnings before tax	63,528	56,553
Elimination of profit/loss of non-tax group consolidation*	(1,972)	(1,527)
Adjustments to taxable income	(5,200)	1,385
Taxable income	56,356	56,411
Accounting basis by tax rate	14,089	14,103
Deductions and credits	(507)	(650)
Tax consolidation group	13,582	13,453
Corporate income tax expense for the year – non tax group *	1,199	1,079
Shortfall / excess corporate income tax expense for the previous year and other adjustments	(41)	(47)
IFRS adjustments and others	89	(646)
Expense in the year	14,829	13,839

* Includes the effect of hyperinflation on subsidiary Miquel y Costas Argentina, S.A. (Note 2.1).

In the current year, the Group applied a deduction to the taxable income (corporate income tax) amounting to 3,496 thousand euros as a capitalisation reserve (1,057 thousand euros in 2023). Given that the Parent 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 tax group level and funded by each company based on future increases in equity contributed to the Group.

The average tax rate for 2024 is 23.34%, compared with 24.47% in the previous year.

Adjustments to taxable income mainly relate to the capitalisation reserve and other permanent differences.

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

In calculating corporate income tax in 2024, the Group applied tax incentives amounting to 507 thousand euros (650 thousand euros in 2023), relating mainly to deductions for research and development and technological innovation.

This year the Group offset tax loss carryforwards from Clariana, S.A. amounting to 399 thousand euros (90 thousand euros in 2023).

The Group's capitalised tax loss carryforwards pending application capped at 50%, at 31 December 2024, amount to 5,476 thousand euros (3,301 thousand euros generated in 2023 and 2,505 thousand euros generated in 2024) by the subsidiary MB Papeles Especiales, S.A., which will be offset in the next few years based on the limits on the offsetting of tax loss carryforwards in accordance with current tax legislation. In this regard, given that there are no doubts about their future recoverability, they have been recorded in the accounts. In addition, 330 thousand euros were reversed in 2023.

Furthermore, there are no longer any tax loss carryforwards pending application generated by the subsidiary Clariana, S.A. In 2018 prior to its inclusion in the tax Group as those pending were applied this year.

The Group has no unused tax deductions in 2024 and 2023.

(In thousand Euro)

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

	2024	2023
Net tax payable at year end:		
From Miquel y Costas & Miquel, S.A.	60	83
From subsidiaries consolidated for tax purposes:		
Sociedad Española Zig-Zag, S.A.	-	-
S.A. Payá Miralles	53	49
Papeles Anoia, S.A.	123	124
MB, Papeles Especiales, S.A.	376	(349)
Miquel y Costas Tecnologías, S.A.	(19)	11
Celulosa de Levante, S.A.	30	(474)
Desvi, S.A.	(121)	(68)
Miquel y Costas Logística, S.A.	38	38
Miquel y Costas Energía y Medio Ambiente, S.A.	18	16
Terranova Papers, S.A.	(120)	143
Clariana, S.A.	37	(51)
Total	**475**	**(478)**

The Group has submitted its corporate income tax prepayments in a timely and proper manner. The amount of 475 thousand euros in 2024 (receivable) is the result of said filings, which are settled on the basis of the requirements of the Group's tax current account with the Administration. The amount under this heading at 31 December 2023 was 478 thousand euros (payable).

17.3 Deferred tax assets and liabilities

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

The overall effect of the recognition of the deferred tax for 2024 and 2023 is as follows:

	2024	2023
Deferred tax assets:		
- Deferred tax assets to be recovered in more than 12 months	3,395	2,759
- Deferred tax assets to be recovered in 12 months	195	260
	3,590	**3,019**
Deferred tax liabilities:		
- Deferred income tax liabilities to be recovered in more than 12 months	2,970	1,940
- Deferred tax liabilities to be recovered in 12 months	33	315
	3,003	**2,255**

(In thousand Euro)

The breakdown of deferred tax assets and liabilities for 2024 and 2023 is as follows:

	2024	2023
Deferred tax assets:		
Pension premiums	27	27
Cap on the amortisation/depreciation deduction	185	313
Updates pursuant to Royal Decree 16/2012	510	545
Provisions	798	774
Tax credits	1,400	829
Other	670	531
	3,590	**3,019**

	2024	2023
Deferred tax liabilities:		
Capital gains on business combinations	212	212
Freedom of depreciation	526	789
Business combination	170	170
Hyperinflation	1,985	989
Other	110	95
	3,003	**2,255**

The net movement in deferred tax assets and liabilities in 2024 and 2023 is as follows:

	2024	2023
Opening balance	**764**	**(432)**
Charge in the consolidated income statement	(161)	1,201
Tax charged directly to other comprehensive income	(16)	(5)
Closing balance	**587**	**764**

17.4 Years open to inspection

On 24 July 2017, the Parent Company and one of its subsidiaries 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

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 has been recognised for this payment, maintained in 2024 and 2023. 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.

(In thousand Euro)

At the date of issue of these consolidated annual accounts, the Group'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.

18 REVENUE AND OTHER INCOME FROM OPERATING ACTIVITIES

The Group's revenue in 2024 and 2023 amounted to 309,170 thousand euros and 309,319 thousand euros, respectively, and corresponds mainly to the sale of paper for cigarettes, paper for industrial use and fine paper for printing, as well as special paper pulps.

Furthermore, revenue in 2024 includes 43,278 thousand euros relating to sales in foreign currency (46,368 thousand euros in 2023).

Revenue and other operating income in 2024 and 2023 are as follows:

	2024	**2023**
Net revenues	309,170	309,319
Operating grants	2,183	4,393
Other sales and income from operating activities	1,005	1,082
Total	**312,358**	**314,794**

The breakdown of revenue by geographical area in 2024 and 2023 is as follows:

	2024	**2023**
National	41,552	38,125
Exports:		
European Union	96,101	93,367
OECD countries	90,309	98,433
Other countries	81,208	79,394
Total	**309,170**	**309,319**

19 PERSONNEL EXPENSES

The Group's personnel expenses in 2024 and 2023 have been as follows:

	2024	**2023**
Wages, salaries and similar expenses	37,932	35,540
Employee benefit costs	11,674	11,084
Long-term obligations to employees (Notes 13.1 and 13.2)	68	67
Termination benefits	320	260
TOTAL	**49,994**	**46,951**

In 2023 an amount of 126 thousand euros, provisioned in 2022 in connection with the multi-annual remuneration plan, was reversed. No amount was provisioned for this item in 2024. See Notes 14 and 16 for more details.

(In thousand Euro)

The average number of employees in 2024 and 2023 is as follows:

Professional category	2024	2023
Executive Directors	1	1
Senior management	11	10
Executives	26	26
Middle managers	93	94
Administrative and technical staff	176	170
Production staff	578	582
TOTAL	**885**	**883**

The breakdown by gender and category at the 2024 and 2023 year end, is as follows:

	2024		2023	
Professional category	**Men**	**Women**	**Men**	**Women**
Executive Directors	1	-	1	-
Senior management	8	3	6	3
Executives	24	2	22	1
Middle managers	83	10	86	10
Administrative and technical staff	84	93	81	89
Production staff	443	145	452	135
TOTAL	**643**	**253**	**648**	**238**

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

	2024		2023	
Professional category	**Men**	**Women**	**Men**	**Women**
Executives	1	-	1	-
Middle managers	-	-	-	-
Administrative and technical staff	-	1	-	1
Production staff	4	-	3	1
TOTAL	**5**	**1**	**4**	**2**

20 OTHER OPERATING EXPENSES

The summary of other operating expenses at 31 December 2024 and 2023 is as follows:

	2024	2023
Rentals and licence fees	68	21
Independent professional services	4,221	4,297
Transport	9,691	8,885
Insurance premiums	2,693	2,273
Repairs and maintenance	6,148	5,633
Travel, publicity and advertising	4,843	5,113
Utilities	24,341	28,309
Other ancillary services	18,605	16,895
Other expenses	5,521	5,302
Variation in trade provisions (Note 8)	176	(37)
Provision for gas emission allowances	1,578	1,806
Total other operating expenses	**77,885**	**78,497**

(In thousand Euro)

Of total “Other operating expenses”, an amount of 4,537 thousand euros relates to transactions in currencies other than the euro. These transactions were carried out primarily in the US dollar and correspond to the subsidiaries located in Argentina and Chile (3,709 thousand euros in 2023).

21 FINANCIAL INSTRUMENTS AND FINANCE INCOME/EXPENSES

21.1 Financial instruments by categories

The carrying amounts of each category of financial instruments at 31 December 2024 and 2023 are as follows:

Financial assets at 31 December 2024	Deposits and guarantees (Note 6)	Trade receivables for sales and services (Note 8)	Shareholdings and loan investments in associates (Note 6)	Other receivables (Note 9)	Other short-term financial investments (Notes 6 and 9)
Financial investments at amortised cost	176	-	246	-	57,701
Financial assets at fair value through other comprehensive income	-	-		-	19,970
Total non-current financial assets	**176**	**-**	**246**	**-**	**77,671**
Financial investments at amortised cost	-	-	-	-	39,406
Hedging derivatives	-	-	-	-	-
Loans and receivables	-	56,023	-	55	-
Total current financial assets	**-**	**56,023**	**-**	**55**	**39,406**

Financial assets at 31 December 2023	Deposits and guarantees (Note 6)	Trade receivables for sales and services (Note 8)	Shareholdings and loan investments in associates (Note 6)	Other receivables (Note 9)	Other short-term financial investments (Notes 6 and 9)
Financial investments at amortised cost	160	-	270	-	23,425
Financial assets at fair value through other comprehensive income	-	-		-	19,721
Total non-current financial assets	**160**	**-**	**270**	**-**	**43,146**
Financial investments at amortised cost	-	-	-	-	44,152
Hedging derivatives	-	-	-	-	56
Loans and receivables	-	56,717	-	737	-
Total current financial assets	**-**	**56,717**	**-**	**737**	**44,208**

(In thousand Euro)

Financial liabilities at 31 December 2024	Bank borrowings (Note 12)	Trade payables (Note 15)	Sundry creditors (Notes 14 and 16)
Liabilities at fair value through profit or loss	-	-	-
Financial liabilities at amortised cost	41,490	-	1,106
Total non-current financial liabilities	**41,490**	**-**	**1,106**
Liabilities at fair value through profit or loss	-	-	-
Hedging derivatives	-	-	447
Financial liabilities at amortised cost	13,937	34,898	18,873
Total current financial liabilities	**13,937**	**34,898**	**19,320**

Financial liabilities at 31 December 2023	Bank borrowings (Note 12)	Trade payables (Note 15)	Sundry creditors (Notes 14 and 16)
Liabilities at fair value through profit or loss	-	-	-
Financial liabilities at amortised cost	30,453	-	721
Total non-current financial liabilities	**30,453**	**-**	**721**
Liabilities at fair value through profit or loss	-	-	-
Hedging derivatives	-	-	10
Financial liabilities at amortised cost	22,462	31,091	5,534
Total current financial liabilities	**22,462**	**31,091**	**5,544**

Income and expenses by category of financial instrument in 2024 and 2023 are as follows:

	2024	2023
Financial investment at amortised cost (Note 21.4)	3,633	1,958
Financial liabilities at amortised cost (Note 21.4)	(1,291)	(588)
Net total	**2,342**	**1,370**

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

In order to assess the credit quality of the cash in bank accounts and short and long-term deposits, the Financial Department uses the credit rating given by external agencies and other information.

In assessing the credit quality of customers, when the customer is registered, the Group's Customer Credit Department carries out an internal assessment and, where appropriate, requests the credit rating from an external credit insurance company, whereby the coverage limit is established for each customer on a case-by-case basis.

21.2 Financial derivatives

The Group uses the financial instruments described below to hedge exchange rate fluctuation risk on its future commercial transactions, and recognised assets and liabilities, denominated in a functional currency other than the functional currency of the Group.

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	10,534	(445)
JPY	2025	11	-
AUD	2025	248	(2)
NOK	2025	-	-
Total (Loss) / Profit			**(447)**

* Expressed in thousands

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

Currency	Maturity	Nominal in currency *	Profit/(Loss) in euros *
USD	2024	6,500	48
JPY	2024	-	-
AUD	2024	177	(2)
NOK	2024	-	-
Total (Loss) / Profit			**46**

* Expressed in thousands

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

Derivatives held for trading are classified as current assets or liabilities. The total fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is greater than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. All financial instruments contracted by the Group relate to current assets and liabilities (Note 9 “Assets” and Note 16 “Liabilities”).

21.3 Fair value estimate

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

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

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2024:

(In thousand Euro)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	19,970	-	-	19,970
Liabilities				
Financial liabilities	-	(447)	-	(447)

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets	19,721	56	-	19,777
Liabilities				
Financial liabilities	-	(10)	-	(10)

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

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

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

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

Specific techniques for measuring financial instruments include:

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

21.4 Net financial income/expense

The summary of financial income/expenses at 31 December 2024 and 2023 is as follows:

	2024	2023
Finance income:		
- Other interest and income from cash and investments	735	459
- Financial investments at amortised cost	3,633	1,959
- Dividends/income from financial investments at fair value	1,125	1,317
Total finance income	5,493	3,735
Finance expenses:		
- Financial liabilities at amortised cost	(1,291)	(588)
- Other bank interest	-	-
- From restatement of provisions for employee benefits	(12)	(14)
Total finance expenses	(1,303)	(602)
Exchange differences:		
- Exchange losses	(2,387)	(4,505)
- Exchange gains	1,565	3,018
Total exchange differences	(822)	(1,487)
Impairment and gains/losses on disposal of financial instruments		
- Impairment and gains/losses on disposal of financial instruments	-	-
Total impairment and gains/losses from disposal of financial instruments	-	-
Net financial income/expense	**3,368**	**1,646**

22 EARNINGS PER SHARE

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

	2024	2023
Profit attributable to the Group's shareholders (thousand euros)	48,699	42,714
Weighted average number of ordinary shares in circulation (thousands)	38,094	38,357
Basic earnings per share (euros)	1.28	1.11
Diluted earnings per share (euros)	1.28	1.11

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

(In thousand Euro)

23 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

23.1 Information on related parties

All of the Parent Company's transactions and balances with other group companies are eliminated in the process of preparing the consolidated annual accounts, except for associates whose transactions and balances are not considered material.

Based on the communications received from related parties, no transactions were performed in 2024 or 2023 and there are no outstanding balances between related parties and the Parent Company (other than the investments detailed in Note 6 above and the dividends paid). In accordance with Order EHA/3050/2004, of 15 September, the members of the Board of Directors, the Management Committee and the Steering Committee, managers of other Group companies and the Parent Company's general attorneys-in-fact have been identified as related parties along with the parties related to the previous groups, as defined in the aforementioned standard.

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.

23.2 Control of the Board of Directors over the Parent Company's share capital

The members of the Board of Directors holding shares in the Parent Company in 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%**

(In thousand Euro)

The members of the Board of Directors holding shares in the Parent 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%**

23.3 Remuneration paid to the members of the Board of Directors

The members of the Group's parent company's Board of Directors accrued remuneration in respect of the following items in 2024, following authorisation granted by the General Shareholders' Meeting:

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

(In thousand Euro)

The Parent 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 Parent 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.

23.4 Remuneration paid to the members of Senior Management

Total fixed and variable remuneration and other items paid to members of Senior Management who are not also executive directors in 2024 amounted to 3,870 thousand euros (2,561 thousand euros in 2023). In 2024, said remuneration includes the amounts associated with the three-year 2022-2024 Employee Benefits Plan, and that 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. 330,328 options equivalent to 38,753 shares were exercised in 2024 (no member of senior management exercised their options in 2023).

The Group has no agreements in place with the members of Senior Management who are not executive directors other than those established in the Workers’ Statute, for 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, as defined by the Group, 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 Josep Payola Basets	Manager of MB/Terranova
Mr Alfonso Pérez Llorente	Director of the Mislata factory
Mr Jordi Prat Canadell	Group Financial Director and Head of Corporate Development

(In thousand Euro)

The members of Senior Management, as defined by the Group, 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's Legal Director
Mr Ignasi Nieto Magaldi	Managing Director
Mr José Maria Masifern Valón	Director of the Besós factory
Mr Josep Payola Basets	Manager of MB/Terranova
Mr Alfonso Pérez Llorente	Director of the Mislata factory
Mr Jordi Prat Canadell	Group Financial Director and Head of Corporate Development

24 ENVIRONMENTAL POLICY

24.1 Environmental assets and expenses

The Group 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 treatment and elimination through authorised companies.

Net investment after deducting grants received totalled 10,572 thousand euros in 2024 (3,616 thousand euros in 2023).

The Group's main environmental investments in 2024 in respect of production process have focused primarily on optimising energy consumption to mitigate climate change, increasing the energy efficiency of ancillary equipment (boilers, compressors, etc.) and production equipment (paper machine dryers, solvent recovery, etc.), as well as fostering the recirculation of water.

With respect to investment not directly related to the production process, resources were primarily invested in removing roofs containing uralite (thereby fostering the use of non-hazardous and more environmentally friendly materials) and the execution and launch of new photovoltaic facilities to replace conventional electricity consumption with own generation using renewable sources.

Total expenses allocated by the Group to the protection and improvement of the environment, deducting the proceeds from the sale of by-products, and the expenses generated by CO_2 emission allowances, amounted to 4,398 thousand euros in 2024 (4,744 thousand euros in 2023), among which there are no extraordinary items, and they relate basically to local taxes for water use in the relevant Autonomous Regions, consumption of raw materials and energy in environmental protection activities, and waste collection and treatment.

There are no material contingencies related to environmental protection and improvements that the Group is aware of at close of 2024. Similarly, there have been no transfers of risk to other companies. Additionally, the Group is the policyholder of insurance covering potential contingencies deriving from its actions in environmental policy.

(In thousand Euro)

24.2 Greenhouse gas emissions allowances

In accordance with IAS 20, gas emission allowances received free of charge have been recorded as intangible assets at their fair value.

On July 13, 2021, the Council of Ministers adopted, at the proposal of the Ministries of Economic Affairs and Digital Transformation, of Industry, Commerce and Tourism, and for the Ecological Transition and the Demographic Challenge, the final free allocation for the period 2021-2025 for Miquel y Costas & Miquel, S.A., Celulosa de Levante, S.A., MB Papeles Especiales, S.A., Terranova Papers, S.A., Clariana, S.A. and S.A. Payá Miralles. However, these 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.

Given that the facilities of the companies MB Papeles Especiales, S.A., Terranova Papers, S.A., Clariana, S.A. and S.A. Payá Miralles can be considered small emitters, they have requested their exclusion from the emission rights trading scheme for the period 2021- 2025. This request was approved by the competent Regional Administration during 2021, establishing the commitment to apply the mitigation measures described in Royal Decree 317/2019, for which reason the allocation was not made effective.

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2024 were as follows:

	Maximum annual emission (MT)	Year-end emission (MT)
MB, Papeles Especiales, S.A.	29,684	7,480
Terranova Papers, S.A.	9,755	10,072
S.A. Payá Miralles	21,836	9,422
Clariana, S.A.	31,210	5,316
Total	**92,485**	**32,290**

The maximum emissions of the excluded companies and the cumulative emissions at the close of 2023 were as follows:

	Maximum annual emission (MT)	Year-end emission (MT)
MB, Papeles Especiales, S.A.	20,844	6,620
Terranova Papers, S.A.	10,061	10,307
S.A. Payá Miralles	18,532	9,552
Clariana, S.A.	24,668	4,532
Total	**74,105**	**31,011**

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

If the allowances exceed the established maximum, they will have to be surrendered in the year 2025.

Given that this year Terranova, S.A. exceeded said limit by 317 allowances, a provision amounting to 23 thousand euros was recognised in 2024 (Terranova allocated a provision of 19 thousand euros in 2023).

The breakdown of the movement in gas emissions allowances in 2024 and 2023 is as follows:

	2024	2023
Opening balance	1,774	1,857
Increase due to new emissions	1,578	1,774
Surrender of emission rights from previous year	(1,774)	(1,857)
Closing balance	**1,578**	**1,774**

The amount of the provision at 31 December 2024 corresponds to the units that remain to be delivered for the current-year emissions of non-excluded companies and for excess emissions of excluded companies along with the provision for excess consumption of Terranova, S.A. (in 2023 it corresponded to the units that remained to be delivered for the previous year's emissions of non-excluded companies and for excess emissions of excluded companies along with the provision for excess consumption of Terranova, S.A.).

The movement in emissions allowances in 2024 and 2023 (Note 14) is as follows:

	2024		2023	
In thousands of euros	**T CO_2**	**Value**	**T CO_2**	**Value**
Opening balance	**8,067**	**671**	**3,667**	**306**
Allowances granted	21,932	1,605	23,174	1,928
Adjustment for previous year	152	12	(110)	(10)
Derecognitions/Sale	(157)	(13)	(99)	(8)
Consumption for the year	(20,153)	(1,555)	(18,565)	(1,545)
Closing balance	**9,841**	**720**	**8,067**	**671**

Of the consumption in 2023, the non-subsidised portion was of 3,000 allowances amounting to 210 thousand euros. This year all consumption was subsidised.

No purchases outside the Group were made in either 2024 or 2023. No sales of allowances were made outside the Group in either 2024 or 2023.

24.3 Assessment of possible environmental impacts

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

(In thousand Euro)

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

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

- Physical risk associated with climate change: Paper manufacturing processes continuously 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 that historically none of the factories have had significant water supply difficulties.

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

25 RECOGNITION OF GRANTS FOR NON-FINANCIAL ASSETS

The recognition in the consolidated income statement is as follows:

	2024	**2023**
Capital grants transferred to profit or loss (Note 14)	306	313
Greenhouse gas emission allowance subsidies (Note 14)	1,555	1,545
Total	**1,861**	**1,858**

26 CONTINGENCIES AND COMMITMENTS

Contingent assets

With regard to the judicial proceedings against the former distributor in Italy, Tobacco's Import-Export SPA, the appeal filed before the Supreme Court having been rejected and the procedure in Italy for execution of the sentence that ordered the distributor to pay compensation for damages to the Company having commenced, in December both parties reached a transactional agreement whereby, in early 2024, Tobacco's Import-Export SPA paid the Company 500,000 euros to settle the proceedings.

Contingent liabilities

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

(In thousand Euro)

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 Parent Company and by MB Papeles Especiales, in the amounts of 438 thousand euros and 409 thousand euros, in 2024 the High Court of Catalonia declared the proceedings closed, pending the setting of a date for voting and ruling.

The Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business from which it does not expect any material liability will arise. The Group has provided domestic guarantees to third parties in the amount of 1,616 thousand euros (1,556 thousand euros in 2023), mainly in connection with grants and procedures with public authorities.

Commitments

The Group has no material purchase and sale commitments signed at the close of 2024 or 2023 except for those stated in Note 4.

27 REMUNERATION TO AUDITORS AND GROUP COMPANIES

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	199	-	**199**	16
Other services required by regulations	-	-	**-**	18
Other verification services	6	-	**6**	32
Tax services	-	-	**-**	-
Other services (rest)	-	-	**-**	50
Total	**205**	**-**	**205**	**116**

(In thousand Euro)

The breakdown of fees 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	178	-	**178**	16
Other services required by regulations	22		**22**	
Other verification services	27		**27**	14
Tax services	-	-	**-**	-
Other services (rest)	-	-	**-**	-
Total	**227**	**-**	**227**	**30**

The other services provided by the auditor include the issuance of an agreed procedures report relating to Ecoembes, five subsidy-supporting account review reports, five verification reports of compliance with the average supplier payment period as of a reference date, five reports of agreed procedures relating to the verification of the calculations of the "Average price of natural gas", "Gross added value" and "EBITDA" for the purposes of the certification established in the Order calling for applications for the granting of subsidies set forth in Order ICT/744/2023, of July 7, and six reports of agreed procedures on Gross Added Value for the purposes of certifying the status of electricity-intensive consumers.

28 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 Group's sales to countries affected by the conflicts were not significantly impacted in 2024 (Note 2.4).

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).

29 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 Group.

APPENDIX I

SUBSIDIARIES IN THE CONSOLIDATION SCOPE IN 2024

Registered name	Registered office	Activity	Share capital (thousand euros)	Shareholding of the parent Company: Direct shareholding	Shareholding of the parent Company: Indirect shareholding	Note
Celulosa de Levante, S.A.	Tarragona	Manufacture of special paper pulp	1,503	97.41%	2.59%	1
Desvi, S.A.	Barcelona	Promotion, management and development of companies	3,000	96.67%	3.33%	4
Miquel y Costas Argentina, S.A.	Argentina	Paper handling and marketing	1,565	0.00%	100.00%	2
MB, Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Technical consultancy	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Marketing of paper and other products	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermoelectric power plant	766	0.00%	100.00%	4
S.A. Payá Miralles	Valencia	Lease of industrial assets	1,878	99.89%	0.11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Marketing of paper products	60	93.47%	6.53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of special papers	12,000	41.17%	58.83%	1
Miquel y Costas Deutschland, GMBH	Germany	Marketing of paper and other products	25	0.00%	100%	4
Miquel y Costas Chile, SpA.	Chile	Marketing of paper and other products	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics and paper handling services	100	50.00%	50.00%	1
Fourtube, S.L.	Seville	Paper handling	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

All Group companies are fully consolidated, except for Fourtube, S.L. which is consolidated using the equity method.

Note 1: Companies marked (1) are audited by Deloitte Auditores, S.L.
Note 2: The company marked (2) is audited by P&A Consultores, S.A.
Note 3: The company marked (3) is audited by Mazars Auditores S.L.P.
Note 4: Non-audited companies.

SUBSIDIARIES IN THE CONSOLIDATION SCOPE IN 2023

				Shareholding of the parent Company		
Registered name	**Registered office**	**Activity**	**Share capital (thousand euros)**	**Direct shareholding**	**Indirect shareholding**	**Note**
Celulosa de Levante, S.A.	Tarragona	Manufacture of special paper pulp	1,503	97.41%	2.59%	1
Desvi, S.A.	Barcelona	Promotion, management and development of companies	3,000	96.67%	3.33%	4
Miquel y Costas Argentina, S.A.	Argentina	Paper handling and marketing	1,565	0.00%	100.00%	2
MB, Papeles Especiales, S.A.	Barcelona	Manufacture and sale of special papers	722	99.9958%	0.0042%	1
Miquel y Costas Tecnologías, S.A.	Barcelona	Technical consultancy	500	45.00%	55.00%	4
Papeles Anoia, S.A.	Barcelona	Marketing of paper and other products	2,054	99.00%	1.00%	1
Miquel y Costas Energía y Medio Ambiente, S.A.	Barcelona	Thermoelectric power plant	766	0.00%	100.00%	4
S.A. Payá Miralles	Valencia	Lease of industrial assets	1,878	99.89%	0.11%	4
Sociedad Española Zig-Zag, S.A.	Barcelona	Marketing of paper products	60	93.47%	6.53%	4
Terranova Papers, S.A.	Barcelona	Manufacture and sale of special papers	12,000	41.17%	58.83%	1
Miquel y Costas Deutschland, GMBH	Germany	Marketing of paper and other products	25	0.00%	100%	4
Miquel y Costas Chile, SRL	Chile	Marketing of paper and other products	29	0.00%	100%	4
Miquel y Costas Logística, S.A.	Barcelona	Logistics and paper handling services	100	50.00%	50.00%	4
Fourtube, S.L.	Seville	Paper handling	350	0.00%	40%	3
Clariana, S.A.	Vila-Real (Castellón)	Paper production and marketing	157	60%	40%	1

All Group companies are fully consolidated, except for Fourtube, S.L. which is consolidated using the equity method.

Note 1: The companies marked (1) are audited by PricewaterhouseCoopers Auditores, S.L.
Note 2: The company marked (2) is audited by P&A Consultores, S.A.
Note 3: The company marked (3) is audited by Mazars Auditores S.L.P.
Note 4: Non-audited companies.

CONSOLIDATED PROFIT OR LOSS

The key figures for the Miquel y Costas Group for 2024 and its comparative figures for 2023, all expressed in thousands of euros, are shown below:

In thousands of euros	2024	2023	Var. %
Net revenues	309,170	309,319	(0.0%)
Gross operating profit (EBITDA)[1]	79,956	74,905	6.7%
Operating profit/loss	60,184	54,920	9.6%
Earnings before taxes (EBT)	63,528	56,553	12.3%
Earnings after taxes (EAT)	48,699	42,714	14.0%
Cash-flow after tax (CFAT)[2]	68,471	62,699	9.2%

Consolidated revenue for the year amounted to 309.2 million euros, maintaining the same level as in the previous year, despite the softening of selling prices on the back of lower inflationary pressures and the difficulties in international trade arising from the geopolitical situation.

By business line, the Tobacco Industry business recorded revenue of 195.9 million euros, slightly higher than the previous year, recovering in the last quarter from the dip at the end of September.

Sales of industrial products show an increase of 0.4% compared to the previous year, implying an improvement compared to previous quarters, thanks to the gradual strengthening of investments (made and in progress) in this segment in recent years.

In "Other" businesses, revenue was down 0.8 million euros as a result of the aforementioned adjustments in selling prices.

Sales at the Parent Company in 2024 amounted to 199.2 million euros, a decrease of 0.6% with respect to 2023.

Consolidated operating profit improved by 5.3 million euros compared to the same period in 2023, which is equivalent to an improvement of 9.6%. The Group maintained the trend anticipated in previous quarters, continuing 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.

[1] Gross operating profit plus depreciation/amortisation.
[2] Profit after tax plus depreciation/amortisation.

By business line, the tobacco industry business improved on the previous year's profit by 9.7%. Industrial products line reported a 0.5 million euro increase in profit and Other business posted an increase of 0.3 million euros.

The Group's earnings after taxes amounted to 48.7 million euros, exceeding the previous year's figure by 14.0%. The effective tax rate was 23.3% in the year, comparatively lower than in the previous year due to increased tax deductions and a lower impact on the tax calculation from the subsidiary in Argentina.

The Parent Company obtained cumulative earnings after tax amounting to 36.3 million euros, which represents an increase of 6.5% compared to 2023, mainly as a consequence of the increase in profit in the tobacco industry business described above.

CONSOLIDATED BALANCE SHEET

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

The main variations (in thousand euros) in comparison with the same period of previous year are summarised as follows:

In thousands of euros	December 2024	December 2023
Net fixed assets[3]	202,651	193,554
Operating cash requirements (OCR)[4]	109,835	110,192
Other non-current net assets/(liabilities)	(2,781)	(2,640)
Capital used	**309,705**	**301,106**
Equity	(385,118)	(354,781)
Total net financial position[5]	75,413	53,675

In line with the investment plan for 2024-2026 which commenced this year, net fixed assets increased by 9.1 million euros, despite depreciation/amortisation of 19.8 million euros.

OCRs were down slightly with respect to the previous year. The increase in inventories was offset by an increase in trade accounts receivable, which trade accounts payable decrease slightly year on year.

[3] Property, plant and equipment and intangible assets - net.
[4] Inventories plus trade and other receivables and other current assets, less current liabilities, trade and other payables and other non-current liabilities.
[5] Current and non-current financial assets, cash and cash equivalents less current and non-current bank borrowings.

FINANCIAL POSITION

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

In thousands of euros	December 2024	December 2023
Non-current bank borrowings	(41,490)	(30,453)
Current bank borrowings	(13,937)	(22,462)
Cash and current financial investments	52,747	63,015
Non-current financial assets	78,093	43,575
Total net financial position[5]	**75,413**	**53,675**
Equity	**385,118**	**354,781**
Leverage ratio	**n/a**	**n/a**

The net financial position (net cash) at the end of the year shows a debit balance of 75.4 million euros, i.e. 21.7 million euros higher than that at the end of 2023.

In 2024, in order to continue to avail itself of the necessary flexibility and liquidity, the Group strengthened its financial structure by obtaining additional financing from credit institutions, which in net terms represents an increase of 2.5 million euros at year end, extending its average maturity.

The after-tax cash flow generated in 2024 amounted to 68.5 million euros, a 9.2% increase compared to 2023. The main appropriations of funds generated were for investments in fixed assets amounting to 24.7 million euros, dividend payments amounting to 17.8 million euros, and the acquisition of own shares for the treasury portfolio amounting to 5.5 million euros. As OCRs were kept constant, the remaining funds were used mainly for financial assets, as evidenced by the evolution of the financial position.

STOCK MARKET INFORMATION

The Parent Company's stock market activity in 2024, according to the values reported by BME:

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

OWN SHARES

In 2024, 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).

Note that 902,785 options were exercised in 2024 (equivalent to the delivery of 229,327 shares in the Parent Company) under the '2016 stock option plan', which had been in the exercise phase since February 2022 and which ended in February 2025.

RELATED-PARTY TRANSACTIONS

In 2024, neither the parent Company nor the Group companies carried out transactions either with other significant shareholders or with related parties that must be reported under OEHA 3050/2004, of 15 September.

Likewise, in the aforementioned period there is no record of operations by the Parent Company or the rest of Group companies with their directors or executives or with the parties related thereto , expressly endorsed by them, which must be reported in accordance with the provisions of the 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 non-current instruments on financial assets of the Parent Company.

There have been no significant operations between the Group companies that have not been eliminated in the process of preparing the consolidated financial statements other than those that: i) are part of the companies' normal trade in terms of their purpose and conditions, ii) belong to the Company's ordinary line of business or trade, have been carried out under normal market conditions and have been of little relevance, meaning those whose disclosure is not required to express a true and fair view of the Group's assets, financial position and profit or loss.

ENVIRONMENT

Over the course of 2024, the Group has continued to implement a range of measures to preserve the environment and continue to ensure a responsible use of natural resources, developing the circular economy in its production processes. In addition to the management side of these efforts, it has implemented funds amounting to 15.0 million euros, mainly aimed at optimising energy consumption to help mitigate climate change by increasing the energy efficiency of ancillary equipment, such as upgrading boilers and renovating compressors. Production processes were also streamlined, as in refurbishing dryer sections of some paper machines. In addition, the Group has fostered water recirculation, improving water efficiency and reducing the environmental impact associated with its withdrawal and discharge.

RDI ACTIVITIES

In 2024, the Group continued to pursue its RDI activities and growth, earmarking 2.7 million euros for that purpose. In this period, activities continued to focus mainly on research, largely aimed at obtaining new products and applications with high added value, as well as on technological innovation and boosting production process efficiency.

PERSONNEL INFORMATION

The Group's average headcount in 2024 is 885 people, two more than the average headcount in 2023. Funds allocated to occupational health and safety and risk prevention in the period amounted to 4.7 million euros (2.4 million euros in the previous year).

MAIN RISK AND OPPORTUNITIES

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

At the same time, the Group operates in very different markets and with very different customers that expose it to insolvency risks linked to trade receivables. To control and, where possible, minimise the risk, the Group has established and follows a strict internal credit rating policy and also covers exposure by taking out credit insurance.

As a consumer of energy, mainly electricity and gas, the Group is also affected by the price volatility of these products. With the goal of mitigating and reducing the impact of price volatility, the Group 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 previous years), advancing the decarbonisation plan, and seeking effective management of the supply of these resources.

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

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

The Parent Company and the Group engage in litigation and disputes in the normal course of business. The litigation against the former distributor for the Italian market, which was settled and accounted for in the second half of 2023, ended, resulting in the collection of 0.5 million euros in 2024. There have been no relevant changes in the rest of the litigation and disputes that the Group had in progress at the end of the previous year, and therefore no material amounts were recorded in the Group's financial statements in that connection.
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.

SUBSEQUENT EVENTS

No material events subsequent to the period reported are known to have taken place on the date of issuing this Report.

OUTLOOK

The Group's profit or loss for the second half of the year, as well as in 2024 as a whole, are in line with the previously stated outlook, and maintain the growth trend initiated in the previous year.

As part of its commitment to the industrial project, the Group will continue to develop the 2024-2026 plan, which includes investments of 120 million euros (45 million euros of which have already been committed this year) and whose main axes are technological upgrades and developments, sustainability and infrastructure.

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 Group remains committed to pursuing a path of growth this year, underpinned by its investment plan, commercial policies and efforts in innovation and development.

ANNUAL CORPORATE GOVERNANCE REPORT

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

ANNUAL DIRECTORS' REMUNERATION REPORT

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

NON-FINANCIAL INFORMATION

In accordance with the provisions of Law 11/2019, of 28 December, on non-financial information and diversity, the Miquel y Costas Group has prepared the "Statement of Non-Financial Information" for 2024, which, pursuant to article 44 of the Commercial Code, forms part of this report and is attached hereto as a document (Appendix III).