



**2024** ANNUAL REPORT



# 2024

# ANNUAL REPORT

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# COMMITMENT TO SUSTAINABILITY, RIGOUR AND TRANSPARENCY

his Report has been drafted as a result of the Miquel y Costas Group's commitment to transparency and accountability in the 2024 financial year. In line with recent years, the economic and financial data have been incorporated into a single document, together with the Group's main achievements and business indicators, reflecting its transversal vision of sustainability as a driver of development and a key factor in the creation of long-term value.

During the year, the Group continued to articulate its strategy around sustainability as a core value and reaffirmed its commitment to sustainable development and environmental protection.

Miquel y Costas Group's business purpose is "To apply the necessary knowledge to cellulose to provide society with products that contribute to the sustainability of the planet and improvement of the environment." This principle is reflected in the development of technologies and processes that reinforce circularity, resource efficiency and innovation with a positive environmental impact. In this regard, all the Group's products are designed in accordance with sustainability and quality criteria, which has enabled us to consolidate the recognition of our business model, as evidenced by the fact that we hold leading positions in the major international indices.

Miquel y Costas understands sustainability from an integrated perspective, addressing environmental, social and governance (ESG) aspects as a whole. For this reason, this Report not only reflects our commitment to the environment, but also the promotion of active policies in the social sphere, focused on the well-being, health and safety of our human team, as well as the creation of inclusive



The Group continued to articulate its strategy around sustainability as a core value.

and diverse working environments geared towards continuous improvement. Training, occupational risk prevention and equal opportunities remain key areas of action.

In terms of governance and good corporate governance, the Group has continued to strengthen its supervision and control mechanisms, with the aim of ensuring transparent, ethical and efficient management. Throughout 2024, the integration of ESG factors into strategic decision-making has been enhanced, thereby consolidating an organisational culture based on accountability, compliance and transparency. Likewise, good governance practices have been reinforced, promoting greater professionalisation of management bodies, balance in decision-making and supervision aligned with the principles of sustainability and the commitments acquired with stakeholders.

As in previous years, this Annual Report complements the information contained in the Non-Financial Information Statement and exemplifies Miquel y Costas' commitment to clear, rigorous, transparent and accessible information. A firm commitment to sustainability as a distinguishing and strategic element to continue building a competitive and solvent industrial project that serves society.

PRESENTATION 3





# LETTER FROM THE CHAIRMAN

### LETTER FROM THE CHAIRMAN



Jorge Mercader Barata CHAIRMAN

Dear shareholders.

am very pleased to be able to present the Annual Report for the financial year 2024, a year in which the Miquel y Costas Group has once again demonstrated its solidity and capacity to adapt in an international economic environment noted for increasing complexity and uncertainty.

The 2024 financial year has been marked by a slowdown in global economic growth, in a context of persistent geopolitical tensions, such as the wars in Ukraine and Gaza. According to the World Bank, global gross domestic product (GDP) is expected to grow by 2.7% in 2024, in line with the previous year, but still below pre-pandemic levels. This moderate growth reflects the resilience of some advanced economies, such as the United States, which has grown by 2.8%. In Spain, GDP grew 3.2%, leading the way among the main economies of the eurozone. However, other European economies, such as France and Italy, showed more modest growth of 1.2% and 0.7%, respectively, and Germany experienced a decline of 0.2%.

With regard to the evolution of the industries in which our Group operates, in the 2024 financial year, national production of paper and cardboard was 8.5% higher than in the previous year, with growth seen in all types of paper. The pulp sector grew 5.3%. At a European level, production increased by 5.3% in the paper and cardboard sector and decreased by 2.8% in the pulp sector.

In this context, the Miquel y Costas Group has maintained its commitment to growth and consolidated its solid operating performance. Consolidated net turnover amounted to 309.2 million euros, stable compared to the previous year, despite the moderation in prices and the tensions in international trade. All business lines have performed positively, with the exception of Other Specialist Papers, for circumstantial reasons which are in the process of being remedied.



In the financial year 2024, the Miquel y Costas Group has once again demonstrated its solidity and capacity to adapt in an international economic environment noted for increasing complexity and uncertainty.

Consolidated net profit amounted to 48.7 million euros, which represents a 14% increase compared to 2023, and it is significant that the improvement in results has been seen in all business lines. Buoyed by moderating inflation, this growth has been achieved despite volatile energy prices and rising cellulosic raw materials, and reflects the effectiveness of the business strategies implemented, as well as the efficient execution of our investments.

During the year, investments in tangible and intangible fixed assets amounted to 24.7 million euros, in line with our strategic commitment to strengthen production capacity, improve quality, foster environmental excellence and drive innovation. The work carried out to develop the projects included in the 2024-2026 Plan by the engineering teams has been substantial, to which 120 million euros are earmarked.

We have allocated 2.7 million euros to R&D&I activities, focusing our efforts on the development of high value-added products and the optimisation of production processes.

LETTER FROM THE CHAIRMAN

During this financial year, we have made significant progress in one of our fundamental pillars, sustainability, allocating 15 million euros to environmental initiatives, thus reaffirming our commitment to sustainable development, one of the driving forces behind Miquel y Costas' strategy to combat climate change and protect the environment. This aim has materialised in ensuring the responsible use of natural resources and in continuing to develop the circular economy in production processes, thus minimising the environmental impact of our operations, both main and auxiliary, in all centres and respecting the environment at all times. This effort has led to the Group retaining its leading positions in the major international indices, with an A rating in CDP Climate Change and CDP Forests, and an A- rating in CDP Water Security.

Our corporate culture is noted for prudence, the firm commitment of our highest governing body to sustainability and agile decision-making. This has enabled us to strengthen our commitment to the United Nations Global Compact and the Sustainable Development Goals, as detailed in this Report. In the same vein, I would like to highlight our commitment to those affected by Storm DANA in Valencia. Our factory in Mislata was at the authorities' disposal from the outset, and the team was always up to the task.



We have made significant progress in one of our key pillars, sustainability, by allocating 15 million to environmental initiatives.

All this would not be possible without our staff, and their well-being and safety have once again been our number one priority. In order to strengthen our Group's culture of prevention and job satisfaction, we have invested 4.7 million euros in occupational health and safety, almost doubling the amount allocated to this objective in the previous financial year.

With regard to shareholder remuneration, dividends were distributed four times in 2024. The first was on account of the 2023 profits for a total amount of 4.4 million euros; the second was a complementary dividend on account of the 2023 results for an amount of 4.9 million; and a third and fourth both on account of the 2024 results, the first in the amount of 4.2 million and the second in the amount of 4.3 million. All told, a total of 17.8 million euros was paid out during the year, exceeding the previous year's distributions by 3.5% with a 4.1% increase in the dividend paid per share. The total number of shares in the treasury stock as at 31 December 2024, i.e. at the end of the financial year, is 2,029,906 shares.

On the stock market, our shares were traded in 256 sessions, with a trading volume of 2,322,125 shares and an effective amount of 28.7 million euros, reaching a maximum price of 13.7 euros and closing the year at 12.8 euros per share.

The Miquel y Costas & Miquel Foundation has continued to carry out its work in 2024, promoting educational, cultural, sporting, research and technological innovation projects, in line with our aim of positively contributing to the social communities surrounding the Group's production centres, as well as to society in general.

The announcement by the new US administration of new tariffs has created uncertainty in the markets, which we will address by strengthening our principles and our strengths. Now more than ever, the Miquel y Costas Group reaffirms the business philosophy that inspires our purpose, in the sense of carrying out a "sustained investment policy and a continuous effort in innovation within a framework of financial solvency". To this end, we have a solid financial position and a well-established shareholder base committed to sustainable, long-term value creation.

The current context of uncertainty and trade and geopolitical tensions poses significant challenges for the global economy and for our Group. However, the strength of our business model and the commitment of our entire team enable us to face the future with confidence and determination and to continue to meet the expectations of our shareholders, our customers and society as a whole.

Finally, I would like to thank you, our shareholders, for your trust and loyalty, the Board of Directors and the management team for their leadership, and all the people that form part of the Group for their professionalism, dedication and hard work on a daily basis. I extend this gratitude to our customers, suppliers and other stakeholders for their continued cooperation and commitment. Guided by our Business Purpose, we will continue to develop the Group's industrial project, adapting it to new societal demands and consolidating Miquel y Costas as one of the world leaders in the field of specialist papers.

Jorge Mercader Barata

Chairman

LETTER FROM THE CHAIRMAN 11



The origins of the Miquel y Costas Group date back to the second half of the 17TH century and are rooted in the beginnings of the Catalan and Spanish paper manufacturing industry. The firm, with roots in Capellades (a region of Anoia, 65 kilometres from Barcelona) as an initiative of the Miquel family, coming from the wool industry, began producing paper by hand and went on to manufacture it industrially at the start of the 19TH century, with the introduction of the continuous paper making machine. With activities in Cuba, the company soon took on an international dimension that has since constituted one of its identifying traits.

In order to cope with this exporting dimension and the investment required for its modernisation, Miquel y Costas & Miquel was founded in 1874. Its growth, based on cigarette paper for the tobacco industry and specialisation in production, would lead to the transformation of Miguel y Costas & Miquel (MCM) into a Public Limited Company in 1929. The confirmation of its exporting dimension and the success of some of its first brands, such as El Pino, made MCM an example of a born global company. The company had a significant market in Latin America, whilst consolidating its presence in the domestic market, thanks, amongst other things, to the modernisation of the Besós factory (Barcelona) and the tremendous success of the Smoking cigarette paper books.

The civil war and subsequent autarchy conditioned the production possibilities of MCM, forcing a retreat from the Spanish market in contrast to its initial dimension as an exporter. The inclusion of the Banco Exterior de España in the company's capital and the merger between MCM and the Payá Miralles family facilitated the move into the specialisation in different types of paper, as well as the recovery of exports. The company's new size intensified the entry of shareholders from outside of the founding family at the end of the 1980s.

The final and most promising phase of MCM began in 1992, coinciding with the arrival of Jorge Mercader Miró as chairman, the stabilisation of the reference shareholder base and the implementation of a management model aimed at building an industrial project based on financial and technological soundness and independence, and aimed at healthy progress sustained over time. The company's listing on the Stock Exchange in 1996, rigorous management and a policy of continuous investment allowed the Miquel y Costas Group to consolidate itself as one of the most renowned international paper manufacturing groups in the areas of cigarette paper, special pulps and industrial paper.

In 2024, the Miquel y Costas Group had a turnover of 309.2 million euros, with sales in 125 countries of the items produced in its Capellades, La Pobla de Claramunt, Barcelona, Tortosa, Mislata and Villareal factories.



### MAIN HISTORICAL MILESTONES

1752

#### **ORIGINS**

The Miquel family began manufacturing paper in a mill powered by the waters of the river Anoia in Capellades, Barcelona. Despite the late arrival of the continuous paper making machine to Spain, the company soon took on an international dimension, with presence in Cuba at the end of the 19TH century that rapidly extended to Latin America.

1874

# THE FOUNDATIONS OF THE INDUSTRIAL PROJECT

The expansion of the company structure laid the foundations for the new company of Miquel y Costas & Miquel (MCM) and facilitated the creation of an authentic industrial product based on the Capellades mills. Its specialisation in production, the introduction of technical changes and the importance acquired by the Cuban market allowed MCM to emerge as an example of a born global company.

1914

#### THE SUCCESS OF SMOKING

MCM began to manufacture cigarette paper books and acquired Papelera Barcelonesa, which is now the Besós factory in Barcelona. This operation was accompanied by the mechanisation of the paper process. Ten years later, it registered Smoking, a cigarette paper brand that was iconic for many generations. Its success required an increase in production with a new workshop.

1929

#### **PUBLIC LIMITED COMPANY**

From 1929 to 1936, MCM experienced a profound change. The company was established as a Public Limited Company and, in addition to the Latin American market, sales on the domestic market grew. Continuous paper production in the Besós factory (Barcelona) was the industrial basis for the consolidation of MCM as a leading company in cigarette paper in Spain and Latin America.

1951

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# EXPANSION AND MODERNISATION

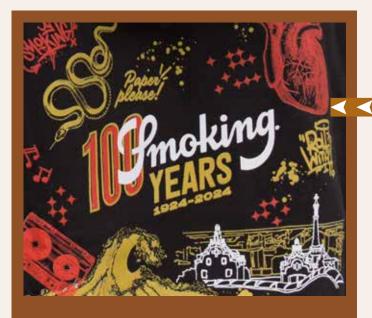
MCM came in on the capital of paper pulp production company Celesa. Over the next two decades it experienced a phase of expansion and modernisation with the launch on the market of printing paper, the incorporation of Payá Miralles (with the factory in Mislata, Valencia) and the company's listing on the Stock Exchange of Barcelona.

1980-1992

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# BOOSTING INTERNATIONALISATION

The company's internationalisation received a boost with the creation of the Argentina branch. In order to make one of its main goals for the future a reality, the Miquel y Costas Group created MB Papeles Especiales. The coming on board of Jorge Mercader Miró as chairman in 1992 marked a point of inflection. 58% of the share capital was listed on the continuous market, international funds of recognised prestige came on board as shareholders and the Group reaffirmed its position as a solvent, future-facing industrial project.



#### 100 YEARS OF SMOKING PAPER

Founded in 1924 in Capellades (Barcelona), the Smoking Paper brand celebrates its centenary as a leader in smoking papers and related products. Internationally recognised for innovation, quality and sustainability, Smoking Paper continues to adapt to the needs of consumers with a cosmopolitan vision.

In 2024, under the slogan '100 years sharing', the brand supports creativity and young talent by providing access to training platforms in professions of the future.

2024

2023

#### LEADERS IN SUSTAINABILITY



CLIMATE FORESTS WATER

The prestigious organisation CDP awarded the Miquel y Costas Group the triple "A" rating (an A in Water Security, A in Forest and A in Climate Change), all in the "leadership" range. From amongst the more than 20,000 companies all over the world assessed by CDP, the Group is one of only 12 to receive the triple "A" rating and the only one with this recognition in Spain and Southern Europe. These ratings confirm Miquel v Costas' commitment to sustainability as one of its core values

Additionally, the Group has gone a step further and officially communicated its adherence to the 10 Principles of the United Nations Global Compact relating to human rights, work, environment and the fight against corruption. As an active member, Miquel y Costas is committed to ensuring that these principles form part of the company's strategy, culture and daily operations, collaborating on projects that promote the achievement of the Sustainable Development Goals (SDGs) and publishing its progress in this area.

2015

# LEADERSHIP IN SPECIAL PAPER

With the goal of doubling the special paper production side of its business, the Miquel y Costas Group inaugurated the Terranova Papers factory, in Pobla de Claramunt, Barcelona. Its commitment to innovation and sustainability were reflected in the cutting-edge technology of its machinery and in the efficiency and sustainability of its production processes, unprecedented in Spain.

2018

# MORE GROWTH AND DIVERSIFICATION

Miquel y Costas acquired Clariana, a leader in the manufacturing of coloured paper in Spain, within its strategy for growth and diversification. The Group continued working to write new pages in a story that has seen it become a global reference in paper and materials made from cellulose that meet the ever more complex needs of the market and of society.

OUR ORIGINS 15



# COMPOSITION OF THE COMPANY'S BOARD OF DIRECTORS

#### as of 31 December 2024

#### CHAIRMAN

Jorge Mercader Barata

#### HONORARY CHAIRMAN

Jorge Mercader Miró

#### **BOARD MEMBERS**

Javier Basañez Villaluenga

Álvaro de la Serna Corral

Eusebio Díaz-Morera Puig-Sureda

Marta Lacambra i Puig

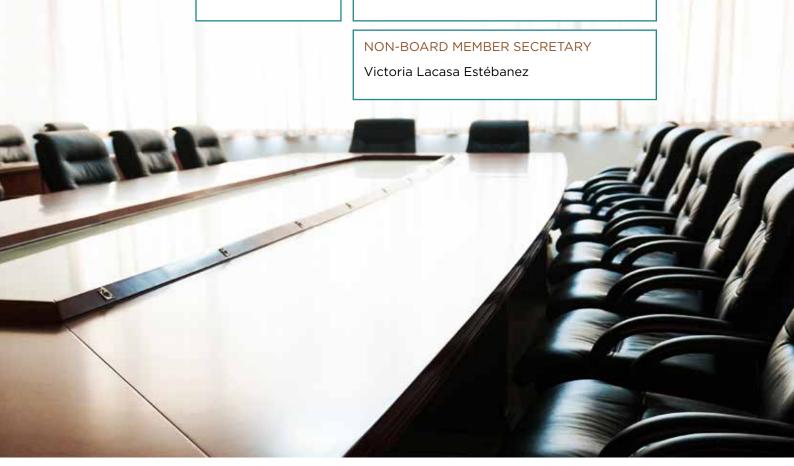
Josep Miquel Vacarisas

María Teresa Busto del Castillo

Narcis Serra Serra

#### COORDINATOR BOARD MEMBER

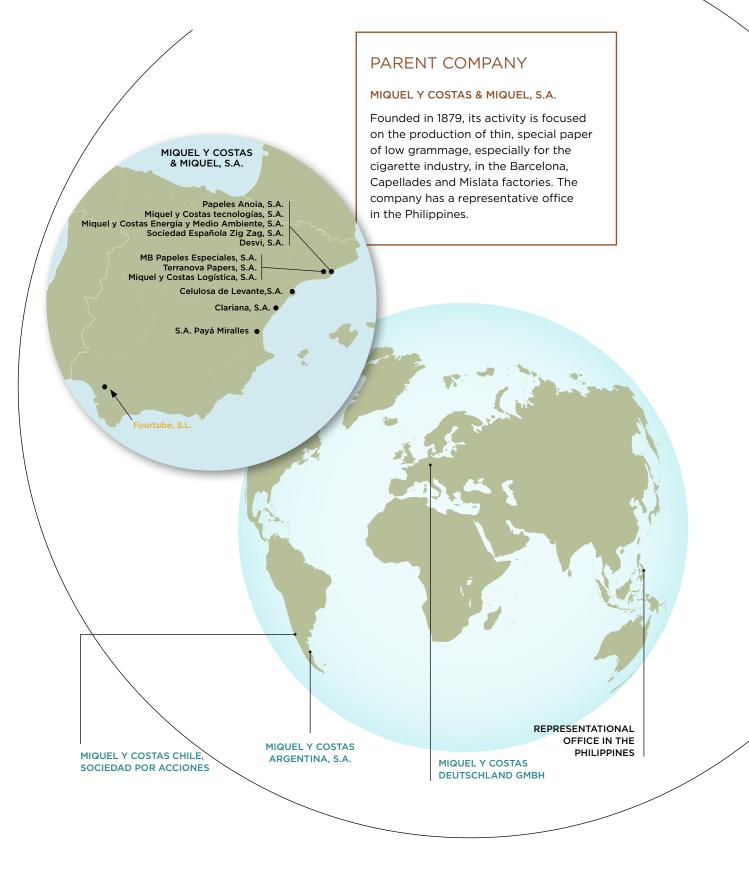
José Claudio Aranzadi Martínez



MIQUEL Y COSTAS GROUP 17

### MIQUEL Y COSTAS GROUP

#### The Miquel y Costas Group comprises the following companies:



#### **DEPENDENT COMPANIES**

#### CELULOSA DE LEVANTE, S.A.

With a factory in Tortosa. Company that produces textile pulps from flax and hemp for the cigarette industry and others as well as other fibres (sisal, abacá, jute and cotton) for other industrial sectors.

#### PAPELES ANOIA, S.A.

With its registered address in Barcelona. Company that markets national and imported paper and products that complete the range offered by the Group.

#### S.A. PAYÁ MIRALLES

Registered address in Valencia. Owner of the Mislata factory.

#### MIQUEL Y COSTAS TECNOLOGÍAS, S.A.

Registered address in Barcelona. Technological and industrial consultancy company.

#### MIQUEL Y COSTAS ENERGÍA Y MEDIO AMBIENTE, S.A.

Located in La Pobla de Claramunt (Barcelona). Electricity generation facility management company.

#### MB PAPELES ESPECIALES, S.A.

With an industrial facility in La Pobla de Claramunt (Barcelona). Produces special paper for industrial use.

#### TERRANOVA PAPERS, S.A.

With a production plant in Pobla de Claramunt (Barcelona). Produces special paper with very high porosity.

#### MIQUEL Y COSTAS LOGÍSTICA, S.A.

Registered address in Barcelona. Its activity is the provision of logistics services.

#### SOCIEDAD ESPAÑOLA ZIG ZAG, S.A.

Registered address in Barcelona. Sells cigarette paper booklets.

#### DESVI, S.A.

Registered address in Barcelona. Holds majority shares in the Group's companies in Argentina, Chile and Germany. Its main activity is the provision of services.

#### CLARIANA, S.A.

Registered address in Castellón. Manufactures coloured paper and card.

#### MIQUEL Y COSTAS ARGENTINA, S.A.

Registered address in Argentina. Manufactures cigarette paper and other paper products.

## MIQUEL Y COSTAS CHILE, SOCIEDAD POR ACCIONES

Registered address in Chile. Sells the Group's paper and paper products.

#### MIQUEL Y COSTAS DEUTSCHLAND GMBH

Registered address in Germany. Sells the Group's and other related products.

#### AFFILIATED COMPANY

#### FOURTUBE, S.L.

Registered address in Seville. Produces paper products. 40% owned.

MIQUEL Y COSTAS GROUP 19

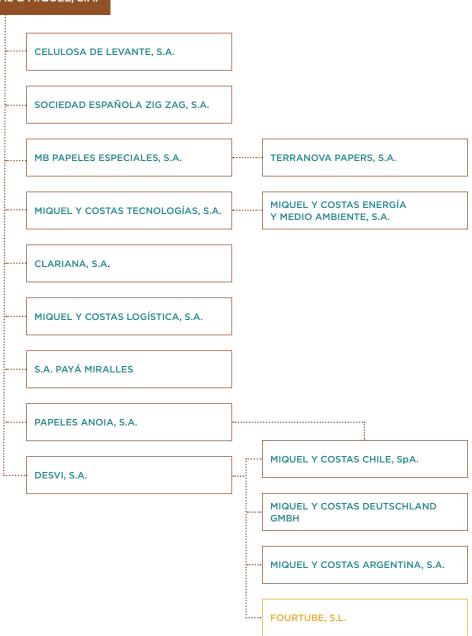
### GROUP STRUCTURE

The Group's consolidated balance sheet includes the dependent companies shown below.

The companies of the Group are consolidated using the full consolidation method, except for the company Fourtube, S.L., which is consolidated using the equity method.



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





## MIQUEL Y COSTAS GROUP

# ECONOMIC DATA



Consolidated net turnover

€309.2 M

(309.3 M in 2023)



Consolidated net profit after tax

€48.7 M

(42.7 M in 2023)



Net financial position

€74.4 M

(53.7 M in 2023)



Investment plan

€24.7 M

(18.4 M in 2023)



Annual production

77,647 t

(71,789 t in 2023)



Contribution to Public Administration bodies through Corporate Income Tax resulting from carrying out the activity

€14.8 M

(13.8 M in 2023)

€M: million euros; t: tonnes.



#### SUSTAINABILITY AND THE ENVIRONMENT

#### HUMAN **RESOURCES**

Average workforce of the Group

individuals



Red Pacto Mundial España WE SUPPORT

Climate Forests

A List

2024

Formal adherence to the UN Global Compact's 10 principles



Categories Climate Change (A), Water Security (A-) and Forest (A)



896

(886 in 2023)

Resources earmarked for health, safety and occupational risk prevention

€4.7 M

(2.4 M in 2023)



Resources allocated to training programmes

€253,000

(268,000 in 2023)

A QUICK RECAP OF THE YEAR 23



# A COMPANY FOR A NEW SOCIETY

To apply the necessary knowledge to cellulose to provide society with products that collaborate in the sustainability of the planet and improving the environment. This declaration constitutes the central pillar that presides over the activity of Miquel y Costas, a group of companies that manufactures special paper and materials made from cellulose. In order to achieve its objective, Miquel y Costas develops innovative production, distribution and management technology that ensures the quality of its processes and, as the result of these, that of its products, systematically committed to sustainability and the preservation of the environmental chain.

Miquel y Costas defines itself as a solvent industrial project, sustained by recognised financial and technological solvency that ensures its continuity and independence and which integrates social and individual values into its corporate values.



BUSINESS PURPOSE 25





# Key elements to tackle the present while looking to the future

- 1. With a history that dates back to the start of the 18TH century, today, Miquel y Costas is a business group that ambitiously takes on the challenges of the 21sT century. To do this, the Group is operating a business project in the industrial field, **committed to society**, its customers and its stakeholders. The history, prestige and future of the Miquel y Costas brand are a great asset which is driving us towards a creative future.
- 2. Today, Miquel y Costas is a diversified group that produces and distributes special paper and other materials of great complexity and added value made from cellulose that constitute the foundation for its credibility, prestige and competitiveness. All its companies operate under the paradigm of sustainability and environmental management.
- 3. Its commitment to the future is based on the innovative characteristics of its products and its production processes, as well as the firmness of its corporate values. The Group's trajectory is proof of the reputation of an industrial product the main vector of which is knowledge, always based on perseverance.



- 4. The quality of the products manufactured is the fruit of **efficient**, **creative management** that prioritises the needs of its clients and anticipates changes in the market. The investment in R+D+i right along the Group's chain of production and distribution is recognised on the market and caters for a very qualified demand attracted by the quality and value of its products.
- 5. With advanced industrial equipment and efficient, sustainable production processes, Miquel y Costas develops high qualification cellulose products. The Group's goal is to invest 3% of its sales in research and innovation and it is looking to increase this percentage.
- 6. Its commitment to knowledge, which has been key to its trajectory, allows it to make the competitiveness of its costs compatible with the excellence of its products. **Product knowledge** contributes value; knowledge of processes also allows cost efficiency.
- 7. Investment in manufacturing, management and distribution technology allows it to take on a multicultural market made up of 150 countries and offers a supply guarantee in the short and long term. This availability is valued by its clients, particularly at times of accelerated change in technology and the volatility of the economic context.



BUSINESS PURPOSE 27

#### Sustainability and the environment

- 8. For some time, Miquel y Costas has been focussing on making its business activity compatible with the **defence of the environment**. In order to comply with this commitment, the Group's companies reduce their consumption of water and electricity, recycle the waste produced through their activity and offer the markets biodegradable and compostable products. Its trajectory pursues the goal of becoming a net benefactor of sustainability and the environment.
- 9. Miquel y Costas is focussed on reducing the CO<sub>2</sub> footprint of its companies in line with the goals of the Paris Agreement and extending circular economy throughout the whole production and distribution chain, submitting itself to the rating systems of the international agents. The Group involves its suppliers in this rigorous policy by requiring that they guarantee the implementation of the same practices.
- 10. Miquel y Costas contributes to a more sustainable world with the development of complex materials made from cellulose to replace and improve upon non-recyclable plastics and metals. These new materials, which have an impact on areas of high consumption and social repercussion, require considerable research and development and constitute one of its main lines for the future.



#### Independence

- 11. **Financial solvency** is one of the Group's strengths and a top rate base on which to build plans for growth and start out in new directions and develop new production capacities. The solidity of its finances and its equity balance allow it to meet the demands of the market by accessing and using the most advanced technology, in addition to maintaining stable growth, thus preserving its independence.
- 12. The capacity to efficiently manage the dynamic arising from the diversification of products and markets and vertical integration into the value chain, through effective decentralisation, requires complex management, key to its competitiveness and which is not easily understood by third parties.
- 13. The organisation's constant evolution, the management technologies and the close relationship of the Group's managers with its clients and suppliers imply a level of collaboration that results in its capacity to obtain **innovative new product and service** developments. The capitalisation of these values, guaranteed by the Group's independence and desire for continuity, sustain the project's trajectory.



BUSINESS PURPOSE 29

#### People and management model

- 14. Decentralisation is an essential characteristic of a model that concentrates management in the same place in which its operations take place, with large degrees of freedom and initiative, and sustains it with a complex, innovative control system, which provides detailed information from the Corporate Centre. This Centre plays a role in assisting and advising on day-to-day matters and transmits the general policies at the same time as transferring the knowledge generated by the parts and the whole.
- 15. Miquel y Costas aspires to be the benchmark for internal organisation and its personnel policy. To this end, it seeks to involve its employees in the industrial project, offering them long-term perspectives that favour their sense of belonging, fostering creativity and creating lasting connections for the personal and professional enrichment of its workforce.
- 16. The centre of gravity of this personnel policy lies in continuous internal and external training which facilitates workers' progress through effort and merit. Aimed at favouring people's skills and their personal realisation, this policy is one of the pillars of the Group's strategy.
- 17. Miquel y Costas has a remuneration policy that is compatible with its competitiveness. This policy, which is respectful of gender equality, is supplemented by scheduled contributions to multi-year benefit plans that translate to long-term protection for its employees.



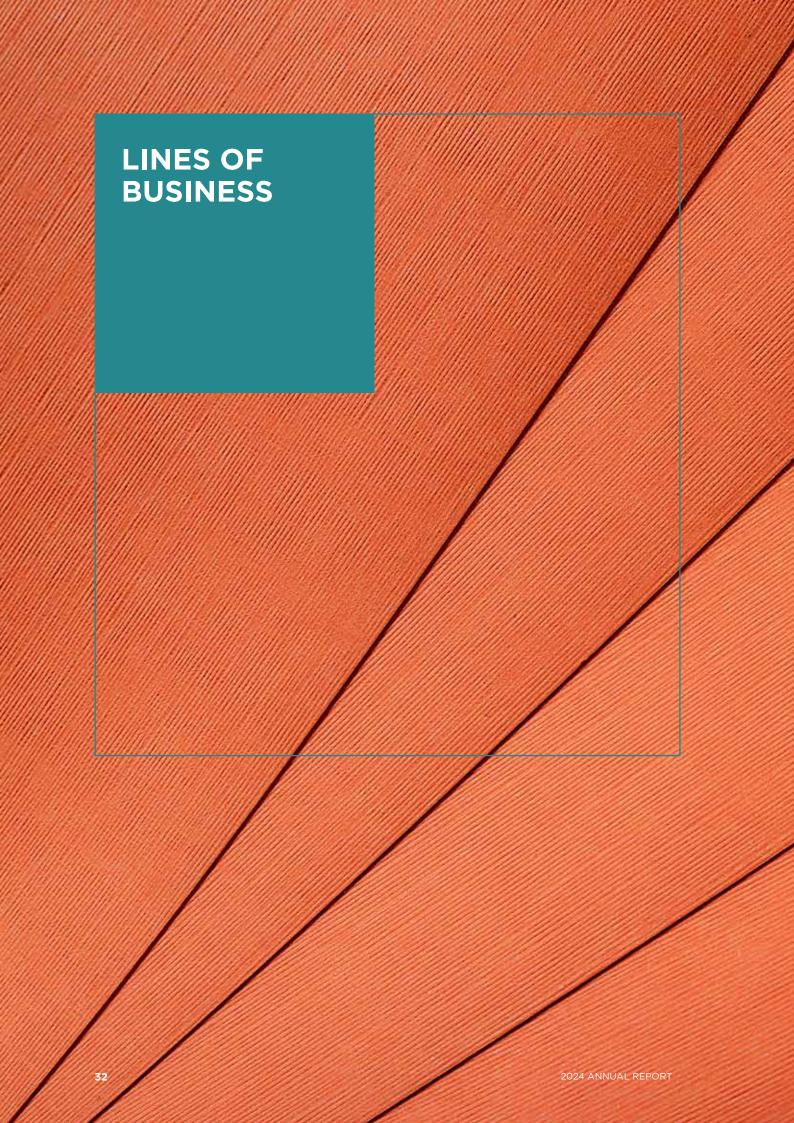
- 18. The management team constitutes the backbone of Miquel y Costas. Aware of their responsibility in the operation of the company, various incentives are in place with a view to making the people who make up this group active participants responsible for the industrial project and who must be compensated to the extent that they take on and share in the risk of management. This policy, based on assessing the results and the effort put in to achieve them, aims to capture the best talent and at the same time, protect the company from unforeseen difficulties.
- 19. Personal realisation is a value that Miquel y Costas fosters amongst its directors, with the conviction that the intellectual challenge they take on and the creativity of their work are the basis of the company's success. This culture, based on the value of responsibility and excellence, constitutes a determining factor in the achievement of the goals sought.
- 20. With the goal of sharing decisions and promoting merit, Miquel y Costas carries out a **policy of openness** between its operations and the actions of all its employees. The Group assesses its personnel continuously, with the goal of boosting their skills, and is studying to find a way for employees to have the opportunity to anonymously assess their line managers. The Board of Directors itself has an equivalent process to assess its members.

#### Shareholders and social environment

- 21. The Miquel y Costas Group channels the social responsibility actions it carries out Created in 2020, the Miquel y Costas & Miquel Foundation pursues social goals and promotes environmental sustainability, supporting cultural, educational and technological
- 22. The performance of Miguel y Costas' assets has allowed a sustained investment policy and continuous effort in innovation in a framework of financial solvency. This is aided by the dividend policy approved by the shareholders and the commitment of the stakeholders the Group maintains a close relationship with.
- into a foundation, in order to develop an effective, systematic policy in this area. innovation projects in all these fields.
- 24. Transparent management and faithful reporting of accounts constitute cardinal values in the corporate culture. The Group has formalised plans and programmes that allow it to report its operations with the maximum transparency, both at the internal level and for its stakeholders.
  - 25. The Group's long history means that it must treat its historical heritage with special care and diligence in all areas, as well as its industrial architecture and the records of its industrial development over the years. It must also recover and transmit its institutional and, at certain times, political trajectory. Always its social impression. Likewise, its industrial and artistic assets. Nurturing, studying and communicating these values, knowledge and experiences forms part of its idiosyncrasy and implies the acceptance of a commitment to its almost 300 years of history.



**BUSINESS PURPOSE** 31



The Miquel y Costas Group has three lines of business: paper and pulps for the tobacco industry, paper and pulps for industrial use and paper for the graphics industry. In each of these lines of business, the Group's products are designed and manufactured with the most innovative technologies and based on a policy of working in close proximity with customers, which enables us to respond directly to their needs and requirements.

# PAPER AND PULPS FOR THE TOBACCO INDUSTRY

The Group is a global leader in the tobacco industry, to which it offers a whole range of products based on the cellulose this industry consumes: cigarette papers and heated tobacco products, rolling paper booklets and textile pulps to produce cigarette paper.

Miquel y Costas offers a portfolio of papers required for the production of cigarettes, whether conventional or the heated tobacco type. They are produced from the best pulps (purchased on the market or from own-production) and marketed to the world's main tobacco companies. The paper for cigarettes is in accordance with the strictest quality standards and legal requirements in the industry.

Rolling paper booklets and associated accessories make up the consumer product families that the Group distributes globally in more than a hundred countries across five continents. In order to ensure the availability of its consumer products in the maximum number of points of sale in each market, Miquel y Costas has an extensive distribution network made up of the Group's subsidiaries and a multitude of collaborators established in each target market, with extensive knowledge of the distribution and consumption habits and customs in the category.

Miquel y Costas' experience in this type of product dates back to the beginning of the 20th century, with 1924 being the year the Smoking® brand was launched, an event whose centenary was celebrated in 2024 and communicated worldwide through special editions of commemorative packaging and communication to tradeand consumers, with great acceptance by all customers. The Group also owns the Abadie® brand, which also originated in the first quarter of the 20th century, as well as other more recently created brands: SmK®, Pure Hemp® and Mantra®.

In addition, Miquel y Costas produces high-quality cellulose pulps from flax, hemp, sisal and jute fibres, which it uses to produce its own cigarette papers and also sells to other manufacturers.



# PAPER AND PULPS FOR INDUSTRIAL USE

Miquel y Costas manufactures special porous and non-porous high-performance papers and pulps for multiple uses and porous pulps for industrial applications, all of which are intended for various sectors. In 2024, a considerable effort was made to develop new products in order to maintain a leading position in the various markets.

The Group is a recognised producer of certified food contact papers which are an alternative in the sector to contribute to the reduction of plastic: greaseproof papers for food wrapping, silicone papers for cooking and baking, very low porosity papers with high greaseproofing power and no additives or chemical barriers or moisture resistant papers for straw production.

Miquel y Costas has a wide portfolio of porous papers for the manufacture of tea bags and coffee filters (most of which have compostable varieties with heat-sealing properties), papers for automotive batteries, papers for household protection and hygiene, backing papers for adhesive tapes, as well as a wide variety of papers for the laminates market, where high-end qualities have been developed to meet the demands in terms of new designs. One of the Group's characteristics is its determination to accompany and adapt to the needs of its different customers, which operate in highly sophisticated markets.

The manufacture of high porosity papers requires the use of special pulps such as abaca and sisal, which have been developed to guarantee supply to customers and ensure compliance with the most demanding characteristics. What's more, these pulps are marketed to other paper

manufacturers for markets as diverse as electrotechnical papers, filtration papers for the food industry or for the production of paper money.

Within the packaging paper category, Miquel y Costas has a wide range of papers available from very light grammages, such as 13GSM, to heavier grammages, such as 320GSM. The range includes raw paper varieties and paper in any colour from 27GSM. This is high quality paper used in the manufacturing of luxury boxes and packaging which is used by prestigious brands, thus achieving a presentation that sets their products apart. The Group's production flexibility in manufacturing papers in different colours and using different types of pulp is a distinguishing element that is highly valued by companies that use luxury packaging. This range also includes a series of papers manufactured from special pulps other than wood, for example from hemp, esparto grass or cotton.





## PAPER FOR THE GRAPHICS INDUSTRY

This range of products includes very lightweight, highly opaque paper, used, among other applications, in the printing of religious books and patient information leaflets. Miquel y Costas currently exports a large amount of the graphics paper it produces to countries on different continents. These papers are highly complex to produce due to the special characteristics required, such as low or very low grammage, with a pleasant appearance and that allow both sides of the paper to be printed in such a way that both sides are clearly legible. Within the portfolio of products for the graphic arts industry, the papers of the Clarex collection for books and Athenea for office material stand out for their elegance.

The Group also offers a complete range of coloured paper and card within its Colorplus collection for multiple graphical uses which include the production of ballot papers, card for schools, office supplies or security papers. This range includes more than 400 colour varieties which in some cases are personalised at the client's request. This is paper that is mass-dyed, in other words, with much better quality than tinted paper with a white base.



### PRODUCTION AND SALES DATA BY BUSINESS LINE

Annual production in 2024 has increased 5,858 tonnes over the previous year. By business line:





- Production of papers and pulps for the tobacco industry has increased by 1.7% in 2024 to meet the combination of demand and stock optimisation.
- Production of paper and pulps for industrial use has increased this year mainly as a result of the completion of the first phase of the technological investment in one of the machines in this segment (with no stoppages occurring in certain periods of the year as a result of the aforementioned investment).
- Production of the Other products line, mainly focused on the graphic arts and printing markets, has increased production, recovering the recurrent volumes of previous years.



### **Production (in tonnes)**

	2022		2023		2024	
Tobacco industry	37,048	44%	33,653	47%	34,225	44%
Industrial products	28,271	34%	23,489	33%	24,656	32%
Other products	18,342	22%	14,647	20%	18,766	24%
Total	83,661	100%	71,789	100%	77,647	100%

The consolidated net turnover of the 2024 financial year came to 309.1 million euros, which is in line with the same period of the previous financial year.

The geographical distribution of the net turnover amount remained along the same lines as in previous financial years.





### Sales (in thousands of euros and percentage)

	2022		2023		2024	
Tobacco industry	194,092	58%	195,624	63%	195,966	63%
Industrial products	114,980	34%	89,409	29%	89,732	29%
Other products	28,105	8%	24,286	8%	23,472	8%
Total	337,177	100%	309,319	100%	309,170	100%



### Geographical distribution of sales (in thousands of euros and percentage)

	2022		2023		2024	
National	38,784	12%	38,125	12%	41,552	13%
Exportation	298,393	88%	271,194	88%	267,618	87%
Total	337,177	100%	309,319	100%	309,170	100%

LINES OF BUSINESS 37

# QUALITY CONTROL

The quality of its processes, services and products forms a structural part of the values of the Miquel y Costas Group and constitutes one of its main distinguishing features. This excellence is the result of efficient, creative management that prioritises clients' requirements and is able to anticipate changes in the market.

At the heart of the paper industry value chain, the Miquel y Costas Group stands out for its focus on the production and marketing of pulps and speciality papers. Its advanced level of technology and specialisation allows it to operate in demanding global markets in terms of quality, prioritising the needs of the client as the central focus of its activity.

Within this framework, the Group's policy establishes the objective of guaranteeing compliance with the standards established for the products offered to customers, ensuring the operational and human conditions for a constant and profitable improvement in terms of quality. To this end, an efficient and responsible allocation of resources in the various strategic, operational and support processes is sought.

In order to guarantee the quality of its products and processes, the Group maintains an Integrated Management System that enables it to identify, prevent, evaluate and control possible impacts on quality on a regular basis. This system, aligned with the policy of continuous improvement, establishes the necessary guidelines to ensure compliance with the standards defined by the organisation.

In line with the annual investment plan, efforts have been stepped up in 2024 to improve overall process control, with a particular focus on optimising in-line controls at the various production sites.



### RENEWAL OF QUALITY CERTIFICATIONS





### UNE-EN ISO 9001:2015 Standard

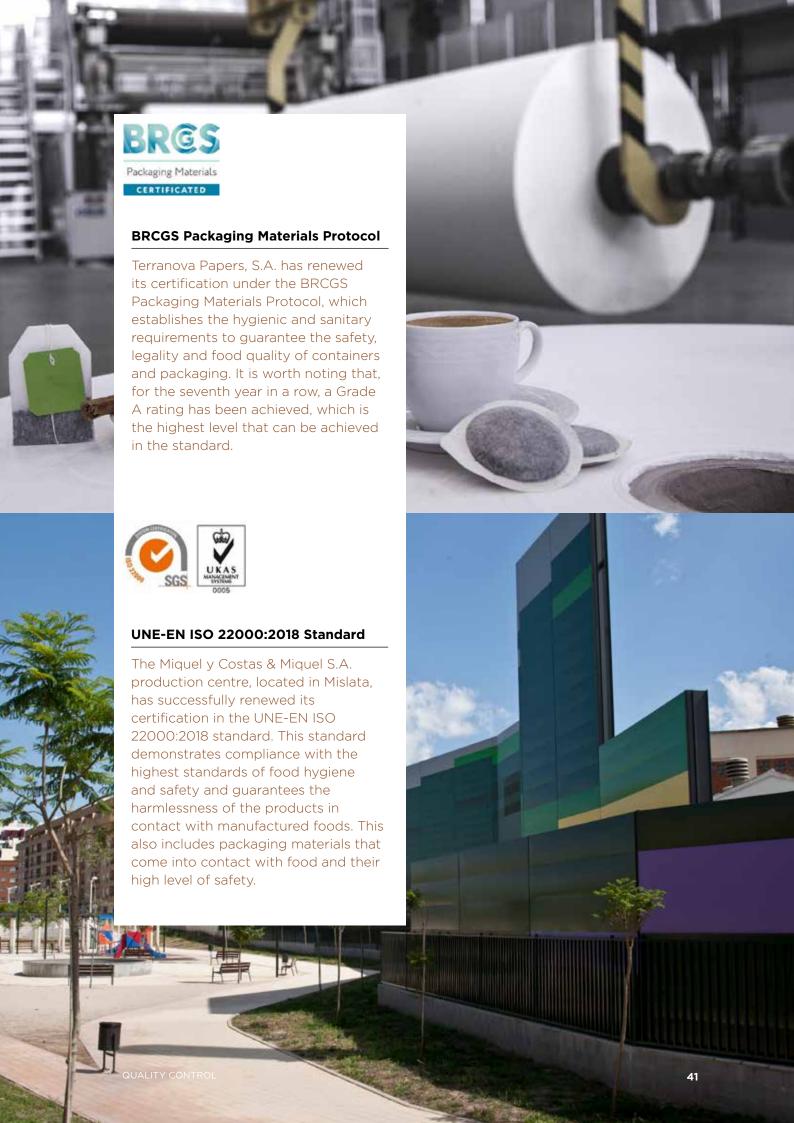
The Miquel y Costas Group's head offices and production centres have renewed the certification of the Quality
Management System in accordance with the UNE-EN ISO 9001:2015 standard in 2024, once again consolidating the effectiveness and maturity of the Integrated Management System.



### IATF 16949:2016 Sta

The facilities of MB Papeles Especiales, S.A. and Terranova Papers, S.A. have successfully renewed their certification according to the IATF 16949:2016 standard, which defines the fundamental requirements for quality management systems in organisations producing automotive parts.







Research and innovation are the driving force behind the Miquel y Costas Group's vision and strategy. These pillars are considered the cornerstones of its growth and competitiveness and reflect the values that guide each of its actions and decisions.

In 2024, Miquel y Costas allocated resources worth 2.7 million euros to developing innovative solutions that respond to an increasingly diverse and demanding market.

The promotion and regularity of R&D Committee meetings have allowed us to maximise synergies and cross-cutting projects, as well as to accelerate projects, prioritising the allocation of financial and human resources. The team's experience and knowledge have facilitated the projection of market needs and the selection of projects for investment.

### TOBACCO INDUSTRY

Efforts have been directed at all types of paper that goes into a cigarette, from the tobacco wrapping paper—in conventional cigarettes and also in those used in non-combustion platforms—to the paper used to make the cigarette filter itself, replacing the usual acetate (plastic), for which Miquel y Costas proposes a comprehensive environmentally responsible solution.

### Main projects

 The Group's vertical integration has made it possible to carry out the project of developing filters made entirely of special paper pulps to replace the usual acetate plastic filters, through collaboration with the pulps division.

The first phase of this project was completed in 2023 and continued in 2024, when studies on the functional capabilities of this new type of filter began.

On the one hand, the paper filters have similar physical properties to cellulose acetate filters, so they will offer the consumer the same tactile sensation, fulfilling the filtration purpose.

On the other hand, analysis of toxic compounds retained by these filters during smoking shows that paper offers a higher retention capacity than plastic and therefore potentially reduces the risks associated with tobacco smoke inhalation.

- Platforms for smokeless smoking have gained significant market share in recent years. Miquel y Costas is firmly committed to the development of new papers that meet the physicochemical requirements of this type of product, especially in terms of barrier properties, which are essential for the proper use of some of the major types of smokeless cigarettes.
- The implementation of self-extinguishing properties in cigarettes is crucial to mitigate the risks of accidental fires caused by cigarettes. Traditionally, Miquel y Costas has achieved this property by printing bands with a seasonal tree exudate.

However, in 2024 a new development was launched that aims to incorporate new materials that do not require the direct exploitation of natural resources and are based on the use of the by-products of cellulose itself.

 Miquel y Costas has made a significant effort during 2024 to implement the use of food colourings in order to be able to offer the market a new portfolio of coloured products for this purpose in response to customer needs in some markets.

## INDUSTRIAL PRODUCTS

### Heat-sealable papers for the food industry

In 2024, the Group promoted a key project in the field of heat-sealable papers, which focused on the development of a paper for two specific uses:

- The manufacture of single-dose coffee containers for use in the aerospace industry in which the heat-sealing ensures adequate airtightness without affecting the release of aromatic compounds that are essential to the quality of the final product.
- The development of a special packaging for a traditional Central European food product. In this case, the paper structure has been optimised to allow controlled steam migration during the baking process, while maintaining an appropriate balance between structural strength and permeability.

A detailed characterisation of the heatsealing parameters has been carried out, ensuring that the paper meets the technical and regulatory requirements of the food industry, while optimising its functional properties for each specific application.

### Innovations in the food packaging industry

Caring for the environment and the reduction of single-use plastics are goals that the Group shares and which drive its efforts in the design and marketing of new products with advanced properties.

 The year 2024 has been the year of consolidation in the Mislata factory (Valencia) of a new range of plastic substitute products: baking papers, papers with barrier to grease, oxygen and other uses.

All of these product families are PFAS-free, enabling the Group to meet the needs of customers and European legislation with products that comply with EU Regulation 2025/40 on packaging and packaging waste.

 In keeping with its commitment to sustainability and the environment, Miquel y Costas has managed to develop a unique range of products with barrier properties and totally free of any applied surface coatings. It is a 100% cellulosic product, fully compostable and recyclable.





### Research into new industrial pulps

- One of the main lines of research has focused on the development of cellulose pulp grades for more environmentally sustainable applications from renewable and organically grown natural fibres in packaging applications.
- Another important line of research has been the development of new high valueadded pulp grades to diversify and extend the industrial applications of products in high-tech sectors, made from natural fibres with specific high purity requirements.
- In order to reduce the environmental impact and energy efficiency of the different processes, the following projects have been carried out:
- > Development and implementation of more energy-efficient technologies with lower environmental impact in the pulp process in relation to the reduction of the water footprint and the reduction of the acoustic impact.
- > Improving energy efficiency and reducing the environmental impact of the **black liquor recovery process**.
- Other notable projects have included the following:
- > Modification of the pulping process to the implementation of **novel treatments of cellulose pulp** that allow new functionalities to be obtained from it.
- > Study of a raw material cleaning system with the aim of improving the performance of the pulp produced and gaining access to highly demanding industrial applications.

### Other innovations

 Over the course of 2024, the MB Papeles Especiales Group company has focused its R&D efforts on the adaptation and optimisation of the recently refurbished MP2 machine for the production of acrylic resin impregnated papers for the healthcare market.

This project has taken advantage of the new technology implemented in the machine, which incorporates a sizer resin application system and a non-contact drying system. These improvements allow for a more uniform and controlled impregnation, optimising both process efficiency and final product quality.

 Another project has consisted of the standardisation of a new heat-sealable paper for the production of single doses for domestic pest control applications. In this process, the main factors analysed were the definition of the heat-sealing force and the porosity of the material, with the aim of ensuring that the single doses obtained are consistent and allow the correct migration of the active material from the interior to the exterior.

### **GRAPHICS INDUSTRY**

During the 2024 financial year, the Group has launched the **new "Recyclable Silk" papers on the market**. These papers are specially designed to meet the demands of exclusive international fashion customers seeking to differentiate themselves through the sustainability of their products.

This is a new commitment to sustainability, with papers containing more than 70% recycled paper, which at the same time are compatible with the highest quality standards and the high demands of these customers who represent high-end brands.



Sustainable development is one of the integral pillars of the Miquel y Costas Group strategy in the fight against climate change and environmental protection. For this reason, the company has a strong commitment that is reflected in the achievement of clear and demanding objectives. As proof of this, measures have been adopted that range from the optimisation of production processes to the responsible management of forest and water resources, the conservation of biodiversity and the contribution to the well-being and development of the communities in which it is present.

Climate change and its effects are currently the greatest environmental challenge faced by society. As a result, the Group recognises the importance of integrating actions that contribute to the mitigation of these effects and establishes the objective focused on minimising the environmental impact of its operations, both main and auxiliary, in all production centres and acting in a way that respects the environment. For this reason, strategies have been developed and implemented to improve sustainability in products and services and decarbonise operations through investments in cleaner technologies.

This is why the Miquel y Costas Group allocates resources on a permanent basis in its annual investment plan. These resources have been mainly focused on reducing

In addition, uralite roofs have been replaced, thus promoting the use of non-hazardous materials, as well as the commissioning of new photovoltaic installations for the generation of renewable energy. All of this has an impact on greenhouse gas (GHG) mitigation and helps to reduce the waste generated.

In this regard, the company's sixth photovoltaic installation, located at the MB Papeles Especiales, S.A. factory, was successfully implemented in 2024, and the second phase of the new installation at the Besós factory was completed.



# ENVIRONMENTAL CERTIFICATIONS AND AWARDS



### → UNE-EN ISO 14001:2015 and UNE-EN ISO 50001:2018 Standards

Both the Miquel y Costas Group's head offices and production centres are certified with the UNE-EN ISO 14001:2015 standard for environmental management systems, which was successfully renewed in 2024.

Furthermore, the Group's main facilities are also certified under the UNE-EN ISO 50001:2018 standard for energy management systems, which highlights the Group's focus on the effective management of the energy implications of its industrial activities through the implementation of control tools and action plans for continuous improvement.







►► FSC® (FSC-C041521) and PEFC (PEFC/14-33-00022) chain of custody standards, and Regulations (EU) No 995/2010 (EUTR) and No 1115/2023 (EUDR)

New requirements in the market and society in relation to nature are becoming increasingly stringent, which means that the organisation must anticipate and adopt new trends towards sustainability. The company therefore sets a target to guarantee the responsible sourcing of raw forest materials and ensure traceability throughout the supply chain, thereby supporting the preservation of natural resources and ecosystems.

This principle is evidenced by the FSC® (FSC-C041521) and PEFC (PEFC/14-33-00022) chain of custody standards and, for non-EU suppliers, by compliance with Regulation (EU) No 995/2010 (EUTR). The Group has prepared for the implementation of EU Regulation (EU) No 1115/2023 (EUDR), which will come into force in December 2025.





### **CDP** questionnaires

With the aim of making continuous progress in environmental management and governance, the Miquel y Costas Group has been responding to the CDP questionnaires since 2012. This international non-profit organisation promotes environmental management and disclosure, and evaluates the level of transparency, commitment, strategy and management of entities with the aim of catalysing the transition to a sustainable economy.

The company's efforts regarding the decarbonisation of its operations have again been recognised with an A rating in the CDP Climate Change questionnaire submitted in 2024, receiving the rank of "Leadership". This rank is the result of the continuous implementation of decarbonisation best practices, investments and actions in the Group's production centres. Achieving this rating is recognition of excellence in environmental performance and demonstrates the company's commitment to climate change mitigation, transparency and energy efficiency in all processes.

It is worth mentioning that, at the time of writing, the corresponding global, geographic and activity benchmarks have yet to be published by CDP. Having received the highest score, there is no doubt that the Miquel y Costas Group continues to shine as a leader at both the sectoral and regional level in the areas assessed.

In addition, the Group demonstrates active collaboration with its suppliers in the fight against climate change, which has led to an A- rating in the CDP Supplier Engagement Rating (SER) for the year 2023, placing the company once again in the 'Leadership' rank.

With regard to participation in the CDP Water Security questionnaire, the Group reports on its water cycle management, demonstrating its commitment to reducing its water footprint and conserving resources. In 2024, the Miquel y Costas Group obtained a rating of A-, maintaining its "Leadership" ranking for another year, as a result of the measures adopted to promote sustainability, strengthen the circular economy in all processes and guarantee transparent communication, making it a global benchmark.

Similarly, the company has completed the CDP Forest questionnaire for the fourth consecutive year, reporting on the management of forest-based raw materials used in each of its production centres. The Group ranks in the "Leadership" category, having achieved an A rating in 2024. This achievement once again consolidates the company's strong commitment to transparency in its communication, elimination of deforestation throughout its heat chain and responsible forest management.

Overall, in 2024 the Miquel y Costas Group has maintained its outstanding position by obtaining the rank of "Leadership" in the CDP Climate Change (A), CDP Water Security (A-) and CDP Forest (A) questionnaires. This success places the company among a small group of companies achieving excellence in all three areas of assessment. With the participation of more than 24,800 companies worldwide, the Group not only maintains its commitment to continuous improvement, but also reaffirms its role as a benchmark in the environmental field, consolidating its position at the forefront of the sector.

2024 ANNUAL REPORT





### **EcoVadis Platinum Rating**

The Group participates in the EcoVadis assessment platform, which measures the organisation's performance in terms of sustainability and corporate social responsibility (CSR). These ratings establish a pathway for the selection of business partners and promote continuous improvement at both social and environmental levels.

In February 2024, the Group obtained a 'Platinum' rating, based on data for the 2022 financial year. The Platinum medal is the highest recognition a company can obtain from EcoVadis. This distinction is awarded to companies that demonstrate a solid management system aligned with the highest standards, obtained by only 1% of the companies assessed worldwide. At the time of writing, the company had not yet received EcoVadis' results for the 2023 financial year.



### ENGAGEMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

To achieve its environmental objectives, the company incorporates the Agenda for Sustainable Development into its strategy and purpose, reflecting its efforts to reduce risks in its operations in environmental, social and governance (ESG) factors.

For this reason, in 2023 the Group formalised its commitment to achieving the Sustainable Development Goals (SDGs) set out in the framework of the 2030 Agenda. In 2024, the company has stepped up its involvement in order to strengthen its corporate commitments in this area and thus generate a positive social and environmental impact through its solutions and products.

51

# MANAGEMENT OF GREENHOUSE GAS (GHG) EMISSIONS

Miquel y Costas remains firmly committed to reducing greenhouse gas (GHG) emissions and improving the sustainability of its products and services. For this reason, since 2022 the company has been carrying out an exhaustive system for measuring the organisation's carbon footprint, which includes scopes 1, 2 and 3, in accordance with the GHG Protocol methodology.

This system has been maintained until the current financial year 2024 and is verified annually by an external entity certified according to the UNE-EN ISO 14064-3:2019 standard.

As a result of the measures adopted in the framework of the transition to a decarbonised economy, in 2024, scope 1+2 GHG emissions, which are those directly and indirectly derived from energy consumption, have been kept relatively stable, despite the significant increase in activity compared to the previous year.

The analysis of Scope 3 allows us to obtain highly relevant information on the Group's value chain emissions, which allows us to identify risks and opportunities for improvement in order to take action to reduce CO<sub>2</sub> emissions.

It is important to note that the Group now has more ambitious GHG emission reduction targets, based on scientific recommendations and in line with the **Paris Agreement (COP21 2015)**, which sets a maximum global temperature increase of 1.5°C above preindustrial levels.

The emission reduction targets to which the Group has committed itself involve a 51% reduction of GHG emissions in Scopes 1 and 2 by 2030 (base year: 2018), maintaining the purchase of 100% of electricity from

renewable sources at production sites and achieving climate neutrality (**Net Zero**) by 2050.

In 2024, we have seen an improvement in the ratio of renewable energy in the Group's energy mix by 2.1% compared to the previous year. This progress reflects the company's ongoing efforts in its decarbonisation strategy through solutions such as the installation of photovoltaic panels, the use of biomass and the purchase of renewable electricity for production centres.

During the year, the Miquel y Costas Group has made significant progress towards meeting the GHG reduction targets established, complying with most of those set for 2030. The increase in absolute emissions compared to 2023 is due to increased production activity, reflecting a recovery from the exceptional conditions of the previous year.

Despite this increase, specific emissions per tonne of product have continued to decrease, demonstrating the company's commitment to improving efficiency and reducing environmental impact, thus maintaining a positive trend in the management of its emissions.

With regard to the management of GHG emissions corresponding to the European Union Emissions Trading Scheme, the Group companies, MB Papeles Especiales, S.A., Terranova Papers, S.A., Payá Miralles, S.A. and Clariana, S.A. are not subject to the Emissions Trading Scheme (EU ETS) in the period 2021-2025. However, they are obliged to comply with an annual CO<sub>2</sub> emission limit as they are part of the paper sector, which is included in Directive 2003/87/EC. In accordance with applicable legislation, a



maximum annual emissions limit has been established for each of these facilities. Exceeding this limit entails the surrender to the State of the volume of emission allowances equivalent to the amount exceeded.

In 2024, no facility exceeded the established annual emissions cap, with the exception of Terranova Papers by 3.25% (1.58% in 2023).

In addition, the companies Miquel y Costas & Miquel, S.A. (Besós facility) and Celulosa de Levante, S.A. have remained within the framework of the European Union Emissions Trading Scheme. In 2024, the total allocation of allowances has amounted to 21,932 tonnes, while verified emissions have reached 20,098 tonnes of CO<sub>2</sub>, resulting in a surplus of 1,834 tonnes, compared to the surplus in 2023 of 1,761.

# EXPENDITURE ON ENVIRONMENTAL PROTECTION

The total environmental protection expenditure assumed by the Group in Spain, deducting the income obtained from the sale of by-products and excluding the expenses generated by  ${\rm CO_2}$  emission rights, amounted to 4,398,000 euros (4,744,000 euros in 2023).

These expenses, which are not extraordinary in nature, mainly relate to the social contribution from the corresponding autonomous communities' charges for used water, the consumption of raw materials and energy in environmental protection activities, as well as costs relating to waste collection and treatment. At year-end 2024, the Group was not aware of any material contingencies relating to the protection and improvement of the environment.

ENVIRONMENT 53



The people of the Miquel y Costas Group are fundamental to the organisation, playing a key role in its management and providing the driving force that leads us towards growth and innovation.

In the 2024 financial year, Miquel y Costas has continued with its commitment to the professional development and well-being of its human team, which is key to the company's success. Over the course of the year, as a result of the generational changeover at the top of the organisation in 2023, the remodelling of the People Department has begun.

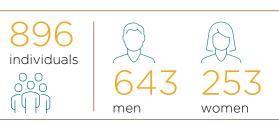
One of the key objectives of this new structure is the evolution towards greater professionalisation of roles and responsibilities to maximise the efficiency and impact of the area.

Another fundamental pillar is the creation of People Business Partners, whose main mission is to transfer the People strategy and policies to the different work centres and companies of the Group, becoming the reference point for support in all strategic issues related to personnel.

Inclusive and diverse talent is actively promoted, clearly reflected in the increase of more than 6% of women, as well as an increase in the average age by three years compared to 2023.

In order to promote work-life balance and a sense of belonging, work has begun on the implementation of social benefits, such as flexible working hours and flexible remuneration schemes.

### Average workforce data for 2024\*



Average age 47 years

Average time with the company

16 years



### **Categories**

40

engineers and graduates

56

administrative and workshop managers

45

technical engineers and graduates

755

officers, operators and assistants

PEOPLE AT MIQUEL Y COSTAS 55

<sup>\*</sup>Includes subsidiaries.



# TALENT DEVELOPMENT AND PROFESSIONAL TRAINING

At the Miquel y Costas Group, we understand professional development as a knowledge management process aimed at increasing the abilities, attitudes and skills of people and, through all this, their professionalism and efficiency. The end goal is for each member of the workforce to achieve optimum performance in their job role and other roles in which their skills apply, which will also result in greater and better performance of the organisation as a whole.

Our commitment to our employees is demonstrated in the investment in the development and expansion of their knowledge and skills with the aim of improving their performance. The goal is to provide them with the tools to deal with situations that require their knowledge and experience. In this way, we can guarantee the production and quality standards of all our products, in addition to promoting one of the Group's main pillars: the innovation and development of both its products and processes.

Continuous effort and improvement guarantee that the people who make up the organisation are highly skilled to perform their duties, as well as having a high degree of flexibility which favours the Group's adaptability to changing markets and to the technical, legal and quality requirements imposed on companies by the current legislation.

Professional training is provided in all areas of the company without exception, in response to the need for improvement detected and concentrating on the work teams that require the most adaptation in their day to day work. To this end, training is designed that is aimed at offering the specific knowledge required in each job role.



### **Training**

Promoting a culture of learning is fundamental for the Group. In this sense, the definition of the annual training Plan is structured into three lines:



In 2024, we have continued to focus on training operational staff to strengthen the skills of the different areas in matters related to their daily tasks. These day sessions include the entire workforce and guarantee that each person in the factory area has the necessary knowledge to efficiently carry out their work.

Likewise, training has been carried out on updating regulations, skills in the workplace, compliance and training in the area of occupational safety to continue promoting and guaranteeing a safe environment, as well as continuing with language training for those people who need it for the performance of their duties.



### Training, in figures

8,957 total hours of



training

727 hours of training on legal compliance



training sessions

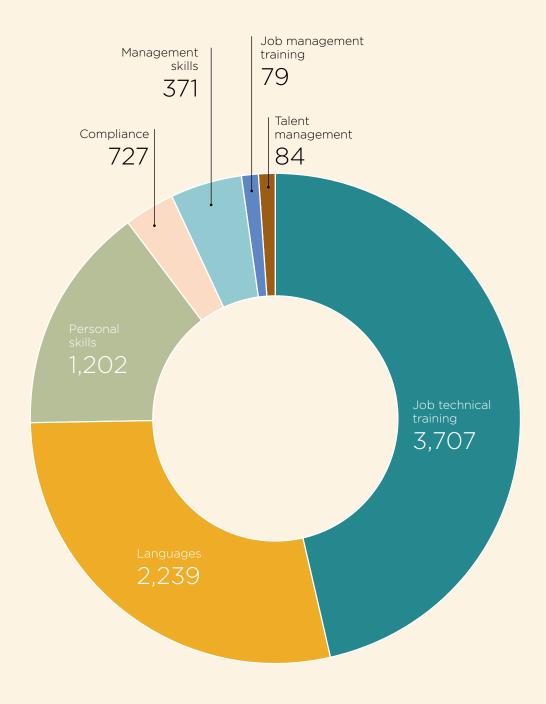
€253,000 invested in training

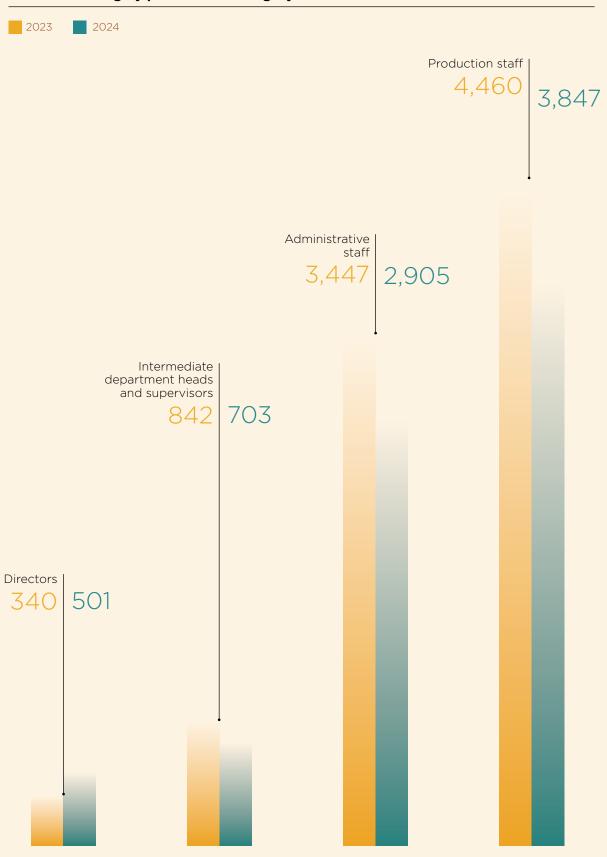


660

participants, both in production areas and in administrative and management areas







At the same time, and with the goal of complying with the guiding principles of the company's corporate policy, the Group runs training plans on ethical standards aimed at all staff. In this respect, training programmes were carried out aimed at disseminating and guaranteeing compliance with the principles of the Code of Ethics and its commitment to the community and human rights, which include the procedure for the Reporting Channel and the sanctioning system.









international standard ISO 45001:2018, with the same professional rigour as any other key area of the company, being audited by internationally accredited entities, thereby ensuring our commitment to occupational health.

In 2024, significant investments have been made in the Group for a value of approximately 4.2 million euros, mainly focused on the adaptation of fire-fighting facilities within the 2022-2025 Strategic Plan approved by the company.

Following the Spanish Strategy for Health and Safety in the Workplace 2023-2027, approved by the Council of Ministers in March 2023, the lines of action for 2024 have prioritised key issues such as mental health, equality between men and women, prevention of occupational cancer and climate change.

Investment plans and safety improvement programmes were kept in place at the Group's paper machines, which are necessary to guarantee the safety of people, comply with current legislation and achieve the objectives set on the road to continuous improvement.

As a result of the company's sensitivity and efforts to ensure a working environment free of occupational or work-related diseases, through systematised actions based on the PDCA (Plan-Do-Check-Act) concept, no occupational diseases have been identified or declared during the year 2024.

Through the participation of the hierarchical chain and the workers' legal representatives, preventive activities have been maintained and reinforced, enabling the continuous identification of hazards in both regular and sporadic activities and the correction of inappropriate behaviour detected in order to prevent incidents.

One of the company's challenges is to reduce the impact of climate change on the health of the workforce. In 2024, improvements were made in facilities with a view to reducing the high temperatures experienced during the summer months.

### **Evolution of the accident rate**



MCM GROUP ASPAPEL

ASPAPEL: Spanish Association of Pulp and Paper Manufacturers.

### Continuous improvement in occupational health

In comparison with the latest statistical data on workplace accidents published by the Ministry of Work and Social Economy (2023), the implementation of the company's occupational health action plan in 2024 has resulted in 38% fewer accidents compared to the companies that belong to the same national economic activity code (CNAE).

The average duration of sick leave due to accidents at work was 28 days, 46.5% lower than the average for companies involved in the manufacture of paper and cardboard through ASPAPEL in the 2024 financial year. This data confirms the very minor nature of the company's occupational accidents.

All of the incidents resulting in leave in 2024 were due to human causes, arising from unsafe behaviour or chance incidents, i.e. no unsafe work equipment or facilities were detected.

The statistical data obtained in terms of accidents at work show that the company guarantees a safe working environment as a result of the policies implemented in the field of occupational health and safety.



PEOPLE AT MIQUEL Y COSTAS 63



The Code of Ethics, policies and regulations that make up the regulatory framework of the Miquel y Costas Group incorporate the best practices in good governance and establish the guidelines and criteria of action for the company's governing bodies. The goal is to create value for the shareholders and investors through management based on transparency, integrity, good taxpaying practices and trust.

### **GOVERNANCE**

### General Meeting of Shareholders

The General Shareholders Committee is the company's highest governing body. The Group encourages attendance in person as it believes that this is still the best method of participation for attendees and the one that best suits its shareholders.

At the General Shareholders Meeting held on 20 June 2024, second call, attendance of 70% of the capital with the right to vote was achieved and the shareholders approved all the proposals submitted to voting with a large majority.



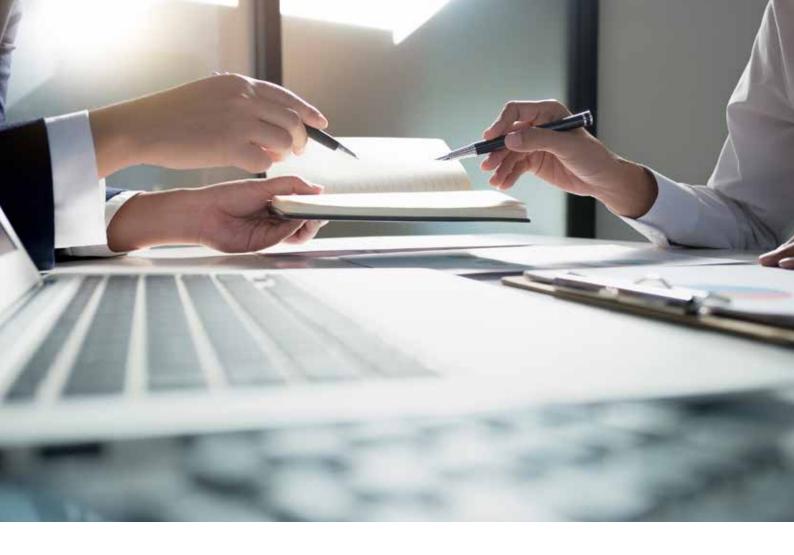
### Role of administrative, management and supervisory bodies

At the highest level, the **Board of Directors** is the highest decision-making, supervisory and controlling body of the company, being responsible for its direction, administration, management and representation, except in matters reserved for the powers of the General Meeting of Shareholders.

It is composed of **one executive director** and nine non-executive directors, of whom three are proprietary directors, four are independent directors and two are external directors. In view of the above, there is a large majority of non-executive directors on the Board and a number of independent directors representing 40%, thus maintaining a balanced and diverse leadership structure.

The members of the Board exercise their roles for a period of four years, without detriment to the possibility of their reelection for equivalent periods. The selection process for Board members prioritises the knowledge, skills and experience necessary for the exercise of their functions.

CORPORATE GOVERNANCE 65



There is also an **independent coordinating director** and in 2023, the Board approved the incorporation of an **Honorary Chairman**.

In order to carry out its supervisory duties, the Board of Directors has a series of internal and permanent delegated bodies, without executive functions, and with powers of information, supervision, advice and proposal within the framework of the powers attributed to them. Thus, the Board partially delegates its powers to the Audit Committee, the Human Resources, Appointments and Remuneration Committee and the Energy and Environment Committee.

These committees are composed exclusively of non-executive directors and, for the most part, of independent directors.

The Board of Directors delegates day-to-day management to the **Management Committee**, where all areas of the company are represented.

These bodies are governed by the principles established in the Miquel y Costas Group's Code of Ethics, Corporate Social Responsibility Policy, Human Rights Policy and Anti-Corruption and Anti-Bribery Policy.

There is no direct employee representation on the company's administrative, management and supervisory bodies, as this is not mandatory under Spanish law and the applicable good governance recommendations. However, the company conducts its dialogue and relations with workers through different channels.

### ETHICS AND TRANSPARENCY

One of the Board of Directors' main responsibilities is the approval of policies defining the Group's commitments and guiding principles, ensuring a sound basis for ethical conduct, sustainability and regulatory compliance.

At the core of the regulatory framework is the Code of Ethics, which sets out the company's values, ethical commitments and legal obligations. On this basis, the fundamental corporate policies, approved by the Board, outline the core principles that shape the strategy, rationale and guidelines for governance, sustainability and compliance.

### **Code of Ethics**

This details the commitment of Senior Management and the Board of Directors to carrying out their activities in accordance with the legislation in force and with solid ethical values, such as integrity, transparency, equality, commitment and excellence.

Its example should serve as a conduct guide for all members of the Group and for third parties that want to collaborate with it, thus reinforcing the commitments with its stakeholders and with the four areas that make up the 10 Principles of the United Nations Global Compact: human rights, employment legislation, environment and corruption.

### Corporate Social Responsibility Policy

This policy incorporates the social, employment and environmental concerns that arise from the relationship with all the stakeholders and which constitute the sustainable value of the Group, in its governance, management and corporate strategies.

### **◆ Anti-Corruption and Anti-Bribery Policy**

This consolidates our commitment to conducting our business in accordance with current legislation and avoiding corruption and bribery practices, and is in line with the requirements of the main ESG criteria assessors.

### **→ Anti-Corruption and Anti-Bribery Policy**

In order to ensure respect for human rights, anybody wishing to form part of the Group or collaborate with it must ensure that their actions are governed by the following aspects:

- Respect for human dignity, abolition of forced and child labour and special attention to vulnerable groups.
- Improvement of the quality of life of communities and application of the FPIC (free, prior and informed consent).
- Prevention of environmental risk.
- Effective anti-corruption action.
- Zero tolerance of forms of harassment or abuse or any form of behaviour that could generate an intimidating or hostile working environment.

CORPORATE GOVERNANCE 67

### RESPECT FOR HUMAN RIGHTS

Respect for human rights constitutes a fundamental part of the values of the Miquel y Costas Group and an aspect that is intrinsically linked to its business activities. The conduct of all of the staff is not only based on the principles and values set out in the Code of Ethics but also on the **Human Rights Policy** 

This policy formalises the Group's commitment to human rights as set out in the legislation in force and establishes the necessary principles to act with due diligence in accordance with various international commitments, such as the guidelines of the Organisation for Cooperation and Economic Development (OCDE), the policies of the International Labour Organisation (ILO), the United Nations Global Compact and the Sustainable Development Goals (SDGs) approved in the 2030 Agenda.

Additionally, the Group has formally communicated its support of the 10 Principles of the United Nations Global Compact, of which it has been an active member since 16 October 2023, thus

undertaking to integrate these principles into the company's strategy and culture. This year, therefore, the Group has renewed its commitment and its objectives.

Likewise, the employment and human resources policies join the Human Rights Policy in the search for constant improvement of individual and collective rights beyond the level of the employment legislation in force. In this way, we guarantee people a fair and safe working environment free of discrimination and with equal opportunities, so they can develop their personal and professional potential and are valued for their skills.

Likewise, training and commitment to the Group are reinforced and opportunities are offered for reconciliation with a view to capturing and retaining the best talent and achieving the satisfaction of the people who work for the company.



### COMPLIANCE MONITORING

Since 2016, Miquel y Costas has implemented the Internal Control Model for the Prevention of Criminal Risk, which covers all areas of activity and includes the necessary surveillance mechanisms to prevent and detect the commission of illicit acts. In compliance with the requirement of continuous improvement established by the Criminal Code, in 2023, the criminal offences included until now were reassessed, leading to the incorporation and assessment of all the risks and risk factors that have arisen since then, as well as the establishing of objective criteria to determine the effectiveness of the mitigating controls.

### **The Crime Prevention and Control Model**

provides the company with a monitoring tool to prevent the commission of criminal offences in the Group and to comply with current legislation, through the review, analysis and supervision of the control activities applied in the different areas and processes exposed to risk, as well as the detection of possible weaknesses and the commission of offences in order to adopt the appropriate measures in each case.

### Main objectives of the Crime Prevention and Control Model

To promote a culture of compliance and zero tolerance for breaches of legislation, regulations and internal processes, especially those related to criminal risks to which the Group's entities may be exposed due to their activity. The promotion of a culture of criminal compliance should be done not only through the compliance department, a key part of the compliance process, but also with the support of senior management, who should also set an example of leadership.

- → To ensure, through prevention, detection, supervision, training and response activities, the correct compliance of the organisation in all its activities and operations with all applicable regulations, both external and internal, avoiding possible sanctions, financial losses and reputational damage.
- To continuously improve the organisation's processes and procedures, as well as the implementation of preventive and detective measures, which strengthen the Group's compliance model.

The Miquel y Costas Group has a control structure aimed at preventing the crimes identified in the risk map. Management of this compliance is centralised with the Audit Committee through the Compliance Officer.

On the basis of the new system to strengthen communication, an Ethics Committee has been created with an established set of regulations. The new internal reporting system allows staff and third parties to report illicit acts or acts of non-compliance completely anonymously, guaranteeing absolute confidentiality and without fearing reprisals under any circumstances as long as reports are made in good faith. The opening of new communication channels launched in 2023, together with the reinforcement of information and training for all staff in 2024, has resulted in an increase in complaints during the year, although the result is that no cases of corruption, bribery, fraud or money laundering have been confirmed.

CORPORATE GOVERNANCE 69



### ALIGNMENT WITH THE UNITED NATIONS SDGS AND THE GRI INDICATORS

With the goal of configuring sustainability as a catalyst for growth, an essential component of the strategy and a basic element of risk management, Miquel y Costas has taken another step forward in formally communicating its adherence to the 10 Principles of the United Nations Global Compact. This fact means that these principles form part of the organisation's activities, as well as the obligation to publish its progress in this respect.

Since 16 October 2023, the Group has been an active member and collaborates on projects that promote the achievement of the Sustainable Development Goals (SDGs). To this end, a process has been initiated to identify the SDGs that are currently most relevant to its business activity and that contribute to the pursuit of the 2030 Agenda, which is monitored on an annual basis, as reflected in the 2024 monitoring report published on the United Nations Compact website.

Additionally, these initiatives and efforts are in line with the principles and indicators of the Global Reporting Initiative (GRI), which allow it to measure and report its economic, social and environmental performance.





### Most relevant SDGs for the Miquel y Costas Group

### Health and well-being

- The Miquel y Costas Group is committed to health and safety in all its job roles, ensuring strict compliance with safety legislation.
- ISO 45001 certification in all production centres demonstrates its commitment to international safety standards.

### Main contributions in 2024

- > Investment in health, safety and fire protection: 3,922,000 euros (1,679,000 euros in 2022).
- > Employees trained in health and safety: 100% of certified personnel, emergency teams and managers (100% in 2023).
- > Accident rate: 14.3 (14.9 in 2023),



### Decent work and economic growth

- Miquel y Costas is committed to inclusive and sustained economic growth to boost progress, create decent work and improve the quality of life of the community. To achieve this, it allocates resources to R&D, efficiency improvement and talent capturing projects.
- Compliance with the regulations on the subject of hiring and employment conditions avoids situations of abusive, forced or illegal employment. The Group passes the obligation of rejecting slavery and child labour and guaranteeing appropriate employment conditions on to its supply chain.
- > Workforce with a permanent contract: 96% (94% in 2023).
- > Tax contribution Company tax payments: 15.046.000 euros (15.034.000 euros in 2023).
- > Resources allocated to R+D+i: 2.680.000 euros (3,283,000 euros in 2023).
- > Strategic suppliers assessed on corporate social responsibility: 100% (100% in 2023).
- > Training hours: 7,898 (9,119 in 2023).
- > Profit per share: 1.28 (1.11 in 2023).
- > Amount allocated to donations: 153,000 euros (110,000 euros in 2023).



### **Reduction of inequality**

- The Group's primordial goal is to make all its staff aware of the importance of inclusive economic and social growth, guaranteeing a working environment with equal opportunities and forbidding any discriminatory employment practice.
- > Satisfaction surveys carried out in MB and Terranova centres (Mislata and Celesa in 2023).
- > Management role performance assessment: 84% assessed (81% in 2023).
- > 100% of new starters were informed regarding the equality policy in place and the sanctioning system.
- > 100% of the workforce were informed on how the Reporting Channel works.
- > 100% of the workforce were informed on the updating of the Code of Ethics.

CORPORATE GOVERNANCE 71

# TRAINING TO GUARANTEE ETHICAL VALUES

All of the regulatory framework, commitments and management are based on the principle of "zero tolerance" to fraud, in addition to respect for the community and human rights.

During this financial year and in order to reinforce employee awareness of the means at their disposal, the training material has been updated to include, among others, training on the Human Rights Policy and the Internal Procedure for Information and Whistleblower Protection. 100% of new starters have been duly informed of the obligation to act in accordance with these basic ethical principles, particularly the obligation to respect recognised human rights, and have been duly informed of the existence of the Reporting Channel. 727 hours of face-to-face training have been provided to 597 people.

Additionally, all new starters received information in relation to the regulations on business ethics and obligatory compliance therewith upon arrival.





## STAKEHOLDER ENGAGEMENT

Miquel y Costas shows strict respect for the needs and concerns of its stakeholders, i.e. the people or institutions its activity may directly or indirectly affect and which in turn, can influence or have an impact on the Group, such as its staff, the shareholders, the market and society in general.

Interaction with the stakeholders is based on the principles and values set out in the Code of Ethics, as well as on establishing commitments that not only guarantee compliance with the current laws but also the integration of the social, employment and environmental concerns of the stakeholders, which form the sustainable value of the organisation, into the Group's governance, management and business strategies.

The establishing of bonds of trust is key to achieving beneficial relationships for both parties and creating long-term value. In this respect, the Miquel y Costas Group is committed to the stakeholders, observing the strictest legal and ethical standards to guide its actions and requiring the third parties it works with to acquire the same commitment in their value chain.



#### Shareholders

Miquel y Costas dedicates its efforts to creating value for the shareholders and investors and safeguarding its assets through appropriate use of resources, ethical financial behaviour and a prudent tax policy.

In order to provide its shareholders with tools to make decisions in relation to their investment, as set out in the Law and in Miquel y Costas' Articles of Association, all operations with economic significance are clearly and accurately detailed in the accounts, and reliable, relevant information on activities and the financial situation are provided publicly.

The shareholders participate in the most relevant decisions, and their proposals are published through an Electronic Forum and included on the Agenda of the Shareholders' Meeting, which takes place annually. The Board of Directors provides them with the necessary means for physical or remote participation.

The selection of suppliers follows an approval process with objective criteria based not only on the obtaining of better conditions, but also on establishing relationships of trust based on ethics and responsibility and taking into account

quality, respect for the environment, product safety and a positive impact on the community.

# Information channels for shareholders

- > Company website: www.miquelycostas.com. All data of interest is kept permanently up-to-date and accessible.
- > Widely circulated newspapers (Expansión, La Vanguardia, ABC, etc.). The Group reports its quarterly financial results through the main press agencies. It publishes the Shareholders AGM convening notification and the rules of the forum in one of the most widely circulated newspapers.
- > Website of the Spanish National Securities Market Commission (CNMV): www.cnmv.es. All public information required by the CNMV is available through its website, including the publication of relevant events.
- > Shareholders Office. This office individually addresses the queries of shareholders, institutional and individual investors, financial analysts and other market agents via the email accionista@ miquelycostas.com and the Shareholder Assistance telephone number (+34 932 906 100).

CORPORATE GOVERNANCE 73



#### Suppliers

All the suppliers the Miquel y Costas Group works with must demonstrate strict respect for human rights and transmit this to their business partners, reporting any infringement of said rights.

All suppliers must adhere to the Code of Ethics, Anti-Corruption and Anti-Bribery Policy and the Human Rights Policy, or demonstrate compliance with their own regulations that meet the same standards and guarantee respect for the human and employment rights of their staff. Thus, one of the pillars on which the relationship with suppliers is based is compliance and commitment to the principles of legality, ethics and respect, ruling out any that could damage the Group's reputation or which it is suspected do not act in accordance with the legislation in force.

In all cases, the criteria for both the selection and evaluation of existing suppliers are clearly defined in the Group's current procedures and are based on a balance between economic criteria and high quality standards, also taking into account the commitment and compliance with practices aimed at environmental protection and safety.

Labour and social standards and governance compliance play a decisive role and in recent years have become increasingly key requirements for the Group, which actively encourages its suppliers to improve their commitment to all ethical and sustainability principles in order to meet Miquel y Costas' high standards in these areas.

The Miquel y Costas Group maintains stable commercial relationships with all its suppliers. 100% of our fibre and pulp suppliers have been working with us for over five years, whilst 95% of our raw material suppliers have been with us for 10 years.





No new suppliers had to be added in 2024, although the commitment to ethical principles has been strengthened.

The Group's policy is to contribute to the growth of local suppliers and to the minimisation of the carbon footprint, so that in 2024, 93% of chemical suppliers operated within the country and 100% of the suppliers of the rings, packaging and materials for the manufacture of cigarette paper booklets were local suppliers operating at distances of less than 60 kilometres from the production centres.



#### Clients

The Miquel y Costas Group offers clients and the market in general products that meet the highest standards of quality. Additionally, it is committed to carrying out its activities in accordance with the legislation in force and constant improvement of its production efficiency. The goal is to minimise the use of resources, slow down climate change and offer the community safe, quality products.

The Group is constantly analysing trends and assessing the client's perception of quality, in search of new, more sustainable processes and products that meet their needs.

Listening to and understanding the problems, needs and expectations of our clients allows us to design more suitable services and products that bring value, at the same time as increasing trust in the organisation and strengthening the brand.

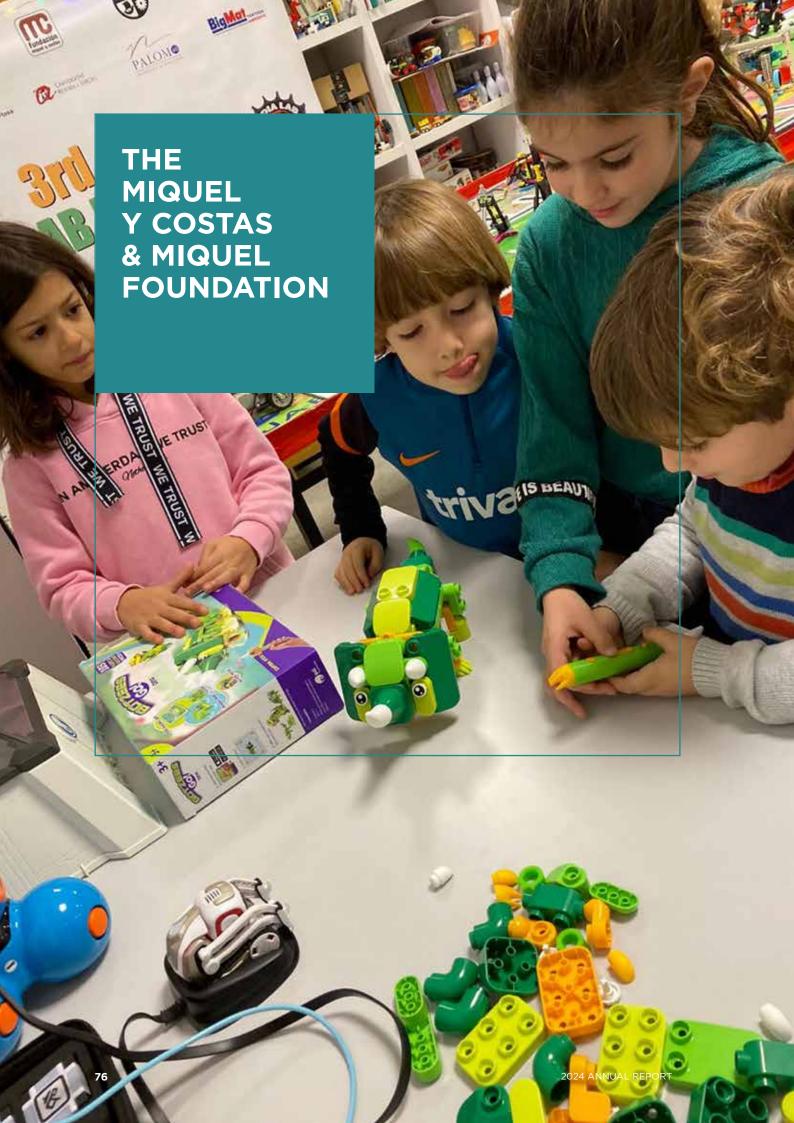
All products are obtained from processes that comply with the internationally-recognised certifications in terms of quality and environment. Additionally, all products destined for the food industry meet the requirements established to guarantee consumers' health and safety, and no



complaint in relation to the health of consumers has ever been received from them.

Additionally, Miquel y Costas bases its relationship with the client on trust, respect and guarantee, reporting and avoiding fraudulent practices of third parties in relation to its products as much as possible as a means to protect consumers' legitimate rights.

CORPORATE GOVERNANCE 75



Created in 2019, the Miquel y Costas & Miquel Foundation (FMCM) channels the Group's commitment to corporate social responsibility thanks to the financing of projects aimed at empowering vulnerable social groups and boosting environmental sustainability initiatives. Its goal is to improve the economic, educational, cultural and social conditions of society's most disadvantaged people and groups, especially amongst young people, in addition to promoting sustainability projects that contribute to action against climate change.

The work of the Miquel y Costas & Miquel Foundation (FMCM) takes place principally in the surrounding areas of its production centres, with projects that are in line with any of the 13 lines of action set out in its Articles of Association.

## MAIN ACTIONS DURING 2024

Promotion of education, research and innovation activities as driving forces for the comprehensive development of people.

The FMCM collaborates with the following entities that carry out activities in this field:

- Fero Foundation, which supports cancer research.
- Princesa de Girona Foundation, which promotes the professional, vocational and training of young people.
- The MediaLab Festival Tortosa (Tarragona), which organises activities aimed at familiarising young people and teenagers with the use of robotics, video games and virtual reality from the perspective of renewable energies.



#### Promotion of innovative and transformational projects in primary and secondary education and baccalaureate for students and teachers.

- Financing of the first two phases of a programme aimed at improving school and academic performance through the diagnosis of neurodevelopmental disorders at the Ferreries School in Tortosa (Tarragona). Organised by the MIND Institute of the Hospital Sant Joan de Déu.
- Educational and social support activity for children at risk of exclusion in Santa Coloma de Gramanet (Barcelona). Organised by the Casal dels Infants.
- Pictowriting programmes aimed at facilitating the learning of writing carried out at the Pompeu Fabra School in Sant Adrià de Besòs (Barcelona).
- Financing of a project to encourage reading using the innovative Legiland methodology at the Ferrerias School and the Dertosa Institute in Tortosa.





- Support for cultural acts, as well as sporting events, which take place in the surrounding area of the factories of the Miquel y Costas Group.
  - Maintaining of popular customs, libraries and archives, works of art, paper manufacturers and historical funds, such as the Festa Major de Capellades, the Tortosa Renaissance Festival and the Capellades Paper Mill Museum.
- Promotion of studies, actions, interventions, etc.
  - Projects related to publicly- and privately-managed technological innovation, in collaboration with the IESE International Foundation.
- Initiatives related to the environmental impacts of industrial activities
  - Contribution to the NGO Trees for the Future for the planting of trees, in collaboration with the Smoking brand.





During 2024, the Miquel y Costas Group continued developing its main lines of investment, which focus on improving quality and production processes in addition to new product development, environmental excellence and energy optimisation.

### **NOTEWORTHY PROJECTS IN 2024**



#### **Tobacco industry**

 Design of a major overhaul of a paper machine and its ancillary facilities to ensure the highest quality standards and facilitate the development of new products with high added value.



#### **Industrial paper**

 Preparation of the second phase of the modernisation of a paper machine that will allow the industrialisation of new technological solutions for the most stringent market requirements and promote the versatility of production capacities.



#### **Special pulps**

• Engineering and execution of the first stage of an innovative revamping project of the black liquor treatment plant that will contribute to improving the energy efficiency of the process and further minimise its environmental footprint.



#### **Miquel y Costas Group**

Significant actions implemented across several centres:

- Consolidation of the Group's photovoltaic generation development plan thanks to the implementation and commissioning of new self-consumption facilities, thereby increasing its energy independence and reinforcing its commitment to the environmental sustainability of its activities.
- Continuous improvement of fire protection systems.
- Acceleration of the old uralite roof replacement programme, also encouraging a better use of existing infrastructures.

INVESTMENT 81



# INVESTMENT FIGURES (2022-2024)

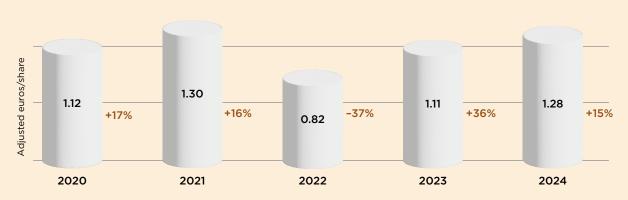
(in thousands of euros)

	2022	2023	2024
In R&D&I and environment	25,937	10,554	11,888
In other assets	8,214	7,816	12,857
Total investments*	34,151	18,370	24,745

 $<sup>\</sup>ensuremath{^*}$  Includes tangible and intangible assets.



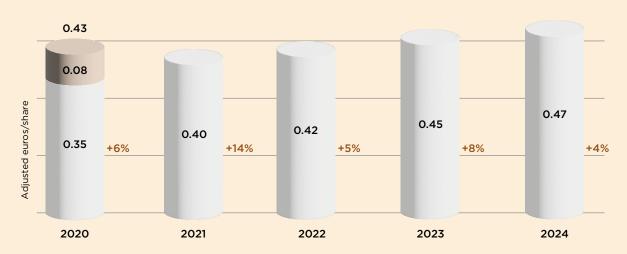
# PROFIT PER SHARE



%: percentage increase on the previous year.

# SHAREHOLDER REMUNERATION

#### Dividend paid per share



%: percentage increase on the previous year, without taking into account the extraordinary part of the dividend distributed in December 2020.

Growing dividend Extraordinary dividend

# **COMPARATIVE EVOLUTIONS**

IBEX 35, IGBM and MCM

Base 100: price as at 31/12/2020



Source: Madrid Stock Exchange and own production.

#### IBEX SMALL, MCM and PAPER AND GRAPHIC ARTS INDEX

Base 100: price as at 31/12/2020



Source: Madrid Stock Exchange and own production.

STOCK MARKET 85



# MAIN FINANCIAL FIGURES OF THE MIQUEL Y COSTAS GROUP

The information is presented consolidated in thousands of euros (unless indicated otherwise).

The data for all the financial years is comparative as it is presented in accordance with the International Financial Reporting Standards.

#### Main financial figures (2022-2024)

In thousands of euros, except for the figures expressed in percentages

	2022		2023		2024	
		% without sales		% without sales		% without sales
Net sales	337,177		309,319		309,170	
EBITDA <sup>(1)</sup>	60,671	18.0%	74,905	24.2%	79,956	25.9%
BDI	31,634	9.4%	42,714	13.8%	48,699	15.8%
Cash flow after tax	50,272	14.9%	62,699	20.3%	68,471	22.1%

In thousands of euros, except for the figures expressed in percentages

	2022	2023	2024
Total assets	450,808	464,702	513,990
Own funds	330,291	354,781	385,118
Net financial debt	(16,940)	(53,675)	(75,413)
Net financial debt/Own funds	N/A	N/A	N/A
Profit per adjusted share <sup>(2)</sup> (euros)	0.82	1.11	1.28
Dividend paid	16,800	17,400(3)	18,250 <sup>(3)</sup>
Adjusted dividend per share paid <sup>(2)(4)</sup> (euros)	0.44	0.45(3)	0.48(3)
Pay out (Dividend paid/profit for the year)	53.1%	40.7%	37.5%
ROE (BDI/Average equity)	9.7%	12.5%	13.2%
ROA (Operating Profit/Total assets)	9.3%	12.0%	12.3%

<sup>(1)</sup> Gross operating profit plus amortisation.

FINANCIAL ECONOMIC DATA 87

<sup>(2)</sup> Number of adjusted shares in circulation in 2022, 2023 and 2024 due to company operations carried out.

<sup>(3)</sup> Year 2024: amount pending approval.

<sup>(4)</sup> Increased by the part corresponding to treasury stock.

# RESULTS FOR 2024

Consolidated net turnover for the year amounted to 309.2 million euros, maintaining the same level of turnover as in the same period the previous year, despite the moderation in selling prices as a result of the reduction in inflationary pressures and the difficulties in international trade arising from the geopolitical situation.

By business line, Tobacco Industry posted 195.9 million euros, slightly higher than the previous year.

Sales of Industrial Products showed an increase of 0.4% compared to the previous year, thanks to the progressive consolidation of the investments made and underway in this segment over the last few years.

In the Other line, turnover decreased by 0.8 million euros as a result of the aforementioned sales price adjustments.

The Parent Company's turnover for the financial year 2024 amounts to 199.2 million euros, a decrease of 0.6% compared to the financial year 2023.

The **consolidated operating result** improved by 5.3 million euros with respect to that of the same period of 2023, translating to an improvement of 9.6%. In the current financial year, the Group has continued with the recovery of historical margins, thanks mainly to the sales and marketing strategies applied, the implementation of the investments made and the moderation of inflation, despite the volatility in the price of energy and the increase in the price of cellulose pulp.



By business line, Tobacco Industry improved on the previous year's performance by 9.7%. The Industrial Products line grew by 0.5 million euros and the Other line by 0.3 million euros.

The Group's earnings after tax (BDI) reached the figure of 48.7 million euros, exceeding the result obtained in the previous year by 14%. The effective tax rate for the year was 23.3%, lower than the previous year due to higher deductions and a lower incidence in the tax calculation derived from the Argentinean subsidiary.

The Parent Company obtained accumulated earnings after tax of 36.3 million euros, signalling an increase of 6.5% with respect to that of 2023, principally as a result of the increase in earnings from the tobacco industry line described above.

# Evolution of consolidated profit/loss (2022-2024)

In thousands of euros

	2022	2023	2024
Net sales	337,177	309,319	309,170
Profit/loss			
Operating profit	42,033	54,920	60,184
Profit before tax	41,058	56,553	63,528
Profit after tax	31,634	42,714	48,699
Cash flow after tax	50,272	62,699	68,471



# PROFIT AND LOSS ACCOUNT OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

The 2024 consolidated annual accounts can be compared to those of previous years as they are presented in accordance with the International Financial Reporting Standards.

#### Summarised comparative profit and loss account (2022-2024)

In thousands of euros

	2022	2023	2024
Net sales	337,177	309,319	309,170
Operating income <sup>(1)(2)</sup>	7,628	7,345	4,899
Consumption	(106,934)	(118,085)	(107,812)
Other operating expense <sup>(2)</sup>	(134,720)	(76,626)	(76,209)
Added value	103,151	121,953	130,048
Staff	(45,891)	(46,951)	(49,994)
Amortisation	(18,638)	(19,985)	(19,772)
Working capital (3)	3,411	(97)	(98)
Operating profit	42,033	54,920	60,184
Financial profit/loss	(978)	1,646	3,368
Profit/loss of entities valued using the equity method	3	(13)	(24)
Profit before tax	41,058	56,553	63,528
Company tax	(9,424)	(13,839)	(14,829)
Profit after tax	31,634	42,714	48,699

<sup>(1)</sup> Other operating income includes the sale of energy and the work carried out by the company for its assets.

Added value grew by approximately 7% in 2024 with respect to the previous year.

<sup>(2)</sup> The effect of emission allowances is presented directly deducted from operating revenues and expenses.

<sup>(3)</sup> Corresponds to the variation of the provisions.

# BALANCE SHEET OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

The 2024 annual accounts can be compared to those of previous years as they are presented in accordance with the International Financial Reporting Standards.

#### Summary and comparative balance sheet (2022-2024)

In thousands of	of euros
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ASSETS	2022	2023	2024
Intangible fixed assets	189,091	187,113	196,658
Intangible assets	6,624	6,441	5,993
Other non-current assets	35,465	48,305	83,393
Total non-current assets	231,180	241,859	286,044
Stock	109,729	98,376	114,742
Commercial debtors	61,258	56,717	56,023
Other current assets	43,136	48,943	43,840
Cash and cash equivalents	5,505	18,807	13,341
Total current assets	219,628	222,843	227,946
Total assets	450,808	464,702	513,990

LIABILITIES	2022	2023	2024
Total net worth	330,291	354,781	385,118
Debts with lending institutions and other financial liabilities	36,805	30,453	41,490
Other non-current liabilities	6,085	7,370	8,081
Total non-current liabilities	42,890	37,823	49,571
Debts with lending institutions	20,938	22,462	13,937
Commercial creditors	41,848	31,091	34,898
Other current liabilities	14,841	18,545	30,466
Total current liabilities	77,627	72,098	79,301
Total liabilities	450,808	464,702	513,990

FINANCIAL ECONOMIC DATA 91

#### **Evolution of the financial structure (2022-2024)**

In thousands of euros

	2022	2023	2024
Long-term debts with lending institutions	36,805	30,453	41,490
Short-term debts with lending institutions	20,938	22,462	13,937
Cash and other current financial assets	(43,124)	(63,015)	(52,747)
Non-current financial assets	(31,559)	(43,575)	(78,093)
Total net financial position	16,940	53,675	75,413

#### **Main ratios**

In thousands of euros, except for the figures expressed in percentages

	2022	2023	2024
Percentage of net worth over total liabilities	73.3%	76.3%	74.9%
Percentage of equity and non-current liabilities over total liabilities	82.8%	84.5%	84.6%
Need of funds for operations (NFO)	119,815	110,192	109,835
Working capital	142,001	150,745	148,645

The percentage of **net equity over the total liability** for this financial year, following the corporate operations, is in line with previous years.

The **net financial position** at the close of the financial year showed a debtor balance of 75.4 million euros, higher than that of the closing of the 2023 financial year which was 21.7 million euros.

In 2024, in order to continue to provide the Group with the necessary flexibility and liquidity, the Group has 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, and extending its average maturity.

The operating needs for funds (NOF) have been slightly reduced compared to the previous year. The increase in inventories was offset by an increase in trade payables and other current liabilities, while trade receivables decreased slightly compared to the previous year.

# CASH FLOW STATEMENT OF MIQUEL Y COSTAS & MIQUEL, S.A., AND DEPENDENT COMPANIES

#### Summarised cash flow statement (2022-2024)

In thousands of euros

	2022	2023	2024
A) Cash flows from operating activities	12,651	70,276	67,936
Cash generated by operations	21,480	82,187	79,353
2. Other cash flows from operating activities	(8,829)	(11,911)	(11,417)
B) Cash flows from investment activities	7,194	(31,247)	(53,225)
1. Investment payments (-)	(121,205)	(115,890)	(141,520)
2. Collections from divestment (+)	128,399	84,643	88,295
C) Cash flows from financing activities	(20,773)	(25,727)	(20,177)
Collections and (payments) for equity instruments	(4,399)	(3,630)	(4,916)
2. Collections and (payments) for financial liability instruments	(274)	(4,897)	2,540
3. Payment of dividends (net)	(16,100)	(17,200)	(17,801)
D) Net increase/(reduction) in cash and cash equivalents	(928)	13,302	(5,466)
E) Cash and cash equivalents at the start of the period	6,433	5,505	18,807
F) Cash and cash equivalents at the end of the period	5,505	18,807	13,341

The main allocations of the funds generated were:

- Investment in tangible assets in the amount of 24.7 million euros.
- The payment of dividends in the amount of 17.8 million euros.
- The acquisition of treasury stock in the amount of 5.5 million euros.

The remaining funds have been allocated mainly to financial assets.

FINANCIAL ECONOMIC DATA 93



## HYPERINFLATION IN ARGENTINA

The Argentine economy has been hyperinflationary since 2018 for which reason the Group has adjusted the financial information for the company the functional currency of which is the Argentine peso for inflation for all periods since 1 July 2018.

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

#### Impact of the application of adjustments due to hyperinflation (2023-2024)

In thousands of euros

	2023	2024
Sales and provision of services	2,246	1,969
Profit before tax	(842)	(542)
Profit after tax	(1,599)	(1,703)
Net worth	2,008	3,117

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